

APPROVED
by Resolution of the Board of Directors
of PJSC PhosAgro dd. September 24,
2019 (Minutes of the Meeting of
the Board of Directors
dd. September 27, 2019, unnumbered)

DIVIDEND REGULATIONS
of Public Joint Stock Company PhosAgro

(revised version)

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1. GENERAL PROVISIONS

1.1. Pursuant to the applicable laws of the Russian Federation, the Charter of Public Joint Stock Company PhosAgro (hereinafter, the “Company”), and the Company's internal regulations, these Dividend Regulations (hereinafter, the Regulations) define the key principles of the Company's dividend policy, the process of declaration of dividends payable on the Company's shares, their form, the period and the procedure of their payment, as well as the methods of communicating the dividend policy to the shareholders.

1.2. The Company's dividend policy represents a set of principles and methods used by the Company to determine the ratio between the Company's profits that are to be capitalised, and the profits to be distributed as dividends, and a system of relationships and rules determining the period and the procedure of their payment, as well as the Company's liability for failure to perform (properly perform) its obligations to pay the declared dividends.

1.3. The Company's dividend policy is predicated on the balance of the Company's interests and those of its shareholders in calculating the dividend amount, on respect and strict observance of shareholders' rights as provided by the applicable laws of the Russian Federation, the Charter, and the Company's internal regulations, and seeks to improve the Company's investment potential, and increase its capitalisation.

1.4. The purposes of these Regulations are:

- to establish a transparent and efficient mechanism of determining the amount of dividends and the procedure of their payment;
- to define the strategy of the Company's Board of Directors in developing recommendations as to the amount of dividends payable on the shares, and the procedure of their payment;
- to communicate the information on the conditions and procedure of dividend payment to all stakeholders.

1.5. Unless otherwise provided in these Regulations, the terms and definitions used herein have the same meaning as is ascribed to them in the joint stock company and securities laws of the Russian Federation.

2. PRINCIPLES OF THE COMPANY'S DIVIDEND POLICY

2.1. The dividend policy is part of the Company's policy regulating the use of its profit. Recommendations of the Board of Directors to the Company's General Shareholders Meeting in respect of part of the profit to be allocated to the payment of dividends, represent part of the Board of Directors' recommendations as to the use of the profit in general.

2.2. Dividends shall be understood to mean part of the Company's net profit distributable among the shareholders pro rata to the number of shares of the respective type (class) held by them.

2.3. The key principles of the Company's dividend policy are:

- transparency and predictability of the dividend policy ensured by the compliance with the provisions of these Regulations;
- harmonisation to the maximum possible extent of the Company's interests and those of its shareholders in searching for efficient and justified relation between parts of profit allocated to the payment of dividends, to finance investments, to ensure the Company's development, and to solve social problems;
- maintenance of the Company's required financial position, securing its growth prospects;
- creation of dividend history by endeavouring to distribute dividends annually subject to accumulation of net profit;
- ensuring shareholders' equal rights in calculating and paying dividends;
- improvement of the Company's investment potential and increase of its capitalisation;
- full compliance with the requirements of the applicable laws in declaring and paying dividends.

2.4. The Company seeks to distribute dividends annually.

2.5. Declaration of dividends is the Company's right, but not an obligation. The Company's General Shareholders Meeting may elect not to declare dividends on shares.

2.6. If any issues connected with the payment of dividends to the Company's shareholders are not regulated by the provisions of the Federal Law *On Joint-Stock Companies*, other regulations of the Russian Federation, the Company's Charter and these Regulations, they will be resolved as required to ensure shareholders' rights and lawful interests.

3. CONDITIONS TO DIVIDEND PAYMENT

3.1. The Company may following the results of the first quarter, six months, nine months and / or the whole of the financial year elect to declare dividends on the outstanding shares. The resolution to pay (declare) dividends following the results of the first quarter, six months and nine months of the financial year may be made within three months of the expiration of the relevant period.

