

Approved  
by the resolution of PJSC MMC Norilsk Nickel's  
Board of Directors

Minutes No. GMK/23-pr-sd dated 22.07.2021

**REGULATIONS  
ON THE SUSTAINABLE DEVELOPMENT AND CLIMATE CHANGE  
COMMITTEE OF PJSC MMC NORILSK NICKEL'S BOARD OF DIRECTORS**

## **1. General provisions**

1.1. These Regulations (the “Regulations”) on the Sustainable Development and Climate Change Committee (the “Committee”) of the Board of Directors of PJSC MMC Norilsk Nickel (the “Company”) constitute the key document that governs the Committee’s activities and determines its functions, structure and membership.

Sustainable development means development that meets the needs of the present without compromising the ability of future generations to meet their own needs as a result of a comprehensive approach to management focused on creating and multiplying long-term economic, social and environmental benefits.

1.2. In its pursuits, the Committee shall be governed by the applicable Russian laws, the Company's Articles of Association (the “Articles of Association”), the Regulations on the Board of Directors and these Regulations, as well as other by-laws of the Company, subject to amendments and supplements that may be made to each of the above documents.

1.3. In its resolutions, the Committee shall rely on a comprehensive and unbiased review of documents, analytical materials and recommendations prepared by the Company’s governance and control bodies, auditor, as well as experts and professional consultants engaged as per the Committee’s resolution hereunder.

1.4. The Committee is an ancillary body of the Company's Board of Directors (the “Board of Directors”) and may not enter into relations with any third parties on behalf of the Company.

1.5. The Committee’s resolutions shall not be binding on the Company and shall only serve as recommendations for the Board of Directors.

1.6. In its pursuits, the Committee reports directly to the Board of Directors.

## **2. The Committee’s functions**

2.1. Key functions:

*2.1.1. As regards the integration of sustainable development principles, including climate change, into the Company's operations*

2.1.1.1. Reviewing draft policies, regulations, standards, and initiatives aimed at effective and efficient implementation of sustainable development principles (environmental protection, climate change, and social responsibility) into the Company’s operations and, if required, preparing proposals for the Board of Directors to improve them

*2.1.2. As regards developing and implementing a strategy on sustainable development and climate change*

2.1.2.1. Monitoring of the implementation of the Company’s strategy on sustainable development and climate change. Providing the Board of Directors with recommendations on ways to improve the effectiveness and efficiency of developing and implementing the Company’s strategy on sustainable development and climate change, as well as opinions on the effectiveness and efficiency of developing and implementing key projects on sustainable development.

2.1.2.2. Assessing the effectiveness of the Company's activities in the area of sustainable development and climate change.

2.1.2.3. Reviewing management reports on the monitoring of compliance of the Company's key business processes with sustainable development and climate change principles and commitments taken on by the Company.

2.1.2.4. Reviewing any major deviations by the Company from the approved effectiveness and efficiency targets of the sustainable development and climate change strategy and from sustainable development and climate change principles and commitments taken on by the Company, monitoring of corrective actions with respect to major deviations.

2.1.2.5 Monitoring the effectiveness and efficiency of making any major amendments to strategies, goals, programmes, projects and other initiatives adopted in the area of sustainable development and climate change.

*2.1.3. As regards management and internal control of sustainable development and climate change risks*

2.1.3.3. Analysing and reviewing the Audit Committee's recommendations on the effectiveness and efficiency of the risk management process and internal control related to sustainable development and climate change.

*2.1.4. As regards the Company's internal reporting and disclosures on sustainable development and climate change*

2.1.4.1. Reviewing, analysing, and developing recommendations for the Board of Directors based on the management's reports on the effectiveness and efficiency of the development and implementation of the Company's sustainable development and climate change strategy, on compliance with laws, regulations, standards, and guidelines of associations in the area of sustainable development and climate change, and on timely disbursement and adequacy of resources required to implement the Company's sustainable development and climate change strategy.

2.1.4.2. Reviewing the management's reports on the effectiveness and efficiency of the risk management and internal control framework in the area of sustainable development and climate change and the effectiveness and efficiency of the consistent emergency and incident response efforts covering sustainable development and climate change.

