



APPROVED  
by resolution of the Board of Directors of  
PJSC MMC NORILSK NICKEL  
(Minutes No. GMK/36-pr-sd dated 29  
November 2021)

## **PJSC MMC NORILSK NICKEL's Position Statement on Water Stewardship**

### **1. Scope**

This Position Statement on Water Stewardship (the "Statement") outlines the key principles, commitments, initiatives, performance targets, and governance bodies of MMC Norilsk Nickel (the "Company") and Norilsk Nickel Group corporate entities related to water stewardship.

The Statement's requirements are mandatory for Company employees. This Statement applies to Norilsk Nickel Group corporate entities, in which MMC Norilsk Nickel directly or indirectly owns more than 50% of shares and whose operations are associated with the mining and processing of minerals and metals for sale or further processing ("Norilsk Nickel Group corporate entities").

### **2. Context**

The Company's leadership in metals and mining is underpinned by its world-class assets, operational excellence, and commitment to safe and sustainable mining, among other factors.

Water is an integral component of the ecosystem, and its importance cannot be overemphasised. As a shared resource, clean water that is suitable for fishing represents a basic human right. Our vision for the future is to use water responsibly, recognising the value of water resources while striving to minimise negative environmental impacts.

Our role and responsibility regarding water management consists of making informed, sustainable, and value-protecting corporate decisions that cause no environmental damage.

As a signatory to the UN Global Compact, the Company fully supports the UN Sustainable Development Goals, in particular SDG 6: Ensure Availability and Sustainable Management of Water and Sanitation for All, SDG 12: Responsible Consumption and Production, and SDG 14: Conserve and Sustainably Use the Oceans, Seas and Marine Resources for Sustainable Development. The Company is also committed to complying with the requirements of leading sustainability associations and standards.

The purpose of this Statement is to lay the foundations for delivering the Company's projects throughout their life cycle while reducing the impact on water as a key natural resource, complying with internal rules, regulations and international requirements, and achieving set targets. This will enable the Company to maintain responsible water management and effectively manage relevant risks.

### **3. Our commitments and principles**

3.1. We commit to developing and applying a strong and transparent corporate water management system and collaborating with stakeholders and local communities in the Company's regions of operation to ensure water security and sanitation.

3.2. The following principles are fundamental to decision-making on the management of water resources that are affected by the Company's and Norilsk Nickel Group corporate entities' operations:

- a. comply with applicable laws and regulations at the national level;
- b. comply with international best standards, to which the Company has publicly announced to adhere, as well as the provisions of leading international sustainability associations of which the Company is a member, in accordance with established deadlines;
- c. ensure that employees of the Company and Norilsk Nickel Group corporate entities comply with this Statement throughout the life cycle of their respective facilities;
- d. strengthen employees' knowledge and skills in responsible water management at the Company's and Norilsk Nickel Group corporate entities' operating facilities, and establish strong incentives for employees to behave responsibly in respect of water management;
- e. ensure information openness and transparency of matters related to the water management approach, risks, and technologies of the Company and Norilsk Nickel Group corporate entities;
- f. limit water withdrawal and discharge to the established target levels, ensuring an efficient use of water while striving to balance these metrics in line with sustainability principles at all production enterprises of the Company and Norilsk Nickel Group corporate entities;
- g. actively engage with federal and regional authorities, as well as other stakeholders, on external water management to maintain predictable, consistent, and effective regulation that underpins integrated water management;
- h. cooperate with state bodies to develop environmentally responsible state legislation on water security;
- i. stop operations of the Company and Norilsk Nickel Group corporate entities in water-distressed areas as defined in the Aqueduct Water Risk Atlas by the World Resources Institute (WRI).

#### **4. Key initiatives and targets**

4.1. Up-to-date information on our water management targets, performance and KPIs is available on our website and in public reports: <https://www.nornickel.ru/sustainability/environment/water/>, <https://www.nornickel.ru/investors/disclosure/annual-reports/>.

