

9. OVERVIEW OF HUMAN RESOURCES AND SOCIAL POLICIES

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Social policy objectives were prioritized to ensure that social stability is maintained in work groups and at areas where the Group operates. The Company made no mass staff redundancies at its core operational units. Headcount optimization measures affected international nickel operations in Australia only, where all obligations to discharged employees were met in full compliance with local laws and international business practice.

In 2009, the Company continued with its social and pension programs and provided additional benefits under the collective bargaining agreement. At the same time, a number of programs were revised or optimized and new projects were launched to enhance the social policy efficiency.

In 2009, the average headcount of the Group's operations totaled 83,900 employees, including 3,800 employees employed by international divisions of the Group. The majority of employees of Russian operations — 65% of the Russian headcount — work in the city of Norilsk and in the Taimyr (Dolgano-Nenets) Municipal District. The Kola Peninsula accounts for 17% of the Group's staff in the Russian Federation. The Group's personnel in Russia cover over 600 professions.

STAFF RECRUITMENT AND DEVELOPMENT

Russian divisions of the Group recruited more than 6,300¹ people in 2009 to meet the staffing needs.

Young professionals are one of the top staff categories recruited by the Company through a number of special programs developed for that category. In 2009, 943 people participated in the corporate program for the recruitment of young workers and specialists for entities located in Norilsk and in the Taimyr (Dolgano-Nenets) Municipal District, including 471 people subsequently hired by the Company.

In the reporting year, the program designed to provide assistance in settling at their new place of residence of specialists invited by the Company from other regions of the Russian Federation continued to be implemented in Norilsk and the Taimyr (Dolgano-Nenets) Municipal District. The social package of the program includes compensation paid to new joiners for relocation to the Far North and one-off payments to facilitate settlement at new place of residence. Absence of attractive housing is one of problems limiting the inflow of new workforce to Company's business units. Participants in the program are entitled for compensation of rental costs of leased residential space or of residencies in municipal dormitories during the first three years of their employment.

In 2009, 121 new employees from among those arriving in the Norilsk industrial region for the first time benefited from such compensations, while the total numbers of program participants reached 279 people.

Career guidance in the areas where the Group operates is an important strand of the Company's social policy, since young people growing up in and adapted to the north conditions constitute one of the sources to replenish professional staff. In 2009, this line of work was bolstered by launching a new career-guidance program, the Career-Guidance Navigator Club. The Club's objectives include enhancing the appeal of blue-collar jobs and relevant professional education for senior high-school students and enhancing incentives for the youth to get training for blue-collar and engineering jobs required by the Company.

In 2009, the Club developed an innovation project, the Career-Guidance Marathon. To conduct it, an electronic learning game, From Ore to Metal, was developed and posted on the corporate site and made available to the youth and high-school students, primarily, from Norilsk, Monchegorsk, and towns of the Pechenga District of the Murmansk Region. Approximately 3,500 participants registered on the site for participation in the marathon's first stage.

A dedicated Internet portal, www.nickelca.ru, serves as the information platform for career-guidance activities. More than 20,000 people visit the site on monthly basis.

The greater part of the career-guidance activities is traditionally carried out by the Taimyr Peninsula. In 2010, it is planned to use the Taimyr Peninsula's career-guidance experience for Kola Peninsula's business units.

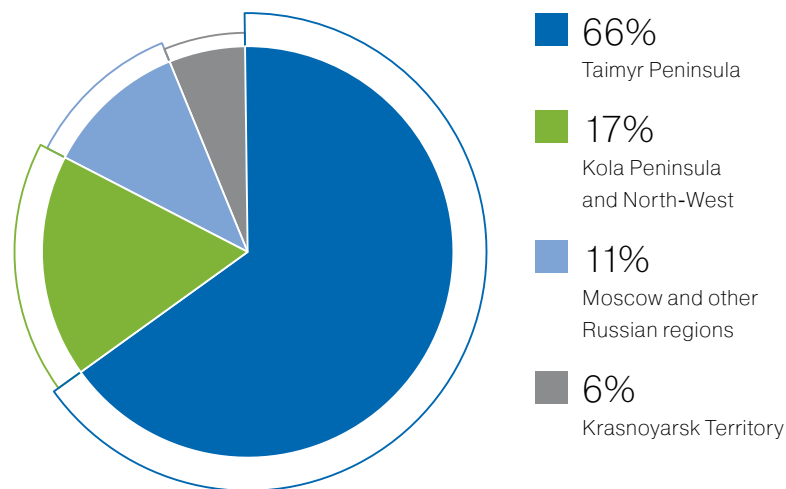
In 2009, the Company basically preserved the scope of professional training for personnel, with 30,764 employees of the Group (ca. 40% of average headcount) completing additional professional training, re-training, or advanced training.

