About this report

In an effort to keep our Integrated Report relevant and succinct, we have included links to further information and our website within the report. This Integrated Report was prepared in accordance with the G4 Global Reporting Initiative sustainability reporting standard (hereinafter the “GRI G4 Standard”) and The Mining and Metals Sector Disclosures. The level of disclosure is Core. There were no significant changes in the scope or aspect boundaries in the reporting period.

The report covers the entire Uralkali Group, including PJSC Uralkali and companies that are included in the consolidation perimeter. A supplementary GRI table containing additional information on GRI indicators disclosure is available on our website.

Our Integrated Annual Report is also available online and in the mobile app.

www.uralkali.com
INTEGRATED REPORT

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Our mission statement

We produce potash fertilisers to ensure that people all over the world are provided with food, and to support the growth of our Company and the welfare of our employees and local communities, through efficient and responsible development of unique potash deposits.

Our vision

- The Company is one of the world’s leading potash producers
- We are expanding our production capacity to satisfy growing demand for our products in the long term
- Our production priorities remain zero accidents and casualties, reducing our environmental footprint and ensuring the high quality of our products
- We are the most cost-efficient company in our industry
- Our work is based on principles of clear division of responsibilities, KPI-based management and risk minimisation
- The Company is the most attractive employer in the Perm region and, potentially, the mining industry as a whole
- We attach great importance to our people: we develop and promote our best employees
- We play an active role in the development of Berezniki and Solikamsk
- We strive to increase the Company’s value and its investment attractiveness
- The Company operates transparently for all stakeholders

Our values

Our values unite all of the Group’s employees, regardless of their production facility, department, role or responsibilities. Our values provide us with strength and support to drive further development.

Our activities are guided by the following values:

- Safety: we personally observe safety rules and do not tolerate violations
- Responsibility: We always complete what we promised to complete on time
- Effectiveness: We aim to attain the highest results while expending the lowest costs
- Teamwork We respect and trust one another and know that only by working together will we accomplish our results

See more about our business model on page 16.
**URALKALI AT A GLANCE**

**About Uralkali**

Uralkali is a leading producer and exporter of potash, which is an essential component for the growth and development of all living organisms. In 2015, the Company accounted for 18% of global potash sales. PJSC Uralkali controls its entire production chain, from potash ore mining to the supply of potassium chloride to customers. Vertical integration helps the Company maintain one of the lowest production costs in the industry.

**Our assets**

Uralkali’s production facilities include five mines, six potash plants and one carnallite plant, producing white MOP, pink MOP and premium granular MOP. The Company has licences for the development of three additional blocks of the Verkhnekamskoye deposit, which, together with the optimization and expansion of current capacity, will contribute to our investment programme.

**What we produce**

1. **Standard White MOP**
   - Applied directly to the soil and used to produce compound NPK fertilisers, as well as for other industrial needs. We supply this product mainly to China, Russia and Europe.
   - **White MOP** is produced in the following varieties: 95% and 98%.

2. **Standard Pink MOP**
   - Applied directly to the soil and we supply it primarily to India and South East Asia.

3. **Granular MOP**
   - A premium product bought in countries using advanced soil fertilisation methods. Granulation slows down the absorption of fertiliser nutrients into the soil, thus prolonging their action. We export our granular MOP to Brazil, the USA and EMEA, where it is applied directly to the soil or blended with nitrogen and phosphate fertilisers.

**Mineral resource statement / as of 1 January 2016**

<table>
<thead>
<tr>
<th>All mines</th>
<th>Tonnage (mln tonnes)</th>
<th>K₂O (%)</th>
<th>K₂O (mln tonnes)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Measured</td>
<td>2,046.5</td>
<td>19.5</td>
<td>408.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>5,230.9</td>
<td>18.4</td>
<td>965.7</td>
</tr>
<tr>
<td>Total measured + indicated</td>
<td>7,277.4</td>
<td>18.5</td>
<td>1,374.3</td>
</tr>
<tr>
<td>Inferred</td>
<td>310.5</td>
<td>26.8</td>
<td>83.2</td>
</tr>
</tbody>
</table>

1. Potassium oxide, K₂O = 1.61K₂O.
URALKALI • Integrated report and accounts • 2015

URALKALI AT A GLANCE

Year highlights

In 2015, the deteriorating market conditions led to a decline in sales by 9% to 11.2 million tonnes. Net revenue decreased by 5% to US$2.6 billion. High capacity utilisation, an efficient business model and the rouble devaluation led to a 30% decrease in cash COGS and an EBITDA margin increase to 72%.
In early 2015, Uralkali decided to adopt a 6-year capacity expansion programme. Upon completion, the programme will result in an increased capacity of up to 14.4 million tonnes by 2020.1

March
05.03

April
07.04
07.04
20.04

April
10.04

May
01.05

June
11.06

Adoption of Uralkali’s updated capacity expansion strategy for 2015-2020

The Board of Directors of Uralkali approved an updated development strategy for Uralkali for the period of 2015-2020, providing for investment of US$4.5 billion in the development programme.

License received for subsoil use of the western part of the Novo-Solikamsky plot of the Verkhnekamskoye field until 2035

A license for subsoil use of the western part of the Novo-Solikamsky plot of the Verkhnekamskoye potassium and magnesium salt field, with the right to extract magnesium salts (carnallite rock), was received on 6 April 2015. Its cost was 10.5 million roubles (about US$186,000 at the time of receipt).

Recoverable reserves at the new plot are estimated at 55.7 million tonnes of carnallite, which increases the Company’s total reserves of carnallite to 1,540 million tonnes.

Uralkali concluded an agreement for the supply of potassium chloride to China in 2015

Uralkali signed a contract to supply 850,000 tonnes of potassium chloride (not including options) to China in April-December 2015 at a price of US$315, on a CFR basis. The contract was signed with a consortium of Chinese importers consisting of Sinochem, CNAMPGC and CNOOC.

Uralkali signed an agreement with international banks for a loan of up to US$655 million

Uralkali received a syndicated loan amounting to US$530 million for a period of 4 years with the possibility of increasing the loan amount to US$800 million. In June, the Company increased the loan amount to US$655 million.

Uralkali concluded an agreement for the supply of potassium chloride to India in 2015-2016

Uralkali signed a contract to supply 800,000 tonnes of potassium chloride to India in May 2015-March 2016. The contract was signed with IPL, India’s largest importer of mineral fertilisers.

Completion of the first buyback of common shares and GDRs

The buyback programme implemented in the period from 24 April to 11 June 2015 resulted in the purchase of 11.56% of Uralkali’s shares for US$1.09 billion. As a result, approximately 23.35% of Uralkali’s shares remained in free float. The buyback of shares was carried out to provide shareholders with the possibility of raising funds in the absence of the Company’s dividend payments.

Subject to annual verification

1 Over the past year, Uralkali successfully raised external funding. The Company received a syndicated loan from international banks amounting to US$655 million and opened a credit line with Sberbank for US$1.5 billion for a period of 5 years.
In the end of 2015, the Uralkali Board of Directors decided to delist Uralkali’s GDRs from the London Stock Exchange (LSE). The Company announced the delisting on 22 December. The decision was made taking into account the low liquidity of the GDRs on the LSE and a reduced number of free-floating GDRs.

August
06.08

Registration of a exchange traded bonds programme worth up to 100 billion roubles

The Moscow Exchange registered Uralkali’s exchange traded bonds programme with a nominal value of up to 100 billion roubles for a period of 20 years from the date on which the identification number is assigned. The programme provides for any offering in any currency, with a maturity of up to 10 years.

September
10.09

Opening of a credit line with Sberbank

In September, Uralkali and Sberbank signed an agreement to open a non-revolving credit line for US$1.5 billion with a five-year maturity period and a one-and-a-half availability period.

September
23.09

Uralkali-Technology and VTB Capital signed a REPO agreement

JSC Uralkali-Technology, a subsidiary of Uralkali, raised US$800 million under a REPO transaction agreement with VTB Capital, transferring Uralkali’s shares totalling 12.61% of share capital under the REPO agreement and GDRs totalling 7.38% of share capital under a pledge agreement. These funds were used to buy back ordinary shares and GDRs of the Company under the buyback programme of 25 August 2015.

October
16.10

Completion of the second buyback of ordinary shares and GDRs

The second buyback programme implemented in the period from 25 August 2015 to 16 October 2015 resulted in the purchase of 21.98% of the Company’s shares for US$2.07 billion. An application for 12.5% of shares was received from Chengdong Investment Corporation. As a result, the number of shares held by minority shareholders amounted to approximately 13.9% of the share capital of the Company. The buyback of shares was carried out to provide shareholders with the possibility of raising funds in the absence of the Company’s dividend payments.

November
23.11

Uralkali launched an open-market buyback programme

In November the Board of Directors of the Company approved the programme to buy back up to 6.5% of Uralkali’s share capital on the open market. The programme expired on 31 March 2016. The Company intends to eventually cancel the shares purchased under the buyback programme. As a result of the completion of the programme the Company purchased 4.89% of its share capital.

December
22.12

Delisting of Uralkali’s GDRs from the LSE

Uralkali announced a delisting and terminated trading of its GDRs on the London Stock Exchange (LSE) given the low liquidity of the GDRs on the LSE and the reduction of the number of free-floating GDRs to less than 3.5% of the Company’s share capital (excluding GDRs owned by major shareholders and subsidiaries of the Company).
Our sales markets

**Total sales**

11.2 / mln tonnes

Includes Middle East, Africa and former Soviet Union countries.

**Our strategic goal** is to ensure food security through sustainable supply of potash fertilisers to all key markets. Flexible utilisation of production capacities, developed logistics, and a global trading network enable us to be a reliable partner in any situation.

- **Russia** 18%
- **China** 22%
- **Latin America** 18%
- **USA** 6%
- **Europe** 12%
- **India** 8%
- **SE Asia** 14%
- **Others** 2%

- 7.4 mln tonnes port capacity
- >8,000 railcars
- 7 trading offices in key markets
- >70 countries

See more about our sales » page 27-29
We prioritise choices that enhance our world-leading potash position, which include implementation of a large-scale capacity expansion programme aimed at debottlenecking existing capacity and constructing new mines, and efficient operation of our vertically integrated production chain – from potash ore mining to supply of potash to customers.

Feeding the world

As the global population grows together with the need for agriculture products, our leadership position and capacity development programme enable us to react quickly and adjust our shipment volumes in line with changes in consumer demand. Moreover, we share agronomic expertise with our customers to provide them with the knowledge to use our products in the most efficient way for optimal yields.
Despite all difficulties, thanks to the well-coordinated work of our team, Uralkali showed consistent financial growth.”

Dear Shareholders,

As you know, Uralkali is one of the leaders of the world potash industry, accounting for about 20% of global potash fertiliser production. However, the year 2015 was not easy for the Company. A drop in global food prices and a difficult macroeconomic situation in most regions led to a decrease in demand for our products. Nevertheless, despite all difficulties, thanks to the well-coordinated work of our team, Uralkali showed consistent financial growth.

In 2015, the Board of Directors approved the Company’s Development Strategy for 2015-2020, and continued to improve corporate governance practices and the risk management system. The Company achieved great success in increasing cost competitiveness, successfully attracted external financing and pursued an active social policy. As one of the largest enterprises of the Perm region, Uralkali takes an active part in the development of the towns of Berezniki and Solikamsk, contributes to improving the living standards of their inhabitants, successfully implementing numerous social and infrastructure projects.

High product quality, and labour, industrial and environmental safety remain top priorities for Uralkali. In 2015, the Company continued to implement a comprehensive programme for the prevention of occupational accidents. Now, all Uralkali’s mines are staffed with mining and technical inspectors, responsible for the audit and control of safety rules. The Company is committed to the care of the environment through compliance with environmental legislation, sustainable use of natural resources and continuous improvement of environmental activities.

Important changes have been introduced to our dividend policy. From now on, the Board of Directors of Uralkali will determine the amount of dividends based on the financial position of the Company and general economic situation in the country. The Company also decided to provide the holders of Uralkali’s securities with a possibility to return their funds through the buyback of its ordinary shares and global depositary receipts (GDRs). Two buyback programmes were completed in June and October 2015. As a result, the Company bought back 33.54 percent of its share capital, amounting to more than US$3 billion. The third buyback programme on the open market in respect of 6.5% of the share capital of Uralkali, was launched at the end of 2015.

The share buyback resulted in the reduction of the number of Uralkali’s GDRs traded on the London Stock Exchange. In November, with that in mind, the Board of Directors decided to delist the Company’s GDRs from this international stock exchange. Ordinary shares of Uralkali are still listed on the Moscow Exchange, although in the medium term we do not rule out that the Russian stock exchange can decrease the listing level of our securities.

That said, the Company stays committed to the highest standards of transparency and corporate governance, and is aimed at mutually beneficial cooperation with shareholders, investors and all stakeholders.

I want to thank all employees of Uralkali for their significant contribution to the development of the Company and ensuring its leading position in such a competitive sector of the economy as the potash industry. I would also like to express my appreciation to shareholders, investors and partners for their trust and support.

Sergey Chemezov
Chairman of the Board of Directors

The shareholdings are based on data as of 14 April 2016.

STATEMENTS
Chairman’s statement

SHARE CAPITAL STRUCTURE
%  

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Shareholding</th>
</tr>
</thead>
<tbody>
<tr>
<td>VTB Capital (under the REPO agreement)</td>
<td>12.61%</td>
</tr>
<tr>
<td>ONEXIM Group</td>
<td>20%</td>
</tr>
<tr>
<td>Uralkali OJSC</td>
<td>19.99%</td>
</tr>
<tr>
<td>Quasi-treasury shares</td>
<td>38.44%</td>
</tr>
<tr>
<td>Free float</td>
<td>8.96%</td>
</tr>
</tbody>
</table>

As you know, Uralkali is one of the leaders of the world potash industry, accounting for about 20% of global potash fertiliser production.
Dear Shareholders,

Throughout 2015, Uralkali operated in challenging macroeconomic conditions. A decrease in demand for potash fertilisers in key markets, as well as the decline in production due to the accident at the Solikamsk-2 mine in 2014 had a negative impact on the Company’s operating activities in 2015. Despite this, Uralkali has maintained its leading position and produced 11.4 million tonnes of potash. Thanks to the depreciation of the rouble and optimisation of production, Uralkali reaffirmed its status as the most cost-efficient manufacturer in the industry, which resulted in EBITDA of US$1,913 million and EBITDA margin of 72%.

Consumer Markets
Despite a decline of demand for potash in 2015, we strongly believe in industry’s solid fundamentals and expect a gradual demand recovery amid global inventory levels getting in line with historical averages and reduction of economic uncertainty in developing markets. Long term potash demand will continue to be driven by increasing world population and a reduction of new arable land availability. The Company continues its active presence in markets where purchases are handled through long term supply contracts as well as in the markets operating on a spot basis. While trying to meet the needs of our long-term international customers, Uralkali is fully committed to satisfy the demand for its products in the Russian fertiliser market, which is of strategic importance for the company. Uralkali closely monitors the market situation and is always ready to respond quickly to any changes.

Investment Strategy
In March 2015, Uralkali’s Board approved a new investment strategy aimed at expanding the Company’s capacity in 2015-2020 with a significant amount of investment – about US$4.5 billion. The strategy includes the implementation of projects to increase load at Berezniki-4, complete the fourth shaft at Solikamsk-3, expand granulated potash capacity and build new shafts at Solikamsk-2.

All these activities, as well as the construction of the Um’ clay mine, will help the Company boost its production capacity from 11.4 million to 14.4 million per year by 2020, and in future to 17.2 million per year, significantly strengthening our position on the global potash market.

Financing
The reduction in liquidity of Uralkali’s securities caused by the share buyback programmes, as well as the unfavourable situation on the potash market led to the lowering of the Company’s investment ratings. Nonetheless, Uralkali retained access to long-term financing on favourable terms.

In the summer of 2015, the Moscow Exchange registered Uralkali’s exchange traded bond programme worth up to 100 billion roubles. Under this programme, Uralkali can place any number of bonds in any currency with a maximum maturity up to 10 years.

Uralkali is also actively using credit lines provided by the largest Russian financial institutions. In September 2015 Uralkali and PJSC Sberbank signed an agreement on a nonrevolving credit line for US$1.5 billion with a maturity of 5 years and 1.5 years availability period (until March 2017). In addition, on 24 March 2016 the Company signed an agreement to open two nonrevolving credit lines with PJSC Sberbank in the amount of US$3.9 billion for 7 and 10 years. These nonrevolving credit lines will be available from the end of 2017 till the beginning of 2020 and will be used for refinancing earlier loans from PJSC Sberbank and for other Company goals.

Companies of the Group also attracted debt financing last year. Uralkali-Technology, which holds the Company’s quasi-treasury shares, raised financing in the amount of US$800 million by transferring to VTB Capital Uralkali shares (12.61% of Uralkali’s share capital) under a repurchase agreement and Uralkali GDRs (7.38% of the Company’s share capital) under a pledge agreement.

Outlook
Despite the difficult situation in the potash industry, our mission to produce potash fertilisers to ensure global food security is unchanged, as are our values: the life and health of employees, professionalism and efficiency.

The expansion of existing production capacity, coupled with the introduction of new technologies, will help us to meet effective demand in key markets, while maintaining a leading position in the industry and among socially responsible companies, the largest taxpayers and most attractive employers in the area of our operations.

I would like to thank all those who believe in our Company. I am convinced that by working in a responsible manner, setting ambitious goals and consistently achieving them we will maintain our leading position in the industry for our mutual benefit.
MARKET AND SALES

What is potash and why is it important?

Potash is a vitally important element, necessary for the functioning of all living organisms. It is a natural component of soils and, along with phosphorus and nitrogen, an irreplaceable nutrient for plants and agricultural crops. Balanced plant nutrition can only be ensured by regular and timely application of these three main macronutrients.

Why is there growing demand for potash?
Uralkali capitalises on long-term market fundamentals. Demand for potash is expected to be stable in the long term, as agriculture remains the key source of food, an important provider of fibre for the textile industry and biofuel for the world’s constantly growing population.

Why is the potash supply limited?

- Substantial barriers to entry
- Few top players
- Mineral scarcity
- No other products can substitute potash
- High CAPEX requirements
- High industry concentration

Why do plants need potash?

- Increases the nutrient level, improves the taste, colour and structure of fruits
- Improves resistance to crop diseases
- Improves resistance to drought and frost
- Increases the rate of nitrogen assimilation

Why do farmers use potash?

- Consistently high yield
- Maximising the efficiency of complex fertilisers
- Consistently high product quality
- Maintaining the natural balance of minerals and minimum impact on the soil

Thus potash, when properly used, does not pollute the environment and does not reduce the quality of natural drinking water.

Why do people need potash?

- Improves the supply of oxygen to the brain
- Involved in the transmission of nerve impulses
- Compounds activate enzymes
- Normalises the heart rhythm
- Beneficial effect on kidneys
- Regulates the water balance in cells and tissues
- Regulates metabolic processes
- Beneficial effect on skin
- Regulates the acid-base balance of blood
- Prevents accumulation of sodium in cells
- Stimulates the removal of toxins and chemical waste from the body

Why mankind cannot do without potash?
The world’s population is growing, while the arable land per capita is declining, so people feel the need for higher yields.

Scientific studies show that a maximum yield with a consistently high quality of crop can only be achieved by providing plants with all necessary nutrients in the required amounts, including potash.
MARKET AND SALES

Potash demand in 2015

Challenging potash fundamentals affected potash demand in 2015.

A number of factors had an impact on the potash market in 2015, including inventory draw down over the first quarter, currency headwinds, continued macroeconomic volatility and limited credit availability in some regions. In 2015, agriculture commodity prices were on a downward trend due to surging global crop supplies, the slump in crude oil prices and US$ strength. Low agriculture returns became a significant concern for global farmers and were impacting farmer purchasing decisions throughout the year. Demand in all spot markets was under pressure throughout the year. A combination of weak demand in emerging economies due to strong US$, weaker farmer balance sheets and strong competition among suppliers resulted in significant pressure on potash prices over 2015. By the end of 2015, spot prices in major markets fell below the Chinese and Indian contract prices. With potash demand not recovering in 2H 2015, the potash industry faced a wave of production cuts and advanced turnarounds being announced for Q4 2015.

Potash prices slumped in 2015 (year-on-year dynamic)

Potash demand in 2015 was affected by a combination of weak global crop supplies, currency headwinds and continued macroeconomic volatility. Spot prices in major markets fell below the Chinese and Indian contract prices, as demand fell short of expectations.

Global potash demand declined in 2015

The North American market has been under heavy pressure for nearly all of 2015. Potash demand was below historic averages mainly due to a delayed planting season, high potash price volatility because of escalating competition, and lower corn planted acreage. Lower demand in neighboring major markets (incl. Brazil) put heavy downward pressure on potash prices. The US market saw its price premium to other markets melt away in 2015. Demand is estimated to have contracted 23% year-on-year to 8.0 million tonnes.

EMEA & FSU demand is estimated to have been flat year-on-year in 2015 and totalled 12.0 million tonnes. The potash demand drop in Western and Central Europe was offset by a demand increase in Africa & FSU.

2015 global potash demand is estimated to have contracted 3-4% compared to 2014 and totalled approximately 61 million tonnes. The combination of large supply and potash demand weakness put the market into imbalance and was likely to have resulted in lower operating rates in 2015.
MARKET AND SALES / CONTINUED

2016 outlook

Global potash demand for 2016 is expected to range between 58-60 million tonnes compared to 61 million tonnes last year.

Owing to high-end year inventories, Chinese demand is expected to be below the 2015 record level of 17 million tonnes.

In India, the potash subsidy is largely unchanged for the 2016/2017 financial year. The government may also reduce the maximum retail price, so that farmers are encouraged to buy more potash compared to 2015. However, owing to elevated potash carry-over stocks, potash imports are expected to be below the 2015 level.

We hope for a rebound in Brazil potash consumption, which saw a step back in 2015 following many years of sequential increases. However, a rebound could be modest due to slower economic growth, higher end-year inventory (1.4 million tonnes), and credit availability issues.

In South East Asia, importer economics is highly sensitive to changes in FOREX and could limit potential upside to potash demand in 2016. We believe the pace of dollar strengthening is likely to be slower and more moderate in 2016. Palm oil prices have shown strength recently and may support potash demand growth in the region.

We expect a slight rebound in EMEA & FSU demand driven by demand growth in Eastern Europe. Demand upside in Western Europe may be limited due to high potash carry-over stocks.

In North America, lower nutrient levels after an extremely weak 2015 could be the catalyst for potash demand in 2016.

Historically, exports account for the majority of Uralkali output. Export shipments accounted for 82% of total Company sales in 2015.

Uralkali export sales in 2015 reflected the world potash market situation to a large extent: industry destocking, cautious demand environment, currency weakness and macroeconomic concerns in some regions. The year-on-year decline in the Company’s export sales also reflects Uralkali’s diminished production capability due to the accident at Solikamsk-2 in autumn 2014.

For 2015, the majority of Uralkali’s deliveries were to China (22%), Latin America (18%), Russia (18%) and South East Asia (14%). We expect to maintain our export market share in line with historic averages.

In 2016, we will continue to implement flexible strategy taking into account market environment.

The Company’s export sales were adversely affected by the challenging potash market environment and diminishing production capability in Solikamsk-2 mine.

MARKET AND SALES

Export sales

The Company’s export sales were adversely affected by the challenging potash market environment and diminishing production capability in Solikamsk-2 mine.

"Uralkali’s sales portfolio is balanced between spot and contract markets. Maintaining a balance between spot and contract markets allows the Company to be flexible and to respond to changes in the market quickly.

Uralkali products are distributed through a global sales network which combines access to all the main regions of potash consumption with the flexibility to adjust supply to a particular market in response to seasonal fluctuations in demand. Uralkali Trading exports its products to more than 70 countries. Uralkali has a worldwide presence selling its products through Uralkali Trading.

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2015 Uralkali Export Shipments

In 2015, Uralkali products were delivered to China (22%), Latin America (18%), Russia (18%) and South East Asia (14%). Uralkali export sales in 2015 reflected the world potash market situation to a large extent: industry destocking, cautious demand environment, currency weakness and macroeconomic concerns in some regions. The year-on-year decline in the Company’s export sales also reflects Uralkali’s diminished production capability due to the accident at Solikamsk-2 in autumn 2014.

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Uralkali’s sales portfolio in 2014

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In 2016, we will continue to implement a flexible strategy taking into account market environment.
O
n the Russian market, potassium chloride (KCl) is mainly used as a raw material in compound (NPK) and mixed fertilisers and other chemical products, as a component of drilling fluids at oil-production enterprises and as a single-component fertiliser for direct application to the soil. Potassium chloride is also used in small amounts in the non-ferrous metals industry and the food industry.

The major domestic consumers of the Company’s products are traditionally compound fertiliser (NPK) manufacturers. KCI supplied to them in 2015 amounted to about 1.77 million tonnes, 12% higher than the previous year.

Agricultural producers consumed about 0.12 million tonnes of KCl in 2015. The major regional consumers were Krasnodar, Kursk, Lipetsk, Belgorod, Oryol and Voronezh regions.

The Russian agricultural market has huge potential. Russia accounts for about 10% of the world’s arable land, and more than half of the land is planted with crops that require increased potash application, including wheat, sunflower, corn and sugar beet. Total potash consumption by Russian agricultural producers (including consumption of potash as part of NPK) in 2015 amounted to 0.5 million tonnes. Russia consumes a disproportionately small amount of potash fertiliser compared to other countries with similar climates.

Another group of traditional industrial consumers – petroleum, chemical and nuclear enterprises – bought 0.16 million tonnes of potassium chloride for specific production processes in 2015. In addition to potassium chloride, Uralkali sold 0.33 million tonnes of enriched carnallite and 0.76 million tonnes of industrial salt on the domestic market in 2015.

The main consumers of enriched carnallite are OJSC Solikamsk Magnesium Plant and PJSC VSMPO-AVISMA Corporation, which use it for the production of magnesium.

The Company strictly complies with its obligations to ensure non-discriminatory access for consumers of potash fertilisers. In November 2010, the Federal Antimonopoly Service (FAS) of Russia approved rules, according to which, starting from 2011, the potash price for NPK producers is based on the weighted average price on the foreign market with the lowest price before transport and other logistics costs (minimum export price). Since October 2013, prices have been calculated on a monthly basis, enabling the Company to respond promptly to changes in international prices. When calculating selling prices for 2015, NPK producers were provided with an additional discount of US$27 (in rouble equivalent).

Since 1 July 2013, potash prices for Russian agricultural producers have been calculated according to the minimum export price formula in line with FAS recommendations to ensure non-discriminatory access for consumers of potash fertilisers on the Russian market.

When calculating prices for petroleum, chemical and nuclear enterprises, Uralkali also goes by the formula based on the minimum export price.

Positioning a company as an industry leader presupposes a high level of expertise and social responsibility. Today it is not enough simply to produce high quality products; it is also important to introduce international scientific expertise into the daily practices of farmers, as the end consumers, in order to ensure optimal crop yield. Uralkali is a member of Russian and international associations such as the International Fertiliser Industry Association (IFA) and Russian Association of Fertiliser Producers (RAFP), and serves on the scientific committees of recognised international institutes engaged in applied research in agricultural chemistry such as the International Plant Nutrition Institute (IPNI) and The Fertiliser Institute (TFI).
Uralkali maintained its leading position in the global industry in 2015 despite a decline in buying activity. The Company produced 11.4 million tonnes of potash, 6% less than in the previous year. The incident at Solikamsk-2 in November 2014 reduced available capacity, but this effect was offset and actual production surpassed projections for 2015 thanks to the optimisation and increased capacity utilisation at the Company’s other production facilities.

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The Company also continued the construction of a new mine at Ust-Yayva. The Ust-Yayva mine will replace the decommissioning of Berezniki-2, the reserves of which will be depleted after 2022. Starting from 2020, the capacity of the Ust-Yayva mine will be gradually increased to 2.5 million tonnes a year. The potash ore mined at Ust-Yayva will be processed at Berezniki-3. The flow of ore from Berezniki-4 will be redirected to Berezniki-2 instead of Berezniki-3.

As part of the Polovodovsky project, which may increase the Company’s capacity by 2.8 million tonnes, survey work was performed last year and design documentation for the main facilities was developed.

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The Company also executes capacity maintenance projects.

The revised programme includes projects to ensure trouble-free operation and increase the load on the production lines of Berezniki-3 and Berezniki-4, complete the fourth shaft at Solikamsk-3, construct new shafts at Solikamsk-2, construct the Ust-Yayva block and expand granular potash capacity.

The current Solikamsk-2 mine continues to operate in order to enable backfilling of worked out areas. To replace the decreasing capacity of Solikamsk-2, the Company plans to commission a new mine with capacity of 2.3 million tonnes. At the same time, work is underway at Solikamsk-3, which is expected to reach capacity of 3.3 million tonnes in 2018.

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The Company also executes capacity maintenance projects.

The investment programme is revised on an annual basis in accordance with market conditions and capacity utilisation.

The expected life of Solikamsk-2 mine depends on the brine inflow and the demand for backfilling of worked out areas.

1 The expected life of Solikamsk-2 mine depends on the brine inflow and the demand for backfilling of worked out areas.

2 Decrease in capacity by 0.4 million tonnes is caused by depleting capacity at Berezniki-2 mine starting from 2019.

3 Replacement of decrease in capacity at Berezniki-2 mine and additional capacity of 0.5 million tonnes at Berezniki-3 due to additional ore from Ust-Yayva.

4 Complete replacement of capacity of Berezniki-2 mine (1.5 million tonnes).

5 Replacement of existing mine Solikamsk-2, the commissioning deadline may be extended to 2022, according to the mining schedule.
In Q1 2015 Uralkali approved a capacity development programme.

Increasing load at Berezniki-3,4

In 2015, project work included technology stabilisation at Berezniki-4. 90 dump cars were purchased to transport ore to Berezniki-3. In total, 20 out of 48 activities at Berezniki-4 were completed, including the installation of new condensers, furnaces and thickeners.

Solikamsk-2 (new mine)

Construction of a new mine with two shafts to mine the remaining reserves at Solikamsk-2 processing facility started in 2015. It will help to safely mine the remaining reserves of the field. At the moment, the design of shafts is under way and drilling of check holes has been completed. The contractor has been selected and a contract was signed for construction of shafts by 2020.

Ust-Yayva project

In 2015, Uralkali proceeded with the construction of a new mine at Ust-Yayva. Shaft bottom construction of Shaft 1 was begun; tubbing is being installed at Shaft 2. The Company started the construction of the surface complex and permanent power supply facilities. Work on the road to Berezniki-3 was completed.

Solikamsk-3 expansion

The Company restored the constructed part of Shaft 4, developed surface complex documentation, ordered winding machines and headframe, and began preparatory work required for shaft sinking.

Polovodovsky project

The development of design documentation for the main facilities is now in the final stage. Drilling of check holes and the design of shafts has been completed. A final decision on the construction of the Polovodovsky plant will be made after the development of project documentation in 2017.

Operational Review / Continued

Investments in 2015

<table>
<thead>
<tr>
<th>Capacity</th>
<th>0.8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ million tonnes of KCl</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>2.3</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ million tonnes of KCl</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>0.6</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>/ million tonnes of KCl</td>
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</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>2.8</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ million tonnes of KCl</td>
</tr>
</tbody>
</table>

Investments in 2015

<table>
<thead>
<tr>
<th>Capacity</th>
<th>2.5</th>
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<tbody>
<tr>
<td></td>
<td>/ million tonnes of KCl</td>
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</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>1</th>
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</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>66</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>4</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>135</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>1,191</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Capacity</th>
<th>1,905</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>/ US$ mln</td>
</tr>
</tbody>
</table>

Invested as of December 31, 2015

<table>
<thead>
<tr>
<th>Capacity</th>
<th>0.14%</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>32.5%</td>
</tr>
<tr>
<td></td>
<td>9.9%</td>
</tr>
<tr>
<td></td>
<td>2.3%</td>
</tr>
</tbody>
</table>
In 2015, the market for potash fertilisers saw negative demand and price dynamics. Falling prices for agricultural products, the use of stocks accumulated by customers in 2014, devaluation of currencies against the US dollar in major markets, the lack of liquidity in Brazil, the introduction of 13% VAT for potash fertilisers in China and more aggressive competition among suppliers led to a drop in demand and lower potash prices.

Compared to 2014, Uralkali’s consolidated results were as follows:
- Sales volumes were 9% lower year-on-year
- Gross revenues decreased to US$3.12 billion in 2015 from US$3.66 billion in 2014, representing a 12% drop compared to the prior year
- The average export price on a delivery basis was 3% lower in 2015 in US$
- The average export price was 5% higher in 2015 on an FCA basis in US$ due to lower freight costs and the reduction of railway costs due to ruble devaluation
- Cash cost of realised products was 30% lower in 2015 compared to 2014 and equal to US$33 per tonne
- Adjusted EBITDA increased by 7% from US$1.78 billion in 2014 to US$1.91 billion in 2015
- CAPEX decreased by 6% from US$364 million in 2014 to US$343 million in 2015
- Net sales decreased in 2015 by 5% compared to 2014, to US$2.65 billion in accordance to US$2.56 billion in 2014, representing a 4% decrease compared to the prior year
- Net sales are defined as the gross revenues for the period net of variable distribution costs – freight costs, railway tariffs and transshipment costs.
- Net sales decreased in 2015 by 5% compared to 2014, to US$2.65 billion in accordance to US$2.56 billion in 2014, representing a 4% decrease compared to the prior year
- Transportation: 83% of export sales in 2015 were shipped by sea, mostly through the Company’s fully-owned terminal in St. Petersburg. Distribution costs for sea export include the railway tariff from Berezniki and Solikamsk to transshipment ports, transshipment at the seaport and freight costs (except for deliveries on an FOB basis). About 17% of export sales were transported by rail, including to China (14%) and other regions (3%).
- Distribution costs for these deliveries include railway tariff costs to China and other regions respectively.
- Freight: Average freight rates expressed in US dollars in 2015 were 23% lower than in 2014 per tonne of product shipped by sea, on a CFR basis, and totalled US$30 per tonne.
- The freight market continued to decline in 2015, because of the excess number of ships in all segments and reduced volumes of maritime transport in bulk, above all, coal. Falling oil prices also contributed to the decrease in freight tariffs. In Q4 2015, the freight market hit historic lows.
- The Company abandoned river transportation on Russia’s waterways in 2015 to optimize transport costs. The Company also incurred expenses on large freight in the US, which were less significant compared to sea freight.
- Railways:

  - The Company carries out direct deliveries by rail to customers in North China, Europe and the CIS. The weighted average railway tariff in the direction of St. Petersburg increased by 39% (decreased by 25% in US$ equivalent). The China tariff was 20% higher than in 2014 (24% lower in US$ equivalent) mainly due to tariff inderation and increased percentage of shipments along the more expensive route through Grodekovo.
  - Transshipment: In 2015, transshipment costs decreased by 43% compared to 2014 and amounted to US$25.68 million.

**Effective sea freight**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$/m3</th>
<th>US$/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>30</td>
<td>30</td>
</tr>
<tr>
<td>2015</td>
<td>21</td>
<td>21</td>
</tr>
</tbody>
</table>

**SPB railway tariff**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$/m3</th>
<th>US$/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>43</td>
<td>43</td>
</tr>
<tr>
<td>2015</td>
<td>61</td>
<td>61</td>
</tr>
</tbody>
</table>

**China railway tariff**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$/m3</th>
<th>US$/tonne</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>73</td>
<td>73</td>
</tr>
<tr>
<td>2015</td>
<td>92</td>
<td>92</td>
</tr>
</tbody>
</table>

**Annual average US$/RUB exchange rate**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$/RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>60</td>
</tr>
<tr>
<td>2015</td>
<td>56</td>
</tr>
</tbody>
</table>

**US$ exchange rate at the reporting date**

<table>
<thead>
<tr>
<th>Year</th>
<th>US$/RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>2014</td>
<td>60</td>
</tr>
<tr>
<td>2015</td>
<td>56</td>
</tr>
</tbody>
</table>

The average export price on an FCA basis is the average export price on a delivery basis less the transport component: railway tariffs, freight and transshipment costs.

**Spb Railway Tariff**

The average export price on an FCA basis is the average export price on a delivery basis less the transport component: railway tariffs, freight and transshipment costs.

**Effective Sea Freight**

The average export price on an FCA basis is the average export price on a delivery basis less the transport component: railway tariffs, freight and transshipment costs.
Cash cost of goods sold
The cash cost of goods sold (COGS) in 2015 was US$33 per tonne, 30% lower than in 2014. COGS decreased compared to last year mainly due to the devaluation of the rouble (in which cash cost of goods sold is mainly expressed) in 2015.

Labour
Compared to 2014, the average monthly salary in roubles across the Group, excluding key management compensation, increased by 12% (fell by 30% in US$ equivalent due to the rouble devaluation). The average monthly salary across the Group, excluding key management compensation, amounted to US$897 compared to US$1286 in 2014. The key factor of salary growth in RUB was salary indexation due to inflation.

Cash cost of sales per tonne

Cash COGS structure

2015

Labour cost – 34%
Fuel and energy – 23%
Repairs and maintenance – 16%
Other materials – 14%
Standardised materials – 10%
Transportation between mines – 2%
Other – 1%

2014

Labour cost – 35%
Fuel and energy – 26%
Repairs and maintenance – 13%
Other materials – 12%
Standardised materials – 10%
Transportation between mines – 2%
Other – 3%

Cash COGS structure

2015

Labour cost – 34%
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Calculation of adjusted EBITDA / US$ mln/

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Operating profit</td>
<td>1,725</td>
</tr>
<tr>
<td>Adjusted for depreciation and amortisation</td>
<td>220</td>
</tr>
<tr>
<td>One-off (positive)</td>
<td></td>
</tr>
<tr>
<td>Reversal of Solikamsk-2 impairment</td>
<td>(27)</td>
</tr>
<tr>
<td>Reversal of provision due to the accident at Solikamsk-2</td>
<td>(5)</td>
</tr>
<tr>
<td>Adjusted EBITDA</td>
<td>1,913</td>
</tr>
</tbody>
</table>

Fuel and energy costs

2015

Electricity – 14.1%
Gas – 8.6%
Fuel – 0.4%
Heat – 0.1%
Other cash COGS – 76.8%

2014

Electricity – 15.9%
Gas – 8.9%
Fuel – 0.4%
Heat – 0.3%
Other cash COGS – 74.5%

Headcount of Uralkali Group (period average) / employees

20,592
FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS / CONTINUED

GENERAL AND ADMINISTRATIVE EXPENSES

Compared to 2014, cash general and administrative expenses decreased by 26% in US$ equivalent in 2015, but in roubles increased by 1.39 billion roubles. The main component of cash general and administrative expenses is labour costs (60%).

FINANCE INCOME AND EXPENSES

The devaluation of the rouble in 2015 by 30% led to a foreign exchange loss in the amount of US$0.23 billion.

In November 2014, Uralkali detected a higher level of brine inflow, as well as a sinkhole to the east of the Solikamsk-2 production site. Upon completion of a technical investigation of the cause of the accident at Solikamsk-2 carried out by a committee appointed by the West Ural Administration of Rosnechnadzor, the Company evaluated the potential costs of remediation.

As of 31 December 2014, the Company accrued a provision in the amount of US$20.85 million to cover the estimated costs of addressing the consequences, of which US$16.41 million were charged to other operating expenses and US$4.44 million were capitalised. The Company also impaired its fixed assets in the amount of US$90.48 million and construction in progress in the amount of US$7.57 million. The impairment loss of US$88.05 million, as well as the provision to cover the estimated costs of US$16.41 million were considered as one-off expenses and were not included in the total expenses to calculate EBITDA in 2014.

As of 31 December 2015, the provision amount was reduced by US$8.49 million (excluding the effect of conversion to the presentation currency), impairment of fixed assets and construction in progress in the amount of US$27.25 million were reversed, due to an improvement in the mine forecast life. For the purposes of calculating EBITDA, those profits in the amount of US$32.74 million were considered as one-off profits and did not increase EBITDA.

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CAPEX

Total CAPEX for 2015 amounted to US$343 million, of which 47% was spent on expansion. The main expense in 2015 was spending on the Uz-Yayva project. Other projects included the increase in output in production sections, expansion of granulation capacity and expansion of carnallite production. The Company proceeded with the design of the Polovodovsky potash plant in 2015 and launched a new project – the construction of a new Solikamsk-2 mine.

CASH FLOW

Due to the weakening of the rouble, net cash generated from operating activities in 2015 increased by approximately 29% from 2014 to US$1.78 billion. As of 31 December 2015, Uralkali had net debt of US$38 billion. The Company’s cash balance, including deposits, amounted to US$1.11 billion, with total debt at US$6.49 billion. The devaluation of the rouble led to a fair value loss on cross-currency interest rate swaps concluded in 2011-2013. The loss in 2015 amounted to US$0.23 billion. The effective interest rate on loans at the end of 2015 amounted in around 4% (including cross-currency interest rate swaps).

In May-December 2015, the Company’s subsidiaries bought back 1,055 million ordinary shares of the Company, including shares on which GDRs were issued, which is approximately 36% of outstanding shares. The total amount of funds spent by the Company on the buyback of its shares and GDRs in 2015 is US$0.37 billion.9

1 Cash general and administrative expenses = General and administrative expenses less depreciation and amortisation and one-off expenses.
2 Adjusted EBITDA represents operating profit plus depreciation and amortisation and one-off expenses and income.
3 Adjusted EBITDA margin is calculated as adjusted EBITDA divided by Net Sales.
4 CAPEX includes acquisition of property, plant and equipment and intangible assets based on IFRS Cash flow statement.
5 According to IFRS Cash flow statement.
Delivering on our strategy

1. Maintain industry leadership positions
   - We aspire to sustain a leading market position in the global fertiliser industry and contribute to the global food supply.
   - We are focused on meeting the world’s growing demand for food. We seek to take advantage of our best-in-class resource base by selectively expanding production capacity.

