

New opportunities

Palladium for glass fibre

Pd

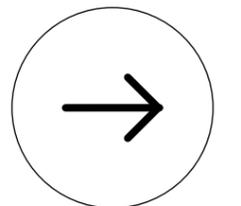
Glass fibre is a lightweight, durable, and corrosion-resistant material, which plays a key role in green energy. The use of palladium helps significantly reduce the cost of glass fibre production.

This complex, high-tech process involves equipment made from platinum-group metal alloys. To lower equipment costs, platinum in the alloy can be replaced with palladium. Since palladium has half the density of platinum, less of this valuable metal is needed to achieve the same performance.



06. Risk management

Risk management system	242
Climate-related risks	248
Key risks	254



Risk management system

The existing corporate risk management system is integrated¹ into the Company's business processes and enables effective risk-based decisions at various organisational levels to achieve strategic and operational goals.

The risk management system is based on the principles and requirements set forth in Russian laws, as well as professional standards, including the Corporate Governance Code recommended by the Bank of Russia, GOST R ISO 31000-2019 Risk Management. Principles and Guidelines, COSO Enterprise Risk Management – Integrating with Strategy and Performance, and Recommendations for Public Joint Stock Companies to Organise Risk Management, Internal Controls, Internal Auditing, and the Work of Auditing Committees Under Boards of Directors (Supervisory Boards) (Appendix to the Bank of Russia's Letter No. IN-06-28/143 dated 1 October 2020).

To manage production and infrastructure risks, Nornickel develops, approves, updates, and tests business continuity plans to maintain operations and take recovery steps in case of emergency.

Nornickel has set the following key risk management objectives:

Increase the likelihood of achieving the Company's goals

Improve resource allocation

Boost Nornickel's investment case and shareholder value

¹ For risk management to be effective, process risk management should be fully integrated into the organisation's risk management framework and processes (GOST R 51901.7-2017).

Risk management framework

- Board of Directors**

 - Audit Committee of the Board of Directors**
 - Approving the Corporate Risk Management Policy
 - Supervising the development of the risk management system
 - Approving the Corporate Risk Appetite Statement (annually)
 - Managing strategic risks on an ongoing basis
 - Reviewing and approving the risk management development roadmap and assessing its implementation status (annually)
 - Reviewing reports on strategic and key risks (annually/quarterly)
 - Assessing risk management effectiveness at Nornickel (annually)
- Management Board**

 - Risk Management Committee of the Management Board**
 - Reviewing strategic risks and reports on key risks
 - Reviewing materialised risks and lessons learned
 - Reviewing risk appetite metrics
 - Making decisions related to key risk management
 - Reviewing business continuity plans
 - Reviewing the strategy and development plans for the corporate risk management system (CRMS) and internal control system (ICS)
 - Reviewing the performance of dedicated risk management committees within business verticals
- Internal audit**

 - Making independent assessments of the effectiveness of risk management, internal controls, and corporate governance (annually)
- Internal control**

 - Providing methodological support and participating in risk assessment of business processes
- Risk Management Service**

 - Developing and updating the risk management methodology
 - Preparing reports on Nornickel's top risks (quarterly)
 - Preparing reports on strategic risks (annually)
 - Enhancing quantitative risk assessment with simulation modelling tools
 - Improving the Company's business continuity management system
 - Introducing the practice of using risk appetite
 - Ensuring employee training in practical approaches to risk management
 - Preparing the CRMS Development Roadmap, including based on regular maturity assessments
- Risk owners**

 - Providing day-to-day risk management within the integrated risk management model, including risk identification, analysis, assessment, and/or prioritisation, as well as development and execution of response plans and mitigation measures
 - Risk-based decision making

In 2024, the Company completed the following projects and initiatives to develop, improve, and maintain the maturity of its risk management system:

- Further improved automation tools for investment project risk management as well as integration between risk management and budget planning processes through an existing GRC system
- Updated the quantitative assessment of the cumulative impact of risks on functional strategies

