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Public Joint Stock Company Uralkali

Approved by a resolution the Board of Directors
of PJSC Uralkali dated 19 July 2023

(Minutes No 429)

THE RISK MANAGEMENT AND INTERNAL CONTROL POLICY OF PJSC URALKALI

Berezniki, Perm Region

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1. General provisions

1.1. Purpose and application

- 1.1.1. This Risk Management and Internal Control Policy (hereinafter, the Policy) establishes the purposes, goals, functioning principles and the structure of the corporate Risk Management and Internal Control System (RMICS) of PJSC Uralkali (hereinafter, the Company).
- 1.1.2. This Policy applies to all subdivisions of the Company and requires a review by all employees.
- 1.1.3. Additional risk management and internal control procedures and documents may be developed for subdivisions of the Company to supplement this Policy. These procedures may detail various approaches in a particular field but must not contradict the provisions of this Policy.

1.2. Regulatory framework

- 1.2.1. GOST R ISO 31000-2010. Risk Management. Principles and Guidelines.
- 1.2.2. ISO 31000:2018 (E). Risk Management – Guidelines.
- 1.2.3. COSO ERM. Enterprise Risk Management.
- 1.2.4. Federal Law No. 208-FZ “On Joint Stock Companies” dated 26.12.1995.
- 1.2.5. Federal Law No. 402-FZ “On Accounting” dated 06.12.2011.
- 1.2.6. Federal Law No. 273-FZ “On Counter-Corruption” dated 25.12.2008.
- 1.2.7. Decree of the Federal Agency for State Property Management (hereinafter, Rosimuschestvo) No. 86 “On the Approval of Methodological Recommendations for the Organisation of the Work of Audit Committees of Boards of Directors of Joint Stock Companies with Participation of the Russian Federation” dated 20.03.2014.
- 1.2.8. Order of Rosimuschestvo No. 249 “On the Approval of Methodological Recommendations for the Organisation of the Work of Internal Audit in Joint Stock Companies with Participation of the Russian Federation” dated 04.07.2014.
- 1.2.9. Order of Rosimuschestvo No. 80 “On the Approval of Methodological Recommendations for the Organisation of Risk Management and Internal Control in the Framework of Prevention of Corruption in Joint Stock Companies with Participation of the Russian Federation” dated 02.03.2016.
- 1.2.10. The Code of Corporate Governance of the Russian Federation recommended by Letter of the Bank of Russia No. 06-52/2463 “On the Code of Corporate Governance” dated 10.04.2014.
- 1.2.11. Information from the Ministry of Finance of Russia No. PZ-11/2013 “Organisation and Implementation by a Business Entity of Internal Control of Economic Activities, Accounting and Preparation of Accounting (Financial) Statements.
- 1.2.12. Information letter of the Bank of Russian dated 01.10.2020 No IN-06-28/143 “On Recommendations for the Organisation of Risk Management, Internal Control, Internal Audit and the work of the Audit Committee of the Board of Directors (Supervisory Board) in Public Joint Stock Companies”.
- 1.2.13. Internal Control – Integrated Framework 1992, 1994, 2013 developed by COSO – The Committee of Sponsoring Organisations of the Treadway Commission, USA (the COSO Framework).
- 1.2.14. International Professional Practices Framework for Internal Auditors adopted by the International Institute of Internal Auditors (including International Professional Standards of Internal Audit).
- 1.2.15. The Code of Corporate Governance of PJSC Uralkali dated 27.12.2021.
- 1.2.16. The Charter and internal documents of the Company.

1.3. Terms and Definitions

Business process – a sequence of inter-related actions that create value for the organisation and are aimed at the development of a particular product or service.

Business process owner – an officer who has at their disposal the required personnel, infrastructure, software and hardware and information about the business process, manages the business process and bears responsibility for the results and effectiveness of the business process at all its stages, as well as for the performance of the internal control system within the business process.

Risk owner – head of a subdivision who bears personal responsibility for risk management (including risk identification, assessment, management and reporting).

Control (procedure) owner – an officer appointed by a business process owner who is responsible for the development and proper implementation of controls.

Internal control – a process implemented by the Board of Directors, executive and supervisory authorities, officers and other employees of the Company to ensure effectiveness and efficiency of economic activities of the Company, reliability and accuracy of all types of reporting of the Company, compliance with laws, regulations and internal documents of the Company, safety of all employees, assets and reputation.

