

## BOARD COMMITTEES

Committees established by Nornickel's Board of Directors are responsible for preliminary review of key matters and making recommendations to the Board of Directors. To discharge their responsibilities in the most effective way, the committees may consult Nornickel's governance bodies and seek opinions from independent external consultants. Nornickel has four Board committees, each comprised of five members:

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

### AUDIT AND SUSTAINABLE DEVELOPMENT COMMITTEE

Members of the Audit and Sustainable Development Committee are appointed by the Board of Directors. In accordance with its Terms of Reference, the Audit and Sustainable Development Committee of the Board of Directors has five members, all of them independent directors. If it is reasonably impracticable to meet the above requirement, independent directors should make up the majority of Committee members, while the remaining Committee members may include members of the Board of Directors, except for the Company's CEO and/or members of its Management Board. Only an independent director may chair the Committee.

In accordance with its Terms of Reference, the current Audit and Sustainable Development Committee is made up of five directors, three of whom are independent directors, including its Chairman (i.e. 60% of the Committee members are independent

directors). On average, Committee members have more than 10 years of experience in finance.

In 2019, the Committee held eight meetings, including six in person, and two in absentia.

The Committee discharges its responsibilities by overseeing:

- financial reporting
- risk management and internal controls
- external and internal audit
- prevention of wrongdoing by Nornickel employees and third parties
- health, safety, and environment matters.

The Audit and Sustainable Development Committee plays an important role in enabling controls and accountability, and has become an effective interface between the Board of Directors, Audit Commission, independent auditor, Internal Audit Department, and management of Nornickel.

During 2019, the Audit and Sustainable Development Committee prepared for the Board of Directors a number of recommendations on the accuracy, completeness, and reliability of Nornickel's financial accounts, as well as on health, safety and environment matters, and approval of the Company's auditors. The Committee also considered and took note of audit reports by the Internal Audit Department and Internal Control Department, Report by Nornickel's management on adopting a new standard, IFRS 15 Revenue from Contracts with Customers, the Norilsk Nickel Group's 2018 Sustainability Report, Report on Improvements to Procurement, Corporate Risk Appetite Statement for 2019, and information about the development status of the risk management framework and the implementation status of activities addressing obsolete inventories.

#### Status of Board Committee members as of 31 December 2019



65%  
Independent directors



35%  
Non-executive directors

**Members of the Audit and Sustainable Development Committee in 2019**

Before the Annual General Meeting of Shareholders (before 10 June 2019)	After the Annual General Meeting of Shareholders (after 10 June 2019)
Roger Munnings (Chairman, Independent Director)	Roger Munnings (Chairman, Independent Director)
Alexey Bashkirov	Alexey Bashkirov
■■■■■■■ (Independent Director)	■■■■■■■ (Independent Director)
Stalbek Mishakov	Vyacheslav Solomin
Robert Edwards (Independent Director)	Robert Edwards (Independent Director)

**STRATEGY COMMITTEE**

Members of the Committee are appointed by the Board of Directors. In accordance with its Terms of Reference, the Strategy Committee of the Board of Directors has five members, all of them non-executive directors. At least one Committee member must be an independent director. The Committee Chair may serve on other Board committees, but may not chair more than two Committees at a time.

In accordance with its Terms of Reference, the current Strategy Committee is made up of five directors, four of whom are independent directors, including its Chairman (i.e. 80% of the Committee members are independent directors). In 2019, the Committee held seven meetings in person.

The Strategy Committee assists the Board of Directors by pre-reviewing matters related to:

- building a sustainability strategy
- investment planning and structural changes
- engagement with capital markets and government relations.

In 2019, the Strategy Committee considered matters related to environment, health, safety, and climate change, including the infrastructure development

and energy capacity expansion strategy, as part of building Nornickel's Environmental Vision.

The Strategy Committee's key areas of focus:

- Supporting Nornickel's Board of Directors in developing, following up, and adjusting the corporate strategy
- Recommending updates to the strategy

During the year, the Strategy Committee made recommendations to the Board of Directors to inform decision-making on updating Nornickel's development strategy and a number of functional strategies. The Committee also reviewed the progress and status updates on Nornickel's major investment projects (including the Bystrinsky project, 3rd Stage of Talnakh Concentrator Upgrade, and the South Cluster), and prepared the Progress Report on Production Reconfiguration, Report on the Comprehensive Insurance Programme (including a review of property insurance quality), and Progress Report on the IT Programme, including progress on the ERP and Technology Breakthrough programmes. The Committee also considered the progress updates on Volta Shared Services Centre and Stable Coin projects. To ensure efficient strategic planning at Nornickel, the Committee reviewed its production report and progress on the programme designed to improve operational efficiency and reduce operating costs.

