

# HUMAN RESOURCES

One of the Company's focus areas is to nurture corporate culture aimed at boosting employee performance and commitment to delivering against targets. Nornickel views its employees as its key asset and keeps investing in their professional and personal development, while also creating an environment promoting employee performance and engagement.

The Company makes sure all employees enjoy equal rights and treatment regardless of gender, age, race, nationality, and origin. Nornickel provides all its talent with the same opportunities to unlock their potential and promotes them solely on the basis of professional competencies.

Respect for each employee and their rights lies at the heart of Nornickel's business. The protection of human rights is reflected in a number of by-laws, including the Company's Code of Business Ethics, Personal Data Policy, Regulations on Anti-Embezzlement, and Human Rights Policy. The Company does not use child labour.

Nornickel is committed to achieving operational excellence and has implemented standard approaches to developing its business unit structures and put together a list of job titles to standardize job creation.

## AWARDS AND INDUSTRY RECOGNITION

In 2019, Nornickel entered a number of best employers lists:

- Forbes Global 2000: The World's Best Employers: No. 1 among Russian companies; No. 36 among 2,000 the world's best employers. Nornickel is the only Russian company in the Top 100 of the list
- The World's Most Attractive Employers by Universum: No. 1 among students and professionals in the Metals & Mining category
- HeadHunter's Russian Employers Rating: No. 4 among Top 100 employers

In 2019, the Group's average headcount totalled

**73.7**  
thousand people

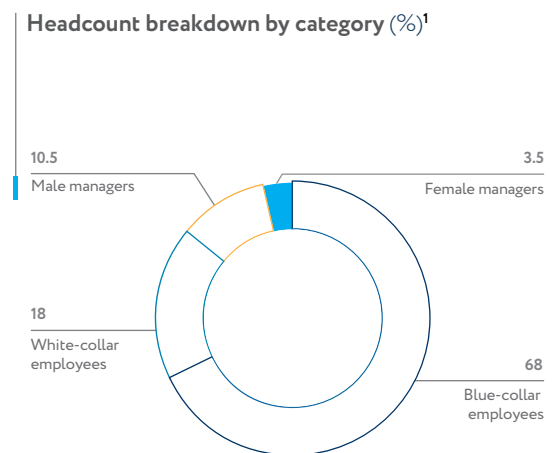
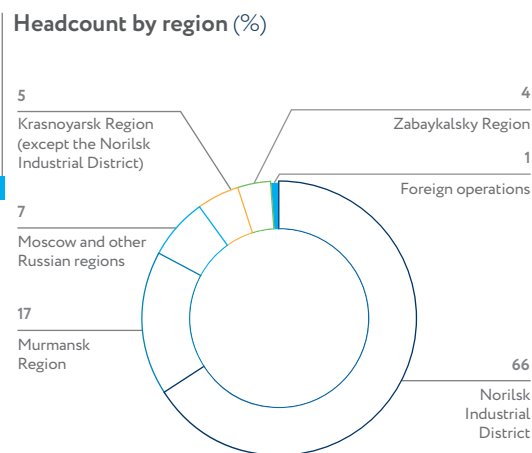
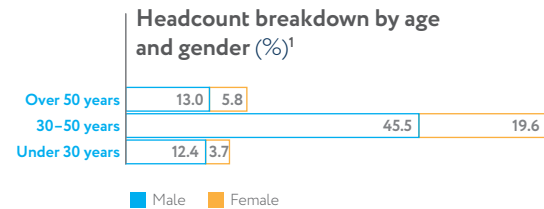
### The Group's average headcount (people)

Location	2017	2018	2019
Russia	77,991	74,926	72,782
Africa	605	617	577
Europe	326	330	326
Asia	13	13	16
USA	10	10	9
Australia	5	5	5
<b>TOTAL</b>	<b>78,950</b>	<b>75,901</b>	<b>73,715</b>

## STAFF COMPOSITION

The decrease in the average headcount in 2019 was caused by structural changes within the Group and implementation of a programme to improve labour productivity and reduce costs.

Nornickel is among the main employers in the Norilsk Industrial District and Kola Peninsula, hiring 67% and 17% employees, respectively. Local population accounts for 99.7% of the headcount.



## RECRUITMENT

### PARTNERSHIPS WITH UNIVERSITIES

To make jobs in the metals and mining industry more attractive for young people and make sure highly skilled specialists are available, Nornickel pays special attention to collaboration with Russian universities. In 2019, the Company selected and invited 322 students from 25 Russian industry-oriented universities to take part in its Career Start-Up programme. The students learned practical skills as part of their apprenticeship at the Company's major facilities, while also gaining unique knowledge by taking part in the Conquerors of the North business game. The initiative was specifically designed to develop knowledge and competencies most sought after by Nornickel.

