

APPROVED BY:

Decision of the Board of Directors of IDGC of
Centre, PJSC dated 02.02.2018

(Minutes from «02» February 2018 # 03/18)

**THE REGULATIONS
ON DIVIDEND POLICY**

**of Interregional Distribution Grid Company of Centre,
PUBLIC JOINT-STOCK COMPANY
(new edition)**

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1. GENERAL PROVISIONS

1.1. This Regulation on Dividend Policy of Interregional Distribution Grid Company of Centre, Public Joint-Stock Company (hereinafter - the Regulation) is an internal document of IDGC of Centre, PJSC and developed according to the current legislation of the Russian Federation, the Articles of Association of IDGC of Centre, PJSC (hereinafter - the Company) and other internal documents of the Company.

1.2. The Company's dividend policy is a collection of principles and methods used by the Company to determine the proportions between the capitalized part of the Company's profits and part of the profit paid in the form of dividends, as well as the system of relations and principles for determining the procedure and terms of dividend payment, to establish the responsibility of the Company for fulfilling the obligation to pay dividends.

1.3. The Company's dividend policy is based on strict observance of the rights of shareholders provided for by the current legislation of the Russian Federation, the Articles of Association and internal documents of the Company, and is aimed at improving the Company's investment case and increasing its market capitalization.

1.4. The Regulation determines the main principles of the dividend policy in order to ensure the transparency of the mechanism for determining the amount of dividends and their payments, informing shareholders and other interested parties about the dividend policy of the Company, as well as determining the procedure for making decisions on the payment (declaration) of dividends, the conditions for their payment, the amount of dividends, including the time, place, form of payment, and the Company's liability for non-payment of dividends.

1.5. Terms and determinations used in this Regulation, are applied in the same meaning in what they are used in the legislation of the Russian Federation on joint stock companies and securities.

2. PRINCIPLES OF DIVIDEND POLICY OF THE COMPANY

2.1. The Company's dividend policy is based on the following principles:

- compliance of the practice of accrual and payment of dividends in the Company with the legislation of the Russian Federation and corporate governance standards (Resolution of the Government of the Russian Federation No. 1094-r of 29.05.2017);
- optimal combination of interests of the Company and shareholders;
- determination of dividends in the amount of at least 50% of net profit defined according to financial statements, including consolidated, compiled in accordance with International Financial Reporting Standards and calculated in accordance with the procedure established by this Regulation;
- ensuring the possibility of dividend payments with quarterly periodicity, if the relevant criteria are met;
- provision of the maximum transparency (clearness) of the mechanism of

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determination of the size of dividends and their payment;

- provision of positive changes of size of dividend payments under condition of growth of net profit of the Company;
- availability of information for shareholders and other interested parties on the dividend policy of the Company;
- maintenance of a required level of financial and technical condition of the Company (accomplishment of the investment program), provision of prospects of development of the Company.

2.2. The recommended sum of dividend payments is determined by the Board of Directors on the basis of financial results of activity of the Company.

3. DIVIDEND PAYOUT CONDITIONS

3.1. The Company has the right by results of the first quarter, the half-year, nine months of an accounting year and (or) by results of an accounting year to make decisions on (to declare) dividend payout under placed shares unless specified otherwise by the Federal law «About joint stock companies». The decision on payment (declaration) of dividends by results of the first quarter, half-year and nine months of an accounting year can be accepted not later than in three months after the end of the corresponding period.

3.2. The Company has no right to make decision on (to declare) dividend payout under stocks:

- until complete payment of all authorised capital of the Company;
- until redemption of all stocks which should be redeemed according to article 76 of the Federal law «About joint stock companies»;
- if at date of accepting such decisions the Company has signs of insolvency (bankruptcy) according to the legislation of the Russian Federation on insolvency (bankruptcy) or if the specified signs appear with the Company as a result of dividend payout;
- if at date of accepting such decisions the net assets value of the Company is less than its authorised capital and reserve fund, and the excess over the nominal value of the liquidation value of the placed preferred shares determined by the Articles of Association (in case of placement of the Company's preferred shares), or becomes less than their size as a result of accepting such decisions;
- in other cases provided by the legislation of the Russian Federation.

3.3. The Company, when deciding on the payment of interim dividends on shares, is guided by the payment of dividends provided that the payment of dividends does not require borrowing and/or if the payment of dividends does not lead to a deterioration in the Creditworthiness Group in accordance with the Regulation on Credit Policy approved by the Board of Directors of the Company and/or will not lead to the failure to perform the Company's investment program, approved in accordance with the procedure established by the legislation of the Russian Federation.

