

Approved by:

Resolution by Sole Shareholder owning all
voting shares of UMP JSC

No. 14/21 dated November 18, 2021

Agreed by:

Resolution by UMP JSC Board of Directors

No. 11 dated August 24, 2021

Resolution by UMP JSC Executive Board

No. 19/1266 dated May 14, 2021

DIVIDEND POLICY
of Ulba Metallurgical Plant JSC

Ust-Kamenogorsk, 2021

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1. Mission

1.1. The dividend policy of Ulba Metallurgical Plant JSC (hereinafter referred to as the “Company”) has been developed in accordance with the current legislation of the Republic of Kazakhstan, the Company’s Charter and internal documents of the Company. The conditions and procedure for the payment of dividends shall also regulated by the relevant decisions of the Company’s bodies. If any issues related to the payment of dividends to the Company’s shareholders shall not be regulated by the norms of the legislation of the Republic of Kazakhstan, the Company’s Charter and this dividend policy of the Company, they should be resolved based on the need to ensure the rights and interests of shareholders.

1.2. The Company’s Dividend Policy (hereinafter referred to as the Policy) shall regulate the mechanism for determining the amount of dividends and their payment. The Policy shall establish the basis for relations with shareholders on the payment of dividends on the Company’s shares owned by them.

1.3. The basis of the relationship shall be developed taking into account the distribution and reinvestment of the Company’s net income (profit).

2. Scope

2.1. This Policy is an internal document of the Company regulating the procedure for determining the amount of dividends and the procedure for their payment in order to ensure the interests of shareholders and ensure the growth of the Company’s capitalization.

2.2. The policy shall be put into effect from the moment of its approval by the Sole Shareholder (General Meeting of Shareholders), and from that moment the Dividend Policy of the Joint-Stock Company Ulba Metallurgical Plant, approved by the Sole Shareholder holding all voting shares of UMP JSC (General Meeting of Shareholders) No. 296 dated 27.09.2011, will be considered invalid.

3. Terms and definitions

3.1. *shareholder* – a person who is the owner of the Company’s shares;

3.2. **share** – a security issued by the Company and certifying the rights to participate in the management of the Company, to receive a dividend on it and a part of the Company’s property upon its liquidation, as well as other rights provided for by the Law of the Republic of Kazakhstan "On Joint-Stock Companies" No. 415-II of 13.05.2003 and other legislative acts of the Republic of Kazakhstan

3.3. **dividends** – income of a shareholder on shares owned by him, paid by the Company, according to the audited consolidated financial statements/results of the Company’s activities for the reporting period or accumulations for previous reporting periods;

3.4. **guaranteed dividend rate** - dividend on preferred shares in a pre-determined guaranteed amount established by the Company’s Charter;

3.5 **key dividends** – dividends paid by the Company at the expense of net income (profit) for the reporting period;

3.6. **additional dividends** – dividends paid by the Company at the expense of retained earnings of previous years;

3.7. **central securities depository** - a specialized non-commercial joint-stock company carrying out the types of activities provided for in paragraph 2-1 of Article 45 of the Law of the Republic of Kazakhstan "On the Securities Market".

The Central Securities Depository shall carry out the following types of professional activities in the securities market without a license from an authorized body:

- 1) depository activities;
- 2) activities related to maintaining the system of registers of securities holders;
- 3) activities related to the organization of trading with securities and other financial instruments;
- 4) clearing activities on transactions with financial instruments.

The Central Securities Depository is the only organization in the territory of the Republic of Kazakhstan that carries out depository activities and maintains a system of registers of securities holders.

4. General

4.1. The Policy shall regulate the process of distribution of net income (profit) of the Company or its part based on the results of its activities for the reporting period and the payment of dividends on blocks of shares or participation shares in the authorized capital of the Company.

4.2. The basis of the relationship shall be developed taking into account the distribution and reinvestment of net income (profit) of the Company or its part in accordance with the approved business plans, taking into account the proposals of the Company's bodies based on the results of the Company's activities and approved audited (if required in accordance with the legislation of the Republic of Kazakhstan) financial statements of the Company for the reporting period.

4.3. This Policy has been developed in accordance with the legislation of the Republic of Kazakhstan, the Company's Charter, the Company's Development Strategy for 2018-2028 and the Company's internal documents.

4.4. Shareholders also shall have the right to make a decision on the distribution of the Company's net profit in other ways, forms, periods that do not contradict the legislation of the Republic of Kazakhstan.