3.2. Conditions to the payment of dividends are as follows:

- the Company has accumulated the relevant undistributed net profit;
- dividends are not restricted as specified in Section 6 hereof;
- the Company's Board of Directors has issued its recommendations on the amount of dividends payable on shares, and the procedure of their payment;
- the Company's General Shareholders Meeting has adopted the resolution to pay dividends on the outstanding shares, in the amount not exceeding the amount of dividends recommended by the Company's Board of Directors.

4. DIVIDEND CALCULATION

4.1. Dividends shall be paid out of the Company's net profit for the relevant period determined by reference to the Company's accounts prepared in accordance with the legal requirements of the Russian Federation. Net profit shall mean the profit retained by the Company after taxes and other statutory payments. The Company may pay its dividends out of its retained profit for the previous years.

4.2. The Board of Directors shall be guided by the following principles when determining the amount of dividends recommended to the General Meeting of Shareholders of the Company following the results of the first quarter, half-year, nine months of the financial year and/or the results of the financial year:

4.2.1. If the net debt/EBITDA ratio calculated based on the consolidated financial statements for the relevant period prepared in accordance with the International Financial Reporting Standards is lower than the 1.0x value, the amount of funds allocated for dividend payment will normally be not less than 75% of free cash flow calculated on the basis of the Company's IFRS consolidated financial statements for the relevant period.

4.2.2. If the net debt/EBITDA ratio calculated based on the consolidated financial statements for the relevant period prepared in accordance with the International Financial Reporting Standards is higher than the 1.0x value, but lower than the 1.5x value, the amount of funds allocated for dividend payment will normally be not less than 50%, but not more than 75% of the free cash flow calculated on the basis of the Company's IFRS consolidated financial statements for the relevant period.

4.2.3. If the net debt/EBITDA ratio calculated on the basis of the consolidated financial statements for the relevant period prepared in accordance with the International Financial Reporting Standards is higher than the 1.5x value, the amount of funds allocated for dividend payment will normally not exceed 50% of the free cash flow calculated on the basis of the Company's IFRS consolidated financial statements for the relevant period.

4.2.4. If the estimated amount of funds allocated for dividend payment in accordance with

paragraphs 4.2.1-4.2.3. is less than 50% of the Company's net profit for the relevant period, calculated in accordance with international standards of consolidated financial reporting and adjusted for the amount of unrealized exchange rate difference, the amount of funds allocated for dividend payment will be at least 50% of the Company's net profit for the relevant period, calculated in accordance with international standards of consolidated financial reporting.

4.2.5. The amount of dividends recommended by the Board of Directors for payment based on the results of the corresponding period of the financial year is determined as the difference between the amount calculated in accordance with paragraphs 4.2.1 - 4.2.4 and the amount of dividends accrued for the previous periods of the financial year.

4.3. When determining the recommended amount of dividends, the Board of Directors of the Company shall take into account the Company's financial results for the relevant period, the amount of profit allocated or supposed to be allocated for investment and further development of the Company, for financing of social and other projects of the Company, as well as other factors relevant for making a motivated decision on the recommended amount of dividends.

4.4. The Company's Board of Directors shall be entitled to refrain from recommending dividend payment (or to recommend dividend payment in the amount less than expected in accordance with the procedure provided for in Clause 4.2.) where the Company has net profit for the relevant period, but it is reasonably assumed that dividend payment may lead to a significant deterioration of the Company's financial position.

4.5. The recommended dividend on one share shall be denominated in roubles.

5. DIVIDEND DECLARATION

5.1. The Company's General Shareholders Meeting shall adopt a resolution in respect of payment (declaration) of dividends, and the procedure of their payment, based on the recommendation of the Board of Directors.

5.2. The resolution of the General Shareholders Meeting, and recommendations of the Board of Directors shall define:

- the amount of the profit allocated to dividends;
- the amount of the dividend per one share of each type (class);
- the form of dividend;
- the time of payment;
- the payment procedure;
- the record date for the purposes of the dividend payment.

