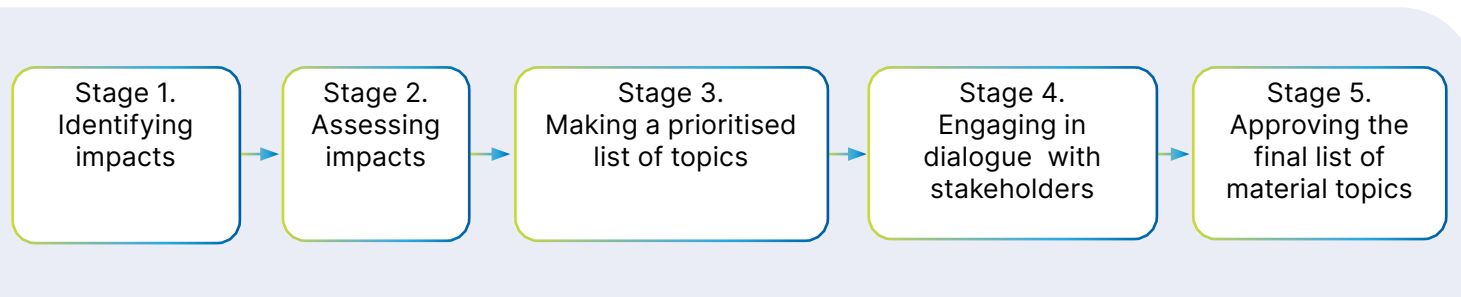


Definition of material topics

GRI 3-1, 3-2

Process to determine material topics

When preparing the 2022 Sustainability Report, we identified material topics in accordance with the GRI Standards. The process of identifying material topics included five stages.



At the first stage, the working group for the Report preparation jointly with external consultants¹ made a base list of the Company's actual and potential economic, environmental, and social impacts, including those related to human rights.

To assess the identified impacts, we polled a wide range of stakeholders, including internal and external sustainability experts, at the second stage. As a result, 221 respondents were polled in 2022 – twice as many as the average number of respondents in recent years.

The poll included questions that helped us assess the list of impacts made by the Company against the key parameters recommended by the GRI Standards:

- severity, with a breakdown by positive and negative impact;
- regularity and likelihood;
- scale and scope.

At the third stage, based on the results of the poll, average scores for two groups of respondents were calculated for all questions: sustainable development experts and other stakeholders. The average

correlation between the scores of the two groups of respondents across all questions was 92%.

For each impact, the severity of the impact was determined (average score for impact severity and scope), and the likelihood/regularity of the impact was assessed.

In order to make a list of material topics, impacts were grouped into material topics (see the Prioritised List of Topics table below).

¹ The working group for the Report preparation included employees of MMC Norilsk Nickel's Sustainable Development Department and two groups of independent consultants.

A materiality matrix reflecting the relative significance of the topics was plotted on the Severity of Impact and Likelihood/Regularity of Impact axes.

The Company has set cut-off thresholds for the materiality boundary in the matrix. A value of 5.0 on the sum of coordinate values (rounded)¹ was selected as the cut-off point – 50% of the maximum score. Topics falling below the cut-off

