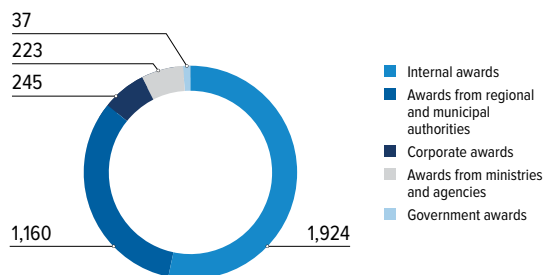


Efficiency improvement programmes

The Company implemented its employee performance management system back in 2014, with assessment relying on a variety of key performance indicators (KPIs), including occupational safety, operating efficiency and capital management. In 2017, some 4,326 people (employees of the Company's Head Office, branches and subsidiaries) took part in the KPI-based assessment. The new system helped develop uniform criteria for the evaluation of employee performance enabling the management and employees to align the current year's priorities with performance indicators of the Company/ branches/subsidiaries and join their forces to find a path for delivering on the tasks in hand. Moreover, this system makes it possible to link an employee's performance to his/her pay level.

In 2018, we will continue the roll-out with a focus on SAP HCM-based performance assessment automation across the Company's operations. In 2017, the automated SAP Human Capital Management system was implemented at Medvezhy Ruchey, Nor Nickel – Shared Services Centre, NORMETIMPEX and Bystrinsky Transport Division of MMC Norilsk Nickel. On top of that, 2017 saw the roll-out of the Talent Pool and Performance Assessment automated management subsystems at Polar Division, Kola MMC, Pechengastroy and GRK Bystrinskoye. The performance assessment results are also used to nominate employees for awards.

Awards for outstanding operational achievements, long track record and work commitment



Social programmes for employees

Health improvement programmes for employees

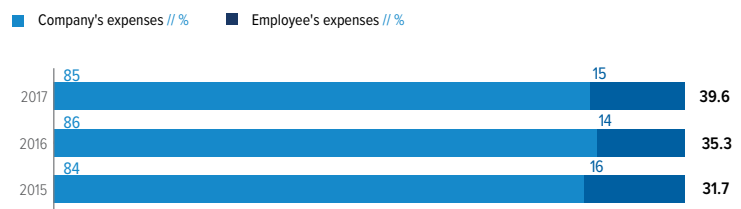
The harsh climate of the Far North and the heavy working conditions of the mining facilities require that the Company make an extra effort to protect its employees' health. Hence, health improvement and health resort treatment programmes for employees and their families are a key priority of the Company's social policy.

In 2017, more than 9,200 employees and their families received recreational treatment in Zapolyarye Health Resort (Sochi) owned by the Company. Some 15,500 people spent their vacations in other health resorts, including approximately 5,000 employees who travelled to Bulgarian resorts and over 2,000 staff members who went to Hainan (China).

The health resort treatment programme is designed to prevent the development of chronic diseases among the employees' children and give them an opportunity to take full advantage of their summer vacations. As part of this programme, some 1,500 children spent their holidays in Anapa and Loutraki (Greece).

Health improvement and health resort treatment programmes for employees and their families are a key priority of the Company's social policy.

Financing of health resort treatment and vacation programmes for employees and their families // USD mln



Sports programmes

Sports programmes aim to promote a healthy lifestyle, foster corporate solidarity, and develop corporate culture.

The Company pays special attention to corporate competitions, including in such popular sports as futsal, volleyball, basketball, alpine skiing, snowboarding and swimming. Family sports contests are yet another focus area. In 2017, hockey became the latest addition to that long list.

To ensure further development of amateur hockey across the Company's footprint, the region of Norilsk was included in Conference North of the Night Hockey League in December 2017.

In July 2017, Nornickel staged its first corporate team competition under the Hero Race franchise. Some 4,000 people (76 teams), including residents of the Norilsk Industrial District and Murmansk Region, took part in the race.

Events for local communities include annual Spartakiads. In Norilsk, there are 14 sports on Nornickel's Spartakiad list, with some 4,800 people participating in the competition. In the Murmansk Region, the Spartakiad of Kola MMC includes 16 sports ensuring participation of approximately 3,300 people.

