APPROVED

by the Resolution of the Board
of PJSC Raspadskaya dated 25.08.2016

Dividend Policy of Public Joint Stock Company Raspadskaya

2016

1. GENERAL PROVISIONS

1.1. This Dividend Policy (hereinafter – the "Policy") is drafted in accordance with the Civil Code of the Russian Federation, Federal laws “On joint stock companies” and "On securities market", Articles of Association and internal documents of PJSC Raspadskaya (hereinafter - the "Company"), Code of corporate governance, approved by resolution of the Board of Directors of the Central Bank of the Russian Federation (Bank of Russia) on March 21, 2014 and recommended for application by listed joint stock companies.

1.2. This Policy has been drafted to ensure the highest transparency possible for shareholders and all parties concerned as regards the mechanism of setting the amount of dividends and payment thereof; and it sets forth the approach applied by the Company Board of Directors to prepare recommendations for the General Meeting of Shareholders to determine the amount of dividends paid on the Company shares, the date when the persons entitled to receive dividends are identified, and the dividends payment procedure.

1.3. The Dividend Policy of the Company is a set of principles and measures to ensure the shareholders' right to receive a part of profit earned by the Company.

1.4. Dividends are a part of the Company after-tax profit (net profit of the Company) distributed among shareholders pro rata the number and classes of their shares.

1.5. The decision to pay dividends on shares of any class is the right but not the obligation of the Company.

The General Meeting of Shareholders shall be entitled to resolve not to pay dividends on shares of certain classes or to abstain from taking a decision to pay dividends.

1.6. The Company shall be obliged to pay dividends if they are announced. The Company shall be responsible to shareholders for failure to perform this obligation in accordance with the effective laws of the Russian Federation.

1.7. No provision of this Policy shall be a directive to the General Meeting of Shareholders.

The General Meeting of Shareholders shall be entitled not to accept the amount of dividends recommended by the Board of Directors, or resolve not to pay dividends on shares for a certain period.

The resolution in terms of setting the date, on which the persons entitled to receive dividends are determined, shall be adopted solely at the suggestion of the Company Board of Directors. The dividends amount cannot exceed the one recommended by the Company Board of Directors.

1.8. The Dividend Policy of the Company is based on respecting the shareholders' interests, the balance of interests of the Company and those of shareholders

2. PRINCIPLES OF THE DIVIDEND POLICY

2.1. The key principles of the Dividend Policy are as follows:

- compliance with the effective laws of the Russian Federation, Articles of Association and internal documents of the Company;
- striving for the highest standards of corporate governance;
- improvement of the investment potential of the Company;
- ensuring positive dynamics in dividends amount provided that the net profit of the Company increases;
- striving to ensure the most convenient way for shareholders to receive dividends;
- ensuring the highest transparency of the mechanism for dividend amount setting.

3. DIVIDENDS AMOUNT SETTING; PROCEDURE FOR RESOLUTION (ANNOUNCEMENT) ON DIVIDENDS PAYMENT

3.1. Dividends are a part of the Company net profit to be distributed among shareholders pro rata the number and classes of their shares.

3.2. The amount of dividends per share is determined as the relation between the part of net profit of the Company allocated to payment of dividends, to the total number of outstanding shares of the Company.

3.3. The Company net profit shall be determined in accordance with the effective accounting principles of the Russian Federation and shall be accounted in the Company accounting (financial) statements. Part of the Company profit after settlement of taxes and other statutory payments may be distributed among shareholders. Dividends for an accounting period may be paid out of undistributed profit of past years.

3.4. The Company issued the following types of shares:

- Ordinary shares.

3.5. Following the results of the first quarter, half year, nine months of the financial year and (or) the results of the financial year the Company may resolve (announce) dividends payments on the outstanding shares, unless otherwise provided by the Federal Law On Joint Stock Companies.

The resolution (announcement) to pay dividends following the results of the first quarter, half year and nine months of the financial year (interim dividends), may be adopted within three months after end of the respective period.

3.6. The Company shall be entitled to resolve (announce) to pay dividends on shares and pay such dividends taking into account restrictions set forth in Article 43 of the Federal Law On Joint Stock Companies.

3.7. The Board of Directors shall set the recommended amount of net profit to be allocated for dividend payment.

3.8. When preparing recommendations for the General Meeting of Shareholders of the Company regarding the amount of dividends on the Company shares, the Board of Directors shall take into account the following:

- availability and amount of the Company net profit;
- the consolidated financial reporting of the Company according to the International Financial Reporting Standards (IFRS) for the respective period;
- the debt burden;
- need of the Company for capital to develop its business and implement the Company development strategy taking into account payment of dividends and estimated performance for the year;
- material deterioration in the macroeconomic environment, other external and internal changes having actual or possible material negative influence on operating parameters of the Company in the future, presence of force majeure including acts of God, wars;
- adherence to the balance of interests of the Company and those of shareholders taking into account improvement in investment attractiveness and respect of shareholders' rights.

3.9. 3.9. Following the recommendation provided by the Board of Directors, the General Meeting of Shareholders of the Company shall resolve to pay dividends, to determine the date when the persons entitled to receive dividends are identified, the dividends amount and form of payment.

3.10. The draft resolution of the General Meeting of Shareholders of the Company to pay dividends shall state the following:

- class of shares, for which dividends are announced;
- overall amount of dividends on the Company shares;
- dividend per one share of a certain class;
- dividends payment form;
- date when persons entitled to receive dividends are identified;

- period, for which the net profit is distributed.

