

**APPROVED**  
**by Resolution of General Meeting**  
**of Shareholders of**  
**PJSC MMC Norilsk Nickel**  
**Minutes №1 dated 14.05.2020**

**REMUNERATION POLICY for MEMBERS OF THE BOARD DIRECTORS**  
**at PJSC MMC NORILSK NICKEL**

## **1. Purpose**

This Policy outlines the key principles for the remuneration system for members of the Board of Directors at PJSC MMC Norilsk Nickel (hereinafter called the Company), and has been adopted to accomplish the following:

- Attract and properly motivate world-class experts to serve on the Board of Directors who have the experience and skills necessary to improve the effectiveness of the work that it performs
- Reconcile the interests of Board of Directors members with those held by Company shareholders
- Provide complete disclosure to shareholders regarding all components of the remuneration system for Board of Directors members, including the fundamental principles behind it, and all forms of payment to members of the Board of Directors
- Promote the Company's long-term and sustainable development.

In order to achieve these goals, the remuneration system for members of the Board of Directors should:

- Support the independence in decision-making that is expected from each member of the Board of Directors
- Reflect the scale of the Company's operations and the complexity of managing the Company
- Reflect the responsibilities, scope of duties, and time required to make informed and effective decisions regarding Company affairs on the part of members of the Board of Directors
- Be proportional to the contributions made by each Board of Directors member towards furthering the Company's interests
- Be consistent with recognized best practices in corporate governance and remuneration for members of the Board of Directors.

## **2. Applicability and Scope**

All non-executive members of the Board of Directors shall receive the same remuneration, which is structured in accordance with this Policy. Along with that, in keeping with best practices, executive members of the Company's Board of Directors, in order to avoid a potential conflict of interests, shall receive any additional remuneration for their services on the Board of Directors.

Bearing that in mind, in accordance with the Company's articles of incorporation, the scope of competence and authority held by the Chairman of the Board of Directors significantly differs from the scope of competence and authority held by ordinary Board of Directors members, and the structure of the remuneration for the Chairman of the Board of Directors outlined in

this Policy also differs from the structure of remuneration for ordinary non-executive Board of Directors members.

The Company's General Shareholders' Meeting may, through a separate resolution, approve the terms of remuneration and additional perquisites for the Chairman of the Board of Directors that differ from those stipulated in this Policy.

### **3. Remuneration Structure for Non-executive Members of the Board of Directors**

The annual remuneration for non-executive members of the Board of Directors is composed of the following (all the amounts named are before taxes):

- Base salary – US\$120,000
- Additional remuneration for membership in one Board of Directors committee – US\$50,000
- Additional remuneration for chairmanship of one Board of Directors committee – US\$150,000
- Reimbursement for expenses – see Article 5 in this Policy

In order to draw a clear distinction between the principles and structure of remuneration for non-executive members of the Board of Directors and the principles and structure of remuneration for executive members of the Board of Directors, and top executives at the Company, the following components in the remuneration system must not be used in the remuneration structure for non-executive members of the Company's Board of Directors:

- Bonuses tied to the Company's operational results
- Stock options
- Additional benefits (perquisites), including any form of insurance other than liability insurance for members of the Board of Directors
- Severance and change-of-control payments
- Retirement benefits

### **4. Remuneration Structure for the Chairman of the Board of Directors**

In order to reflect the additional workload and level of responsibility borne by the Chairman of the Board of Directors, his/her annual base fee equals USD 1,000,000.

In accordance with international best practices in corporate governance, the Chairman of the Board of Directors should not be a member of any of the Board of Directors committees. If a situation arises in which the Chairman of the Board of Directors becomes a member of any of the Board of Directors committees, then he/she shall not receive any additional remuneration.

### **5. Reimbursement for Expenses**

Only expenses incurred by a member of the Board of Directors while engaged in Company business, the General Shareholders' Meeting, a Board of Directors meeting, a Board of Directors committee meeting, or in any other process related to the execution of Board of Directors members' responsibilities towards the Company's shareholders as part of their membership in the Board of Directors, shall be reimbursed. These include:

- Transportation
- Hotel accommodation
- Business travel
- Incidental expenses
- Other minor expenses related to serving as a member of the Board of Directors.

All expenses submitted for reimbursement by a member of the Board of Directors must be incurred while engaged on Company business, reasonable, and properly documented.

## **6. Recommendations Concerning Stock Ownership**

In order to further reconcile the interests held by Board of Directors members with those held by Company shareholders, and in line with best practices in corporate governance, all members of the Board of Directors are encouraged to invest their own funds in Company shares.

## **7. Remuneration Payments**

Payments that represent remuneration to non-executive members Board of Directors members should be made quarterly, in equal installments, in Russian rubles at the rate set by the Russian Central Bank on the last business day in the reporting quarter, by transfer to the bank account designated by the Board of Directors member.

## **8. Reimbursement for losses and indemnification insurance**

The company signs an Indemnity Agreement with Board of Directors members to reimburse them for any losses they may incur related to being elected to the Board of Directors as a member and executing those duties in an amount not to exceed USD 115,000,000 per member.

As an additional benefit, members of the Board of Directors are entitled to the following insurance coverage: Directors and Officers Liability Insurance, which indemnifies Board of Directors members using Company funds under a liability insurance program for directors, officers, and other persons and companies in the Company's group. The total amount for the insurance policy under the overall program across all types of insurance coverage, and for all insured persons, shall be no less than USD 150,000,000. If, based on the conditions in the insurance market, the insurance agreement cannot stipulate a scope of coverage that reaches an amount of USD 150,000,000 at the time it is signed, then the insurance agreement is signed for the maximum possible amount that is available to the Company at reasonable commercial terms.

## **9. Disclosure of Remuneration for Board of Directors Members**

This Policy should be published on the Company's Website.

An annual report on the remuneration for members of the Board of Directors, including a link to this Policy, is to be included in the materials for annual General Meetings of shareholders and/or in the annual report.

## **10. Corporate Governance, Human Resources, and Remuneration Committee**

The Company's Corporate Governance, Human Resources, and Remuneration Committee is in charge of:

- Periodically reviewing this Policy to ensure its compliance with the purposes stated above, and with the best practices in corporate governance
- Preparing and publishing the annual report on remuneration for Board of Directors members.