Key risk indicators – indicators used for early detection of a change in the probability and/or impact or potential materialisation of a risk.

Key risks – risks that have a major impact on the Company's ability to achieve its strategic, operating and other goals.

Control procedure (control) – activities, actions performed by employees and/or operations in information systems or a combination of these processes implemented at various levels in the organisation structure of the Company's production facilities and aimed to reduce the probability and/or impact of risks on the achievement of goals of business processes of the Company's production facilities.

Corporate Risk Management and Internal Control System (RMICS) – a system of corporate governance, which includes the risk management system and the internal control system.

Risk management activity – an action aimed to maintain / change the risk probability and/or consequences or targeting a risk source.

Risk assessment – determination of the risk probability and consequences of this risk materialises.

Acceptable risk level – the level of risk that the Company is ready to accept.

Head of Internal Control Practice – a position responsible for maintaining and providing methodological support to the internal control processes in the Company.

Risk – a potential event that may affect the Company's ability to achieve its strategic, operating and other goals.

Management – senior executives and middle management of the Company.

Risk Management System (RMS) – a complex of elements including the risk management strategy, methodologies and procedures, and the organisational structure aiming to identify, assess and manage risks and to monitor the implementation of decisions adopted at the corporate level.

Internal Control System (ICS) – a complex of policies, organisational structures, procedures and actions implemented by management and employees, which serve to provide reasonable assurance in the achievement of the following:

- Goals of the Company and minimisation of risks to an acceptable level;
- Effectiveness and efficiency of economic activities;
- Reliability and accuracy of all types of reporting;
- Compliance with applicable laws;
- Safeguarding of assets.

Risk Department – a subdivision responsible for the performance of the Company's Risk Management System.

1.4. Abbreviations

Abbreviation	Definition
CEO	Chief Executive Officer
RMICS	Corporate Risk Management and Internal Control System
IFRS	International Financial Reporting Standards
Company	PJSC Uralkali
RAS	Russian Accounting Standards
Board	Board of Directors of PJSC Uralkali
RMS	Risk Management System
ICS	Internal Control System
RM&IC	Risk management and internal control

1.5. Users of documents

1.5.1. This Policy was developed for and is binding on all subdivisions and employees of the Company.

2. Goals of the RMICS

2.1. Risk management is an important component of the Company's system of corporate governance aimed at creating, increasing and protecting the value of the business through proper management of internal and external threats and opportunities that arise in the course of the Company's business activities, thus providing a reasonable assurance that the Company will achieve its business goals.

2.2. The goal of the RMICS is to provide a reasonable assurance that the Company will achieve its goals.

2.3. The Company's objectives related to RM&IC are to:

- Ensure financial, economic and resource efficiency;
- Identify and manage risks;
- Ensure safeguarding of assets;
- Ensure completeness and reliability of financial, statistical, management and other reporting;
- Monitor compliance with legislation and internal policies, regulations and procedures of the Company (external and internal compliance)

2.4. The process of adopting key decisions in the Company is supported by an assessment of risks associated with such decisions. An adequate assessment of risks and a timely risk response is a basic precondition for the protection of the Company's long-term values for the benefit of its shareholders and for the fulfilment of obligations it assumed, and provides a reasonable assurance that the Company will achieve its goals.

3. Principles of the RMICS

3.1. The Company is guided by the following integral principles when organising the RMICS:

- 3.1.1 Tone from the top: managers at all levels must follow this Policy to be an example for their subordinates and prevent materialisation of risks and ineffectiveness of internal controls through methods available – thus demonstrating the tone from the top.
- 3.1.2 Holistic, systemic and continuing processes: RM&IC processes in the Company are systemic and integrated in strategic and operating management at all levels; they cover all subdivisions and employees in any business process and aim to timely identify and prevent significant deficiencies.
- 3.1.3 Result-orientated approach: the RMICS is an element of an overarching system supporting management decisions in the process of achievement of strategic goals and aims to identify events that may influence the goal achievement process.