As part of the development of the corporate personnel training system, a Non-State Educational Establishment, the Training Center "Kola Personnel Development Center", was set up in 2009 on the basis of Kola Peninsula's training units to enhance employee training and development efficiency for the Company's entities located in Monchegorsk and in the Pechenga District of the Murmansk Region, expand the areas of professional training and advanced training, and develop and introduce new personnel training and development technologies.

To meet the Group's needs for line managers at every level of management, steps were taken in 2009 to fill and renew the staff reserve among

¹ Data for Russian entities of the Group with more than 500 employees.

Staff Distribution of the Group in Russia in 2009



Group employees (354 people at the starting level, 671 people at the middle level, and 219 people at the top level).

Efforts continued to implement the projects aimed at various staff categories and intended to facilitate the retention and development of employees, to maintain a benign psychological climate in work groups, and to improve the efficiency of internal communications.

In the reporting year, more than 32,000 employees of the Group took part in various cultural, sports, competitive, career-guidance, and other events organized by target group participants, with a focus on intellectual and development activities. In addition, competitions for mentor professional skills were resumed in 2009, with five professional skill competitions held under the Mentor Academy project for a variety of blue-collar professions, in which 68 mentors with their charges took part.

SOCIAL PARTNERSHIP

Within the Company, Kola Peninsula, and a number of other subsidiaries and associates, the social and labor relations are governed on a collective-bargaining basis. The Group has a total of 15 ongoing collective bargaining agreements.

In 2009, the obligations of the parties to the social partnership fixed in the collective bargaining agreements were fully met, despite unstable financial and economic situation resulting from the plunge of world nickel prices. In connection with expiry of collective bargaining agreements, decisions were taken to further extend them for additional three years.

Collective agreement commissions are continuing bodies of the social partnership of the Company, subsidiaries and associates. In 2009, the Company's Collective agreement commission took 11 decisions on major corporate matters and 57 decisions on individual applications by

employees. Those decisions made by the Company resulted in updated employee benefits and compensations for travel costs and in more detailed and systemic description of employee incentive principles for their diligent and efficient work.

One of key instruments to reinforce social partnership principles in the Company is a system of intra-corporate communications functioning to ensure an effective exchange of information between management and employees and maintain a positive climate in labor relations.

In April 2009, the Fifth Corporate Regional Forum of the Group's entities located in Norilsk was held to sum up the results of the development of the social and labor relations in Company's entities in 2008 and to determine tasks for the future.

The Company's branches and subsidiaries in Norilsk have an efficiently functioning uniform system of reception rooms for production and social/labor issues including the central reception room and 20 reception rooms for employees. In 2009, the reception rooms accepted and reviewed more than 15,000 employee applications. Those applications principally focused on the implementation of the social programs, first and foremost, sanatorium/resort treatment programs, health promotion programs, pension records and pension coverage matters. In 2009, 690 meetings were prepared and held between managers and working groups, in which more than 20,600 employees participated.

