

Remuneration

GRI 2-19, 2-20

The Board of Directors' remuneration is set out in the Remuneration Policy for Members of the Board of Directors¹ approved by the General Meeting of Shareholders. The annual remuneration for non-executive directors includes:

- base remuneration of USD 120,000 for the Board membership;
- additional remuneration of USD 50,000 for membership in a Committee of the Board of Directors;
- additional remuneration of USD 150,000 for chairing a Committee of the Board of Directors;
- reimbursement of expenses incurred by directors in discharge of their duties.

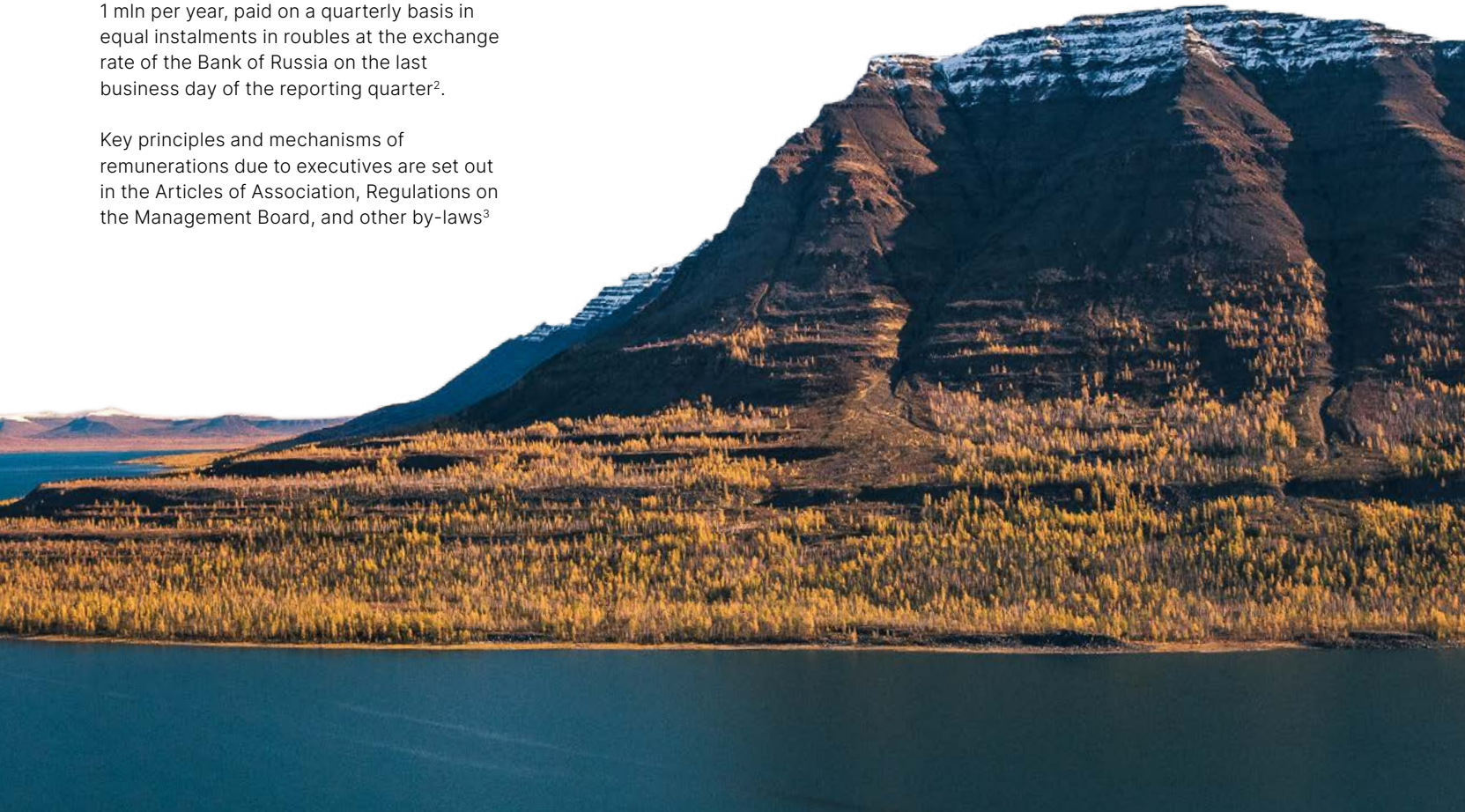
In 2022, the Annual General Meeting of Shareholders established remuneration for the Chairman of the Board of Directors, an independent director, in the amount of USD 1 mln per year, paid on a quarterly basis in equal instalments in roubles at the exchange rate of the Bank of Russia on the last business day of the reporting quarter².

Key principles and mechanisms of remunerations due to executives are set out in the Articles of Association, Regulations on the Management Board, and other by-laws³

of the Company. Nornickel's remuneration framework is continuously and closely monitored by the Board of Directors.

