

## ACRA ASSIGNS ESG-AA, LEVEL ESG-3 TO LLC “GRK “BYSTRINSKOE”

### ALEXANDRA USTIMOVA

Analyst, Sustainable Development Risk  
Assessment Group

+7 (495) 139 04 80, ext. 159  
alexandra.ustimova@acra-ratings.ru

### VLADIMIR GORCHAKOV

Director, Head of Sustainable Development Risk  
Assessment Group

+7 (495) 139 04 80, ext. 132  
vladimir.gorchakov@acra-ratings.ru

ACRA has assigned ESG-AA, level ESG-3 to LLC “GRK “Bystrinskoe” (hereinafter, GRK Bystrinskoe or the Company), which corresponds to a very high score in the field of the environment, social responsibility and governance. According to the [Methodology for Assigning ESG Ratings](#), a **very high score in the field of the environment, social responsibility and governance** means that increased attention is paid to these issues.

The rating is based on the Company’s favorable indicators in the field of the environment, social responsibility and corporate governance compared to the companies in the sample. In addition, the Company has policies and procedures for managing individual industry ESG risks, as well as a relatively high level of compliance with best practices.

“GRK “Bystrinskoe” (Bystrinsky Mining and Processing Plant) is one of the largest greenfield projects of PJSC “MMC “NORILSK NICKEL” (hereinafter, Norilsk Nickel) in the industry, which includes the open-pit development of the Bystrinskoe deposit and the construction of a mining and processing plant with full infrastructure.

### KEY ASSESSMENT FACTORS

GRK Bystrinskoe demonstrates positive (low) indicators for water consumption, emissions of harmful substances, Scope 1 greenhouse gas (GHG) emissions, energy consumption and wastewater discharge per unit of revenue in monetary terms compared to the companies in the sample. The Company received the most conservative score for the indicator of waste generation per unit of revenue. These scores are related to the specifics of the Company’s activities (a greenfield project for the extraction of polymetallic ores). At the same time, the Agency applied positive adjustments for the dynamics of specific indicators of waste generation, GHG emissions (a decrease in specific values), and a negative adjustment for the dynamics of the indicator of specific wastewater discharge (an increase in specific values).

The Agency applied a positive modifier when assessing the Bystrinskoe Gas Processing Plant because it provides for more than 85% of water resources through recycled water (more than 90%).

At the same time, ACRA applied a negative modifier due to the fact that the specific indicators of environmental impact are significantly better than the sample due to the specifics of the business model<sup>1</sup>.

---

<sup>1</sup> GRK Bystrinskoe is being compared to companies of the Diversified Metals and Mining industry, which have complete production chains, including high stages of processing of primary materials, while GRK Bystrinskoe is engaged only in the extraction and primary processing of ore.

The Agency also applied an additional analytical adjustment for the disclosure of GHG emission data (Scope 3). A very small number of companies in the Russian Federation disclose this information.

In general, the Company has a very high level of management of environmental risks. The Company received maximum scores for most industry risks that the Agency believes are relevant. The management of such risks as Lack of Monitoring of Environmental Trends/Technologies, Conflicts with the Local Population on Environmental Issues, and Non-Environmental Transportation/Loading/Unloading, in the Agency's opinion, is an area for improvement for GRK Bystrinskoe in terms of the availability of measurable performance indicators and relevant internal regulatory documents.

The level of elaboration of environmental issues is at a high level at the Company. GRK Bystrinskoe continuously assesses environmental and climate risks, has adopted an environmental policy, calculates and verifies the carbon footprint of its products, and also performs scenario analysis to assess the impact of climatic factors on its activities over different time horizons and under various climate change scenarios. The Company has a certified environmental management system, as well an energy and water efficiency program with specified performance targets. The Company's key goals for reducing environmental impact are set out in the environmental and climate change strategy approved by the board of directors of Norilsk Nickel, and quantitative targets for preserving biodiversity are set out in Norilsk Nickel's Program Statement on the Preservation of Biological Diversity.

The presence of a certified energy management system is a potential area of improvement for the Company.

GRK Bystrinskoe has a low injury rate and a zero level of fatal injuries, as well as a high level of social investment in relation to revenues. Gender equality indicators and the average salary correspond to the industry averages. The staff turnover indicator, which is higher than the industry average, had a constraining effect on the score. The Agency applied adjustments for the negative dynamics of staff turnover and injury indicators.

In addition, ACRA applied a number of positive modifiers for the use of automated safety control systems, high employee training coverage, annual indexation of wages for all employees (100% according to the Company), and the presence of human rights officers and a corporate university at the level of the parent company (Norilsk Nickel).

