

CORPORATE BODIES

Board of Directors and its committees

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 operations, and implementing relevant risk management initiatives and procedures, appointing, 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 On Joint Stock Companies and the Company's Charter.

Pursuant to 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:

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

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.

INDEPENDENT DIRECTORS

In accordance with global corporate governance practices and recommendations of the 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.

Five (38%) out of 13 directors are independent.

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.

Pursuant to the insurance agreement, premiums shall not exceed USD 1 mln. 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.

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PERFORMANCE OF THE BOARD OF DIRECTORS

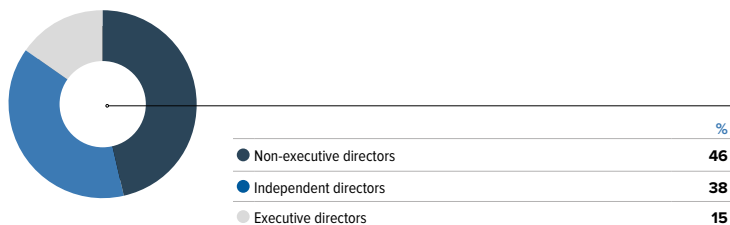
In 2016, there were 13 directors, including five independent directors, six non-executive directors, and two executive directors.

Years on the Board:

- <1 year – Andrey Korobov, Rushan Bogaudinov
- 1 to 3 years – Gareth Peter Penny, Alexey Bashkirov, Sergey Bratukhin, Robert Edwards
- >3 years – Andrey Bougrov, Sergey Barbashev, Marianna Zakharova, Stalbek Mishakov, Gerhardus Prinsloo, Maxim Sokov, Vladislav Soloviev.

On average, members of the Audit Committee of the Company's Board of Directors have more than 10 years of experience in finance.

Structure of the Board of Directors



Source: Company data

Breakdown by years served on the Board of Directors



Source: Company data

/ Corporate bodies / Board of Directors and its committees

In 2016, we have successfully overcome the unfavourable market trends and once again have confirmed Norilsk Nickel’s leadership in Russia and worldwide. Our production and financial results validate the long-term growth strategy chosen by the Company. Tight cooperation between the Board of Directors and the Company’s management has unleashed true synergies. The Company, as well as its business partners, shareholders and the Russian government were beneficiaries of this synergistic effect coming from diversity and integration of a variety of experiences and points of view.

Throughout the year, the Board’s attention was focused on the Company’s strategies and priorities, oversight over executive bodies, corporate governance, nomination, remuneration and social responsibility matters. The Board of Directors made decisions and took appropriate measure to ensure that the Company adheres to the highest standards in health, safety and environment across all geographies.

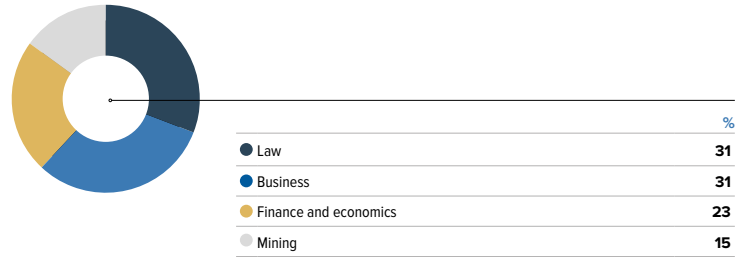
Internal performance assessments of the Board of Director and its committees have been an inherent part of Company’s operations since 2014. The relevant policy in effect requires all directors to fill out online questionnaires when prescribed by the Board of Directors.

Performance assessments help us identify corporate governance performance gaps, re-balance financial and management priorities, support growth, and ensure our leadership standing in the Russian economy going forward.

In 2016, the Board of Directors held 50 meetings, including:

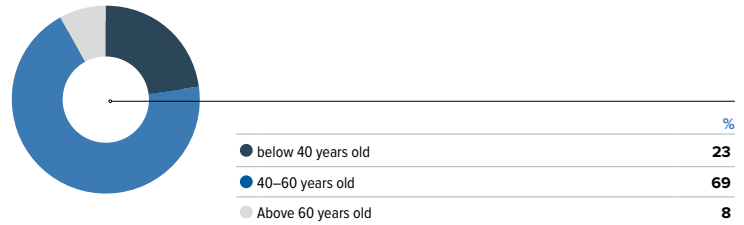
- 7 meetings in person;
- 43 meetings in absentia.

Breakdown by industry experience



Source: Company data

Breakdown by age



Source: Company data

Number of Board of Directors meetings

Year	Number of Board of Directors meetings			Number of matters considered
	Total	In person	In absentia	
2016	50	7	43	1,024
2015	47	9	38	864
2014	42	8	34	736

1,024
matters
have been considered