

Building on unique fundamentals



“ Uralkali has a sustainable business model that is able to ensure long-term shareholder value. It has excellent management, a strong Board, an efficient production process, committed personnel, and established customer relationships.

Dear shareholders,

I am delighted to have become the CEO of Uralkali. I have worked with the Company on many occasions in my previous roles in the Russian chemical industry. It is a recognised industry leader and, since joining, I have been able to witness first-hand the dedication and motivation of Uralkali's team, which make it the best in the field.

Uralkali is a successful and ambitious company that strives to be the global industry leader, a trend setter in Russia in terms of corporate governance practices and the voice of agricultural development to foster global food security.

2013 was a year of transition for the Company and a challenging year for the industry. Despite this, Uralkali continued to generate sufficient funds to carry out all of its expansion and maintenance projects, return cash to shareholders through dividends and a share buyback programme, and implement social projects. You can find further details of the Company's performance and financials in the Management Discussion and Analysis section.

As CEO, I am focusing on the following strategic goals:

- enhancing our position as a responsible global leader;
- promoting dialogue with end customers;
- maximising revenue and maintaining cash cost leadership;
- balancing investment in growth with shareholder returns;
- continuing our social and environmental development work;
- following corporate governance best practices.

2014 opened a new chapter for Uralkali. The Company has a newly elected Board, which will provide the management team with strategic guidance. The market is improving: inventory levels decreased, demand for our product is growing again, and crop prices are recovering.

The macroeconomic instability of the last several years remains, and geopolitical developments add to the uncertainty. However, we expect that the solid fundamentals of the potash industry will ensure strong demand for our products.

Enhancing our global leadership position

We aim to sustain our global market share at historic levels in the changed potash market environment. Last summer, Uralkali assumed a more flexible market approach with the aim of maximising revenue. After parting with our Belarusian partner, the Company further strengthened its first-rate sales team. In addition, the development of our logistics network enabled Uralkali to become a more attractive trading partner. As a result, by the end of 2013, the Company had re-established its former market positions, which had been lost to peers due to the previous price over volume approach. We will continue to enhance our trading and logistics to remain the supplier of choice for our customers.

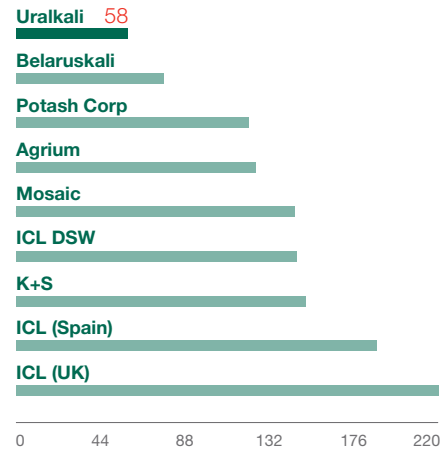
At the same time, we will take advantage of our best-in-class resource base by selectively growing our production capacity. At present, we are expanding primarily by increasing the effectiveness of our production cycle, and we are nearing the completion of our debottlenecking project that will add both our powder and granular potash capacity, with demand for the latter growing strongly. We will continue aligning the current capacity development programme with our customer requirements.

Promoting dialogue with end customers

Developing regions, such as China, India, South East Asia and Latin America, account for over 60% of Uralkali's sales. Potash consumption in these countries is growing, but it is still below the levels recommended by experts for maximum yields.

We see huge potential for increased utilisation in these regions. To stimulate this growth we are sharing our expertise with local agricultural producers, and our specialists, together with international scientific and research institutes and industry associations, are implementing educational programmes for farmers.

Global Potash Cash COGS (US\$ per tonne)




Source: MS report, April 2014.

Maximising revenue and maintaining cash cost leadership

Given the uncertain macroeconomic environment, cost control remains the focus of our team. Uralkali's production expenses are among the lowest in the industry. However, we are not complacent. We constantly seek to optimise all business processes, increase our productivity and efficiency, and improve our logistics and procurement to maximise profitability and preserve our cost leadership position.



The potash museum in Berezniki and Solikamsk.

 For more information on our communities see.....58

Balancing investment in growth and shareholder returns

We aim to generate high and sustainable shareholder returns. Uralkali has implemented a buyback programme over the past two years. At the same time, the Company adhered to its dividend policy, paying shareholders not less than 50% of its IFRS net profit. We will continue maintaining a balance between investing in capacity development and returning available cash to shareholders.

Continuing social and environmental development

I meet with the local administration of the Perm region regularly and reiterate the Company's commitment to the social and environmental development of both the towns where we operate and the wider region. Uralkali has its roots in the area and will continue to work in partnership with our stakeholders to improve the safety and wellbeing of our people and the environment in which we operate.

2014 is the 80th anniversary of the start of development of the Verkhnekamskoye deposit. The lives of entire generations are closely connected with potash production and it is important to us that our people take pride in their profession and in their employer, and that they want to continue to live and work in the region.

Following corporate governance best practices

The Company has the full support of the Board of Directors and the shareholders, all of whom are committed to encouraging further transparency and adhering to international best practices, which are described in our corporate governance report.

Outlook

Uralkali's strategy targets long-term growth in shareholder value. Potash fundamentals remain very strong. With the need for agricultural products constantly rising and insufficient fertiliser application in many countries, we expect demand for potash to rise by 2-4% a year on average.

This presents growth potential for Uralkali and our investors, as we continue to expand and improve production, develop premium product capacity, encourage the spread of agronomic expertise, and ultimately contribute to global food security.

I would like to thank the Board of Directors and my team for their support and guidance during my first few months at the Company. I am grateful to everyone who has helped me to settle into my new role and I will do my best to lead the Company for the benefit of all stakeholders.

