

**APPROVED BY**  
**decision of the Board of Directors**  
**PJSC PhosAgro on 28/04/2015**  
*(Minutes of Board of Director's Meeting on 05/05/2015)*

**DIVIDEND**  
**POLICY STATEMENT**  
Public Joint-Stock Company  
**PhosAgro**  
(revised version)

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## **1. GENERAL PROVISIONS**

1.1. This Dividend Policy Statement by PJSC PhosAgro (Statement) in line with the applicable laws of the Russian Federation, the Charter of the Public Joint-Stock Company PhosAgro (Company), and the Company's internal documents governs the basic principles of the Company dividend policy, the decision-making procedures for distribution of dividends on the Company shares, the form, timing, and procedure to pay out dividends, and the proceedings on how to inform shareholders about the Company's dividend policy.

1.2. The Company's Dividend Policy is a combination of principles and methods used by the Company to define the ratio between the portion of the Company's profit to be capitalized and the profit amount to be distributed in the form of dividend, and also a system of relations and principles to determine when and how the dividends are to be paid, to establish the Company's responsibility for non-performance (undue performance) of its obligation to pay the stated dividends.

1.3. The Company Dividend Policy is based on the balance of interests of the Company and its shareholders in defining the amount of dividend payments, on respect and strict observance of the shareholder rights set forth by the applicable laws of the Russian Federation, the Charter, and internal documents of the Company, and aims to increase the Company's investment appeal and capitalization.

1.4. The objectives of this Statement are:

- to establish a transparent and efficient mechanism to determine the dividends amount and payout procedure;
- to determine the strategy of the Board of Directors in making recommendations for the amount of dividend per share and the payout procedure;
- to notify all parties concerned about the terms and conditions of dividends payout.

1.5. Terms and definitions used in this Statement shall have the same meaning as in the Russian legislation on public companies and securities unless otherwise provided in this Statement.

## **2. COMPANY DIVIDEND POLICY PRINCIPLES**

2.1. The Company's dividend policy is a part of the Company's policy towards the use of the profit earned by the Company. The Board of Directors recommendations to the General Shareholders' Meeting in relation to the amount of profit to be paid out in dividends are part of the Board of Directors recommendations for the application of profits in general.

2.2. A dividend is a part of the Company's net profit distributed among the shareholders in proportion to their shares of appropriate category (class).

2.3. The basic principles of the Company Dividend Policy are:

- transparency and predictability of dividend policy, which rely on observance of this Statement;
- an optimum combination of the Company's and its shareholders interests seeking to find an efficient and reasonable ratio of profit shares to pay out dividends, to fund investment, to support the Company growth, and to accomplish social tasks;
- necessity to maintain the required level of the Company's financial situation, ensuring the Company's development prospects;
- creating a dividend history through commitment to annual distribution of dividend whenever net profit is available;
- ensuring that all shareholders are equal when dividends are accrued and paid out;

- necessity to improve the Company investment appeal and capitalization;
- full compliance with the current legislation in making and executing decisions on dividends payment.

2.4. The Company strives for annual dividends payment.

2.5. A decision to pay dividends is the Company's right rather than obligation. The General Shareholders' Meeting can make a decision that dividends on shares should not be paid out.

2.6. If any matters related to the payment of dividends to the Company shareholders are not settled by the provisions of the Federal Law on Joint-Stock Companies, other regulations of the Russian Federation, the Company Charter, and this Statement, they must be resolved so that the rights and lawful interests of the shareholders are safeguarded.

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

3.1. The Company may, following the results of the first quarter, six months, nine months and/or full year, make decisions (statements) to pay out dividends on issued shares. A decision (statement) to pay out dividends following the results of the first quarter, six months, nine months of the year is made within three months of the end of the relevant period.

3.2. The conditions for dividends payout are:

- that the Company net profit exists over the relevant period based on the accounting records of the Company prepared in accordance with the laws of the Russian Federation;
- no limitations are applied for dividend payout as per Section 6 of this Statement;
- recommendations are available from the Company Board of Directors for the amount of dividend per share and the payment procedure;
- a decision by the Company General Shareholders' Meeting is available to pay dividends on issued shares.

### **4. DETERMINATION OF DIVIDEND AMOUNT PROCEDURE**

4.1. Dividends are paid from the Company net profit over the relevant period as defined per the accounting records of the Company prepared in accordance with the laws of the Russian Federation. Net profit is the profit remaining at Company's disposal after the taxes and other regulatory charges have been paid. The Company can use the previous years' undistributed earnings to pay the dividends.