5.3. The Company's Board of Directors shall adopt its recommendations to the General Shareholders Meeting as to the amount of dividends in accordance with the Charter, and the Regulation on the Company's Board of Directors, by majority of votes cast by directors attending the meeting.

5.4. In determining the recommended dividend amount the Company's Board of Directors shall rely on the current laws of the Russian Federation, the Company's Charter and these Regulations.

5.5. The Company's General Shareholders Meeting shall adopt its resolution to pay (declare) dividends by majority of votes cast by holders of the Company's voting shares taking part in the meeting. The amount of the dividends shall not be more than that recommended by the Company's Board of Directors.

5.6. The resolution to pay dividends following the results of the first quarter, six months, or nine months of the financial year shall be included in the General Shareholders Meeting agenda as a separate item.

5.7. The resolution to pay dividends following the results of the financial year shall be included in the General Shareholders Meeting agenda as a separate item, or as part of the item concerning distribution of the Company's profit following the results of the financial year.

6. RESTRICTED DIVIDENDS

6.1. The Company may not resolve to (declare) dividends on shares:

- until full payment of the Company's authorised capital;
- until all the shares that have to be bought back in accordance with Article 76 of the Federal Law *On Joint Stock Companies* have been bought back;
- if on the day of such decision the Company shows signs of insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy), or if such signs will appear as a result of the dividend payment;
- if on the date of such decision the net value of the Company's assets is less than its authorised capital, the reserve fund, and the excess of the liquidation value of the outstanding preferred shares over their nominal value as determined by its Charter, or will become less than that as a result of such decision;
- otherwise as provided by the federal laws.

6.2. The Company may not pay the declared dividends on shares:

- if on the day of such payment the Company shows signs of insolvency (bankruptcy) in accordance with the laws of the Russian Federation on insolvency (bankruptcy), or if such signs will appear as a result of the dividend payment;
- if on the date of payment the Company's net asset value is less than its authorised capital, the reserve fund, and the excess of the liquidation value of the Company's outstanding preferred shares over their nominal value as determined by its Charter, or will become less than that, following the payment of dividend;
- otherwise as provided by the federal laws.

Upon cessation of the circumstances referred to in this clause, the Company must pay the declared dividends to its shareholders.

6.3. No dividends shall be calculated and paid on those of the Company's shares that:

- are not outstanding (not allocated);
- are held by the Company;
- in other cases as provided in the current laws of the Russian Federation.

7. PROCEDURE, FORMS AND PERIOD OF DIVIDEND PAYMENT

7.1. The record date for the purposes of the dividend payment (declaration), may not occur before the 10th day after the adoption of the resolution to pay (declare) dividends, and after the 20th day since its adoption.

7.2. Dividends on the Company's shares shall be paid in cash via bank transfer.

Cash dividends owed to natural persons, whose rights to shares are recorded in the Company's share register, shall be paid by a postal order or, in case they have completed a relevant application (questionnaire), via bank transfer to their bank accounts, and dividends owed to other persons, whose rights to shares are recorded in the Company's share register, by remitting the cash amount to their bank accounts. The Company's obligation to pay dividends to the above-mentioned persons shall be deemed discharged from the date the transmitted funds are accepted by federal postal service, or after the same are received by the credit institution where the bank account of the person entitled thereto has been opened.

Persons entitled to dividends, whose rights to shares are recorded by a nominal holder, shall receive their dividends in cash in the manner established by the securities laws of the Russian Federation. The nominal holder in receipt of the remitted dividends who has failed to perform its obligation to transfer the same, as established by the Russian Federation securities laws, for the reasons beyond of its control, shall return the dividends to the Company within 10 days after the expiry of one month following the date of the dividend payment period expiry.

7.3. The payment period for dividends payable to a nominal holder or a trustee, which is a professional participant of the securities market, who are registered in the share register, shall be not more than 10 business days, and for dividends payable to other persons registered in the share register not more than 25 business days after the record date.