- As part of risk culture fostering initiatives, provided training for Company employees, prepared an e-course on investment project risk management, and developed a risk culture self-diagnostic tool
- Maintained regular activities of the Management Board's Risk Management Committee and dedicated function-level risk management committees
- Ran a quantitative assessment of the cumulative impact of key risks on the Company's 2025 budget as well as an analysis of the budget sensitivity to key

risks, with follow-up risk management measures included in the budget

- Monitored Company-level and division-level risk appetite metrics
- Further improved quantitative assessment tools for operational risks
- Ran regular quantitative assessments of investment project risks
- Had the ESG risk management system independently assessed by a third party, confirming its high effectiveness

In line with risk management system improvement plans, the following areas have been prioritised for 2025:

Further automating risk management system functionality

Expanding the scope of quantitative risk assessment in strategic and operational planning

Enhancing the methodology to analyse, assess, and manage various categories and types of risks

Applying and enhancing the concept for assessing long-term climate-related risks in line with TCFD¹ requirements

Key strategic risks

The Company's strategic risks were updated in 2024. Nornickel sees the following groups of risks as its key risks:

Lower demand for the Company's products

Lower productivity and disruptions of operations

Increase in the Company's staffing shortage

Failure to achieve targets to reduce environmental footprint

Insurance

Insurance is an essential tool used to manage risks while protecting the property interests of Nornickel and its shareholders against any unforeseen losses related to operations, including due to external effects.

Nornickel has centralised its insurance function to ensure the consistent implementation of its uniform insurance policy and standards. The Company annually approves a comprehensive programme that defines key parameters by insurance type, key business area, and project. Nornickel has developed and implemented a corporate insurance programme that covers assets,

equipment failures, and business interruptions across the Group as well as enterprises in the core production chain, all on the same terms. The directors' and officers' liability, freight, information risks, construction and installation, various vehicles, and other types of liability insurance programmes of the Company are also centralised and promote continuity.

The Company applies industry best practice and leverages insurance market trends to negotiate the best insurance and insured risk management terms.

Nornickel maintains insurance contracts with major Russian insurers

¹ Task Force on Climate-related Financial Disclosures.

Risk map

Map of Nornickel's material risks with year-on-year changes in 2024



Risk: effect of uncertainty on objectives (ISO / GOST R 31000).

Risk source: element which alone or in combination has the potential to give rise to risk (ISO / GOST R 31000). The assessment takes into account the predominance of external or internal factors.

The Effect on Nornickel's Objectives scale shows the relative impact of risks.

A high-level map of Nornickel's material risks leverages global best practices in risk management. The risk map ranks material risks by effect on the Group's objectives and by source.

Changes in risk status in 2024 mainly reflect the effect of mitigating measures and changes in multiple external factors on the Company as it adapted to a new normal.

Risk

- 1 Price risk
- 6 Health and safety risks
- 10 Information security risks
- 2 Market risk
- 7 Permafrost degradation
- 11 Environmental risks
- 3 Financial risks
- 8 Supply chain risks
- 12 Low water levels in rivers
- 4 Technical and production risk
- 9 Compliance risk
- 13 Social risk
- 5 Investment project risks

Year-on-year

- Risk increased year-on-year
- Risk decreased year-on-year
- Risk has not changed year-on-year

Climate-related risks



For more details on Nornickel's climate-related risks and opportunities, please see our [Climate Change Report](#).

Nornickel assesses climate-related risks and opportunities based on the Bank of Russia's recommendations for public joint stock companies to disclose non-financial information¹ as well as TCFD recommendations, which prioritise the following risk categories:

- **Physical risks.** Can manifest themselves as extreme weather events (acute) or longer-term shifts in climate patterns (chronic). Consequences of climate-related physical risks for the Company can include permafrost thawing, changes in water levels in water bodies, precipitation amounts and

patterns, and other climate risk factors that may have a significant adverse impact on the Group's operations

- **Transition risks.** Arise from the global transition to a low-carbon economy. Key risks of this type include relevant political, regulatory, technological, market, and reputational risks that can substantially affect demand for Nornickel products

