URALKALI®

RESILIENCE AND PROGRESS

ANNUAL REPORT 2020

CONTENTS

ABOUT THE COMPANY

PJSC Uralkali[1] is one of the world's largest producers and exporters of potash, an essential component for the growth and development of all living organism, that has neither natural nor man-made substitute. The Company effectively manages its key processes within the production and logistics infrastructure: from potash ore mining to the supply of potassium chloride to consumers worldwide.[2]

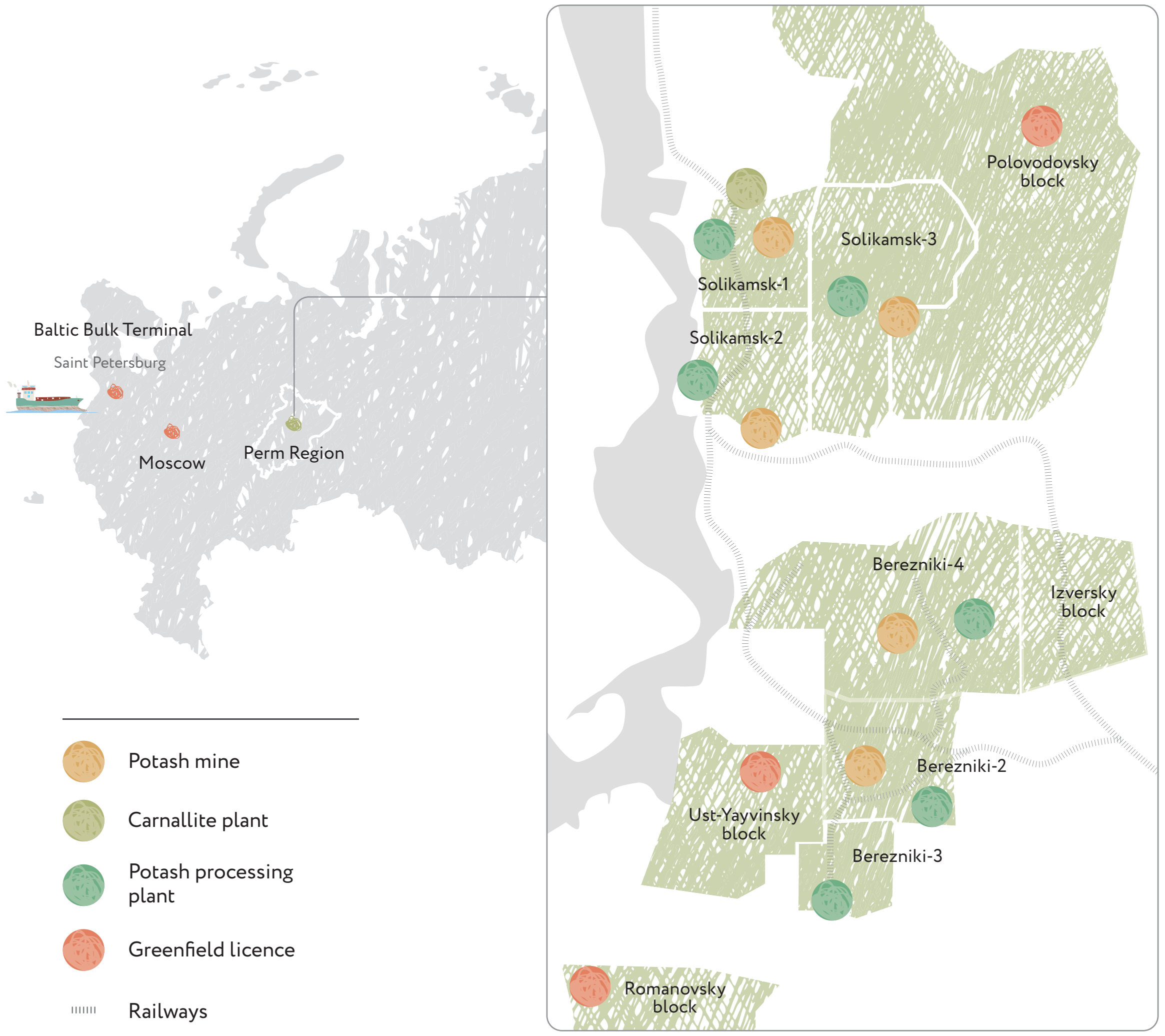
Uralkali's sales geography covers over 70 countries across the globe. Its key sales markets are Brazil, India, China, Southeast Asia, Russia, the USA and European countries.

Uralkali products meet both main international and Russian standards as well as the strict requirements of our customers.

[1] Public Joint-Stock Company Uralkali (hereinafter referred to as Uralkali or the Company).
[2] For more information, see Business Model.

OUR ASSETS

Uralkali is developing the Verkhnekamskoye deposit, a multi-layered deposit of potassium and magnesium salts and the world's second-largest deposit in terms of potash ore reserves. Uralkali's production assets include five mines, six potash plants and one carnallite plant, all located in the towns of Berezniki and Solikamsk in Russia's Perm Region. Around 12,700 people work at its main production unit while the Uralkali Group employs more than 20,000 people.



5 Potash mines

6 Potash processing plants

1 Carnallite plant

3 Licences for development of new blocks

1 Licence for conducting geological studies

MAIN PRODUCTS

MOP

PINK

(KCl concentration: 95%)

STANDARD

- For direct application to the soil
- For production of compound NPK fertilisers
- Supplied mainly to India, Southeast Asia, and Russia

GRANULAR

- Applied to the soil by means of special machinery
- Can be blended with nitrogen and phosphate fertilisers
- Supplied mainly to Brazil, the USA, Europe, and Central America

WHITE

(KCl concentration: 95% and 98.2%)

STANDARD AND 60% K_2O

- Raw material for compound NPK fertilisers
- Soluble in water
- For production of potassium sulphate, potassium nitrite, potassium hydroxide and other industrial goals
- Supplied mainly to China, Russia, and Europe

PELLETIZED

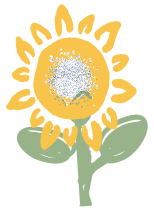
- Processed for foreign producers of potassium hydroxide with no anticaking agents for long distance delivery
- Supplied to Europe and South America

KEY FACTS ABOUT POTASSIUM

WE ENSURE GLOBAL FOOD SECURITY

Potassium is a vitally important element for all living organisms. It is a natural soil component and, along with phosphate and nitrogen, an irreplaceable nutrient for plants.

Balanced nutrition for agricultural crops requires the regular administration of these three main macronutrients.



POTASSIUM FOR PLANTS

- Increases the nutrient content and improves the taste, colour and structure of fruits
- Improves crop resistance to various diseases and pests
- Improves crop resistance to droughts and frost
- Participates in photosynthesis and protein synthesis
- Increases the rate of nitrogen assimilation

POTASSIUM FOR PEOPLE

- Improves the supply of oxygen to the brain
- Supports the transmission of neural impulses
- Its compounds activate enzymes
- Normalises cardiac function
- Good for the kidneys
- Regulates the water balance in cells and tissues
- Regulates metabolic processes
- Good for skin
- Regulates the acid-base balance in human blood
- Prevents the accumulation of sodium in cells
- Helps to eliminate toxins from the body

POTASSIUM FOR FARMERS

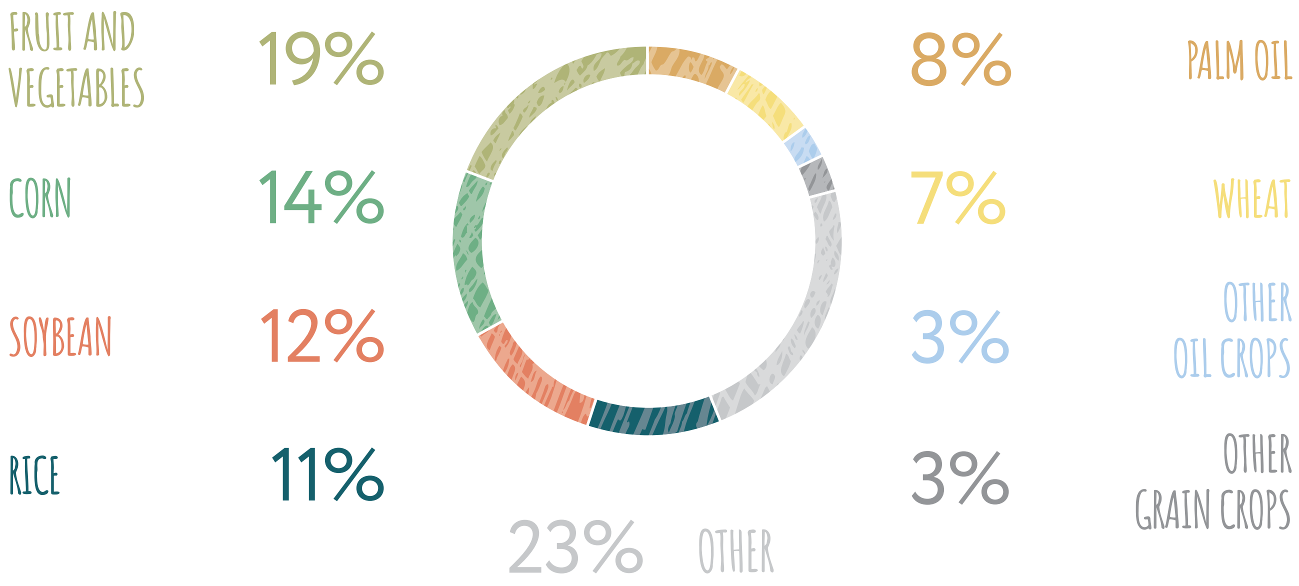
- Ensures that plants are nutritionally balanced, thus promoting high yield
- Increases product quality
- Prevents soil degradation and maintains its balance of nutrients
- When used correctly, potash fertilisers do not pollute the environment

WHY MANKIND CANNOT DO WITHOUT POTASH FERTILISERS

The world's population is growing, while the area of arable land per capita is declining, so we have to achieve higher crop yields to ensure food security.

Scientific studies show that maximum yield and consistently high crop quality can only be achieved by providing plants with the right amounts of all of the necessary nutrients (such as potassium).

Structure of potassium consumption by agricultural crops, %



Source: International Fertilizer Industry Association (IFA).

