

HUMAN RESOURCES

Headcount breakdown by Russian operations (%)



Norilsk Industrial District (NID)	67
Murmansk Region	17
Moscow and other Russian regions	6
Krasnoyarsk Territory (excluding NID)	5
Trans-Baikal Territory	4
Foreign operations	1

HeadHunter ranked Nornickel fourth among Top 5 Russian employers and first in the metals and mining sector. HR Brand is the holding's annual independent award recognising companies for their strong reputation as an employer.

Nornickel also received the international Randstad Award as the best employer in the metals and mining sector based on a Russia-wide independent survey of 9,500 working-age respondents. The 2018 competition saw over 300 Russian corporates from various economy sectors.

One of the Company's focus areas is to nurture corporate culture aimed at boosting employee performance and commitment to delivering against targets. We view our people as the Company's key asset and keep investing in their professional and personal development, while also creating an environment that would enhance

employee performance and engagement.

Nornickel makes sure that all employees enjoy equal rights and treatment regardless of gender, age, race, nationality and origin. We provide all our talent with the same opportunities to unlock their potential and promote them solely on the basis of professional abilities, knowledge and skills.

Respect for employees and their rights lies at the heart of Nornickel's business. The protection of human rights is reflected in a number of by-laws, including Business Ethics Code, Personal Data Policy, Anti-Embezzlement Regulation and Human Rights Policy.

STAFF COMPOSITION

In 2018, the Group's average headcount totalled 75,900 people.

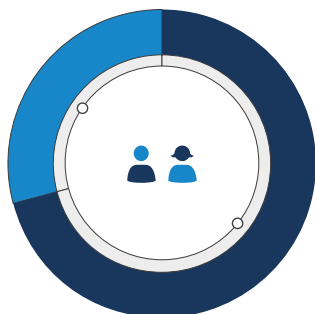
A decrease in the average headcount in 2018 was caused by our programme to improve labour productivity and reduce costs.

Nornickel is among the principal employers in the Norilsk Industrial District and Kola Peninsula, hiring 67% and 17% employees, respectively.

The Group's average headcount (people)

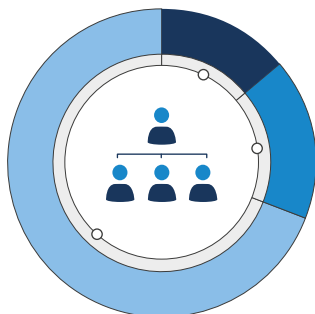
Location	2016	2017	2018
Russia	81,081	77,991	74,926
Africa	586	605	617
Europe	311	326	330
Asia	13	13	13
USA	10	10	10
Australia	5	5	5
TOTAL	82,006	78,950	75,901

Headcount breakdown by gender¹ (%)



Male	71
Female	29

Headcount breakdown by category¹ (%)



Managers	14
White-collar employees	17
Blue-collar employees	69

¹ Russian operations.

RECRUITMENT



Partnerships with universities

To make jobs in the metals and mining industry more attractive for young people and help develop skills in personnel, Nornickel pays special attention to collaboration with Russian universities. In 2018, the Company invited 301 students from industry-oriented universities to take part in its Career Start-Up programme. The students obtained practical skills as part of their apprenticeship at the Company's major facilities, while also gaining unique knowledge by taking part in the Conquerors of the North business game. The event was specifically designed to develop knowledge and competencies most sought after by Nornickel.

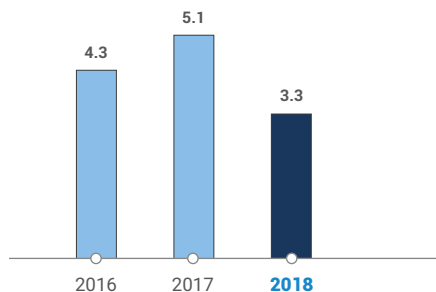
In the span of summer months, the programme participants took hands-on training and competed in a multi-stage business game with a focus on teamwork to try and tackle some of the Company's real tasks. The Company engaged 20 of its top experts to provide mentorship support to the contestants. Nornickel was the first company in the Russian mining industry to engage students and graduates in solving true business challenges. In 2018, the project saw the Company sign employment contracts with 88 participants.

