

REMUNERATION

The Board of Directors directly supervises the remuneration framework at Nornickel. The Corporate Governance, Nomination and Remuneration Committee of the Board of Directors is responsible for:

- developing the Remuneration Policy for Members of the Board of Directors, Members of the Management Board, and the President of Nornickel
- overseeing the implementation and execution of the Policy
- reviewing the Policy on a regular basis.

Nornickel does not issue loans to members of the Board of Directors and the Management Board but encourages them to invest in Nornickel shares.

Remuneration paid to members of Nornickel's governance bodies in 2019 totalled RUB 6.3 bn (USD 97.0 mln), including salaries, bonuses, commissions, benefits, and reimbursed expenses)¹.

DIRECTORS' REMUNERATION

Under Paragraph 2, Article 64 of the Federal Law On Joint Stock Companies and Clause 8.8. of Nornickel's Articles of Association, members of the Board of Directors may be paid remuneration and/or reimbursed for expenses incurred by them in performing their duties as members of the Board of Directors, subject to a resolution by the General Meeting of Shareholders. Nornickel also insures third-party liability of members of the Board of Directors related to their roles. Agreements can be signed with members of the Board of Directors

to reimburse them for expenses incurred by them in performing their duties as members of the Board of Directors.

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 was adopted to attract and properly incentivise top talent with required skill sets and experience to serve on the Board of Directors. The Policy also provides for presenting shareholders with a full report on all components of the remuneration payable to members of the Board of Directors and for facilitating long-term sustainability at Nornickel. The Corporate Governance, Nomination and Remuneration [Committee of the Board of Directors reviews the Policy](#) for consistency with stated objectives and best practices in corporate governance. If the Policy needs revision, the relevant changes are submitted to Nornickel's General Meeting of Shareholders for approval. The Policy was not updated in 2019, and is not planned to be updated in 2020.



[The Remuneration Policy for Members of the Board of Directors](#)

¹/The amount of remuneration paid does not include the remuneration accrued but not yet paid as of 31 December 2019, as well insurance premiums and voluntary health insurance (VHI) contributions. Adding the amounts above, remuneration of members of Nornickel's governance bodies for 2019 as per the 2019 consolidated IFRS financial statements totalled RUB 8.7 bn (USD 134 mln).

LIABILITY INSURANCE

Additional benefits for all Board members include liability insurance and reimbursement of losses incurred in connection with their service on the Board of Directors. The Bank of Russia's Corporate Governance Code recommends companies to insure liability of their directors to be able to recover potential losses through the insurer. Apart from ensuring stronger commitment from directors, the insurance encourages competent leaders to join the Board.

On 10 June 2019, the annual General Meeting of Shareholders resolved to take a one-year directors' liability insurance policy with a Russian insurer, with a minimum liability limit of USD 200 mln, as well as grant an indemnity of up to USD 115 mln each to members of Nornickel's Board of Directors and Management Board against losses arising from the performance of their duties. In 2019, Nornickel neither reimbursed members of its Board of Directors for losses incurred by them, nor made insurance payments under directors' liability insurance policy.

REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Remuneration of the Chairman of the Board of Directors differs from remuneration payable to other non-executive directors, due to the Chairman's enhanced scope of expertise and responsibilities. Subject to a resolution of the General Meeting of Shareholders, the Chairman of the Board of Directors may be entitled to additional remuneration and benefits other than those set out in the Policy.

Under the Policy, the annual base remuneration of the Chairman of the Board of Directors is USD 1 mln. The Chairman of the Board of Directors is not entitled to any additional remuneration for serving on Board committees.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the above Policy, all non-executive directors receive equal remuneration. The Policy sets forth the following annual remuneration for non-executive directors:

- Base remuneration of USD 120,000 for Board membership
- Additional remuneration:
 - of USD 50,000 for membership on a Board committee
 - of USD 150,000 for chairing a Board committee

Non-executive directors are not eligible for any forms of short-term or long-term cash incentives, or non-cash remuneration, including shares (or share-based payments), share options (option agreements), or other non-cash rewards or benefits.