DEMAND FOR POTASSIUM INCREASES AS THE POPULATION GROWS AND PRIORITIES CHANGE

DEMAND

Global population growth

Declining area of arable land per capita

Diet changes in developing countries

Increasing percentage of potassium in fertilisers used in developing countries

Demand for higher/optimal yields

Significant barriers to entry into the market

High concentration

SUPPLY

A limited number of regions that have potash deposits with commercial reserves

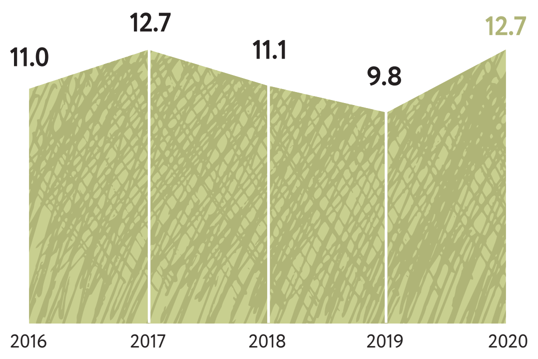
Other chemical elements cannot replace potassium

Main consumer markets in Asia and Latin America have almost no domestic production of potassium and depend on imports

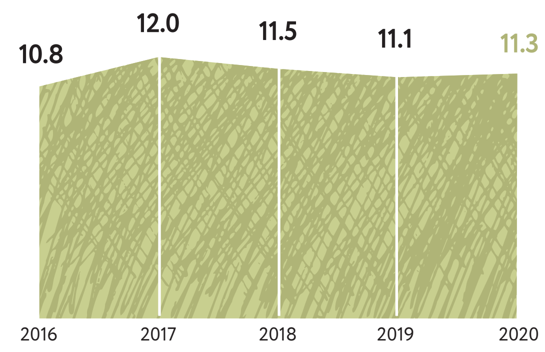
Projects require considerable investment

Development of mines takes time

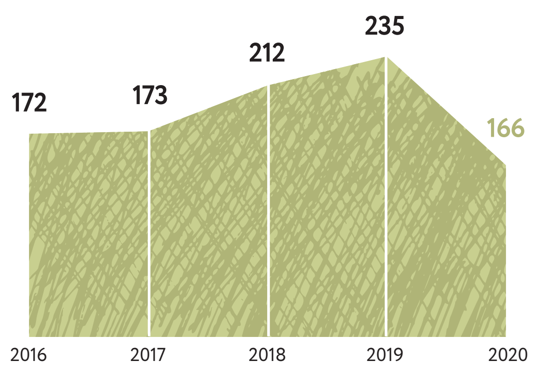
URALKALI IN FIGURES[1]



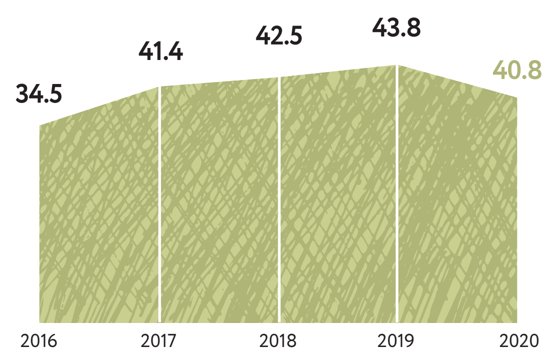
Sales volume, mln tonnes KCL



Production volume, mln tonnes KCL



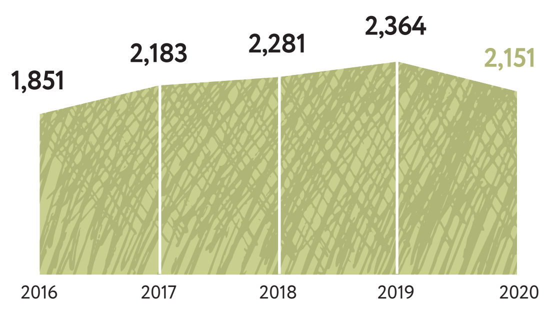
Average potash export price, FCA, USD per tonne



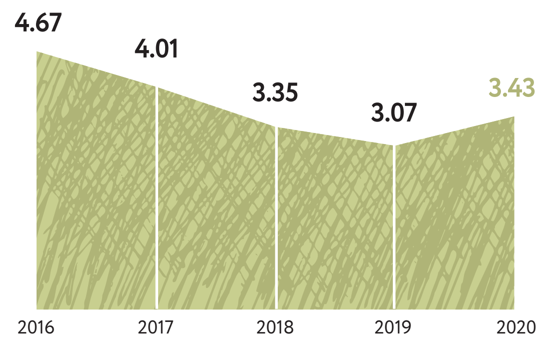
Unit cash COGS, USD per tonne

[1] Methodology for calculating is described in details in the Key Performance Indicators section, p. 44.

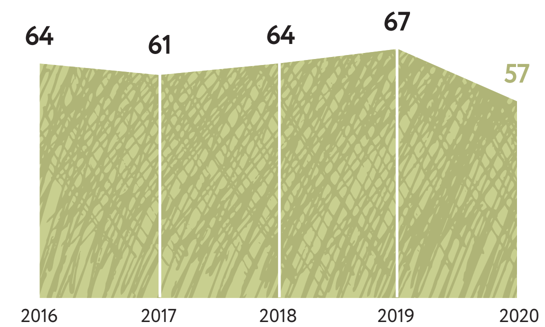
Despite the fact that in 2020 the global potash market experienced a difficult enviroment, Uralkali retained its leading position in the industry.



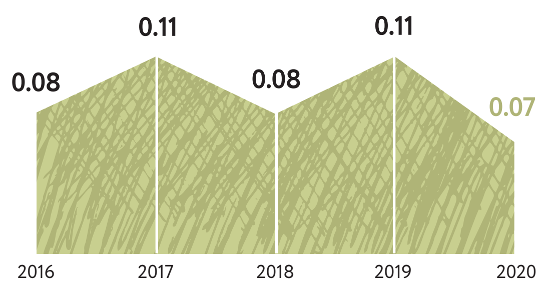
Net revenue, USD mln



Net debt/EBITDA
for the last 12 months



EBITDA margin, %



Lost time injury frequency rate, LTIFR

CHAIRMAN'S STATEMENT

Sergey
Chemezov

Chairman of the Board of Directors

Dear shareholders,

Amidst the coronavirus pandemic, 2020 was a challenging year. People all over the world had to quickly adapt to life in new conditions. As a result, Uralkali implemented a set of strict safety measures to protect employees from the pandemic. At the same time, the Company was able to maintain continuous operations throughout the year and ensure that supplies of potash fertilisers to our customers across our key markets were uninterrupted.

During the reporting period, Uralkali faced a number of challenges caused by price dynamics, overproduction of fertilizers in 2019, strong competition and market uncertainties related to COVID-19. Despite this, the Company managed to retain its market-leading position as one of the world's largest producers of potash fertilisers. Taking into account the complex market situation, as well as a number of macroeconomic factors, Uralkali reported decent results for 2020, with EBITDA of USD 1,222 million and an EBITDA margin of 57%.

In addition, Uralkali adopted a number of important policies governing the Company's operating activities during the period, including the Company's new Strategy to 2025, which is focused on five key areas. These are investing in enhanced production capacity, maintaining sales flexibility and cost leadership, developing a digital business, and a commitment to best-in-class ESG practices. Uralkali has determined key performance indicators and priority areas for each of these aspects.

Management developments were an important Company event during the period. Towards the end of 2020, Vitaly Lauk was appointed as Uralkali's new CEO, succeeding Dmitry Osipov, whom we thank for his significant contribution to the Company's advancement. Vitaly has extensive experience in the potash industry, and we are confident that he will successfully lead the implementation of our new strategy.

I would like to underline that, throughout the reporting period, our attention was focused on the development of both the Company and the wider potash industry. I thank all our employees for their hard work and all our shareholders for their continued trust and support.

CEO'S STATEMENT

Vitaly
Lauk

CEO

Dear Shareholders,

It was a great honour to be appointed CEO of Uralkali in 2020. In my new role I look forward to continuing to drive Uralkali's strategy adopted towards the end of the reporting period. This implies a balanced approach to investments as we look at expanding production and reducing our debt burden, maintaining sales flexibility with a focus on developing our own supply chains in target markets, retaining our leadership position in terms of production costs, developing our digital business, and adhering to the best global ESG practices.

Keeping our people safe

During a year of unprecedented challenges brought on by the coronavirus pandemic, our number one priority was ensuring the health and safety of our employees, their families and the local communities that rely on Uralkali.

Early on, we took comprehensive measures to minimise the risk of infection and contagion at our operations, in strict compliance with recommendations of the local and federal authorities. We established a dedicated Corporate Commission to analyse the evolving situation and constantly review our corresponding safety protocols. Part of our workforce was sent to work from home immediately.

To ensure the safety of the employees required on-site, we provided full personal protective equipment, regularly disinfected premises and established a system of temperature-checking for every employee on arrival at our premises.

Our comprehensive measures were constantly reviewed as we monitored the pandemic throughout the year, and this enabled Uralkali to responsibly keep production running and maintain supplies to our customers in more than 70 countries.

Resilient performance in a challenging environment

In spite of worldwide uncertainty, the COVID-19 pandemic itself did not have a material impact on global potash demand.

In the first half of the year, the potash sector was challenged by overproduction in 2019 and high inventory levels which continued to put pressure on prices. In the second half of the year, the markets began to recover gradually. Despite strong market competition, Uralkali maintained its leading position in the industry.

In 2020, Uralkali's production volumes amounted to 11.3 million tonnes of potassium chloride, with sales volumes of 12.7 million tonnes. The increase in sales of potash fertilisers in 2020 was driven by improved conditions in the global potash market. Despite the fall in prices in key markets, Uralkali's net revenues were USD 2,151 million and EBITDA margin was 57%.

Investing in expanding our production

As one of the world's largest potash producers, Uralkali aims not only to maintain, but also to increase its share of the global world market. To support this, the Company is running one of the most efficient production capacities expansion programmes seen in the industry.

In 2020, we continued the construction of the Ust-Yaivinsky mine, working on the construction of the surface complex and completing one of the project's key stages — two vertical shafts were built and put into operation: skip-cage shaft No. 1 with a depth of 465 m and cage shaft No. 2 with a depth of 409 m.

During the reporting period, work continued on shaft sinking and the construction of surface facilities at the new Solikamsk-2 mine, expanding the capacity of the Solikamsk-3 mining administration, and preparing the construction site for the Polovodovsky Potash Plant.

ESG

Environment, Social and Governance (ESG) remained an important focus for the Company in 2020. In the reporting year we made significant progress on improving the transparency of Uralkali's reporting on ESG issues by publishing audited non-financial reporting, expanding the disclosure of ESG information on the Company's website, as well as providing detailed information on our governance of sustainable development and carbon management to leading rating agencies CDP and SAM.

At the end of 2020, in order to improve, systematise and structure our ESG activities, Uralkali adopted an ESG strategy for the period up to 2025, which identified ten priority focus areas. More detailed information on the Company's ESG activities can be found on page 62.