Over the summer, the programme participants received hands-on training and competed in a multi-stage business game with a focus on teamwork to try and tackle some of the Company's real tasks. The Company engaged 20 of its top experts

to provide mentorship support to the contestants. Nornickel was the first company in the Russian mining industry to engage students and graduates in solving actual business challenges. In 2019, the project resulted in the Group employing 93 participants of the business game.

Nornickel is committed to promoting engineering professions among school graduates and university students and raising the profile of engineering education in Russia. In 2019, Nornickel sponsored Cup Technical and Metall Cup, Russian and international case-solving championships among students of technical universities. During the contest, students dealt with cases related to Nornickel's operations, gaining insight into the Company's real business processes and proposed their own solutions.

In 2019, an apprenticeship programme kicked off for the first time in the Head Office, taking on board the best graduates of the leading Moscow universities. Upon completion of the programme, seven out of nine apprentices were offered jobs in various business units of the Head Office.

<sup>1/</sup> Russian operations.

## ASSISTANCE PROGRAMME

Since the Company's production sites are located in remote areas, Nornickel actively sources personnel for its production facilities from other regions of Russia. A programme called Assistance to New Employees in Adapting to the New Place of Residence in Norilsk and the Taimyrsky Dolgano-Nenetsky Municipal District (the Assistance Programme) aims at helping with getting adjusted to the new environment. The programme targets not only highly qualified specialists and managers, but also young talent and workers with hard-to-find skills. Today, it covers 1,530 of the Company's employees, including 352 new participants who joined in 2019. With this programme, the Company seeks to provide comfortable living conditions for the invited employees and reimburse their relocation and resettlement costs.

## PERSONNEL DEVELOPMENT

In 2019, Nornickel's work to develop corporate culture centred around:

- Personnel engagement
- Corporate dialogues and forums
- Comprehensive training in corporate culture
- Training of corporate coaches
- Promotion and communication

## ENGAGEMENT

Nornickel goes through the engagement management cycle every year to maintain an engaging environment. This cycle includes several phases: conducting the "Let Everyone Be Heard. What Do You Think?" survey; analysing survey findings; development and implementation of resulting solutions/initiatives.

In 2019, the engagement index grew by 6 p. p. and the Senior Management index – by 10 p. p.

The survey includes polling and focus group research among 75,000 employees from 32 Nornickel's enterprises. All governance levels, from units of individual enterprises to the Group as a whole, are involved in both survey data analysis and development and implementation of improvements. A total of 850 actions were planned for 2019.

### Financing under the Assistance programme (USD mln)



## CORPORATE DIALOGUES AND FORUMS

A project to enhance dialogue between senior management and regular employees has been underway for the second year now to improve employee awareness, gain ownership of the Company's goals and values and develop trust between labour and management. In 2019, the project included 30 corporate dialogues, 35 communication trainings for managers, 270 informal meetings, Nornickel Live video conference and six video interviews with Nornickel vice presidents. More than 400 managers were trained under the project. A total of 5,500 Nornickel's employees participated in these initiatives.

Corporate culture and engagement workshops were held at 10 functional conferences and as part of Leaders of Nornickel, On the Path to Efficiency, and lamHR educational corporate programmes. Total coverage exceeded 1,000 people.

## COMPREHENSIVE TRAINING IN CORPORATE CULTURE

Training in corporate culture and promotion of the Company's values include programmes at all levels from senior management to regular employees.

Nornickel provides practical training in corporate culture (based on the Company's White Paper) for its managers. A total of 49 practical training sessions were attended by more than 500 managers in 2019. An assessment of the training results showed an increase of the Corporate Culture Importance for Business index by 20 p. p. and of the Understanding How to Nurture Corporate Culture index, by 34 p. p.

All enterprises showed a much better alignment of employee behaviour conformity with corporate values Group-wide, with a 1.5–2 times increase in average alignment revealed by the management team survey. The Immediate Superiors Making Decisions in Line with Corporate Values index was at 62%, up by 7 p. p. from 2018.

In order to build a centre of excellence for corporate value training and embedding, the Our Values training module was developed, with 75 corporate coaches competitively selected who were trained and later delivered over 400 programmes based on this module for more than 10,000 employees.

