

**Approved by the Board of Directors
of PJSC SIBUR Holding
Minutes No. 218 of March 06, 2019**

**REGULATIONS ON
THE DIVIDEND POLICY
OF PJSC SIBUR HOLDING**

(Revision No. 7)

**Tobolsk
2019**

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1. GENERAL PROVISIONS

- 1.1. These Regulations on the Dividend Policy of PJSC SIBUR Holding (hereinafter, the “*Regulations*”) have been developed in accordance with the effective legislation of the Russian Federation, the Charter of PJSC SIBUR Holding (hereinafter, the “*Company*”) and the Company’s internal regulations. The purpose of these Regulations is to establish the procedure for the Company’s Board of Directors to develop recommendations for the General Meeting of the Company Shareholders with respect to the amount of dividends on Company shares.
- 1.2. The Company’s dividend policy is based on the balance between the Company’s interests and those of its shareholders in determining the amount of dividend payments, improvement of the Company investment attractiveness and capitalization, as well as respect for and strict observance of the rights of shareholders envisaged in the effective Russian legislation, the Company’s Charter and internal regulations.

2. DIVIDEND POLICY CONCEPT. DIVIDENDS OF THE COMPANY

- 2.1. A dividend is part of the Company’s net profit distributed among shareholders pro rata to the number of shares of the relevant category (type) they hold.
- 2.2. Dividend policy is a complex of the Company’s principles regulating the optimum distribution of the Company’s profit after tax (hereinafter, “*net profit*”) to improve the well-being of Company shareholders by offering them part of the Company’s net profit in the form of dividends and increasing the value of Company shares as a result of enhanced capitalization.
- 2.3. The primary objective of the Company’s dividend policy is to ensure stable growth of Company capitalization, concurrently paying annual compulsory dividends to Company shareholders in an amount determined pursuant to these Regulations. Having recognized that increasing the Company’s assets is a key to growing capitalization, the Board of Directors acknowledges that a substantial part of the Company’s profits must be re-invested in development of production and investment activities of the Company.
- 2.4. The Company has the right, based on the results of the quarter, six months, nine months and/or based on the reporting year-end (hereinafter, the “reporting period”) results, to pass resolutions on payment (declaration) of dividends for outstanding registered ordinary shares, unless otherwise established by the Federal Law ‘On Joint-Stock Companies’. Outstanding registered ordinary shares are understood to mean registered ordinary shares acquired and fully paid-up by shareholders, excluding registered ordinary shares bought back by the Company from its shareholders in accordance with the provisions of the Federal Law ‘On Joint-Stock Companies’.
- 2.5. Passing a resolution to pay dividends is the Company’s right and not its obligation.
- 2.6. The Company is obliged to pay the declared dividends. The Company shall be liable to the shareholders for failure to fulfil this obligation in accordance with the laws of the Russian Federation.

3. KEY CONDITIONS FOR PAYING DIVIDENDS TO COMPANY SHAREHOLDERS

- 3.1. The key conditions for paying dividends to Company shareholders include:

- 3.1.1. the Company earns net profit determined according to Clause 4.1. hereof in the financial period based on the results of which dividends shall be paid;
- 3.1.2. no limitations on dividend payment are envisaged in Article 43 of the Federal Law 'On Joint-Stock Companies';
- 3.1.3. the Company's Board of Directors issues a recommendation regarding the dividend amount;
- 3.1.4. resolution to pay (declare) dividends passed at the General Meeting of Company Shareholders.

4. DETERMINATION OF THE AMOUNT OF DIVIDENDS

- 4.1. According to the effective legislation of the Russian Federation, the source for dividend payment to shareholders shall be the Company's net profit calculated on the basis of its accounting statements prepared in accordance with the requirements of the current legislation and reported in the Company's profit and loss statement.
- 4.2. According to the aforementioned objectives of the Dividend Policy, when passing a resolution on the recommendations to the Company's General Shareholders' Meeting regarding the amount of dividends based on the results of a particular reporting period, the Company's Board of Directors shall take into account that the Company's objective is to pay dividends in the amount of not less than 35% of net profit attributable to the shareholders of parent company, as determined, on the basis of the Company's consolidated financial statement prepared in accordance with International Financial Reporting Standards (IFRS) for the relevant reporting period and adjusted for:
 - 1) the amounts of foreign exchange gains and/ or losses;
 - 2) the amount of extraordinary non-cash income and expenses, including those related to the amount of share-based payments to employees obtained on behalf of the Company and not consolidated in the Company's IFRS financial statements;
 - 3) one-off (irregular) income and expenses.
- 4.3. The amount of dividends payable to each shareholder shall be determined by multiplying the amount of the dividend payable on a single share by the number of shares held by the relevant shareholder.

