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Corporate governance

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CORPORATE GOVERNANCE STRUCTURE

Nornickel's corporate governance framework is designed to take into account and balance the interests of shareholders, the Board of Directors, managers and employees, as well as other stakeholders.

Nornickel's corporate governance framework is designed to take into account and balance the interests of shareholders, the Board of Directors, managers and employees, as well as other stakeholders.

The Company's approach to corporate governance, its key principles and mechanisms draw on the applicable Russian laws, including the Corporate Governance Code recommended by the Bank of Russia.

Nornickel's governance framework relies on the following principles:

- equitable and fair treatment of every shareholder;
- support for the shareholders to let them exercise their rights and lawful interests in the most reasonable and convenient manner;
- professionalism and leadership of the Board of Directors, and involvement of independent directors in governance;
- strategic management by the Board of Directors, its efficient control over executive bodies, and oversight of the risk management and internal control framework;
- sound, bona fide and efficient management of the Company's day-to-day operations by executive bodies accountable to the Board of Directors and the General Meeting of Shareholders;
- compliance with the Russian laws and the national laws of the countries of operation;
- corporate social responsibility;
- strong business ethics;
- zero tolerance to corruption, and effective anti-corruption measures;

- full, transparent, reliable and timely disclosure;
- robust internal controls, internal and external audits;
- active cooperation with investors, creditors, and other stakeholders in order to expand Company's assets and increase its market capitalisation.

These principles are reflected in Nornickel's official documents, including the Charter, Regulations on the Board of Directors, Information Policy Regulations, Anti-Corruption Policy, and other by-laws. All these documents are available on the Company's website.



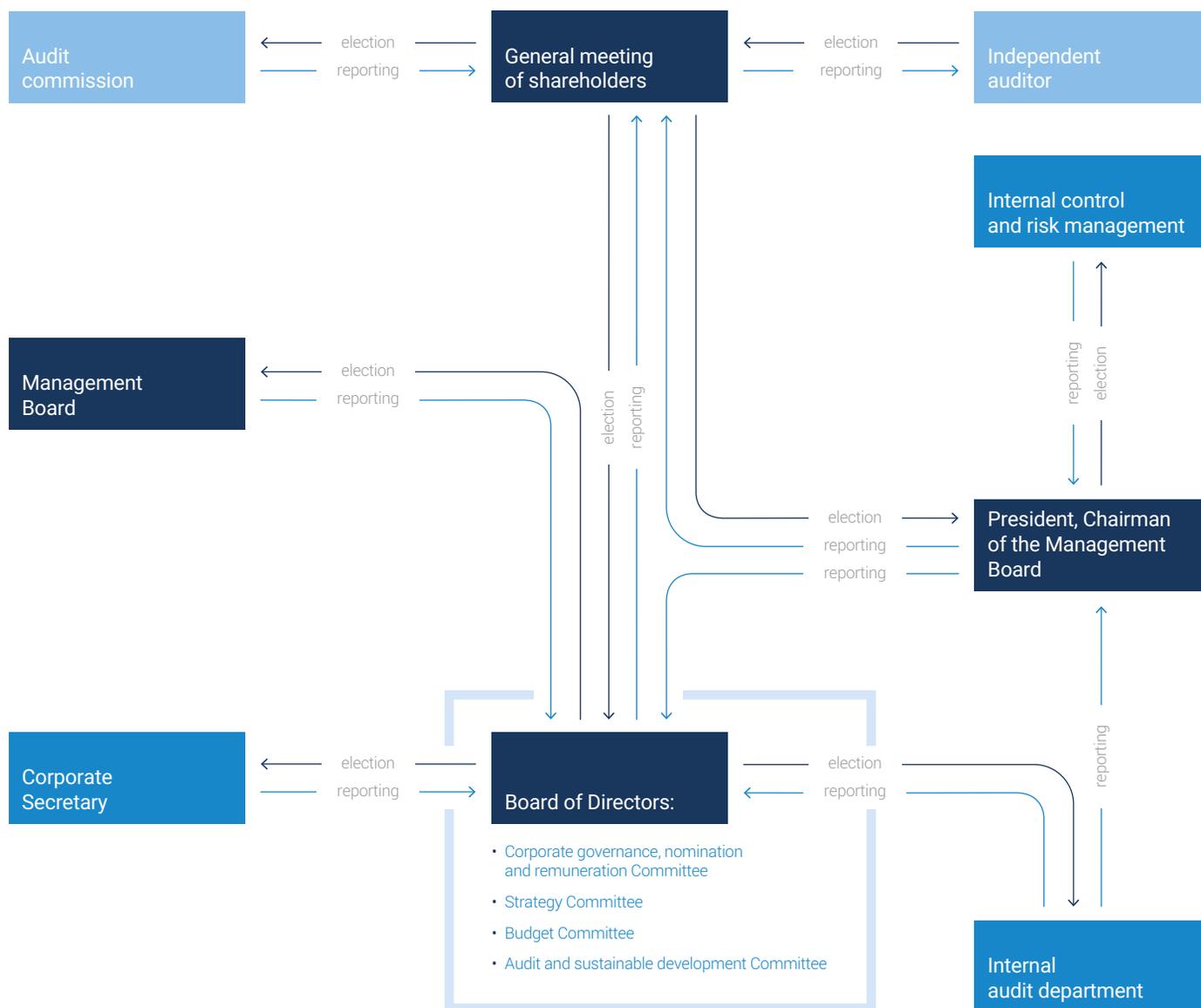
All Nornickel's by-laws are available on the Company's website at: <https://www.nornickel.com/investors/disclosure/corporate-documents/>

Letter from the Board of Directors

Aware of its key role in the corporate governance framework, the Board of Directors of MMC Norilsk Nickel highlights the Company's commitment to the highest relevant standards and best practices.

The Board of Directors views compliance with key principles and recommendations of the Corporate Governance Code as an efficient tool to improve corporate governance and ensure long-term sustainable growth.

Corporate governance framework



Governance structure

General Meeting of Shareholders

This is the supreme corporate body of the Company.

Competencies:

- amending the Charter;
- restructuring and liquidating the Company;
- changing the authorised capital;
- splitting or consolidating the Company's shares;
- electing the Company's President and members of the Board of Directors and Audit Commission and approving the auditor;
- approving annual reports and by-laws regulating the Company's corporate bodies;
- distributing annual profit;
- paying dividends.

It takes place no sooner than three and no later than six months following the end of the preceding financial year.

Extraordinary general meetings of shareholders may be convened by the Board of Directors or at the request of the Audit Commission, the independent auditor, or shareholders owning at least 10% of the Company's voting shares.

Except for the cumulative voting to elect members of the Board of Directors, each voting share is counted as one vote at the General Meeting of Shareholders.

Board of Directors

This is a collegial governance body in charge of strategic management of the Company and oversight of its executive bodies' activities.

Pursuant to the Charter, the Board consists of 13 directors.

Members of the Board are elected at the Annual General Meeting of Shareholders for a period extending until the next Annual General Meeting of Shareholders.

>>> *For more details on members of the Board of Directors, please see*
p. 166–171

Chairman of the Board of Directors

The Chairman is responsible for day-to-day operation of the Board of Directors, convening and chairing its meetings, making arrangements for minute-taking, and chairing the General Meetings of Shareholders.

For the last five years, the Board has been chaired by Gareth Peter Penny, an independent director.

>>> *For more details on the Chairman of the Board of Directors, please see*
p. 166

Independent directors

Independent directors are those having sufficient professional skills, experience and independence to act on their own and make impartial and reasonable decisions that are not influenced by the Company's executive bodies, particular groups of shareholders or other stakeholders.

The Company adheres to international standards and recommendations set out in the Corporate Governance Code of the Bank of Russia relating to the required number of independent directors. As at 31 December 2018, five of the Company's Board members met the director's independence criteria as defined by the Moscow Exchange, and one director was deemed independent by resolution of the Board of Directors.

Hence, independent directors make up 46.2% of the Company's Board of Directors.

>>> *For more details on independent directors, please see*
p. 166, 168–170, 172

Committees of the Board of Directors

Committees are ancillary bodies set up by the Board of Directors. Their function is to provide preliminary review of critical matters and advice to facilitate the Board's decision-making.

The Board of Directors has set up four committees:

- Audit and Sustainable Development Committee;
- Strategy Committee;
- Budget Committee;
- Corporate Governance, Nomination and Remuneration Committee.

>>> *For more details on the committees' activities, please see*
p. 172–174

President

The President is the sole executive body in charge of the day-to-day operations of the Company. The President is elected at a General Meeting of Shareholders for an indefinite period and acts as the Chairman of the Management Board.

The President reports to the Board of Directors and the General Meeting of Shareholders.

Since 2015, this position has been held by Vladimir Potanin (CEO of the Company in 2012–2015).

>>> *For more details on the President, please see*
p. 176

Management Board

This is a collegial executive body in charge of the day-to-day management of the Company within its scope of authority as set out in the Charter and the implementation of resolutions adopted by the General Meeting of Shareholders and the Board of Directors.

Members of the Management Board are elected by the Board of Directors for an indefinite period.

As at 31 December 2018, the Management Board consisted of 13 members.

>>> *For more details on the Management Board, please see*
p. 175, 176–182

Corporate Secretary

This is a corporate officer whose duties include managing shareholder relations, making the necessary arrangements to protect their rights and interests, and providing efficient operating support to the Board of Directors. The Corporate Secretary reports to the Board of Directors.

Pursuant to the Charter, the Corporate Secretary is appointed by the Board of Directors for a three-year term.

Since 2011, this position has been held by Pavel Platov (Company's Secretary before 2017).

>>> *For more details on the Corporate Secretary, please see*
p. 183

Audit Commission

The Audit Commission controls the Company's financial and business transactions.

It performs annual internal audits of the Company's financial and business operations, as well as other internal audits as it may see fit or as requested by the General Meeting of Shareholders, the Board of Directors or any shareholders owning at least 10% of the Company's stock.

Members of the Audit Commission are elected at an Annual General Meeting of Shareholders for a period extending until the next Annual General Meeting of Shareholders. Members of the Audit Commission shall not simultaneously serve on the Company's Board of Directors or hold other positions in the Company's corporate bodies.

>>> *For more details on the Audit Commission, please see*
p. 184–185

Independent auditor

This is an audit firm commissioned to audit accounting/financial statements of the Company and provide an independent opinion regarding their accuracy.

The auditor is approved by the Annual General Meeting of Shareholders.

In 2018, the Annual General Meeting of Shareholders approved **JSC KPMG** as an independent auditor for both IFRS and Russian accounting standards.

>>> *For more details on the independent auditor, please see*
p. 191

Internal Control and Risk Management Unit

This unit is in charge of improving the risk management and internal control framework, detecting and preventing

any waste, misuse or misappropriation of funds or assets of the Company and its subsidiaries, as well as any other wrongdoings and theft, ensuring accuracy of metrics and measurement standards and combating illegal activities, such as money laundering and terrorism financing.

>>> *For more details on the Internal Control and Risk Management Unit, please see*
p. 184–191, 196–197

Internal Audit Department

This department is in charge of independent audits, including assessment of the risk management and internal control framework of the Company and its subsidiaries.

