

**Information Letter  
for Shareholders of  
PJSC MMC Norilsk Nickel  
on Tax Matters**

related to purchase by  
PJSC MMC NORILSK NICKEL of its own  
ordinary shares

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This Information Letter describes certain matters concerning taxation of an income gained by entities and individuals from sale of Shares under an offer of PJSC MMC Norilsk Nickel (hereinafter referred to as Norilsk Nickel) to purchase its own ordinary shares (state registration issue number 1-01-40155-F of December 12, 2006, ISIN RU0007288411) (hereinafter referred to as the Shares), in regard to Norilsk Nickel's acting as a tax agent when paying out the purchase price from sale of the Shares to be acquired under a purchase offer.

Individual Shareholders should read Section 1 of this Information Letter. The tax treatment will depend, among other things, on whether the Shareholder is a resident (Section 1.1 of Section 1) or a non-resident of the Russian Federation (Section 1.2 of Section 1).

Corporate Shareholders (legal entities) are recommended to read Section 2 of this Information Letter.

**WE STRONGLY ENCOURAGE THE SHAREHOLDERS TO CONSULT THEIR TAX ADVISORS AND, IF NECESSARY, SEEK CLARIFICATION ON THE MATTERS SET FORTH IN THIS INFORMATION LETTER, INCLUDING, IF APPLICABLE, ISSUES OF DETERMINING A SHAREHOLDER'S COUNTRY OF TAX RESIDENCE AND TAX TREATMENT OF INCOME GAINED FROM SALE OF THE SHARES UNDER THE PURCHASE OFFER.**

**ANY INFORMATION CONTAINED IN THIS INFORMATION LETTER IS FOR REFERENCE ONLY, IT IS NOT AN ADVICE ON TAX MATTERS AND IS PROVIDED TO THE SHAREHOLDERS DUE TO THE NEED FOR NORILSK NICKEL TO PERFORM THE FUNCTIONS OF A TAX AGENT WHEN PAYING OUT THE PURCHASE PRICE OF THE SHARES TO BE PURCHASED UNDER THE PURCHASE OFFER TO CERTAIN CATEGORIES OF INDIVIDUAL SHAREHOLDERS.**

## Abbreviations

Short name	Full name
Shares	Ordinary shares of Norilsk Nickel, state registration issue number 1-01-40155-F of December 12, 2006, ISIN RU0007288411
Shareholder	A holder of the Shares being an addressee of the offer to purchase its own ordinary shares by Norilsk Nickel (whether or not registered in the Norilsk Nickel Shareholder Register (a client of a nominee holder)
Questionnaire	Shareholder Questionnaire (Annex 1 to this Information Letter)
JSC IRC R.O.S.T.	Joint-Stock Company Independent Registrar Company R.O.S.T. that is a registrar of Norilsk Nickel and engaged by Norilsk Nickel to render services in connection with a redemption offer, including receipt of Shareholders' documents to be submitted to a tax agent
Purchase Offer	An offer to purchase the Shares by Norilsk Nickel on the terms and conditions specified in the Notice of purchase by Norilsk Nickel of its own ordinary shares
IE	Individual entrepreneur
PIT	Personal income tax
RF Tax Code	Tax Code of the Russian Federation
RF	Russian Federation
DTT	Double Tax Treaty

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## 1. Individuals and IEs

Income of an individual shareholder from sale of shares, including the Shares to be sold under the Purchase Offer, is PIT-taxable and shall be included in the tax base of such individual under Clause 1 of Article 210 of the RF Tax Code (see also Sections 1.1.5 *Tax Benefits and Tax Deductions* and 1.2.5 *Tax Benefits* for information on tax benefits and tax deductions envisaged for certain categories of individual Shareholders). The PIT base may be reduced by actually incurred and documented expenses associated with purchasing and keeping the shares sold.

The tax rate depends, among other things, on whether an individual Shareholder is a resident (Section 1.1 below) or a non-resident (Section 1.2 below) of the Russian Federation.

### 1.1. Tax Implications for Individuals who are Residents of the Russian Federation

#### 1.1.1. Tax Residence Determination Procedure

As a general rule (Clause 2 of Article 207 of the RF Tax Code), tax residents of the Russian Federation mean individuals who actually stay in the Russian Federation for at least 183 calendar days during 12 consecutive months.

If Norilsk Nickel acts as a tax agent in regard to paying out the purchase price of the Shares being acquired under the Purchase Offer (see Section 1.1.2 below), the individual Shareholders should provide JSC IRC R.O.S.T. (authorized by Norilsk Nickel to receive documents) with information according to a Questionnaire (Annex 1 hereto), in order to confirm their RF tax residence status.

This information should be submitted along with other confirmation documents on or before the deadline specified for acceptance of the Purchase Offer. The procedure and deadlines for submission of confirmation documents are specified in Section 1.1.3 hereof.

#### 1.1.2. Acting as a Tax Agent

*Acting as a tax agent, if an individual Shareholder submits an application for sale of the Shares independently*

Pursuant to paragraph 3 of Clause 1 of Article 226 of the RF Tax Code, Russian organizations making payments under securities sale and purchase agreements entered into with taxpayers are recognized as tax agents for the PIT purposes in regard to any securities sale and purchase transactions. Exceptions are established by Clause 2 of Article 226.1 of the RF Tax Code. According to the said Clause, among other things, if the transactions in question are performed on behalf of the taxpayer by a trustee or a broker under a trust agreement, brokerage service agreement, mandate agreement, commission agreement or agency agreement signed with the taxpayer, the tax agent's functions are assigned to the trustee or the broker.

Therefore, **if an individual Shareholder submits an application for sale of the Shares under the Purchase Offer independently (without engaging trustees or brokers acting on behalf of such Shareholder), *inter alia*, through a nominee holder, Norilsk Nickel will be recognized as a tax agent (Clause 1 of Article 226 of the RF Tax Code) and shall be obliged to assess the PIT amount, withhold it from the purchase price of the Shares purchased from an individual Shareholder and transfer the same to the budget of the Russian Federation.**

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Please note that, if more than one foreign and/or Russian nominee holder participates in the chain, the tax agent status of Norilsk Nickel does not change.

