

APPROVED BY
Resolution of the Board of Directors
of Unipro PJSC dated 11 March 2019
Minutes No. 270 dated 12 March 2019

REGULATIONS
ON DIVIDEND POLICY
OF
Public Joint-Stock Company UNIPRO
(new version)

2019

1. General Provisions

1.1. These Regulations on Dividend Policy of Unipro PJSC (hereinafter the **Regulations**) formalize the main principles of Unipro PJSC (hereinafter the **Company**) on issues related to the payment of dividends to the shareholders of the Company. These Regulations have been adopted to ensure transparency of taking resolutions to pay (announce) dividends, determine the amount of dividends and the procedure of payment thereof, in accordance with the requirements of the legislation of the Russian Federation, to the shareholders of the Company.

1.2. These Regulations have been developed in accordance with the requirements of the current legislation of the Russian Federation, the Articles of Association of the Company and taking into account the recommendations of the Code of Corporate Governance approved by the Board of Directors of the Central Bank of Russia on 21 March 2014 as well as the best international and Russian corporate law practices.

1.3. The Company acknowledges the relevance of a stable amount and the frequency of dividend payments and their importance for increasing the Company's capitalization.

1.4. As of the date of approval of these Regulations, the Company has placed shares of one category, namely, ordinary shares with the nominal value of 0.40 (Zero point four) rubles each in the amount of 63,048,706,145 (Sixty three billion forty eight million seven hundred six thousand one hundred forty five) and 44,925,042,874/49,130,625,974 fractional units for a total of 25,219,482,458.37 (Twenty five billion two hundred nineteen million four hundred eighty two thousand four hundred fifty eight 37/100) rubles.

1.5. The Company declares that it will undertake its best efforts to pay dividends in the amount and in the manner prescribed by the Regulations from 2019 to 2022 inclusive (hereinafter the **target period**). Further, the Company intends to inform its shareholders on the trend of expected dividend payments in 2023 – 2026 (hereinafter the **indicative period**).

2. Main Provisions on Dividends

2.1. These Regulations constitute a part of the Company's general management policy and are based on the principles:

- certainty and stability of the amount of dividends and increase of the confidence in future dividend payments by the Company;
- balanced short-term (cash generation) and long-term (Company development) interests of the shareholders;
- commitment of the management and the shareholders to increasing the Company's profitability;
- dividend payment procedure most convenient for the shareholders;
- focus on enhancing investment attractiveness and capitalization of the Company.

2.2. For the purposes of these Regulations, the dividends shall be deemed a part of the Company's net profit, including retained earnings of previous years, that is determined according to the accounting (financial) statements prepared in compliance with the requirements of the legislation of the Russian Federation. The dividends shall be distributed among the Company's shareholders in proportion to the number of shares held by them.

2.3. Dividends are paid to the shareholders of the Company in case the following conditions are met:

- the Company recognises a net profit as of the end of the first quarter, six months, nine months of the reporting year and (or) the end of the reporting year, or retains earnings from the previous years on its balance sheet;
- no statutory restrictions have been imposed on dividends by the current legislation of the Russian Federation;
- the Board of Directors of the Company has adopted a recommendation in relation to the amount of dividends on the Company's shares, the date on which entities entitled to dividends are determined and the resolution of the General Meeting of Shareholders of the Company is adopted;
- the dividend payments do not undermine the interests of the shareholders in the Company's financial stability.

3. Determination of the Amount of Dividends and their Payment Schedule

3.1. The Company's shareholders shall be distributed as dividends a part of the Company's net profit for the reporting period and (or) retained earnings of previous years. During the target

period (i) a part of the Company's free cash flow earned on the Company's day-to-day operations without income from the operation of power unit N 3 of Berezovskaya GRES Branch (hereinafter **BGRES Power Unit 3**) and (ii) in addition a part of the Company's free cash flow earned on the operation of BGRES Power Unit 3 shall be used to pay dividend.

3.2. During the indicative period, the amount of dividend payments may be influenced by the cash flows which will be formed as a result of the implementation of the thermal power plant modernisation program aimed at future growth of financial performance of the Company.

3.3. In order to simultaneously fulfil its obligations under these Regulations and finance the thermal power plant modernisation program the Company may raise debt financing.

