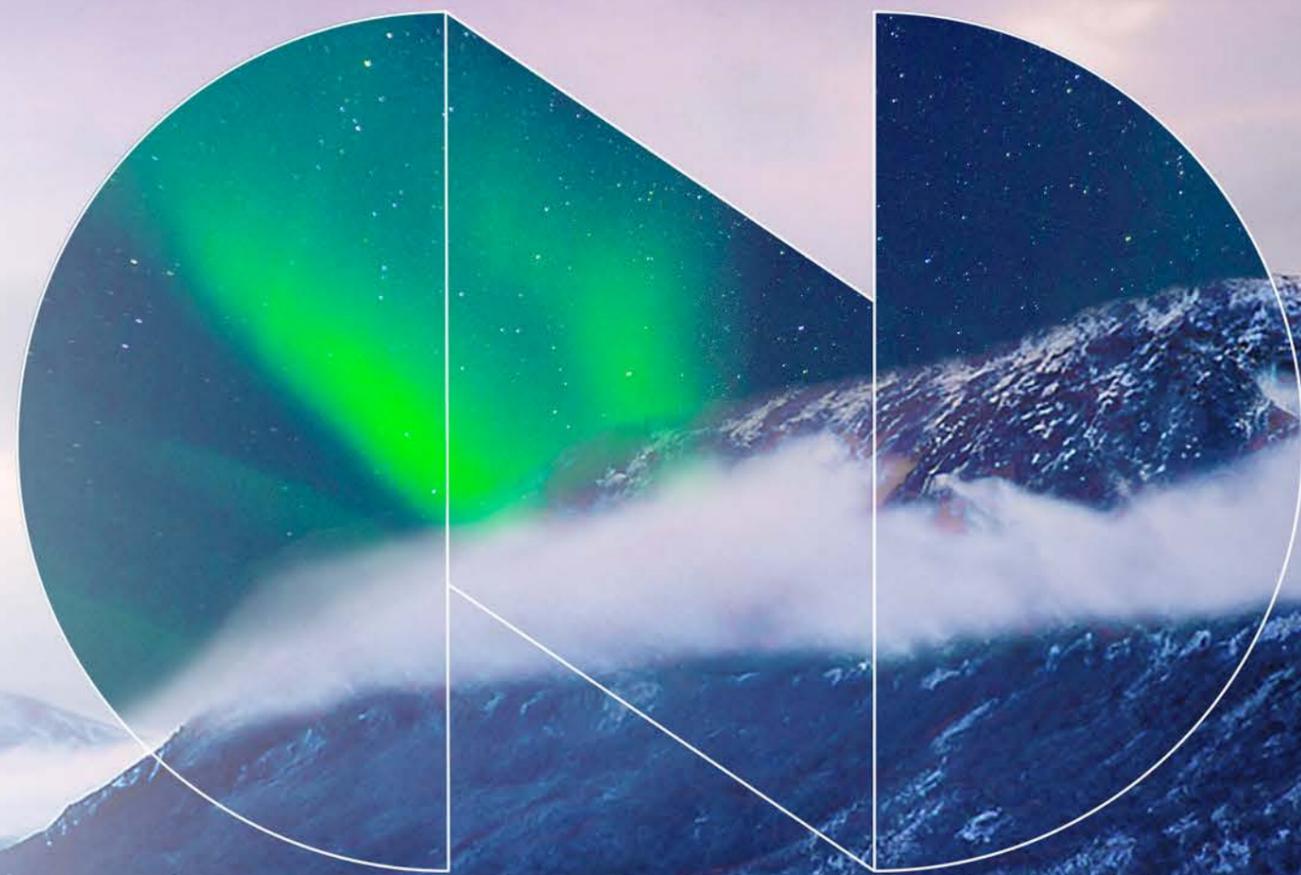


Strategic vision

Strategy of sustainable growth	22
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Strategic vision

GRI 2-23, 2-24

Our mission

Supply the world with non-ferrous metals, efficiently and safely using natural resources and equity to realise people's aspirations for development and technological progress.