*Acting as a tax agent, if an individual Shareholder acts through a broker (trustee)*

Pursuant to Clause 2 of Article 226.1 of the RF Tax Code, if an individual receives an income from securities transactions (including those recognized in an individual investment account), a trustee or a broker who performs securities transactions on behalf of the taxpayer under a trust agreement, brokerage service agreement, mandate agreement, commission agreement or agency agreement signed with the taxpayer, is recognized as a tax agent.

Tax agents for the purposes of PIT assessment and payment are listed in Articles 226 and 226.1 of the RF Tax Code. In accordance with the above provisions, Russian organizations and separate divisions of foreign organizations within the Russian Federation are recognized as tax agents only in respect of an income that is received from or as a result of relations with such separate divisions. Thus, foreign organizations that have no separate divisions within the Russian Federation shall not be recognized as tax agents for the PIT purposes.

Thus:

- (a) **if the Shares are sold to Norilsk Nickel by an individual Shareholder acting through a broker (trustee), which is a Russian organization, or through a Russian separate division of a foreign broker (trustee) under a brokerage services agreement (trust agreement, mandate agreement, commission agreement or agency agreement), Norilsk Nickel shall not be recognized as a tax agent, and Norilsk Nickel will have no obligation to assess, withhold or pay the PIT amount regarding the income received from sale of the Shares. In this case, the broker (trustee) is a tax agent and is required to assess, withhold and pay to the budget the PIT amount on the income from sale of the Shares; and**
- (b) **if an individual Shareholder receives an income from sale of the Shares from a foreign broker (trustee) who has no separate division within the Russian Federation, Norilsk Nickel is recognized as a tax agent and is required to assess, withhold and pay the tax on the income in question.**

**If it is not possible to identify whether the Shareholder acts through a broker (trustee) or independently, the tax shall be assessed, withheld and paid to the budget by Norilsk Nickel.**

If no information on a holder of the Shares acting through a nominee holder or a foreign broker (trustee) is disclosed, Norilsk Nickel, acting as a tax agent, shall withhold the tax at the maximum rate of 30%.

*Provisions applicable to an individual Shareholder who is an individual entrepreneur*

Pursuant to Sub-clause 1 of Clause 1 of Article 227 of the RF Tax Code, individuals engaged in entrepreneurial activities in the Russian Federation as an individual entrepreneur under a certificate of registration, shall independently assess and pay PIT on income amounts gained from such activities. However, in accordance with the provisions of Federal Law No. 39-FZ *On Securities Market* dated April 22, 1996, only legal entities may be engaged in professional activities as participants of the securities market, with the exception of investment consulting activities.

In this regard, the general procedure for assessment and payment of the personal income tax on an income from transactions with securities established by Articles 226 and 226.1 of the RF Tax Code (see the general procedure set out in Sections 1.1.1 – 1.1.3 hereof) shall apply to an income gained from transactions by an individual Shareholder who is an individual entrepreneur, irrespective of the

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registered business activities of the individual entrepreneur.

### 1.1.3. Required Documents and Due Dates for Tax Payment

Where Norilsk Nickel acts as a tax agent, Norilsk Nickel shall, when assessing the personal income tax to be withheld and paid, account for actually incurred and documented expenses associated with purchasing and keeping the relevant Shares, which the taxpayer incurred without the tax agent's involvement (Clause 1 of Article 226 of the RF Tax Code). Such expenses shall be taken into account under an application made by a taxpayer (an individual Shareholder) in a free form for reduction of a PIT-taxable income from sale of the Shares by any expenses incurred in respect of the Shares, with enclosure of appropriate confirmation documents (see below). We recommend to make such an application in the Questionnaire Form (Annex 1 to this Information Letter).

We call the Shareholders' attention to the facts that a tax base may be reduced by an amount of the investment tax deduction provided for in Sub-clause 1 of Clause 1 of Article 219.1 of the RF Tax Code (see *Investment tax deduction* Section in Section 1.1.5 below), and also that the income from sale of the Shares is PIT-exempt, if the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for more than five years (see *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.1.5 below).

#### *Documents to be submitted*

For Norilsk Nickel to perform the tax agent's functions and to correctly calculate the personal income tax to be withheld and paid, individual Shareholders shall submit the following documents (hereinafter collectively referred to as the "**confirmation documents**") to JSC IRC R.O.S.T. authorized by Norilsk Nickel to receive the documents:

- (1) Questionnaire (Annex 1 to this Information Letter) completed and signed by the Shareholder appended with the documents specified in Clauses (2) – (5) below.

The documents referred to in Clauses (2), (3) and (4) below shall be submitted, if the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for less than five years. Where the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for more than five years, the Shareholder is required to submit the documents referred to in Clause (5) of this list of documents (see Clause (5) below and *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.1.5 below).

- (2) Original or duly certified copies (see *Certification method for confirmation documents* Section below) of the documents underlying any expenses incurred by the individual Shareholder in purchase of the Shares.

For example, such documents will include a sale and purchase agreement for the Shares, an order to credit the Shares to a Shareholder's personal account (depo account), a depo account statement or an extract from the register of holders of the Shares, broker's reports and other documents confirming the transfer of title to the relevant Shares to the taxpayer, as well as the fact and payment amount of the relevant expenses.

Please be aware that there is no unified list of documents confirming expenses incurred in purchase of the Shares. The above list of documents is made for a general case of share purchase under a sale and purchase agreement. If a title to shares is transferred to an individual on other legal grounds (e.g., under a deed of gift, agreement of exchange, or by way of

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inheritance), the list of documents will change.

