

**PROFESSIONAL DEVELOPMENT POLICY  
FOR MEMBERS OF BOARD OF DIRECTORS  
OF OJSC MMC NORILSK NICKEL**

## **1. General Provisions**

1.1. This Policy outlines the main elements and principles of a professional development program for members of the Board of Directors of OJSC MMC Norilsk Nickel (hereinafter - "Company").

1.2. The Policy has been developed in accordance with the Corporate Governance Code of the Russian Federation, as well as based on an analysis of best international and Russian corporate governance practices.

1.3. The Policy applies to all members of the Board of Directors.

## **2. Purpose**

2.1. The purpose of this Policy is to promote long-term and sustainable development of the Company via improvement of the effectiveness of the Board of Directors.

2.2. Members of the Board of Directors should have the necessary knowledge and experience, but cannot be experts in all fields. Therefore, there arises the necessity to expand and advance the knowledge of members of the Board of Directors.

2.3. The goals of the Policy are to:

2.3.1. Improve the effectiveness of the Board of Directors via implementation of a systematic and structured mechanism for the development of skills and qualifications of members of the Board of Directors;

2.3.2. Increase the level of understanding by members of the Board of Directors of the Company's development strategy, operations and related risks;

2.3.3. Establish appropriate level of business relations with other members of the Board of Directors and members of the Company's Management; and

2.3.4. Improve the culture of business management.

## **3. Key Elements**

3.1. Professional development of members of the Board of Directors includes:

3.1.1. An induction programme for newly elected members of the Board of Directors, aimed at familiarising new members of the Board of Directors with key assets of the Company, its

strategy, business practices adopted at the Company, the Company's organisational structure and key managers of the Company, as well as with rules of procedure of the Board of Directors (hereinafter – "Induction Programme"); and

3.1.2. An annual development programme for members of the Board of Directors, developed and approved by the Board of Directors based on the results of an annual Board performance evaluation, taking into account the knowledge and experience of each member of the Board of Directors, as well as needs and requests of individual members of the Board of Directors (hereinafter – "Annual Development Programme").

#### **4. Induction Programme**

4.1. The Induction Programme is held within the first three months following the election of a new Board of Directors and of members/chairs of Committees of the Board of Directors.

4.2. The Induction Programme is a week-long professional development programme composed of the following two parts:

4.2.1. A seminar about Company structure and operations, proposed plan of which is presented in Appendix No. 1; and

4.2.2. Visits to the Company's key production facilities (site visits).

4.3. The site visit schedule includes a visit to the facility itself, as well as presentation of the facility by facility managers. In addition, members of the Board of Directors are obligated to visit the Company's Polar Division, in particular:

4.3.1. Ore mining and smelting facilities;

4.3.2. Exploration complex;

4.3.3. Fuel and energy complex; and

4.3.4. Transportation and logistics facilities.

4.4. In addition, the site visit schedule may include visits to other Company facilities.

4.5. All new members of the Board of Directors are obligated to participate in the Induction Programme.

4.6. Should a new member of the Board of Directors possess sufficient professional skills and knowledge gained from experience as a senior manager or a member of a board of directors, he/she may be partially or fully exempt from participating in the Induction Programme.

4.7. The level of participation in the Induction Programme by representatives of the Company's Management elected to the Board of Directors, shall be based upon individual criteria, such as professional experience and knowledge, as well as the position held and

the scope of responsibilities, both as a member of Management and as a member of the Board of Directors.

4.8. Partial or full exemption from participation in the Induction Programme may be granted only upon a prior written consent by the Chair of the Corporate Governance, Nomination and Remuneration Committee.