Our values

People is our Company's key value. Over the eight decades of working in the Far North, Nornickel has developed unique infrastructure and professional competencies that enable the Company to leverage its mineral resources as efficiently as possible and to maintain the impeccable quality of products. Our employees rely on values that the Company has cherished over the years of its operations.



Reliability

The ability to face any challenges while keeping the business successful and prosperous



Responsibility

The willingness to deliver on commitments, take decisions and assume the responsibility for their outcomes



Efficiency

The ability to achieve results with a minimum expenditure of time and effort



Development

The rational expansion and modernisation of production assets, implementation of the leading-edge technologies and improvement of employees' professional skills



Professional excellence

The ability to achieve results in any conditions or environment



Teamwork

The Company's employees are ready, willing and able to achieve goals by joining their efforts

Strategy of sustainable growth

GRI 2-6

A low-carbon pathway of the global economy and actions to curb rising average temperatures present unique opportunities for Nornickel to become a leading producer of green metals essential for the energy transition. In the long run, our rapid growth will be driven by increasing demand for our key products needed to improve energy efficiency of transportation and develop renewable energy.

We are aware that sustainable development is impossible without a holistic approach to managing natural resources that would respect the interests of all stakeholders. In particular, our customers set the bar high for our products as regards their compliance with the sustainability principles. Our success also depends on how effectively we cooperate with our shareholders, NGOs, local communities and other stakeholders. Thus, the ESG agenda is set to become the main driver and the cornerstone of Nornickel's strategic initiatives and investment projects.

Our approved strategic priorities through 2030 include a dramatic environmental uplift in the regions of operation, capacity upgrade,

construction of new capacities to build up production of key metals, and maintaining financial strength.

As regards the resource base, our strategy envisages stripping of new deposits within the existing license blocks, comprehensive development of deposits to mine all types of ores, large-scale upgrade of production capacities, and maximum utilisation and expansion of production capacity at existing mines, including output ramp-up as a result of the South Cluster development. This will help us considerably increase the output saleable products by 2030 and meet the growing demand.¹

Strategic plans to increase ore mining and metals production by 2030

Ore mining in the NID (mtpa)



Metals production (mtpa of Ni equivalent)



To reduce our environmental footprint, we carry on with our Sulphur Programme. After we finished its stage on the Kola Peninsula in 2021, sulphur dioxide emissions went down 90% in 2022 compared to the 2015 baseline. In 2023, the Company plans to complete the first stage at Nadezhda Metallurgical Plant in the Norilsk Industrial District, which will reduce emissions in the Polar Division by 45% vs 2015.



¹ For more details on our strategic projects to increase and upgrade production, please see our [Annual Report 2022](#).

Sulphur Programme roadmap

KOLA DIVISION

- Smelting shop Nickel (shut down in December 2020)
- Copper line (refining) Monchegorsk (shut down in March 2021)

NORILSK DIVISION

- NMP
- Copper Plant
- Nickel Plant (shut down in 2016)

71%
Cross-border SO₂ emissions down in 2020¹

90%
Total SO₂ emissions at Kola MMC down¹

Implementation 2023

Redesign and implementation 2027

Optimisation of smelting operations to cut SO₂ emissions in the Russia-Norway border zone

[Shutdown of the obsolete smelting shop in Nickel in December 2020](#)

Full shutdown of the obsolete copper line at the refining shop on the Kola Peninsula

[Metallurgical shop shut down on 20 March 2021](#)

Launch of Sulphur Programme 2.0 at Nadezhda Metallurgical Plant to recover furnace gases

Launch of Sulphur Programme 2.0 at Copper Plant to recover furnace and converter gases²



Reduction of SO₂ emissions in Nickel and Zapolyarny



reduction of total SO₂ emissions at the Kola Division



reduction of SO₂ emissions from the ramp-up to design capacity. Ramp-up to design capacity in 2024



reduction of SO₂ emissions at the Norilsk Division after the ramp-up to design capacity

-50%¹ → **2x**

-90%¹ → **7x**

-45%¹ → **~2x**

up to 90%¹ → **~10x**

On top of that, our plans include the modernisation of the energy infrastructure enabling adaptation to physical risks with a climate factor and better reliability of power supply to our production assets in the long run.

¹ Vs the baseline year (2015).