The tax agent reserves the right to request additional documents from the individual Shareholder in order to clarify the amount of tax liabilities associated with sale of the Shares.

- (3) Original or a copy of a passport of a citizen of the Russian Federation with (or without) a mark stating whether a document identifying the RF citizen outside the Russian Federation (a foreign passport) is issued;

If, according to the Questionnaire, a place of registration and/or a mailing address of an individual Shareholder is outside the Russian Federation and, at the same time, such Shareholder has indicated him/herself as a RF tax resident in Paragraph 4 of the Questionnaire, such Shareholder shall additionally submit copies of pages of his/her foreign passport (passports) with marks of crossing the RF state border, in order to calculate the number of days spent within the Russian Federation, or other documents confirming the Russian tax residence. If such additional information is not provided by the Shareholder, Norilsk Nickel will not treat such Shareholder as a Russian tax resident and, acting as a tax agent, will withhold the tax at the rate for non-resident individuals (30%).

- (4) If applicable (see *Investment tax deduction* Section in Section 1.1.5 below), an application for a tax deduction and documents confirming the details necessary to determine the ceiling amount of the deduction.
- (5) If applicable (see *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.1.5 below), documents confirming the fact of holding the Shares for more than five years in order to apply the tax benefit for the Shareholders who have beneficially owned the Shares for more than five years.

*Method and deadline for submission of confirmation documents*

Confirmation documents shall be submitted to JSC IRC R.O.S.T. authorized by Norilsk Nickel to receive documents and may be submitted:

- in person (on business days during office hours) at JSC IRC R.O.S.T. or
- by mail,

each time to the addresses set forth in the Information Letter and listed below for convenience:

- to the address of JSC IRC R.O.S.T.: 18 Stromynka Street, bldg. 5B, premises IX, Moscow, 107996, attn. Joint Stock Company Independent Registrar Company R.O.S.T.; or
- to an address of any branch of JSC IRC R.O.S.T. stated in the Unified State Register of Legal Entities as of the date of sending the documents. Information about the branches of JSC IRC R.O.S.T. is published on the Internet page at: <http://www.rrost.ru/ru/filials/>.

**The confirmation documents should be received by JSC IRC R.O.S.T. on or before the deadline for acceptance of the Purchase Offer, i.e., on or before June 18, 2021 (inclusive).**

Shareholders whose rights to the Shares are recorded in the register should send (submit) confirmation documents to JSC IRC R.O.S.T. alongside with sending (submitting) an application for sale of shares under the Purchase Offer.

Shareholders whose rights to the Shares are accounted for by nominee holders should send (submit) confirmation documents to JSC IRC R.O.S.T. immediately after sending an application for sale of the

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Shares by giving an instruction (direction) to their nominee holder to sell the shares under the offer. In this case, the Questionnaire shall specify the nominee holder who accounts for the relevant individual Shareholder's titles to the Shares and through whom the application for sale of shares was sent, quantity of the Shares in respect of which the application for sale of the Shares was filed, and any data allowing identification of the individual Shareholder.

#### *Certification method for confirmation documents*

The tax law fails to establish a unified method of certifying documents, which is recognized as proper. Copies of documents may be certified, as circumstances require:

- by JSC IRC R.O.S.T., when originals of such documents are submitted to JSC IRC R.O.S.T. in person;
- by authorized persons and, subject to existence of a seal, by a seal of a broker (e.g., broker's reports) or a custodian (e.g., depo account statements).

If documents are mailed to JSC IRC R.O.S.T., documents certified by a notary (except for broker's reports, which are subject to certification by a broker) will be considered duly certified, as a general rule.

If the individual Shareholder submits original documents, JSC IRC R.O.S.T. will make certified copies of such documents and return their originals to the Shareholder.

If any documents confirming the incurred expenses are made in a foreign language, a notarized translation into Russian should be submitted.

Due to the current situation and possible changes in the work of notaries, we recommend the Shareholders to commence obtaining notarized copies of documents in advance.

If the documents are not submitted on time (the documents are received by JSC IRC R.O.S.T. beyond the deadline specified above), PIT will be withheld from the entire amount of the income from sale of the Shares. See Section 1.1.4 below for general information about applicable tax rates.

Norilsk Nickel, as a tax agent, withholds PIT directly from the taxpayer's income when it is paid out (Clause 4 of Article 226 of the RF Tax Code). The PIT amount is transferred to the budget on or before the day following the day of payment under a share sale and purchase agreement (Clause 6 of Article 226 of the RF Tax Code).

#### **1.1.4. Tax Rates**

The income gained by the individual Shareholder from selling the Shares shall be PIT-taxable as follows:

- At the rate of **13%** of the income amount received, if a sum of the tax bases referred to in Clause 2.1 of Article 210 of the RF Tax Code for a tax period does not exceed 5 million rubles;
- an amount of **650 thousand rubles and 15%** of a sum of tax bases specified in Clause 2.1 of Article 210 of the RF Tax Code in excess of 5 million rubles, if the sum of such tax bases for a tax period exceeds 5 million rubles.

In respect of an income to be received in 2021 or 2022, the above tax rates are applied by the tax agents to each tax base separately.

At the same time, the individual Shareholders may reduce the taxable income amount by the amount of documented expenses actually incurred for the purchase of the securities sold.

When assessing the personal income tax payable, statutory tax benefits and tax deductions may also be taken into account, if applicable (see reference information in Section 1.1.5 below). Shareholders

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should consult their tax, financial or other professional advisors to assess the possibility of applying tax benefits and/or tax deductions.

As stated in Section 1.1.3 above, if confirmation documents are not submitted in due time or if an incomplete set of documents is or improperly certified confirmation documents are submitted, the personal income tax will be withheld from the entire amount of the income from sale of the Shares.

