

RATIFIED  
By the resolution of the Board of Directors of OJSC “Uralkali”  
Minutes of the meeting N 257 of 22 September 2011

**REGULATIONS ON THE DIVIDEND POLICY OF THE OPEN JOINT STOCK  
COMPANY “URALKALI”**

**new edition**

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## **1. GENERAL PROVISIONS**

These Regulations on the Dividend Policy (hereinafter the Regulations) have been developed in compliance with the legislation of the Russian Federation, the Charter of the Open Joint Stock Company “Uralkali” (hereinafter the Company), the Code of Corporate Governance of the Company and other internal documents of the Company.

These Regulations have been developed in order to establish priorities for the Board of Directors when the Board of Directors develops recommendations on the size of dividends, the terms and procedure of their payment, and the dissemination of information to the shareholders and other interested parties (potential investors and professionals operating in the securities markets) of the dividend policy of the Company.

The dividend policy of the Company is based on the principles of protection of the interests of the Company and its shareholders during the process of establishing the size of dividend payments, increase of the investment appeal of the Company and its capitalization, and observance of the rights of the shareholders of the Company.

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

- 2.1. The dividend policy of the Company is established by the Board of Directors and regulates the balance between the net profit of the Company (profit of the Company after taxes) and the portion of the profits of the Company which is distributed as dividends.
- 2.2. Dividends are a portion of the net profit of the Company distributed amongst its shareholders in compliance with the category (type) of shares in their possession.
- 2.3. At least twice per calendar year the Board of Directors develops recommendations to the general meeting of shareholders on the procedure of profit distribution in the form of dividends, the amount dividends on the shares of the Company and the procedure of their payment.
- 2.4. The Company has the right to adopt the decision to pay dividends on the placed shares based on the results of the first quarter, six months and nine months of the financial year or based on the results of the entire financial year, unless otherwise stipulated by the Federal Law “On Joint Stock Companies”.
- 2.5. In compliance with the norms established by the Federal Law “On Joint Stock Companies” and in compliance with other legal acts of the Russian Federation, the Charter of the Company and these Regulations, the Board of Directors develops recommendations to the General Meeting of Shareholders on the size of dividends for a particular period based on the principle that the amount of funds utilized for dividend payment must not be less than fifty (50) percent of the net profit of the Company established on the basis of the financial statements of the Company prepared in compliance with the International Financial Reporting Standards (IFRS) for the relevant period.
- 2.6. Adoption of a decision to pay dividends is a right, not an obligation of the Company.
- 2.7. Payment of accrued (stated) dividends is an obligation of the Company. The Company is liable to its shareholders for non-fulfillment of this obligation in compliance with the legislation of the Russian Federation.
- 2.8. Should any of the issues related to the payment of dividends to the shareholders of the Company not be regulated by the norms of the Federal Law “On Joint Stock Companies”, other legal acts of the Russian Federation, the Charter of the Company and/or these Regulations, these issues must be settled based on the principle of observance of the rights and interests of the shareholders of the Company.

### **3. CONDITIONS OF DIVIDEND PAYMENT**

- 3.1. The Company aspires to increase the amount of the dividends paid to the shareholders conditioned upon the amount of net profits of the Company and developmental needs of the Company.
- 3.2. In order to pay dividends, all of the following conditions must be observed:
  - Availability of net profits in the reporting period as established under Clause 4.1. of these Regulations;
  - Absence of limitations and restrictions to pay dividends in compliance with Article 43 of the Federal Law “On Joint Stock Companies”
  - Maintenance of stable financial status in order to ensure further development of the Company;
  - Availability of recommendation of the Board of Directors of the Company regarding the size of dividends paid;
  - Adoption of the decision to pay (declare) dividends by the General Meeting of Shareholders of the Company.

### **4. ESTABLISHMENT OF THE SIZE OF DIVIDENDS**

- 4.1. In compliance with the requirements of the legislation of the Russian Federation, the shareholders of the Company receive dividends from the net profits of the Company calculated on the basis of the financial reports of the Company prepared in compliance with the Russian standards of accounting and indicated in the profit and loss report of the Company for the relevant reporting period.
- 4.2. The Company does not pay dividends on the following shares:
  - Unissued (unplaced);
  - Acquired and put on the books of the Company;
  - Bought-back and put on the books of the Company;
  - Obtained by the Company as the result of non-fulfillment of the buyer’s obligations to acquire such shares;
  - In other cases indicated under the legislation of the Russian Federation.
- 4.3. The amount of dividends due to each shareholder is calculated based on the following formula: number of shares belonging to each shareholder multiplied by the amount of dividend per share.

### **5. PROCEDURE OF ADOPTION OF DECISION TO PAY DIVIDENDS**

- 5.1. The possibility of dividend payment based on the results of the reporting period is preliminarily reviewed by the Board of Directors, based on the received financial results of the Company.
- 5.2. The Board of Directors reviews the various possibilities of profit distribution and establishes the portion of the profits which could be used to pay dividends.
- 5.3. The Board of Directors establishes the size of dividends, in compliance with the Charter and the Regulations on the Board of Directors of the Company, by the majority vote of the members of the Board of Directors of the Company taking part in the meeting of the Board and develops a recommendation to the General Meeting of Shareholders of the Company.
- 5.4. The decision to pay (declare) dividends is adopted by the General Meeting of Shareholders of the Company. The size of dividends may not exceed the size recommended by the Board of Directors of the Company.
- 5.5. The decision to pay (declare) dividends must specify the amount of dividends per one share and the total amount of funds utilized to pay dividends.