Outlook

The impact of the pandemic on economies across the world has only reinforced the fundamental drivers for potash and underlined its role in ensuring global food security. Potassium chloride is still one of the most highly demanded fertilisers, and in 2021 we continue to observe a recovery in our main markets.

Uralkali remains committed to its core mission to contribute to the development of the global agriculture industry. We will do this by continuing to efficiently and responsibly develop our unique potash deposits while ensuring the social and economic development of the regions in which we operate, and working to support the interests of all our stakeholders.

I would like to thank the members of the Board of Directors, the management team and all of Uralkali's employees for their commitment and hard work in what has been a challenging year, and I am optimistic for a productive and fruitful 2021 for us all.

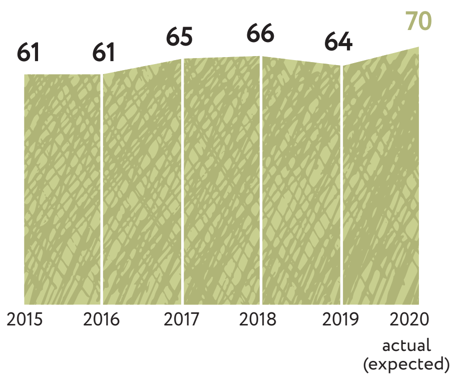
OVERVIEW OF THE GLOBAL POTASH MARKET IN 2020

The global potash market showed strong growth by the end of 2020 amid strong demand for potash in Brazil and recovery in demand in the main markets of Southeast Asia, the United States and Central America. Global potash deliveries in 2020 exceeded 70 million tonnes.

In the beginning of 2020 the global potash market conditions were relatively challenging. Uncertainties associated with the spread of new coronavirus infection, high inventories as a result of overproduction in 2019 and the absence of new contracts with China and India (until the end of April–beginning of May 2020)— all these have negatively affected the market and spot prices, which fell below 2019 levels. The demand for potash during the pandemic remained stable, as the issue of food supply became more pressing and urgent.

Demand in Southeast Asian markets was partially limited under restrictions implemented due to COVID-19.

Dynamics of global demand for potash, mln tonnes



Source: IFA, Uralkali's estimate.

Restrictions on citizens' movements in countries, such as Malaysia, the region's biggest potash consumer, led to difficulties recruiting labour which, coupled with logistical issues, adversely affected demand and price volatility. There were also problems in the palm oil sector in Indonesia and Malaysia and falling oil prices which made biofuels unprofitable.

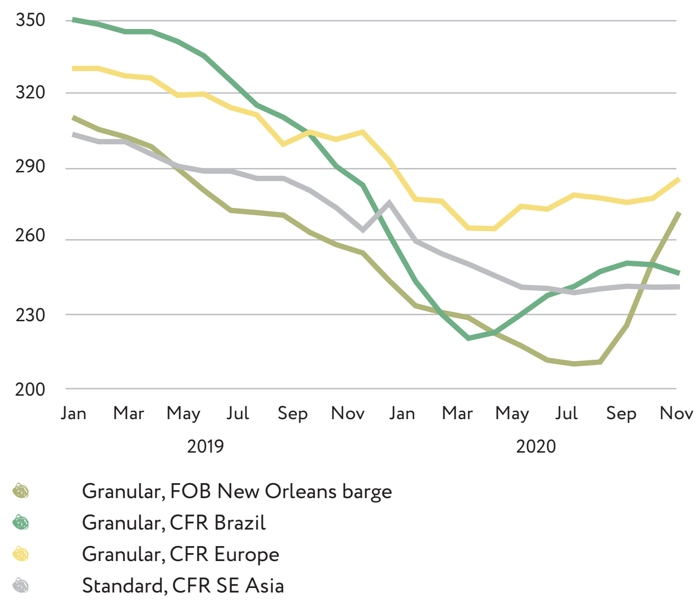
The renewal of contracts with China and India in April–May 2020 served as an additional driver for growth in Southeast Asia. China signed its first import contract at the end of April 2020 at a price of USD 220/t CFR (a USD 70/t discount from the previous year), India — in May 2020 at a price of USD 230/t CFR (a USD 50/t discount from previous year).

Brazilian market showed a record level of potash fertilisers imports in 2020, exceeding 11 million tonnes, which was the result of favourable weather conditions amid continued high demand for soybeans and corn and the depreciation of the Brazilian real against the US dollar.

The North American market also showed tangible growth due to increased corn and soybean acreage and crop prices, government subsidies provided to farmers in the US and good weather conditions that extended the potash application season.

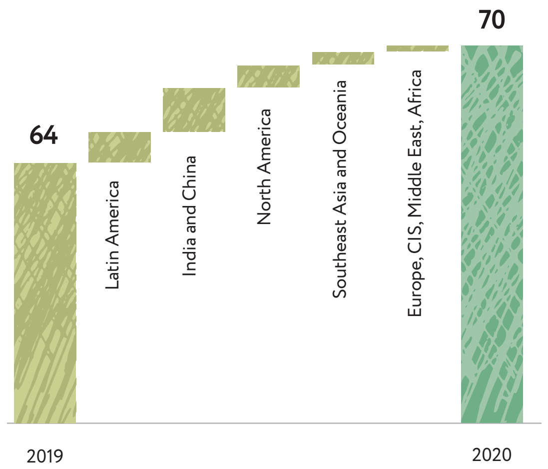
In Europe, the CIS, the Middle East and Africa, demand for potash in 2020 was stable.

Dynamics of potash prices on key markets, USD/t



Source: Argus FMB, CRU, ICIS, Uralkali.

Dynamics of potash fertilisers deliveries in 2020, mln tonnes



Source: IFA, CRU, Uralkali's estimate.

2021 DEMAND OUTLOOK

Our outlook for potash demand in 2021 is cautiously optimistic.

Uralkali believes that the positive trend in potash deliveries observed in 2020 will continue in 2021 as well: global demand for potash fertilisers will remain at a high level, the volume of supplies will reach around 70 million tonnes.

Market activity in Brazil is expected to pick up from 2020 levels, given positive expectations for major crops such as soybeans and corn, and a gradual increase in acreage with potash application rates maintained.

North America has good potential in terms of potash demand growth on the back of high corn acreage in the spring, favourable weather conditions in late 2020–early 2021, and government subsidy payments to US farmers.

The forecast for the estimated growth in China and India in 2021 remains subdued. Among influencing factors: import contacts conclusion with a premium to those in force during 2020, price changes for key agricultural crops, acreage increases.

For Southeast Asia, the beginning of 2021 is expected to be an active in terms of potash demand, driven by rising price expectations across all the markets. Although situation related to the coronavirus disease in some countries continues to be tense, the rise in palm oil prices and restrictions easing overall may have a positive impact on stimulating demand in the region in 2021.

The European, Middle East, African and CIS markets are expected to demonstrate increase in potash demand compared to 2020.

GLOBAL SALES GEOGRAPHY[1,2]

>70

Countries

80%

Share of exports against total sales volume

12.7

Sales volume in 2020, mln tonnes KCl

In 2020, the European market was premium against other markets

[1] Calculated from the volume of products sold.

[2] Sources: population – World Urbanization Prospects 2018, UN; GDP per capita, share of agriculture, forestry and fishery in GDP – World Bank 2019; potash supplies – IFA 2015–2019 (International Fertilizer Association); arable land, potash application rate, key crop species – Uralkali's estimate, FAO 2018–2019 (the UN's Food and Agriculture Organization).

For the USA: share of agriculture, forestry and fishery in GDP – data calculated based on statistics from the Bureau of Economic Analysis' (US Department of Commerce) website.

[3] Including Africa, the Middle East and the CIS.

Global sales structure

20% ↓ RUSSIA –5 p.p.

9% ↓ EUROPE –1 p.p.

11% ↑ SOUTHEAST ASIA +2 p.p.

28% ↑ INDIA AND CHINA +10 p.p.

7% ↑ USA +2 p.p.

22% ↓ LATIN AMERICA –10 p.p.

3% ↑ OTHER[3] +2 p.p.

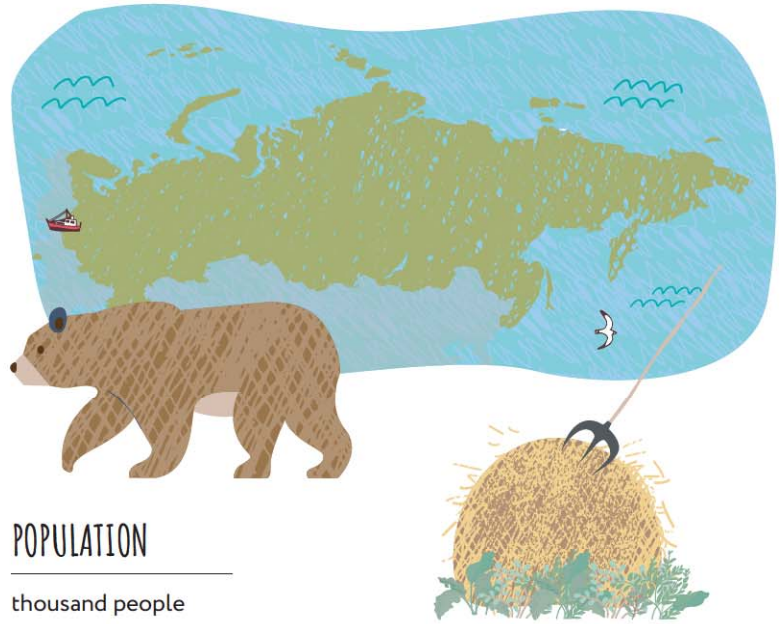
Note: As compared to 2019.

The Russian agricultural market has huge potential

8%

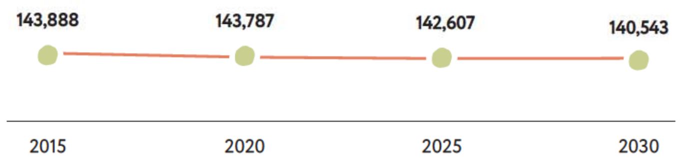
of the world's arable land are located in Russia, and more half is planted with crops that require increased potash application such as wheat, sunflower, corn and sugar beet.