4.2. To deliver on our commitments and principles, the Company and Norilsk Nickel Group corporate entities are focused on the following initiatives:

- a. ensuring compliance with the standards and regulations of the Company and Norilsk Nickel Group corporate entities;
- b. minimising pollutant discharge;

- c. increasing the water recycling ratio in line with our ambitious production growth plans;
- d. limiting the absolute volume of fresh water withdrawal to the target level (for water management targets, see the Company's website);
- e. ensuring water consumption and water discharge is balanced at all production enterprises;
- f. searching for and attracting efficient and cost-effective cleantech solutions to minimise pollution through wastewater while balancing water consumption and water discharge;
- g. implementing water security projects to ensure responsible water management in line with the principles of sustainable water management, and implementing methods to enhance water security at the Company's and Norilsk Nickel Group corporate entities' operating facilities;
- h. reporting in line with international standards pursuant to the decision to join leading responsible mining associations, and complying with leading sustainability standards;
- i. accounting for the recommendations of scientific organisations engaged by the Company and Norilsk Nickel Group corporate entities to carry out research into the bioremediation of water bodies, including the Great Norilsk Expedition;
- j. continuing to supply municipalities in the Norilsk Industrial District with drinking water pursuant to the requirements of Russian legislation;
- k. developing a company-wide methodology for assessing environmental risks, including water risks, taking into account the views of stakeholders and information from risk owners in terms of the specifics of certain production facilities. Monitoring the impact of environmental risk management, including water risks, by risk owners. Reporting to the Company's Board of Directors and Management Board on the impact of environmental risk management, including water risks;
- l. cooperating with state and local authorities, the scientific community, and other stakeholders to develop assessment tools and informed decision-making methods to ensure the adaptive management of responsible water use and natural resource conservation that better integrates water-management commitments and principles into the Company's strategic planning;
- m. integrating water management requirements into mine closure planning;
- n. actively engaging with local communities on water security matters that affect their interests;
- o. actively engaging with the indigenous peoples of Taimyr on preserving their traditional way of life while ensuring decent living conditions in their settlements and the availability of modern services through charity and social projects, as well as on water security matters that affect the interests of indigenous peoples in regions of operation;
- p. attracting innovations, and actively engaging with authorities and the scientific community on applying cleantech in water management;

- q. expanding the risk management framework with water management aspects related to climate change.

## 5. Governance

<b>Governance body</b>	<b>Key responsibilities</b>
<b>1. Board of directors</b>	
The Company's Board of Directors	<p>Approves this Statement and changes to this Statement.</p> <p>Approves the water management strategy and risk appetite.</p> <p>Monitors the water management risk management framework.</p>
<b>2. Management board</b>	
The Company's Management Board	<p>Implements measures and procedures for water risk management.</p> <p>Approves the Company's water management risk appetite metrics and issues recommendations to the Board of Directors for approval.</p>
<b>3. Units of the Company's Head Office</b>	
Senior Vice President for Sustainable Development	<p>Participates in the development of the Environmental and Climate Change Strategy by aligning it with the sustainable development concept.</p> <p>Develops, monitors and coordinates the implementation of the Company's sustainable development policy.</p>
Sustainable Development Department	<p>Consolidates external requirements (from investors, ESG rating agencies, audits, international standards, and leading associations) and water management practices.</p> <p>Organises and coordinates efforts aimed at the sustainable development of the Company and Norilsk Nickel Group corporate entities, including in terms of water management.</p> <p>To comply with consolidated external requirements for water management, sets up cross-functional working groups and initiates projects to implement changes.</p> <p>Monitors compliance of internal procedures and documents with standards (ICMM, IRMA, TCFD, GTS, GRI, etc.) and the requirements of sustainability associations.</p>