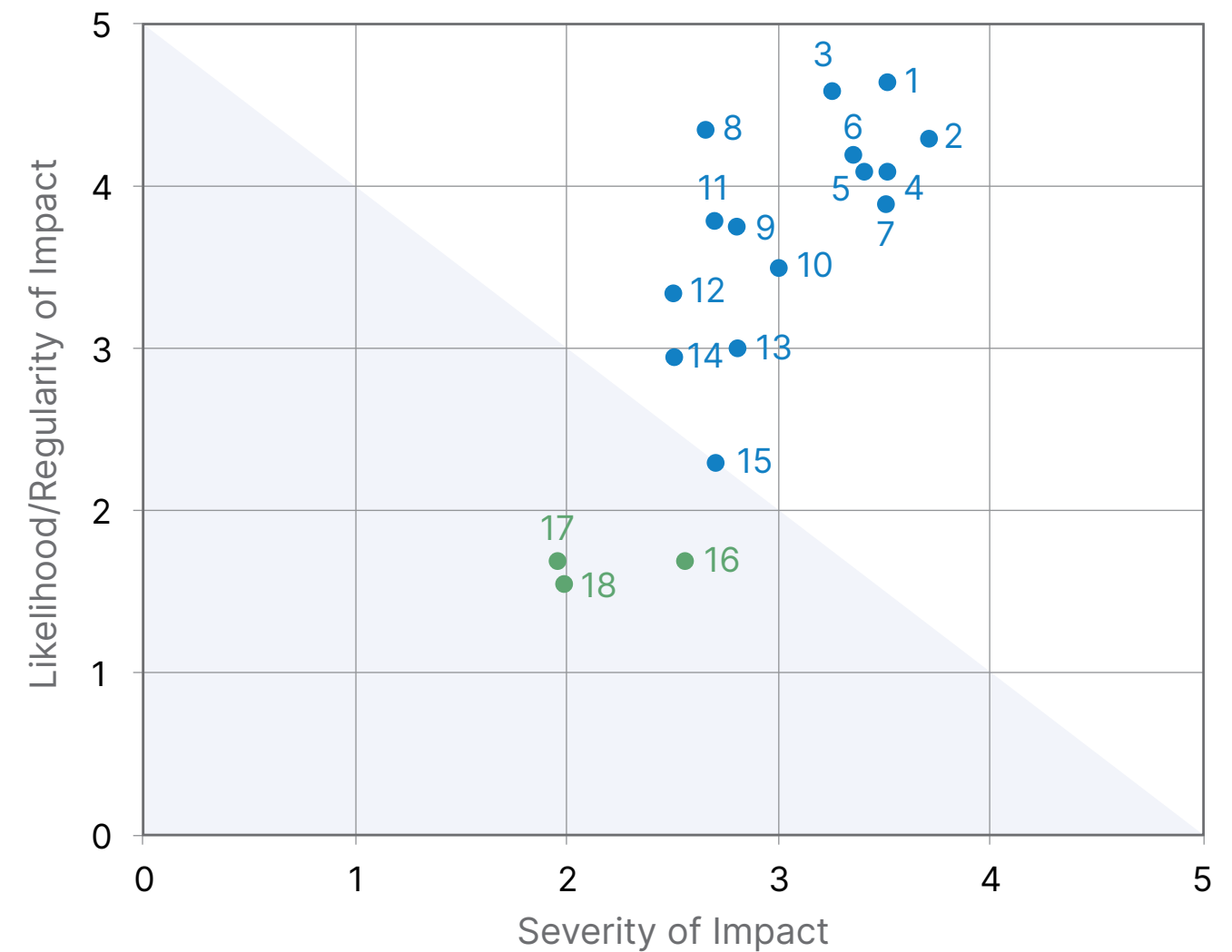
point serve as grounds for deeming them insignificant. They are also reported in line with stakeholder needs, but GRI Standards are not mandatory for these topics. As a result of the stage, 15 material topics were identified for disclosure in the 2022 Sustainability Report.

At the fourth stage, the Company conducted stakeholder dialogue to present the materiality matrix to stakeholders.

Stakeholders reviewed the results and made recommendations on the report and the details of topics disclosure in the report.

At the last stage, the working group analysed the materiality assessment results, with due regard to the recommendations provided by the session participants, and finalised the materiality matrix.

Materiality matrix



● The topic was deemed material ● The topic was deemed immaterial

¹ The average of the sum of the maximum values of the matrix's parameters.