#### **1.1.5. Tax Benefits and Tax Deductions**

##### *Investment tax deduction*

The tax base for the income from sale of the Shares taxable at the rate of 13% may be reduced by an amount of the investment tax deduction provided for in Sub-clause 1 of Clause 1 of Article 219.1 of the RF Tax Code. This tax deduction is available only to individual Shareholders who are residents of the Russian Federation.

The tax deduction is applied in the amount of positive financial result received by a taxpayer during a tax period from sale of listed securities owned by the taxpayer for more than three years. In this case, the period, during which a security has been owned, is calculated using the method of selling the securities purchased first in time (FIFO).

Pursuant to Clause 2 of Article 219.1 of the RF Tax Code, the ceiling tax deduction amount is defined as the product of a calculated coefficient ( $K_{sec}$ ) and the amount equal to 3 million rubles. The value of the  $K_{sec}$  coefficient depends on the quantity of full years the Shares have been owned by the taxpayer. A detailed procedure for calculating the coefficient is given in Sub-clause 2 of Clause 2 of Article 219.1 of the RF Tax Code.

This tax deduction does not apply to sale of Shares recognized in an individual investment account. The taxpayer may be entitled to the investment deduction established by Clause 3 of Clause 1 of Article 219.1 of the RF Tax Code in the case of purchasing the Shares through an individual investment account. In this case, to receive the deduction, the taxpayer should either contact an organization that opened an individual investment account and acts as a tax agent or claim the deduction independently by filing a tax return (Form 3-NDFL).

In order to receive the tax deduction when the tax is assessed by Norilsk Nickel, the individual Shareholder is required, in parallel to submission of confirmation documents, to file an application to JSC IRC R.O.S.T. for a tax deduction and append the same with documents that confirm the submitted information and are required to determine the ceiling amount of the deduction. Such documents include documentary evidence of the date of purchasing the Shares and the amount of expenses incurred to purchase them (examples of such documents are listed in Section 1.1.3 above).

Unless the documents are submitted in due time specified in Section 1.1.3 above, PIT will be withheld from the entire amount of the income from sale of the Shares.

When granting a tax deduction, the tax agent independently determines the amount of the tax deduction, to which the taxpayer – individual Shareholder – is entitled. The tax agent provides the Shareholder with a certificate of income and individual's tax amounts and a calculation of the deduction amount granted to him/her.

The above investment tax deduction may be obtained by the taxpayer him/herself when submitting a tax return (Form 3-NDFL) to a RF tax authority. In this case, Norilsk Nickel will withhold the tax from the entire payment amount, and the taxpayer will be required to apply to the tax authorities for a tax deduction him/herself.

##### *Tax benefit for shareholders who have beneficially owned the shares for more than five years*

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The Russian tax law envisages PIT exemption of an income received by individuals from sale of shares in Russian organizations with assets by no more than 50 percent consisting, directly or indirectly, of immovable property located within the Russian Federation, provided that on the sale date of such shares they have been continuously held by the individual beneficially or under any other proprietary right for more than five years (Clause 17.2 of Article 217 of the RF Tax Code). This exemption applies regardless of the tax residence status of an individual.

As of March 31, 2021, less than 50 percent of Norilsk Nickel's assets directly or indirectly consisted of immovable property located within the Russian Federation; hence, the above-mentioned tax benefit may be applied.

In order to apply this benefit, the individual Shareholder is required to submit to JSC IRC R.O.S.T. documents confirming the fact of holding the Shares for more than five years and specify the relevant information in the Questionnaire (Annex 1 to this Information Letter). Such documents may include, for example, a share sale and purchase agreement and a certificate of transfer of title to the Shares (an extract from a register of shareholders indicating inclusion in the register, a depo account statement). The said documents shall be submitted either as original documents or as duly certified copies under the procedure and within the timescales specified in Section 1.1.3 above.

Unless the documents are submitted in due time specified in Section 1.1.3 above, PIT will be withheld from the entire amount of the income from sale of the Shares.

## **1.2. Tax Implications for Individuals who are Non-Residents of the Russian Federation**

### **1.2.1. Tax Base and Tax Residence Determination Procedure**

See Section 1.1.1 of this Information Letter on how to determine the tax residence.

For individuals who are not tax residents of the Russian Federation, an income gained from sources in the Russian Federation is recognized as a taxable item in the Russian Federation (Clause 2 of Article 209 of the RF Tax Code). Such income includes, among other things, an income gained from sale of shares in the Russian Federation. The Russian tax law contains no clear definition of a "place of sale" of shares. According to the existing practice and official explanations of the controlling agencies, the Russian Federation is recognized as a place of sale of shares, if the Russian Federation is a location of a depository or a registrar that keeps record of transactions entailing transfer of title to securities. Given that the registrar that keeps record of transactions entailing transfer of title to the Shares is located in the Russian Federation, then, under the Russian tax law, any income from sale of the Shares is recognized as an income received from sources in the Russian Federation and is subject to Russian tax for persons who are not tax residents of the Russian Federation.

Individual Shareholders who are not tax residents of the Russian Federation should bear in mind provisions of double tax treaties signed between the Russian Federation and a foreign state where the Shareholder is a tax resident (see *Application of DTT benefits* Section in Section 1.2.5 below).

### **1.2.2. Acting as a Tax Agent**

*Acting as a tax agent, if an individual Shareholder submits an application for sale of the Shares independently*

Similar to what is mentioned in Section 1.1.2 of this Information Letter, according to paragraph 3 of

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Clause 1 of Article 226 of the RF Tax Code, Russian organizations making payments under securities sale and purchase agreements entered into with taxpayers are recognized as tax agents for the PIT purposes in regard to any securities sale and purchase transactions. Exceptions are established by Clause 2 of Article 226.1 of the RF Tax Code. According to the said Clause, among other things, if the transactions in question are performed on behalf of the taxpayer by a trustee or a broker under a trust agreement, brokerage service agreement, mandate agreement, commission agreement or agency agreement signed with the taxpayer, the tax agent's functions are vested in the trustee or the broker.