2. Focus on enhanced relationships with end customers
   - Maintain close relationships with end customers and partners.
   - Continuously improve our products and services.

3. Maintain cash cost leadership positions
   - We seek to maintain our leading position in cost-efficiency among potash producers.
   - In seeking to maintain our leading position in cost-efficiency among potash producers, we need to reduce our operating costs and enhance our competitiveness.

4. Balance investment in growth with shareholder returns
   - We are committed to retaining a robust capital structure and maximising total shareholder return.
   - We ensure secure and risk-free returns to shareholders through the buyback of ordinary shares in the event of non-payment of dividends.

5. Focus on people, communities, safety and environment
   - We are committed to sustainability and responsible business practices.
   - We seek to be a socially responsible employer of choice.

6. Continued focus on best corporate governance practices
   - We are guided by the principles of openness, transparency and risk minimisation for all stakeholders.
   - We remain committed to openness, transparency and risk mitigation for all stakeholders.

Risks

- Potash price decrease
- Potash demand decline
- Political, legal and regulatory risks
- Loss of share in specific markets
- Inflation and currency fluctuations
- Non-fulfilment of obligations by contractors or suppliers
- Expenditure increase

Priorities

- Maximise revenue to create maximum value for all shareholders
- Simulate growing demand for potash
- Increase potash capacity on the lowest cost basis in the industry; strive to become the lowest cost producer at economically viable volumes
- Focus on products of the highest quality, increase in production volumes of granular potash
- Strengthen customer relationships and reliability of supply
- Enhance logistics platform to secure long-term supply in key markets
- Focus on efficient distribution in key markets

Vision

- We are focused on meeting the world’s growing demand for food. We ensure secure and risk-free returns to shareholders through the buyback of ordinary shares in the event of non-payment of dividends.
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Despite the challenging macroeconomic environment, Uralkali, one of the most cost-efficient manufacturers in the world, maintained its leading position in the industry. The Company produced 11.4 million tonnes of potash, which enabled it to reach EBITDA of US$1,913 million and an EBITDA margin of 72%.

Maintain industry leadership positions

**Net revenue**

<table>
<thead>
<tr>
<th>Year</th>
<th>Net revenue / US$ mln</th>
</tr>
</thead>
<tbody>
<tr>
<td>2012</td>
<td>2,645</td>
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</tbody>
</table>

Achieved production

**Achieved production**

<table>
<thead>
<tr>
<th>Year</th>
<th>Achieved production / mln t KCl</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>11.4</td>
</tr>
</tbody>
</table>

Manpower productivity

**Manpower productivity**

<table>
<thead>
<tr>
<th>Year</th>
<th>Manpower productivity / t/person</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>1,582</td>
</tr>
</tbody>
</table>

Sales volume / Production volume

**Sales volume / Production volume**

<table>
<thead>
<tr>
<th>Year</th>
<th>Sales volume / Production volume / mln t KCl</th>
</tr>
</thead>
<tbody>
<tr>
<td>2015</td>
<td>11.2/11.4</td>
</tr>
</tbody>
</table>

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For more information please see page 27

For more information please see page 30

For more information please see page 34

For more information please see page 27

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Dmitry OSIPOV

Chief Executive Officer
Uralkali • Integrated report and accounts • 2015

KEY PERFORMANCE INDICATORS / CONTINUED

3

MAINTAIN CASH COST LEADERSHIP POSITIONS

Cash COGS per tonne

33 / US$ per tonne

RELEVANCE TO THE STRATEGY
Cash cost of goods sold (COGS) per tonne measures our competitive cost position in the industry.

MEASUREMENT
COGS less depreciation and amortisation per tonne.

PERFORMANCE OVERVIEW
In 2015, our cash costs remained the lowest in the industry and further decreased due to the depreciation of the rouble.

EBITDA margin

72 / %

RELEVANCE TO THE STRATEGY
The EBITDA margin demonstrates our pricing success, cost efficiency, advantages of being a pure-potash producer, and reflects the attractive fundamentals of our business.

MEASUREMENT
Adjusted EBITDA divided by Net revenue. Adjusted EBITDA is Operating Profit plus depreciation and amortisation and does not include one-off expenses. Net revenue is revenue less railway tariff, freight and transshipment.

PERFORMANCE OVERVIEW
Our EBITDA margin in 2015 increased by 8 ppt compared to last year’s, reaching its highest level since 2008. This is explained by the effective work of management to reduce costs, finding new sales channels, earlier investments in capacity expansion and the continuing depreciation of the rouble.

4

BALANCE INVESTMENT IN GROWTH WITH SHAREHOLDER RETURNS

Total shareholder return (TSR)

5.51 / TSR, %

RELEVANCE TO THE STRATEGY
TSR measures Uralkali’s strategy performance and creation of shareholder value. We also monitor relative TSR performance against other global potash/fertiliser companies.

MEASUREMENT
TSR calculation reflects generation of shareholder value through share price appreciation and dividends paid over the reporting period.

PERFORMANCE OVERVIEW
In 2015, TSR returned to positive values and was significantly better than that of other large fertiliser producers (with a mean TSR of -30%) due to an increase in the Company’s share price, partly caused by the buyback of Uralkali’s ordinary shares.

Net debt/LTM EBITDA

2.81

RELEVANCE TO THE STRATEGY
Net debt/LTM EBITDA measures how robust our capital structure is and how we manage our balance sheet.

MEASUREMENT
Net debt = Debt (including bank loans and bonds) less cash and deposits.

PERFORMANCE OVERVIEW
The rise in the Net debt/EBITDA ratio was explained by RUB devaluation.

Expansion CAPEX

160 / US$ mln

RELEVANCE TO THE STRATEGY
Expansion CAPEX reflects how efficiently we bring new potash capacity on line.

MEASUREMENT
Capital expenditures attributable to the expansion programme.

PERFORMANCE OVERVIEW
In 2015, we continued to implement our expansion programme. Our expansion CAPEX in 2015 was lower than the anticipated budget due to the additional time needed to select contractors. The decrease of this figure in US$ compared to 2012-2013 can also be explained by RUB devaluation.
We regret to report that three employees tragically died at Uralkali facilities in 2015. Although an independent investigation led following the implementation of the Cardinal Rules in 2012, we were taken to prevent such accidents in the future.

Labour turnover represents the ability to retain our people, which is key to the Company’s strategy to be positioned as an employer of choice. The effectiveness of the Company’s HR policy aimed at increasing employees’ loyalty helped to further decrease the Voluntary Labour Turnover rate in 2015.

Average annual wages (in the main production unit)

Average annual wages per employee in the main production unit measures how competitive we are in the market in relation to attraction and retention of the best people. The annual payroll is divided by the average number of employees in the main production unit, excluding top managers and the Moscow office.

In 2015, average annual wages denominated in US$ further decreased because of a strong RUB devaluation. In RUB average annual wages increased by 12%, but the average annual depreciation of the rouble led to a decrease by 30.2% in US dollars.

Uralkali constantly monitors salary rates and pays the utmost attention to retaining people through ensuring its salary levels remain attractive.

Energy consumption

Energy utilisation as a result of a number of mitigating actions demonstrates how the Company reacts to climate change.

Measurement
Energy consumed (electricity) per tonne of production for industrial needs.

Performance overview
Lower production volumes and energy efficiency programmes resulted in a slight increase in energy consumption per tonne in 2015.
KEY PERFORMANCE INDICATORS / CONTINUED

CONTINUED FOCUS ON CORPORATE GOVERNANCE

MAINTAINING OF CREDIT RATINGS

2015: Stable credit outlook maintained
2014: Investment-grade ratings maintained
2012, 2013: Investment-grade ratings received and maintained

THE COMPANY’S GOVERNANCE AND TRANSPARENCY ARE NOT NEGATIVELY CITED BY THE RATING AGENCIES / REGULATORS

2015: Uralkali continued to pursue a consistent policy of enhancing its corporate governance and information transparency. No claims made by regulators.
2014: Uralkali continued to pursue a consistent policy of enhancing its corporate governance and information transparency. No claims made by regulators.
2013: The Company pursued a consistent policy of enhancing its corporate governance and information transparency. This included improving the information uploaded to its website and the quality of public reporting. No claims made by regulators.

RELATENESS TO THE STRATEGY
The corporate governance system, based on the best international standards, is the backbone of shareholders’ trust.

MEASUREMENT
Type of ratings assigned to the Company by three rating agencies: Fitch, Moody’s and Standard & Poor’s.

PERFORMANCE OVERVIEW
In December 2015, Standard & Poor’s downgraded the Company’s rating to BB-, Stable. Fitch lowered the Company’s rating to BB-, Stable. Moody’s lowered Uralkali’s rating to Ba2, Stable.

RELATENESS TO THE STRATEGY
The corporate governance system, based on the best international standards, is one of the Company’s most important strategic objectives. These activities ensure that events that may adversely affect Uralkali’s achievement of its goals are identified promptly and to take adequate response measures by distributing responsibilities between decision-makers.

MEASUREMENT
Any defects in the Company’s corporate governance, transparency, disclosure or ethical standards, practices or procedures cited by any rating agency or regulator with jurisdiction over the Company’s securities as a reason for an adverse decision with respect to the Company.

PERFORMANCE OVERVIEW
Corporate governance continued to be one of the top priorities for the Company in 2015. The decision-making process in the Company is strictly in line with legal and regulatory requirements and in full accordance with the best international corporate governance practices.

STRATEGY AND RISK MANAGEMENT

Improving risk management

“I
Given the significant opportunities and challenges that we face, a consistent approach to the development of the risk management and internal control system is crucial for timely identification and assessment of risks, decreasing their probability or minimising their negative effect.”

The development of an effective risk management and internal control system is one of the Company’s most important strategic objectives. These activities ensure that events that may adversely affect Uralkali’s achievement of its goals are identified promptly and to take adequate response measures by distributing responsibilities between decision-makers.

In 2015, the Company continued its risk management activities as part of COSO ERM, an integrated risk management concept, and ISO 31000 Standard.

KEY RISK FACTORS
This section describes only the major and most significant risk factors, which may have a considerable impact on the financial and operating performance of PJSC Uralkali. All estimates and forecasts contained herein should only be viewed taking these risks into account.

Other risks, of which PJSC Uralkali is unaware or which are not currently deemed significant, may become material in the future and have a considerable adverse effect on the Group’s commercial, financial and operating performance.

The Integrated Report does not aim to give an exhaustive description of all risks that may impact the Company. PJSC Uralkali will disclose any necessary information in a timely manner according to the applicable laws.

Our risk management approach is based on understanding of our current risk exposure, appetite and dynamics.

For more information please see page 96.
Uralkali’s risk map for 2015

I. Strategic risks
1. Failure to meet targets set for investment projects
2. Non-guidance of new technologies in the market
3. Increase in the level of basic prices for goods and services
4. Energy crisis risk
5. Energy price fluctuations
6. Inflation and currency fluctuations

II. Operating risks
1. Lack of qualified employees
2. Reduction in production capacity
3. Non-fulfilment of obligations by contractors or suppliers
4. Expenditure increase
5. Environmental risks and risks related to mining operations
6. Risks related to the incidents at Berezniki-1 and Solikamsk-2
7. Non-compliance with environmental and health and safety regulations

III. Financial risks
1. Inflation and currency fluctuations
2. Non-fulfilment of obligations by financial partners
3. Risks connected with the licensing of the use of natural resources
4. Political, legal and regulatory risks
5. Compliance with applicable legislation and internal policies

IV. Environment/Development environment
1. Risks related to the development of the mining operations
2. Environmental and social risks
3. Risks related to the use of natural resources
4. Risks related to the use of natural resources
5. Risks related to the use of natural resources
6. Risks related to the use of natural resources

V. Marketing risks
1. Potsash demand decline
2. Potsash price decrease
3. Lack of specific products

VI. Legal risks
1. Risks connected with the licensing of use of natural resources
2. Political, legal and regulatory risks
3. Compliance with applicable legislation and internal policies

Strategic report | Corporate governance | Financial statements | Additional information

I. Strategic risks
1. Failure to meet targets set for investment projects

II. Operating risks
2. Lack of qualified employees
3. Reduction in production/capacity
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V. Marketing risks
10. Potsash demand decline
11. Potsash price decrease
12. Lack of specific products

VI. Legal risks
13. Risks connected with the licensing of use of natural resources
14. Political, legal and regulatory risks
15. Compliance with applicable legislation and internal policies

Strategic report | Corporate governance | Financial statements | Additional information

Risk | Description | Risk level | Dynamics | Description of change | Risk minimisation measures
--- | --- | --- | --- | --- | ---
Strategic risks
Failure to meet targets set for investment projects
- Risks that investment projects’ timeframes and budgets will be exceeded.
- Risks that the capacity expansion and other projects’ technical parameters will not be achieved.
- MEDIUM
- The Company continues to implement its investment programme in line with previously adopted plans.
- The Company makes investment decisions based on market outlook; it selects the most economically efficient projects and determines optimal implementation periods.
- Major investments are made after the design stage activities have been completed and after the timeframe, costs and feasibility of the projects have been confirmed.

Operating risks
Lack of qualified employees
- Challenges in recruiting and retaining sufficiently qualified personnel.
- Additional time and financial costs to increase staff qualifications.
- LOW
- There has been a large influx of skilled personnel into the labour market during the economic downturn.
- The Company constantly monitors the state of the labour market and promptly hires qualified personnel to meet its staffing needs.

Reduction in production capacity
- Internal factors such as equipment failures, deterioration of infrastructure, etc.
- External factors such as lower ore quality or reduced capacity following technology modifications due to regulatory changes, etc.
- MEDIUM
- Production capacity decreased in connection with the accident at Solikamsk-2.
- The Company continues to expand its production capacity and replace retired assets.

Non-fulfilment of obligations by contractors or suppliers
- The failure of key partners, relations with whom are strategically important, to meet their contractual obligations.
- HIGH
- The Company’s activities depend on monopolistic energy suppliers and the Russian railways. In the context of macroeconomic instability, suppliers and contractors can raise the price of their products and services.
- The Company strives to ensure alternative suppliers are available for all its needs.
## IMPROVING RISK MANAGEMENT / CONTINUED

### Operating Risks (continued)

<table>
<thead>
<tr>
<th>Expenditure increase</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Production costs may increase due to the wear-and-tear of production equipment, utilisation of obsolete technologies, or inefficient spending on operating activities.</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td><em>The Company continues its risk prevention activities in line with previously approved plans.</em></td>
<td><em>The Company is implementing programmes to increase productivity and reduce operating expenditures.</em></td>
</tr>
</tbody>
</table>

### Financial Risks

<table>
<thead>
<tr>
<th>Inflation and currency fluctuations</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Additional costs through more expensive materials, resources and services (e.g. transport services) created by inflation and exchange rate fluctuations.</td>
<td>HIGH</td>
<td>HIGH</td>
<td><em>The Company mitigates the impact of exchange rate fluctuations by hedging.</em></td>
<td></td>
</tr>
</tbody>
</table>

### Environment/Development Environment (continued)

<table>
<thead>
<tr>
<th>Environmental risks and risks related to mining operations</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uralkali’s mining operations are exposed to risks associated with exploration, extraction and processing of minerals, which include flooding, fire and other types of incidents and may create unforeseen costs and reduce the Company’s operational efficiency.</td>
<td>HIGH</td>
<td>HIGH</td>
<td><em>The Company follows its previously developed mining plan, which includes an extensive safety section.</em></td>
<td></td>
</tr>
</tbody>
</table>

### Risks related to the incidents at Berezniki-1, Solikamsk-2

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>The flooding of Berezniki-1 in October 2006 as well as an accident at Solikamsk-2 in 2014 had a significant impact on the size of mineral reserves and may lead to additional costs, losses and obligations.</td>
<td>HIGH</td>
<td>HIGH</td>
<td><em>The Company adheres to its safety and social responsibility policies and adopts a conservative approach.</em></td>
<td></td>
</tr>
</tbody>
</table>

### Environment/Development Environment

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Uralkali’s operations and the use of its property are governed by various environmental and health and safety laws and regulations, which may be interpreted in various ways.</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td><em>In 2015, the Company implemented comprehensive programmes to minimise such risks.</em></td>
<td></td>
</tr>
</tbody>
</table>

### Marketing Risks

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potash demand decline</td>
<td>HIGH</td>
<td>HIGH</td>
<td><em>Due to macroeconomic and geopolitical instability, the potash demand growth rate does not match current market supply.</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potash price decrease</td>
<td>HIGH</td>
<td>HIGH</td>
<td><em>A mismatch between the potash demand growth rate and current market supply affects sales prices.</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Lack of specific products</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td><em>The accident at Solikamski-2 importantly increases the risk of a shortage of a particular product.</em></td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Description</th>
<th>Risk level</th>
<th>Dynamics</th>
<th>Description of change</th>
<th>Risk minimisation measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>With its production capacity fully utilised, the Company may face a deficit of a particular product for a specific market.</td>
<td>MEDIUM</td>
<td>MEDIUM</td>
<td><em>In 2015, the Company balanced its production capacity.</em></td>
<td></td>
</tr>
</tbody>
</table>
### Improving Risk Management / Continued

#### Legal Risks

Risks, connected with the licensing of the Uralkali operations

<table>
<thead>
<tr>
<th>Risk</th>
<th>Description</th>
<th>Risk Level</th>
<th>Dynamics</th>
<th>Description of Change</th>
<th>Risk Minimisation Measures</th>
</tr>
</thead>
<tbody>
<tr>
<td>Legislative changes or decisions by regulators to terminate or restrict the licences.</td>
<td>MEDIUM</td>
<td>• In 2013 Uralkali has extended its main mining licences.</td>
<td>• The Company has a plan to maintain existing licences.</td>
<td>The Company has introduced internal controls to follow up on the plan and respond promptly to any deviations.</td>
<td></td>
</tr>
</tbody>
</table>

#### Political, Legal and Regulatory Risks

PJSU Uralkali is registered in Russia and operates in a number of developing markets, including significant legal, economic and political risks.

- The Company could breach applicable laws or regulations.
- Certain measures of governmental bodies or increased regulation could lead to additional costs, as well as affect investors’ expectations.
- Additional obligations, costs and restrictions for Uralkali due to audits by tax authorities, the federal health and safety agency (Rosnedbrazhrad) and other regulators.

#### Compliance with Applicable Legislation and Internal Policies

Non-compliance with the legislation of Russia and other jurisdictions, including anti-monopoly laws.

- Claims, including anti-monopoly claims, may create additional costs for the Company.

The Company is subject to special state regulations in various jurisdictions. Due to macroeconomic instability, regulators can increase their requirements.

The Company is developing a set of measures and internal controls to ensure its legal compliance, including compliance with anti-monopoly laws.

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### Uralkali and Communities

#### Our Focus Areas

The principle of sustainable development is a fundamental component of Uralkali’s strategy, which ensures an optimal balance between the interests of the Company, its employees, customers, shareholders, partners, local communities, authorities and other stakeholders.

In 2014, Uralkali moved to a new sustainability reporting standard, GRI G4, and began to utilise multi-step materiality analysis.

Based on the analysis results, Uralkali’s strategic priorities were grouped into four key areas: economic sustainability, employees, environmental impact and stakeholder impact.

The Company will use these aspects to define, review and prioritise its sustainable development initiatives.

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### Economic Sustainability

- Focus on corporate governance by remaining committed to openness, transparency and risk mitigation for all stakeholders.
- High total shareholder returns for Uralkali’s shareholders was enabled due to an effective capital structure: optimal debt levels and return of funds to shareholders through the buyback of ordinary shares.
- Business model focuses on maintaining cost leadership, vertical integration, capacity development, production optimisation and premium products.
- Market position sustained by leading market share through established customer relations.

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### Stakeholder Impact

- Business ethics implies corporate culture code compliance along with corruption and fraud management.
- Compliance management implies compliance with all applicable laws and regulations.
- Local community relations include social investments, charity and sponsorship, relocation programmes.

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### Environmental Impact

- Geological safety focuses on safety monitoring of operational and idle mines in cooperation with R&D institutes.
- Water utilisation includes wastewater treatment and minimisation, water intake and recycling.
- Waste management focuses on the reduction of waste disposal and land reclamation research.
- Energy efficiency includes energy consumption optimisation.

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### Employees

- Recruitment and retention of talent includes cooperation with educational institutions, talent pool development, grievance mechanism.
- Occupational H&S implies adherence to cardinal rules by direct and contractor employees aimed at reduction of occupational accident risks.
- Personnel development focuses on KPIs, training, employee satisfaction surveys.
As a vital element of the Company’s strategy, the reliable and transparent relationship with our customers and partners drives the Company’s performance.

Positioned as an industry leader, Uralkali aims to sustain this mutually beneficial partnership to ensure progress and promote development in all spheres.

As a publicly listed company we need to provide open, timely and transparent information to help our investors make informed decisions about our financial and non-financial performance.

Every aspect of our strategy is based on the commitment of our people. Their knowledge, their willingness to work and their satisfaction are the keys to the Company’s successful operations. We put an emphasis on creating the conditions for professional and career growth for our people. It strengthens their loyalty to the business.

Efficient cooperation with trade unions is essential for the Company in understanding and fulfilling employees’ expectations.

Trade unions help monitor the implementation of all health and safety rules and other important agreements.

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### Stakeholder engagement

#### Customers and Partners

- The quality of goods and services provided
- Reliability of supplies
- Mandatory compliance with contract provisions and legal requirements
- Client support for the use of the Company’s products

- Procurement standards outlined in all tenders
- Rigorous due diligence of all partners to establish their integrity and solvency

#### Shareholders and Financial Community

- Corporate governance
- Financial and non-financial results
- Potash market developments
- Strategy and KPIs
- Risk
- Sustainable development

- Presentations, webcasts and conference calls between management and financial community
- Website publication of relevant AGM/EGM documents
- Management’s presentations at industry and regional conferences
- Meetings between management and the financial community, including industry conferences
- Investor and analyst days, including site visits
- General meetings of shareholders
- Perception studies among investor and financial community
- Press releases on material issues and key Company events

#### Employees

- Principles of social partnership
- Mutual respect and trust that underpin HR Policy
- Financial and non-financial incentives
- Learning and development opportunities
- Health, safety and environmental standards

- Employing HR Policy and Health and Safety Policy
- The system of internal communication and feedback
- Regular meetings between management and employees
- Feedback on hotline messages
- Ensuring safety in the workplace
- Implementation of social programmes and financial incentive programmes
- Employee satisfaction and employee engagement surveys

- Reports on execution of the provisions and development of the Collective Bargaining Agreements and health and safety agreements
- Regular face-to-face meetings with management and trade union members
- Collecting written opinions on material and social issues

---

#### Why we engage

**Key focus areas**

<table>
<thead>
<tr>
<th>Why we engage</th>
<th>Key focus areas</th>
</tr>
</thead>
<tbody>
<tr>
<td>Customers</td>
<td></td>
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<tr>
<td>Shareholders</td>
<td></td>
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<tr>
<td>Employees</td>
<td></td>
</tr>
<tr>
<td>Trade unions</td>
<td></td>
</tr>
</tbody>
</table>

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### What we are doing

#### Customers

- Publication of regular market bulletins on the website
- Meetings with customers, including industry conferences, round tables and workshops
- Master classes and practical training in mineral fertiliser use
- Customer surveys
- Procurement standards and information on the Company’s tenders and procurement plans
- Meetings with (potential) suppliers and business partners
- Conclusion of supply contracts for products and monitoring performance of requirements for counterparties

#### Shareholders

- Corporate governance
- Financial and non-financial results
- Potash market developments
- Strategy and KPIs
- Risk
- Sustainable development

#### Employees

- Principles of social partnership
- Mutual respect and trust that underpin HR Policy
- Financial and non-financial incentives
- Learning and development opportunities
- Health, safety and environmental standards

#### Trade unions

- Employing HR Policy and Health and Safety Policy
- The system of internal communication and feedback
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- Reports on execution of the provisions and development of the Collective Bargaining Agreements and health and safety agreements
- Regular face-to-face meetings with management and trade union members
- Collecting written opinions on material and social issues
We are constantly improving interaction with our key stakeholders, carefully studying their needs and expectations and striving to maintain a mutually beneficial relationship.

**STAKEHOLDER ENGAGEMENT / CONTINUED**

### Government and Local Authorities

The Company strictly follows industry standards and complies with local and international laws and regulations. Uralkali aims to establish and maintain stable and constructive relations with national and local government authorities, based on the principles of accountability, good faith and mutual benefit.

- Reporting to regulators
- Taxation
- Planning and implementing local community development projects and social projects
- Maintaining a dialogue with government authorities on current legislative and regulatory issues
- Corporate philanthropy

### Local Communities

The development of the Company needs to be supported by the local communities wherever it operates. Sustainability of ecosystems, biodiversity and a healthy environment are vital conditions for the wellbeing of future generations. A better quality of life for our people and local communities through our social and cultural projects contributes to regional social and economic development and ensures the sustainability of our operations, helping us fulfil our commitments as an industry leader.

- Environmental safety and mitigation of the consequences of industrial accidents
- Housing infrastructure development and modernisation
- Social infrastructure development and modernisation
- Sports development
- Supporting cultural events
- Support for disadvantaged sections of the community

### Mass Media

The Company needs accurate and timely coverage by the various media channels when disclosing its financial and operational results, key external and internal events, community activities and involvement, participation in industry conferences, international and local exhibitions, etc. The adequate perception of Uralkali and its strategy by all stakeholders is mutually beneficial for the Company and its target audiences.

- Accurate media coverage of the Company’s strategic messages, corporate events and news
- Getting feedback from society and media
- Maintaining the relationship with stakeholders at all levels
- Press releases on material issues and key events
- Interviews with management
- Press tours and press conferences
- Relationship building events for media
- Perception studies among target media

### Why we engage

- Why we engage

### Key Focus Areas

- Key focus areas

### What we are doing

- What we are doing

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SUSTAINABLE DEVELOPMENT

Chairman of the CSR Committee statement

Throughout recent history up to the present day, the principles of sustainable development have been among the main priorities in the formulation of development strategies for Uralkali. On the basis of these principles, we take into account the interests of all stakeholders (employees, partners, investors, shareholders, government bodies, NGOs, the media and the residents of the surrounding region). We know that people expect stability, responsibility, openness and respect for the environment. And we strive to meet these expectations by consistently implementing our sustainable development strategy. By pre-planning our work for decades in advance, we are concerned about the welfare of future generations, and understand these obligations voluntarily. In implementing the sustainable development strategy, we also rely on the company's values that unite all employees, regardless of what division and at which enterprise they work. Safety, responsibility, efficiency and teamwork are the foundation that allows us to move forward with confidence.

ENVIRONMENT AND INDUSTRIAL SAFETY

The activities of Uralkali are inextricably linked to the environment in which it operates. That is why, whilst fully being aware of its responsibility, the Company is strictly committed to the principles of environmental responsibility through compliance with environmental legislation, the rational use of natural resources and the continuous improvement of environmental protection activities and measures. The production activities of any mining company are associated with risks of negatively affecting the external environment. However, our main task is to carefully and fully implement risk-management and risk-minimisation measures in this regard. This is achieved by utilising advanced wastewater treatment technologies, optimising production and waste management systems, as well as supporting private initiatives by volunteers. In 2015, in parallel with the development of production capacity, the Company continued to invest in measures aimed at protecting the environment. In addition to current expenditure on the protection of air, water and land resources, Uralkali is investing in the modernisation of existing equipment and the installation of new purification equipment, personnel training, and the development of internal systems for monitoring and control, as well as carrying out research work. Our activities are primarily aimed at providing geological safety, energy efficiency and minimising impact on the climate, together with the protection of air and water resources and waste management. In 2015 alone, about 1.5 billion roubles was spent on environmental protection projects.

Geological safety is a critical factor in the development of the potash deposits and mining operations. Uralkali constantly monitors the geological environment at all operating mine fields. Uralkali staff, experts and specialists work closely with independent Russian and international consultants and research institutes in this field.

OCCIDENTAL HEALTH AND SAFETY

One of the Company’s top priorities is to ensure the absence of injuries, incidents, accidents and occupational health problems. We are aware of our responsibility, not only towards employees, but also towards their families and society as a whole. Therefore, we strive to create the best environment and systems for the conduct of work. However, achieving a zero rate of accidents is only possible if each worker adheres to the principal safety requirements which, after their introduction in 2013, have proven themselves to be effective in reducing injuries. In 2015, we were dismayed to incur three fatalities but the overall accidents frequency rate remained at the 2014 level. In 2015, the comprehensive program for the prevention of occupational accidents was enhanced. At all the mines of the Company, a mining and technical inspector was present continuously to audit and control safety rules. In 2015, in order to prevent occupational health problems associated with hearing loss among miners, the company purchased a batch of innovative headphones, equipped with an active noise-reduction system. In addition, a number of other initiatives were implemented during the year, including the implementation of further industrial and fire safety measures, preventive health measures, education and personnel training.

INTERACTION WITH LOCAL COMMUNITIES

Uralkali operates in two cities of the Perm Region - Berezniki and Solikamsk. More than 99% of over 21,000 employees of the Uralkali Group of Companies have permanent residence in these towns and nearby communities. The wellbeing of our employees is our natural duty as a responsible employer, but we are also striving for corporate responsibility. An essential part of our activity is increasing the level and quality of life in the surrounding region. In 2015, we continued to work, both independently and in collaboration with local authorities, to fund a variety of projects aimed at improving city social infrastructure. In 2015, the total amount of social investment amounted to about US$28 million. As part of the programme for the resettlement of residents from old and dilapidated housing, the Company is working closely with regional and Russian federal authorities. In 2015, as part of its obligations under the programme’s funding, the Company transferred 1.29 billion roubles to the budget of the Perm Region. The company also undertakes projects aimed at the promotion of a healthy lifestyle. In 2015, as in previous years, the Company is funding its own programme for the development of basketball.

In addition, with the assistance of the Company, a number of sporting events were held. Once again, in the city of Solikamsk, a judo national youth tournament was organised, as well as Greco-Roman wrestling national youth competitions. In addition, an open Sambo tournament was held, as well as a regional-level boxing tournament and a city festival of martial arts. Thanks to Uralkali support, Solikamsk kickboxers performed successfully during the World Cup Tournament in the City of Anapa. Disabled athletes also competed in the Russian National Team at the world championship in Poland, and triumphantly returned to their native city, Solikamsk. We continue to cooperate with leading regional educational institutions, and provide support in the form of personal scholarships to talented students of Berezniki and Solikamsk. The Company’s employees actively participate in projects initiated by the Company, as well as independently in other initiatives such as citywide cleaning events for urban areas and surrounding regions, which are regularly held in the cities in which the Company operates.

GLOBAL FOOD SECURITY

As a leader in the potash industry, we recognise the need for our involvement in one of the global challenges facing humanity - food security. The Company aims to not only produce potash fertilisers to meet the requirements of agricultural production, but also to improve the efficiency of their use. In cooperation with international organisations and research institutions, Uralkali is carrying out a number of projects to improve crop yields in Russia and abroad. In addition, we regularly organise seminars bringing together experts, advisors and journalists to promote best agricultural practice.

I would like to thank Uralkali’s Board of Directors, management and employees for all their efforts in the development and implementation of the best global practices in social responsibility. We will continue to work in all areas related to sustainable development for the benefit of the Company and society as a whole.
Independent assurance statement by ZAO Deloitte & Touche Cis (‘Deloitte’) to the board of directors of Uralkali Open Joint Stock Company on the selected performance indicators disclosed in Integrated Report and stated in GRI Tables 2015 for the year ended 31 December 2015

Scope of our work and assurance standards we used
We have been engaged by Uralkali Public Joint Stock Company (“Uralkali”) to provide limited assurance on the selected performance indicators disclosed in Integrated Report and stated in GRI Tables 2015 available on the website of Uralkali.

We carried out limited assurance procedures in accordance with International Standard on Assurance Engagements 3000 (Revised) ("ISAE 3000 (Revised)"). To achieve limited assurance ISAE 3000 (Revised) requires that we review the processes and systems used to compile the areas on which we provide limited assurance. It does not include detailed testing of source data or the operating effectiveness of processes and internal controls. This provides less assurance and is substantially less in scope than a reasonable assurance engagement.

Our key assurance procedures
To form our conclusions, we undertook the following procedures:
• interviewed management and those with operational responsibility in relevant areas;
• understood, analysed and tested on a sample basis the key processes, procedures and controls relating to the collation, aggregation, validation and reporting processes of the selected performance indicators;
• reviewed the contents of the Integrated Report against the findings of the aforementioned procedures and, as necessary, provided recommendations for improvement.

We planned and performed our work to obtain all the information and explanations we considered necessary to provide sufficient evidence to support our assurance conclusion. Our work was planned to mirror Uralkali’s own compilation processes, tracing how data for each indicator within our limited assurance scope was collected, collated and validated and included in the Integrated Report and GRI Tables 2015.

Roles and responsibilities
The Directors are responsible for the preparation of the Integrated Report and GRI Tables 2015 and for the information and statements contained within it. They are responsible for determining the goals, performance and for establishing and maintaining appropriate performance management and internal control systems from which the reported information is derived.

Our independence
We complied with Deloitte’s independence policies, which address and, in certain cases, exceed the requirements of the International Ethics Standards Board for Accountants Code of Ethics for Professional Accountants in their role as independent auditors.

Conclusion
Based on the scope of our work and the assurance procedures we performed we conclude that nothing has come to our attention that causes us to believe that selected performance indicators stated in the GRI Tables 2015 available on the website of Uralkali and disclosed in the Integrated Report for the year ended 31 December 2015 is not prepared, in all material respects, in accordance with the applicable criteria.

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In 2015, while expanding its production capacity, the Company continued to invest in initiatives to protect the environment. In addition to current expenditures associated with protecting the atmosphere, water and land resources, Uralkali is investing in the modernisation of existing machinery and the installation of new pollution control equipment, staff training, and the development of internal monitoring and control systems, as well as scientific research. The Company invested over 1.4 billion roubles in environmental protection in 2015 (relative to over 1.3 billion roubles in 2014).

Our approach

PJSC Uralkali focuses on measures to minimise the negative impact of its activities on the environment. Responsibility for preservation of the environment is an integral part of doing business. The Company fully adheres to the requirements of environmental legislation, uses natural resources responsibly, and constantly introduces new environmental protection measures.

Why these issues are important to us

The highest level of production organisation and the use of advanced technologies enable PJSC Uralkali to successfully achieve its sustainable development goals. These include the efficient use of non-renewable resources and adherence to the highest environmental protection standards, aimed at minimising the impact of the Company’s business on the environment.

Sustainability of ecosystems, biodiversity and a healthy environment are vital conditions for the wellbeing of future generations.

Key priorities

• Reduction of waste discharges into water, balanced water consumption
• Efficient waste management
• Reduction of air emissions
• Minimisation of energy consumption

Stakeholders engaged

• Employees
• Trade unions
• Government and local authorities
• Local communities
In 2015, the volume of associated gas used across the Group amounted to 70.9 million m³ (the decrease has been observed over the past three years: in 2014 – 31.3 million tonnes of waste (in 2014 – 34.77 million tonnes of waste to the landfill and sent 3 tonnes of waste paper for recycling.

As a result, we delivered nearly 300 tonnes of waste to the landfill and sent 3 tonnes of waste paper for recycling. Based on the results of the "Protection from Environmental Hazard Days", the Company was awarded by the Berezniki town administration for the active participation in the 2015 campaign. In 2015, at the Company’s request, juvenile sterlet (sturgeon) was bred in the territory of LLC Dobryansky Harchery Centre. According to environmentalists, this species of fish should play a positive role in the ecological balance of the River Kama. The total weight of more than 76 thousand juvenile fishes was about 230 kilograms.

In 2015, the volume of associated gas used across the Group amounted to 70.9 million m³, including:

- 11.4 million m³ of water intake for industrial needs and utility services at Uralkali decreased by 87.9% compared to 2014 and amounted to 16.55 million m³ (not including water intake for third parties). The water intake from surface sources totalled 14.2 million m³ (not including water intake for third parties). Reduced water consumption is explained by the lease of Berezniki to JSC BSZ.

The Company aims to reduce consumption of water for industrial needs and minimise the impact of wastewater disposal on the environment.

In 2015, the volume of water recycled and reused at JSC Uralkali totalled 104.057 million m³ (the total volume of reused water in the system including industrial losses).

Waste management

Uralkali’s mining activities generate significant amounts of secondary resources and waste. Effective waste management begins with the adoption of measures to prevent environmental pollution. Preventative measures include refusal of or reduction of operating practices that pollute the soil, atmosphere and water bodies. The Company is guided by this principle in the design and operation of its facilities, as well as in business planning.

In 2015, Uralkali continued to implement measures to achieve higher levels of waste management efficiency. Such measures included:

- the introduction of state-of-the-art production solutions at both existing and new facilities to increase the recovery ratio of valuable components from ore, resulting in significant reductions in waste
- the backfilling of the mined-out areas of mines, thus reducing the environmental impact

Thus, halite waste is used for the production of:
- saline solution, which is used in the production of soda
- industrial sodium chloride
- mineral concentrate “halite”

Halite waste and clay-salt slurries are also used for filling the mined-out areas of mines. In 2015, the disposal of halite waste and clay-salt slurries at waste disposal facilities operated by the Company decreased by 36% (11,237 thousand tonnes) due to their use.

In the reporting period, waste disposal at the landfill decreased by 1% compared to 2014 and amounted to 37.37 thousand tonnes (the decrease has been observed over the past three years: in 2014 – 38.81 thousand tonnes, in 2013 – 41.86 thousand tonnes; compared to 2013, it amounts to 10.7%). This decrease is due to lower amounts of construction waste from the reconstruction of buildings and structures (using the crushing plant). Also, over the past three years there has been an increase in the tonnage of waste intended for own production use: in 2015 – 11.25 million tonnes, in 2014 – 10.43 million tonnes, in 2013 – 10.25 million tonnes (an increase of 10% compared to 2013).

Uralkali aims to increase the amount of hazardous waste transferred for use. In 2015, 54.9 thousand tonnes of LV hazard class waste was transferred for re-use by the Company (in 2014–39 thousand tonnes, an increase by 40.1%).
In 2012, the Company adopted the HSE Policy. When adopting this document, Uralkali stated that health, safety and the environment are key priorities that should be taken into account in all actions and decisions, regardless of the line of work to which they relate.

### Our approach
Safety is an unconditional value that must be an integral part of any action and decision. We understand that careless, thoughtless and irresponsible actions may have tragic implications not only for ourselves and our colleagues, but also for our families and friends. No achievement or economic benefit can justify loss of life or damage to a person’s health.

### Key priorities
- Absence of fatalities and incidents
- Absence of accidents

### Stakeholders engaged
- Employees
- Trade unions
- Local communities
- Media

### Why these issues are important to us
Absence of fatalities, incidents, accidents and occupational diseases is one of the key goals of an efficient business. Each employee expects to work in a healthy environment. At the same time, the Company expects its employees to follow the safety rules. Jointly supporting these principles, we will be able to bring our business to a higher level of performance and a sustainable future.

### Policy and Strategy
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### Performance indicators
In 2015, the number of accidents at the Company’s facilities totalled 18. We regret to report three fatal accidents (two accidents happened at PJSC Uralkali and one at LLC Uralkali-Remont). All accidents were investigated and the Company adopted the necessary measures to prevent similar incidents.

The Group’s lost time injury frequency rate (LTIFR) has not changed compared to 2014.

In 2015, the lost days rate (LDR) across the Group increased by 20% compared to 2014.

### Organisational and technical measures

1) Following the investigation of accidents that occurred in 2015, the Company decided to toughen penalties for the violation of health and safety rules. The adopted Regulation of Disciplinary Action provided for tougher penalties for the heads of departments where violators work for non-compliance with the disciplinary procedure. The Company introduced a special procedure for the examination of violations that may lead to accidents, according to which Uralkali’s Commission decides on the degree of culpability of all violators, including the heads of departments.

2) All mines were examined for unauthorised equipment.

3) In 2015, in accordance with the Special Assessment Law, the Company initiated assessment of working conditions for the occupations and jobs involving harmful and hazardous production factors at new workplaces in the Company’s functional and production units.

4) The Group records all incidents that do not lead to temporary loss of working capacity, but just require first aid.

5) The hotline for reporting possible violations of health and safety rules continues to operate.
3) In 2015, Uralkali received the Certificate of qualification of mine rescue crews issued by the Ministry of Industry and Trade. Those crews were formed from employees of Uralkali’s mines who were qualified as rescuers.

4) At the Company’s mines, a system of personnel positioning was installed and commissioned.

5) The Company completed the scheduled examination of industrial safety of technical devices, buildings and structures used at Uralkali’s hazardous production facilities.

6) The certification of existing systems for monitoring and control of engineering systems of buildings and structures (ESM) was completed. In 2015, the Company developed three certificates with descriptive and graphical parts for Berezniki-2, Solikamsk-2 and Solikamsk-3.

7) The Company completed work to form, train and assess emergency response units. The Industry and Trade Ministry issued certificates for gas rescue units (NASF) consisting of more than 60 employees of the surface complex employed at Berezniki-2, Berezniki-3, Berezniki-4, Solikamsk-1, Solikamsk-2, Solikamsk-3 of JSC Uralkali.

8) Scheduled comprehensive exercises were conducted to prepare employees for natural and man-made emergency situations and civil defence warning signals.

9) The Company maintained its civil defence structures in proper working order, adopted and scheduled measures to improve their protective properties. Based on the results of local review competitions, the Company’s civil defence structures received awards and were recognised as superior to similar structures of Perm region.

1) Due to legislative changes, the Company developed new and updated existing internal regulations.

2) Three industrial safety declarations for hazardous production facilities (hazard class II) were developed and approved.

3) In 2015, Uralkali received the Certificate of qualification of mine rescue crews issued by the Ministry of Industry and Trade. Those crews were formed from employees of Uralkali’s mines who were qualified as rescuers.

In 2015, no fire or emergency situations were registered at the Company’s facilities. The number of fire outbreaks decreased by 41% and totalled 12 cases.

