

SUSTAINABLE DEVELOPMENT



Nornickel is committed to promoting sustainability practices.

Nornickel maintains its focus on ESG principles as a fundamental factor that will shape the global agenda in the coming years.



STRATEGIC APPROACH

Despite global uncertainties and emerging economic and political challenges, Nornickel maintains its focus on sustainability principles as a fundamental factor that will shape the global agenda in the coming years.

Promoting sustainability practices, the Company, on the one hand, adapts to the strategic landscape and market changes and contributes to more effective risk management, and on the other hand, fosters a motivating and innovative corporate culture, builds

beneficial relationships with stakeholders and supports principles that are key to maintaining a healthy and rich environment.

To effectively integrate sustainability principles across all activities, Nornickel has adopted over 20 internal documents¹. At the strategic level, the Company has in place the Environmental and Climate Change Strategy and is developing the Social Development Strategy to be approved in 2023.

Contribution to the UN SDGs



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20
internal documents

E

Environmental and climate

- Reduction of SO₂ emissions on the Kola Peninsula following shutdown of the Company's smelting operations (down 90% from 2015)
- The lowest CO₂ emission level (Scope 1, 2 and 3) among global metals and mining peers

KEY ACHIEVEMENTS

S

Social responsibility

- Reputation of a socially responsible business
- Comprehensive support of local communities and national projects
- Long track record of supporting indigenous peoples; pioneering the process to obtain their free, prior and informed consent to projects

G

Governance

- Sustainable corporate governance and risk management
- Including ESG targets in short-term and long-term KPIs
- Balanced and effective Board of Directors

STRATEGIC PRIORITIES

- Meeting the key SO₂ reduction targets for the Norilsk Industrial District
- Clean-up of accumulated waste and remediation following environmental incidents in Norilsk
- Assessing biodiversity impact and preparing a scientific rationale for a biodiversity conservation programme
- Further developing the physical risk management system across the Company's footprint
- Supporting environmental initiatives across the Company's geography

- Zero work-related fatalities
- Reducing the impact of operations on indigenous peoples in the regions of operation
- Refurbishment of housing and social infrastructure in Norilsk

- Fostering a new sustainability culture across the Company
- Compliance with key international sustainability initiatives

¹ <https://nornickel.ru/investors/disclosure/corporate-documents/#accordion-corporate-codes-and-policies>

The principles of sustainable development are being actively introduced into the corporate culture of the Company. In 2022, Nornickel:

held **17** dedicated workshops and trainings,

provided training in ESG for **>1,300** employees

conducted **6** ESG audits

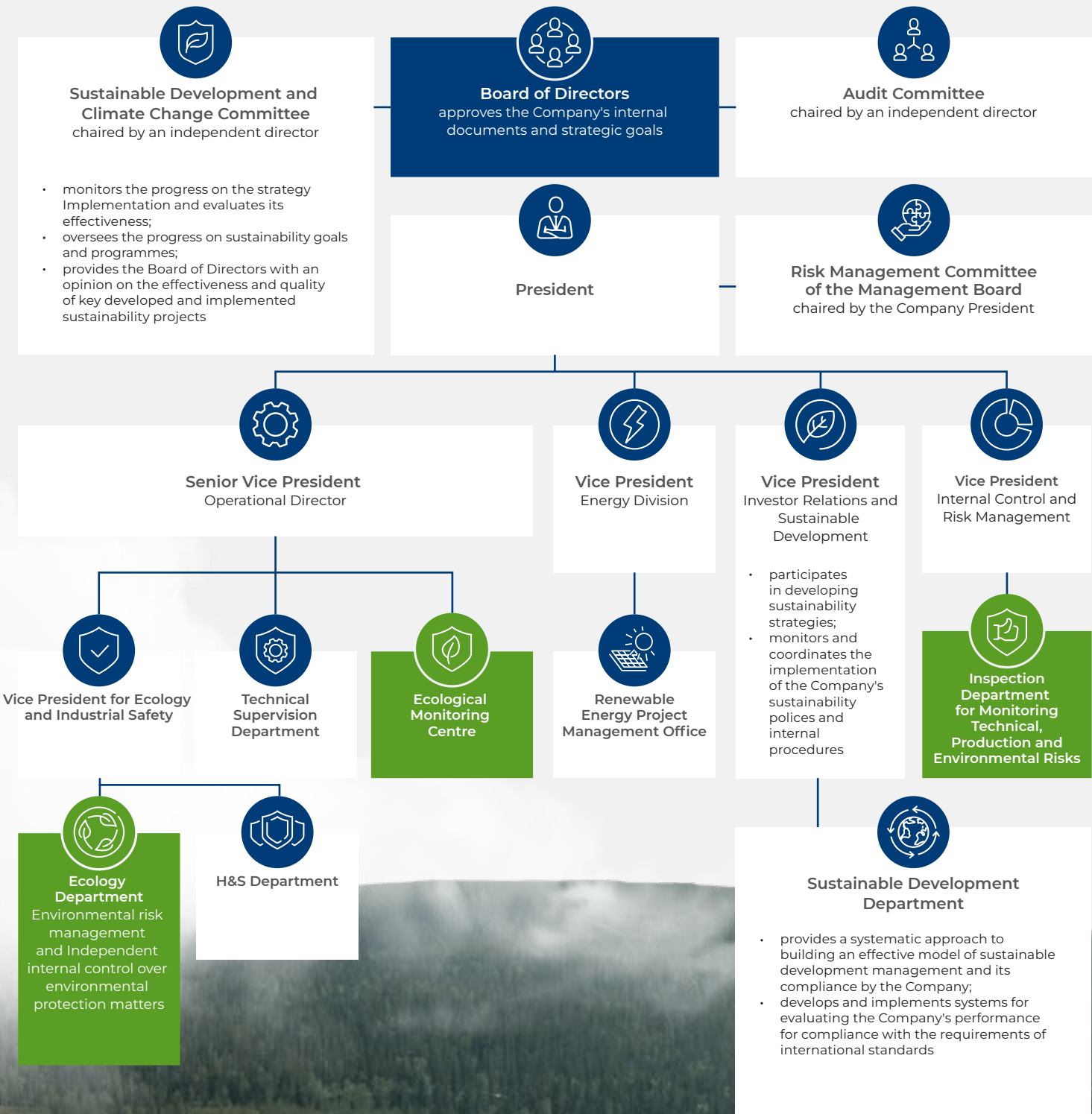
up almost 2.5 times from 2021

Actively used stakeholder engagement mechanisms through dialogues, surveys, public discussions of internal documents, and public consultations on projects.

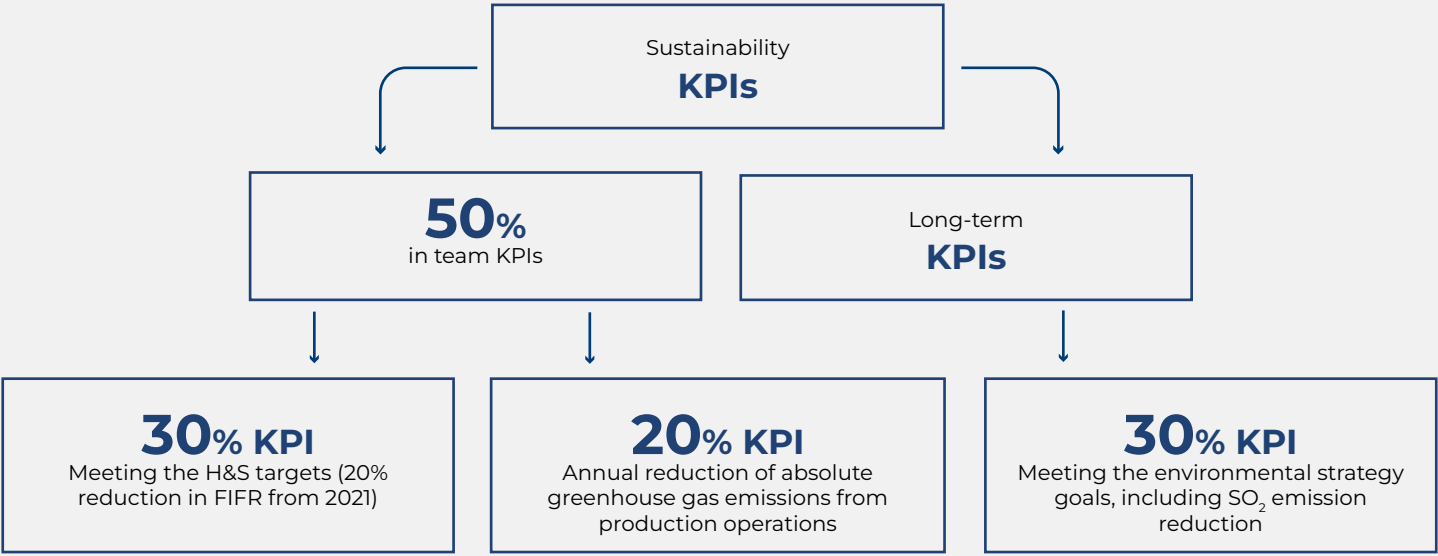
In 2023, the Company plans to continue implementing measures to align its activities with the guidelines and standards, such as ICMM and IRMA, TCFD recommendations, and other. The plans include:

- deeper integration of ESG principles into strategic planning and risk management procedures
 - analysis of Global Industry Standard on Tailings Management (GISTM) requirements in relation to Company facilities
 - cascading adopted policies to subsidiaries for implementation
- setting additional ESG-related KPIs and evaluating performance
 - establishing a human rights due diligence system (until the end of 2024)
 - implementing the supply chain to all supplier categories
 - holding stakeholder dialogues and publishing new reports on climate change and human rights.

Nornickel's sustainability management flowchart in 2022



Sustainability KPIs for management



International sustainability standards at the end of 2022

Standard	Certified assets	Status
- ISO 14001:2015 - ISO 9001:2015 - ISO 45001:2018	- MMC Norilsk Nickel (Head Office, Polar Division, Polar Transport Division, and Murmansk Transport Division) - Kola MMC - Norilsk Nickel Harjavalta	- Bureau Veritas Certification - Surveillance audits – annually - Recertification audits – every three years
ISO/IEC 27001:2013	- Kola MMC, - Murmansk Transport Division, - Nadezhda Metallurgical Plant, - Copper Plant, - Talnakh Concentrator	- TUV Austria - Surveillance audits – annually - Recertification audits – every three years

Global ESG initiatives at the end of 2022

Initiative	Status
Together for Sustainability (TfS) initiative	The Company's compliance with the requirements of the initiative was confirmed by the 2021 audit
International Platinum Group Metals Association (IPA)	Member since 1999
Nickel Institute	Member since 2005
UN Global Compact	Member since 2016
Responsible Sourcing Blockchain Network (RSBN)	Member from December 2020 to July 2022
Responsible Minerals Initiative (RMI)	In 2022, RMI suspended cooperation with the Company's Russian assets. Norilsk Nickel Harjavalta (the Company's asset in Finland) was included in the RMI Conformant/Active Smelters lists based on RMI RMAP audit results
Initiative for Responsible Mining Assurance (IRMA)	In 2022, IRMA suspended cooperation with the Company's Russian assets. In the same year, Nornickel independently assessed its mining assets for compliance and readiness for the certification
Global Battery Alliance (GBA)	Member since 2021

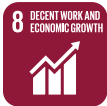
ESG ratings at the end of 2022

Rating	Status
EcoVadis	ESG score – 62
MSCI	ESG rating – B, score – 3.0 out of 10
Sustainalytics	ESG risk score – 43.9 out of 100, on a scale from 1 (low risk) to 100 (high risk)



HR MANAGEMENT

Contribution to the UN SDGs



HUMAN RESOURCES

HR policy: investing in human capital

RUB182.5 thousand¹
average monthly salary of the Norilsk Nickel Group employees

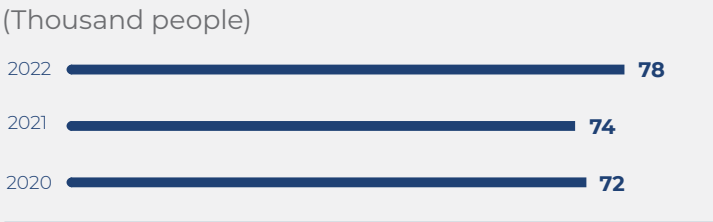
6%
proportion of the benefits package in the compensation package¹

25.8%
average wage growth² across the Norilsk Nickel Group in 2022

NORNICKEL’S MAIN VALUE IS ITS PEOPLE.

The Company is committed to providing safe and high-quality working conditions, decent wages and a benefits package. Nornickel views its employees as its key asset and invests in their professional and personal development while creating an environment promoting employee performance and engagement.

Nornickel retains leadership in key Russian and international rankings of the best employers



THE COMPANY’S STANCE ON HUMAN RIGHTS

The Company respects the rights and freedoms of its employees as well as those of its stakeholders – partners, investors, contractors, local communities, customers, and consumers.

Nornickel upholds the principles of international standards such as the UN Global Compact, the Universal Declaration of Human Rights and the International Labour Organisation’s Declaration on Fundamental Principles and Rights at Work. Nornickel complies with the laws of the countries in which it operates.

The Company implements programmes for the development and social support of its employees, upholding their rights in respect of social security, education, family welfare, shelter, freedom of artistic expression, and participation in cultural life.

The Company has created workplaces tailored for people with disabilities. According to the employment quotas, the share of such employees starts from 2% of the average headcount, excluding employees involved in hazardous or dangerous work. We provide necessary

working conditions for this category of people with regard to the work and rest schedule, duration of the annual paid leave, extra days off, additional financial assistance, and other parameters.

The Company strictly adheres to the following principles with respect to its employees:

- Zero tolerance for the use of child labour, forced or slave labour
- Zero tolerance for the employment of persons aged under 18 for hazardous and/or dangerous work
- Zero tolerance for violence or discrimination
- The Company does not engage female employees in extreme or dangerous working conditions
- The Company ensures its employees' right to safe working conditions
- The Company makes sure all employees enjoy equal rights and opportunities regardless of gender, age, race, nationality, and origin
- The Company provides all employees with equal opportunities for unlocking their potential. Employee performance is evaluated on a fair and impartial basis, and recruitment and promotion decisions are tied exclusively to professional abilities, knowledge and skills

- The Company respects the right to form trade unions and does not prevent employees from joining them.

The Company has adopted internal labour regulations, which are approved in consultation with the trade union organisation and which establish employees' working hours. The Company has a standard working week of 40 hours as determined by the applicable Russian laws and regulations. Employees involved in hazardous or dangerous work enjoy a reduced working week of not more than 36 hours. Women employed in the Far North and equivalent areas work 36 hours per week unless a shorter working week is stipulated by Russian laws and regulations. The Company arranges for accurate work time control for each employee.

2%
employment quotas for people with disabilities

¹ Data for 2022.
² Including one-off payments.

AWARDS AND INDUSTRY RECOGNITION

In 2022, Nornickel entered a number of best employer lists:

- Best employer in the metals industry for students of leading universities according to **Changellenge's Best Company Award ranking**;
- Gold in **Forbes' ranking** of Russia's best employers;
- Best employer in the metals industry as well as 8th best employer for its target audience in **Future Today's ranking** based on a survey of Russian university students;
- Best employer in the metals industry as well as 12th place (out of more than 600 companies) among the largest companies in **the national employer ranking by HeadHunter and RBC**.



Since 2020, Nornickel has been a co-founder of **Women in Mining Russia**, a project to support women's development in the mining industry. In 2022, 134 female employees of Nornickel submitted applications to participate in the all-Russian contest **Talented Woman in the Extractive Industry**, with 34 of them short-listed and 12 winning the contest.

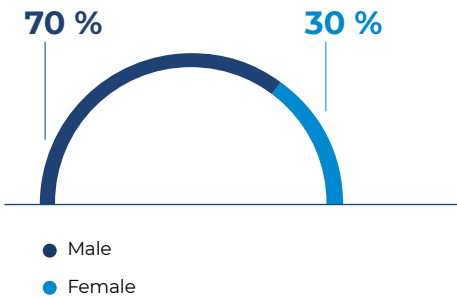
Average headcount

Location	2020	2021	2022
Russia	71,447	73,061	77,980
Africa	519	151	38
Europe	323	317	331
Asia	15	15	15
USA	10	10	10
Australia	5	3	0
Total	72,319	73,557	78,374

STAFF COMPOSITION

78.4 thousand employees

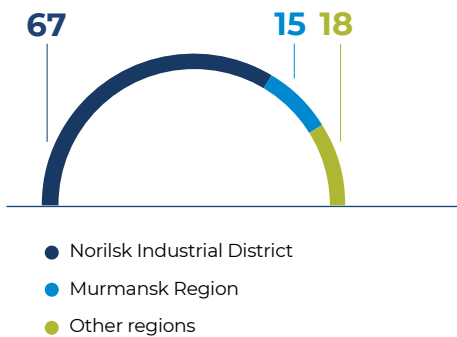
The average headcount of Nornickel employees in 2022



In 2022, the Group's average headcount was 78.4 thousand employees, of which 99% were employed by its Russian companies. In 2022, the Company's turnover rate stood at 10.5%. Nornickel is among the main employers in the Norilsk Industrial District and Kola Peninsula, employing 67% and 15% of the regional workforce, respectively. Local population accounts for 99.7% of the headcount. The average headcount increase in 2022 was driven by the Company's investment strategy as well as organisational and technical changes. Since Nornickel is a production company, the proportion of men in its workforce is significantly higher than that of women.