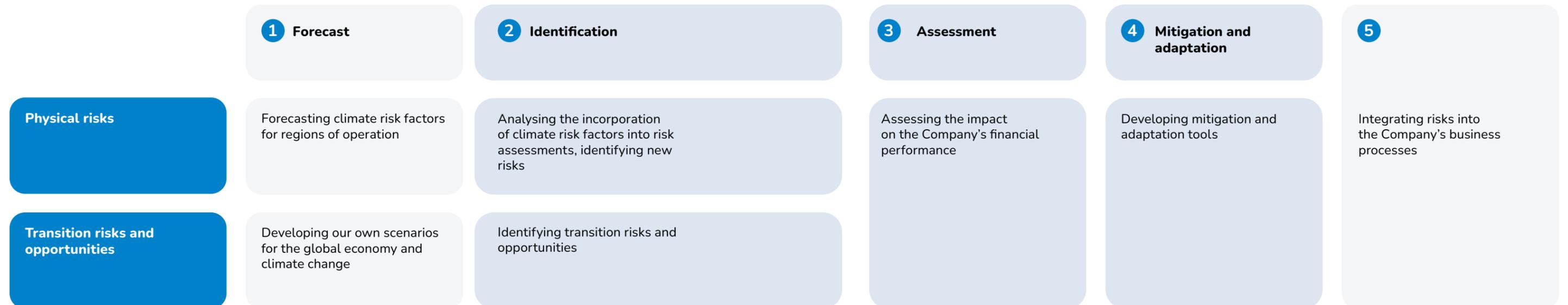
The Company's assets are located in regions that have long been affected by climate change, which is reflected in our current technical, production, and environmental risks.

The Company continues integrating its climate risk and climate-related risk factor management process into its business processes in accordance with TCFD and COSO recommendations. The continued integration of physical risks implies structuring the procedure and rules around managing both current and longer-term risks. Transition risks can be classified in line with TCFD recommendations both as a standalone risk and as a risk factor for other risks. The Company has compiled a list of its transition risks and ran their pilot assessment.

As part of implementing the TCFD Compliance Roadmap and meeting the objectives set in the corporate Environmental and Climate Change Strategy, Nornickel has been improving its climate risk management.



Developing climate risk management procedures



¹ The Bank of Russia's Information Letter No. IN-06-28/49, On Recommendations for Public Joint Stock Companies to Disclose Non-Financial Information Related to Their Activities, dated 12 July 2021.

The analysis of physical risks relies on public scenarios of the Intergovernmental Panel on Climate Change (SSP1-2.6, SSP2-4.5, SSP5-8.5) localised for all regions where the Company operates its production facilities. To analyse transition risks, we rely on our own

scenarios for the global economy and climate change until 2050. As part of permafrost thawing risk management, the Company further develops its facility monitoring system for continuous automated monitoring of permafrost foundation soil temperature and foundation

deformations. The monitoring system is developed by the Buildings and Structures Monitoring Centre, which is responsible for technical supervision and permafrost monitoring and serves as a centre of excellence in engineering geology.

Physical risks

Permafrost degradation

Loss of bearing capacity by pile foundation beds may lead to deformation and collapse of buildings and structures.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
Average annual temperature increases, including over the last 15 to 20 years, that have resulted in a deeper seasonal permafrost thawing	<ul style="list-style-type: none"> Effective delivery of finished products (metals) in line with the production programme Social responsibility: comfort and safety of people living in Nornickel's regions of operation No emergency situations of interregional or nationwide scale, including environmental damage 	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: external Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> regularly assesses the ongoing technical condition of Nornickel's buildings and structures by tracking soil temperature in the foundations of buildings and structures, conducting geodetic surveys to measure their movement, and scaling the information and diagnostic system (in particular, through deploying automated observation points to monitor the key factors that affect the safe operation of buildings and structures) takes corrective and adaptive actions to ensure that buildings and structures are technically operational.

