

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.

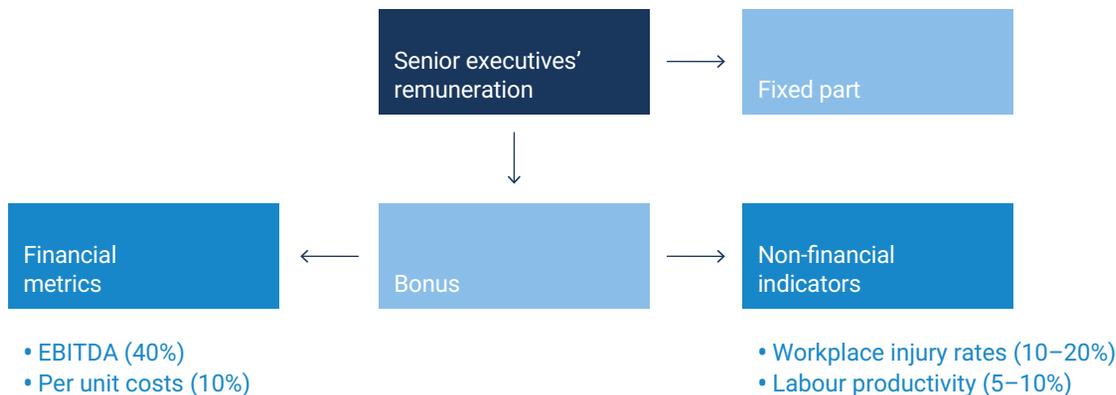
Additional benefits for directors include liability insurance and reimbursement of losses incurred in connection with their membership in the Board of Directors.

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