4.9. The Corporate Secretary is responsible for the implementation of the Induction Programme.

## **5. Annual Development Programme**

5.1. The Annual Development Programme is composed of two parts:

5.1.1. General part, identical for all members of the Board of Directors; and

5.1.2. Individual part, tailored to each member of the Board of Directors.

5.2. As part of general training within the Annual Development Programme, all members of the Board of Directors may participate in open meetings of Committees of the Board of Directors, which each of the Committees holds at regular intervals. All members of the Board of Directors receive an appropriate advance notice about an open meeting, as well as all necessary materials.

5.3. The Corporate Secretary keeps the schedule of open Committee meetings. When scheduling open Committee meetings, the following must be taken into account:

5.3.1. The Strategy Committee holds open meetings at least twice a year. Matters to be discussed during the meetings include major changes to and trends in market conditions, as well as analyst forecasts. In addition, at the beginning of each budget cycle, the Committee discusses key parameters of the Company's budget, presented by the head of the economy and finance unit.

5.3.2. The Corporate Governance, Nomination and Remuneration Committee holds at least one open meeting per year. During the meeting, the head of the corporate governance, asset management and legal unit provides an overview of the changes in legislation affecting the Company.

5.3.3. The Audit Committee holds at least one open meeting per year, during which the head of the economic and finance unit discusses financial reporting and the Company's financial results.

5.4. In addition to participating in open Committee meetings, members of the Board of Directors are advised to periodically visit the Company's main production facilities. With this goal in mind, an in-person meeting of the Board of Directors may be held at one of the Company's production facilities once a year.

5.5. Within the individual part of the Annual Development Programme, members of the Board of Directors are advised to participate in one of the corporate governance courses

offered by leading business schools (INSEAD, IMD, LBS or other) or in other educational programmes, as proposed by a member of the Board of Directors and agreed on by the Chair of the Corporate Governance, Nomination and Remuneration Committee).

## **6. Administration of Development Programmes**

6.1. The Corporate Governance, Nomination and Remuneration Committee is responsible for the design of the programmes within this Policy. The Corporate Secretary oversees implementation of the programmes.

6.2. Participation by the members of the Board of Directors in the Induction Programme and the Annual Development Programme is subject to an assessment within the annual Board performance evaluation conducted in accordance with the Board Performance Evaluation Policy approved by the Board.

## **7. Educational Materials**

7.1. The Corporate Secretary is obligated to provide to a member of the Board of Directors, within ten working days following his/her election to the Board of Directors, an updated manual of a member of the Board of Directors (Board Book), which serves as the main source of information necessary for effective service on the Board of Directors.

7.2. The Corporate Secretary also ensures that members of the Board of Directors receive any and all additional information helpful in the development of their professional qualifications.

7.3. The Corporate Secretary is responsible for updating the content of the manual of a member of the Board of Directors and of other educational materials.

7.4. A list of possible additional educational materials is presented in Appendix No. 2.

## **8. Reimbursement of Expenses**

8.1. In order to encourage participation in the development programmes by members of the Board of Directors, the Company reimburses the expenses related thereto. Reimbursable expenses include all expenses related to participation in a development programme, including education, transportation, accommodation and meals.

8.2. Following the design of the individual parts of the Annual Development Programme for each member of the Board of Directors, the Company Secretariat prepares an annual budget outlining the expenses related to professional development of members of the Board of Directors, which is subject to Board approval.

8.3. Reimbursement of expenses borne by members of the Board of Directors as part of any of the development programmes is possible only upon provision of receipts evidencing each expense.

## **9. Final Provisions**

9.1. Information on the participation by members of the Board of Directors in the induction programme and the activities undertaken within the framework of the Annual Development Programme may be included in the relevant section of the Company's annual report.

9.2. The Corporate Governance, Nomination and Remuneration Committee conducts an annual review of the Policy, assesses its adequacy and completeness and makes any necessary changes, which are subject to approval by the Board of Directors.