3.4. The Company has no right to pay the declared dividends under stocks:

- if at date of payment the Company has signs of insolvency (bankruptcy) according to the legislation of the Russian Federation on insolvency (bankruptcy) or if the specified signs appear with the Company as a result of dividend payout;
- if at date of payment the net assets value of the Company is less than its authorised capital and reserve fund, and the excess over the nominal value of the liquidation value of the placed preferred shares determined by the Articles of Association (in case of placement of the Company's preferred shares), or becomes less than their size as a result of dividend payout;
- in other cases provided by the legislation of the Russian Federation.

After the termination of the specified circumstances the Company is obliged to pay to shareholders the declared dividends.

3.5. At profit distribution and losses by results of an accounting year (including payment (declaration) of dividends) the amount of net profit allocated to dividends determined in accordance with the procedure established by this Regulation shall be reduced by the amount of profit distributed as dividends by the results of the first quarter, the half-year, nine months of an accounting year.

3.6. The amount of net profit allocated to pay dividends based on the results of the first half and 9 months of an accounting year is reduced by the amount of profit distributed as dividends by results of the first quarter, the half-year, respectively.

4. DETERMINATION OF THE SIZE OF DIVIDEND PAYMENTS

4.1. In accordance with the requirements of the current legislation of the Russian Federation, dividends are paid out of the Company's profit after taxation (net profit of the Company) calculated in accordance with the current accounting record-keeping and accounting (financial) reporting rules and distributed among shareholders in proportion to the number of shares of the corresponding category (type).

4.2. The recommended amount of dividends on the Company's shares is determined by the Board of Directors of the Company. The Sole Executive Body of the Company submits proposals on the amount of dividends on the Company's shares for consideration by the Board of Directors of the Company.

4.3. The amount of dividends paid on shares is determined by the General Meeting of Shareholders on the recommendation of the Board of Directors and shall not be larger than the amount recommended by the Board of Directors.

4.4. The amount of dividend paid per one ordinary share is determined by dividing the total amount of dividends to be paid for payment on ordinary shares of the Company by the number of ordinary shares of the Company for which dividends may be accrued in accordance with the law.

4.5. Calculation of dividends for the reporting period is as follows.

In case of observance of the conditions specified in Article 3 of the Regulation, the Company is guided by the payment of dividends on the basis of the results of the reporting period when the following criteria are simultaneously fulfilled:

- availability of net profit determined according to accounting (financial) statements prepared in accordance with Russian Accounting Standards (hereinafter - "RAS"), as a result of the reporting period;
- availability of net profit determined according to accounting (financial) statements prepared in accordance with RAS, based on the results of the reporting period, excluding income and expenses associated with revaluation of shares of subsidiaries traded on the securities market.

4.6. The amount to be paid as dividend according to the results of the reporting year is determined in accordance with the Procedure for Calculating Dividend Payments under the General Formula:

$$DIV = \text{MAX} \left\{ DIV^1; DIV^2 - DIV^{\text{interim}} \right\}, \text{ where}$$

DIV – the total amount of net profit allocated to dividends on ordinary shares;

DIV^{interim} – the amount of interim dividends paid on the basis of the results of the first quarter, six months, nine months of the reporting year;

DIV^1 - dividends calculated on the basis of net profit of the joint-stock company determined according to the data of the accounting (financial) statements prepared in accordance with RAS.

DIV^2 - dividends calculated on the basis of net profit of the joint-stock company determined according to the consolidated financial statements prepared in accordance with International Financial Reporting Standards (hereinafter - "IFRS").

At the same time, the amount of dividends (DIV^2) shall not exceed the net profit determined according to the accounting (financial) statements prepared in accordance with RAS, based on the results of the reporting year, excluding income and expenses associated with revaluation of shares of subsidiaries traded on the securities market and related income tax, and mandatory contributions to the reserve and other funds in accordance with the Articles of Association of the Company.

4.7. When deciding on the payment of interim dividends (based on the results of the first quarter, six months, nine months of the reporting year), the provisions specified in subparagraphs 3.3. and 4.5. of this Regulation, as well as the conditions specified in the Procedure for Calculating Dividend Payments, are taken into account.

4.8. The procedure for calculating dividend payments is specified in the Appendix to this Regulation. The indicators used in the calculation of dividends are provided as part of materials for meetings of the Company's management bodies on the issue of determining the amount of dividends on the Company's shares and the procedure for their payment based on the results of the reporting period.

