

Appendix
to the Minutes of the Meeting of
the Board of Directors of PJSC RusHydro
dated 22.04.2019 No. 287

**REGULATION
ON THE DIVIDEND POLICY**

**of Public Joint-Stock Company RusHydro
(PJSC RusHydro)**

Moscow
2019

1. GENERAL PROVISIONS

1.1. This Regulation on the Dividend Policy of Public Joint-Stock Company Federal Hydrogeneration Company RusHydro (hereinafter referred to as the Regulation, PJSC RusHydro or the Company, respectively) has been developed in accordance with the Civil Code of the Russian Federation, Federal Law "On Joint-Stock Companies", and other laws of the Russian Federation, the Articles of Association of PJSC RusHydro (hereinafter, the Company), and the Corporate Governance Code and other internal documents of the Company.

1.2. The Regulation is of advisory nature and serves as a guidance for the development of recommendations by the Company's Board of Directors in respect of the amount of dividend.

1.3. The purpose of the Regulation is to establish a mechanism for paying dividends and determining the amount, procedure and time frames for their payment that is transparent and clear to the Company's shareholders, as well as to ensure a balance between the interests of the shareholders related to the receipt of dividends and the Company's needs for further development.

1.4. The principles of the Dividend Policy are:

- observance of the rights and interests of the shareholders;
- conformance of the practice of dividend accrual and payment adopted at the Company to the legislation of the Russian Federation;
- conformance to the best corporate governance standards, including:
 - assurance of a transparent mechanism for determining the amount of dividends;
 - assurance of the most convenient dividend payment procedure for the shareholders;
 - implementation of measures to avoid incomplete or late payment of the stated dividends;
- assurance of the stability, longevity and predictability of the Company's dividend policy for the shareholders and potential investors;
- maintenance of the required level of solvency and financial stability of the Company;
- maintenance of the technical condition of the Company, as well as ensuring the future development of the Company;
- increasing the shareholders' prosperity and the investment attractiveness and market capitalization of the Company;
- assurance of the interest of the management and the shareholders in increasing the Company's profitability;
- protection of shareholders' dividend rights.

1.5. Protection of shareholders' dividend rights is ensured above all by:

- the ability of the shareholders to exercise the pre-emptive right to purchase securities if the Company's authorized capital is increased;
- the guarantee that the only income received from the Company by any of the shareholders are dividends of the Company and the liquidation value;

- the inadmissibility for shareholders, in particular for the majority shareholders, of deriving profit (income) by other means (for example, transfer pricing, replacement of dividends with internal loans or unjustified provision of services at unreasonably high prices).

1.6. The present Regulation shall be effective for 3 (three) years from its approval by the Board of Directors of the Company.

1.7. Dividends shall be paid to the shareholders in monetary form.

If there is a reasonable need, the Board of Directors may recommend that the General Meeting of Shareholders adopt a resolution on the payment of dividends in non-monetary form. Such recommendation shall be accompanied by the presentation of explanations of the reasons and the need for such a resolution as part of the materials for the General Meeting of Shareholders.

1.8. The Board of Directors of the Company is responsible for the formation and implementation of the key aspects of the dividend policy.

1.9. The terms and definitions used herein shall have the same meaning as in the laws of the Russian Federation on joint-stock companies and securities, unless otherwise stipulated herein.

2. TERMS OF PAYMENT AND PROCEDURE FOR DETERMINING THE AMOUNT OF DIVIDENDS

2.1. In accordance with the requirements of Russian laws, dividends shall be paid only if the Company has earnings left after tax (net earnings), calculated on the basis of the Company's accounting statements drafted in compliance with the requirements of Russian laws.

2.2. When determining the recommended amount of dividends, the Board of Directors of the Company shall take into account the amount of profit presented in the consolidated financial statements of RusHydro Group prepared in accordance with International Financial Reporting Standards (hereinafter, IFRS), and shall also be guided by:

- the Company's need for the implementation of strategic development;
- the need to allocate part of the profit for the implementation of investment programs approved by the federal executive authorities;
- the maximum allowable level of indebtedness that ensures the necessary indicators of solvency and financial stability of RusHydro Group in the long term;
- the recommendations of the Government of the Russian Federation.

2.3. The Company aims to pay dividends once a year and, for the payment of dividends, to allocate a part of the profit for the financial year that is not less than the average value of the amount of the dividends for the previous 3 years - ***DIVthreshold***. The amount of dividends (***DIVdistr***) recommended by the Board of Directors with consideration for Clause 2.2. hereof shall satisfy the following condition:

$$***DIVdistr = Max [DIVthreshold; DIVbase],***$$

where $DIV_{threshold} = (Div_{-3year} + Div_{-2year} + Div_{-1year})/3$

- ***DIVthreshold*** is the minimum amount of dividend payments (the lower threshold), determined as the average value of the dividends for the 3 (three) previous years. It is determined by summing up the amount of profit allocated for the payment of dividends in accordance with the decisions of the Annual General Meeting of Shareholders based on the results of the dividend periods for the 3 (three) previous years and then dividing this sum by 3 (three);

- ***DIVdistr*** is the amount of dividends that can be distributed;

- ***DIVbase*** is the base option, which amounts to 50% of the amount of profit recognised in the consolidated financial statements of RusHydro Group prepared in accordance with IFRS (the indicator "Profit for the year" is presented in the "Consolidated Profit and Loss Statement" form).