RUSSIA



Population

thousand people



–2.3% Change expected in 2020–2030

GDP per capita

11,585

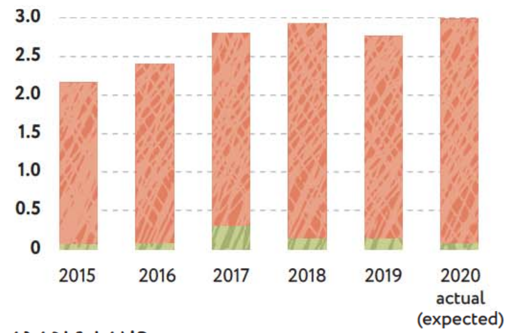
current USD, in 2019

Share of agriculture, forestry and fishery in GDP

3.4%

in 2019

Potash supplies



Arable land

mln ha

123.4 in 2015

123.4 in 2018

Potash application rate (K_2O)

kg/ha

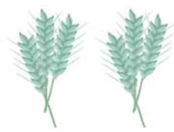
2.4 in 2015

3.2 in 2018

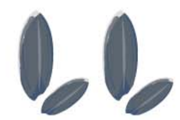
Key crop species

in 2019

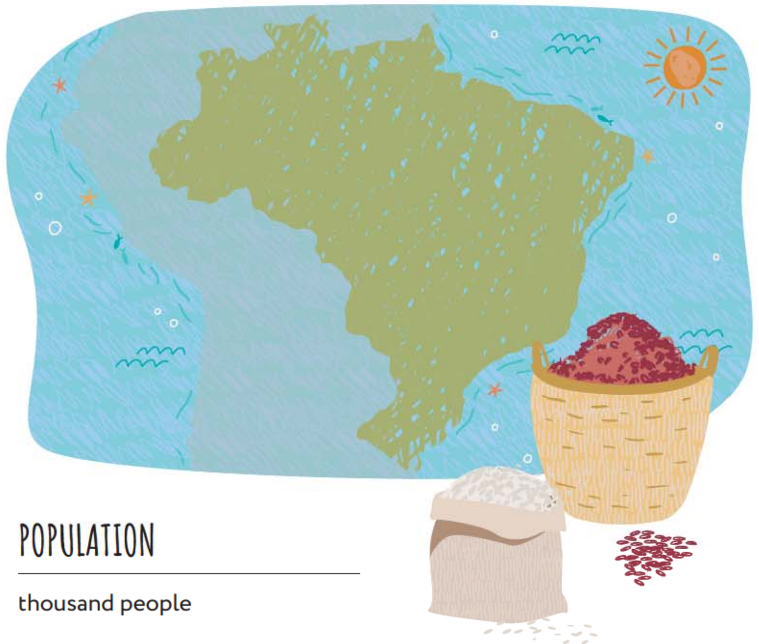
44% WHEAT



14% BARLEY

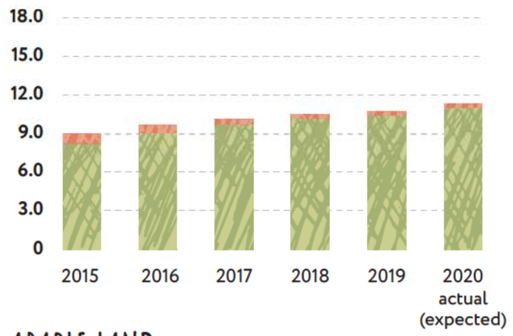


13% SUNFLOWER SEEDS

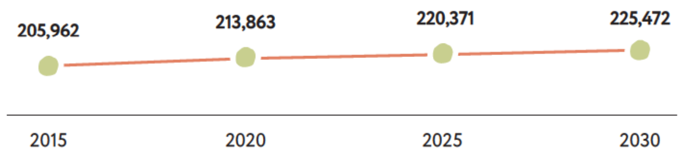


BRAZIL

POTASH SUPPLIES



POPULATION



+5.4% Change expected in 2020–2030

ARABLE LAND

mln ha

63.0 in 2015

63.5 in 2018

GDP PER CAPITA

8,717

current USD, in 2019

POTASH APPLICATION RATE (K_2O)

kg/ha

79.1 in 2015

106.5 in 2018

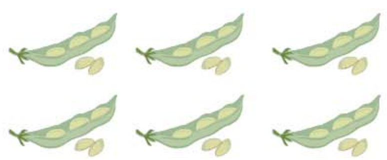
SHARE OF AGRICULTURE, FORESTRY AND FISHERY IN GDP

4.4%

in 2019

KEY CROP SPECIES

in 2019



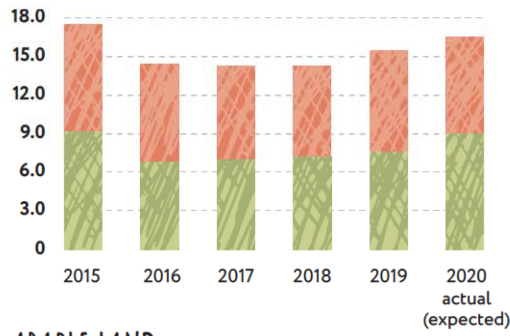
44% SOYBEAN

22% CORN

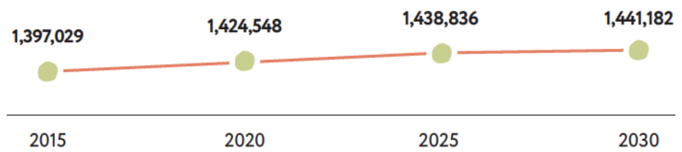
12% SUGAR CANE

CHINA

POTASH SUPPLIES



POPULATION



+1.2% Change expected in 2020–2030

ARABLE LAND

mln ha

135.8 in 2015

135.7 in 2018

GDP PER CAPITA

10,262

current USD, in 2019

POTASH APPLICATION RATE (K_2O)

kg/ha

87.2 in 2015

79.6 in 2018

SHARE OF AGRICULTURE, FORESTRY AND FISHERY IN GDP

7.1%

in 2019

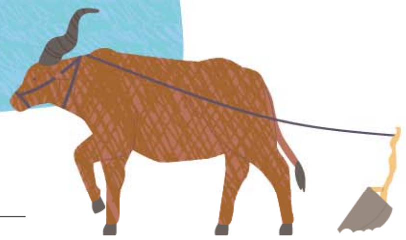
KEY CROP SPECIES

in 2019

22% CORN

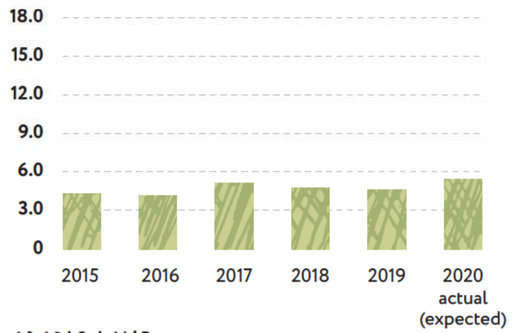
16% RICE

13% WHEAT



INDIA

POTASH SUPPLIES



POPULATION

thousand people

+9.4% Change expected in 2020–2030

ARABLE LAND

mln ha

169.4 in 2015

169.4 in 2018

GDP PER CAPITA

2,100

current USD, in 2019

SHARE OF AGRICULTURE, FORESTRY AND FISHERY IN GDP

16.0%

in 2019

POTASH APPLICATION RATE (K_2O)

kg/ha

14.2 in 2015

16.4 in 2018

KEY CROP SPECIES

in 2019

22% RICE

15% WHEAT

8% RAW COTTON

USA

POTASH SUPPLIES

POPULATION

thousand people

+7.0% Change expected in 2020–2030

ARABLE LAND

mln ha

159.3 in 2015

160.4 in 2018

GDP PER CAPITA

65,298

current USD, in 2019

SHARE OF AGRICULTURE, FORESTRY AND FISHERY IN GDP

0.8%

in 2019

POTASH APPLICATION RATE (K_2O)

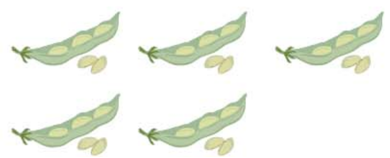
kg/ha

27.3 in 2015

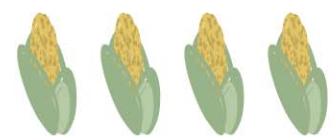
28.6 in 2018

KEY CROP SPECIES

in 2019



35% SOYBEAN



32% CORN

16% WHEAT

URALKALI'S EXPORT SALES IN 2020

Alexander **Terletsky**

Head of Uralkali Trading SIA

Uralkali exports potash fertilisers through its subsidiaries: Uralkali Trading SIA and United Fertilizers Company Limited. In 2020, the Company supplied potassium chloride to more than 70 countries via its representative offices in key regions of presence.

Most of the potassium chloride produced by Uralkali is traditionally sold internationally. In 2020, the share of total exports accounted for 80% of Uralkali's sales volume against 75% in 2019.

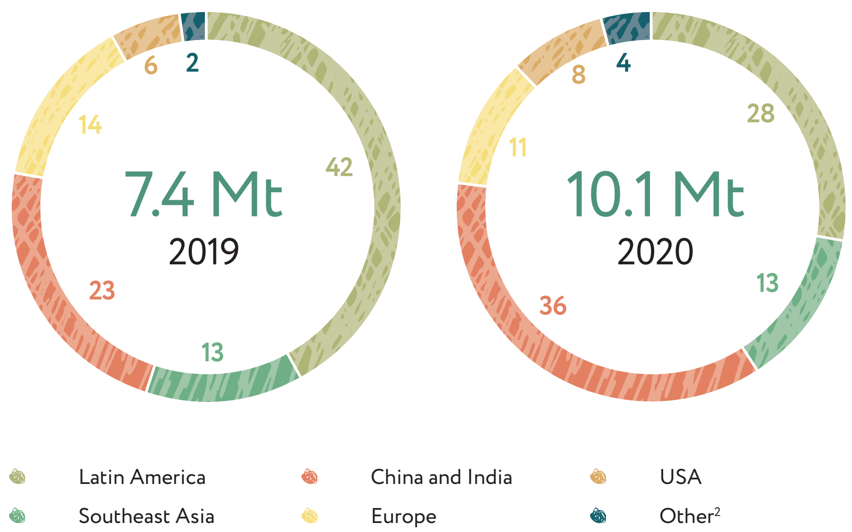
The average export price amounted to USD 166/t FCA was 29% lower than average price in 2019. Export potash sales in 2020 increased by 37% year-on-year.

As part of the strategy to maximise export revenue, Uralkali reallocated its products to more premium markets where possible.

In 2020, the European market turned out to be the most premium compared to other spot markets, which was reflected in increased export sales across Europe.

Uralkali expects that the positive market trends observed in the second half of 2020 will continue in this year, thus leading to further growth in potash prices and global consumption. In 2021 Uralkali will continue to implement flexible strategy, that takes in account the market enviroment and adjusts sales volumes in accordance with global demand.

Uralkali's export sales structure[1], %



[1] By sales volumes.
[2] Africa, the Middle East and the CIS.

Photo: Granular MOP

DOMESTIC SALES

The main consumers of Uralkali's products on the domestic market are manufacturers of compound mineral fertilisers: in 2020, such deliveries accounted for 84% of the total supply.

