

APPROVED by  
resolution of the Board of Directors  
PJSC MMC Norilsk Nickel  
On July 21 2016  
Minutes No. GMC/26-pr-sd

## **Regulations on Dividend Policy**

**Public Joint Stock Company  
Mining and Metallurgical Company Norilsk Nickel**

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## 1. General Provisions

1.1 These Regulations on Dividend Policy of PJSC Mining and Metallurgical Company Norilsk Nickel (hereinafter referred to as the "Regulations") have been elaborated in compliance with the applicable legislation of the Russian Federation, Articles of Association and by-laws of PJSC Mining and Metallurgical Company Norilsk Nickel (hereinafter referred to as MMC Norilsk Nickel or the Company), with due regard to the provisions of the Corporate Governance Code recommended by Central Bank of the Russian Federation for application in joint stock companies

1.2 The Regulations specify underlying principles of the dividend policy, decision-making procedures for dividends payments and determination of dividends amount and are aimed at informing shareholders and other stakeholders on the Dividend Policy of MMC Norilsk Nickel.

1.3 The Regulations shall enter into force upon approval thereof by the Board of Director of the Company. All amendments and addendums to these Regulations shall be approved by the Board of Directors of the Company.

1.4 Matters not regulated by these Regulations shall be governed by the applicable laws of the Russian Federation and the Company's by-laws. Should individual clauses of these Regulations come into conflict with the Russian legislation and the Articles of Association of MMC Norilsk Nickel these clauses shall become invalid and the relevant statutes of the law or provisions of the Articles of Association shall be applied.

## 2. Terms and Definitions

2.1 For the purpose of these Regulations the following terms and definitions are used:

2.1.1 Dividend Policy means a component of the Corporate Governance system of MMC Norilsk Nickel containing set of measures aimed at establishing transparent and clear mechanism of dividends amount determination and payment thereof.

2.1.2 Dividends means the part of the Company's net profit for the first quarter, six months, nine months of the reporting year and (or) for the reporting year to be distributed to the shareholders pursuant the resolution of the Annual Meeting of Shareholders.

2.1.3 Net profit means the profit determined from reported accounting statements of the Company and remained at the Company's disposal after taxes.

2.1.4 Register means the Company's share register.

2.1.5 Registrar means a legal entity, professional participant of the securities market, maintaining the Company's share register under concluded agreement and licensed to carry out this type of activities.

2.1.6 Nominee holder means a Depository on whose securities account (nominee account) the securities owned by other persons are kept.

2.1.7 Group of the Companies means PJSC MMC Norilsk Nickel and its subsidiaries.

## 3. Dividend Policy Principles

3.1 The dividend policy of MMC Norilsk Nickel is based on the following principles:

3.1.1 principles of legacy: compliance with applicable laws of the Russian Federation, Articles of Association and by-laws of the Company;

3.1.2 principle of disclosure: maximum transparency of the mechanism for determining the of dividends amount and payment thereof, unhindered access to this information, consulting the persons entitled to receive dividends;

3.1.3 principle of goals balance: to pay dividends to shareholders and insure the Company's development and capitalization growth for the benefit of shareholders;

3.2 Dividends shall be paid on an annual basis, while the Company will seek to pay interim dividends provided that the Company's financial standing is sound.

3.3 When determining the dividend amount the following factors are taken into account; cyclic nature of the market for metals produced by the Company and maintaining the high credit rating of the Company. Now therefore, the dividend amount is subject to variation depending of the operating profit and debt load of the Company.

#### **4. Decision Making Procedure for Dividends Payment and Dividends Amount Determination**

4.1 The Company shall be entitled to decide (declare) to pay dividends on allotted shares on the basis of results for the first quarter, six months, nine months and (or) for the financial year unless otherwise provided by the Federal Law on Joint Stock Companies.

Resolution re payment (declaration) of dividends for the first quarter, six months, nine months of the financial year (interim dividends) shall be adopted within three months after the end of relevant period.

4.2 Issues re dividend amount on shares and procedure for the payment thereof for the reporting period shall be preliminary reviewed by the Budget Committee of the Board of Directors of the Company.

4.3 The Board of Directors basing on the Budget Committee proposals shall develop recommendations to the General Meeting of Shareholders. These recommendations shall be submitted to the shareholders in accordance with the applicable legislation.

4.4 Resolution on dividends payment (declaration) shall be adopted by the General Meeting of shareholders. The said resolution shall specify amount of dividends on shares of each category (type), mode of payment, procedure for dividend payments in non-monetary form, record date. From this perspective, the decision on the record date is made upon a proposal of the Board of Directors of the Company, only.

4.5 Dividends shall be paid from the Company's after tax earnings (net profit of the Company). The Company's net profit shall be determined from reported accounting (financial) statements of the Company.

4.6 When advising the General Meeting of Shareholders on dividends amount, the Board of Directors shall be guided by the principle that the year-end dividend shall amount of at least 30% of consolidated EBITDA calculated for the Group of Companies.

4.7 Dividend amount shall not exceed the amount recommended by the Board of Directors of the Company.

4.8 The sum of dividends payable to a shareholder of the Company shall be the product of the dividend per one share by the number of shares owned by the shareholder.

4.9 The amount of dividends payable to shareholders shall include taxes to be withheld from shareholders according to the legislation of the Russian Federation.

4.10 Dividends shall be paid provided that there are no restrictions on the payment of dividends specified in Clause 7 of these Regulations.

#### **5. List of Persons Entitled to Dividends**

5.1 For the purpose of the dividends payments the Registrar upon the Company request shall draw up the list persons entitled to dividends, which shall include persons registered in the share registry system.