According to the Company's Articles of Association, decisions on remuneration and reimbursement payable to the Company's President and members of the Management Board are reserved to the Board of Directors. Total remuneration payable to senior executives comprises the base salary and bonuses. Bonuses are linked to the Company's performance, including both

financial (EBITDA, free cash flow) and non-financial (workplace injury rates, labour productivity, environmental performance) indicators.



Sustainability Management

GRI 2-24

Sustainability management and ESG integration are a major part of Nornickel's corporate governance system.

By promoting sustainable development practices, the Company adapts to the strategic landscape and changing market environment and contributes to effective risk management, while at the same time fostering a motivating and innovation-driven corporate culture and helping to secure stakeholder engagement positive for the Company.

To make sure sustainability principles are integrated at Nornickel across the board, the Company has adopted over 20 by-laws¹. At the strategic level, the Company has approved the Environmental and Climate Change Strategy, and the Social Development Strategy is currently being developed.

The Company relies on a matrix structure to manage its ESG aspects, with responsibility for specific ESG aspects split among all functional units of the Head Office, branches and entities. At the same time,

most of the matters are subject to oversight by the Management Board, Board of Directors, and respective Committees.

With this approach in place, ESG aspects can be successfully integrated into by-laws and day-to-day activities of all structural units and ensure development of new competencies that employees need to help Nornickel set corporate best practices in sustainable development.

To coordinate all sustainability-related processes, the Company established a dedicated Sustainable Development Department. It sets out Nornickel's ambitions and vision in the area of sustainability and monitors the alignment of the Company's operations with international standards and expectations of external stakeholders. At the senior executive level, this process falls within the remit of Vice President for Investor Relations and Sustainable Development. At the Board of Directors level, it is the Sustainable Development and Climate

Change Committee that is responsible for the development of the Company's ESG practices.

To engage its top executives in sustainability management, the Company increased the share of HSE targets in the annual 2022 team KPIs, bringing their aggregate weight to 50%. The Environmental Project Implementation indicator was selected as a KPI for the Long-Term Incentive Programme for the Group's Key Employees (total weight of 30%).

ESG-related KPIs of the top management

Period	Annual team KPIs		Long-term KPIs
Focus area	Occupational health and safety	Environment	Ecology and environment
KPI weight	30%	20%	30%
KPI target	Achievement of the OHS plan depending on FIFR	Reduction in GHG emissions	Delivery of environmental projects

¹ The full version of the document is available on [the Company's website](#).

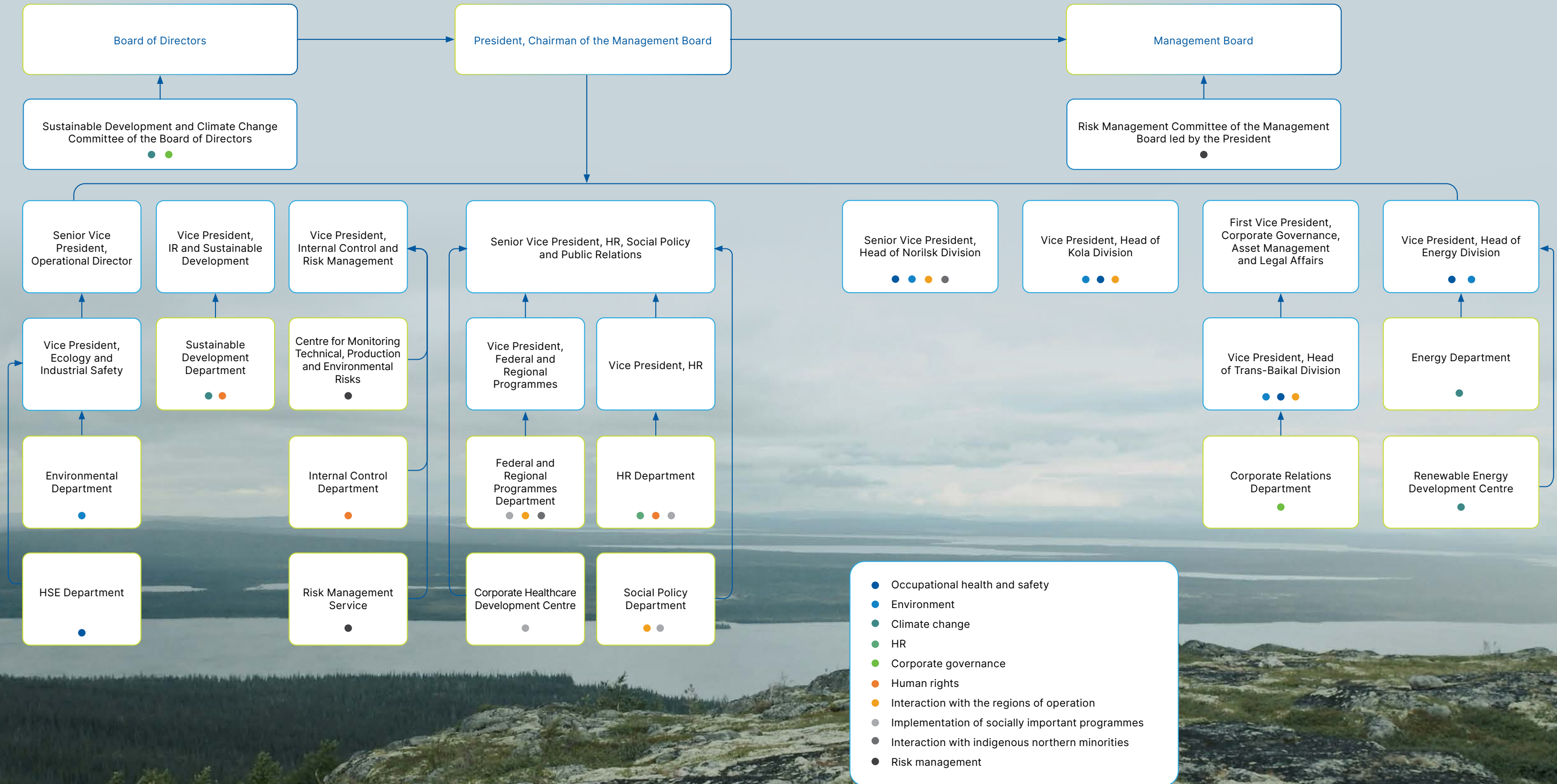
² This amount is after taxes withheld in accordance with the applicable Russian laws.