In Russia, potassium chloride (KCl) is mostly used as raw material for the production of compound (NPK) and mixed fertilisers and other chemical products, as well as a component for drilling fluids used at oil plants, and as a single-component fertiliser for direct soil application. Potassium chloride is also used in small amounts in non-ferrous metals and food industries.

In 2020, supplies of potassium chloride to the domestic market increased by 9% to 2.6 million tonnes.

Agricultural producers consumed 0.22 million tonnes of potash as a single-component fertiliser in 2020. The consumption of PJSC Uralkali's potash by domestic agricultural producers (including consumption of potash in compound fertilisers) increased by 35% in 2020, to approximately 0.86 million tonnes.

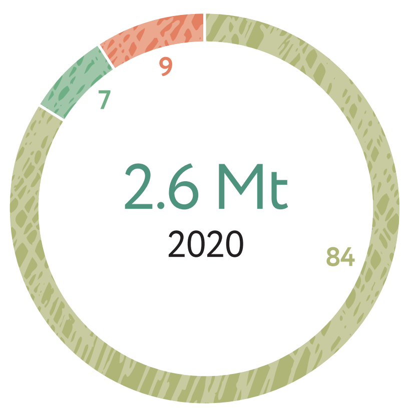
Industrial consumers, represented mainly by oil, chemical and nuclear enterprises, purchased 0.19 million tonnes of potassium chloride in 2020 for special production processes.

THE MAIN REGIONS THAT CONSUME POTASH FOR AGRICULTURAL PURPOSES:
BRYANSK, KURSK, TAMBOV, LIPETSK, BELGOROD, VORONEZH, KRASNODAR KRAI, AND THE REPUBLIC OF TATARSTAN

In addition to potassium chloride, PJSC Uralkali sold 0.32 tonnes of enriched carnallite and 1.77 million tonnes of various types of industrial salt on the domestic market.

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

Structure of Uralkali's KCl sales on the domestic market in 2020, %



- Producers of compound mineral fertilisers
- Industrial consumers
- Agricultural producers

Uralkali is a member of Russian and international associations:

- International Fertilizer Industry Association (IFA)
- The Russian Association of Fertilizer Producers (RAFP)
- The Fertilizer Institute (TFI)

DOMESTIC PRICING

PJSC Uralkali strictly complies with its obligations to ensure non-discriminatory access to potash fertilisers for consumers.

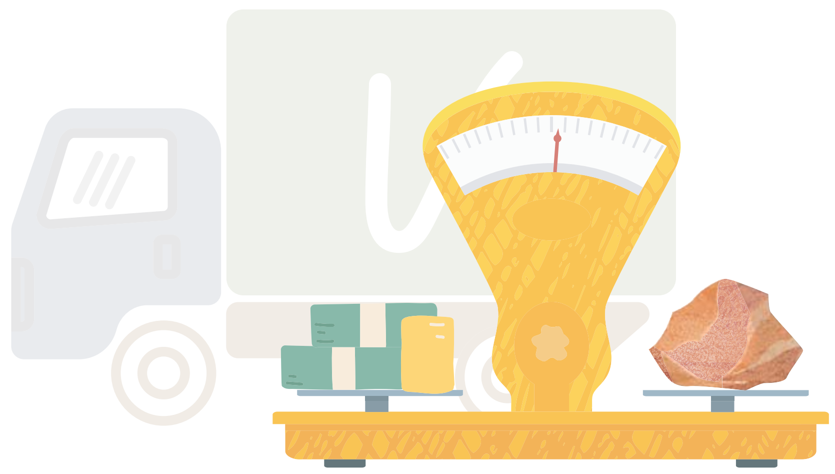
According to the Federal Antimonopoly Service of the Russian Federation Recommendations – first adopted in 2011 – the price of potassium chloride for Russian producers of compound fertilisers and for agricultural producers shall be based on the minimum export price.

Since 2013, we have been calculating prices for our customers – producers of compound fertilisers on monthly basis, enabling the Company to respond promptly to changes in market conditions.

Based on Russia's accession to the World Trade Organisation and the transition to market pricing on the domestic mineral fertilisers market since 2013, the Non-Profit Organisation Russian Association of Fertilizer Producers (RAFP) and the Union "Russian Agroindustrial Association of Employers Agroindustrial Union of Russia (Rosagropromsoyuz)" regularly enter into Cooperation Agreements. It is aimed at meeting the demand for mineral fertilisers in Russia's agroindustrial sector.
The Agreements determine key economic principles of interaction; in particular, that members of the RAFP and Rosagropromsoyuz are advised on applying the principles of market pricing.

For industrial and other consumer categories, Uralkali also follows a formula based on the minimum export price.

THE MINIMUM EXPORT PRICE IS THE WEIGHTED AVERAGE PRICE OF POTASSIUM CHLORIDE SOLD TO THE FOREIGN MARKET WITH A MINIMUM PRICE EXCLUDING TRANSPORT AND OTHER LOGISTICS COSTS



OUR MISSION AND VISION

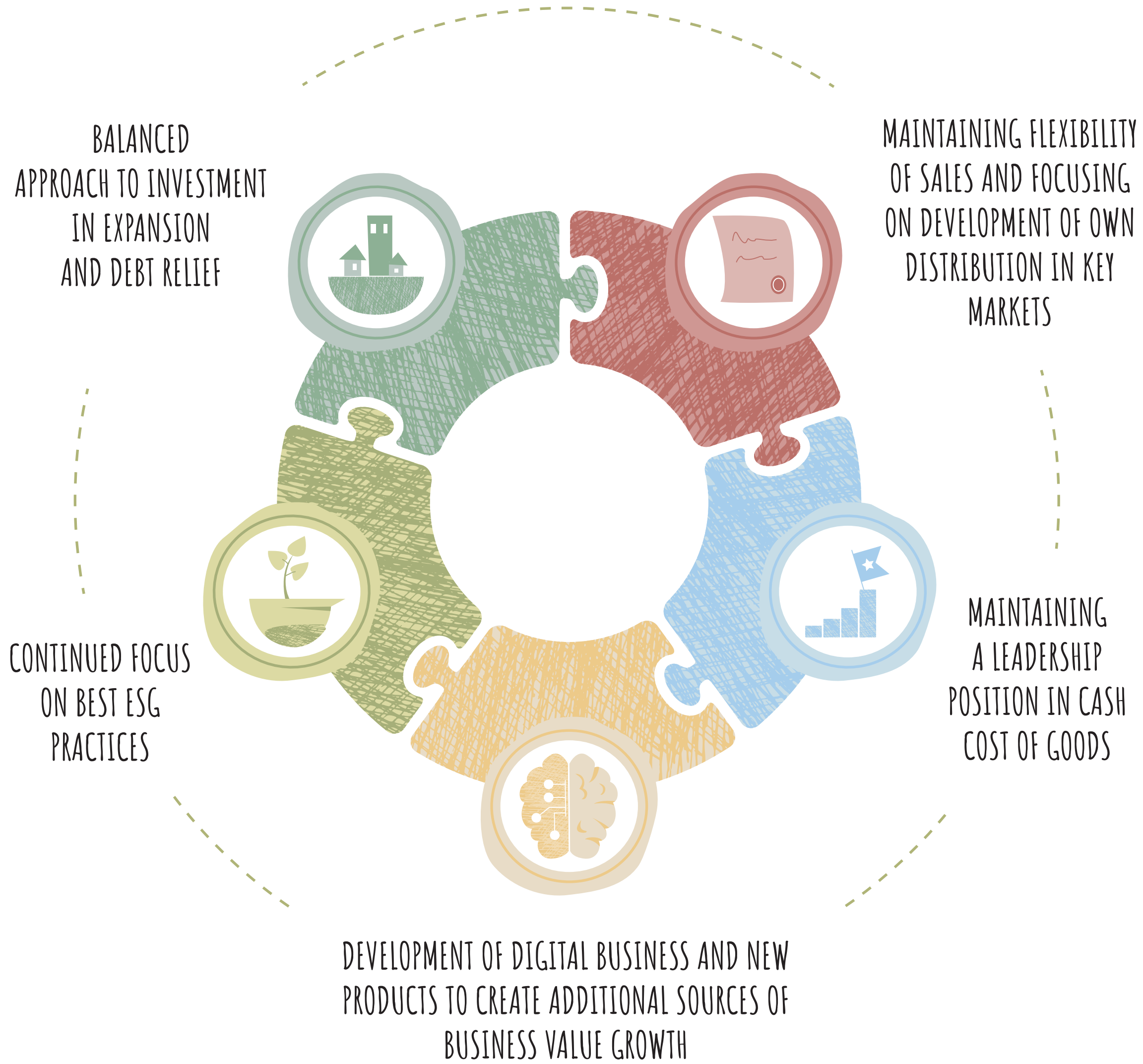
Igor **Bulantsev**

Member of the Board of Directors

"As Chairman of the Strategy Committee under Uralkali's Board of Directors—whose main purpose is to consider issues related to the definition of strategic goals and priority areas of the Company's activities—I present the Strategy of PJSC Uralkali for the period until 2025. It is focused on efficiency improvement along with maintaining and consolidating its position in the global potash market.

The Strategy's key areas for the short term will be a balanced approach to financing Uralkali's operating activities and debt service, business digitalisation and automation, development our own logistics infrastructure, as well as adherence to the best global ESG practices.

I am convinced that professionalism of our management and involvement of employees will help us to ensure the Company's comprehensive development while maintaining its leading position in the potash industry."



DELIVERING ON OUR STRATEGY

Elena **Bolshunova**

Strategy and Marketing Director

"Uralkali is a leading international potash producer with a significant share of global potash production. The Company's strategy aims to provide debt relief through balancing the investment programme and exploring new areas for development in digital and innovation economy and customer centricity to ensure the sustainable growth of our business value."