	Ensures that sustainability disclosures, including on water management, are incorporated into public non-financial reporting.
Strategic Planning Department	Coordinates the integration of the parts of the environmental and climate change strategy pertaining to water management into the Company's development strategy.
HR Department	Organises employee training to build capabilities for water management, and designates employees to deliver this training, bringing them on board with the agenda.
Centre for Efficiency Analysis and Goal-Setting	Ensures the decomposition of water management KPIs and their inclusion in team KPIs at the Company and Norilsk Nickel Group corporate entities.
Treasury Department	Attracts financing, including instruments linked to sustainability projects or key metrics, to implement water management measures at the Company and Norilsk Nickel Group corporate entities, among other goals.
Innovative Development Department	Conducts analysis and issues recommendations for strategic partnerships that will unlock innovations in the way the Company and Norilsk Nickel Group corporate entities manage water resources.
Federal and Regional Programmes Department	Leads dialogue on water stewardship between the Company and the state, regional and municipal authorities, and expert, scientific and public organisations.
Ecology Department	<p>Develops corporate goals and a water management programme as part of the Environmental and Climate Change Strategy. Decomposes water management goals into objectives for the branches of the Company and Norilsk Nickel Group corporate entities.</p> <p>Coordinates and supervises the development and execution of water management action plans to implement strategic goals.</p> <p>Develops proposals on team and individual KPIs to motivate Head Office employees to work towards strategic goals in water management.</p> <p>Develops proposals for the methodology of assessing water risks.</p> <p>Defines the list of, and calculation methodology for, relevant metrics, and prepares internal reports on the implementation of the water management programme at the Company and Norilsk Nickel Group corporate entities.</p>

	<p>Reports on the progress made towards the Strategy's targets and programmes (action plans) in water management to the Company's Board of Directors.</p> <p>Develops and updates methodologies and regulations concerning water management.</p>
Ecological Monitoring Centre	<p>Monitors compliance of industrial facilities with environmental safety rules that prevent damage to water bodies throughout the life cycle of the facility.</p> <p>Provides the Company's Board of Directors and Management Board with an opinion on audits for compliance with water security standards, laws, and regulations for industrial facilities, as well as on preparedness for accidents and emergencies that could potentially damage water resources.</p>
Risk Management Service	<p>Develops company-wide approaches and ensures consistency of the methodology in line with ICMM, IRMA, TCFD and COSO concerning risk management, including risk description, identification, and assessment.</p> <p>Determines a methodology for assessing critical risks and maps them.</p> <p>Consolidates and prepares proposals on the water management risk appetite for the risk committee.</p> <p>Oversees the development of risk mitigation measures and business cases by risk owners.</p> <p>Prepares reports on key risks, including water risks.</p>
Internal Audit Department	<p>Audits the performance of the corporate risk management system, including water risks.</p>
Inspectorate for Monitoring Technical, Production and Environmental Risks	<p>Conducts inspections, expert reviews, and audits, including by engaging third-party experts on managing technical, production and environmental risks.</p> <p>Monitors the implementation of measures to manage technical, production and environmental risks at the Company and Norilsk Nickel Group corporate entities.</p>
<b>4. Branches of the Company and Norilsk Nickel Group corporate entities</b>	
Branches of the Company and Norilsk Nickel Group corporate entities	<p>Develop water management programmes (action plans) and road maps, including requests for technologies and competencies.</p> <p>Prepare the ground for, and implement, water management measures at the level of the Company's and Norilsk Nickel Group corporate entities' branches.</p>

	<p>Select and train employees in implementing water management measures, while developing proposals for KPIs.</p> <p>Manage water risks (identification, assessment and prioritisation, choice of a response method, development and implementation of an action plan, and monitoring).</p> <p>Develop and budget water risk management measures.</p> <p>Provide reports on water risk management programmes (action plans) and the impact of water risk mitigation initiatives for the business units of the Company's Head Office.</p> <p>Safely operates and efficiently consumes water resources in line with relevant laws, local regulations of the Company and Norilsk Nickel Group corporate entities, as well as the requirements of leading international sustainability standards and associations integrated into the activities of Company and Norilsk Nickel Group corporate entities.</p> <p>Cooperates with Russian state supervisory bodies overseeing water management.</p>
--	---

## **6. Liability**

- 6.1. The Senior Vice President for Sustainable Development is liable for failure to make timely updates and amendments to this Statement.

## **7. General provisions**

- 7.1. This Statement is subject to regular review by the Board of Directors (at least every 5 years).