

**REPORT OF THE BOARD OF DIRECTORS
OF PJSC MMC NORILSK NICKEL**
**including a reasoned viewpoint of the Company's Board of Directors
on agenda items of the Annual General Meeting of the Shareholders of the Company
May 13, 2020.**

1. Approval of the 2019 Annual Report of PJSC MMC Norilsk Nickel.

Recommendations:

The Board of Directors recommends approving the annual report of PJSC MMC Norilsk Nickel for 2019.

Viewpoint of the Board of Directors:

The Board of Directors reviewed and preliminarily approved the annual report.

The annual report was developed in accordance with the Federal Law 'On Joint-Stock Companies' and complies with the Regulation on Information Disclosure by Securities Issuers, approved by the Bank of Russia on 30/12/2014 in Decree No 454-P concerning the content of the annual report and recommendations of the Corporate Governance Code (hereinafter – the Corporate Governance Code). As required by Federal Law 'On Joint Stock Companies', Article 81, par. 1.1, the Annual Report includes report on related-party transactions entered into by PJSC MMC Norilsk Nickel in 2019. The Company's Internal Audit Commission has confirmed the reliability of data contained in the Company's Annual Report, including those contained in the report on related-party transactions entered into by PJSC MMC Norilsk Nickel in 2019.

2. Approval of the 2019 Annual Accounting (Financial) Statements of PJSC MMC Norilsk Nickel.

Recommendations:

The Board of Directors recommends approving the annual financial statements of PJSC MMC Norilsk Nickel for 2019.

Viewpoint of the Board of Directors:

The Board of Directors reviewed and preliminarily approved the annual accounting (financial) statements of PJSC MMC Norilsk Nickel for 2019 (according to the Russian Accounting Standards – RAS). The Board of Directors also examined the opinion of the Company's auditor, i.e. JSC KPMG, concerning RAS-compliant financial statements of PJSC MMC Norilsk Nickel and the opinion of the Internal Audit Commission of PJSC MMC Norilsk Nickel on the performance of PJSC MMC Norilsk Nickel in 2019.

Having analysed the provided information and based on the opinions of the Auditor and the Internal Audit Commission, the Board of Directors believes that the accounting (financial) statements give a true and fair view of the financial position of PJSC MMC Norilsk Nickel as of December 31, 2019 and its performance and cash flows in 2019 are in compliance with RAS.

3. Approval of 2019 PJSC MMC Norilsk Nickel consolidated financial statements.

Recommendation:

The Board of Directors recommends approving the consolidated financial statements of PJSC MMC Norilsk Nickel for 2019.

Viewpoint of the Board of Directors:

The Board of Directors has reviewed and tentatively approved the consolidated annual financial statements for 2019. The Board of Directors also examined the opinion of the Company's auditor, i.e. JSC KPMG, concerning consolidated financial statements of PJSC MMC Norilsk Nickel and the opinion of the Internal Audit Commission of PJSC MMC Norilsk Nickel on the performance of PJSC MMC Norilsk Nickel in 2019.

Having analysed the provided information and based on the opinions of the auditor and the Internal Audit Commission, the Board of Directors believes that the consolidated financial statements give a true and fair view of the financial position of PJSC MMC Norilsk Nickel as of December 31, 2019 and its performance and cash flows in 2019 are in compliance with the International Financial Reporting Standards.

4. Distribution of profit of PJSC MMC Norilsk Nickel for 2019, including payment (declaration) of dividends, based on the results of 2019.

Recommendation:

The Board of Directors recommends approving distribution of the PJSC MMC Norilsk Nickel profit for 2019 as follows.

To declare dividends on ordinary shares of PJSC MMC Norilsk Nickel, based on the results of 2019, in the amount of RUB 88,174 million (which is equivalent to USD 1 154 million at the exchange rate of the Bank of Russia as of 07/04/2020), or RUB 557.20 per ordinary share.

Dividend payments shall be carried out in cash.

To propose to the Annual General Meeting of Shareholders of the Company to set May 25, 2020 as the date for determining the persons that are eligible to receive dividends.

