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APPROVED

By the Board of Directors of PJSC Uralkali  
Minutes No. 362 dated 17.05.2019

## **REGULATIONS ON THE DIVIDEND POLICY OF PUBLIC JOINT STOCK COMPANY URALKALI**

New version

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## 1. GENERAL PROVISIONS

These Regulations on the Dividend Policy (hereinafter the Regulations) were developed in compliance with the laws of the Russian Federation, the Charter of Public Joint Stock Company Uralkali (hereinafter the Company) and other internal documents of the Company, as well as with consideration of the recommendations of the Code of Corporate Governance approved by the Board of Directors of the Bank of Russia on March 21, 2014.

These Regulations establish the main principles and approaches for the Board of Directors to develop recommendations regarding the size of the dividend on the shares of the Company of the relevant type (category), as well as the procedure and the terms of dividend payment, in order to ensure maximum transparency for shareholders and all parties concerned in relation to the mechanism of adopting a decision to pay (declare) dividends and the procedure of their payment.

The Company shall publish these regulations on its official website [www.uralkali.com](http://www.uralkali.com).

## 2. CONCEPT OF DIVIDEND POLICY. DIVIDENDS OF THE COMPANY

2.1. The dividend policy shall be developed and approved by the Board of Directors.

2.2. A dividend is a portion of the net profit of the Company distributed amongst shareholders in proportion to the number of shares of the relevant type (category) belonging to them.

2.3. The Company has the right to adopt the decision to pay dividends on its outstanding shares based on the results of the first quarter, six months and nine months of the reporting year or based on the results of the entire financial year, unless otherwise stipulated by the Federal Law *On Joint Stock Companies* dated 26.12.1995 # 208-FZ. A decision to pay (declare) dividends based on the results of the first quarter, six months or nine months of the relevant reporting year may be adopted within three months from the end of the relevant period.

2.4. Both the net profit of the Company and the undistributed profit of past periods can be the source of dividends.

2.5. Adopting a decision to pay (declare) dividends on shares of the relevant type (category) is a right, not an obligation of the Company.

2.6. The cases when the Company does not have a right to decide to pay dividends (declare dividends) on the shares of the Company are specified by the Federal Law *On Joint Stock Companies*.

2.7. The Company is obliged to pay declared dividends in cases when the decision to pay dividends was adopted by the general shareholders meeting of the Company, with the exception of the cases specified by the Federal Law *On Joint Stock Companies*. The Company is liable to its shareholders for non-fulfillment of this obligation in compliance with the laws of the Russian Federation.

2.8. Shareholders-owners of preferred shares of the Company are entitled to receive a fixed annual dividend in the amount of at least 0.1 rubles per one preferred share of the Company. If the amount of the dividend paid by the Company on each common share exceeds the amount subject to payment as dividend on each preferred share, the amount of the dividend paid on the latter must be increased to match the amount of the dividend paid on common shares. The dividend shall be paid to the owners of preferred shares annually within the period determined in p. 6 of these Regulations, and, additionally, on the date of payment of the dividend on common shares, in cases when the amount of the dividend on preferred shares must be increased to match the amount of the dividend paid on common shares.

2.9. For the purposes of these Regulations, the term “fixed annual dividend” means that the dividend in the amount indicated in p. 2.8 above may be paid within the year following the reporting year, based on the results of any period indicated in p. 1 art. 42 of the Federal Law *On Joint Stock Companies*, and p.2.3 of these Regulations, regardless of whether or not a decision to pay dividends on common shares was adopted.

2.10. The Company does not have a right to pay dividends on common shares prior to paying dividends on preferred shares.

### **3. TERMS OF DIVIDEND PAYMENT**

3.1. Dividends shall be paid only if all of the following conditions are simultaneously observed:

- 1) The Company must have net profit in the reporting period and (or) undistributed profit of past periods in accordance with the Company's accounting statements prepared in compliance with Russian Accounting Standards (RAS) based on the results of the relevant period;
- 2) There must be no limitations or restrictions on the payment of dividends in compliance with the Federal Law *On Joint Stock Companies*;
- 3) A stable financial position must be maintained in order to ensure further development of the Company;
- 4) Availability of recommendations of the Board of Directors of the Company regarding the size of dividend on the shares to be paid, the procedure of its payment and the date on which the persons entitled to receive dividends are identified;
- 5) Adoption of a decision to pay (declare) dividends by the general shareholders meeting of the Company.