- 3.1.4 Cross-functional interaction: management of cross-functional risks and risks affecting several subdivisions or subsidiaries is based on joint decisions supported by information inputs from various functions and subdivisions.
- 3.1.5 Management involvement and support: managers at all levels are involved in and support the RMICS implementation and improvement process.
- 3.1.6 Timely communications:
- Subdivisions provide information about risks, deficiencies and deviations in the internal control system and address them in a timely manner and within their mandate;
 - Information about risks is communicated to all management levels for timely corrective decisions by management;
- 3.1.7 Separate decision levels: risk minimisation decisions are adopted at different management levels depending on risk significance.
- 3.1.8 Bottom-up and top-down approach: the foremost activity is the implementation of risk management measures and control procedures in relation to the highest priority risks. Risk minimisation solutions and control over risk management is cascaded from higher to lower management levels.
- 3.1.9 Separation of authorities: the Company aims to avoid assigning the authorisation, transaction registration and accounting functions, as well as asset safeguarding functions, to the same person or subdivision. If critical authorities cannot be separated, compensating controls are introduced.
- 3.1.10 Documentation:
- Business processes are documented in internal regulations and/or on block charts;
 - Controls at all management levels and in all business processes are formalised, i.e. reflected in internal regulations and ICS documentation;
 - Results of implementation of controls are documented and stored by business process owners and/or their authorised representatives (to ensure conservation of initial accounting documents, sign and authorise documents, store e-mails and other results involved in a control procedure, develop documents reflecting results of implementation of controls).
- 3.1.11 Reasonable sufficiency: the scope and economic efficiency of RM&IC procedures should be necessary and sufficient for the achievement of the Company's goals. At the same time, the cost and implementation difficulty of these procedures should be commensurate with the magnitude of potential losses if a risk event occurs.
- 3.1.12 Efficiency: the efficiency of risk management is ensured by monitoring of key risk indicators, which are developed for each corporate risk, and of efficiency of internal controls, which are developed for risk minimisation purposes. The efficiency of controls is ensured through periodic testing and identification of materialised operating risks.
- 3.1.13 Single methodological base: RM&IC activities are based on the approaches and methodological standards common for the whole Company: GOST R ISO 31000:2010 Risk Management. Principles and Guidelines; and Internal Control – Integrated Framework, 1992, 1994, 2013 (the COSO Framework).
- 3.1.14 Support: functions of participants of the RM&IC process are supported by authorities, technical and other resources. All employees of the Company assist RM&IC subdivisions in their work.
- 3.1.15 Continuous development and improvement: RM&IC procedures in the Company are continuously improved to ensure the highest possible efficiency of management and adapted to internal and external changes.
- 3.1.16 Anti-corruption and anti-fraud: RM&IC activities related to prevention and countering of corruption and fraud are governed by the Anti-Corruption Policy of PJSC Uralkali and are implemented in a systemic manner to ensure a common and integrated approach of the

Company to the development and implementation of prevention and counter measures, and are an element of the Company's RMICS.

4. Roles and responsibilities in the RMICS

4.1. Every employee of the Company is responsible for efficient work of the RMICS, for the application of a risk-oriented approach within their functional duties, and for the observance of internal control procedures.

4.2. Functionally, RMICS is interrelated with the following management systems:

- Strategic management system;
- Performance management system;
- Budgeting and planning system;
- Legal and regulatory compliance system (including environmental management, health & safety, anti-laundering and anti-trust requirements etc.);
- Anti-corruption and anti-fraud system;
- RAS and IFRS accounting system; and
- Other functional systems of the Company.

4.3. Distribution of roles and responsibilities is presented in the table below.

Role	Authorities and responsibilities
Board of Directors	<p>Control over the risk management and internal control system:</p> <ol style="list-style-type: none"> 1. Definition of principles and approaches to the work of the RMICS, including by means of approving a general risk management and internal control policy. 2. Review of strategic risks during the approval of the strategy; review of the Company's development principles and strategic plans considering recommendations from relevant committees. 3. Review of project risks during the approval of the Company's investment projects considering recommendations from relevant committees. 4. Review and monitoring of key risks of the Company including the acceptable risk level.
Audit Committee of the Board of Directors	<ol style="list-style-type: none"> 1. Support of the Board of Directors in terms of ensuring efficiency of risk management and internal control, including: <ul style="list-style-type: none"> - Review of the draft Risk Management and Internal Control Policy and subsequent versions; - Review of reports on key risks of the Company (including on the acceptable risk level); - Review of the RMC and ICS development strategy and corresponding implementation reports; - When becomes necessary, initiation of an assessment of reliability and efficiency of RM&IC activities followed by a review of the assessment results. 2. Assistance in maintaining open and effective cooperation between participants of the RMICS.
Risk Committee under the CEO	<ol style="list-style-type: none"> 1. Review of reports on key risks of the Company (including on the acceptable risk level); monitoring of efficiency of risk minimisation measures; development of improvement recommendations. 2. Review of the RMC and ICS development strategy and functional plans and corresponding implementation reports.