83 % of Nornickel employees

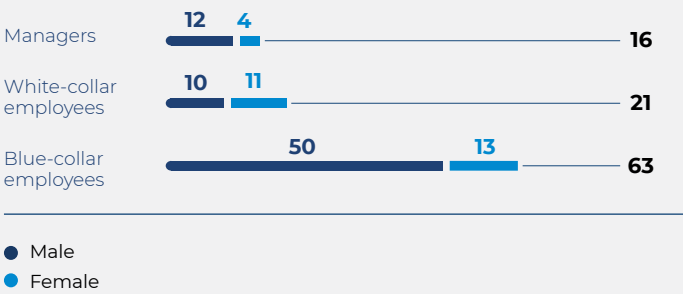
work in Russia's single-industry towns



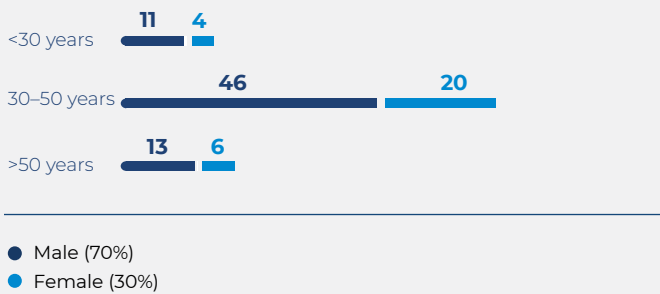
99.7 %

local population accounts

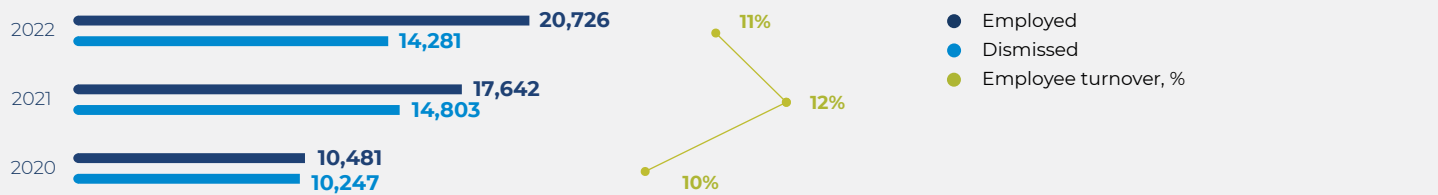
Headcount by category and gender (%)¹



Headcount by age and gender (%)



Employee turnover (people)²



² Russian enterprises.
³ The ratio of resignations, dismissals for breach of labour discipline and negotiated terminations, to the average headcount as of the year-end.

RECRUITMENT

In 2022, the Company’s recruitment efforts included off-site events in cities across the Krasnoyarsk Territory and the Republic of Khakassia. Nornickel’s HR specialists met with more than 1 thousand applicants for positions within the Company.

In 2022, Nornickel opened recruitment centres in Yekaterinburg, Orsk and Ufa, where applicants could promptly receive advice on open vacancies within the Company and on employment terms and conditions.

ENGAGING YOUNG PEOPLE

To spark the interest of young people in professions of mining and metallurgical engineers and the industry on the whole, the Company has launched programmes for undergraduate and graduate students of Russian industry-related universities.

The Company focuses on training and upskilling students majoring in professions that are highly valued at Nornickel. For example, our standard format of the Conquerors of the North educational programme moved online and became available to a wider audience of students from Russian universities involved in the industry.

The Conquerors of the North online educational course has served as a tremendous library of knowledge for students. The programme comprised

2,724 students
applied for participation

978 people
participated in the programme

236 participants
were recommended for further employment and internships at Nornickel

76 students
Company’s corporate scholarship awarded

10 modules and 37 video lectures, and its participants did a case study to consolidate their knowledge. Nornickel was the first Russian mining company to engage undergraduates and graduates in addressing real business challenges and promptly move the programme online in response to the pandemic spread in Russia.

In 2022, an online apprenticeship programme was run remotely for the Moscow office. The best graduates of the leading Moscow universities took part in the programme.

The Company continues to support talented students from industry-related universities, with the Company’s corporate scholarship awarded to 76 students in 2022.

EMPLOYEE DEVELOPMENT

Nornickel offers ample opportunities for retaining and developing human capital as the Company’s key resource. One of Nornickel’s priority goals in 2022 was to build a proactive training ecosystem that enables employees to achieve the Company’s business goals, which underlay our training strategy for 2022–2025.

The transition to the ecosystem approach helps solve the following tasks:

- Build a culture of continuous learning;
- Boost managers’ professional qualities;
- Improve professional skills;
- Build critical competencies.

To address these challenges, the Company’s training strategy highlights key priorities of the new training system.

ENERGY OF CHANGE (TOP 100)

In 2022, we launched Energy of Change, a modular corporate development programme for Top 100 managers. The programme was delivered in a mixed format and included the following modules.

1. Energy of Change (change management)
2. Energy of the Manager (the manager’s awareness)
3. Energy of the Team (teamwork)
4. Energy of Performance (ownership of the result)
5. Energy of Well-being

A total of 106 managers were trained. The programme was built around three focus areas:

- Way of thinking
- Mastering new skills
- Effective interaction

106 managers

trained in the Energy of Change programme

ON THE PATH TO EFFICIENCY

In 2022, the Company continued implementing its On the Path to Efficiency programme online. The programme traditionally includes training and project activities. A particular feature of the programme includes the transformation of middle managers’ online behaviour: they develop the habit of acquiring knowledge in a digital environment and interacting with each other. For many participants, this transformation has meant a dramatic change in their attitude – from passive online listeners to active doers.

The programme participants completed five modules aimed at improving the management skills of middle managers. In addition, the programme was supplemented with workshops on topics critical for the Company, such as ESG, safety culture and risk management.

A total of 113 people from the Company’s 22 branches completed the training, including 106 managers and seven young specialists.

113 employees

from 22 Company branches completed the On the Path to Efficiency training

106 managers

7 young specialists

360-DEGREE MANAGEMENT

In 2022, management training under the updated 360-Degree Management programme was continued, with 360-degree assessment of managers’ skills.

The programme focused on the development of corporate and management skills. Participants could select training topics themselves based on their assessment results and development areas highlighted in their individual development plans. In 2022, the programme was substantially modified to include basic courses in management skills and enrichment courses in line with current trends. Training was offered on seven topics:

- Basic courses:
- Management Decision Making
 - Ambitious Management
 - Leadership Driving Development
 - Master of Management Communication

- Enrichment courses:
- Change Management
 - Leveraging a Resourceful State
 - Team Management

The programme stands out for its concise, hands-on format that includes interactive training sessions, business games, real-life cases, and a review of real-life management situations.

A total of 252 managers from the Company’s 17 branches completed the training.

252 managers

from 17 Company branches completed the updated 360-Degree Management online programme



TRAINING IN NEW SKILLS AND TECHNOLOGIES

Developing digital skills and improving employees’ digital literacy remains a key area of training. With this in mind, the Company continues implementing its Digital Nornickel educational programme focusing on digitalisation and designed to offer all employees an opportunity to learn the technology and skills required to work in a modern digital production environment and live in a digital environment.

A total of 65.5 thousand people completed the course by the end of 2022.

The educational project seeks to explain in simple terms what digital solutions, technologies and tools are available on the market today, what Nornickel has in place, and what everyone can leverage in their work.

In addition to the training course for its employees, the Company expanded the target audience by launching the Digital Nornickel.Junior project in September 2022 for employees’ children aged between 8 and 12.

Digital Nornickel.Junior is a fascinating quest where a child can learn about Nornickel's advanced digital technologies in a gamified format by taking tests and completing tasks. Simple tasks show the course participants how digitalisation is linked to daily work and why it is critical to development and progress.

65.5 thousand people
trained in the Digital Nornickel course

3,224 employees
participate in the Assistance programme

BUILDING AN ENVIRONMENT FOR CONTINUOUS LEARNING

The Company places a strong emphasis on building a modern learning environment by creating technological learning spaces. In 2022, with the commissioning of a new campus in Monchegorsk, the Company expanded its corporate university's area by almost 1 thousand sq m.

The Company continues to develop training courses across its assets, offering professional training and skills practice on simulators. In 2022, industrial tourism gained wide popularity. The Company's underground training base was among its production facilities actively involved in promoting industrial tourism.

Nornickel Academy is Nornickel's core educational digital resource featuring training courses designed to develop employees’ professional competencies across all relevant areas, a reading room with free books on personal growth, as well as materials presenting the latest trends in training and specific tools that can help employees in their work.

In addition to the physical and digital environment, the Company supports its concept of continuous learning through educational events (Biblionight, Knowledge Every Day, New Life on Monday), public lectures, masterclasses (Tribune, workshops for schoolchildren), and regular communications (L&D Digest, posts on social networks, publications in mass media).

by **~1,000 sq m**
expansion of the corporate university area

up to **40 %**
of the pay – supplementary payments to relocating employees

ASSISTANCE PROGRAMME

Since the Company's production sites are located in remote areas, Nornickel actively sources staff for its production facilities from other regions of Russia. The Assistance programme helps new hires adapt to their new environment and settle into their new communities on the Taimyr Peninsula. The programme targets not only highly qualified specialists and managers but also young talent and workers with hard-to-find skills. Today, it covers 3,224 of Nornickel employees, including 1,659 new participants, who joined in 2022. With this programme, the Company seeks to provide the participants with comfortable living conditions and reimburse them for relocation and resettlement costs.

RELOCATION PROGRAMME

Since the beginning of 2022, the Company has been running the Employee Relocation programme aimed at implementing a range of measures to support employees relocating to another region with their current employer or through internal transfers to other employers within the Group following changes in job duties. Along with the reimbursement of general travel, baggage and subsistence costs, a relocation allowance and an additional leave for settling in, the programme's distinctive feature is a supplementary payment for relocation (up to 40% of the salary) offered to employees. The amount of this relocation payment is capped depending on the new job's location.

Relocation to a new place of work provides employees with opportunities for growth and development, both personal and professional. The programme benefits the Company by addressing its staffing needs in a particular region where candidates with the right skills are absent from the local labour market or the local workforce.

726 employees
applied for participation in the programme

31 managers
have become business customers

CORPORATE CULTURE DEVELOPMENT

Nornickel nurtures its corporate culture to build corporate communities bringing together activist employees of different professions and from different enterprises as well as to enhance the engagement of production site employees in achieving the Company's strategic objectives and involve them in the corporate and social activities of Nornickel's facilities and regions of operation.

FOCUS ON SAFETY CULTURE

In 2022, the Company paid particular attention to fostering a strong safety culture, with a dedicated project launched to set up the function of corporate safety culture coaches. Within the project, we selected and trained 43 coaches and seven supervisors, who will provide training and mentoring under the Dynamic Risk Assessment and Behavioural Safety Audit programmes. The financial incentive framework was also updated to encourage risk identification and elimination. By 2022-end, corporate coaches had already conducted more than 700 training sessions for employees.

THOSE WHO CARE PROGRAMME

The Those Who Care programme targeting activist employees of different professions runs in the Kola and Norilsk Divisions. The programme is designed to bring together a business customer who has a task to solve and proactive employees who, working as a team, offer a solution and bring it to life. The matters discussed are not limited to

Since the programme’s inception, the following results have been achieved:

726 employees
applied for participation in the programme

31 managers
have become business customers

YOUTH PROGRAMME “IN A GOOD COMPANY”

Nornickel's youth programme, In a Good Company, is designed to create a community of young employees aged under 35, encourage their professional and creative growth and unlock their potential in various areas and spheres. The programme's another focus area is to identify gifted students and young talents from outside the Company and bring them to Nornickel, ensuring their onboarding in the fastest and most effective way.

An analysis of expectations among young people (aged between 18 and 35), who account for a third of Nornickel employees, showed that their needs are primarily

production and can deal with any activities, from waste recycling, more efficient use of resources, and internal communications to a culture of training, industrial safety, and recruitment.

related to experience build-up, individual development, recognition, and self-fulfilment. They also need not just to be part of a team, but work in an environment of like-minded people. And this is what the Company is ready and willing to offer them. Over 4.4 thousand users registered on the programme's unified mobile platform during a few months pilot.

In 2022, the programme became the gold winner of the Employer Brand Award & Summit in the People Management category.



33 out of the **56**
business tasks
have been addressed as part of relevant projects
35
project teams

33
design solutions have been accepted for implementation

10 %
of active programme participants have made career moves within the Company

1.3 billion rubles
the economic effect of the proposed solutions.

CORPORATE VOLUNTEERING

The Plant of Goodness project is the main example of cooperation among the business, local communities, the Company, and its employees: it has institutionalised and consolidated Nornickel's existing experience and traditions of social and environmental initiatives. Today, the programme is implemented across all the regions of Nornickel's operation, including Norilsk, Monchegorsk, Zapolyarny, Chita, Krasnoyarsk, Saratov, and Moscow. Each year, around 3.5 thousand employees along with representatives of non-profit organisations and action groups volunteer as part of the Company's Plant of Goodness project. After being active volunteers for some time, Nornickel employees often come up with their own initiatives. The skills and expertise they obtained doing this kind of work help them not only in everyday life but also in their career pursuits as well as in developing beyond their professional competences.

~3.5 thousand employees

volunteer as part of the Company's Plant of Goodness project

DIALOGUE BETWEEN SENIOR MANAGEMENT AND EMPLOYEES

Nornickel is strongly focused on engaging with its employees and continues to promote regular practices that expand the dialogue between its senior management and employees. To that end, the following activities were held in 2022:

- Nornickel Live, a Q&A session;
- Spring corporate dialogues.

Employees' sustained interest in the programme is reflected in a large number of questions from employees (more than 5 thousand over the year) and the audience's active involvement. For instance, over 15 thousand viewers joined the direct line while about 3 thousand people participated in corporate dialogues.

Nornickel places a particular emphasis on building communications about the most important topics: remuneration, bonuses, social support, and safety. Specifically, in 2022, the Company ran eight major information campaigns on:

- salary increase from 1 January;
- additional payments in April;
- increase in the business performance bonus;
- golden rules of safety;
- Nornickel with You programmes;
- pulse survey about engagement;
- VHI;

>15 thousand viewers

tuned into the Nornickel Live broadcast

~3 thousand people

participated in corporate dialogues

- improvements to the Together We Decide – Together We Do and Let Everyone Be Heard programmes.

Effective engagement within such programmes is supported by both the multichannel format and a vast number of in-house speakers. In 2022, the Company trained over 1 thousand in-house speakers, who maintained live contact and engaged with employees.

The total audience of the information campaigns exceeded 250 thousand people (i.e. each employee was contacted on average more than three times over the year). Effective communication channels between management and employees and an open information environment help build trust, reduce stress and increase employee engagement.

In addition, the Company conducts regular targeted polls and surveys to measure employee engagement and assess social programmes.

ENGAGEMENT

Nornickel goes through the engagement management cycle every year to maintain an environment conducive to integration.

>1,000 in-house speakers

trained in 2022

>250 thousand people

total audience of information campaigns

This cycle includes three phases:

- The Let Everyone Be Heard. What Do You Think? survey
- Analysing the survey findings
- Developing and implementing resulting solutions.

According to the survey, the Company's engagement index grew by 8 p.p. to 63% in 2022. The following factors had progressed the most over four years:

- Trust in, and accessibility of, senior management: +22 p.p. (driven by an open dialogue with management and consistent delivery on promises);
- Career opportunities: +18 p.p. (driven by increased availability of information about vacancies, the internal career moves programme, active communication about internal promotions, training and development programmes);
- Remuneration and recognition: +18 p.p. (driven by regular and anticipatory wage increases, elimination of imbalances in the remuneration system, and grading of information campaigns on wages).

The survey includes polling and focus groups. In 2022, 50.5 thousand employees were covered by the survey, up 6% y-o-y.

All governance levels, from units of individual entitles to the Group as a whole, are involved in both survey data analysis and the development and implementation of improvements.

63 %

increase in the engagement index in 2022

50.5 thousand employees

participated in the employee engagement survey

ADOPTION OF THE BUSINESS ETHICS CODE

To ensure that employees understand and embrace the principles and basics of the Business Ethics Code, the Company continued relevant training in 2022 to explain its employees the Code's content. A training module on the Code is integrated into the Our Values programme, the Nornickel Live – Direct Live Line with Vice Presidents project, and corporate dialogues. By 2022-end, training in the Business Ethics Code covered 80% of the Company's headcount.

80 %

of employees covered by training in the Business Ethics Code



REMUNERATION

KEY PERFORMANCE INDICATORS

Nornickel's remuneration system is linked to key performance indicators (KPIs) for different job grades. KPIs include social responsibility, occupational safety, environmental safety, operational efficiency, and capital management metrics, with due consideration of cross-functional interests. In 2022, more than 18 thousand employees of the Group were assessed against their KPIs.

KPI setting is driven by the Company's well-established principles of balance, regularity, KPI achievement validation, decomposition, and ambition as well as the SMART criteria. Cascading is one of the tools used in KPI setting: a manager breaks down their KPI into components and cascades them to subordinates. Therefore, when each employee meets their KPI targets, their superiors' KPIs are also achieved.

