

Management framework and responsible parties

In line with the Code, Policy, and the OECD Guidance, Nornickel has established a mineral supply chain due diligence management framework within the Group.

At the Head Office level, the Sustainable Development Department is responsible for the development, monitoring, and coordination of the System's implementation. Among other things, it is tasked with drafting and approving regulations governing supplier engagement¹. This Department also provides necessary guidance on the System's operation to divisions.

At the divisional level, the System is implemented by the sustainability units of the Group's entities. Different steps of the System's implementation also involve the Head Office's and divisions' departments responsible for procurement, production, and safety, the Risk Management Service, as well as legal, corporate relations, marketing, and public relations departments.

The System underlies the internal mineral supplier due diligence standards (the "standards") developed at two entities at the Polar Division's Norilsk site, one at the Polar Division's Kola site, and one at the Trans-Baikal Division. These standards are aimed at ensuring responsible mineral supply chain management and the compliance with the OECD Guidance and LME's requirements. Each standard factors in divisional entities' specifics, governs interactions between business units, and defines the responsible parties and their responsibilities.

The employees in charge of managing the System are responsible for the following key tasks:

- Developing and aligning amendments to the Policy, Code, and other regulations and guidelines as part of the System;
- Organising and coordinating the implementation of the System, as well as monitoring and assessing its performance;
- Ensuring that employees involved in the mineral supply chain are familiar with the requirements of corporate documents and internal standards for responsible supply chains;

- Informing mineral suppliers about the Code requirements and providing consultations when necessary;
- Identifying and assessing supply chain risks and conducting due diligence on mineral suppliers in line with the divisional System standards;
- Developing risk management plans in cooperation with suppliers and overseeing their implementation;
- Preparing reports: internal reports on mineral supply chain due diligence for management, including performance assessment and risk management results, as well as public annual responsible supply chain reports²;
- Developing and providing training for employees involved in the operation of the System;
- Organising independent audits of mineral suppliers;
- Ensuring that Nornickel's products comply with the LME's responsible sourcing requirements.

If necessary, mineral supplier due diligence may involve a relevant unit or function of two entities at the Polar Division's Norilsk site, one at the Polar Division's Kola site, and one at the Trans-Baikal Division, depending on their area of activity. The responsible supply chain is discussed by the Sustainable Development and Climate Change Committee of the Company's Board of Directors.

Mineral supply controls and transparency

Nornickel regularly monitors mineral flows throughout its supply chain and continuously improves mechanisms to ensure the transparency and quality of on-site material acceptance procedures. The System complements the existing supply chain controls by ensuring compliance with the OECD Guidance.

The Group's entities rely on their internal controls to monitor minerals flows from suppliers. Each of Nornickel's metals and mining assets has its own system for the acceptance and accounting of raw materials, ensuring control over their quality and quantity.

Mineral supply controls are run by production units and internal business units involved in material acceptance and processing. Material acceptance and verification of quality and quantity are conducted

to confirm that no conflicts exist under supply agreements and the applicable national regulations for the acceptance of consumer and non-consumer goods in terms of quality and quantity.