Nornickel places a strong emphasis on engineering education in Russia and partakes in the promotion of relevant professions among school graduates and university students. In 2018, we supported Cup MISIS Case and Cup Technical, case-solving championships among students of Russian technical universities. During the contest, students dealt with cases related to Nornickel's operations, gaining insight into the Company's business processes.

In 2018, we launched First Arctic, a unique leadership programme that welcomed both job seekers from other companies and Nornickel's young professionals. The programme aims to attract high-potential graduates of industry-oriented universities, and retain promising young talent, including best specialists from other facilities across Russia, to strengthen the management pool of Polar Division. First Arctic targets engineers and relies on a coaching approach to growing future managers. The participants are supervised by experienced coaches from among Polar Division's top management. The July and August promo campaign helped collect more than 1,500 CVs of job seekers from 18 Russian cities. 53 candidates reached the finals in October, with as few as eight selected to participate in the programme. Assistance programme.

The Company is actively engaging employees from other Russian regions

Financing under the Assistance programme (USD mln)



379 people

joined the Assistance Programme in 2018

35,000

employees of Nornickel

participated in the Corporate Dialogues project



Assistance Programme

Due to the remote location of its industrial sites, the Company is actively engaging employees from other Russian regions. To help them settle in faster, we launched a programme called Assistance to New Employees in Adapting to the New Place of Residence in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District (the Assistance programme). The programme does not only target highly qualified specialists and managers, but also focuses on attracting young talents and skilled workers to fill positions on the skills shortage list. Today, it covers 1,520 of the Company's employees, including 379 new participants who joined in 2018. With this programme the Company seeks to provide comfortable living conditions for the invited employees and reimburse their relocation and resettlement costs.



Engagement

As part of its efforts to boost employee engagement, Nornickel annually runs a series of activities, which comprises a survey named "Let Everyone Be Heard. What Do You Think?", review of its outcomes, and delivering a set of improvement initiatives.

The survey includes polling and focus group research among some 75,000 employees from 32 Nornickel's facilities. Its results are subject to review, action planning and implementation at all governance levels, from facilities to the Group as a whole. In 2018, the Company built a team of engagement experts, with 120 employees selected and trained for the purpose.



Personnel development

In 2018, our work to develop corporate culture centred around:

- personnel engagement;
- corporate dialogues and forums;
- comprehensive training in corporate culture;
- training of corporate coaches;
- promotion and communication.



Corporate dialogues and forums

In 2018, Nornickel ran a Corporate Dialogues project to raise employee awareness, help them embrace more fully corporate goals and values and make employee-management relationships more open. The project saw 17 corporate dialogues and 20 communication training sessions, which helped train over 200 managers. A total of 3,500 Nornickel's employees participated in the initiative.

Eight unit conferences as well as Technological Breakthrough, Leaders of Nornickel and Talent Pool forums featured workshops on engagement and corporate culture, covering over 1,000 people.



Comprehensive training in corporate culture

Eight Nornickel's facilities and units attended a 125-hour training programme on workplace culture.

The programme translated into a much better alignment of employee behaviour with corporate values Group-wide, with a 1.5–2 times increase in average alignment figure revealed by the management team survey.

Some 18 business initiatives were developed and approved, delivering an economic effect of at least USD 3.2 mln (RUB 200 mln), according to participants.

More than 1,800 blue-collar employees and over 500 line managers took part in dedicated Our Values and Value-Based Management training programmes, respectively.



Promotion and communication activities

Promotion and communication activities focused on the coverage of engagement and corporate culture events in corporate media and on the portal. In 2018, we prepared 11 articles, carried out six interviews with vice presidents, created four information and advertising videos, produced handouts on the Company's programmes (leaflets, flyers), and developed a website and a brand for Norilsk Live.

The economic effect of 18 business initiatives amounted to at least

USD 3.2 mln



Training of corporate coaches

In order to build a hub for training coaches in corporate values and roll out relevant competencies company-wide, the Company designed the Our values module. A competition was organised to select and instruct 24 corporate coaches, who later taught in more than 60 module programmes.