REMUNERATION OF EXECUTIVE DIRECTORS

In line with the approved Policy, executive directors do not receive any additional remuneration for their service on the Board of Directors to avoid any potential conflict of interest.

Directors' remuneration in 2019

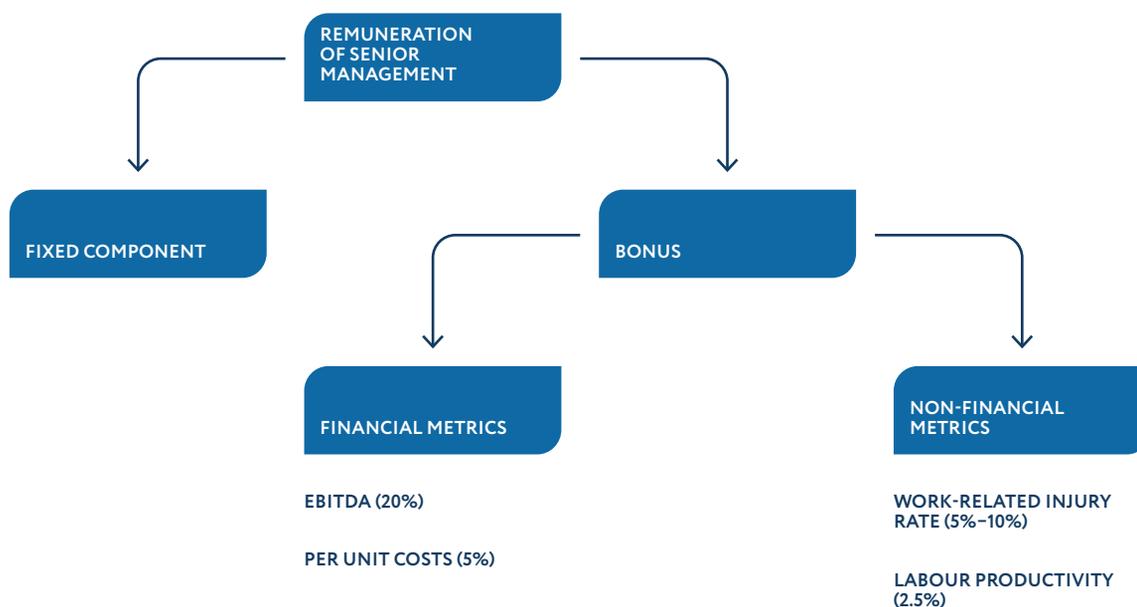
Type	Amount	
	RUB mln	USD mln
Total	249.0	3.84
Remuneration for serving on the Board of Directors	248.2	3.83
Salary	0	0
Bonuses	0	0
Commissions	0	0
Benefits	0	0
Reimbursement	0.8	0.01
Other	0	0

SENIOR MANAGEMENT REMUNERATION

KPIs used to assess senior management's performance are aligned to Nornickel's strategic goals. In line with Nornickel's Articles of Association, the remuneration and reimbursement payable to the President and members of the Management Board are determined by the Board of Directors.

Remuneration payable to senior management is comprised of basic salary and bonuses. Bonuses are linked to Nornickel's performance,

including both financial (EBITDA, per unit costs) and non-financial metrics (work-related injury rates and labour productivity). The variable component of the remuneration payable to members of the Management Board reflects KPIs, which are annually updated and approved by the Corporate Governance, Nomination and Remuneration Committee of the Board of Directors. The Board of Directors decides whether to pay the President a performance bonus for the reporting year.



Management Board's remuneration in 2019

Type	Amount	
	RUB mln	USD mln
Total	6,032.0	93.2
Remuneration for serving on the Management Board	2.4	0.04
Salary	3,091.9	47.8
Bonuses	2,937.7	45.4
Commissions	0	0
Benefits	0	0
Reimbursement	0	0
Other	0	0