

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	–	–	–	–