>>> *For more details on the Internal Audit Department, please see*
p. 196–197

Achieving excellence in corporate governance

Nornickel continuously improves its corporate governance framework

and adopts best global practices, keeping in mind their significant impact on the Company's sustainable development and valuation. Strengthening of corporate governance is seen as an integral part of the Company's effort to achieve operating excellence. The process is under constant supervision of the Board of Directors and executive bodies. The Bank of Russia's Corporate Governance Code serves as the main benchmark for improving the corporate governance framework. In the reporting year, the Company sought broader implementation of the Code's principles and recommendations:

- the Board of Directors assessed independent directors listed in the annual report for compliance with independence criteria;
- measures were taken to enhance risk management and internal controls;
- the Company invited an external independent consultant to assess the Board of Directors performance.

In 2018, the Company invited an independent consultant to evaluate the performance of its Board of Directors.

The following documents saw updates to reflect changes in the applicable laws on preventing unauthorised use of insider information and market manipulation:

- Regulation on the Procedure to Access Insider Information, Confidentiality Protection, and Supervision of Compliance with Laws on Preventing Unauthorised Use of Insider Information and Market Manipulation;
- list of insider information.

To streamline and bring internal audits up to date with international standards for the practice of internal auditing, the Board of Directors drafted and approved following documents:

- Guidelines for Assessing the Corporate Risk Management Framework;
- Guidelines for Assessing Internal Controls.

Corporate governance improvements had a positive effect on Nornickel's ESG scores assigned by MSCI and Sustainalytics, and placed the Company among Top 20 in the TopCompetence's National Corporate Governance Index 2018 for adherence to best practices.

>>> *For more details on the Company's sustainable development ratings, please see p. 13, 218*

Pursuant to the recommendations set out in the Bank of Russia's Corporate Governance Code, the Company jointly with the Registrar introduced e-voting using the Shareholder's Personal Account to allow remote participation in the meetings of shareholders. The service was first available at the Extraordinary General Meeting of Shareholders in September 2017. In 2018,

the Company actively promoted e-voting among its shareholders. At the Extraordinary General Meeting of Shareholders in September 2018, over 30% of votes were collected through the service. Nornickel will be further developing e-voting to engage the shareholders in corporate activities and help them exercise their governance rights.

The Company reiterates its commitment to improving corporate governance

to boost its efficiency and competitive edge. In doing so, it will rely primarily on principles and practices that are valued most by the investment community and have proved effective for large companies.

2018 milestones

The Company sought broader implementation of the Code's principles and recommendations.

The Company made it to the Top 20 of the TopCompetence's National Corporate Governance Index 2018.

 September 2018

Over 30% of shareholders participated in the Extraordinary General Meeting of Shareholders through e-voting.

Board of Directors

Key powers of the Board of Directors include:

- reviewing matters related to sustainable development, environmental and health and safety strategy, and climate change;
- approving the dividend policy and providing recommendations on dividend per share;
- approving, electing and terminating powers of members of the Management Board, setting remuneration payable to the Company's President, members of the Management Board, Corporate Secretary, and Head of Internal Audit;
- acting on other matters as provided for by the Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995, and the Company's Charter.

FUNCTIONS OF THE BOARD OF DIRECTORS

As per the Company's Charter, meetings of the Board of Directors (in person or in absentia) are held as and when required, but at least once every six weeks. In practice, the Board of Directors meets at least twice a month. The procedure for convening and holding meetings of the Board

of Directors is specified in the Company's Regulations on the Board of Directors.

The Board of Directors sets the fundamental principles of business conduct and is responsible for nurturing Nornickel's business and social culture.

CHAIRMAN OF THE BOARD OF DIRECTORS

The key goal of the Chairman of the Board of Directors is to ensure high levels of trust at Board meetings and constructive cooperation between the Board members and corporate management.

Since March 2013, the Board of Directors has been chaired by independent non-executive director Gareth Peter Penny, which the Company believes to be fully in line with best global practices. An independent director appointed as a Chairman of the Company's Board of Directors ensures the most efficient interaction between the Board of Directors, shareholders and other stakeholders.

During the year the Board, under his leadership, approved several crucial resolutions dealing with Nornickel's development strategy, long-term production planning, marketing and sales strategy, strategic health and safety issues, environmental projects and human capital development, and took steps to preserve the Company's competitive edge. Gareth Penny's simultaneous participation in other companies' boards of directors helps improve the efficiency of Norilsk Nickel's Board of Directors in implementing global best practices of corporate governance.

INDEPENDENT DIRECTORS

The Company sees independent directors as valuable contributors to the efficiency of the Board, in particular, in terms of ensuring that the matters on the Board's agenda are treated fairly, and reinforcing shareholders' and investors' confidence in actions taken by the Board of Directors.

In accordance with global corporate governance practices and recommendations of the Bank of Russia's Corporate Governance Code, the Board of Directors should have a sufficient number of independent directors. For the issuer's shares to be on the First Level quotation list of the Moscow Exchange, its Listing Rules require independent directors to make up at least one fifth of the issuer's Board of Directors, and their number to be no less than three.

Moreover, the Company believes that independent directors are key to efficient operation of the Board of Directors and thoughtful decision-making. According to the Company's Charter, an independent director is a member of the Board of Directors compliant with independence criteria set out by the Moscow Exchange.

In the lead-up to the Annual General Meeting of Shareholders, the Corporate Governance, Nomination and Remuneration Committee of MMC Norilsk Nickel's Board of Directors reviewed the compliance of nominees to the Board of Directors with relevant criteria in May 2018.

The five independent nominees to the Board fully met the independence criteria established by the Listing Rules of the Moscow Exchange, which state that an independent director is the one who is not related to the Company, any of its substantial shareholders, competitors or counterparties, or the government. Andrey Likhachev, one of the nominees to the Board, was recognised as independent despite being related to a substantial counterparty as the relation does not affect his ability to make independent, fair and unbiased judgements.

The current directors on the Board were elected at the Annual General Meeting of Shareholders on 28 June 2018. In October 2018, the Company's Board of Directors, following the recommendations of the Corporate

Governance, Nomination and Remuneration Committee, verified the independent directors' compliance with relevant criteria. **As at the end of 2018, six (46.2%) out of 13 directors were recognised as independent.**

Directors' liability insurance

Since 2003, the Company has had its directors' liability insured. The insurance aims to cover potential damages arising from unintended erroneous actions of the Company's directors in their management activities. The terms and conditions of the agreement, as well as the amount of insurance coverage, are consistent with the world's best practices for such risks. The key provisions of the agreement are subject to approval by the General Meeting of Shareholders.

PERFORMANCE OF THE BOARD OF DIRECTORS

Tight cooperation between the Board of Directors and the Company's management enabled the Company to achieve target KPIs.

To support shareholder value and ensure comprehensive protection of shareholder rights and interests in the reporting period, the Company kept working on the strategy and priority areas of business, improving corporate governance and boosting social responsibility.

In 2018, the Company introduced several by-laws to align its corporate governance framework with best global practices and strengthen shareholders' and investors' confidence.

In the reporting period, the Company also focused on promoting innovations and the use of new technology as part of its operating excellence drive. Nornickel's dedicated programme embraced initiatives to step up production efficiency,

cut operating costs, and boost health, safety and security across its footprint. An effective strategy and an in-depth market analysis helped the Company take its business to an entirely new level and confirm its status as a company with one of the most compelling investment cases in Russia.

PERFORMANCE ASSESSMENT

Since 2014, Nornickel's Board of Directors has been conducting annual self-assessments using the methodology developed by independent consultants in line with best global practices.

All directors must fill out an online questionnaire following a schedule approved by the Board of Directors. The questionnaire contains 76 questions, divided into three parts and 15 sections. All questions are graded on a scale from 1 to 10. For each question there is a text field where directors may enter additional comments. Answering all questions is mandatory.

For an independent review of the 2018 performance, the Board of Directors' meeting [on 1 February 2019 resolved to engage an external consultant](#) – the Independent Directors Association (IDA), a reputable national body with an extensive expertise in corporate governance and directorship, which represents Russia in the Global Network of Director Institutes (GNDI).

IDA used polling and interviewing to assess the Board's performance. Based on polling results, the consultant quickly analysed

the Board's status quo in such key areas as strategy and business practices, internal controls and risk management, the Company's performance management, and the Board's and its committees' operating procedures, and evaluated the overall efficiency of the Board, including its Chairman and the Corporate Secretary. The exercise helped uncover the Board's strengths, weaknesses and potential disagreements among directors. The Board of Directors will rely on the report with summarised polling results to further improve its efficiency. The external review revealed significant progress in corporate governance against previous assessments, which included monitoring of major investment projects, human capital development and long-term incentive programmes, better risk management, budget planning and discipline. It also identified areas for improvement, in particular the need for stronger top management incentivisation and succession planning, continued Board's involvement in reviewing of strategic projects and major investments, development of effective ESG and HSE policies, and enhancing the quality of interactions between the Board,

management and key stakeholders when discussing and making strategic decisions.

In line with best corporate governance practices, the Board of Directors will keep running self-assessments every year, while also engaging an independent expert to evaluate its performance at least once every three years.

2018 milestone



The Board of Directors held 45 meetings, including 13 in person, and considered a total of 175 matters.

Number of Board of Directors meetings

Year	Total	In person	In absentia	Number of matters considered
2016	50	7	43	1,024
2017	42	7	35	199 ¹
2018	45	13	32	175

¹ Fewer matters considered from 2017 onwards are mainly due to amendments to Federal Law No. 2018-FZ On Joint Stock Companies dated 26 December 1995, effective from 1 January 2017 and pertaining to the regulation of related-party transactions.

Directors' participation in meetings of the Board of Directors and its committees

Full name	Title	Participation / number of meetings				
		Board of Directors	Strategy Committee	Budget Committee	Audit and Sustainable Development Committee	Corporate Governance, Nomination and Remuneration Committee
Gareth Peter Penny	Independent Director / Chairman of the Board of Directors	45/45	8/8	–	–	–
Andrey Bougrov	Executive director	45/45	–	–	–	–
Sergey Barbashev	Executive director (since December 2018)	45/45	–	2/4	–	6/12
Alexey Bashkirov	Non-executive Director / Chairman of the Budget Committee	45/45	8/8	3/4	16/18	6/12
Sergey Bratukhin	Independent Director / Chairman of the Corporate Governance, Nomination and Remuneration Committee	45/45	8/8	4/4	18/18	12/12
Marianna Zakharova	Executive director	45/45	–	–	–	–
Stalbek Mishakov	Non-executive director	45/45	–	2/4	8/18	12/12
Maxim Sokov	Non-executive director / Chairman of the Strategy Committee	45/45	8/8	2/4	–	–
Vladislav Soloviev	Non-executive director	45/45	–	–	–	–
Robert Edwards	Independent director	45/45	–	–	18/18	12/12
MEMBERS OF THE BOARD OF DIRECTORS FROM 28 JUNE 2018						
Artem Volynets	Independent director	22/45	4/8	2/4	–	–
Andrey Likhachev	Independent director	22/45	–	–	–	6/12
Roger Munnings	Independent director	22/45	–	2/4	8/18	–
MEMBERS OF THE BOARD OF DIRECTORS BEFORE 28 JUNE 2018						
Rushan Bogaudinov	Non-executive director	23/45	–	–	10/18	–
Gerhardus Prinsloo	Independent director / Chairman of the Audit and Sustainable Development Committee	23/45	4/8	2/4	9/18	6/12
Sergey Skvortsov	Non-executive director	23/45	–	–	–	–

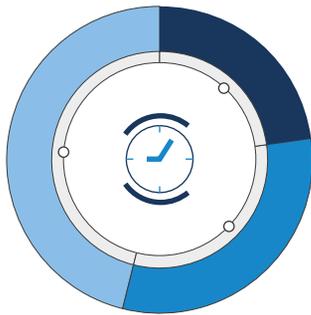
Composition of the Board of Directors

As at 31 December 2018, the Board of Directors was made up of 13 members, including six independent, four non-executive and three executive directors.