Therefore, **if the individual Shareholder submits an application for sale of the Shares under the Purchase Offer independently (without engaging trustees or brokers acting on behalf of such Shareholder), *inter alia*, through a nominee holder, Norilsk Nickel will be recognized as a tax agent and shall be obliged to assess the PIT amount, withhold it from the purchase price (payable to the individual Shareholder) of the Shares purchased from the individual Shareholder and transfer the same to the RF budget.**

Please note that, if more than one foreign and/or Russian nominee holder participates in the chain, the tax agent status of Norilsk Nickel does not change.

*Acting as a tax agent, if an individual Shareholder acts through a broker (trustee)*

Pursuant to Clause 2 of Article 226.1 of the RF Tax Code, if an individual receives an income from securities transactions (including those recognized in an individual investment account), a trustee or a broker who performs securities transactions on behalf of the taxpayer under a trust agreement, brokerage service agreement, mandate agreement, commission agreement or agency agreement signed with the taxpayer, is recognized as a tax agent.

Tax agents for the purposes of PIT assessment and payment are listed in Articles 226 and 226.1 of the RF Tax Code. In accordance with the above provisions, Russian organizations and separate divisions of foreign organizations within the Russian Federation are recognized as tax agents only in respect of an income that is received from or as a result of relations with such separate divisions. Thus, foreign organizations that have no separate divisions within the Russian Federation shall not be recognized as tax agents for the PIT purposes.

Thus:

- (a) **if the Shares are sold to Norilsk Nickel by an individual Shareholder acting through a broker (trustee), which is a Russian organization, or through a Russian separate division of a foreign broker (trustee) under a brokerage services agreement (trust agreement, mandate agreement, commission agreement or agency agreement), Norilsk Nickel shall not be recognized as a tax agent, and Norilsk Nickel will have no obligation to assess, withhold or pay the PIT amount regarding the income received from sale of the Shares. In this case, the broker (trustee) is a tax agent and is required to assess, withhold and pay to the budget the PIT amount on the income received from sale of the Shares; and**
- (b) **if an individual Shareholder receives an income from sale of the Shares from a foreign broker (trustee) who has no separate division within the Russian Federation, Norilsk Nickel is recognized as a tax agent and is required to assess, withhold and pay the tax on the income in question.**

**If it is not possible to identify whether the Shareholder acts through a broker (trustee) or independently, the tax shall be assessed, withheld and paid to the budget by Norilsk Nickel.**

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Please note that the tax agent shall provide the Shareholder with a certificate of income and individual's tax amounts, which reflects the tax amount withheld from the income from sale of the Shares. This certificate may be further used for obtaining a tax credit when paying a tax on the Shareholder's income in the country of his/her tax residence (in this case competent authorities of the foreign state may request the Shareholder to provide additional documents confirming the payment of the tax). We strongly encourage the Shareholders to discuss the issues of crediting the tax paid on the income from sale of the Shares with their tax advisors.

If no information on a holder of the Shares acting through a nominee holder or a foreign broker (trustee) is disclosed, Norilsk Nickel, acting as a tax agent, shall withhold the tax at the maximum rate of 30%.

### **1.2.3. Required Documents and Due Dates for Tax Payment**

Where Norilsk Nickel acts as a tax agent, Norilsk Nickel shall, when assessing the personal income tax to be withheld and paid, account for actually incurred and documented expenses associated with purchasing and keeping the relevant Shares, which the taxpayer incurred without the tax agent's involvement (Clause 1 of Article 226 of the RF Tax Code). Such expenses shall be taken into account under an application made by a taxpayer (an individual Shareholder) in a free form for reduction of a PIT-taxable income from sale of the Shares by any expenses incurred in respect of the Shares, with enclosure of appropriate confirmation documents (see below). We recommend to make such an application in the Questionnaire Form (Annex 1 to this Information Letter).

We call the Shareholders' attention to the fact that the income from sale of the Shares is PIT-exempt, if the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for more than five years (see *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.2.5 below).

#### *Documents to be submitted*

For Norilsk Nickel to perform the tax agent's functions and to correctly calculate the personal income tax to be withheld and paid, the individual Shareholders shall submit the following documents (hereinafter collectively referred to as the "**confirmation documents**") to JSC IRC R.O.S.T. authorized by Norilsk Nickel to receive the documents:

- (1) Questionnaire (Annex 1 to this Information Letter) completed and signed by the Shareholder appended with the documents specified in Clauses (2) – (4) below.

The documents referred to in Clauses (2) and (3) below shall be submitted, if the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for not more than five years. Where the Shares have been continuously owned by the individual Shareholder beneficially or under any other proprietary right for more than five years, the Shareholder is required to submit the documents referred to in Clause (4) of this list of documents (see Clause (4) below and *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.2.5 below).

- (2) Original or duly certified copies (see *Certification method for confirmation documents* Section below) of the documents underlying any expenses incurred by the individual Shareholder in purchase of the Shares.

For example, such documents will include a sale and purchase agreement for the Shares, an order to credit the Shares to a Shareholder's personal account (depo account), a depo account statement or an extract from the register of holders of the Shares, broker's reports and other documents confirming the transfer of title to the relevant Shares to the taxpayer, as well as the

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fact and payment amount of the relevant expenses.

Please be aware that there is no unified list of documents confirming expenses incurred in purchase of the Shares. The above list of documents is made for a general case of share purchase under a sale and purchase agreement. If a title to shares is transferred to an individual on other legal grounds (e.g., under a deed of gift, agreement of exchange, or by way of inheritance), the list of documents will change.

The tax agent reserves the right to request additional documents from the individual Shareholder in order to clarify the amount of tax liabilities associated with sale of the Shares.

- (3) If applicable (see *Application of DTT Benefits* Section in Section 1.2.5 below), documents confirming that the individual Shareholder is a tax resident of a state, with which the Russian Federation has entered into a DTT.
- (4) If applicable (see *Tax benefit for shareholders who have beneficially owned the shares for more than five years* Section in Section 1.2.5 below), documents confirming the fact of holding the Shares for more than five years in order to apply the tax benefit for the Shareholders who have beneficially owned the Shares for more than five years.

