

APPROVED

by the Board of Directors of Sistema PJSFC
on 24 May 2021

Minutes No 07-21 dtd 24 May 2021

REGULATION ON DIVIDEND POLICY OF SISTEMA PJSFC

1. GENERAL

1.1. This Regulation on Dividend Policy of Sistema PJSFC (hereinafter, "the Regulation" or "the Policy") was developed in accordance with Russian laws, the Charter of Sistema PJSFC (hereinafter also, the "Company") and its bylaws.

1.2. This Policy is of an advisory nature and is intended to define the approach of the Board of Directors of Sistema PJSFC (hereinafter, "the Board of Directors") to developing recommendations regarding the amount of dividends payable on the Company's ordinary shares and relevant payment procedures.

1.3. The Dividend Policy is based on the principles of enhancing the Company's equity story and ensuring returns for shareholders.

1.4. When approving this Policy, the Board of the Directors acted on the premise that the Company seeks to adhere to a progressive dividend policy with the aim of increasing dividend distributions and setting out transparent and clear criteria for determining the size of dividends. The Board of Directors also took into account Sistema's strategic focus on growing the value of its asset portfolio and long-term growth of capitalisation, which makes it necessary to re-invest a part of cash flow in investment projects.

1.5. This Regulation shall come into force from the date of its approval by the Board of Directors and shall be valid through 2023.

2. DETERMINING THE AMOUNT OF DIVIDENDS

2.1. Dividends to the Company's shareholders shall be paid when there are sources and grounds for their payment as defined by the laws of the Russian Federation. Dividends shall not be paid if the Company does not have any retained earnings according to the financial statements of the Company in accordance with RAS.

2.2. Dividends shall be paid out in cash.

2.3. To determine the recommended size of a dividend payment, the Board of Directors shall take into account the Company's financial results, current cash flows and financing requirements for investment plans.

2.4. No shareholder shall have priority in the distribution of dividends, unless such priority is stipulated by Russian laws.

2.5. The recommended amount of dividend shall be determined by the Board of Directors taking into account the provisions hereof and shall be at least RUB 0.31 per each ordinary registered book-entry share of Sistema PJSFC (hereinafter also, "ordinary share") in 2021, at least RUB 0.41 per each ordinary share of Sistema PJSFC in 2022 and at least RUB 0.52 per each ordinary share of Sistema PJSFC in 2023.

2.6. Starting from 2022, if the Company at the end of the last completed financial year demonstrates a more than 5 (five)% increase in the adjusted OIBDA¹ indicator compared to the same indicator of the previous financial year and, at the same time, the ratio of the net debt to the adjusted OIBDA at the end of the last completed financial year does not exceed the value of 3 (with all the financial indicators specified in this clause determined according to the IFRS consolidated financial statements of the Company), then, in addition to the amounts of dividends specified above in clause 2.5. of this Regulation, the Board of Directors in the current year recommends to distribute 10% of the absolute growth of the adjusted OIBDA for that last completed financial year to shareholders in the form of dividend payments.

¹ Operating income before depreciation and amortisation.

2.7. The Company is entitled to deviate from the criteria for determining the amount of dividends set out in this Policy, and in such cases the Company shall disclose information about the reasons of such deviation.

2.8. The Company may not declare or pay declared dividends in cases where doing so will contradict Russian law.

3. PROCEDURES FOR TAKING DECISIONS ON DIVIDEND PAYOUT

3.1. The Board of Directors shall determine the recommended amount of a dividend distribution based on a proposal by the executive body of the Company. When taking this decision, the Board of Directors shall be guided by applicable laws and Section 2 hereof.

3.2. The recommendation of the Board of Directors regarding the dividend payment shall be presented to the Company's shareholders in accordance with Russian laws, so that they may take a final decision at a meeting of shareholders of the Company.

3.3. The decision on dividend payments and their amounts shall be taken by the general meeting of shareholders of the Company. The amount of dividends payable in accordance with the decision of the general meeting of shareholders may not exceed the amount recommended by the Board of Directors.

4. DIVIDEND PAYOUT PROCEDURE

4.1. The dividend record date shall be determined in accordance with Russian laws on joint-stock companies and the securities market.

4.2. Sistema ordinary shares, which are the underlying assets of Global Depositary Receipts, entitle the holders of the latter to receive dividends in full as provided for by corresponding depositary agreements and the applicable legislation.

4.3. The Company shall pay dividends within the timeframe set forth in applicable Russian laws on joint-stock companies and the securities market.

4.4. The sole executive body of the Company shall be responsible for the timely and full payment of dividends to shareholders.

4.5. When paying dividends, the Company shall perform the functions of a tax agent by withholding and paying the dividend tax to corresponding state budgets when prescribed by and in accordance with the procedures outlined by Russian laws.

5. INFORMING SHAREHOLDERS OF THE COMPANY'S DIVIDEND POLICY

5.1. The Company shall publish this Policy, amendments to it and the Company's history of dividend payments on its website.

5.2. The Company shall publish information about the recommendation of the Board of Directors and the decisions taken by the General Meeting of Shareholders regarding the payment of dividends on its Russian- and English-language websites at www.sistema.ru and www.sistema.com, respectively, and shall also circulate this information among shareholders by publishing it via regulatory news services authorised by the securities market regulators of the Russian Federation and the United Kingdom, in accordance with the procedures prescribed by Russian laws and securities market regulators in the Russian Federation and the United Kingdom.