Following the Annual General Meeting of Shareholders on 28 June 2018, Roger Munnings, Andrey Likhachev and Artem Volynets were elected to the Board

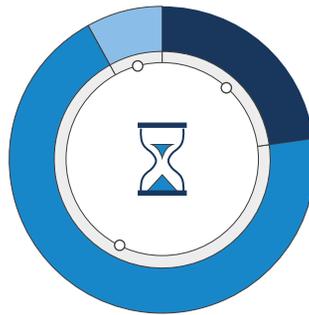
of Directors, replacing Gerhardus Prinsloo, Rushan Bogaudinov and Sergey Skvortsov.

Breakdown by years served on the Board of Directors (%)



<3 years	23
3-5 years	31
>5 years	46

Breakdown by age (%)



Below 40 years old	23
40-60 years old	69
Above 60 years old	8

Composition of the Board of Directors (%)



Independent directors	46
Non-executive directors	31
Executive directors	23

Key competencies of the Board of Directors

Full name	Years on the Board of Directors	Track record as a member of the Board of Directors	Competencies				
			Strategy	Law and corporate governance	Finance	Mining and engineering	International economic relations
Gareth Peter Penny	5	Since 2013	+			+	+
Robert Edwards	5	Since 2013		+	+	+	
Sergey Bratukhin	5	Since 2013	+	+	+	+	
Andrey Bougrov	16	Since 2002		+		+	+
Marianna Zakharova	8	Since 2010		+		+	
Sergey Barbashev	7	Since 2011		+			
Alexey Bashkirov	5	Since 2013	+		+		+
Maxim Sokov	10	Since 2008	+	+		+	+
Vladislav Soloviev	8	2008-2011		+		+	
Stalbek Mishakov	6	Since 2012		+	+	+	+
Roger Munnings	1	Since 2018			+	+	
Andrey Likhachev	1	Since 2018		+	+		
Artem Volynets	1	Since 2018	+		+		
Rushan Bogaudinov A.	3	2015-2018			+	+	
Gerhardus Prinsloo	6	2012-2018	+	+	+	+	
Sergey Skvortsov	3	2014-2015, 2017-2018			+		+
Total	Average tenure on the Board of Directors is 6 years		6	10	10	11	6

BIOGRAPHIES OF MEMBERS OF THE BOARD OF DIRECTORS



**Gareth Peter
PENNY**

Independent director

Chairman of the Board of Directors since 2013

Member of the Strategy Committee

Born in: 1962

Nationality: UK

Education:

Bishops Diocesan College, Cape Town

Eton College, UK

Oxford, Rhodes Scholar (UK), Master of Arts in Philosophy, Politics and Economics (UK)

Track record:

- 2007–present** Non-executive director at Julius Baer Group Ltd
- 2012–2016** Executive Chairman at New World Resources plc, Executive Director at New World Resources NV
- 2012–2016** Member of the Board of Directors at OKD
- 2016–2018** Non-Executive Chairman of the Board of Directors at Pangolin Diamonds Corp.
- 2017–present** Non-Executive Chairman of the Board of Directors at Edcon Holdings Limited
- 2017–present** Member of the Board of Directors at Amulet Diamond Corporation



**Andrey
BOUGROV**

Executive director

Senior Vice President

Deputy Chairman of the Board of Directors since 2013

Member of the Management Board since 2013

Born in: 1952

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), degree in International Economic Relations; PhD in Economics

Track record:

- 2002–present** Member of the non-governmental Council on Foreign and Defence Policy
- 2006–present** Member of the Management Board of the Russian Union of Industrialists and Entrepreneurs
- 2013–present** Vice President at Interros Holding Company LLC (Interros Holding Company CJSC until 2015)
- 2013–2015** Member of the Management Board, Deputy Chairman of the Board of Directors, Deputy CEO at MMC Norilsk Nickel
- 2013–present** Vice President of the Russian Union of Industrialists and Entrepreneurs (RUIE)
- 2014–present** Member of the Board of Directors at Inter RAO UES PJSC (Inter RAO UES OJSC until 2015)
- 2014–present** Member of the Expert Committee of the Russian President's Anticorruption Office
- 2015–present** Member of the Management Board and Deputy Chairman of the Board of Directors at MMC Norilsk Nickel
- 2015–2016** Member of the Investment Committee at the Federal Hydro-Generating Company RusHydro
- 2015–present** Senior Vice President at MMC Norilsk Nickel (formerly Vice President until 2016)
- 2015–present** Member of Non-profit partnership National Council on Corporate Governance
- 2016–present** Member of the Expert Council on Corporate Governance at the Bank of Russia
- 2016–present** Chairman of the Issuer Committee at the Moscow Exchange
- 2018–present** Chairman of the Board of non-financial reporting at RUIE
- 2018–present** Member of the Expert Council on Corporate Governance at the Russian Ministry of Economic Development
- 2018–present** Member of the Advisory Board of the RBTT



**Sergey
 BARBASHEV**

Executive director (since June 2018)

First Vice President

Member of the Board of Directors since 2011

Member of the Management Board since 2018

Born in: 1962

Nationality: Russia

Education:

Moscow Higher School of Militia of the Ministry of Internal Affairs of the USSR, degree in Law

Track record:

- 2008–2018** CEO and Chairman of the Management Board at Interros Holding Company LLC (Interros Holding Company CJSC until 2015)
- 2008–present** Member of the Board at Vladimir Potanin Foundation (formerly, Vladimir Potanin Foundation, non-profit charitable organisation)
- 2011–present** Chairman of the Board of Directors at Rosa Khutor Ski Resort Development Company
- 2015–2018** Branch Director at Olderfrey Holdings Limited
- 2016–present** Member of the Board of Endowment for Education, Science and Culture
- 2018–present** Member of the Management Board, First Vice President and Head of Corporate Security at MMC Norilsk Nickel



**Alexey
 BASHKIROV**

Non-executive director

Member of the Board of Directors since 2013

Chairman of the Budget Committee, member of the Audit and Sustainable Development Committee, Strategy Committee, and Corporate Governance, Nomination and Remuneration Committee

Born in: 1977

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), degree in International Economic Relations

Track record:

- 2009–2015** Executive Director, Head of the Investment Department, Deputy CEO for Investments at Interros Holding Company
- 2009–2013** Member of the Board of Directors at Rosa Khutor Ski Resort Development Company
- 2009–2014** Member of the Board of Directors at Prof-Media Management
- 2011–2015** Member of the Management Board at Interros Holding Company
- 2012–2014** Member of the Board of Directors at SP Holding, Cinema Park
- 2014–present** Member of the Board of Directors at Petrovax Pharm and Zaodno
- 2015–2018** Member of the Management Board, Deputy CEO for Investments at Interros Holding Company
- 2016–present** Trustee of the Night Time Hockey League, a non-profit amateur hockey foundation
- 2016–2018** Member of the Board of Directors at iGlass Technology Inc.
- 2016–present** Managing Director at Winter Capital Advisors
- 2016–present** CEO at Translaininvest
- 2018–present** CEO, Chairman of the Management Board at Interros Holding Company



**Sergey
BRATUKHIN**

Independent director

Member of the Board of Directors since 2013

Chairman of the Corporate Governance, Nomination and Remuneration Committee, member of the Strategy Committee, the Budget Committee and the Audit and Sustainable Development Committee

Born in: 1971

Nationality: Russia

Education:

Mendeleev University of Chemical Technology of Russia, degree in Engineering

Finance Academy under the Government of the Russian Federation, degree in Banking and Insurance

Warwick Business School, degree in Business Management

Track record:

- 2007–2017** Member of the Board of Directors at Dallesprom
- 2007–2014** Member of the Board of Directors at Amur Shipping Company
- 2011–present** President at Invest AG (CIS Investment Advisers LLC)
- 2014–2016** Member of the Board of Directors at AKB International Financial Club



**Artem
VOLYNETS**

Independent director

Member of the Board of Directors since 2018

Member of the Strategy Committee and the Budget Committee

Born in: 1967

Nationality: Russia

Education:

Georgetown University

INSEAD (Institut Européen d'Administration des Affaires)

The American University in Washington, DC

Lomonosov Moscow State University

Track record:

- 2010–2013** CEO at En+ Group
- 2010–2013** CEO at En+ Management
- 2013–2013** Advisor to Nafta Moskva investment group
- 2014–2017** CEO at ACG Eurasia (formely, Sapinda CIS)
- 2017–present** CEO at ACG Amur Capital Group Ltd
- 2018–present** Member of the Board of Directors and CEO at Chaarat Gold Holdings Limited



**Marianna
ZAKHAROVA**

Executive director

First Vice President

Member of the Board of Directors since 2010

Member of the Management Board since 2016

Born in: 1976

Nationality: Russia

Education:

Peoples' Friendship University of Russia (RUDN), Master's degree in Law

Track record:

2010–2015 Member of the Management Board, Deputy CEO for Legal Affairs at LLC Interros Holding Company (Interros Holding Company CJSC until 2015)

2010–2015 Member of the Board of Directors at ProfEstate

2015–present First Vice President for Corporate Governance, Asset Management and Legal Affairs at MMC Norilsk Nickel



**Andrey
LIKHACHEV**

Independent director

Member of the Board of Directors since 2018

Member of the Corporate Governance, Nomination and Remuneration Committee

Born in: 1965

Nationality: Russia

Education:

A.A. Zhdanov Leningrad State University, degree in Applied Mathematics

Track record:

2011–2013 Member of the Board of Directors and CEO at MOEK

2012–2018 Chairman of the Board of Directors at Irkutskenergo

2013–2016 CEO at Planeta ZIL

2017–present CEO at Rublyovo-Arkhangelskoye (Sberbank Group)



**Stalbek
MISHAKOV**

Non-executive director

Member of the Board of Directors since 2012

Member of the Corporate Governance, Nomination and Remuneration Committee and the Audit and Sustainable Development Committee

Born in: 1970

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), degree in International Law

University of Notre Dame (USA), Master's degree

Diplomatic Academy of the Russian Foreign Ministry, PhD in Economics

Track record:

- 2010–2018** Advisor to CEO at RUSAL Global Management B. V.
- 2013–2016** Member of the Board of Directors at United Company RUSAL Plc
- 2013–2018** Deputy CEO at En+ Management
- 2018–present** Sector Lead at RUSAL Global Management B. V.



