Section 1. Management of the responsible mineral supply chain

1.1. Mineral supply chain Due Diligence Management System

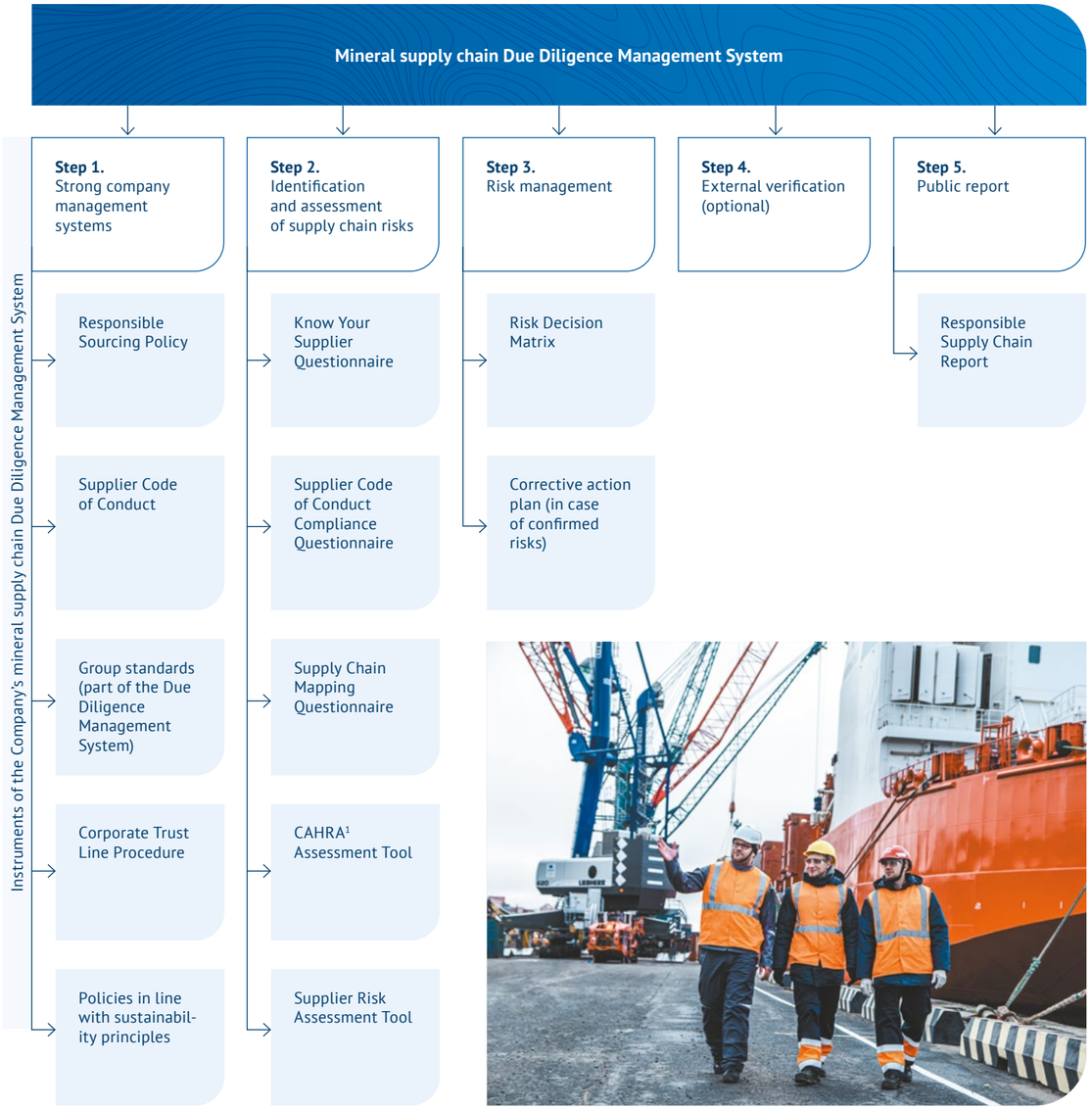
The System was developed in accordance with the following standards:

- OECD Due Diligence Guidance for Responsible Supply Chains of Minerals from Conflict-Affected and High-Risk Areas;
- London Metal Exchange Red Flag Assessment Template;
- Joint Due Diligence Standard for Copper, Lead, Molybdenum, Nickel, and Zinc (JDDS), developed by international copper, lead, and zinc associations, the Nickel Institute, and the Responsible Minerals Initiative;
- Pilot Cobalt Refiner Supply Chain Due Diligence Standard, developed jointly by the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC), the Responsible Cobalt Initiative (RCI), and the Responsible Minerals Initiative (RMI);
- Standard for Responsible Mining of the Initiative for Responsible Mining Assurance (IRMA);
- Performance Expectations of the International Council on Mining and Metals (ICMM);
- Due Diligence Guidelines for Responsible Mineral Supply Chains of the China Chamber of Commerce of Metals, Minerals & Chemicals Importers & Exporters (CCCMC);
- The draft Consolidated Mining Standard developed by the Consolidated Mining Standards Initiative (CMSI), which integrates the requirements of the Copper Mark[1], ICMM, the World Gold Council[2], and the Mining Association of Canada[3].

Nornickel annually reviews the System's performance and, when necessary, updates its standards and approaches based on the findings of due diligence and external assessments, updates to applicable standards, and best practices in sustainability and supply chain management.

The following flow chart illustrates how the System operates, showing the five steps of the due diligence process[4].

Nornickel's mineral supply chain Due Diligence Management System under the OECD Five-Step Framework



[1] Copper Mark JDDS. For more details, please see www.coppermark.org.
[2] For more details, please visit the official website of the World Gold Council www.gold.org.
[3] For more details, please visit the official website of the Mining Association of Canada www.mining.ca.
[4] The System's methodology is based on the OECD Five-Step Framework for Risk-Based Due Diligence in the Mineral Supply Chain.

[1] Conflict-Affected and High-Risk Areas.

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 engagement[1]. 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 reports[2];
- 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.

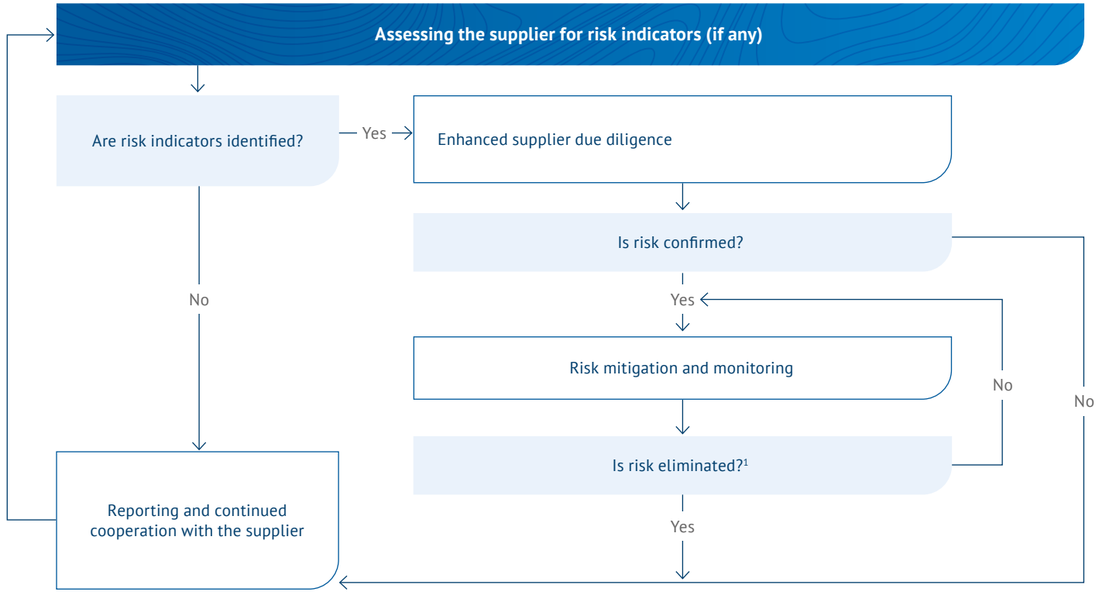
This verification covers suppliers' primary accounting documents as well as shipping documents.

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.