

DIVIDENDS

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 and market capitalisation, and ensure respect of shareholder rights.

The decision to pay dividends is made by the General Meeting of Shareholders based on recommendations of the Board of Directors. Under the Company's dividend policy, in determining the recommended dividend amount, the Board of Directors seeks to make sure that annual dividends on the Company's shares account for at least 30% of the Group's consolidated EBITDA.

DIVIDEND REPORT

Dividends are paid to individuals/entities whose rights to shares are recorded in the shareholder register by Independent Registrar Company, MMC Norilsk Nickel's registrar.

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

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

Dividends paid for 9M 2016

USD **1.2** bn

KEY PRINCIPLES OF THE COMPANY'S DIVIDEND POLICY:

- **transparency:** a clear mechanism of dividend calculation and payout;
- **balance:** dividend payouts to shareholders along with long-term business development and capitalisation growth for the Company;
- When calculating dividends, MMC Norilsk Nickel accounts for the cyclical nature of the metals market and for the need to maintain a high level of creditworthiness. Thus, the amount of dividends may change depending on the Company's operating profit and leverage.

Dividends paid¹

Period	RUB mln	USD mln
2016	86,712	1,232
2015	154,227	2,859
2014	159,914	3,281
2013	98,354	2,989
2012	31,014	960

Dividend history²

Period	Declared dividends ³		Dividend per share/ADR ³	
	RUB mln	USD mln	RUB	USD
Total for 2016	140,894	2,339	890	14.78
FY 2016 ⁴	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
FY 2015	36,419	548	230	3.46
9M 2015	50,947	800	322	5.06
6M 2015	48,276	800	305	5.06
Total for 2014	226,668	4,798	1,432	30.32
FY 2014	106,031	2,018	670	12.75
9M 2014	120,637	2,780	762	17.57
Total for 2013	74,246	2,200	469	13.90
FY 2013	39,321	1,102	248	6.96
9M 2013	34,925	1,098	221	6.94
Total for 2012	64,430	2,008	401	12.69

¹ Dividends paid during the above periods, excluding treasury shares.

² For dividend history covering 2011 and earlier periods, please see the website.

³ The discrepancy with the IFRS statements is due to the indicator being calculated at the official Bank of Russia exchange rate on the date of the Board of Directors' meeting.

⁴ On 28 April 2017, MMC Norilsk Nickel's Board of Directors recommended the General Meeting of Shareholders to approve dividends for FY 2016.

TAXATION

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

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 organisations 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 right of the organisation to receive such income (Clause 1, Article 312 of the Russian Tax Code).

Should the organisation 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 FORMULA²

$$AT = P \cdot TR \cdot (D_1 - D_2)$$

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 amount³ received by the entity paying dividends, provided that previously these amounts were not included in the taxable income.

Tax treatment of income from securities

Item	Income from securities transactions, %	Interest income on securities, %	Dividend income on securities, %
Individuals			
Residents	13	13	13
Non-residents	30 ⁴	30	15
Legal entities			
Russian companies	20 ⁵	20	13 ⁶
Non-resident companies	20	20	15

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

² The formula is not applicable to dividends paid to foreign entities and/or individuals who are not tax residents of Russia.

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

⁴ If shares or other securities are sold in Russia.

⁵ Or 0%, if shares (interests) of Russian entities acquired on or after 1 January 2011 are sold, provided that as at the date of their sale the shares (interests) have been owned for over five years and subject to one of the conditions stipulated by Clause 2, Article 284.2 of the Russian Tax Code.

⁶ 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).