

APPROVED:

By the Board of Directors of
PJSC “Uralkali”

(Minutes of the meeting of the Board of
Directors dated 19.03.2021, No.390)

The Procurement Policy of PJSC Uralkali

1. General

- 1.1. This Policy sets out basic principles of procurement activities in PJSC Uralkali (the Company).
- 1.2. The main objective of procurement activities is to ensure timely delivery of necessary material and technical resources of desired quality at the lowest possible total cost of ownership, thus allowing uninterrupted and efficient economic activities of the Company.
- 1.3. The Procurement Directorate together with operating departments of the Company takes part in the process of improving material and technical resources the Company uses by engaging and selecting suppliers that can offer ways to optimise production costs.
- 1.4. This Policy is a public document and is displayed on the Company’s corporate web site.

2. Terms and acronyms

- Group means PJSC Uralkali and its subsidiaries;
- Total cost of ownership means total costs that the Company incurs from assumption of ownership of a material or technical resource to disposal of ownership and discharge of all ownership-related obligations.

3. Procurement principles

3.1. Competitiveness

- 3.1.1. The Company makes its purchases predominantly on competitive basis and minimises purchases of material and technical resources from zero-alternative suppliers.
- 3.1.2. The Company aims to continuously expand the pool of suppliers that meet our requirements and that could be involved in competitive selections.
- 3.1.3. Any Russian or foreign company can become our supplier on free competition conditions provided it meets our requirements to reliability of supply and security of transactions.

3.2. Transparency

- 3.2.1. The Company ensure availability of all necessary documents for its suppliers in order to create a consistent competitive environment, and builds mutual relations with suppliers on a partnership and long-term basis and in a transparent manner.
- 3.2.2. The Company has an anti-corruption system in place for its procurement activities in order to minimise the risk of fraud and ensure good competition.
- 3.2.3. The Company aims to make information about completed and ongoing purchases available for management, and to eliminate the risk of destruction or distortion of such information.
- 3.2.4. The Company aims to establish mutually beneficial relations with suppliers by engaging into joint development activities and support of leading technologies at its production facilities.

3.3. Collectivity

- 3.3.1. The Company aims to continue selecting the most beneficial offers from suppliers by means of its collective bodies – procurement committees.

PLEASE NOTE: TEXT OF THIS DOCUMENT IN ENGLISH LANGUAGE IS A TRANSLATION PREPARED FOR INFORMATION PURPOSES ONLY. THE TRANSLATION MAY CONTAIN DISCREPANCIES AND OMISSIONS AND DOES NOT REPLACE THE RUSSIAN TEXT OF THIS DOCUMENT. IN ANY AND ALL CASES THE TEXT OF THIS DOCUMENT IN RUSSIAN LANGUAGE SHALL PREVAIL

- 3.3.2. Procurement committees ensure impartiality of decisions, while their composition guarantee that offers are considered from every angle.
- 3.3.3. In its assessment of offers, the Company also engages technical experts whose judgements are always reasoned and based on actual and statistical information.

3.4. Efficiency

- 3.4.1. The Company builds its procurement management processes on category management principles.
- 3.4.2. The Company aims to build its mutual relations with suppliers based on the total cost of ownership of material and technical resources it purchases in order to minimise the cost of financial and economic activities and by selecting the most efficiency procurement strategy for each category of material and technical resources.
- 3.4.3. The Company aims to use the optimal and most efficient and lowest-cost approaches to procurement procedures.

4. Procurement System. Basic Approaches

4.1. Customer relations

- 4.1.1. The Company ensures precise and timely deliveries of material and technical resources of the desired quality through systemic and cross-functional interaction between internal customers and the Procurement Directorate.

4.2. Supplier relations

- 4.2.1. The Company aims to work with direct manufacturers and market leaders in relation to material and technical resources.
- 4.2.2. The Company seeks long-term relations with suppliers and contractors.
- 4.2.3. The Company aims to identify and engage alternative sources of material and technical resources that offer the best quality, cost and supply discipline.
- 4.2.4. The Company aims to cooperate with suppliers that adhere to high ethics, transparent and fair business practices, and to develop and introduce best sustainability practices.

4.3. Efficiency and transparency of business processes

- 4.3.1. The Company maintains the highest possible transparency of every stage of the procurement process, from identification of demand to actual delivery.
- 4.3.2. The Company introduces and uses modern automatic technical information systems to ensure transparency and efficiency of the procurement process.

4.4. Consolidation of procurement

- 4.4.1. The Company aims to consolidate purchases of material and technical resources where it is practically possible and economically reasonable to create and benefit from synergies among all production facilities of the Group.
- 4.4.2. Where possible synergies have a minor economic effect or for urgent purchases, the Company tries to cascade such purchases down to the level of its subsidiaries.

4.5. Stock management

- 4.5.1. The Company aims to operate at optimal stocks of material and technical resources that would be sufficient to ensure safe and continuous operations while allowing the lowest possible diversion of working capital.

4.6. Procurement efficiency management

PLEASE NOTE: TEXT OF THIS DOCUMENT IN ENGLISH LANGUAGE IS A TRANSLATION PREPARED FOR INFORMATION PURPOSES ONLY. THE TRANSLATION MAY CONTAIN DISCREPANCIES AND OMISSIONS AND DOES NOT REPLACE THE RUSSIAN TEXT OF THIS DOCUMENT. IN ANY AND ALL CASES THE TEXT OF THIS DOCUMENT IN RUSSIAN LANGUAGE SHALL PREVAIL

4.6.1. The Company assesses and monitors efficiency of its procurement activities by applying a system of key performance indicators to the most important aspects.

4.7. Risk management

4.7.1. The Company aims to manage procurement risks associated with timeliness of deliveries, quality and prices of material and technical resources it purchases.

4.7.2. The Company also assesses supplier-related risks and analyses their financial and production capabilities. It also determines its own dependence on certain supply sources and continuously looks for alternative suppliers and products. The Company reserves the right to assess its suppliers' performance in accordance with internal standards of the Company.

5. Segregation of authority and responsibility

5.1. In order to ensure the most efficient management of procurement and consistency of application of procurement principles, the Company has a system in place to segregate authority and responsibility both in terms of procurement methodology and organisation, and associated execution, monitoring, reporting and results.