## INTERNAL COMMUNICATIONS

Promotion and internal communications focused on the coverage of engagement and corporate culture events by the corporate media and web portal. In total, 10 interviews were conducted with vice presidents, 10 videos on corporate culture were filmed, programme handouts (leaflets, flyers) were prepared, the Nornickel Live website and brand were updated, and a collection of corporate culture materials featuring best practices of various enterprises was published in 2019.

## TALENT POOL

In 2019, the Company kept rolling out the talent pool management system across its production facilities to cover recruiting of lower and middle

line managers. The project was joined by Medvezhy Ruchey, Polar Construction Company, Norilsktransgaz, and Norilskgazprom. 250 new succession pool members commenced their training in the Corporate University. Manuals for mentors and succession pool members including useful tools and techniques for the development and application of managerial skill were put together to supplement classroom training.

## CORPORATE DEVELOPMENT PROGRAMME

The assessment of senior and middle manager potential, performance and future development continued in 2019. Over 500 managers were assessed. In 2019, assessment focused on Top 100, first and second line managers of Operations. Apart from the assessment outcome and future development options, HR committees also discussed the security of top positions and readiness of candidates for succession in the near future. As a result, successors were identified for 200 key managerial positions.

The Leaders of Nornickel corporate development programme involving 54 high-potential managers was completed in April 2019. The programme focused on project work to improve process efficiency across the Company's business units based on lean manufacturing. During the last module, the programme participants presented the results of their work including activities to improve Nornickel's business processes to the Company's management.



**Larisa Zelkova**

Senior Vice President  
for HR, Social Policy and Public  
Relations



The Leaders of Nornickel programme uses a gradual approach. Everything is designed to prepare its participants for project work. Surely, one of the most important outcomes of the training is development of specific business cases to help improve corporate business processes. However, it offers even more added value. Although it cannot be measured, the emotional part of training should not be overlooked. Friendships that come from shared trainings stay to help participants in their future work. As one of last year participants put it, "Alumni are forever". "It's very well said – we stay in touch even when the training is over."



Such programmes are in high demand from both businesses and key management members. A new group of managers commenced their training under the Leaders of Nor Nickel 2.0 corporate programme in September 2019. The programme consists of four modules with each module including theory training, practice effectively transforming knowledge into specific skills, master classes, and project work. 55 managers enrolled on the programme, with most selected through a contest. This year, there were three applicants per place.

The On the Path to Efficiency corporate programme for middle management kicked off in June 2019. The programme focuses on developing managerial competencies and executive reasoning, learning continuous improvement tools and personnel management practices. Training will run for 10 months in three cities: Norilsk, Monchegorsk, and Krasnoyarsk. The programme consists of five modules and is attended by 139 participants. Each participant's performance – classroom training engagement and activity level, homework between modules, project work, participation in online training, etc. – is monitored. The participants can use the training portal not only to view the calendar of events, select convenient training dates, complete an assignment, communicate with a coach and other participants, but also to see their current rating. The programme uses state-of-the-art formats and methods of adult training.

The lamHR corporate programme for professional development of HR employees was completed in March 2019. It aimed to improve the human capital management function, promote interaction between the business and HR, and introduce the most advanced solutions and best practices in HR management. The participants followed up the programme by putting together a catalogue

of HR practices and management tools, a Guide to Employee Relations. Interviewing a Candidate and Ecofriendly Dismissal practical trainings included master classes delivered as part of corporate management training programmes.

In October 2019, the lamHR programme was followed up with the lamHR Region programme for local HR specialists in Kola MMC.

Also in 2019, the 360-Degree module based on SAP HCM was developed for the annual 360-degree competency review. Its implementation will enable rolling out competence review to all enterprises of the Group and developing a uniform system for identification of management development priorities. The review uses the corporate competence model based on values and managerial competencies. Depending on its results and relevant feedback from one's superior, each participant can choose the right path for their development and select required tools and methods for the next year's development from a special library of development activities.

The implementation of a comprehensive project to develop professional competencies of the Company's managers and white-collar employees continued in 2019. Professional competency models were developed for the health and safety service, the operations of the Polar Transport Division, the metallurgists of the Polar Division, and Kola MMC. Over 1,000 employees were assessed against the models with special tests. The results were used to identify directions and focus areas for future professional development.

In 2019, about 400 employees went through tailor-made training programmes based on the results of their professional competency assessment in 2018.