Low water levels in rivers

Water shortages in storage reservoirs of Nornickel's hydropower facilities may result in failure to achieve required water pressures at HPP turbines, leading to lower power output and to drinking water shortages in Norilsk.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
Extreme weather events (droughts) caused by climate change	<ul style="list-style-type: none"> Social responsibility: comfort and safety of people living in Nornickel's regions of operation Lower share of renewables in the Company's energy mix 	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: external Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> improves the performance of the closed water circuit to reduce fresh water withdrawal from surface sources (water bodies) carries out regular hydrological observations to forecast water levels in rivers and other water bodies cooperates with the Federal Service for Hydrometeorology and Environmental Monitoring (Rosgidromet) on setting up permanent hydrological and meteorological monitoring stations in order to improve the accuracy of water level forecasts for major rivers across Nornickel's regions of operation dredges the Norilskaya River in the water withdrawal areas to increase water withdrawal reliability during low water periods implements a number of measures to reduce water consumption by boosting the performance of equipment and production chains replaced hydropower units at the Ust-Khantayskaya HPP to increase power output through improving the hydropower units' performance.

Transition risks and opportunities

To assess risks and opportunities arising from the global energy transition, Nornickel has developed three own long-term scenarios for the global economy and climate change.

For this exercise, we engaged experts from the Institute for Economic Forecasting of the Russian Academy of Sciences (IEF RAS) and conducted an analysis of some 190 available public scenarios from widely recognised

sources. The resulting three global economy and climate change scenarios are aligned with climate change pathways described in IPCC's public scenarios SSP1-2.6, SSP2-4.5, and SSP5-8.5.

At the end of 2024, the scenarios were updated to reflect actual data for 2022–2023 and the extension of the forecast horizon to 2060. The probability of the Rapid Transition scenario was lowered from 25% to 20% due to a more

than 2% increase in global emissions over 2021–2023, which hampers the decarbonisation of the global economy. The probability of the Sustainable Palladium scenario was raised to 75% as it aligns most closely with current trends.

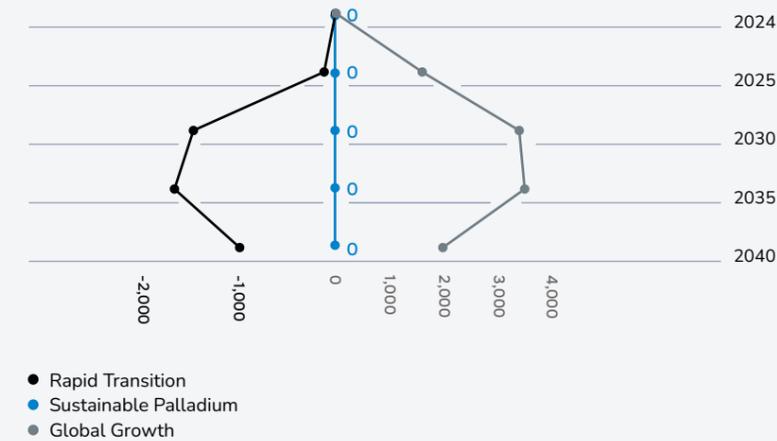
Key characteristics of the scenarios developed to assess transition risks and opportunities until 2060

Scenarios	Rapid Transition SSP1-2.6	Sustainable Palladium SSP2-4.5	Global Growth SSP5-8.5
Probability	20%	75%	5%
Development focus	Low-carbon development paradigm with the global community's efforts focused on the reduction of GHG emissions	Maintaining current socioeconomic trends. Traditional industries remain centre stage along with the green economy	Abandoning efforts to curb climate change with further rapid economic growth fuelled by hydrocarbons
Inflation	High	Moderate	Low
Resource/energy intensity	Low	Moderate reduction	High
Climate regulation	Strict	Moderate	Insignificant
CO₂ prices	Major increase	Moderate increase	At 2021 levels
Temperature change by 2050¹	+1.8 °C	+2.0 °C	+2.4 °C

The Company has chosen the Sustainable Palladium as its baseline scenario, according to which traditional industries are expected to remain centre stage along with the growing green economy. In particular, internal combustion engine vehicles

are expected to retain a large market share, resulting in a steady long-term demand for palladium. The other two scenarios are used by the Company to stress-test climate-related risks.

