

APPENDIX 1 (to the Annual Report 2014)

REPORT ON ADHERENCE TO THE CORE PRINCIPLES AND GUIDELINES OF THE CORPORATE GOVERNANCE CODE

Statement of the Board of Directors:

In accordance with best practices, the Board of Directors of MMC Norilsk Nickel asserts that the Company adheres to the highest principles of corporate governance and complies with the underlying, most significant standards set out in the Corporate Governance Code recommended by the Bank of Russia for application.

The Board of Directors considers compliance with the core principles and guidelines set forth in the Corporate Governance Code a viable tool for improving management effectiveness to maintain long-term and steady growth of the Company.

Description of the model and practice of corporate governance in the Company:

The corporate governance model adopted by the Company is supported by the applicable Russian laws and the principles outlined in the Corporate Governance Code, which is deemed by the Company as the primary source for internal documents and as the guide to build best corporate governance practice.

The approved underlying model and the established practice of the Company's corporate governance are aimed at harmonization of the relationship between shareholders, investors, members of the Board of Directors, executive governing bodies, employees and other interested parties involved in the Company's business.

The corporate governance model that is put into effect in the Company encompasses:

- fair and equal treatment to all the shareholders as they exercise their rights related to their participation in the Company;
- strategic management of the Company's operations by the Board of Directors;
- monitoring of the executive bodies' performance by the Boards of Directors and accountability of the members of the Board of Directors and executive bodies to the shareholders;
- efficient monitoring of financial and business operations of the Company;
- timely and accurate disclosure of essential information on the Company's business, including its financial results, ownership and management structure.

The structure of the governing and supervisory bodies, which forms the basis of the Company's corporate governance model, is specified in Chapter 7 "Corporate Governance" in the 2014 annual report of the Company.

Assessment criteria for compliance with the principles specified in the Corporate Governance Code:

For the purposes of this Report, when used in respect of a specific provision of the Corporate Governance Code, "observed" /"not observed" shall mean the Company's fulfilment/non-fulfilment of the main (material) part of the principle/guidelines by the requirements of the Articles of Association and/or internal documents effective as of the date when the Annual Report was prepared and/or pursuant to the Company's established practice of corporate governance.

The Company's planned (intended) actions and events aimed at improvement of the corporate governance model and practice:

Currently, improvement of corporate governance is one of the significant factors of social and economic development of the Company.

In December 2013, the Committee of the Norilsk Nickel Board of Directors for corporate governance, human resources and remuneration approved the Program for Improvement of the Corporate Governance System of the Company.

In 2014, in compliance with the provisions of the Program the Company prepared and approved the following internal documents:

- The remuneration policy for members of the Board of Directors;
- The corporate ethics code for members of the Board of Directors;
- The policy of improvement of qualification of members of the Board of Directors;
- The policy for preparing and approval of recommendations on voting applicable to candidates for the Board of Directors;
- The policy of assessment of the performance of the Board of Directors.

To specify the procedure of convening, preparation and holding of general meetings of shareholders the annual meeting that took place on June 6, 2014 approved the revised version of the Regulation "On General Meeting of Shareholders of MMC Norilsk Nickel".

The principles and methods specified in the adopted documents will be extensively implemented in the Company in 2015 and their efficiency will be subsequently analyzed.

The results of the analysis will be used in the further assessment of the performance of the Board of Directors and its members as well as for preparation of recommendations on improvement of the established practice of corporate governance.

To improve the efficiency of the committees of the Board of Directors, which are organized for preliminary discussion and review of the most important aspects of the Company's operation the work on preparation of new internal draft documents began in 2014; the work will be continued throughout 2015 and is expected to result in optimized performance of the committees.

During the implementation of the project aimed at improvement of the system of corporate governance in 2015 the Company will continue its work on preparation and adoption of its own Corporate Governance Code that outlines the operating model of the corporate governance system and core principles of organization and operation of the system.

Basic principles and guidelines to be observed by the Company

No	Core principles/guidelines	Note
1.	Rights of shareholders and equal treatment of shareholders when they exercise their rights	
1.1.	The Company shall be responsible for fair and equal treatment of all the shareholders when they exercise their rights to participate in the corporate governance.	The Company demonstrates equal respect for the rights of minority and majority shareholders. The fair and equal treatment of all the shareholders when they exercise their right to participate in the corporate governance is guaranteed by the statutes of the applicable laws and secured by the regulations and procedures applicable to general meetings of shareholders and specified in the Charter and internal documents of the Company.
1.2.	The procedure for convening, preparation and holding of general meetings shall be governed by the internal document of the Company (the Regulation on General Meeting of Shareholders), which is subject to approval by the general meeting of shareholders.	The General Meeting of Shareholders approved the Regulation "On the General Meeting of Shareholders of MMC Norilsk Nickel" as of June 6, 2014 to govern the procedure for convening, preparation and holding of general meetings.