Dmitry Osipov

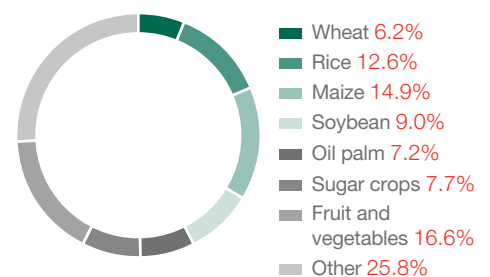
Chief Executive Officer

Contributing to global food security

Why potash is important

Potash is a vitally important element, necessary for the functioning of all living cells. 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.

Potash use by crop (%)



Source: IFA.

BENEFITS FOR CROPS

Improves the nutritional value, taste, colour and structure of crops

Increases resistance to crop diseases and pests

Helps resist adverse weather conditions

Facilitates assimilation of nitrogen

Does not pollute the environment or affect the quality of natural spring water

BENEFITS FOR USERS

Consistently high yields

The maximum effect of use of NPK fertilisers

Consistently high product quality

Preservation of the natural balance of micronutrients in the soil and minimisation of impacts on land

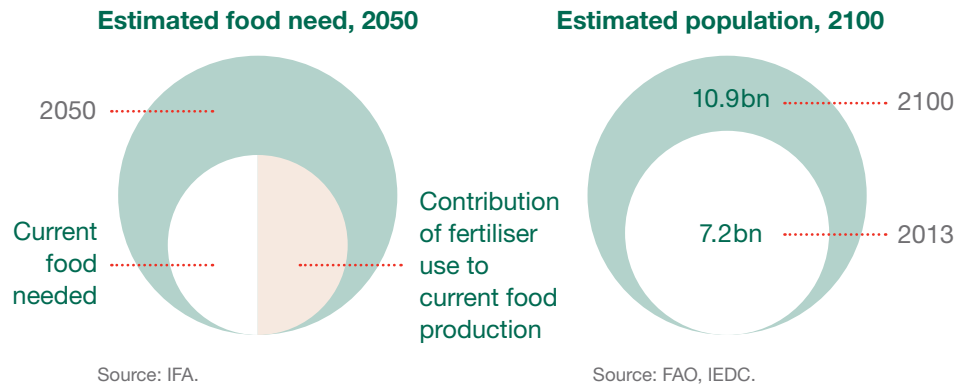




For more information about potash please see www.infopotash.com/en

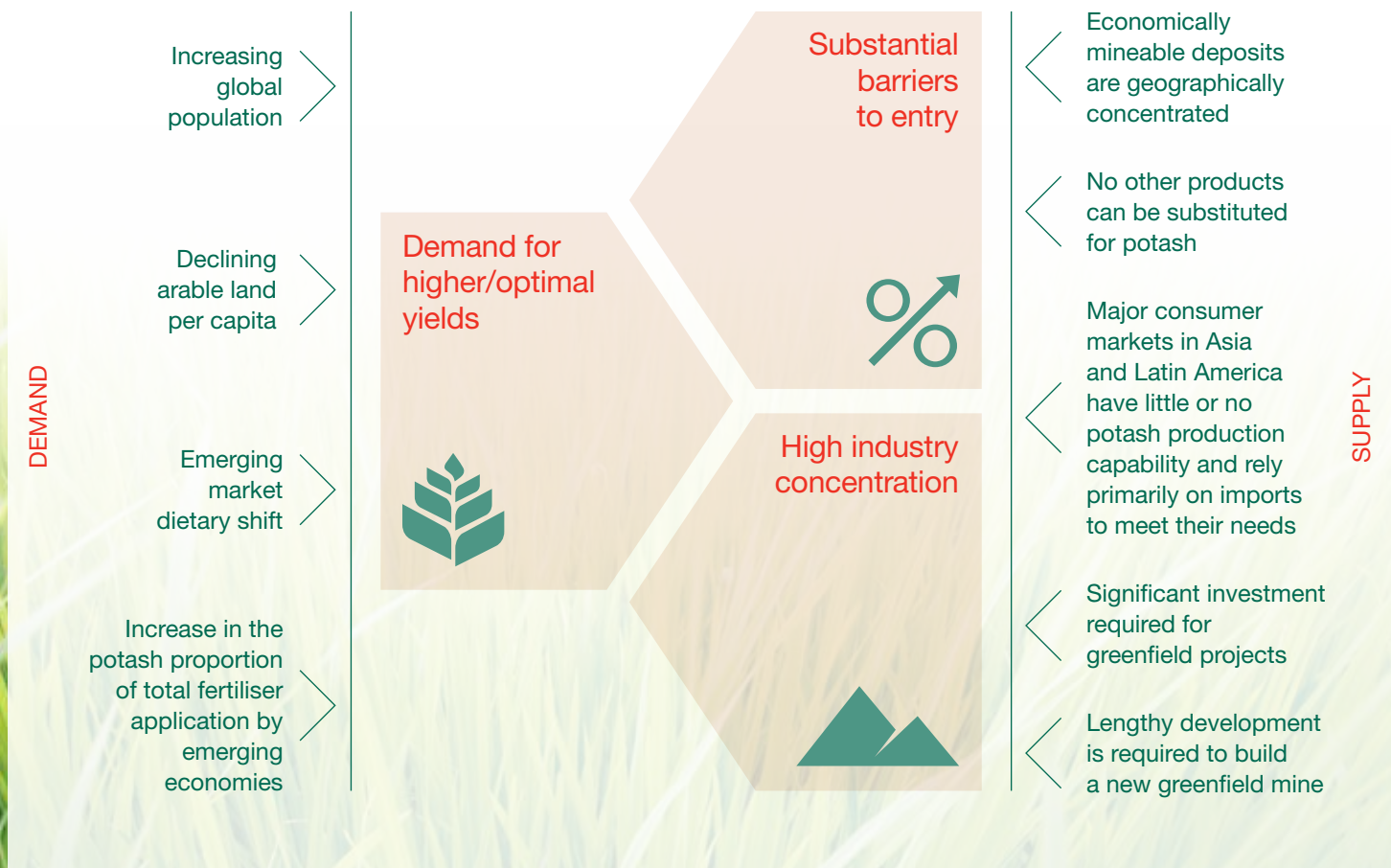
Strong industry fundamentals

Uralkali capitalises on long-term market fundamentals. Demand for potash is expected to improve steadily in the coming years, as agriculture remains the key source of food and an important provider of fibre and fuel for the world's constantly growing population.