Talent pool

In 2018, the Company kept rolling out the talent pool management system across its mining facilities to cover recruiting of lower and middle line managers. The Company's talent pool added 115 members in Polar Transport Division, Norilsknickelremont, Norilsk Support Complex and NTEK, with 70 line managers acting as mentors. The reporting year saw the start of a training and development programme for employees and their mentors, which offers a combination of classroom and online sessions.

>1,800

employees

>500

line managers

completed Our Values and Value-Based Management training programmes

2018

Jan Feb Mar **Apr** May Jun Jul Aug **Sep** Oct **Nov** Dec

The Company completed the operational efficiency programme at Moscow's School of Management Skolkovo. Its five modules helped 55 participants better understand business and business environment, expand their planning horizon, enhance their vision of the Company's prospects, analyse best practices in production management, and also their possible use and roll-out across the Group. The programme saw the Company implement eight projects to improve the operational efficiency of its assets.

Nornickel kicked off a Leaders of Nornickel corporate development programme that welcomed 54 high-potential managers. The programme focuses on project work to improve process efficiency across the Company's business units based on lean manufacturing.

Nornickel launched an IamHR corporate programme for the professional development of HR employees. It seeks to improve the human capital management function, promote interaction between the business and HR, and introduce the most advanced solutions and best practices in HR management. The participants will be tasked with cataloguing HR practices and management tools.

720 managers

were assessed under a professional competency model

In 2018, the Company went on with assessing the capacity, current performance and growth prospects of its middle and top managers. The assessment covered some 1,500 managers from both production facilities and functional divisions of Nornickel. Its outcomes and development options were reviewed by HR committees. The assessment identified over 450 managers with a high career growth potential.

In 2018, the Company organised a number of training courses in managerial competencies for some 270 high-potential employees from Monchegorsk and Norilsk. The training topics were selected based on the competency assessment and an individual development plan for each manager.

To define priority development areas for its management, the Company runs an end-of-year 360-degree competency review using a corporate competency model built around values and management competencies. Based on its results and relevant feedback from the superior, each participant can choose the right path for development and select required tools and methods using a dedicated roadmap for next year's development activities.

In 2018, Nornickel closed the project to review the professional competencies of lower and middle line managers across its mining facilities. The project yielded a competency model and a series of relevant tests used to assess 720 line managers and identify their growth areas. Nornickel will use the review results to launch specially designed training programmes for the facilities' lower and middle line managers in 2019.

The Company pays close attention to implementing cutting-edge education technologies



Enhancing professional excellence

With our reconfigured production cycle, modernised operations, new technologies and approaches, and a rapidly changing operational environment, we need to make sure our employees meet the new expertise, skill and competency requirements. The corporate training framework must provide employees with a quick and unhindered access to new knowledge, helping them master new professional skills and receive training and development support for horizontal and vertical job rotation.

In 2019, we will proceed with the diagnostics and management of professional skill development across our facilities, building a professional competency model for certain functional and production divisions of the Company, defining knowledge and skills requirements for each position, and developing a set of test questions to assess professional competencies of employees in temporary fill positions.

In the reporting year, we continued to educate and develop our employees. Our training and retraining programmes covered over 87,500 staff-hours. Around 43,000 employees took courses in corporate training centres.

An area of special attention is the use of advanced technologies to assist in training various personnel categories. In 2018, 6,500 employees attended online HSE training sessions hinging on our staff expertise. We leverage internal expertise and today's formats to come up with new online training courses that help build up employee competencies promptly and efficiently.