**Roger Llewelyn
MUNNINGS**

Independent director

Member of the Board of Directors since 2018

Chairman of the Audit and Sustainable Development Committee and member of the Budget Committee

Born in: 1950

Nationality: UK

Education:

The University of Oxford, Master's degree (Hons) in Politics, Philosophy and Economics

Fellow of the Institute of Chartered Accountants in England and Wales

Track record:

- 2013–present** Member and Chairman of the Board of Directors of Russo-British Chamber of Commerce
- 2005–2014** Deputy Chairman of the Board at Association of European Businesses in Russia
- 2008–2014** Chairman of Audit Committee Institute in Russia
- 2009–2016** Trustee at the John Smith Trust
- 2009–2014** Member of the Board of Directors at the Moscow School of Political Studies (now Moscow School of Civic Education)
- 2010–2016** Member of the Board of Directors at Wadswick Energy Limited
- 2010–present** Independent director, Chairman of the Board of Directors' Audit, Finance and Risk Committee at Sistema
- 2011–2014** Member of the Advisory Board at Oracle Capital Group
- 2012–2013** Independent director at SUEK
- 2013–present** Member of Non-profit partnership National Council on Corporate Governance
- 2013–present** Trustee at Kino Klassika Ltd
- 2013–present** Advisory Council Member at International Business Leaders Forum Autonomous Non-Profit Organization
- 2015–present** Independent director, Chairman of the Board of Directors' Human Resources and Compensation Committee at LUKOIL
- 2017–present** Member of Council of National Representatives, Association of European Businesses in Russia

Maxim SOKOV



Non-executive director

Member of the Board of Directors since 2008

Chairman of the Strategy Committee, member of the Budget Committee

Born in: 1979

Nationality: Russia

Education:

Russian State Tax Academy under the Russian Ministry of Taxes, degree in Law

New York University, Master's degree in Law, lawyer (USA)

Track record:

2008–2013	CEO of OK RUSAL – Investment Management
2012–2018	Member of the Board of Directors at United Company RUSAL Plc
2012–2013	Director of Strategic Investment Management at RUSAL Global Management B. V.
2013–2014	Advisor on Strategic Investment Management at RUSAL Global Management B. V. and First Deputy CEO at En+ Group Ltd
2013–2018	CEO at En+ Management
2013–2017	Member of the Board of Directors at Eurosib Energo Plc
2013–2018	Member of the Board of Directors at En+ Group Limited
2014–2018	CEO at En+ Group Limited
2017–2018	Member of the Board of Directors at FESCO
2017–2018	CEO at En+ Group Plc and member of the Board of Directors at En+ Group Plc
2018	President at En+ Group Plc

Vladislav SOLOVIEV



Non-executive director

Member of the Board of Directors since 2013
 (also in 2008–2011)

Born in: 1973

Nationality: Russia

Education:

Graduate School of Management of the State Academy of Management

Moscow State Technological University "Stankin", MBA

Track record:

2007–2018	Member of the Board of Directors at United Company RUSAL Plc
2008–2015	Member of the Board of Directors at En+ Group Limited
2010–2014	First Deputy Director at RUSAL Global Management B. V.
2014–2018	CEO of CJSC RUSAL Global Management B. V. and United Company RUSAL Plc
2018	Member of the Board of Directors and CEO at En+ Group Plc
2018–present	President at United Company RUSAL Plc and CJSC RUSAL Global Management B. V.



**Robert
EDWARDS**

Independent director

Member of the Board of Directors since 2013

Member of the Corporate Governance, Nomination and Remuneration Committee and the Audit and Sustainable Development Committee

Born in: 1966

Nationality: UK

Education:

Camborne School of Mines, degree in Mining Engineering

Track record:

- 2013–2014** Senior Advisor at Royal Bank of Canada (Europe) Capital Markets
- 2013–present** CEO at Highcross Resources Ltd
- 2014–2018** Non-executive director at GB Minerals Ltd
- 2016–2016** Chairman at Sierra Rutile Limited (SRX)
- 2018–present** Member of the Board of Directors at Chaarat Gold Holdings Ltd
- 2018–present** Member of the Board of Directors at Scriptfert New Zealand Ltd

Board of Directors' holdings and transactions in the Company's shares

In 2018, Maksim Sokov held the Company's ordinary shares accounting for 0.0011% of the authorised capital.

Stalbek Mishakov completed the following transactions in the Company's securities: on **21 March**, he acquired 44 thousand ADRs (0.0028% of the authorised capital), which he sold in two tranches of 22 thousand ADRs (0.0014% of the authorised capital) on **6 November** and **26 November**, respectively. As at 31 December 2018, Stalbek Mishakov held no ordinary shares and/or ADRs of the Company.

As at the same date, other directors had no holdings in the Company's ordinary shares and/or ADRs and did not enter into any relevant sale and purchase transactions in 2018.

COMMITTEES OF THE BOARD OF DIRECTORS

Committees established by the Board of Directors are in charge of review of the most important matters and preparation of recommendations to the Board of Directors.

To ensure efficiency and proper fulfilment of their functions, the committees may discuss matters with the Company's management bodies and seek opinions of external consultants. The Company set up four committees of the Board of Directors, each made up of five persons:

- Audit and Sustainable Development Committee;
- Strategy Committee;
- Budget Committee;
- Corporate Governance, Nomination and Remuneration Committee.

Audit and Sustainable Development Committee

The Audit and Sustainable Development Committee deals with matters related to financial statements, risk management and internal controls, internal and external audits, prevention of wrongdoings by employees and third parties, as well as matters related to the environment and health and safety.

In the reporting year, the committee held 18 meetings,

including ten in person, seven in absentia, and one joint meeting (with the Budget Committee on 5 March 2018).

The committee is made up of five directors, three of which are independent, including its Chairman. On average, members of the Audit and Sustainable Development Committee of the Company's Board of Directors have more than 10 years of experience in finance.

The Audit and Sustainable Development Committee plays an important role when it comes to controls and accountability and has become an effective interface between the Board of Directors, the Audit Commission, independent auditor, the Internal Audit Department and management of the Company.

During the reporting year, the committee has developed for the Board of Directors a number of recommendations dealing with the accuracy, completeness and validity of the Company's financials, health, safety and environment, and approval of the Company's auditors. The Audit and Sustainable Development Committee also considered and took note of the results achieved in identifying, assessing and managing technical and production risks across the Norilsk Nickel Group, and the results of forensic audits conducted by the Internal Audit Department.

Members of the Audit and Sustainable Development Committee in 2018¹

Roger Munnings (Chairman, independent director)
Alexey Bashkirov
Robert Edwards (independent director)
Stalbek Mishakov
Sergey Bratukhin (independent director)

¹ Composition as of 31 December 2018.

Strategy Committee

The Strategy Committee was established to support the Board of Directors by conducting preliminary reviews of matters pertaining to sustainable development, investment planning, restructuring, and interaction with capital markets and government authorities.

In 2018, the Strategy Committee regularly considered matters related to environment, health, safety, and climate change, including the infrastructure and energy development strategy, as part of the Company's Environmental Development Framework.

In the reporting year, the committee held eight meetings,

including seven in person, and one in absentia.

The Strategy Committee is made up of five directors, including three independent and two non-executive directors.

The Strategy Committee's focus is on supporting the Board of Directors in developing, supervising and revising the corporate strategy and preparing recommended updates thereto.

During the year, the Strategy Committee issued recommendations to the Board of Directors to facilitate decision-making on updating the Company's development strategy and those for a number of functional areas, including sales. The committee reviewed the updates on the progress and status of major investment projects (e.g. the Bystrinsky project, Talnakh Concentrator-3 and the Southern Cluster) and prepared progress reports on production reconfiguration and the Technology Breakthrough initiative. Also, the committee discussed the progress of the shared services centre's initiatives and the Programme of IT Initiatives for Business, along with the deployment and role of SAP solutions in the Company's key business processes. To ensure efficient strategic planning, the Committee reviewed production reports and results of the programme designed to improve production efficiency and reduce operating costs.

Members of the Strategy Committee in 2018²

Maxim Sokov (Chairman)
Artem Volynets (independent director)
Alexey Bashkirov
Gareth Peter Penny (independent director)
Sergey Bratukhin (independent director)

² Composition as of 31 December 2018.

Budget Committee

The Budget Committee is in charge of preliminary review and issue of recommendations pertaining to finance, budgeting, business plans and monitoring of their implementation.

In the reporting year, the committee held four meetings,

including two in absentia, one in person, and one joint meeting (with the Audit and Sustainable Development Committee on 5 March 2018).

The Budget Committee is made up of five directors, including three independent and two non-executive directors.

The key role of the Budget Committee throughout the year was to issue recommendations to the Board of Directors in order to facilitate decision-making on the amount of dividends and on the record

date to be suggested by the Board of Directors. The Budget Committee also approved and recommended that the Board of Directors approve the Company's 2019 budget.

Members of the Budget Committee in 2018¹

Alexey Bashkirov (Chairman)
Artem Volynets (independent director)
Maxim Sokov
Roger Munnings (independent director)
Sergey Bratukhin (independent director)

¹ Composition as of 31 December 2018.

Corporate Governance, Nomination and Remuneration Committee

The Corporate Governance, Nomination and Remuneration Committee supports the Board of Directors by way of:

- assessing, controlling and improving the Company's corporate governance framework;
- ensuring succession planning for the Board of Directors and the Management Board of the Company;
- providing incentives, assessing the performance of the Company's Board of Directors, Management Board, President and Corporate Secretary, and setting applicable remuneration policies;
- supervising the development and implementation of the Company's information policy.

In the reporting year, the committee held twelve meetings,

including ten in absentia, and two in person.

The committee is made up of five directors, including three independent directors, one of whom chairs the committee, and two non-executive directors.

The committee issued recommendations to the Board of Directors in order to facilitate decision-making on the convocation, preparation and running of annual and extraordinary general meetings of shareholders, and on the matters reserved to the General Meeting of Shareholders (remuneration and reimbursement of expenses of the members of the Board of Directors and the Audit Commission,

liability insurance and indemnification of the members of the Board of Directors and the Management Board).

Additionally, the Corporate Governance, Nomination and Remuneration Committee advised the Board of Directors on approval of the Company's by-laws, and evaluation of directors' performance in 2018. The committee reviewed the updates on the Our Home and My Home programmes, corporate social subsidised loan programme, and the Company's charitable policy, and noted the progress of the Human Capital Development Programme.

Members of the Corporate Governance, Nomination and Remuneration Committee in 2018²

Sergey Bratukhin (Chairman, independent director)
Alexey Bashkirov
Andrey Likhachev (independent director)
Robert Edwards (independent director)
Stalbek Mishakov

² Composition as of 31 December 2018.

President and Management Board

The President and the Management Board are executive bodies in charge of day-to-day operations. The President serves as the Chairman of the Management Board.

The executive bodies are a key element in the Company's management system ensuring enactment of resolutions adopted by the Board of Directors and the General Meetings of Shareholders and implementation of Nornickel's

core corporate plans and programmes, and maintaining the efficiency of risk management and internal control functions.