² The period of programme implementation at Copper Plant is specified in accordance with Polar Division's Environmental Performance Enhancement Programme (2020) subject to clause 6 of Appendix No. 8 to Russian Government Resolution No. 353 dated 12 March 2022.

Power infrastructure modernisation through 2030

Programme objective:

modernise generating capacities and the grid infrastructure to replace the retiring equipment and grids, reduce physical risks and enhance long-term reliability.

Gas and gas condensate upstream and transportation

- Upgrade of over 150 km of gas and condensate pipelines;
- Ramp-up of gas well drilling at the Pelyatkinskoye deposit post 2028.

Water and heat supply networks

- Replacement of 110 and 220 kV power lines (over 1,000 km);
- Modernisation of water and heat supply networks.

Contribution to energy efficiency:

focus on enhancing performance of new CHP power units and an overall reduction of energy losses along the energy generation and transmission chain.

Heat and power plants

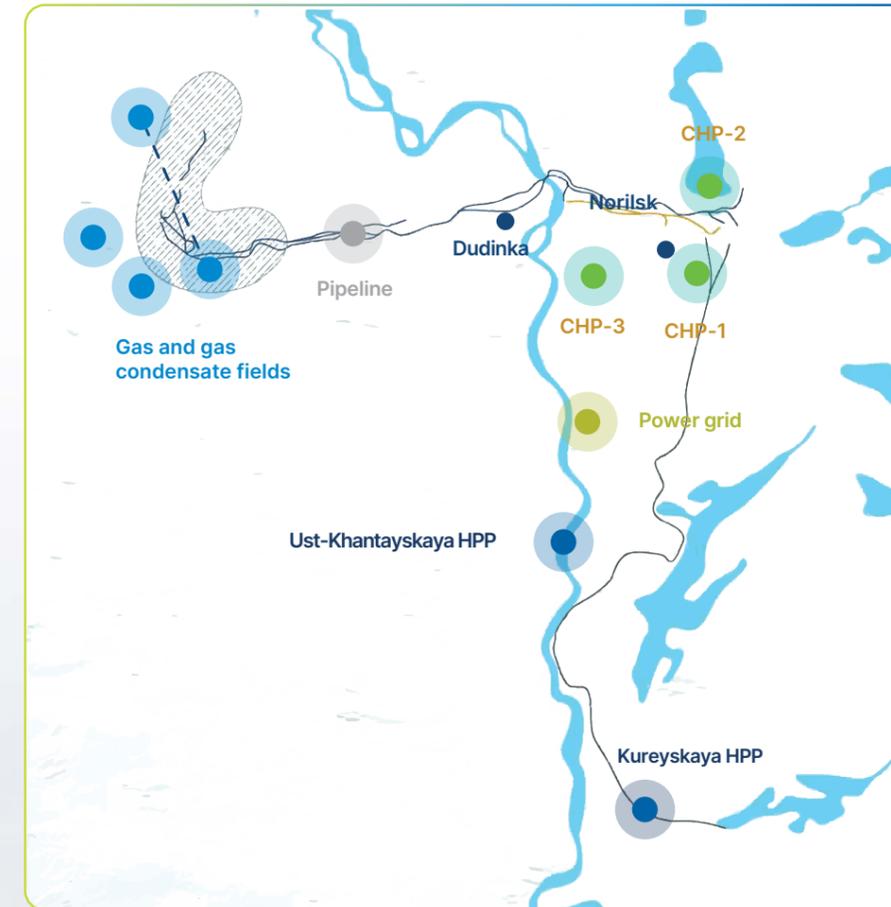
- Construction of four power units at CHP-2 and five power units at CHP-3;
- New more efficient fuel-saving equipment to minimise energy losses.

Hydropower plants

- Upgrade of all seven hydro turbines at Ust-Khantayskaya HPP completed;
- Upgrade of Kureyskaya HPP aiming to increase the installed capacity and energy efficiency and to boost the capacity of low-carbon hydropower plants.

The Company is currently going through an active phase of its investment cycle. In 2022, our CAPEX was USD 4.2 bn, with USD 4.7 bn expected to be spent on key investment projects in 2023. In the next reporting year, we plan to review design solutions and update our investment programme for 2024–2030.