Uralkali capitalises on long-term market fundamentals

Positive underlying long-term fundamentals largely remain intact



Maintaining global leadership

We strive to be an efficient and transparent company for all our stakeholders. We create value by the joint efforts of a dedicated team to become the leader of the potash industry in every aspect. While we are working hard to maintain our cost leadership position in the industry, our top priorities are: zero accidents and incidents, minimisation of negative environmental impacts, and the high quality of our products. At the same time, we invest in our people and in developing and promoting high-performing employees.

Our mission

Our values

Our business model

..... Production .. Logistics .. Sales

Our strategy

..... 1 2 3 4 5 6

Creating value for stakeholders



Customers and partners



Shareholders and financial community



Employees



Trade unions



Government and local authorities



Local communities



Media



For more information see Stakeholder engagement 18

Our mission

We produce potash fertilisers to ensure 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 values

Our activities are guided by the following values:

Safety:
Life is priceless

Professionalism and efficiency:
Results make our work valuable

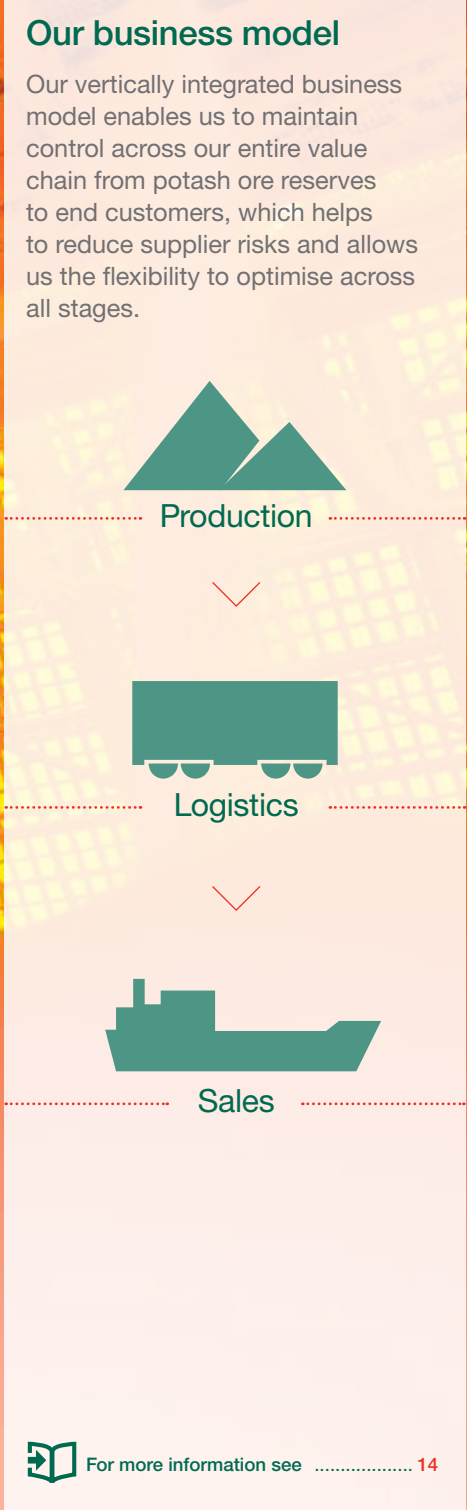
Mutual respect and team work:
Only through collaboration can we reach set targets

Openness:
We have the courage to hear and tell the truth

Initiative and responsibility:
All of us can improve the Company's work

Commitment to excellence and ambition:
We strive to do everything better than others

Decency:
Honesty towards yourself and others creates the basis for trust




Creating value through vertical integration

Solid demand for potash fertilisers is supported by the growing need for food globally. At Uralkali, we create long-term value through our focus on meeting the world's growing demand for food, taking advantage of the control that we have over our entire vertically integrated production chain – from potash ore mining through to the supply of potash to customers.


Production

Our existing assets include five mines, one carnallite plant and six potash plants where we make standard white and pink potash, as well as the premium granular potash. We have two greenfield expansion projects that, together with optimisations and capacity growth in our existing operations, will contribute to our capacity expansion programme. We also benefit from the lowest cash costs in the industry, which helps us maintain our leadership position.

 For more information see
Operational review 40


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 increase deliveries in line with rising 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.

 For more information see
Our business in context 10


Logistics

We have the advantage of one of the shortest transportation routes from mine to port, as well as to key customer markets, to which we deliver via our own 8,000 specialised railcar fleet and Baltic transhipment terminal. A recently acquired strategic stake in the port terminal of Antonina, Brazil, ensures efficient supply to this region with its fast-growing potash demand. This enables us to build on our market-leading position, optimise storage at our warehouses and expand capacity in the short and medium term.