The Company insures the liability of the Management Board members. The insurance aims to cover potential damages arising from unintended erroneous actions of the Management Board in its decision-making. The terms and conditions of the agreement, as well

as the amount of insurance coverage, are consistent with the world's best practices for such risks.

The President and members of the Management Board are elected for an indefinite period. The Board of Directors may at any time dismiss any member of the Management Board. Since 1 July 2016, the General Meeting of Shareholders has the authority to elect and dismiss the President.

COMPOSITION OF THE MANAGEMENT BOARD

2018 milestones



In 2018, the composition of the Company's Management Board remained unchanged.

The last change in the membership was approved by the Board of Directors on 27 April 2016. From 24 December 2018, the Management Board consisted of 13 members.

In 2018, the Management Board held 32 meetings in absentia.

Changes in the Management Board composition in 2018

Resolution dated	Action	Full name
12 February 2018	Left the Management Board due to termination of employment contract	Alexander Ryumin
8 June 2018	Left the Management Board due to termination of employment contract	Elena Bezdenezhnykh
21 September 2018	Left the Management Board due to termination of employment contract	Onik Aznauryan
24 December 2018	Joined the Management Board	Sergey Barbashev
24 December 2018	Joined the Management Board	Alexander Grubman
24 December 2018	Joined the Management Board	Sergey Dubovitsky

Name	Participation / Number of meetings
Vladimir Potanin	32/32
Marianna Zakharova	32/32
Sergey Batekhin	32/32
Larisa Zelkova	32/32
Nina Platinina	31/32
Vladislav Gasumyanov	32/32
Sergey Malyshev	31/32
Elena Kondratova	32/32
Andrey Bougrov	32/32
Sergey Dyachenko	32/32
Sergey Barbashev ¹	0/32
Alexander Grubman ¹	-0/32
Sergey Dubovitsky ²	-0/32
Alexander Ryumin ²	3/32
Onik Aznauryan ²	22/32
Elena Bezdenezhnykh ²	15/32

¹ Left the Management Board as per the Board of Directors' resolution.

² Elected to the Management Board as per the Board of Directors' resolution of 24 December 2018. There were no meetings of the Management Board between the date of election and 31 December 2018.

BIOGRAPHIES OF THE MANAGEMENT BOARD MEMBERS

Vladimir POTANIN



The Company's President since 2015 (the Company's CEO in 2012– 2015)

Chairman of the Management Board since 2012

Born in: 1961

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), degree in International Economic Relations

Track record:

- | | |
|---|---|
| <p>1995–present Member of the Presidium of the International Foundation for the Unity of Orthodox Christian Nations</p> <p>2000–present Member of the Bureau and Management Board of the Russian Union of Industrialists and Entrepreneurs</p> <p>2001–present Member of the Board of Trustees of the Solomon R. Guggenheim Foundation (New York)</p> <p>2003–present Chairman of the Board of Trustees of the State Hermitage Museum</p> <p>2004–present Chairman and member of the Presidium of the National Council on Corporate Governance</p> <p>2005–present Member of the Council of Trustees and the Board of the Russian Olympians Foundation</p> <p>2006–present Deputy Chairman of the Board of Trustees of the Moscow State Institute of International Relations (MGIMO University), member of the Board of Trustees of the Graduate School of Management (St Petersburg University), and member of the Bureau and Management Board of the Russian Union of Industrialists and Entrepreneurs</p> <p>2007–present Member of the Board of Trustees of St Petersburg State University and Deputy Chairman of the Board of Trustees of the MGIMO Endowment Fund</p> <p>2007–2014 Member of the Supervisory Board of the Sochi 2014 Steering Committee</p> <p>2008–present Member of the Board at Vladimir Potanin Foundation (formerly, Vladimir Potanin Foundation, non-profit charitable organisation)</p> <p>2009–2016 Chairman of the Supervisory Board of the Russian International Olympic University</p> <p>2009–present Deputy Chairman of the Board of Trustees of the Russian International Olympic University</p> <p>2010–present member of the Board of Trustees of the Russian Geographical Society</p> | <p>2011–present Member of the Board of Trustees of the State Hermitage Museum Endowment Fund and the Moscow Church Construction Foundation</p> <p>2012–2015 CEO and Chairman of the Management Board of MMC Norilsk Nickel</p> <p>2013–2014 Member of the Board of Directors of OJSC Inter RAO UES</p> <p>2013–2015 President of CJSC Interros Holding Company</p> <p>2014–present Chairman of the Board of Trustees of the ROZA Club for Sport Development and Support</p> <p>2015–present President of LLC Interros Holding Company</p> <p>2016–present Member of the Board of the Endowment Fund for Education, Science and Culture, and Chairman of the Board of Trustees of the Night Hockey Foundation for the Development of Amateur Hockey</p> <p>2017–present Chairman of the Supervisory Board of the Norilsk Development Agency</p> <p>2018–present Member of the Board of Trustees of the Solovki Archipelago Preservation and Development Foundation</p> <p>2018–present Member of the Board of Trustees of the Russia-U.S. Council on Business Cooperation, Trade Association</p> |
|---|---|



**Sergey
 BARBASHEV**

Member of the Management Board since 2018

Member of the Board of Directors since 2011

First Vice President

Born in: 1962

Nationality: Russia

Education:

Moscow Higher School of Militia of the Ministry of Internal Affairs of the USSR, degree in Law

Track record:

- 2008–2018** CEO and Chairman of the Management Board at Interros Holding Company LLC (Interros Holding Company CJSC until 2015)
- 2008–present** Member of the Board at Vladimir Potanin Foundation (formerly, Vladimir Potanin Foundation, non-profit charitable organisation)
- 2011–present** Chairman of the Board of Directors at Rosa Khutor Ski Resort Development Company
- 2015–2018** Branch Director at Olderfrey Holdings Limited (Olderfrey Holdings Limited LLC until 2016)
- 2016–present** Member of the Board of Endowment for Education, Science and Culture
- 2018–present** Member of the Management Board, First Vice President and Head of Corporate Security at MMC Norilsk Nickel



**Sergey
 DYACHENKO**

Member of the Management Board since 2013

First Vice President

Born in: 1962

Nationality: Russia

Education:

Plekhanov Leningrad Mining Institute, degree in Mining Engineering

University of Pretoria (South Africa), master's degree

Track record:

- 2010–2013** COO at Kazakhmys Group
- 2013–2014** Deputy CEO and Head of Operations at MMC Norilsk Nickel
- 2014–2015** First Deputy CEO and COO at MMC Norilsk Nickel
- 2015–present** First Vice President and COO at MMC Norilsk Nickel
- 2016–present** Member of the Board of the Non-Profit Russian Mining Council Partnership
- 2017–2018** Member of the Board of Directors at Norilsk Nickel Harjavalta Oy
- 2017–present** Member of the Board of Directors at MPI Nickel Pty Ltd, Norilsk Nickel Cawse Pty Ltd, Norilsk Nickel Avalon Pty Ltd, Norilsk Nickel Wildara Pty Ltd, Norilsk Nickel Africa (Pty) Ltd, Norilsk Nickel Mauritius, and also member of the Executive Committee at Nkomati



**Marianna
ZAKHAROVA**

Member of the Management Board since 2016

Member of the Board of Directors since 2010

First Vice President

Born in: 1976

Nationality: Russia

Education:

Peoples' Friendship University of Russia (RUDN), Master's degree in Law

Track record:

2010–2015 Member of the Management Board, Deputy CEO for Legal Affairs at LLC Interros Holding Company (Interros Holding Company CJSC until 2015)

2010–2015 Member of the Board of Directors at ProfEstate

2015–present First Vice President for Corporate Governance, Asset Management and Legal Affairs at MMC Norilsk Nickel



**Sergey
BATEKHIN**

Member of the Management Board since 2013

Senior Vice President

Born in: 1965

Nationality: Russia

Education:

Krasnoznamenny Military Institute of the USSR Ministry of Defence, major in foreign languages (military and political translation)

Plekhanov Russian Academy of Economics, degree in Finance and Credit

Moscow International Higher Business School (MIRBIS), Master of Business Administration

Track record:

2009–2015 Member of the Board of Directors of the Continental Hockey League

2010–2013 Vice President of CJSC Interros Holding Company

2012–2015 Chairman of the Board of Directors at Interport Management Company

2013–2015 Member of the Management Board, Deputy CEO, Head of Sales, Commerce and Logistics at MMC Norilsk Nickel, and member of the Board of Directors at Metal Trade Overseas Sa and Norilsk Nickel Marketing (Shanghai) Co., Ltd

2013–2014 Member of the Board of Directors, Chairman of the Board of Directors at Yenisey River Shipping Company and member of the Board of Directors at Norilsk Nickel (Asia) Ltd

2015–2018 Senior Vice President, Head of Sales, Commerce and Logistics at MMC Norilsk Nickel (Vice President until 2016)

2018–present Senior Vice President, Head of Sales, Procurement and Innovation at MMC Norilsk Nickel, member of the Board of Directors of the Continental Hockey League



**Andrey
BOUGROV**

Member of the Management Board since 2013

Deputy Chairman of the Board of Directors since 2013

Senior Vice President

Born in: 1952

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), degree in International Economic Relations; PhD in Economics

Track record:

- 2002–present** Member of the non-governmental Council on Foreign and Defence Policy
- 2006–present** Member of the Management Board of the Russian Union of Industrialists and Entrepreneurs (RSPP)
- 2013–present** Vice President at Interros Holding Company LLC (Interros Holding Company CJSC until 2015)
- 2013–2015** Member of the Management Board, Deputy Chairman of the Board of Directors, Deputy CEO at MMC Norilsk Nickel
- 2013–present** Vice President of the Russian Union of Industrialists and Entrepreneurs (RSPP)
- 2014–present** Member of the Board of Directors at Inter RAO UES PJSC (Inter RAO UES OJSC until 2015)
- 2014–present** Member of the Expert Committee of the Russian President's Anticorruption Office
- 2015–present** Member of the Management Board and Deputy Chairman of the Board of Directors at MMC Norilsk Nickel
- 2015–2016** Member of the Investment Committee at the Federal Hydro-Generating Company RusHydro
- 2015–present** Senior Vice President at MMC Norilsk Nickel (Vice President until 2016)
- 2015–present** Member of Non-Profit Partnership National Council on Corporate Governance
- 2016–present** Member of the Expert Council on Corporate Governance at the Bank of Russia
- 2016–present** Chairman of the Issuer Committee at the Moscow Exchange
- 2018–present** Chairman of the Council of Non-Financial Reporting at RSPP
- 2018–present** Member of the Expert Council on Corporate Governance at the Russian Ministry of Economic Development
- 2018–present** Member of the Advisory Board of the RBTT



**Larisa
ZELKOVA**

Member of the Management Board since 2013

Senior Vice President

Born in: 1969

Nationality: Russia

Education:

Lomonosov Moscow State University, degree in Journalism

Track record:

- 1999–2014** CEO of Vladimir Potanin Foundation, non-profit charitable organisation
- 2007–present** Member of the Presidium of the MGIMO Endowment Fund
- 2009–present** Member of the Board of Trustees at Pavlovsk Gymnasium Private Non-Profit School
- 2011–present** Member of the Board of Directors at LLC Rosa Khutor Ski Resort Development Company, Chair of the Management Board at the State Hermitage Museum Endowment Fund
- 2011–2016** Member of the Supervisory Board at the Russian International Olympic University
- 2012–2018** Member of the Russian Presidential Council for Culture and Art
- 2013–2014** Member of the Board of Directors at Prof-Media Management LLC
- 2013–2015** Member of the Management Board and Deputy CEO for Social Policy and Public Relations at MMC Norilsk Nickel
- 2014–2018** President of Vladimir Potanin Foundation, non-profit charitable organisation
- 2014–present** Chair of the Board at Vladimir Potanin Foundation (formerly, Vladimir Potanin Foundation, non-profit charitable organisation)
- 2015–present** Member of the Board of Trustees at the Hermitage Foundation UK and member of the Board of Trustees at the Russian Federal Public Academy of Education
- 2015–present** Senior Vice President for HR, Social Policy and Public Relations at MMC Norilsk Nickel (Vice President until 2016)
- 2016–present** Member of the Board of Trustees at the Endowment Fund for Education, Science and Culture
- 2017–present** Member of the Supervisory and Management Boards of the Norilsk Development Agency



**Sergey
MALYSHEV**

Member of the Management Board since 2013

Senior Vice President

Born in: 1969

Nationality: Russia

Education:

Finance Academy under the Government of the Russian Federation, degree in Finance and Credit

Institute of Advanced Training at Russian Presidential Academy of National Economy and Public Administration, degree in Public and Municipal Administration

A.N. Kosygin Russian State University, degree in Mechanical Engineering

Track record:

- 2009–2013** Deputy CEO for Economics and Finance, First Deputy CEO at OJSC Energostroyinvest-Holding
- 2013–2015** Deputy CEO, Head of Economics and Finance at MMC Norilsk Nickel
- 2015–2016** Senior Vice President, Head of Economics and Finance at MMC Norilsk Nickel (Vice President until 2016)
- 2016–present** Senior Vice President and CFO at MMC Norilsk Nickel



**Alexander
GRUBMAN**

Member of the Management Board since 2018

Senior Vice President

Born in: 1962

Nationality: Russia

Education:

Moscow State University of Food Production, degree in Mechanical Engineering

Track record:

- 2010–2014** CEO of Severstal's Russian Steel Division, Deputy CEO of OJSC Severstal
- 2014** First Deputy CEO of Chelyabinsk Pipe-Rolling Plant
- 2015–2017** CEO of OJSC Chelyabinsk Pipe-Rolling Plant (PJSC Chelyabinsk Pipe-Rolling Plant from 8 July 2016) and CEO of OJSC Pervouralsk New Pipe Plant (on a part-time basis)
- 2018–present** Senior Vice President for Strategy and Business Development at MMC Norilsk Nickel



**Vladislav
 GASUMYANOV**

Member of the Management Board since 2014

State Secretary – Vice President¹

Born in: 1959

Nationality: Russia

Education:

Kiev Civil Aviation Engineering Institute

North-West Academy of Public Administration

Track record:

- 2012–2015** Director of Corporate Security and Head of Security at MMC Norilsk Nickel
- 2014–2015** Member of the Management Board at MMC Norilsk Nickel
- 2014–2016** Member of the Board of Directors at OJSC Yenisey River Shipping Company
- 2015** Vice President, Director of Corporate Security and Head of Security at MMC Norilsk Nickel
- 2015–2018** Vice President and Head of Corporate Security at MMC Norilsk Nickel
- 2017–present** Member of the Board of Directors of Dynamo Moscow Football Club
- 2017–present** Head of the Department of Corporate Security at MGIMO's International Institute of Energy Policy and Diplomacy (MIEP MGIMO)
- 2017–present** Member of the Board of Directors at Norilsk Nickel Africa (Pty) Ltd and Norilsk Nickel Mauritius, and also member of the Executive Committee at Nkomati
- 2018–present** State Secretary – Vice President of Government Relations at MMC Norilsk Nickel

¹ Senior Vice President since March 2019.



**Elena
 KONDRATOVA**

Member of the Management Board since 2014

Vice President

Born in: 1972

Nationality: Russia

Education:

Moscow Pedagogical State University, degree in Psychology

Track record:

- 2013–2015** Chief of Staff at MMC Norilsk Nickel, Advisor to the President of Interros Holding Company CJSC (on a part-time basis)
- 2014–present** Member of the Management Board at MMC Norilsk Nickel
- 2015** Chief of Staff at MMC Norilsk Nickel
- 2015–present** Vice President and Chief of Staff at MMC Norilsk Nickel, Advisor to the President of LLC Interros Holding Company (on a part-time basis)



**Nina
PLASTININA**

Member of the Management Board since 2013

Vice President

Born in: 1961

Nationality: Russia

Education:

Moscow Chemical Machinery Construction Institute, degree in Mechanical Engineering

Bauman Moscow Technical Institute, research degree in Economics and Production Management

Track record:

- 2008–2013** Director of Financial Department at CJSC Interros Holding Company
- 2013–2015** Director of Internal Control Department at MMC Norilsk Nickel
- 2015–2016** Vice President for Internal Audit at MMC Norilsk Nickel
- 2016–present** Vice President for Internal Controls and Risk Management at MMC Norilsk Nickel



**Sergey
DUBOVITSKY**

Member of the Management Board since 2018

Vice President

Born in: 1978

Nationality: Russia

Education:

Moscow State Institute of International Relations (MGIMO University), School of International Information

INSEAD Business School, Master of Business Administration

Track record:

- 2005–2013** Strategy work within the Oil & Gas Practice, McKinsey & Co (global consultancy)
- 2013–2016** Head of Strategic Planning Department at MMC Norilsk Nickel
- 2016–present** Vice President for Strategic Planning at MMC Norilsk Nickel

Management Board members' holdings and transactions in the Company's shares

As at 31 December 2018, the members of the Management Board have no holdings in the Company's ordinary shares and/or ADRs and did not enter into any relevant sale and purchase transactions in 2018.

CORPORATE SECRETARY

The mission of the Corporate Secretary is to ensure compliance with the procedures for the protection of shareholders' rights and legitimate interests, as prescribed by the applicable laws and the Company's by-laws, and to monitor such compliance.

Pursuant to the Charter, the Corporate Secretary is appointed by the Board of Directors for a three-year term. The Board of Directors may terminate the powers of the Corporate Secretary prior to their expiration.

In accordance with the Regulation on the Corporate Secretary of PJSC MMC Norilsk Nickel approved by the Board of Directors on 20 April 2015, the Company's Corporate Secretary has an administrative reporting line to the President and is accountable to the Board of Directors.

At this time, the Corporate Secretary is Mr. Pavel Platov. In the reporting year, Pavel Platov's appointment was extended by resolution of the Board of Directors.

As at 31 December 2018, the Corporate Secretary has no holdings in the Company's ordinary shares and did not enter into any relevant sale and purchase transactions in 2018.



Pavel PLATOV

2017–present: Corporate Secretary
 (2011–2017: Company Secretary)

Born in: 1975

Nationality: Russia

Education:

Dobrolyubov Linguistics University of Nizhny Novgorod

Russian Presidential Academy of National Economy and Public Administration

Track record:

2017–present Corporate Secretary at PJSC MMC Norilsk Nickel
 (2011–2017: Company Secretary)

The Corporate Secretary is responsible for:

- preparation and running of the General Meeting of Shareholders;
- making arrangements for and running meetings of the Board of Directors and its committees;
- contributing to the improvement of the Company's corporate governance framework and practices;
- managing the operations of the Secretariat;
- other functions as per the Company's by-laws.

CONTROLS SYSTEM

INTERNAL CONTROL FRAMEWORK

The Company has an internal control system

in place intended to promote the achievement of the Company's goals and enhance investor confidence in its business and corporate bodies. The internal control system is aimed at improving the effectiveness and efficiency of activities, keeping reliable and accurate financial and management accounts, ensuring compliance with the requirements of applicable Russian laws and the Company's by-laws.

The Company has the Internal Control Policy

adopted by resolution of the Board of Directors in October 2018. In addition, internal control requirements, procedures, and processes are covered by the procedure for "Internal Control Processes at MMC Norilsk Nickel", as well as by business unit regulations and other internal guidelines.

ICS components are also assessed annually as part of the audit of the financial statements.

The ICS effectiveness report is reviewed by the Board of Directors' Audit Committee.

All internal control processes, principles, mechanisms, means, and procedures make up a system of elements:

- control environment;
- assessment of risks to business processes;
- control procedures;
- information and communications;
- monitoring of the internal control system.

Entities that form the internal control system are structured on a number of levels, which comprise the Company's and subsidiaries' corporate bodies, business units and employees as well as dedicated control bodies:

- Audit and Sustainable Development Committee,
- Internal Audit Department,
- Audit Commission,
- Internal Control and Risk Management Unit, including the Internal Control Department, Risk Management Service, and Financial Control Service.

Depending on the risk level, the Company monitors the effectiveness of the internal control system through:

- routine monitoring of the business processes as part of the day-to-day operations;
- annual self-assessment of internal controls;
- internal audit.

The Financial Control Service audits the financial and business operations of the Company and its subsidiaries to report and issue recommendations to the President and directors of the Company. The head of the Financial Control Service is appointed by a resolution adopted by the Company's Board of Directors.

Internal Control Department

The Internal Control Department aims to create an efficient internal control framework that represents a combination of organisational processes, policies and guidelines, control procedures, corporate culture principles and actions that the internal control entities perform to provide reasonable assurance that the Company will achieve its targets.

The Department's functions include:

- developing and boosting efficiency of the internal control framework;
- ensuring a consistent approach to the design, operation and development of the internal control framework;
- detecting and preventing any waste, misuse or misappropriation of funds or assets of the Company and its subsidiaries, wrongdoings and theft;
- ensuring accuracy of metrics and measurement standards for the control and accounting of metal bearing products;
- arranging and implementing internal controls so as to combat illegal activities, such as money laundering and terrorism financing;
- managing the Corporate Trust Service operations.

Internal Audit Department

The Internal Audit Department was established to assist the Board of Directors and executive bodies in enhancing the Company's management efficiency and improving its financial and economic operations through a systematic and consistent approach to the analysis and evaluation of risk management and internal controls as tools to provide reasonable assurance that the Company will achieve its goals.

The Internal Audit Department conducts unbiased and independent audits, assessing how effective the internal controls and the risk management system are. Based on the audits, the department prepares reports and proposals for the management on how to improve internal controls, and monitors the development of action plans to eliminate violations.

In order to ensure independence and objectivity, the Internal Audit Department functionally reports to the Board of Directors through the Audit and Sustainable Development Committee and has an administrative reporting line to the Company's President. The Board of Directors' Audit and Sustainable Development Committee regularly reviews the department's work plan and audit reports.