4.2. In determining the amount of dividends recommended to the General Shareholders' Meeting and the corresponding share of the Company net profit to be distributed in dividends, the Company's Board of Directors shall aim for the amount of dividend payout to be between 30 and 50 per cent of the Company net profit as per IFRS consolidate financial statements in the relevant period for which the dividends are to be paid.

When determining the recommended amount of dividends, the Company's Board of Directors shall consider the financial results of the Company business within the relevant accounting period, the amount of earnings allocated for investments and Company development, funding of social and other projects of the Company and other factors that contribute to making a reasonable decision on the recommended amount of dividends.

4.3. When the Company has net profit over the accounting period, the Company's Board of Directors may refrain from recommending on dividend distribution if it can be reasonably expected that the distribution of dividends could substantially impair the Company's financial situation.

4.4. The recommended amount of dividends per share is denominated in Russian rubles.

## **5. DECISION MAKING PROCEDURE FOR DIVIDEND DISTRIBUTION**

5.1. The decision on dividend distribution (declaration), dividend amount, form, timing, and procedure of dividend payout is made by the General Shareholders' Meeting following recommendations from the Board of Directors.

5.2. The decision by the General Shareholders' Meeting and the recommendations of the Board of Directors on dividends distribution shall define:

- the amount of earnings allocated for dividend distribution;
- the amount of dividend per share;
- the form of dividend payout;
- the timing of dividend payout;
- the procedure of dividend payout;
- the record date to establish who will be eligible to receive dividend.

5.3. The recommendations to the General Shareholders' Meeting on the amount of dividends are made by the Board of Directors in accordance with the Company's Charter and the Board of Directors Statement by the majority of voices of those present at the meeting of the Board of Directors.

5.4. In determining the recommended amount of dividends, the Board of Directors is governed by the current legislation of the Russian Federation, the Charter of the Company and by this Statement.

5.5. The decision to distribute (declare) dividends is made at the General Shareholders' Meeting by the majority of the Company's voting share holders in presence. The amount of dividends cannot exceed the amount recommended by the Board of Directors.

5.6. A decision to distribute dividends following the results of first quarter, six month, nine months of the year is made by the General Shareholders' Meeting as a decision made on an individual item of the agenda of the General Shareholders' Meeting.

5.7. A decision to distribute dividends based on full year financial results is made by the General Shareholders' Meeting as a decision passed on an individual item of the agenda of the General Shareholders' Meeting or as part of a decision made on the fiscal year-end distribution of the Company's profits.

## **6. DIVIDEND DISTRIBUTION LIMITATIONS**

6.1. The Company may not make a decision (declaration) for distribution of dividends on its shares:

- until its equity capital has been paid in full;
- until full redemption of all shares that are to be redeemed in accordance with Article 76 of the Federal Law "On Joint-Stock Companies";
- if on the decision date the Company is qualified for insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy) or if the Company could be so qualified as a result of distribution of dividend;
- if on the decision date the Company net asset value is less than its equity capital and reserve capital and the excess over the nominal value of salvage costs of distributed preferred shares as defined by the Charter or could become less than their amount if this decision is made;
- in other cases as set forth by federal laws.

6.2. The Company may not pay out stated dividend on shares:

- if on the day the dividend is paid out, the Company is qualified for insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy) or if the Company could be so qualified as a result of distribution of dividend;

- if on the day the dividend is paid out, the Company net asset value is less than the sum of its equity capital, reserve capital and the excess over the nominal value of salvage costs of distributed preferred shares as defined by the Charter or could become less than this sum as a result of dividend distribution;
- in other cases as set forth by federal laws.

If the circumstances mentioned herein cease to exist, the Company is obliged to pay the stated dividend to its shareholders.

6.3. No dividends are accrued or paid out on Company shares:

- that are not issued (not distributed);
- the title to which has transferred to the Company;
- in other cases as set forth by the applicable laws of the Russian Federation.

## **7. PROCEDURE, FORM, AND TIMING OF DIVIDEND DISTRIBUTION**

7.1. The date to determine which persons are eligible to receive dividends in accordance with the dividend distribution (declaration) decision shall be not earlier than 10<sup>th</sup> and not later than 20<sup>th</sup> day from the decision date.

7.2. Dividends on the Company shares are paid out by money transfers.

The dividends are paid in monetary form to physical parties whose entitlement to shares is recorded on the Company's shareholders register by mail payment or, if there is an appropriate request (inquiry) from the aforesaid individuals, by bank transfer to their accounts, and to other parties whose entitlement to shares is recorded on the Company's shareholders register, by bank transfer to their bank accounts. The obligation of the Company to pay dividends to the above-mentioned parties is deemed accomplished from the date of receipt by a federal mail entity of money to be transferred or from the date the amount becomes available at the credit organization where an account is opened of the person who is entitled to receive the dividend.