2.1.4.3. Preparing recommendations for the Board of Directors based on the Company's Annual Report, Sustainability Report, and other public non-financial reports in the area of sustainable development and climate change.

*2.1.5. As regards external audit of the Company's sustainable development and climate change reporting and activities*

2.1.5.1. Coordinating the process of selecting and appointing an external auditor to audit the Company's Sustainability Report and other public non-financial reports, as well as the Company's sustainable development and climate change activities that are subject to verification and audit.

2.1.5.2. Reviewing and approving plans for independent audits and assessments of the Company's sustainable development and climate change activities.

2.1.5.3. Reviewing opinions provided by external experts and auditors based on their analysis of the Company's public non-financial reports, including but not limited to the Sustainability Report; the Company's sustainable development and climate change activities; and the management's comments on the said opinions.

#### *2.1.6. Other functions*

2.1.6.1. In line with the procedure set forth hereby, regularly updating the Board of Directors on matters discussed at the Committee meetings.

2.1.6.2. Providing the Board of Directors with an annual report on the Committee's performance.

### **3. The Committee's structure**

3.1. The Committee shall consist of five (5) members. The number of the Committee members may be increased by resolution of the Board of Directors.

3.2. The Committee shall be formed solely from independent directors of the Company's Board of Directors meeting the independence criteria of the Listing Rules of the Moscow Exchange or deemed independent by the Board of Directors in accordance with the Listing Rules of the Moscow Exchange. If compliance with this requirement is reasonably impossible, then independent directors should make up a majority of the Committee, while the rest of the positions are to be filled by members of the Board of Directors who are not the sole executive bodies and/or members of the Company's collegial executive body.

3.3. To organise and lead the Committee's activities, coordinate its relations with the Board of Directors, executive bodies and business units of the Company, and ensure an unbiased approach to the recommendations drafted for the Board of Directors, the Chairman of the Committee shall be appointed.

3.4. The Chairman of the Committee shall be an independent director. The Chairman of the Committee may sit on other committees of the Board of Directors but may not chair more than two committees of the Board of Directors.

3.5. The Committee shall receive support from the Corporate Secretary Office. The Corporate Secretary (or any other person appointed by the Committee from among the employees of the Corporate Secretary Office) shall act as the secretary of the Committee. The secretary of the Committee shall take part in its meetings as required by their job duties. If the secretary of the Committee is absent, their powers may be exercised by one of the Committee members present at the meeting subject to the decision made by the Chairman of the Committee.

### **4. The Committee's composition and set-up**

4.1. The Committee Chairman and members shall be elected by the Board of Directors from among the nominees put forward by any director within five (5) business days after a new Board of Directors has been elected.

4.2. In electing the Committee Chairman and members, the Board of Directors shall take into consideration their education, professional training, experience in the Committee's area of responsibility, ability to work with financial and operational documents, and other relevant skills required for the Committee members to discharge their duties.

4.3. Powers of the Committee members shall be terminated simultaneously with the termination of powers of the Board of Directors that set up the Committee.

4.4. The number of members and composition of the Committee may be changed at any time by resolution of the Board of Directors.

## **5. Qualifications of the Committee's members**

5.1. All of the Committee's members shall have the sufficient knowledge in the area of sustainable development and climate change, strategic and investment planning, and operational management sufficient to understand the principles of sustainable development and mining in a climate change environment, key management and financial reports, concepts of risk management, including climate change risks, and internal controls relating to sustainable development and climate change risks.

5.2. Whether nominees to the Committee meet the criteria set forth hereby shall be determined taking into account internal assessments of the Company's Board of Directors and also based on the qualification criteria set forth by the Policy for Development and Approval of Voting Recommendations in respect of Candidates to the Board of Directors.

5.3. In line with the Professional Development Policy for Members of the Company's Board of Directors, all new members of the Committee shall be included in the induction programme to learn about the Company's financial reporting methodology, key budget metrics, capital structure, and specific aspects of the Committee's activities.

## **6. The Committee's activities**

### **6.1. Planning**

6.1.1. The Committee may authorise one or several members to review in detail a matter falling within the Committee's remit, and to update the Committee on the resulting conclusions.