The KPI framework is instrumental in streamlining performance evaluation criteria, identifying top priority targets

for managers and employees for the current year (aligned with the Company's strategy) and link an employee's pay to their performance.

The Company has a procedure in place for evaluating the performance of the Head Office employees and, separately, of Group company managers. In 2020, a new incentive system was introduced for all employees of project management offices (PMOs): project bonuses and traditional annual bonus were replaced with a project completion bonus. Bonuses are paid for the achievement of key project parameters and are aimed at motivating and retaining key project employees until project completion. In 2022, the project bonus system was used to evaluate the performance of 1.5 thousand employees of the Group's PMOs.

The performance evaluation process is supplemented with an automated 360-degree assessment procedure run at 30 Group enterprises. In 2022, the 360-degree assessment covered almost 4 thousand managers at all levels, including top management, and

3.8 thousand specialists. Following the assessment, employees receive feedback from their superiors, discuss further development areas with them and build their individual development plans for the year.

In addition to remote learning opportunities offered by the Nornickel Academy platform, employees who develop individual development plans based on the 360-degree assessment results can benefit from access to the corporate electronic library and take training on the 360-Degree Management programme.

SALARY AND BENEFITS PACKAGE

Nornickel has in place a comprehensive employee incentive system, which comprises both financial and non-financial components.

The employee incentive system is aimed at improving operational efficiency and boosting labour productivity, delivering robust performance as well as retaining highly skilled employees.

The Company prohibits any discrimination in terms of setting and changing wages based on gender, age, race, nationality, origin, or religion.

The use of financial rewards is governed by the Company's remuneration policy. The Company's compensation package comprises salary and benefits. The salary consists of fixed and variable components, with the latter linked to the Company's operational performance and achievement of relevant KPIs.

Nornickel has in place a grading system, which is a key tool to develop and implement various HR-related programmes. Positions are graded using the point rating method, which takes into account the required knowledge and skills, the complexity of tasks involved, and the responsibility level in each job.

As far as annual bonuses are concerned, back in 2021, the annual bonus rate policy for employees covered by the performance management system was aligned with an approach according to which the annual bonus rate depends on the employee's job grade. In 2022, the

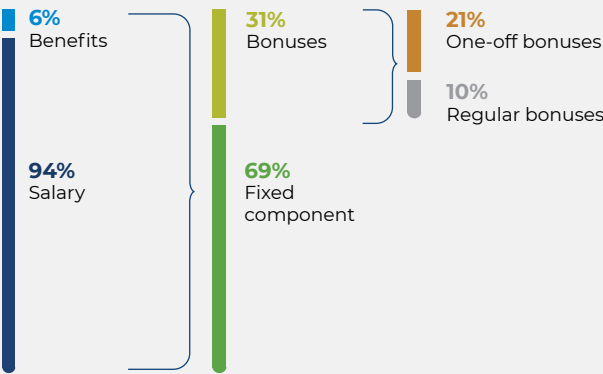
transition to target annual bonus rates was completed. This approach ensures higher transparency of the Company's remuneration system.

In 2022, we also continued our efforts to transform the bonus system for employees of PMOs. The updated incentive system, which is linked to the achievement of key project indicators, aims to motivate and retain key project employees until project completion.

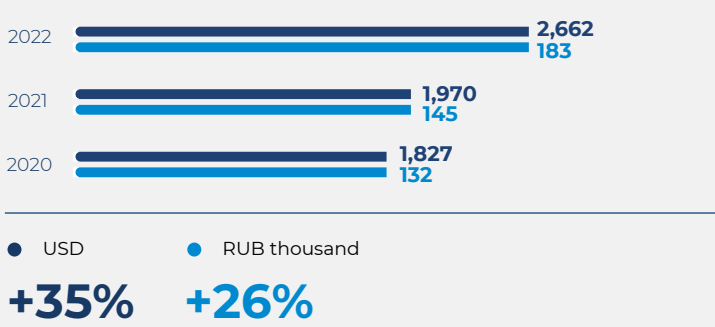
The Company makes regular reviews of pay levels and trends as well as the cost of living – both the nation-wide averages and the average figures for each of its operating regions, with wage indexation done annually based on the review results. From early 2022, Nornickel increased employee remuneration by 20% in Norilsk and in the Krasnoyarsk Territory and by 10% in the Murmansk Region and other regions. In April 2022, the Company also decided to provide additional support to employees and pay a one-off bonus for their Q1 performance, equal to the monthly base salary but at least RUB 50 thousand per employee.

The Company constantly evaluates its pay levels to make sure they are not below the established living wage. Monitoring results suggest that all employees at the Company are paid above the minimum living wage.

Employee compensation package breakdown



Average monthly salaries of Nornickel employees¹



¹ Based on the average annual RUB/USD exchange rate given at the end of the Report.

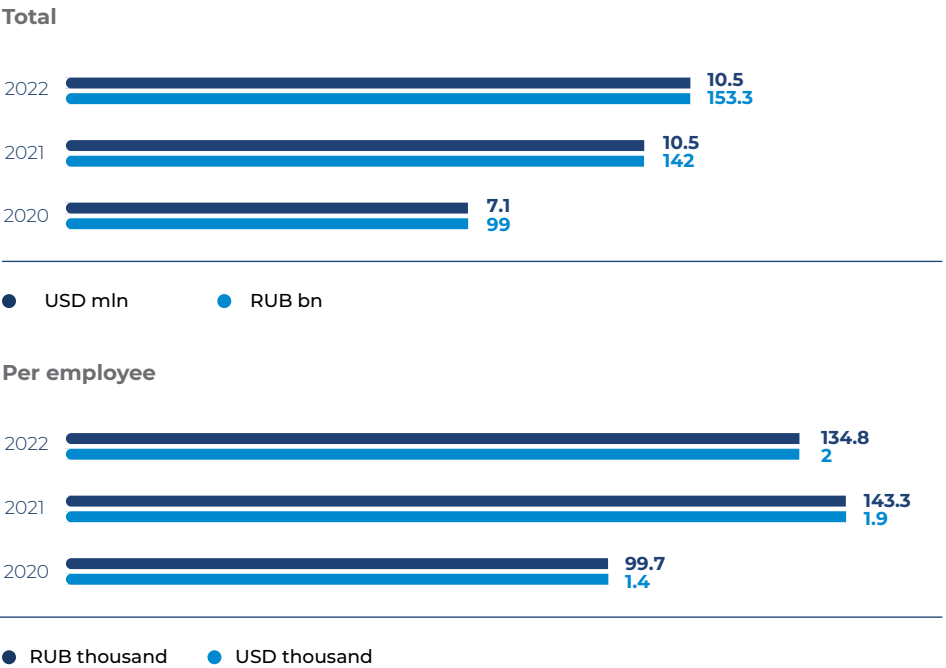
Minimum living wage and employee remuneration by region

Region	Established minimum living wage		Average monthly salaries of Nornickel employees	
	RUB thousand	USD	RUB thousand	USD
Norilsk Industrial District	39.7	580	185.6	2,708
Murmansk Region	35.1	513	128.3	1,872
Moscow and other regions of Russia	23.5	343	298.8	4,359
Krasnoyarsk Territory (excluding NID)	24.4	357	98.5	1,437
Zabaykalsky Territory	22.9	334	170.4	2,486

The benefits package includes the following benefits and compensations:

- Voluntary health insurance (VHI) and major accident insurance coverage
- Discounted tours for health resort treatment and recreation of employees and their families
- Reimbursements of holiday travel expenses for a round trip and baggage fees for employees and their families living in the Far North and territories equated thereto
- One-off financial assistance to employees experiencing major life events or in difficult life situations
- Complementary corporate pension plan
- Other types of social benefits under the existing collective bargaining agreements and local regulations

Benefits package costs at Nornickel’s Russian entities



ADDITIONAL EMPLOYEE INCENTIVES

Nornickel’s Award Policy is closely linked to its values and strategic priorities. The Company rewards its employees for outstanding professional achievements and contribution, innovations that drive growth and add value, efforts going beyond formal agreements with Nornickel, and contribution to overall performance of the business.

There are several levels of awards and incentives.

1. Governmental, agency and regional awards. Nornickel welcomes recognition of its employees and nominates those who achieved outstanding results in operations and management and made a significant contribution to production development.
2. Corporate incentives. Company-wide awards assigned by resolution of the Company’s President.
3. Internal incentives at enterprises. Initiated and awarded to employees on behalf of the enterprise where they work.

Employee awards in 2022



SOCIAL PARTNERSHIP

We establish social partnerships regulating labour relations as a key tool to build dialogue with our people. Moreover, the Company has in place offices for social and labour relations, a response centre and task forces at branches.

TRADE UNION ORGANISATIONS

The Group has 58 primary trade union organisations united into local trade union organisations of the Norilsk Industrial District and Murmansk Region, which are part of the Trade Union of MMC Norilsk Nickel Employees, an interregional public organisation.

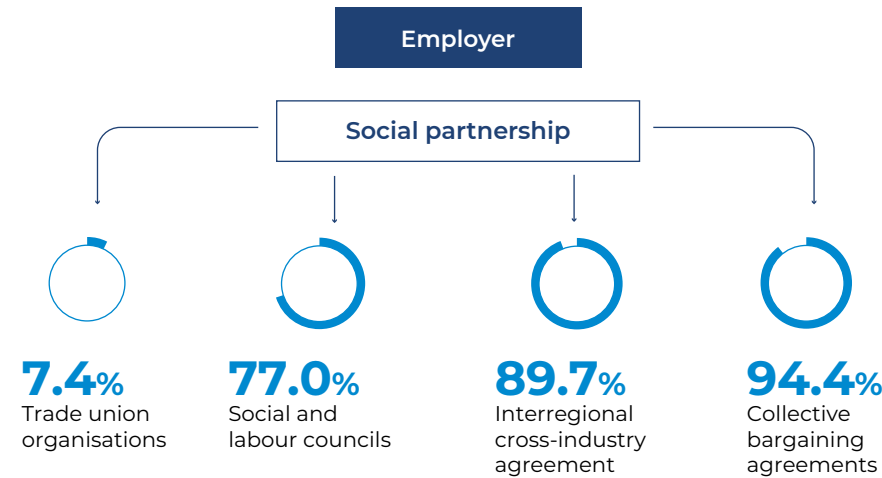
The trade unions of transport and logistics divisions of the Krasnoyarsk region are members of the Yenisey Basin Trade Union of Russia’s Water Transport Workers, headquartered in Krasnoyarsk.

In 2022, trade unions contributed to:

- collective bargaining on a three-year extension of Collective agreements at 10 Group enterprises
- inspecting the quality of public catering and dietary meals
- conducting a special assessment of employees’ working conditions.

In 2022, the trade union was also involved in an information campaign run by the employer to inform employees about the change in the corporate approach to the bonus system. The Company sees such meetings as an opportunity to maintain a constructive dialogue with employee representatives and receive timely feedback on changes introduced at the Company.

Social partnership framework at Nornickel



SOCIAL AND LABOUR COUNCILS

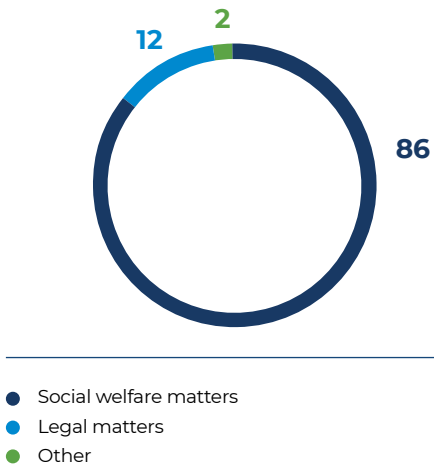
Social and labour councils have been in place since 2006 to represent the interests of all employees within the framework of social partnership at the local level. Social and labour councils are authorised to raise matters relating to health resort treatment, recreation and leisure programmes for employees, disease prevention, provision of personal protective equipment, workplace and catering arrangements, and much more.

In addition to the Corporate Trust Line speak-up programme, the Group set up offices for operational, social and labour matters back in 2003. They are primarily tasked with response to employee queries, follow-up, and prompt resolution of conflicts. On a regular basis, the offices monitor social environment across operations, enabling timely responses to reported issues.

Queries submitted to offices are reviewed by relevant specialists or forwarded to functional or production units depending on the issue raised in the query. The offices control turnaround time and quality of responses. When handling complaints, the offices adhere to the principle that precludes sending complaints to the managers whose actions are being challenged. In 2022, Group enterprises in the Norilsk Industrial District operated 27 offices, which received over 52 thousand queries and requests from employees (81%), former employees (18%) and other individuals (1%).

Offices for operational, social and labour matters

Main topics of queries and requests (%)



COLLECTIVE BARGAINING AGREEMENTS

Collective bargaining agreements at the Group's Russian enterprises comply with the applicable laws and adequately reflect employee expectations.

In 2022, the Group enterprises extended for another three years 10 collective bargaining agreements, which have historically provided one of the industry's best benefits packages. Every year,

Nornickel reimburses holiday travel expenses for employees and their families, offers medical insurance, health and recreation programmes as well as a complementary corporate pension plan and develops housing and professional training programmes.

At present, all collective bargaining agreements of the Group's Russian enterprises are based on unified approaches to regulating social and labour relations within the social partnership framework.

No breaches of collective bargaining agreements and no strikes or mass layoffs were recorded across the Group enterprises in 2022.

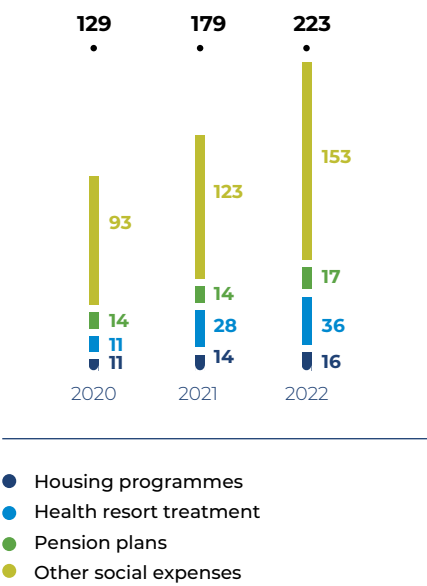
INTERREGIONAL CROSS-INDUSTRY AGREEMENT

The interregional cross-industry agreement, along with collective bargaining agreements, regulates social and labour relations at the Group enterprises. Participants in the agreement define uniform corporate approaches to compensation, provision of guarantees, allowances and benefits to employees, work and rest hours, occupational health, and other matters, enabling the implementation of a uniform corporate social policy across Group enterprises operating in different industries.

In December 2021, the agreement was extended for 2022–2025 with a number of amendments. Currently, the Association of Employers comprises 21 entities.

SOCIAL PROGRAMMES FOR EMPLOYEES

Social expenses for employees (USA mln)



HEALTH IMPROVEMENT PROGRAMMES

The Company has been consistently investing in health improvement programmes for employees and their families living in the harsh climate of the Far North. Health resort treatment programmes are among the most popular programmes offered by Nornickel as part of its social policy.

In 2022, 17.8 thousand employees and their family members improved their health at the corporate Zapolyarye Health Resort in Sochi; 7.4 thousand employees spent their holidays at other health resorts, with 1.5 thousand employees' children visiting children's health resorts. The Company compensates its employees an average of about 86% of the trip voucher cost.

SPORTS PROGRAMMES

Nornickel offers its employees, most of whom work in the Arctic Circle, a wide range of social support programmes. Promotion of corporate sports and a healthy lifestyle among employees is one of the key priorities on Nornickel's social agenda.

The Company regularly holds corporate-wide sporting events. The programme aims to improve the quality of life, build a more attractive employer brand and make sports more accessible to employees and local residents. The Company support sports in its regions of operation by joining efforts with various sports federations that provide training support to coaches, run masterclasses and promote a healthy lifestyle.

Nornickel pays special attention to corporate mass sports events, with hockey, futsal, volleyball, basketball, alpine skiing, snowboarding, swimming, and family sports contests being particularly popular with employees.

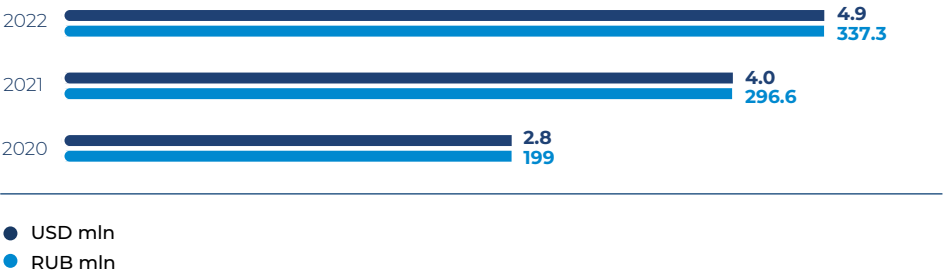
The Night Hockey League with teams made up of Nornickel employees was established to encourage involvement in amateur hockey.

Other activities include annual Spartakiads and mass sports events involving both Nornickel employees and local residents across the Company's footprint.

In 2022, the Company collaborated with Hero Race to organise the Nornickel Run Race at the Norilsk and Kola Divisions. This format gave a new impetus to the event and attracted a larger number of participants.