4.5. Issues not regulated by this Policy shall be regulated by the legislation of the Republic of Kazakhstan and internal documents of the Company.

5. Objective and basic principles

5.1. The objective of the Policy is to ensure a balance between the interests of shareholders and the Company, predictability and transparency of the approach when determining the amount of dividends and the procedure for their payment.

5.2. The Company shall consider the payment of dividends and the growth of the Company's capitalization as the main tasks necessary to satisfy the property interests of shareholders to receive income on the Company's shares.

The basic principles of the Policy are:

- 1) ensuring the right of a shareholder to receive income from the Company's activities;
- 2) ensuring timely distribution of available funds by the Company;
- 3) ensuring the payment of dividends by the Company for the specified block of shares in the specified period in accordance with the decision of the Sole Shareholder (General Meeting of Shareholders) and the legislation of the Republic of Kazakhstan;
- 4) ensuring financing of the Company's activities, including financing of new types of activities and investment projects implemented at the expense of the Company's funds, as well as development expenses in accordance with the investment plan.
- 5) stability of the Company's activities;

5.4. The amount of dividends to be paid shall be determined depending on the financial and economic condition and stability of the Company's activities;

5.5. Dividends shall be paid out of the Company's net income received based on the results of the reporting period in the amounts corresponding to the Company's financial statements confirmed by an audit organization (independent auditor).

5.6. Dividends on ordinary and preferred shares of the Company shall be paid in cash once a year, provided that the decision to pay dividends was made by the Sole Shareholder (General Meeting of Shareholders), with the exception of dividends on preferred shares. Payment of dividends by the Company's securities on preferred shares is not allowed.

5.7. No dividends shall be either accrued or paid on shares:

- which were not posted;
- were bought out by the Company itself;
- if the court or the Sole Shareholder decides to liquidate the Company.

5.8. In the absence of the Company's net income for the reporting period under review, no dividends shall be paid on the Company's common shares.

5.9. In the absence of net income for the reporting period under review, the Company shall make a decision to pay dividends to shareholders-owners of preferred shares in a

predetermined guaranteed amount, in accordance with the procedure established by the legislation of the Republic of Kazakhstan and the Company's Charter.

5.10. Accrual of dividends on ordinary and preferred shares of the Company shall not be allowed:

- if the amount of the company's own capital is negative or if the amount of the company's own capital becomes negative as a result of accrual of dividends on its shares;
- if the company meets the signs of insolvency or insolvency in accordance with the legislation of the Republic of Kazakhstan on rehabilitation and bankruptcy, or these signs will appear in the Company as a result of accrual of dividends on its shares.

5.11. The list of shareholders entitled to receive dividends shall be drawn up on the date preceding the date of the beginning of the payment of dividends.

5.12. The list of shareholders entitled to receive dividends shall contain information about registered persons available in the register of shareholders of the Company with disclosure of information about clients, nominee holders and trust managers who are owners of the Company's shares as of the date of drawing up the list.

6. Dividend rate and distribution

6.1 Sole Shareholder (General Meeting of Shareholders) of the Company may implement a differentiated approach to determining the Main and Additional dividends, depending on the profitability of the business and the capital intensity of the Company, the degree of need in this medium-term period to carry out investment activities with the involvement of its own funds.

6.2 The share of net income allocated for the payment of dividends in the coming year shall be determined by the Sole Shareholder (General Meeting of Shareholders) after determining the amount of net income used for purposes related to the Company's activities, in particular:

- for the development and improvement of the production process;

- for research work;
- for the preparation and development of know-how technologies and more effective and efficient types of products and equipment.

6.3 The amount of dividends shall be calculated based on the amount of net income (profit) adjusted for:

- 1) net foreign exchange gain (loss) recorded in the statement of profit and loss and other comprehensive income / as part of financial income and expenses for the reporting period;
- 2) net impairment loss (reversal of an impairment loss) of assets recorded in the statement of profit or loss and other comprehensive income/as part of other income and expenses for the reporting period;
- 3) expenses on the Company's investment projects considered and approved by the Company's Board of Directors for implementation at the expense of profit and carried out during the reporting period;
- 4) other distributions to the shareholder/participant made by the Company during the reporting period and reflected accordingly in the financial statements.

The amount of dividends accrued for the reporting period shall be calculated taking into account the target level of dividend payments. The target level of dividend payments is established by the Dividend Policy of JSC "NAC Kazatomprom" in relation to subsidiaries and approved by the decision of the Sole Shareholder (General Meeting of Shareholders)

The amount of annual dividends on ordinary shares may not exceed the amount of net income received by the Company for the reporting period.