1.3.	<p>The Company is recommended to notify of the general meeting and make sure that all the materials relating to the general meeting are available at least 30 days before the meeting date, unless a longer period is specified in the applicable laws.</p>	<p>As it is set forth in Clause 2.21 of the Regulation “On General Meeting of Shareholders of MMC Norilsk Nickel:</p> <p>The notice of the General Meeting is published in the Rossiyskaya Gazeta and Taimyr Gazeta; it is also posted on the Company’s website in the Internet information and telecommunications network: http://www.nornik.ru (hereinafter referred to as the Company website) at least 30 days before the Meeting date (the last date of submission of voting ballots when the voting is done by correspondence). The Company may notify shareholders additionally about the Meeting by publishing the notice of the Meeting in other print media or by sending shareholders an e-mail notification of the Meeting. The Company may announce the Meeting before the time specified in this Clause.</p> <p>In the cases stipulated in Clauses 2 and 8 Article 53 of the Federal Law “On Joint-Stock Companies”, the announcement of an extraordinary Meeting must be made not later than 70 days before the Meeting date.</p> <p>As specified in Clause 2.24. of the Regulation: “The information (materials) provided for by this Clause, within 20 days, and if the Meeting Agenda includes discussion of reorganization of the Company, within 30 days before the Meeting shall be available to the people who are entitled to participate in the Meeting for review in the office of the Company and in other places listed in the Meeting notice. The above information (materials) shall be available to the participants of the Meeting of shareholders during the Meeting. The above information (materials) shall be available to the participants of the Meeting of shareholders during the Meeting. Information (materials) subject to submission during preparation of the Meeting shall be posted on the Company website.</p> <p>The Company does its best to make sure that materials are available to general meetings of shareholders by the scheduled date and earlier than it is required by the applicable laws and internal documents of the Company.</p>
1.4.	<p>The information regarding the date of compiling the list of people entitled to participate in the General Meeting should be disclosed at least seven days before the above date.</p>	<p>As specified in Clause 2.28 of the Regulation “On General Meeting of Shareholders of MMC Norilsk”, Clause 6.9. of the Company’s Charter and in the Listing Rules of MICEX Stock Market, information regarding the date of compiling the list of people entitled to participate in the General Meeting of Shareholders shall be disclosed “not earlier than 5 days before the above date.”</p> <p>In fact (starting from 2014), the Company discloses information about the date of compiling the list of people entitled to participate in a meeting of shareholders within the timeframe that exceeds the seven-day period recommended by the Corporate Governance Code.</p>
1.5.	<p>In its Charter the Company is recommended to extend the period, during which shareholders may make suggestions on the agenda items to be discussed during the annual general meeting; the 30-day period required by law is recommended to be extended to 60 days after the end of the calendar year.</p>	<p>In respect of the Code recommendation, the Company opted for a more conservative solution. In accordance with Clause 2.2. of the Regulation “On General Meeting of Shareholders of MMC Norilsk Nickel” and Clause 6.3. of the Charter:</p> <p>Suggestions contributing to the agenda of the annual Meeting and the list of candidates to the Board of Directors and the Audit Commission must be submitted to the Company not later than 90 days after the end of the financial year.</p>
1.6.	<p>During the preparation and holding of the general meeting shareholders should be able to feel free and ask questions to executive bodies and members of the Board of Directors, chief accountant, members of the Audit Committee, auditors of the Company and candidates to the governing and supervisory bodies.</p> <p>It is recommended that the Company should invite the above people for participation in the work of the general</p>	<p>Pursuant to the Regulation “On General Meeting of Shareholders of MMC Norilsk Nickel”:</p> <p>The people whose presence at the Meeting is mandatory are: CEO of the Company, Chief Accountant, members of the Audit Commission, Chairperson or any other members of the Audit Committee of the Board of Directors and the auditor of the Company (Clause 5.16).</p> <p>Candidates to the bodies of the Company and representatives of the auditor put forward for approval by the Meeting (Clause 5.17) must be invited when the Meeting discusses election of members of the Board of Directors, CEO of the Company, members of the Management Board of the Company, members of the Audit Commission and approval of the auditor of the Company.</p>

	meeting of shareholders.	The questions from shareholders are submitted in writing. Notes containing questions are handed over to the Secretary of the Meeting (Clause 5.20).
1.7.	The Company should devise and adopt a transparent and easy-to-understand mechanism for defining the amount of dividends and their payment procedure. The companies that prepare consolidated financial statements should decide on the method of estimation of the minimum percentage of the consolidated net profit earmarked for payment of dividends.	In accordance with the Dividend Policy approved by the Board of Directors (minutes SD No. GMK/18-pr-sd dated June 4, 2002), the amount of annual dividends recommended for approval by the General Meeting of Shareholders of MMC Norilsk Nickel is set at 20-25% of the after-tax net consolidated profit computed in compliance with the International Accounting Standards. In addition, the Board of Directors of the Company approved the performance targets of the Company's strategy of development for 2014-2018 (minutes No. GMK/50-pr-sd dated October 1, 2013), including the dividend target payout ratios. These ratios show that the basic amount of dividends will be 50% of EBITDA of the previous year. Besides, it is expected that the revenue from sales of non-core assets of the Company will be paid as special dividends.
1.8.	The Company shall not take any actions that may result in artificial redistribution of corporate control.	The Company does not perform any actions that can result in artificial redistribution of corporate control, respecting the provisions of the applicable laws imposing a ban on the participation in the management of the joint-stock company through the so-called treasury shares (shares belonging to the Company).
1.9.	Shareholders should be provided with a reliable and efficient system of registration of rights to shares as well as the possibility of easy transfer of the shares owned by them.	The Registrar of the Company is represented by the company that boasts high reputation, has well-functioning and reliable technologies that provide efficient registration and exercising of the shareholders' rights.
2.	The Board of Directors of the Company	
2.1.	The Board of Directors performs strategic management of the company, defines the basic principles and approaches to the arrangement of the system of risk management and internal control, supervises the activities of executive bodies, as well as performs other key functions.	In accordance with the Charter of MMC "Norilsk Nickel" the competence of the Board of Directors of the Company includes the following: - defining priority areas of the Company's business, the concept and development strategy, as well as methods for their implementation, approval of the Company's plans and budgets as well as approval of amendments made to plans and budgets (Clause 9.3.1.); - monitoring of the management of the Company and its financial and economic activities, assessment of the activities of the CEO and members of the Management Board of the Company, supervising the execution of resolutions of Board of Directors, the examination of the reports on financial and economic activities of the Company, submitted by the Board (Clause 9.3.36.); - identification of the major risks associated with the Company's business and the implementation of measures and procedures essential in managing such risks (Sec. 9.3.34.).
2.2.	The Board of Directors shall formulate the remuneration policy of the Company and (or) reimbursement (compensation) of the expenses incurred by the members of the Board of Directors, executive bodies and other key executives of the company.	In accordance with the Charter of OJSC "MMC "Norilsk Nickel" the competence of the Board of Directors of the Company includes the following: - defining of the amount of the remuneration and compensation paid to the CEO, and approval of changes made in the terms and conditions of the contract, which specifies CEO's rights and obligations and termination of such contract (9.3.9.1.); - defining of amounts of remuneration and compensation payable to the members of the Company's Management Board, approval and changing of the terms of the contracts that specify their rights and obligations, as well as termination of such contracts (9.3.9.2.). The Board of Directors has approved the Regulations on the program of long-term remuneration of certain categories of employees of OJSC "MMC "Norilsk Nickel" and the Norilsk Nickel Group companies (Minutes No. GMK / 4-pr-sd dated 26.02.2009). In respect of the Policy of Remuneration of the Board of Directors of OJSC "MMC "Norilsk Nickel" the Company has implemented a more conservative approach - this document was approved at the Annual