1) In September-October 2015, an independent fire safety audit of the Company’s facilities was conducted. Based on the proposals of the auditors, the Company is developing plans for 2016-2018 aimed at reducing the risk of fires breaking out and spreading at the Company’s facilities.

2) Over 800 existing fire alarm and fire extinguishing systems and installations for the surface complex, as well as warning systems for civil defence and emergencies, were serviced.

3) As part of the technical re-equipment of professional rescue units engaged in mine rescue and fire protection operations at the Company’s facilities, a fire tanker mounted on the chassis of an Ural off-road truck (“Typhoon-60UK” at Berezniki-4) was purchased.


5) The Company carried out maintenance of primary fire extinguishing means (fire extinguishers). During the year, over 25,000 fire extinguishers were tested, repaired and recharged.

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In 2015, the Federal Scientific Centre for Medical and Preventative Health Risk Management Technologies examined the study group (36 employees) of Berezniki-2 and the control group (67 employees) of the engineering and technical personnel of the Company’s administration.

As a result, the scientists identified two genes with the greatest pathogenic significance for the studied deterioration of health that are diagnostic markers of conditions prior to the development of hypertension. A programme of primary prevention of hypertension was proposed, and preventive measures were taken in respect of workers involved in enrichment processes. A set of measures will reduce the risk of hypertension and, as a consequence, the number of temporary disability cases.

Training and briefing
Making employees aware of the latest health and safety requirements and developing a culture of compliance play a key role in ensuring workplace safety.

Training and certification in 2015:
- In the field of industrial safety – 7,663 employees
- In the field of occupational safety – 1,181 employees
- In the field of emergency situations and civil defence – over 1,500 employees
- In the field of fire safety – 8,613 employees

Our plans for 2016
Re-licensing of the Company’s operations at explosive and chemically hazardous production facilities (hazard classes 1, 2, 3).

Collection and compilation of data on the number of technical devices, buildings and structures at the Company’s hazardous production facilities, subject to examination of industrial safety to extend the period of safe operation, as well as the preparation of a strategic plan for expert examination of industrial safety.

Development of the procedure for identification and assessment of accident risks; planning of measures according to the risk level at hazardous production facilities of the Company.

Preparation of hazardous production facilities of the Company for a planned inspection by Rostekhnadzor’s central bodies in September 2016.

Continued phased upgrade of rescue and firefighting machinery and equipment in professional units, as well as non-professional teams for the continuous performance of rescue functions in accordance with the applicable laws.

Protection of hydraulic structures of processing plants Berezniki-2 and Solikamsk-3 using local warning systems (LWS) in the event of emergencies.

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It is important not only to motivate and develop our personnel, but also to organise its activities in the most efficient way. We strive to consistently improve the productivity of each employee.

One way to achieve this goal is through our "Programme 2020", aimed at the most optimal use of all types of resources, introduction of new technologies, efficient labour organisation to maintain our leading position in the market.”

As one of the most attractive employers in Russia and an acknowledged leader in the global potash market, Uralkali creates an environment for the career and professional growth of its employees, as well as actively working to increase staff engagement and efficiency within the Company (the development of initiatives, benefits package and competitive salaries). We are chosen by those who seek professional development and strive for self-improvement. We, for our part, welcome talented young people and professionals who are ready to share their experience and knowledge.

Uralkali implements programmes to increase employee loyalty, offering competitive salaries, a comprehensive benefits package, and a variety of training and development programmes.

Our approach

Our functional strategy in human resources management aims to increase productivity and provide the business with qualified people. Part of our strategy at all levels is talent management, which allows Uralkali to control staff turnover.

This is connected with the ongoing tight labour market situation in Berezniki and Solikamsk, where the Company’s main production facilities are situated: low unemployment levels and a reduced working-age population complicate the search for and attraction of new professionals and mean that we compete for the most qualified employees. Both attracting and retaining staff are important to the Company.

Activities and results

Our team

The total number of Group employees amounted to 21,294 people (as of December 2015). Uralkali’s production facilities are located in the towns of Berezniki and Solikamsk (Perm region, Russia), that is why 99.6% of the Group’s employees come from the local population.

Motivation

Uralkali’s compensation system is built upon uniform principles, i.e. based on personnel grades and taking into account the complexity and importance of each role. Thus, employees and their direct supervisors can influence the amount of remuneration.

The evaluation of the Company’s employees and business units is based on key performance indicators (KPIs).

Each year, Uralkali assesses wage levels in the Perm region. The results of this analysis are taken into account when deciding the rate of annual indexation of staff salaries, as stipulated in the Collective Agreement.

Why these issues are important to us

The successful realisation of a business strategy is entirely dependent on people: their management skills, professional knowledge and commitment to the Company’s values and corporate ethos. Therefore, Uralkali creates ideal conditions for professional growth and career progression and develops ways to build and strengthen Company loyalty and team efficiency.

Key priorities

- Increase workforce productivity
- Develop management skills to ensure the stability of our management team
- Maintain favourable working conditions to protect the life and health of employees

Professional and career growth

One of the reasons for Uralkali’s status as an attractive employer is the potential for professional and career growth within the Company. The most popular educational opportunities include programmes such as “Talent Pool” and the “Foreman’s Academy”, the “Supervisor’s Academy”, “Coaching and Facilitation Institute” and a training programme for future mid-level managers, as well as a training centre owned by the Company.

This year, the Company organised its second “Development and Career Week”, which was attended by employees and students from schools and colleges. Each group had its own set of activities.

In 2015, we launched innovative projects to provide employees with opportunities for personal fulfilment and making their own contribution to the Company’s development:
- “Initiative”, aimed at engaging personnel in solving complex production issues
- “TREZ”, intellectual project, which allows to “calculate” new ideas, find unconventional solutions to complex production and strategic problems

The Company has also implemented a highly efficient system of organisation and rationalisation of workplaces – 4C. The project involves production units, office buildings of the Company and its subsidiaries.

In 2015, Uralkali opened its Corporate University, bringing together all training programmes, so that employees can use any learning formats – classroom and online – and develop their potential, build up competence.

The students from schools and colleges enjoyed vocational activities, through which they were able to learn more about Uralkali and the types of candidates it looks to hire.

RUSLAN ILYASOV
Human Resources Director
Social benefits

In 2014, employer and employee representatives decided to extend the term of the Collective Agreement for the next three years and maintain the social benefits and guarantees.

The employment benefits provided by Uralkali include: an optional health insurance programme, periodic and extensive medical examinations; reimbursement of meal costs; health resort offers for employees; a housing improvement programme; summer holidays for children of employees; partial compensation for the cost of sports; corporate Olympiad events; free transportation to work and back; Christmas gifts for children of employees; financial assistance in various situations; lump sum remuneration in connection with retirement and the “Attention and Care” programme for retired former Uralkali employees. Our social programmes cover the entire Group of companies.

In 2015, the Company organised traditional Health Days. Each employee received important information about available preventive services and treatments, and participated in various activities.

Corporate culture

The professional attitude to work demonstrated by each member of our team contributes greatly to the leadership position of Uralkali. The development of a close-knit and effective team is the responsibility of each employee. The corporate culture is the foundation that holds the team together and makes it a single entity. That is why all divisions of the Company participate in its development. The basic rules of interaction within the Company are reflected in the Code of Corporate Culture – a binding document for all Group companies. In addition, the corporate culture is formed and maintained by means of large-scale events for employees and an efficient communication system. The tools of internal communications include corporate events, a well-developed network of information channels, etc.

In 2015, in connection with the new business environment, a need to transform the corporate culture so that it can better meet the needs of our business became apparent. New values were presented to our employees for consideration. All the Company’s units were involved in this work. Currently we are preparing a new version of the Code of Corporate Culture with revised values.

Feedback

Group companies arrange regular informational meetings for personnel. These include meetings with Uralkali’s CEO, Directors of subsidiaries and affiliates, as well as Directors of the Company’s mines.

The activities, during which employees can learn a lot about the Company and ask questions of interest, are very popular.

The Group also runs its Call-centre and an ethical representation working group that enhance the Company’s efficiency, improve the operations of all business units, as well as mitigate the risk of conflicts and violations in the Company, and in some cases prevent them.

The professional attitude to work demonstrated by each member of our team contributes greatly to the leadership position of Uralkali. The development of a close-knit and effective team is the responsibility of each employee.
Our communities

In 2015, the Company continued its work with the local authorities through partnership agreements aimed at ensuring the long-term effect from investments in key social projects in the field of socio-economic development of the territories. A number of Uralkali’s employees participate in the work of local government, such as the Berezniki Town Duma and Solikamsk Town Duma. At a regional level, the Company collaborates with the governor’s office and the government of the Perm region.

The Company provided material and technical support to sports organisations.

In Berezniki, we implemented a large-scale project including the arrangement of recreation areas, which included a “street workout” area and children’s playground. Such facilities were installed in 8 residential districts of the town, supplemented by a playground at the Sports Orphanage.

As part of the project to develop basketball as a mass sport for children and teenagers in Berezniki and Solikamsk, in 2015 Uralkali supported 28 basketball centres which trained 1,570 children. More than 100 teams participated in the competition in the city of Nizhny Novgorod.

The Company’s representatives are working closely with regional and federal authorities to implement programmes for the resettlement of residents from buildings in disrepair.

The budget of the Perm region also provides funds for the construction of schools in the Solikamsk area. In 2015, Uralkali transferred US$21.2 million to the budget of the Perm region. The total amount of Uralkali’s support to the programme for the resettlement of Berezniki residents in 2013-2015 totalled US$56.6 million. Thus, the Company has fully fulfilled its part of funding obligations.

The budget of the Perm region also provides funds for the amount of US$56.6 million for the implementation of measures to resettle Berezniki residents. A comparable sum will be allocated from the federal budget, including US$20.5 million in 2015. The funds will be used for the relocation of people living in 97 buildings with a total area of 247 thousand m². In the coming years, they are planned to build more than 250 thousand m² of new housing on the right bank of the Kama River in Berezniki.

Realisation of major projects is a very demanding task without an open dialogue within society, as we work for sustainable development in the territories where the Company operates. We improve the living standards of local communities and create a close partnership with society.

Uralkali regards its involvement in the social development of the regions as vital to the successful growth of the business. In all activities, the Company aims to strike a balance between its own interests and those of its employees and stakeholders.

Sustainable Development

Our approach

Uralkali regards its involvement in the social development of the regions where it operates as vital to ensuring the long-term effect from investments in key social projects in the field of socio-economic development of the territories. A number of Uralkali’s employees participate in the work of local government, such as the Berezniki Town Duma and Solikamsk Town Duma. At a regional level, the Company collaborates with the governor’s office and the government of the Perm region.

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Activities and results

In 2015, Uralkali continued to implement its social investment policy aimed at sustainable development in the regions where it operates. Social investments in 2015 amounted to about US$28 million.

Social and economic development in the towns where we operate

In addition to providing stable employment and meeting its tax obligations, the Company undertakes voluntary commitments to create comfortable living conditions in Berezniki and Solikamsk, where its major production facilities are located.

Encouraging sports

In 2015, Uralkali continued to support the development of physical education and sports in the regions where it operates.

With the Company’s assistance, a number of sports competitions were held. An all-Russia judo tournament among teenagers was once again organised in Solikamsk, together with a national youth competition in Greco-Roman wrestling. During the year, Uralkali also supported volleyball and hockey teams from Solikamsk to participate in regional competitions, and local figure skaters to prepare for the championship of the Volga Federal District and the Russian championship.

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In 2015, Uralkali supported municipalities in solving local problems:

- road repairs in the Solikamsk area
- vehicle purchase for the transport connection with remote communities of the Solikamsk municipal area, as well as for municipal needs of the Redkovskoye rural settlement of the Solikamsk district
- repair of the Basin community center (Basim village Solikamsk district)
- continued construction of a gas pipeline between Solikamsk and Chertemsh

In addition, the Company allocated funds for the purchase of medical and general-purpose furniture for the children’s hospital of Solikamsk.

Uralkali regarded its activity of NGOs and religious organisations as an important element of the social environment, which serves to maintain stability in the territories where the Company operates.

In 2015, Uralkali allocated funds to the church in honour of the Praise of the Holy Virgin Theotokos, in the village of Orel, Usol’k district, to construct a Sunday school. During 2015, the Company actively supported the construction of St. Nicholas church, which will be attended by over 1,500 churchgoers.

CHARITY AND SPONSORSHIP

As part of the international exhibition “Chemistry-2015”, bringing together over 500 delegates from Russia, CIS countries and abroad, Uralkali acted as the official sponsor of the III Moscow International Chemical Forum, organise with the support of the Ministry of Industry and Trade of the Russian Federation.

In 2015, Uralkali supported the Permin National Research Polytechnic University, in particular, funded the erection of monuments to prominent people in the field of science and education as part of the University’s anniversary celebration.

The Company supported the Perm Cader Corps of the Volga Federal District named after the Hero of Russia F. Kuzmin in purchasing equipment and preparing a new building for the comfortable stay of students.

In 2015, the Company allocated funds for the Town Days in Berezniki and Solikamsk.

Uralkali regularly supports disadvantaged groups of the population. In particular, in 2015 the Company paid for the development of design and estimate documentation for the overhaul of a building of the Solikamsk Orphanage.

Support for NGOs and religious organisations

Uralkali regards the activity of NGOs and religious organisations as an important element of the social environment, which serves to maintain stability in the territories where the Company operates.

In 2015, Uralkali supported the following NGOs: the Siberian Children’s Home, the Petropavlovsk Animal Shelter, the Shelter for the Elderly and Pensions, and the STD and Venereal Diseases Clinic in Berezniki. The Company also allocated funds for the Veteran’s Council to organise celebrations.

Uralkali acted as the official sponsor of the III Moscow International Chemical Forum, organise with the support of the Ministry of Industry and Trade of the Russian Federation.

In 2015, Uralkali supported the Perm National Research Polytechnic University, in particular, funded the erection of monuments to prominent people in the field of science and education as part of the University’s anniversary celebration.

Uralkali acted as the official sponsor of the III Moscow International Chemical Forum, organise with the support of the Ministry of Industry and Trade of the Russian Federation.

In 2015, Uralkali supported the..
In 2015, the experience and professionalism of the members of the Board of Directors of Uralkali ensured necessary strategic support for the Company.
Non-Executive Director
Member of the Board of Directors
Jian CHEN
Member of the Board of Directors
Dmitry KONYAEV
SKILLS AND EXPERIENCE

External appointments
A member of the Investment and Development Committee.
A member of the National Committee of the Chinese People's Consultative Conference.

Michael SOSNOVSKY
Member of the Board of Directors
External appointments
Chairman of the Board at PJSC OPIN, PJSC RBC, Insurance Company Soglasiye, LLC 10-AUTO, Brooklyn Basketball Holdings LLC and other companies. Member of the Board of Directors at LLC Management Company Intregro and Ukrainian Agrarian Investments S.A.

Election
First elected to the Board of Directors in June 2015 and repeatedly re-elected since then.

Education
University degree, Moscow State Institute of International Relations (MGIMO).

Skills and experience
1994-2003: Chief Legal Counsel and Vice President at the investment company LR Finance. Also worked at the following law firms: Akin Gump Strauss Hauer & Feld, Eckstein & Partner and Firestone and Duncan Legal Services Ltd., held positions of Vice President and Advisor to General Director at QSC Norilsk Nickel, member of the Board of Directors at Gold Fields.

Since 2007, Deputy General Director at ONEXIM Group.

In 2008-2012 served on the boards of directors at QSC ACB International Financial Club and QSC RBC.

Committee membership
Does not serve on Board committees.

External appointments
Chairman of the Board at PJSC OPIN, PJSC RBC, Insurance Company Soglasiye, LLC 10-AUTO, Brooklyn Basketball Holdings LLC and other companies. Member of the Board of Directors at LLC Management Company Intregro and Ukrainian Agrarian Investments S.A.

Committee membership
— Audit Committee
— Appointments and Remuneration Committee
— Corporate Social Responsibility Committee
— Investment and Development Committee

Election
First elected to the Board of Directors in June 2015 and repeatedly re-elected since then.

External appointments
Chairman of the Board at PJSC OPIN, PJSC RBC, Insurance Company Soglasiye, LLC 10-AUTO, Brooklyn Basketball Holdings LLC and other companies. Member of the Board of Directors at LLC Management Company Intregro and Ukrainian Agrarian Investments S.A.

Committee membership
— Audit Committee
— Appointments and Remuneration Committee
— Corporate Social Responsibility Committee
— Investment and Development Committee

Election
First elected to the Board of Directors in March 2014 and re-elected several times since then.

Education
University degree, Moscow State Institute of International Relations (MGIMO).

Skills and experience

In 2000-2003, Chief Legal Counsel and Vice President at the investment company LR Finance. Also worked at the following law firms: Akin Gump Strauss Hauer & Feld, Eckstein & Partner and Firestone and Duncan Legal Services Ltd., held positions of Vice President and Advisor to General Director at QSC Norilsk Nickel, member of the Board of Directors at Gold Fields.

Since 2007, Deputy General Director at ONEXIM Group.

In 2008-2012 served on the boards of directors at QSC ACB International Financial Club and QSC RBC.

Committees of the Board of Directors
— Audit Committee
— Appointments and Remuneration Committee
— Corporate Social Responsibility Committee
— Investment and Development Committee

Michael SOSNOVSKY
Member of the Board of Directors
Non-Executive Director

Committee membership
Chairman of the Audit Committee (financial expert) and the Appointments and Remuneration Committee. A member of the CSR Committee and the Investment and Development Committee.

External appointments
Member of the Board of Directors of Brunswick Rail Management Ltd., NSD and several other companies.

Dmitry RAZUMOV
Member of the Board of Directors
Non-Executive Director

Committee membership
Member of the Board of Directors at URALCHEM and several of its affiliates.

External appointments
Since 2011, Dmitry has been the CEO of URALCHEM.

Election
First elected to the Board of Directors in March 2014 and re-elected several times since then.

Education
University degree, Lomonosov Moscow State University.

Skills and experience
Since 1998, he has held senior management positions at large production and trade companies: Sederrot International AB, Mineral Trading, Uralkali Trading SA (Singapore).

2007-2011: Head of Commerce at URALCHEM.

Since 2011, Dmitry has been the CEO of URALCHEM.

Election
First elected to the Board of Directors in March 2014 and re-elected several times since then.

Education
University degree, Fordham University.

Skills and experience
1977-2007: Held various management positions at Ernst & Young, most recently as Global Chief Operating Officer.

2007-2011: Worked at Kungur — Oil & Gas Equipment and Services, first as the CEO, and from 2010 to 2013 as a member of the Board of Directors.

Since 2010: Member of the Board of Directors at Promsviazbank, URALCHEM Holding Plc, MTS, Datalogix Inc.

Paul OSTLING
Member of the Board of Directors
Independent Director

Election
First elected to the Board of Directors in June 2011 and repeatedly re-elected since then.

Education
University degree, Beijing Institute of the Second Foreign Language.

Skills and experience
Since then.

Dmitry KONYAEV
Member of the Board of Directors
Non-Executive Director

Committee membership
A member of the CSR Committee, the Investment and Development Committee, and the Appointments and Remuneration Committee.

External appointments
A member of the Board of Directors at URALCHEM and several of its affiliates.
Corporate Governance

2015 saw a number of major corporate events for Uralkali, the most significant being the termination of the listing of the Company’s GDRs on the London Stock Exchange. The Board of Directors’ decision to de-list had a number of reasons but was mainly driven by unfavourable economic conditions in Russia and global geopolitical factors, as well as low liquidity on the exchange.

The Board had a busy year in 2015. Whilst the number of the Board’s meetings was relatively normal, the Audit Committee was extremely active. The Company maintained high standards of corporate governance and ensured full transparency of its activities. A crucial role was played by our independent directors applying their professionalism and global expertise, which allowed the Company to proceed with its corporate activities in compliance with the best corporate practices in 2015.

At all times, the Company kept its shareholders, investors and other stakeholders updated on the latest developments and decisions.

The Board of Directors’ composition and balance

As of 31 December 2015, the Board of Directors had the composition that was determined by the annual general meeting held on June 15th, 2015: Sergey Chemovoz (Chairman and an independent director), Dmitry Mazepin (Deputy Chairman), Sir Robert John Margetts (Deputy Chairman and the Senior Independent Director), Dmitry Konyaev, Dmitry Osipov (the CEO), Paul Onling (an independent director), Dmitry Razumov, and Michael Simonov.

Formally, the Board also includes Mr. Jian Chen, a nominee from Chengdong Investment Corporation (CIC). However, as CIC sold its shareholding in Uralkali during the buyback programme in September 2015, Mr. Chen announced he would no longer take part in the work of the Board. Accordingly, since October 2015 Mr. Chen has not been involved in the Board’s activities.

The Board continues to have all the necessary expertise to serve the interests of the Company and its shareholders with a balance of independent and non-executive directors, where independent directors take one third of the Board’s composition.

The Board’s role and functions, review of the Board’s performance

The Board of Directors provides an overall guidance to activities of the Company. In particular, it sets and follows up strategic objectives, mid-term and short-term targets for the management; it also approves financial statements and performs other functions within the remit of the Charter of the Company.

The Board has 4 committees, which hold preliminary discussions and reviews of the matters falling under the Board’s competence. Committees’ resolutions do not create legal implications for the Company; however, their recommendations are considered by the Board when final decisions are made. Two of the Board committees – the Audit Committee and the Appointments and Remuneration Committee – are a requirement of the Listing Rules of the Moscow Exchange.

Distribution of functions within the Board remained the same and in line with best corporate governance practices:

• The roles of the Chairman of the Board and the Chief Executive Officer are split so that the Board’s Chairman is responsible for leading the Board and ensuring it effectively handles all aspects of the Company’s activities, while the CEO is involved in day-to-day management of the Company
• The Senior Independent Director represents the team of independent directors; he interacts with investors on behalf of the Board and conveys views of shareholders, including minority shareholders, to the Board
• Independent directors chair and play an active part in the Board committees.

Their task is to ensure that decisions are impartial and respect the interests of all shareholders. The independent directors also facilitate the cooperation by the Board of the best global standards in corporate governance.

• The Corporate Secretary arranges the work of the Board and its committees. She creates work plans and meeting agendas for the Board, follows up on previous instructions issued by the Board, acts as an interface between the Board and the management, and helps organise general meetings.

In March 2016, the Appointments and Remuneration Committee considered a suggestion to review the Board’s performance in 2015 and approved the questionnaire for directors. As was instructed by the Committee, the performance review was completed by April 20th, 2016. Following the appraisal, an action plan was developed to improve the work of the Board. In particular, the recommendations included improving the quality of information materials provided to the Board and informing the Board about the Company’s activities more often and in more detail. On the whole, directors gave a very good assessment of how meetings are organised.

Planning of the Board’s work

The work plan of the Board and its committees for the 2015 calendar year was approved by the Board in December 2014. However, as several unscheduled projects were launched in the course of 2015 – which related to a number of reasons including unfavourable economic conditions in Russia, global geopolitical issues, a drop in liquidity on the London Stock Exchange mentioned above, as well as consequences of an accident at one of the Company’s mines, and approval of the new corporate long-term investment strategy – the initial work plan had to be adjusted to satisfy the anticipated workload of the Board and its committees.

Board’s activities in 2015

Traditionally, a Board’s annual work plan is based on current practices of the Company and typical matters falling under the Board’s competence: approval of international statements, convocation of general meetings, discussion of strategic issues, approval of major and related-party transactions, supervision of the management’s performance, and consideration and approval of investment projects.

Starting from April 2015, the Board focused on the buyback programmes, which required considerable attention and supervision from the Board. For the buyback programmes, external financial and legal advisors were engaged, and additional meetings of both the Board and the Audit Committee were held. Preparing for and implementing the programmes required an unprecedented level of involvement and commitment by the independent directors. The biggest workload was imposed on the Audit Committee Chair, who not only spearheaded the preparation, as was instructed by the Board, but also took part in the management’s conference calls with investors to share the outcomes of the programmes.

It is also worth mentioning that in April 2015 the Board approved the new version of the Dividend Policy to introduce a discretionary approach to the level of dividends subject to the financial health of the Company and the overall financial environment.

In June 2015, the Board held its traditional strategic session, where directors and the management jointly discussed the key aspects of the Company’s strategy, including the situation at Solikamsk-2, which suffered an emergency in November 2014, existing and additional geological safety measures, work plans of several directorates, health & safety programmes, and the situation in the global potash market. The strategic session was attended by the Management Board in full and several other senior executives. The management team received a set of actions for subsequent implementation on the basis of the reports on results provided to the committees and the Board of Directors.

Total number of meetings of the Board and its committees in 2015, Attendance Rate:

<table>
<thead>
<tr>
<th>Name</th>
<th>The Board of Directors (in meetings)</th>
<th>The Audit Committee (in meetings)</th>
<th>The Appointments and Remuneration Committee (3 meetings)</th>
<th>The Investment and Development Committee (7 meetings)</th>
<th>The Corporate Social Responsibility Committee (4 meetings)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sir Robert John Margetts</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Paul Onling</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Dmitry Mazepin</td>
<td>All</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Sergey Chemovoz</td>
<td>All</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Dmitry Razumov</td>
<td>All</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
<td>N/A</td>
</tr>
<tr>
<td>Valeri Semenkov</td>
<td>All</td>
<td>All</td>
<td>N/A</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Dmitry Konyaev</td>
<td>All</td>
<td>N/A</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Dmitry Osipov</td>
<td>All</td>
<td>N/A</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Chen Jian</td>
<td>All</td>
<td>N/A</td>
<td>All</td>
<td>All</td>
<td>All</td>
</tr>
<tr>
<td>Michael Simonov</td>
<td>All</td>
<td>All</td>
<td>N/A</td>
<td>All</td>
<td>All</td>
</tr>
</tbody>
</table>

All numbers are rounded to the nearest whole number.

Notes:

1. “Attendance rate” means participation of directors in meetings by way of physical presence (for meetings held in presentia), voting by filling voting ballots (for meetings held in absentia), and submission of a written opinion in relation to agenda items if physical presence is impossible.

2. One out of ten meetings of the Board of Directors was held in absentia.

3. Mr. Semenkov was a board member until June 15th, 2015.

4. “All” refers to the number of Board/Committee meetings where a director had to be present either before the termination of the director’s term of office or before announcement about withdrawal from the Board/Committee or following his/her election to the Board/Committee.

5. Michael Simonov was elected to the Board at the annual general meeting on June 15th, 2015.
CORPORATE GOVERNANCE / CONTINUED

COMMITTEES OF THE BOARD OF DIRECTORS
In 2015, the Board had four Committees: the Audit Committee, the Appointments and Remuneration Committee, the Investment and Development Committee, and the Corporate Social Responsibility Committee. All four committees were actively involved in the development of the Company.

In total, there were 27 Committee meetings in 2015, in which over 80 different matters were reviewed.

THE AUDIT COMMITTEE’S REPORT FOR 2015
The Audit Committee had a very busy time in 2015: it held 11 formal meetings versus the original plan of 6, and dozens of conference calls, consultations and discussions on top of that. The Chairman of the Committee also held several meetings with the Company’s finance team, internal auditors and external consultants.

As the competence of the Audit Committee includes corporate governance, it received, and followed, the Board’s instructions to prepare and implement the buyback programme, and also provided the Board with its recommendations on the programmes, all of which were accepted and implemented.

Another important highlight of the Committee’s work was that in August 2015 the Board approved the new requirements of the Moscow Exchange concerning the buyback programme. The new document reflected a number of changes to ensure that the Audit Committee’s activities are in line with the new requirements of the Moscow Exchange that will come into force on October 3rd, 2016 and to introduce a special working procedure (the so-called Special Committee) which should the Company enter into a strategic transaction (which was also defined in the new version of the Regulations). For more details, please see the Regulations on the Audit Committee on the official web site of the Company at www.uralkali.com.

A special working procedure was used in 2015, when the Special Committee – comprised of independent directors only – developed recommendations for the Board to protect the interests of all shareholders amid a fall in liquidity on the London Stock Exchange. Based on these recommendations, in November 2015 the Board resolved to launch a buyback programme of up to 6.5% of Uralkali’s shares on the open market by March 31st, 2016.

As of December 31st, 2015, the Audit Committee had the following members:

- Paul Oulton (Chairman, an independent director and a financial expert)
- Sir Robert John Margetts (the senior independent director)
- Michael Kononov (a non-executive director)

Although a considerable part of the Committee’s time was given to special projects, it still followed its normal work plan on the key areas of its competence: public reporting, internal and external audit, risk management and internal control, corporate governance and compliance.

In 2015, Nikolai Morozov, head of the internal audit department since April 2014, left the Company and was replaced with Nikolai Ivanov. The internal audit department’s reports are regularly reviewed in meetings of the Committee. The Audit Committee made a number of recommendations to improve the structure of the directorate’s reports to ensure that the Committee has a full understanding of the results of completed audits and whether its recommendations were completed.

In March-April 2015, the Audit Committee led a tender to select auditors for the Company’s official web site of the Audit Committee on the official web site of the Company and was replaced with Nikolai Ivanov. The internal audit department’s reports are regularly reviewed in meetings of the Committee. The Audit Committee made a number of recommendations to improve the structure of the directorate’s reports to ensure that the Committee has a full understanding of the results of completed audits and whether its recommendations were completed.

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For the IFRS auditor, the Committee received offers from three of the Top 4 global auditors, reviewed the presentations and recommended to appoint CJSC Deloitte & Touche CIS. The Board of Directors supported the recommendations.

As part of the BAS auditor selection process, the Committee reviewed several tenders for quotations were sent to the Top 10 auditors from the RAEX rating agency’s 2013 ranking. Offers were received from six firms, and the Audit Committee and the Board agreed that the best proposal was made by CJSC Energy Consulting.

Both appointment recommendations were raised with shareholders of the Company, and on June 15th, 2015 the general meeting approved CJSC Deloitte & Touche CIS as the IFRS auditor and CJSC Energy Consulting as the BAS auditor.

In August 2015, the Board of Directors, following a recommendation made by the Audit Committee, approved the first consolidated IFRS statements audited by CJSC Deloitte & Touche CIS. Traditionally, representatives of the auditor took part in the meeting of the Audit Committee, in which the statements were approved. The invitées made a number of recommendations to improve the reporting preparation process, which included several amendments to internal documents of the Company. The recommendations were duly noted and implemented.

The fees of CJSC Deloitte & Touche CIS for 2015 were approved by the Board in the amount of 27,750,000 rubles (excluding VAT and including overheads) and the fees of CJSC Energy Consulting were approved in the amount of 6,949,152.54 rubles (excluding VAT).

The actual amount paid in 2015 to the previous IFRS auditor (CJSC PriceWaterhouseCoopers Audit) and its affiliates was 41,836,143 rubles, including:

<table>
<thead>
<tr>
<th>Company</th>
<th>Payments for Audit Services, RUB</th>
<th>Payments for Consulting Services, RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>CJSC PriceWaterhouseCoopers Audit</td>
<td>20,866,000</td>
<td>18,012,972</td>
</tr>
<tr>
<td>PriceWaterhouseCoopers RUSSIA E.I.</td>
<td>-</td>
<td>2,256,702</td>
</tr>
<tr>
<td>LLC PriceWaterhouse Consulting</td>
<td>-</td>
<td>601,469</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>20,866,000</strong></td>
<td><strong>20,950,143</strong></td>
</tr>
</tbody>
</table>

The ratio between the fees for the audit and consulting services was 42.47% to 57.53% respectively.

In order to monitor provision of non-audit services, the Regulator on the Audit Committee, the current version of which was approved in August 2015, includes a provision stating that all non-audit services provided by auditors of the Company’s financial statements have to be pre-approved by the CFO. Individual contracts for non-audit services exceeding US$500,000 have to be pre-approved by the Chairman of the Audit Committee.

Auditors of the Company’s financial statements must at least once per year inform the Committee about consulting (non-audit) services rendered to the Company. Taking into account the internal policies and practices adopted by auditors in order to ensure their independence and to avoid conflicts of interests, the Company is reasonably assured that the provision of non-audit (consulting) services does not threaten the auditors’ independence in terms of the provided audit services. Following a review of non-audit services, all of which were considered by the Committee in its meeting held on March 2nd, 2016, the Committee concluded that the cost ratio between audit and non-audit services presented above did not challenge the impartiality and independence of the auditors of the Company’s financial statements.

The Audit Committee’s work plan for 2016 will in principle be similar to what the Committee was doing in 2015 and will cover internal and external audit, risk management, corporate governance, compliance issues, and consistent focus on the quality of new and existing systems and processes in the Company with full support from the management team.

The ratio between the fees for the audit and consulting services was 49.92% to 50.08% respectively.

The actual amount paid in 2015 to the new IFRS auditor (CJSC Deloitte & Touche CIS) and its affiliates was 63,750,751 rubles, including:

<table>
<thead>
<tr>
<th>Company</th>
<th>Payments for Audit Services, RUB</th>
<th>Payments for Consulting Services, RUB</th>
</tr>
</thead>
<tbody>
<tr>
<td>CJSC Deloitte &amp; Touche CIS</td>
<td>27,053,960</td>
<td>30,526,245</td>
</tr>
<tr>
<td>LLC Deloitte Consulting</td>
<td>-</td>
<td>6,125,536</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>27,053,960</strong></td>
<td><strong>36,651,801</strong></td>
</tr>
</tbody>
</table>
In September 2012, the Board of Directors approved the Risk Management and Internal Control Policy, which specified risk management and internal control responsibilities and roles of Uralkali's management bodies and employees as follows:

**Risk management and internal control**
The risk management and internal control system adopted by the Company is based on principles incorporated in ERM (Enterprise Risk Management), an integrated risk management system developed by the Committee of Sponsoring Organisations of the Treadway Commission (COSO). The ERM:

- Is a continuous process that covers all of the Company and is implemented by its employees at every level
- Is used in the development of the Company's strategy
- Is applied in the whole organisation and includes a corporate-level review of the risk profile
- Aims to identify events that may affect the organisation and develop measures to minimise this potential impact
- Provides the management and the Board of Directors with a reasonable confidence in achieving the goals

Use of the risk management and internal control system in the development of financial statements
Transparency and reliability of financial reporting is one of the crucial principles of corporate governance, and ensuring the proper quality of financial statements is a key function of the Board of Directors, and so this process is always given special attention. Uralkali has a number of control procedures aimed at ensuring the adequacy and reliability of collected and processed data. The process of preparing financial statements involves employees, officers, management bodies and external auditors of the Company, who have the following roles:

<table>
<thead>
<tr>
<th>Management bodies and employees of the Company</th>
<th>Roles of management bodies and employees of the Company</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Board of Directors</strong></td>
<td>Responsible for the efficiency of the risk management process and for the development and maintenance of the corporate Risk Management and Internal Control System (RMICS).</td>
</tr>
<tr>
<td><strong>Audit Committee</strong></td>
<td>Considers the most material risks and corresponding management techniques applied by the Company's executive bodies.</td>
</tr>
<tr>
<td><strong>CEO</strong></td>
<td>Provides an overall guidance of the risk management process.</td>
</tr>
<tr>
<td><strong>Management Board</strong></td>
<td>Is an expert authority of the CEO for risk management and internal control.</td>
</tr>
<tr>
<td><strong>Executive Directors</strong></td>
<td>Ensures regulation of business processes within their area of activity; identify the processes’ objectives and assess key risks.</td>
</tr>
<tr>
<td><strong>Risk Manager</strong></td>
<td>Coordinates the risk management process and the development of consolidated information about the risk management process and internal control system at all levels for the Audit Committee, the Board of Directors, the CEO and the Management Board.</td>
</tr>
<tr>
<td><strong>Internal Audit Department</strong></td>
<td>Monitors compliance with the internal control procedures, informs the Audit Committee of identified weaknesses, identifies areas of potential improvements, and provides consultations on corrective measures related to risk management, internal controls and corporate governance.</td>
</tr>
<tr>
<td><strong>Employees</strong></td>
<td>Tally performs duties assigned to him by the RMICS; timely informs their management about risks identified during current activities.</td>
</tr>
</tbody>
</table>

**The Appointments and Remuneration Committee’s report for 2015**
The Appointments and Remuneration Committee has three members including two independent directors.

As of December 31st, 2015, the Committee is represented by:
- Paul James Ostling (an independent director, chairman of the committee)
- Sir Robert John Margetts (the senior independent director)
- Dmitry Konyshev (a non-executive director)

In the course of 2015, the management team of Uralkali had several new appointments, and individual nominees were reviewed by the Committee. In particular, Oleg Petrov, who has been the Company’s head of sales and marketing in charge of both domestic and export sales for around 10 years, left Uralkali in 2015. In the wake of his departure, the sales directorate was changed to only cover the domestic market. In October 2015, Aleksey Strakhov was appointed as director of domestic sales.

Another new appointment was Eduard Avetianyan, who heads government relations. Other organisational changes that took place in 2015 include restructuring of the chief engineer’s directorate. On 24th of April 2015, the direcorate was renamed as the technical directorate and is led by the chief technical officer Evgeniy Kotsyur. Moreover, the chief engineer of the Company. The technical directorate includes a maintenance department headed by Dmitry Ivanov. Also there was established the capital construction directorate under the CEO. The directorate is headed by Vladimir Nitsakenko.

In 2015, the Board considered several matters, including HR initiatives, labour efficiency and organisational structure. These areas will be subject to more detailed and specific discussions in 2016 to ensure alignment with the corporate strategy, which includes a number of major investment projects aimed at further developing Uralkali’s production capacity.

**Management bodies and employees of the Company**

**Chief Financial Officer**
Ensures:
- Availability and reliability of information in the enterprise resource management system
- Interaction with auditors
- Omnolity count of the property

**Audit Committee**
- Preliminarily considers:
  - Uralkali’s financial statements
  - Draft reports of the external auditor
- Monitors:
  - Fullness and integrity of financial statements
- Recommends:
  - External auditor candidates to the Board of Directors for subsequent proposal for the general meeting

**External Auditors**
- Audit:
  - RAS accounting standards
  - IFRS annual and on months consolidated financial statements

**Board of Directors**
Approves financial statements taking into account recommendations made by the Audit Committee.

**Procedure to prevent conflicts of interests**
Russian legislation provides for a number of mechanisms to prevent conflicts of interests among the Company’s directors and members of executive bodies, which, for instance, may be related to their employment in managerial positions by competitors of the Company. One of the mechanisms is directors’ and officers’ duty to inform the Company of any positions and/or of any equity ownership they may hold in other organisations. Also, a director is obliged to refrain from voting on a transaction if he or she may be interested in the Company entering into this transaction. Thirdly, a director must inform the Company of any parties in relation to which the director may be deemed a related party of entering into a transaction. Accordingly, when the Board approves a related party transaction, any director who is deemed a related party for the transaction, does not vote.
CORPORATE GOVERNANCE / CONTINUED

The Company also has a number of internal controls to identify a conflict of interests. In particular, a director is obliged to inform the Company of any persons in relation to which the director is an affiliate. Also, the corporate information system has a list of related parties (updated regularly), which is used to select transactions that are to be reported to the Board of Directors or the general meeting of the Company.

As mentioned earlier, in 2015 a new version of the Regulations on the Audit Committee was approved. The new document introduces a special working procedure for the Audit Committee in the event of a strategic transaction to be entered into by the Company. As strategic transactions mean a transfer of ownership or control in relation to a significant number of voting rights over voting shares of the Company or an acquisition by Uralkali or a member of Uralkali Group of significant blocks of shares, only a special committee composed solely of independent directors is authorized to issue recommendations pertaining to such transactions (including their terms, conditions and procedures) in order to respect the interests of all shareholders and avoid a conflict of interest on the part of one or several directors who may be associated with major shareholders.

In 2015, Uralkali or other members of Uralkali Group did not grant loans to directors of the Company.

MAJOR AND RELATED PARTY TRANSACTIONS

In 2015, the Company entered into a number of transactions, which were deemed major and/or related party transactions pursuant to the Russian Federal Law “On joint-stock companies” (the Law). The Law stipulates that such transactions must be approved by the general meeting or the Board of Directors depending on the value of transactions, the identity and number of related parties, and explains the approval procedure.

Most of the transactions in question were approved by the AGM as related party transactions and as transactions which can be entered into in the future in the ordinary course of business within the established limits (transactions with Uralkali’s subsidiaries). All the listed transactions were approved following the procedure stipulated by the Law, and so the transactions do not create any conflict of interests.

Also in 2015, the annual general meeting approved a traditional transaction, under which all directors were deemed related parties, namely, the Directors’ & Officers’ liability insurance agreement, which is negotiated and approved each year.

Aside from the AGM held on June 15th, 2015, three extraordinary general meetings took place in 2015.

The EGM held on August 7th, 2015 approved, inter alia, a major related-party transaction (a series of interconnected transactions) between Uralkali and one of its subsidiaries (JSC Uralkali-Technology). The total value of the transaction was more than 2% but less than 50% of the Company’s book value. The general meeting also approved Addendum 1 to the Indemnity Deed with banks (see above) to increase the Company’s liability under the Indemnity Deed to within 25% of the Company’s book value.

Then, another EGM took place on December 9th, 2015, which approved Addendum 2 to the Indemnity Deed with banks to exclude the limits of the Company’s liability. The size of this transaction, related to the series of transactions, exceeded 50% of the Company’s book value.

Shareholders also approved a major transaction to raise financing from JSC RBK Sberbank, a deal worth over 50% of the Company’s book value. The framework agreements with the Company’s trading organisation – Uralkali Trading SIA – in the total amount of more than 25% but less than 50% of the Company’s book value, and a transaction to purchase additional shares issued by JSC Uralkali-Technology, the aggregate value of which (combined with previously approved transactions) exceeded 50% of the Company’s book value.

EXECUTIVE OFFICES OF THE COMPANY

The Chief Executive Officer and the Management Board

The Chief Executive Officer is the sole executive body of Uralkali whose composition is determined by the Company’s Charter. The CEO is also the head of the Management Board.

Since December 24th, 2013, Uralkali’s CEO is Dmitry Osipov.

The Management Board is a collective executive body of the Company. Its quantitative and personal composition is determined by the Board of Directors.