5. PROCEDURE FOR DECISION-MAKING ON DIVIDEND PAYOUT

5.1. The decision to pay (declare) dividends is made by the General Meeting of Shareholders. The specified decision should specify: the amount of dividends on shares of each category (type), the form of their payment, the procedure for payment of dividends in non-monetary form, the date on which the persons entitled to receive dividends are recorded. At the same time, the decision regarding the determination of the date on which the persons entitled to receive dividends are recorded shall be adopted only upon the proposal of the Board of Directors of the Company.

5.2. The decision to pay dividends on placed shares based on the results of the reporting year is adopted by the annual General Meeting of Shareholders as a separate item on the agenda of the General Meeting.

The decision to pay dividends on placed shares based on the results of the first quarter of the reporting year is adopted by the annual General Meeting of Shareholders as a separate item on the agenda of the General Meeting of Shareholders.

The decision to pay dividends on outstanding shares based on the results of the first half of the year and nine months of the reporting year is made by the Extraordinary General Meeting of Shareholders as a separate item on the agenda of the General Meeting of Shareholders.

5.3. The recommendations of the Board of Directors and the decision of the General Meeting on the payment of dividends shall determine:

- the category of shares for which dividends are declared;
- the size of the dividend per one share of a certain category;
- the procedure and deadline for the payment of dividends;
- the form of payment of dividends;
- the date of recording the list of persons entitled to receive dividends.

5.4. The decision on the payment (declaration) of dividends can be made provided there are no statutory restrictions on the payment (declaration) of dividends.

6. THE LIST OF PERSONS HAVING THE RIGHT TO RECEIVE DIVIDENDS

6.1. The date of recording the list of persons entitled to receive dividends is determined by the decision of the General Meeting of Shareholders on the proposal of the Board of Directors. The specified date shall not be established earlier than 10 days from the date of the decision to pay dividends and 20 days after the date of adoption of such a decision.

6.2. The list of persons entitled to receive dividends is recorded by the Company's registrar at the Company's instruction.

6.3. The list of persons entitled to receive dividends includes the following persons:

- shareholders registered in the system of keeping the register of shareholders as of the date of recording the list;
- other persons (pawnbrokers, trustees, etc.) registered in the system of keeping the register of shareholders as of the date of recording the list to whom the rights under the shares were transferred, unless otherwise established by the contract of such person with the shareholder;
- nominee holders that record the rights of shareholders and are registered in the system of keeping the register of shareholders as of the date of recording the list.

6.4. If the shares are in shared ownership, all of the co-owners of the shares are included in the list of persons entitled to receive dividends.

6.5. Information on the method for obtaining dividends is contained in the application form of the person registered in the register. Responsibility for providing reliable data for making appropriate changes to the questionnaire of a person registered in the register is assigned to the owner of the shares.

6.6. To protect the rights of shareholders to receive dividends, the Company, when organizing its relations with the registrar, will make every effort to establish the responsibility of the latter for the compliance of the data presented in the list of persons entitled to receive dividends, as well as information on the method (form) to receive dividends with the data of the register of shareholders of the Company.

6.7. In case of making changes to the list of persons entitled to receive dividends, the Company will require the registrar to indicate the reasons for making such changes.

6.8. Any shareholder has the right to apply to the Company with a request for information on inclusion (not inclusion of him or her) in the list of persons entitled to receive dividends.

6.9. The Company prepares and sends a response to the shareholder at its mailing address within seven working days from the receipt of the request specified in paragraph 6.8., if the request does not specify a different way of obtaining information.

7. THE PROCEDURE, TERMS AND FORM OF DIVIDEND PAYOUT

7.1. Dividends are paid in cash, unless otherwise provided by a resolution of the General Meeting of Shareholders of the Company. Dividends are paid net of amounts of withheld taxes.

7.2. Dividend payout term to a nominal holder and being a professional participant of the securities market trustee, shall not exceed 10 working days, and other persons registered in the registry of shareholders - 25 working days from the date on which the persons entitled to receive dividends are recorded. A decision on the payment of dividends may determine a shorter period for the payment of dividends.

7.3. Payment of dividends in cash is made by the Company in cashless form or on its behalf by the registrar that maintains the register of shareholders of the Company or by a credit institution.

7.4. Dividend payout in cash to physical persons, whose rights to stocks are accounted in the Company's shareholder register, is performed by transfer of money funds to their bank accounts, details of which are available with the registrar of the Company, or in the absence of data on bank accounts by the postal order of money funds, and to other persons, whose rights to stocks are accounted in the Company's shareholder register, by transfer of money funds to their bank accounts.

Persons who are entitled to receive dividends and whose rights to shares are accounted for by the nominal holder of shares receive dividends in cash in the manner prescribed by the legislation of the Russian Federation on securities. The nominal holder, to whom the dividends were transferred and who did not fulfill the obligation to transfer them, established by the legislation of the Russian Federation on securities, for reasons beyond his or her control, must return them to the Company within 10 days after the expiry of one month from the date of the end of the dividend payment period.