#### *Method and deadline for submission of confirmation documents*

Confirmation documents shall be submitted to JSC IRC R.O.S.T. authorized by Norilsk Nickel to receive documents and may be submitted:

- in person (on business days during office hours) at JSC IRC R.O.S.T. or
- by mail,

each time to the addresses set forth in the Information Letter and listed below for convenience:

- to the address of JSC IRC R.O.S.T.: 18 Stromynka Street, bldg. 5B, premises IX, Moscow, 107996, attn. Joint Stock Company Independent Registrar Company R.O.S.T.; or
- to an address of any branch of JSC IRC R.O.S.T. stated in the Unified State Register of Legal Entities as of the date of sending the documents. Information about the branches of JSC IRC R.O.S.T. is published on the Internet page at: <http://www.rrost.ru/ru/filials/>.

**The confirmation documents should be received by JSC IRC R.O.S.T. on or before the deadline for acceptance of the Purchase Offer, i.e., on or before June 18, 2021 (inclusive).**

Shareholders whose rights to the Shares are recorded in the register should send (submit) confirmation documents to JSC IRC R.O.S.T. alongside with sending (submitting) an application for sale of shares based on the Purchase Offer.

Shareholders whose rights to the Shares are accounted for by nominee holders should send (submit) confirmation documents to JSC IRC R.O.S.T. immediately after sending an application for sale of the Shares by giving an instruction (direction) to their nominee holder to sell the shares under the Purchase Offer. In this case, the Questionnaire shall specify the nominee holder who accounts for the relevant individual Shareholder's titles to the Shares and through whom the application for sale of shares was sent, quantity of the Shares in respect of which the application for sale of the Shares was filed, and any data allowing identification of the individual Shareholder.

#### *Certification method for confirmation documents*

The tax law fails to establish a unified method of certifying documents, which is recognized as proper.

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Copies of documents may be certified, as circumstances require:

- by JSC IRC R.O.S.T., when originals of such documents are submitted to JSC IRC R.O.S.T. in person;
- by authorized persons and, subject to existence of a seal, by a seal of a broker (e.g., broker's reports) or a custodian (e.g., depo account statements).

If documents are mailed to JSC IRC R.O.S.T., documents certified by a notary (except for broker's reports, which are subject to certification by a broker) will be considered duly certified, as a general rule.

If the individual Shareholder submits original documents, JSC IRC R.O.S.T. will make certified copies of such documents and return their originals to the Shareholder.

If any documents confirming the incurred expenses are made in a foreign language, a notarized translation into Russian should be submitted.

Due to the current situation and possible changes in the work of notaries, we recommend the Shareholders to commence obtaining notarized copies of documents in advance.

If the documents are not submitted on time (the documents are received by JSC IRC R.O.S.T. beyond the deadline specified above), PIT will be withheld from the entire amount of the income from sale of the Shares. See Section 1.2.4 below for general information about applicable tax rates.

Norilsk Nickel, as a tax agent, withholds PIT directly from the taxpayer's income when it is paid out (Clause 4 of Article 226 of the RF Tax Code). The PIT amount is transferred to the budget on or before the day following the day of payment under a share sale and purchase agreement (Clause 6 of Article 226 of the RF Tax Code).

#### **1.2.4. Tax Rates**

Income received from sale of the Shares in the Russian Federation by individuals who are not tax residents of the Russian Federation is PIT-taxable at the rate of **30%** of the income amount received.

At the same time, individual Shareholders who are not tax residents of the Russian Federation may reduce the amount of taxable income by the amount of documented expenses actually incurred for the purchase of the securities sold. Unless the documents are submitted in due time, PIT will be withheld from the entire amount of the income from sale of the Shares.

#### **1.2.5. Tax Benefits**

*Tax benefit for shareholders who have beneficially owned the shares for more than five years*

The Russian tax law envisages PIT exemption of an income received by individuals from sale of shares in Russian organizations with assets by no more than 50 percent consisting, directly or indirectly, of immovable property located within the Russian Federation, provided that on the sale date of such shares they have been continuously held by the individual beneficially or under any other proprietary right for more than five years (Clause 17.2 of Article 217 of the RF Tax Code). This exemption applies regardless of the tax residence status of an individual.

As of March 31, 2021, less than 50 percent of Norilsk Nickel's assets directly or indirectly consisted of immovable property located within the Russian Federation; hence, the above-mentioned tax benefit may be applied.

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In order to apply this benefit, the individual Shareholder is required to submit to JSC IRC R.O.S.T. documents confirming the fact of holding the Shares for more than five years and specify the relevant information in the Questionnaire (Annex 1 to this Information Letter). Such documents may include, for example, a share sale and purchase agreement and a certificate of transfer of title to the Shares (an extract from a register of shareholders indicating inclusion in the register, a depo account statement). The said documents shall be submitted either as original documents or as duly certified copies under the procedure and within the timescales specified in Section 1.2.3 above.

Unless the documents are submitted in due time specified in Section 1.2.3 above, PIT will be withheld from the entire amount of the income from sale of the Shares.

#### *Application of DTT benefits*

For the time being, the Russian Federation has 80 double tax treaties signed with various jurisdictions. Such treaties are aimed, among other things, at eliminating any double taxation situations. A list of jurisdictions with which the Russian Federation has DTTs in place is provided on the website of the RF Federal Tax Service at: [https://www.nalog.ru/rn77/about\\_fts/inttax/mpa/dn/](https://www.nalog.ru/rn77/about_fts/inttax/mpa/dn/).