In 2015, the composition of the Management Board was changed several times, and as of December 31st, 2015 it had 9 members:

- Dmitry Osipov (Chairman)
- Anton Vishchenko
- Nikolai Ivanov
- Rasul Rayaev
- Nadezhda Kiryanova
- Evgeny Kirdyapkin
- Stanislav Salemev
- Boris Serebrennikov
- Marina Shvetsova

In 2015, the Management Board had 11 meetings.

COMMITTEES UNDER THE CEO (WORKING GROUPS)

In 2011, the Company started a process to create committees (or working groups) directly reporting to the CEO to focus on the key aspects of the Company’s activities. To date, there are 7 Working Groups:

- The Health, Safety, Environment and Corporate Social Responsibility Working Group
- The Risk and Internal Control Working Group
- The Procurement Working Group
- The Investments Working Group
- The Subsidiaries Working Group
- The Mine Safety Working Group
- The Compensation and Benefits Working Group

The Working Groups were formed to ensure a single approach to decision-making in these areas of activity. Every group is represented by senior executives and is personally led by the CEO. The Working Groups’ mandate includes monitoring and review of relevant information; preliminary discussions and risk analysis; and follow-up of scheduled activities. This approach ensures a continuous dialogue with the management team and a two-way flow of information about the most crucial aspects of the Company’s activities. In 2015, around 50 meetings of the Working Groups were held.

REMUNERATION PAYABLE TO THE MANAGEMENT BOARD AND BOARD OF DIRECTORS

Members of the Board of Directors receive remuneration in line with the Regulations on directors’ remuneration and reimbursement. The Regulations only provide for remuneration for independent directors and at the same time specify director independence criteria.

An independent director’s remuneration consists of the base part and a separate part for additional duties as a committee member or chairperson or as a deputy chairperson of the Board of Directors. Both parts of remuneration are fixed.

Remuneration payable to the Chairman of the Board of Directors is governed by a specific section of the Regulations on directors’ remuneration and reimbursement. The Chairman’s remuneration is also fixed and is paid on a monthly basis in equal amounts.

In 2015, three independent directors received remuneration: Sergey Chemerzin, Sir Robert Margents and Paul Outting.

In December 2015, the general meeting of the Company approved the new version of the remuneration regulations. As the actual time and effort contributed by directors in 2015 considerably exceeded the original work plan, the new document allowed for a time increase in the annual base remuneration for independent directors subject to the increase being capped at the amount of base remuneration and subject to the Company implementing a strategic transaction in the respective year.

According to the new remuneration regulations, the annual base remuneration for all independent directors was increased once in December 2015.

Shareholders also deemed reasonable and satisfied a Board’s suggestion to increase the size of remuneration for the chairmen of Committees required by the Moscow Exchange’s Listing Rules (i.e. the Audit Committee and the Appointments and Remuneration Committee).

Several other amendments were introduced to the remuneration structure, all of which are published on Uralkali’s official web site.

In total payments to directors in 2015 were as follows:

<table>
<thead>
<tr>
<th>In RUB</th>
<th>In US$*</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration</td>
<td>188,020,204</td>
</tr>
<tr>
<td>EXPENSES</td>
<td>7,763,171</td>
</tr>
<tr>
<td>TOTAL</td>
<td>195,783,375</td>
</tr>
</tbody>
</table>

* Based on the average RUB/US$ exchange rate in 2015 - 60.96 RUB/1 US$.

Remuneration payable to members of the Management Board consists of two parts: a monthly salary, the size of which is specified in individual employment contracts, and an annual bonus. The amount of the bonus depends on the achievement of individual annual KPIs, which reflects the contribution of a member of the management team to the achievement of strategic and operating goals of the Company. Members of the Management Board do not receive any additional remuneration for their work in the Management Board.

Currently, the Company does not have a long-term management incentive programme, and so senior executives of the Company are not paid additional bonuses.

The total amounts paid to the Management Board for 2015 were as follows:

<table>
<thead>
<tr>
<th>In RUB</th>
<th>In US$</th>
</tr>
</thead>
<tbody>
<tr>
<td>SALARY</td>
<td>347,809,966</td>
</tr>
<tr>
<td>ANNUAL BONUS</td>
<td>167,167,449</td>
</tr>
<tr>
<td>TOTAL</td>
<td>515,977,415</td>
</tr>
</tbody>
</table>

* After personal income tax.

Based on the average RUB/US$ exchange rate in 2015 - 60.96 RUB/1 US$.

In 2015, the Management Board’s mandate includes monitoring and review of relevant information; preliminary discussions and risk analysis; and follow-up of scheduled activities. This approach ensures a continuous dialogue with the management team and a two-way flow of information about the most crucial aspects of the Company’s activities. In 2015, around 50 meetings of the Working Groups were held.
Information about management’s equity ownership
According to JSC Independent Registrar, as of December 31st, 2015 there are no directors or Management Board members who currently hold or previously held positions in management bodies of Uralkali in 2015 in the Company’s share register both as of January 1st, 2015 and as of December 31st, 2015. There is no record of any transactions made by members of Uralkali’s management bodies to acquire or alienate shares of the Company, including dates and essence of transactions, the category (type) and number of Uralkali shares, which were the subject matter of such transactions from January 1st, 2015 until December 31st, 2015. The share register has no records of nominee shareholders as of January 1st, 2015 and December 31st, 2015.

The anti-fraud and anti-corruption compliance system
In 2011, the Company adopted an anti-fraud programme, which sets a mechanism to prevent corporate fraud. The programme covers internal, economic and information security and provides for a hotline service to receive messages about suspected fraudulent activities. The Security Directorate works in close contact with the Company’s compliance officer to identify conflicts of interests and respond to any identified noncompliance. In 2013, the programme remained in force, and a number of activities were implemented.

In 2013, the Company started a project to create an anti-corruption system. As of the end of 2015, the compliance system includes anti-trust compliance, ethical compliance and sanctions compliance components, all of which are closely monitored to avoid breaching any applicable regulations. The Company holds regular training workshops and online knowledge assessments, and develops new controls as becomes necessary.

Activities of the Board Committees

<table>
<thead>
<tr>
<th>Board Committee</th>
<th>Members</th>
<th>Key Functions</th>
<th>Targets for 2015</th>
</tr>
</thead>
</table>
| The Audit Committee | Paul Ostling (Chairman), Sir Robert John Margetts, Dmitry Konyaev, Michael Sosnovsky | - risk management and internal control  
- corporate governance  
- legal compliance |
| The CSR Committee | Sir Robert John Margetts (Chairman), Paul Ostling, Dmitry Konyaev, Dmitry Osipov, Michael Sosnovsky | Consideration of health, safety, environment and social responsibility issues, to develop an effective management system for these areas. |
| The Appointments and Remuneration Committee | Paul Ostling (Chairman), Sir Robert John Margetts, Dmitry Konyaev | Engagement of qualified specialists for the management of the Company; development of necessary incentives to facilitate a successful functioning of the Company’s management bodies to implement strategic plans and ensure succession in management. |
| The Investment and Development Committee | Sir Robert John Margetts (Chairman), Paul Ostling, Dmitry Konyaev, Dmitry Osipov, Michael Sosnovsky, Jian Chen | Consideration of the Company’s strategic development, budgeting process and major investment projects. |

- implementation of projects related to the buyback programme; participation in implementation of strategic transactions
- development of recommendations to approve the IFRS annual and semi-annual reports and the annual report
- participation in the selection of new IFRS and RAS auditors
- consideration of issues related to production waste management
- monitoring of the Company’s HSE activities and performance
- review and monitoring of the energy saving programmes
- consideration of mine safety issues
In 2015, our Management Board proved their ability to effectively organise the business processes of the Company during rather unfavourable market conditions, which allowed the Company to retain a leading position in the industry.
Nadezhda KiryANOVA
Director for Procurement

Appointment
A member of the Management Board since 2014.

Education
University degree, Perm Polytechnic Institute.

Skills and experience
1982-2014: a long stint at Azot, where Nadezhda rose from a PC operator to the head of commerce at the Azot branch of URALCHEM. Also, for 16 years she has been a teacher at the Berezniki branch of the Perm National Research Institute, at the Ural Economic University, and the Higher School of Economics.

In April 2014, Nadezhda was appointed the director for procurement at Uralkali.

External appointments
Does not have executive positions in other companies.

Makina ShvetsoVA
Legal and Corporate Affairs Director

Appointment
A member of the Management Board since 2005.

Education
University degree, Perm State University named after A.M. Gorky.

Skills and experience
For the period 1999 – 2006, Marina Shvetsova lectured at Perm State University.

Between 2001 and 2005, Ms Shvetsova worked at CJSC Sibur-Khimprom holding various positions, including Head of the Legal Department.

In 2005, Ms Shvetsova was appointed Director of Legal and Corporate Affairs and Member of the Management Board of Uralkali.

Since 2006 Marina has been the legal and Corporate Affairs Director.

External appointments
A member of the Board of Directors of a number of Uralkali’s affiliates.

Stanislav SeleznEV
Health, Safety and Environment Director

Appointment
A member of the Management Board since 2011.

Education
University degree, Higher Naval Engineering Institute named after V.I. Lenin in St. Petersburg.

Skills and experience
In 2007-2010: head of HSE at Lafarge Cement.

In 2010, Stanislav was appointed the HSE Director at Uralkali.

External appointments
Does not have executive positions in other companies.

Ruslan Ilyasov
Human Resources Director

Appointment
A member of the Management Board since 2015.

Education
University degree, MGIMO.

Skills and experience
In 2008-2015 – Vice President and member of the Management Board at NGO “Russian Risk-Management Society”

In 2013-2015 – Director for Internal Control at CJSC Polyus

Since October 2015 – Director for Internal Audit at PJSC Uralkali

External appointments
Does not have executive positions in other companies.

Nikolai Ivanov
Director for Internal Audit

Appointment
A member of the Management Board since 2014.

Education
University degree, Perm State University.

Skills and experience
1982-2014: a long stint at Azot, where Nadezhda rose from a PC operator to the head of commerce at the Azot branch of URALCHEM. Also, for 16 years she has been a teacher at the Berezniki branch of the Perm National Research Institute, at the Ural Economic University, and the Higher School of Economics.

In April 2014, Nadezhda was appointed the director for procurement at Uralkali.

External appointments
Does not have executive positions in other companies.

In 2013-2015 – Director for Internal Control at CJSC Polyus

Since October 2015 – Director for Internal Audit at PJSC Uralkali

External appointments
Does not have executive positions in other companies.

In 2008-2013, he was a member of the Board of Directors of AK BARS Bank.

Since December 2014: HR Director at Uralkali.
CORPORATE GOVERNANCE

Information for shareholders and investors

In 2015 Uralkali continued to act in compliance with best practices in its relations with investors, aimed at transparency and availability of information.

Ordinary shares
Uralkali’s share capital amounts to 1,468,007,945.5 roubles divided into 2,936,015,891 ordinary registered shares with a face value of 0.50 roubles each. As at the date of this report, the Company’s share capital has remained unchanged since 1 August 2012.

Global Depositary Receipts (GDRs)
Global Depositary Receipts (GDRs) are issued in respect of ordinary shares at a ratio of five registered ordinary shares per one GDR. The GDRs were traded on the London Stock Exchange until 22 December 2015, following which the GDRs were delisted. The Company’s depositary bank is The Bank of New York Mellon.

As of 31 December 2015, GDRs represented approximately 24.7% of Uralkali’s share capital.

Due to a very small size of remaining 144A GDR programme the Company decided to cancel it starting from 12 January 2016.

Stock exchanges
As of 31 December 2015, Uralkali’s ordinary shares and GDRs were traded on the Moscow Exchange. Uralkali’s GDRs had been traded on the London Stock Exchange up to their delisting on 22 December 2015.

The Company’s GDR delisting from London Stock Exchange took place on December 22

Rule 144A GDR program was closed on January 12, 2016

Stock exchanges
As of 31 December 2015, Uralkali’s ordinary shares and GDRs were traded on the Moscow Exchange. Uralkali’s GDRs had been traded on the London Stock Exchange up to their delisting on 22 December 2015.

Trading floors of Uralkali’s shares and GDRs

<table>
<thead>
<tr>
<th>Trading floor</th>
<th>Ticker code</th>
</tr>
</thead>
<tbody>
<tr>
<td>Moscow Exchange</td>
<td>URKA</td>
</tr>
<tr>
<td>London Stock Exchange (LSE)</td>
<td>URKA</td>
</tr>
</tbody>
</table>

Uralkali’s securities identification numbers

| CUSIP: | 91568H206 |
|        | 91568H107 |
| ISIN:  | US91688E2063 |
|        | US91688E1073 |
|        | RU0007661302 |

CUSIP (Committee on Uniform Security Identification Procedures) – identification number is given to the issue of shares for the purposes of facilitating clearing.

ISIN (International Securities Identification Number) – international identification number of the share.

As of December 2015
INFORMATION FOR SHAREHOLDERS AND INVESTORS / CONTINUED

Uralkali GDRs and ordinary shares trading information / market transactions, Bloomberg /

<table>
<thead>
<tr>
<th></th>
<th>LSE (GDRs, US$)</th>
<th>Moscow Exchange (shares, RUB)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>2014</td>
<td>2015</td>
</tr>
<tr>
<td>Annual maximum price</td>
<td>27.5</td>
<td>16.27</td>
</tr>
<tr>
<td>Annual minimum price</td>
<td>9</td>
<td>10.37</td>
</tr>
<tr>
<td>Year-end price</td>
<td>11.79</td>
<td>13.95</td>
</tr>
<tr>
<td>Trading volume (million units)</td>
<td>255</td>
<td>168</td>
</tr>
</tbody>
</table>

Credit ratings

<table>
<thead>
<tr>
<th></th>
<th>S&amp;P</th>
<th>Moody's</th>
<th>Fitch</th>
</tr>
</thead>
<tbody>
<tr>
<td>Credit rating</td>
<td>BB-</td>
<td>Ba2</td>
<td>BB-</td>
</tr>
<tr>
<td>Last rating date</td>
<td>9 December 2015</td>
<td>9 October 2015</td>
<td>4 September 2015</td>
</tr>
</tbody>
</table>

Total Shareholder Return

<table>
<thead>
<tr>
<th></th>
<th>Uralkali</th>
<th>Peer average</th>
</tr>
</thead>
<tbody>
<tr>
<td>TSR 2015</td>
<td>5.51%</td>
<td>-30%</td>
</tr>
<tr>
<td>TSR 2014</td>
<td>-54.8%</td>
<td>5.3%</td>
</tr>
<tr>
<td>TSR 2013</td>
<td>-27.9%</td>
<td>-15.3%</td>
</tr>
</tbody>
</table>

Uralkali’s share in major indices

<table>
<thead>
<tr>
<th></th>
<th>Uralkali</th>
<th>Peer average</th>
</tr>
</thead>
<tbody>
<tr>
<td>MICEX</td>
<td>0.97%</td>
<td>-5%</td>
</tr>
<tr>
<td>RTS</td>
<td>0.97%</td>
<td>-6%</td>
</tr>
<tr>
<td>Market Vectors Russia</td>
<td>1.52%</td>
<td>-3%</td>
</tr>
<tr>
<td>Market Vectors Americas</td>
<td>0.41%</td>
<td>-1%</td>
</tr>
</tbody>
</table>

*For Uralkali and its competitors, Total Shareholder Return is calculated based on change in share price for the period and taking into account dividends announced in the period.

Source: Moscow Exchange, MSCI, Market Vectors

Analyst coverage

More than 15 equity research analysts from leading banks, including Credit Suisse, Goldman Sachs, HSBC, JP Morgan, UBS, VTB Capital and Sberbank CIB, follow the Company on a regular basis.

Uralkali’s IR team routinely monitors and communicates analyst consensus to the Company’s Board of Directors and top management.

For more information please see: www.uralkali.com/investors/analysts/

Credit ratings

In June 2012, the Company received investment grade credit ratings from three international rating agencies: Fitch, Standard & Poor's and Moody's.

In January 2015, Fitch affirmed Uralkali's BBB- rating and changed its outlook from Stable to Negative following the downgrade of the Russian sovereign rating. Dynamics of the Company’s credit ratings in 2015:

- On 15 May, S&P lowered Uralkali’s credit rating from BBB- to BB+ with a negative outlook.
- On 7 July, Fitch lowered Uralkali’s credit rating from BBB- to BB+ with a negative outlook.
- On 1 September, S&P lowered Uralkali’s credit rating from BB+ to BB with a stable outlook.
- On 5 October, Fitch lowered Uralkali’s credit rating from BB+ to BB with a stable outlook.
- On 12 October, Moody’s lowered Uralkali’s credit rating from Ba1 to Ba2 with a stable outlook.
- On 9 December, S&P lowered Uralkali’s credit rating from BB to BB- with a stable outlook.

For more information please see: www.uralkali.com/investors/fixed_income/

Dividends

As a general rule, dividends in the Russian Federation are taxed as follows:

- for legal entities:
  - 0% for tax residents of the Russian Federation, if such an entity owns over 50% of the Company’s share capital for a period of more than 365 days
  - 13% for other Russian residents
  - 15% tax for non-residents

- for individuals:
  - 13% for Russian tax residents
  - 15% for tax non-residents

Should the recipient of a dividend be a tax resident of a state with which the Russian Federation has signed a treaty on avoidance of double taxation, the tax payments must be made in compliance with the tax rate indicated under the relevant treaty (subject to the conditions set forth in the treaty).

This information is provided for information purposes only. Potential and current investors should seek the advice of professional consultants on tax matters related to investments in the shares and GDRs of the Company.

Dividend payments

<table>
<thead>
<tr>
<th>Period</th>
<th>Record date</th>
<th>Date of adoption of decision on dividend payment</th>
<th>Amount of dividend per ordinary share (RUB)</th>
<th>Amount of accrued dividends (RUB, 000)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013</td>
<td>20.06.2014</td>
<td>09.06.2014</td>
<td>1.63/8.15</td>
<td>4 785 705.90</td>
</tr>
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<tr>
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<tr>
<td>2015</td>
<td>25.04.2015</td>
<td>04.06.2015</td>
<td>2.21/10.34</td>
<td>6 488 595.10</td>
</tr>
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<tr>
<td>2018</td>
<td>24.05.2018</td>
<td>09.06.2018</td>
<td>4.55/22.75</td>
<td>14 080 050.40</td>
</tr>
<tr>
<td></td>
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</tr>
</tbody>
</table>
INFORMATION FOR SHAREHOLDERS AND INVESTORS / CONTINUED

DIVIDEND POLICY

The payment of dividends is regulated by the legislation of the Russian Federation. Dividends are paid from the profits of the Company after taxation (net profit). The net profit size is determined on the basis of the Company’s accounting (financial) statements.

Pursuant to the applicable laws, and Uralkali’s Charter and the Regulations on the Dividend Policy, the Company has the right to decide (declare) to pay dividends based on the results of the financial year, as well as of the first quarter, six months and nine months of the financial year (interim dividends).

For more information please see: http://www.uralkali.com/investors/shareholder_inf/dividends/

INVESTOR RELATIONS

COMMUNICATIONS AND DIALOGUE

Transparent communications with all shareholders is one of Uralkali’s top priorities. The Company’s management maintains regular dialogue with institutional investors and sell-side analysts through participation in meetings, presentations, international conferences, webcasts and conference calls, during which it discusses the Company’s financial results and provides an overview of the potash market.

Uralkali understands the importance of keeping the investment community informed of the latest developments and provides updated outlooks in order to build an understanding of the Company’s investment case.

In 2014, Uralkali maintained active communications with investors through the following activities:

• Roadshows involving senior management to meet with institutional investors in the USA, UK and Europe
• Participation of the Company’s management in a number of leading international market and industry conferences and forums focused on emerging markets
• Meetings between the Company’s Independent Directors and current and potential investors to share their views and listen to concerns
• A Capital Markets Day, which included meetings with operational senior management, as well as visits to Uralkali’s main business units
• Conference calls and webcasts on financial results and an overview of the potash market

Last year, Uralkali held over 215 meetings with the investment community and more than 50 investors and analysts attended the Company’s Capital Markets Day.

BOARD OVERSIGHT

The Board regularly receives investor relations reports covering key meetings, activities and shareholders’ feedback. Analyst coverage reports are also circulated on a regular basis. During the year, Uralkali conducts perception studies analysing opinions within the investment community on the Company’s strategy, corporate governance practices, information disclosure in the area of sustainable development and other key issues. The survey results are presented to the Board of Directors.

INFORMATION DISCLOSURE

The Company takes great care to ensure that any relevant information is released to all shareholders and analysts at the same time, in accordance with the transparency principles.

Generally, the information is distributed through the following channels:

• London Stock Exchange website: the Company posts price-sensitive information on the LSE site through the information disclosure system (RNS)
• Uralkali website: the Company publishes releases on important events and financial results, as well as providing regular updates in relation to Uralkali’s operations and the status of the capacity expansion programme. Any interested parties can subscribe online to receive news updates by registering online
• Uralkali posts its annual reports on its website www.uralkali.com on the day of the report’s official publication, and sends out a press release to announce the publication. Hard copies of the annual reports are available upon request via the website.
• For more information please see: www.uralkali.com/ru/investors

The website is regularly updated.

• Social media: Uralkali selectively uses social media as an additional channel of information disclosure and to distribute Company and industry news, as well as to highlight publications in the Russian and foreign media.

For more information please visit Uralkali’s official Facebook page at www.facebook.com/UralkaliUREKA and Twitter www.twitter.com/UralkaliNEWS

E-mail

The Investor Relations Department can be contacted with respect to any queries at ir@msc.uralkali.com

AWARDS

In 2015, the Company participated in a number of contests for the best annual report for 2014:
• Best international report – IR Society (winner)
• RA Expert: Best design and printing of an annual report (non-financial sector) (winner)
• CorpComms Awards 2014: Best annual report – private sector (nominee)
• The 18th Annual Report Competition organised by the Moscow Exchange:
  • Best annual report from the industrial sector of the economy (nominee)
  • Best annual report from a company with a market capitalisation of more than RUB 100 billion (nominee)
  • Best design and printing of an annual report (nominee)
  • Best disclosure of corporate governance in an annual report (nominee)

The shares held by the Company’s Charter and the Regulations on the Company’s accounting (financial) statements: 50%

1. According to information from ONEXIM Group (http://www.onexim.ru/)

<table>
<thead>
<tr>
<th>Share capital structure</th>
<th>/ 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>38.44%</td>
<td></td>
</tr>
<tr>
<td>19.99%</td>
<td></td>
</tr>
<tr>
<td>28%</td>
<td></td>
</tr>
<tr>
<td>12.61%</td>
<td></td>
</tr>
<tr>
<td>8.96%</td>
<td></td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Geography of Uralkali’s Shareholders</th>
<th>/ 96</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russian Federation 70%</td>
<td></td>
</tr>
<tr>
<td>Cyprus 22%</td>
<td></td>
</tr>
<tr>
<td>USA 2%</td>
<td></td>
</tr>
<tr>
<td>UK 1%</td>
<td></td>
</tr>
<tr>
<td>Singapore 1%</td>
<td></td>
</tr>
<tr>
<td>Rest of World 3%</td>
<td></td>
</tr>
<tr>
<td>Rest of Europe 1%</td>
<td></td>
</tr>
</tbody>
</table>

The shares are held on data as of 14 April 2016.

On 22 December 2015, due to the delisting of the Company’s GDRs from the London Stock Exchange, disclosure of information on the website of the London Stock Exchange was suspended.
Independent Auditor's Report

Deloitte.

ZAO Deloitte & Touche CIS
5 Lesnaya Street
Moscow, 125047 Russia
Tel: +7 (495) 787 06 00
Fax: +7 (495) 787 06 01
www.deloitte.ru

To Shareholders and Board of Directors of Public Joint Stock Company “Uralkali”

We have audited the accompanying consolidated financial statements of Public Joint Stock Company “Uralkali” and its subsidiaries (collectively - the “Group”), which comprise the consolidated statement of financial position as of 31 December 2015, and the consolidated statements of profit or loss, other comprehensive income, changes in equity and cash flows for 2015 year and notes comprising a summary of significant accounting policies and other explanatory information.

Management’s Responsibility for the Consolidated Financial Statements
Management of the Group is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor’s Responsibility
Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Russian Federal Auditing Standards and International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement. An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor’s judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity’s preparation and fair presentation of consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements. We believe that the audit evidence we have obtained is sufficient and appropriate to express an opinion on the fair presentation of these consolidated financial statements.

Opinion
In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of the Group as of 31 December 2015, and its financial performance and cash flows for 2015 in accordance with International Financial Reporting Standards.

ZAO Deloitte & Touche CIS
11 April 2016
Moscow, Russian Federation


Deloitte refers to one or more of Deloitte Touche Tohmatsu Limited, a UK private company limited by guarantee, and its network of member firms, each of which is a legally separate and independent entity. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte Touche Tohmatsu Limited and its member firms. Please see www.deloitte.com/about for a detailed description of the legal structure of Deloitte CIS.

Audited entity: Public Joint Stock Company “Uralkali” State Registration Certificate No. 1228 issued on 14 October 1992 by the Perm region Administration, Perm region Certificate of registration in the Unified State Register of Legal Entities No. 1025901702188 issued on 11 September 2002 Location: 63 Pyatiletki ul., Berezniki, 618426, the Perm region

URALKALI GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015

Note | 31 December 2015 | 31 December 2014
---|---|---
ASSETS | | |
Non-current assets | | |
Property, plant and equipment | 8 | 1,899,125 | 1,899,125 |
Prepayments for acquisitions of property, plant and equipment and intangible assets | | 129,981 | 129,981 |
Goodwill | 9 | 1,048,573 | 128,983 |
Intangible assets | 348,123 | 358,123 | 128,983 |
Deferred income tax asset | 14,644 | 14,644 | |
Income tax payables | 125,983 | 125,983 | |
Other non-current assets | 797 | 797 | |
Investment in associate | 21,300 | 21,300 | |
Total non-current assets | 2,155,247 | 2,155,247 | |
Current assets | 8 | 6,435,624 | 6,435,624 |
Inventories | 12 | 135,231 | 145,376 |
Trade and other receivables | 13 | 495,263 | 495,263 |
Advances to suppliers | 25,983 | 25,983 | |
Income tax prepayments | 78,630 | 78,630 | |
Deferred financial assets | 12,994 | 12,994 | |
Other financial assets at fair value through profit or loss | 61,209 | 61,209 | |
Restricted cash | 100,000 | 100,000 | |
Deferred tax assets | 300,000 | 300,000 | |
Cash and cash equivalents | 2,328,561 | 2,328,561 | |
Non-current assets held for sale | 3,206,046 | 3,206,046 | |
Total current assets | 3,534,213 | 3,534,213 | |
Total assets | 7,229,667 | 9,669,877 | |
EQUITY | | |
Equity attributable to the company’s equity holders | 17,265,129 | 17,265,129 | |
Retained earnings | 17,265,129 | 17,265,129 | |
Treasury shares | 35,762 | 35,762 | |
Share premium | 17,265,129 | 17,265,129 | |
Share capital | 17,265,129 | 17,265,129 | |
Reserves | 3,579,194 | 3,579,194 | |
Currency translation reserve | 3,689,877 | 3,689,877 | |
Restricted cash | 6,435,624 | 6,435,624 | |
Total shareholders’ equity | 8,669,877 | 8,669,877 | |
Non-controlling interests | 797 | 797 | |
Total equity | 8,669,877 | 8,669,877 | |
Total assets | 7,229,667 | 9,669,877 | |
LIABILITIES | | |
Non-current liabilities | | |
Borrowings | 12,756,194 | 12,756,194 | |
Bonds | 30,000,000 | 30,000,000 | |
Post-employment and other long-term benefit obligations | 30,967 | 30,967 | |
Deferred income tax liability | 459,223 | 459,223 | |
Provisions | 45,083 | 45,083 | |
Asset retirement obligations | 11,670 | 11,670 | |
Deferred financial liabilities | 377,583 | 377,583 | |
Total non-current financial liabilities | 5,052,287 | 5,052,287 | |
Current liabilities | 2,956,046 | 2,956,046 | |
Trade and other payables | 2,956,046 | 2,956,046 | |
Income tax payables | 129,983 | 129,983 | |
Deferred tax liabilities | 797 | 797 | |
Deferred income tax liability | 17,265,129 | 17,265,129 | |
Total current liabilities | 17,265,129 | 17,265,129 | |
Total liabilities | 20,221,173 | 20,221,173 | |
Shareholders’ equity | 5,008,494 | 5,008,494 | |
Total liabilities and shareholders’ equity | 20,221,173 | 20,221,173 | |
URALKALI GROUP CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2015
(in thousands of US dollars, unless otherwise stated) / CONTINUED

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>CURRENT LIABILITIES:</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Borrowings</td>
<td>19</td>
<td>3,125,470</td>
</tr>
<tr>
<td>Bonds</td>
<td>20</td>
<td>5,785</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>206,149</td>
</tr>
<tr>
<td>Advance received</td>
<td></td>
<td>23,356</td>
</tr>
<tr>
<td>Provisions</td>
<td>17</td>
<td>11,176</td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>21</td>
<td>227,480</td>
</tr>
<tr>
<td>Current income tax payable</td>
<td></td>
<td>1,755</td>
</tr>
<tr>
<td>Other taxes payable</td>
<td></td>
<td>23,161</td>
</tr>
<tr>
<td>Total current liabilities</td>
<td></td>
<td>235,131</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES:</strong></td>
<td></td>
<td>7,852,701</td>
</tr>
<tr>
<td><strong>TOTAL LIABILITIES AND EQUITY:</strong></td>
<td></td>
<td>7,239,467</td>
</tr>
</tbody>
</table>

Approved for issue and signed on behalf of the Board of Directors on 11 April 2016.

Dmitry OSYPOV
Chief Executive Officer

Anton VISHANENKO
Chief Financial Officer

URALKALI GROUP CONSOLIDATED STATEMENT OF OTHER COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated)

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Net profit/(loss) for the year</strong></td>
<td>183,768</td>
</tr>
<tr>
<td><strong>Other comprehensive income/(loss)</strong></td>
<td></td>
</tr>
<tr>
<td>Items that will not be reclassified to profit or loss:</td>
<td></td>
</tr>
<tr>
<td>Revaluation of post-employment benefit obligations</td>
<td></td>
</tr>
<tr>
<td>Items that may be subsequently reclassified to profit or loss:</td>
<td></td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td></td>
</tr>
<tr>
<td><strong>Total other comprehensive loss for the year</strong></td>
<td>(180,924)</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the year</strong></td>
<td>92,844</td>
</tr>
<tr>
<td><strong>Total comprehensive income/(loss) for the year attributable to:</strong></td>
<td></td>
</tr>
<tr>
<td>Owners of the Company</td>
<td>30,713</td>
</tr>
<tr>
<td>Non-controlling interests</td>
<td>2,132</td>
</tr>
</tbody>
</table>

URALKALI GROUP CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated)

<table>
<thead>
<tr>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Cash flows from operating activities</strong></td>
<td></td>
</tr>
<tr>
<td>Profit/(loss) before income tax</td>
<td>207,599</td>
</tr>
<tr>
<td>Adjustments for:</td>
<td></td>
</tr>
<tr>
<td>Depreciation of property, plant and equipment and amortization of intangible assets</td>
<td>8,10</td>
</tr>
<tr>
<td>Expenses related to mine flooding provisions</td>
<td>27</td>
</tr>
<tr>
<td>(Reversal) - Write off of Solikamsk-2 property, plant and equipment</td>
<td>27</td>
</tr>
<tr>
<td>Loss on disposals of property, plant and equipment and write-off of payments for acquisition of property, plant and equipment and intangible assets</td>
<td>27</td>
</tr>
<tr>
<td>Loss on impairment of property, plant and equipment and assets under construction</td>
<td>27</td>
</tr>
<tr>
<td>Write-off of bank deposits</td>
<td>27</td>
</tr>
<tr>
<td>Accrual of provisions for impairment of receivables</td>
<td>27</td>
</tr>
<tr>
<td>Change in provisions, net</td>
<td></td>
</tr>
<tr>
<td>Income from redemption of bonds</td>
<td>28</td>
</tr>
<tr>
<td>The fair value loss on derivative financial liabilities, net</td>
<td>28</td>
</tr>
<tr>
<td>Foreign exchange loss, net</td>
<td>28</td>
</tr>
<tr>
<td>Other finance income and expense, net</td>
<td>28</td>
</tr>
<tr>
<td>Operating cash flows before working capital changes</td>
<td>1,929,369</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other receivables and advances to suppliers</td>
<td>152,993</td>
</tr>
<tr>
<td>(Increase)/decrease in inventories</td>
<td>(29,742)</td>
</tr>
<tr>
<td>Increase/(decrease) in trade and other payables and advances received</td>
<td>33,785</td>
</tr>
<tr>
<td>Increase in other taxes payable</td>
<td>21,196</td>
</tr>
<tr>
<td>Cash generated from operations</td>
<td>2,131,731</td>
</tr>
<tr>
<td>Interest paid</td>
<td>19,20</td>
</tr>
<tr>
<td>Income taxes paid net of refunds received</td>
<td>(36,601)</td>
</tr>
<tr>
<td>Net cash generated from operating activities</td>
<td>1,784,088</td>
</tr>
</tbody>
</table>
URALKALI GROUP CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated) / CONTINUED

<table>
<thead>
<tr>
<th>CASH FLOWS FROM INVESTING ACTIVITIES</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Acquisition of intangible assets</td>
<td>(1,861)</td>
<td>(14,220)</td>
</tr>
<tr>
<td>Acquisition of property, plant and equipment</td>
<td>(339,369)</td>
<td>(349,413)</td>
</tr>
<tr>
<td>Proceeds from sales of property, plant and equipment</td>
<td>-</td>
<td>1,766</td>
</tr>
<tr>
<td>Purchase of other financial assets at fair value through profit or loss</td>
<td>(7,792)</td>
<td>(138,790)</td>
</tr>
<tr>
<td>Proceeds from sale of other financial assets at fair value through profit or loss</td>
<td>(8,267)</td>
<td>60,575</td>
</tr>
<tr>
<td>Acquisition of other non-current assets</td>
<td>-</td>
<td>(13,263)</td>
</tr>
<tr>
<td>Decrease in deposits</td>
<td>375,000</td>
<td>-</td>
</tr>
<tr>
<td>Increase in restricted cash</td>
<td>(200,000)</td>
<td>(296,945)</td>
</tr>
<tr>
<td>Deferred payment for the share in associate</td>
<td>(4,000)</td>
<td>-</td>
</tr>
<tr>
<td>Interest received</td>
<td>36,632</td>
<td>23,898</td>
</tr>
<tr>
<td><strong>Net cash used in investing activities</strong></td>
<td>(209,423)</td>
<td>(718,390)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>CASH FLOWS FROM FINANCING ACTIVITIES</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Repayments of borrowings</td>
<td>(929,885)</td>
<td>(2,119,682)</td>
</tr>
<tr>
<td>Proceeds from borrowings</td>
<td>1,924,709</td>
<td>3,398,756</td>
</tr>
<tr>
<td>Syndication fees and other financial charges paid</td>
<td>(32,678)</td>
<td>(28,926)</td>
</tr>
<tr>
<td>Purchase of bonds issued</td>
<td>(55,758)</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of non-controlling interest</td>
<td>-</td>
<td>(753)</td>
</tr>
<tr>
<td>Cash proceeds from derivatives</td>
<td>(49,021)</td>
<td>87,764</td>
</tr>
<tr>
<td>Cash paid for derivatives</td>
<td>(54,257)</td>
<td>(223,651)</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(3,366,878)</td>
<td>(10,506)</td>
</tr>
<tr>
<td>Finance lease payments</td>
<td>(1,876)</td>
<td>(1,328)</td>
</tr>
<tr>
<td>Dividends paid to non-controlling interests</td>
<td>(186)</td>
<td>(5,509)</td>
</tr>
<tr>
<td>Dividends paid to the Company’s shareholders</td>
<td>(259)</td>
<td>(284,570)</td>
</tr>
<tr>
<td><strong>Net cash (used in) / generated from financing activities</strong></td>
<td>(2,057,321)</td>
<td>(3,706,496)</td>
</tr>
<tr>
<td>Effect of changes in foreign exchange rate changes</td>
<td>(164,605)</td>
<td>(184,858)</td>
</tr>
<tr>
<td><strong>Net (decrease) / increase in cash and cash equivalents</strong></td>
<td>(1,214,346)</td>
<td>1,225,079</td>
</tr>
</tbody>
</table>

URALKALI GROUP CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated)

<table>
<thead>
<tr>
<th>NOTE</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Share capital</td>
<td>35,762</td>
<td>(5,722)</td>
</tr>
<tr>
<td>Decrease in non-controlling interests</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Share premium / (discount)</td>
<td>4,371,815</td>
<td>2,626,946</td>
</tr>
<tr>
<td>Retained earnings</td>
<td>(627,305)</td>
<td>(627,305)</td>
</tr>
<tr>
<td>Currency translation reserve</td>
<td>(3,551)</td>
<td>(3,551)</td>
</tr>
<tr>
<td><strong>Total attributable to owners of the Company</strong></td>
<td>5,727,477</td>
<td>5,741,610</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSACTIONS WITH OWNERS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared (Note 16)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of treasury shares</td>
<td>(27)</td>
<td>(10,469)</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>(37)</td>
<td>(123,943)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January 2015</td>
<td>35,762</td>
<td>(5,722)</td>
</tr>
<tr>
<td>Loss for the period</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Other comprehensive loss</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Total comprehensive loss for the period</strong></td>
<td>-</td>
<td>(627,305)</td>
</tr>
<tr>
<td>Transactions with owners</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2015</strong></td>
<td>35,762</td>
<td>(5,759)</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>TRANSACTIONS WITH OWNERS</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dividends declared (Note 16)</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Purchase of treasury shares (Note 16)</td>
<td>(18,194)</td>
<td>(3,348,664)</td>
</tr>
<tr>
<td><strong>Total transactions with owners</strong></td>
<td>(18,194)</td>
<td>(3,366,878)</td>
</tr>
<tr>
<td><strong>Balance at 31 December 2015</strong></td>
<td>35,762</td>
<td>(23,953)</td>
</tr>
</tbody>
</table>
URALKALI GROUP NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated)

1. THE URALKALI GROUP AND ITS OPERATIONS

Public Joint Stock Company Uralkali (the “Company”) and its subsidiaries (together the “Group”) produce mineral fertilisers, which are extracted and processed in the vicinity of the cities of Berezniki and Solikamsk, Russia. They are distributed both on domestic and foreign markets. The Group manufactures various types of products, the most significant being a wide range of potassium salts. The Group is the major Russian-based potash manufacturer. For the year ended 31 December 2015 approximately 82% of total volume of the potash fertilisers was exported (for the year ended 31 December 2014: 84%).

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied in all the periods presented.

Certain prior year balances have been reclassified to conform to the current period presentation (Note 21).

2. BASIS OF PREPARATION AND SIGNIFICANT ACCOUNTING POLICIES

The principal accounting policies applied in the preparation of these consolidated financial statements are set out below. Unless otherwise stated, these policies have been consistently applied in all the periods presented.

2.1 Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The consolidated financial statements and the accompanying notes have been prepared on the historical cost basis except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below.

2.2 Basis of preparation and presentation

The Group reassesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed above.

Consolidation of a subsidiary begins when the Company obtains control over the subsidiary and ceases when the Company loses control of the subsidiary. Specifically, income and expenses of a subsidiary acquired or disposed of during the year are included in the consolidated statement of profit or loss and other comprehensive income from the date the Company gains control until the date when the Company ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the owners of the Company and to the non-controlling interests. The non-controlling interests are attributed to the owners of the Company and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies.

All intangible assets and liabilities, equity, income, expenses and cash flows are measured using the straight-line method over their useful lives and primarily include mining licences. Intangible assets are amortised on a straight-line basis over their estimated useful lives, which are stated in Note 2.23.

2.3 Long-lived assets

Non-depreciable assets are included in non-current assets as well as their useful lives are stated in Note 2.23.

The residual value of an asset is the estimated amount that the Group expects to receive at the end of its useful life. Assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.5 Operating leases

Leases where substantially all the risks and rewards of ownership are transferred to the Group are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged on a straight-line basis over the lease term to the profit or loss. Operating leases include long-term leases of land with rental payments contingent on cadastral values regularly reviewed by the government.

2.6 Finance lease liabilities

The consideration transferred for the acquiree is measured at the fair value of assets transferred, liabilities assumed and non-contingent consideration arrangements but excludes acquisition related costs such as advisory, legal, valuation and similar professional services. Transaction costs incurred for issuing equity instruments are deducted from equity, transaction costs incurred for issuing debt are deducted from its carrying amount and all other transaction costs associated with the acquisition are expensed.

Intangible assets are classified as either goodwill or other, though goodwill, have definable useful lives and primarily include mining licences. Intangible assets are initially measured at acquisition cost or production cost, including any directly attributable costs of preparing the asset for its intended use, or, in the case of assets acquired in a business combination, at fair value as of the date of the combination.

Expenditure on software, patents, trademarks and non-mineral intangible assets are capitalised and amortised using the straight-line method over their useful lives. Mining licences are amortised under a unit of production method. If impaired, the carrying amount of intangible assets is written down to the higher of its value in use and fair value less cost to sell.

2.7 Classification of financial assets and liabilities

The fair values of financial instruments traded in an active market are measured using quoted market prices classified within the fair value hierarchy. Such financial assets and liabilities are measured at the actual price for the transaction for which the Group intends to sell in the near term. Other financial assets at fair value through profit or loss recognised as at such initial recognition represent derivative financial instruments and other financial assets at fair value through profit or loss.

Derivative financial instruments, represented by cross-currency interest rate swaps, are carried at their fair value. All derivative instruments are measured at fair value and when the fair value is negative changes in the fair value of

At each reporting date management assesses whether there is any indication of impairment of property, plant and equipment. If any such indication exists, the management estimates the future undiscounted cash flows, which is determined as the higher of an asset's fair value less costs to sell and its value in use. The carrying amount is reduced to the recoverable amount and the impairment loss is recognised in profit or loss within other operating expenses.