Scenario analysis of the consolidated financial and economic model until 2040



The analysis has shown that the EBITDA forecast is most favourable for the Company in the Global Growth scenario

Based on the updated scenarios, Nornickel has conducted a scenario analysis of the consolidated financial and economic model until 2040. The analysis has shown that the EBITDA forecast is most favourable for the Company in the Global Growth scenario and least favourable in the Rapid Transition scenario. The key growth drivers behind the highest EBITDA figures in the Global Growth scenario include the highest GDP and population growth rates, which will fuel the strongest demand for palladium and copper

vs the other two scenarios. However, the Company estimates the probability of the Global Growth scenario at 5%.

Although the Rapid Transition scenario is based on the most aggressive decarbonisation rates, which is impossible without green metals – nickel and copper, – the scenario projects the global economy to slow down, with the lowest GDP and population growth rates. On top of that, the total car fleet, along with the fleet of passenger EVs, hydrogen cars,

and plug-in hybrids, in the Rapid Transition scenario will be lower than that in the Sustainable Palladium scenario as a result of the general trend towards reduction in car ownership and use as well as ride-sharing development. The probability of the Rapid Transition scenario is estimated at 20%

After 2034, the stress scenarios are closer to the Sustainable Palladium baseline scenario due to their different metal price growth rates, which are higher in Rapid Transition and, in contrast, lower in Global Growth vs Sustainable Palladium.



For the full list of climate-related risks, please see [Nornickel's Climate Change Report](#).

¹ Growth in temperature vs pre-industrial levels.

Key risks

Nornickel's risks are all inherent to its strategic and operational development and business continuity goals. Key risks have a varying degree of effect on Nornickel's objectives.

Price risk

Potential decrease in sales revenues due to lower prices for Nornickel metals is subject to actual or potential changes in demand and supply in certain metals markets, global macroeconomic trends, and the financial community's appetite for speculative/investment transactions in the commodity markets.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Lower demand for metals produced by Nornickel A slowdown in the global economy in general and in the economies consuming Nornickel metals in particular Supply and demand imbalance in metals markets Replacement of metals produced by the Company with alternative materials Unfavourable monetary policy 	Upgrade of the existing and construction of new facilities to ramp up our output of key metals and maintain financial stability	<ul style="list-style-type: none"> Effect on objectives: high Risk source: external Year-on-year change in risk: stable 	Nornickel is consciously accepting the existing price risk. To manage this risk, Nornickel: <ul style="list-style-type: none"> continuously monitors and forecasts supply and demand dynamics for core metals secures feedstock supplies for key consumers through long-term contracts to deliver metals in fixed volumes as a member of the Nickel Institute and the International Platinum Group Metals Association, works with other nickel and PGM producers to maintain and expand the demand for these metals searches for new applications and uses for palladium.

Market risk

Lower competitiveness of Nornickel products in the market may result in their lower liquidity, discounts to the market price, and a decrease in Nornickel's income.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Foreign regulators imposing new foreign trade restrictions that impact the Company's activities Competition from producers of cheaper nickel More aggressive transport electrification programmes, requirements on metals and their forms Stricter market requirements for product quality and ESG compliance 	Upgrade of the existing and construction of new facilities to ramp up our output of key metals and maintain financial stability	<ul style="list-style-type: none"> Effect on objectives: high Risk source: mixed Year-on-year change in risk: stable 	To manage this risk, Nornickel: <ul style="list-style-type: none"> monitors and analyses changes in market requirements for product quality and forms and for ESG compliance stimulates the demand for its key metals monitors changes in the vehicle fleet mix by engine type and requirements for metals used diversifies its metal product sales across industries and geographies improves and diversifies its product range cooperates with industry institutions to maintain access to relevant sales markets for its metals cooperates with Russian ministries and agencies to prevent/mitigate negative impacts of local or international regulation implements an ESG roadmap seeks partnership opportunities with key producers of cathodes for lithium-ion batteries fosters strategic partnerships with key representatives of its consuming industries engages in joint projects to drive nickel demand in Russia works on building and enhancing alternative PGM supply/trading platforms.