5.2 The persons included in the share register as of the date fixed by the General Meeting of Shareholders, which adopted the resolution on dividend payment, shall be entitled to dividends. Provided that this date shall not be earlier than 10 days from the date of the resolution on dividends payment (declaration) and later than 20 days from the date of such resolution.

## **6. Time limits and Procedure for Dividends Payment**

6.1 Dividends shall be paid to persons who were owners of shares of the corresponding category (type) or persons exercising right to the shares in accordance with the Federal legislation as at the close of business of the date fixed as the record date by the resolution on dividends payment.

6.2 The Company shall pay declared dividends.

6.3 Dividends shall be paid in cash unless otherwise specified by the General Meeting of Shareholders in accordance with the Articles of Association of the Company.

6.4 Dividends payment in cash shall be made via bank transfer by the Company or Registrar, on the instructions of the Company, or by a credit institution.

6.5 Dividends payable in cash to individuals whose share rights are registered with the Company's shareholders' register should be paid via bank transfer to their bank accounts, with account details available to the Company's Registrar, or, in case of account details absence, via postal transfer, and to the other persons whose share rights are registered with the Company's shareholders' register via bank transfer to their bank accounts.

6.6 Dividends on shares payable to persons eligible to dividends, whose share rights are registered with a nominal shareholder, shall be paid in cash using the procedure specified by the Law on Securities of the Russian Federation.

6.7 Dividends payable on shares when the respective share rights are certified by securities of a foreign issuer should be paid to the person in whose name an account of depository receipts programs was opened

6.8. The timing of dividend distribution to a nominal holder or a trustee who is a professional participant of the securities market, who is registered on the shareholders' register, should not exceed 10 working days, while distribution to other shareholders registered with the shareholders' register should take place not later than within 25 days from the date of determination of persons eligible to dividends.

6.9. The Company shall at its own expense pay for the costs associated with the payment of dividends to shareholders via postal or banking organizations.

6.10. The Company's obligation to pay dividends shall be considered as performed from the date of receipt of the money transfer by the federal postal service or the date of receipt of funds by the credit institution where the bank account of the person entitled to such dividends was opened, and, if such person is a credit institution, on its account.

6.11. A person who has not received the declared dividend due to the lack of accurate and necessary address data or bank details available to the Company or the Registrar, or in connection with a delay of the creditor may claim such dividends (unclaimed dividends) within three years from the date of the resolution on payment thereof. On expiry of such period the declared and unclaimed dividends shall be recovered as part of undistributed profit of the Company and obligation for the payment thereof shall be canceled.

## **7. Restrictions on Dividends Payment**

7.1 When making decision on (declaring) dividends distribution and in the course of the payment thereof the Company shall comply with restrictions specified by the legislation of the Russian Federation.

7.2 The Company shall not make decision on (declare) declaration of dividends on shares:

7.2.1 Before repurchase of shares to be repurchased in accordance with Article 76 of the Federal Law on Joint Stock Companies;

7.2.2 if as of the date of such resolution the Company satisfies the insolvency (bankruptcy) test in accordance with the legislation of the Russian Federation on insolvency (bankruptcy) or the Company will satisfy insolvency (bankruptcy) criteria in consequence of dividends payment;

7.2.3 if as of the date of such resolution the Company's net assets worth is less than its authorized capital, reserve fund and the amount of excess of the nominal value as stipulated by the Company's Articles of Association over the disposal value of the preferred shares allotted, or if the Company's net assets becomes less than the mentioned sum as a result of such resolution;

7.2.4 in other cases stipulated by the Federal laws.

7.3 The Company should not make a decision on dividends distribution if such decision, without formal violation of the restrictions specified by legislation, is economically unjustified and can lead to the formation of misconceptions of the Company's activities.

Such decisions include, for example, declaration of dividends on ordinary shares when the Company does not have sufficient profit for the reporting year, insufficient cash flow (insufficient funds), or failed to implement the investment program, or the Company exceeded target debt level set by the financial-and-economic plan (budget) of the Company.

7.4 The Company shall not pay dividends on shares:

7.4.1 if as of the date of such payment the Company satisfies the insolvency (bankruptcy) test in accordance with the legislation of the Russian Federation on insolvency (bankruptcy) or the Company will satisfy insolvency (bankruptcy) criteria in consequence of dividends payment;

7.4.2 if as of the date of such payment the Company's net assets worth is less than the sum of its authorized capital, reserve fund and the amount of excess of the nominal value as stipulated by the Company's Articles of Association over the disposal value of the preferred shares allotted, or if the Company's net assets becomes less than the mentioned sum as a result of such payment;

7.4.3 in other cases stipulated by the Federal laws .

7.5 The Company shall pay the declared dividends to the shareholders upon cessation of circumstances specified herein.

## **8. Informing Shareholders on Dividend Policy**

8.1 The Company shall post the Regulations on the Dividend Policy, including amendments thereof, on the website of PJSC MMC Norilsk Nickel in the Internet: [www.nornik.ru](http://www.nornik.ru).

The information shall be posted in Russian and English languages.

8.2 The Company shall inform the shareholders on adopted resolution on dividends distribution under the current statutory procedure and the Articles of Association of the Company.

8.3 The Company shall make information on distributed and paid-out dividends available to shareholders, individuals registered in the share registry of MMC Norilsk Nickel through free and round-the-clock access to the shareholder personal profile. Information on gaining access can be found on: <http://www.nornik.ru/investoram/akczioneram/lichnyij-kabinet-akczionera>.