An impairment loss recognised for an asset in prior years is reversed if there has been a change in the estimates used to determine the assets' value in use and fair value less costs to sell. If a reversal of an impairment loss is recognised within other operating expenses.

Repair and maintenance expenditures are expensed as incurred. Major renewals and improvements are capitalised. Gains and losses on disposals determined by comparing the proceeds with the carrying amount recognised in profit or loss.

Depreciation on property, plant and equipment items is calculated using the straight-line method to allocate their cost to their residual values over their estimated useful lives:

<table>
<thead>
<tr>
<th>Useful lives in years</th>
<th>Buildings</th>
<th>30 to 60</th>
<th>Mining assets</th>
<th>5 to 30</th>
<th>Plant and equipment</th>
<th>2 to 30</th>
<th>Transport vehicles</th>
<th>5 to 15</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Land</td>
<td>2 to 30</td>
<td>Non-depreciable</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Mining assets include mine infrastructure and prepare value of future demonstrated and potential revenue and carryover costs. Depreciation methods applied to these mining assets as well as their useful lives are stated in Note 2.23.

The residual value of an asset is the estimated amount that the Group would currently obtain from disposal of the asset less the estimated costs of disposal, if the asset were already in the asset in the condition expected at the end of its useful life. The residual value of an asset is nil if the Group expects to use the asset until the end of its physical life. Assets' residual value and useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.7 Classification of financial assets and liabilities

The fair values of financial instruments traded in an active market are measured using quoted market prices classified within the fair value hierarchy. Such financial assets and liabilities are measured at the actual price for the transaction for which the Group intends to sell in the near term. Other financial assets at fair value through profit or loss recognised as at such initial recognition represent derivative financial instruments and other financial assets at fair value through profit or loss.

Derivative financial instruments, represented by cross-currency interest rate swaps, are carried at their fair value. All derivative instruments are measured at fair value and when the fair value is negative changes in the fair value of
2.12 DISCLOSURE OF FINANCIAL ASSETS

The Group discloses financial assets when: (i) the assets are redeemed or the rights to cash flows from the assets have otherwise expired; or (ii) the Group has transferred substantially all the risks and rewards of ownership of the assets; or (iii) the Group has neither transferred nor retained substantially all rights and rewards of ownership but has not retained control. Control is retained if the counterparty does not have the practical ability to sell the asset in its entirety to a third party without needing to impose additional restrictions on the sale.

2.13 DERECONCILIATION OF FINANCIAL ASSETS

The cash flows from derecognition of financial assets are presented in the statement of cash flows as a reduction of operating cash inflows for the period in which they arise. Other financial liabilities are carried at amortised cost.

2.14 INCOME TAXES

Income taxes are accounted for in the consolidated financial statements on an effective income tax rate. For income tax purposes, income or loss is recognised based on management’s best estimate of the tax payable on the taxable income or loss for the year, and the tax expense or benefit is recognised in the financial statements in the reporting date in the jurisdictions where the Group’s entities are incorporated.

2.15 INVENTORIES

Inventories are measured at the lower of cost and net realisable value. The cost of inventories is determined using the weighted average cost basis. Cost includes all costs incurred in bringing the inventories to their present location and condition.

2.16 TRADE AND OTHER RECEIVABLES

Trade and other receivables are individually recognised at fair value, and are subsequently measured at amortised cost using the effective interest method. A provision for impairment of trade receivables is established when there is objective evidence that the receivable will not be recovered, or there is a significant change in the customer’s credit risk. The provision is based on the expected credit loss for each trade receivable.

2.17 CASH AND Cash EQUIVALENTS

Cash and cash equivalents include cash in hand, deposits held at call with banks, and short-term highly liquid investments which are intended to be converted into cash or which are expected to be converted into cash within three months or less. Short-term highly liquid investments are carried at fair value, or cost if the fair value cannot be reliably measured.

2.18 SHARE CAPITAL

Share capital is increased by the amount of the consideration received in excess of the share capital. Any consideration received in excess of the share capital is carried in share premium account. The share premium account is presented in equity in the statement of financial position.

2.19 TREASURY SHARES

Where any Group company purchases the Company’s share capital, the cost to the Group is recognised as an expense and a reduction of equity. The full amount of the consideration paid is transferred to a separate entity and is used to purchase the shares for cancellation. The fair value of the shares at the date of cancellation is measured for both the Group and the subsidiary company. The fair value of the shares is recognised as an increase in equity (capital reserve - share premium).

2.20 DIVIDENDS

Dividends are recognised as a liability and deducted from equity at the date of the shareholders’ approval of the dividend, or at the date fixed by the directors for the purposes of the dividend. Dividends are disclosed when they are proposed before the expiry of the reporting period, and dividends declared after the reporting period are included in the consolidated financial statements before the consolidated financial statements have been authorised for issue.

2.21 VALUE ADDED TAX

Value added tax ("VAT") is payable to the taxation authorities on the earlier of (a) collection of the receivables of customers or (b) delivery of the goods or services to customers. Input VAT is generally deductible from the calculation of VAT liability on sales. The tax authorities permit the settlement of VAT on a net basis. VAT related to sales and purchases is recognised in the consolidated statement of financial position. The tax on sales is included with other financial liabilities, while a tax on purchases is included as an asset and liability. Where a provision has been made for impairment of receivables, the impairment loss is recorded for the gross amount of the debt, including VAT.

2.22 BORROWINGS

Borrowings are measured at amortised cost using the effective interest method. Borrowing costs are recognised as an expense on a time-proportion basis using the effective interest method.

The Group capitalises borrowing costs relating to assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) as part of the cost of the asset. The Group considers a qualifying asset to be an investment project with an implementation period exceeding one year.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs related to the non-qualifying assets are expensed as incurred. The Group’s tax on the interest, (the weighted average interest is applied to the expenditures on the qualifying assets), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs incurred less any investment income on the temporary investment of those borrowings are capitalised.

2.23 PROVISIONS

A provision is recognised when the Group has a present legal or constructive obligation as a result of past events, and it is probable that a cash outflow will be required to settle the obligation and a reliable estimate of the amount can be made. Where the Group expects a provision to be reimbursed, the reimbursement is recognised as a separate asset only when the reimbursement is virtually certain.

Net present value of provisions is determined by discounting future expected outflows associated with the specific past event. The Group determined the yield to maturity of the Russian government bonds as a discount factor for discounting the future real cash outflows associated with provisions to reflect the time value of money.

Provision for filing cavities. The Group recognises provision for filing cavities in respect of the Group’s obligation to replace the earth excavated from the mines. The provision is recognised when the Group has a legal or constructive obligation in accordance with the plans worked out. The provision is included in the mining development and mining exploration costs.
2.25 FOREIGN CURRENCY TRANSLATION
Functional and presentation currency. Functional currency of each constituent entity is its national currency of the Russian Federation, Russian Ruble (“RUB”). The presentation currency of these Consolidated Financial Statements is US dollar (“US$”).

Transitions and balances. Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at year-end official exchange rates of monetary assets and liabilities denominated in foreign currencies are recognised in profit or loss as finance income or costs. Translation at year-end rates does not apply to non-monetary items.

Translation to the presentation currency. The results and financial positions of all Group entities (none of which has the currency of a hyperinflationary economy) that have a functional currency different from the presentation currency are translated to the presentation currency as follows:
- (i) assets and liabilities for each statement of financial position presented are translated at the closing rate at the end of the reporting period;
- (ii) income and expenses for each statement of profit or loss and cash flows are translated at average exchange rates (unless this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case income and expenses and cash flows are translated at the dates of the transactions);
- (iii) components of equity are translated at the historic rate; and
- (iv) all revalued balance sheet differences are recognised in other comprehensive income.

Foreign currency exchange rates
The official rates of exchange, as determined by the Central Bank of the Russian Federation (CBRF):

<table>
<thead>
<tr>
<th>A s 3 1  D E C E M B E R  2 0 1 5</th>
<th>A s 3 1  D E C E M B E R  2 0 1 4</th>
</tr>
</thead>
<tbody>
<tr>
<td>Official rate of exchange</td>
<td>72.86</td>
</tr>
<tr>
<td>Average official rate of exchange for the 12 months</td>
<td>69.90</td>
</tr>
</tbody>
</table>

2.26 Revenue recognition
Revenue from the sale of goods is recognised when all the following conditions are satisfied:
- The Group has transferred to the buyer the significant risks and rewards of ownership of the goods under the appropriate contract or contracts;
- The Group retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- The amount of revenue can be measured reliably;
- It is probable that the economic benefits associated with the transaction will flow to the Group; and
- The costs incurred or to be incurred in respect of the transaction can be measured reliably.

Sales are net of VAT, export duties and discounts, and after eliminating sales within the Group. Revenues are measured at the fair value of the consideration received or receivable.

Revenue from sales of products other than potassium chloride (such as carnallite, salts, etc.) is recognised as Other revenue.

2.27 TRANSPORT, TRANSPORT REPAIRS AND MAINTENANCE COSTS
Most of the transportshipments are incurred by OJSC Baltic Bulker Terminal (“BBT”), a 100% subsidiary whose activity is related to the transhipment of fertilisers produced by the Group, and presented within distribution costs. In addition to this distribution costs include transport related maintenance costs which are incurred by LLC “V agon Depo Balahonzi”, a 100% subsidiary of the Group. These costs include depreciation, payroll, material expenses and various general and administrative expenses.

2.28 EMPLOYEE BENEFITS
Wages, salaries, contributions to the Russian Federation state pension and social insurance funds, paid annual leave and sick leave, bonuses, and non-monetary benefits (such as health services and kindergarten services) are accrued in the year in which the associated services are rendered by the employees of the Group.

2.29 SOCIAL COSTS
The Group incurs personnel costs related to the provision of benefits such as health services and charity costs related to various social programmes. These amounts have been charged to other operating expenses.

2.30 PENSION COSTS
In the normal course of business, the Group contributes to the Russian Federation state pension scheme on behalf of its employees. Mandatory contributions to the governmental pension scheme are expensed as incurred.

For defined benefit pension plans, the cost of providing benefits is determined using the Projected Unit Credit Method and is charged to profit or loss so as to spread the cost over the service period of the employees. An interest cost representing the unwinding of the discount rate on the scheme liabilities is charged to profit or loss. The liability recognised in the consolidated statement of financial position, in respect of defined benefit pension plans is the present value of the defined benefit obligation at the reporting date. The plans are not externally funded. The defined benefit obligation is calculated annually by the Group. The present value of the defined benefit obligation is determined by discounting the estimated future cash outflows using interest rates of government bonds that are denominated in the currency in which the benefit will be paid and that have terms of maturity approximating the terms of the relevant pension liability.

All actuarial gains and losses which arise in calculating the present value of the defined benefit obligation are recognised immediately in other comprehensive income.

2.31 EARNINGS PER SHARE
Earnings per share are determined by dividing the net income attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year.

2.32 SEGMENT REPORTING
The Group identifies and presents segments in accordance with the criteria set forth in IFRS 8, Operating segments, and based on the way the operations of the Company are regularly reviewed by the chief operating decision maker to analyse performance and allocate resources. The chief operating decision-maker has been determined as Chief Executive Officer (hereinafter – "CEO"). It was determined, that the Group has one operating segment – the extraction, production and sales of potash fertilisers.

3 ADOPTION OF NEW OR REVISED STANDARDS AND INTERPRETATIONS
The following new standards, amendments to standards and interpretations became effective for the Group from 1 January 2015:

4 NEW ACCOUNTING PRONOUNCEMENTS
The Group has not applied the following new and revised IFRSs that have been issued but are not yet effective:

The Group is currently assessing the impact of all new and revised IFRSs that have been issued but are not yet effective on its consolidated financial statements.
The major uncertainties that relate to the amount and timing of the cash outflows related to the asset retirement obligations and assumptions made by management in respect of these uncertainties are as follows:

- The extent of the filling cavities work which will have to be performed in the future may vary depending on the actual environmental conditions. Management believes that the legal obligation for decommissioning of the underground and surface complex is consistent with the terms of licences; and
- The future unit cost of decommissioning works may vary depending on the technology and the cost of resources used, as well as the inflation rate.

Management applied a discount rate ranging from 9.3% to 9.52% in a current period.

Income tax prepayment.

The Group has recorded an income tax prepayment recoverable after more than 12 months in the consolidated financial statements. There is an uncertainty in terms of using this payment to cover current liabilities of the Company to pay income tax. As a consequence, the asset carrying amount may vary depending on the Company’s financial performance in future periods.

Tax legislation.

Russian tax, currency and customs legislation is subject to varying interpretations (Note 30.2).

6. RELATED PARTIES

Models of significant shareholders, associates and entities under common ownership and control of the Group’s major shareholders and key management personnel. The Company and its subsidiaries produce ordinary course of their business, enter into various sales, purchase and service transactions with related parties. Transactions between the Company and its subsidiaries, which are related parties of the Company, have been eliminated on consolidation and are not disclosed in this note. Details of transactions between the Group and other related parties are disclosed below.

Outstanding balances

<table>
<thead>
<tr>
<th>Nature of relationship</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Related party through significant shareholder</td>
<td>Related party through significant shareholder</td>
</tr>
<tr>
<td>Cash and cash equivalents</td>
<td>406,427</td>
<td>3,056</td>
</tr>
<tr>
<td>Restricted cash</td>
<td>200,000</td>
<td></td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>12,760</td>
<td>10,127</td>
</tr>
<tr>
<td>Prepayments for acquisition of property, plant and equipment and intangible assets</td>
<td>605</td>
<td>911</td>
</tr>
<tr>
<td>Advances received</td>
<td>158</td>
<td>630</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>26</td>
<td>53</td>
</tr>
<tr>
<td>Advances to suppliers</td>
<td>35</td>
<td></td>
</tr>
</tbody>
</table>

Cash and cash equivalents as of 31 December 2015 comprise cash on the brokerage account.
Onexim Group participated in a programme to purchase PJSC Uralkali’s ordinary shares and Global Depositary Receipts (“Tender Offer”) which was approved on 24 April 2015 (Note 16) and as a result, Onexim Group’s shareholding in the Company decreased to 20.00%.

Cross shareholding
As of 31 December 2015, JSC Uralkali-Technologia (UK-Technologia) and Enterpro Services Ltd. (Enterpro), wholly owned subsidiaries of the Group, owned 47.58%, 12.61% of which are transferred under the REPO agreement (Note 19) and 0.97% of the ordinary shares of the Company, respectively (31 December 2014: 12.61% and 0.00%).

Key management’s compensation
Key management personnel compensation consists of remuneration paid to executive directors and other directors for their services in full- or part-time positions. Compensation is made up of annual remuneration and a performance bonus depending on operating results.

Key management compensation is presented below:

### Transactions

<table>
<thead>
<tr>
<th>Nature of Relationship</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Domestic revenue</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Related party through significant shareholder</td>
<td>22,243</td>
<td>59,649</td>
</tr>
<tr>
<td>Other expense</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Associate</td>
<td>12,000</td>
<td>200</td>
</tr>
<tr>
<td>Acquisition of inventory</td>
<td>4,493</td>
<td>7,558</td>
</tr>
<tr>
<td>Transportation expenses</td>
<td>3,746</td>
<td>3,756</td>
</tr>
<tr>
<td>Commission for brokerage services</td>
<td>1,200</td>
<td></td>
</tr>
<tr>
<td>Other expense</td>
<td>984</td>
<td></td>
</tr>
</tbody>
</table>

### Segment Information

The Group evaluates performance and makes investment and strategic decisions based on a review of the profitability of the Group as a whole, and based on operating segments. The company's operating segment has been determined based on reports reviewed by CEO, assessed to be Company's chief operating decision maker (“CODM”), that are used to make strategic decisions.

It was determined, that the Group has one operating segment – the extraction, production and sales of potash fertilisers.

The financial information reported on operating segments is based on the management accounts which are based on IFRS.

The CODM performs an analysis of the operating results based on the measurements of:
- Revenues;
- Revenues net of freight, railway tariff and transhipment costs;
- Tonnes of potash sold, in thousands;
- Cash cost (“CC”) per unit sold (cost of sales adjusted for depreciation and amortisation); and
- Cash capital expenditures net of VAT (“Cash CAPEX”).

Business segment assets and liabilities are not reviewed by the CODM and therefore are not disclosed in these consolidated financial statements.

### Geographical Information

The analysis of Group sales by region was:

<table>
<thead>
<tr>
<th>Region</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Russia</td>
<td>408,378</td>
<td>388,313</td>
</tr>
<tr>
<td>Latin America, China, India, South East Asia</td>
<td>2,037,940</td>
<td>2,335,990</td>
</tr>
<tr>
<td>USA, Europe</td>
<td>620,016</td>
<td>786,214</td>
</tr>
<tr>
<td>Other countries</td>
<td>81,165</td>
<td>88,775</td>
</tr>
<tr>
<td>Total revenue</td>
<td>3,123,302</td>
<td>3,559,292</td>
</tr>
</tbody>
</table>

The sales are allocated by region based on the destination country.

### Major customers

The Group had no external customers which represented more than 10% of the Group's revenues in the year ended 31 December 2015 and 2014.
8 Property, plant and equipment

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>MINE MACHINERY</th>
<th>PLANT AND EQUIPMENT</th>
<th>TRANSPORT</th>
<th>ASSETS UNDER CONSTRUCTION</th>
<th>OTHER</th>
<th>LAND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2014</td>
<td>921,212</td>
<td>824,808</td>
<td>1,687,938</td>
<td>322,783</td>
<td>865,583</td>
<td>44,134</td>
<td>8,652</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>67</td>
<td>16,342</td>
<td>335,403</td>
<td>131</td>
<td>-</td>
<td>351,943</td>
</tr>
<tr>
<td>Change in estimates added to property, plant and equipment (Note 17)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>23,092</td>
</tr>
<tr>
<td>Commissioning of assets and transfers</td>
<td>32,958</td>
<td>77,636</td>
<td>134,575</td>
<td>-</td>
<td>(246,153)</td>
<td>640</td>
<td>103</td>
</tr>
<tr>
<td>Deposits</td>
<td>(14,203)</td>
<td>(1,735)</td>
<td>(27,630)</td>
<td>(4,686)</td>
<td>(15,773)</td>
<td>(549)</td>
<td>(53)</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(392,060)</td>
<td>(373,382)</td>
<td>(738,718)</td>
<td>(139,013)</td>
<td>(385,776)</td>
<td>(18,614)</td>
<td>(1,653)</td>
</tr>
<tr>
<td>BALANCE AS OF 31 DECEMBER 2014</td>
<td>549,757</td>
<td>550,587</td>
<td>1,056,012</td>
<td>195,426</td>
<td>553,090</td>
<td>25,742</td>
<td>5,049</td>
</tr>
<tr>
<td>Additions</td>
<td>64</td>
<td>-</td>
<td>-</td>
<td>345</td>
<td>7,431</td>
<td>318,988</td>
<td>279</td>
</tr>
<tr>
<td>Change in estimates added to property, plant and equipment (Note 17)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>33,646</td>
</tr>
<tr>
<td>Recognition of asset related to decommissioning obligations (Note 17)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>35,084</td>
</tr>
<tr>
<td>Commissioning of assets and transfers</td>
<td>83,249</td>
<td>141,253</td>
<td>27,639</td>
<td>5,315</td>
<td>(208,936)</td>
<td>1,148</td>
<td>-</td>
</tr>
<tr>
<td>Deposits</td>
<td>(6,031)</td>
<td>(2,636)</td>
<td>(24,609)</td>
<td>(7,218)</td>
<td>(6,786)</td>
<td>(591)</td>
<td>(16)</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(137,501)</td>
<td>(126,204)</td>
<td>(242,487)</td>
<td>(45,480)</td>
<td>(137,892)</td>
<td>(1,614)</td>
<td>(1,653)</td>
</tr>
<tr>
<td>BALANCE AS OF 31 DECEMBER 2015</td>
<td>488,916</td>
<td>631,832</td>
<td>817,040</td>
<td>135,474</td>
<td>488,328</td>
<td>20,378</td>
<td>6,271</td>
</tr>
</tbody>
</table>

ACCUMULATED DEPRECIATION

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>MINE MACHINERY</th>
<th>PLANT AND EQUIPMENT</th>
<th>TRANSPORT</th>
<th>ASSETS UNDER CONSTRUCTION</th>
<th>OTHER</th>
<th>LAND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2014</td>
<td>189,084</td>
<td>265,310</td>
<td>851,360</td>
<td>132,152</td>
<td>-</td>
<td>13,546</td>
<td>1,444,654</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>26,835</td>
<td>58,517</td>
<td>159,695</td>
<td>21,962</td>
<td>-</td>
<td>2,259</td>
<td>269,268</td>
</tr>
<tr>
<td>Deposits</td>
<td>(4,007)</td>
<td>(914)</td>
<td>(21,784)</td>
<td>(1,788)</td>
<td>-</td>
<td>(242)</td>
<td>(28,735)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(5,642)</td>
<td>5,642</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-5,642</td>
</tr>
<tr>
<td>Impairment (Note 27)</td>
<td>651</td>
<td>34,199</td>
<td>9,766</td>
<td>-</td>
<td>11,088</td>
<td>-</td>
<td>55,724</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(87,128)</td>
<td>(136,604)</td>
<td>(407,917)</td>
<td>(77,771)</td>
<td>(3,520)</td>
<td>(6,396)</td>
<td>(701,336)</td>
</tr>
<tr>
<td>BALANCE AS OF 31 DECEMBER 2014</td>
<td>125,413</td>
<td>212,866</td>
<td>596,982</td>
<td>84,555</td>
<td>76,669</td>
<td>9,169</td>
<td>1,036,575</td>
</tr>
<tr>
<td>Depreciation charge</td>
<td>43,177</td>
<td>42,225</td>
<td>90,833</td>
<td>14,401</td>
<td>-</td>
<td>1,591</td>
<td>169,329</td>
</tr>
<tr>
<td>Deposits</td>
<td>(1,032)</td>
<td>(939)</td>
<td>(16.943)</td>
<td>(6,628)</td>
<td>-</td>
<td>(226)</td>
<td>(26,151)</td>
</tr>
<tr>
<td>Transfers</td>
<td>(564)</td>
<td>84,096</td>
<td>(83,232)</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>(Reversal of impairment) (Note 27)</td>
<td>(427)</td>
<td>(21,539)</td>
<td>1,706</td>
<td>-</td>
<td>(5,430)</td>
<td>-</td>
<td>(23,690)</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(30,822)</td>
<td>(34,894)</td>
<td>(139,242)</td>
<td>(20,353)</td>
<td>(569)</td>
<td>(2,308)</td>
<td>(228,398)</td>
</tr>
<tr>
<td>BALANCE AS OF 31 DECEMBER 2015</td>
<td>110,866</td>
<td>263,025</td>
<td>470,206</td>
<td>71,777</td>
<td>1,549</td>
<td>8,222</td>
<td>925,665</td>
</tr>
</tbody>
</table>

NET BOOK VALUE

<table>
<thead>
<tr>
<th>BUILDING</th>
<th>MINE MACHINERY</th>
<th>PLANT AND EQUIPMENT</th>
<th>TRANSPORT</th>
<th>ASSETS UNDER CONSTRUCTION</th>
<th>OTHER</th>
<th>LAND</th>
<th>TOTAL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January 2014</td>
<td>734,128</td>
<td>559,498</td>
<td>836,378</td>
<td>200,631</td>
<td>805,583</td>
<td>30,586</td>
<td>8,652</td>
</tr>
<tr>
<td>Balance as of 31 December 2014</td>
<td>424,322</td>
<td>337,721</td>
<td>459,050</td>
<td>110,871</td>
<td>545,522</td>
<td>16,573</td>
<td>5,049</td>
</tr>
<tr>
<td>Balance as of 31 December 2015</td>
<td>378,030</td>
<td>368,807</td>
<td>346,814</td>
<td>83,697</td>
<td>486,979</td>
<td>12,356</td>
<td>6,271</td>
</tr>
</tbody>
</table>

9 Goodwill

- The goodwill is primarily attributable to the expected future operational and marketing synergies arising from the business combinations with Silvinit Group and to individual assets of the subsidiaries and was allocated to cash-generating unit (CGU) – PSC Uralkali.

- The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on financial budgets approved by management covering a one-year period. Cash flows beyond the one-year period are extrapolated using estimated growth rates. The growth rates do not exceed the long-term average growth rate for the industry in which the Group operates. Management determined budgeted gross margin based on past performance and its market expectations. The weighted average growth rates used are consistent with the forecasts included in industry reports. Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

  - From 7% to 7.5% p.a.
  - From 5% to 7.5% p.a.
  - From 3% to 5% p.a.

- The Group did not recognise any impairment of goodwill in the consolidated financial statements for the years ended 31 December 2015 and 31 December 2014.

Fully depreciated assets still in use

As of 31 December 2015 and 31 December 2014 the gross carrying value of fully depreciated property, plant and equipment still in use was US$ 301,321 and US$ 338,997, respectively.

- Property, plant and equipment write-off due to the accident at Solikamsk-2

  - In 2015, due to decision to continue mining at Solikamsk-2, the Group reversed the impairment of fixed assets and construction in progress with a gross carrying value and accumulated depreciation of US$ 39,247 and US$ 11,999, respectively, and recognised an improvement of this reversal of US$ 27,248 in the consolidated statement of income due to the flooding in the Solikamsk-2 mine (Note 27).
10 **Intangible assets**

<table>
<thead>
<tr>
<th>Note</th>
<th>Mining licence</th>
<th>Software</th>
<th>Other</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cost as of 1 January 2014</td>
<td>5,807,302</td>
<td>22,510</td>
<td>18,779</td>
<td>5,848,592</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(372,596)</td>
<td>(21,338)</td>
<td>(449)</td>
<td>(395,383)</td>
</tr>
<tr>
<td>Balance as of 1 January 2014</td>
<td>5,434,706</td>
<td>4,272</td>
<td>18,321</td>
<td>5,457,299</td>
</tr>
<tr>
<td>Additions</td>
<td>9,215</td>
<td>1,617</td>
<td>1,253</td>
<td>12,085</td>
</tr>
<tr>
<td>Capitalised borrowing costs</td>
<td>120,225</td>
<td>-</td>
<td>-</td>
<td>120,225</td>
</tr>
<tr>
<td>Depreciation</td>
<td>(11,493)</td>
<td>(49)</td>
<td>(11,453)</td>
<td></td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>11,359</td>
<td>113</td>
<td>11,472</td>
</tr>
<tr>
<td>Accumulated charge</td>
<td>24, 25, 26</td>
<td>(1,476)</td>
<td>(1,086)</td>
<td>(2,562)</td>
</tr>
<tr>
<td>Deposits of accumulated amortisation</td>
<td>-</td>
<td>11,359</td>
<td>113</td>
<td>11,472</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(2,275,606)</td>
<td>(2,446)</td>
<td>(7,559)</td>
<td>(2,289,599)</td>
</tr>
<tr>
<td>Cost as of 31 December 2014</td>
<td>3,463,410</td>
<td>5,119</td>
<td>11,803</td>
<td>3,482,332</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(286,897)</td>
<td>(2,198)</td>
<td>(782)</td>
<td>(290,877)</td>
</tr>
<tr>
<td>Balance as of 31 December 2014</td>
<td>3,176,513</td>
<td>2,921</td>
<td>11,021</td>
<td>3,192,065</td>
</tr>
<tr>
<td>Additions</td>
<td>-</td>
<td>6,927</td>
<td>988</td>
<td>7,915</td>
</tr>
<tr>
<td>Deposits</td>
<td>-</td>
<td>(518)</td>
<td>(9)</td>
<td>(527)</td>
</tr>
<tr>
<td>Amortisation charge</td>
<td>24, 25, 26</td>
<td>(50,338)</td>
<td>(1,953)</td>
<td>(2,242)</td>
</tr>
<tr>
<td>Deposits of accumulated amortisation</td>
<td>-</td>
<td>504</td>
<td>89</td>
<td>593</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(716,754)</td>
<td>(2,463)</td>
<td>(7,559)</td>
<td>(726,782)</td>
</tr>
<tr>
<td>Cost as of 31 December 2015</td>
<td>2,674,942</td>
<td>9,354</td>
<td>9,961</td>
<td>2,694,277</td>
</tr>
<tr>
<td>Accumulated amortisation</td>
<td>(263,547)</td>
<td>(3,354)</td>
<td>(2,393)</td>
<td>(269,304)</td>
</tr>
<tr>
<td>Balance as of 31 December 2015</td>
<td>2,411,415</td>
<td>6,000</td>
<td>7,568</td>
<td>2,424,983</td>
</tr>
</tbody>
</table>

The table below summarises descriptions and carrying amounts of individually material mining licences, except for fully amortised:

<table>
<thead>
<tr>
<th>Licensed plot</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solikamsky plot (north part)</td>
<td>3,638,010</td>
<td>3,638,010</td>
</tr>
<tr>
<td>Solikamsky plot (south part)</td>
<td>7,052,792</td>
<td>7,052,792</td>
</tr>
<tr>
<td>Solikamsky plot (north part)</td>
<td>6,184</td>
<td>92,555</td>
</tr>
<tr>
<td>Polovodovskiy plot (north part)</td>
<td>3,560</td>
<td>233,698</td>
</tr>
<tr>
<td>Polovodovskiy plot (north part)</td>
<td>503,395</td>
<td>652,086</td>
</tr>
<tr>
<td>Romazyevsky plot</td>
<td>4,473</td>
<td>3,795</td>
</tr>
<tr>
<td>Totals</td>
<td>2,411,415</td>
<td>2,178,513</td>
</tr>
</tbody>
</table>

The Group temporarily suspended capitalisation of interest expense and foreign exchange loss to Polovodovskiy plot (north part) since 1 January 2015 until recommencement of construction of mining facilities.

11 **Income tax prepayments**

On 16 April 2013 the Company concluded an agreement with the government of Perm Region to maintain minimum income tax payments at certain minimum amount per year in 2013-2015. On 27 August 2013 the Company signed an Addendum to the agreement which determined minimum income tax payments for 2015 at the amount of 2,750 RR mln per year (US$ 37,732 at the exchange rate on 31 December 2015). Payments for the period of 2016–2017 will be agreed subsequent to the year-end in a new addendum. As a result the Company will utilize its existing income tax prepayments in several years.

As of 31 December 2015 income tax prepayments recoverable in more than 12 months was recorded at amortised cost using the discount rate of 10.1%. As of 31 December 2015 the carrying value of income tax prepayments recoverable in more than 12 months was US$ 82,218 (31 December 2014: US$ 128,983 at discount rates from 13.1% to 13.6%).

12 **Inventories**

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Raw materials and work in process</td>
<td>75,320</td>
<td>63,350</td>
</tr>
<tr>
<td>Finished products</td>
<td>62,395</td>
<td>59,352</td>
</tr>
<tr>
<td>Work in progress</td>
<td>3,327</td>
<td>3,278</td>
</tr>
<tr>
<td>Other inventories</td>
<td>5,325</td>
<td>5,431</td>
</tr>
<tr>
<td>Total inventories</td>
<td>143,376</td>
<td>130,231</td>
</tr>
</tbody>
</table>

Other inventories mainly consist of residential buildings constructed by the Group for resale.

13 **Trade and other receivables**

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade receivables</td>
<td>360,045</td>
<td>398,223</td>
</tr>
<tr>
<td>Other accounts receivable</td>
<td>21,757</td>
<td>12,067</td>
</tr>
<tr>
<td>Less: provision for doubtful debt</td>
<td>8,552</td>
<td>15,517</td>
</tr>
<tr>
<td>Total financial receivables</td>
<td>378,746</td>
<td>347,099</td>
</tr>
<tr>
<td>VAT receivable</td>
<td>41,354</td>
<td>51,265</td>
</tr>
<tr>
<td>Other taxes receivable</td>
<td>2,237</td>
<td>2,933</td>
</tr>
<tr>
<td>Other prepayments</td>
<td>9,722</td>
<td>6,810</td>
</tr>
<tr>
<td>Total non-financial receivables</td>
<td>75,535</td>
<td>60,477</td>
</tr>
<tr>
<td>Total trade and other receivables</td>
<td>455,283</td>
<td>407,576</td>
</tr>
</tbody>
</table>

As of 31 December 2015 trade receivables of US$ 334,724 (31 December 2014: US$ 353,050), net of provision for impairment, were denominated in foreign currencies: 85% of this balance was denominated in US$ (31 December 2014: 83%) and 15% was denominated in Euro (31 December 2014: 17%). Management believes that the fair value of accounts receivable does not differ significantly from their carrying amount. Movements of the provision for doubtful debt were as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>As of 1 January</td>
<td>(6,693)</td>
<td>(6,693)</td>
</tr>
<tr>
<td>Provision accrued</td>
<td>(2,438)</td>
<td>(1,305)</td>
</tr>
<tr>
<td>Provision recovered</td>
<td>472</td>
<td>78</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>1,166</td>
<td>2,269</td>
</tr>
<tr>
<td>As of 31 December</td>
<td>(4,693)</td>
<td>(4,693)</td>
</tr>
</tbody>
</table>

The accrual and reversal of the provision for impairment of receivables have been included in other operating expenses in the consolidated statement of profit or loss (Note 27). Amounts charged to the provision account are written off when there is no expectation of recovering additional cash.
As of 31 December 2015 and 2014 no trade and other receivables were pledged as collateral.

As of 31 December 2015 and 2014 accounts receivable classified as “Not insured or factored” included receivables from key and prominent customers.

As of 31 December 2015, the Group had a residual exposure to factored accounts receivables that had a carrying value of US$ 953 (as of 31 December 2014: US$ 11,361), immediately after they were factored for US$ 9,526 (as of 31 December 2014: US$ 113,607).

Other financial assets at fair value through profit or loss

As of 31 December 2015 and 2014 accounts receivable that had a carrying value of US$ 953 (as of 31 December 2014: US$ 11,361), immediately after they were factored for US$ 9,526 (as of 31 December 2014: US$ 113,607).

As of 31 December 2015 and 2014 accounts receivable classified as “Not insured or factored” included receivables from key and prominent customers.

As of 31 December 2015, the Group had a residual exposure to factored accounts receivables that had a carrying value of US$ 953 (as of 31 December 2014: US$ 11,361), immediately after they were factored for US$ 9,526 (as of 31 December 2014: US$ 113,607).

14 OTHER FINANCIAL ASSETS AT FAIR VALUE THROUGH PROFIT OR LOSS

Other financial assets at fair value through profit or loss are represented by highly liquid corporate bonds which are neither past due nor impaired. Analysis by credit quality of other financial assets at fair value through profit or loss is as follows:

<table>
<thead>
<tr>
<th>Credit Quality</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Not insured or factored</td>
<td>242,668</td>
<td>242,668</td>
</tr>
<tr>
<td>Total current and not impaired</td>
<td>386,668</td>
<td>296,737</td>
</tr>
<tr>
<td>Past due but not impaired</td>
<td>612</td>
<td>634</td>
</tr>
<tr>
<td>Total past due but not impaired</td>
<td>32,933</td>
<td>63,404</td>
</tr>
<tr>
<td>Impaired (less of provision)</td>
<td>356</td>
<td>356</td>
</tr>
<tr>
<td>Total financial receivables (gross)</td>
<td>348,233</td>
<td>366,043</td>
</tr>
<tr>
<td>Total amount of impaired accounts receivable (less of provision)</td>
<td>8,632</td>
<td>5,902</td>
</tr>
<tr>
<td>Total financial receivables (gross)</td>
<td>339,591</td>
<td>361,350</td>
</tr>
</tbody>
</table>

As of 31 December 2015 and 2014, term deposits have various original maturities but may upon request be withdrawn without any restrictions. Restricted cash in cash reserved on the accounts of a related party as of 31 December 2015 for the purchase of treasury shares under Company’s open market buyback programme (Notes 6, 16).

16 EQUITY

The number of unissued authorised ordinary shares is 1,730 million (31 December 2014: 1,730 million) with a nominal value per share of 0.686 US cents (0.5 RR) (31 December 2014: 0.489 US cents (0.5 RR)). All shares stated in the table above have been issued and fully paid.

Tender offer results were announced on 28 September 2015.

As a result of two tender offers ordinary shares in the number of 984,649,841 (including ordinary shares represented by GDRs) were purchased in May-June and September-October 2015, which constitutes in the aggregate approximately 33.54% of Company’s outstanding ordinary shares.

On 23 November 2015, the Company’s Board of Directors approved an open market buyback programme in respect of shares and GDRs. The programme commenced on 24 November 2015 and expired on 31 March 2016. Since the start of the open market buyback programme an aggregate of 28,428,735 shares and 8,430,936 GDRs, constituting in total 2.4% of the Company’s share capital have been purchased by 31 December 2015.
The balance of the provision at the reporting date equals the total of expected future discounted cash outflows associated with replacing the earth extracted from the mine in accordance with the plan of filling cavities work agreed with the State mine supervisory body. The relevant cash flows are discounted at a rate reflecting the time value of money.

### Reorganization provision

In 2013 the Board of Directors decided to abandon the ore-treatment plant and carnallite plant at Berezniki 1. The decision to abandon the plants was driven by the lack of the raw materials base due to the flooding of Mine 1. This allowed the Company to reduce operational costs. The Company ceased production at the plants at the end of 2013 and commenced dismantling them. The provision is for costs of dismantling of the plants which is expected to be completed in 2018.

### Resettlement provision

In 2013 the Government of the Perm Region and the Administration of the town of Berezniki signed an agreement outlining the financing plan for the period between 2013 and 2015 for the relocation of people living in inadequate housing facilities in Berezniki, including the construction of new infrastructure facilities and demolition of the vacated buildings. The agreement was effected pursuant to the State programme on “Securing quality housing and facilities for the citizens of the Perm Region” and was in line with the decisions adopted by the Governmental Commission on 24 May 2013. As part of its commitment to corporate social responsibility, the Group had undertaken to provide the Perm Region and the town of Berezniki with a total of US$ 34,851 (RUB 2,340 mln) at the exchange rate on 31 December 2015) by instalments in 2013-2015. In 2015 the liability was paid out in full. Mine flooding provision. During the twelve months ended 31 December 2015, the Group re-estimated costs required for liquidation of the accident consequences and updated the provision for future expenses to the amount of US$ 7,823 as of 31 December 2015.  

### Asset retirement obligations

During 2015, the Group completed its assessment of future costs needed to fulfill its decommissioning obligations for the mines located in Berezniki and Solikamsk. Total estimated provision for asset retirement obligations amounts to US$ 35,084 as of 31 December 2015 (2014: nil). Key assumptions used in estimation of decommissioning obligations were as follows:

- **Discount rate:** 4.7% - 7.5%
- **Expected closure date of mines:** 2026 - 2069
- **Expected inflation over the period from 2016 to 2019:** 5.0% - 7.3%
- **Expected inflation over the period from 2020 onwards:** 5.0%
### Interest rates

<table>
<thead>
<tr>
<th>Interest rates</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank loans in US$: floating interest</td>
<td>From 1 month LIBOR + 2.15% to 6 month LIBOR + 5.2% (31 December 2014: From 1 month LIBOR + 2.8% to 3 month LIBOR + 3.3%)</td>
<td>2,108,341</td>
</tr>
<tr>
<td>Bank loans in US$: fixed interest</td>
<td>MosPrime 3M + 2.59% (31 December 2014: From MosPrime Rate 3M +1.5% to MosPrime Rate 3M +2.59%)</td>
<td>138,251</td>
</tr>
<tr>
<td>Total short-term bank loans</td>
<td></td>
<td>2,255,387</td>
</tr>
<tr>
<td>Bank loans in RR$: floating interest</td>
<td>From 3 month LIBOR + 3.1% (31 December 2014: From 3 month LIBOR + 3.1%)</td>
<td>3,315,299</td>
</tr>
<tr>
<td>Bank loans in RR$: floating interest</td>
<td>MosPrime 3M + 2.59% (31 December 2014: From MosPrime Rate 3M +1.5% to MosPrime Rate 3M +2.59%)</td>
<td>285,834</td>
</tr>
<tr>
<td>Total long-term bank loans</td>
<td></td>
<td>3,572,040</td>
</tr>
</tbody>
</table>

### Settlement of debt and related risks

The table below shows interest rates as of 31 December 2015 and 31 December 2014 and the split of the bank loans into short-term and long-term.

| Bank loans in US$: floating interest | From 1 month LIBOR + 2.15% to 6 month LIBOR + 5.2% (31 December 2014: From 1 month LIBOR + 2.8% to 3 month LIBOR + 3.3%) | 2,108,341 | 513,554 |
| Bank loans in US$: fixed interest | MosPrime 3M + 2.59% (31 December 2014: From MosPrime Rate 3M +1.5% to MosPrime Rate 3M +2.59%) | 138,251 | 114,467 |
| Total short-term bank loans | | 2,255,387 | 626,010 |
| Bank loans in RR$: floating interest | From 3 month LIBOR + 3.1% (31 December 2014: From 3 month LIBOR + 3.1%) | 3,315,299 | 3,828,069 |
| Bank loans in RR$: floating interest | MosPrime 3M + 2.59% (31 December 2014: From MosPrime Rate 3M +1.5% to MosPrime Rate 3M +2.59%) | 285,834 | 569,975 |
| Total long-term bank loans | | 3,572,040 | 4,409,644 |

As of 31 December 2015 no equipment or inventories were pledged as security for bank loans. As of 31 December 2015, bank loans amounting US$ 1,268,998 (31 December 2014: US$ 894,550) were collateralised by future sales proceeds of the Group under export contracts with certain customers.

On 23 September 2015 the Group signed a master agreement and confirmation with respect to a REPO transaction regarding ordinary shares of the Company. As a result of the entry into the REPO transaction the Group obtained financing for a total amount of US$ 800,000, and the need in credit resources during 2016-2017. The availability period of the loan assumes proportional increase of the limit in accordance with the Company’s cash flows projections for the period. The final maturity date of the facility is 7 September 2020. As of 31 December 2015, the Company has not yet utilised the facility.

