

Board of Directors

Functions of the Board of Directors

Meetings of the Board of Directors (in person or in absentia) are held as and when required, but at least once every six weeks. The procedure for convening and holding meetings of the Board of Directors is specified in the Company's Regulation on the Board of Directors.

The Board of Directors sets the fundamental principles of business conduct and is responsible for nurturing our business and social culture.

The scope of powers of the Board of Directors includes:

- setting priority goals and defining Company's development strategy;
- approving the Company's Dividend Policy and providing recommendations on dividend per share;
- approving the internal control system and procedures, identifying key risks associated with the Company's operation, and implementing risk management initiatives and procedures;
- approving, electing and terminating powers of members of the Management Board, setting remuneration payable to the Company's President, members of the Management Board, Corporate Secretary, and Head of Internal Audit;
- acting on other matters as provided for by the Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995, and the Company's Charter.

Chairman of the Board of Directors

The Chairman of the Board of Directors is elected among the members of the Board of Directors by themselves by a majority vote from the total number of members of the Company's Board of Directors. The Board of Directors is entitled to elect a new Chairman of the Board of Directors at any time. When the Chairman of the Board of Directors is unavailable, the respective responsibilities are assumed by a member of the Board of Directors appointed by the Board of Directors.

The key goal of the Chairman of the Board of Directors is to ensure high levels of trust at Board meeting and constructive cooperation between the members of the Board and corporate management.

Pursuant to the Regulation on the Board of Directors approved by the Annual General Meeting of Shareholders of MMC Norilsk Nickel held on 30 June 2009, the key responsibilities of the Chairman of the Board of Directors are as follows:

- chairing the Board of Directors meetings or organising absentee voting;
 - making arrangements for minutes to be taken at meetings of the Board of Directors and signing the same;
 - preparing reports of the Board of Directors for the year to be included in the Company's Annual Report.
- Since March 2013, the Board of Directors has been chaired by independent non-executive director Gareth Peter Penny. The Company believes that to fully meet the best global practices. The independent Chairman of the Board of Directors of the Company ensures the most efficient interaction between the Board of Directors, shareholders and other stakeholders. During the year the Board, under his leadership, approved several crucial resolutions dealing with the Company's growth strategy, long-term production planning, marketing and sales strategy, strategic health and safety issues, environmental projects and human capital development, and took steps to preserve the Company's competitive edge. Simultaneous participation of the Chairman of the Board of Directors in other companies' boards of directors did not affect his performance in respect of the Board of Directors of MMC Norilsk Nickel.

- ensuring high efficiency of the Board of Directors and its committees;
- convening the Board of Directors meetings and preparing their agendas;

Independent directors

In accordance with global corporate governance practices and recommendations of the Bank of Russia’s Corporate Governance Code, no less than one third of the Board of Directors should consist of independent directors. Moreover, the Company believes that independent directors are key to efficient operation of the Board of Directors and thoughtful decision-making.

All independent directors meet the independence criteria recommended by the Corporate Governance Code and requirements established by the current version of the Listing Rules of the Moscow Exchange, which state that an independent director is one who is not related to:

- the Company;
- any of the substantial shareholders of the Company;
- any of the substantial counterparties of the Company;
- any competitor of the Company;
- federal (Russian Federation or its constituent entities) and regional governments or municipal entities.

The Company sees independent directors as very valuable contributors to the efficiency of the Board, in particular, in terms of ensuring that the matters on the agenda of the Board are treated fairly, and reinforcing shareholders’ and investors’ confidence in actions taken by the Board of Directors.

In the lead-up to the Annual General Meeting of Shareholders in April 2017, the Corporate Governance, Nomination and Remuneration Committee of MMC Norilsk Nickel’s Board of Directors reviewed the compliance of nominees to the Board of Directors with independence criteria. The current directors on the Board were elected in the annual general meeting on 9 June 2017. As at the end of 2017, four (30.8%) out of 13 directors were recognised as independent.

30.8%

Share of Independent directors in the Board of Directors

Directors’ liability insurance

Since 2003, the Company has had its directors’ liability insured. The insurance aims to cover potential damages arising from unintended erroneous actions of the Company’s directors in their management activities.