A person who has not received declared dividends, due to the fact that the Company or registrar does not have precise and necessary address data or bank details, or due to another delay of the creditor, may apply for such dividends (unclaimed dividends) within three years from the date of the decision on their payment.

The time limit for handling the demand for payment of unclaimed dividends upon their transfer when missed is not subject to restoration with the exception that the person entitled to receive dividends has not filed this claim under the influence of violence or threat.

After the expiration of such period, declared and unclaimed dividends are restored as part of the Company's retained earnings, and the obligation to pay them is terminated.

7.5. The Company is obliged to pay declared dividends before the end of the deadline.

7.6. Interest on unclaimed dividends is not accrued.

7.7. The obligation of the Company to pay dividends is considered to be executed from the date of reception of transferred funds by the organization of the federal postal service or from the date of receipt of funds to the credit institution in which the bank account of the person entitled to receive such dividends is opened, and in case this person is a credit organization, then on its account.

7.8. The owner of the shares has the right at any time to make changes in the form of the registered person in terms of the method of obtaining cash income on shares, indicating the postal address or bank details for which dividends must be transferred by providing the registrar of the Company with the questionnaire of the registered person with the corresponding instruction. The Company is not liable for losses incurred by the shareholder as a result of sending dividends to the address of the shareholder according to the details specified in the list of persons entitled to receive dividends.

8. TAXATION OF DIVIDENDS

8.1. Taxation of dividends payable is carried out in the manner prescribed by the current legislation of the Russian Federation.

8.2. The amount of declared dividends includes taxes withheld from shareholders in accordance with the legislation of the Russian Federation. In accordance with the procedure provided for by the tax legislation of the Russian Federation, the amount of tax is withheld and transferred to the budget from the dividends paid to shareholders.

The tax agent for the persons registered in the register is the Company. For persons who hold shares from a nominee holder or from a trust manager who is a professional participant of the securities market, the tax agent is, respectively, a nominal holder or a trust manager who is a professional participant of the securities market on the basis of a concluded contract.

8.3. If the shareholder has the right to apply for tax benefits, the shareholder has the right to submit to the tax agent documents confirming the possibility of applying the benefit before the date of adoption by the General Meeting of Shareholders of the Company of the decision to pay dividends.

9. DISCLOSURE OF DIVIDEND POLICY, DECLARATION, AND PAYMENT OF DIVIDENDS

9.1. The Company provides placing of the Regulations on Dividend Policy of IDGC of Centre, PJSC and all changes for it in constant access on the Company's web site on the Internet at: www.mrsk-1.ru/.

9.2. The information on decision-making on dividend payout, on the size, terms, method and the form of their payment is disclosed in an order provided by the current legislation of the Russian Federation.

9.3. As part of the materials submitted to shareholders for the decision to pay dividends at the General Meeting of Shareholders, the following information should be included:

- substantiation of the proposed distribution of net profit and assessment of its compliance with the dividend policy adopted in the Company, including dividend payment and the Company's own needs, with explanations and an economic justification for the need for a certain part of the net profit for own needs;
- information on corporate actions that resulted in worsening of shareholders' dividend rights and (or) dilution of their shares, as well as court decisions that establish facts of use by shareholders of other than dividends and liquidation value ways to generate income at the expense of the Company.

10. RESPONSIBILITY OF THE COMPANY FOR NONPAYMENT OF DIVIDENDS

10.1. The Company is obliged to pay the declared dividends in volume and in terms established by the decision of the General Meeting of shareholders and the Articles of Association of the Company. In the event of non-fulfillment by the Company of its obligations, shareholders have the right to demand payment of declared dividends in court.

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10.2. The Company is not liable for violation of dividend payment obligations if the register of shareholders does not contain correct and complete data of the registered person required to pay (transfer) dividends to him or her.

11. FINAL PROVISIONS

11.1. Issues related to the payment of dividends to the Company's shareholders, which are not regulated by the current legislation of the Russian Federation, the Articles of Association of the Company and this Regulation, should be resolved on the basis of the need to ensure the rights and legitimate interests of the Company's shareholders.

11.2. Amendments and additions (approval of the Regulation in a new edition) is carried out by a decision of the Board of Directors of the Company in the manner provided by the current legislation, the Articles of Association and internal documents of the Company.

11.3. If, as a result of changes in the legislation of the Russian Federation, certain articles of this Regulation conflict with them, these articles become invalid and, until the changes are made to the Regulation, the Company is guided by the requirements of the legislation of the Russian Federation.