6.4 The distribution of Additional dividends shall be carried out in accordance with the procedure provided for by the legislation of the Republic of Kazakhstan. When distributing Additional Dividends, the Company's standard working capital needs for the current and upcoming year and according to the Company's business plan shall be taken into account.

6.5 The net income of the Company shall be determined according to the annual consolidated financial statements of the Company, and in the absence of subsidiaries, joint associates, according to the annual separate financial statements prepared in accordance with International Financial Reporting Standards (IFRS). The Company's annual financial

statements must be confirmed by the conclusion of an audit organization that meets the qualification requirements established by the legislation of the Republic of Kazakhstan.

6.6 The Company's Board of Directors shall submit to the Sole Shareholder (the General Meeting of Shareholders) a proposal on the procedure for distributing the Company's net income for the past financial year and the amount of the dividend per common share of the Company.

6.7 The amount of the dividend per share of the Company recommended to the Sole Shareholder (General Meeting of Shareholders) shall be calculated based on the following factors:

- strategic and medium-term plans of the Company;
- the amount of net income received by the Company for the reporting period;
- prospective data on the financial and economic activities of the Company;
- the structure of the Company's working capital at the end of the reporting period;
- the Company's debt burden at the end of the reporting period;
- the ratio of borrowed and own working capital.

6.8 Sole Shareholder (General Meeting of Shareholders) of the Company shall be entitled to make a decision on non-payment of dividends on ordinary shares of the Company.

6.9 The decision to pay dividends on ordinary shares of the Company must contain the following information:

- name, location, bank and other details of the Company;
- the period for which the dividends are paid;
- the amount of the dividend per share;
- the date of the beginning of the payment of dividends;
- the procedure and form of payment of dividends.

6.10 The payment of dividends on the Company's preferred shares shall not require any decision of the Company's body.

The amount of dividends accrued on preferred shares may not be less than the amount of

dividends accrued on ordinary shares for the same period.

6.11 The total amount of dividends shall consist of the amount of dividends accrued on ordinary and preferred shares of the Company based on the results of the reporting period.

6.12 The final decision on the amount of dividends shall be made by the Sole Shareholder (General Meeting of Shareholders) depending on the financial and economic condition of the Company.

6.13 Any changes to the dividend payment schedule shall be approved by the relevant body of the Company.

6.14 The Company's executive body shall be responsible for the full and timely payment of dividends in accordance with the legislation of the Republic of Kazakhstan and the Company's Charter.

7. Dividend payment procedure

7.1. The date of the beginning of the payment of the dividend on preferred shares within the period established for their payment, and the procedure for their payment shall be determined by the Management Board of the Company. The Company shall pay dividends on preferred shares in accordance with the procedure established by the legislation of the Republic of Kazakhstan and the Company's Charter.

7.2. A shareholder of the Company shall be obliged to notify the central securities depository and (or) the nominee holder of shares owned by this shareholder about changes in the information necessary for maintaining the system of registers of shareholders of the Company within ten working days from the date of the changes. If during the period of payment of dividends, outdated information on a shareholder is established in the register, the dividends shall not be paid to the shareholder until the shareholder provides the Company with a "Report on the change of personal account details" received after re-registration with the central securities depository.

7.3. Within five working days before the payment of dividends on preferred shares, the Company shall be obliged to publish information on the payment of dividends in Kazakh and Russian on the Internet resource of the financial reporting depository, indicating the following information

- name, location, bank and other details of the Company;
- the period for which the dividends are paid;
- the date of the beginning of the payment of dividends;
- procedure and form of payment of dividends;
- the amount of the dividend per one preferred share of the company.

7.4. The date of the beginning of the payment of dividends on ordinary shares shall be set by the Sole Shareholder (General Meeting of Shareholders) Society. Payment of dividends on ordinary shares shall be made no later than ninety calendar days from the date following the date of the decision of the Sole Shareholder (General Meeting of Shareholders) to pay dividends on ordinary shares of the Company.

7.5. The Company shall pay the accrued dividends, net of taxes established by the Tax Legislation of the Republic of Kazakhstan.

8. Final provisions

8.1. If, as a result of changes in the legislation of the Republic of Kazakhstan, the provisions of this Policy come into conflict with it, this provision shall become invalid and until changes are made to this Policy, it is necessary to be guided by the legislation of the Republic of Kazakhstan.

8.2. Amendments and additions to the Company's Policy shall be made by the decision of the Sole Shareholder (General Meeting of Shareholders).