3.11. Dividends to be paid to shareholders shall be announced in the amount including taxes withheld from shareholders in accordance with the effective laws of the Russian Federation.

4. PERSONS ENTITLED TO RECEIVE DIVIDENDS; DIVIDENDS PAYMENT PROCEDURE

4.1. Dividends shall be payable to the persons being holders of the shares of the relevant class (type) or to the persons exercising rights attached to these shares in accordance with federal laws at the end of the transaction day of the date on which the persons entitled to receive dividends are determined in accordance with the resolution on dividends payment. Herewith such a date may fall not earlier than 10 days upon resolution to pay (announce) dividends and not later than 20 days upon such resolution.

4.2. If one share of the Company is owned by several persons, dividends shall be distributed among them pro rata the amount they paid for the share, unless the contract signed by and between such persons specifies otherwise.

4.3. Dividends shall be paid in monetary form, and if the Company Articles of Association contain a specific provision, in form of property

4.4. Dividends on shares of all classes shall be paid within the period set forth by the effective laws of the Russian Federation

The Company shall be entitled to pay dividends prior to the period end set forth by the effective laws of the Russian Federation.

The period for dividends payment is calculated in accordance with the Civil Code of the Russian Federation.

4.5. The amount of dividends to be paid to each shareholder of the Company shall be calculated by multiplying the dividend per share by the number of shares held by the shareholder.

4.6. The Company shall be obliged to pay dividends if they are announced. The executive bodies of the Company shall ensure timely and complete payment of dividends to shareholders.

4.7. Dividends in monetary forms shall be paid by transferring money by the Company or its registrar maintaining the Company's shareholder's register, or a credit company.

4.8. Dividends in monetary forms to individuals, the rights to shares of which are stated in the share register of the Company, shall be paid by transferring money to their bank accounts, the details of these bank accounts are held by the Company registrar, or if no bank details are available, with a money order; and as far as other persons are concerned, the rights to shares of which are stated in the share register of the Company, by transferring money to their bank accounts.

Shareholders entitled to receive dividends and the rights to shares of which are accounted to the nominal shareholder, shall receive dividends according to the procedure provided in the securities laws of the Russian Federation.

4.9. To receive dividends the shareholder shall specify the detailed information on their bank account and mailing address in details of the registered person stated in the share register.

4.10. Any costs associated with payment of dividends to shareholders via post or bank institutions shall be borne by the Company. In addition to the fee for transferring dividends via post or bank institutions a fee may be charged. Such fees for money receipt shall be set by postal rates or in a bank services agreement signed by and between the shareholder and the bank and shall not be subject to compensation by the Company.

4.11. If the Company shareholder provided wrong bank details or mailing address, the Company shall not be held liable for non-receipt of dividends by such a shareholder.

The Shareholders shall notify the Company, registrar, nominee shareholders, the depository of any change in the details related to payment of the dividends. The Company, registrar, nominee shareholder and the depository shall not be liable for any loss caused by the failure of the persons listed in the

Shareholders' register of the Company and the persons whose shares are recorded with the nominee shareholder, to timely provide:

- information about the change in their details, including the banking details;
- the duly executed documents that allow to apply tax benefits according to the international contracts, regulating taxation, the laws of the Russian Federation concerning tax and charges and other regulations and laws concerning taxes and dues that determine the taxation procedure in relation to the paid dividends.

4.12. The shareholder of the Company who failed to receive money because the Company or registrar do not have accurate and necessary address or bank details or due to any other reason shall be entitled to claim the Company to pay such dividends within three years as of the date of the resolution to pay dividends.

4.13. If expired the period to claim payment of unclaimed dividends shall not be restated, save for the cases when the person entitled to dividends failed to file a claim because of violence or threats.

4.14. Once such a period expires announced but unclaimed dividends shall be returned to undistributed profit of the Company, and the obligation to pay dividends shall cease to exist.

4.15. Dividends to shareholders shall be paid net of taxes withheld. The Company shall calculate, withhold, and transfer respective taxes associated with payment of dividends, to the amount, under the procedure and within the period set forth by the effective laws of the Russian Federation.

5. COMMUNICATION OF THE COMPANY DIVIDEND POLICY TO SHAREHOLDERS AND OTHER PARTIES CONSERNED

5.1. The Company shall ensure transparency of the dividend policy by placing respective information on the Company web site: http://www.mechel.ru, and also on the Company web site in the Internet provided by the competent information agency.

5.2. The information to be published on the Company web site shall include this Policy and amendments hereto.

6. FINAL PROVISIONS

6.1. This Policy shall come into force upon its approval by the Company Board of Directors. All and any previous resolutions of the Board of directors of the Company regulating the order of determination of amount and terms and conditions of dividend payments shall be null and void from the effective date of this Policy.

6.2. Any and all amendments and modification hereof shall be approved by the Company Board of Directors.

6.3. Any issues not governed by this Policy shall be governed by Russian laws and internal documents of the Company.

Any issues not governed by the effective laws of the Russian Federation and internal documents of the Company shall be settled taking into account protection of rights and interests of the Company shareholders.

6.4. Should any provision of this Policy be in controversy with the effective laws of the Russian Federation and/or Articles of Association of the Company, it shall become invalid, and respective norms of laws of the Russian Federation and/or Articles of Association of the Company shall apply.

Invalidity of some provisions of this Regulation shall not invalidate remaining norms and/or Regulation in general.