3.2. Dividends shall not be accrued or paid:

- On unplaced shares;
- On the shares of the Company which are owned by the Company (own shares belonging to the Company);
- In other cases in compliance with the laws of the Russian Federation.

3.3. The amount of the dividend owed to each shareholder shall be calculated by multiplying the dividend per one share of the relevant type (category) by the number of shares of the relevant type (category) belonging to the shareholder.

3.4. Dividends may be declared by the Company both in the currency of the Russian Federation and in foreign currency. The procedure and the terms of dividend payment in foreign currency shall be determined by the decision of the relevant general shareholders meeting of the Company.

### **4. PROCEDURE OF ADOPTING A DECISION TO PAY (DECLARE) DIVIDENDS**

4.1. The possibility of paying dividends based on the results of the reporting period shall preliminarily be considered by the Board of Directors, based on the current financial results of the Company.

4.2. When preparing recommendations for the general shareholders meeting of the Company concerning the size of dividends, the Board of Directors shall be guided by the requirements of the Federal Law *On Joint Stock Companies* and other regulations of the Russian Federation, the Charter of the Company and these Regulations. The Board of Directors may also take other factors and circumstances into consideration, including the financial results of the Company in accordance with the financial statements of the Company prepared in compliance with International Financial Reporting Standards (IFRS).

The Board of Directors shall consider the possibility of using the available net profit and (or) undistributed profit of past periods and shall determine whether or not it is feasible to pay dividends based on the results of the relevant period.

4.3. In compliance with the Federal Law *On Joint Stock Companies*, the Charter of the Company and the Regulations on the Board of Directors of the company, the Board of Directors shall adopt the decision to recommend the size of the dividend to be paid on the relevant type (category) of outstanding shares, the form and the terms of dividend payment and the date on which the persons entitled to receive a dividend are identified to the general shareholders meeting of the

Company, by the majority of the votes of the members of the Board of Directors of the Company participating in the relevant Board meeting.

4.4. The decision to pay (declare) dividends shall be adopted by the general shareholders meeting of the Company. Under the indicated decision a determination must be made regarding the size of the dividend on the shares of each category (type), the form of dividend payment and the date on which the persons entitled to receive dividends are identified. The size of the dividend may not exceed the amount recommended by the Board of Directors of the Company. The decision to pay (declare) dividends must specify the amount of the dividend per one share of the relevant category (type) and the total amount of cash funds utilized to pay dividends.

## **5. PERSONS ENTITLED TO RECEIVE DIVIDENDS**

5.1. Once the general shareholders meeting has adopted the decision to pay (declare) dividends, the registrar of the Company (hereinafter the Registrar), per instruction of the Company, provides the Company with information on nominal holders, trust managers and other persons registered in the shareholder register of the Company who are entitled to receive dividends as of the date on which the persons entitled to dividends are identified.

5.2. The date on which, in compliance with the decision to pay (declare) dividends the persons who are entitled to receive dividends are identified may not be set earlier than 10 (ten) days from the when the decision to pay (declare) dividends was adopted, and not later than 20 (twenty) days from the date of the indicated decision.

5.3. The information on the persons entitled to receive dividends must contain information about the persons registered in the shareholder register of the Company, which would make it possible to pay dividends by money order or by bank transfer to the banking accounts of the indicated persons (depending on the form of dividend payment indicated in the profile of the persons registered in the shareholder register of the Company).

5.4. The shareholders of the Company are responsible for timely submission of reliable information in order to ensure that all relevant changes to the profile of the persons registered in the shareholder register of the Company are made.

5.5. Dividends are paid to persons who owned shares of the relevant category (type) or to persons who were authorized to exercise rights attached to these shares in compliance with federal laws as of the end of the banking day on the date which was set as the date of identification of the persons entitled to dividends under the relevant decision.

5.6. Should the shares be jointly owned, the dividends are distributed amongst the shareholders in proportion to their share, in compliance with the documents held by the Registrar.

5.7. In order to protect the rights of the shareholders of the Company to receive income on the shares belonging to them, the Company will make appropriate efforts in order to make sure that the Registrar ensures that they are no discrepancies between the information on the persons entitled to receive dividends on the shares and the information contained in the share register of the Company.