Incentives and rewards

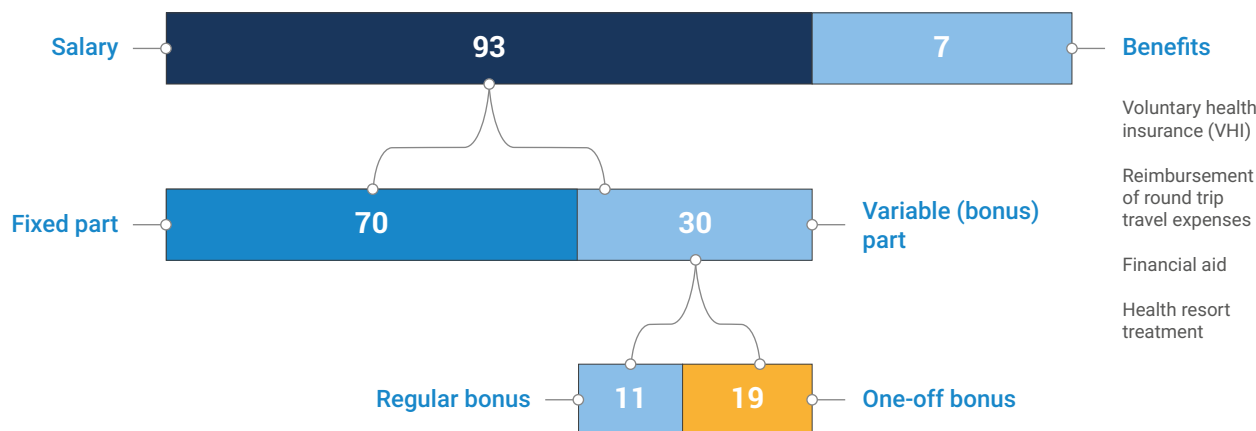
Remuneration of Nornickel's employees depends on the complexity of the functions performed, as well as individual experience, expertise and contribution to the Company's performance.

Principles of remuneration:

- Internal equity – remuneration management is based on the job description and grading methodology. The Company has a unified grade system across all functions.
- External competitiveness – remuneration is determined based on the labour market data, with adjustments made for the company's focus area, business location and job grades.
- Performance-based incentives – pay level is reviewed subject to the annual performance assessment outcome.

Simplicity of the remuneration system – pay level calculation and review procedures are transparent, and every employee knows how to improve their remuneration. The remuneration package consists of the fixed and variable components (70% and 30%, respectively), with the latter linked to the Company's operating performance and achievement of relevant KPIs.

Remuneration package across the Group's Russian operations (%)



In addition to salaries, the Company's employees enjoy a variety of benefits making up 7% of the remuneration package. The social package includes the following benefits and compensations:

- voluntary health insurance with major accident coverage;
- discounted tours for health resort treatment and recreation of employees and their families;
- reimbursements of round trip travel expenses and baggage fees for employees and their families living in the Far North and equated territories;
- one-off financial aid in the face of certain life events, or hardships;
- additional employee pensions;
- other types of social guarantees under the existing collective bargaining agreements and local regulations.

EMPLOYEE AWARDS

In 2018, MMC Norilsk Nickel approved its Award Policy, which sets out the goals, principles, rules, requirements and limitations of the Company's awarding activities. Aimed at improving employee performance, the Award Policy is a fundamental document for HR decision-making and drafting the Company's by-laws.

Average monthly salary across in the Group's Russian operations

Currency	2016	2017	2018
USD ¹	1,405	1,784	1,780
RUB '000	94.2	104.1	111.6

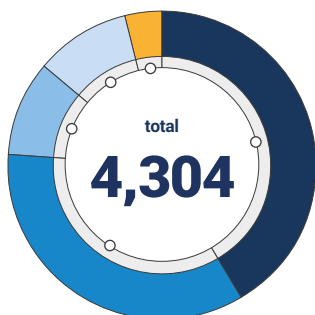
¹ Based on the average annual RUB/USD exchange rates of 67.03 in 2016, 58.35 in 2017 and 62.71 in 2018.