 For more information see
Where we operate 16

Sales

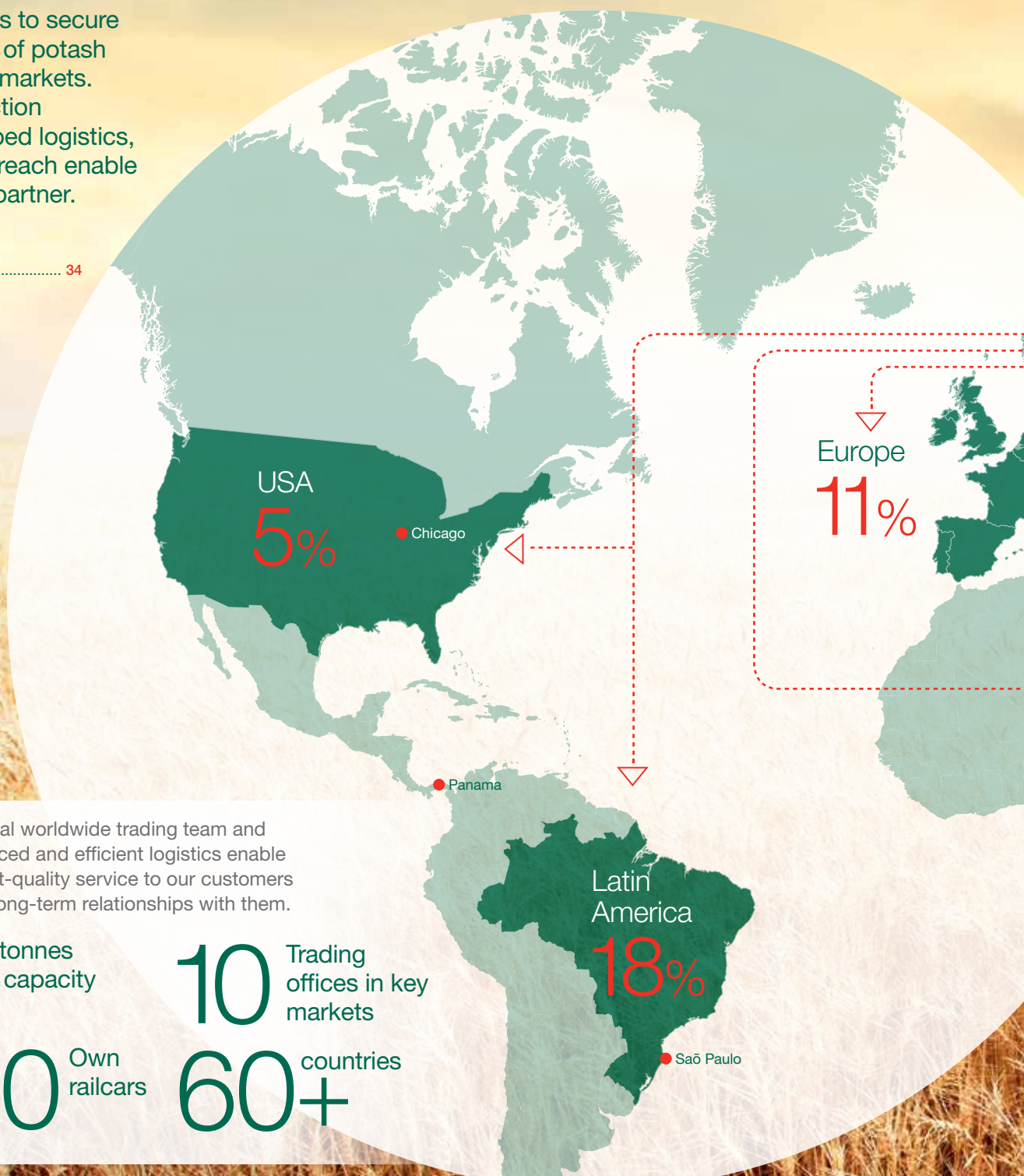
We are focused on building strong relationships with our customers in more than 60 countries. Our strategy is to maximise revenue and sustain our historical market share, with focus on fast-growing markets such as Latin America, South East Asia, China and India, which have traditionally accounted for around 60% of our total sales.

 For more information see
Sales review 36

Global sales geography

Our strategic goal is to secure sustainable supply of potash fertilisers in all key markets. Our flexible production capacities, developed logistics, and global trading reach enable us to be a reliable partner.

 For more information see Sales review 34



Our highly professional worldwide trading team and our constantly enhanced and efficient logistics enable us to provide the best-quality service to our customers and to build reliable long-term relationships with them.

6.2 mln tonnes
port capacity

10 Trading
offices in key
markets

8,000 Own
railcars

60+ countries

Production assets

Uralkali's production facilities include five mines, six potash plants and one carnallite plant, situated in the towns of Berezniki and Solikamsk, in the Perm region of Russia. The Company has licences for the development of two additional blocks of the Verkhnekamskoye potash deposit.