## **6. PERIOD OF DIVIDEND PAYMENT**

6.1. Should the Company adopt a decision to pay dividends on all or on certain categories (types) of shares, the Company shall pay dividends within the period indicated herein, unless otherwise required by current Russian laws.

Dividends will be paid to nominal holders who are professional participants of the securities market and trust managers registered in the shareholder register of the Company within 10 (ten) business days, and to other persons registered in the shareholder register of the Company - within 25 (twenty-five) business days from the date on which the persons entitled to receive dividends are identified. A shorter period of dividend payment may be prescribed under the decision of the general shareholders meeting of the Company to pay (declare) dividends.

6.2. Persons who have not received declared dividends within the period indicated in p. 6.1 of the Regulations due to the fact that the Company or the Registrar do not have accurate addresses or banking details of such persons or due to another type of delay by the creditor may submit a request to receive such dividends (unclaimed dividends) within a three-year period following the date of the decision to pay dividends. The period for making a request to have unclaimed dividends paid to entitled shareholders, once expired, may not be extended, with the exception of cases when the person entitled to receive dividends did not make such a request due to duress or a threat of violence.

Once the indicated term has expired, the declared and unclaimed dividends are restored into the undistributed profits of the Company and the obligation to pay such dividends ceases.

6.3. No interest shall be accrued on unclaimed dividends.

## **7. PAYMENT OF DIVIDENDS**

7.1. Dividends in cash form paid to natural persons whose rights to shares are recorded in the share register of the Company, shall be paid by bank transfer to the shareholders' bank accounts, the details of which are available to the Registrar of the Company, or, if the Registrar has no information on the bank accounts of the indicated persons, by postal money order, and to other persons – by bank transfer to their bank accounts.

7.2. The obligation of the Company to pay dividends is considered fulfilled on the date when the transferred cash funds are accepted by a federal postal organization or on the date when the indicated cash funds are received by a credit organization where the persons entitled to receive dividends have banking accounts.

7.3. In order to receive dividends in non-cash form, a person entitled to receive dividends must provide the Registrar (nominal holder) with complete and accurate banking details indicated in the shareholder's profile in the share register of the Company (depositor's profile), which must be current as at the date of identification of the persons entitled to receive dividends.

7.4. Shareholders must inform the Registrar (nominal holder) of their preferred method of dividend receipt and of any changes in their information in a timely fashion, and provide updated passport and address information and banking details in a timely manner.

7.5. If the shareholder is an employee of the Company, i.e. a person who has employment relations with the Company, the Company has the right to pay dividends to its shareholders-employees to the banking account indicated by these persons in their salary application.

7.6. Persons who are entitled to receive dividends and whose rights to the shares are registered by a nominal holder receive dividends in cash form in compliance with the procedure specified by the laws of the Russian Federation on securities. Nominal holders, to whom dividends were transferred and who did not fulfill their obligation to transfer the dividends in compliance with the laws of the Russian Federation on securities due to circumstances beyond their control must return the dividends to the Company within 10 (ten) days of the date of expiration of a one-month period from the date of expiration of the term of dividend payment.

7.7. In cases specified by the laws of the Russian Federation during the process of dividend payment the Company acts as a tax agent. Accordingly, the Company withholds the relevant amount of tax from the amount of dividends in favor of the state budget in compliance with the procedure and terms specified by the legislation of the Russian Federation. In this case dividends are paid minus the withheld taxes in compliance with the laws of the Russian Federation.

## **8. LIABILITY FOR INCOMPLETE OR UNTIMELY PAYMENT OF DIVIDENDS**

8.1. If the Company fails to fulfill its obligations specified in p. 2.7 hereinabove, the shareholders of the Company can apply to a court of law seeking payment of due dividends.

8.2. If a person entitled to receive dividends has not provided the Registrar (nominal holder) with accurate information including accurate current passport details, addresses or banking details required for payment (transfer) of dividends which are up-to-date as of the date on which the

persons entitled to receive dividends are identified, or has provided inaccurate information, the Company and the Registrar are not liable for any losses, non-payment and/or untimely payment of dividends.

8.3. In cases when an incomplete or untimely payment of dividends is the fault of the Company, the Company is liable in compliance with the law of the Russian Federation.