## **6. LIST OF PERSONS ENTITLED TO RECEIVE DIVIDENDS**

- 6.1. Once the General Meeting of Shareholders has adopted the decision to pay (declare) dividends, the Company instructs the registrar of the Company (Registrar) to prepare the list of persons who are entitled to receive dividends on the shares of the Company. This list is prepared on the same date of the preparation of the list of persons who have the right to participate in the General Meeting of Shareholders when the shareholders of the Company review the issue of dividend payment.
- 6.2. The list of persons who are entitled to receive dividends contains the information on the registered persons which is kept in the system of register keeping with disclosure of information on the clients of nominal holders who are the owners of the shares of the Company as of the date of preparation of the list.
- 6.3. The shareholders of the Company are responsible for timely submission of reliable information in order to enter any changes into the profile of the registered person.
- 6.4. The list of shareholders – clients of the nominal holders of the shares contains the information on the shareholders whose rights are registered in the accounts of the nominal holders, as well as their banking details for the receipt of dividends. In cases when the dividends are paid into the account of the nominal holder, a reference to a document on the basis of which the nominal holder receives dividends on behalf of the shareholder, must be provided. The nominal holders are responsible for the provision of information on their clients.
- 6.5. Should the shares be jointly owned, the dividends are distributed amongst the shareholders in proportion to their share, in compliance with the documents of the Registrar.
- 6.6. In order to protect the rights of the shareholders of the Company to receive income from the shares belonging to them, the Company will do everything necessary in order to ensure that the Registrar is liable for any discrepancy between the data contained in the list of persons who are entitled to receive dividends on shares and the data contained in the share register of the Company.
- 6.7. All changes to the list of persons who have the right to receive dividends on shares shall be made by the Registrar, indicating reasons/grounds for such changes.

## **7. TERMS OF DIVIDEND PAYMENT**

- 7.1. The dividends must be paid within sixty (60) days of the date of the adoption of the decision to pay dividends.
- 7.2. The Company shall continue to pay the declared dividends on those shares whose owners have not received their dividends in compliance with the terms established under Clause 7.1 hereunder (unclaimed dividends), due to the reasons indicated under Clause 9.4 of the Regulations. The term of payment of unclaimed dividends may not be less than three (3) years.
- 7.3. Unclaimed dividends may not accrue interest.

## **8. ORGANIZATION OF DIVIDEND PAYMENT**

- 8.1. The Company informs all its shareholders of the place, time and procedure of dividend payment by publishing this information in the periodical “Sol Zemli”. The Company also has the right to publish this information on the official website of the Company.
- 8.2. In order to pay dividends, the Company may utilize the services of other organizations (hereinafter “Payment agents”). The fact that the Company has hired a Payment agent for the payment of dividends does not relieve the Company of the responsibility to pay dividends to its shareholders.

- 8.3. If the Company decides to hire a Payment agent, the Company shall be obliged to conclude an agreement with the Payment agent, indicating the rights and obligations of parties, their liability and the form and procedure of settlements under the agreement.
- 8.4. The Company is obliged to inform its shareholders of the fact that the Company is utilizing a Payment agent, of the change of the Payment agent and of the term of the authority of the Payment agent, by means established under Clause 8.1 hereunder.

## **9. PAYMENT OF DIVIDENDS**

- 9.1. The declared dividends are paid in monetary form.
- 9.2. The Company pays dividends in compliance with the established procedure to the banking accounts (postal address) provided in the list of persons entitled to receive dividends.
- 9.3. In order to receive dividends in a non-cash (bank transfer) form, the person who is entitled to receive dividends must provide their banking detail to the Registrar of the Company (nominal holder). These banking details are contained in the register of shareholders (deponent profiles), which must be up-to-date as of the date of preparation of the list of persons who are entitled to dividends.
- 9.4. If any person who is entitled to receive dividends has not provided their banking details to the Registrar (nominal holder) or has provided incorrect banking details as of the date of preparation of the list of persons who are entitled to receive dividends, the Company shall not be liable for non-payment of dividends to such shareholder. The transfer of dividends to the persons who have not provided their banking details to the Registrar (nominal holder) shall be made on the basis of the shareholder's written application.
- 9.5. If the shareholder is an employee of the Company, i.e. a person who has labor relations with the Company, the Company has the right to pay dividends to the shareholders-employees to the banking account indicated by these persons in their salary application.
- 9.6. When the Company pays dividends to its shareholders it 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 provided by the legislation of the Russian Federation.
- 9.7. Dividends are paid to the persons who have the right to receive dividends after deduction of the taxes due in compliance with the legislation of the Russian Federation.

## **10. INFORMING THE SHAREHOLDERS OF DIVIDEND POLICY**

- 10.1. The Company publishes these Regulations on the official website of the Company.
- 10.2. The materials which are provided to the shareholders in order to adopt decisions at the General Meeting of Shareholders must contain the information confirming the presence or absence of conditions necessary for the payment of dividends.

## **11. LIABILITY FOR NON-FULFILLMENT OR UNTIMELY PAYMENT OF DIVIDENDS**

- 11.1. The Company is obliged to pay declared dividends on each category (type) of shares. Should the Company fail to perform its obligations, the shareholders of the Company may demand payment of dividends through court action.
- 11.2. The Company and the Registrar are not liable for non-payment and/or untimely payment of dividends in cases when the share register does not contain correct and complete data on the registered person, which is necessary for the payment (transfer) of dividends, and/or in cases when the registered person has failed to appear at the place of dividend payment in cases when this person receives dividends in cash.

- 11.3. In cases when partial or untimely payment of dividends is due to the fault of the Company, the Company is liable in compliance with the legislation of the Russian Federation.