The parties who are eligible to receive dividends and whose entitlement for shares is recorded by the nominee shareholder receive dividends in monetary form as set forth by the equity legislation of the Russian Federation. The nominee shareholder to whom the dividends have been remitted and who has not exercised his duty to transfer the dividends as required by the equity legislation of the Russian Federation for reasons that are beyond his control, is obliged to return the dividends to the Company within 10 days after expiration of one month from the end date of dividend payout.

7.3. The time of dividend payment to the nominal shareholder and to a security professional trustee who are recorded in the register of shareholders should not exceed 10 business days, and to other parties recorded on the register of shareholders - 25 business days from the record date when the parties eligible to receive dividends are determined.

7.4. The dividends are paid to the parties who hold the shares of an appropriate category (class) or to the parties who exercise the rights attached to such shares by the end of the banking day on the record date when the parties eligible to receive dividends are determined.

7.5. The parties who fail to receive the stated dividends because their accurate and proper address or banking details were not available to the Company or the registrar or as a result of any other delay of the creditor may apply for the payment of such dividend (unclaimed dividend) within three years from date of dividend distribution decision. The deadline to apply for unclaimed dividend payment, shall it expire, cannot be restored unless the party eligible to receive the dividends failed to apply under coercion or threat.

After the deadline expires, the accrued and unclaimed dividends are restored as part of the undistributed profit of the Company and the obligation to distribute them is terminated.

7.6. The information on dividend receipt procedure is contained in the inquiry form of the party recorded on the register. To modify this information, the party recorded on the register shall timely provide appropriate valid data.

7.7. The Company incurs the expenses related to dividend payouts.

7.8. The Company acts as a tax agent for earnings of the parties recorded on the shareholder register (except for the nominee account and the security professional trustee account). The Company calculates, withholds and transfers tax amounts from the incomes of shareholders who receive dividends in the manner and time prescribed by the applicable laws of the Russian Federation.

7.9. The dividends to the registered parties listed in para 7.8 are paid net of the withheld tax amounts.

7.10. In calculating the tax amounts to be withheld from the earnings of foreign organizations and of physical parties that are non-resident in the Russian Federation, the Company takes into account any double taxation treaties (agreements, conventions) with the countries where the foreign organizations or physical parties that are non-resident in the Russian Federation are registered.

## **8. DIVIDEND PAYMENT MANAGEMENT**

8.1. All activities on dividends payment by the Company are prepared, coordinated, and run by the Company's CEO.

8.2. The Company may, for the purposes of management and conducting of dividend payment, employ a registrar who keeps the Company's shareholder register, or a credit organization (Dividend Disbursing Agents). The employment of a Dividend Disbursing Agent does not relieve the Company of its obligation to the shareholder to pay their due dividends.

8.3. If a Dividend Disbursing Agent is employed, the Company shall make an employment contract with such Agent, describing the rights and obligations of the parties, their responsibilities, and settlement procedures under the contract.

## **9. COMPANY LIABILITY FOR NON-PAYMENT OF STATED DIVIDEND**

9.1. The Company is obliged to pay the stated dividend on shares of each category (class).

9.2. If the Company fails to meet its obligations to pay the dividends, the shareholders may seek the payment of the stated dividend in court.

9.3. If the stated dividends are delayed to be paid or are not paid in full through the Company's fault, the Company is liable under the legislation of the Russian Federation.

9.4. The Company and its officers are not responsible if dividends are not received by those shareholders who failed to timely submit their accurate banking details or postal addresses for receipt of dividends to the Company's shareholder register maintenance system (depository).

## **10. INFORMING THE SHAREHOLDERS ON COMPANY'S DIVIDEND POLICY**

10.1. The Company will ensure that this Statement and all revisions (supplements) are uploaded to the Company's web site at: <http://www.phosagro.ru/>.

10.2. The information about the decisions made by Company's shareholders meeting regarding dividends payment (declaration), their amount, form, timing and procedure of payment shall be disclosed by

the Company as required by the applicable laws and regulations of the Russian Federation and shall provide to the shareholders a clear and accurate understanding of these matters.



## **11. CONCLUSIONS**

11.1. This Statement is approved, modified, and supplemented by the decision of the Company Board of Directors which is made by the majority of votes of those present at the Board of Directors meeting.

11.2. If, as a result of changes in the Russian legislation acts or other regulations, individual provisions of this Statement come into conflict with them, these provisions become void and, until appropriate amendments are made in the Statement, the Company is governed by the norms (requirements) of the existing legislation and regulations of the Russian Federation.