

Dividends

Dividend policy

MMC Norilsk Nickel's Dividend Policy aims to balance the interests of the Company and its shareholders, enhance the Company's investment case and market capitalisation, and ensure respect of shareholder rights.

The Company has put in place the Regulations on the Dividend Policy to ensure transparency on how dividends are calculated and paid out.

Under the Company's dividend policy, in determining the recommended dividend amount, the Board of Directors seeks to make sure that annual dividends on the Company's shares make up at least 30% of the Group's consolidated EBITDA.

Key principles of Nornickel's dividend policy:

- **Legality:** compliance with the Russian law, the Company's Charter and by-laws;
- **Transparency:** transparency on how dividends are calculated and paid out;
- **Balance:** dividend payouts to shareholders along with long-term business development and capitalisation growth for the Company;
- When calculating dividends, MMC Norilsk Nickel accounts for the cyclical nature of the metals market and for the need to maintain a high level of creditworthiness. As a result, the amount of dividends may change depending on the Company's operating profit and leverage.

The decision to pay dividends is made by the General Meeting of Shareholders based on recommendations of the Board of Directors. The General Meeting of Shareholders also takes into account the Board's recommendations to determine the dividend amount and record date, which shall be set not earlier than 10 days before and not later than 20 days after the General Meeting of Shareholders.

Dividends to a nominee shareholder listed on the shareholder register shall be paid within 10 business days, while dividends to other persons listed on the shareholder register shall be paid within 25 business days after the record date.

Dividend report

Dividends are paid to individuals/entities whose rights to shares are recorded in the shareholder register by Independent Registrar Company, MMC Norilsk Nickel's registrar

Individuals/entities whose rights to shares are recorded by a nominee shareholder are paid dividends via their nominee shareholder.

In accordance with Clause 9 of Article 42 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995, any person who has not received the declared dividends due to the fact that their accurate address or banking details were not available to the company or the registrar as required, or due to any other delays on the part of the creditor, may request payment of such dividends (unpaid dividends) during the period of three years from the date of the resolution to pay the same.

On 24 May 2018 the Company's Board of Directors recommended that the General Meeting of Shareholders approve final dividends for FY 2017 in the amount of

RUB 607.98 per share

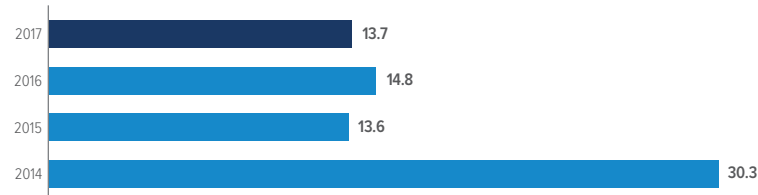
(~USD 9.87 at the RUB/USD exchange rate the Russian Central Bank as of May 24, 2018)

per share totalling

RUB 96.2 mln

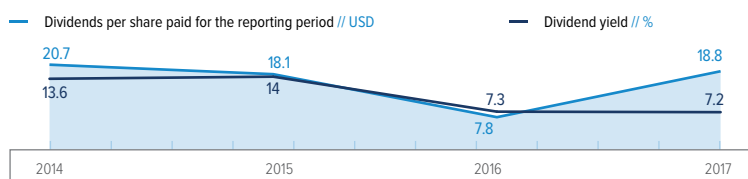
(~USD 1,562 at the RUB/USD exchange rate the Russian Central Bank as of May 24, 2018)

Declared dividends per share¹ // USD



¹ Based on the total amount of dividends for 2017 recommended by the Board of Directors for approval by the General Meeting of Shareholders. Declared dividends based on the Bank of Russia's exchange rate as at the date of the Board of Directors' meeting.

Dividend yield²



² Dividend yield for the periods calculated based on the amount of dividends for the calendar year recommended by the Board of Directors and on the average ADR price by Bloomberg.

Committed to developing Tier-1 assets, Nornickel has been able to provide a consistently high dividend yield to its shareholders over the last five years. We expect the trend to continue.

Dividends paid³

Period	RUB mln	USD mln
2017	176,246	2,971
2016	86,712	1,232
2015	154,227	2,859
2014	159,914	3,281

Dividend history⁴

Period	Declared dividends ⁵		Dividend per share/ADR	
	RUB mln	USD mln	RUB	USD
Total for 2017	131,689	2,162	832	13.66
FY2017 ⁶	96,210	1,562	608	9.87
6M 2017	35,479	600	224	3.79
Total for 2016	140,894	2,339	890	14.78
FY2016	70,593	1,239	446	7.83
9M 2016	70,301	1,100	444	6.95
Total for 2015	135,642	2,148	857	13.57
FY2015	36,419	548	230	3.46
9M 2015	50,947	800	322	5.06
6M 2015	48,276	800	305	5.06
Total for 2014	226,668	4,798	1,432	30.32
FY2014	106,031	2,018	670	12.75
9M 2014	120,637	2,780	762	17.57

³ Dividend paid during the above periods, excluding treasury shares.

⁴ For dividend history covering earlier periods, please see our website.

⁵ Calculated at the Bank of Russia's exchange rate as at the date of the Board of Directors' meeting.

⁶ On 24 May 2018, the Company's Board of Directors recommended that the General Meeting of Shareholders approve final dividends for 2017.

Taxation

Income from securities is taxable pursuant to the applicable tax laws of the Russian Federation¹.

Reduced tax rates or exemptions may apply to individuals and foreign entities who are not tax residents of Russia pursuant to international double tax treaties.

Starting from 1 January 2017, in order to apply for tax benefits under international double tax treaties, foreign organisations must confirm their permanent residence in a state which has a double tax treaty signed with Russia, and also provide the income paying tax agent with a document confirming the right of the organisation to receive such income (Clause 1, Article 312 of the Russian Tax Code).

Should the organisation fail to provide such confirmation by the date of the payout, the Russian tax agent shall withhold the tax at the standard rates stipulated by Clauses 2 and 3, Article 284 of the Russian Tax Code.

Dividend tax formula²

$$AT = P \times TR \times (D_1 - D_2)$$

AT — amount of tax to be withheld from the income of the recipient of dividends;

P — proportion of the dividend amount payable to one recipient to the total dividend amount to be distributed;

TR — tax rate for Russian entities (0% or 13%);

D₁ — dividend amount to be distributed among all recipients;

D₂ — dividend amount³, received by the entity paying dividends, provided that previously these amounts were not included in the taxable income.

Tax treatment of income from securities // %

Item	Income from securities transactions	Interest income on securities	Dividend income on securities
Individuals			
Residents	13	13	13
Non-residents	30 ⁴	30	15
Legal entities			
Russian companies	20 ⁵	20	13 ⁶
Non-resident companies	20	20	15

¹ Chapter 23 (Personal Income Tax) and Chapter 25 (Corporate Income Tax) of the Russian Tax Code.

² The formula is not applicable to dividends paid to foreign entities and/or individuals who are not tax residents of Russia.

³ Excluding the dividend amount eligible for a zero tax rate pursuant to Subclause 1, Clause 3, Article 284 of the Russian Tax Code.

⁴ If shares or other securities are sold in Russia.

⁵ Or 0%, if shares (interests) of Russian entities acquired on or after 1 January 2011 are sold, provided that as at the date of their sale the shares (interests) have been owned for over five years and subject to one of the conditions stipulated by Clause 2, Article 284.2 of the Russian Tax Code.

⁶ Or 0%, if as at the date of the dividend payout resolution a Russian entity has been owning an interest of 50% (and more) in the authorised capital of the entity paying dividends, for 365 days (and more).