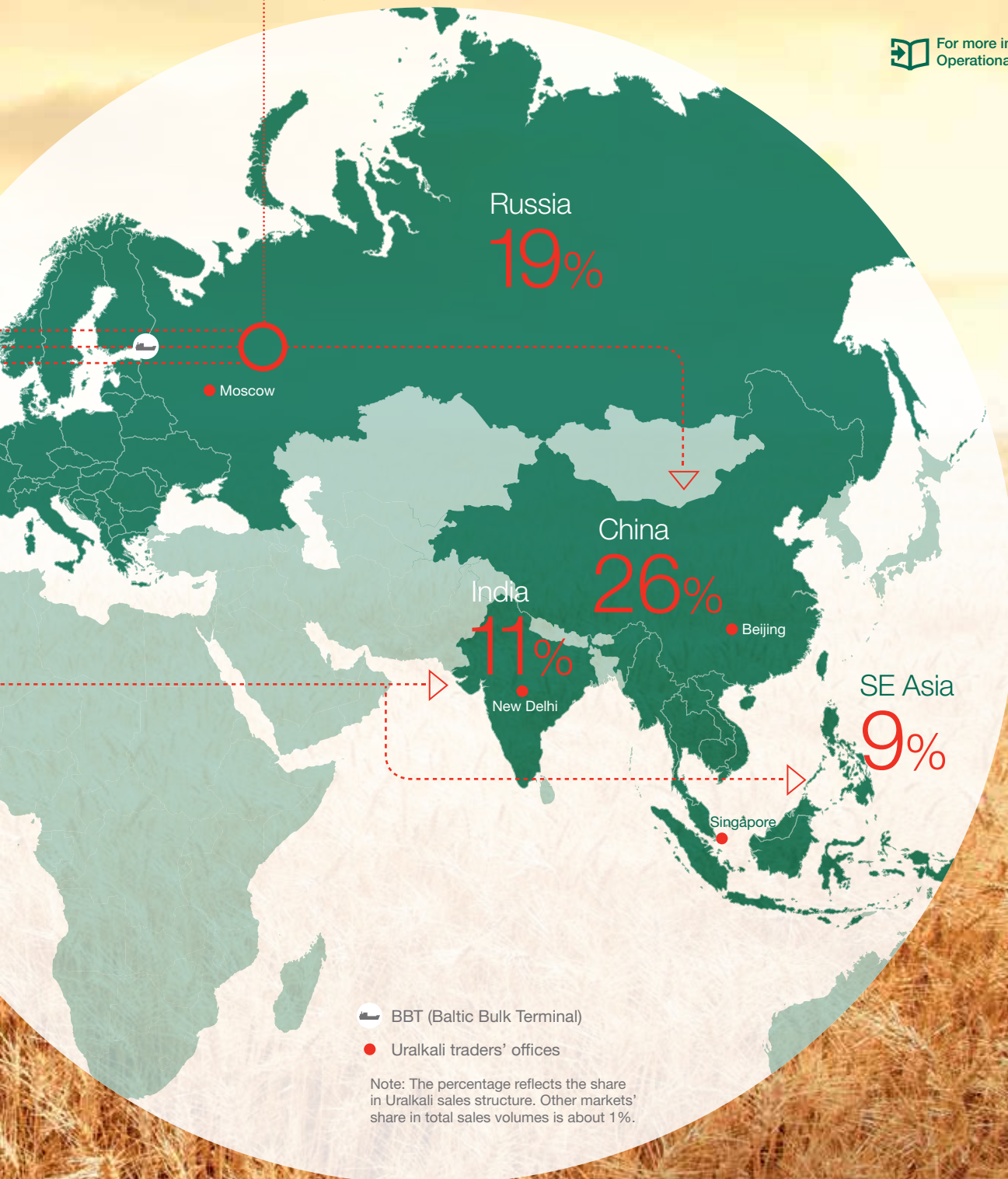


5 Potash mines

6 Potash processing plants

2 Greenfield licences





For more information see Operational review 40



Proactive dialogue

A proactive stakeholder engagement programme helps us to respond effectively to changes in the Company's operating environment. This table identifies our key stakeholder groups. It outlines why we engage with them and reflects the key sustainability issues and progress on our performance and engagement with them.

 For more information on our Corporate Social Responsibility see 46

Stakeholder group	Why we engage
 <p data-bbox="586 722 768 797">Customers and partners</p>	<p data-bbox="892 614 1404 743">As a vital element of the Company's strategy, the reliable and transparent relationship with our customers and partners drives the Company's performance.</p> <p data-bbox="892 754 1412 883">Positioned as an industry leader, Uralkali aims to sustain this mutually beneficial partnership to ensure progress and promote development in all spheres.</p>
 <p data-bbox="586 1164 768 1282">Shareholders and financial community</p>	<p data-bbox="892 1056 1445 1185">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.</p>
 <p data-bbox="586 1584 735 1627">Employees</p>	<p data-bbox="892 1476 1495 1703">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 is essential for us, and strengthens loyalty to the business.</p>
 <p data-bbox="586 1929 768 1972">Trade unions</p>	<p data-bbox="892 1821 1445 1983">Efficient cooperation with the trade unions is essential for the Company in understanding and fulfilling employees' expectations. Trade unions help to monitor the implementation of all health and safety rules and other important agreements.</p>



In January 2013, the Cardinal Rules for safety, first introduced in the Company's main production unit in 2012, were extended to the whole Uralkali Group. Their successful implementation led to a zero fatality rate and a significant decrease in accident and severity rates in 2013.



“Uralkali’s corporate culture encourages open dialogue with all stakeholders, which helps to foster optimal solutions in addressing the Company’s challenges.

Dmitry Osipov

Chief Executive Officer

Key focus areas

Customers:

- 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

Partners:

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

- Corporate governance
- Financial results
- Potash market developments
- Strategy and KPIs
- Risks
- Sustainability information

- 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

- Employees’ loyalty
- Compliance with health and safety regulations
- Feedback from employees
- Important decisions on social issues

What we are doing

- 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.

- 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 financial community, including road shows and 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

- Employing HR Policy and Health and Safety Policy
- The system of internal communications 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 Agreement and health and safety agreements
- Regular face-to-face meetings with management and trade union members
- Collecting written opinions on material and social issues



In 2013, Uralkali launched a five-year project aimed at promoting basketball in the region where it operates. The project involves Russian and foreign coaches and will engage over 1,200 junior players aged between 7 and 17 in Berezniki and Solikamsk.