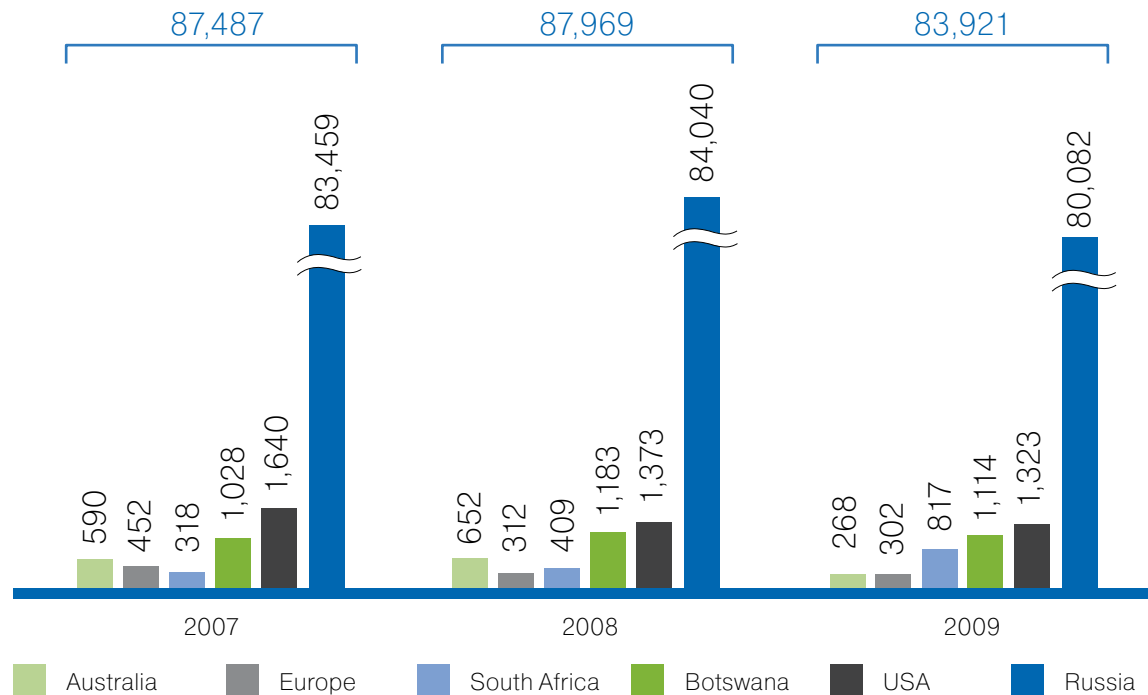
STAFF MOTIVATION

The average monthly salary of the Group's employees in Russia in 2009 grew by 2% compared to prior year and amounted to RUB 48,800 (USD 1,500), which is almost 2.6 times higher than the average salary in Russia and 2.3 times higher than the average for the Russian metallurgical industry. The average monthly salary of a worker at the Taimyr Peninsula in 2009 was RUB 57,600 (USD 1,800), which is 4% higher than in prior year.

In order to increase labor efficiency and create incentives for the long-term retention of key workers in the Group, the Company, along with the benefits applicable to all employees, offers high-performance employees an additional social package provided in the form of additional corporate transportation compensation, discounted loans, joint corporate pension, and so forth.

The joint program runs in partnership with Rosbank offering discounted loans to Company employees, who have met eligibility criteria and signed labor contracts based on special terms. The purpose of this program is to motivate and retain Company's best employees, who have distinguished themselves through superior work and professional skills. From December 2004 to December 2009, during the period when the program has been effective, loans were extended to 347 employees, of

Group's Average Headcount



which 108 loans are already retired. The most popular purpose of applying for loans is the acquisition of real estate, with the share of such loans in the total loan portfolio being 77%.

Moral Rewarding

The Company emphasizes non-financial incentives for personnel, based on the idea that timely, performance-related incentives contribute to employees' sense of involvement in the achievement of corporate goals. They also strengthen their interest in improving performance of specific business units and the Company in general.

An efficient instrument for non-financial stimulation of groups and individual employees is to reward the best performance in production with government, ministerial, sector, and corporate awards.

In 2009, 4,500 employees of the Group's entities received awards for the highest achievements in production and for long and loyal service. Among them, 20 employees received state awards; 224 employees received awards from various ministries and governmental departments; 340 employees received awards from regional and municipal authorities; 113 employees received corporate awards from the Company, and more than 4,000 employees received awards from the Group's entities.

PENSION PROGRAMS

The development of the corporate pension plan system in the Company continues to be one of the major strands of the Company's social policy.

