

# BOARD OF DIRECTORS

## COMPOSITION OF THE BOARD OF DIRECTORS

The Board of Directors plays a crucial role in designing and developing the corporate governance framework, ensures the protection and exercise of shareholder rights, and supervises executive bodies. Guided by the principles of mutual respect and humanism, the Board of Directors sets the fundamental principles of business conduct and is responsible for nurturing Nornickel's business and social culture.

The Board's authority and formation process, as well as the procedure for convening and holding Board meetings are determined by the [Articles of Association](#) and [Regulations on the Board of Directors](#)

According to Nornickel's Articles of Association, the Board of Directors has 13 members. Members of the Board are elected at the Annual General Meeting of Shareholders for a period until the next Annual General Meeting of Shareholders. The current size of the Board of Directors is best aligned with Nornickel's goals and objectives, and its appropriate independence mix ensures that decision making considers the interests of all stakeholders and enhances the quality of managerial decisions. The current Board of Directors comprises six independent directors, which enables highly professional, independent judgements on matters on the agenda.

Following the Annual General Meeting of Shareholders on 13 May 2020, Andrei Bougrov and Stalbek Mishakov stepped down from the Board of Directors, and Nikolay Abramov and Sergey Batekhin were elected to the Board.

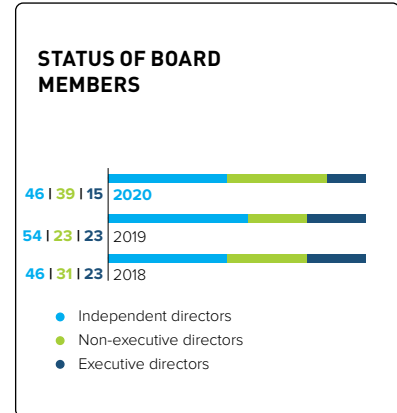
As at 31 December 2020, the Board of Directors had 13 members, of which:

- six independent directors: Gareth Peter Penny, Sergey Bratukhin, Sergey Volk, Roger Munnings, Evgeny Shvarts, and Robert Edwards
- five non-executive directors: Nikolay Abramov, Alexey Bashkirov, Sergey Batekhin, Maxim Poletaev, and Vyacheslav Solomin
- two executive directors: Sergey Barbashev and Marianna Zakharova.

### CHAIRMAN OF THE BOARD OF DIRECTORS

The Chairman of Nornickel's Board of Directors leads the Board of Directors, convenes and chairs its meetings, ensures constructive collaboration between the Board members and corporate management.

Since March 2013, the Board of Directors has been chaired by Gareth Peter Penny, who in line with global best



practice is an independent director. At Gareth Penny's initiative, in June 2020, the Board of Directors set up an Environmental Task Team to review a wide range of matters relating to the Company's sustainable development, including the climate agenda. Gareth Penny promotes open discussion at meetings and encourages active involvement of all Board members. Gareth Penny's external non-executive directorships enable Nornickel's Board of Directors to better keep abreast of global best practice in corporate governance.



## INDEPENDENT DIRECTORS

In line with corporate governance best practice, Nornickel’s Board of Directors assesses Board nominees and new members against the independence criteria set forth in the Company’s Articles of Association and the Listing Rules of PJSC Moscow Exchange (the “independence criteria”).

As at the beginning of the reporting year, Sergey Bratukhin, Roger Munnings, Gareth Peter Penny, Robert Edwards and Evgeny Shvarts fully met the independence criteria. Members of the Board of Directors Sergey Volk and Maxim Poletaev were determined to be independent by resolution of the Board of Directors despite being related to a substantial counterparty, Sberbank, as the relation does not affect their ability to make independent, unbiased judgements in good faith.

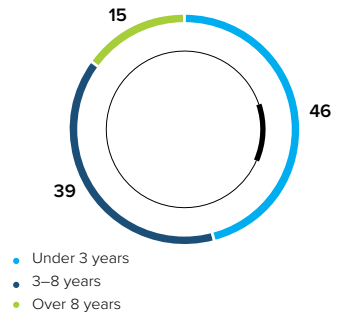
In March 2020, Sergey Bratukhin’s and Gareth Peter Penny’s tenures on the Board of Directors exceeded

seven years, and upon assessing their independence, the Board of Directors deemed them independent despite their relation to Nornickel.