When making the calculation, according to the procedure set out in this clause, the numerical values of the indicators are taken in millions of rubles, rounded to the nearest whole number in accordance with the mathematical rules of rounding.

3. ADOPTION OF A RESOLUTION ON THE PAYMENT OF DIVIDENDS

3.1. The matter of the possibility of dividend payment shall be preliminarily considered by the Investment Committee of the Board of Directors of the Company (hereinafter, the Committee) on the basis of the financial results of activity obtained in the reporting period.

3.2. The Board of Directors of the Company, on the basis of the recommendations of the Committee, shall determine the share of the Company's net earnings to be allocated for dividend payment, and shall make recommendations to the General Meeting of Shareholders of the Company on the amount of dividends on the Company's shares, the time frames and form of payment and the establishment of the date on which the persons entitled to dividends are determined.

3.3. The decision on the payment of dividends on placed shares shall be made by the General Meeting of Shareholders.

3.4. When making a decision on dividend payment, the following shall be determined:

- the total amount of dividends;
- the amount of dividends on shares of each category;
- the form of payment of dividends;
- the procedure for dividend payment when the dividends are paid in non-monetary form;
- the date as of which the persons entitled to receive dividends are determined;
- other conditions stipulated by the legislation of the Russian Federation.

3.5. The amount of declared dividends may not exceed that recommended by the Board of Directors of the Company.

If the Company has no net earnings in the reporting year, dividends shall not be paid. In this case, the matter of payment of dividends from the retained earnings of previous years (if any) may be considered.

4. DIVIDEND PAYMENT PROCEDURE

4.1. The dividends may be paid by the Company itself and/or by the Company Registrar and/or by a specially engaged credit institution (Agent).

4.2. The Company acts as a tax agent when paying dividends to shareholders on the shares belonging to them, the rights to which are recorded in the shareholder register.

4.3. Dividends shall be paid by the Company to the shareholders less the amounts of taxes withheld according to the legislation of the Russian Federation.

4.4. The date on which the persons entitled to receive dividends are determined shall be established by the decision of the General Meeting of Shareholders of the Company on the payment (declaration) of dividends only upon the suggestion of the Board of Directors of the Company in the manner stipulated by the current legislation of the Russian Federation.

4.5. Dividends shall be paid in the manner and within the time frames determined by the decision of the General Meeting of Shareholders of the Company on the basis of the recommendations of the Board of Directors, taking into account the requirements of current legislation.

4.6. A shareholder who has not received the stated dividends because the Company or the Registrar does not have the exact and necessary address details or bank details or because of any other delay on the creditor's part shall have the right to claim payment of such dividends (unclaimed dividends) within three years after the decision to pay such dividends has been made. Upon expiry of this period, the stated and unclaimed dividends will be reinstated as part of Company's retained earnings, and the obligation to pay them will be terminated.

4.7. No interest shall be charged for using unclaimed dividends.

4.8. A person registered in the Company shareholder register shall inform the holder of the Company shareholder register in due time about changes in the his/her personal information, in particular, about changes in the mailing address and how the dividends are to be paid. Should such a person fail to provide information on changes in his/her personal information, the Company and the registrar shall not be liable for the loss inflicted by this.

4.9. In order to protect shareholders' dividend rights, the Company shall pay dividends to shareholders solely in the manner indicated by the shareholder in the questionnaire. If no method of payment is specified in the questionnaire, the Company shall be guided by the requirements of legislation on the method of dividend payment to such shareholders.

5. DIVIDEND POLICY DISCLOSURE

5.1. The Company shall make the Regulation on the Dividend Policy and all amendments hereto permanently available on the Company's website at: <http://www.rushydro.ru>, www.eng.rushydro.ru, <http://www.e-disclosure.ru/portal/company.aspx?id=8580>.

5.2. Information on the decision made by the General Meeting of Shareholders to pay dividends shall be disclosed in accordance with the procedure established by the current legislation of the Russian Federation.

5.3. The materials provided to the shareholders for making a decision to pay dividends at the General Meeting of Shareholders shall include information evidencing the presence or absence of the necessary conditions for dividend payment, as well as other information stipulated by the legislation of the Russian Federation and the internal documents of the Company.

5.4. The Company shall disclose information on the time frames and procedure for the payment of dividends on the Company's website on the Internet (in the section dedicated to dividends).

5.5. If necessary, the Company will publish information on its website about the procedure for shareholders entitled to preferential tax rates to provide the appropriate documents and about other specific aspects of dividend taxation.