A total of 24 thousand employees participated in sports and recreational activities in 2022. All corporate competitions were broadcast live in 2022, with the total reach exceeding 60 thousand views.

Sports expenses



VOLUNTARY
HEALTH INSURANCE
PROGRAMME

Voluntary health insurance (VHI) covering all Group employees is an important form of social support for Nornickel employees. In addition, the Company allows employees to insure one close relative at the attractive corporate rate.

The VHI policy entitles employees to various healthcare services. Employees living in the Far North can use their VHI policy in the region of permanent residence as well as outside this region. The range of services is the same under all insurance programmes. The programmes for different employee categories differ only in the level of clinics and the region of coverage.

In addition, Company employees can do specialised genome sequencing tests and get advice from geneticists to help identify and assess potential risks of serious diseases.

HOUSING PROGRAMMES

In 2022, Nornickel continued its housing programmes, Our Home / My Home and Your Home, whose participants were able to purchase ready-to-move-in apartments on preferential terms across Russia. The Our Home / My Home and Your Home programmes cover employees of the Norilsk and Kola Divisions.

Under the programmes, Nornickel purchases ready-for-living apartments at its own expense and provides them to eligible employees under co-financing agreements. Under the programmes, the employer pays up to 50% of the apartment cost (but in any case no more than RUB 3 million (USD 44 thousand)) with the rest paid by the employee within a certain period of employment with Nornickel (from five to ten years). The cost of housing remains unchanged for the entire period of the employee's participation in the programme.

Under both programmes, the property title is registered in the name of the employee: under the Our Home / My Home programme, at the end of the employee's participation (the participant, however, may move in immediately after the apartment is purchased); under the Your Home programme, from the start of participation (with the title encumbered by a mortgage, and encumbrance removed from the property once the employee fully repays the debt to the seller).

In 2014–2022, apartments were purchased in the Moscow and Tver Regions, Krasnodar Territory and Yaroslavl; the Company purchased closely located properties to create a more comfortable living environment for employees by developing additional infrastructure and optimising maintenance of residential premises for the property management company.

A total of 5,842 apartments have been provided to Nornickel employees since the start of the programmes.

Nornickel also operates the Corporate Social Subsidised Loan Programme offering Nornickel employees an interest-free loan to pay the initial instalment and reimbursing a certain percentage of interest paid to the bank on the mortgage loan. Overall, more than 1.3 thousand employees have already taken part in the programme that covers the Norilsk and Kola Divisions.

SUPPORT PROGRAMMES
FOR FORMER
EMPLOYEES AND THEIR
FAMILIES

The ongoing support of its former employees is part of the Company's corporate social policy. The Company's Veterans programme has been designed to support unemployed pensioners who permanently reside in Norilsk. The main eligibility criterion is the employee's length of service at the Company.

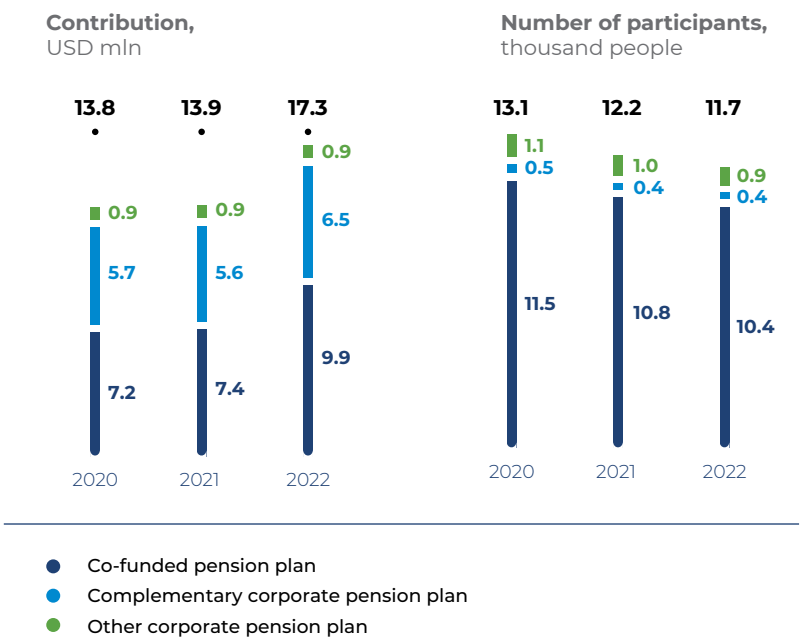
The Pensioner Financial Aid Fund grants financial aid to former employees who retired prior to 10 July 2001 provided they had been employed by the Company for more than 25 years and permanently reside outside of the Norilsk Industrial District. The Fund relies on voluntary monthly contributions from employee salaries and charitable contributions from the Company's budget.

The Company also provides targeted assistance to its former employees and their families to pay for health improvement, medicines or funeral services, and help in difficult life situations.

CORPORATE PENSION
PLANS

Nornickel offers its employees private pension plans. Under the co-funded pension plan, Nornickel and its employees make equal contributions to the plan. The complementary corporate pension plan provides incentives for pre-retirement employees with considerable job achievements and a long service record at Nornickel enterprises.

Contributions to, and participation in, corporate pension plans



5,842 apartments

have been provided to Nornickel employees since the start of the programmes.

>1.3 thousand employees

have taken part in the Corporate Social Subsidised Loan Programme



HEALTH AND SAFETY

In 2022, the Company updated its key strategic objectives in health and safety for 2023–2025. Efforts in this area are primarily focused on achieving zero fatalities and an industry average injury rate.

Contribution to the UN SDGs



Strategic goals

**Zero work-related fatalities**

The Company pursues a zero-tolerance policy on work-related fatalities

**No major accidents at production sites**

Measures to prevent accidents at the Company's facilities and the associated negative impact on local communities in operating regions or operational performance

**Work safety**

Safe working conditions and mitigation of ore mining and processing risks

Key performance indicators

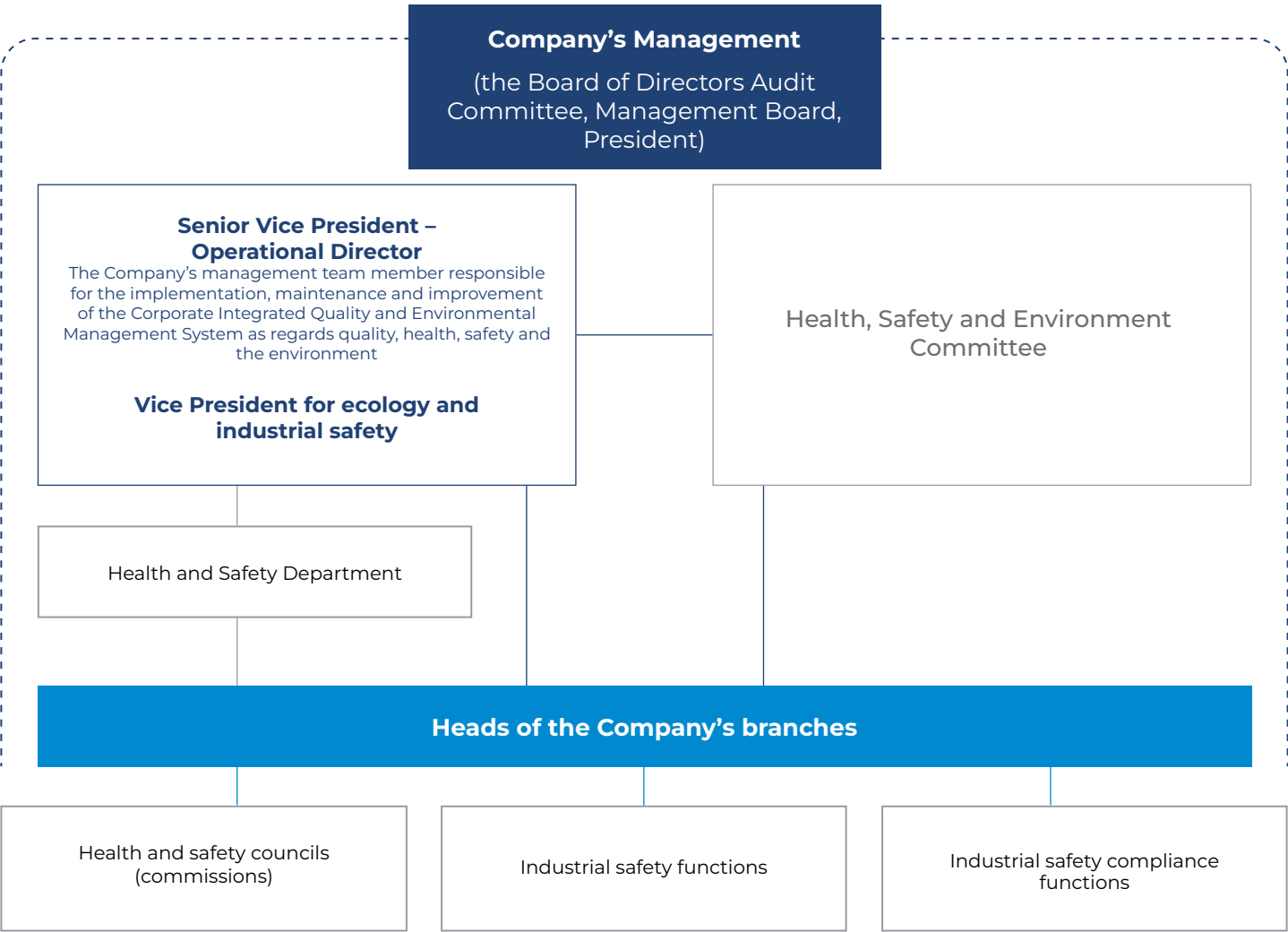
**20%
in team KPIs of all employees**

Goal:
Deliver on the action plan in health and safety and reduce FIFR by 20% or more year-on-year

**12–28%
in individual KPIs of production site managers**

Goal:
Deliver on the injury prevention plan and achieve zero work-related fatalities

MANAGEMENT SYSTEM



The Audit Committee deals with industrial safety matters. The Committee reviews management reports on industrial safety performance every quarter, with management participating in the Committee's meetings, providing detailed account of causes of accidents, measures taken to prevent similar accidents in the future and disciplinary actions taken against the employees at fault.

The Company's Health, Safety and Environment Committee, led by the Senior Vice President – Operational Director, is

focused on improving performance and accountability in health and safety. The Committee meets quarterly at various production sites of the Group.

Remuneration payable to all heads of production units is linked to work-related injury rates. They are personally responsible for the life and health of each of their subordinates. Industrial safety metrics weigh between 12% and 28% in individual KPIs of production site managers. Failure to prevent a fatality blocks performance bonuses. In addition, team KPIs for all

employees include injury rate and FIFR¹ reduction by 20% or more (20% of the team KPIs).

¹ Fatal Injury Frequency Rate is the number of fatalities per 1 million hours worked.

Certifications and audits

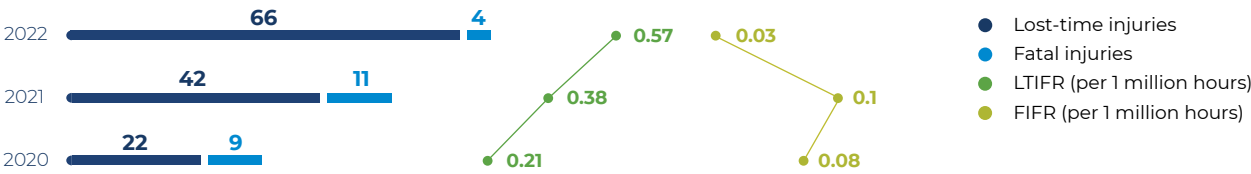
As at the end of 2022, 47% of the Group companies had health and safety certification.

Certificate	Certified assets	Auditor
ISO 45001	MMC Norilsk Nickel Kola MMC Pechengastroy Norilsk Nickel Harjavalta	Bureau Veritas Certification
In 2022, surveillance audits confirmed compliance of the occupational health and safety management systems of MMC Norilsk Nickel facilities (Head Office, Polar Division, Polar Transport Division, and Murmansk Transport Division) with ISO 45001:2018 international standard. The auditor, Bureau Veritas, noted a high level of maturity and development	of the occupational health and safety management system and confirmed the system's compliance with the standard. The Group's production units are also regularly audited for compliance with applicable health and safety requirements. A total of 52 audits took place in 2022 in accordance with the	approved schedule, with production site managers and their deputies also involved in the audits.

WORK-RELATED INJURIES

In 2022, the number of fatalities fell to 4 from 11 in 2021, as a result of measures to improve the occupational health management system and the implementation of injury prevention programmes. The decrease was driven mostly by the Norilsk Division, delivering a 4-fold reduction in fatalities, and the Trans-Baikal Division and Energy Division, achieving zero fatalities. Growth in the number of lost-time incidents (66 vs 42 in 2021) was linked to higher transparency in accident reporting.

Work-related injuries across the Group



Causes of fatalities

Item	2020	2021	2022
Fall from height	0	1	1
Falling objects	2	0	0
Moving objects/parts	1	3	0
Rock fall	2	2	2
Road traffic accident (RTA)	0	0	0
Electrocution	3	1	0
Exposure to extreme temperatures	0	0	0
Explosion	0	0	0
Other	1	4	1
Total	9	11	4

Two fatalities were caused by rock falls, one in the Kola Division and one in the Norilsk Division. Investigations into these mining accidents resulted in a number of measures: the Company developed and implemented technical measures to support mechanised mining, purchased a face drilling rig and automated temporary supports and conducted a series of audits to monitor the implementation of mine surveyors' instructions. Another fatality was due to a fall from height when operating a crane. To prevent similar accidents in the future, a multidisciplinary team will regularly inspect bridge cranes, evacuation routes and emergency evacuation equipment.

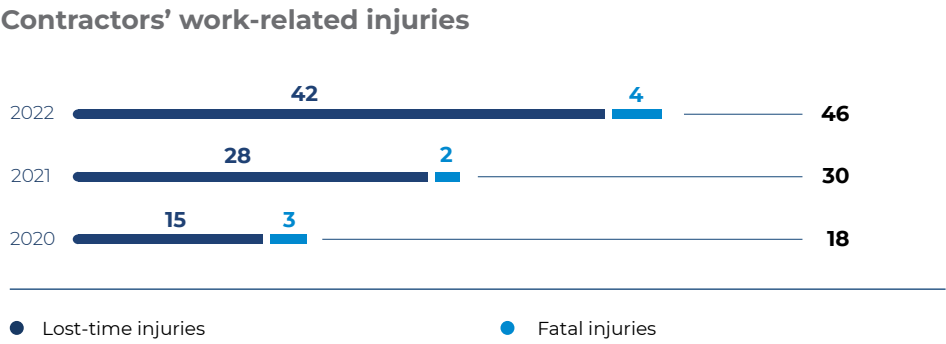
Plans for 2023 include equipping bridge cranes with remote control systems and safe ways to access crane runways. A mine accident that occurred when operating an electric locomotive triggered investigation, resulting in measures to set up transport arrangements for employees to safely access their work area, prevent unauthorised use of electric locomotives and review the mine rail infrastructure repair programme.

All accidents were thoroughly investigated, with the resulting reports submitted to the Board of Directors and action plans developed to eliminate their root causes. Nornickel's management

reinforces the Group's commitment to achieving zero work-related fatalities and sees fatality-free operations as its strategic priority. The Company continues to implement dedicated programmes to prevent and avoid accidents and work-related injuries. A comprehensive review of industrial safety standards and requirements has been scheduled for 2023 to prioritise focus areas for reducing safety breaches that may result in fatalities or serious injuries.

CONTRACTOR RISK MANAGEMENT

The Company's industrial safety standards also apply to its contractors.



The increase in work-related injuries among contractors in 2022 was linked to 50% higher staffing levels required to implement major investment projects. In the reporting year, the Company reviewed the general terms and conditions related to occupational health in its contracts with contractors to emphasise the achievement of zero fatalities and the compliance with the golden rules of safety in line with the Company's goals and also to enable contractors to take proactive action on occupational health. In 2022, Nornickel regularly monitored

its contractors' compliance with the H&S requirements, including through joint inspections of compliance with work safety requirements and meetings of health and safety councils (committees) involving contractor representatives.

To improve control and safety of work performed by contractors at its facilities, in 2022, Nornickel updated the standard that sets out relevant requirements for H&S management at all stages. Prior to the commencement of any work, contractor employees are required to

receive induction and targeted briefings on occupational health. The standard provides for fines where a contractor's non-compliance has been identified.

RISK MANAGEMENT

The Company has a zero-tolerance approach to unsafe behaviours, as prevention of safety breaches plays a critical role in reducing injuries and accidents.

To keep employees well-informed about safety measures, we regularly develop and update H&S guides, videos, presentations, and other visuals highlighting the most important guidance to protect life and health in various situations or when performing certain types of work.

In 2022, the Company revised its incentives around occupational health performance. Starting from 2023, employees will be rewarded for identifying risks in their workplace.

In 2022, Norilsk Concentrator launched a safety culture transformation project focused on a risk-based approach. The project involved a diagnostic of safety culture and certain processes, a strategy session to identify key systemic measures, training for pilot shops, and a review of the

risk identification and assessment system. To date, the project has identified 462 risks, of which 101 have been eliminated and 222 were reported by workers. The project will continue in 2023.