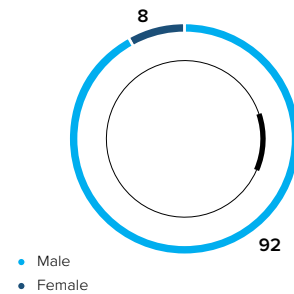
The new Board of Directors elected by the Annual General Meeting of Shareholders assessed the elected Board members against the independence criteria and determined that Roger Munnings and Evgeny Shvarts meet the criteria, and Gareth Peter Penny, Sergey Bratukhin, Robert Edwards and Sergey Volk are independent despite being related to Nornickel (Gareth Peter Penny, Sergey Bratukhin and Robert Edwards – due to their tenure on the Board over seven years) or a substantial counterparty (Sergey Volk) as it does not affect their ability to make independent, unbiased judgements in good faith.

Thus, as at end-2020, 6 out of the 13 Directors, or 46.2%, were independent.

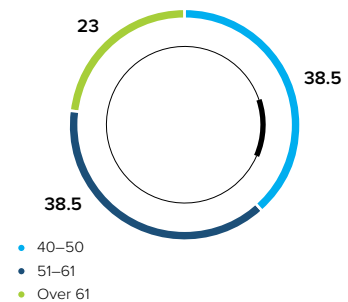
TENURE ON THE BOD (%)



BOARD COMPOSITION BY GENDER (%)



BOARD COMPOSITION BY AGE GROUP (%)



## THE BOARD'S EXPERIENCE AND SKILL MIX

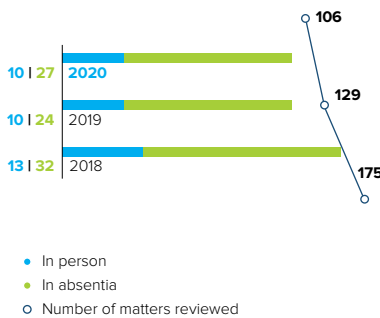
Name	Tenure on the Board of Directors	Key skills				
		Strategy	Law and corporate governance	Finance and audit	Metals and mining/engineering	International economic relations
Gareth Peter Penny	2013–present	+			+	+
Sergey Barbashev	2011–present		+			
Alexey Bashkirov	2013–present	+	+	+		+
Sergey Bratukhin	2013–present	+	+	+	+	
Sergey Volk	2019–present			+		
Marianna Zakharova	2010–present		+		+	
Roger Munnings	2018–present			+	+	
Maxim Poletaev	2019–present	+		+		
Vyacheslav Solomin	2019–present			+		+
Evgeny Shvarts	2019–present	+			+	
Robert Edwards	2013–present		+	+	+	
Nikolay Abramov (from 13 May 2020)	2020–present	+				
<b>As at 31 December 2020, the average tenure on the Board of Directors was five years</b>		<b>5</b>	<b>6</b>	<b>8</b>	<b>8</b>	<b>5</b>
Sergey Batekhin (from 13 May 2020)	2020–present			+		+
Andrei Bougrov (until 13 May 2020)	2002–2020		+		+	+
Stalbek Mishakov (until 13 May 2020)	2012–2020		+	+	+	+

## BOARD OF DIRECTORS' PERFORMANCE

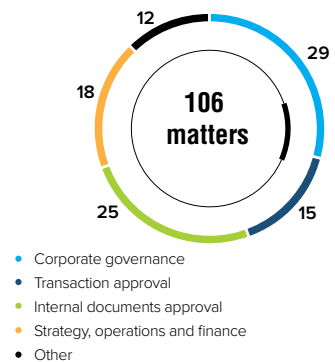
In 2020, Nornickel's Board of Directors held 37 meetings, including 10 meetings in person, and reviewed 106 matters.

At its meetings, the Board focused on environment matters, including regular management reports on the progress of eliminating the consequences of the incident at CHPP No. 3 in Norilsk, analysis of Nornickel's environmental protection strategy, including the Sulphur Programme, assessment of the infrastructure, and the impact of climate factors, such as permafrost, on the Company's operations. Particular attention was paid to stakeholder engagement on ESG matters and review of the Company's internal control and risk management frameworks critical for the Company's sustainability.

NUMBER OF BOARD MEETINGS



MATTERS REVIEWED [%]



**ATTENDANCE AT MEETINGS IN 2020<sup>1</sup>**

In 2020, attendance at Board meetings was 100%.