On 5 December 2013, Uralkali, the government of the Perm region and the administration of Berezniki signed a financing agreement for 2013-2015. The financing plan covers the relocation of people living in inadequate housing in Berezniki, including the construction of new infrastructure facilities and demolition of the vacated buildings. Under the agreement, Uralkali and the regional government will each allocate approximately US\$ 77.9 mln for the project.

Stakeholder group

Why we engage



Government and local authorities

The Company's leading position implies a responsibility to follow industry standards and comply 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.



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 to fulfil our commitments as an industry leader.



Media

The Company needs accurate and timely coverage by the various media channels when disclosing its financial and operational results, important external and internal events, community involvement, participation in industry conferences, international and local exhibitions, etc.

The correct perception of the Company and its strategy by all stakeholders is mutually beneficial for Uralkali and its target audiences.



Volunteers from Uralkali's environmental movement Green Contour held several campaigns, including waste collection in the coastal area of Lake Redikor (Solikamsk district) and Seminsky Pond (Berezniki), and in the Ogurdino forest.

The campaigns involved over 150 people – volunteers and employees of the Company; 35 hectares of land were cleaned up, and 480 bags of waste were collected, weighing over 4 tonnes.

The participants from Green Contour also held environmental seminars at the children's health camp "Ural Gems" during the summer holidays.

Key focus areas

- 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
-
- 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
-
- Adequate media coverage of the Company's strategic messages
 - Timely disclosure of corporate news and events
 - Getting feedback from the society and international media
 - Maintaining the relationship with stakeholders at all levels

What we are doing

- Information disclosure and reporting
 - Dialogue with government authorities on legislative and regulatory issues
 - Development of partnership agreements
 - Participation in workshops and expert panels
 - Implementation of joint projects
 - Local community development planning
-
- Meetings with representatives of local communities
 - Economic, environmental and social initiatives
 - Implementation of CSR projects and local community development programmes
 - Assisting in the design of development plans for the regions in which Uralkali operates
 - Publications in local media
 - Public consultations
 - Maintaining contacts with NGOs
-
- Press releases on material issues and key events
 - Interviews with management
 - Media visits and press conferences
 - Relationship building events for media
 - Perception studies among target media

Our strategy in action

1

Enhance global responsible leadership position

Vision

- We aspire to sustain a leading market position in the global fertiliser industry
- 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

Priorities

- Sustain a leading market share to ensure continued industry leadership
- Increase potash capacity on the lowest cost basis in the industry; option to add more volumes if economically viable
- Focus on premium products; increase granular potash capacity

Risks

- Potash price decrease
- Potash demand decline
- Licensed activities

Stakeholders engaged



2

Focus on enhanced relationships with end customers

Vision

- We ensure secure and de-risked route to market through enhanced distribution capability from mine to farmer

Priorities

- 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

Risks

- Loss of market share in a specific market
- Lack of specific product
- Capacity/production decline

Stakeholders engaged



3

Maintain cash cost leadership positions

Vision

- We seek to be the most cost-efficient potash producer

Priorities

- Ensure operating performance and efficiency to provide continued industry leadership
- Invest in existing capacity and infrastructure in order to ensure maximised margin through the commodity price cycle

Risks

- Inflation and currency fluctuations
- Non-fulfilment of contractors' obligations
- Expenditure increase

Stakeholders engaged





For more information see

CEO's statement	7
Risk management	29
Stakeholder engagement	18

4

Balance investment in growth with shareholder returns

Vision

- We are committed to retaining a robust capital structure and maximising total shareholder return

Priorities

- Retain an efficient capital structure; medium-term Net Debt/LTM EBITDA target c.2x
- Maintain balanced approach to capital investment and robust capital discipline
- Dividend payout of minimum 50% of IFRS net income provides an attractive shareholder yield

Risks

- Non-achievement of projected parameters of investment projects

Stakeholders engaged



5

Focus on people, communities, safety and environment

Vision

- We aim to be the employer of choice among the CIS companies and mining industry. We are pursuing the highest level of health and safety practices to protect our employees
- We take significant steps to minimise the environmental impact of our operations
- We participate actively in the development of the cities and local communities in which we operate

Priorities

- Seek to be regional and industry employer of choice; workplace safety, employee & community development
- Deliver value whilst operating in a socially responsible manner, minimising environmental impact of operations

Risks

- Lack of employees with sufficient proficiency
- Non-compliance with environmental and health and safety regulations
- Environmental risks and risks related to mining operations
- Risks related to the accident at Berezniki-1

Stakeholders engaged



6

Continued focus on corporate governance

Vision

- We are guided by the principles of openness, transparency and risk minimisation for all stakeholders and are committed to continuous improvement in our corporate governance practices

Priorities

- Remain committed to openness, transparency and risk mitigation for all stakeholders

Risks

- Political, legal and regulatory risks
- Compliance with applicable legislation and internal policies

Stakeholders engaged

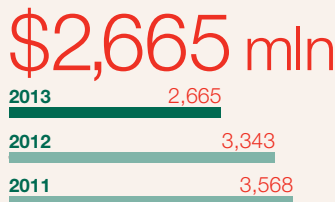


Measuring our strategic performance

1

Enhance global responsible leadership position

Net revenue (potash) (US\$ mln)



Relevance to the strategy

Net revenue is the key financial metric that measures the success of revenue maximisation strategy. We use net revenue to eliminate the effect of trading operations and transportation costs in order to provide for better cross-industry comparison.

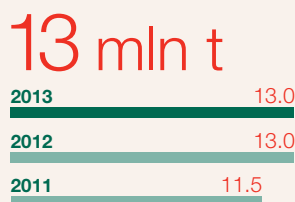
Measurement

Net revenue represents revenue net of freight, railway tariff and transshipment costs.