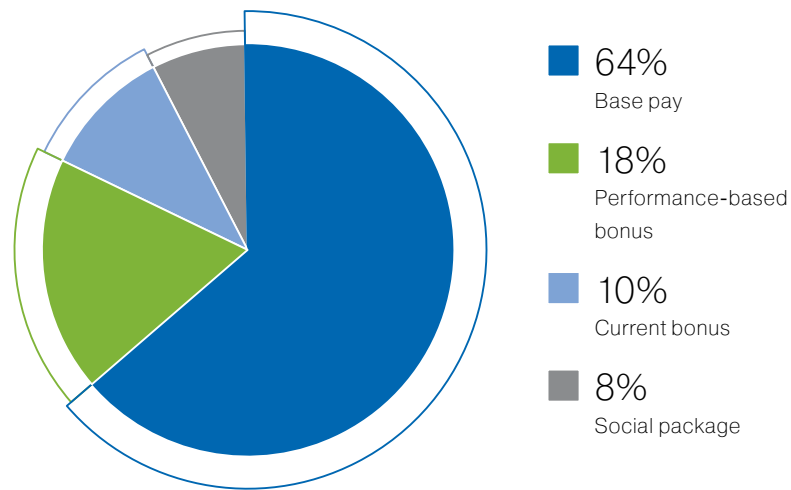
In 2009, the Company continued with the implementation of non-state pension plans, providing for the joint participation of the Company and employees in the building up of an additional contribution-based pension. As of the end of the reporting year, more than 24,000 employees of the entities located in the Norilsk industrial district and around 2,900 employees of the entities located in the Kola Peninsula took part in the "Accrued Equity Pension Program".

To enhance the level of employee pension benefits following retirement, the joint corporate pension program was amended in 2009. The program was launched in December 2002, and its participants are workers in mining, concentrating, and metallurgy at the Taimyr Peninsula, as well as the best employees of subsidiaries and associates located in the Norilsk industrial district. As of the end of 2009, the total number of participants in the Joint Corporate Pension program approximated 2,200 people. During the time that the program has been in effect, 663 people have reached the status of corporate pensioners.

HEALTH AND SAFETY

The Group operates a lot of equipment at various production stages including mining, concentrating, and metallurgical operations, power generation, railway and motor transportation, etc. Furthermore, the Group operates many hazardous production facilities. Various dangerous substances are used in technical processes, including toxic, explosive, oxidizing, and other substances.

Compensation Package Structure for the Group in Russia in 2009



As a world leader in the output of nickel and palladium, the Company seeks to gain leadership in health and safety as well.

The Health and Safety Policy of OJSC MMC Norilsk Nickel was approved by the General Director in 2008 and has been in effect since that time.

The Company's health and safety policy sets the following basic objectives:

- create healthy and safe working conditions; and
- establish a stable mechanism for motivating safe behavior by the Company's employees in the production process.

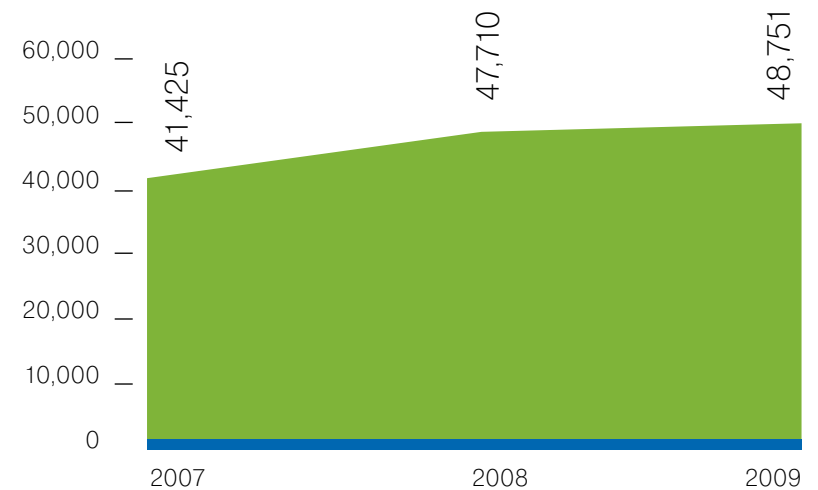
Safe labor conditions are basically ensured by:

- technical upgrades of production equipment and increasing the level of industrial safety of the Company's production facilities;
- improving the industrial safety and health management system;
- improving the personnel training system for industrial safety and health;
- involving company personnel in work safety management; and
- providing workers with modern certified equipment for personal protection and with special clothing.