Financial risks

This group includes FX, interest rate, and liquidity risks as well as other risks related to the financial security of the Company's operations and investments.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Increased debt financing costs Deteriorating market conditions Sharp rouble exchange rate fluctuations Inability to raise debt financing due to deterioration in financial markets Lack of access to key segments of global financial markets (debt and derivatives), limited access to the foreign currency debt market Unexpected major expenses Counterparty credit risk Foreign regulators imposing restrictions that affect Nornickel's operations as well as its key business and infrastructure partners 	<ul style="list-style-type: none"> A debt portfolio with a well-balanced profile in terms of maturity, currency composition, and sources of financing Maintaining a strong investment case 	<ul style="list-style-type: none"> Effect on objectives: high Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> maintains a balanced debt portfolio raises additional rouble-denominated debt to prevent a liquidity shortfall holds liquidity reserves on the Group's balance sheet to ensure timely payments monitors its account balances and existing cash gaps as well as the availability of liquidity reserves on its balance sheet regularly evaluates key potential risk events through scenario modelling and develops prevention and response plans constantly seeks new potential partners among borrowing and financial institutions, expanding and diversifying its financial infrastructure uses different financial models for various purposes, expands the array of financial risk assessment tools (stress testing and reverse stress testing of all financial risks and risk factors considering their combinations, interrelations, and changes over time).

Technical and production risks

Technical, production, or natural phenomena which, once materialised, could have a negative impact on the implementation of the production programme and cause equipment breakdown or result in the need to compensate damage to third parties.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Harsh natural and climatic conditions, including low temperatures, storm winds, and snow load Unscheduled stoppages of core equipment caused by fixed assets' wear and tear Release of explosive gases and flooding of mines Collapse of buildings or structures Infrastructure breakdowns 	<p>Effective delivery of finished products (metals) in line with the production programme</p>	<ul style="list-style-type: none"> Effect on objectives: high Risk source: mixed Year-on-year change in risk: decreased 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> ensures proper and safe operation of its assets in line with the requirements of technical documentation as well as technical rules and regulations as prescribed by local laws across Nornickel's footprint develops ranking criteria and criticality assessment for the Group's key industrial assets ensures timely replacement of fixed assets to consistently achieve production reliability targets continuously monitors the ongoing condition of Nornickel's buildings and structures via an information system for conducting geotechnical surveys uses satellite technology to monitor Nornickel's assets and further analyse the data implements automated systems to control equipment process flows, uses state-of-the-art engineering controls improves its maintenance and repair system trains and educates its employees both locally on-site and centrally through its corporate training centres systematically identifies, assesses, and monitors technical and production risks, implements a programme of organisational and technical measures to mitigate relevant risks continuously monitors the industrial asset management system ensures risk review by collective bodies at all management levels of the Company develops its technical and production risk management system, including by engaging independent experts to assess the system's performance and completeness of risk data develops and tests business continuity plans, which outline the steps that need to be taken by Nornickel's personnel and internal contractors in case of technical and production risks causing maximum damage. These plans ensure that Nornickel resumes its production operations as soon as possible after any disruption engages, on a regular basis, independent surveyors to analyse Nornickel's exposure to disruptions in the production chain and make assessments of related risks.

Investment project risks

Risk related to time and budget overruns as well as to failure to meet performance targets of Nornickel's major investment projects.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Changes in forecasts of ore volumes, grades, and properties resulting from follow-up exploration Changes in investment project timelines Further changes to budgets of investment projects Amendments to project performance targets in the course of implementation 	<ul style="list-style-type: none"> Strategic goal: growth driven by Tier 1 assets Developing Nornickel's mining, concentration, and metallurgical assets Developing the Company's mineral resource base and upgrading core production processes at Nornickel's Tier 1 assets 	<ul style="list-style-type: none"> Effect on objectives: high Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> carries out accelerated exploration and updates project performance targets and the mining plan (a long-term production plan) based on the progress of its major investment projects developing the mineral resource base conducts resource, geomechanical, and hydrogeological modelling holds external audits of geological data develops an in-house geological and mining information system models mining options in geological and mining information systems as part of the project assurance process, conducts internal (cross-functional) audits of major investment projects at each stage in their life cycle improves incentives to drive project delivery and build skills and capabilities (including staff certification, identification of improvement areas, and provision of tailored training) improves project delivery standards, develops project management tools promotes the use of pilot units across all technically challenging and unique processing stages redesigns projects and substitutes supply routes to source materials/services from friendly countries implements a transformation programme for a research institute to improve the quality and reduce the timelines of R&D projects and survey and engineering activities enhances project management competences of project teams and ensures regular best practice sharing.