Name	Status	Meetings of the Board of Directors attended/held			Meetings of Board committees attended/held			
		Total	In person	In absentia	Strategy Committee	Budget Committee	Audit and Sustainable Development Committee	Corporate Governance, Nomination and Remuneration Committee
Gareth Peter Penny	Independent Director/Chairman of the Board of Directors	37/37	10/10	27/27	8/8	—	—	—
Sergey Barbashev	Executive Director	37/37	10/10	27/27	—	—	—	—
Alexey Bashkirov	Non-Executive Director	37/37	10/10	27/27	2/8	1/4	5/9	4/13
Sergey Bratukhin	Independent Director	37/37	10/10	27/27	8/8	4/4	9/9	13/13
Sergey Volk	Independent Director	37/37	10/10	27/27	—	1/4	—	9/13
Marianna Zakharova	Executive Director	37/37	10/10	27/27	—	—	—	—
Roger Munnings	Independent Director/Chairman of the Audit and Sustainable Development Committee	37/37	10/10	27/27	—	4/4	9/9	—
Maxim Poletaev	Non-Executive Director/Chairman of the Strategy Committee	37/37	10/10	27/27	8/8	3/4	—	4/13
Vyacheslav Solomin	Non-Executive Director	37/37	10/10	27/27	—	3/4	9/9	—
Evgeny Shvarts	Independent Director	37/37	10/10	27/27	2/8	—	—	9/13
Robert Edwards	Independent Director/Chairman of the Corporate Governance, Nomination and Remuneration Committee	37/37	10/10	27/27	—	—	9/9	13/13
Nikolay Abramov (from 13 May 2020)	Non-Executive Director	25/37	9/10	16/27	6/8	—	—	—
Sergey Batekhin (from 13 May 2020)	Non-Executive Director/Chairman of the Budget Committee	25/37	9/10	16/27	6/8	3/4	4/9	9/13
Andrei Bougrov (until 13 May 2020)	Executive Director	12/37	1/10	11/27	—	—	—	—
Stalbek Mishakov (until 13 May 2020)	Non-Executive Director	12/37	1/10	11/27	—	1/4	—	4/13

<sup>1</sup> The attendance by Board members is represented as X/Y, where X is the number of meetings attended by the Director, and Y is the number of meetings held.

## INDUCTION OF NEW MEMBERS OF THE BOARD OF DIRECTORS

Nornickel has in place the [the Professional Development Policy for Members of Board of Directors](#). To comply with the Policy's requirements as well as to maintain good governance at Nornickel and ensure its continuous improvement, newly elected Board members get immersed into the business processes through a series of meetings with executives and key employees where they discuss key aspects of Nornickel's business, and the Corporate Secretary ensures that new directors get acquainted with the requirements of Nornickel's current internal documents. Board members are informed about their rights and duties, including the requirement to notify the Company on changes in their status. Company employees attend the insider information management training course each year. The Company arranges regular off-site sessions for members of the Board of Director to make site visits to production facilities and meet with heads of operating units. In September 2020, an off-site session was arranged for several Board members to visit Kola MMC. Due to the COVID-19 pandemic, no other off-site events were held but regular video calls made up for cancelled visits. In 2021, members of the Board of Directors plan a number of site visits to Nornickel's production facilities as soon as the situation allows.

## PERFORMANCE EVALUATION OF THE BOARD OF DIRECTORS

As recommended by the Corporate Governance Code, the Corporate Governance, Nomination and Remuneration Committee of the Board of Directors initiated the development of the Performance Evaluation Policy for Board of Directors, engaging independent consultants and incorporating global best practice in corporate governance. In line with the Policy, since 2014, Nornickel has run annual internal evaluation (self-evaluation) of the Board of Directors' performance

by inviting Directors to fill in an online questionnaire following the schedule approved by the Board of Directors.

Based on the evaluation results, the Corporate Governance, Nomination and Remuneration Committee prepares a statement (report) on the Board of Directors' performance in the reporting year and makes improvement recommendations for areas where the Board scores were below average. The Report is approved by Nornickel's Board of Directors taking into account the recommendations of the Corporate Governance, Nomination and Remuneration Committee. The recommendations are communicated to all stakeholders.