BALANCED APPROACH TO INVESTMENT IN EXPANSION AND DEBT RELIEF

OUR VISION

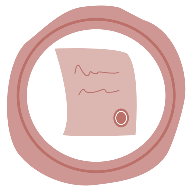
We continue to invest in Ust-Yayva, New Solikamsk-2 mine and Polovodovo projects and increase the capacity of granulate production

KPI

- Net debt/EBITDA
- Expansion CAPEX

PRIORITIES

- Balanced approach to capital investment



MAINTAINING FLEXIBILITY OF SALES AND FOCUSING ON DEVELOPMENT OF OWN DISTRIBUTION IN KEY MARKETS

OUR VISION

We develop our own distribution capabilities from the mines to our consumers

KPI

- Sales volume
- Production volume

PRIORITIES

- Strengthening customer relationships and reliability of supply
- Enhancing logistics platform to secure long-term supply on key markets
- Focusing on efficient distribution in Africa and Brazil, and on the growth of domestic market

MAINTAINING A LEADERSHIP POSITION IN CASH COST OF GOODS

OUR VISION

We seek to maintain our leading position in cost efficiency among potash producers

KPI

- Cash cost of goods sold
- Maintenance CAPEX
- EBITDA margin

PRIORITIES

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

DEVELOPMENT OF DIGITAL BUSINESS AND NEW PRODUCTS TO CREATE ADDITIONAL SOURCES OF BUSINESS VALUE GROWTH

OUR VISION

We target the introduction of innovative solutions

KPI

- Search, design and introduction of new strategic development areas

PRIORITIES

- Development of next-generation processing of our products
- Business digitalisation and digital services for our customers

CONTINUED FOCUS ON BEST ESG PRACTICES

OUR VISION

Improving ESG business processes and sustainable agriculture practices in countries of presence

KPI

- Achieving ESG Strategy goals
- Increasing ESG rating

PRIORITIES

- Development of basic ESG directions
- Climate action
- Development of sustainable agriculture practices
- Sustainable supply chain

OUR MISSION

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

OUR VISION

- Uralkali is **one of the world's leading potash producers**
- Our production priorities **are to provide high-quality products, achieve zero accidents and ensure the lowest possible environmental impact**
- **Our work is based on the principles of clear division of responsibilities, KPI-based management, and risk minimisation**
- Uralkali is **one of the most attractive employers in the mining industry**
- We highly value our people: **we develop and promote our best employees**
- **We contribute to the development of cities in which the Company operates**

OUR VALUES

Uralkali's values are the core of our work. They unite all of the Company's employees from all departments regardless of their role or area of responsibility. Our values give us strength and support, as well as underpin our continuous development. They are designed to help each and every one of us in what we do.

Our activities are guided by the following values:

- **Safety:** We comply with applicable rules and have zero tolerance towards any violations
- **Responsibility:** We perform quality work on time
- **Efficiency:** We strive to achieve the best results with minimum costs
- **Teamwork:** We respect each other, which helps us to address challenges more effectively

BUSINESS MODEL

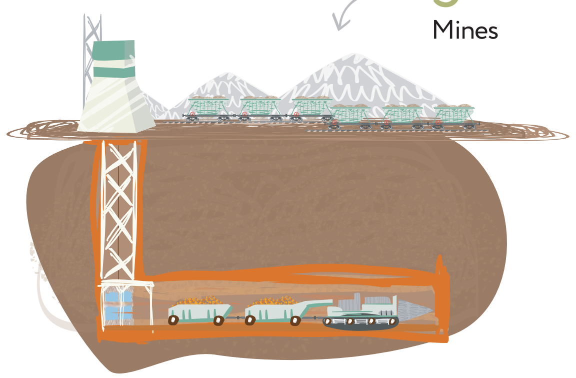
RESOURCES

Ore reserves (potash, carnallite)

12.7 thousand
Employees at the main production unit

Licences

5
Mines



PRODUCTION

Uralkali adjusts production volume depending on market situation and the need for scheduled maintenance shutdowns

6
Potash plants

1
Carnallite plant

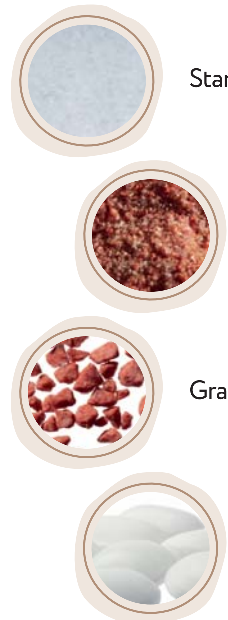
URALKALI'S INVESTMENT PROGRAMME IS ONE OF THE MOST EFFICIENT IN THE INDUSTRY

72.4
Investments in environment protection, USD mln

18
Social investments, USD mln

347
Investments in projects for the construction of new and maintenance of existing production facilities, USD mln

PRODUCTS



Standard white MOP

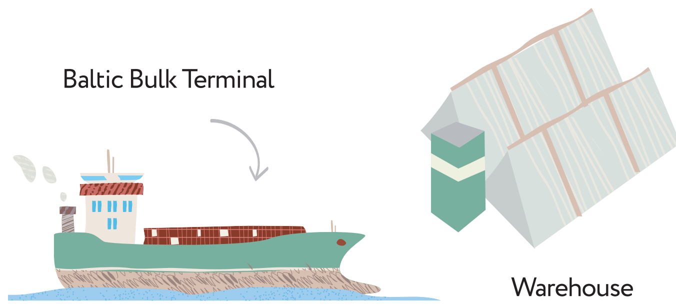
Standard pink MOP

Granular MOP

Pelletised MOP

LOGISTICS

Baltic Bulk Terminal

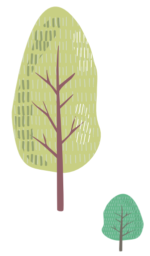


Warehouse capacity

7.7 thousand
Mineral wagons

SALES

The Company's major domestic consumers are producers of compound mineral fertilisers



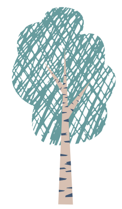
80%
Marine transport

80%
Export of sales volume

20%
Rail transport

>70
Countries

- Agriculture
- Industry
- Compound fertilisers



20%
Domestic market of sales volume

RISK MANAGEMENT

Paul
Ostling

Chairman of the Audit Committee

Throughout 2020, maintaining effective risk management and internal control systems has continued to be a key focus for the Company.

I would like to highlight that major global issues remain a constant source of pressure for international organisation. However, the severity and unprecedented nature of the COVID-19 pandemic has tested the operational capabilities and financial resilience of businesses globally. Uralkali has re-emphasised the importance of corporate risk management systems that support the continuity of our business and the safety of our people through these uncertain times — whether it be the COVID-19 pandemic, wider geopolitical turbulence or market volatility. Throughout the year, the Board of Directors and the Audit Committee have continued to uphold best practice in this business-critical area of corporate governance, which in turn has helped to minimise the business' exposure to potential negative impacts from the issues it faced and supported the delivery of a stable performance in 2020.

We are currently quite focused on sustainable development and ESG. As part of our activities, we are committed to ensuring best practices in corporate governance, which will provide a structured and comprehensive approach to doing business and ensure the Company's sustainable development in times of uncertainty and turbulence.

We constantly monitor issues related to the development of our risk management culture and compliance with leading ERM practices. This enables us to comply with international risk management standards. Today, most of the external challenges we face are centred on the development of a risk management and internal control systems, enabling us to view risks through a lens of potential opportunities.

Uralkali's risk management and internal control system has been been successfully adapted to meet current conditions. This offers us reasonable confidence in the achievement of our overarching strategic and operational goals, and helps to create and protect the Group's value. In addition these efforts lead to our sustainable development, through the prompt identification and analysis, and the effective management of risks and opportunities

An objectively challenging year, 2020 acted as an additional incentive for developing high levels of digitalisation and digital innovation, which, in turn, altered our risk assessment approach in matters related to information technology development and cybersecurity.

It is also very important for us to maintain an open and transparent dialogue with our stakeholders, which determines our high priority for the formation of reliable financial statements and contributes to the financial stability of the Company.

Maria **Kuzmina**

Internal Audit Director

"Our risk management processes use a wide range of tools, enabling us to make timely and correct value judgements on risks in key strategic and functional areas. As a result of our value judgements, Uralkali's management is able to use a risk-based approach when making decisions."

An effective risk management and internal control system remains one of the Company's key priorities. As part of this system, risks are managed at all levels considering various possible strategies.

Our approach

Uralkali's risk management and internal control system (RMICS) is based on COSO ERM, ISO 31000 and other similar standards.

The risk management and internal control system ensures:

- reasonable confidence in achieving strategic goals of the Company;
- preservation of assets and maintenance of business efficiency (including objectives in compliance and reliability of both financial and non-financial reporting);
- continuous and sustainable business development;
- a high level of confidence among shareholders and investors in the Company's governing bodies.

INTERNAL DOCUMENTS GOVERNING THE RMICS:

- RISK MANAGEMENT AND INTERNAL CONTROL POLICY OF PJSC URALKALI
- OTHER INTERNAL REGULATORY DOCUMENTATION: STANDARDS, PROVISIONS AND INSTRUCTIONS

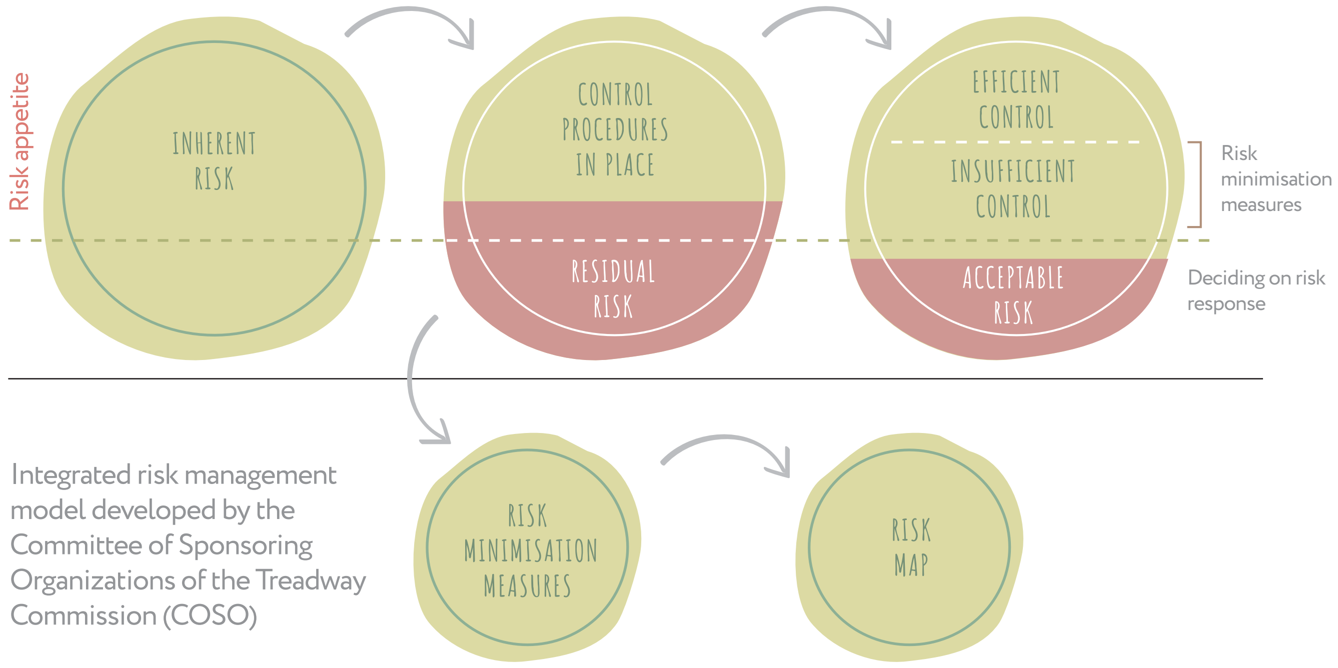
Issues of risk management are regularly addressed by the Board of Directors and its Audit Committee.