GOLDEN RULES

In 2022, the Company revised and updated its Golden Rules of Safety, using an analysis of fatalities in 2017–2021. Employees who violate these rules are now subject to termination.

Breaking golden rules of safety can be fatal

- 1

No working at height without a safety harness
- 2

No operations in workings with unbolted and/or loose roof
- 3

No loading, unloading or moving loads near people
- 4

No maintenance or repair of equipment without completely disconnecting it first and blocking the power supply
- 5

No energised electrical work on electrical installations or electrical equipment
- 6

No driving or transferring people in vehicles not designed for these purposes

Nornickel's production enterprises have process-, job- and operation-specific regulations and guidelines in place containing dedicated industrial safety

sections. For instance, workers with on-site production experience of less than three years wear special red helmets

with the word "Caution" on them and protective clothing with "Caution" badges that make them stand out.

PREVENTION AND CONTROL MEASURES

Nornickel has developed and put in place an H&S monitoring system featuring multi-tier control with ad hoc, targeted and comprehensive H&S inspections. The first tier control involves the line manager (aided by designated members of the occupational health team) and focuses primarily on workplace set-up. The second and higher control tiers involve special H&S commissions with representatives of management and employees.

In 2022, the incident reporting procedure was changed to accelerate responses, and the incident classification system was improved to enhance further analysis. The investigation and root cause identification

process was significantly transformed to further boost accident prevention capabilities.

In addition to the above prevention and control initiatives, the Company has set up and conducts regular behavioural safety audits. The prevention and control team has identified and disciplined over 7 thousand non-compliant employees, including by partially or completely stripping them of their bonuses.

In 2022, Nornickel further improved and integrated the Control, Management, Safety Automated System (CMS AS) into the corporate IT architecture, introducing

more than five new algorithms to notify responsible persons via the corporate email, as well as integrating it with related SAP ERP, SAP BW (ACS) and the Nika virtual assistant. In December 2022, the corporate data warehouse was integrated with the Unified System of Corporate Reporting Indicators, enabling rapid generation of annual reports online to deep dive into injury rates across the Group.

INSTILLING A SAFETY CULTURE AMONG EMPLOYEES

The Company is committed to ensuring its people have all the necessary knowledge, skills and capabilities to perform their duties in a safe and responsible manner.

Training starts immediately after an employee is hired, with a health and safety induction and subsequent on-the-job briefings. Briefings are then repeated regularly in accordance with the existing corporate programmes. There are also interactive training courses for employees in main occupations. In 2022, over 51 thousand Group employees were covered by these trainings and briefings. All Group employees also regularly take online industrial safety trainings and final tests.



Employees trained in workplace safety



In 2022, the Company launched a project to establish a corporate safety coaching institute. The project covers 18 enterprises with 42 dedicated safety culture coaches among them, currently offering two training courses – Dynamic Risk Assessment for blue-collar employees

and Behavioural Safety Audit for line managers. A training course comprises active classroom sessions, engaging all participants, followed by practice sessions in real workplace settings, such as a mine

or a production shop. By 2022-end, 750 trainings were delivered to a total 5,268 employees.

42 coaches

on safety culture joined the Company in 2022

750 trainings

held by 2022-end

5,268 employees

trained under the safety culture project

OCCUPATIONAL DISEASES AND THEIR PREVENTION

Newly identified occupational diseases



The Company is implementing a large-scale environmental program aimed at reducing harmful emissions into the atmosphere to minimise the risk of occupational diseases. The Company also promotes disease prevention and healthy lifestyle among its workforce, with management focused on communicating to all employees the importance of complying with occupational safety requirements and protecting one's own health.

Nornickel also seeks to introduce meaningful occupational health initiatives taking into account both workplace and individual risk factors. Production enterprises have dedicated medical aid posts to perform pre-shift health checks and provide medical assistance on request during working hours.

Employees are provided with safety clothing, footwear and other personal protective equipment to mitigate the adverse impact of work-related harm.

Employees working in contaminated conditions are provided with free-of-charge wash-off and decontaminating agents.

The Company offers its staff regular disease prevention screening in line with recommendations from the healthcare authorities. All employees regularly undergo mandatory medical examinations paid for by the Company, and special examinations at occupational pathology centres are provided to employees exposed to hazardous substances.

Employees working in harmful and hazardous conditions receive free food, milk and other nutritional products for therapeutic and preventive purposes to promote health and prevent occupational diseases.

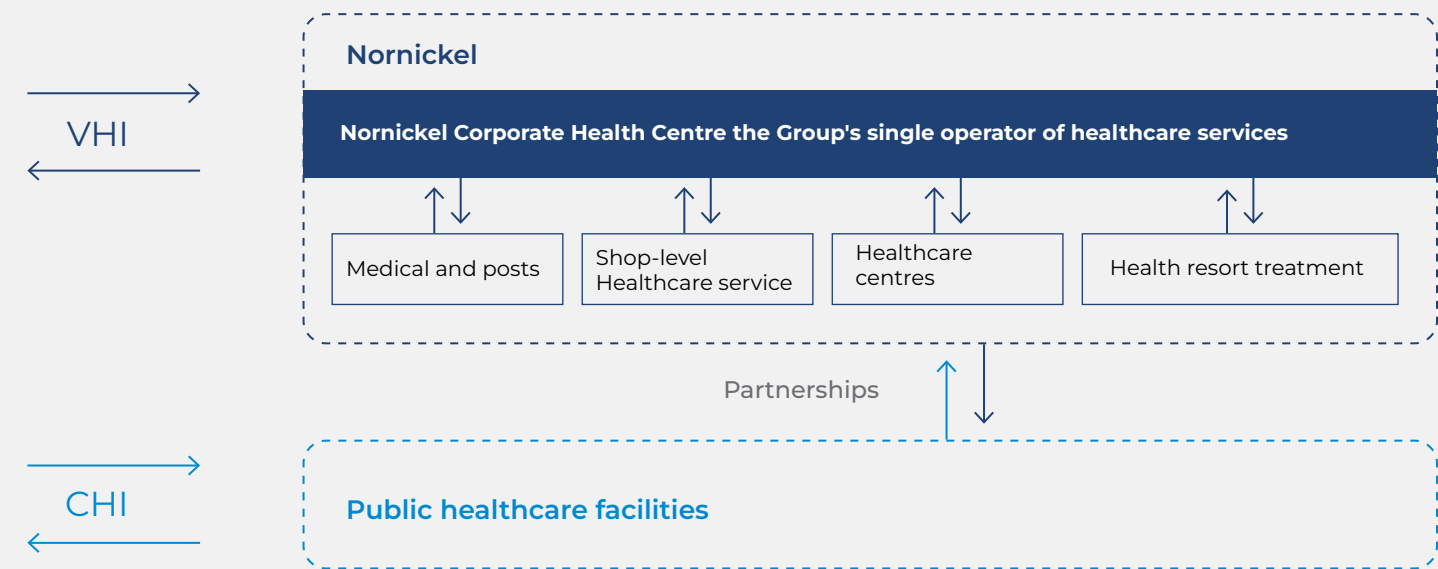
The Russian Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing

Contribution to the UN SDGs



(Rospotrebnadzor) constantly scrutinises the impact of emissions on the health of the local population in the Company's operating regions as the healthcare system is almost entirely state-run. Sulphur dioxide emissions in Norilsk have decreased by 30%–35% over the period since Nickel Plant shutdown in 2016. According to Rospotrebnadzor, the total number of newly diagnosed cases in the Norilsk Industrial District decreased by 19% in 2021 (from a 2016 baseline), specifically for disorders of blood and blood-forming organs, as well as other disorders, including the immune system (down 50%), tumours (down 64%) and cardiovascular diseases (down 30%).

Nornickel's medical care framework



CORPORATE HEALTHCARE

The Company has a Corporate Healthcare programme in place to improve the availability of medical care in the regions of its operation for both employees and members of their families. To this end, the Company set up a dedicated subsidiary, Nornickel Corporate Health Centre, and started to roll out its own network of corporate healthcare centres across its footprint, equipped with latest medical equipment and staffed by highly qualified healthcare workers. Under this programme, Company employees enjoy a wide range of quality medical care and timely medical aid services both at its healthcare centres and enterprises.

In December 2021, Nornickel opened its first corporate healthcare centre under the Z-Clinic brand in Norilsk to primarily focus on patients under the VHI programme. The centre currently provides 246 types of medical services across 12 primary care specialties. Over its first year of operation, the centre accommodated about 70 thousand patient visits. The average appointment wait time for many doctors ranges from 7 days to 1 month, which confirms the high local demand for medical care.

In 2022, the Company continued to develop its network and started work of opening two more healthcare centres – in the Talnakh District of Norilsk and in Monchegorsk. Another focus area is a programme to set up smaller healthcare units in remote areas.

The Company is running to establish healthcare centres across its footprint to serve all local residents under the CHI programme. In the reporting year, two new healthcare facilities were repaired and equipped: an MRI centre in Monchegorsk and a healthcare centre in Dudinka. The centres are expected to welcome their first patients in the first half of 2023.

The Workshop Medical Service has started its work, designed to bring quality medical care closer to employees at work and strengthen the prevention of disease detection.

Digital Healthcare

DIGITAL HEALTHCARE	Single health data repository	Contains health data of more than 70 thousand employees across the Company's entire workforce
	Electronic health check-up system	Automates health check-ups and enables analyses of employees' health data
	Telemedicine	Enables a doctor from anywhere in the country to consult with experts from central clinics
	Radiology system	AI-based system for analysing and processing medical images
	Biosensors	Round-the-clock health data monitoring with wearable sensors
	Disease risk assessment	Tracks changes in the body that can lead to a disease, enabling early prevention

The Company also rolled out its **Digital Healthcare** programme to implement innovative IT solutions in medical technology. Introduced in 2021 at Zapolyarye Health Resort, the programme was launched in Norilsk in 2022 and is expected to cover healthcare facilities on the Kola Peninsula in 2023. Employees can now use a new mobile app to quickly access their medical records, make an appointment with a doctor and get all the information they need about the clinics' services. Development plans include fully digitising key medical documents (an electronic health record project), setting up a new automated system for advanced diagnostics and rolling out a disease risk assessment system.



ENVIRONMENTAL PROTECTION AND CLIMATE CHANGE

Contribution to the UN SDGs



ENVIRONMENTAL STRATEGY

In 2020, Nornickel developed its Holistic Environmental Strategy which sets clear goals across key focus areas: climate change, air, water, soil, waste,

and biodiversity. In 2021, the Strategy was further detailed and approved by the Board of Directors, with an update scheduled for the second quarter of 2023.

For more details on the [Environmental Strategy](#), see the [Company website](#).

ENVIRONMENTAL MANAGEMENT SYSTEM

Nornickel's Environmental Management System (EMS) is part of the Corporate Integrated Quality and Environmental Management System. This ensures coordination between all environmental

matters and other areas, enhancing the Company's overall performance on environmental safety.

System audit

At the end of 2022, 44% of Group companies (by average headcount) were certified to ISO 14001:2015, an international environmental standard.

Certificate	Certified assets	Auditor
ISO 14001:2015	- MMC Norilsk Nickel (Head Office, Polar Division, Polar Transport Division, and Murmansk Transport Division) - Kola MMC - Norilsk Nickel Harjavalta	Bureau Veritas In 2022, a surveillance audit was conducted (annual) In 2021, a recertification audit was conducted (once every three years)

The recertification audit conducted in 2021 confirmed the Company's compliance with ISO 14001:2015, with a certificate of compliance issued for another (sixth) certification period. Following the second

surveillance audit of the sixth certification period in November 2022, the auditors concluded that the Company successfully demonstrated that it had deployed and was maintaining and continuously

improving its Corporate Integrated Quality and Environmental Management System, as well as confirmed its compliance with ISO 14001:2015.

CLIMATE CHANGE

OUR APPROACH

The current approach and further development of the climate risk management system are based on the TCFD (Task Force on Climate-related Financial Disclosures) framework, covering strategy, corporate governance, risk management, metrics, and targets.

The Company has in place the Sustainable Development and Climate Change Committee of the Board of Directors, the Board-approved Climate Change Policy and the management-approved TCFD Compliance Roadmap.

We aim to be a sustainable and reliable partner. One of our key priorities is to retain a competitive carbon footprint while boosting metals production to enable the global transition to a green economy.

9.7 t CO₂ per tonne of metal

the carbon footprint of nickel metal production in 2021, in line with international standards

In line with its TCFD Compliance Roadmap, the Company has developed three scenarios of the global economy development and climate change until 2050.

Rapid Transition Probability 25%	Sustainable Palladium Probability 70%	Global Growth Probability 5%
Human and environmental well-being +1.7 °C¹	Continuation of current socio-economic and technological trends +2.0 °C¹	Hydrocarbon-driven rapid technological advancement and economic growth +2.5 °C¹

The Company has chosen the Sustainable Palladium as its baseline scenario, according to which traditional industries are expected to continue

playing a significant role amid a growing green economy. In particular, internal combustion engine vehicles are expected to retain a large market share, resulting in

a steady long-term demand for palladium. The other two scenarios will be used by the Company to stress-test climate-related risks.

¹ Projected temperature increase above pre-industrial levels by 2050.

PERMAFROST MONITORING

The key risk entailed by global climate change for the Northern climatic zone covering the Norilsk Industrial District includes permafrost thawing, which can significantly reduce permafrost bearing capacity. To minimise such risks, improve the Company's asset life cycle management and forecast the potential negative impact of higher soil temperatures on buildings and structures, the Company has taken proactive mitigation measures, including:

- measures to identify climate risk factors;
- developing and testing a model to assess the impact of climate change risk factors on the Company's assets;
- introducing the building and structure monitoring system in the Norilsk Industrial District.

The large-scale automated monitoring programme aims to equip the Company's buildings and structures with an array of sensors, which will feed real-time data to the main control centre. In total, the

programme is planned to install sensors across at least 1,500 facilities in the Norilsk Industrial District.

- Key activities implemented in 2021–2022:
- Creating and launching an IT platform to process both automatically and manually collected data from sensors and the Company's geotechnical monitoring business process;
 - Launching systems for automated monitoring of foundation soil temperature, foundation deformations and the temperature and humidity in ventilated crawl spaces across 165 buildings and structures;
 - Satellite monitoring of the Company's assets, which provided a set of data on land surface displacements to bring dedicated management focus to identified issues when conducting field studies of buildings and structures;
 - Completing the design of automated monitoring systems for the programme's Phase 2 buildings and structures (production facilities of NTEC and tailings storage facilities of the Company's Norilsk Division). Phase 2 deployment of the monitoring system will be completed by 2025.

In 2022, the Company focused on building a research and practice framework for its asset life cycle management strategy. Efforts to this end included drilling deep monitoring wells (200 m) in populated areas of the Norilsk Industrial District to study the permafrost soil temperature range and assess the impact of global climate change on permafrost (including restoring a deep well in the centre of Norilsk, where temperature measurements have been taken since as early as the 1960s). The Company has partnered with leading expert and R&D organisations studying permafrost as well as construction and operation of buildings and structures in northern climates. The Company constantly collects, compiles and analyses data on permafrost soil composition and properties, including historical data from engineering surveys that were carried out in the Norilsk Industrial District throughout its history from the very beginning. Plans include building and implementing predictive models as well as shifting to advanced smart manufacturing technologies, big data processing systems, machine learning, and AI to support decision making around construction and operation of buildings on permafrost.

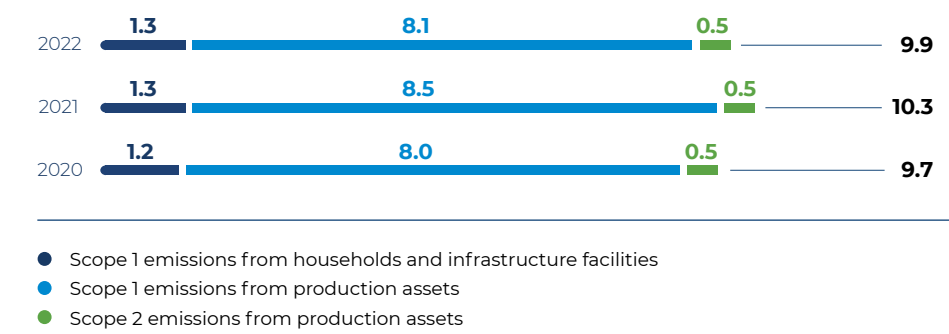


GHG EMISSIONS

In 2022, direct and indirect greenhouse gas emissions (Scope 1 + 2) from operations were 8.6 mln t¹, down 6% y-o-y. The decrease was due to streamlining CHPP operating modes and HPP loads as well as the weather factor – in 2022, the heating period was shorter than in 2021 due to a warmer winter.