		General Meeting of Shareholders on 06.06.2014.
2.3.	<p>The Board of Directors shall be an efficient and professional managing body of the Company, which is able to make objective, independent judgment and make resolutions that meet the interests of the Company and its shareholders.</p> <p>The Board of Directors should play a key role in the prevention, detection and settlement of internal conflicts arising between the Company, the Company's shareholders and employees.</p> <p>It is recommended that a member of the Board of Directors to be elected should be a person who has a blameless business and personal reputation and the knowledge, skills and experience required to make resolutions within the competence of the Board of Directors, and required for the effective performance of his functions.</p>	<p>According to Clause 8.5. of the Charter, while exercising their rights and fulfilling their obligations, the members of the Board of Directors must act in the interests of the Company, exercise their rights and fulfill their obligations to the Company reasonably and in good faith..</p> <p>The minimum qualification requirements recommended for candidates for the Board of Directors of the Company have been formulated in the Policy on the development and approval of recommendations for voting for the candidates to the Board of Directors of OJSC "MMC "Norilsk Nickel", approved by the Board of Directors (Minutes No.GMK/1- pr-sd dated 20.01.2015)</p> <p>According to the Code of Conduct and Ethics for Members of Board of Directors of OJSC MMC Norilsk Nickel (approved by the Board of Directors on 11.09.2014; Minutes No.27-pr-sd): "The Board of Directors of MMC Norilsk Nickel (the "Company") is committed to the highest standards of integrity and business conduct. The Board believes that operating with the highest level of honesty and integrity is critical to protect the interests of the Company and its shareholders".</p> <p>The Code (Clause 3) provides the following core values to be followed by members of the Board of Directors:</p> <ul style="list-style-type: none"> - Integrity and loyalty; - Honesty; - Professionalism. <p>According to the objectives set forth in it the Code is intended to:</p> <ul style="list-style-type: none"> - serve to strengthen high standards of ethics as well as business integrity and responsibility; - focus the Board and each director on areas of potential ethical risk and conflicts of interest; - provide guidance to directors to help them recognize and deal with ethical issues; <p>The Code obliges the Board of Directors (Clause 4) to conduct all their business and personal affairs in full compliance with both the spirit and letter of all applicable laws, rules and regulations, and corporate policies.</p> <p>The Clause 5 of the Code "The conflict of interest" contains guidance for the most typical cases of conflicts of interest arising in the Company, which the members of the Board of Directors should avoid.</p>
2.4.	<p>The members of the Board of Directors shall be elected by means of a transparent procedure, which ensures maximum transparency and availability of information about the candidates so that shareholders could have a clear idea about their personal and professional qualities.</p>	<p>In accordance with the requirements of the Charter (Clause 6.7.), information about the candidates elected to the Board of Directors is included in the information (materials) to be provided to persons entitled to attend the General Shareholders' Meeting, in the course of preparation for the General Meeting.</p> <p>In accordance with the Charter (Clause 6.8.), information on candidates to the Company's Board of Directors and the Audit Commission shall include:</p> <ul style="list-style-type: none"> - Full name; - Date of birth; - Education; - Employment record for the last five years; - criminal record in economy and offence against the State, administrative liability caused by law violation in business operations or in finance, taxation, securities market; - The number of Company shares held by the candidate; - the list of the positions held by the candidate in the executive bodies of other legal entities (including the full name of such legal entities and the date when the candidate was appointed/elected to the respective position); - information whether the candidate meets the requirements set to an Independent Director. <p>The Board of Directors adopted the resolution (Minutes No.GMK/1-pr-sd dated 20.01.2015) approving the Company's "Policy on development and approval of recommendations for the election in respect of the</p>

		candidates to the Board of Directors of OJSC "MMC "Norilsk Nickel", one of the goals of which is "the adoption of the structured and transparent mechanism for the assessment of candidates for election to the Board of Directors".
2.5.	<p>It is recommended that no less than one third of the Board of Directors should consist of independent directors. It is recommended that an independent director would be recognized as a person who has sufficient professionalism, experience and independence to form his or her own position, who is able to make objective and honest opinions, independent of the influence of executive bodies, separate groups of shareholders or other stakeholders.</p> <p>Independent Director is recommended to be considered as a person who:</p> <ul style="list-style-type: none"> - is not related to the company; - is not associated with a significant shareholder of the Company; - is not associated with a significant counterparty or competitor of the Company; - is not related to the state (the Russian Federation, constituent entity of the Russian Federation) or a municipal entity. 	<p>According to Clause 8.3. of the Charter, the Board of Directors consists of 13 people, including as on 31.12.2014 five independent directors. Independent members of the Board of Directors meet the independence criteria recommended by the Corporate Governance Code, as well as established by the current version of the Listing Rules of CJSC MICEX Stock Exchange.</p>
2.6.	<p>The elected chairperson of the Board of Directors should be an independent director or a senior independent director should be selected from the elected independent directors to coordinate the work of the independent directors and to be responsible for liaison with the chairperson of the Board of Directors.</p>	<p>Independent director Gareth Peter Penny was elected the Chairman of the Board of Directors.</p>
2.7.	<p>It is recommended to develop and consolidate the Company's internal documents relating to the procedure of preparation and holding of meetings of the Board of Directors, providing the board members with the possibility to prepare adequately for the meeting.</p>	<p>The procedure of preparation and holding of meetings of the Board of Directors, which provides its members with the opportunity to adequately prepare for the meeting, is set forth in the Statute on the Board of Directors of OJSC "MMC "Norilsk Nickel", approved at the Annual General Meeting of Shareholders on 30.06.2009.</p>
2.8.	<p>The members of the Board of Directors must be notified of the meeting of the Board of Directors, the type of the meeting and the agenda of the meeting, including all the information relating to the items on the agenda, within the timeframe, during which the members of the Board of Directors can think over their viewpoint regarding the items of the agenda. The timeframe must be at least five calendar days.</p>	<p>In accordance with Clause 5.9. of the Statute on the Board of Directors of the Company, the notice of the meeting shall be sent to each member of the Board of Directors by any means allowing to fix the fact of dispatching, no later than five (5) calendar days prior to the meeting. The notice shall be accompanied by all necessary information (materials) related to the agenda of the meeting.</p>
2.9.	<p>If meetings are held by using absentee voting, the procedure and</p>	<p>In accordance with Clause 5.9. of the Statute on the Board of Directors of the Company in case if it will be decided to hold an absentee voting</p>

