

REMUNERATION

The Board of Directors directly supervises the remuneration framework at Nornickel. The Corporate Governance, Nomination and Remuneration Committee of the Board of Directors is responsible for::

- developing the Remuneration Policy for Members of the Board of Directors, Members of the Management Board, and the President of Nornickel
- overseeing the implementation and execution of the Policy
- reviewing the Policy on a regular basis.

Nornickel does not issue loans to members of the Board of Directors and the Management Board but encourages them to invest in Nornickel shares.

Remuneration paid to members of Nornickel's governance bodies in 2020 totalled RUB 6.4 billion (USD 89 million), including salaries, bonuses, commissions, benefits, and reimbursed expenses)¹. The Board of Directors' annual remuneration is set out in the [Remuneration Policy for Members of the Board of Directors](#). The Policy was adopted to attract and properly incentivise top talent with required skill sets and experience to serve on the Board of Directors. The Policy also provides for presenting shareholders with a full report on all components of the remuneration payable to members of the Board of Directors. If the Policy needs revision, the relevant changes are submitted to Nornickel's General Meeting of Shareholders for approval.

REMUNERATION OF THE CHAIRMAN OF THE BOARD OF DIRECTORS

Remuneration of the Chairman of the Board of Directors differs from remuneration payable to other non-executive directors, due to the Chairman's enhanced scope of expertise and responsibilities. Subject to a resolution of the General Meeting of Shareholders, the Chairman of the Board of Directors may be entitled to additional remuneration and benefits other than those set out in the Policy. Under the Policy, the annual base remuneration of the Chairman of the Board of Directors is USD 1 million. The Chairman of the Board of Directors is not entitled to any additional remuneration for serving on Board committees.

DIRECTORS' REMUNERATION

By resolution of the General Meeting of Shareholders, members of the Board of Directors are remunerated for their service on the Board of Directors and reimbursed for expenses incurred by them in performing their duties as Board members. Additional benefits for all Board members include liability insurance and reimbursement of losses

incurred in connection with their service on the Board of Directors. The Bank of Russia's Corporate Governance Code recommends companies to insure liability of their directors to be able to recover potential losses through the insurer. Apart from ensuring stronger commitment from directors, the insurance encourages competent leaders to join the Board.

REMUNERATION OF NON-EXECUTIVE DIRECTORS

Under the above Policy, all non-executive directors receive equal remuneration.

The Policy sets forth the following annual remuneration for non-executive directors:

- Base remuneration of USD 120 thousand for Board membership
- Additional remuneration:
 - of USD 50 thousand for membership on a Board committee
 - of USD 150 thousand for chairing a Board committee.

Non-executive directors are not eligible for any forms of short-term or long-term cash incentives, or non-cash remuneration, including shares (or

¹ The amount of remuneration paid does not include the remuneration accrued but not yet paid as of 31 December 2020, as well as insurance premiums and voluntary health insurance (VHI) contributions. Adding the amounts above, remuneration of members of Nornickel's governance bodies for 2020 as per the 2020 consolidated IFRS financial statements totalled RUB 5.6 bn (USD 78 mln).

share-based payments), share options (option agreements), or other non-cash rewards or benefits.

REMUNERATION OF EXECUTIVE DIRECTORS

In line with the approved Policy, executive directors do not receive any additional remuneration for their service on the Board of Directors to avoid any potential conflict of interest.

DIRECTORS' REMUNERATION IN 2020

Type	Amount	
	RUB mln	USD mln
Remuneration for serving on the Board of Directors	292	4.05
Salary	0	0
Bonuses	0	0
Commissions	0	0
Benefits	0	0
Reimbursement	0.7	0.01
Other	0	0
Total	293	4.1

MANAGEMENT BOARD'S REMUNERATION

KPIs used to assess senior management's performance are aligned to Nornickel's strategic goals. In line with Nornickel's Articles of Association, the remuneration and reimbursement payable to the President and members of the Management Board are determined by the Board of Directors.

Remuneration payable to senior management is comprised of basic salary and bonuses. Bonuses are

linked to Nornickel's performance, including both financial (EBITDA, per unit costs) and non-financial metrics (work-related injury rates and labour productivity). The variable component of the remuneration payable to members of the Management Board reflects key performance indicators, which are annually updated and approved by the Corporate Governance, Nomination and Remuneration Committee of the Board of Directors.

The Board of Directors decides whether to pay the President a performance bonus for the reporting year. In 2021, senior management's KPIs will include the Zero Environmental Incidents indicator with a weight of 20% (of team KPI) team) to ensure a clear link between the implementation of the Company's strategic priorities and the level of remuneration.

REMUNERATION OF SENIOR MANAGEMENT

FIXED COMPONENT

BONUS

- Financial metrics
- EBITDA (20%)
 - Per unit costs (up to 5%)

- Non-financial metrics
- Work-related injury rate (5–10%)
 - Labour productivity (2.5%)

MANAGEMENT BOARD'S REMUNERATION IN 2020

Type	Amount	
	RUB mln	USD mln
Remuneration for serving on the Management Board	2	0.03
Salary	3,686	51
Bonuses	2,467	34
Commissions	0	0
Benefits	0	0
Reimbursement	0	0
Other	0	0
Total	6,155	85.03