Performance overview

Decline in 2013 was predominantly a consequence of the performance in H1 2013 when net revenue decreased by 20%, as Uralkali ceded market share to other potash producers as well as the decline in potash prices. Change of market position at the end of July 2013 helped us to partly offset the impact of a challenging market environment on the Company's financials via a recovery in market share in H2.

Achieved capacity (mln t)



Relevance to the strategy

Achieved capacity demonstrates the progress of our strategic investment programme and reflects the maximum achievable production level.

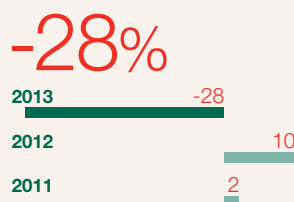
Measurement

The maximum production that could be achieved in the calendar year taking into account projected stoppages for planned repairs and maintenance.

Performance overview

Uralkali is a leading potash producer with significant growth potential. We achieved 13 mln tonnes at the end of 2012 and continue to realise our expansion programme according to the announced schedule driven by economic viability.

Total shareholder return (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.

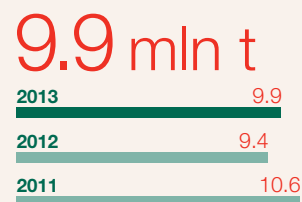
Performance overview

A decline in TSR was driven by Uralkali share price decline in the context of weaker potash market dynamics. At the same time we continued to pay strong dividends despite the challenges we faced in 2013. Another important factor contributing to the TSR decline year on year was the broader underperformance of emerging markets compared to the developed ones: +26% growth of the Dow Jones index in 2013 vs +2% growth of the MICEX index.

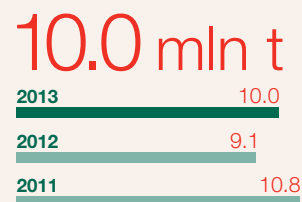
2

Focus on enhanced relationships with end customers

Sales volume (mln t)



Production volume (mln t)



Relevance to the strategy

Difference between production and sales volumes is one of the indicators of the efficiency of our logistics, trading performance and route to market.

Measurement

The amount of potash sold within the period.

The amount of potash produced within the period.

Performance overview

Our sales volume increased in H2 2013 when Uralkali was able to regain its market share. The difference between production and sales volume is not considered significant and is in line with the historical range.



“ Challenging market conditions made Uralkali adjust its market positioning in July 2013, which helped the Company to improve its operational and financial indicators in the second half of the year. At the same time, we achieved progress in all other key areas, such as production safety and efficiency, as well as social development.

Viktor Belyakov

Chief Financial Officer

3

Maintain cash cost leadership positions

Cash COGS per tonne (US\$)

\$58

2013	58
2012	62
2011	55

Relevance to the strategy

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

Measurement

COGS per tonne less depreciation and amortisation.

Performance overview

Cash costs remained best-in-class and further decreased due to increased production in H2 of the year; ongoing cost cutting programmes; and the depreciation of the ruble.

Sustenance CAPEX (US\$ mln)

\$241 mln

2013	241
2012	218
2011	197

Relevance to the strategy

Sustenance CAPEX measures how efficiently we can sustain our assets post commissioning.

Measurement

Capital expenditures aimed at maintaining the current production facilities in sound technical condition.

Performance overview

Sustenance expenditures are in line with historical levels and we plan to maintain this level going forward.

EBITDA margin (%)

61%

2013	61
2012	71
2011	70

Relevance to the strategy

EBITDA margin demonstrates successful implementation of our sales strategy and our operating efficiency, as well as the advantages of being a pure-potash producer, and reflects the attractive fundamentals of our business.

Measurement

Adjusted EBITDA/Net sales.

Adjusted EBITDA is calculated as Operating Profit plus depreciation and amortisation and does not include one-off expenses.

Net revenue = Revenue less railway tariff, freight and transshipment.

Performance overview

A decline in the average export potash price from US\$ 370 in 2012 to US\$ 268 in 2013 on an FCA basis was reflected in EBITDA margin decrease; however, it stayed within cycle averages and remains at a high level compared to other fertiliser producers.

4

Balance investment in growth with shareholder returns

Dividend payout (%)

50%

2013	50%
2012	50%
2011	50%

Relevance to the strategy
Dividend payout reflects our balanced approach to investing in organic growth and returning excess liquidity to shareholders.

Measurement

Dividends for financial year/net profit.

Performance overview

50% of IFRS net profit designated for dividend payments in accordance with dividend policy.

Net debt/LTM EBITDA

2.5x

2013	2.5x
2012	0.95x
2011	0.9x

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 Eurobonds) less cash.

LTM EBITDA = Last 12 months' EBITDA.

Performance overview

An increase in the net debt/EBITDA ratio is a result of two factors: EBITDA decrease and increase in net debt. Our medium-term target remains unchanged: to go back to c.2.0 times Net debt/LTM EBITDA.

Expansion CAPEX (US\$ mln)

\$224 mln

2013	224
2012	208
2011	247

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

Our expansion CAPEX in 2013 was in line with budgeted levels with c. 50% of it spent at Ust-Yayva construction.

5

Focus on people, communities, safety and environment

Work-related fatal injury frequency rate (FIFR)

0.000

2013	0.000
2012	0.017
2011	0.005

Relevance to the strategy
FIFR is the core indicator of responsible health and safety management. It is central to our focus on operational excellence.

Measurement

FIFR is calculated based on the number of fatalities per 200,000 hours worked.

Performance overview

The zero fatality rate is the result of responsible management and consistent work to prevent health and safety accidents. In 2013 we continued to further enhance our health and safety practices and expanded the coverage of Cardinal Rules at the Group level.