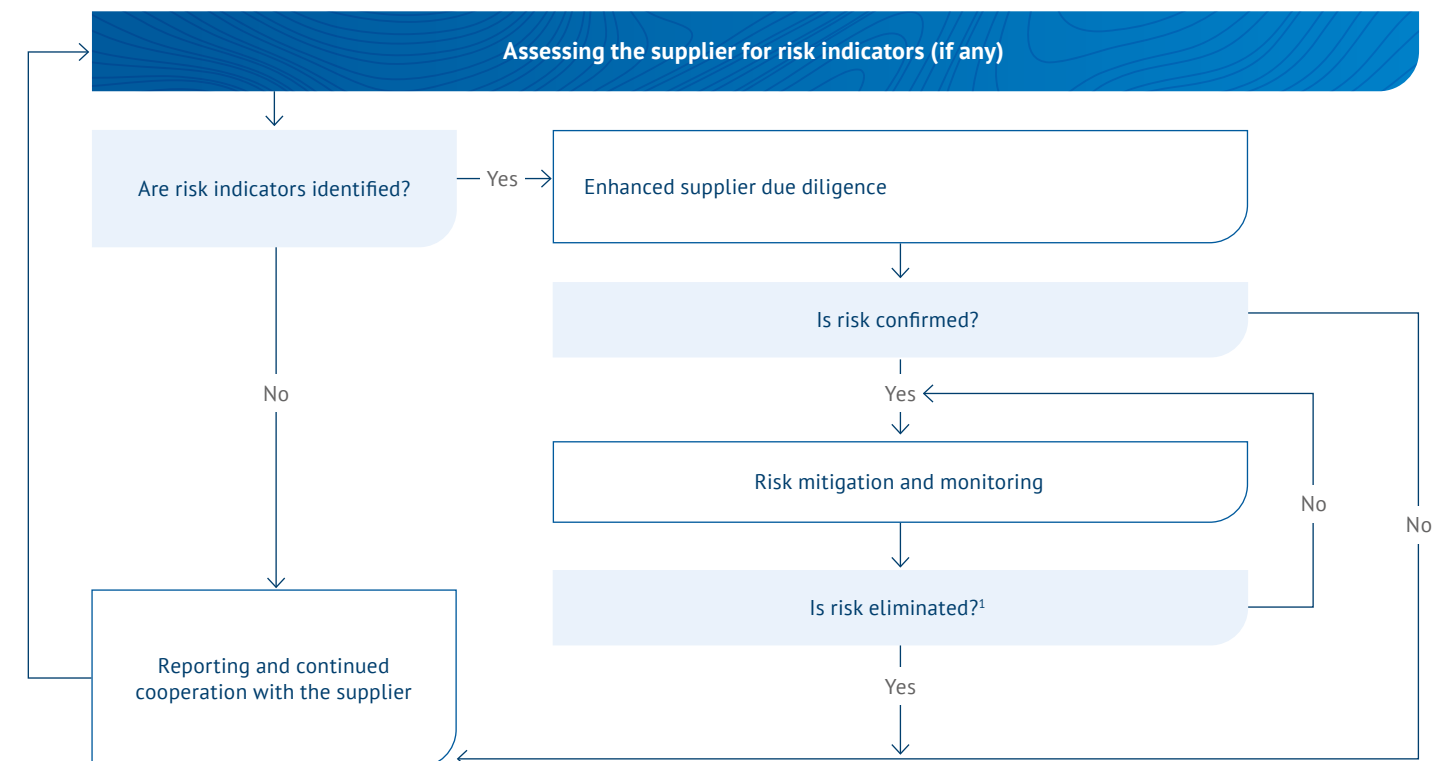
This verification covers suppliers' primary accounting documents as well as shipping documents.

All relevant documents and data related to the accounting and transportation of raw materials are retained by Nornickel for at least five years, in accordance with the applicable regulatory and procedural guidelines governing record keeping and archiving. Mineral supplier due diligence records are also stored in electronic files on the Company's servers.

1.2. Identification and assessment of mineral supply chain risks

The process of identifying mineral supply chain risks includes several steps.

The Group's overall mineral supply chain due diligence and risk management flow chart



¹ Regulations on engagement with mineral suppliers during supplier due diligence.

² All documents received from suppliers and generated by the Company are retained for at least five years.

¹ If a risk is identified and confirmed, the Company assesses its exposure and cooperates with the supplier to develop a risk mitigation plan. In some cases, if a confirmed risk is deemed unacceptable to the Group, cooperation with the supplier may be reconsidered.

The first step in mineral supplier due diligence is identifying risk indicators in the mineral supply chain. These indicators highlight potential risks associated with mineral extraction, transportation, and production. If the first step identifies risk indicators, the Company conducts enhanced due diligence of the supplier to identify and confirm risks (if any). If the risk is confirmed, the Company assesses its exposure and cooperates with the supplier to develop risk mitigants. Once these have been implemented, the Company decides whether to continue working with the supplier.

Each step of due diligence relies on the specifically designed tools described below.

Identification of risk indicators in the mineral supply chain

Under the System, the key risk indicator relates to minerals originating from or being transported via a CAHRA area, those originating from a country that has limited known mineral reserves, as well as counterparties being financially or legally connected to supplies from a CAHRA area. The supplier's failure to formally accept the Code, or a set of submitted documents that does not allow for an assessment of the supplier's compliance with the Code, are also considered risk indicators.

Identification of risk indicators in the mineral supply chain



To identify risk indicators, Nornickel first identifies suppliers, the minerals supplied, and all the elements of the supply chain, and then assesses compliance with the Code.

To identify risk indicators, the Group uses the following tools:

- Know Your Supplier Questionnaire;
- Supplier Code of Conduct Compliance Questionnaire;
- Supply Chain Mapping Questionnaire;
- CAHRA Assessment Tool.

Know Your Supplier Questionnaire

To identify risk indicators, Nornickel distributes Know Your Supplier Questionnaires among its suppliers. In addition to collecting up-to-date information about the owners of mineral suppliers, the Know Your Supplier Questionnaire covers the following:

- Nature of the counterparty's core business and geography;
- Minerals supplied;
- Applicable licences (if any);
- Key sub-suppliers;
- Supply chain management approach.