Indirect emissions (Scope 2) were calculated using the location-based method, including regional emission

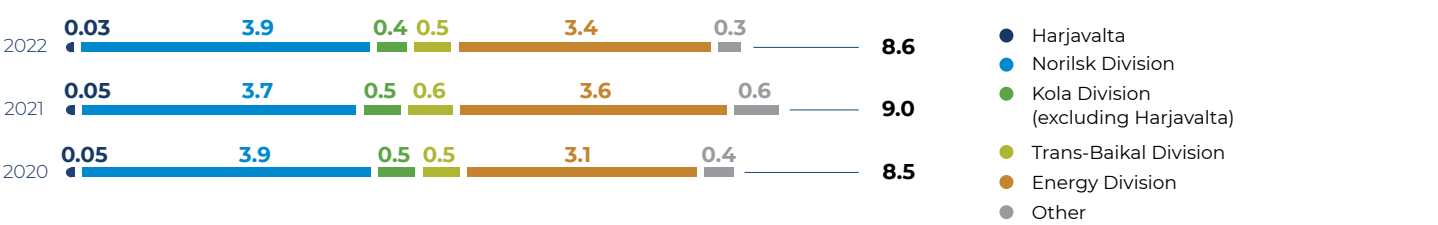
Scope 1 + 2 GHG emissions (mln t of CO₂ eq)²



factors. Notably, Bystrinsky GOK, the key enterprise of Nornickel's Trans-Baikal Division, signed an unregulated bilateral

agreement to purchase 118.3 mln kWh of electricity to reduce its impact on the climate.

GHG emissions from operations by division in 2022, Scope 1 + 2 (mln t of CO₂ eq)



Nornickel's key production facilities are located in the Norilsk Industrial District, in the Arctic Circle, and operate in sub-zero temperatures for about eight months of the year. Since the Norilsk Industrial District is isolated from the federal energy infrastructure, Nornickel generates electricity and heat locally

at its own generating facilities (100% owned by the Group). As a result, the bulk of GHG emissions comes from the Company's energy assets. At the same time, as Nornickel is the only producer of electricity and heat in the Norilsk Industrial District, the Company also fully meets the demand for energy and heat

from social infrastructure facilities and the local population. The share of GHG emissions generated by infrastructure facilities and households in Nornickel's regions of operation is on average 12% of total Scope 1 and 2 GHG emissions.

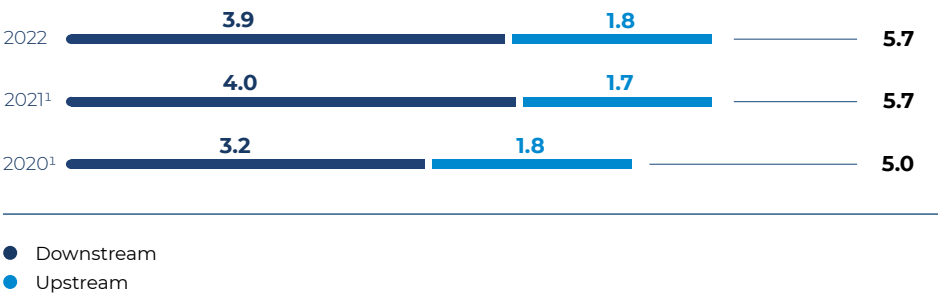
¹ Including the emissions allowance for the Sulphur Project and excluding GHG emissions from heat and electricity supplies to household consumers.
² GHG emissions were calculated as per the GHG Protocol Guidelines. Estimates of greenhouse gas emissions for the Group included the following greenhouse gases: direct emissions of carbon dioxide (CO₂) – 9.7 mln t, nitrogen oxide (N₂O) – 53.31 kt and methane (CH₄) – 2.5 kt, mostly from gas transportation, including the Sulphur Project, and heat and electricity supplies to household consumers.

Scope 3

In 2022, the Company published its first Scope 3 upstream GHG emissions estimate. Emissions were estimated across all categories of the GHG Protocol. The bulk of the emissions is related to the purchase of goods and equipment from third-party suppliers as well as the consumption of energy and fuel not included in Scope 1 and 2. In 2022, the Company continued to quantify its Scope 3 downstream GHG emissions in line with GHG Protocol.

Downstream emissions include those associated with transportation of sold products from the Company to the customer and first use of the product. Iron ore concentrate accounted for the largest share of the total emissions (86%) as its processing is a highly carbon-intensive process. Due to the mix and size of its product portfolio, Nornickel's Scope 3 downstream emissions are lower than those of its global metals and mining peers.

Scope 3 GHG emissions (mIn t)



RENEWABLES AND ENERGY EFFICIENCY

The Company's key renewable energy source is hydropower generated by the Group's Ust-Khantayskaya and Kureyskaya HPPs. In 2022, the share of renewables in total electricity generation stood at 51% for the Group and 56% for the Norilsk Industrial District.

Natural gas and renewables (hydropower) are the core low-carbon sources for energy generation. Diesel fuel, fuel oil, petrol, and jet fuel are used by Nornickel's transport assets. Use of coal by energy assets is minimised to only small amounts in certain production processes.

Nornickel has its own energy assets located in the Norilsk Industrial District, in the Arctic Circle, operating in sub-zero temperatures for about eight months of the year. Since the Norilsk Industrial District is a remote area isolated from the federal energy infrastructure, Nornickel has historically been fully self-sufficient in building its operations, including in terms of electricity/energy generation and transmission. As the only producer of electricity and heat in the Norilsk Industrial District, the Company also supplies energy to social infrastructure facilities and the local population.

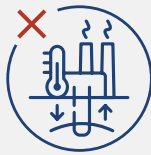
The use of other renewables, such as solar and geothermal energy, is impracticable as Nornickel's core production assets are located in the Arctic Circle in the Norilsk Industrial District, in harsh climatic conditions. As to wind farms, the Company considered them as part of a feasibility study in 2022. While there are currently no viable options to construct a wind farm in the Norilsk Industrial District, the Company will continue exploring available opportunities.

Due to harsh climates, not all renewables are available in the Arctic Circle



SOLAR POWER

- ~ 8 months a year — air temperatures below freezing point
- ~ 100 days — duration of polar nights and twilights
- ~ 70 days per year — sunny days



GEOTHERMAL ENERGY

Permafrost — 300 to 500 m deep

The Group's own energy assets produce about 54% of total energy and 83% of electricity consumed by the Group. The Group also supplies electricity and heat to

external consumers, primarily local social infrastructure and local communities in the Norilsk Industrial District.

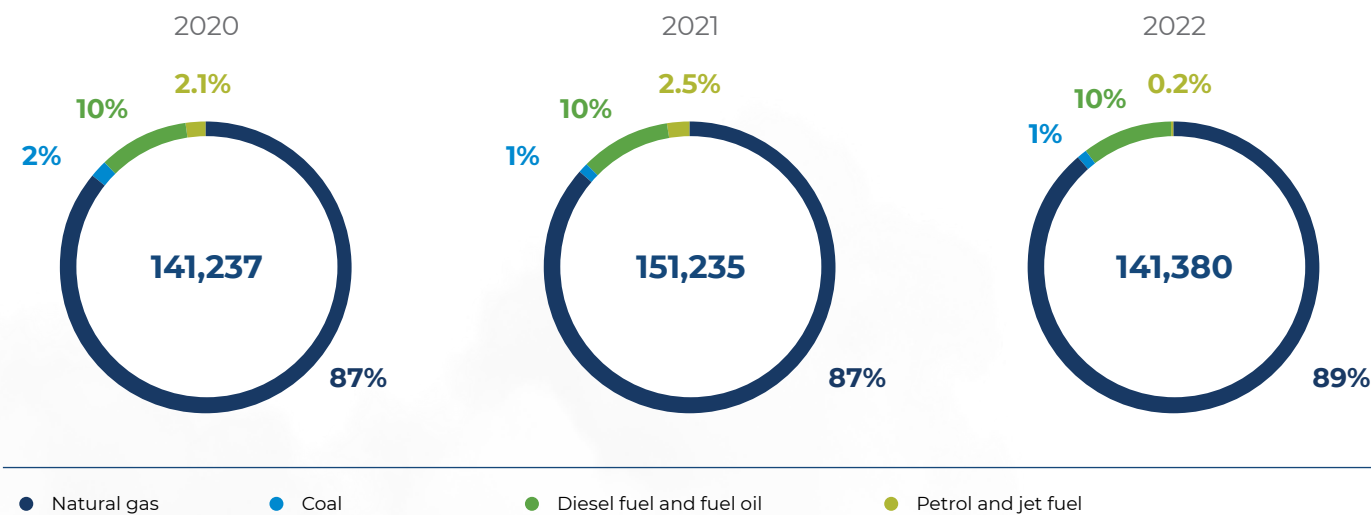
Energy generation and consumption by the Group¹ (TJ)

Item	2020	2021	2022
Fuel consumption by the Company ²	141,237	151,235	141,380
• Natural gas	122,216	130,867	125,933
• Diesel fuel and fuel oil	13,939 ³	15,097	13,581
• Petrol and jet fuel	2,902	3,715	311
• Coal ⁴	2,180	1,557	1,555
Electricity and heat from own renewable sources (HPPs)	15,310	14,586	16,152
Electricity and heat purchased from third parties	11,200	10,891	11,005
Sales of electricity and heat to third parties	17,254	19,974	18,968
Total consumption of electricity and fuel ⁵	150,128	156,383	149,274

¹ In 2022, the calculation procedure was improved by updating a number of GHG emission factors for the production of metals and concentrates sold by the Group. The 2020 and 2021 data were recalculated using the updated 2022 emission factors.

¹ For a detailed breakdown of the Group's energy consumption by enterprise, see Nornickel's Sustainability Report 2022.
² Including the fuel used to generate electricity for Norilsk.
³ Including the diesel fuel spill in May 2020.
⁴ Coal is only used in production processes, with the Kola Division accounting for 60% of total consumption, the Trans-Baikal Division 20% and the Norilsk Division 20%.
⁵ Including losses.

Fuel consumption (TJ)



Electricity consumption (TJ)



The 7% y-o-y decrease in fuel consumption was primarily driven by reduced gas consumption (down 4%) due to the growing share of renewable electricity and by lower jet fuel consumption (down 92%) due to the sale of NordStar Airlines.

The Group attaches great importance to improving the energy efficiency of its existing and future production sites, focusing on keeping GHG emissions within the declared targets under its comprehensive environmental

programme. In 2022, the Company invested more than USD 450 million in upgrading its energy infrastructure. The investments cover a wide range of projects related to equipment replacement at thermal and hydropower plants and upgrades of fuel tank storage facilities, power grids and gas pipelines.

Electricity savings totalled 111,759 thousand kWh in 2022, with 45 energy-saving initiatives implemented.

> **USD 450 mln**
invested in upgrading the energy infrastructure in 2022

111,759
thousand kWh
total energy savings in 2022



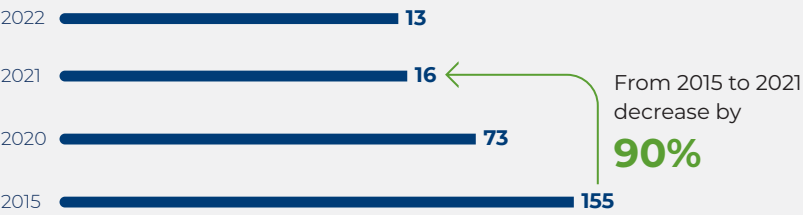
AIR

High sulphur dioxide emissions from the smelting of sulphide concentrates with high sulphur content are a key environmental issue for the Company.

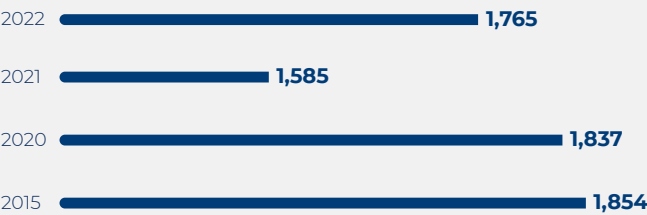
OUR TARGETS

Nornickel's strategic plan is to transform the Company into an environmentally clean and safe business by implementing Sulphur Project 2.0 across the Norilsk and Kola Divisions and thus cutting its sulphur dioxide emissions.

SO₂ emissions from Kola Division, kt

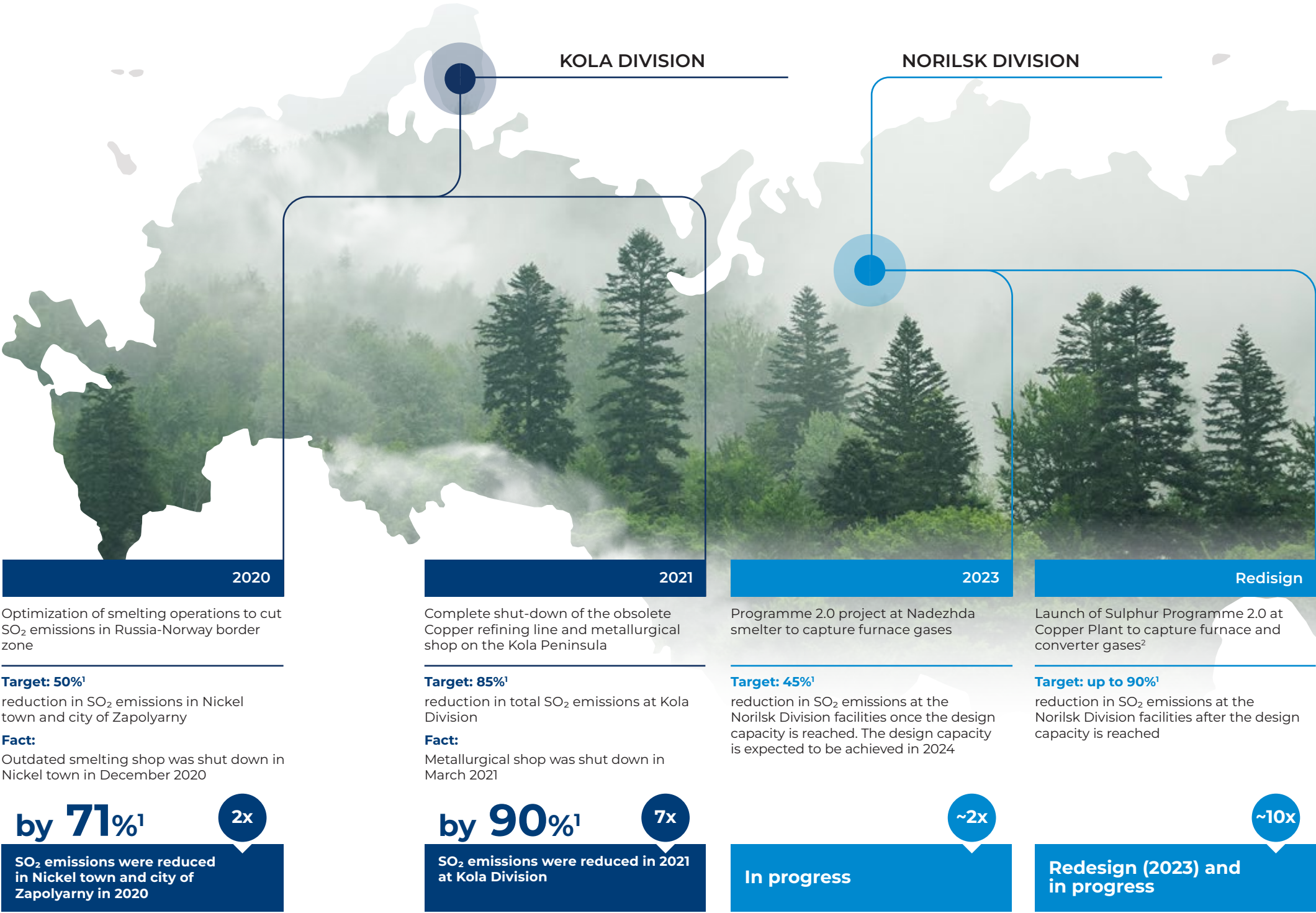


SO₂ emissions Norilsk Division, kt



¹ Compare to «base» 2015 year.
² The implementation timeline for the project at Copper Plant is indicated in accordance with the Polar Division's Environmental Performance Improvement Programme (2020) taking into account Clause 6 of Appendix No. 8 to Resolution of the Russian Government No. 353 dated 12 March 2022.

SULPHUR PROGRAMME 2.0:
REDUCTION IN SO₂ EMISSIONS



Item	2020	2021	2022
Across the Norilsk Nickel Group	1,968	1,647	1,819
Sulphur dioxide (SO ₂)	1,911	1,601	1,778
Nitrogen oxide (NO _x)	10	11	10
Particulate matter	15	9	11
Other pollutants	31	25	21
· including the Norilsk Division	1,858	1,604	1,782
Sulphur dioxide (SO ₂)	1,837	1,585	1,765
Nitrogen oxide (NO _x)	1	1	1
Particulate matter	4	5	7
Other pollutants	16	13	8
· including the Kola Division	83	20	16
Sulphur dioxide (SO ₂)	73	16	13
Nitrogen oxide (NO _x)	2	2	1
Particulate matter	6	1	1
Other pollutants	2	1	1
· including the Trans-Baikal Division	5	3	4
Sulphur dioxide (SO ₂)	1	0	0
Nitrogen oxide (NO _x)	0	0	0
Particulate matter	3	2	3
Other pollutants	2	1	1
· including other entities	22	20	18
Sulphur dioxide (SO ₂)	0	0	0
Nitrogen oxide (NO _x)	7	9	7
Particulate matter	2	0	0
Other pollutants	12	11	11

In 2022, the Group's pollutant emissions totalled 1.8 mln t, up 10.5% y-o-y. The increase was caused by production recovery in the Norilsk Division after a

decline in 2021 that followed suspension of operations at Norilsk Concentrator and the temporary shutdown of two mines due to flooding. The Kola Division

continued reducing its emissions with the closure of certain obsolete production facilities: total gross emissions were down 18% from 2021.