Lost time injury frequency rate (LTIFR)

0.12

2013	0.12
2012	0.17
2011	0.20

Relevance to the strategy

LTIFR reflects work-related injury frequency. The rate helps us measure the efficiency of our health and safety initiatives and controls across our operations.

Measurement

LTIFR is calculated based on the number of lost time injuries per 200,000 hours worked.

Performance overview

Following the implementation of the Cardinal Rules, the LTIFR rate has decreased continuously, declining over three consecutive years.

Social investments (US\$ mln)

\$31.7 mln

2013	31.7
2012	29.1
2011	24.7

Relevance to the strategy

Social investments demonstrate and reflect the Company's important role in the community in which we operate.

Measurement

Total amount of social expenditures including charity, support of infrastructure and sport.

Performance overview

We continue to gradually increase our social investments to support sport activities, donate to charity and contribute to the development of the region where we operate.

Voluntary labour turnover (%)

11.6%

2013	11.6
2012	12.1
2011	11.2

Relevance to the strategy

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.

Measurement

Turnover is the number of permanent employee resignations as a percentage of total employees (excl. compulsory redundancies and transfer to another employer).

Performance overview

The effectiveness of the Company's HR policy and increasing employee loyalty is proved by the decreasing Voluntary Labour Turnover rate.

Average annual wages (production personnel) (US\$)

\$15,600

2013	15,600
2012	14,262
2011	13,000

Relevance to the strategy

Average annual wages per employee in the main production unit measure how competitive we are in the market in relation to attraction and retention of best people.

Measurement

The annual payroll is divided by the average number of employees in the main production unit, excluding top managers and the Moscow office.

Performance overview

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

5 (continued)

Focus on people, communities, safety and environment (continued)

Output per capita (production personnel) (tonnes per person)

1,317 t/p
2013 1,317
2012 1,075
2011 1,069

Relevance to the strategy

Output per capita (production personnel) measures manpower productivity and how efficiently we can produce our product.

Measurement

Potash output for the year/average production personnel headcount.

Performance overview

As a result of a 10% increase in production volume together with the ongoing programmes aimed at increasing labour productivity production per capita has shown an upward trend within recent years and 23% growth compared to 2012.

Energy consumption (kWh/tonne)

155 kWh/t
2013 155
2012 155
2011 140

Relevance to the strategy

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

The combined effect of higher production volumes and energy efficiency programmes allowed Uralkali to maintain consistent levels of energy consumption per tonne.

6

Continued focus on corporate governance

Maintaining of credit ratings

- ✓ 2013: Investment-grade ratings maintained
- ✓ 2012: Investment-grade ratings received

Relevance to the strategy

Investment-grade ratings acknowledge that Uralkali is a first-class borrower with a strong industry position, balanced financial policy, prudent risk management practices, and adherence to leading corporate governance standards. We remain committed to maintaining our existing credit rating and will follow a financial policy supportive of this.

Measurement

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

Performance overview

Despite current challenges on both the macro and potash industry levels rating agencies have recognised strong industry fundamentals and maintained Uralkali's ratings at investment-grade levels.

The Company's governance and transparency are not cited by the rating agencies or regulators in any negative decision about the Company.

2013: The Company pursues a consistent policy of enhancing its corporate governance and information transparency. This includes improving the information uploaded to its website and the quality of public reporting. No claims made by regulators.

2012: The Board of Directors passed its resolutions in a timely manner and in line with applicable legal and other requirements. Information about the Board's resolutions and about any other significant events was disclosed in a timely manner. No claims made by regulators.

Relevance to the strategy

The corporate governance system, based on the best global standards, is the backbone of shareholders' trust.

Measurement

Any defects in the Company's governance, transparency, disclosure or ethical standards, practices or procedures cited by any 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 a priority area for Uralkali in 2013. The decision-making process in the Company was strictly in line with legal and regulatory requirements and in full accordance with the best global corporate governance practices.

Integrating our risk controls and measures

Development of an effective risk management and internal control system is among the most important strategic objectives of Uralkali.

The purpose of this activity is to ensure timely identification of events that may adversely affect the Company's achievement of its goals and to take adequate response measures through a balanced distribution of roles among decision-makers.

In 2013, Uralkali continued its risk management activities as part of COSO ERM, an integrated risk management concept.

In 2013, we launched a project to create a system of internal controls that covers financial reporting accuracy, prevention of corruption and fraud, and regular re-assessment of risks.

Key risk factors

This section describes only the major risk factors, which may have a considerable impact on Uralkali's financial and operating performance. All estimates and forecasts contained herein should only be viewed taking due account of these risks.

Other risks, of which Uralkali is unaware or which are currently deemed insignificant, may become material in the future and have a considerable adverse effect on the Company'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. Uralkali will disclose any necessary information in a timely manner according to applicable Russian laws and the Disclosure and Transparency Rules of the UK's listing authority.

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

Activities completed in 2013

- ✔ Development of approaches to live risk monitoring
- ✔ Formalisation of the internal control system for financial reporting accuracy
- ✔ Formalisation of the internal control system for prevention of corruption and fraud
- ✔ Introduction of a corruption prevention system and a compliance system
- ✔ Further integration of risk management processes and formalisation of risk management development, implementation and monitoring practices for key risk areas

Plans for 2014

- ⊕ Implementation of a live risk monitoring system
- ⊕ Systematisation of risks in specialised IT products; development of a 'risk cloud' on the intranet site for prompt access by risk owners
- ⊕ Finalisation of the internal control system for financial reporting accuracy (implementation and testing)
- ⊕ Further formalisation of corporate level controls, IT controls, corruption prevention controls and exchange compliance controls
- ⊕ Further integration of risk management processes and formalisation of risk management development, implementation and monitoring practices for key risk areas