In 2019, the Company also continued implementing professional standards. 60 professions were analysed against 14 professional standards covering about 5,000 employees. The Company is represented and actively participates in the activities of the Board for Professional Competencies in Mining and Metals and the Board for Professional Competencies in HR Management.

## ENHANCING PROFESSIONAL EXCELLENCE

With the reconfigured production cycle, upgraded operations, new technologies, operating procedures and professional standards, development and implementation of new professional qualifications set new requirements for employee knowledge, skills, and competencies. The corporate training framework must provide employees with a quick and unhindered access to new knowledge helping them master new professional skills and receive training and development support for horizontal and vertical job rotation.

The Group will continue employee competence diagnostics and management across its enterprises in 2020, building professional competency models for functional and production divisions of the Company, defining knowledge and skills requirements for each position and developing a set of test questions to assess professional competencies of employees in temporary fill positions.

Nornickel intends to continue implementing professional standards within the Company. The Company's involvement in the activities of boards for professional competencies helps enhance the national competency framework.

In 2019, the Company continued its efforts to educate and upgrade its employees. About 70,000 employees went through various training and retraining programmes, with about a third of them completing two different courses. A total of 4,655 staff-hours of training were delivered to 40,800 employees in corporate training centres.

An area of special attention is the use of advanced technologies to train various categories of personnel. In 2019, 6,500 employees attended online H&S training sessions hinging on staff expertise. The Company produced 58 distance learning H&S courses, 33 videos (3D computer models), and seven multimedia briefings for blue-collar professions. The Company leverages internal expertise and today's formats to quickly produce new high-quality interactive training courses to accomplish its business tasks.

## REMUNERATION

Remuneration of Nornickel's employees depends on the work complexity, individual expertise and skills, and their personal contribution to the Company's performance.

## Principles of remuneration:

- Internal equity – remuneration management is based on the job description and grading methodology. The Company has a unified grading system across all functions
- External competitiveness – remuneration is based on the labour market data, with adjustments made for a company's focus, business location, and job grades
- Performance-based incentives – pay level is reviewed subject to the annual performance assessment outcome
- Simplicity of the remuneration system – pay level calculation and review procedures are transparent, and employees know how they can improve their remuneration

In 2019, one of the key tasks was to keep the grading system up to date. The Company assessed and reassessed more than 9,500 jobs. The grading system was also introduced at newly established or restructured enterprises.

In 2020, Nornickel will continue to update its grading system and automate some job description and assessment processes.

The remuneration package consists of fixed and variable components (73% and 27%, respectively), with the latter linked to the Company's operating performance and achievement of relevant KPIs.

Average monthly salaries of Nornickel's employees are much higher than the minimum living wage in the Company's operating regions.

## Minimum living wage in Nornickel's operating regions

Region	RUB '000	USD
Murmansk Region	25.9	401
Norilsk Industrial District	29.3	453
Krasnoyarsk Region (excluding NID)	11.3	174
Moscow	20.2	312
Zabaykalsky Region	16.9	261

Average monthly salaries of Nornickel's employees<sup>1</sup>

Currency	2017	2018	2019
USD <sup>2</sup>	1,784	1,780	1,835
RUB '000	104.1	111.6	118.8

<sup>1/</sup> Russian operations.

<sup>2/</sup> Based on the average annual RUB/USD exchange rates of 58.35 in 2017, 62.71 in 2018, and 64.74 in 2019.

In addition to salaries, Nornickel's employees enjoy a variety of benefits and compensations making up 7% of the remuneration package, including the following:

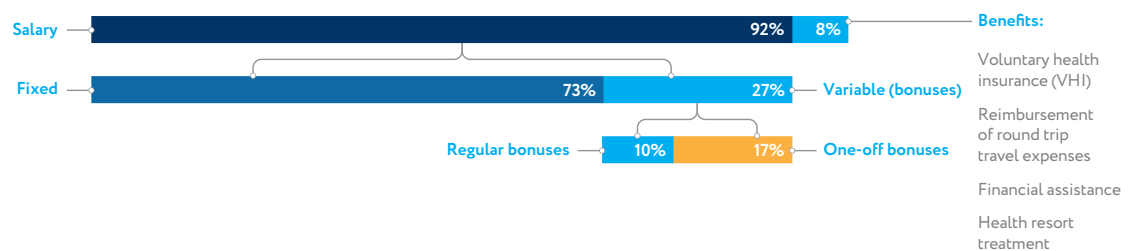
- Voluntary health insurance and major accident coverage
- Discounted tours for health resort treatment and recreation of employees and their families
- Reimbursements of round trip travel expenses and baggage fees for employees and their families living in the Far North and territories equated thereto

- One-off financial assistance to employees at different life stages or in difficult life situations
- Complementary corporate pensions
- Other types of social benefits under the existing collective bargaining agreements and local regulations.