6.1.2. Notice of any Committee meeting shall be given to all Committee members and other stakeholders (whether entitled to be present by invitation or by virtue of having the right to attend the Committee meeting) within reasonable timeframes by any means approved by the Committee members where proof of notice can be obtained. Any materials related to the agenda of the Committee meeting shall be circulated among its members in advance so that they can prepare for the discussion.

### **6.2. Agenda of the Committee meetings**

6.2.1. The Chairman of the Committee shall set the agenda for the meeting.

6.2.2. Items proposed for the Committee's consideration shall be submitted to the Chairman of the Committee via the Corporate Secretary Office by any means where proof of submission can

be obtained.

6.2.3. Matters within the remit of the Committee may be included in the agenda of the Committee meeting upon proposal by the following persons:

- 6.2.3.1. members of the Committee;
- 6.2.3.2. members of the Board of Directors who are not members of the Committee;
- 6.2.3.3. the Company's President;
- 6.2.3.4. members of the Company's Audit Commission;
- 6.2.3.5. the Company's internal auditor.

6.2.4. Any matters proposed for consideration by the Committee may be included at the Chairman of the Committee's discretion in the agenda of the next scheduled Committee meeting or ad-hoc meetings convened to consider these matters.

6.2.5. Whenever a matter is included in the agenda of a Committee meeting, the Committee shall be fully informed if any member of the Committee has a personal interest in the matter. This information shall be included in the minutes of the Committee's meeting (the "Minutes").

6.2.6. The agenda of any meeting may be amended and/or supplemented in the course of such meeting by resolution of a majority of the Committee members.

### **6.3. Engagement of consultants**

6.3.1. To ensure proper, timely and effective discharge of its duties, the Committee may seek advice and opinions from independent external consultants, including but not limited to experts and researchers engaged by the Company upon the Committee's request (the "Consultants"). Any Committee member may propose Consultants to the Committee.

6.3.2. Consultants attending a Committee by invitation may not vote on the Committee's resolutions.

6.3.3. When the Committee decides to engage Consultants, the Chairman of the Committee shall submit a written application to the President of the Company. The President of the Company shall procure entry into an agreement with the Consultant specified in such application as provided for by the Company's contracting procedure in effect.

6.3.4. In accordance with the corporate information protection policy, Consultants shall enter into non-disclosure agreements with the Company as needed.

### **6.4. Budget**

6.4.1. To enable the Committee to operate, the expense part of the Company's total budget for the period shall include a standalone item for the Committee's reasonable expenses, including potential engagement of Consultants and consideration for their services, to be approved by the Board of Directors.

6.4.2. Proposals on the size of the Committee's budget for the year shall be submitted for the Board of Directors' consideration in Q4 of the preceding year as part of the Company's budgeting process.

6.4.3. If Consultants are engaged and compensated using funds outside of the Committee's budget, this shall be provided for by the President of the Company based on a standalone resolution of the Board of Directors. This matter shall be referred to the Board of Directors by the Chairman of the Committee.

6.4.4. By resolution of the Board of Directors, the Chairman of the Committee shall, following the completion of the reporting year, provide the Board with a report on expenses to engage Consultants, detailing the services provided and attaching the opinions and recommendations prepared by the Consultants.

6.4.5. By resolution of the General Meeting of Shareholders and in line with the Remuneration Policy for Members of the Board of Directors, the Chairman and members of the Committee shall be entitled to remuneration for the performance of their duties as Committee members during their term in office.

## **6.5 Meetings**

6.5.1. The Committee meetings shall be convened by the Chairman of the Committee at the latter's discretion, on request of a Committee member, President of the Company, or Chairman of the Board of Directors as needed but at least once in a quarter.

6.5.2. The Committee meetings may be held in the form of joint presence of the Committee members or by correspondence. The Committee meetings may be held by using technical means of communication (conference calls, Internet, etc.). Any person present at the meeting by invitation may provide a written opinion on the agenda items.

6.5.3. A Committee meeting shall be deemed valid (quorate) if attended by at least three (3) Committee members or more than 50% of the total number of members elected to the Committee, including the Chairman of the Committee, unless the Board of Directors resolves to have more than five (5) members on the Committee.

