

Securities taxation

Income from securities is taxable pursuant to the applicable laws of the Russian Federation.

Under international double tax treaties, non-Russian tax residents may claim a reduced rate of withholding tax or relief from tax in Russia¹. To claim these benefits, non-residents need

to submit the following confirmations to their Russian tax agent paying the income:

- A confirmation of permanent residence in a state with which the Russian Federation has a double tax treaty (tax residency certificate)
- A confirmation of the actual right to receive income
- A confirmation that they meet other conditions set forth in the applicable treaty

If such confirmations are not provided by the date of income payment, the tax shall be withheld at the standard rates.

Dividend tax formula for Russian residents

$$AT = P \times TR \times (D_1 - D_2),$$

where

AT – amount of tax to be withheld

P – proportion of the dividend amount payable to one recipient to the total dividend amount to be distributed

TR – tax rate stipulated by the Russian Tax Code

D₁ – dividend amount to be distributed among all recipients

D₂ – dividend amount² received by the organization at the time of distribution of dividends in favor of shareholders (participants), provided that previously this amount was not included in the taxable income

Taxation of income from securities (%)

Shareholder	From transactions	Interest	Dividend
INDIVIDUALS			
Residents	13/15 ^{3,4}	13/15 ⁴	13/15 ⁴
Non-residents	30 ³	30	15
LEGAL ENTITIES			
Residents	20 ³	20	13 ⁵
Non-residents	20 ⁶	20	15

¹ Executive Order of the Russian President No. 585 dated 8 August 2023 suspended the main provisions of double tax treaties between Russia and “unfriendly” countries.

² Excluding the dividend amount eligible for a zero tax rate pursuant to Subclauses 1-1.1, Clause 3, Article 284 of the Russian Tax Code.

³ Or 0%, if by the selling date the Company shares have been held for more than five years and the requirements for the share of real estate in the Company’s assets as outlined in Clause 2, Article 284.2 of the Russian Tax Code have been met. The terms and conditions of applying the 0% rate to international holding companies are set forth in Article 284.7 of the Russian Tax Code. Pursuant to Subclause 1, Clause 1, Article 219.1 of the Russian Tax Code, individuals who are Russian tax residents are eligible for investment tax deductions in the amount of the profits from sales of the Company shares owned by the taxpayer for over three years.

⁴ Pursuant to Clause 1, Article 224 of the Russian Tax Code, a tax rate of 15% applies to income over RUB 5 million for the reporting period.

⁵ If the income is classified as income of a foreign entity from sources in Russia in accordance with Clause 1, Article 309 of the Russian Tax Code.

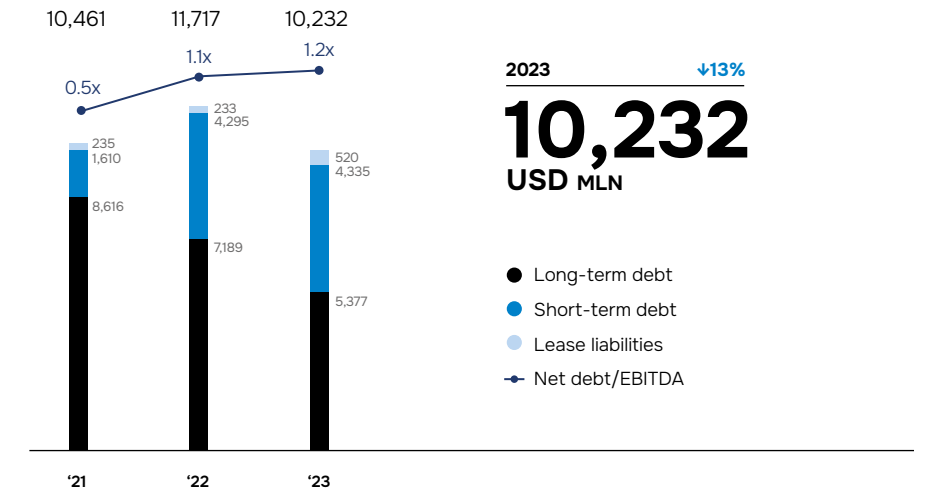
⁶ If the income is classified as income of a foreign entity from sources in Russia in accordance with Clause 1, Article 309 of the Russian Tax Code.

Debt portfolio management

Debt management

Nornickel maintains a conservative approach to managing its debt. As at 2023-end, its net debt/12M EBITDA stood at 1.2x. To raise new debt, the Company considers both public instruments and bank loans, striving to balance both in its debt portfolio. When choosing debt financing sources, the Company pays particular attention to the debt currency and loan parameters. The Company strives to maintain a comfortable level of liquidity and standby credit facilities to cover its refinancing needs.

Debt profile (USD MLN)



As at 2023-end, the Company’s debt decreased by 13% from 31 December 2022 to USD 10,232 million, driven among others by a weaker rouble during 2023.

Bonds

In May, the Company placed a five-year RUB 60 billion exchange-traded bond with a coupon rate of RUONIA + 1.3%, named by Cbonds as the Best Primary Offering of a Metals Company.

In April, the Company timely fulfilled its obligation to redeem its USD 1 billion eurobond.

The Company closely monitors changes in the external regulatory environment to enable timely responses, while prioritising strict compliance with the terms of debt

instruments and promptly aligning loan documents with applicable laws. The Company meets all payment schedules on time, fully servicing its debt as planned. In addition, the Company timely renews permits from the Russian Government required to make payments of principal and interest in foreign currencies to foreign creditors.