Expenses on employee benefits across the Group's Russian operations

Item	2016	2017	2018
Total expenses (mln USD)	103.0	122.5	127.6
including per employee (USD)	1,300	1,571	1,703

UNDERLYING PRINCIPLES OF THE AWARD POLICY

Employee awards (pcs)



Internal awards from the Group's companies	1,996
Awards from regional and municipal authorities	1,664
Awards from ministries and agencies	286
Corporate awards	275
Government awards	83

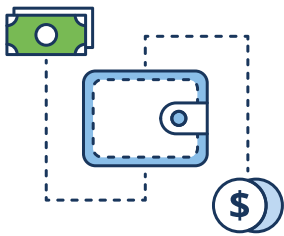
- **Fair and transparent** procedure for nominating and awarding employees. The Company uses fair, relevant and transparent criteria to ensure that the awarded employees and their colleagues clearly understand which achievements are recognised, and create a perception that the award is fair and well-deserved.
- **Award relevance and attainability.** The Company maintains a balance between employees' award aspirations and its attainability through an objective distribution of award quotas, transparent and fair procedures, material financial and non-financial incentives, and award events.
- **Communication and awareness.** The Company makes available the documents governing the Award Policy and the list of award categories and awards while also providing for visible and clear nomination and awarding conditions, criteria and procedures.
- **Maximum awareness** of all employees about award winners. The award process is open and enjoys various types of information support. Information on the awarded employees is communicated to employees via all internal communications channels.
- **Frequency.** Award campaigns and events are evenly distributed throughout the calendar year.
- **Equal opportunities** for employees working at different locations and positions to be nominated and awarded. The Company ensures there is no gender, national, or religious discrimination in the nomination and awarding of employees.
- **Development of employees** in line with strategic priorities and corporate values through better use of their potential and motivation to improve their professional skills.

The Award Policy is closely linked to Nornickel's values and strategic priorities through corporate incentives. The Company recognises employees for their outstanding professional achievements and contribution, innovations that drive growth and add value, efforts going beyond formal agreements with the Company, and business improvement initiatives. The Company praises and distinguishes employees showing unmatched production, engineering and managerial competencies by awarding those who delivered remarkable operating and management performance and contributed a lot to advancing production. There are several categories of incentives in the Company.

They include corporate incentives or awards that can be granted to the staff, and internal incentives with nomination and awarding criteria set in compliance with the Award Policy. The best employees may be nominated for agency and government awards. The Company welcomes the recognition of its employees' prodigious operating and management achievements, and significant contribution to production growth by agencies and the government.

Award events are the pinnacle of the award system. The Company bestows corporate awards at special ceremonies attended by its staff and senior management. Information about the winners is published in corporate magazines and communicated group-wide.

REMUNERATION



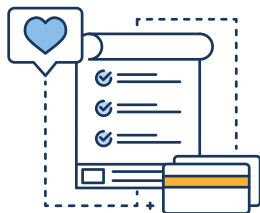
The key performance indicators adopted by Nornickel serve to build a transparent incentive and performance assessment system. Remuneration is linked to KPIs approved for different types of jobs, with employees consistently exceeding the targets.

The reporting year saw the Company kick off automation of the KPI-based employee assessment. The new system will help standardise talent pool management methods across the board, consolidate relevant data into a shared database, and provide access to the process through personal accounts for each employee. By the end of 2018, the system ran at 19 divisions and subsidiaries of the Group. In 2019, Nornickel will roll it out across its energy assets and transport divisions.



The Company put in place the performance management system five years ago, with assessment reliant on a variety of key performance indicators (KPIs), including social responsibility, occupational safety, operating efficiency and capital management. In 2018, some 9,800 people (employees of the Company's Head Office, branches and subsidiaries) took part in the KPI-based assessment.

To improve the performance of the Head Office staff, Nornickel approved the Procedure for Assessing Employee Performance and the Regulation on Annual Performance Bonuses. The Procedure primarily seeks to link the assessment outcome with remuneration, development and promotion of employees, whereas the Regulation on Annual Performance Bonuses serves to review employee performance in the reporting period against team and individual KPIs.



The system is instrumental in streamlining evaluation criteria and enabling the management and employees to align the current year's priorities with performance indicators of the Company/divisions/subsidiaries and link an employee's performance to their pay level.

To boost employee performance across its Russian operations, the Company put in place the Procedure for Assessing Management Performance. It calls for setting KPIs to be used as a basis for evaluating manager achievements.