6.5.4. At the time the meeting is due to begin, the Chairman of the Committee shall determine whether the quorum is present. The Committee members shall make all reasonable efforts to participate in the Committee meetings. If no quorum is present, the respective Committee meeting shall be adjourned.

6.5.5. The Committee meetings shall be presided over by the Chairman of the Committee.

6.5.6. Where needed, the following persons may be invited to take part in a Committee meeting by resolution of the Committee or its Chairman:

- 6.5.6.1. members of the Board of Directors who are not members of the Committee;
- 6.5.6.2. the Company's President;
- 6.5.6.3. members of the Company's Management Board;
- 6.5.6.4. members of the Company's Audit Commission;
- 6.5.6.5. the Company's auditor;
- 6.5.6.6. Consultants engaged at the Committee's request under clause 6.3 hereof;
- 6.5.6.7. officers and employees of the Company.

6.5.7. At the time the Committee meeting commences, each of its members shall notify the Committee of any personal interest in any matter or any other reason, fact, or circumstance that

affects or may affect their independence. This information shall be recorded in the meeting Minutes.

## **6.6. Passing and documenting resolutions**

6.6.1. The Committee shall pass its resolutions by a simple majority of votes of the Committee members present at the meeting. Each Committee member shall have one vote. The Chairman of the Committee shall not have a casting vote in case of a tie vote.

6.6.2. After the meeting, the Committee's secretary shall prepare the Minutes and, if necessary, the Committee's recommendations (the "Recommendations") that reflect the Committee's overall opinion. Dissenting opinions of the Committee members shall be separately stated in the Minutes and the Recommendations. The Minutes shall also state whether the quorum was present and set out the matters on the agenda and the relevant resolutions. The Minutes may include the materials considered at the Committee meeting.

6.6.3. The Minutes and the Recommendations shall be prepared in writing within five (5) business days after the end of the relevant Committee meeting and signed by the Chairman of the Committee and the Secretary of the Company or by the person acting as secretary at the Committee meeting. If required, the Minutes shall be prepared within a shorter period of time based on the schedule of the Board of Directors meetings and the schedule of circulating the materials to members of the Board of Directors.

6.6.4. The Minutes and the Recommendations, if any, shall be submitted to the Chairman of the Board of Directors or, if necessary, proposed for consideration at the next meeting of the Board of Directors. The Company's Secretary shall communicate the Committee resolutions to the members of the Board of Directors in full and in a timely manner.

6.6.5. The secretary of the Committee shall retain Minutes and Recommendations in accordance with the Company's document storage procedure.

6.6.6. All information regarding the activity and resolutions of the Committee shall be kept by the Corporate Secretary Office. Members of the Board of Directors shall be given, at their written request to the Chairman of the Committee, access to the Minutes and Recommendations, as well as to any materials provided to the Committee.

## **7. Interaction with the Company's governance and control bodies and business units. Performance assessment**

7.1. The Committee represented by its Chairman may directly interact with the Board of Directors, Management Board members (including President of the Company), Chairman of the Audit Commission, Company auditor, heads of the Company's services and business units.

7.2. The Company's executive bodies shall inform the Chairman of the Committee of any material changes related to matters falling within the Committee's remit. To properly perform its functions, the Committee may consult with the Company's governance and control bodies.

7.3. Where required and subject to approval by the Company's President, the Committee may engage the assistance of employees from the Company's business units who have relevant experience and skills.

7-4 The Committee members shall have access to information and materials required for considering matters within the remit of the Committee. Any requests for information and documents required for the Committee members shall be addressed to the Company's President and signed by the Chairman of the Committee.

7.5. The secretary of the Committee shall be responsible for technical and procedural aspects of the Committee's interaction with other bodies and units of the Company.

7.6 The Committee shall submit its annual operating report to the Board of Directors at least one (1) month prior to the Annual General Meeting of Shareholders.

7.7 Information on the Committee's activities for the reporting period shall be included in the Company's annual report.

## **8. Final provisions**

8.1. These Regulations shall be approved by resolution of the Board of Directors.

8.2. Any amendments or supplements hereto shall be approved by resolution of the Board of Directors.

8.3. These Regulations shall be published on the Company's website at <https://www.nornickel.com/>.