National laws of most jurisdictions, with which DTTs are in effect, provide for taxation of whole income of individuals, who are tax residents of such jurisdictions, and this may potentially result in cases of double taxation of an income received by the individuals, including their income from sale of the Shares. In this regard, DTTs signed with most countries contain provisions, according to which an income gained from alienation of any property (including any shares) is taxable only in a contracting state, where a person alienating the property is a resident, if a range of conditions are met. If it is possible to apply the above provisions to an income received by residents of such states from sale of the Shares, the relevant income should be PIT-exempt in the Russian Federation. Due to the fact that the DTT provisions are different for different countries, we strongly recommend that the Shareholders consult their tax advisors for guidance regarding taxation of the income from sale of the Shares in the relevant Shareholder's country of tax residence.

If an individual Shareholder is a tax resident of a foreign country, with which the Russian Federation has signed a tax treaty providing for full or partial exemption of income from sale of the Shares from taxation in the Russian Federation, Norilsk Nickel, acting as a tax agent, shall not withhold the tax when paying out such income to the individual Shareholder subject to the Shareholder's submission of the requisite confirmation documents listed below.

Confirmation documents should be submitted to JSC IRC R.O.S.T. in the manner and within the timescales specified in Section 1.2.3 above. Unless the documents are submitted in due time, PIT will be withheld at the 30% rate.

To confirm the right to have the income tax-exempt under the DTT provisions, the individual Shareholder is required to provide the tax agent with a formal confirmation of his/her status as a tax resident of a state, with which the Russian Federation has signed a double tax treaty.

According to the RF Tax Code, the above confirmation should be issued by a competent authority of the relevant foreign state authorized to issue such confirmations under DTT with the Russian Federation. If such confirmation is made in a foreign language, the individual Shareholder should submit its notarized translation into Russian to JSC IRC R.O.S.T.<sup>1</sup>

If the individual Shareholder is unable to submit a certificate of tax residence to JSC IRC R.O.S.T. for objective reasons (e.g., inability to obtain a certificate before the end of the calendar year or for other objective reasons), s/he is required to send a letter to JSC IRC R.O.S.T. stating that s/he cannot submit

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the certificate, describing the reasons therefor and indicating the scheduled submission date.

Pursuant to Clause 7 Article 232 of the RF Tax Code, where the status of a tax resident of a foreign country is confirmed by an individual to a tax agent (which is a source of income payment) after the date of paying out the income subject to tax exemption under DTT signed with the Russian Federation, the excessively withheld tax is refunded through the tax agent by submitting an application for tax refund appended with the relevant documents confirming the tax residence. The tax agent shall refund the withheld tax in the manner prescribed by Clause 1 of Article 231 of the RF Tax Code for refunding the overpaid tax amounts.

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## 2. Legal Entities

Pursuant to the Russian laws, Norilsk Nickel will not act as a tax agent for profits tax purposes with respect to an income gained by corporate Shareholders from sale of the Shares (see below).

Thus, the purchase price for the Shares sold by the corporate Shareholders under the Purchase Offer will be paid to such Shareholders without any deductions. We strongly encourage the Shareholders to review tax implications of the sale of the Shares with their tax advisors.

*Shareholders that are Russian organizations and foreign organizations operating in the Russian Federation through permanent establishments*

Norilsk Nickel shall not be obliged to withhold and transfer to the budget any tax on the income from sale of the Shares received by the Shareholders that are Russian organizations or foreign organizations operating in the Russian Federation through permanent establishments. The holders (sellers) of the Shares will be required to perform the obligation to assess and pay the tax by their own.

The same applies to foreign companies recognized as Russian tax residents (Article 246.2 of the RF Tax Code) voluntarily (that have recognized themselves as Russian tax residents by their own) or compulsory (as part of a tax audit by Russian tax authorities).

*Shareholders that are foreign organizations not operating in the Russian Federation through a permanent establishment*

According to the provisions of the Russian laws, neither Norilsk Nickel nor any of its agents acting under the Purchase Offer will be required to withhold the Russian tax on income from sale of the Shares paid to foreign organizations not operating in the Russian Federation through a permanent establishment.

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<sup>1</sup> See, for example, Letter No. BS-3-11/6303@ of the Ministry of Finance dated September 7, 2018.

## Shareholder Questionnaire

1. This Annex is a questionnaire for individual Shareholders of Norilsk Nickel and is designed to identify possible tax implications of purchasing the Shares that should be taken into account by Norilsk Nickel as a tax agent.
2. If the individual Shareholder fails to provide the information specified below together with the confirmation documents listed in the Information Letter, Norilsk Nickel, acting as a tax agent in accordance with the Russian laws, may withhold the tax at a rate of 13% (for individual residents of the Russian Federation) or 30% (for individual non-residents of the Russian Federation) from the full amount of the purchase price for the Shares payable to the individual Shareholder.
3. If the Individual Shareholder fails to provide documents confirming:
  - tax residence,
  - expenses incurred for purchasing the Shares,
  - holding period for the Shares,

the individual Shareholder may be unilaterally refused offset of expenses for the purchase of the Shares and application of tax benefits against the tax assessment, and the tax will be withheld at the maximum rate of 30%.