The Company received the highest score for almost all the relevant social risks due to the presence of high-level documents, internal regulations, events and measurable performance indicators. The management of such risks as Lack of Effective Interaction and Conflicts with the Local Population, Health and Safety of the Local Population, and Violation of Human Rights in the Company's Labor Practices and Interactions within the Supply Chain, in the Agency's opinion, is an area for improvement for GRK Bystrinskoe in terms of the presence of measurable performance indicators and relevant internal regulations.

Social responsibility issues, like environmental issues, are a priority for the Company, and the approach to solving these issues is generally in line with best international practices. GRK Bystrinskoe has a policy aimed at combating discrimination when hiring, as well as ensuring equal opportunities in terms of career growth and remuneration, has a cooperation program with universities that seeks to maintain personnel stability, as well as a personnel assessment system with transparent key performance indicators (KPIs) covering all employees. The Company publicly discloses quantitative targets for the share of purchases from local suppliers. In addition, the Company underwent a pre-certification audit for compliance of the occupational health and safety management system and received an ISO 45001 certificate in 2023. Official measures and formalized procedures for the prevention of sexual harassment at work are recorded in separate documents of Norilsk Nickel.

The lack of public information on the gender distribution of the Company's employees, as well as the absence of programs to support parents beyond state guarantees, a separate program to

support, adapt and employ people with disabilities, limited capabilities and/or mental disorders, and a free women's leadership and career support program available to all the female employees of the Company, had a restraining effect on the assessment for the block of compliance with best practices in the field of social responsibility. At the same time, the Agency notes that this document is currently being developed.

The Company received high scores for its board members' industry experience and the quality of its strategic planning. Constraining factors included the absence of independent board members, the relatively moderate stability of its composition (the average length of tenure on the board is 2.2 years), concentration of shareholder ownership, and the level of information disclosure.

The Agency applied positive modifiers in view of the absence of an individual who is the sole executive body on the board of directors, the socio-cultural (including national) diversity of the board of directors, and the existence of a remuneration system for members of executive bodies and other key managers of the Company, which includes key performance indicators that create material incentives for achieving the organization's priority goals and objectives in the area of sustainable development.

At the same time, the Agency applied negative modifiers because the Company did not have an audit report on its non-financial reporting.

In general the Company has a rather high level of management of corporate risks. The Company received maximum scores for most industry risks that the Agency believes are relevant. In ACRA's opinion, management of risks of shareholder conflicts and risks related to protecting shareholders' rights is an area for improvement for GRK Bystrinskoe in terms of the presence of measurable performance indicators. The management of risks of insufficient digitalization of services is an area for improvement in terms of information on measurable performance indicators in corporate governance documents, as well as information on measures to manage this risk.

ACRA highly assesses the Company's policies and procedures in the area of corporate governance. The Company has adopted codes of corporate ethics and corporate governance, corporate governance practices are monitored, and there is a risk management and compliance service at the level of Norilsk Nickel. The Company's key goals in the field of sustainable development are recorded in the environmental and climate change strategy approved by the board of directors of Norilsk Nickel.

At the same time, ACRA notes that the Company does not publicly disclose its ultimate key beneficiaries. The lack of a policy on transactions with affiliated parties, a remuneration committee, and a separate ESG committee under the board of directors, as well as an annual performance review of the board of directors, also had a constraining effect on the assessment of the quality of corporate governance.

## KEY ASSUMPTIONS

- Companies from the Diversified Metals and Mining industry were selected as benchmarks.
- Data provided by GRK Bystrinskoe in the questionnaire and the report on sustainable development is reliable and comparable to benchmarks.

## RATING COMPONENTS

**Final ESG rating: ESG-AA.**

**Final ESG level: ESG-3.**

**ESG rating determination:** very high assessment in the field of the environment, social responsibility and governance. Increased attention is paid to the environment, social responsibility, and governance issues.

**E assessment:** ESG-1.

**S assessment:** ESG-3.

**G assessment:** ESG-5.

## **ADDITIONAL INFORMATION**

The ESG rating has been assigned in accordance with the [Methodology for Assigning ESG Ratings](#) and the [Key Concepts Used by the Analytical Credit Rating Agency within the Scope of Its Rating Activities](#).

An ESG rating has been assigned to LLC “GRK “Bystrinskoe” for the first time. The ESG rating is expected to be revised within one year following the publication date of this press release.