In 2018, the Department conducted the following audits:

- occupational health and safety risk management;
- management of rarely used and non-liquid inventory;
- energy assets;
- IT;
- effectiveness of control procedures in preparation of the financial statements;
- non-industrial assets.

Based on these audits, the management developed action plans which provide for a range of activities aimed at improving internal control procedures and mitigating risks.

It continuously monitors the implementation of activities developed by the management. The monitoring analytics is regularly reviewed by the Audit and Sustainable Development Committee.

Audit Commission

The Audit Commission monitors the financial and business operations of the Company. The commission audits the Company's financial and business operations on an annual basis and at any time as decided by the commission, resolutions of the General Meeting of Shareholders and the Board of Directors or as requested by shareholders who hold collectively at least 10% of the Company's voting shares. Following the review of financial and business results, the Audit Commission issues an opinion. Business operations were last audited in April–May 2018.

The Audit Commission works in the shareholders' interests

and reports to the General Meeting of Shareholders, which elects members of the Audit Commission until the next Annual General Meeting of Shareholders. The Audit Commission is independent from the officers of the Company's governance bodies, and its members do not hold positions in the Company's governance bodies.

In the reporting year, the Audit Commission consisted of five people as prescribed by the resolution of the Annual General Meeting of Shareholders dated 28 June 2018.

Remuneration payable to the members of the Audit Commission was approved by the Annual General Meeting of Shareholders. Members of the Audit Commission employed by the Company are remunerated throughout the year as per their job description and employment terms.

Remuneration of the Audit Commission members in 2018

Remuneration type	Remuneration amount	
	thousand RUB	thousand USD
Remuneration for the membership in a control body	7,200	115
Salary	5,087	81
Bonus	0	0
Commissions	0	0
Benefits	0	0
Compensation	0	0
Other types of remuneration	0	0
Total	12,287	196

Members of the Audit Commission

Name	Primary employment and position
Vladimir Shilkov	Chief Investment Officer at CIS Investment Advisers, Deputy Project Manager of the Financial Control Service at MMC Norilsk Nickel
Anna Masalova	Chief Financial Officer, Moscow–McDonalds CJSC
Artur Arustamov	Director of Price Control and Commercial Operations Department, En+ Management
Georgy Svanidze	Head of Financial Department, member of the Management Board at Interros Holding Company
Elena Yanevitch	Chief Executive Officer, Interpromleasing

ANTI-CORRUPTION AND INTEGRITY

Starting in 2015, all of the Company employees sign an agreement setting out their obligations in the anti-corruption area. All of the Company's employees are familiarised with the corporate Anti-Corruption Policy and related regulations.

2016 milestone



November
2016

the Company joined the United Nations Global Compact, which aims to promote recognition and practical application of ten basic principles of human rights, labour, environment and anti-corruption by businesses worldwide.

The Company complies with anti-corruption laws of the Russian Federation and other countries where it operates, as well as with applicable international laws and internal regulations. This promotes the Company's reputation and strengthens trust and confidence of shareholders, investors, business partners and other stakeholders. As part of its effective anti-corruption combat, the Company has developed and approved the following anti-corruption regulations:

- Business Ethics Code;
- Code of Conduct and Ethics for Members of the Board of Directors;
- Anti-Corruption Policy;
- Regulation on the Product Procurement Procedure for MMC Norilsk Nickel's Enterprises;
- standard anti-corruption agreement – appendix to the employment contract;
- Regulation on Information Security;
- Regulation on the Prevention and Management of Conflicts of Interest;
- Regulation on Business Gifts;
- Procedure for Anti-Corruption Due Diligence on Internal Documents at the Head Office of MMC Norilsk Nickel;
- Regulation on the Conflict of Interest Commission;
- Information Policy.

Having joined the Anti-Corruption Charter of the Russian Business, **the Company implements dedicated anti-corruption measures based on the Charter and set forth in the Company's Anti-Corruption Policy**. In November 2016, the Company joined the United Nations Global Compact, which aims to promote recognition and practical application of ten basic principles of human rights, labour, environment and anti-corruption by businesses worldwide.

Starting in 2015, all of the Company employees sign an agreement setting out their obligations in the anti-corruption area. All of the Company's employees are familiarised with the corporate Anti-Corruption Policy and related regulations.

The Company ensures functioning of the Preventing and Fighting Corruption page

on the corporate intranet containing information on anti-corruption regulations adopted, measures taken, preventive procedures introduced, legal training sessions organised and law-abidance promotion efforts taken.

Nornickel's Corporate Security Unit continuously identifies, analyses and assesses the financial, corruption, reputational and other risks entailed by large-scale operations, with close attention paid to business reputation, reliability and solvency of potential partners and counterparties.

Regulating the conflict of interest

One of the key anti-corruption measures is timely prevention and management of conflicts of interest. Procedures for assessing and settling conflicts of interest are set forth in the Regulation on the Prevention and Management of Conflicts of Interest at MMC Norilsk Nickel. As part of the regulation, the Company has approved the standard declaration form for reporting conflicts of interest, to be filled in by candidates applying for vacant positions or by the Company's employees whenever required.

The regulation extends to all employees of the Company and sets forth key principles that include obligation of each employee to disclose a conflict of interest, as well as non-retaliation for reporting the conflict of interest.

On top of that, the Company has undertaken measures aimed at preventing potential conflict of interest involving the directors and senior managers. From December 2016, members of the Board of Directors are required to annually submit information on relatives and family as per the approved form.

The Company takes measures aimed at identifying related-party transactions. All measures combined, undertaken

To make a report, anyone is invited to call a toll-free 24/7 hotline:

+7 800 700-19-41,
+7 800 700-19-45,

or e-mail to
skd@nornik.ru.

From December 2016, members of the Board of Directors are required to annually submit information on relatives and family as per the approved form.

In 2018, the corporate security was ensured through continuous review of corporate risks and threats.

in order to identify and prevent conflicts of interest, minimise the probability of negative consequences for the Company.

Insider information The Company implements initiatives to prevent unauthorised use of insider information.

In accordance with Federal Law No. 224-FZ of 27 July 2010 On Prevention of Unlawful Use of Inside Information and Market Manipulation and on Amendments to Certain Legislative Acts of the Russian Federation, as well as the Market Abuse Regulation of the European Parliament and of the Council No. 596/2014 of 16 April 2014, the Company keeps a list of insiders, reviews by-laws and corporate events, to control implementation of measures as provided for in the Russian and international legislation, which includes disclosure of insider information. The Company also undertakes other measures aimed at preventing unlawful use of insider information.

Corporate Trust Service

The Corporate Trust Service is part of the Internal Control Department and helps the Company's management to promptly respond to reports of abuses, embezzlement and other violations. Employees, shareholders and other stakeholders have an opportunity to report any actions that will or might result in financial damages or be detrimental to the business reputation of the Company. The key principles underlying the Corporate Trust Service include guaranteed confidentiality for whistleblowers, timely and unbiased consideration of all reports. In no circumstances does the Company impose sanctions (dismissal, demotion, deprivation of a bonus) against the employee who submitted a report to the Corporate Trust Service.

To make a report, anyone is invited to call a toll-free 24/7 hotline: +7 800 700-1941, +7 800 700-1945, or e-mail to skd@nornik.ru.

Information on received and processed reports is disclosed annually by the Company as part of its CSR report.

Comprehensive security framework

In 2018, the corporate security was ensured through continuous review of corporate risks and threats. The comprehensive corporate security system underpinned by the MBO (Management by Objectives) principles enabled the Company to promptly respond to key risks in economic, corporate, information and physical security, counter embezzlement and illicit trafficking of precious and non-ferrous metals, and efficiently prevent in-house corruption.

As the Company is engaged in manufacturing and selling products containing precious metals, Nornickel's Corporate Security Unit developed a comprehensive identification methodology for products containing precious metals which have been stolen or illicitly traded. The methodology have gained recognition internationally and was further developed into an automated information retrieval wizard powered by a unique databank of strategically important raw materials.

As part of its efforts to improve the effectiveness of the measures against cross-border illicit trading and smuggling of precious metals, the Company participates in developing a unified databank of products of Russian and South African MMCs.

Nornickel complies with anti-terrorism requirements and enhances security of the Company's strategic power and transportation facilities. In 2018, Nornickel conducted 126 routine training sessions and organised four tactic drills together with the Federal Security Service, Ministry of Internal Affairs, EMERCOM and National Guard of the Russian Federation. The main objective of these activities was to enhance anti-terrorist security at industrial and social sites.

As part of its efforts to improve the effectiveness of the measures against cross-border illicit trading and smuggling of precious metals, the Company participates in developing a unified databank of products of Russian and South African MMCs.

The Company has an Information Security Policy in place that defines relevant business processes and areas including governance processes at strategic and tactical levels, operational processes, and corporate governance responsibility for information security.

As part of its information security framework, Nornickel:

- categorises information assets and assesses information security risks;
- manages information security requirements at different stages of the information system life cycle;
- ensures compliance with the legal and regulatory information security requirements;
- manages its information security architecture;
- uses technical means to ensure information security of assets;
- raises awareness in information security;
- manages information security incidents;
- ensures information security of the process control system;
- conducts information security assessment and reporting.

The Company pays close attention to safety and confidentiality of the employee and counterparty personal data.

The implemented solutions allow to identify and properly respond to new threats and risks.

Monitoring of cyber security performance is part of the Company's information security management system and information security assessment and reporting. The results of performance assessment of cyber security systems are reviewed at a corporate level and are circulated to the governance bodies and employees through corporate procedures and initiatives.

On top of that, Nornickel's Information Security Charter for Critical Industrial Facilities, an initiative proposed at a meeting of the Club of Information Security in Industry, stood the test of Russian companies and was welcomed at the Partnership of State Authorities, Civil Society and the Business Community science forum (tech version of Davos) held in Germany. The Charter was praised at the OSCE's cyber security conference in Rome and was handed over to the OSCE Secretariat for review as part of proposals for combating cyber threats and attacks on information infrastructure.

In 2018, Nornickel conducte

126

routine training sessions

and organised **four** tactic drills together with the Federal Security Service, Ministry of Internal Affairs, EMERCOM and National Guard of the Russian Federation

SUPPLY CHAIN AND PROCUREMENT CONTROL

The Company aims to work with partners that are committed to environmental protection and work safety.

Nornickel pays close attention to fostering ties with reliable domestic suppliers and contractors.

Supply chain management at Nornickel seeks to ensure continuous operation of the Group's companies, and reliability of shipments to customers. The Company aims to work with partners that are committed to environmental protection and work safety. The Company expects its suppliers to follow the global best practices in sustainable use of resources and materials, and to have the relevant certificates.

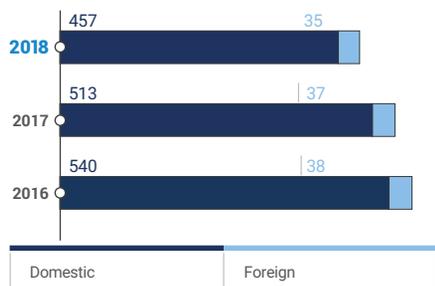
Nornickel pays close attention to fostering ties with reliable domestic suppliers and contractors. In 2018, the Company continued to apply a life cycle costing approach to selecting suppliers (based on the costs of ownership, operation and utilisation). The selected suppliers are required to sign a set of agreements obliging them not only to make a delivery, but also to ensure compliance of the supplied equipment with the relevant technical operability coefficients as well as its uninterrupted operation.

the Company's business (**reliability, development, efficiency, responsibility, professionalism, and cooperation**) and is aligned to the principles on human rights, anti-corruption, legal, safety, environmental and energy efficiency.