As of 31 December 2015 no equipment or inventories were pledged as security for bank loans. As of 31 December 2015, bank loans amounting US$ 1,268,998 (31 December 2014: US$ 894,550) were collateralised by future sales proceeds of the Group under export contracts with certain customers.

On 23 September 2015 the Group signed a master agreement and confirmation with respect to a REPO transaction regarding ordinary shares of the Company. As a result of the entry into the REPO transaction the Group obtained financing for a total amount of US$ 800,000, and the need in credit resources during 2016-2017. The availability period of the loan assumes proportional increase of the limit in accordance with the Company’s cash flows projections for the period. The final maturity date of the facility is 7 September 2020. As of 31 December 2015, the Company has not yet utilised the facility.

The Group’s loan agreements contain restrictive covenants requiring the Group to maintain certain net debt/net worth ratio. The lenders did not request accelerated repayment of the loans.

**20 Bonds**

In April 2013 the Group issued US$ denominated bonds at the nominal value of US$ 650 million bearing a coupon of 3.723% p.a. maturing in 2018:

<table>
<thead>
<tr>
<th>Note</th>
<th>2013</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance at 1 January</td>
<td>583,972</td>
<td>659,068</td>
</tr>
<tr>
<td>Purchase of bonds denominated in US$</td>
<td>21,963</td>
<td>21,641</td>
</tr>
<tr>
<td>Interest accrued</td>
<td>4,402</td>
<td>3(3,048)</td>
</tr>
<tr>
<td>Amortisation of syndication fees</td>
<td>25</td>
<td>779</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td>169,826</td>
<td>368,161</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(169,296)</td>
<td>(364,956)</td>
</tr>
<tr>
<td>Balance at 31 December</td>
<td>584,668</td>
<td>583,972</td>
</tr>
</tbody>
</table>

During 2014 year bonds with a nominal value of US$ 68,100 were purchased by the Group for the amount of US$ 65,736. The fair value of the outstanding bonds issued at 31 December 2015 was US$ 545,531 according to Irish Stock Exchange quotations (31 December 2014: US$ 521,386).

The year’s balance has been reclassified accordingly so to conform with the new requirements of the reporting date.

The Group is in the process of amendment of the definition of the covenant to eliminate effect of the devaluation. Prior to the date of approval of these consolidated financial statements, the Group received waiver letters from the banks, confirming that no event of default has occurred.

### Derivative financial assets and liabilities

At 31 December 2015, the derivative financial liabilities were represented by the cross-currency interest rate swaps, entered into in conjunction with RR-denominated loans in the nominal amount of US$ 444,052 (31 December 2014: US$ 677,232).

Discounted cash flows from cross-currency interest rate swaps at the reporting date generated during next 12 months are represented as a current liability. Discounted cash flows from cross-currency interest rate swaps after 12 months are classified as a non-current liability.

### Additional information

<table>
<thead>
<tr>
<th>Date</th>
<th>Value (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2015</td>
<td>12,996</td>
</tr>
<tr>
<td>31 December 2014</td>
<td>42,634</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Date</th>
<th>Value (US$)</th>
</tr>
</thead>
<tbody>
<tr>
<td>31 December 2015</td>
<td>528,267</td>
</tr>
<tr>
<td>31 December 2014</td>
<td>554,897</td>
</tr>
</tbody>
</table>
Movements of the carrying amounts of derivative financial assets and liabilities were as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Balance as of 1 January</td>
<td>554,897</td>
<td>133,383</td>
</tr>
<tr>
<td>Cash proceeds from derivatives</td>
<td>49,621</td>
<td>87,764</td>
</tr>
<tr>
<td>Cash paid for derivatives</td>
<td>34,337</td>
<td>221,651</td>
</tr>
<tr>
<td>Changes in the fair value</td>
<td>234,759</td>
<td>748,936</td>
</tr>
<tr>
<td>Effect of translation to presentation currency</td>
<td>(157,337)</td>
<td>(193,365)</td>
</tr>
<tr>
<td>Balance as of 31 December</td>
<td>585,603</td>
<td>554,897</td>
</tr>
</tbody>
</table>

22 Trade and other payables

<table>
<thead>
<tr>
<th>Note</th>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade payables</td>
<td>39,721</td>
<td>20,669</td>
</tr>
<tr>
<td>Accrued liabilities</td>
<td>95,260</td>
<td>78,348</td>
</tr>
<tr>
<td>Other payables</td>
<td>26,207</td>
<td>20,668</td>
</tr>
<tr>
<td>Total financial payables</td>
<td>165,188</td>
<td>119,665</td>
</tr>
<tr>
<td>Other non-financial payables</td>
<td>39,020</td>
<td>44,193</td>
</tr>
<tr>
<td>Total trade and other payables</td>
<td>204,148</td>
<td>163,858</td>
</tr>
</tbody>
</table>

As of 31 December 2015 trade and other accounts payable of US$ 113,809 (31 December 2014: US$ 99,695) were denominated in foreign currencies: 94% of this balance was denominated in US$ (31 December 2014: 93%) and 6% was denominated in Euro (31 December 2014: 7%).

23 Revenues

<table>
<thead>
<tr>
<th>Export</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potassium chloride</td>
<td>1,815,532</td>
<td>2,110,681</td>
</tr>
<tr>
<td>Potassium chloride (granular)</td>
<td>501,992</td>
<td>1,651,935</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Domestic</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Potassium chloride</td>
<td>341,153</td>
<td>291,213</td>
</tr>
<tr>
<td>Other revenues</td>
<td>85,029</td>
<td>97,094</td>
</tr>
<tr>
<td>Total revenues</td>
<td>2,132,804</td>
<td>2,559,292</td>
</tr>
</tbody>
</table>

24 Cost of sales

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Depreciation</td>
<td>8</td>
<td>144,352</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>126,070</td>
<td>204,225</td>
</tr>
<tr>
<td>Materials and components</td>
<td>97,430</td>
<td>126,539</td>
</tr>
<tr>
<td>Fuel and energy</td>
<td>36,595</td>
<td>147,356</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>59,667</td>
<td>70,200</td>
</tr>
<tr>
<td>Amortisation of licenses</td>
<td>58,239</td>
<td>101,945</td>
</tr>
<tr>
<td>Transportation between mines by railway</td>
<td>6,961</td>
<td>13,327</td>
</tr>
<tr>
<td>Change in work in progress, finished goods and goods in transit</td>
<td>452</td>
<td>4,485</td>
</tr>
<tr>
<td>Other costs</td>
<td>1,189</td>
<td>7,753</td>
</tr>
<tr>
<td>Total cost of sales</td>
<td>568,758</td>
<td>915,967</td>
</tr>
</tbody>
</table>

25 Distribution costs

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Railway tariff and rent of wagons</td>
<td>274,862</td>
<td>362,846</td>
</tr>
<tr>
<td>People</td>
<td>217,348</td>
<td>217,348</td>
</tr>
<tr>
<td>Transport repairs and maintenance</td>
<td>11,269</td>
<td>39,214</td>
</tr>
<tr>
<td>Transshipment</td>
<td>36,678</td>
<td>49,083</td>
</tr>
<tr>
<td>Employee benefits</td>
<td>17,349</td>
<td>19,728</td>
</tr>
<tr>
<td>Commissions and marketing expenses</td>
<td>15,999</td>
<td>38,280</td>
</tr>
<tr>
<td>Depreciation</td>
<td>4,189</td>
<td>14,917</td>
</tr>
<tr>
<td>Other costs</td>
<td>31,942</td>
<td>46,683</td>
</tr>
<tr>
<td>Total distribution costs</td>
<td>604,264</td>
<td>932,771</td>
</tr>
</tbody>
</table>

Depreciation in the amount of US$ 3,346 and amortisation in the amount of US$ 171 is included into Transport repairs and maintenance and Transshipment costs (2014: US$ 5,436 and nil respectively).

26 General and administrative expenses

<table>
<thead>
<tr>
<th>Note</th>
<th>2015</th>
<th>2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Employee benefits</td>
<td>47,531</td>
<td>114,341</td>
</tr>
<tr>
<td>Consulting, audit and legal services</td>
<td>4,853</td>
<td>8,889</td>
</tr>
<tr>
<td>Depreciation</td>
<td>5</td>
<td>7,751</td>
</tr>
<tr>
<td>Security</td>
<td>4,756</td>
<td>10,993</td>
</tr>
<tr>
<td>Materials and fuel</td>
<td>5,572</td>
<td>6,934</td>
</tr>
<tr>
<td>Other revenue</td>
<td>8,692</td>
<td>7,399</td>
</tr>
<tr>
<td>Repairs and maintenance</td>
<td>6,320</td>
<td>6,801</td>
</tr>
<tr>
<td>Amortisation of intangible assets</td>
<td>10</td>
<td>4,014</td>
</tr>
<tr>
<td>Labour protection</td>
<td>1,228</td>
<td>3,769</td>
</tr>
<tr>
<td>Insurance</td>
<td>3,099</td>
<td>5,249</td>
</tr>
<tr>
<td>Communication and information system services</td>
<td>4,091</td>
<td>5,286</td>
</tr>
<tr>
<td>Rent</td>
<td>4,189</td>
<td>3,754</td>
</tr>
<tr>
<td>Bank charges</td>
<td>1,234</td>
<td>1,216</td>
</tr>
<tr>
<td>Other expenses</td>
<td>14,495</td>
<td>19,921</td>
</tr>
<tr>
<td>Total general and administrative expenses</td>
<td>156,884</td>
<td>209,466</td>
</tr>
</tbody>
</table>
### 27 Other Operating Income and Expenses, Net

<table>
<thead>
<tr>
<th>Note</th>
<th align="right">2015</th>
<th align="right">2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Loss on disposal of property, plant and equipment and write-off of prepayment for acquisition of property, plant and equipment and intangible assets</td>
<td align="right">24,804</td>
<td align="right">27,676</td>
</tr>
<tr>
<td>Accrual of legal provision</td>
<td align="right">17,013</td>
<td align="right">-</td>
</tr>
<tr>
<td>Expenses related to mine holding</td>
<td align="right">16,113</td>
<td align="right">16,408</td>
</tr>
<tr>
<td>Social cost and charity</td>
<td align="right">9,452</td>
<td align="right">9,560</td>
</tr>
<tr>
<td>Accrual of provision for impairment of receivables</td>
<td align="right">8,337</td>
<td align="right">3,054</td>
</tr>
<tr>
<td>Loss on impairment of property, plant and equipment and assets under construction</td>
<td align="right">1,558</td>
<td align="right">-</td>
</tr>
<tr>
<td>Write-off of bank deposits</td>
<td align="right">-</td>
<td align="right">2,657</td>
</tr>
<tr>
<td>(Reversal of impairment)/Impairment of Solikamsk-2 property, plant and equipment</td>
<td align="right">(27,248)</td>
<td align="right">38,049</td>
</tr>
<tr>
<td>Other expense, net</td>
<td align="right">252</td>
<td align="right">4,707</td>
</tr>
<tr>
<td><strong>Total Other Operating Income and Expenses, Net</strong></td>
<td align="right">43,129</td>
<td align="right">102,291</td>
</tr>
</tbody>
</table>

### 28 Finance Income and Expenses

<table>
<thead>
<tr>
<th>Note</th>
<th align="right">2015</th>
<th align="right">2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest income</td>
<td align="right">36,368</td>
<td align="right">24,364</td>
</tr>
<tr>
<td>Fair value gain on investments</td>
<td align="right">24,970</td>
<td align="right">-</td>
</tr>
<tr>
<td>Income from redeemable preference shares</td>
<td align="right">2,064</td>
<td align="right">-</td>
</tr>
<tr>
<td>Income from associates</td>
<td align="right">-</td>
<td align="right">2,39</td>
</tr>
<tr>
<td><strong>Total Finance Income</strong></td>
<td align="right">61,278</td>
<td align="right">26,967</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td align="right">-</td>
<td align="right">2014</td>
</tr>
<tr>
<td>Foreign exchange gain</td>
<td align="right">1,039,810</td>
<td align="right">1,166,924</td>
</tr>
<tr>
<td>Income from operations</td>
<td align="right">770,041</td>
<td align="right">117,835</td>
</tr>
<tr>
<td>Fair value loss on derivative financial liabilities</td>
<td align="right">274,705</td>
<td align="right">749,730</td>
</tr>
<tr>
<td>Syndication fee and other financial charges</td>
<td align="right">24,401</td>
<td align="right">24,703</td>
</tr>
<tr>
<td>Unrealized gain (loss) on derivative financial liabilities</td>
<td align="right">6,663</td>
<td align="right">6,448</td>
</tr>
<tr>
<td>Loss from credit losses</td>
<td align="right">4,167</td>
<td align="right">5,796</td>
</tr>
<tr>
<td>Finance lease expense</td>
<td align="right">912</td>
<td align="right">1,326</td>
</tr>
<tr>
<td>Loss from associates</td>
<td align="right">87</td>
<td align="right">-</td>
</tr>
<tr>
<td>Fair value losses on investments</td>
<td align="right">-</td>
<td align="right">10,398</td>
</tr>
<tr>
<td><strong>Total Finance Expenses</strong></td>
<td align="right">1,578,920</td>
<td align="right">2,138,318</td>
</tr>
</tbody>
</table>

Groupon income from corporate bonds classified as other financial assets at fair value through profit or loss in the amount of US$ 4,789 is included in interest income (2014: US$ 3,083).

Capitalized interest expense and foreign exchange loss in the cost of property, plant and equipment and intangible assets were as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th align="right">2015</th>
<th align="right">2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Interest expense</td>
<td align="right">20,391</td>
<td align="right">94,725</td>
</tr>
<tr>
<td>Foreign exchange loss</td>
<td align="right">19,332</td>
<td align="right">88,140</td>
</tr>
<tr>
<td><strong>Total Capitalized Borrowing Costs</strong></td>
<td align="right">39,723</td>
<td align="right">182,875</td>
</tr>
</tbody>
</table>

### 29 Income Tax Expense

<table>
<thead>
<tr>
<th>Note</th>
<th align="right">2015</th>
<th align="right">2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Income tax expense</td>
<td align="right">47,016</td>
<td align="right">31,612</td>
</tr>
<tr>
<td>Adjustments recognized in the period for current income tax of prior periods</td>
<td align="right">3,116</td>
<td align="right">(9,411)</td>
</tr>
<tr>
<td>Deferred income tax benefit</td>
<td align="right">(27,213)</td>
<td align="right">(144,925)</td>
</tr>
<tr>
<td><strong>Income Tax Expense/(Benefit)</strong></td>
<td align="right">23,831</td>
<td align="right">(122,524)</td>
</tr>
</tbody>
</table>

Income before taxation and non-controlling interests for consolidated financial statements purposes is reconciled to income tax as follows:

<table>
<thead>
<tr>
<th>Note</th>
<th align="right">2015</th>
<th align="right">2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Profit/(Loss) before income tax</td>
<td align="right">207,599</td>
<td align="right">(753,380)</td>
</tr>
<tr>
<td>Theoretical tax charge/(benefit) at statutory rate of 15.5%</td>
<td align="right">32,179</td>
<td align="right">(186,774)</td>
</tr>
<tr>
<td>Conversions of profit tax for prior years</td>
<td align="right">(9,861)</td>
<td align="right">(9,411)</td>
</tr>
<tr>
<td>Tax effect of expenses which are not deductible or assessable for taxation purposes</td>
<td align="right">3,101</td>
<td align="right">6,657</td>
</tr>
<tr>
<td>Effect of different tax rates in countries</td>
<td align="right">(9,988)</td>
<td align="right">2,853</td>
</tr>
<tr>
<td>Other</td>
<td align="right">(4,546)</td>
<td align="right">(5,829)</td>
</tr>
<tr>
<td><strong>Income Tax Expense/(Benefit)</strong></td>
<td align="right">23,831</td>
<td align="right">(122,524)</td>
</tr>
</tbody>
</table>

In the years ended 31 December 2015 and 2014, respectively, most companies of the Group were registered in the Russian Federation, Perm region and were taxed at the rate of 15.5% on taxable profits. However, deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is real- ized or the liability is settled, based on the laws that have been en- acted or substantively enacted by the end of the reporting period. In 2015, a new law was adopted by Legislative Assembly of Perm region which changed the income tax rate from 15.5% to 17% for 2016 and 18.5% for 2017. However, for those taxpayers which make significant capital investments and/or donate to charity on the territory of Perm region, the tax rate can be decreased by a certain percentage (which is calculated using the formula stated in the law), the decreased tax rate cannot be lower than 15.5% (tax rate for 2015). This increased tax rate will not apply to the years 2014 and earlier.

The management of the Group performed the analysis using the forecasts of capital expenditure and profits based on which they expect to utilize the tax benefit in full for the Company and the majority of its subsidiaries registered in Perm region. Insignificant part of other entities of the Group registered in Perm region will be subject to the new tax rate with no decrease.

In 2015 and 2014, foreign subsidiaries were taxed applying respec- tive national income tax rates. The tax effect of the movements in the temporary differences for the year ended 31 December 2015 was the following.

**Tax Effects of Taxable and Deductible Temporary Differences**

| Property, plant and equipment | 107,107 | (23,772) | 205,687 | (326,223) |
| Intangible assets | 603,680 | 7,880 | 113,821 | (285,933) |
| Inventories | 6,418 | 32,350 | (6,279) | 35,487 |
| Borrowings | (3,179) | (1,690) | 1,000 | (3,850) |
| Trade and other receivables | 4,367 | (8,284) | 536 | (3,511) |
| Derivative financial instruments | 86,039 | 29,135 | (24,382) | 95,767 |
| Trade and other payables | 24,599 | (12,786) | (2,088) | 598 |
| Tax loss carry-forward | 29,234 | 1,766 | (6,735) | 23,214 |
| Provisions | 6,970 | 15,995 | (4,209) | 18,756 |
| Other | 4,996 | (1,741) | (845) | 2,459 |
| **Total Net Deferred Tax Liabilities** | (444,580) | 27,213 | 96,956 | (320,411) |
The tax effect of the movements in the temporary differences for the year ended 31 December 2014 was as follows:

<table>
<thead>
<tr>
<th>31 December 2015</th>
<th>(Changes)</th>
<th>Effect of tax translation on temporary differences</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>3,723</td>
<td>79,098</td>
<td>(107,107)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(2,137)</td>
<td>354,395</td>
<td>(493,680)</td>
</tr>
<tr>
<td>Inventories</td>
<td>726</td>
<td>(3,141)</td>
<td>4,416</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(19,995)</td>
<td>5,487</td>
<td>(3,179)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(945)</td>
<td>(2,118)</td>
<td>3,367</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>20,659</td>
<td>95,218</td>
<td>(26,825)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(15,408)</td>
<td>24,398</td>
<td>26,234</td>
</tr>
<tr>
<td>Tax loss carry-forward</td>
<td>34,753</td>
<td>(9,352)</td>
<td>26,234</td>
</tr>
<tr>
<td>Provisions</td>
<td>2,375</td>
<td>(4,385)</td>
<td>6,970</td>
</tr>
<tr>
<td>Other</td>
<td>12,515</td>
<td>(9,964)</td>
<td>2,491</td>
</tr>
<tr>
<td><strong>Total net deferred tax liability</strong></td>
<td>(953,896)</td>
<td>144,925</td>
<td>364,391</td>
</tr>
</tbody>
</table>

Deferred tax balances presented in consolidated statement of financial position were as follows:

<table>
<thead>
<tr>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income tax asset</td>
<td>56,721</td>
</tr>
<tr>
<td>Deferred income tax liability</td>
<td>(397,132)</td>
</tr>
<tr>
<td>Provisions for deferred income tax liability</td>
<td>(320,411)</td>
</tr>
</tbody>
</table>

The Group has not recognised a deferred income tax liability in respect of taxable temporary differences associated with investments in subsidiaries in the amount of US$ 199,444 (31 December 2014: US$ 199,713). The Group controls the timing of the reversal of these temporary differences and does not expect their reversal in the foreseeable future.

30.1 Insurance policies
The Company generally enters into insurance agreements when it is required by foreign legislation. The insurance agreements do not cover the risks of damage to third parties' property resulting from the Group's underground activities and the risks reflected in Note 5.

30.2 Tax legislation
Laws and regulations affecting business in the Russian Federation continue to change rapidly. Management's interpretation of such legislation as applied to the activity of the Group may be challenged by the relevant regional and federal authorities. Recent events suggest that the tax authorities are taking a more assertive position in their interpretation of the legislation and assessments and as a result, it is possible that transactions and activities that have not been challenged in the past may be challenged. Fiscal periods generally remain open to tax audits by the authorities in respect of taxes for three calendar years preceding the year of tax audit. Under certain circumstances reviews may cover longer periods. Management believes that it has provided adequately for tax liabilities based on its interpretations of tax legislation. However, the relevant authorities may have differing interpretations, and the effects on the financial statements could be significant.

Starting from January 1st, 2015 according to the amendments introduced into the Russian tax legislation, the 2015 undistributed profits of the Group foreign subsidiaries, receivables and foreign currency are not required to be translated for tax purposes. The undistributed profits of the Group foreign subsidiaries, receivables and foreign currency may be considered as loss for tax purposes. The tax effect of the movements in the temporary differences for the year ended 31 December 2014 was the following:

<table>
<thead>
<tr>
<th>31 December 2015</th>
<th>(Changes)</th>
<th>Effect of tax translation on temporary differences</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property and equipment</td>
<td>3,723</td>
<td>79,098</td>
<td>(107,107)</td>
</tr>
<tr>
<td>Intangible assets</td>
<td>(2,137)</td>
<td>354,395</td>
<td>(493,680)</td>
</tr>
<tr>
<td>Inventories</td>
<td>726</td>
<td>(3,141)</td>
<td>4,416</td>
</tr>
<tr>
<td>Borrowings</td>
<td>(19,995)</td>
<td>5,487</td>
<td>(3,179)</td>
</tr>
<tr>
<td>Trade and other receivables</td>
<td>(945)</td>
<td>(2,118)</td>
<td>3,367</td>
</tr>
<tr>
<td>Derivative financial instruments</td>
<td>20,659</td>
<td>95,218</td>
<td>(26,825)</td>
</tr>
<tr>
<td>Trade and other payables</td>
<td>(15,408)</td>
<td>24,398</td>
<td>26,234</td>
</tr>
<tr>
<td>Tax loss carry-forward</td>
<td>34,753</td>
<td>(9,352)</td>
<td>26,234</td>
</tr>
<tr>
<td>Provisions</td>
<td>2,375</td>
<td>(4,385)</td>
<td>6,970</td>
</tr>
<tr>
<td>Other</td>
<td>12,515</td>
<td>(9,964)</td>
<td>2,491</td>
</tr>
<tr>
<td><strong>Total net deferred tax liability</strong></td>
<td>(953,896)</td>
<td>144,925</td>
<td>364,391</td>
</tr>
</tbody>
</table>

Deferred tax balances presented in consolidated statement of financial position were as follows:

<table>
<thead>
<tr>
<th>31 December 2015</th>
<th>31 December 2014</th>
</tr>
</thead>
<tbody>
<tr>
<td>Deferred income tax asset</td>
<td>56,721</td>
</tr>
<tr>
<td>Deferred income tax liability</td>
<td>(397,132)</td>
</tr>
<tr>
<td>Provisions for deferred income tax liability</td>
<td>(320,411)</td>
</tr>
</tbody>
</table>

The Group operates internationally and exports approximately 82% of potash fertilisers sales (2014 – 84%). As a result the Group is exposed to foreign exchange risk arising from various currency exposures. Export sales are primarily denominated in US Dollar or Euro. The Group is exposed to the risk of significant currency exchange rate fluctuations. The Group’s operating profit benefits from the weak exchange rate of the EUR against the US Dollar, since all the Group major operating expenses are denominated in US$ and Euro.

31.3 Financial risk factors
The Group’s activities expose it to a variety of financial risks: market risk, currency risk and liquidity risk. Market risk is the possibility that currency exchange rates, reduction in the prices of potash products and changes in interest rates will adversely affect the value of assets, liabilities or expected future cash flows. Overall risk management procedures adopted by the Group focus on the unpredictability of financial and commodity markets and seek to minimise potential adverse effects on the Group’s financial performance.

(a) Market risk
(i) Foreign exchange risk
Foreign exchange risk arises when future commercial transactions or revalued assets and liabilities are denominated in a currency that is different from the functional currency of the companies of the Group.
URALKALI GROUP NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2015 (in thousands of US dollars, unless otherwise stated) / CONTINUED

(c) Liquidity risk
In accordance with prudent liquidity risk management, the management of the Group aims to maintain sufficient cash in order to meet its obligations. Group treasury aims to maintain sufficient level of liquidity based on monthly cash flow budgets, which are prepared for the year ahead and continuously updated during the year. Liquidity risk is defined as the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities.

<table>
<thead>
<tr>
<th>Note</th>
<th>Less than 1 year</th>
<th>Between 1 and 5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>165,128</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>2,591,286</td>
<td>3,915,044</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>20</td>
<td>277,736</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>21</td>
<td>218,466</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>2,955,214</td>
<td>4,192,089</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

As of 31 December 2014

<table>
<thead>
<tr>
<th>Note</th>
<th>Less than 1 year</th>
<th>Between 1 and 5 years</th>
<th>Over 5 years</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Trade and other payables</td>
<td>22</td>
<td>119,665</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Bank borrowings</td>
<td>840,332</td>
<td>4,448,201</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Finance lease liabilities</td>
<td>19</td>
<td>630,521</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Derivative financial liabilities</td>
<td>1,485</td>
<td>347,628</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>985,045</td>
<td>5,248,835</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

2. Fair value of financial instruments
Fair value is the amount at which a financial instrument could be exchanged in a current transaction between willing parties, other than in a forced sale or liquidation, and is best evidenced by an active quoted market price. The estimated fair values of financial instruments have been determined by the Group using available market information, where it exists, and appropriate valuation methodologies. However, judgement is necessarily required to interpret market data to determine the estimated fair value. Russian Federation continues to display some characteristics of an emerging market and economic conditions continue to limit the volume of activity in the financial markets. Market quotations may be outdated or reflect distress sale transactions, and therefore not represent fair values of financial instruments. Management has used all available market information in estimating the fair value of financial instruments.

Financial assets and liabilities carried at fair value. Derivatives (Level 2) and other financial assets at fair value through profit or loss (Level 1) are carried in the consolidated statement of financial position at their fair value. Fair values of corporate bonds and shares were determined based on prices quoted in an active market. Fair values of derivative financial assets and liabilities were determined using discounting cash flows valuation techniques with inputs (discount rates for RR and US$) observable in markets.

The table below analyses the Group’s financial liabilities into relevant maturity groupings based on the time remaining from the reporting to the contractual maturity date. The amounts disclosed in the table are the contractual undiscounted cash flows at spot rates.

Note 10, 20, 20. The objective of managing interest rate risk is in order to prevent losses due to adverse changes in market interest rate level. The Group analyses its interest rate exposure on a dynamic basis. Various scenarios are simulated taking into consideration refinancing, the renewal of existing positions and alternative financing.

For the year ended 31 December 2015, if LIBOR and ISDA rates on US$ denominated borrowings had been 200 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been US$ 85,842 higher/lower (year ended 31 December 2014: the post tax loss – US$ 76,992 higher/lower). For the year ended 31 December 2015, if MosPrime rates on RR denominated borrowings had been US$ 73,372 higher/lower (year ended 31 December 2014: the post tax loss – US$ 76,992 higher/lower). For the year ended 31 December 2015, if LIBOR and ISDA rates on US$ denominated borrowings had been 200 basis points higher/lower with all other variables held constant, post-tax profit for the year would have been US$ 85,842 higher/lower (year ended 31 December 2014: the post tax loss – US$ 76,992 higher/lower). For the year ended 31 December 2015, if MosPrime rates on RR denominated borrowings had been US$ 73,372 higher/lower (year ended 31 December 2014: the post tax loss – US$ 76,992 higher/lower).

The effect is mainly as a result of higher/lower interest expense on floating rate borrowings and changes of fair value of derivative financial assets and liabilities with floating rates terms.

(b) Credit risk
Credit risk arises from the possibility that counterparties to transactions may default on their obligations, causing financial losses. Credit risk is present in all parts of the Group’s income and operating cash flows as well as its market exposed positions.

The table below shows the credit quality of cash, cash equivalents, letters of credit and deposits balances which totalled US$ 3,202,024 thousand as of 31 December 2015 and 2014, if otherwise not stated in table below.

<table>
<thead>
<tr>
<th>Ratings</th>
<th>Money', Time, Standard's Purpose</th>
<th>2005</th>
<th>2004</th>
</tr>
</thead>
<tbody>
<tr>
<td>From AAA / Aaa to A+ / A1</td>
<td>155,177</td>
<td>12,177</td>
<td></td>
</tr>
<tr>
<td>From BBB- / Ba1 to BBB / Baa3</td>
<td>51,125</td>
<td>428,544</td>
<td></td>
</tr>
<tr>
<td>From B+ / B1 to B / B3</td>
<td>405,361</td>
<td>1,981,225</td>
<td></td>
</tr>
<tr>
<td>Unrated</td>
<td>605,240</td>
<td>15,521</td>
<td></td>
</tr>
<tr>
<td>Total</td>
<td>1,311,878</td>
<td>2,455,247</td>
<td></td>
</tr>
</tbody>
</table>

Unrated balance consists cash on hand and other cash equivalents.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally their carrying amount. The estimated fair value of fixed interest rate instruments is based on estimated future cash flows expected to be received discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand is at par at the date of recognition. Carrying amounts of trade and other financial receivables approximate fair value.

Financial assets and liabilities carried at fair value. Derivatives (Level 2) and other financial assets at fair value through profit or loss (Level 1) are carried in the consolidated statement of financial position at their fair value. Fair values of corporate bonds and shares were determined based on prices quoted in an active market. Fair values of derivative financial assets and liabilities were determined using discounting cash flows valuation techniques with inputs (discount rates for RR and US$) observable in markets.
**Directors’ Responsibility Statement**

We confirm that to the best of our knowledge:

- the consolidated financial statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole;
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

On behalf of the Board, which approved the making of the responsibility statement for the Company at a Board Meeting on 20.04.2016.

**33 Principal subsidiaries, associates and joint ventures**

The Group had the following principal subsidiaries as of 31 December 2015:

<table>
<thead>
<tr>
<th>Name</th>
<th>Nature of business</th>
<th>Percentage of voting rights</th>
<th>Percentage of ownership</th>
<th>Country of registration</th>
</tr>
</thead>
<tbody>
<tr>
<td>LLC “SMT “ RSCHSU”</td>
<td>Construction</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>LLC “Vagon Depo Balahonzi”</td>
<td>Repair and maintenance</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>LLC “Uralkali-Rentm”</td>
<td>Repair and maintenance</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>ZSC “Nesimotral”</td>
<td>Transportation</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>ZSC “Baltic Bulk Terminal”</td>
<td>Sea terminal</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>LLC “Satellite Service”</td>
<td>IT services</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>ZSC VNII Galurgia</td>
<td>Scientific institute</td>
<td>90.00%</td>
<td>90.00%</td>
<td>Russia</td>
</tr>
<tr>
<td>ZSC Galurgia</td>
<td>Scientific institute</td>
<td>85.25%</td>
<td>85.25%</td>
<td>Russia</td>
</tr>
<tr>
<td>Uralkali Trading S.A.</td>
<td>Trading</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Switzerland</td>
</tr>
<tr>
<td>Uralkali Trading SIA</td>
<td>Trading</td>
<td>100.00%</td>
<td>100.00%</td>
<td>Latvia</td>
</tr>
<tr>
<td>Uralkali Trading Chicago</td>
<td>Trading</td>
<td>100.00%</td>
<td>100.00%</td>
<td>USA</td>
</tr>
</tbody>
</table>

**34 Events after reporting date**

31 March 2016, the Group completed an open market buyback programme in respect of Company’s ordinary shares (including ordinary shares represented by GDRs). As result of the open market buyback programme 4.89% of the Company’s shares has been purchased (Note 16).

The Company’s Rule 144A GDR programme was terminated with effect from 12 January 2016 (Note 16).

24 March 2016 the Group signed agreements to obtain two non-renewable credit lines from ZSC “Sherbank” in the total amount of up to US$ 3.9 billion due in 2023 and 2026. These non-renewable credit lines will be available starting from the end of 2017 to the beginning of 2020 and will be used for refinancing of existing loans received from the bank as well as for other general corporate purposes. 20.0% of the Company’s ordinary shares (including ordinary shares represented by GDRs), were pledged as a security of these credit lines. The Group also has an additional obligation to pledge not less than 8.6% of Company’s ordinary shares before 1 August 2016.
THE COMPANY SHOULD ENSURE THE EQUAL AND FAIR TREATMENT OF ALL ITS SHAREHOLDERS IN THE COURSE OF THEIR EXERCISING THEIR RIGHTS TO PARTICIPATE IN THE MANAGEMENT OF THE COMPANY.

| 1.1.1 | The company should create the most favorable conditions possible for its shareholders, enabling them to participate in the general meetings and to develop informed positions on the issues forming its agenda, as well as providing them with the opportunity to coordinate their actions and express their opinions during the meeting under discussion. | observed |
| 1.1.2 | Procedures for notification of the general meeting and provision of materials for it should enable the shareholders to properly prepare for participation therein. | partially observed |
| 1.1.3 | The notices announcing a general shareholders meeting should be published on the website of the company at least 30 days before the date of the meeting. In addition to the information which under the law must be contained in the notice of the general meeting, it is recommended to specify therein the exact location of the general meeting, including that these meetings are held at the location of most of the company’s shareholders (e.g., Russia). It is recommended that all shareholders be informed of the general meeting’s agenda, which will be conducted and information on documents required for admission to the premises on which the general meeting is to be held. The information about who has proposed each item or nominated a particular candidate in a management body or other body of the company is of great importance for shareholders to develop an informed opinion on an agenda item. | |

The Board of Directors confirms that this report contains complete and reliable information regarding the company’s compliance with the principles and recommendations of the Code of Corporate Governance in 2015.

The charter of the company and the Law do not make it obligatory for each shareholder to be informed of who proposed agenda items or nominated candidates in the management bodies. However, the company should enable shareholders to coordinate their actions and express their opinions regarding the issues under discussion. They should also provide shareholders with an opportunity to pose questions to board members at any time during preparation for the actual holding of the meeting.

The principles and recommendations of the Code of Corporate Governance are reviewed by the Board of Directors of PJSC Uralkali on 20 April 2016.

This report on compliance with the principles and recommendations of the Code of Corporate Governance was reviewed by the Board of Directors of PJSC Uralkali on 20 April 2016.
**REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE**

<table>
<thead>
<tr>
<th>#</th>
<th>PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>CRITERIA USED TO EVALUATE WHETHER THE PRINCIPLE IS OBSERVED</th>
<th>STATUS OF COMPLIANCE WITH THE PRINCIPLE OF CORPORATE GOVERNANCE</th>
<th>EXPLANATION OF DEVIATION FROM COMPLIANCE/ NON-COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>1.2</td>
<td>Shareholders should have equal and fair opportunities to participate in the profits of the company by means of receiving dividends.</td>
<td>1. The company has developed and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.</td>
<td>✓ observed</td>
<td>The dividend policy of the company was approved by the board of directors and disclosed on the official website of the company. The dividend policy is not linked to a specific financial indicator of the company’s financial statements.</td>
</tr>
<tr>
<td>1.2.1</td>
<td>The company should develop and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.</td>
<td>1. The company has developed and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.</td>
<td>✓ observed</td>
<td>The dividend policy of the company was approved by the board of directors. 2. If the dividend policy of the company utilizes indicators from the financial statements of the company to determine the size of the dividend, the relevant provisions of the dividend policy should include the consolidated indicators of financial statements.</td>
</tr>
<tr>
<td>1.2.2</td>
<td>The company should not make a decision on the payment of dividends if such a decision, without formally violating limits set by law, is nevertheless unsuitable from the economic point of view and might lead to the formation of false expectations about the company’s activity.</td>
<td>1. The company has not taken any actions which would allow for the determination of the dividend rights of existing shareholders in the reporting period.</td>
<td>✓ observed</td>
<td>The company has established appropriate internal control mechanisms in its internal documents to prevent its controlling persons from deriving a profit from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attaching voting shares) in cases where the law does not formally require such transactions as interested-party transactions.</td>
</tr>
<tr>
<td>1.3</td>
<td>The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in a company, including minority and foreign shareholders. Equal treatment should be unconditional and beyond dispute.</td>
<td>1. The company has developed and put in place a transparent and clear mechanism for determining the amount of dividends and their payment.</td>
<td>✓ observed</td>
<td>In 2015, for objective reasons, the company was unable to pay dividends due to several financial and accounting limitations imposed by the law, which could have led to the determination of the financial status of the company. The internal documents of the company (Regulations on the Audit Committee) provide for a specific procedure of the Committee’s work in cases of strategic transactions which, inter alia, may include transactions with the company’s substantial shareholders. Such transactions are concluded once a special committee composed exclusively of independent directors has issued an appropriate recommendation. In 2015, the company twice initiated programmes to reacquire shares and global depository receipts which enabled the company to sell their securities at market value.</td>
</tr>
<tr>
<td>1.3.1</td>
<td>The board of directors should be responsible for decisions to appoint and remove members of executive bodies, including taking action in response to failure of the latter to properly perform their duties. The board of directors should also guarantee that the company’s executives honor their duties in accordance with an approved development strategy and the main business goals of the company.</td>
<td>1. The board of directors has disclosed its dividend policy approved by the board of directors and its financial/economic capacity to pay dividends.</td>
<td>✓ observed</td>
<td>According to the charter, the board of directors has the authority to appoint, terminate the appointment, and to determine the terms and conditions of the employment contract only in relations to the General Director (one person executive body) of the company. Members of the Management Board are appointed and dismissed by the board of directors; however, the terms and conditions of their employment contracts are not determined by the board of directors in compliance with the Law and the charter of the company. The Appointments and Remuneration committee is charged with the preparation of recommendations regarding the principles and rules for determining the size of the remuneration payable to members of the Management Board. The board of directors regularly reviews reports of the General Director on the results of the company’s activities (quarterly), which also include information about the status of implementation of the strategy of the company. In addition, the company has a practice of holding annual strategic sessions.</td>
</tr>
<tr>
<td>1.3.1.1</td>
<td>The board of directors should establish in the company’s charter and business plans in respect of its principle and approval of its financial plan (budget)</td>
<td>1. The company has established appropriate control mechanisms in its internal documents to prevent its controlling persons from deriving a profit from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attaching voting shares) in cases where the law does not formally require such transactions as interested-party transactions.</td>
<td>✓ observed</td>
<td>The board of directors is responsible for the implementation of the strategy of the company. In addition, the company has a practice of establishing in the company’s charter and business plans in respect of its principle and approval of its financial plan (budget). The company utilizes indicators from the financial/economic circumstances which prohibit the company from paying dividends.</td>
</tr>
<tr>
<td>1.3.1.2</td>
<td>The board of directors should regularly review reports of the General Director and report on the implementation of the strategy of the company.</td>
<td>1. The company has established appropriate control mechanisms in its internal documents to prevent its controlling persons from deriving a profit from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attaching voting shares) in cases where the law does not formally require such transactions as interested-party transactions.</td>
<td>✓ observed</td>
<td>The board of directors should also guarantee that the company’s executives honor their duties in accordance with an approved development strategy and the main business goals of the company. 2. During the reporting period the board of directors evaluated the risk management and internal control system during the reporting period.</td>
</tr>
<tr>
<td>1.3.1.3</td>
<td>The board of directors should determine principles of and approach to creation of the risk management and internal control system in the company.</td>
<td>1. The company has established appropriate control mechanisms in its internal documents to prevent its controlling persons from deriving a profit from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attaching voting shares) in cases where the law does not formally require such transactions as interested-party transactions.</td>
<td>✓ observed</td>
<td>The board of directors should determine principles of and approach to creation of the risk management and internal control system in the company.</td>
</tr>
<tr>
<td>1.3.2</td>
<td>The board of directors should ensure that the company’s strategy and business plans are consistent with their rights in shares as well as with the opportunity to purely dispose of such shares in a non-ordinary manner.</td>
<td>1. The company has established appropriate control mechanisms in its internal documents to prevent its controlling persons from deriving a profit from the company in ways other than dividends or liquidation value. Internal documents of the company contain provisions establishing control mechanisms for timely identification and approval of transactions with affiliated parties and major shareholders (persons entitled to control votes attaching voting shares) in cases where the law does not formally require such transactions as interested-party transactions.</td>
<td>✓ observed</td>
<td>The board of directors should ensure that the company’s strategy and business plans are consistent with their rights in shares as well as with the opportunity to purely dispose of such shares in a non-ordinary manner.</td>
</tr>
</tbody>
</table>

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**Additional Information**

- **Type of document**: Integrated report and accounts
- **Year**: 2015
- **Auditor**: None specified
- **Language**: Russian
- **Format**: PDF
- **Coverage**: Financial statements
- **Status**: Published online
- **Publication date**: 2016
- **Download**: Available from the company's official website
REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE / CONTINUED

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<tr>
<td>2.15</td>
<td>1. The board of directors should play a key role in prevention, detection and resolution of internal conflicts between the company’s bodies, shareholders and employees.</td>
<td>partially observed</td>
<td>Refer to comment to p. 2.3.1</td>
</tr>
<tr>
<td>2.16</td>
<td>1. The board of directors should play a key role in ensuring that the company is transparent, discloses information in full and in due course, and provides it with unbridled access to its documents.</td>
<td>partially observed</td>
<td>The company has put a procedure in place to assess the performance of independent directors. Such an assessment procedure was not carried out by the board of directors.</td>
</tr>
<tr>
<td>2.17</td>
<td>1. During the reporting period the board of directors reviewed the corporate governance practices in the company.</td>
<td>observed</td>
<td>The performance assessment of the board of directors should be balanced, in particular in terms of qualifications, expertise, and the business reputation of its members. The board of directors should react promptly to the results of such a review and make objective and independent judgments.</td>
</tr>
<tr>
<td>2.2</td>
<td>Information about the board of directors’ work should be disclosed and provided to the shareholders.</td>
<td>observed</td>
<td>The board of directors should be accountable to the company’s shareholders.</td>
</tr>
<tr>
<td>2.3</td>
<td>The board of directors should be an efficient and professional governing body of the company which is able to make objective and independent judgments and pass resolutions in the best interests of the company and its shareholders.</td>
<td>observed</td>
<td>The board of directors should include a sufficient number of independent directors.</td>
</tr>
<tr>
<td>2.3.1</td>
<td>1. The board of directors plays a key role in prevention, detection and resolution of internal conflicts.</td>
<td>observed</td>
<td>The company has put a procedure in place to assess the performance of independent directors. Such an assessment procedure was not carried out by the board of directors.</td>
</tr>
<tr>
<td>2.3.2</td>
<td>1. The board of directors has approved a regulation on information policy.</td>
<td>observed</td>
<td>The company has put a procedure in place to assess the performance of independent directors. Such an assessment procedure was not carried out by the board of directors.</td>
</tr>
<tr>
<td>2.3.3</td>
<td>1. The company has appointed persons in charge of the implementation (enforcement) of the information policy.</td>
<td>observed</td>
<td>The company has put a procedure in place to assess the performance of independent directors. Such an assessment procedure was not carried out by the board of directors.</td>
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<tr>
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<td>1. During the reporting period the board of directors reviewed the corporate governance practices in the company.</td>
<td>observed</td>
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<tr>
<td>2.3.5</td>
<td>The composition of the board of directors should be balanced, in particular in terms of qualifications, expertise, and the business reputation of its members. The board of directors should act promptly to the results of such a review and make objective and independent judgments.</td>
<td>observed</td>
<td>The results of the assessment of the board of directors’ work should be disclosed and provided to the shareholders.</td>
</tr>
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</table>

2.4 An independent director should mean any person who has the required professional skills and expertise and is sufficiently able to have his/her own position and make objective and bona fide judgments, free from the influence of the company’s executive bodies, any individual group of shareholders or any other stakeholders. It should be noted that, under normal circumstances, a candidate (or an elected director) may not be deemed to be independent, if he/she is associated with the company, any of its substantial shareholders, material trading partners or competitors, or the government.
# PRINCIPLES OF CORPORATE GOVERNANCE

## CRITERIA USED TO EVALUATE WHETHER THE PRINCIPLE IS OBSERVED

## STATUS OF COMPLIANCE WITH PRINCIPLE OF CORPORATE GOVERNANCE

## EXPLANATION OF DEVIATION FROM COMPLIANCE/ NON-COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE

### 2.4.2

It is recommended to evaluate whether candidates nominated to the board of directors meet the independence criteria as well as to review, on a regular basis, whether or not independent board members meet the independence criteria. When serving on such evaluation, substance should take precedence over form.