3.4. For the target period the Company determines the following level of the dividends payments for each calendar year:

3.4.1. during 2019, Fourteen billion roubles (RUB 14,000,000,000), or 0.222050551958 rubles per one ordinary share of the Company¹;

3.4.2. the resumption of receiving payments for the capacity of the BGRES Power Unit 3 will allow the Company to significantly increase and maintain stable dividend payments at the level of Twenty billion roubles (RUB 20,000,000,000) per year during the target period, in particular:

– during 2020, Twenty billion roubles (RUB 20,000,000,000), or 0.317215074227 rubles per one ordinary share of the Company;

– during 2021, Twenty billion roubles (RUB 20,000,000,000), or 0.317215074227 rubles per one ordinary share of the Company;

– during 2022, Twenty billion roubles (RUB 20,000,000,000), or 0.317215074227 rubles per one ordinary share of the Company.

3.5. The Company will seek to ensure the payment of dividends at least twice a year. The General Meeting of Shareholders may adopt a resolution to pay dividends as of the end of the first quarter, six months or nine months and the reporting year in total.

3.6. In case the total amount of dividends is different from that specified in clause 3.4 of these Regulations, or if the Company is not entitled to declare or pay the declared dividends in cases provided for by the legislation of the Russian Federation, the Company undertakes to disclose to its shareholders the full information on the reasons for that difference.

3.7. Considering the stability of the electricity power market in the Russian Federation and, as a result, the stability and certainty of medium-term cash flows, the Company believes that as of the date of approval of these Regulations, the dividend payments may be defined with reasonable confidence for the following four years. At that, the Company considers a delay in resuming the capacity payment under the existing capacity supply agreement for BGRES Power Unit 3 as the most material internal risk that may result in a deviation to fulfil the obligations to pay dividends stipulated by these Regulations. Other risk factors may be material corrections in the industry regulation, change in the economic situation in the Russian Federation and any other external event that is beyond the control of the Company.

4. Procedure for Adopting Resolutions on Dividend Payment

4.1. Before the Board of Directors of the Company considers recommendations for the General Shareholders' Meeting of the Company as to the amount of dividends, this issue shall be preliminarily considered by the Audit Committee of the Board of Directors taking into account the Company's financial results and suggestions of the Deputy Director General for Finance and Economics.

4.2. Based on recommendations of the Audit Committee of the Board of Directors and being governed by Section 3 of these Regulations, the Board of Directors of the Company shall adopt a resolution presenting recommendations for the General Meeting of Shareholders of the Company on profit distribution, the amount of dividends on the shares and the date on which the persons entitled to dividends shall be determined.

4.3. The recommendations of the Board of Directors on the amount of dividends and the date, on which the persons entitled to receive the dividends shall be determined, shall be submitted to the shareholders along with the materials for the General Meeting of the Shareholders, the agenda of which includes dividend payment in accordance with the current legislation of the Russian Federation.

¹ Please note that the indicated amounts of dividends shall be paid during the indicated year and not based on the results of the relevant reporting year, ie, for example, 14,000,000,000.00 rubles are a total amount of dividends to be paid in 2019, of which 7,000,000,000 rubles shall be paid based on the results of 2018 and the remaining 7,000,000,000 rubles shall be paid as interim dividends of 2019.

4.4. The resolution to pay dividends based on the results of the first quarter, six months and nine months of the reporting year shall be made by the General Meeting of Shareholders of the Company within three months after the end of the relevant period. The decision to pay dividends based on the results of the reporting year shall be made by the Annual General Meeting of Shareholders, which is held no earlier than two months, but no later than six months after the end of the reporting year.

4.5. The resolution of the General Shareholders' Meeting to pay dividends shall determine as follows:

- the amount of dividends;
- the form of their payment;
- non-cash dividend payment procedure, if applicable;
- the date as of which the persons entitled to dividends are determined.

4.6. The amount of dividends may not exceed the amount recommended by the Company's Board of Directors.

5. Dividend Payment Procedure

5.1. To ensure timely payment of dividends, the Company shall inform the shareholders on the obligation to promptly inform the holder of the Company's register of shareholders (hereinafter the **Registrar**) on changes in details contained in the questionnaire of the registered person, which the Company requires for payment of dividends, and of the consequences and risks related to any late notification of the Registrar of changes in such details. Such information shall be posted on the official website of the Company in the Internet (www.unipro.energy) in the materials for the General Meeting of the Shareholders, the agenda of which includes the item concerning payment of dividends.

5.2. The dividends shall be paid to the persons that were the holders of shares or the persons exercising their rights to those shares in accordance with the current legislation of the Russian Federation as at the close of business of the date as of which the persons entitled to dividends are determined according to the resolution to pay dividends.