Geography



- Gas and gas condensate upstream and transportation
- Thermal power plants
- Heating and water supply networks
- Hydroelectric power plants
- Gas transportation



Long-term trends supporting consumption growth for the metal basket. Our strategic projects

GRI 2-6

Long trends of global development will have a positive impact on the worldwide demand for the majority of Nornickel's metal basket. Our metals meet the needs in car manufacturing, electronics, electrical engineering, petrochemical and oil refining, power generation, construction, consumer goods, healthcare, and other global industries.

Nickel is the core metal for stainless steels used in multiple sectors – from mechanical engineering and construction to renewable energy. Together with cobalt, nickel is essential in producing electrochemical cells for the new and future generation batteries, which in turn play a vital role in developing electric transport.

Copper is critical for transitioning to the low-carbon economy as it is used in high-tech equipment, including that for making

RES-based hardware. Over 70% of refined copper produced globally are used for manufacturing various cables and wires. By 2040, additional 10 mtpa of copper will be needed to meet the demand¹.

At present, the automotive industry is the key consumer of platinum (40%) which goes to auto catalytic converters. Another important application area is jewellery which consumes around 25% of platinum. Platinum is also used in glass manufacturing to produce equipment (bushings) for making glass fibre and optical glass, and in electronics.

PGM are catalysts for the production of key chemicals. Platinum and iridium are part of catalysts used for green hydrogen production. Palladium enables transportation of hydrogen at long distances and its purification. Palladium, platinum

and rhodium are used in manufacturing HEVs. Catalytic converters mainly for gasoline engines are the biggest palladium consumers (over 80%) in the mid term. This metal is used in catalytic converters to detoxify exhaust fumes. In most countries, such converters are legally required to be installed on all cars. Palladium is also used in electronics, dentistry, jewellery, chemicals and pharmaceuticals.

We analyse risks and opportunities related to global economic trends and assume that potential changes in demand for metals in some industries will be offset by its growth in others.

Key drivers affecting long-term demand for Nornickel's key products

	Ni	Pd/Pt	Cu
Growth of BEVs market share	↗	↘	↗
Growing hybrid vehicle market	↗	↗	↗
Growing fuel cell market and hydrogen economy	→	↗	→
Growth of renewables / low carbon fuel in power generation	↗	↗	↗
Storage and grid expansion to support growth in EVs	↗	→	↗
Net effect	↗	→	↗

Based on the study of trends across industries that are key consumers of Nornickel metals, we expect an increase in the long-term demand for nickel and copper and a neutral effect on PGM.

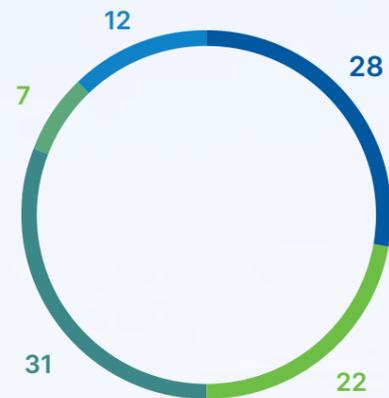
In 2022, Nornickel forecast changes in key metal demand based on three scenarios for the global economy and climate change¹: "Rapid Transformation", "Sustainable Palladium" and "Global Growth". According to our estimates of prospective demand and supply, we can say that demand for our metals will grow and our strategy is resilient to changes in climate risk factors. The key expected risks are related to demand for palladium.



¹ Vs 2022.

¹ For more details on our social and economic scenarios, please see the [Climate Change and Energy Efficiency section](#).