	timeframe for sending voting ballots to each member of the Board of Directors and receiving of the completed ballots shall be defined.	on the agenda's items, in the notice of meeting "there should be defined a deadline and time for receipt of ballots, as well as the address and other contact information for forwarding completed ballots."
2.10.	Internal documents of the company should contain the provision stipulating that during holding of the meetings of the Board of Directors in person, in order to define the presence of quorum and voting results, a written opinion on the agenda's items of the member of the Board of Directors not attending the meeting shall be taken into consideration.	In accordance with Clause 5.18. of the Statute on the Board of Directors, the member of the Board of Directors, for whatever reasons, not attending the meeting of the Board of Directors may participate in the discussion and voting on the agenda items by expressing his/her opinion in writing, provided that this opinion will be sent by using any method of delivery that can be recorded and confirmed. This written opinion shall be taken into consideration when the presence of quorum and voting results on agenda items are defined, provided that the written opinion was delivered to the Board of Directors before the meeting.
2.11.	It is recommended that absent members of the Board of Directors should be able to participate in discussion of the agenda items and in the voting remotely – by using conference and video-conference options.	In accordance with Clause 5.17. of the Statute on the Board of Directors, the members of the Board of Directors may participate in a meeting held in the form of joint attendance by phone, using video conference or other means, allowing to identify the personality of such member of the Board of Directors and to discuss the items of the agenda in a real-time mode. Participation in a meeting by these means of communication is equivalent to attendance in person at the meeting.
2.12.	It is recommended that the Audit Committee should be organized for the purpose of preliminary discussion of the aspects related to monitoring of the financial and business operations of the Company.	The membership of the Audit Committee effective as of 31.12.2014 was elected by the Board of Directors of the Company on 27.06.2014 (Minutes No.GMK/18-pr-sd dated 30.06.2014).
2.13.	For preliminary review of issues related to the formation of an efficient and transparent compensation practices, it is recommended to establish a remuneration committee. It is recommended that the Chairman of the Board of Directors shall not be the Chairman of the Remuneration Committee.	The Company has a Committee for Corporate Governance, Nomination and Remuneration. The membership of the Committee effective as of 31.12.2014 was elected by the Board of Directors of the Company on 27.06.2014 (Minutes No.GMK/18-pr-sd dated 30.06.2014). The Chairman of the Committee is not the Chairman of the Board of Directors.
2.14.	It is recommended that the Committee on Nominations (Appointments, Human Resources) should be organized for the purpose of preliminary discussion of the aspects related to personnel planning, professional composition and performance of the Board of Directors.	The Company has a Committee for Corporate Governance, Nomination and Remuneration. The membership of the Committee effective as of 31.12.2014 was elected by the Board of Directors of the Company on 27.06.2014 (Minutes No.GMK/18-pr-sd dated 30.06.2014).
2.15.	Taking into account the scale of operation and level of risk it is recommended that the Company shall establish other committees of the Board of Directors.	In addition to the Board of Directors' Audit Committee and the Committee for Corporate Governance, Nomination and Remuneration, the Company has established the Strategy and Budget Committees.
2.16.	The board of directors shall be in charge of the assessment of the performance of the board of directors, its committees and board members. The assessment should be carried out on a regular basis, at least once a year. In order to conduct an independent assessment of the performance of the Board of Directors, it is	In accordance with the Policy on assessment of the performance of the Board of Directors of OJSC "MMC "Norilsk Nickel", approved by the Board of Directors (Minutes № GMK/1-pr-sd dated 20.01.2015), the assessment is carried out as follows: - following the results of the operation of the Board of Directors for the reporting financial year within 90 days upon the end of the reporting financial year (Clause 3.1.); - internal assessment - annually, based on the results of surveying of the members of the Board of Directors by the Company itself with the possible involvement of independent professional advisers (Clause 4.1.1.);