Our procurement team together with experts from other departments are looking into alternative technologies (alternative fuel and energy sources) that can reduce the Company's environmental footprint and cut costs. The current tender procedure includes a criterion of the supplier's readiness to participate in the Company's alternative energy initiatives.

Creating effective feedback mechanisms is one of the Company's priorities for supplier relationship development. Nornickel has put in place SAP SRM, an automated solution for supplier relationship management. This gives the suppliers continuous access to information relating to the Company's procurement procedures. Over 1,400 potential suppliers are currently registered and licensed to work in the system.

The Company's suppliers and contractors, items



Nornickel is committed to working with more local suppliers. To this end, it developed a centralised pilot testing procedure enabling it to phase out imported equipment with that manufactured locally. Foreign suppliers are mainly engaged for delivering unique equipment or systems that do not have Russian alternatives.

Nornickel strives to create an environment of shared culture, visions and values in its relationships with suppliers. An ESG clause is incorporated into the standard agreement with suppliers and contractors. The Company adheres to the codes of conduct applied by its business partners and devised by foreign manufacturers. There is also ongoing work to develop Nornickel's Charter for Suppliers that is expected to be signed by the Company's suppliers and contractors. The Charter reflects the values that underpin

Procurement

The Company's procurement activities are aimed at catering to its needs with regard to required products and their quality, reliability, and price in a full and timely manner, as well as at using relevant funds efficiently.

At Nornickel, the procurement process is certified for compliance with ISO 9001 and ISO 14001.

In 2018, Nornickel's divisions amended their procurement procedures to reflect the changes in the Federal Law No. 223-FZ On Procurement of Goods, Work and Services By Certain Types of Legal Entities. The documents

>1,400

potential suppliers

registered in SAP SRM, an automated solution for supplier relationship management

Procurement activities can be either centralised or organised independently by the Head Office, branches or Group enterprises

In 2018, the tender committee and tender commissions of the Head Office carried out procurement for

over **USD 330** mln
(RUB 20.9 bn)

provide a framework for small and medium-sized businesses (SMEs) to compete for procurement contracts and set the minimum threshold of annual procurement contracts that can be awarded to SMEs.

Procurement activities can be either centralised or organised independently by the Head Office, branches or Group enterprises. Depending on the expected purchase price, procurement can be organised either as a bidding procedure (tender), simple procurement, or simplified procurement. Procurement procedures may involve collective procurement bodies, such as the tender committee, tender commissions of the Head Office, procurement and tender commissions of the branches and Group companies.

In 2018, the tender committee and tender commissions of the Head Office that are in charge of the most expensive procurement items, full-cycle projects and IT products, carried out procurement for over USD 330 mln (RUB 20.9 bn). The Company's tender committee focuses on improving procedures for identifying reliable suppliers of quality products at a fair market price.

Preventing corruption and other misconduct

Nornickel evaluates the business reputation, reliability and solvency of potential counterparties to mitigate risks.

To prevent procurement misconduct and secure maximum benefit through unbiased selection of the best proposal, Nornickel adheres to the following rules:

- procurement relies on the role allocation principle (procurement owner, customer and secretary of a collective procurement body);
- business or technical and business proposals of qualified suppliers are compared based on objective and measurable criteria approved prior to the request of proposals stage;
- the results of the qualification-based selection and the winner are approved by the collective procurement body comprising representatives from various functional units of the Company.

2018 milestoneJune
2018

The General Meeting of Shareholders, following the recommendation of the Board of Directors, approved JSC KPMG as the Company's auditor for RAS and IFRS 2018 accounts.

INDEPENDENT AUDIT

The Company has approved the Procedure to Select an Auditor for MMC Norilsk Nickel's RAS and IFRS Financial Statements, which requires first to establish a tender commission to produce a list of auditors who perform best in the Russian market of audit services. The auditor whose conditions are recognised to be the best following the procedure, is recommended to the Audit and Sustainable Development Committee which, in its turn, assesses the candidate for an independent auditor and provides recommendations to the Board of Directors. Under applicable laws and Clause 7.1.9 of the Company's Charter, the auditor shall be approved by an Annual General Meeting of Shareholders.

KPMG also provides non-audit tax and advisory services to Nornickel. To avoid a conflict of interest, KPMG has a policy regulating the services that can be provided to its clients. The policy ensures compliance with IESBA requirements, the Russian Rules for the Independence of Auditors and Audit Organisations, and other applicable requirements. In 2018, the share of non-audit services rendered to the Company stood at 55% of the total fee.

In 2018:

The auditor's fee of MMC Norilsk Nickel amounted to

USD 3.5 mln

The share of non-audit services rendered to the Company accounted for

55%
of the total fee

In June 2018, the General Meeting of Shareholders, following the recommendation of the Board of Directors, approved JSC KPMG as the Company's auditor for RAS and IFRS 2018 accounts.

The auditor receives a fixed fee as determined in the technical and business proposal that sets out the audit procedure for all material audited facilities and calculates the labour input and travel expenses required to conduct the audit, based on the qualifications and hourly rates of experts engaged. In 2018, the auditor's fee of MMC Norilsk Nickel amounted to USD 3.5 mln¹, including overhead charges.

¹ The auditor's fee includes VAT (18%).

Auditor's fee for 2018

Service type	Fee	
	RUB mln	USD mln
Audit of consolidated IFRS financial statements for 2018	67.7	1.1
Audit of RAS financial statements for 2018	10.7	0.2
Review of interim IFRS financial statements for 6M 2018	17.3	0.3
Non-audit services	117.8	1.9
Total	213.5	3.5

REMUNERATION

The Company's remuneration framework is continuously and directly supervised by the Board of Directors, with the Corporate Governance, Nomination and Remuneration Committee responsible

for the development, oversight, and regular revisions of the Remuneration Policy for the Company's Board of Directors, Management Board and the President.

Remuneration paid to the members of governance bodies in 2018 including salaries, bonuses, commissions, benefits and reimbursement of expenses totalled RUB 5.7 bn (USD 91.0 mln)¹.

- ¹ The amount of remuneration is different from that specified in the 2018 consolidated IFRS financial statements as it excludes non-cash remuneration (insurance and VHI payments, and annual remuneration liabilities as at 31 December 2018). The remuneration accrued to the members of governance bodies in 2018 under IFRS totalled USD 109 mln (RUB 6.8 bn).

Board of Directors Remuneration

The Board of Directors' annual remuneration is set out in the Remuneration Policy for Members of the Board of Directors approved by the General Meeting of Shareholders in June 2014



The Policy is available on the Company's website at: https://www.nornickel.com/files/en/corporate_documents/constituent_documents/REMUNERATION-POLICY-for-MEMBERS-OF-BOARD-OF-DIRECTORS-.pdf

The Policy is guided by the rule of equal remuneration for non-executive directors.

To avoid any potential conflict of interest, executive directors do not receive any additional remuneration for their membership in the Board of Directors.

The Remuneration Policy for Members of the Board of Directors sets forth the following annual remuneration for non-executive directors:

- **base remuneration** of USD 120,000 for the Board membership;
- **additional remuneration** of USD 50,000 for membership in a Board committee;
- **additional remuneration** of USD 150,000 for chairing a Board committee;

On top of that, non-executive directors are entitled to reimbursement of expenses incurred while discharging their duties.

Remuneration payable to executive directors features the following unique components:

- remuneration linked to the Company's operating results;
- stock options;
- additional benefits, including all forms of insurance other than directors' liability insurance;
- severance pay and any payments related to the change of ownership;
- pension plans and schemes.

Board of Directors remuneration in 2018

Remuneration types	RUB mln	USD mln
Remuneration for membership in a governance body	248.4	4.0
Salary	0	0
Bonus	0	0
Commissions	0	0
Benefits	0	0
Reimbursement	0.7	0.01
Other	0	0
Total	249.2	4.0

The annual base remuneration for the Chairman of the Board of Directors is USD 1 mln, payable every quarter in equal instalments (in roubles at the Bank of Russia's exchange rate). Subject to a special resolution of the General Meeting of Shareholders,

the Chairman of the Board of Directors may be entitled to additional remuneration and benefits.

The Company's remuneration framework clearly differentiates between non-executive and executive directors.

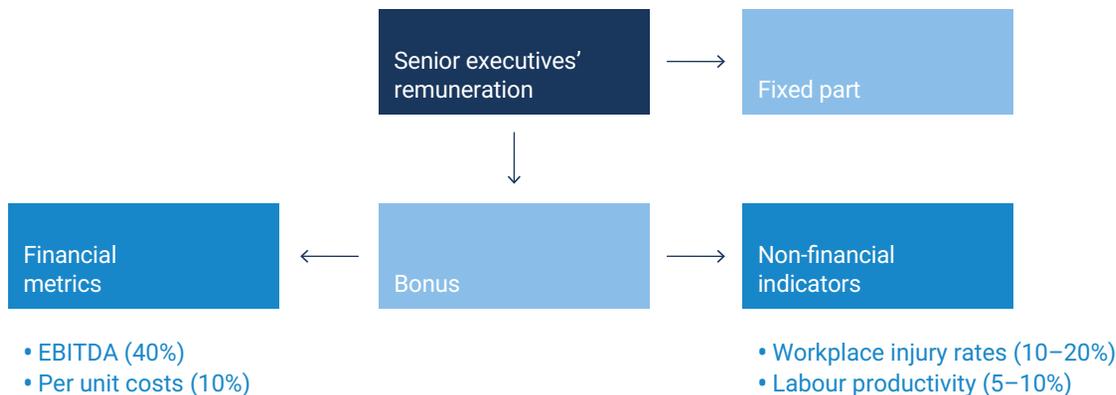
Additional benefits for directors include liability insurance and reimbursement of losses incurred in connection with their membership in the Board of Directors.

Key performance indicators and management remuneration

KPIs used to assess the senior executives' performance reflect the achievement of Nornickel's strategic objectives. As per the Company's Charter, the remuneration and reimbursement payable to the Company's President and members of the Management Board are determined by the Board of Directors.

Total remuneration payable to senior executives comprises the base salary and bonuses. Bonuses are linked to the Company's performance, including both financial metrics (EBITDA, per unit costs) and non-financial indicators (lower workplace injury rates and labour productivity). The variable

part of the remuneration payable to the Management Board takes into account key performance indicators updated and approved annually by the Corporate Governance, Nomination and Remuneration Committee of the Board of Directors.



Management Board remuneration in 2018

Remuneration types	RUB mln	USD mln
Remuneration for membership in a governance body	2.3	0.04
Salary	3,117.5	49.7
Bonus	2,338.3	37.3
Commissions	0	0
Benefits	0	0
Reimbursement	0	0
Other	0	0
Total	5,458.1	87.0