**Members of the Strategy Committee in 2019**

Before the Annual General Meeting of Shareholders (before 10 June 2019)	After the Annual General Meeting of Shareholders (after 10 June 2019)
Maxim Sokov (Chairman)	Maxim Poletaev (Chairman, Independent Director)
Alexey Bashkirov	Alexey Bashkirov
■■■■■■■ (Independent Director)	■■■■■■■ (Independent Director)
Artem Volynets (Independent Director)	Evgeny Shvarts (Independent Director)
Gareth Peter Penny (Independent Director)	Gareth Peter Penny (Independent Director)

## BUDGET COMMITTEE

Members of the Committee are appointed by the Board of Directors. In accordance with its Terms of Reference, the Budget Committee of the Board of Directors has five members, all of them non-executive directors. At least one Committee member must be an independent director. The Committee Chair may serve on other Board committees, but may not chair more than two Committees at a time.

In accordance with its Terms of Reference, the current Budget Committee is made up of five directors, three of whom are independent

directors (i.e. 60% of the Committee members are independent directors).

In 2019, the Budget Committee focused on making recommendations to the Board of Directors to inform 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 Nornickel's 2020 budget.

### Members of the Budget Committee in 2019

Before the Annual General Meeting of Shareholders (before 10 June 2019)	After the Annual General Meeting of Shareholders (after 10 June 2019)
Alexey Bashkirov (Chairman)	Alexey Bashkirov (Chairman)
■■■■■■■ (Independent Director)	■■■■■■■ (Independent Director)
Artem Volynets (Independent Director)	Sergey Volk (Independent Director)
Roger Munnings (Independent Director)	Roger Munnings (Independent Director)
Maxim Sokov	Stalbek Mishakov

## CORPORATE GOVERNANCE, NOMINATION AND REMUNERATION COMMITTEE

Members of the Corporate Governance, Nomination and Remuneration Committee are appointed by Nornickel's Board of Directors. The Committee has five members in accordance with its Terms of Reference. The Board of Directors, however, may increase the membership of the Committee. The Committee members may only include independent directors. If it is reasonably impracticable to meet the above requirement, independent directors other than the Company's CEO and/or members of its Management Board should make up the majority of Committee members.

In accordance with its Terms of Reference, the current Budget Committee is made up of five directors, three of whom are independent directors, including

its Chairman (i.e. 60% of the Committee members are independent directors).

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

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

In the reporting year, the Committee held twelve meetings, including ten in absentia, and two in person.

The Committee made recommendations to the Board of Directors to inform decision-making on convening, preparing, and holding the Annual and Extraordinary General Meetings of Shareholders, and on matters reserved to the General Meeting of Shareholders (remuneration and reimbursement of expenses of members of the Board of Directors and the Audit Commission, and liability insurance and indemnity for members of the Board of Directors and the Management Board).

The Corporate Governance, Nomination and Remuneration Committee advised the Board of Directors on assessment of the Board of Directors'

performance in 2018. The Committee reviewed the updates on the Our Home and My Home programmes, Corporate Social Subsidised Loan Programme, and Nornickel's Charitable Policy. The Committee also considered an external assessment of the Board of Directors' performance in 2018, which concluded that the Board of Directors and the Corporate Secretary of Nornickel were effective, and assessed the independence of nominees to the Company's Board of Directors.

### Members of the Corporate Governance, Nomination and Remuneration Committee in 2019

Before the Annual General Meeting of Shareholders (before 10 June 2019)	After the Annual General Meeting of Shareholders (after 10 June 2019)
■■■■■■■ (Chairman, Independent Director)	Robert Edwards (Chairman, Independent Director)
Alexey Bashkirov	Alexey Bashkirov
Stalbek Mishakov	Stalbek Mishakov
Andrey Likhachev (Independent Director)	■■■■■■■ (Independent Director)
Robert Edwards (Independent Director)	Maxim Poletaev (Independent Director)