For reference (in accordance with

RAS accounts of PJSC MMC Norilsk Nickel as of 31/12/2019):

Retained earnings as of 31/12/2019
which can be used to pay dividends

300,306 *RUB million*

The amount of retained earnings allocated for the current dividend payment is RUB 88,174 million.

Viewpoint of the Board of Directors:

The Board of Directors reviewed the production and financial results of PJSC MMC Norilsk Nickel for 2019, the current financial position, the investment program, and the priority directions of the production and social development of PJSC MMC Norilsk Nickel in the future. Having analysed the provided information and based on the auditor's opinion on the RAS-compliant financial statements, the Board of Directors believes that PJSC MMC Norilsk Nickel can distribute the net profit as described above.

The Board of Directors of PJSC MMC Norilsk Nickel also believes that the Company has a reason to declare dividend on the Company's shares for 2019 and pay the dividend in accordance with Federal Law 'On Joint-Stock Companies', Article 43, assuming that as of the date of the dividend payment decision and the date of dividend payment:

- PJSC MMC Norilsk Nickel does not show any signs of insolvency (bankruptcy) in accordance with applicable laws on insolvency (bankruptcy) of the Russian Federation and will not acquire such signs as a result of the dividend payment;
- the cost of net assets of PJSC MMC Norilsk Nickel will not fall below the value of its

authorized capital and reserve fund and will not fall below their value as a result of resolution to pay dividends and dividend payments (as of 31/12/2019 the cost of net assets of PJSC MMC Norilsk Nickel is RUB 348,717 million and exceeds its authorized capital and reserve fund by RUB 348,535 million).

5. Election of members of the Board of Directors of PJSC MMC Norilsk Nickel

Recommendation:

Pursuant to the Policy on Development and Approval of Recommendations Regarding Voting on Nominees for the Board of Directors of PJSC MMC Norilsk Nickel, and taking into account the Committee's opinion, the Board of Directors recommends the shareholders to vote for independent nominees.

Viewpoint of the Board of Directors:

The Company is interested in having a sufficient number of independent directors in the Board of Directors who are independent to form their own position, capable of making objective and honest judgments independent of the Company's executive bodies, certain groups of shareholders or other stakeholders and who have both experience and knowledge in the area of finance, production, and strategy of holding companies. Independent Directors serve to significantly contribute to discussions and decision-making, enhance the Board of Directors performance, and can provide practical assistance for development of PJSC MMC Norilsk Nickel as one of the leaders of the global mining industry.

Based on the recommendations of the Corporate Governance, Nomination and Remuneration Committee (hereinafter – the Committee), the Board of Directors assessed the nominees for the Board of Directors of the Company for their compliance with the independence criteria established by the Company's Charter and PJSC Moscow Stock Exchange Listing Rules (hereinafter — independence criteria).

The Board of Directors of the Company resolved that the following nominees for the Board of Directors meet the independence criteria:

- Nikolay Pavlovich Abramov,
- Roger Llewelyn Munnings,
- Evgeny Arkadievich Shvarts,
- Robert Willem John Edwards.

The Board of Directors also resolved to recognize the following nominees for the Board of Directors of the Company as independent (in case they are elected as members of the Board of Directors of the Company), despite the fact that they comply with formal criteria of relation, as this relation does not affect their capability of making independent, objective, and honest judgments:

- Sergey Borisovich Bratukhin,
- Sergey Nikolaevich Volk,
- Gareth Peter Penny,
- Maxim Vladimirovich Poletaev.

Sergey Nikolaevich Volk and Maxim Vladimirovich Poletaev comply with the formal criteria of being related to a major counterparty of the Company (PJSC Sberbank) due to the fact that they hold positions at such counterparty.

Sergey Borisovich Bratukhin and Gareth Peter Penny comply with the formal criteria of being related to the issuer (PJSC MMC Norilsk Nickel) due to the fact of holding the position of a member of the Board of Directors of PJSC MMC Norilsk Nickel for more than 7 years.

The reasoned grounds of recognizing independent the following nominees for the Board of Directors of PJSC MMC Norilsk Nickel: Sergey Borisovich Bratukhin, Sergey Nikolaevich Volk, Gareth Peter Penny, and Maxim Vladimirovich Poletaev are available for the shareholders on the Company's website in the section "Company"/"Corporate Governance"/"Board of Directors".