One of Nornickel's social policy highlights is the support of amateur sports. In 2017, over 25,000 employees and local residents took part in Nornickel's corporate mass sports events.

Housing programmes

In 2017, the Company adopted a Housing Programme Policy putting in place a single pool of principles and approaches to developing, approving and implementing housing programmes for employees with the highest qualifications and most relevant expertise as a way to boost long-term staff retention across the Group's operations.

In the reporting period, the Company continued implementing its Our Home and My Home corporate social programmes launched back in 2010 and 2011, respectively.

Our Home programme is intended for the employees of Polar Division, Polar Transport Division and Kola MMC. My Home programme covers 14 subsidiary-owned facilities operating in Norilsk, the Taimyrsky Dolgano-Nenetsky Municipal District and Murmansk Region. Since the start of the programme, 3,397 apartments have been granted to the Company's employees. In total, the Company has purchased 3,826 ready-for-living housing units, including 422 apartments in 2017.

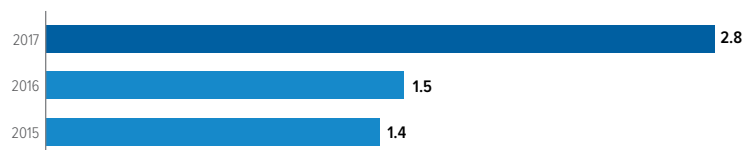
As part of the programmes, the Company purchases ready-for-living apartments in various Russian regions at its own expense, and provides them to eligible employees under co-financing agreements. The Company pays up to half the cost of the apartment (but in any case no more than USD 35,000), with the rest paid by the employee within a certain period of employment with the Norilsk Nickel Group (from five to ten years). The cost of housing remains unchanged for the entire period of the employee's participation in the programmes. Ownership rights are registered at the end of the programmes, but the employee may move in immediately after receiving the apartment.

+87%

2.8
USD mln

financing of sports programmes in 2017

Financing of sports programmes // USD mln



In 2014–2017, the apartments were purchased in the Moscow and Tver Regions, as well as the Krasnodar Territory, with the Company seeking to buy properties located in close proximity to enhance the employees' living standards by developing additional infrastructure and optimising the scope of maintenance tasks assigned to the property management company.

To boost the appeal of housing programmes for employees and, consequently, increase the Group's retention rate, Nornickel launched a new housing programme based on mortgage subsidies – Temporary Assistance Programme for Employees of Polar Division and Kola MMC in Acquiring Residential Property, in 2016–2017. The programme is designed to provide a wider choice of residential locations, with employees entitled to an interest-free loan to make a down payment and partial reimbursement of the mortgage interest. The programme has proved efficient in retaining highly qualified specialists. Some 200 employees have already taken part in the pilot, with over 110 people tapping into the allocated funds. Hence, a decision was taken to roll out the programme on an ongoing basis and transform it into Corporate Social Subsidised Loan Programme for Employees of Nornickel and its Russian Subsidiaries. The launch of the programme is scheduled for Q1 2018.

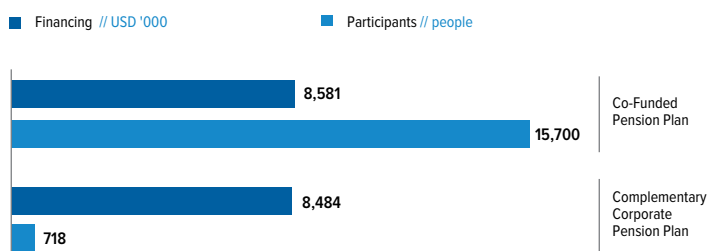
Pension plans

Nornickel offers its employees non-governmental pension plans.

Under the Co-Funded Pension Plan, the Company and its employees make equal contributions to the plan.

The Complementary Corporate Pension Plan provides incentives for pre-retirement employees with considerable job achievements and an extensive employment record.

Pension plans in 2017



Financing of Co-Funded Pension Plan // USD mln



200
employees

have already taken part in the pilot housing programme

In total **3,826** apartments
have been purchased under the housing programme since 2010