#### Nornickel's employee benefit costs (per year)

Expenses	2017	2018	2019
Total expenses (USD mln)	122.6	127.6	147.3
including per employee (USD)	1,571	1,703	2,023

#### Remuneration package across the Group's Russian operations



## REWARDING PERFORMANCE

In 2018, MMC Norilsk Nickel approved its Award Policy which sets out the goals, principles, rules, requirements, and limitations of Nornickel's awarding activities. The Award Policy aims, first and foremost, at employee development and performance improvement. A new version of the Regulations on Corporate Rewards and Incentives came out in the first quarter of 2019 to implement the principles of the Award Policy. In addition to existing awards, these Regulations introduced nine new honorary titles in Nornickel's priority areas to be awarded starting from 2019.

#### Underlying principles of the award policy

- **Objective and transparent** nomination and awarding process. Nornickel uses objective, relevant, and transparent criteria for each award, on one hand, and ensures clear understanding by the awarded employees and their colleagues which achievements are recognised, on the other; a perception that the award is fair and well-deserved.

- **Popular, attainable, and valuable awards.** Nornickel maintains a balance between employees' desire to be awarded and the ease of getting an award. The balance is struck by an objective allocation of award quotas, transparency and objectivity of procedures, and a significant tangible and intangible value of rewards, awards, and recognition events.
- **Communication and awareness.** Nornickel ensures that the documents governing the Award Policy, award conditions, criteria and procedures for nomination and awarding, and the list of award categories and awards are clearly stated and available to personnel.
- **Maximum awareness** of award winners by all employees. The award process is open and enjoys various types of information support. Information on the awarded employees is communicated to staff via all internal communications channels.
- **Frequency.** Awarding campaigns and events are evenly distributed throughout the calendar year.



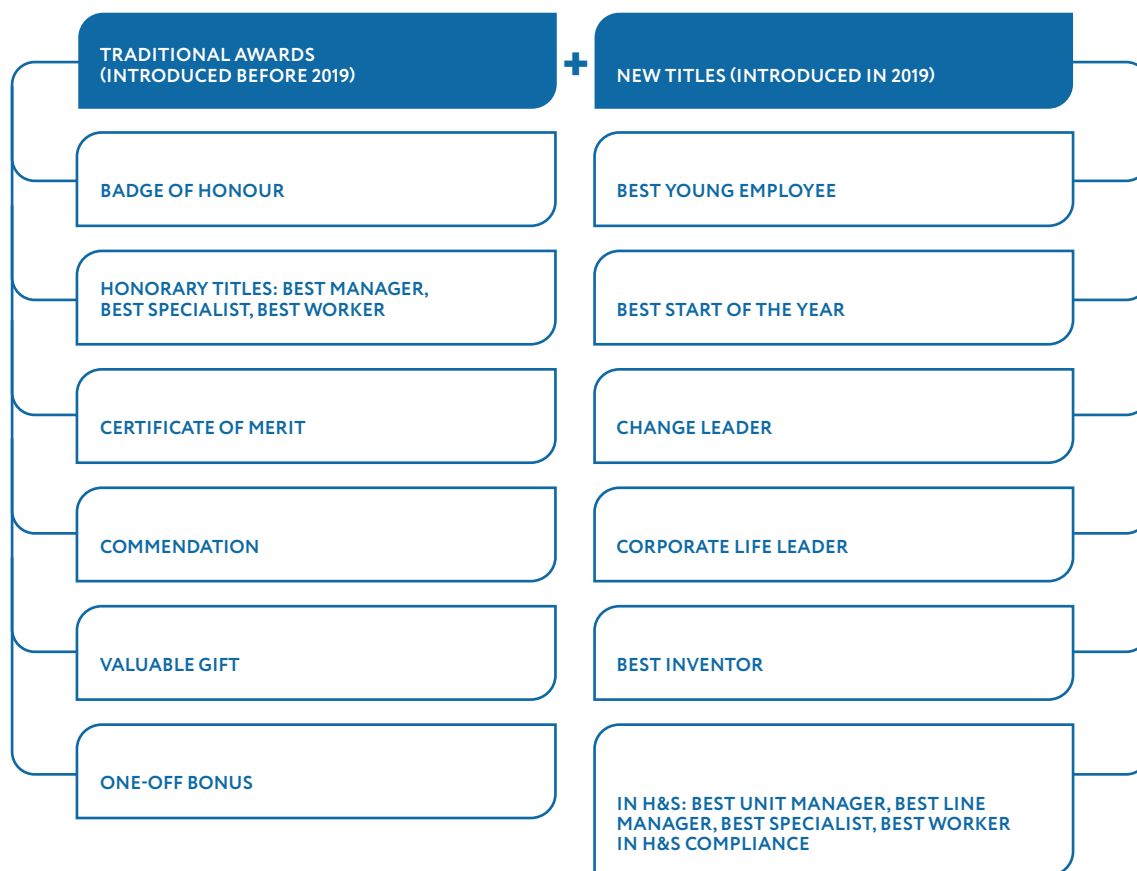
- **Equal opportunities** for employees from different locations and segments to be nominated and awarded. Nornickel ensures there is no discrimination on gender, nationality, or religion in the nomination and awarding of employees.
- **Development of employees** in line with strategic priorities and corporate values through better use of their potential and motivation to enhance their professional excellence.