Health and safety risks

Failure to comply with Nornickel's health and safety (H&S) rules may result in threats to health and life or temporary suspension of operations, or cause property damage.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Suboptimal methods of work organisation Process flow disruptions Exposure to hazards 	Health and safety	<ul style="list-style-type: none"> Effect on objectives: high Risk source: internal Year-on-year change in risk: stable 	<p>Pursuant to the Occupational Health and Safety Policy approved by the Board of Directors, Nornickel:</p> <ul style="list-style-type: none"> continuously monitors compliance with H&S requirements improves the working conditions for its employees and contractors deployed at Nornickel's production facilities, including by implementing new technologies and labour-saving solutions as well as through enhancing industrial safety at production facilities provides employees with certified state-of-the-art personal protective equipment improves the system of stationary gas analysers, provides employees with portable gas analysers carries out preventive and therapeutic interventions and enforces hygiene protocols to reduce the potential impact of work-related hazards provides regular training and briefings to employees on health and safety, assesses their health and safety performance, and conducts corporate workshops, including by deploying special simulator units enhances methodological support for H&S functions, including through the development and implementation of corporate standards improves the risk assessment and management framework across Group enterprises as part of the Risk Control project reviews the competencies of line managers across Nornickel's production enterprises, develops H&S training programmes, and arranges relevant trainings holds H&S competitions communicates the circumstances and causes of accidents to all Nornickel employees, conducts ad hoc safety briefings introduces frameworks to manage technical, technological, organisational, and HR changes.

Compliance risks

The risk of legal liability, significant financial losses, suspension of production, revocation/suspension of a licence, loss of reputation, or other adverse effects arising from Nor nickel's non-compliance with applicable laws, regulations, instructions, rules, standards, codes of conduct, or from the imposition of sanctions and/or other corrective measures by external supervisory bodies.

Key risk factors	Effect on Nor nickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Discrepancies in rules and regulations Considerable powers and a high degree of discretion exercised by supervisory bodies Regulatory instability Market practices driven by business customs and specific to the country 	Compliance by the Group with applicable laws, regulatory requirements, corporate standards, and business codes	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nor nickel:</p> <ul style="list-style-type: none"> ensures the development and update of key procedural documents on compliance applies best practices to further improve the compliance system takes measures to ensure its compliance with applicable laws protects its interests during regulatory inspections and administrative proceedings ensures that agreements signed by Nor nickel contain clauses safeguarding its interests ensures pre-contractual due diligence of counterparties, partners, and suppliers takes measures to prevent and mitigate compliance risks at the Group consistently keeps employees up to date on the Company's requirements and measures to mitigate compliance risks ensures that the Corporate Trust Line receives and handles reports of corruption, fraud, embezzlement, or other wrongdoing, either planned or committed maintains and enhances an antitrust compliance system ensures performance evaluation of compliance controls at the Group incorporates compliance metrics in relevant officers' key performance indicators.

Information security risks

This group includes risks such as potential cybercrimes, a potential unauthorised transfer, modification, or destruction of data assets, disruption or reduced efficiency of Nor nickel's IT services as well as business, technological, or production processes.

Key risk factors	Effect on Nor nickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Growing external threats Unfair competition Rapid development of Nor nickel's IT infrastructure and automation of technological and business processes Unlawful acts by Nor nickel employees and/or third parties Working from home / hybrid work schedule and hiring remote employees outside Nor nickel's regions of operation 	Mitigation of the information security risk and risk of cyberattacks on Nor nickel's information systems and automated process control systems	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nor nickel:</p> <ul style="list-style-type: none"> ensures compliance with applicable laws and regulations with respect to the protection of personal data, trade secrets, insider information, and critical information infrastructure implements MMC Nor ilsk Nickel's Information Security Policy categorises data assets and makes information security risk assessments embeds and monitors compliance with corporate information security standards within information systems and automated process control systems raises information security awareness among its employees uses technical means to ensure information security of assets and manage access to data assets monitors threats to information security and the use of technical protection means, including vulnerability analysis, penetration testing, cryptographic protection of communication channels, controlled access to removable media, protection against confidential data leaks, and mobile device management develops information security regulations sets up and certifies the Company's information security management system implements measures to ensure safe remote access.