	<ol style="list-style-type: none"> 3. When becomes necessary, initiation of an assessment of reliability and efficiency of RM&IC activities followed by a review of the assessment results. 4. Review and approval of functional risk strategies; development of recommendations to approve the strategy of the Company. 5. Review of functional risk strategy reports, including determination of completion status of activities listed in KPIs; 6. Review of the impact of key risks on the long-term investment model. 7. Review of internal control efficiency assessment results and development of improvement proposals. 8. Approval of ICS materials to be presented to the Risk Committee under the CEO and the Audit Committee of the Board of Directors.
Executive bodies of the Company (CEO and Management Board)	<ol style="list-style-type: none"> 1. Selection of priority risk areas; review of proposals to set an acceptable risk level for different priority risk areas; 2. Adoption of programmes to establish a RM&IC culture as an integral part of the overall corporate culture. 3. Consideration of risks during strategic, investment and business planning and other key decision-making processes. 4. Communication to the Board of Directors of information about risks that may reduce the likelihood of achieving goals of management. Establishment, support and development of an efficient RMICS, implementation of resolutions of the Board of Directors related to RM&IC. 5. Approval of an RM&IC methodology. 6. Efficient adoption and use of RM&IC tools. 7. Consideration of risks during the setting of goals for senior executives. 8. Allocation of resources necessary for consideration of risks and achievement of internal control objectives during activities and decision-making in the Company. 9. Participation in the RMICS performance assessment and in the decisions to improve the RMICS.
Risk Department	<ol style="list-style-type: none"> 1. Creation of a strategic integrated risk management system; maintenance of the risk level allowing for continued and economically safe activities and sustainable development of the Company at various management levels. 2. Support of efficiency of risk management processes in the Company. 3. Coordination of systemic activities of the RMC; methodological support of decision-making, strategic and business planning, production asset management, performance management and other business processes. 4. Development of a methodological base for the strategic integrated risk management system; formulation of key principles for developing internal risk management regulations for the Company and its subdivisions; development, approval and updating of the Company's risk management regulations and guidelines. 5. Development of reports on key risks of the Company (including on the acceptable risk level). 6. Informing of the Audit Committee of the Board of Directors and relevant executive governance bodies of the Company about the performance of the RMC and about other risk management matters.

	<ol style="list-style-type: none"> 7. Participation in decision-making processes by conducting a timely and efficiency risk analysis to support decision makers (if necessary). 8. Participation in the development of management reports in terms of risk information and proposed response approaches. 9. Disclosure of risk management information as part of the overall disclosure process in the Company. 10. Development of the risk culture in the Company including risk management workshops and integration of risk management elements in existing training programmes. 11. Development of the RMC development strategy and a functional risk management plan with corresponding implementation reports; continuous improvement of RMC processes.
Head of Internal Control Practice	<ol style="list-style-type: none"> 1. Support of efficiency of the RMC by assisting in the identification of operating risks and implementation and assessment of design of necessary controls in operating processes, including by developing / updating the risk matrix and key indicators of business processes. 2. Risk matrix and key indicators of business processes are developed / updated in line with functional plans of internal control. 3. Development of single approaches in internal control; development, approval and updating of internal control regulations and guidelines. 4. Informing of the Audit Committee of the Board of Directors and relevant executive governance bodies of the Company about the performance of the RMC and about other risk management matters. 5. Participation in decision-making processes by conducting a timely and efficiency risk analysis to support decision makers (if necessary). 6. Participation in the development of management reports in terms of risk information and proposed response approaches. 7. Disclosure of risk management information as part of the overall disclosure process in the Company. 8. Implementation of internal control workshops. 9. Monitoring of activities to continuously improve the ICS.
Heads of subdivisions (owners of risks and/or business processes) of the Company	<ol style="list-style-type: none"> 1. Implementation of a risk-oriented approach in operating activities of functional areas; proliferation of principles and values of the risk management culture among employees. 2. Identification and assessment of risks within their areas of responsibility; development and implementation of risk response activities including control procedures. 3. Allocation of necessary risk response resources; appointment of employees responsible for implementing risk management activities. 4. Regulation of business processes including identification of risks and development of control; development of internal risk management regulations for functional areas; coordination of approaches with the Risk Department and Head of Internal Control Practice. 5. Introduction of functions and obligations to implement risk management and control activities into job descriptions of employees. 6. Support of efficient implementation of control procedures.