1. During the reporting period the board of directors (or its nominating committee) issued an opinion regarding the independence of each candidate nominated to the board and provided the shareholders with the appropriate conclusion.
2. At least once in the reporting period the board of directors (or its nominating committee) evaluated the independence of current members of the board of directors indicated by the company in the annual report as independent directors.
3. The company has developed procedures indicating the actions which must be taken by a board member once he/she ceases to be independent including their obligation to inform the board of directors of these circumstances in a timely fashion.

### 2.4.3

Independent directors should count for at least one-third of all directors elected to the board of directors.

1. Independent directors should account for at least one-third of all directors elected to the board of directors.

### 2.4.4

Independent directors should give a key role in prevention of internal conflicts in the company and performance by the latter of material corporate actions.

1. Independent directors (with no conflict of interest) should predominantly review material corporate actions related to a potential conflict of interest and a document setting out the result of such evaluation should be available as part of materials to the board meeting where a respective matter is to be considered.

### 2.5

THE CHAIRPERSON OF THE BOARD OF DIRECTORS SHOULD HELP IN CARRYING OUT THE FUNCTIONS IMPLIED THEREIN IN A MOST EFFICIENT MANNER.

#### 2.5.1

It is recommended to evaluate whether an independent director is present in the position of chairperson of the board of directors to ensure that the chairperson is correctly independent among the company’s independent directors who would coordinate work of the independent directors and liaise with the chairperson of the board of directors.

1. The chairperson of the board of directors is an independent director or a senior independent director, who was appointed from among the board members.
2. The role, rights and responsibilities for the chairperson of the board (and, if applicable, of the senior independent director) are clearly determined in the internal documents of the company.

#### 2.5.2

The chairperson of the board of directors should be independent. Also, the board of directors has elected an independent director, however his role, rights and obligations are not determined under any internal document. Nevertheless, every year, the company discloses information about the role of the senior independent director in the annual report.

#### 2.5.3

The chairperson of the board of directors should take any and all measures as may be required to provide the board members in a timely fashion with information required to make decisions stipulated in the internal documents of the company.

1. The chairperson of the board of directors is an independent director and all and any measures to provide the board members in a timely fashion with information required to make decisions is stipulated in the internal documents of the company.

### 2.6

BOARD MEMBERS MUST ACT REASONABLY AND IN GOOD FAITH IN THE BEST INTERESTS OF THE COMPANY AND ITS SHAREHOLDERS, BEING SUFFICIENTLY INFORMED, WITH CARE AND DILIGENCE.

#### 2.6.1

According to p. 3.3 of the Regulations on the Board of Directors, board members must inform the board of directors, the revision commission and the authority of the company of information specified in Article 42 of the Federal Law “On Joint Stock Companies”, informs the board of any changes in the indicated information in a timely fashion. It is not required that board members must refrain from voting on any matter where he/she has a conflict of interest, however, the company has never had a case of voting when there was a conflict of interest. The absence of such provision in the company’s internal documents is, in our opinion, compensated, by the provision of p. 3.3 of the Regulations on the Board of Directors of JSC Uralkali, which obliges board members to act reasonably, in good faith and with appropriate consideration for the company.

#### 2.6.2

Rights and duties of board members should be clearly stated and documented in the company’s internal documents.

1. The company adopted and published an internal document whereby the rights and duties of board members are clearly stated.

#### 2.6.3

Board members should have sufficient time to perform their duties.  

1. Individual attendance at board and committee meetings; time devoted to the preparation for the participation in the board of directors’ meetings, during the period of assessment of the board of directors in the reporting period.
2. In accordance with internal documents of the company, board members should notify the company’s board of directors of their intention to take a position in management bodies of other entities. Board members must inform the board of directors of the fact of their appointment (election) to the management bodies of other entities in compliance with the Law and p. 3.1 of the Regulations on the Board of Directors. Imposing an obligation on board members to inform the company of their intentions seems reasonable for the following reasons:
   1) until the moment of their appointment this information may constitute insider information and cannot be made known to the company;
   2) their appointment may not be finalized for various reasons.
## Meetings of the Board of Directors, Preparation for them, and Participation of Board Members Therein Should Ensure Efficient Work of the Board

<table>
<thead>
<tr>
<th><strong>2.7.1</strong></th>
<th>It is recommended to hold meetings of the board of directors as needed, thus due account of the company’s scope of activities and its current goals.</th>
</tr>
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<tr>
<td><strong>2.7.2</strong></td>
<td>It is recommended to develop a procedure for preparing for and holding meetings of the board of directors and setting it out in the company’s internal documents. The above procedure should enable the shareholders to prepare themselves properly for each meeting.</td>
</tr>
<tr>
<td><strong>2.7.3</strong></td>
<td>The form of a meeting of the board of directors should be determined with due account of the importance of the issues on the agenda of the meeting. Most important issues should be decided at the meetings held in person.</td>
</tr>
<tr>
<td><strong>2.7.4</strong></td>
<td>Decisions on most important issues relating to the company’s business should be made at a meeting of the board of directors by a qualified majority vote or by a majority vote of all elected board members.</td>
</tr>
</tbody>
</table>

### The Board of Directors Should Form Committees for Preliminary Consideration of the Most Important Issues of the Company’s Business

| **2.8.1** | For the purpose of preliminary consideration of any matters of development of efficient and transparent remuneration practices, it is recommended to form a remuneration committee comprised of independent directors. |
| **2.8.2** | For the purpose of preliminary consideration of any matters relating to human resource planning (making plans regarding successor resources planning, making plans regarding personnel, making plans regarding human resources), it is recommended to form a human resources committee comprised of independent directors. |
| **2.8.3** | The objectives of the remuneration committee are determined in the internal documents of the company. |
| **2.8.4** | The objectives of the human resources committee are determined in the internal documents of the company. |

### Explanation of Deviation from Compliance/Non-compliance with the Principles of Corporate Governance

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| **2.8.2** | For the purpose of preliminary consideration of any matters relating to human resource planning (making plans regarding successor resources planning, making plans regarding personnel, making plans regarding human resources), it is recommended to form a human resources committee comprised of independent directors. |
| **2.8.3** | Most members of the Audit Committee are independent directors, which in line with the requirements of the Listing Rules of the Moscow Exchange. For objective reasons the company cannot form the Audit Committee exclusively of independent directors as the chairman of the board of directors is an elected board member. |
| **2.8.4** | Most members of the Committee on Nominations and Remuneration are independent directors, which in line with the requirements of the Listing Rules of the Moscow Exchange. For objective reasons the company cannot form the Committee on Nominations and Remuneration exclusively of independent directors. |
### REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE  / CONTINUED

#### 2.8.3 The composition of the board of directors should be determined in such a way that it would allow for a comprehensive discussion of issues being considered on a preliminary basis with the consideration of differing opinions.

1. Board committees are chaired by independent directors. At the same time, committees’ chairpersons always indicate other board members, who are not members of a particular board committee, to attend committee meetings. This standard practice for board committees, despite the fact that this is not formalised in the company’s internal documents.

#### 2.8.4 The board of directors should make an evaluative evaluation of the quality of work of the board and its committees and board members.

1. During the reporting period chairpersons of board committees presented regular reports to the board of directors on their activities.

#### 2.9.4 Evaluation of quality of the board of directors’ work should be aimed at determining how efficiently the board of directors, its committees and board members work and whether their work meets the company’s needs, as well as at making their work more intense and identifying areas of improvement.

1. Self-evaluation or external evaluation of the work of the board of directors in the reporting period included the evaluation of the work of the board committees, separate members of the board of directors and of the board of directors as a whole.

#### 2.10.2 Quality of the work of the board of directors, its committees and board members should be evaluated on a regular basis, at least once a year.

1. An external organization (consultant) was retained to evaluate the work of the board of directors at least once in the last three reporting periods.

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<td>2.9</td>
<td>The board of directors should have an independent secretariat which is as detailed as that required to represent the company externally.</td>
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<tr>
<td>2.10</td>
<td>The board of directors should have an internal document – an internal document (document) – a remuneration policy (policies) to determine and comply with the remuneration of the board of directors’ members, executive bodies, and other key managers where the approaches to the remuneration of the indicated persons are clearly determined.</td>
<td>1. The company has adopted an internal document (document) – a remuneration policy (policies) in relation to its board members, members of executive bodies and other key managers whereby the approaches to the remuneration of the indicated persons are clearly determined.</td>
<td>Observed</td>
<td></td>
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<td>3.1</td>
<td>The board of directors should approve the appointment, termination of appointment, and additional remuneration of the corporate secretary.</td>
<td></td>
<td></td>
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<tr>
<td>3.1.2</td>
<td>The corporate secretary should be approved by a majority independent of the board of directors, with power and responsibility to perform his/her tasks.</td>
<td>1. The board of directors approves the appointment, termination of appointment, and additional remuneration of the corporate secretary.</td>
<td>Observed</td>
<td></td>
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#### 3.1.2 The board of directors should approve the appointment, termination of appointment, and additional remuneration of the corporate secretary.

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<td>Observed</td>
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#### 3.1.1 The company’s remuneration policy should provide for management mechanisms to be used to determine the amount of remuneration due to members of the board of directors, executive bodies, and other key managers of the company, as well as to regulate any and all types of benefits, bonuses, and privileges provided to any of the above persons.

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#### 3.1.2 The board of directors should approve the appointment, termination of appointment, and additional remuneration of the corporate secretary.

1. The board of directors approves the appointment, termination of appointment, and additional remuneration of the corporate secretary.
## The System of Remuneration and Benefits for Executive Bodies and Key Managers

The system of remuneration is based on the principles of paying remuneration to the executive bodies and key managers of the company, ensuring the interest of the company's shareholders and managers, and encouraging them to increase their long-term contributions to the company.

1. The company has put in place a long-term incentive program for the company's executive bodies and key managers, which encourages them to increase their long-term contributions to the company.

2. The long-term incentive program provides for a minimum of three years from the date when such shares were provided. In addition, the right to dispose of the shares, upon the expiration of a respective period, should be made conditional on the achievement of certain targets by the company, including non-financial targets, if applicable.

3. The company has a procedure to have wrongfully obtained award/bonus funds returned to the company by members of executive bodies and managers, where the real KPI result is shown, which makes wrongful payments impossible. Should any such error occur in the future, the necessary representations will be made in compliance with the law.

4. The system of remuneration due to the executive bodies and other key managers of the company should provide that their remuneration is dependent on the company’s performance results and their personal contributions to the achievement thereof.

5. Remuneration due to the executive bodies and other key managers of the company should be set in such a way as to encourage them to increase their long-term contributions to the company in the event of early dismissal (so-called “golden parachute”) payable by the company in the event of early dismissal of an executive body or other key manager at the initiative of the company, provided that there have been no bad faith actions on the part of such person, nor should board members engage in any other circumstances.

6. The company’s policy on remuneration is based on the principles of paying remuneration to the executive bodies and key managers of the company, ensuring the interest of the company's shareholders and managers, and encouraging them to increase their long-term contributions to the company.

7. The company's policies on remuneration are designed to be in line with the corporate governance principles and recommendations of the Code.
### REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE / CONTINUED

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<tr>
<td>5.1.2</td>
<td>The company’s executive bodies should ensure the establishment and continuous operation of the efficient risk management and internal control system in the company.</td>
<td>1. The company’s executive bodies ensured the distribution of responsibilities and authority in relation to risk management and internal control among managers (heads) of divisions and departments subordinate to them.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>5.1.3</td>
<td>The company’s risk management and internal control system should enable all concerned to obtain an objective, fair and clear view of the current condition and prospects of the company, integrity and transparency of its accounts and reports, and the accountability of risks being assumed by the company.</td>
<td>1. The company has a corruption prevention policy in place. 2. The company has developed a procedure of informing the board of directors or the audit committee of violations of the law, internal procedures and the ethics code of the company.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>5.1.4</td>
<td>The board of directors is recommended to take sufficient and effective measures to guarantee that the existing risk management and internal control system of the company is consistent with the principles of and approaches to its creation as set forth by the board of directors and that it operates efficiently.</td>
<td>1. During the reporting period the board of directors reviewed the organization, operation, and efficiency of the risk management and internal control system and, if necessary, made recommendations toward its improvement. The results of such review of the system’s efficiency were communicated to the shareholders as part of the annual report of the company.</td>
<td>✓ observed</td>
<td></td>
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#### TO INDEPENDENTLY EVALUATE, ON A REGULAR BASIS, THE RELIABILITY AND EFFICIENCY OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM AND CORPORATE GOVERNANCE PRACTICES, THE COMPANY SHOULD AWARD FOR INTERNAL AUDITS.

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<tr>
<td>6.1</td>
<td>The company should develop and implement an information policy enabling the company to efficiently exchange information with its shareholders, investors, and other stakeholders.</td>
<td>1. The board of directors approved an information policy developed in compliance with the recommendations of the Code. 2. The board of directors (or one of its committees) reviewed the company’s compliance with the information policy at least once in the reporting period.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2</td>
<td>The company should disclose information on its corporate governance system and practices, including detailed information on compliance with the principles and recommendations of the Code.</td>
<td>1. The company discloses information on its corporate governance system and corporate governance principles applied in the company on its official website. 2. The company discloses information regarding the composition of its executive bodies and the board of directors, independence of board members and their membership in board committees (in compliance with the Code). 3. If there is a person who controls the company, that person sets his plans with respect to the company in a special memorandum which is then disclosed.</td>
<td>✓ observed</td>
<td>Note: The company does not have a controlling person.</td>
</tr>
</tbody>
</table>

#### THE COMPANY SHOULD DISCLOSE, ON A TIMELY BASIS, FULL, UPDATED AND RELIABLE INFORMATION ABOUT ITSELF SO AS TO ENABLE ITS SHAREHOLDERS AND INVESTORS TO MAKE INFORMED DECISIONS.

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<tr>
<td>6.2.1</td>
<td>The company should disclose information in accordance with the principle of reliability, consistency and timeliness, as well as on accessibility, reliability, completeness and comparability of disclosed data.</td>
<td>1. The information policy of the company determines the approaches and criteria of identifying information which may substantially affect the standing of the company and the value of its securities and the procedures which ensure that such information is disclosed in a timely fashion. 2. If the company’s securities are traded on international organized markets, material information is disclosed both in the Russian Federation and on such markets in the same amount and at the same time or within the reporting period. 3. If foreign shareholders own a substantial number of shares in the company, the company discloses information not only in Russian, but in one of the most commonly-used foreign languages as well.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2.2</td>
<td>The company is advised against using a formalized approach to information disclosure; it should disclose material information on its activities, even if disclosure of each information is not required by law.</td>
<td>1. During the course of the reporting period the company disclosed annual and semiannual financial statements prepared in compliance with IFRS. The annual report of the company for the reporting period contains annual financial IFRS statements and the relevant audit report. 2. The company discloses full information about the structure of the capital of the company in compliance with Recommendation 290 of the Code in the annual report and on the website of the Company on the Internet.</td>
<td>✓ observed</td>
<td></td>
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<tr>
<td>6.2.3</td>
<td>The company is advised against using a formalized approach to information disclosure; it should disclose material information on its activities, even if disclosure of each information is not required by law.</td>
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<td>6.2.4</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
<td>✓ observed</td>
<td></td>
</tr>
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<td>6.2.5</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
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<table>
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<tr>
<th>#</th>
<th>PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>CRITERIA USED TO EVALUATE WHETHER THE PRINCIPLE IS OBSERVED</th>
<th>STATUS OF COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE</th>
<th>EXPLANATION OF DEVIATION FROM COMPLIANCE/ NON-COMPLIANCE WITH THE PRINCIPLES OF CORPORATE GOVERNANCE</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2.6</td>
<td>The company is advised against using a formalized approach to information disclosure; it should disclose material information on its activities, even if disclosure of each information is not required by law.</td>
<td>1. During the course of the reporting period the company disclosed annual and semiannual financial statements prepared in compliance with IFRS. The annual report of the company for the reporting period contains annual financial IFRS statements and the relevant audit report. 2. The company discloses full information about the structure of the capital of the company in compliance with Recommendation 290 of the Code in the annual report and on the website of the Company on the Internet.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2.7</td>
<td>The company is advised against using a formalized approach to information disclosure; it should disclose material information on its activities, even if disclosure of each information is not required by law.</td>
<td>1. During the course of the reporting period the company disclosed annual and semiannual financial statements prepared in compliance with IFRS. The annual report of the company for the reporting period contains annual financial IFRS statements and the relevant audit report. 2. The company discloses full information about the structure of the capital of the company in compliance with Recommendation 290 of the Code in the annual report and on the website of the Company on the Internet.</td>
<td>✓ observed</td>
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</tbody>
</table>

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</thead>
<tbody>
<tr>
<td>6.2.8</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2.9</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
<td>✓ observed</td>
<td></td>
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</tbody>
</table>

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<table>
<thead>
<tr>
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</tr>
</thead>
<tbody>
<tr>
<td>6.2.10</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2.11</td>
<td>When carrying out an internal audit, it is recommended to evaluate the efficiency of the internal control system and the risk management system, as well as to evaluate corporate governance and apply internationally accepted standards of internal auditing.</td>
<td>1. In the reporting period, within the framework of internal audit procedures, the efficiency of the internal control system and the risk management system was evaluated. 2. The company uses generally accepted approaches for internal control and risk management.</td>
<td>✓ observed</td>
<td></td>
</tr>
</tbody>
</table>
### REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE / CONTINUED

<table>
<thead>
<tr>
<th>#</th>
<th>Principles of Corporate Governance</th>
<th>Criteria used to evaluate whether the principle is observed</th>
<th>Status of Compliance with the Principles of Corporate Governance</th>
<th>Explanation of deviation from compliance/ non-compliance with the Principles of Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>6.2.3</td>
<td>The company’s annual report, as one of the most important tools of its information exchange with its shareholders and other stakeholders, should contain information enabling one to evaluate the company’s performance results for the year.</td>
<td>1. The annual report of the company contains information about the key aspects of the company’s operational activities and financial results. 2. The annual report of the company contains information about the own remuneral and social aspects of the company’s activities.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.3</td>
<td>The company should provide information and documents requested by its shareholders in accordance with the principle of equal and undiscovered accessibility.</td>
<td>1. The procedure of information provision to shareholders (including information about the organisational committee of the company) upon their request is not unreasonably burdensome.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>6.2.6</td>
<td>When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness.</td>
<td>1. During the reporting period the company did not deny shareholders’ requests to provide information or such refusal were justified. 2. In case specified in the information policy of the company’s shareholders are named, the confidentiality of the confidential nature of the information and undertake to protect its confidentiality.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>7.1</td>
<td>Any actions which will or may materially affect the company’s share capital structure and its financial position and, accordingly, the position of its shareholders (“material corporate actions”) should be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other stakeholders are observed.</td>
<td>1. The company’s articles of association (charter) include a list of criteria (chapter 7.1.4) for identifying transactions or other actions falling within the category of material corporate actions and provide therein that decisions on such actions fall within the jurisdiction of the board of directors.</td>
<td>✓ observed</td>
<td></td>
</tr>
</tbody>
</table>

### Additional Information

#### 7.2 The company should have in place such a procedure for taking any material corporate actions that would enable its shareholders to receive full information about such actions in due course and thus be in a position to influence them, and which would also guarantee that the shareholders’ rights are observed and duly protected in the event of taking such actions.

<table>
<thead>
<tr>
<th>#</th>
<th>Principles of Corporate Governance</th>
<th>Criteria used to evaluate whether the principle is observed</th>
<th>Status of Compliance with the Principles of Corporate Governance</th>
<th>Explanation of deviation from compliance/ non-compliance with the Principles of Corporate Governance</th>
</tr>
</thead>
<tbody>
<tr>
<td>7.2.1</td>
<td>The board of directors should play a key role in passing resolutions or making recommendations relating to material corporate actions; for that purpose, it should rely on the opinions of the company’s independent directors.</td>
<td>1. The company has a procedure in place whereby independent directors state their position/opinion on material corporate actions prior to their approval.</td>
<td>✓ observed</td>
<td></td>
</tr>
<tr>
<td>7.2.2</td>
<td>When taking any material corporate actions which would alter the rights or legitimate interests of the company’s shareholders, such actions should be considered in all shareholders’ interest but should also be guided by the principles of corporate governance set out in this Code.</td>
<td>1. The company’s articles of association (charter) establish less criteria than those specified under the law for the categorisation of the company’s transactions as material corporate actions. 2. During the reporting period all material corporate actions were subject to approval prior to their execution.</td>
<td>partially observed</td>
<td>Refer to p. 7.1.1. Recommendation 2 is observed by the company.</td>
</tr>
<tr>
<td>7.2.3</td>
<td>The company should disclose information about material corporate actions.</td>
<td>1. During the course of the reporting period the company disclosed information (in detail) about material corporate actions in a timely fashion, including the reasons for, conditions and consequences of such actions.</td>
<td>✓ observed</td>
<td></td>
</tr>
</tbody>
</table>

#### Additional Information

- The company’s internal documents do not provide for a special procedure applicable to the submission of information by shareholders; the company retains an appraiser in cases specified by the law and, also, if necessary, in cases when the company is taking material corporate actions because this is in line with the high standards of corporate governance adopted in the company.

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The charter of the company does not provide a list of material corporate actions. When providing information or making recommendations relating to material corporate actions, it should rely on the opinions of the company’s independent directors. Any actions which will or may materially affect the company’s share capital structure and its financial position and, accordingly, the position of its shareholders (“material corporate actions”) should be taken on fair terms and conditions ensuring that the rights and interests of the shareholders as well as other stakeholders are observed. When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness. When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness. When providing information to its shareholders, the company should maintain a reasonable balance between the interests of individual shareholders and its own interests related to the fact that the company is interested in keeping confidential sensitive business information that might have a material impact on its competitiveness. When taking any material corporate actions or transactions, it is recommended to give explanations concerning reasons for, conditions and consequences of such actions. When providing information to shareholders of the company, the company should be able to provide shareholders with the relevant information in a timely fashion, including the reasons for, conditions and consequences of such actions. When providing information to shareholders of the company, the company should be able to provide shareholders with the relevant information in a timely fashion, including the reasons for, conditions and consequences of such actions. When providing information to shareholders of the company, the company should be able to provide shareholders with the relevant information in a timely fashion, including the reasons for, conditions and consequences of such actions.
2. Review of the Mineral Resources

This is a report to confirm that SRK Consulting (UK) Limited (SRK) has reviewed all of the Planning and Licensing information on which the most recently (1 January 2016) reported Mineral Resource and Ore Reserve statements for the mining assets of Public Joint Stock Company Uralkali (or the Company) was set out. SRK’s view regarding the tenures and grade of rock which has the potential to be mined by the existing and planned underground operations (the Mineral Resources), the quality of product expected to be produced as envisaged by the respective Russian Tenure (the Ore Reserve) and the work done to derive these. Such detail of the Mineral Resources, Ore Reserve and Reserves includes all tenures, Mineral Resource and Ore Reserve statements for Uralkali’s operations but has, rather, reviewed the quantity and quality of the underlying data and the methodologies used to derive and classify the estimates as reported by Uralkali and made an opinion on these estimates including the tone, grade and quality of the report prepared to be exploited in the current mine plan, based on this review. SRK has then used this knowledge to derive audited resource and reserve statements according to the guidelines and terminology proposed in the JORC Code (2012 version). This report presents both the existing Uralkali resource estimates according to Russian standard reporting terminology and guidelines and SRK’s audited JORC Code statements. All of these estimates are dated as of 1 January 2016. During 2011, Uralkali merged with JSC Silvinit (Silvinit) and the assets owned by Silvinit now fall under the ownership of Uralkali. SRK has restricted its assessment to the resources and reserves at Berezniki, Berezniki 2, Berezniki 4 and Uralkali (Uralkali’s original assets) and Solikamsk 1, Solikamsk 2, Solikamsk 3 and Polovodovsky (the former Silvinit assets now under the ownership of Uralkali).

In addition to this, Uralkali acquired an exploration licence during 2014, termed Romanov, which covers an area to the south of the current Berezniki operations. SRK understands this licence area was explored historically and is currently estimated to have resources classified in the Russian P1 and P2 categories. SRK understands that Uralkali has plans in place to undertake further exploration drilling on this licence and to then re-estimate the resources based on this drilling in due course and with a view to increasing the confidence in the assigned classification. SRK considers there to be insufficient data currently available to report these P1 and P2 resources as Mineral Resources as defined by the JORC Code in this case and therefore this licence is not discussed any further in this report.

2.1 Internal Uralkali Operations

The total number of exploration holes and metres drilled at each mine/prospect is as follows:

- Solikamsk 1 – 53 holes for some 18,600 m;
- Solikamsk 2 – 192 holes for some 7,500 m (of which some 95 m is from underground);
- Solikamsk 3 – 117 holes for some 45,250 m; and
- Polovodovsky – 152 holes for some 50,800 m up to 1975 and 36 holes for some 12,650 m between 2009 and 2012.

The diamond drillholes, whether drilled from surface or underground, were drilled with a diameter of either 92 mm or 112 mm and, in some cases, supplemented by underground drilling for underground holes. Holes were sampled at intervals between 10 cm and 6 m, averaging between 105 m to 130 m. Core recovery through the xyline horizons is reported to be good at an average of 84.85%, while the recovery through the carnallite horizon at Solikamsk 1 is reported to be 74%. Core is split in half with one half retained for reference and the other half crushed, milled and split under the control of the geology department to produce a small sample (100 g) for submission to the laboratory for assay. Assaying is carried out at an in-house laboratory using classical wet chemistry techniques. Approximately 5-6% of samples are repeat assayed internally while a similar percentage are sent to an independent third party external laboratory in Berdsk (JSC Perlit) for check assaying, which SRK understands to be at the heights of the Uralkali mine laboratory. A total of 432 samples have been date tolled which includes measurements using the water displacement method.

In the case of the former Silvinit mines, blocks have been assigned to the A category where the drillhole spacing is less than 1,200m, to the B category where the drillhole spacing is between 2-4,000m and to the C1 category where the drillhole spacing is greater than 4,000m. As a rule, a larger spacing is better than this, but on average with a spacing of no less than 4,000 m have been assigned to the C category. Each sample is drilled on an approximate 2.4km by 2.4km grid or less between each mining project in place. This typically creates a grid of intersections measuring from 100m to 500m or in areas cases up to 400m by 800m. As is the case with Uralkali, Silvinit did not update the classification or estimation of its resources based on this underground drilling on a regular basis but rather used this to optimise the mining layout. Notwithstanding this, a full re-estimation calculation was undertaken by Silvinit in 2006 (see below) for the Uralkali mines and such information is available to the data from underground drilling where relevant.
Table 3.2: Uralkali Sylvinite Mineral Resource Statement at 1 January 2016

<table>
<thead>
<tr>
<th>Mine</th>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>K_O (%)</th>
<th>K_O2 (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Berezniki 2</td>
<td>A</td>
<td>7.7</td>
<td>13.1</td>
<td>2.6</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>47.6</td>
<td>23.2</td>
<td>11.0</td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>175.5</td>
<td>25.1</td>
<td>44.1</td>
</tr>
<tr>
<td></td>
<td>A+B+C1</td>
<td>230.8</td>
<td>25.0</td>
<td>57.7</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Berezniki 4</td>
<td>A</td>
<td>236.8</td>
<td>22.1</td>
<td>52.3</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>411.1</td>
<td>22.6</td>
<td>92.8</td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>1,003.1</td>
<td>20.6</td>
<td>205.8</td>
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<tr>
<td></td>
<td>A+B+C1</td>
<td>1,651.0</td>
<td>21.3</td>
<td>351.8</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>310.3</td>
<td>26.8</td>
<td>83.3</td>
</tr>
<tr>
<td>Ust-Yayvinsky</td>
<td>A</td>
<td>169.9</td>
<td>19.0</td>
<td>32.3</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>311.0</td>
<td>19.8</td>
<td>64.7</td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>809.7</td>
<td>19.8</td>
<td>160.4</td>
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<tr>
<td></td>
<td>A+B+C1</td>
<td>1,299.6</td>
<td>19.7</td>
<td>254.4</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Solikamsk 1</td>
<td>A</td>
<td>96.1</td>
<td>18.0</td>
<td>17.3</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>13.3</td>
<td>15.8</td>
<td>2.1</td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>165.4</td>
<td>17.1</td>
<td>28.4</td>
</tr>
<tr>
<td></td>
<td>A+B+C1</td>
<td>274.8</td>
<td>17.4</td>
<td>47.8</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Solikamsk 2</td>
<td>A</td>
<td>77.6</td>
<td>19.0</td>
<td>14.7</td>
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<tr>
<td></td>
<td>B</td>
<td>77.7</td>
<td>13.9</td>
<td>10.8</td>
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<td></td>
<td>C1</td>
<td>942.8</td>
<td>17.5</td>
<td>147.7</td>
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<tr>
<td></td>
<td>A+B+C1</td>
<td>958.1</td>
<td>17.4</td>
<td>172.2</td>
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<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Solikamsk 3</td>
<td>A</td>
<td>98.1</td>
<td>17.6</td>
<td>17.3</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>196.8</td>
<td>16.8</td>
<td>33.1</td>
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<td></td>
<td>C1</td>
<td>1,055.0</td>
<td>17.2</td>
<td>172.8</td>
</tr>
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<td></td>
<td>A+B+C1</td>
<td>1,299.9</td>
<td>17.2</td>
<td>223.2</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Polovodovskiy</td>
<td>A</td>
<td>312.8</td>
<td>17.1</td>
<td>53.6</td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>1,262.9</td>
<td>16.6</td>
<td>210.9</td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>1,575.7</td>
<td>16.7</td>
<td>265.9</td>
</tr>
<tr>
<td></td>
<td>A+B+C1</td>
<td>7,225.9</td>
<td>18.7</td>
<td>1,271.8</td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>318.3</td>
<td>26.8</td>
<td>83.3</td>
</tr>
</tbody>
</table>

3. Resource Estimation

3.1 Introduction

The most up to date resource statements produced by Uralkali are those derived for the annual 5GR reports produced this year which give the status as of 1 January 2016. The completion of 5GR reports is a statutory requirement. These estimates were produced using standard classical Russian techniques and are essentially based on calculations made in previous years and adjusted for mining during 2015. Given the current estimates reported herein are being produced before the end of 2015 and formal submission of 5GR reports by Uralkali, SRK notes that for the purposes of these estimates the depletion for mining is based on actual data for January to October inclusive and forecast data for November and December. This section therefore comments primarily on these statements. The first resource estimates undertaken and approved for each of the former Silvinit operations were as follows:

- Solikamsk 1 and 2 – 1952;
- Solikamsk 3 – 1962, and
- Polovodovskiy – 1975

The resource estimates at each of the active mines have undergone various updates since this time, the most recent of which was in 2006. These estimates were approved by the State Committee for Reserves and take into account all surface and underground drilling data available at that time. As noted above, additional exploration drilling has recently been undertaken at Polovodovskiy, and the original estimate produced in 1975 has been updated during 2013 and 2014.

3.2 Estimation Methodology

Each seam and each mine is treated separately in the resource estimation procedure. In each case the horizons are first divided into blocks such that each sub-divided block has reasonably consistent borehole spacing within it; that is, more intensely drilled areas are subdivided from less intensely drilled areas. Each resulting “resource block” is then evaluated separately using the borehole intersections falling within that block only. Specifically, composited K2O and MgO grades are derived for each borehole that intersected each block and mean grades are then derived for each block by simply calculating a length weighted average of all of these compositive intersections. No top and bottom cuts are applied and all intersections are allocated the same weighting. A separate plan is produced for each seam showing the results of the above calculations, the lateral extent of each sub block, and any areas where the seams are not sufficiently developed. The aerial coverage of each block is then used with the mean thickness of the contained intersections to derive a block volume. The tonnage for each block is then derived from this by applying a specific gravity factor calculated by averaging all of the specific gravity determinations made from samples within that block. The data for each resulting block is plotted on a Horizontal Longitudinal Projection (HLP). This shows the horizontal projection of the extent of each block as well as its grade and contained tonnage. The HLP also shows the block classification, this being effectively a reflection of the confidence of the estimated tonnes and grade.

3.3 Uralkali Resource Statements

Table 3.3: Uralkali Carnalite Mineral Resource Statement at 1 January 2016

<table>
<thead>
<tr>
<th>Mine</th>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>K2O (%)</th>
<th>MgO (%)</th>
<th>CaO (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solikamsk 1</td>
<td>A</td>
<td>110.3</td>
<td>10.1</td>
<td>11.1</td>
<td></td>
</tr>
<tr>
<td></td>
<td>B</td>
<td>19.5</td>
<td>8.6</td>
<td>1.7</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C1</td>
<td>55.1</td>
<td>8.1</td>
<td>4.5</td>
<td></td>
</tr>
<tr>
<td></td>
<td>A+B+C1</td>
<td>184.9</td>
<td>9.3</td>
<td>17.3</td>
<td></td>
</tr>
<tr>
<td></td>
<td>C2</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td></td>
</tr>
</tbody>
</table>

SRK notes that while Mineral Resources for carnalite are only shown in this report at Solikamsk-1, as this is the only operation that is currently mining and processing such and where there is a plan to mine this in the future as is reflected in the Business Plan, there is carnalite present at other Uralkali sites, in particular at Ust-Yayvinsky. This has been estimated by Uralkali and been assigned generally to B and C1 classification categories, however, as there is no plan currently to exploit this material at present then this mineralisation has been excluded from this report.
**Table 3-1: Uralkali Sylvinite Mineral Resource Statement at 1 January 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>K₂O (%)</th>
<th>K₂O (Mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Bestens 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>55.3</td>
<td>24.6</td>
<td>13.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>175.5</td>
<td>25.1</td>
<td>44.1</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>230.8</td>
<td>25.0</td>
<td>57.7</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
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<td><strong>Bestens 4</strong></td>
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<tr>
<td>Measured</td>
<td>647.9</td>
<td>22.4</td>
<td>145.0</td>
</tr>
<tr>
<td>Indicated</td>
<td>1,003.1</td>
<td>26.6</td>
<td>256.8</td>
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<tr>
<td>Measured + Indicated</td>
<td>1,651.0</td>
<td>23.3</td>
<td>351.8</td>
</tr>
<tr>
<td>Inferred</td>
<td>310.3</td>
<td>26.8</td>
<td>82.3</td>
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<tr>
<td><strong>Ust-Yayvinsky</strong></td>
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<tr>
<td>Measured</td>
<td>480.9</td>
<td>19.5</td>
<td>94.0</td>
</tr>
<tr>
<td>Indicated</td>
<td>809.7</td>
<td>19.8</td>
<td>160.4</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>1,289.6</td>
<td>19.7</td>
<td>254.4</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
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</tr>
<tr>
<td><strong>Solikamsk 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>109.4</td>
<td>17.8</td>
<td>19.4</td>
</tr>
<tr>
<td>Indicated</td>
<td>185.4</td>
<td>17.1</td>
<td>28.4</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>274.8</td>
<td>17.4</td>
<td>47.8</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Solikamsk 2</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>145.3</td>
<td>16.5</td>
<td>24.0</td>
</tr>
<tr>
<td>Indicated</td>
<td>809.2</td>
<td>17.5</td>
<td>141.4</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>954.5</td>
<td>17.3</td>
<td>165.3</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Solikamsk 3</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>284.9</td>
<td>17.1</td>
<td>50.4</td>
</tr>
<tr>
<td>Indicated</td>
<td>1,005.0</td>
<td>17.2</td>
<td>172.6</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>1,289.9</td>
<td>17.2</td>
<td>223.2</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Poliovodovoy</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>312.8</td>
<td>17.6</td>
<td>53.6</td>
</tr>
<tr>
<td>Indicated</td>
<td>1,282.9</td>
<td>16.6</td>
<td>210.9</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>1,575.7</td>
<td>16.7</td>
<td>263.5</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Summary All Mines</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>2,046.5</td>
<td>19.5</td>
<td>400.0</td>
</tr>
<tr>
<td>Indicated</td>
<td>5,230.9</td>
<td>18.4</td>
<td>963.7</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>7,277.4</td>
<td>18.7</td>
<td>1,363.7</td>
</tr>
<tr>
<td>Inferred</td>
<td>310.3</td>
<td>26.8</td>
<td>83.3</td>
</tr>
</tbody>
</table>

**Table 3-2: SRK Audited Carnalite Mineral Resource Statement at 1 January 2016**

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>MgO (%)</th>
<th>MgO (Mt)</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Solikamsk 1</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Measured</td>
<td>129.8</td>
<td>9.9</td>
<td>12.8</td>
</tr>
<tr>
<td>Indicated</td>
<td>55.1</td>
<td>8.1</td>
<td>4.5</td>
</tr>
<tr>
<td>Measured + Indicated</td>
<td>184.9</td>
<td>9.3</td>
<td>17.3</td>
</tr>
<tr>
<td>Inferred</td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**3.4 SRK Audited Mineral Resource Statements**

Table 3-3 below presents the SRK's audited Mineral Resource statement for sylvinite and carnallite respectively. SRK has re-classified the resource estimates using the terminology and guidelines proposed in the JORC Code. In doing this, SRK has reported those blocks classified as A or B by Uralkali as Measured, those blocks classified as C1 as Indicated and those blocks classified as C2 as Inferred. SRK's audited Mineral Resource statements are reported inclusive of those Mineral Resources converted to Ore Reserves. The audited Ore Reserve is therefore a sub-set of the Mineral Resource and should not be considered as additional to this.

Overall, SRK considers the resource estimates reported by Uralkali to be a reasonable reflection of the total quantity and quality of material demonstrated to be present at the assets and which has potential to be exploited as a whole and in all cases found no material errors or omissions.

**3.5 SRK Comments**

SRK has reviewed the estimation methodology used by Uralkali to derive the above estimates, and the geological assumptions made, and considers these to be reasonable given the information available. SRK has also undertaken various re-calculations both of individual blocks and seams as a whole and in all cases found no material errors or omissions.

Overall, SRK considers the resource estimates reported by Uralkali to be a reasonable reflection of the total quantity and quality of material demonstrated to be present at the assets and which has potential to be exploited as a whole and in all cases found no material errors or omissions.

For the purposes of the carnallite Mineral Resources presented above, this is now the combined total of licence #2541 and #2547. For the purposes of SRK's reporting of the Mineral Resource in Table 3-3: SRK Audited Sylvinite Mineral Resource Statement at 1 January 2016 in accordance with the JORC Code, it is noted that there is a difference of some 43.6Mt between this and the Mineral Resource as reported by Uralkali in Table 3-1: Uralkali Sylvinite Mineral Resource Statement at 1 January 2016 for Solikamsk-2. SRK has reduced the Mineral Resource of Solikamsk-2 by this amount as a result of the water inflow incident which is described further below in Section 4.4. The removal of this material relates to the area where a new inter mine isolation pillar will be left to protect the southernmost area of Solikamsk-2.
4. ORE RESERVE ESTIMATION

4.1 INTRODUCTION
Uralkali does not report reserves as these are typically defined by reporting guidelines and terminology developed in Europe, North America and Australia, that is, estimates of the tonnage and grade of raw material that is planned to be delivered to the various processing plants over the life of the mine. SRK has therefore derived estimates of such using historical information supplied by Uralkali and gained during its site visits regarding the mining losses and dilution experienced during mining to date. SRK has also restricted the resulting estimates to those areas planned to be mined by Uralkali in its Business Plan during the next 20 years from 2016 to 2035 inclusive. The Business Plan assumes that Uralkali will successfully re-negotiate its Licences and the Ore Reserve Statements therefore also assume this will be the case.