The terms and conditions of the agreement, as well as the amount of insurance coverage, are consistent with the world’s best practices for such risks.

Performance of the Board of Directors

For MMC Norilsk Nickel, 2017 was the year of sustainable and rapid growth that helped us deliver strong results and reinforce our leadership both domestically and globally. Tight cooperation between the Board of Directors and the Company's management enabled us to achieve target KPIs.

To support shareholder value and ensure comprehensive protection of shareholder rights and interests in the reporting period, the Company kept working on the strategy and priority areas of business, improving corporate governance and boosting social responsibility.

In 2017, we approved the new version of the Company's Charter while also introducing a number of by-laws (regulations and policies) to make sure we are aligned with global best practices and retain our leadership in the global market to enhance trust with our shareholders and investors.

In the reporting period, the Company also focused on driving innovations and the use of new technology to achieve operating excellence. As part of the dedicated programme, we took steps to improve production

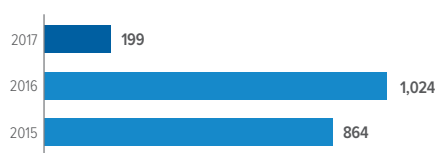
efficiency and cut operating costs, and implemented a number of security and health and safety initiatives across our footprint. An effective strategy and an in-depth market analysis helped us achieve an entirely new level of efficiency and confirm our status as a company with one of the most compelling investment cases in Russia.

Over the last three years, the Company has been conducting an internal assessment of the Board of Directors' performance, with the methodology developed with assistance of an independent consultant and the best global practices. An external assessment is planned to be organised following 2018.

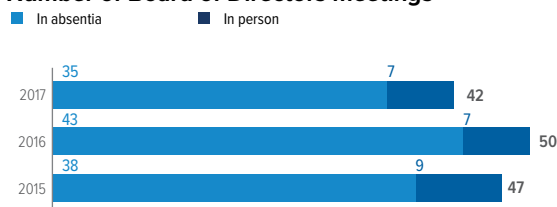
In 2017, the Board of Directors held 42 meetings, including 7 in person, and considered a total of 199 matters.

A reduction in the number of matters considered by the Board of Directors is due to the amendments to the Federal Law On Joint-Stock Companies effective from 1 January 2017 and pertaining to the regulation of major and related-party transactions

Number of matters considered



Number of Board of Directors meetings



Directors' participation in meetings of the Board of Directors and its committees

Full name	Title	Meetings of the Board of Directors	Strategy Committee	Budget Committee	Audit and Sustainable Development Committee	Corporate Governance, Nomination and Remuneration Committee
		Participation / number of meetings				
Gareth Peter Penny	Independent director / Chairman	42/42	8/10	–	–	–
Gerhardus Prinsloo	Independent director / Chairman of the Audit and Sustainable Development Committee	42/42	10/10	5/5	10/10	15/15
Robert Edwards	Independent director	42/42	–	–	10/10	15/15
Sergey Bratukhin	Independent director / Chairman of the Corporate Governance, Nomination and Remuneration Committee	42/42	10/10	5/5	10/10	15/15
Sergey Skvortsov	Non-executive director	24/42	–	–	–	–
Andrey Bougrov	Executive director	42/42	–	–	–	–
Marianna Zakharova	Executive director	42/42	–	–	–	–
Sergey Barbashev	Non-executive director	42/42	–	5/5	–	15/15
Alexey Bashkirov	Non-executive director / Chairman of the Budget Committee	42/42	9/10	5/5	10/10	–
Maxim Sokov	Non-executive director / Chairman of the Strategy Committee	42/42	10/10	–	–	–
Vladislav Soloviev	Non-executive director	42/42	–	–	–	–
Stalbek Mishakov	Non-executive director	42/42	–	5/5	–	15/15
Rushan Bogaudinov	Non-executive director	42/42	–	–	10/10	–

>90%

of meetings of the Committee of the BoD were held with 100% turnout

96.7%

attendance of Board meetings