To improve the industrial safety and health management system, the Company has:

- set up an information distribution, accounting, and reporting system for industrial injuries, breakdowns, incidents, and occupational diseases;
- developed a number of governing documents for health and safety: information distribution, accounting, and reporting standards; standards for investigation and analysis of accidents, incidents, and breakdowns; and internal audit standards for industrial safety and health;

Average Monthly Salary of Group Employees in Russia (in rubles)



- established a Committee for preventive measures to avoid industrial injuries, which regularly reviews such issues as the status of industrial injuries and implementation of measures to reduce the level of employee injuries and develops proposals for improving the management system for industrial safety and health and monitors the process of those proposals being carried out; and
- systematic field meetings are held at the production sites of the Company's branches, subsidiaries, and affiliated companies to address the respective health and safety issues.

In 2009, the total level of industrial injuries in the Group's business units lowered by 15% compared to prior year. There were 115 accidents (with 116 injured persons) in 2009 as compared with 135 accidents in 2008. In 2009, the Taimyr Peninsula had one group accident with serious outcome for two injured persons.

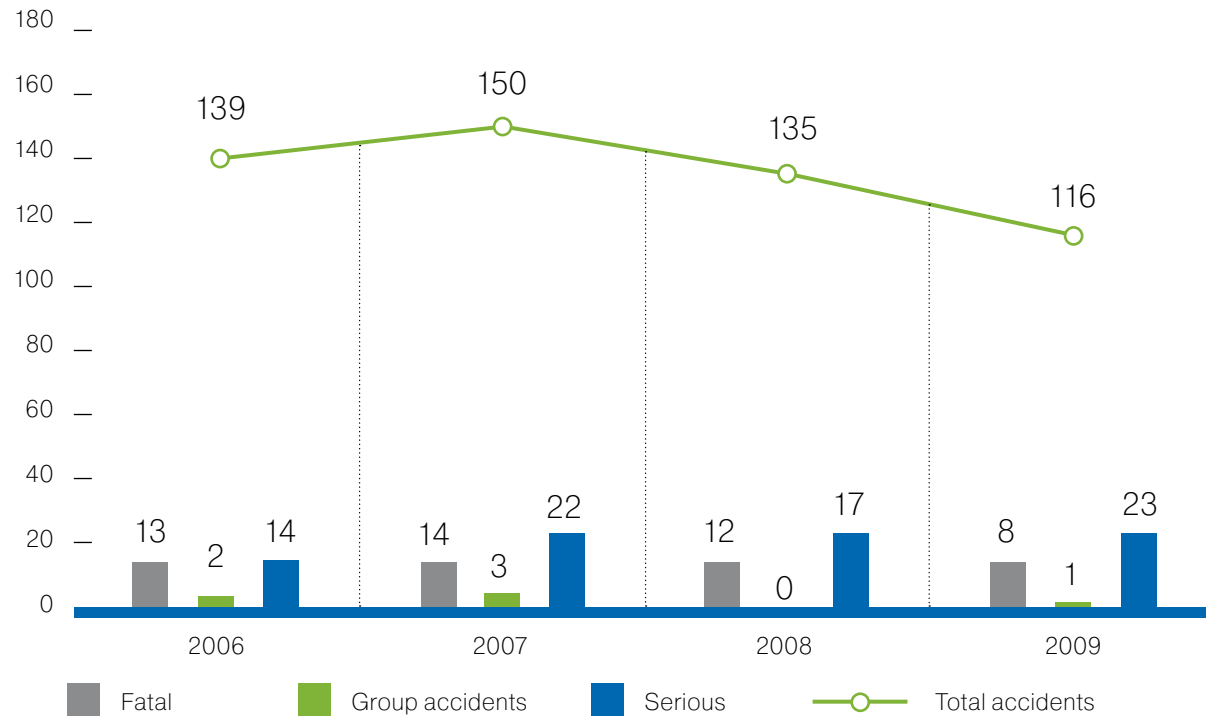
There was a 33% reduction in fatal injuries in the Group's business units, 8 accidents in 2009 compared to 12 accidents in 2008. At the same time, the level of injuries with serious outcome grew by 35%, 23 accidents in 2009 versus 17 accidents in 2008.

