



SISTEMA
PUBLIC JOINT STOCK FINANCIAL CORPORATION

Sistema PJSFC

Report on Payments to Governments for the year 2021

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1 Introduction

This Report provides an overview of the payments to governments made by subsidiary undertakings of Sistema PJSFC (hereinafter referred to as 'Sistema'), represented by Segezha Group PJSC (before 7 April 2021 Segezha Group JSC) and its subsidiaries (together hereinafter referred to as 'Segezha Group'), for the year 2021 as required under the "Disclosure Rules and Transparency Rules" of the United Kingdom.

The "Disclosure Rules and Transparency Rules" were introduced by the Financial Conduct Authority of the United Kingdom to increase transparency in the extractive and logging sectors. The Rules are applicable for the companies in the extraction and logging of primary forest industries whose transferable securities are admitted to trading on the London Stock Exchange. Sistema is required to be compliant with these Rules since its subsidiary undertakings (Segezha Group) are involved in logging of primary forest activities and its global depositary receipts are listed on the London Stock Exchange.

The Report is to be prepared in accordance with the UK's Report on Payments to Governments Regulations 2014 (as amended) and Chapter 10 of the Directive 2013/34/EU (the EU Accounting Directive (2013)).

A primary goal of the enacted transparency regulation is to help empower citizens of the resource-rich countries to hold their governments accountable for the wealth generated by those resources.

This Report is available for download from www.sistema.com

2 Reporting principles

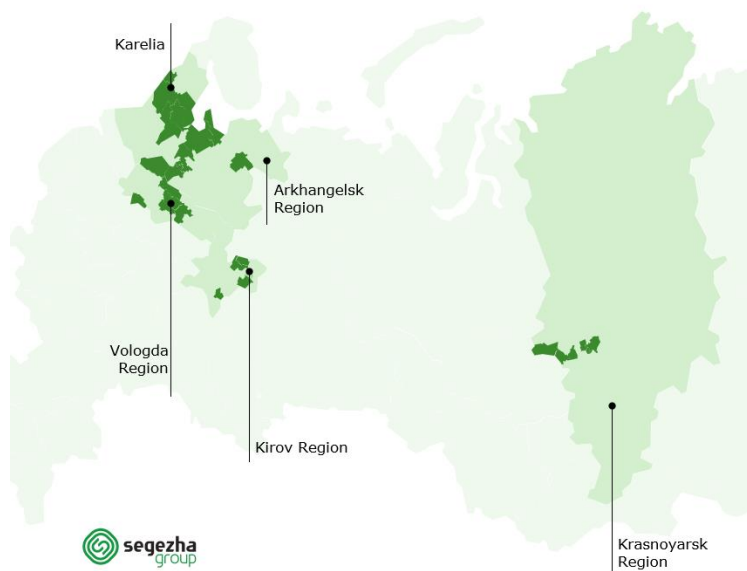
Legislation

This Report is prepared in accordance with the Reports on Payments to Governments Regulations 2014 as enacted in the UK in December 2014 and as amended in December 2015.

Scope and Reporting entities

Sistema has prepared a consolidated report on payments to governments for activities related to logging of primary forest (hereinafter referred to as 'logging activities'). In this Report, we only disclose payments to governments made by legal entities of Segezha Group involved in logging activities.

Segezha Group carries out logging activities only in Russia, the legal entities active in logging activities operate in five Russian regions – republic of Karelia, Arkhangelsk, Kirov, Vologda and Krasnoyarsk region (please see the map of Segezha Group logging operations in 2021).



Government

In the context of this Report, government means any national, regional or local authority of a country. It includes a department, agency or entity that is a subsidiary of a government controlled by that authority.

Project definition

Payments are reported at project level except that payments that are not attributable to a specific project are reported at entity level. Project is defined as operational activities which are governed by a single contract, license, lease, concession or similar legal agreement, and form the basis for payment liabilities with a government. If such agreements are substantially interconnected, those agreements are to be treated as a single project. According to the regulation, 'substantially interconnected' means that the agreements are governed by a single overarching agreement, that the agreements have substantially similar terms, and that the agreements are geographically and operationally integrated.

Reporting currency and materiality

All payments to governments in this Report are presented in thousands of Russian Roubles (RUB).

