

REMUNERATION POLICY for MEMBERS OF BOARD OF DIRECTORS at OJSC MMC NORILSK NICKEL

1. Purpose

This Policy outlines the key principles of the remuneration system for members of the Board of Directors at OJSC MMC Norilsk Nickel (hereinafter - "the Company") and has been adopted to accomplish the following:

- Attract and properly motivate to serve on the Board of Directors world-class experts with experience and skills necessary to improve effectiveness of the Board of Directors;
- Reconcile the interests of members of the Board of Directors with the interests of Company shareholders;
- Provide complete disclosure to shareholders regarding all components of the remuneration system for members of the Board of Directors, including fundamental principles and all forms of payment to members of the Board of Directors;
- Promote long-term and sustainable development of the Company.

In order to achieve these goals, the remuneration system for members of the Board of Directors should:

- Support the independence of decision-making, which is expected of each member of the Board of Directors;
- Reflect the scale of the Company's operations and the complexity of Company management;
- Reflect the responsibilities, scope of duties, and time required to make informed and effective decisions regarding the Company's affairs on the part of the members of the Board of Directors;
- Be proportional to the contribution made by each member of the Board of Directors towards the interests of the Company;
- Be consistent with recognized best practices in corporate governance and remuneration of members of the Board of Directors.

2. Applicability and Scope

All non-executive members of the Board of Directors shall receive the same remuneration, structured in accordance with this Policy. At the same time, in line with best practices, executive members of the Board of Directors of the Company, in order to avoid potential conflict of interests, shall not receive any additional remuneration for their service on the Board of Directors.

Considering that, in accordance with the Company Charter, the scope of competences and authority of the Chairman of the Board of Directors significantly differs from the scope of competences and authority of ordinary members of the Board of Directors, the structure of remuneration of the Chairman of the Board of Directors, outlined in this Policy, also differs from the structure of remuneration of ordinary non-executive members of the Board of Directors.

The General Meeting of shareholders of the Company may, by means of a separate resolution, approve terms of remuneration and additional perquisites for the Chairman of the Board of Directors that differ from those foreseen by this Policy.

3. Structure of Remuneration of Non-executive Members of Board of Directors

Annual remuneration of non-executive members of the Board of Directors is composed of the following (all amounts are gross of taxes):

- Base fee – US\$120,000
- Additional remuneration for membership in one committee of the Board of Directors– US\$50,000
- Additional remuneration for chairmanship of one committee of the Board of Directors- US\$150,000
- Reimbursement of expenses – see Article 5 of this Policy

In order to make a clear distinction between the principles and structure of remuneration of non-executive members of the Board of Directors and the principles and structure of remuneration of executive members of the Board of Directors and top executives of the Company, the following components of the remuneration system must not be used in the structure of remuneration of non-executive members of the Board of Directors of the Company:

- Bonuses tied to the Company’s operational results
- Stock options
- Additional benefits (perquisites), including any form of insurance except liability and indemnification insurance for members of the Board of Directors
- Severance and change-in-control payments
- Retirement benefits

4. Structure of Remuneration of Chairman of the Board of Directors

In order to reflect the additional workload and level of responsibility of the Chairman of the Board of Directors, his annual base fee equals US\$1,000,000.

In accordance with international best practices in corporate governance, the Chairman of the Board of Directors should not be a member of any committees of the Board of Directors. In case the situation arises whereby the Chairman of the Board of Directors becomes a member of any of the committees of the Board of Directors, he shall not receive any additional remuneration.

5. Reimbursement of Expenses

Only expenses incurred by a member of the Board of Directors while engaged in the business of the Company, the General Meeting of shareholders, the Board of Directors, the committees of the Board of Directors or in any other process related to the execution by this member of the Board of Directors of responsibilities towards the shareholders of the Company as part of his/her membership in the Board of Directors, shall be reimbursed. These include:

- Transportation
- Hotel accommodation
- Meals
- Incidental expenses
- Other minor expenses related to serving as a member of the Board of Directors.

All expenses submitted for reimbursement by a member of the Board of Directors must be incurred while engaging on Company business, reasonable and properly documented.

6. Stock Ownership Recommendations

In order to further reconcile the interests of members of the Board of Directors with the interests of Company shareholders, and in line with best practices in corporate governance, all members of the Board of Directors are encouraged to invest their own funds in Company shares.

7. Payment of Remuneration

Payments of remuneration to non-executive members of the Board of Directors should be made quarterly in equal installments in Russian rubles at the rate set by the Central Bank of Russia on the last working day of the reporting quarter by transfer to the bank account designated by the member of the Board of Directors.

8. Liability and Indemnification Insurance

As an additional benefit members of the Board of Directors are entitled to the following insurance coverage:

- Liability Insurance – covering liabilities of members of the Board of Directors arising from execution of their duties. The liability insurance policy shall be placed and paid by the Company with members of the Board of Directors acting as beneficiaries. The overall insurance policy coverage shall be no less than US\$200,000,000 with an additional incremental coverage of no less than US\$25,000,000.
- Indemnification Insurance - covering personal financial losses of a member of the Board of Directors arising from his/her decision to join the Company's Board of Directors. The maximum covered loss shall not exceed US\$115,000,000 per each member of the Board of Directors.

9. Disclosure of Remuneration of Members of Board of Directors

This Policy should be published on the Company Web site: <http://www.nornik.ru>.

An annual report on the remuneration of members of the Board of Directors, including a link to this Policy, should be included in the materials for annual General Meetings of shareholders and/or in the annual report.

10. Corporate Governance, Nomination and Remuneration Committee

The Company's Corporate Governance, Nomination and Remuneration Committee is in charge of:

- Periodical review of this Policy in order to ensure its compliance with the purpose stated above and best practices in corporate governance;
- Preparation and publication of the annual report on remuneration of members of the Board of Directors.