Potential revenue breakdown in 2030, %



- Ni
- Cu
- Pd
- Pt
- Other

Ni

Current

Electrification of vehicles and implementation of electricity storage systems
Increased demand for stainless steel associated with the construction sector, use of renewable energy sources, urbanisation, and increased quality of life in the post-COVID period

Cu

Current

Global infrastructure development programmes, mainly in the US and China

Expected

Electrification of vehicles, charging infrastructure development, increased generation of renewable energy

Pd

Current

Higher number of vehicles across the world and growing real income of the population
Hybridisation of vehicles and a shrinking share of diesel cars
Introduction of palladium-based solutions for H₂ storage, transportation and purification, and hydrogen system safety

Pt

Expected

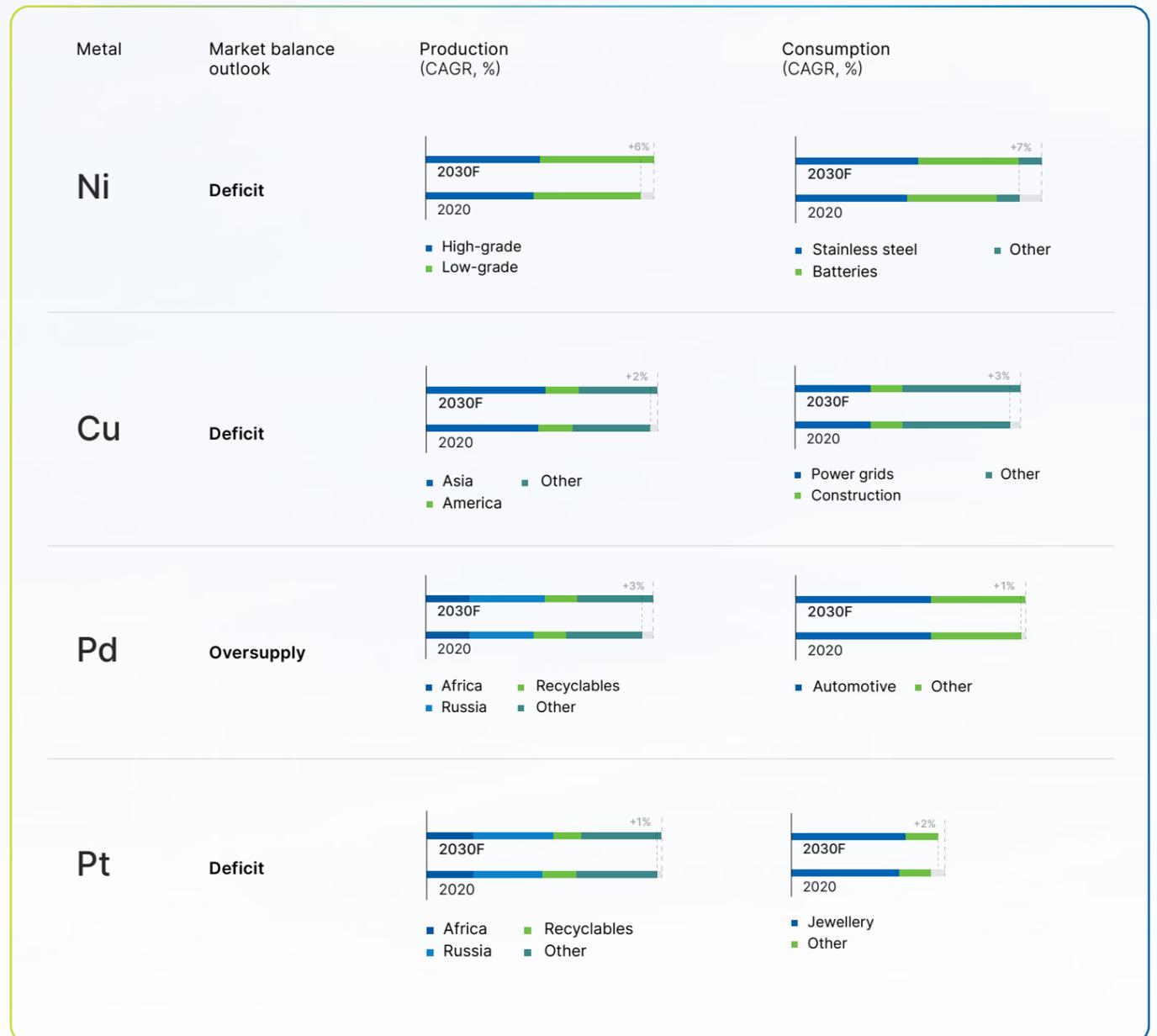
Hydrogen energy and fuel cell cars

Other

Current

Using cobalt in batteries and rhodium in more eco-friendly cars with internal combustion engines

Long-term outlook for the metals market



Nornickel and UN Sustainable Development Goals

Nornickel takes steps in furtherance of the UN Sustainable Development Goals (SDGs) up to 2030. In 2018, we started integrating SDGs into our strategy. The SDGs were adopted in 2015 are a high-level guidance set to bring the authorities, business, and the public together to address the issues of sustainable development, and to protect the planet.