The Company continues to make split coupon payments on all of its eurobonds in accordance with the terms and conditions of the offering documents and the requirements of Russian laws: payments to holders whose rights are recorded by Russian depositories and holders whose rights are recorded by foreign institutions. The scheduled redemption of the eurobond in April also involved split payments.

In November 2023, the Expert RA national rating agency affirmed the Company’s highest investment-grade credit rating “ruAAA”.

In December 2023, as required by Executive Order of the Russian President No. 430 dated 5 July 2022, the Company placed replacement bonds¹ to substitute for the eurobonds maturing in 2025 and 2026. The outstanding issues were worth USD 315.6 million and USD 333.5 million, respectively. In October 2023, the Company was permitted not to place replacement bonds to substitute for the eurobonds maturing in 2024.

As at 2023-end, ten bond issues were outstanding:


- ✔️ three eurobond issues worth a total of USD 1.1 billion (nominal value is net of the nominal value of replacement bonds issued)
- ✔️ three bond issues worth a total of RUB 110 billion
- ✔️ two replacement bond issues worth a total of USD 649 mln
- ✔️ two bond issues worth a total of CNY 9 billion

Outstanding eurobonds

Instrument	Offering date / maturity date	Issue size	Coupon rate (%)	Coupon frequency
ISSUER: MMC FINANCE D.A.C.				
Eurobond 2024 (LPN)	28.10.2019/28.10.2024	USD 750 mln	3.375	Twice a year
Eurobond 2025 (LPN)	11.09.2020/11.09.2025	USD 500 mln ²	2.55	
Eurobond 2026 (LPN)	27.10.2021/27.10.2026	USD 500 mln ³	2.80	

Outstanding replacement bonds

Instrument	ISIN	Offering date / maturity date	Issue size	Coupon rate (%)	Coupon frequency
ISSUER: MMC NORILSK NICKEL					
Exchange-traded bond, BO-001P-01	RU000A100VQ6	01.10.2019 / 24.09.2024	RUB 25 bn	7.20	Every 182 days starting from the offering date
Exchange-traded bond, BO-001P-02	RU000A105A61	11.10.2022 / 05.10.2027 (put option expiring 14.10.2025)	RUB 25 bn	9.75	
Exchange-traded bond, BO-001P-05-CNY	RU000A105ML5	19.12.2022 / 15.12.2025	CNY 4 bn	3.95	
Exchange-traded bond, BO-001P-06-CNY	RU000A105NL3	22.12.2022/18.06.2026 (put option expiring 25.12.2025)	CNY 5 bn	LPR 1Y+ 0.1	Every 91 days starting from the offering date
Exchange-traded bond, BO-09	RU000A1069N8	24.05.2023/17.05.2028	RUB 60 bn	RUONIA + 1.3	
Exchange-traded bond, ZO25-D	RU000A107BL4	20.12.2023 / 11.09.2025	USD 315.559 mln	2.55	Twice a year
Exchange-traded bond, ZO26-D	RU000A107C67	22.12.2023/27.10.2026	USD 333.485 mln	2.8	

 Information on debt instruments is posted on the Company website.

¹ Bonds which, when placed, are paid for in eurobonds or in cash with the proceeds earmarked to purchase eurobonds.

² Issue size net of replacement bonds is USD 184.4 million.

³ Issue size net of replacement bonds is USD 166.5 million

Shareholder relations

Nornickel maintains an active dialogue with a wide universe of Russian and international investors and security analysts. The Company holds regular conference calls and meetings with investors, participates in investment conferences, and organises site visits to the Company's production facilities.

In 2023, the Company remained committed to global best practice for disclosure, using an array of disclosure tools, including press releases, presentations, annual and sustainability reports, corporate action notices, as well as interactive tools. Nornickel provides disclosure both in Russian and in English. Materials for investors are available in the Investors section of the Company website.

The number of retail investors in the reporting period exceeded 400 thousand, accounting for about 11% in Nornickel's shareholding structure. Growing the number of retail investors and their share in the Company's authorised capital to 25% remains a strategic priority.

In 2023, Nornickel continued to actively deliver on its retail investor strategy:

- Nornickel's presence on retail investor social networks: promoting accounts on professional platforms Pulse, Profit and Smart-Lab to engage with market participants.

Nornickel's blog is among the top 10 most visited account profiles across all platforms

- Leveraging information channels: participating in webinars, podcasts, video conferences with brokers, live broadcasts with bloggers, and conferences in Telegram channels
- Creating educational content: publishing analytical reports in Russian on the non-ferrous metals market (metals market review) and participating in the Let's Go Figure It Out travel project to explain the inner workings of major companies
- Participating in dedicated conferences for retail investors: Smart-Lab annual conference, Tinkoff House within the St Petersburg International Economic Forum, Association of Retail Investors, and ATON industry conferences

- Engaging prime customers in the private and premium banking segments: holding meetings with prime customers of major Russian banks

In August 2023, Nornickel supported the first youth forum on financial literacy, Healthy Finance in Bobrovoy Log: Invest Smartly.

The forum's objective is to give young people essential knowledge about the basics of investing in a fun way and to demonstrate that a competent and balanced approach can make investments a reliable source of income. Experts, analysts, and bloggers spoke to school graduates and university students about financial literacy and shared useful tips on how to manage personal funds and investments. More than 300 people attended the event, and about 6,000 people watched the online broadcast of the forum.

In 2023, Nornickel participated in over 50 investor and shareholder events