	recommended that an external organization (consultant) should be engaged from time to time - at least once every three years.	- external assessment - at the suggestion of the Committee for Corporate Governance, Nomination and Remuneration as well as upon the resolution of the Board of Directors, with the assistance of independent professional adviser (Clause 4.1.2.).
3.	Corporate Secretary of the Company	
3.1.	Company should adopt an internal document - the Statute on Corporate Secretary. Corporate secretary function can be performed by one person - the Corporate Secretary or a special structural division headed by the Corporate Secretary.	The Board of Directors has approved (Minutes No.GMK/61-pr-sd dated 13.12.2011) the Statute "On the Secretariat of OJSC "MMC "Norilsk Nickel", which defines the status and functions of the Secretariat, as well as the status, functions and authorities of the Secretary of the Company. According to Clause 3.2.7. of the Statute the managing role of the Secretariat is related to the competence of the Secretary of the Company. The Board of Directors (Minutes No.GMK/36-pr-sd dated 12.12.2014) Platov P.E. was elected the Secretary of the Company
3.2.	The Corporate Secretary shall have sufficient independence from the executive bodies and have the adequate powers and resources to perform his or her tasks.	According to the Statute on the Secretariat of OJSC "MMC "Norilsk Nickel": The resolution on the appointment (dismissal) of the Secretary of the Company shall be made by the Board of Directors (Clause 2.1.). The authorities of the Secretary of the Company may be terminated by the Board of Directors (Clause 2.2.). A contract shall be concluded with the Secretary of the Company, the terms of which, including the amount of remuneration, are defined by the Board of Directors (Clause 2.4.). The Secretary of the Company shall be entitled to exercise "the authorities necessary to resolve the issues falling within the scope of his or her competence" (Clause 2.6.).
3.3.	The Corporate Secretary shall have the knowledge, experience and expertise sufficient to perform his or her duties, impeccable reputation and shall be trusted by shareholders.	According to Clause 2.5. of Statute "On the Secretariat of JSC" MMC "Norilsk Nickel": "A candidate for the post of a Secretary of the Company shall have the necessary expertise to perform his or her functions, shall not be convicted of crimes in the economic sphere, for crimes against the Government and the interests of the State and local authorities".
4.	The system of remuneration of the members of the Board of Directors, executive bodies and other key executives of the company	
4.1.	Remuneration policy of the company should be devised by the remuneration committee and approved by the board of directors. The board of directors, supported by the Remuneration Committee shall ensure control over the adoption and implementation of social policy on remuneration, and if necessary - shall review it and make necessary alterations.	In respect of the Policy on remuneration of the Board of Directors of OJSC "MMC "Norilsk Nickel", the Company has implemented a more conservative approach - the document approved at the Annual General Meeting of Shareholders on 06.06.2014. In accordance with Clause 10 of the Policy, the scope of competence and responsibility of the Committee for Corporate Governance, Nomination and Remuneration includes the periodic evaluation of it "for the compliance with the stated objectives and the best practices of corporate governance."
4.2.	Fixed annual remuneration is the preferred form of monetary remuneration of members of the board of directors. Fixed remuneration should reflect the director's expected time and necessary efforts associated with the preparation and participation in meetings of the board of directors. It is desirable that the amount of fixed remuneration was different depending on the amount of duties of a director in the board of directors of the company.	The Policy on remuneration of the Board of Directors of OJSC "MMC "Norilsk Nickel" (Clause 3) has established the annual remuneration of non-executive members as a fixed amount of the basic remuneration, additional remuneration for their participation in the work of one of the committees, as well as additional compensation for the management of one of the committees of the Board of Directors.
4.3.	With respect to members of the board of directors it is not recommended using any form of	In accordance with Clause 3 of the Policy on Remuneration of the Board of Directors of OJSC "MMC "Norilsk Nickel" the following components cannot be used in the structure of the remuneration for non-

	<p>short-term incentives and additional material incentives.</p> <p>No additional payment or compensation in case of early termination of powers of the company's board of directors due to the change of control over the company or other circumstances is recommended.</p>	<p>executive members of the Board of Directors of the Company:</p> <ul style="list-style-type: none"> - Bonuses based on the operating results of the Company; - Options; - Additional benefits, including any forms of insurance, except for liability insurance of members of the Board of Directors; - Severance compensation and any redemptions associated with the change of ownership of the Company; - Retirement benefit schemes and plans.
4.4.	<p>The system of remuneration of the members of the executive bodies and other key executives of the company must encompass the dependence of remuneration on the results of the Company's operation and their personal contribution to these results.</p>	<p>Remuneration of the members of the executive bodies and other key executives depends on the results of the Company's operation and their personal contribution to these results.</p> <p>Order of the CEO dated 03.12.2013 No.GMK/127-p approved a Plan of the implementation of the Employees performance management system of the Group of companies "Norilsk Nickel", comprising:</p> <ul style="list-style-type: none"> - Harmonization and approval of the statutes on assessment of employees' performance; - Approval of the personal efficiency ratios (PERs); - Completing of individual development plans; - Evaluation of the performance of team and individual PERs. <p>In order to improve the efficiency of employees through the formation and use of common principles and approaches to assessing their performance, the Company has approved and adopted the Regulation on the evaluation of employees' performance at the Head office of OJSC "MMC "Norilsk Nickel" by the order of the CEO dated 03.12.2014 No.GMK/100-p,</p> <p>According to Clause 4.3 of the Regulation, the goal of assessment of employees' performance undertaken by the Company is "creating a mechanism linking the outcome of the operation assessment with the system of remuneration of employees, their development and promotion, as well as recognition of their achievements."</p> <p>Order of the CEO dated 14.07.2014 No.GMK/43-p approved the Regulation "On awarding employees of the Head Office of JSC "MMC "Norilsk Nickel", according to which the assessment of the performance of the Company's employees during the reporting period is carried out "on the basis of performing of the team and individual PERs set out in PER card for each employee".</p>
4.5.	<p>It is recommended for companies whose shares are admitted to organized trading that they should implement a long-term incentive program for members of the executive bodies and other key executives of the company by using the company's shares (options or other derivative financial instruments where the company's shares are an underlying asset).</p>	<p>The Resolution of the Board of Directors (Minutes No.GMK/4-pr-sd dated 26.02.2009) has approved the Company's Regulation on the program of long-term remuneration of certain categories of employees of OJSC "MMC "Norilsk Nickel" and Norilsk Nickel Group companies.</p>
5.	The system of risk management and internal control	
5.1.	<p>The Board of Directors shall define the principles and approaches to the risk management and internal control system to be adopted in the company.</p>	<p>The Company's Charter (Clauses 9.3.34 and 3.9.26) stipulates that the competence of the Board of Directors includes:</p> <ul style="list-style-type: none"> - Identification of the primary risks associated with the Company's activities and implementation of relevant risk management measures and procedures; - Approval of internal control system and procedures, and approval of management information system. <p>Risk management is carried out by the Company in accordance with the "Concept of corporate risk management", approved by the Board of Directors (Minutes dated 16.12.2005 No.GMK/27-pr-sd).</p> <p>The document mentioned above regulates risk management procedures, containing the following elements:</p> <ul style="list-style-type: none"> - Classification and identification of risks, - Methodological approaches to identify and assess risks;