Based on stakeholder engagement, we selected and looked into those SDGs that are relevant to our operations. Following an analysis of SDGs against our current strategy, material risks, goals and

commitments, investments in relevant projects and best peer practices, we selected six main SDGs:

- Goal 3. Good health and well-being;
- Goal 8. Decent work and economic growth;
- Goal 9. Industry, innovation and infrastructure;
- Goal 11. Sustainable cities and communities;
- Goal 12. Responsible consumption and production;
- Goal 13. Take urgent action to combat climate change and its impacts.

In 2022, we spent

333 RUB bn

(28.1% of consolidated IFRS revenue) on SDG-linked project



Our contribution towards the Sustainable Development Goals in 2022

SDG

Nornickel contribution in 2022

Goal 3. Ensure healthy lives and promote well-being for all at all ages



- Participants of health improvement programmes increased by 4.1% y-o-y to 25,500 people.
- In 2022, the number of employees and their relatives holding VHI insurance policies increased by 11.9% y-o-y to 84,300 people.
- We completed the first stage of the programme to upgrade the Company's healthcare facilities and medical examination rooms for pre-trip and pre-shift check-ups.
- Our network of corporate healthcare centres keeps expanding.
- We organised regular corporate sports events, tournaments and training exercises.

➔ [For more details, please see the Occupational Health and Safety, Social Policy and Development of Local Communities sections.](#)

Goal 4. Ensure inclusive and equitable quality education and promote lifelong learning opportunities for all



- Employees covered by staff training, professional development, retraining, and upskilling initiatives increased by 86.9% y-o-y to 216,000.
- The average number of annual training hours per employee (based on the average headcount) grew by 22.8% y-o-y to 85.
- Nornickel's corporate scholarship programmes covered 76 university students.
- Nornickel adopted the Training Strategy for 2022–2025 to build an accelerated training ecosystem for staff development.
- We launched Tsifronikel.Junior, an educational project for our employees' children aged 8 to 12.
- Nornickel unveiled a multi-platform competency management system.
- Norilsk reported 0% unemployment.

➔ [For more details, please see the HR Management and Social Partnership section.](#)

Goal 6. Ensure availability and sustainable management of water and sanitation for all



- Reused and recycled water makes up 82% of total water consumption.
- Yenisey River Shipping Company¹ acquired several models of auxiliary vessels and treatment equipment to prevent river water contamination during the operation of vessels.
- Water supply to Norilsk: 10.9 mcm of water supplied to local residents in 2022.

➔ [For more details, please see the Water section.](#)

Goal 7. Ensure access to affordable, reliable, sustainable and modern energy for all



- RES share in the Group's energy consumption rose by 4 p.p. y-o-y to 51%.
- The installed power generation and transformer capacity of our energy assets grew by 73 MW.
- Our facilities provided access to electricity in the cities of operation, including Norilsk.
- We conducted an analysis of opportunities to switch to green energy sources to replace our own conventional gas power generation facilities in the Norilsk District.

➔ [For more details, please see the Climate Change and Energy Efficiency section.](#)

¹ Part of Nornickel Group.

SDG

Nornickel contribution in 2022

Goal 8. Promote sustained, inclusive and sustainable economic growth, full and productive employment and decent work for all



- Our average monthly salary increased by 25.8% y-o-y to RUB 182,500.
- A share of employees covered by collective bargaining agreements rose by 0.4 p.p. y-o-y to 94.4%.
- We increased spending on improvements to social and working conditions by 71.1% y-o-y to RUB 3.2 bn.

→ [For more details, please see the HR Management and Social Partnership section.](#)

Goal 9. Build resilient infrastructure, promote inclusive and sustainable industrialisation and foster innovation



- Together with Rostekhnadzor, Nornickel participated in the Russian Government's experiment to launch a system for remote control over industrial safety.
- In Norilsk Industrial District, we expanded the bandwidth to improve the quality of communications.
- We are running a project to monitor the foundations of buildings and structures in Norilsk.