4.2 MODIFYING FACTORS
The Modifying Factors applicable to the derivation of reserves comprise estimates for ore losses and planned and unplanned dilution associated with the separation of the ore and waste. This is normally a function of the orebody characteristics and mining methods selected.

The Modifying Factors considered by SRK to be appropriate for the sylvinite and carnalite being mined at each of the assets are shown below in Table 4-1: SRK Modifying Factors below. The Tonnage Conversion Factor takes into account both the percentage of material left behind in pillars and the amount of dilution included when mining the ore and is applied to the in situ resource tonnage to derive the tonnage of material expected to be delivered to the plans. The K2O/Na2O Grade Conversion Factor accounts for the difference in grade between the sylvinite and carnalite, reflecting the geometry of the orebodies being mined and the mining methods currently being used.

4.3 SRK AUDITED RESERVE STATEMENTS
As with its audited Mineral Resource statements, SRK’s Ore Reserve statements have been re-classified using the terminology and guidelines proposed in the JORC Code. To facilitate this, SRK has been provided with actual production and operating cost data for 2009 to 2015 and a revised production forecast for 2016 to 2035 inclusive reflecting Uralkali’s current plans. The re-classification includes the upgrading of some existing processing facilities and also the installation of additional facilities.

SRK’s Ore Reserve statement is therefore confined to those seams that are currently being considered for mining within the next 20 years only. Specifically, SRK has classified that material reported in the tables above as a Measured Mineral Resource, and which is planned to be exploited within the first ten years of the Business Plan, as a Proved Ore Reserve, and that material reported in the tables above as an Indicated Mineral Resource, and which is planned to be exploited within the Business Plan, and also that material reported above as a Measured Mineral Resource, but which is planned to be mined during the second 10 years of the Business Plan, as a Probable Ore Reserve.

Uralkali undertakes an annual reconciliation to compare the ore tonnes mined each year with the resource that has been sterilised by this mining and it is these figures for the last 8 to 10 years that SRK has reviewed to derive Tonnage Conversion Factor. Similarly Uralkali keeps a record of the in situ grade of the material sterilised by mining each year and SRK has compared these with the grade of material reported to have been fed to the plants over the last 8 to 10 years to derive the Grade Conversion Factor. Given this, SRK is confident that the Modifying Factors used reflect the geometry of the orebodies being mined and the mining methods currently being used.

SRK has confirmed that the Ore Reserve statement does not include any material from Polovodovsky, however, it does include an Ore Reserve for Ust-Yayvinsky which is currently under construction. In the case of Polovodovsky, the feasibility studies are on-going. In the case of Ust-Yayvinsky, however, the work has been completed to an advanced stage, detailed project documentation has been completed and the necessary permits are in place. Furthermore, work on shaft construction has commenced and is in progress. SRK has derived Ore Reserve estimates for Ust-Yayvinsky using information obtained from Uralkali but also taking cognisance of the historical information regarding the mining losses and dilution experienced during mining to date at Ust-Yayvinsky’s existing operations.

SRK can confirm that the Ore Reserve Statements presented in Table 4-2: SRK Audited Sylvinite Ore Reserve Statement at 1 January 2016 are derived from the resource blocks provided to SRK and incorporate sufficient estimates for ore losses and dilution based on actual historical data. The break-even price required to support this statement over the period of the business plan is between US$60-75/tonne product produced, in January 2016 terms. This is calculated as the price required to cover all cash operating costs (G&A operating costs). SRK notes that the break-even price has reduced significantly in US$ terms from that estimated historically by SRK and this is a result of the significant change in inflation and exchange rates during the course of 2014 and 2015. SRK estimates that if these both returned to levels seen before 2014 then the break-even price would be in the region of US$90-110/tonne product.

4.4 Table 4-1: SRK Modifying Factors

<table>
<thead>
<tr>
<th>Description</th>
<th>Tonnage Conversion Factor (%)</th>
<th>Grade Conversion Factor (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Solikamsk 1 (sylvinite)</td>
<td>41%</td>
<td>92%</td>
</tr>
<tr>
<td>Solikamsk 1 (carnalite)</td>
<td>31%</td>
<td>97%</td>
</tr>
<tr>
<td>Solikamsk 2</td>
<td>46%</td>
<td>88%</td>
</tr>
<tr>
<td>Solikamsk 3</td>
<td>51%</td>
<td>88%</td>
</tr>
<tr>
<td>Berezniki 1</td>
<td>26%</td>
<td>82%</td>
</tr>
<tr>
<td>Berezniki 4</td>
<td>44%</td>
<td>88%</td>
</tr>
<tr>
<td>Ust-Yayvinsky</td>
<td>37%</td>
<td>85%</td>
</tr>
</tbody>
</table>

4.5 Table 4-2: SRK Audited Sylvinite Ore Reserve Statement at 1 January 2016

<table>
<thead>
<tr>
<th>Category</th>
<th>Tonnage (Mt)</th>
<th>K2O (%)</th>
<th>K2O ($M)</th>
</tr>
</thead>
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<tr>
<td>Berezniki 2</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>19.9</td>
<td>20.2</td>
<td>4.0</td>
</tr>
<tr>
<td>Probable</td>
<td>65.8</td>
<td>20.6</td>
<td>12.7</td>
</tr>
<tr>
<td>Total</td>
<td>81.7</td>
<td>20.5</td>
<td>16.8</td>
</tr>
<tr>
<td>Berezniki 4</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>162.1</td>
<td>19.7</td>
<td>31.9</td>
</tr>
<tr>
<td>Probable</td>
<td>163.0</td>
<td>19.3</td>
<td>31.5</td>
</tr>
<tr>
<td>Total</td>
<td>325.1</td>
<td>19.5</td>
<td>63.4</td>
</tr>
<tr>
<td>Ust-Yayvinsky</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>53.8</td>
<td>16.6</td>
<td>8.9</td>
</tr>
<tr>
<td>Probable</td>
<td>110.0</td>
<td>16.7</td>
<td>18.4</td>
</tr>
<tr>
<td>Total</td>
<td>163.8</td>
<td>16.7</td>
<td>27.3</td>
</tr>
<tr>
<td>Solikamsk 1</td>
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<td></td>
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<tr>
<td>Proven</td>
<td>44.9</td>
<td>16.3</td>
<td>7.3</td>
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<tr>
<td>Probable</td>
<td>47.1</td>
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<td>Total</td>
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<tr>
<td>Solikamsk 2</td>
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<tr>
<td>Proven</td>
<td>66.8</td>
<td>14.5</td>
<td>9.7</td>
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<tr>
<td>Probable</td>
<td>102.6</td>
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<td>15.6</td>
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<tr>
<td>Total</td>
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<td>15.1</td>
<td>25.3</td>
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<tr>
<td>Solikamsk 3</td>
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<td></td>
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</tr>
<tr>
<td>Proven</td>
<td>133.6</td>
<td>15.0</td>
<td>20.1</td>
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<tr>
<td>Probable</td>
<td>127.4</td>
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<td>Total</td>
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<tr>
<td>Polyfomovsky</td>
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<td></td>
</tr>
<tr>
<td>Proven</td>
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<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Probable</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Total</td>
<td>-</td>
<td>-</td>
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</tr>
<tr>
<td>Summary All Mines</td>
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<td></td>
<td></td>
</tr>
<tr>
<td>Proven</td>
<td>461.1</td>
<td>17.0</td>
<td>82.0</td>
</tr>
<tr>
<td>Probable</td>
<td>625.8</td>
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<td>196.4</td>
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<tr>
<td>Total</td>
<td>1,086.9</td>
<td>17.1</td>
<td>278.4</td>
</tr>
</tbody>
</table>
For the purposes of the current Business Plan, Uralkali has therefore assumed that for the next 6 years, mine production from Solikamsk-2 will be restricted to 4.8Mtpa compared to a potential current capacity of 6Mtpa. By 2022 it is assumed that the mine production will increase to 10Mtpa following the sinking of a new shaft complex to service the “new Solikamsk-2” mine. While SRK accepts the changes made to the current Business Plan to reflect this issue, SRK considers there remains a risk that the hoisting event cannot be fully controlled over the full duration of the next 6 years which would result in the current shaft at Solikamsk-2 becoming inoperable. Were this to occur, then the Ore Reserve at Solikamsk-2 could reduce further than reported herein and no production would be able to occur from this mine until the new shaft complex has been constructed, which will take some 6-7 years to complete. Uralkali has assumed that a new shaft complex can be constructed and be operational by 2022, which while SRK considers to be aggressive, could be achievable assuming no issues arise during the design, permitting and construction process and given that Uralkali can apply its recent experience on such undertakings for the construction of the Ust-Yayvinsky mine which is currently underway.

In addition to the above, the 20 year Business Plan includes a number of expansions to both the Uralkali and former Silvinit operations (the capital costs of which have been taken into account in Uralkali’s Business Plan and which SRK has taken account of in determining the economics of the operations) and as such the Ore Reserve reported here takes into account the additional amount of material planned to be mined over this period. SRK notes that the forecast production assumptions at some of the mines and processing facilities are somewhat higher than that actually achieved in the last few years but understands that this reduced production rate has primarily been driven by the prevailing market conditions rather than capacity constraints at the various operations. SRK therefore assumes that the forecast increase in production levels at each of the facilities is warranted and justified based on Uralkali’s market expectations going forward.

SRK has reviewed the expansions proposed by Uralkali and considers the work proposed and the timeline assumed for the work to be completed to be generally reasonable and achievable. Further, while SRK has not reviewed the capital cost estimates provided, SRK is confident that these are justifiable based on Uralkali’s current price forecasts. In some cases, the expansions are already underway and some of the increases to processing capacities are assumed to be achieved by de-bottlenecking the existing facilities in addition to upgrading and adding new equipment and processing lines. SRK notes that in order to achieve these increases in production, Uralkali will need to ensure that sufficient resources, management and staffing are available given that many of these expansions are forecast to take place simultaneously and alongside major construction projects, such as that underway at Ust-Yayvinsky.

5. CONCLUDING REMARKS
In SRK’s opinion the Mineral Resource and Ore Reserve statements as included herein are materially compliant with the JORC Code and are valid as at 1 January 2016. In accordance with additional reporting requirements of the latest version of the JORC Code (2012), included in an Appendix to this report, SRK has checked a number of items which include additional details and commentary on “Sampling Techniques and Data”, “Estimation and Reporting of Mineral Resources” and “Estimation and Reporting of Ore Reserves”. SRK considers that the Ore Reserves as presented herein be re-stated in accordance with the reporting requirements of the United States Securities and Exchange Commission (the “SEC”), specifically the “Security Industry Guide 7 (“Industry Guide 7”), such Ore Reserves would not be materially different. SRK however notes that certain terms as used in this letter, such as “resources” are prohibited when reporting in accordance with Industry Guide 7.

Yours Faithfully

Dr Mike Armitage
Chairman & Corporate Consultant
(Rockley Geology)

Nick Fox, Principal Consultant
(Reynolds Geology)
SRK Consulting (UK) Limited
Section 1 Sampling Techniques and Data

### Criteria | JORC Code explanation | Commentary
---|---|---
Sampling techniques | Nature and quality of sampling (e.g. cut channels, random chips, or specific specialised industry standard measurement tools appropriate to the mineral type and style). The mineral type and style are determined by the nature and context of the orebody and the assay results. For example type and style could be VMS, Epithermal and Lode Gold, or Carbonatite. | The Mineral Resource and Ore Reserve estimates derived for Berezniki projects are primarily based on surface exploration drilling undertaken between 1972 and 1998. The Mineral Resource and Ore Reserve estimates derived for Solikamsk projects are primarily based on surface exploration drilling undertaken between 1923 and 2012. Exploration was generally undertaken by State enterprises based in Solikamsk and Berezniki. Further underground drilling is taking place at the operating mines and data from this is also used to update the Resource Estimates from time to time.

### Drilling techniques

- Drill type: e.g. core, reverse circulation, open hole hammer, rotary air blast, auger, Borehole, etc. and details (e.g. core diameter, triple or standard tube, depth of diamond, drill, two or three-bite or other type, whether core is oriented and if so, by what method, etc.).
- Drill sample recovery: Method of recording and assessing core and sample recovery and results assessed. Measures taken to maximise sample recovery and ensure representative nature of the samples. Whether a relationship exists between sample recovery grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.

### Logging

- Whether core and chip samples have been geologically and geotechnically logged to a level of detail to support appropriate Mineral Resource estimation, mining studies and metallurgical studies.
- Whether logging is qualitative or quantitative in nature. Core (or costean, channel, etc.) photography.
- The total length and percentage of the relevant intersections logged.
- Core drill samples are subject to the following analysis:
  - detailed description based on visual identification of units, veins and mineralisation.
  - field identification of mineral and lithological composition.
  - photography (recent years).
  - assaying (see below).
  - geophysical logging (for all holes since 1952).
  - geophysical logging (for all holes from 1952).
- During drilling from the surface, the following geophysical analysis is undertaken:
  - gamma logging;
  - neutron-gamma logging;
  - caliper logging;
  - accellerometer survey;
  - electric logging;
  - resistivity metering;
  - thermometric measurements;
  - gas logging.

For Berezniki operating mines some 76,600m of core from exploration holes have been logged.

For Solikamsk operating mines some 69,600m of core from exploration holes have been logged.

### Indicative sampling techniques and sample preparation

- If core, whether cut or sawn and whether quarter, half or all core taken.
- If non-core, whether riffled, tube sampled, rotary split, etc. and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.
- For all sample types, the nature, quality and appropriateness of the sample preparation steps.
- Quality control procedures adopted for all sub-sampling stages to maximise representativeness of samples.

Quality control measures undertaken to ensure the sampling is representative of the in situ material collected, including for instance results for field duplicate/second half sampling.

Whether sample sizes are appropriate to the grain size of the material being sampled.

### Core sample recovery

- Whether the orientation of sampling achieves unbiased sampling of deposit type.
- Whether the relationship between the drilling orientation and the orientation of key mineralised structures is considered to have introduced a sampling bias. This should be assessed and reported if material.

### Sample security

- The measures taken to ensure sample security.

Sample security: Core samples from surface holes are kept in covered storage, until the state Examination is passed, after which this is discarded.

### Quality of assay data and laboratory tests

- The nature, quality and appropriateness of the assaying and laboratory data used and whether the technique is considered partial or total.

The diamond drillholes drilled from surface and underground were drilled with a diameter of either 92 mm or 112 mm for surface holes and 50-76 mm for underground holes. In all core holes were sampled at intervals between 10 cm and 6 m, averaging between 105 cm and 130 cm. The degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedures used and whether the technique is considered partial or total.

For Solikamsk operating mines some 69,600m of core from exploration holes have been logged.

### Data spacing and distribution

- Data spacing for reporting of Exploration Results.
- Whether the data spacing and distribution is sufficient to establish the degree of geological and grade continuity appropriate for the Mineral Resource and Ore Reserve estimation procedure(s) and classifications applied.

The drill data holes were drilled vertically through a flat lying/ gently dip ping undulating orebody, which SRK considers is appropriate.

### Orientation of data in relation to geological structure

- Whether the orientation of sampling achieves unbiased sampling of possible structures and the extent to which this is known, considering the deposit type.

- The general drill spacing of surface drill holes relative to Russian Resource classification categories (see Section 3 below) is as follows:

<table>
<thead>
<tr>
<th>Berezniki Mines</th>
<th>Solikamsk Mines</th>
</tr>
</thead>
<tbody>
<tr>
<td>A Category: less than 1,200m</td>
<td>A Category: less than 1,200m</td>
</tr>
<tr>
<td>B Category: between 1,200m and up to 2,000m</td>
<td>B Category: between 2,000m and 4,000m</td>
</tr>
<tr>
<td>C1 Category: between 2,000m and 4,000m</td>
<td>C2 Category: 4,000m or greater</td>
</tr>
<tr>
<td>C2 Category: 4,000m or greater</td>
<td></td>
</tr>
</tbody>
</table>

### Audits or reviews

- The results of any audits or reviews of sampling techniques and data.
- The work undertaken by SRK represents an audit of the Mineral Resource estimates derived by Uralkali. SRK considers the sample collection and assaying techniques to be appropriate for the style of geometry and style of assay.

The Russian State Authority RosGeofond also reviews reports on resource re-estimations (via the SGR statement submitted annually by Uralkali). The Russian State Reserves Commission (SBR) also undertakes audits and reviews of the resource statements.
Section 3 Estimation and Reporting of Mineral Resources

**Criteria** | **JORC Code Explanation** | **Commentary**
--- | --- | ---

**Database integrity**
- Measures taken to ensure that data has not been corrupted by, for example, transcription or keying errors, between its initial collection and use for Mineral Resource estimation purposes.
- Data validation procedures used.

SRK has reviewed the drill logs/ assay results, plan view geological and resource block interpretations and resulting block listings and resource calculations and undertaken check calculations and found no material errors or omissions.

**Site visits**
- Comment on any site visits undertaken by the Competent Person and the outcome of those visits.
- If no site visits have been undertaken indicate why this is the case.

SRK has undertaken an annual site visit since 2007 to the operating mines, processing plants and associated on-site infrastructure facilities.

**Geological interpretation**
- Confidence in (or otherwise, the uncertainty of) the geological interpretations of the mineral deposit.
- Nature of the data used and of any assumptions made.
- The effect, if any, of alternative interpretations on Mineral Resource estimation.
- The factors affecting continuity both of grade and geology.

SRK has undertaken an annual site visit since 2007 to the operating mines, processing plants and associated on-site infrastructure facilities.

**Dimensions**
- The extent and variability of the Mineral Resource expressed as length (along strike or otherwise), plan width, and depth below surface to the upper and lower limits of the Mineral Resource.

Each deposit is flat lying/gently dipping and with minor undulations:
- Berezniki Mine 2 (Dormashnik License Area).
  - This licence extends some 7.9 km north-south and 7.7 km east-west and covers an area of about 67 km². The average depth of the seams mined is about 390 m and the average thickness between 2.5 m and 3 m.
  - Berezniki Mine 4 (Bykino-Traktir License).
  - This licence extends some 12 km north-south and 17 km east-west and covers an area of about 183 km². The average depth of the seams mined is about 320 m and they have an average thickness of 3 m.
- Un-Vyatkinsky Mine (Un Vyatkinsk License).
  - This is currently under construction. The licence extends up to some 10.8 km by 10.3 km and covers an area of about 83 km². The average depth of the seams to be mined is about 390 m and they have an average thickness of between 3 m and 5 m.
- Solyanka Mine 1 (Solyanka License Area Northern Part).
  - This licence extends some 6.6 km by 7.9 km and covers an area of about 58 km². The average depth of the seams to be mined is about 390 m and they have a thickness of between 4.5 and 6 m.
- Solyanka Mine 2 (Solyanka License Area Southern Part).
  - This licence extends some 6.6 km by 7.9 km and covers an area of about 58 km². The average depth of the seams to be mined is about 390 m and they have a thickness of between 4.5 and 6 m.
- Solyanka Mine 3 (Novo-Solyanka License).
  - This licence extends some 15.6 km by 8.9 km and covers an area of about 115 km². The depth of the seams mined is between 250 and 350 m with they have a thickness of between 3.5 m and 7 m.
- Poloskovinsky.
  - This licence extends up to some 33 km by 28 km and covers an area of about 385 km². The average depth of the seams is about 270 m and they have a thickness of between 3.5-4.2 m. The Poloskovinsky licence contains Mineral Resources only where all other licences have declared Ore Reserves (see Section 4 below).

Each seam and such mine is treated separately in the resource estimation procedure. In each case the horizon are first divided into blocks such that each sub-divided block has reasonably consistent borehole spacing within it, that is to more densely drilled areas are subdivided from less intensely drilled areas. Each resulting “resource block” is then evaluated separately using the borehole intersections falling within that block only.

Specifically, computed K₂O and MgO grades are derived for each borehole that intersected each block and grade ranges are then derived for each block by simply calculating a length weighted average of all of these composited intersections. No top nor are all intersections are allocated the same weighting.

A separate plan is produced for each seam showing the results of the above calculations, the lateral extent of each sub-block, and any areas where the seams are not optimally developed. The aerial coverage of each block is then used with the mean thickness of the contained intersections to derive a block volume. The tonnage for each block is then derived from this by applying a specific gravity factor calculated by averaging of all of the specific gravity determinations made from samples within that block.

The data for each resulting block is plotted on a Horizontal Longitudinal Projection (HLP). This shows the horizontal projection of the extent of each block as well as in its grade and contained tonnage. The HLP also shows the block classifications, that being effectively a reflection of the confidence in the estimated tonnage and grades.

SRK considers the Mineral Resource estimation methodology to be appropriate for the porosity and style of mineralization and available data.

| Criteria | JORC Code Explanation | Commentary |
--- | --- | --- |
**Estimation and modelling techniques**
- The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, data accuracy, importance parameters and maximum distance of estimation determined from data points. If a computer assisted estimation method was used then include a description of computer software and parameters used.
- The availability of check estimates, previous estimates and/or mine production records and whether the Mineral Resource estimate takes appropriate account of such data.
- The assumptions made regarding recovery of by-products.
- Estimation of deterministic elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characteristics).
- In the case of block model interpolation, the block size in relation to the average sample spacing and the search employed.
- Any assumptions behind modelling of selective mining units.
- Any assumptions about correlation between variables.
- Description of how the geological interpretation was used to control the resource estimate.
- Discussion of basis for using or not using grade capping or capping.
- The process of validation, the checking process used, the comparison of model data to drill hole data, and use of reconciliation data if available.
- The basis for assumptions or predictions regarding metallurgical amenability.
- The assumptions made regarding recovery of by-products.
- The assumptions made regarding possible waste and process residue disposal options. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the mining assumptions made.
- Whether the tonnages are estimated on a dry basis or with natural moisture, and the method of determination of the moisture content.
- The resource estimates are expressed in a dry tonnage basis and in-situ moisture content is not estimated.
- The basis of the adopted cut-off grade(s) or quality parameters applied.
- Whether or not environmental assumptions made.
- In sedimentary deposits the environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.
- The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.
- Where applicable the description of the basis of the mining assumptions made.
- Whether or not environmental assumptions made.
- In sedimentary deposits the environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.
- The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.
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- Whether or not environmental assumptions made.
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- The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.
- Whether or not environmental assumptions made.
- In sedimentary deposits the environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.
- The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.
- Whether or not environmental assumptions made.
- In sedimentary deposits the environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.
- The basis for assumptions or predictions regarding metallurgical amenability. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential metallurgical methods, but the assumptions regarding metallurgical treatment processes and parameters made when reporting Mineral Resources may not always be rigorous. Where this is the case, this should be reported with an explanation of the basis of the metallurgical assumptions made.
- Whether or not environmental assumptions made.
- In sedimentary deposits the environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.
The work undertaken by SRK represents an audit of the Mineral Resource accuracy/confidence. These statements of relative accuracy and confidence of the estimate include assumptions made and the procedures used. The statement should specify whether it relates to global or local estimates. Such an approach is not deemed appropriate, a qualitative discussion of the result appropriately reflects the Competent Person’s view of the deposit. The basis for the classification of the Mineral Resources into varying confidence categories would have been undertaken, the nature of the metallurgical domaining applied and the infrastructure requirements of the selected mining methods. SRK considers the quantity and quality of data that underpin the estimation and classification given to be appropriate for the categories used.

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code Explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bulk density</td>
<td>Whether assumed or determined. If assumed, the basis for the assumptions should be stated. The method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples</td>
<td>Bulk density measurements are taken from historical drill core samples and also actual measurements during the course of operations.</td>
</tr>
<tr>
<td>Classification</td>
<td>The basis for the classification of the Mineral Resources into varying confidence categories</td>
<td>Generally, SRK has reclassified the Russian classification categories in accordance with the JORC Code. SRK has reclassified the resource blocks classified as A or B per the Russian classification system as Measured, those blocks classified as C1 as Indicated and those blocks classified as C2 or Inferred.</td>
</tr>
<tr>
<td>Audits or reviews</td>
<td>The results of any audits or reviews of Mineral Resource estimates.</td>
<td>The work undertaken by SRK represents an audit of the Mineral Resource estimates derived by Uralkali. SRK considers the sample collection and assaying techniques to be appropriate for the style of deposit and style of mineralisation and the data is suitable for use in the Mineral Resources and Ore Reserve estimates.</td>
</tr>
<tr>
<td>Discussion of relative accuracy/confidence</td>
<td>Where appropriate, a statement of the relative accuracy and confidence level in the Mineral Resource estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geometrical procedures to quantify the relative accuracy of the resource within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors that could affect the relative accuracy and confidence of the estimate</td>
<td>The Mineral Resource estimates have been prepared and classified in accordance with the Russian system of reporting resources and have been re-classified by SRK using the terminology and guidelines of the JORC Code (2012). The resource quantities should be considered as global estimates.</td>
</tr>
</tbody>
</table>

### Mineral Resource estimates for conversion to Ore Reserves

**Criteria**

- Description of the Mineral Resource estimate used as a basis for the conversion to Ore Reserves
- Clear statement as to whether the Mineral Resources are reported additional or inclusive of, the Ore Reserves.

**Commentary**

The Mineral Resource estimates as presented in Table 3-3: SRK Audited Syanytite Mineral Resource Statement at 1 January 2016 and Table 3-4: SRK Audited Carnallite Mineral Resource Statement at 1 January 2016 of this report have been used as the basis to commence Ore Reserves as presented in Table 4-2: SRK Audited Syanytite Ore Reserve Statement at 1 January 2016 and Table 4-3: SRK Audited Carnallite Ore Reserve Statement at 1 January 2016 respectively.

The Mineral Resources presented in these Mineral Resources converted to Ore Reserves have been re-classified by SRK using the terminology and guidelines of the JORC Code. SRK has reclassified the Russian classification categories in accordance with the JORC Code.

### Audits or reviews

- Site visits
- Study visits
- Cut-off parameters
- Mining factors or assumptions
- Metallurgical factors or assumptions

**Commentary**

<table>
<thead>
<tr>
<th>Criteria</th>
<th>JORC Code Explanation</th>
<th>Commentary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Site visits</td>
<td>Comment on any site visits undertaken by the Competent Person and the outcome of those visits.</td>
<td>SRK has undertaken an annual site visit since 2007 to the operating mines, processing plants and associated surface infrastructure facilities.</td>
</tr>
<tr>
<td>Study visits</td>
<td>The type and level of study undertaken to enable Mineral Resources to be estimated to an Ore Reserve.</td>
<td>Beresniki Mines 2 and 4 and Shukhtanskk Mines 1, 2 and 3 are all operating mines and have a 20-year mine plan. SRK has worked that the mine plans are both technically and economically feasible for such mine plans. Uralkali is currently under construction and has been the subject of feasibility studies to determine the technical and economic viability of this. No Ore Reserves are declared for the Poznikovsky site.</td>
</tr>
<tr>
<td>Cut-off parameters</td>
<td>The basis of the cut off grade(s) or quality parameters applied.</td>
<td>Refer to Section 3 above.</td>
</tr>
<tr>
<td>Mining factors or assumptions</td>
<td>The method and assumptions used as reported in the Pre-Feasibility or Feasibility Study to convert the Mineral Resource to an Ore Reserve (i.e. either by application of appropriate factors by optimisation or by preliminary or detailed design).</td>
<td>All mines are operated by room and pillar methods using continuous mines which have a proven method for the type of deposit and has been used at these operations for many years.</td>
</tr>
<tr>
<td>Metallurgical factors or assumptions</td>
<td>The metallurgical process prepared and the appropriateness of that process to the ore type.</td>
<td>There are 6 processing facilities in operation to process the mined material from the various mining operations. These online existing and proven technology and have been operating for a number of years. The high level of confidence in the assayed plant feed tonnages and recoveries to final product assumed in the 20 year mine plans.</td>
</tr>
</tbody>
</table>

### Ore Reserve Statement

- Mineral Resource estimates have been used as the basis for the conversion to Ore Reserves.
- Mining plans and mineral recovery factors assumed to be suitable for the orebody as a whole.
- For commodities that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specification?
### REVIEW OF THE MINERAL RESOURCES / CONTINUANCE

#### Criteria | JORC Code Explanation | Commentary
--- | --- | ---
Environmental | • The status of studies of potential environmental impacts of the mining and processing operations. Details of waste rock characterization and the consideration of potential sites, status of design options contemplated and, where applicable, the status of approvals for process residue storage and waste dumps should be reported. | Waste in the form of salt residue and slime waste are disposed of in existing waste storage facilities and have remaining capacity and/or can be expanded as necessary. Uralkali has confirmed that all environmental permits required for all current and future operations are in place. This includes permits related to: • Harmful (polluting) emissions into atmospheric air; • Discharges of polluting substances and micro-organisms into water bodies; • Residues regarding use of water bodies; • Documents establishing limits of waste generation and wastes disposal. Where the validity of issued permits expires, new permits are obtained as required. | Uralkali has derived the Ore Reserve estimates presented in this report. JSRC has derived the Ore Reserve estimates presented in this report. |
Infrastructure | • The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labor, accommodation, etc. or the ease with which the infrastructure can be provided, acquired. | The area around the Berezniki and Solikamsk mines and processing facilities are serviced with adequate power, water, transportation and accommodation infrastructure for existing and planned future operations. | The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labor, accommodation, etc. or the ease with which the infrastructure can be provided, acquired. |
Cost | • The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the cost of depletion elements. • The source of exchange rates used in the study. • Derivation of transportation charges. • The basis for forecasting or source of treatment and refining charges, penalties for failure to meet specification, etc. • The allowances made for royalties payable, both Government and private. | Forecast operating costs are based on actual costs incurred and adjusted as required. Project capital costs are derived on a project by project basis in-house from first principles by a team of experienced engineers. | The source of exchange rates used in the study. |
Revenue factors | • The derivation of, or assumptions made regarding revenue factors including head grade, metal or commodity price(s) exchange rates, transportation and treatment charges, penalties, net smelter returns, etc. • The derivation of assumptions made of metal or commodity price(s), for the principal metals, minerals and co-products. | For the purpose of the 20 year Business Plan, Uralkali assumes a long term commodity price of USD255/t (weighted average of domestic and export prices). | The source of exchange rates used in the study. |
Market assessment | • The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. • A customer and competitor analysis along with the identification of likely market windows for the product. • Price and volume forecasts and the basis for these forecasts. | Detailed analysis on demand, supply and stocks for the potash sector are widely available in the public domain. | The demand, supply and stock situation for the particular commodity, consumption trends and factors likely to affect supply and demand into the future. |
Economic | • The inputs to the economic analysis to produce the net present value (NPV) in the study, the sources and confidence of these economic inputs including estimated inflation, discount rate, etc. • SPF ranges and sensitivity variations in the significant assumptions and inputs. | Uralkali has produced a real terms 20 year Business Plan for USD for the existing operations and the new Uralkali snybrtish mine and this has been reviewed by SRK to confirm the economic viability of the operations. | The inputs to the economic analysis to produce the net present value (NPV) in the study, the sources and confidence of these economic inputs including estimated inflation, discount rate, etc. |
Social | • The status of agreements with key stakeholders and matters leading to social licence to operate. | Uralkali’s social obligations are established by local use terms and conditions (home agreements) to local use license. Uralkali complies to the local use terms and conditions established. | The status of agreements with key stakeholders and matters leading to social licence to operate. |
### Other | | | The large technical risk underpinned potash mines is through water management. Uralkali has historically faced water management problems of which there have been occasional incidents. Berezniki Mine 1 operated from 1954 but flooded late in 2006 while Berezniki 3 operated from 1975 until flooding in 1996. Sokolniki-2 experienced water ingress in November 2014 and this has been taken into account in the current Business Plan. Cost items put in place by Uralkali in late 2014 and during 2015 indicate this risk is currently under control. | The main technical risk underpinned potash mines is through water management. Uralkali has historically faced water management problems of which there have been occasional incidents. Berezniki Mine 1 operated from 1954 but flooded late in 2006 while Berezniki 3 operated from 1975 until flooding in 1996. Sokolniki-2 experienced water ingress in November 2014 and this has been taken into account in the current Business Plan. Cost items put in place by Uralkali in late 2014 and during 2015 indicate this risk is currently under control. |
### Criteria | JORC Code Explanation | Commentary
--- | --- | ---
Classification | • The basis for the classification of the Ore Reserves into varying confidence categories. • Whether the result appropriately reflects the Competent Person’s view of the deposit. | The proportion of Probable Ore Reserves that have been derived from Measured Mineral Resources is (if any). | The basis for the classification of the Ore Reserves into varying confidence categories. |
Auds or reviews | • The results of any audits or reviews of Ore Reserve estimates. | SRK has derived the Ore Reserve estimates presented in this report. | The results of any audits or reviews of Ore Reserve estimates. |
Discussion of relative accuracy/confidence | • Where appropriate a statement of the relative accuracy and confidence level in the Ore Reserve estimate using an approach or procedure deemed appropriate by the Competent Person. For example, the application of statistical or geostatistical procedures to quantify the relative accuracy and confidence of the Ore Reserve estimate. | SRK can confirm that the Ore Reserve defined in Table 4.2: SRK Audited Orce Reserve Statement at 1 January 2016 and Table 4.3: SRK Audited Carnvalite Ore Reserve Statement at 1 January 2016 of this report, for ore and mineral reserves respectively, have been derived from the application of statistical or geostatistical procedures to quantify the relative accuracy and confidence of the Ore Reserve estimates for ore and reserves based on historical data. | SRK can confirm that the Ore Reserve defined in Table 4.2: SRK Audited Orce Reserve Statement at 1 January 2016 and Table 4.3: SRK Audited Carnvalite Ore Reserve Statement at 1 January 2016 of this report, for ore and mineral reserves respectively, have been derived from the application of statistical or geostatistical procedures to quantify the relative accuracy and confidence of the Ore Reserve estimates for ore and reserves based on historical data. |
### Additional Information
- The status of each Exploration and Mining Licence is summarised in Table 11.
- Uralkali Licence Summary of this report. The licences for the operating and development mines will expire within the term of the 20 year Business Plan, even though some of these were not planned to continue operating beyond the time and have Mineral Resources and Ore Reserves to support this. SRK considers it reasonable to expect that Uralkali will obtain extensions to these licences in due course on application as long as it continues to fulfill its license obligations.  It is recognised that this may not be possible or appropriate in all circumstances (license agreements) to subsoil use licenses. Uralkali complies to the terms of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty as the current study stage. |
- The statement should specify whether it relates to global or local changes in price, demand, or supply and whether the change is short-lived or has a longer-term impact. SRK has derived the Ore Reserve estimates presented in this report. |
- The statement should specify whether it relates to global or local changes in price, demand, or supply and whether the change is short-lived or has a longer-term impact. SRK has derived the Ore Reserve estimates presented in this report. |
- The results of any audits or reviews of Ore Reserve estimates. SRK has derived the Ore Reserve estimates presented in this report. |
- SRK can confirm that the Ore Reserve defined in Table 4.2: SRK Audited Orce Reserve Statement at 1 January 2016 and Table 4.3: SRK Audited Carnvalite Ore Reserve Statement at 1 January 2016 of this report, for ore and mineral reserves respectively, have been derived from the application of statistical or geostatistical procedures to quantify the relative accuracy and confidence of the Ore Reserve estimates for ore and reserves based on historical data. The break-even price required to support this statement is between USD40-75/tonne in January 2016 terms and has been confirmed after accounting for inflation and exchange rate differences. This is calculated as the price required to allow all cash operating costs including depreciation. SRK can also confirm that no inferred Mineral Resources have been converted to Ore Reserves. The large technical risk underpinned potash mines is through water management. Uralkali has historically faced water management problems of which there have been occasional incidents. Berezniki Mine 1 operated from 1954 but flooded late in 2006 while Berezniki 3 operated from 1975 until flooding in 1996. Sokolniki-2 experienced water ingress in November 2014 and this has been taken into account in the current Business Plan. Cost items put in place by Uralkali in late 2014 and during 2015 indicate this risk is currently under control. | The results of any audits or reviews of Ore Reserve estimates. SRK has derived the Ore Reserve estimates presented in this report. SRK can confirm that the Ore Reserve defined in Table 4.2: SRK Audited Orce Reserve Statement at 1 January 2016 and Table 4.3: SRK Audited Carnvalite Ore Reserve Statement at 1 January 2016 of this report, for ore and mineral reserves respectively, have been derived from the application of statistical or geostatistical procedures to quantify the relative accuracy and confidence of the Ore Reserve estimates for ore and reserves based on historical data. | The large technical risk underpinned potash mines is through water management. Uralkali has historically faced water management problems of which there have been occasional incidents. Berezniki Mine 1 operated from 1954 but flooded late in 2006 while Berezniki 3 operated from 1975 until flooding in 1996. Sokolniki-2 experienced water ingress in November 2014 and this has been taken into account in the current Business Plan. Cost items put in place by Uralkali in late 2014 and during 2015 indicate this risk is currently under control. |
GLOSSARY

2016F Forecast data for 2016
BBT Baltic Bulk Terminal, St. Petersburg, Russia
Berezniki-1, 2, 3, 4 Potash production units in Berezniki
GDR Global Depositary Receipt
The Group PJSC Uralkali and its subsidiaries
IFRS-based Including financial results of Uralkali starting from 1 January 2011 and Silvinit starting from 17 May 2011, when Silvinit ceased to exist as a legal entity
Pro-forma basis Including financial results of Uralkali and Silvinit starting from 1 January of corresponding year
US$ US dollar
Carnallite A hydrated potassium magnesium chloride with formula: KMgCl3•6(H2O)
CSR Corporate Social Responsibility
IFRS International Financial Reporting Standards
mln Million
bn Billion
Moscow Exchange Moscow Exchange Group, Russia
VAT Value added tax
FIP First International Potash Institute
IS Industrial Safety
RAFP Russian Association of Fertiliser Producers
HSR Russian Statistical Service
ICS Internal Control System
CIS Commonwealth of Independent States
SKhN Scientific Research Institute of Saline Soils and Saline-Sodic Soils
Slovakia-1, 2, 3 Potash production units in Slovakia
thous Thousands
UKT Uralkali Trains, S.A., Switzerland
FAS Federal Antimonopoly Service
SE Asia South East Asia
Ashram Company – fertiliser producer, Ashram Inc., Canada
APC Company – fertiliser producer, Arab Potash Company Ltd, Jordan
Belaruskali OJSC Belaruskali, Belarus
BGM Extraordinary General Meeting
CAGR Compound Annual Growth Rate
DISCLAIMER

This Annual Report has been prepared on the basis of the information available to the Public Joint Stock Company Uralkali and its subsidiaries (hereinafter, Uralkali) as at the date hereof. This Annual Report contains forward looking statements. All forward looking statements contained herein and all subsequent oral or written forward looking statements attributable to Uralkali or any persons acting on its behalf are expressly qualified in their entirety by the cautionary statements below. All statements included in this Annual Report, other than statements of historical facts, may be forward looking statements. Words such as “forecasts”, “believes”, “expects”, “intends”, “plans”, “prediction”, “will”, “may”, “should”, “could”, “anticipates”, “estimates”, “seeks”, “considers”, “assumes”, “continues”, “strives”, “projects”, or any expression or word with similar meaning or the negative thereof, usually indicate the forward looking nature of the statement. Forward looking statements may include statements relating to Uralkali’s operations, financial performance, earnings, economic indicators, results of operation and production activities, dividend policies, capital expenditures, as well as trends relating to commodity prices, production and consumption volumes, costs, expenses, development prospects, useful lives of assets, reserves, the commencement and completion dates of certain production projects, and the acquisition, liquidation or disposal of certain entities, and other similar factors and economic projections with respect to Uralkali’s business, as well as the industry and markets in which it operates. Forward looking statements are not guarantees of future performance. They involve numerous assumptions regarding the present and future strategies of Uralkali and the environment in which it operates and will operate in the future and involve a number of known and unknown risks, uncertainties and other factors that could cause Uralkali’s or its industry’s actual results, levels of activity, performance or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by such forward looking statements. Uralkali provides no assurance whatsoever that its or its industry’s actual results, levels of activity, performance or achievements will be consistent with the future results, levels of activity, performance or achievements expressed or implied by any forward looking statements contained in this Annual Report or otherwise. Uralkali accepts no responsibility for any losses whatsoever that may result from any person’s reliance on any such forward looking statements. Except where required by applicable law, Uralkali expressly disclaims any obligation or undertaking to disseminate or publish any updates or amendments to forward looking statements to reflect any change in expectations or new information or subsequent events, conditions or circumstances.

URALKALI 2015 ANNUAL REPORT APPROVAL

D.V. Osipov
CEO

A.V. Orlova
Chief Accountant

This Uralkali Annual Report was approved by Uralkali Board of Directors on 20 April 2016 (Minutes of the Board of Directors No 316 dated 20 April 2016).

The Uralkali Revision Commission has confirmed the accuracy of the data included in this Annual Report.
INTEGRATED REPORT

Contacts

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Joint Stock Company Independent Registrar Company

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T: +7 (495) 926-81-60
Fax: +7 (495) 926-81-78
info@nbcreg.ru
Website: http://www.nbcreg.ru/

Perm branch:
Sibirskaya 94, Perm, Russian Federation, 614002
T: +7 (342) 211-08-82, +7 (342) 211-08-62

Operating licence to maintain share register:
Licence number: 045-13954-000001
Date of issue: 06.09.2002
Date of expiry: Perpetual
Issuing authority: Federal Financial Markets Service of the Russian Federation

Depository Bank

The Bank of New York Mellon Corporation
101 Barclay Street, 22nd Floor
New York
NY 10286
United States of America

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Depository Receipts
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We would appreciate your feedback regarding our Integrated Report 2015. Please follow the link to leave your comments:
http://www.uralkali.com/investors/reporting_and_disclosure/

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