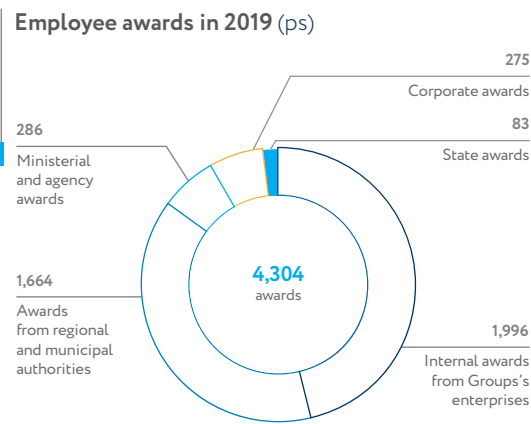
The Award Policy is closely linked to Nornickel's values and strategic priorities through corporate incentives. The Company rewards its employees for outstanding professional achievements and contribution, innovations that drive growth and add value, efforts going beyond formal agreements with Nornickel and contributing to overall performance of the business. Nornickel praises and distinguishes employees showing unmatched production, engineering and managerial competencies by awarding those who delivered remarkable operating and management performance and contributed a lot to advancing production.

There are several categories of incentives in the Company. They include corporate incentives or Company-level awards that can be granted to Nornickel's employees, and internal incentives with nomination and awarding criteria set in compliance with the Award Policy. Top performers may be nominated for agency and state awards. Nornickel welcomes agency and state recognition of its employees and nominates those who achieved prodigious results in operations and management and made significant contributions to production development.

Award events are the pinnacle of the award policy. Nornickel bestows corporate awards at special ceremonies attended by its staff and senior management. Data on awarded employees are featured in corporate publications and communicated Group-wide. December 2019 saw the first ever ceremony of bestowing honorary titles at the award event marking year-end results.

#### Awards and nominations





## REMUNERATION FRAMEWORK

The key performance indicators adopted by Nornickel serve to build a transparent incentive and performance assessment system. Remuneration is linked to KPIs approved for different job grades and rewards employees exceeding targets.

Nornickel put in place its performance management system in 2014, with assessment reliant on a variety of key performance indicators (KPIs) covering social responsibility, occupational safety, operating efficiency, and capital management and responding to cross-functional interests of stakeholders. In 2019, 11,300 employees of the Group were assessed against its key performance indicators.

The system is instrumental in streamlining performance assessment criteria and enabling the management and employees to align the current year's priorities with the Company's performance and link an employee's performance to their pay level.

Automation of the KPI-based employee assessment commenced in 2018. The automated system will help standardise talent pool management methods across the Company, consolidate relevant data into a shared database, and provide access to the assessment process through personal accounts for each employee. By the end of 2019, the system was used by 28 divisions of the Company. In 2020, Nornickel will roll it out across all Russian assets of the Company.

To improve the performance of the Head Office staff, Nornickel approved the Procedure for Assessing Employee Performance and the Regulations on Annual Performance Bonuses. The Procedure primarily seeks to link remuneration, development and promotion of employees to the assessment outcome, whereas the Regulations on Annual Performance Bonuses serve to review employee performance in the reporting period against team and individual KPIs.

To boost employee performance across its Russian operations, the Company put in place the Procedure for Assessing Management Performance whereby performance is managed by setting KPI targets and evaluating manager achievements against these targets.