

/ Corporate Culture / Employees and HR policy

REMUNERATION

2016 saw the Company's compensation policy approved. It is aimed at:

- employee recruitment and retention;
- promotion of productive attitude to work;
- administrative efficiency and simplicity;
- compliance with legal requirements.

Key principles of Norilsk Nickel's compensation policy include the following:

- progressive remuneration system in line with the job grading framework (single approach to salaries and wages);
- incentivisation to achieve targets by improving individual, business unit and Group performance;
- salary competitiveness in the current labour market environment;
- promotion of the Company's image as a responsible and reliable employer.

In addition, the Company's employees are provided with benefits. The largest portion of benefits is represented by reimbursements of vacation travel expenses (round trip travel expenses and baggage fees) for employees living in the Far North and their families. Since 2012, the Company has been providing such compensations on an annual basis (previously, it reimbursed travel expenses once every two years). Benefits also include discounted tours for health resort treatment and vacations for employees and their families.

In 2016, the Company spent over USD 103 mln on benefits for employees of its Russian operations, or USD 1,300 per employee (on average).

Efficiency improvement initiatives

In 2016, around 2,000 people (including employees of the Company's Head Office, branches and Russian subsidiaries) took part in the KPI-based assessment.

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Efforts to roll out the employee performance management framework across Norilsk Nickel companies will continue into 2017. The KPI-based assessment will be extended to include managers up to section heads at key production facilities. Particular emphasis will be placed on communications to ensure that managers view the framework as an efficient management tool resting on competent leadership and successful mentoring of subordinates coupled with ongoing feedback.

Average monthly salary across the Group's Russian operations

Currency	2014	2015	2016
USD	1,963	1,392	1,404
thousand RUB ¹	75.4	84.9	94.2

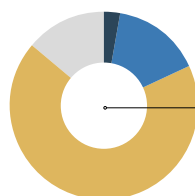
¹ based on the following annual average USD/RUB exchange rates: 67.0349 in 2016; 60.9579 in 2015; 38.4217 in 2014.

The salary includes a fixed and a bonus components (70% and 30%, respectively).

Average monthly salary across the Group's Russian operations, thousand RUB



Number of awards granted for outstanding production achievements, long-term track record and diligent work



4,980 employees

	awards
● Government awards	55
● Awards from ministries and agencies	303
● Awards from regional and municipal authorities	1,338
● Corporate awards	271