Taking into account the significant opportunities and challenges we face in our markets, the continuous development of the risk management and internal control system is essential for the timely identification and assessment of risks and the effective performance of the tools for their management.

To this end, the Risk Committee under the CEO, which includes all functional directors, performs its work. The Risk Committee considers changes in the Company's risk map, actual key risk indicators data and risk minimisation measures. This enables the Company to approach new or increasing risks in a timely manner and to develop efficient measures to minimise them.

The Company's top managers with support from the Risk

RISK MANAGEMENT. APPROACH



Integrated risk management model developed by the Committee of Sponsoring Organizations of the Treadway Commission (COSO)

Management Office oversees the coordination, development of a common methodology, phased implementation and submission of key results of the risk management and internal control system.

The Company's top managers with support from the Risk Management Office oversees the coordination, development of a common methodology, phased implementation and submission of key results of the risk management and internal control system.

The Company's management facilitates the integration of the system across main business processes and operations, primarily in geological safety, labour and industrial safety, environmental safety, information security and investment activities.

All of the Company's employees have the opportunity to report identified risks directly to their manager or via a hotline.

Risk management aspects are taken into account when determining the remuneration of the Company's managers by means of a corresponding motivation system.

Sustainable development risk management

We strive to apply a responsible business approach to all areas of our operations. The Company is focused on environmental and social risks, which are included in the risk register and assessed, and management activities are developed. The Board's Corporate Social Responsibility Committee reviews material risks related to sustainable development.

In keeping with the global agenda, PJSC Uralkali has also begun to consider possible risks and opportunities associated with climate change. The Company analyses the effect from different angles and, if necessary will consider measures in order to take into account the risks and opportunities.

Another significant risk for the Company is the occurrence of man-made accidents at production facilities. Uralkali carefully analyses the risks that could potentially cause accidents/incidents which include climate and natural disasters. The Company has emergency response procedures for various emergencies, including environmental ones.

Key risk factors

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

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

The Annual Report does not aim to give an exhaustive description of all risks that may impact the Company's operations. Uralkali will disclose any necessary information in a timely manner according to the applicable Russian and international laws.

Our risk management approach is based on an understanding of our current risk exposure, risk probability and impact, and risk dynamics in the course of the Company's operations.

Overview of the main risk factors and uncertainties affecting the Company's operations

Risk	Risk description	Management/impact on risk level
Strategic and marketing risks		
Failure to meet targets set for investment projects	Expansion CAPEX, costs associated with productivity increase and other investment costs of Uralkali are an important part of the Company's expenditure budget. There are risks that investment projects' deadlines and budgets will be exceeded, and risks that the projects' technical parameters will not be achieved, or risks of project termination taking into account current factors and forecasts.	The Company continuously monitors and controls the implementation of its investment programme, and makes current decisions based on the outlook of the market situation, while taking into account the economic efficiency of the projects, the balance of demand and supply in the market, its own financial capabilities, and optimal project implementation time. When implementing investment projects, the Company adheres to its project management principles. Major investments are made after the design stage activities are completed and after the deadline, costs and feasibility of the projects are confirmed.
Change of the supply and demand balance in the main potash markets	Change of the supply and demand balance in the main markets of potash consumption due to a decrease in demand and price of potash as a result of political or economic factors may have a negative impact on the Company's operations. The desire of potash producers to achieve high capacity utilisation in the context of insufficient demand can lead to potassium chloride oversupply and thereby to a reduction of global prices. All this may affect revenues and result in a decrease in the Company's profits.	The demand for potash in major sales markets does not align with the level of supply, which can lead to a price reduction and a decrease in the Company's revenue, as well as affecting the ability to meet assumed obligations. Uralkali's management is developing a marketing strategy to promote potash and actively supports agricultural producers (e.g. by updating farmers' calculators). The Company maintains a flexible production strategy and operations, increasing or decreasing production depending on current demand and market outlook.
Operating risks		
Reduction of production capacity/ production volumes	External and internal factors, including accidents, downtime and a general decline in potash demand may affect potash production.	Uralkali continues to expand its production capacity and replace retired assets, maintaining them in working order. The Company sets the production targets in accordance with the current market situation and adopted strategy.
Lack of qualified employees	The specific nature of the Company's business implies in-depth professional training and and highly qualified employees, particularly, in production, mining, and geology. Uralkali may face the difficulty of attracting and retaining staff with sufficient qualifications and the need for additional time and material resources to train and develop its employees. This can negatively affect the Company's timely achievement of goals.	Due to other companies' plans to launch and develop a number of mining projects in the Perm and neighbouring regions in the upcoming years, the retention of qualified personnel is becoming one of the main tasks for the Company. The Company constantly monitors the labour market and takes measures to retain personnel, particularly in production. It conducts surveys to determine the degree of personnel engagement and monitors reasons for resignation. The Company has implemented a system for in-house personnel assessment and training. For example, Uralkali has established a Corporate University, which is licensed to deliver 370 training programmes. Additionally, an e-learning system is being implemented and a talent pool programme is in place for key positions. Uralkali offers one of the most attractive social benefits packages in the industry and market-matching salaries, as well as compensating mortgage payments to key employees.

Risk	Risk description	Management/impact on risk level
Non-fulfilment of obligations by contractors, suppliers or customers	Uralkali's list of goods suppliers and service providers includes a number of key counterparties. Collaboration with such counterparties is of strategic importance to the Company. The failure of key partners, which are strategically important for the Company, to meet their contractual obligations may adversely affect Uralkali's performance.	The Company's activities depend on monopolistic energy suppliers and the Russian railways, as well as on unique exclusive suppliers of a number of items. In the context of macroeconomic instability, suppliers and contractors may increase the price of their products and services, as well as refusing to supply them due to anti-Russian sanctions. Timely fulfilment by suppliers, contractors and buyers of their obligations related to the implementation of the Company's investment projects is critical in order to ensure compliance with deadlines within the approved financial investments. The Company strives to ensure alternative suppliers and contractors are available for all its needs, and is focused on improving the execution and contractual discipline. Measures include strict control of contractual obligations performance through implementing monitoring procedures (including KYC, development of the credit policy and risk assessment model) in order to improve the quality of documents and cooperation with partners at various steps of contract execution, as well as ensuring timely and complete execution of the obligations assumed by the parties.
Expenditure increase	Risks of production costs increase may occur due to wear-and-tear of production equipment, utilisation of obsolete technologies, the inefficient spending of funds on operating activities or growth of energy prices.	The Company undertakes thorough budgeting and planning activities, ensures continuous monitoring and control of expenses of its bodies and officials, and constantly improves performance discipline, as well as implementing additional controls that allow it to stay on budget and keep costs at an approved level.
Currency rates fluctuations and interest rates growth	Inflation processes and currency fluctuations significantly affect the financial performance of the Company and may lead to a reduction of net profit.	Part of the Company's loan portfolio consists of loans with floating interest rates and is denominated in foreign currency. The Company minimises the currency fluctuation risks and the risk of a significant increase in the floating interest rate by means of financial derivatives and other available hedging instruments.
Environmental risks		
Environmental and mining risks	Uralkali's ore mining and beneficiation activities are exposed to risks associated with the geological structure of the Verkhnekamskoye deposit of potassium salts, and general mineral exploration, extraction and processing risks including possible flooding, fires and other emergencies that can lead to unforeseen costs and a general decline in the efficiency of Company's operations.	Each year the Company develops mining plans, which include an extensive safety section. The Company, if needed, audits the sufficiency of measures aimed at minimising mining risks. Mining safety monitoring is one of the Company's key priorities that is regularly reviewed by the CEO, the Board of Directors and their respective committees.
HSE non-compliance	Uralkali's activities and the use of its property are regulated by various health, safety and environmental laws and regulations. Additional costs and obligations may be incurred due to the need to comply with these requirements. The tense COVID-19 desease in 2020 required the Company to respond quickly and in a timely manner to threats to the lives and health of its employees and their loved ones, contractors, suppliers and residents of the cities where it is present.	The Company pays considerable attention to industrial safety, treating human life and health as the highest value, and making HSE compliance its key priority. The Company has adopted safety standards, including Cardinal Safety Rules. Regular safety training and examinations of personnel are held; a set of measures to prevent occupational diseases are in place. The Company also pays close attention to complying with environmental legislation and improving its environmental performance. All recommendations and instructions from environmental supervisory authorities are duly taken into account and followed. To control the coronavirus situation, Uralkali set up an emergency headquarters in no time to perform daily monitoring across the Company and the regions of operation. The Company promptly took protective measures against the spread of coronavirus, created a support channel for its employees and their loved ones, and began to assist administrations in the cities of presence in combating the coronavirus pandemic.

Risk	Risk description	Management/impact on risk level
Climate-related risks		
Risks of negative impact of climate change on the Company, its employees and counterparties	Climate change leads to increased numbers of extreme natural events that can affect the stable performance of production facilities, health and life of employees, and continuity of our customers' activities.	The Company takes an active part in the work of legislative and other regulatory bodies in order to develop adequate regulatory mechanisms for the issues related to reduction of greenhouse gas emissions, carbon intensity of products in the industrial sector, etc. Uralkali is also actively involved in the climate strategy development, that helps to sharpen its focus on possible improvements in the climate change agenda, as well as finding new opportunities for the Company, its employees and customers.
Information technology and information security risks		
Risks in the information technology and information security area	The extensive and widespread development of information technologies entails a number of questions regarding information security, including security of personal data and critical information infrastructure.	The Company develops, tests and regularly updates its scope of activities aimed at ensuring the security of information, including personal data, critical information infrastructure and other matters.
Political and legal risks		
Risks related to the incidents at Berezniki-1 and Solikamsk-2	The flooding of Uralkali's Berezniki-1 in October 2006, as well as the incident at Solikamsk-2 in 2014 had a significant impact on the size of mineral reserves and may lead to additional costs, losses and obligations.	The Company adheres to the safety and social responsibility policies and adopts a conservative approach. The Company follows its social responsibility policy and maintains a constructive and consistent relationship with state authorities to respond to any issue in a timely manner.
Political and regulatory risks	Uralkali operates in Russia and a number of developing markets which are exposed to higher risks than more developed markets, including significant legal, economic and political risks. The Company may breach applicable laws or regulations in the markets where it operates. Certain measures taken by governmental bodies or increased regulation could lead to additional costs, as well as affect creditors' expectations. Risks of additional obligations, costs and restrictions for Uralkali due to audits by tax authorities, the federal health and safety agency (Rostechnadzor) and other regulators. Results of such audits may lead to imposing additional obligations, costs and restrictions on Uralkali.	Uralkali is registered in Russia and operates in a number of developing markets that are exposed to higher risks than more developed markets, including legal, economic and political risks, such as rapidly changing legislation and legal practice. The Company's sustainable development depends on its ability to be fully compliant with legal requirements and other binding standards, rules and instructions. The Company has developed a set of interconnected measures to ensure compliance of its activities. The Company also monitors any relevant legislative changes in all applicable jurisdictions and liaises with supervisory authorities to promptly adjust its documents and practices. The Company's corporate governance procedures enable it to quickly make necessary operational and strategic decisions at different managerial levels.
Compliance with applicable legislation and internal policies	Uralkali is subject to the laws of Russia and other countries of its operations, including anti-monopoly legislation. 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 tighten their requirements. The Company constantly improves its internal control system in order to ensure compliance of its activities with the requirements of applicable law including anti-monopoly legislation.