6. Election of members of the Internal Audit Commission of PJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends the shareholders vote for the following nominees: Alexey Sergeevich Dzybalov, Georgiy Eduardovich Svanidze, Vladimir Nikolaevich Shilkov, Anna Viktorovna Masalova, and Elena Alexandrovna Yanevich.

Viewpoint of the Board of Directors:

According to par. 12.2 of the Charter of PJSC MMC Norilsk Nickel, the Internal Audit Commission consists of 5 members.

All the nominees for the Internal Audit Commission are recognized experts using their business experience and accounting, financial and auditing knowledge to improve efficiency of the Internal Audit Commission in terms of fulfilment of its tasks.

7. Approval of the Auditor of RAS-compliant accounting (financial) statements of PJSC MMC Norilsk Nickel

Recommendation:

The Board of Directors recommends approving JSC KPMG as the Auditor of RAS-compliant accounting (financial) statements of PJSC MMC Norilsk Nickel for 2020.

Viewpoint of the Board of Directors:

The Board of Directors recommends that JSC KPMG be approved as the auditor of MMC Norilsk Nickel's Russian accounting (financial) statements for 2020, MMC Norilsk Nickel's consolidated financial statements for 2020, and MMC Norilsk Nickel's interim consolidated financial statements for 1H 2020.

The auditor of MMC Norilsk Nickel's IFRS consolidated financial statements and MMC Norilsk Nickel's RAS accounting (financial) statements is selected through a competitive pre-qualification process subject to the Company's applicable procedures.

The Audit and Sustainable Development Committee of the Board of Directors has considered the 2020 auditor pre-qualification results, recognized JSC KPMG's bid as the best in terms of quality and price, and issued an auditor selection recommendation to the Board of Directors to be approved at MMC Norilsk Nickel's Annual General Meeting of Shareholders.

JSC KPMG is a leading international audit firm, one of the Big Four companies.

8. Approval of the Auditor of consolidated financial statements of PJSC MMC Norilsk Nickel

Recommendation:

The Board of Directors recommends approving JSC KPMG as the Auditor of Consolidated financial statements of PJSC MMC Norilsk Nickel for 2020 and interim consolidated financial statements for the first half of 2020.

Viewpoint of the Board of Directors:

JSC KPMG audited the Company's IFRS consolidated financial statements in 2009–2019. Since the beginning of our cooperation, JSC KPMG has consistently provided high-quality audit services and implemented best practices in the interaction between the external auditor and the Audit and Sustainable Development Committee of the Company's Board of Directors.

9. Remuneration and reimbursement of expenses of members of the Board of Directors of PJSC MMC Norilsk Nickel

Recommendation:

In accordance with par. 2 of Article 64 of the Federal Law 'On Joint-Stock Companies', approval of remuneration payable to members of the Board of Directors and expenses associated with execution of their duties as members of the Board of Directors are reserved matters of the General Meeting of the Shareholders. Accordingly, it is recommended to approve the new version of the Policy on Remuneration of Members of the Board of Directors of PJSC MMC Norilsk Nickel, the amounts of remuneration and reimbursement of expenses incurred by the members of the Board of Directors in accordance with this Policy, and the amounts of remuneration and reimbursement of expenses, as well as insurance of the Chairman of the Board of Directors of the Company.

Viewpoint of the Board of Directors:

In accordance with the Policy on Remuneration of Members of the Board of Directors of PJSC MMC Norilsk Nickel, it is proposed to remunerate members of the Board of Directors and reimburse their expenses related to the performance of their duties.

Proposed amounts of remuneration and expense reimbursement, as well as insurance of the Chairman of the Board of Directors are determined based on global corporate practice, accounting for the experience of major companies operating in various sectors and taking into consideration opinions of reputable consultants concerning current market practices for remuneration of non-executive members of the Board of Directors.

10. Remuneration of members of the Internal Audit Commission of PJSC MMC Norilsk Nickel.

Recommendation:

The Board of Directors recommends approving remuneration amount of members of the Internal Audit Commission not employed by the Company.