Environmental risks

This risk group includes events that result in environmental pollution, are not provided for in approved process flows and Russian laws, and affect the achievement of the Company's environmental goals.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Failure to comply with the requirements of environmental laws when operating the Company's facilities Poor internal management and control Delay in implementing environmental programmes and measures Natural and climate phenomena 	Compliance of business with applicable environmental laws, regulations, corporate standards, and business codes related to environmental protection	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: mixed Year-on-year change in risk: decreased 	<p>To manage these risks, Nornickel:</p> <ul style="list-style-type: none"> develops, implements, and improves environmentally sustainable business processes and introduces advanced practices and approaches has in place an incentive system and promotes environmental competencies of its employees implements its Environmental and Climate Change Strategy implements environmental initiatives across the Group oversees environmental compliance and the implementation of environmental programmes and measures.

Social risk

Tensions may escalate among the workforce due to the deterioration of social and economic conditions in Nornickel's regions of operation.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Headcount / staff composition optimisation projects Rejection of Nornickel's values by individual employees and/or third parties Limited ability to perform annual wage indexation 	Social responsibility: <ul style="list-style-type: none"> Partnering with regional and local authorities to develop a social infrastructure that supports a safe and comfortable living environment for local communities 	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> strictly adheres to the terms and conditions of collective bargaining agreements between Group companies and employees (the Group has signed a total of 22 collective bargaining agreements) interacts with regional authorities, municipalities, and civil society institutions fulfils its social obligations under public-private partnership agreements runs corporate social responsibility programmes and the World of New Opportunities charity programme aimed at supporting and promoting regional community initiatives, including by indigenous peoples of Taimyr, and the Plant of Goodness employee volunteering programme

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Dissemination of false and inaccurate information about Nornickel's plans and operations among Group employees Reallocation of funds originally intended for social programmes and charity 	<ul style="list-style-type: none"> Facilitating the employees' professional and cultural development and building up talent pools across Nornickel's regions of operation Running wide-ranging charity programmes and projects 		<ul style="list-style-type: none"> implements infrastructure projects to support the accelerated development of the service economy and improved living standards across Nornickel's regions of operation through the Norilsk Development Agency, the Second School centre for community initiatives in the Pechengsky District, and the Monchegorsk Development Agency carries out regular sociological monitoring across its operations surveys Norilsk residents on living standards, employment, migration trends, and general social sentiment to identify major issues runs social projects and programmes aimed at supporting employees and their families as well as Nornickel's former employees maintains dialogues with stakeholders and conducts stakeholder questionnaire surveys when preparing the Group's public sustainability reports provides a range of social support measures to redundant staff under the Kola operations' social programmes and designs the Social and Economic Development Strategy of the Pechengsky District.

Supply chain risks

Supply chain interruption/disruption within the existing transport and logistics system.

Key risk factors	Effect on Nornickel's development goals and strategy	Risk assessment	Key mitigants
<ul style="list-style-type: none"> Challenging natural and climatic conditions in the regions of operation Limitations of the transport and logistics system Growing inflation, FX rates, pricing pressure from suppliers, poor planning, and other factors Breach of contracts by contractors Foreign regulators imposing restrictions that affect Nornickel's operations and its key business partners 	<ul style="list-style-type: none"> Effective delivery of finished products in line with the production programme Timely supply of products to consumers 	<ul style="list-style-type: none"> Effect on objectives: medium Risk source: mixed Year-on-year change in risk: stable 	<p>To manage this risk, Nornickel:</p> <ul style="list-style-type: none"> actively engages Russian manufacturers to expand competition uses long-term agreements / contracts / price lists with fixed optimal prices for materials, equipment, and spare parts on terms that are most beneficial for the Company drafts lists of critical manufacturers of equipment and materials, works to prevent supply disruptions, and monitors the suppliers' performance implements its Logistics Infrastructure Development Programme implements its Procurement Performance Enhancement Programme.