WATER

The Company's assets are located in regions with sufficient water resources. In 2022, as in previous years, no shortage of water was reported as enterprises and households were supplied with sufficient amounts of water.

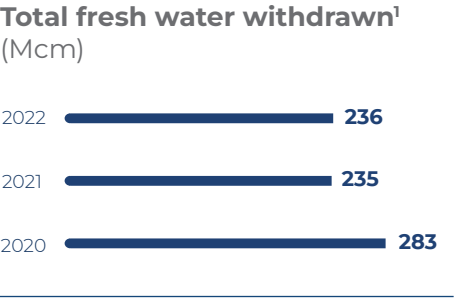
Nornickel is extremely careful about its use of fresh water and strictly complies with restrictions applicable to industrial water withdrawal.

Nornickel's key production facilities use closed water circuits to keep water withdrawal on a relatively low level. Furthermore, the Company never withdraws water from protected natural areas. The water we used was mostly withdrawn from surface and underground water bodies, in addition to third-party

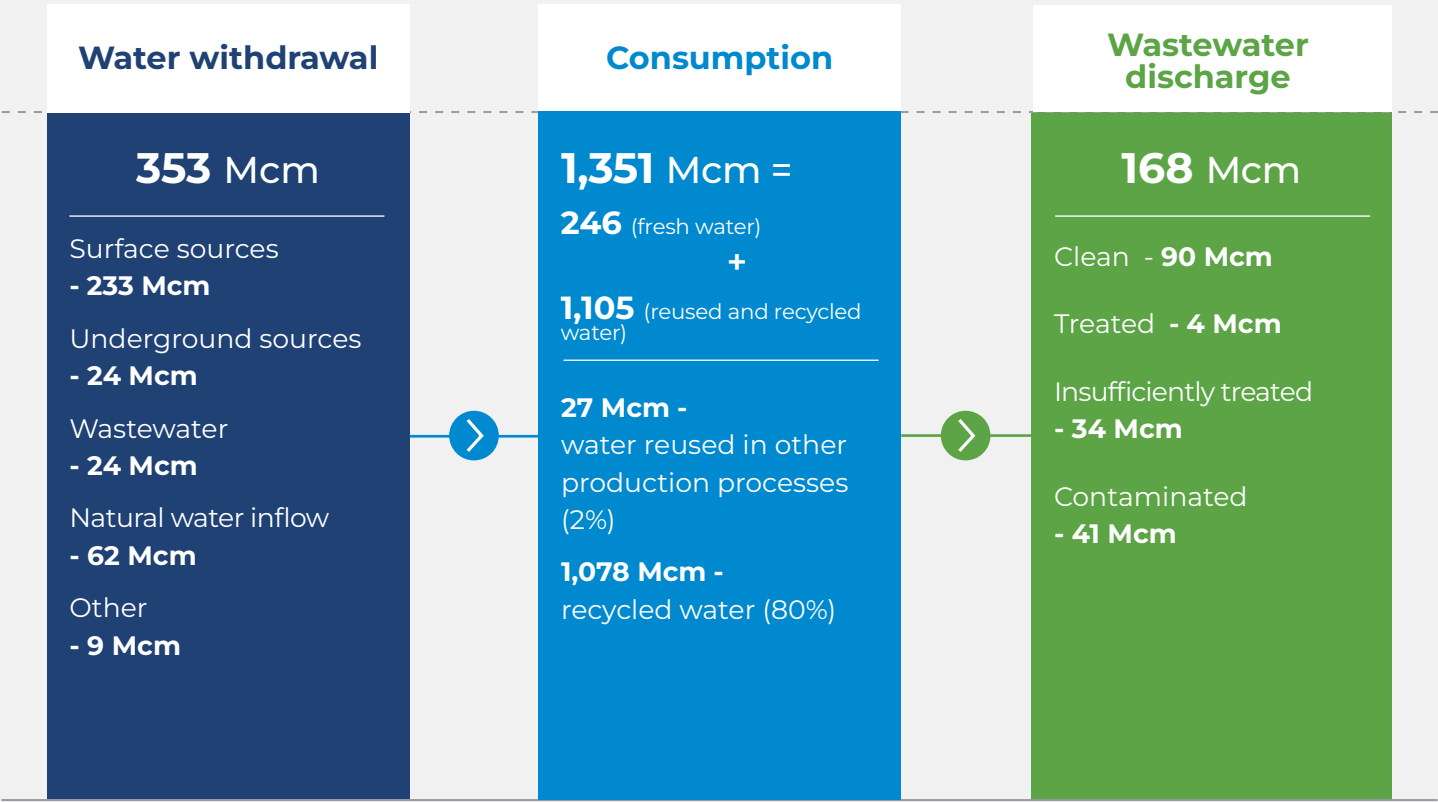
wastewater and natural water inflow. The total water withdrawal remained flat y-o-y in 2022. Natural water inflow and meltwater accounted for 17.6% of the total water withdrawal in 2022. All facilities using water have programmes in place to monitor water bodies and water protection areas.

In 2022, 81.8% of all water used was recycled or reused, in line with the Company's strategic goals.

Nornickel is committed to responsible and sustainable use of water resources and prevention of water body pollution.

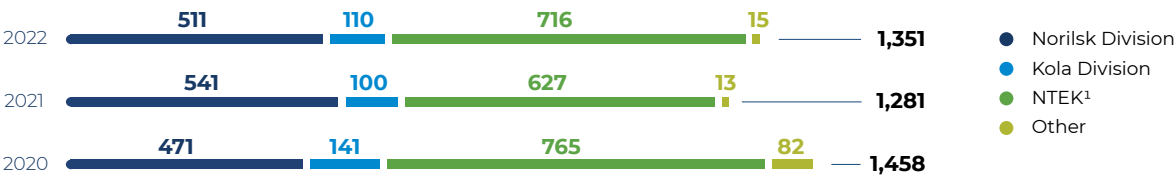


Water consumption and wastewater discharge in 2022



¹ With the exception of mine waters for production activities.

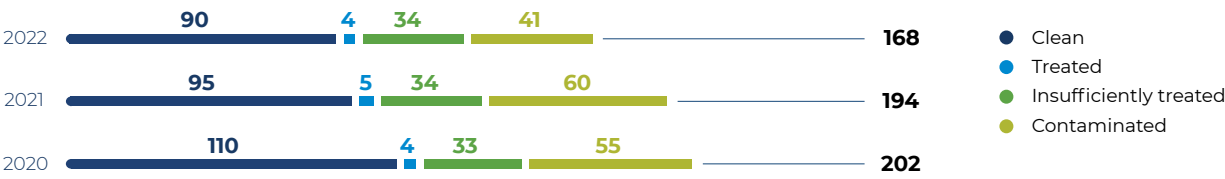
Water consumption (Mcm)



The slight increase in water consumption in 2022 was due to the commissioning of new facilities at the Kola Division, the nickel

carbonyl section reaching high capacity and the concentrate shipment unit at the Concentrator ramping up to design capacity.

Wastewater discharge (Mcm)



Wastewater discharge into water bodies also does not exceed the approved limits or have any material impact on biodiversity of water bodies and related habitats. In 2022, the Company decreased its total wastewater discharge by 13.4% y-o-y and also untreated wastewater discharge by 32.5% y-o-y.

attributed to a lower volume of water inflow into underground workings due to weather conditions. The Company makes every effort to ensure that substance concentrations in wastewater are kept within regulatory limits, with all division-level programmes at the Company containing measures to this end.

In 2022, the mass of pollutant discharges decreased by 12% y-o-y. The decrease in wastewater and pollutant discharges was

by **13.4%**
decrease in wastewater discharge in 2022

Water risk management

The Company's ongoing procedures to assess the risks of its impact on water resources include:

- wastewater inventory
- monitoring of wastewater discharge volume and quality at discharge sites

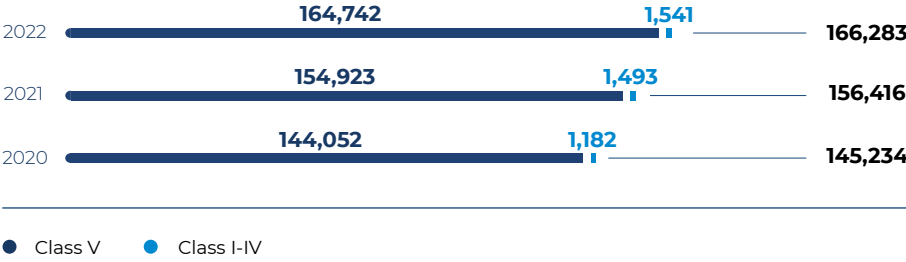
- observation of surface water bodies at control points upstream and downstream of discharge sites
- investments in improving the performance of water treatment systems and building new systems
- monitoring of wastewater treatment processes at treatment facilities and implementation of organisational and technical measures to improve treatment effectiveness.

WASTE

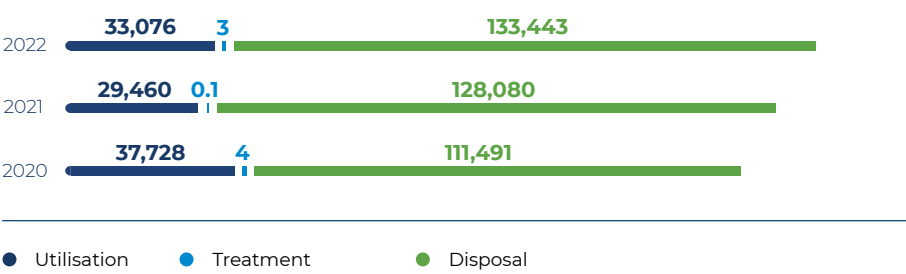
The Company reuses most of its industrial waste in its own operations as approximately 99% of the waste generated is non-hazardous (hazard class V). Such waste includes rock and overburden, tailings and metallurgical slags. Ore extraction waste is placed in tailings and used as backfill for underground workings and open pits, road fill or for tailings dam reinforcement.

In 2022, the total weight of waste generated increased due to higher mining and concentration volumes as well as the Company implementing a programme to clean up the sites of unused (dilapidated) facilities and dismantle these facilities, which drove the generation of construction waste.

Waste generation by hazard class (kt)



Waste management (kt)



TAILINGS

Nornickel currently operates six tailings storage facilities: four in the Norilsk Division, one at Kola MMC and one at Trans-Baikal Division.

While all tailings storage facilities operated by the Company are located at a significant distance from production facilities and local communities, Nornickel recognises these facilities as higher-risk assets with significant potential environmental and social impacts. This is why the Company regularly monitors the condition of hydraulic structures and inspects discharge sites as well as adjacent areas.



¹ NTEC is part of the Energy Division.

BIODIVERSITY

Although Nornickel has for years supported protected areas in its regions of operation, it was not until 2022 that the Company decided to establish a dedicated biodiversity impact management system, also laying the first foundation for it by conducting [baseline biodiversity surveys](#). These studies became another milestone in [Nornickel's history of partnering with scientists](#) for biodiversity conservation.

The baseline survey project, known as the [Great Scientific Expedition](#), was a comprehensive study of the ecosystems near the Company's operations, including its exploration, mining, concentration, metallurgical, transport, logistics, and energy facilities. Geographically, the surveys covered three regions: the Zabaykalsky Territory, the Murmansk Region and the Taimyr Peninsula, partially including even the Northern Sea Route. This biodiversity survey became the most extensive ecosystem study since the Soviet era. The obtained data were used to establish the key parameters needed to build the system:

- Delineating the areas where ecosystem biodiversity is exposed to negative impacts
- Reference areas, adverse impacts and threats to biodiversity
- Indicator species for local ecosystems
- Biotic and abiotic indicators of ecosystem health
- Key biodiversity values
- The current state of biodiversity within selected affected areas
- Other

[For more details on the survey findings, see the Biodiversity section on the Company website.](#)

The expedition will span beyond 2022: it will be continued with in-depth research in 2023, gradually evolving into an ecosystem monitoring programme while also serving as a source of data for assessing biodiversity impacts.

The 2022 survey data were used to establish estimated radii of impact on biodiversity and changes in ecosystem health vs reference areas. This principle was incorporated into the technique developed specifically for Nornickel to check ecosystem health using key biodiversity indicators, with differentiation by impact radius. The technique served as the basis for a methodology to establish the integrated ecosystem indicator (IEI), which will measure the Company's progress towards its goal of zero net biodiversity losses and zero negative ecosystem changes caused by its production and mining operations. In other words, the IEI will become a tool to track the performance of the biodiversity impact management system.

Starting from 2022, divisions will conduct annual biodiversity monitoring to track changes, and the IEI will also be annually calculated using the methodology and the updated biodiversity monitoring data submitted by each division. The zero net biodiversity losses goal is planned to be achieved through the Prevent – Mitigate – Restore – Offset principle, implementing biodiversity conservation plans.

Such plans will be drawn up to drive the performance of the biodiversity impact management system designed by the Company in parallel with the baseline surveys. To develop this system, a draft corporate Standard for biodiversity conservation was developed in 2022. Next steps for further developing the Company's biodiversity impact management system include the rollout of the corporate Biodiversity Standard and the development and implementation of division-level long-term biodiversity conservation programmes and annual activity plans based on the standard. The divisions are expected to develop and implement these documents in the 2023 year.

Also in 2022, monitoring was continued for the ecosystems cleaned up after the spill – the efforts known as the “Great Norilsk Expedition”. This was the first large-scale study of biodiversity, which also highlighted the need to study and conserve the ecosystem biodiversity. The data collected by the Great Norilsk Expedition were included in the data analysis of the Great Scientific Expedition.

In a separate programme, the basin of the Pyasina River was studied to explore opportunities for naturally improving the productivity of its water bodies; the results showed a good potential for piloting the latest ecosystem restoration methods.

Another highlight of 2022 was an agreement between Nornickel and the Russian Ministry of Natural Resources and Environment on polar bear conservation, which resulted, inter alia, in two separate operations to rescue polar bears, [Dikson](#)

and [Slastena](#), with the Company's [management matching](#) any donations to help treat Dikson.

COOPERATION WITH NATURE RESERVES

There are no nature reserves in the proximity of Nornickel's operations. In the Murmansk Region, the Pasvik and the Lapland nature reserves are 10 to 15 km away from the Kola Division production facilities. In the Krasnoyarsk Territory, the boundaries of the Putoransky Nature Reserve buffer zone are at a distance of 80 to 100 km from the Norilsk Division production sites.

The Company regularly organizes volunteer actions, supports nature reserves and finances research of red Book animals, in line with its long-term strategy to maintain biodiversity in its regions of operation and to preserve the unique Arctic nature. In the Zabaykalsky Territory, the Company supports the development of research and technical capabilities of the Uryumkansky Nature Reserve.



SOCIAL STRATEGY

Contribution to the UN SDGs

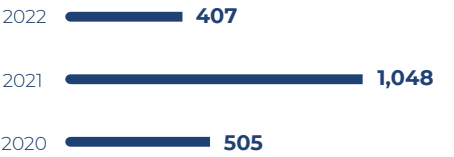


Nornickel is playing an important role in the Russian economy. Due to its geography and financial strength, the Company has a strong impact on the social and economic life in the regions in which it operates. With its enterprises located mostly in single-industry towns, Nornickel seeks to foster a favourable social climate and comfortable urban environment, providing its employees and their family members with ample opportunities for creative pursuits and self-fulfilment.

The core principle behind this social contribution is a partnership involving all stakeholders in the development and implementation of social programmes based on the balance of interests, cooperation and social consensus.

The harsh climate faced by Nornickel employees in life and at work, the remoteness of the Company's key industrial facilities and the increasing competition for human capital across the industry call for a highly effective, human-centred social policy that would promote Nornickel's reputation as an employer of choice.

Social expenses (USD mln)¹



2022 saw a decrease in social spending, primarily due to the high base effect of 2021, when significant reserves were accumulated to finance the Comprehensive Plan for the Social and Economic Development of Norilsk.

The Company not only consistently fulfils its obligations to support and develop the indigenous peoples of Taimyr as part of its five-year support programme but also provides additional assistance on matters relevant for indigenous communities, including:

- strengthening the infrastructure of indigenous communities and helping them prepare for autumn and winter (the hunting and fishing seasons)
- transporting passengers and cargo to Taimyr villages by helicopter; supporting holidays that resonate with the indigenous peoples of Taimyr – the Reindeer Herder's Day, the Fisherman's Day, etc.

In 2022, the Company continued the Taimyr Students targeted programme launched in 2020 to provide education at the Fedorovsky Polar State University for representatives of indigenous peoples living in the Taimyrsky Dolgano-Nenetsky

Municipal District. At the moment, 40 indigenous students are studying at the university under the targeted programme. The Company finances tuition fees, accommodation in Norilsk during the study period, round-trip travel expenses, and a scholarship of RUB 20 thousand (monthly for full-time students and during exams requiring full-time attendance in Norilsk for part-time students).

In 2022, Nornickel completed projects under a cooperation agreement with the Kola Sámi Association which represents the interests of the indigenous peoples of the North of the Murmansk Region. The Company supported the Sámi people in developing their culture and preserving their traditional lifestyle, leveraging the best practices tried and tested in Taimyr. In particular, Nornickel financed a project to create a single Sámi alphabet and the publication of pre-school Sámi

language textbooks and supported the establishment of an open-air Sámi museum in Murmansk.