Supplier Code of Conduct Compliance Questionnaire

As part of mineral supplier due diligence, Nornickel also assesses how well they comply with Nornickel's Code based on the completed Supplier Code of Conduct Compliance Questionnaire and a package of supporting documents confirming the degree of compliance.

The form is structured to incorporate the Code's requirements and determine the current status of the supplier's ESG practices, including as regards responsible supply chains. Based on the completed questionnaires, Nornickel gains a better understanding of its supply chain and helps promote ESG practices among suppliers.

Supply Chain Mapping Questionnaire

This tool is a form used to provide more details on the mineral supply chain, specifically the Group's direct suppliers and sub-suppliers. The form shows the existing mineral supply chain for the specific division entity with details on material sources broken down by supplier. The data collected through this Questionnaire help establish the number of suppliers, whether they are part of the Group,

the type, volume, and origin of minerals delivered in the selected period, as well as potential supplier risks under the OECD Guidance.

The Questionnaire enables Nornickel to map the mineral supply chain in a holistic way and to identify inherent potential risks.

CAHRA Assessment Tool

The CAHRA Assessment Tool reviews more than 150 countries for corrupt practices, money laundering, political instability or repression, institutional weakness, insecurity, collapse of civil infrastructure, widespread violence, human rights violations, and violations of national or international law. The tool uses 12 indices and indicators (including those recommended by the RMI) to determine whether a country is on the CAHRA list.

Assessment of mineral supply chain risks

If risk indicators are identified, the Company performs enhanced risk-based due diligence on the supplier.

Nornickel's internal mineral supplier due diligence standards, developed in line with the OECD Guidance, determine the following potential risks that may arise in the supply chain:

- Serious human rights violations, including cruel, inhuman, or degrading treatment, any forms of torture and forced labour, the worst forms of child labour, other gross human rights violations, war crimes or other serious violations of international humanitarian law, crimes against humanity, or genocide;
- Direct or indirect support to non-state armed groups;
- Direct or indirect support to security forces who illegally control, tax, or extort money or minerals at points of access to mine sites, along transportation routes, or at points where minerals are traded, as well as in favour of second- and higher tier mineral suppliers relative to Nornickel;
- Bribery and fraudulent misrepresentation of the origin of minerals;
- Money laundering;
- Non-payment of taxes, fees, and royalties to governments.

If a risk is identified and confirmed, the Company assesses its exposure and cooperates with the supplier to develop a risk mitigation plan. In some cases, if a confirmed risk is deemed unacceptable to the Group, the relationship with the supplier may be reconsidered.

Nornickel also conducts monitoring of those suppliers that were subject to an enhanced due diligence (due to risk indicators identified previously). This monitoring procedure includes gathering data on the suppliers' operations and conducting on-site audits (if necessary), including where minerals are actually mined, transported, and processed.

To perform enhanced due diligence, Nornickel has designed dedicated tools and procedures based on industry best practices and considering their applicability in the Russian Federation:

- Supplier Risk Assessment Tool;
- Gathering information from public sources;
- Third-party verifications and audits commissioned by the Company.

Supplier Risk Assessment Tool

An enhanced due diligence includes assessing the supplier for risk exposure (if any) and the level of risks. The System's risk-based approach relies on the risks identified under the OECD Guidance.

This assessment is conducted using a supply chain risk assessment tool, which contains a list of risks and corresponding assessment criteria used to determine the level of risk exposure. This procedure enables the Company to develop and implement the respective risk mitigants.

Gathering information from public sources

To obtain more detailed information about suppliers, the Company gathers and analyses data on their operations from public sources. To this end, the Company additionally studies audit reports and reports from public organisations and government agencies relating to suppliers' operations, as well as industry publications, news articles, and information from counterparties. In addition to reviewing documentary evidence, the Company also engages with representatives of local communities and organisations.

Independent verification of suppliers

Nornickel may initiate independent verification involving third-parties to gain insight into how its suppliers actually mine, transport, process, and export minerals. Such audits seek to identify and assess adverse consequences arising from both potential and actual risks.