Prioritised List of Topics¹

Nº	Topic wording	Operations related to sustainable development
1	Employment and decent working conditions in the regions of operation	Employment and decent working conditions in the regions of operation
2	Emissions	Emissions of sulphur dioxide and other pollutants
3	Training and education	Training and education
4	Innovation projects pursuing sustainable development goals	Innovation projects pursuing sustainable development goals
5	Contribution to the development of local communities	Payment of taxes to budgets of various levels
		The Company's charitable activities targeting local communities (including indigenous minorities) and non-profit organisations to support sustainable development
		Development of housing, energy, and other infrastructure in the regions of operation
6	Climate change	Support for entrepreneurship in the regions of operation
		Greenhouse gas emissions
		Development of a climate change monitoring system
7	Contribution to the national industry by promoting Russian technology	Metals production needed to combat climate change
		Contribution to the national industry by promoting Russian technology
		Generation of industrial waste from operations
8	Waste management	Generation of industrial waste from operations
9	Biodiversity	Impact on biodiversity in the regions of industrial operations
10	Health and safety	OHS risks for employees and contractors Work-related injuries
		Occupational disease risks for employees and contractors
11	Water consumption and wastewater discharge	Wastewater discharge to water bodies
		Water withdrawal from water bodies
12	Industrial environmental safety of production facilities (including tailings dumps)	Tailings risks
		Industrial environmental safety risks
13	Impact of transport on water bodies	Pollution of water bodies by sea and river transport
14	Responsible exploration and land reclamation	Land disturbance
15	Supply chain responsibility	Risks related to the violation of sustainability principles in the supply chain

¹ Following the prioritisation, the first 15 topics were found to be material.

Nº	Topic wording	Operations related to sustainable development
16	Corporate governance and risk management	Risks related to inadequate corporate governance and risk management
17	Anti-corruption and business ethics	Corruption and business ethics risks
18	Respect for human rights (including those of indigenous minorities)	Risks related to the violation of employee and contractor rights (including wrongdoings, discrimination, etc.)
		Risks related to the violation of fundamental rights of local communities in the regions of operation (including indigenous minorities)

The final list of material topics contains a number of changes as compared to 2021. The key triggers for the changes were:

- change in the methodology to determine material topics, a new procedure for assessing impacts;
- optimisation of contents, change of focus in disclosure at stakeholder requests, relevant change in the names of topics;

- contextual optimisation (in particular, the topic “Response to the COVID-19 Pandemic” was disclosed in detail in the context of the 2021 reporting year’s events);
- the topic “Compliance” in accordance with the GRI Standards (2021) is mandatory for disclosure and is not subject to the materiality assessment procedure.

Impacts related to material topics

Material topic	Related impact	Description
Environmental		
Climate change	Greenhouse gas emissions	Metals and mining is a highly carbon-intensive industry. The majority of GHG emissions produced by Nornickel operations comes from burning various substances in metallurgy along with fuel combustion as part of power generation and transportation. A global increase in GHG concentration in the air may lead to higher average annual temperatures in Nornickel's regions of operation, making physical risks related to climate change more likely to materialise. This would ultimately drive up our operating expenses and disrupt production processes.
	Development of a climate change monitoring system	A project to develop climate change monitoring is set to raise our awareness of actual and potential changes in soils, which will enable us to proactively identify potentially hazardous defects and deviations and to prevent accidents related to industrial facilities and housing infrastructure across our geography.
	Metals production needed to combat climate change	Nornickel contributes to global transitioning to low-carbon and carbon-free energy by growing the output of PGM needed to advance renewable energy and green transport.
Emissions	Emissions of sulphur dioxide and other pollutants	Higher sulphur dioxide emissions due to the ramp-up of our production capacities have a negative impact on the air quality and natural ecosystems across our footprint. Our Sulphur Project aimed at production upgrade and sulphur dioxide capture and recovery will be instrumental in improving air quality in our regions of operation.