Viewpoint of the Board of Directors:

In accordance with the Federal Law 'On Joint-Stock Companies', Article 85, par. 1, and Regulations on the Internal Audit Commission of PJSC MMC Norilsk Nickel, Article 6, approval of remuneration of the Internal Audit Commission members falls within the authority of the General Meeting of Shareholders. Therefore, it is hereby proposed that the General Meeting of Shareholders approve the remuneration amount of the Internal Audit Commission members, as follows: RUB 1,800,000 (one million eight hundred thousand) per annum, payable in equal amounts twice a year. The specified amount is shown before taxes, in accordance with applicable laws of the Russian Federation.

11. Approval of related party transactions for reimbursement of members of the Board of Directors

and the Management Board of PJSC MMC Norilsk Nickel for incurred losses

Recommendation:

The Board of Directors recommends the General Meeting of Shareholders to authorize conclusion of associated transactions which represent related party transactions for all members of the Board of Directors and the Management Board of PJSC MMC Norilsk Nickel the subject matter of which implies the obligation of PJSC MMC Norilsk Nickel to indemnify the members of the Board of Directors and the Management Board of PJSC MMC Norilsk Nickel for any and all losses that the mentioned persons may incur as a result of their appointment to the mentioned positions and discharge of their duties as a member of the Board of Directors and a member of the Management Board of PJSC MMC Norilsk Nickel in the amount of no more than USD 115,000,000 (one hundred and fifteen million) for each such person.

Viewpoint of the Board of Directors:

In accordance with the Corporate Governance Code, a joint-stock company is recommended to use its own funds to insure the liability of members of the Board of Directors.

The procedure of insuring the liability of officials envisions the negotiation of an Indemnity Agreement between PJSC MMC Norilsk Nickel and each member of the Board of Directors and of the Management Board. The mentioned agreements provide for the obligation of PJSC MMC Norilsk Nickel to reimburse members of the Board of Directors and the Management Board for any and all losses that they may incur as a result of their appointment as and discharge of the duties of a member of the Board of Directors and a member of the Management Board.

Making Indemnity Agreements with the members of the Board of Directors of PJSC MMC Norilsk Nickel with regard to the losses they may incur resulting from being elected as members of the Board of Directors is implementation of the Policy on Remuneration of Members of the Board of Directors of PJSC MMC Norilsk Nickel.

12. Approval of a related party transaction for insurance of the liability of members of the Board of Directors and the Management Board of PJSC MMC Norilsk Nickel

Recommendation:

The Board of Directors recommends that the General Meeting of Shareholders shall approve that the Company enters into interested party transaction for all members of the Board of Directors and the Management Board at PJSC MMC Norilsk Nickel and that concerns indemnification insurance for members of the Board of Directors and the Management Board at PJSC MMC Norilsk Nickel, and for officials at the Company itself and its subsidiaries who are the beneficiaries under the transaction, and that is provided by a Russian insurance company; the effective period of the indemnification insurance is one year, and the total liability limit (insurance amount), with all the coverage and extensions, with the exception of those cases spelled out directly in the insurance agreement, is not less than USD 150,000,000 (one hundred fifty million), and has an insurance premium payment for the Company not to exceed USD 1,500,000 (one million five hundred thousand). If, based on market conditions, the insurance available to the Company at the time the transaction is entered into cannot have an established sum in the insurance agreement of USD 150,000,000 (one hundred fifty million), then an insurance agreement will be signed that has the greatest possible scope of insurance that is available to the Company at reasonable commercial terms..

Viewpoint of the Board of Directors:

In accordance with the Corporate Governance Code, a joint-stock company is recommended to use its own funds to insure the liability of members of the Board of Directors in order to be able to reimburse any losses caused to the company or third parties by actions of the members of the Board of Directors using the funds of the insurance company. According to the estimates by the Bank of Russia and the sustainable global practice insurance of liability of members of the Board of Directors will make it possible to enhance efficiency of their civil liability and convince competent specialists to become members of the Board of Directors.

Insurance of liability of members of the Board of Directors of PJSC MMC Norilsk Nickel is implementation of the Policy on Remuneration of Members of the Board of Directors of PJSC MMC Norilsk Nickel.