In line with the recommendations given by the Corporate Governance, Nomination and Remuneration Committee following the 2019 performance evaluation, in 2020, the Board of Directors and the Company's management focused on improving the performance of the functions with scores below average. Specifically, in 2020, the Internal Dynamics indicator was improved compared to 2019 as a result of more efficient interaction between major shareholders, the management and key stakeholders achieved by holding meetings with institutional investors, preparing interim reports, informing the investment community on latest operating and financial results, and disclosing key aspects of the Company's development with a particular focus on sustainability and environment. The improvement in the Involvement in the Company's Development Strategy indicator in 2020 was driven by efficient interaction between the marketing committee and members of the Board of Directors supported by providing regular updates to the Board of Directors on the Company's sales performance. The Strategy Committee reviewed matters related to the market situation, the development status of the sales strategy and sales of non-key metals, as well as major investments. The positive dynamics in the performance evaluation of the Corporate Governance, Nomination and Remuneration Committee resulted from efficient

interaction with other committees and the Company's management to consider stakeholder opinions and interests in decision making. During the year, the Corporate Governance, Nomination and Remuneration Committee continued reviewing human capital development and staff motivation matters. The Committee annually reviews the implementation status of the Policy of Non-Monetary Incentives for Nornickel Employees (including the Our Home and My Home programmes), remuneration of key employees of the Company, members of the Board of Directors and Audit Commission.

The internal performance evaluation of the Board of Directors in 2020 was carried out by the Corporate Governance, Nomination and Remuneration Committee in line with the resolution of the Board of Directors dated 4 February 2021. Following the approved schedule, Directors were surveyed between 8 and 25 February 2021 in accordance with the current Performance Evaluation Policy for the Board of Directors. All 13 members of the Board of Directors took part in the survey.

The Corporate Governance, Nomination and Remuneration Committee analysed the results of the Board of Directors' performance self-evaluation and concluded the following:

- The current composition of the Board of Directors is well-balanced in terms of directors' qualifications, experience, and business skills. The qualitative and quantitative composition of the Board of Directors meets the Company's needs and shareholder interests
- The composition of the Board committees is aligned with the Company's goals and objectives; there is no need to set up additional Board committees
- The Chairman of the Board of Directors organises the Board of Directors' activities in the most efficient way, ensures its communication with other bodies of the Company, and facilitates the best performance of assigned duties

The Corporate Governance, Nomination and Remuneration Committee used the self-evaluation results to develop recommendations to the Board of Directors for further improvement:

- Maintain the practice of regularly informing the Board of Directors about key trends and problems in the markets in which the Company operates
- Continue reviewing matters relating to implementation of major investment projects
- Hold regular meetings between Board members and the President of the Company, informal meetings between Board members and senior management
- For the Company's management and the Corporate Governance, Nomination and Remuneration Committee – assess the need to develop and apply new tools to analyse the existing corporate governance framework

- Expand the practice of reviewing human capital development and staff motivation matters at meeting of the Corporate Governance, Nomination and Remuneration Committee

At its meeting on 9 April 2021, the Board of Directors reviewed the Report on the Internal Performance Evaluation of the Board of Directors in 2020 and the recommendations of the Corporate Governance, Nomination and Remuneration Committee, and acknowledged that the Board of Directors and its committees, as well as the Board Chairman and the Corporate Secretary discharged their duties effectively. The Board of Directors will incorporate the recommendations of the Corporate

Governance, Nomination and Remuneration Committee in its work in 2021.

In line with corporate governance best practice, the Board of Directors will continue performing an independent expert to evaluate its performance at least once every three years. The next external evaluation will cover the Board's performance in 2021, as the last one covered its 2018 performance (for more details, please see [the 2018 Annual Report](#)).

## BIOGRAPHICAL DETAILS OF BOARD MEMBERS<sup>1</sup>

Biographical details of previous members of the Board of Directors are available in the [2019 Annual Report](#).



**Gareth Peter Penny**

Chairman of the Board of Directors since 2013 (Independent Director), member of the Strategy Committee

**Born in:** 1962

**Nationality:** UK

In the reporting year, held no shares in MMC Norilsk Nickel and made no transactions with them

**Education:**

Diocesan College (Bishops) (Cape Town, South Africa)

Eton College (UK)

Rhodes Scholar, Master in Philosophy, Politics and Economics, University of Oxford (UK)

**Experience in the last five years**

**2019–present:** non-executive Chairman of the Board of Directors of Ninety One plc and Ninety One Ltd

**2017–present:** member of the Board of Directors of Amulet Diamond Corp.

**2017–2020:** non-executive Chairman of the Board of Directors of Edcon Holdings Limited

**2016–2018:** non-executive Chairman of the Board of Directors of Pangolin Diamonds Corp.

**2012–2016:** member of the Board of Directors of OKD

**2012–2016:** executive Chairman at New World Resources Plc, executive director at New World Resources N.V.

**2007–2019:** non-executive director at Julius Baer Group Ltd

<sup>1</sup> Positions are indicated as at the end of 2019.