HEALTHCARE PROGRAMS

For many years, health care programs for employees and their family members have been implemented at the majority of the Group's entities. Funds are allocated to social program budgets to reimburse workers for a significant portion of their healthcare costs.

In 2009, approximately 17,000 Company employees and their family members enjoyed recreation and benefited from keep-fit procedures in the Zapolyarye health resort (Sochi) on privileged vouchers granted to them.

Group Occupational Injury Trends for the Period from 2006 to 2009



A pilot project contemplating corporate recreation abroad was developed and successfully implemented. The total number of employees who had rest under that project totaled ca. 1,500 people.

Approximately 800 people had rest and improved their health in non-corporate sanatorium and health improvement institutions located in the Altai Territory (Belokurihka, Russia) and in the resort known as Caucasian Mineral Waters (Rodnik).

Recreation was arranged for children of Company's employees in Premiera and Vita children's health-improvement institutions located in the city of Anapa. In collaboration with the Norilsk city administration, a project was successfully implemented to set up a joint sports-and-health camp in the territory of the Tula Region (city of Aleksin) for child sportsmen of the Norilsk industrial district.

The establishment in June 2009 of Taimyr airlines, a proprietary air company making regular flights Norilsk-Moscow, Norilsk-Krasnoyarsk, and on other routes, became an important social milestone. It significantly reduced air ticket expenses incurred by employees of Group's entities located in the Norilsk industrial district.

The number of privileged vouchers to the Zapolyarye health resort to be granted in 2010 to be increased significantly up to 20,000 vouchers. The implementation of comprehensive plan to improve the quality of

service, treatment, and vacations for Company's employees and their family members will be continued at the Zapolyarye health resort.

Approximately 3,500 people will spend their 2010 vacations under the program of corporate tourism abroad.

In 2010, there are also plans to implement a youth-tourism project for summer vacations of 200 young specialists from Group's entities.

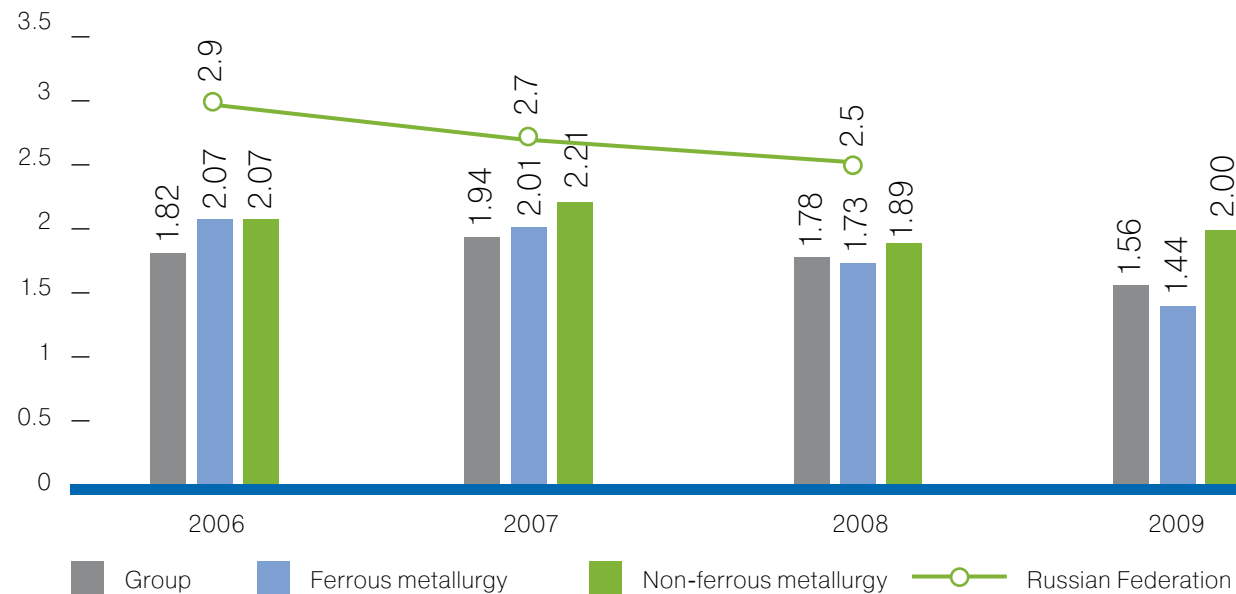
Approximately 1,300 employees will have vacations in non-corporate health resorts, with the increased duration of vacations from 18 to 21 days.

