

DIVIDEND POLICY

MMC Norilsk Nickel's Dividend Policy aims to balance the interests of the Company and its shareholders, enhance the Company's investment case, boost its market cap, and protect shareholder rights.

The Company's [Regulations on the Dividend Policy](#) approved by the Board of Directors seek to ensure the transparency of the mechanism for determining the amount of dividend and the dividend payout procedure.

When determining dividends, MMC Norilsk Nickel factors in the cyclical nature of the metals market and the need to maintain a high level of creditworthiness. As a result, the dividend amount

may change depending on the Company's operating profit and leverage.

The decision to pay dividends is made by the General Meeting of Shareholders based on recommendations of the Board of Directors. The General Meeting of Shareholders determines the dividend amount and record date, which, as per the Russian law, shall be set no earlier than 10 days before and no later than 20 days after the General Meeting of Shareholders.

Dividends to a nominee shareholder listed on the shareholder register shall be paid within 10 business days, while dividends to other persons listed on the shareholder register shall be paid within 25 business days after the record date.

DIVIDEND REPORT

Individuals/entities whose rights to shares are recorded in the shareholder register are paid dividends by the registrar, IRC – R.O.S.T., upon Nornickel's instruction.

Individuals/entities whose rights to shares are recorded by a nominee shareholder are paid dividends via their nominee shareholder.

Any person who has not received the declared dividend due to the fact that their accurate address or banking details were not available to the Company or the registrar as required, or due to any other delays on the part of the creditor, may, in accordance with Clause 9 of Article 42 of Federal Law No. 208-FZ On Joint Stock Companies dated 26 December 1995, request payment of unpaid dividend within three years from the date of the resolution to pay dividends.

On 26 September 2019, the Extraordinary General Meeting of Shareholders approved a dividend of RUB 883.93 per share (about USD 13.27 at the exchange rate of the Bank of Russia as at 20 August 2019, the date of the Board of Directors' recommendation) for the first six months of 2019.

On 16 December 2019, the Extraordinary General Meeting of Shareholders approved a dividend of RUB 604.09 per share (about USD 9.48 at the exchange rate of the Bank of Russia as at 11 November 2019, the date of the Board of Directors' recommendation) for the first nine months of 2019.

On 7 April 2020, the Company's Board of Directors recommended that the General Meeting of Shareholders approve a dividend of RUB 557.2 per share (about USD 7.29) for FY2019.

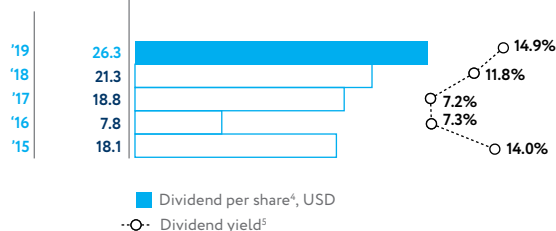
Dividend history¹

Period	Declared dividend		Dividend per share	
	RUB mln	USD mln ²	RUB	USD ²
Total for 2019	323,647	4,754	1,488	22.75
FY2019 ³	88,174	1,154	557	7.29
9M 2019	95,595	1,500	604	9.48
6M 2019	139,878	2,100	884	13.27
Total for 2018	248,214	3,739	1,569	23.63
FY2018	125,413	1,939	793	12.25
6M 2018	122,802	1,800	776	11.37
Total for 2017	131,689	2,162	832	13.66
FY2017	96,210	1,562	608	9.87
6M 2017	35,479	600	224	3.79
Total for 2016	140,894	2,339	890	14.78
FY2016	70,593	1,239	446	7.83
9M 2016	70,301	1,100	444	6.95
Total for 2015	135,642	2,148	857	13.57
FY2015	36,419	548	230	3.46
9M 2015	50,947	800	322	5.06
6M 2015	48,276	800	305	5.06

Dividends paid

Year ⁴	Total dividends paid	
	RUB mln	USD mln
2019	265,233	4,166
2018	218,873	3,369
2017	176,246	2,971
2016	86,712	1,232
2015	154,227	2,859

Dividend yields



Dividend yield for 2019 amounted

14.9%

^{1/} Earlier dividend history is available at our website.

^{2/} Calculated at the exchange rate of the Bank of Russia as at the date of the Board of Directors' meeting.

^{3/} On 7 April 2020, the Company's Board of Directors recommended that the Annual General Meeting of Shareholders approve a dividend for FY2019.

^{4/} Dividends paid in the calendar year.

^{5/} Recommended dividend to average ADR price (Bloomberg) for the calendar year.

TAXATION

Income from securities is taxable pursuant to the applicable tax laws of the Russian Federation¹.

Item	Income from securities transactions	Interest income on securities	Dividend income on securities
Individuals			
Residents	13% ²	13%	13%
Non-residents	30% ³	30%	15%
Legal entities			
Russian entities	20% ²	20%	13% ⁴
Non-resident entities	20% ⁵	20%	15%

Tax treatment of income from securities

Reduced tax rates or exemptions may apply to individuals and foreign entities who are not tax residents of Russia pursuant to international double tax treaties. Starting from 1 January 2017, in order to apply for tax benefits under international double tax treaties, foreign entities must confirm their permanent residence in a state which has

a double tax treaty signed with Russia, and also provide the income paying tax agent with a document confirming the entity's right to receive such income (Clause 1, Article 312 of the Russian Tax Code). Should the entity fail to provide such confirmation by the date of the payout, the Russian tax agent shall withhold the tax at the standard rates stipulated by Clauses 2 and 3, Article 284 of the Russian Tax Code.

Dividend tax formula⁶

$$AT = P \times TR \times (D1 - D2)$$

where:

AT – amount of tax to be withheld from the income of the recipient of dividends

P – proportion of the dividend amount payable to one recipient to the total dividend amount to be distributed

TR – tax rate for Russian entities (0% or 13%)

D1 – dividend amount to be distributed among all recipients

D2 – dividend amount⁷ received by the entity paying dividends, provided that previously these amounts were not included in the taxable income

^{1/} Chapter 23 (Personal Income Tax) and Chapter 25 (Corporate Income Tax) of the Russian Tax Code.

^{2/} Or 0% if by the selling date the Company shares have been held for more than five years and the requirements for the share of real estate in the Company's assets as outlined in paragraph 2, Article 284.2 of the Russian Tax Code have been met.

^{3/} If the Company shares are sold in Russia. A 0% rate is applied if by the selling date the shares have been held for more than five years and the requirements for the share of real estate in the Company's assets as outlined in paragraph 2, Article 284.2 of the Russian Tax Code have been met.

^{4/} Or 0%, if as at the date of the dividend payout resolution a Russian entity has been owning an interest of 50% (and more) in the authorised capital of the entity paying dividends, for 365 days (and more).

^{5/} If the income is classified as income of a foreign entity from sources in the Russian Federation in accordance with Clause 1, Article 309 of the Russian Tax Code.

^{6/} The formula is not applicable to dividends paid to foreign entities and/or individuals who are not tax residents of Russia.

^{7/} Excluding the dividend amount eligible for a zero tax rate pursuant to Subclause 1, Clause 3, Article 284 of the Russian Tax Code.