The ESG rating was assigned based on data provided by LLC “GRK “Bystrinskoe”, information from publicly available sources, and ACRA’s databases.

The ESG rating is solicited and LLC “GRK “Bystrinskoe” participated its assignment.

In assigning the ESG rating, ACRA used only information, the quality and reliability of which were, in ACRA’s opinion, appropriate and sufficient to apply the methodologies.

No conflicts of interest were discovered in the course of the assessment process.

The assigned ESG rating is not a credit rating.

(C) 2024

Analytical Credit Rating Agency (Joint-Stock Company), ACRA (JSC)  
1 Bldg. 2 Bolshoi Gnezdnikovsky Lane, Moscow, Russia  
[www.acra-ratings.com](http://www.acra-ratings.com)

The Analytical Credit Rating Agency (ACRA) was founded in 2015, with its 27 shareholders representing major Russian corporate and financial institutions and its authorized capital exceeding RUB 3 bln. ACRA's main objective is to provide the Russian financial market with high-quality rating products. Methodologies and internal documents of ACRA are developed in compliance with Russian legislation and with regard to global rating industry best practices.

The provided information, including, without limitation, credit and non-credit ratings, rating assessment factors, detailed credit analysis results, methodologies, models, forecasts, analytical reviews and materials, as well as other information placed on the ACRA website (further referred to as Information), coupled with the ACRA website software and other applications, are intended for information purposes only. Information must not be modified, reproduced or distributed by any means, in any way or form, either in whole, or in part, in marketing materials, as part of public relations events, in news bulletins, in commercial materials or reports without prior written consent from, and reference to, ACRA. Any use of Information in violation of these requirements or the law is prohibited.

ACRA credit ratings reflect ACRA's opinion about the ability of a rated entity to meet its financial obligations or about the credit risk of individual financial obligations and instruments of a rated entity at the time of publication of the relevant Information.

Non-credit ratings reflect ACRA's opinion about certain non-credit risks assumed by interested parties interacting with a rated entity.

The assigned credit and non-credit ratings reflect all material information pertaining to a rated entity and known by ACRA (including the information received from third parties), the quality and reliability of which ACRA considers appropriate. ACRA shall not be responsible for the accuracy of information provided by clients or relevant third parties. ACRA does not audit or otherwise verify the provided data and shall not be held responsible for their accuracy and completeness. ACRA conducts rating analysis of information provided by customers using its own methodologies, with the texts thereof available on ACRA's website — [www.acra-ratings.com/criteria](http://www.acra-ratings.com/criteria).

The only source that reflects the latest Information, including the one about credit and non-credit ratings assigned by ACRA, is ACRA's official website — [www.acra-ratings.com](http://www.acra-ratings.com). Information is provided on an "as is" basis.

Information shall be considered by users exclusively as ACRA's statement of opinion and must not be regarded as advice, recommendation or suggestion to buy, hold or sell securities or other financial instruments of any kind, nor shall it be viewed as an offer or advertisement.

Neither ACRA, nor its employees and persons affiliated with ACRA (further referred to as the ACRA Parties) provide any direct or implied guarantee expressed in any form or by any means regarding the accuracy, timeliness, completeness or applicability of Information for making investment and other decisions. ACRA does not act as a fiduciary, auditor, investment or financial advisor. Information must be regarded solely as one of the factors affecting an investment decision or any other business decision made by any person who uses ACRA's information. It is essential that each of such persons conduct their own research and evaluation of a financial market participant, as well as an issuer and its debt obligations that may be regarded as an object of purchase, sale or possession. Users of Information shall make decisions on their own, involving their own independent advisors, if they deem it necessary.

ACRA Parties shall not be responsible for any action taken by users based on Information provided by ACRA. ACRA Parties shall under no circumstances be responsible for any direct, indirect or consequential damages or losses resulting from interpretations, conclusions, recommendations and other actions taken by third parties and directly or indirectly connected with such information.

Information provided by ACRA is valid only as of the date of preparation and publication of materials and may be amended by ACRA in the future. ACRA shall not be obliged to update, modify or supplement Information or inform anyone about such actions, unless the latter was recorded separately in a written agreement or is required by legislation of the Russian Federation.

ACRA does not provide advisory services. ACRA may provide additional services, if this does not create a conflict of interest with rating activities.

ACRA and its employees take all reasonable measures to protect all confidential and/or material non-public information in their possession from fraud, theft, unlawful use or inadvertent disclosure. ACRA provides protection of confidential information obtained in the course of its business activities as required by legislation of the Russian Federation.