In 2010, more than 1,100 children of employees of Group's entities will have vacations under the program for children recreation in health and sports camps located on the Black Sea coast of the Krasnodar Region and in the Tula Region.

With regular Norilsk-Sochi-Norilsk flights introduced by Taimyr airlines in January 2010, a variety of subsidies' mechanisms were offered to employees and their family members to compensate them the cost of round-trip tickets at their vacations. There are plans to continue expansion of geography of Taimyr airlines flights, with regular Norilsk-St.Petersburg-Norilsk flights to be introduced from May 2010.

Dynamics of Occupational Injury Frequency Coefficient for the Group's Entities in 2006–2009 versus Entities in the Russian Federation

(Occupational Injury Frequency Coefficient means the number of registered accidents per 1,000 employees)



Note: No data is available for injuries in the Russian Federation in 2009.

DEVELOPMENT OF CORPORATE SPORTS

The Company is involved in strengthening of employees' health, supports their willingness to be engaged in athletics and sports activities, and conducts annual tournaments and public sports events.

Annual all-inclusive sports holidays are usually associated with public holidays, and competitions in a variety of sports were held in the reporting year in the Taimyr (Dolgano-Nenets Municipal District), Kola Peninsula, and Krasnoyarsk Region for employees of Group's entities. There are more than 19,000 employees who are actively engaged in sports.

Mass sports holidays are an important element for the development of Company's corporate culture and have a pronounced positive effect in respective regions. Mass corporate sports events are open for third-party teams' participation, which makes them truly desirable. In 2009, a total of more than 25,500 employees were involved in various corporate sports activities.

The sixth health marathon "Norilsk Nickel ski track" and the traditional Dudinka-Alykel-Talnakh-Norilsk athletics race were held in 2009. The race included a bicycle race for the first time. More than 15,500 Company employees, their family members, and local residents took part in the holidays. In addition, corporate football, volleyball, and basketball tournaments were organized in course of the year. Fifteen teams from nine entities came to Sochi to participate in family competitions known as "Daddy, Mommy, and I are a sports family".

ACHIEVEMENTS OF COMPANY PERSONNEL AND SOCIAL POLICIES

The Company's personnel and social policies are built on principles of social responsibility and have received high ratings from Russian and international government and public organizations. In 2009, the Federation Council of the Federal Assembly of the Russian Federation awarded a diploma to MMC Norilsk Nickel for significant contribution to the development of corporate social responsibility and reporting in Russia.

The Company won the All-Russian competition, "Best Russian Entities: Dynamism, Efficiency, Responsibility", held by the Russian Union of Industrialists and Entrepreneurs, in nomination "Social Responsibility" in category "Commitment to the Development of Non-Financial Reporting".

NTEC picked up an award of the All-Russian competition, "Russian Organization with High Social Efficiency" for the best organization of social activities.

In 2009, the career-guidance site for children of employees of MMC Norilsk Nickel, www.nickelca.ru, became the winner of the Tenth All-Russian Competition of Internet Projects "Golden Site 2009" in nomination "Social and Charity Projects: National Endowment".

Details of social policy of MMC Norilsk Nickel are presented in more details in 2009 Corporate Social Responsibility Report.