→ [For more details, please see the Research and Development, Digital Technologies section.](#)

Goal 10. Reduce inequality within and among countries



- The number of participants in the relocation support programme increased by 135.3% y-o-y to 3,224.
- Expenses on relocating Norilsk and Dudinka residents to regions with better climate conditions stood at RUB 830 mln.
- The Company launched the Employee Relocation programme to support an employee when moving to another region either with their current employer or with a different employer within the Group.
- We rolled out an automated system for employee onboarding across 26 Group companies.

→ [For more details, please see the Social Policy and Development of Local Communities sections.](#)

Goal 11. Make cities and human settlements inclusive, safe, resilient and sustainable



- Pollutant emissions from Kola MMC decreased by 90% vs 2015.
- We continued to build off-gas recycling facilities and related infrastructure as part of Sulphur Programme.
- Some 2.6 million m² of contaminated areas are cleaned in the Norilsk Industrial District.
- The Company set up an air quality monitoring and forecasting system in Norilsk, Monchegorsk, Nickel and Zapolyarny.

→ [For more details, please see the Air and Development of Local Communities sections.](#)

Goal 12. Ensure sustainable consumption and production patterns



- We increased waste disposal by 12.1% y-o-y to 33.1 mt.
- We started looking into projects to set up recycling facilities for construction waste and ferrous and non-ferrous metal scrap and introduce mud reuse technologies.
- A pilot project for waste sorting in Monchegorsk has started.

→ [For more details, please see the Tailings and Waste section.](#)

SDG

Nornickel contribution in 2022

Goal 13. Take urgent action to combat climate change and its impacts



- Scope 1 and 2 GHG emissions shrank by 3.9% y-o-y to 9.9 mt of CO₂ equivalent.
- We scaled up the project to assess physical risks.
- Nornickel developed its own scenarios for global economy and climate change.
- Our employees received training on climate change and climate change risks.

→ [For more details, please see the Climate Change and Energy Efficiency section.](#)

Goal 15. Protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss



- We completed the rehabilitation of land plots contaminated by the fuel spill at CHP-3.
- The Big Scientific Expedition to study biodiversity in the regions of operation was organised.
- We drafted a corporate standard for ecosystem biodiversity conservation and monitoring.
- Our biodiversity conservation spending totalled RUB 90 mln.

→ [For more details, please see the Biodiversity section.](#)

Goal 16. Promote peaceful and inclusive societies for sustainable development, provide access to justice for all and build effective, accountable and inclusive institutions at all levels



- We informed 100% of our employees about our anti-corruption practices.
- Nornickel conducted a training campaign on the basics of anti-corruption compliance for the Group's employees responsible for implementing anti-corruption procedures.
- Our Russian business units held an anti-corruption monitoring exercise.
- A conflict of interest reporting process was implemented for the employees of Russian business units hired before the Regulation on the Prevention and Management of Conflicts of Interest came into effect.

→ [For more details, please see the Business Ethics and Anti-corruption section.](#)

Goal 17. Strengthen the means of implementation and revitalise the Global Partnership for Sustainable Development



- Working bodies (committees, expert and working groups, etc.) established by public organisations and government authorities where Nornickel Group is represented are 25.
- Nornickel and Rosprirodnadzor entered into a cooperation agreement to preserve the environment and ensure environmental safety.
- The scenarios for the global economy and climate change were presented at the Sharm el-Sheikh Climate Change Conference (COP 27).

→ [For more details, please see the Stakeholder Engagement section.](#)

Nornickel and Russia's National Projects

The Company is engaged in initiatives and projects to contribute towards KPIs set for national projects of Russia. We provide the greatest support to initiatives in healthcare, environmental protection, housing and urban environment, productivity, employment, science, and digital economy.

Demography

Housing and urban environment

Science and universities

Healthcare

Culture

International cooperation and exports

Tourism and hospitality

Ecology

Labour productivity

Small and medium enterprises

Education

Digital economy

Comprehensive plan for upgrading and expanding core infrastructure