7.4. Dividends shall be paid to persons who at the close of the business day, which is determined to be the record date in accordance with the dividend resolution, held the shares of the relevant type (class), or exercised rights in respect thereof in accordance with federal laws.

7.5. Any person who has not received the declared dividends due to the fact that their accurate address or banking details were not available to the Company or the registrar as required, or due to any other delays on the part of the creditor, may request payment of such dividends (unpaid dividends) during the period of three years from the date of the resolution to pay the same. The time period for claiming unpaid dividends, should it lapse, may not be reinstated, except when a person entitled to dividends has failed to file the claim as a result of duress or threats

Upon expiration of such period declared and unclaimed dividends shall be credited to the Company retained earnings, and the obligation to pay the same shall terminate.

7.6. Information on the method of receiving dividends shall be specified by the persons registered in the Company's register in their questionnaires. In order to amend such information, the relevant person registered in the register, shall in due time submit the relevant and valid data.

7.7. The Company shall bear expenses connected with the payment of dividends.

7.8. The Company shall act as a tax agent in respect of the proceeds under the shares held by persons registered in the share register (other than in respect of the accounts of a nominal holder or a trustee). The Company shall calculate, deduct and transmit taxes charged on the proceeds of shareholders in receipt of dividends, in the manner and within the time as provided in the current laws of the Russian Federation.

7.9. Dividends owed to registered persons referred to in Clause 7.8 shall be paid less of withheld taxes.

7.10. In calculating taxes to be withheld from the proceeds of foreign entities, as well as individual non-residents, the Company shall take into account the existence or lack of tax treaties entered into with the states where such foreign entities or individual non-residents are registered.

8. ARRANGEMENTS TO PAY DIVIDENDS

8.1. The Company's CEO shall prepare, coordinate and carry out any arrangements to pay dividends.

8.2. In order to arrange for and effect the payment of dividends, the Company may engage a registrar maintaining the Company's share register, or a credit institution (hereinafter, the Payment Agents). The engagement of a Payment Agent shall not release the Company from its liability to shareholders to pay the dividends owed to them.

8.3. Should the Company decide to engage a Payment Agent, it shall enter into an agreement setting out the rights and obligations of both parties, their liabilities, and the payment procedure thereunder.

9. COMPANY'S LIABILITY FOR FAILURE TO PAY THE DECLARED DIVIDENDS

9.1. The Company must pay the declared dividends on each type (class) of shares unless otherwise provided by the relevant legislation of the Russian Federation.

9.2. Should the Company fail to perform its obligations to pay the dividends, the shareholders may claim their payment in court.

9.3. In case of an incomplete or untimely payment of the declared dividends through the Company's fault, it shall be held liable in accordance with the laws of the Russian Federation.

9.4. The Company and its officers shall not be liable for non-receipt of dividends by those shareholders who have failed to submit to the Company's share register support system (depository) their accurate bank details, or postal address required to receive the same.

10. COMMUNICATING THE COMPANY'S DIVIDEND POLICY TO SHAREHOLDERS

10.1. The Company shall cause the following documents to be published on its web-site at: <http://www.phosagro.ru/>

- the Regulations and all amendments (addenda) hereto.

10.2. Information on the adoption by the Company's General Shareholders Meeting of a resolution to pay (declare) dividends, their amount, the form, period, and procedure of their payment shall be disclosed by the Company in the manner provided by the current laws of the Russian Federation, and shall give shareholders an unambiguous and clear notion in respect of these matters.

11. FINAL PROVISIONS

11.1. These Regulations shall be approved, amended and supplemented on the basis of a resolution adopted by the majority of votes cast by the Company's directors attending the Board meeting.

11.2. Where statutory or other regulatory acts of the Russian Federation are amended in such a way that certain provisions of these Regulations turn to contradict them, such provisions shall become void, and until these Regulations are amended accordingly, the Company shall rely on the provisions (requirements) of the current laws and regulations of the Russian Federation.