SUPPORT FOR INDIGENOUS PEOPLES

Indigenous peoples of the North, such as Nenets, Dolgans, Nganasans, Evenks, and Enets, currently residing on the Taimyr Peninsula, count over 10 thousand people. The Company also engages with the Kola Sámi in the Lovozersky Municipal District of the Murmansk Region.

Nornickel respects the rights and protects the ancestral lands, traditional culture and trades, historical heritage and interests of indigenous peoples within the Company's footprint and delivers on its commitments to enhance and foster good neighbourly relations.

Nornickel adopted the [Indigenous Rights Policy](#), which defines Nornickel's key related commitments. Nornickel compiles with all applicable international standards and regulations regarding the support for indigenous peoples of the North and recognises the rights of local communities to preserve their traditional lifestyle and

indigenous trades. The Company's metals and mining assets are located outside indigenous territories in the Taimyrsky Dolgano-Nenetsky Municipal District. The Company's voluntary commitments and arrangements with the indigenous peoples of Taimyr are formalised by agreements and minutes of meetings with representatives of indigenous family communities.

To support the indigenous peoples of Taimyr, Nornickel implements a programme to promote the social and economic development of the Taimyrsky Dolgano-Nenetsky Municipal District in 2020–2024, with a total funding of RUB 2 billion. The programme comprises over 40 activities across a number of areas such as support for traditional trades of indigenous peoples; infrastructure development, e.g. construction of housing and social facilities in Taimyr villages;

improved accessibility of medical care; promotion of education, culture, sports, and tourism.

In 2022, the annual World of Taimyr project contest continued, aimed at supporting social-impact projects and fostering the sustainable development of indigenous territories on the peninsula. The contest features a grant financing system and only accepts project from representatives of indigenous peoples of Taimyr and non-profit organisations acting in the interests of the indigenous peoples. The winners started implementing their projects in June 2021 and completed them in November 2022. A total of 28 social projects received the grants. The success of the first contest, with projects implemented in 2021–2022, proved the popularity and relevance of this initiative.

In 2022, the Company spent a total of

RUB 412 mln

on projects to support the indigenous peoples of the North

For Nornickel, these projects are much more than just spending items. These are joint initiatives that can only be delivered efficiently through ongoing collaboration and close contacts with indigenous communities and tribes, supported by mutual understanding and regular dialogues driven by a sense of inclusion.



¹ According to IFRS statements.

YOUTH PROGRAMMES

Shine art festival

In 2022, Nornickel supported the first Shine public art festival held in Monchegorsk. The festival's key message was that we can and should improve the environment we live in, and public art is an excellent tool to do just that.

The city's residents and guests had the opportunity to express themselves creatively in the urban environment. During the festival, more than 2 thousand city residents attended creative laboratories, masterclasses and workshops. The programme covered several arts: street art, singing, music, and dance. In the run-up to the festival, a campaign was held to collect scrap metal, which the festival participants later turned into unique art objects to decorate the city. The festival was open for everyone, and the most active participants received prizes.

Add Colours to Your Town project

For nine years, Nornickel has been holding its annual Add Colours to Your Town art contest for children and youth living in Norilsk and Monchegorsk. The main idea of the project is to engage the younger generation in transforming cities through art, foster their feeling of attachment to the city and build a vision of their future intertwined with the city's.

Early career guidance for children

On 1 September each year, the Company provides all first-graders in its host cities with A Book on How Metals Helped Build Cities presenting metals and mining jobs in a compelling and informative way.

Systematic career guidance efforts build up children's patriotism and instil a sense of pride and ownership in the metals and mining champion while introducing them to cultural heritage, promoting science and boosting its appeal to the younger generation by telling them about the Company's production processes.

Green Brush online camp

Nornickel supported the Green Brush online children's camp aimed at fostering green behaviours and a safety culture among the younger generation and offering early career guidance.

The project lays a foundation for training future environmental engineers and H&S professionals by teaching school students to be environmentally responsible and considerate and conscious of their own safety and the safety of those around them.

Over 500 schoolchildren aged between 8 and 14 participated in webinars, creative workshops and online quizzes hosted by practicing environmental engineers, geologists, occupational safety specialists, and education experts. Guided by professional consultants, students developed projects that helped them practise the new knowledge and hands-on skills.

LET'S ROLL ENVIRONMENTAL DRIVE

Run since 2016, the annual Let's Roll environmental drive includes environmental awareness initiatives in addition to urban development activities. The event is divided into four stages focused on communication, projects, nature reserves, and partnerships. In 2022, 184 volunteer teams and 1.2

thousand employees took part in the drive, completing over 200 environmental projects. The environmental volunteering programme focuses primarily on the Arctic: Nornickel employees joint forces to implement projects aimed at preserving the harsh but beautiful and vulnerable nature of the Far North.

ARCTIC LESSONS

In 2022, to highlight the value of the Arctic nature and draw public attention to the problems of its conservation, the Seven Wonders of the Arctic interactive lesson was developed as part of the Let's Roll environmental drive.

The lesson was designed as a universal educational tool to be used by the Company employee volunteers at educational institutions or online, easily adapting it to different ages: the tasks and lesson plans are different for elementary and middle school students. The lesson contributes to the UN Sustainable Development Goals.

The Arctic is one of the few places on Earth with almost pristine nature, but also one of the most vulnerable regions of the world. When the global average temperature rise by 2 °C is mentioned, it means a rise by 5 °C in the Arctic, or even 10 °C in some places. Such changes have huge consequences: accelerated melting of sea ice and permafrost, changing sea currents and destroyed shores, animal habitats and engineering infrastructure facilities.

With its footprint extended as far as the Arctic Circle, Nornickel contributes to preserving this region by supporting and organising monitoring and research, promoting landscape and species

conservation initiatives and engaging its employees to provide volunteer assistance.

CHARITY PROGRAMMES

To incorporate and promote the sustainability agenda across its operating regions, Nornickel runs the World of New Opportunities charity programme focused on supporting community initiatives and fostering sustainable development in local communities.

In 2022, the projects and initiatives under the World of New Opportunities programme were integrated into an ecosystem of related elements: education – expert community – support for initiatives. A systematic approach to engaging local communities ensures sustainable results: stronger competence of non-profit organisations, introduction and adoption of new social technologies, support for public initiatives as well as rolling out successful practices across national and regional expert community platforms.

In 2022, about 30 thousand people from across the Company's regions of operation took part in the World of New Opportunities events.

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from across the Company's regions of operation took part in the World of New Opportunities events.

The programme's key areas in 2022:

 Develop! • We Are the City! social technologies forum • Socially Responsible Initiatives Competition • World of Taimyr project contest • Social Engineering Bureau • Peremena: Change Starts with You education project	 Invent! • IMAKE engineering marathon • IN'HUB International Forum of Innovators
 Act! • An accelerator for regional entrepreneurs and an investment session	 Create! Projects by regional development institutions: • Norilsk Development Agency • Second School centre for community initiatives in the Pechengsky District • Monchegorsk Development Agency

SOCIALLY RESPONSIBLE INITIATIVES COMPETITION

To support public initiatives that lay fertile ground for sustainable development of local communities, the Company holds the annual Socially Responsible Initiatives Competition for non-profit organisations. In 2022, 114 socially beneficial initiatives were implemented in Nornickel's regions of operation. In 2021–2022, the Company tended to focus on mutually beneficial regional and cross-regional partnerships among the competition applicants. Pandemic-driven constraints and the new reality drove closer cooperation within the non-profit sector. The non-profit sector set an example of achieving positive social impacts by joining efforts and pooling resources.

The contest-winning projects span various social activities: a new interactive children's climbing wall, a modern environmental awareness and tourism centre, a robotics olympiad for children, career guidance clubs and assistance in choosing a professional path, collection and recycling of waste and litter in the tundra.

The programme experts and staff note the positive impacts of the established ecosystem supporting non-profit and municipal organisations. Travel grants enabled applicants to improve their professional skills during internships and bring fresh ideas to the regions where Nornickel operates. The social technology forum enables experience sharing and serves as a platform to present successful practices. The Social Engineering Bureau and other educational initiatives provide an opportunity to educate new contestants and pass on the values and principles. All in all, the ecosystem drives the project resilience and teams' professional competence, thus contributing to meaningful results and positive social impacts.

2022 saw a lot of career guidance projects helping school students choose their professional paths.

PEREMENA: CHANGE STARTS WITH YOU EDUCATION PROJECT

In 2022, the Company continued the Peremena: Change Starts with You education project aimed at facilitating communication between children, their parents, teachers and other stakeholders in a joint effort to improve the education process. In early 2022, the project experts held a series of in-person trainings for teachers and school students from remote areas. The main topics were gamification tools and managing motivation in education. In the reporting year, the education project covered more than 2 thousand people from 13 communities.

In 2022, the Peremena: Change Starts with You project won the GRADUATE AWARDS as the Best Schoolchildren Engagement Programme. In 2021, it received international recognition and, along with Nornickel's other education programmes, was included in the compendium of best practices following the UN's open call.

IMAKE LEAGUE PROJECT

This is a club for aspiring, seeking, thoughtful young makers, future engineers and scientists. Through this project, Nornickel supports a system of scientific and educational activities to promote a culture of scientific creativity among children and teenagers. The project comprehensively involves children in the R&D process, stimulating their interest, motivation and development in this area.

2022 saw such key initiatives under the project as yet another IMAKE Camp shift in Vladivostok, the IMAKE engineering marathon (intensive courses and workshops in different cities, consultations for participants, online presentations of inventions and prototypes), IMAKE. May Day (maker family weekend), and participation in inventor forums. In 2022, more than 3.5 thousand school students from the Company's regions of operation took part in the project events.

Members of the IMAKE League presented their scientific and engineering inventions at various online presentations and

meetings. Young League members (children and teenagers aged between 8 and 17) as well as their parents, experts and invited specialists are gradually becoming ambassadors for the IMAKE League project. In 2022, the LIGA IMAKE: Producers of Ideas project was praised by experts and won the first prize in the GRADUATES & INTERNS category of the HR IMPACT competition.

IN'HUB PROJECT

Nornickel co-organised the IN'HUB international innovations salon aimed primarily at supporting and promoting inventors and innovators. As part of this project, an innovative project competition was held in 2022, with projects such as Interval Train Traffic Control System, Stereotech Hybrid 5D Printer, BIO Industrial Air Cooling System, and others named among the winners. As part of the IN'HUB series of events, 1,300 applications were submitted for the competition in 2022, of which 490 were formally reviewed and 204 were presented at the Forum and posted on the marketplace. Projects by 30 foreign inventors from Switzerland, Austria, Israel, Egypt, Iran, Indonesia, Kazakhstan, and Belarus were presented at the IN'HUB International Forum, along with Russian inventions and developments from 42 regions.

The Company's social investments are aimed, first and foremost, at encouraging the development of our children while also developing the human capital in regions and thus contributing to their sustainable development.

For more details on the World of New Opportunities programme, see [Nornickel's 2022 Sustainability Report](#).

RESPONSIBLE SUPPLY CHAIN

APPROACH TO MANAGEMENT

Nornickel's procurement system focuses on timely and fully meeting the Company's needs for required materials and services of specified quality and at an acceptable price.

Nornickel takes a responsible approach to sourcing, prioritising partners who comply with applicable laws and regulations,

ensure safe working conditions and care for the environment. The Company expects its suppliers to comply with international best practices and standards in sustainability and environmental stewardship.

The following key documents guide supply chain management at Nornickel:

- [Business Ethics Code](#);
- [Human Rights Policy](#);

- [Supplier Code of Conduct](#);
- [Responsible Sourcing Policy](#);
- Internal corporate procurement standards

PROCUREMENT

Nornickel engages with suppliers via open tender procedures. In 2022, the Company signed over 4.4 thousand contracts for centralised procurement of materials and equipment worth around RUB 143 billion.

Procurement process

Nornickel's procurement process is certified to international standards ISO 9001 and ISO 14001.

The Company procures over 40 aggregated purchasing categories, from heavy industrial equipment to food. In doing so, the Company provides equal competitive opportunities for large, medium and small businesses alike, guided by generally accepted standards of fair business practices and the principles of avoiding conflicts of interest. To maximise procurement effectiveness and transparency, the Company's procurement activities are mostly centralised at its Head Office through automated [systems](#) and electronic trading platforms.

Depending on the budgeted cost, procurement can follow a tendering, simple or simplified procedure. Based on the materiality and parameters of purchases, the qualification results and the winning bidder in the procurement process are approved by the collective procurement body composed of representatives from various functions of Nornickel. The contract with the winning bidder is signed in accordance with the approved results of the procurement procedure. All details of the Group's centralised procurement transactions are published on the [website](#).

As the Company aims to work with reliable suppliers who will meet their obligations regarding delivery dates and the quantity

and quality of products supplied, during the procurement procedure all suppliers undergo mandatory qualification screening against formalised criteria and rules.

Nornickel gives preference to local suppliers to provide social support to its operating regions. Along with saving jobs, this policy supports unique enterprises whose continuous operation is essential to both the well-being of their employees and the social fabric of local communities.

Nornickel has in place a hotline that can be used by counterparties to report any violations.

Supplier engagement

Nornickel has in place a supplier relationship management (SRM) system to drive seamless and effective engagements with suppliers.

The Company's supplier engagement efforts are focused on establishing effective feedback mechanisms. The SAP SRM automated management system gives suppliers anytime access to information about the Company's procurement procedures.

Sign-up for the supplier relationship management (SRM) system is free of charge and does not impose any obligations on users.

If a counterparty faces difficulties with signing in or operating the system, they can seek help and advice via e-mail at

suppliers@nornik.ru

or by phone at

+7 (495) 783–00–45, ext. 6 (for calls within Moscow);
8 (800) 700–59–11, ext. 6 (toll-free federal number).

As at 2022-end, over 10 thousand potential suppliers had registered in the system, of which over 9.5 thousand had been accredited.

ESG FACTORS IN THE SUPPLY CHAIN

Nornickel seeks to create a common information space and set of values with its suppliers. The Company employs a proprietary multi-tier system to evaluate its suppliers. The criteria for selection, evaluation and re-evaluation of external suppliers have been determined in line with the requirements of ISO 9001:2015 Quality management systems. Nornickel is particularly focused on building relationships with suppliers whose equipment is unique and critical for the stable operation of the Company's production facilities.

In 2021, the Company approved its Responsible Sourcing Policy covering all of the Company's activities related to supplier selection in the supply chain of raw materials, goods and services. The purpose of the Policy is to define the Company's approach to responsible sourcing and declare standards and principles to be followed by the Company and its suppliers.

Together with the Policy, the Company approved its Supplier Code of Conduct, which encourages the Company and its business partners to introduce procedures for responsible sourcing in accordance with ESG requirements in all of Nornickel's supply chains.

In the reporting period, the Company also developed and deployed a due diligence management system (DDMS) for mineral suppliers, focused on identifying potential risks affecting the sustainability of business processes in the mineral supply chain while also minimising risks of human rights violation, corruption and misinformation about minerals, as well as risks relating to illegal control of mines and support for non-state armed groups.

The OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas and a five-step model for risk-based due diligence on supply chains provide a methodological framework for developing the DDMS.

The DDMS is driven by the following requirements and recommendations:

- London Metal Exchange responsible sourcing policy
- Standards and principles of leading sustainable development initiatives in the industry: ICMM, IRMA, RMI, and JDDS, as well as the Chinese Due Diligence Guidelines for Responsible Mineral Supply Chains of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC)
- Requirements of the Company's customers

In 2022, Nornickel conducted due diligence of metallic mineral suppliers to the Polar Division and Kola MMC, having inspected 100% of relevant suppliers, with zero risks confirmed.

Contracts with suppliers were supplemented with an anti-corruption clause and a clause on ESG compliance, which, in particular, provides for access to Nornickel's Corporate Trust Line. In 2022, the ESG compliance clause was included in 1,313 contracts and master agreements with suppliers.

The Company plans to roll out due diligence to all categories of suppliers, including those not involved in supplying minerals. To this end, a new tool within the DDMS will be launched in 2023 – a supplier self-assessment questionnaire covering environmental, social and governance (ESG) aspects. Its objective is to assess compliance of suppliers of minerals, goods, works and services with the requirements of the Supplier Code of Conduct.

In 2022, the Norilsk and Kola Divisions as well as Nornickel's Head Office underwent annual RSBN audits. The audits assessed the maturity of the DDMS and its compliance with the OECD guidance. As a result, in 2022, the Company improved its performance by 35% year-on-year.

Given the risk of potential negative environmental impact of cargo in transit, the Company's master agreement sets explicit requirements for cargo packaging.

Goods to be shipped must meet the cargo standards and requirements of GOST 26653-2015 Preparation of general cargoes for transportation and GOST 15846-2002 Production for transportation to the areas of the Far North and similar regions. Packaging, labelling, transportation and storage. Mandatory requirements are established for the transport containers and product packaging that should ensure cargo integrity during multiple transshipments and transportation to the Far North.

Environmental impact is assessed throughout the life cycle of procured products: production, transportation, storage, use, and disposal. Nornickel requires its contractors to have a functioning environmental management system in place and to ensure that all services and products delivered by them comply with local environmental laws.