

# FROM THE DEPUTY CHAIRMAN OF THE BOARD OF DIRECTORS



“ Corporate governance is key to the success of MMC Norilsk Nickel as a public company. The Corporate Governance, Nomination and Remuneration Committee, alongside the Board of Directors, works hard to implement the best corporate governance practices and procedures across the Company. This goes beyond the pragmatics of investor appeal and shareholder confidence, and becomes an essential tool to improve the efficiency of our operations and maintain our competitive edge. The Corporate Governance Excellence Programme launched by the Committee has been in place since 2014.

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## Corporate Governance Excellence Programme

In 2014, as part of this programme, our shareholders approved the Directors' Remuneration Policy and set fixed annual remuneration for non-executive directors, taking into account their roles, such as chairing the Board, chairing a committee or being a member of a committee, and officially refused from performance-based bonuses and options.

In September 2014, the Board adopted the Directors' Code of Corporate Conduct and Business Ethics that outlines their fundamental duties, such as maintaining the highest standards of business ethics, acting in the best interests of the Company, and not using any insider information.

In November 2014, the Board endorsed the Company's Anti-Corruption Policy that addresses compliance with anti-corruption statutes, prevention, identification and elimination of factors that may breed corruption.

In December 2014, the Board of Directors adopted the Directors' Professional Development Policy that includes an onboarding programme for newly elected directors designed to help them learn about the Company's major assets, strategy, business practices, corporate structure, key management members, and Board procedures, as well as an annual professional development programme. The Board of Directors updates this programme every year, following the annual performance review, with account of each director's qualifications, experience, needs, and suggestions.

In January 2015, the Board adopted the Directors' Performance Assessment Policy calling for both self-assessment and independent audits. Starting from February 2015, the self-assessment exercise has been run on a regular basis.

In 2015, as part of implementation of the Code of Corporate Conduct, the Board adopted the Policy for Development and Approval of Voting Recommendations in respect of Candidates to the Board of Directors of the Company defining the major principles and procedure for the Board of Directors to prepare recommendations on voting at the General Meeting of Shareholders on election of directors.

Additionally, in 2016, we adopted the Dividend Policy and the revised Regulations on the Committees of the Board of Directors (including those in charge of corporate governance, nomination and remuneration, strategy, audit, and budget), and implemented a programme requiring the members of the Company's governance bodies to disclose their affiliations. In 2017, the Company is committed to continuous improvement of its corporate governance framework, policies and procedures following the standards set by the Corporate Governance Code endorsed by the Bank of Russia. First and foremost, our focus will be on sustainable development and corporate responsibility, efficient operation of the Board of Directors and its committees, improvements to internal audit procedures, transparency and disclosure practices. When it comes to our shareholders and investors, we strive to go beyond the mandatory legal compliance and to ensure adequate disclosure and transparency.

## Compliance with the Corporate Governance Code

MMC Norilsk Nickel follows the general guidelines of the Corporate Governance Code endorsed by the Bank of Russia.

We make every effort to implement and improve our corporate governance practices and procedures in line with its provisions.

A full report on compliance with the Code can be found in the Additional Information section of this Annual Report.

## Board of Directors

The Board of Directors is in charge of the overall strategic management of the Company, its long-term sustainable development, strategic goal-setting and oversight of the Company's executive bodies. Throughout the year, the Board tackled such issues as overhauling our corporate strategy and reviewing the outcomes of several function-specific strategies, including sales and marketing, transportation and logistics, long-term production planning, and human capital development. The environmental issues, including the sulphur emissions reduction programme, have been our highest priorities. In 2017, we plan to continue the work in progress and focus on our corporate risk management system.

The Chairs of the Board and its committees do their best to provide a positive environment for resolving all matters on their respective agendas, taking

into account the opinions of non-executive and independent directors. One other thing that makes the Board of Directors truly efficient is its diversity, including the involvement of independent directors whose expertise in mining, finance and strategic management helps us to strengthen and advance our leadership in the global mining industry.

The Board Committees have made a great contribution to its activities: they pre-screened more than half of the matters brought to the attention of the Board. We are committed to continuous improvement of our corporate governance practices in 2017. Our Corporate Governance, Nomination and Remuneration Committee, the Board of Directors and the management team are aware of the challenges we face and are certain that we shall overcome them.

# >50%

of the matters the Board Committees pre-screened before brought to the attention of the Board of Directors

**Andrey Bougrov**

*Deputy Chairman of the Board of Directors,  
PJSC "MMC "Norilsk Nickel"*