9.3. This Policy is published on the Company Web site: <http://www.nornik.ru>.

## SEMINAR ABOUT COMPANY AND ITS OPERATIONS

|   | CONTENTS   |
|---|--|
| <b>Module 1:</b><br>«Production»            | <ul style="list-style-type: none"> <li>• History of main production facilities</li> <li>• Overview of industry and technologies</li> <li>• Core operations</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Company's management structure, main units and departments</li> <li>• Meetings with heads of production units</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Health, social and environmental governance</li> </ul>  |
| <b>Module 2:</b><br>«Economics and finance» | <ul style="list-style-type: none"> <li>• Preparation of financial statements in accordance with RAS and IFRS</li> <li>• Main budget indicators for current year</li> <li>• Meetings with auditors and financial consultants</li> </ul> |
|   | <ul style="list-style-type: none"> <li>• Current structure of Company's capital and capital markets activities</li> </ul>  |
|   | <ul style="list-style-type: none"> <li>• Role of Audit Committee</li> </ul>  |
| <b>Module 3:</b><br>«Strategy»              | <ul style="list-style-type: none"> <li>• Company's development strategy, main goals and objectives</li> <li>• Sustainable development considerations</li> <li>• Priorities in strategic development for current year</li> </ul>        |
|   | <ul style="list-style-type: none"> <li>• Strategic decision-making at the Company</li> <li>• Key performance indicators for development and motivation of staff</li> </ul>   |

## CONTENTS

### Module 4: «Corporate governance»

- Roles and responsibilities of the Board of Directors
  - Role of the Board of Directors in the Company's corporate governance system
  - Structure of Committees of the Board of Directors
- Meetings with members and chairs of Committees of the Board of Directors
  - Main responsibilities of Committees of the Board of Directors
- Overview of current regulatory framework
  - Short overview of Federal Law No. 208-FZ "On Joint Stock Companies" and Corporate Governance Code of the Russian Federation
  - Requirements of the Moscow Stock Exchange and foreign exchanges and regulators (LSE, NYSE, UKLA, SEC, etc.)
- Company's corporate governance code
  - Risk management
- Company's information policy and policy on communication with capital markets (IR & PR)

## SAMPLE LIST OF EDUCATIONAL MATERIALS

| TITLE   | CONTENTS   |
|---|--|
| Manual of a member of Board of Directors (“Board Book”) | <ul style="list-style-type: none"> <li>• Company history and main events</li> <li>• Organisational structure</li> <li>• Charter</li> <li>• Regulations on Board of Directors</li> <li>• List of members of Board of Directors</li> <li>• Code of corporate conduct and ethics for members of Board of Directors</li> <li>• Regulations on Board Committees and list of Committee members</li> <li>• Remuneration system of Board of Directors</li> <li>• Liability insurance for members of Board of Directors</li> <li>• Short biographies of members of Management</li> <li>• Contact information</li> </ul> |
| Development strategy                                    | <ul style="list-style-type: none"> <li>• Principles of strategy development</li> <li>• Current development strategy</li> </ul>   |
| Current annual report                                   | <ul style="list-style-type: none"> <li>• Presentation of Company’s operations and results for previous year</li> </ul>   |
| Company’s corporate governance code                     | <ul style="list-style-type: none"> <li>• Current corporate governance principles</li> <li>• All internal documents regulating Company’s corporate governance system</li> </ul>   |
| Corporate social responsibility report                  | <ul style="list-style-type: none"> <li>• Company strategy and sustainable development management</li> <li>• Developing collaboration with stakeholders</li> <li>• Environmental responsibility</li> <li>• Personnel and social policy</li> <li>• Development of regions of operation</li> </ul>  |
| Federal Law No. 208-FZ “On Joint Stock Companies”       | <ul style="list-style-type: none"> <li>• Short overview of main provisions</li> <li>• Detailed description of Chapter 8, which regulates the role of the Board of Directors</li> </ul>   |
| Corporate governance code of the Russian Federation     | <ul style="list-style-type: none"> <li>• Main principles of corporate governance</li> <li>• Recommendations on specific aspects of corporate governance</li> </ul>   |