5. PROCEDURE FOR THE BOARD OF DIRECTORS TO DECIDE ON RECOMMENDATIONS TO THE GENERAL MEETING OF SHAREHOLDERS REGARDING THE AMOUNT OF DIVIDENDS

- 5.1. The possibility of paying dividends following the results of the relevant reporting period shall be considered by the Company's Board of Directors provisionally on the basis of the Company's financial performance.
- 5.2. The Company's Board of Directors shall consider the key areas for profit distribution and issue recommendations with respect to the share of profit that can reasonably be expected to be spent on paying dividends.
- 5.3. In resolving on recommendations to the General Meeting of Company Shareholders with respect to the amount of dividends, the Board of Directors shall proceed from the rule that dividends may not be paid out of the funds borrowed by the Company.
- 5.4. A resolution on the amount of dividends to be recommended to the General Meeting of Shareholders shall be passed by the Board of Directors of the Company in accordance with the Company's Charter and By-laws of the Board of Directors.

- 5.5. A resolution to pay (declare) dividends shall be passed by the General Meeting of Company Shareholders. Dividends may not exceed the amount recommended by the Company's Board of Directors.
- 5.6. A resolution to pay (declare) dividends and the amount thereof based on performance in the first quarter, six months and nine months of the reporting year may be passed by an extraordinary General Meeting of Shareholders within three (3) months of the end of the relevant reporting period.
- 5.7. A resolution to pay dividends and the amount thereof based on the results of the reporting year shall be passed at the annual General Meeting of Shareholders.

6. PROCEDURE FOR PAYING DIVIDENDS

- 6.1. The Board of Directors shall propose the date, on which the persons entitled to receive dividends are to be determined, to the General Meeting of Shareholders. The date on which the persons entitled to receive dividends are to be identified in accordance with the resolution to pay (declare) dividends may not be set before the 10th (tenth) day after the resolution to pay (declare) dividends was adopted and after the 20th (twentieth) day of the date of said resolution.
- 6.2. The period for paying dividends to the nominal holder and trustee – professional securities market participant – listed on the shareholders' register may not exceed 10 (ten) business days; the period for paying dividends to other persons listed on the register of shareholders may not exceed 25 (twenty-five) business days of the date on which the persons entitled to receive dividends were identified.
- 6.3. Dividends may only be paid in monetary form.
- 6.4. Dividends shall be paid by bank transfer either by the Company or on its behalf by the registrar maintaining the register of Company shareholders, or by a credit organization.
- 6.5. Cash dividends due to individuals whose rights to shares are recorded in the register of Company shareholders shall be paid by a postal funds transfer or, subject to an appropriate application from relevant individuals, by transferring the funds to their bank accounts; dividends due to other persons whose rights to shares are recorded in the register of Company shareholders shall be paid by transferring the funds to their bank accounts. The Company's obligation to pay dividends to the above persons shall be deemed discharged from the date the transferred funds are accepted by a federal postal service organization or received by a credit institution maintaining the bank account of the person entitled to receive the dividends.
- 6.6. The persons entitled to receive dividends and whose rights to shares are accounted for by a nominal shareholder shall receive dividends in monetary form through a depository, in which they have deposits, as prescribed by the Federal Law 'On the Securities Market'. The depository shall pay dividends on Company shares to its depositors that are the nominal holders and trustees – professional securities market participants – by transferring money to the bank accounts determined in the deposit agreement not later than on the next business day following the date of receiving the dividends; dividends on Company shares due to other depositors shall be paid within seven business days of the date of their receipt.

- 6.7. Any person that has not received the declared dividends due to the Company or the registrar not having accurate and necessary address or banking details or due to any other delay on the part of the Company, shall have the right to claim for payment of such dividends (unclaimed dividends) within three years of the dividend payment resolution.
- 6.8. Upon the expiry of the above period, the declared and unclaimed dividends shall be reversed into non-distributed profit of the Company, and the Company shall be no longer liable to pay them.
- 6.9. The payments of dividends are subject to taxes as prescribed by the effective legislation of the Russian Federation.

7. INFORMING SHAREHOLDERS OF THE COMPANY'S DIVIDEND POLICY

- 7.1. The Company shall post its Dividend Policy Regulations on the Company's official website.

8. LIABILITY FOR INCOMPLETE OR UNTIMELY PAYMENT OF DIVIDENDS TO SHAREHOLDERS

- 8.1. The Company shall be responsible for timely and accurate fulfilment of the resolutions passed by meetings of shareholders regarding dividend payments.
- 8.2. In the event of incomplete and/or untimely dividend payment to a shareholder or dividend transfer to the settlement account of the depository in which the Company shareholder has a deposit, as prescribed by the Federal Law 'On the Securities Market' (provided that the shareholder has informed the registrar of his/her bank details or postal addresses and any changes therein), the officials directly responsible for the failure shall bear liability in accordance with the effective Russian legislation.

9. APPROVAL AND AMENDMENT OF THE REGULATIONS

- 9.1. These Regulations, as well as any amendments and supplements hereto, shall be approved by the Company's Board of Directors in accordance with the Company's Charter and By-laws of the Board of Directors and shall take effect from the date of approval by the Board of Directors.
- 9.2. Any matters not covered by these Regulations shall be governed by the Company's Charter, other internal regulations of the Company and effective legislation.
- 9.3. Should any changes in the laws and regulations of the Russian Federation result in a conflict with any articles hereof, those articles shall become void.