³ The texts of the documents are available on [the Company's website](#).

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Split of responsibilities for key areas of sustainable development

GRI 2-9, 2-12, 2-13



Compliance with international standards and best practices in ESG and quality management

To ensure and maintain strong governance practices in ESG, Nornickel regularly analyses experiences that peers rely on to comply with major international and national standards.

The Company’s production assets are subject to regular certification and surveillance audits for compliance with international standards related to quality management, environmental management, labour protection, and information security.

➔ [For more details, please see the Certification of Corporate Integrated Management System appendix.](#)

Support of Russian and international sustainability standards and initiatives

We support leading global and national initiatives in sustainable development often pioneering integration of their requirements into our corporate practices.

Initiative	Status
UN Global Compact	Member since 2016
International Platinum Group Metals Association	Member since 1999
Nickel Institute	Member since 2005
Global Battery Alliance (GBA)	Member since 2021
Responsible Minerals Initiative (RMI)	In 2022, RMI suspended cooperation with the Company’s Russian assets. Norilsk Nickel Harjavalta was included in the Conformant/Active Smelter & Refiner Lists following a RMAP assessment by RMI
Together for Sustainability (TfS) initiative	The Company meets the initiative’s requirements based on results of a 2021 audit
Responsible Sourcing Blockchain Network (RSBN)	Member in December 2020 to July 2022; membership suspended by RSBN
ICMM initiative	The Company implements initiatives to ensure compliance with requirements to members
IRMA initiative	In 2022, IRMA suspended cooperation with Russian companies. In the same year, the Company conducted an independent assessment of its mining assets compliance and readiness for certification
National ESG Alliance	One of the founders since December 2022
Extractive Industries Transparency Initiative (EITI)	The Company has been disclosing data under the EITI since 2021
Global Reporting Initiative (GRI)	Annual reporting in line with the GRI Standards
TCFD (Task Force on Climate-Related Financial Disclosures) recommendations	The Company implements a roadmap to fulfil the TCFD recommendations; for more details ➔ please see the Climate Change and Energy Efficiency section

Assessment of mining assets readiness for IRMA certification

In 2022, Nornickel held an independent assessment to understand the degree to which its mining assets are ready for IRMA certification. The independent assessment was conducted by ENSOR Management Consultants LLC (formerly a branch of Environmental Resources Management, an international consultancy firm), which has many years of track record in assessing and managing environmental and social risks. The assessment perimeter included eight key mines of Norilsk and Kola divisions. Their activities were assessed based on four principles: business integrity, planning for positive legacies, social responsibility, and environmental responsibility.

The assessment showed that in the event of an official certification exercise, the Company would have likely met the requirements of the IRMA Transparency level. In 2023, a roadmap will be developed to put in place corrective actions so as to ensure compliance with the IRMA requirements.

Nornickel in ESG ratings

Description	Rating as at 31 December 2022
 SUSTAINALYTICS	ESG Risk Score: 43.9 out of 100 on a scale from 1 (low risk) to 100 (high risk)
 MSCI	ESG rating – "B", score of 3.0 (out of 10)
 ecovadis	ESG Score: 62.0 out of 100 on a scale from 1 (low) to 100 (high)
 IRAEX	ESG rating – A