		<ul style="list-style-type: none"> - Admissible levels of risk (tolerance levels); - Risk regulation methods; - Distribution of responsibility scopes in the course of risk management; - Monitoring and reporting. <p>Main principles and approaches to the organization of internal control in the Company are reflected in the Regulation on the internal control over financial and economic activity of OJSC "MMC "Norilsk Nickel", approved by the Board of Directors (Minutes dated 14.07.2006. No.GMK/18-pr-sd).</p>
5.2.	For the effective functioning of the risk management and internal control system it is recommended that a separate structural unit(s) for risk management and internal control should be organized (planned).	<p>The Company established the Internal Control Department following the Order of the CEO "On the organizational structure of the Head Office of OJSC "MMC "Norilsk Nickel" No.GMK/90-p dated 12.08.2005.</p> <p>The Company established the Service for Financial Control following the resolution made by the Board of Directors (Minutes No.GMK/20-pr-sd dated 17.04.2013).</p>
5.3.	The company should have a compliance- control function within the risk management system.	<p>Development of measures aimed at ensuring compliance of the Company's activities with the requirements of the regulations, standards, statutes and regulatory and procedural guidelines of the Company, ethical norms and rules (implementation of compliance control system) is carried out by the Department of the authorized capital, compliance and prevention of illegal use of insider information in accordance with the Statute on Department (Order of the CEO dated 21.11.2013 No. GMK/121-p).</p> <p>As part of this task, the following functions have been assigned to the Department:</p> <ul style="list-style-type: none"> - Identification, documentation, assessment of compliance risks, - Development and monitoring of compliance risk management activities, - Informing of the Company's divisions on the new legislative requirements, consulting of divisions, development of recommendations.
5.4.	It is recommended that the company should provide for a complex of measures aimed at preventing corruption, at lowering reputation risks and the risks of applying the sanctions to the Company for bribery, and should adopt an anti-corruption policy, which specifies the measures aimed at establishing elements of corporate culture, organizational structure, rules and procedures for the prevention of corruption.	<p>In January, 2014, the Company joined the Anti-Corruption Charter of the Russian business.</p> <p>The Company's Board of Directors has resolved to adopt:</p> <ul style="list-style-type: none"> - Policy on anti-corruption activities (Minutes dated 17.11.2014, No.GMK/34-pr-sd); - Code of Business Ethics (Minutes dated 29.12.2012 No.GMK/62-pr-sd); - Code of Corporate Conduct and Business Ethics of the Board of Directors (Minutes No.27-pr-sd dated 11.09.2014). <p>The Company has adopted the model agreement form, which defines the obligations of employees in the field of corruption fight (by the Order dated 19.12.2014 No.GMK/105-p).</p> <p>In order to organize measures for corruption prevention and control, a responsible structural division was organized – the Department of the share capital, compliance and prevention of illegal use of insider information.</p> <p>In furtherance of the legislative requirements, the documents mentioned above and its voluntary commitments, OJSC "MMC "Norilsk Nickel" has implemented a set of special anti-corruption measures relating not only to the situation in the Company, but also to the relationships with its business partners and the Government.</p>
5.5.	It is recommended to arrange a safe, confidential and affordable way (a hotline) to inform the board of directors (board of directors' audit committee) and the department of internal audit about the facts of	<p>The Company has the Regulation of Functioning of Corporate Trust Service of OJSC "MMC "Norilsk Nickel", approved by the Order of the CEO dated 01.02.2010 No.GMK/10-p, which determines the procedure for accepting and reviewing of applications forwarded by employees, contractors and other entities (individuals and legal entities) on possible violations (with using an interactive channel for interaction with</p>

