

Remuneration

REMUNERATION OF THE BOARD OF DIRECTORS AND THE MANAGEMENT BOARD

The key principle behind the remuneration scheme designed for the Board of Directors and the Management Board is the balance of interests. The amount of annual remuneration paid to the directors is determined by a resolution of the General Meeting of Shareholders and includes:

- base remuneration paid to the BD members;
- additional remuneration paid to the committee members and chairs;
- compensation of expenses incurred by the directors in discharge of their duties.

Subject to a special resolution adopted by the General Meeting of Shareholders, Chairman of the Board of Directors may be entitled to additional remuneration and benefits.

To clearly differentiate between non-executive directors and executive directors / top managers in terms of the applicable remuneration principles and structure, the following components are excluded from the remuneration amount payable to non-executive directors:

- bonuses linked to the Company's operating results;
- stock options;
- additional benefits, including all forms of insurance other than directors' liability insurance;
- severance pay and any payments related to the change of ownership;
- pension plans and schemes.

As an additional benefit, the directors are entitled to insurance protection as follows:

- directors' liability insurance;
- reimbursement of losses incurred due to the election to the Board of Directors.

In accordance with MMC Norilsk Nickel's Charter, determination of remuneration and compensation amounts payable to the Management Board is reserved to the Board of Directors. These amounts are linked to the Company's financial (EBITDA, free cash flow) and non-financial (lower workplace injury rates, engagement with stakeholders) performance. The President's remuneration amount is set forth in his/her employment contract approved by the Board of Directors.

In the reporting year, members of the Management Board received remuneration equal to their monthly base salary, which was paid out in accordance with their employment contracts. On top of that, members of the Management Board received bonuses based on their annual performance and achievement of relevant KPIs.

The total remuneration amount paid out to the Company's governance bodies in 2015 (including salaries, bonuses, commissions, benefits and/or reimbursement of expenses, as well as any other consideration) was RUB 2,706,052,000.

■ BD remuneration, RUB '000	
Remuneration types	2015
Remuneration for the membership in a governance body	246,405
Salary	0
Bonus	0
Commissions	0
Benefits	0
Reimbursement of expenses	202
Other types of consideration	0
TOTAL	246,607

■ Management Board remuneration, RUB '000	
Remuneration types	2015
Remuneration for the membership in a governance body	3,582
Salary	1,775,862
Bonus	680,001
Commissions	0
Benefits	0
Reimbursement of expenses	0
Other types of consideration	0
TOTAL	2,459,445

REMUNERATION PAYABLE TO THE MEMBERS OF THE COMPANY'S CONTROL BODY

Remuneration payable to the members of the Audit Commission who are not employed by the Company was approved by the Annual General Meeting of Shareholders on 13 May 2015. The FTE members of the Audit Commission are remunerated throughout the year as per the job description and employment terms.

■ Remuneration of the Audit Commission, RUB '000	
Remuneration types	2015
Remuneration for the membership in the control body	3,493
Salary	8,413
Bonus	20,600
Commissions	0
Benefits	0
Reimbursement of expenses	0
Other types of consideration	0
TOTAL	32,506

KEY PERFORMANCE INDICATORS

The Company's key performance indicators (KPIs) embrace achievements in corporate social responsibility, safety, operating efficiency, capital management and organisation development of production sites.

KPIs serve to build a transparent incentive and performance assessment system.

Norilsk Nickel's Implementation Plan for the Employee Performance Management System approved by a CEO order involves:

- iteration and approval of documents setting out employee performance assessment procedures;
- approval of KPIs;
- preparation of individual development plans;
- assessment of performance by team and individual KPIs.

To improve the performance of the Head Office employees, the CEO issued an order approving the Procedure for Assessing Employee Performance and the Regulation on the Employee Bonuses. The Procedure primarily aims to establish a link between the results of performance assessment and remuneration amounts, development, and promotion of employees, whereas the Regulation is used to assess employee performance in the reporting period based on the achievement of team and individual KPIs.

To boost employee performance across its Russian operations, the Company has developed the Procedure for Assessing Performance of the Group's Management. The Procedure prescribes that employee performance shall be managed by establishing KPIs and assessing achievement thereof.