	<ol style="list-style-type: none"> 7. Optimisation of business or decision-making processes on the basis of results of risk management procedures, including automation of control procedures. 8. Engagement of the Risk Department and Head of Internal Control Practice on RM&IC matters and on disclosure of risk management information within their functional areas.
Employees	<ol style="list-style-type: none"> 1. Application of a risk-oriented approach and adoption of risk-oriented decisions in work within their area of responsibility. 2. Consideration and monitoring of risks; implementation of controls within their area of responsibility; implementation and follow-up of risk management action plans. 3. Timely communications with immediate supervisors about internal and external changes capable of influencing the risk degree or of creating new risks and also when implementation of risk management activities becomes impossible or requires an adjustment.
Internal Audit Directorate	<ol style="list-style-type: none"> 1. Assessment of the efficiency of the RMICS as per the audit plan, including an assessment of: <ul style="list-style-type: none"> - RM&IC approaches and methods in terms of their consistency with the needs of the Company; - Consideration of risks when setting goals for the Company; - Efficiency of the risk response system and development of corresponding internal controls. 2. Development of proposals and recommendations to improve RM&IC activities in the Company. 3. Monitoring of measures aiming to improve efficiency of risk management within the internal control system in line with the audit plan.

5. Processes and structure of the RMICS

5.1. Risk management and internal control are an integral part of the Company's financial and economic activities and are business processes that are subject to management. The procedures to manage risks associated with specific business processes are described in corresponding internal regulations.

5.2. The Company integrates RM&IC procedures into the key business processes including decision-making.

5.3. The risk management process includes the following stages:

- Identification of risks;
- Analysis and assessment of risks;
- Development of risk minimisation activities including internal controls, which are to be developed in accordance with the internal control processes as described in Item 5.4;
- Implementation of risk minimisation activities including internal controls;
- Monitoring of risks.

5.4. The internal control process at the business process level should include the following stages:

- Analysis of a business process, its objectives and goals;
- Identification of risks of non-achievement of the business process's goals; analysis of causes of risks; analysis of opportunities within the business process;
- Development and description of controls capable of preventing or minimising risk factors affecting the achievement of the business process's goals;

- Assessment of efficiency of controls;
 - Development and implementation of corrective actions to eliminate deficient or excessive controls.
- 5.5.** A detailed description of stages of the risk management and internal control processes is given in corresponding internal regulations.
- 5.6.** The organisational structure of RM&IC matches the management levels in the Company:
- The Risk Department of the Internal Audit Directorate coordinates risk management, information collection and consulting of risk owners about the risk management methodology;
 - Head of Internal Control Practice coordinates internal control and consulting of risk owners about the internal control methodology;
 - Subdivisions and subsidiaries appoint persons responsible for collecting and submitting risk information: these are risk coordinators and internal control managers who document risks and controls and assess efficiency of controls for specific business processes.
- 6. Limitations of the RMICS**
- 6.1.** Factors limiting the RMICS:
- Subjective judgements of RMICS participants during the identification, analysis and assessment of risks, selection of internal control procedures, including in terms of cost and benefit;
 - Errors of RMICS participants due to negligence or lack of competence;
 - Feasibility and economic effectiveness of implementing risk reduction measures, including internal control procedures;
 - Level of information support provided to RMICS participants;
 - Level and amount of resources and level of qualification of RMICS participants;
 - Impact of external events that are beyond the Company's control;
 - Possibility of internal control procedures being deliberately bypassed by management, i.e. cancellation of the required policies and procedures for unlawful purposes such as illegal personal gain or misrepresentation of the Company's results;
 - Collusion of the Company's officers or third parties.
- 7. Final Provisions**
- 7.1.** This Policy is enacted and cancelled by an internal order on the basis of a resolution of the Board of Directors.
- 7.2.** Head of Internal Control Practice is responsible for updating this Policy.
- 7.3.** Director of Internal Audit is responsible for following up on this Policy.
- 7.4.** The Policy is published on the official website of the Company at www.uralkali.com and is available to all interested parties.