	violations of law, internal procedures, code of ethics of the company by any of its employee and (or) any member of the governing body or control agency for financial and economic activity of the company.	<p>applicants, including the Corporate trust service telephone, by post service, personal reception, etc.).</p> <p>The Code of Corporate Conduct and Business Ethics of the Board of Directors approved by the Board of Directors (Minutes No.27-pr-sd dated 11.09.2014) defines the ways of informing about detected and potential violations of ethical principles. According to Clause 11 of the Code: "Retaliation in any form against an individual who reports a suspected violation in good faith, even if the report is mistaken, or who assists in the investigation of a reported violation, is not permitted".</p>
5.6.	It is recommended to organize the internal audit conducted through the establishment of a separate structural unit (of the internal audit) or by involvement of an independent external organization. In order to ensure the independence of the internal audit department, its functional and administrative accountabilities should be delineated. It is recommended that functionally, the internal audit department should be subordinate to the board of directors and administratively – directly to the sole executive body of the Company.	<p>Following the Order of the CEO "On the organizational structure of the Head Office of OJSC "MMC "Norilsk Nickel" No.GMK/90-p dated 12.08.2005, the Company established the Internal Control Department, under which the Audit and Monitoring Division is functioning.</p> <p>The Statute on the Internal Control Department was approved by the Board of Directors (Minutes dated 10.04.2014 No.GMK/8-pr-sd).</p> <p>According to the Statute on ICD:</p> <p>The Department reports directly to the CEO (Clause 1.3.).</p> <p>The Department is headed by the Director of the Department, the immediate manager of which is the CEO (Sec. 1.4.).</p> <p>The Director of the Department shall be appointed and dismissed by the Board of Directors (item 1.5.).</p> <p>According to Annex B to the Statute governing the ICD's interaction with governing bodies:</p> <p>As part of the tasks performed by the Department, the Board of Directors shall send to the ICD relevant instructions and requests, and the Audit Committee of the Board of Directors shall send recommendations on the formation of the work plan for the Audit.</p>
6.	Disclosure of information about the Company, Company's information policy	
6.1.	The company should develop and implement the information policy to ensure effective communication of the Company, shareholders, investors and other stakeholders.	<p>The Board of Directors approved (Minutes dated 21.05.2009 No.GMK/11-pr-sd) Statute on Information Policy of OJSC "MMC "Norilsk Nickel", which defines the basic principles of information policy of the Company, the list of information and documents to be disclosed to all interested parties in the amount necessary to make a balanced decision about participation in the Company or to take other actions that could affect the financial and economic activities of the Company, as well as establishes the procedure for the provision of information and documents that provide effective information interaction between the Company and stakeholders.</p>
6.2.	Implementation of company's information policy is carried out by the executive bodies of the company. Control over the information policy observance is performed by the board of directors.	<p>According to Clause 6.6. of the Statute on Information Policy of the Company, "Divisions responsible for the disclosure of information, as well as employees of the Company authorized to comment on the information disclosed, shall be appointed by the CEO of the Company."</p> <p>In accordance with Clause 9.3.35. of the Charter, approval of public relations and investor relations policies is in the competence of the Company Board of Directors.</p>
6.3.	<p>Along with the information provided by the law, companies should further disclose:</p> <ul style="list-style-type: none"> - Information about the mission, strategy, corporate values, objectives of the company and policies adopted by the company; - Additional information on the financial performance and financial standing of the company; - Information on the capital structure of the company; - Information in the field of social and environmental responsibility of the company. 	<p>The most important information of the Company is reflected in its annual reports, reports on corporate social responsibility, as well as in the sustainability report, which are prepared in accordance with the GRI standards.</p> <p>In addition, information about the mission and strategy of the Company approved policies of the Company, additional information about the financial standing of the Company, the information in the field of social and environmental responsibility – all of them are published on the corporate website (www.nornik.ru).</p>
6.4.	The company should disclose information about the system and corporate governance practices,	<p>Information about the executive bodies, the Board of Directors and its committees, the corporate governance statement is disclosed on the Company's corporate website (www.nornik.ru). Information on</p>

	including detailed information on the principles and recommendations of this Code.	compliance with the basic principles and recommendations of the Corporate Governance Code is disclosed by the Company in the annual report (starting with the report for 2014). Prior 2014, the Company disclosed information on compliance with the Code of Corporate Conduct that was recommended by the Federal Securities Commission of Russia.
6.5.	If there is a substantial share of foreign investors in the capital of the company it is recommended that along with the disclosure of information in Russian, the same information about the company (including the notice of the shareholders' meeting, the annual report, the accounting (financial) statements) should be disclosed in a foreign language, which is generally accepted in the financial market, and free access to it should be provided.	All relevant information about the Company is disclosed on its corporate website (www.nornik.ru) in English.
6.6.	The Company's disclosure of the information and documents requested by the shareholders shall be in accordance with the principles of fairness and accessibility.	<p>One of the basic principles of information policy of the Company is an "equality" – i.e. ensuring equal rights and opportunities to obtain information for all interested parties, except as provided in the legislation of the Russian Federation.</p> <p>Within the framework of the current legislation, the Company is committed to ensure free, easy and least costly access of stakeholders to the disclosed information and documents.</p> <p>Providing shareholders with access to information (documents) and the procedure for obtaining copies of documents are governed by Section 7 of the Statute on Information Policy of the Company.</p> <p>Information on the procedure of provision of OJSC "MMC "Norilsk Nickel" documents' copies at the request of shareholders and other stakeholders is published on the Company's corporate website (www.nornik.ru) in the section "Internal documents".</p>
7.	Major corporate actions	
7.1.	<p>Major corporate actions shall be recognized as follows:</p> <ul style="list-style-type: none"> - Reorganization of the company; - The acquisition of 30 percent or more of voting shares (merger); - Major transactions made by the company; - Increase or decrease in the authorized capital of the company; - Implementation of the listing and delisting of the company's shares; - Other actions which could lead to a significant change in the shareholders' rights or violation of their interests. <p>Charter of the company should determine the list (criteria) of transactions or other actions that are considered to be major corporate actions, and submit the consideration of such actions to the Board of Directors.</p>	<p>In accordance with the Charter of the Company, the competence of the Board of Directors includes the consideration of most of the issues relating to corporate actions, qualified by the Corporate Governance Code as major.</p> <p>According to Clause 7.4. of the Charter, resolutions of the General Meeting of Shareholders on the reorganization, the increase or decrease in the authorized capital of the Company, the resolution on approval of major transactions and transactions with related parties - shall only be adopted by a General Meeting upon recommendation of the Board of Directors.</p> <p>Deciding on the application for listing of shares of the Company and (or) the equity securities of the Company convertible into shares of the Company, in accordance with Clause 9.3.28 of the Charter is in the competence of the Board of Directors.</p> <p>Deciding on the application for delisting of shares of the Company in accordance with Clause 7.1.16 of the Charter is in the competence of the General Meeting of Shareholders.</p> <p>In respect to certain transactions the Charter of the Company (clauses 9.3.15, 9.3.21, 3.9.30, 9.3.33, 3.9.39) establishes the criteria according to which these transactions (due to their significance for the Company) shall be in the competence of the Board of Directors.</p>
7.2.	It is recommended that the company's charter should set out the mechanisms of relating to the competence of the Board of Directors of consideration of the transactions that do not meet the	The Company's Charter (Clause 8.10., part 2) provides a mechanism of relating to the competence of the Board of Directors of certain transactions which do not meet the statutory criteria for major transactions and resolutions on which (in virtue of their substantial significance for the Company) shall be made by the Board of Directors by not less than ten votes (i.e., by a three-fourths majority

