

Approved  
On May 16, 2018  
by the resolution  
of the Board of Directors  
of Public Joint Stock Company  
“Cherkizovo Group”  
(Minutes No. 16/058d dd. May 18, 2018)

**REGULATIONS  
on Dividend Policy**

**of Public Joint Stock Company  
“Cherkizovo Group”  
(Revision No. 2)**

**Moscow  
2018**

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## **ARTICLE 1. GENERAL PROVISIONS**

1.1 The present Regulations on Dividend Policy of Public Joint Stock Company “Cherkizovo Group” (hereinafter referred to as the “Regulations”) have been developed according to the applicable legislation of the Russian Federation, basic recommendations of Corporate Code of Governance, the Articles of Association, bylaws of PJSC “Cherkizovo Group” (hereinafter referred to as the “Company”).

1.2 The basic principle of the dividend policy of the Company is rational profit distribution under due consideration of its shareholders’ interests and investment amount required for the Company development.

## **ARTICLE 2. DECISION-MAKING PROCEDURE FOR DIVIDEND PAYMENT**

2.1 Dividend payment issue shall be preliminary considered by the Committee on Investment and Strategic Planning of the Board of Directors of the Company (hereinafter referred to as “Committee”) based on the proposals of the Management Board of the Company. Upon the results of the consideration, the Committee shall submit a proposal on the amount of dividends and procedure of payment to the Board of Directors.

2.2 The resolution on the recommended dividend amount, form, payment procedure and due date shall be made by the Board of Directors with due consideration of the proposal submitted by the Committee and Articles 4 and 5 hereunder.

2.3 The resolution to pay (declare) dividends shall be adopted by the General Meeting of Shareholders in accordance with the procedure established by the current legislation of the Russian Federation, the Articles of Association and bylaws of the Company.

2.4 The resolution to pay (declare) dividends for the first quarter, six and nine months of the financial year shall be adopted by the General Meeting of Shareholders within 3 (three) months after the corresponding period expires.

2.5 The amount declared implies dividends before taxes.

2.6 The dividend amount approved by the General Meeting cannot exceed the amount recommended by the Board of Directors.

2.7 The Company can set off the excessive dividends paid out to the shareholders on account of future payments or propose the shareholders to return the excess amount under the decision of the General Meeting.

The Company does not have the right to demand returning the excessively paid dividends.

## **ARTICLE 3. SOURCES OF DIVIDEND PAYMENT**

3.1 Dividends on shares are paid from Company’s net profit (which includes, if necessary, undistributed profit of prior years) according to the reported accounting, which meets the requirements of applicable legislation of the Russian Federation, as well as from other sources as stipulated by current legislation of the Russian Federation.

## **ARTICLE 4. DETERMINING AMOUNT OF DIVIDENDS**

4.1 The Board of Directors of the Company shall determine the amount of dividend recommended to the General Meeting of Shareholders proceeding from the target amount of money intended for dividend payment, which shall be minimum 50% of consolidated net income according to international financial reporting standards (IFRS<sup>1</sup>) for a corresponding period, and shall be adjusted according to Clause 4.2 hereunder.

4.2 Consolidated net income used for determining the amount of dividend may be adjusted with regard to:

- 1) net change in fair value of biological assets and agricultural products;
- 2) windfall profits (losses) irrelevant to the current basic activity of the Company.

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<sup>1</sup>Preparation of consolidated financial statements is governed by the Federal Law of the Russian Federation No. 208-FZ dd. July 27, 2010 “On consolidated financial statements”(rev. dd. 31.12.2017).

4.3 The amount of money intended for dividends payment cannot exceed the amount of the sources used for it according to the current legislation of the Russian Federation.

4.4 The recommended amount of the dividend for the financial year shall be calculated the following way: the amount of dividend according to Clauses 4.1 and 4.2 hereunder, shall be reduced by the amount of dividend declared for the prior periods. Should the result of such calculation be negative, the Board of Directors shall recommend the General Meeting of Shareholders to pass the dividends for the financial year.

4.5 Dividend amount per a share shall be calculated the following way: the amount of money intended for dividends and determined according to Clauses 4.1-4.4 hereunder, shall be divided by total number of allotted common shares.

4.6 When calculating the amount of dividend recommended to the General Meeting of Shareholders, the Board of Directors shall take into consideration current financial and competitive position of the Company and its expected future development, including forecasts of cash flow from operations and capital investments, borrowing requirement and other issues determining Company’s financial stability and capital structure flexibility. Based on the factors herein above, the Board of Directors may recommend the General Meeting of Shareholders to pass dividends or to determine the amount of money to be paid in a different manner than provided by Clauses 4.1 – 4.4 hereunder.

#### **ARTICLE 5. PRINCIPAL CONDITIONS FOR DIVIDEND PAYMENT**

Dividends on shares shall be paid out if the following conditions have been fulfilled:

5.1 Net income has been earned by the Company during the relevant period according to the reported accounting which meets the requirements of Russian Accounting Standards.

5.2 Net debt to adjusted EBITDA ratio has been maintained minimum 2.5 (two point five) (based on the consolidated financial statements, prepared according to IFRS) in mid-term perspective. And the Company shall be able to allocate and finance its further operation, development and (or) acquisition costs.

5.3 Dividend payment is not restricted by the current legislation of the Russian Federation.

5.4 There are recommendations on the amount of dividends and payment procedure provided by the Board of Directors.

5.5 The General Meeting of Shareholders of the Company has adopted a resolution to pay (declare) dividends.

#### **ARTICLE 6. PROCEDURE AND DUE DATE FOR DIVIDEND PAYMENT**

6.1 Dividends shall be paid in accordance with the procedure and due date provided by the resolution of the General Meeting of Shareholders and in compliance with the Federal Law “On Joint-Stock Companies”.

6.2 The Company shall not be liable for non-payment and/or untimely payment of dividends in case the Register of Shareholders contains wrong or incomplete address or bank details of the registered person or if there is no timely notification of change of data, required for the purpose of dividend payment (transfer).

#### **ARTICLE 7. DISCLOSURE OF DIVIDEND POLICY OF THE COMPANY**

7.1 The present Regulations, its revisions and dividend history shall be posted on the Company's web-site: <http://www.cherkizovo.com>.