5.3. The date as of which the persons entitled to receive dividends are determined shall be set by the resolution of the General Meeting of Shareholders of the Company on payment of dividends only at the suggestion of the Company's Board of Directors with due account for restrictions established by the current legislation of the Russian Federation.

5.4. The dividends shall be paid in money or in other property in accordance with the resolution of the General Meeting of Shareholders of the Company.

5.5. The monetary dividends shall be paid by wire transfer by the Company or on behalf of the Company by the registrar that keeps the register of shareholders of the Company or by a lending institution in the manner and within the time limits prescribed by the current legislation of the Russian Federation.

5.6. The period of payment of dividends to the nominee holder and the trustee being a professional participant of the securities market which are registered in the Company's register of shareholders shall not be more than 10 business days, and to other persons registered in the Company's register of shareholders, 25 business days since the date as of which the persons entitled to receive dividends are determined.

5.7. Dividends shall be paid as declared.

5.8. Dividends are subject to taxes in accordance with the taxes and levies laws of the Russian Federation. The Company shall calculate, withhold and transfer the amounts of taxes on dividends, or apply the preferential tax treatment in accordance with the taxes and levies laws of the Russian Federation and the international treaties governing taxation issues. Dividends shall be transferred to the shareholders net of the amount of withheld taxes as provided for by the laws of the Russian Federation on taxes and levies.

The shareholders which in accordance with the tax law, are entitled to the preferential tax treatment of received dividends shall provide the Registrar with documents confirming possible application of the preferential tax treatment on or prior to the date of the General Meeting of Shareholders of the Company the agenda of which includes the item concerning payment of dividends.

5.9. The Company's obligation to pay dividends shall be deemed fulfilled with the date of acceptance of the transferred monetary funds by the agency of the federal postal service or with the date of receipt of the monetary funds by the lending institution with which the bank account of the

person entitled to these dividends is opened and in case such person is the lending institution, with the date of their receipt to its account.

5.10. Should the declared dividends be not paid to or received by the shareholders due to any reason beyond the control of the Company (unclaimed dividends), the Company shall pay these dividends in the manner established by the law of the Russian Federation. No interest on the unclaimed dividends shall be accrued.

If the tax law was amended and supplemented as of the moment of payment of the unclaimed dividends, upon payment of these unclaimed dividends, the Company shall reassess the tax in accordance with the tax law in force as of the moment of payment.

5.11. The Company and the Registrar shall not be liable for losses caused due to the fact that on or prior to the date of the General Meeting of Shareholders of the Company, the persons registered in the Company's register of shareholders failed to provide the Registrar with:

- information on changes in their data, including full name, passport data, address of their place of registration according to passport data, postal address, bank details (in case the way of paying income on securities is its transfer to a bank account);
- properly executed documents enabling application of the preferential tax treatment in accordance with the international treaties governing taxation issues, the taxes and levies laws of the Russian Federation, and other regulatory legal acts on taxes and levies specifying the procedure for taxation of paid dividends.

6. Final Provisions

6.1. These Regulations may be amended by resolution of the Board of Directors of the Company. The Company undertakes to update these Regulations once every two years, starting from the date of their approval, in terms of extending the dividend payout period and determining the amount of payments for a new target period, as well as in cases of changing the number of ordinary shares or placing another category of shares entitled to dividend payments.

6.2. Should individual items hereof contradict with the current legislation of the Russian Federation, other regulatory legal acts or the Articles of Association of the Company, in this event these items shall be governed by the current legislation of the Russian Federation, other regulatory legal acts or the Articles of Association of the Company, respectively, until these Regulations are amended.

6.3. Being guided by the principles of information transparency, the Company shall post these Regulations and any other information relating to the calculation and payment of dividends for the period after 2022 of indicative and informational nature, on the official website of the Company in the Internet (www.unipro.energy).

6.4. The information on resolutions of the Board of Directors on recommendations for the General Meeting of Shareholders of the Company on the distribution of the profit, on the amount of dividends on the shares and the date as of which the persons entitled to dividends are determined, and on resolutions of the General Meeting of Shareholders to pay dividends shall be published in the publicly available source and on the official website of the Company in the Internet (www.unipro.energy) in accordance with the current legislation of the Russian Federation.

6.5. These Regulations shall come into force upon their approval by the Company's Board of Directors.

6.6. These Regulations are published in Russian and English. In the event of any discrepancy or inconsistency between the Russian and English language texts of these Regulations, the Russian language text shall prevail.