	<p>criteria established by the law of major transactions, but are essential to Company by applying to them a procedure established by law for fulfilling major transactions by the company and (or) by referring them to the competence of the Board of Directors with adopting the resolution on their approval by a majority - not less than three-fourths of the votes - or by a majority of votes of all the elected (not deemed withdrawn) members of the Board of Directors.</p>	<p>vote).</p> <p>In particular, the following transactions are referred as such by the Charter:</p> <ul style="list-style-type: none"> - acquisition, alienation or encumbrance by the Company of any securities (including shares), if their market value exceeds an amount equal to the equivalent of 5 million USD at the exchange rate set by the CB RF on the date of the adoption of the resolution on the transaction approval (Clause 9.3.15); - The transactions the party in which is a shareholder of the Company, either alone or together with its affiliates owning more than 5% of the voting shares of the Company (Clause 9.3.21); - Any transactions (except for the transactions made in the ordinary business course), the cost of which or the cost of the acquired or alienated property on which exceeds an amount equal to the equivalent of 20 million USD at the exchange rate set by the CB RF on the date of the transaction approval (Clause 9.3.30); - Any transactions (including transactions consummated in the ordinary course of business), the cost of which or the cost of the acquired or alienated property on which exceeds an amount equal to the equivalent of 200 million USD at the exchange rate set by the CB RF on the date of the transaction approval (Clause 9.3.33); - Any transaction on acquisition and (or) alienation by the Company of the enterprises and any other forms of participation in the business (excluding securities and equity shares) registered and (or) located outside the Russian Federation, if the market value of the corresponding property exceeds the amount equivalent to 5 million USD at the exchange rate set by the CB RF on the date of the transaction approval (Clause 9.3.39).
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Guidelines and recommendations, which are not observed or partly observed

No.	Guideline (guidelines) on Corporate governance or key criteria (recommendation)	Brief description of non-compliant part of guideline or key criteria	Reasons, factors and circumstances of non-compliance or partial compliance with guideline or key criteria, description of implemented alternative instruments of corporate governance
1.	The Board of Directors of the Company established an Audit Committee consisting of independent directors and whose functions are formalized in the internal documents and comply with the recommendations of the Code of Corporate Governance	<p>Half of 4 elected members of the Audit Committee are independent directors.</p> <p>In the current edition of the Regulations on the Audit Committee the functions recommended by the Code are not reflected in full.</p>	<p>The Company's current Regulations on the Audit Committee stipulates that only independent and (or) non-executive members of the Board of Directors can become Committee members.</p> <p>According to the Regulations on the Corporate Governance, HR and Remuneration Committee only members of the Company's Board of Directors who hold no office in the Company can become the Committee members.</p>
2.	The Board of Directors of the Company established a Remuneration Committee (can be combined with a Nominating Committee (HR, Appointments)) consisting of independent directors and whose functions comply with the recommendations of the Code of Corporate Governance	<p>Half of 4 elected members of the Corporate Governance, HR and remuneration Committee are independent directors.</p> <p>In the current edition of the Regulations on the Corporate Governance, HR and remuneration Committee the functions recommended by the Code (insofar as it refers to functions of the Committee) are not reflected in full.</p>	<p>De facto independent and non-executive members of the Board of Directors are represented in Committees in equal proportions.</p> <p>Additionally, the Committees performance as well as fairness and independence of their recommendations are ensured by a set of corporate governance mechanisms developed and implemented in the Company, which in</p>
3.	The Board of Directors of the Company established a		

	<p>Nominating Committee (HR, Appointments) (can be combined with the Remuneration Committee majority of whose members are independent directors and whose functions correspond to the recommendations of the Code of Corporate Governance</p>		<p>particular:</p> <ul style="list-style-type: none"> - set strict selection criteria for nominees to the Board of Directors (including requisite impeccable professional and personal reputation); - commit all members of the Board of Directors to comply with high standard of corporate conduct and professional ethics; - prescribe to avoid situations where personal interests of a member of the Board of Directors conflict or may conflict with the Company interests. - determine transparent mechanism for evaluation of the Board of Directors as a whole and its individual members. <p>Above mechanisms and tools of corporate governance are implemented by the Company through adoption by the Board of Directors of the following by-laws:</p> <ul style="list-style-type: none"> - Policy for the development and approval of recommendations for voting for nominees to the Board of Directors; - Code of Corporate Conduct and Ethics of the Board of Directors; - Performance Evaluation Policy for the Board of Directors.
4.	<p>Corporate Secretary holds a position, which is not combinable with execution of other duties within the Company. The Corporate Secretary is entrusted with functions in compliance with recommendations Corporate Governance Code. The Corporate Secretary has sufficient resources to discharge his functions.</p>	<p>The Corporate Secretary combines his functions with other duties within the Company.</p>	<p>According to paragraph 3.6 of the Regulations on the Company Board: "Board Secretary is responsible for organizational and information support of the Board. The Corporate Secretary exercise functions of the Board Secretary."</p> <p>Combining the above functions in practice does not create conflict of interest and does not impair the effectiveness of the Company Secretary as a whole.</p> <p>Major part of the issues submitted for consideration to the Board of Directors is preliminary reviewed by the Company Board.</p>
5.	<p>The Company has approved Internal Audit Policy (Regulation on internal audit) specifying goals, objectives and activities of internal audit.</p>	<p>The Company has no approved individual Policy specifying goals, objectives and activities of internal audit.</p>	<p>The Company's effective "Regulations on internal control over financial-and-commercial activity" complies, in principle, with the Code recommendations applicable to Internal Audit Policy.</p> <p>Combination of techniques and procedures of internal audit as well as its goals and approaches specified in the Regulations exactly conform to goals and objectives of the Company internal audit, which ensures reliability of the Company financial statement and compliance with applicable legal requirements for its preparation.</p>