Waste management	Generation of industrial waste from operations	Inefficient management of industrial waste generated by the Company's operations may compromise the quality of the environment and living standards for local communities. By implementing practices to recycle in-house waste and making efforts to clean up the existing pollution, we can minimise our negative impact on the environment.
Biodiversity	Impact on biodiversity in the regions of industrial operations	Capacity ramp-up and expanding production sites may lead to the degradation of natural habitats and loss of biodiversity across our footprint. Large-scale studies of biodiversity in ecosystems and regular monitoring of the relevant impact will help restore and preserve such biodiversity.
Water consumption and wastewater discharge	Wastewater discharge to water bodies	Excessive wastewater discharge into water bodies may negatively affect the biodiversity of aquatic ecosystems and the well-being of local communities. Water shortages may disrupt Nornickel's production processes and increase operating expenses. We seek to make our management of water resources as efficient as possible to reduce costs and minimise our impact on aquatic biodiversity.
	Water withdrawal from water bodies	
Industrial environmental safety of production facilities (including tailing dumps)	Tailings risks	Tailing dump-related incidents may have a negative impact on nearby ecosystems, as well as our business reputation and financial performance due to additional costs to eliminate the consequences of such incidents. The Company regularly monitors the hydraulic structures of tailing dumps and conducts environmental monitoring on-site and within the impact area to ensure safety of nearby ecosystems.
	Industrial environmental safety risks	Incidents related to the operation of Nornickel's industrial sites may have a negative impact on ecosystems in the vicinity of the place of incident, as well as our business reputation and financial performance due to response costs. Stronger environmental management and environmental safety initiatives will help reduce the risk of industrial incidents.
Impact of transport on water bodies	Pollution of water bodies by sea and river transport	Sea and river transport that has an anthropogenic impact on water bodies may also affect endemic ecosystems primarily because such vessels run on fuel.
Responsible exploration and land reclamation	Land disturbance	Greenfield development to step up production may lead to a significant disturbance of land and higher costs of response and rehabilitation. Effective exploration planning, preparing decommissioning roadmaps and putting them into action will be instrumental in reducing these risks.
Social		
Employment and decent working conditions	Employment and decent working conditions in the regions of operation	An effective employment policy may cut unemployment rates and increase economic stability in the regions of operation. Failure to duly observe labour practices and respect employee rights may result in materialised reputational and legal risks, including discontinued production operations in the worst case scenario. High employee satisfaction with labour conditions and engagement in discussing production matters help increase motivation and productivity.

Training and education	Training and education	Training programmes for employees boost organisational efficiency and added value for the Company while also helping employees improve their competencies and gain an edge in the labour market.
Contribution to the development of local communities	Payment of taxes to budgets of various levels	By implementing the tax strategy and timely paying taxes to budgets of various levels, we secure economic stability across our geography.
	The Company's charitable activities targeting local communities (including indigenous minorities) and non-profit organisations to support sustainable development	Our charitable activities serve to maintain a favourable social climate and a comfortable environment in the regions of operation while also preserving the traditions and lifestyle of indigenous minorities.
	Development of housing, energy, and other infrastructure in the regions of operation	By developing housing, energy and social infrastructure, we help improve social and economic conditions along with living standards in our regions of operation, establish a constructive dialogue with stakeholders and enhance our reputation.
Health and safety	Support for entrepreneurship in the regions of operation	Support to local small and medium-sized businesses translates into social and economic stability in the regions of operation.
	OHS risks for employees and contractors Workplace injuries	A high level of workplace hazards and insufficient health and safety efforts may lead to fatalities and severe injuries among the Company's employees and contractors. We can reduce injury risks by developing health and safety management systems and taking steps to foster a corporate culture of safety.
	Occupational disease risks for employees and contractors	Employees and contractors working at metals and mining facilities may contract occupational diseases.
Governance		
Innovation projects pursuing sustainable development goals	Innovation projects pursuing sustainable development goals	Innovation projects may have a positive impact on various aspects of sustainable development, including HSE, boost a competitive edge in the long run and strengthen the Company's position in the domestic and international business arena.
Contribution to the national industry through import substitution	Contribution to the national industry through import substitution	By supporting local manufacturers and focusing on import substitution, Nornickel will contribute to the growth of national and regional economies, support stable cash flows for businesses and strengthen ties with its key stakeholders.
Responsible supply chain	Risks related to the violation of sustainability principles in the supply chain	Non-compliance with sustainability principles on the part of suppliers may lead to a whole range of negative impacts on the economy, environment and society within the boundaries of their operations. Nornickel seeks to prevent negative impacts its suppliers may have, as the most critical of them may entail reputational risks and the need to rethink its relations with suppliers as a result.