**Determination of the Shareholder's status for the purposes of taxation of his/her income from sale of the Shares within the Russian Federation**

<b>Personal account number / Depo account number and the nominee holder's name</b>	
<b>Full name</b>	
<b>Date of birth</b>	
<b>Identity document type, series, number, issuing authority, date of issue</b>	
<b>TIN</b>	
<b>Place of registration</b>	
<b>Mailing address (if differs from the place of registration)</b>	
<b>Contact phone number</b>	
<b>Quantity of the Shares, for which an application for the sale of the Shares under the Purchase Offer has been filed</b>	

<b>Criterion to be checked</b>	<b>Available responses</b>	<b>Shareholder's comments</b>
<b>This Questionnaire is to be completed by individual Shareholders</b>		
Please answer the following questions:		
1. (A) do you act independently or through a nominee holder/chain of nominee holders, or (B) are transactions performed on your behalf by an engaged broker or trustee acting under a trust agreement, brokerage service agreement, mandate agreement, commission agreement or agency agreement?	A/B	

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<p>2. If your answer to question 1 is "B", is your broker (trustee) a Russian organization or a Russian separate division of a foreign broker (trustee)?</p> <p><i>If your answer to this question is "No", then Norilsk Nickel will act as</i></p>	<p>Yes/No</p>	
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Criterion to be checked	Available responses	Shareholder's comments
<p><i>the tax agent and you will be required to submit all confirmation documents to Norilsk Nickel.</i></p>		
<p><b>If your answers to questions 1 and 2 are "A" and "No", respectively:</b></p>		
<p>3. Have you held the Shares continuously for more than 5 years? (Please note that in this context to hold the Shares continuously means to hold continuously as defined in Article 284.2 of the RF Tax Code)</p> <p><i>To confirm expenses related to purchasing and keeping the Shares and/or their holding for more than 5 years (if available), you are required to provide Norilsk Nickel with the following documents: Sale and Purchase Agreement, Order to Credit the Securities to a Personal Account, Depo Account Statement, Extract from the Securities Holder Register Management System. Please note that the list of documents may vary depending on the legal methods of purchasing the Shares (see Section 1.1.3 (for individual Shareholders who are residents of the Russian Federation) and Section 1.2.3 (for individual Shareholders who are non-residents of the Russian Federation) of the Information Letter).</i></p> <p><i>Please note that the above-mentioned documents should be duly certified, translated into Russian (if applicable) and sent (submitted) to JSC IRC R.O.S.T. in the manner specified in Section 1.1.5 (for individual Shareholders who are residents of the Russian Federation) and Section 1.2.5 (for individual Shareholders who are non-residents of the Russian Federation) of the Information Letter on or before June 18, 2021 (inclusive).</i></p>	<p>Yes/No</p>	
<p><b>If your answer to question 3 is "No":</b></p>		
<p>4. Are you a tax resident of the Russian Federation?<sup>2</sup></p> <p><i>If the answer to this question is "Yes",</i></p>	<p>Yes/No</p>	

<sup>2</sup> According to Clause 2 of Article 207 of the RF Tax Code, tax residents mean individuals who actually stay in the Russian Federation for at least 183 calendar days during 12 consecutive months.

Criterion to be checked	Available responses	Shareholder's comments
<p><i>please send (submit) the following as part of the confirmation documents:</i></p> <ul style="list-style-type: none"> <li>- <i>an original or a copy of a passport of a citizen of the Russian Federation with (or without) a mark stating whether a document identifying the RF citizen outside the Russian Federation (a foreign passport) is issued;</i></li> </ul> <p><i>If, according to the Questionnaire, your place of registration and/or your mailing address is outside the Russian Federation, but you have indicated yourself as a tax resident of the Russian Federation in this Paragraph of the Questionnaire, you are required to additionally submit copies of pages of your foreign passport (passports) with marks of crossing the RF state border, in order to calculate the number of days spent within the Russian Federation, or other documents confirming the Russian tax residence.</i></p>		
<p><b>If your answer to question 4 is "No":</b></p>		
<p>5. Please state whether your country of tax residence is on the list of jurisdictions, with which the Russian Federation has double tax treaties (hereinafter, DTTs)?<sup>3</sup></p> <p><i>To confirm your tax residence<sup>4</sup>, you are required to provide Norilsk Nickel with a document confirming your tax residence (for example, a tax residence certificate issued by a competent authority of a foreign state). The competent authority is determined by the provisions of DTT signed with the state where you are a tax resident.</i></p> <p><i>The confirmation document should be apostilled and translated into Russian (translation of the document and the apostille should be notarized) in accordance with the established tax practice in the Russian Federation (see, for example, Letter No. BS-3-11/6303@ of the Ministry of Finance of the Russian Federation dated September 7, 2018).</i></p>	<p>Yes/No</p>	

<sup>3</sup> [https://www.nalog.ru/rn77/about\\_fts/inttax/mpa/dn/](https://www.nalog.ru/rn77/about_fts/inttax/mpa/dn/).

<sup>4</sup> We strongly recommend that you consult your tax advisor for guidance on the following issues: determination of a country of tax residence (due to different interpretations of the definition of residence) and taxation of the income from sale of the Shares.

Criterion to be checked	Available responses	Shareholder's comments
<b>If your answer to question 4 is "Yes":</b>		
<p>6. Please mark "I confirm", if this Questionnaire is to be treated as your application for an investment tax deduction, if you have held the Shares for more than 3 years.</p>	<p>I confirm / I do not confirm</p>	
<p><i>If you mark "I confirm", you are required to attach the appropriate confirmation documents, see Section 1.1.3 and the Investment Tax Deduction Section of Section 1.1.5 of the Information Letter.</i></p>		
<b>If your answer to question 3 is "No":</b>		
<p>7. Please mark "I confirm" in order to confirm that this Questionnaire is your application for reduction of your taxable income from sale of the Shares under the Purchase Offer by expenses incurred with respect to those Shares and to provide the confirmation documents.</p> <p><i>This criterion applies both to individual Shareholders who are residents of the Russian Federation and to individual Shareholders who are non-residents of the Russian Federation.</i></p>	<p>I confirm / I do not confirm</p>	
<p><i>If you mark "I confirm", you are required to attach the appropriate confirmation documents, see Section 1.1.3 of the Information Letter (for individual Shareholders who are residents of the Russian Federation) and Section 1.2.3 of the Information Letter (for individual Shareholders who are non-residents of the Russian Federation).</i></p>		

Shareholder's name	Signature	Date

*Please append this Questionnaire with the confirmation documents (see Section 1.1.3 of the Information Letter for individual Shareholders who are residents of the Russian Federation and Section 1.2.3 of the Information Letter for individual Shareholders who are non-residents of the Russian Federation).*