Risk assessment frequency

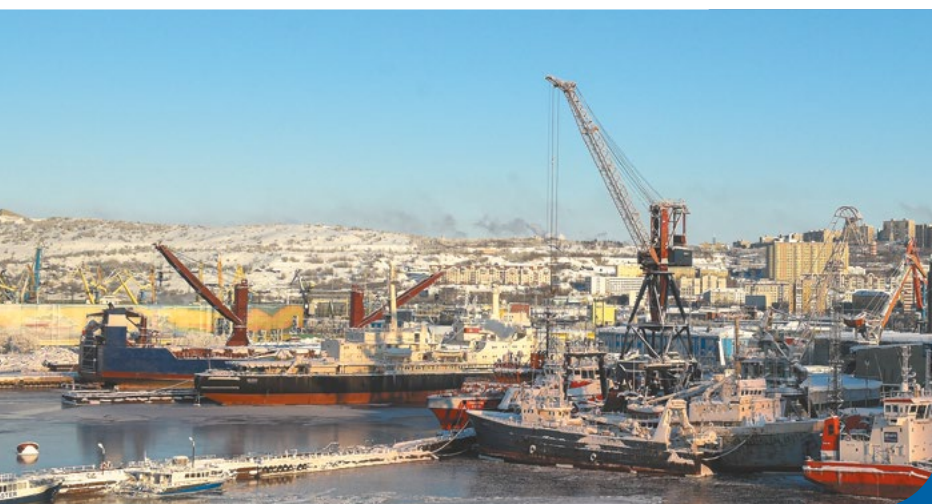
Given the changing geopolitical landscape and the need to update its counterparty requirements in a timely manner, the Group conducts mineral supplier risk assessments, including checks on whether an area is on the CAHRA list, on an annual basis or whenever material changes occur in the supply chain.

Divisions are responsible for producing internal reports on mineral supply chain due diligence, including performance assessment and risk management results. The Sustainable Development Department at Nornickel's Head Office produces Group-level due diligence and monitoring reports.

Supplier due diligence in 2024

Nornickel's mineral supply chain due diligence involves assessing any and all suppliers, whether internal or external¹. The key distinctive feature of the Company's mineral supply chain is that most of its mineral suppliers are internal (part of the Group).

In 2024, due diligence checks were conducted on 12 mineral suppliers² of entities at the Polar Division's Norilsk and Kola sites, including four external suppliers. Among the external suppliers, two that underwent assessment were transportation service providers, one was a mining company, and one was engaged in processing (crushing) operations.



In 2024, mineral supplier due diligence identified no risk indicators or risks.

1.3. Management plan for mineral supply chain risks



Action plan following risk confirmation and risk management strategy

At this step, responsible parties, including the management team, use the Risk Decision Matrix to decide whether to cooperate with the respective supplier going forward. The decision depends on the level of confirmed risk.

The next step is to develop a Risk Management Plan (the "Plan") should the risks be confirmed at the previous risk identification and assessment steps. The Plan is required for the supplier to eliminate the risks confirmed.

The risk management procedure and development of the Plan begin with notifying Nornickel's management of the risk confirmation following an enhanced due diligence.

Then, the Group develops the Plan in cooperation with suppliers and, where necessary, other stakeholders, such as representatives of local communities. The Plan should clearly specify the risk mitigation goals, timelines, and performance indicators, as well as the responsibilities of all the parties involved and possible corrective actions. The Plan needs to be approved by the Company's management.

Based on the level of risk exposure and the cooperation decision made, the responsible parties determine the response timelines and reporting procedures for management to follow up on the Plan, as well as develop a list of risk mitigants. Each risk mitigant implies specific actions to be taken and relies on the required internal resources. The Plan prioritises the most efficient solutions, taking into account suppliers' human, logistical, and financial resources.

The choice of an approach to developing the Plan depends on the risk exposure established during an enhanced due diligence and affects the deadlines for supplier notification and risk mitigation, the type (remote or in-person) and frequency of progress assessments, and whether Nornickel's internal resources are required.

The overall success of the Plan hinges on stakeholder engagement, which requires the mandatory involvement of the supplier's management throughout its implementation. Under the Plan, the supplier must submit progress reports to the responsible sustainability manager at Nornickel.

Where critical risks need to be addressed, suppliers must continuously report to the respective business units at divisions and, where necessary, to the Sustainable Development Department at Nornickel's Head Office, the Board of Directors, and the Management Board.

Upon the expiration of the deadlines set out in the Plan, Nornickel reviews the supplier's progress. If the supplier fails to achieve the approved targets, the Group may either continue cooperation, provided that a new risk management plan is developed, or reconsider its relationship with the supplier.

Since no confirmed risks were identified for mineral suppliers, the Company did not initiate the above action plan procedure in 2024.

In supply chain risk management, the System standards allow for the engagement of external stakeholders. The decision to involve them depends on the nature, severity, and specifics of the identified risks and is aimed at improving the effectiveness, adequacy, and measurability of relevant risk management measures.

¹ External suppliers are those that are not part of the Group.

² The Trans-Baikal Division entity did not conduct due diligence, as it has no mineral suppliers.