For each payment type, total payments below GBP 86,000 to a government whether made as a single payment or as a series of related payments need not to be disclosed. For the purposes of this Report a threshold of RUB 8,604,928 (approx. GBP 86,000) was applied to exclude payments from the scope of disclosure.

Payment types

The following payment types are disclosed for legal entities involved in logging activities.

- *Taxes* levied on the income, production or profits of companies, which include corporate income tax. Consumption taxes such as value added tax, personal income taxes or sales taxes, withholding taxes, property taxes and environmental taxes are excluded;
- *Fees* paid for rent of land plots.

The payments are presented on a cash basis.

For the year ended 31 December 2021, there were no reportable production entitlements, dividends, signature, discovery and production bonuses or payments for infrastructure improvements.

3 Consolidated overview of payments to governments

All reportable payments relate to logging activities in Russia.

The consolidated overview below discloses the sum of payments to governments in Russia related to logging activities:

- 3.1 – per government (all payments),
- 3.2a – per project (only fees for rent of land plots),
- 3.2b – per entity level (all other payments except rent fees).

3.1 – Payments per government

(Thousands of Russian Roubles)

	Taxes	Fees	Total
Federal budget of the Russian Federation	605,015	657,585	1,262,600
Regional budget of Karelia	1,088,797	182,126	1,270,923
Regional budget of Kirovskaya oblast	776,308	19,586	795,894
Regional budget of Vologodskaya oblast	571,188	34,285	605,473
Regional budget of Krasnojarskij kray	545,318	23,481	568,799
Regional budget of Arkhangelskaya oblast	174,088	49,357	223,445
Total	3,760,714	966,420	4,727,134

3.2a – Payments per project

(Thousands of Russian Roubles)

	Taxes	Fees	Total
1. Onega	0	110,849	110,849
1.1. Onezhskoe forestry	0	100,302	100,302
1.2. Severodvinskoe forestry	0	10,547	10,547
2. Vologda	0	157,986	157,986
2.1. Vytegorskoe forestry	0	47,236	47,236
2.2. Babushkinskoe forestry	0	32,098	32,098
2.3. Sokolskoe forestry	0	30,270	30,270
2.4. Syamzhenskoe forestry	0	25,832	25,832
2.5. Kharovskoe forestry	0	22,550	22,550
3. Karelia	0	489,797	489,797
3.1. Medvezh'egorskoe forestry	0	195,706	195,706
3.2. Muezerskoe forestry	0	117,879	117,879
3.3. Kostomukshskoe forestry	0	72,329	72,329
3.4. Kaleval'skoe forestry	0	40,199	40,199
3.5. Segezhszkoe forestry	0	37,507	37,507
3.6. Belomorskoe forestry	0	26,177	26,177

4. Kirov	0	41,385	41,385
4.1. Nagorskoe forestry	0	17,993	17,993
4.2. Nemskoe forestry	0	13,861	13,861
4.3. Omutninskoe forestry	0	9,531	9,531
5. Siberia (Krasnojarskij kray)	0	166,404	166,404
5.1. Enisejskoe forestry	0	51,007	51,007
5.2. Kodinskoe forestry	0	26,930	26,930
5.3. Nizhne-Enisejskoe forestry	0	25,077	25,077
5.4. Nevonskoe forestry	0	24,762	24,762
5.5. Gremuchinskoe forestry	0	23,924	23,924
5.6. Motiginskoe forestry	0	14,704	14,704
Total	0	966,420	966,420

3.2b – Payments per entity level

(Thousands of Russian Roubles)

	Taxes	Fees	Total
AO "Segezhsnij CBK"	1,159,127	0	1,159,127
OOO "Vjatskij fanernyj kombinat"	913,374	0	913,374
AO Lesosibirskij LDK №1	584,509	0	584,509
AO "Sokol'skij DOK"	544,526	0	544,526
AO "Onezhskij LDK"	205,178	0	205,178
AO "LK "Kipelovo"	131,097	0	131,097
OOO "Karelian Wood Company"	114,953	0	114,953
OOO "Ksiloteck–Siberia"	57,042	0	57,042
AO "Lenderskij lespromhoz"	50,908	0	50,908
Total	3,760,714	0	3,760,714

Contact info

Sistema PJSFC

13, Mokhovaya Str., Moscow 125009

www.sistema.com

tel: +7 (495) 737-01-01