Risk insurance

PJSC Uralkali organises a corporate insurance programme as a protection measure against risks in partnership with major Russian insurance companies and the international reinsurance market.

The Company continuously aims to improve the terms of insurance coverage and closely cooperates with the insurance and reinsurance community.

Insurance is only one way of minimising risk and the use of different methods helps reduce the maximum aggregate risk.

Corporate insurance programme includes the following:

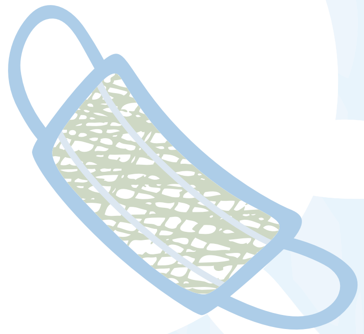
- property and downtime insurance
- hazardous facilities insurance
- cargo and charterer's liability insurance
- receivables insurance
- directors' liability insurance
- accident insurance
- other insurance

Development of the Risk Management System

The Company's risk management and internal control system is regularly improved. In 2021, the Company plans to hold training sessions on risk management for new managers of the Company. The same sessions were also conducted in 2018.

IMPACT OF COVID-19 ON COMPANY ACTIVITIES

The coronavirus pandemic and the economic crisis it provoked had no material impact on the Group's operational activities. The global demand for main products went up, despite more complicated logistics chains, as well as restrictions associated with the COVID-19 pandemic.



The ergonomics and ability of the IT infrastructure to adapt have enabled Uralkali to embrace the new reality and retain channels of communication both within the Group and with all stakeholders.

The health of our employees remained a priority in the course of the reporting period. The Company strictly followed the requirements of federal and regional authorities and complied with the regulations of supervisory bodies. All production and office facilities have implemented a number of measures to mitigate the spread of COVID-19.

Organisational measures:

- a special internal Commission has been established to analyse the current situation and promptly inform the Group's management and employees;
- a hot line was opened for employees' questions about coronavirus symptoms, lockdown guidelines, and the implementation of social programmes amid the pandemic;
- employees are constantly informed about the preventative measures taken to contain COVID-19 through poster campaigns, the internal portal, corporate TV channel, Uralkali mobile app, as well as via social media.

Preventive measures:

- employees who are not involved in the continuous production process and those at risk for health issues are transferred to remote work. Between April and December 2020, the share of such employees in the Group's total average headcount amounted to 7.5% (6.6% in PJSC Uralkali);
- the Company shifted to electronic document control in respect of both its internal and external documents. This experience will be useful for the Company when implementing IT projects to incorporate a system of electronic document control;
- staff members involved in the continuous production and those performing their work duties in offices are provided with masks, gloves and other personal protective equipment;
- sanitation and disinfection of our premises and corporate transport are mandatory, and control over the use of personal protective equipment by all passengers is required;
- Company facilities are equipped with hand sanitisers, and daily temperature checks of employees are organised at the workplace;
- PCR testing is performed for employees with the signs of acute respiratory infection to detect the coronavirus infection, as well as immunoglobulin testing to check the level of antibodies;
- as part of the measures against the spread of coronavirus disease, the Company spent USD 8 million, including for the purchase of personal protective equipment, contribution to the payroll budget and deductions for idle hours, COVID-19 tests, sanitisation of premises, etc.

Measures to support local communities:

- Uralkali provided targeted financial support to healthcare institutions in the region where it operates to buy medical equipment in order to prevent the spread of COVID-19.

In 2021, we continued to implement measures aimed at preventing the spread of COVID-19. They will be in force until the restrictive measures in the regions of presence are lifted.

The pandemic has opened the way for a potential transformation of traditional business processes. As such, Uralkali will consider the possibility of permanent remote work for part of its employees, while maintaining the balance between their comfort and efficiency.

KEY PERFORMANCE INDICATORS

Vitaly **Lauk**

CEO

During the reporting period, Uralkali maintained its leading position in the potash industry, increasing production levels by 2% and total sales by 30%. The Company continues be a leader in cash COGS, one of its key competitive advantages, which stood at USD 40.8 per tonne in 2020, down 7% from 2019.

The flexibility and ergonomics of our IT infrastructure enabled Uralkali to adapt to operating conditions under new circumstances, whilst maintaining fully functional channels of communication both within the Group and in its interaction with all external stakeholders, including end product consumers.

The dynamics of the potash market did not have a negative impact on Uralkali's access to long-term external financing; during the year, the Company completed a successful bond placement and signed a pre-export facility agreement. We were delighted to welcome new investors, who appreciated the potential of the Russian potash sector and Uralkali's strong position in premium export markets.

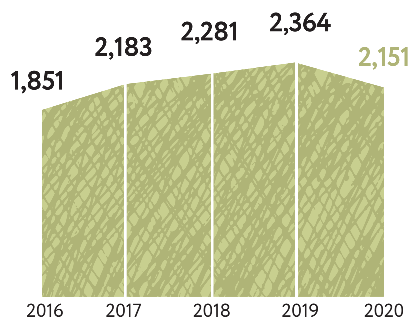
The principles of Sustainable Development remained an important area of focus for the Company in 2020. In the reporting period, we completed significant work and increased the level of transparency on ESG issues. We published audited non-financial statements, expanded the disclosure of ESG information on Uralkali's website, and approved a new strategy identifying ten priority areas for the Company's ESG activities.

As part of our focus on Sustainable Development, as in previous years, the Company contributed significantly to the social and economic development of both the Perm Territory and its regions of presence. In 2020, Uralkali continued to cooperate with local authorities under existing partnership agreements, actively engaged with public organisations, and implemented a number of charitable initiatives and sponsorship projects.

STRENGTHENING INDUSTRY LEADERSHIP POSITIONS

FOCUS ON RELATIONSHIP WITH END CONSUMERS

Net revenue,
USD mln



Relevance to the strategy

Net revenue is the key financial metric that measures the success of our revenue maximisation strategy. We use net revenue to eliminate the effect of transportation costs in order to achieve a more relevant cross-industry comparison.

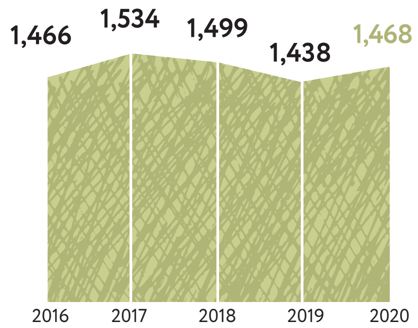
Measurement

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

Performance overview

In the reporting period, net revenue was down by 9% year-on-year, due to lower prices which was partially offset by the growth in sales volumes.

Labour productivity,
t per pers.



Relevance to the strategy

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

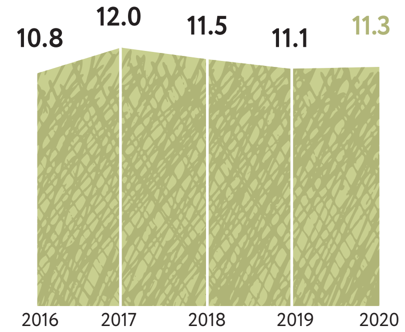
Measurement

Potash fertilisers output divided by average production personnel headcount.

Performance overview

The relatively tough trends in the global potash market did not have a significant impact on this indicator.

Production volume,
mln t KCl



Relevance to the strategy

Achieved production shows the volume of products produced by the Company, which can be adjusted to reflect market conditions and the current strategy.

Measurement

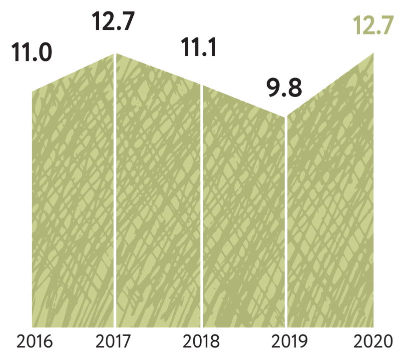
The volume of potash fertilisers produced within the reporting period.

Performance overview

In 2020, Uralkali increased the production volume of its main products based on market conditions.

MAINTAINING A LEADERSHIP POSITION IN CASH COST OF GOODS

Sales volumes,
mln t KCl



Relevance to the strategy

Sales volumes is one of the indicators representing the efficiency of our logistics, trading performance, and routes to market.

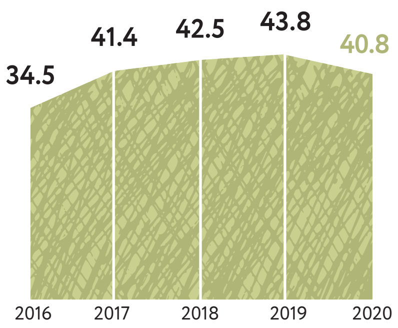
Measurement

The volume of potash fertilisers sold within the reporting period.

Performance overview

The Company evaluates the market conditions and adjusts its production and sales volumes to meet global demand.

Cash COGS,
USD per t



Relevance to the strategy

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

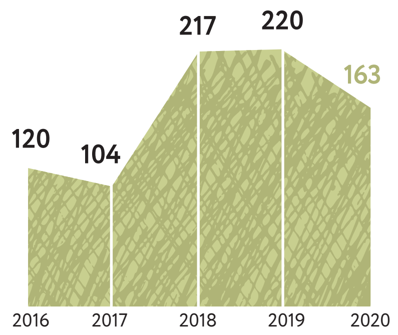
Measurement

COGS less depreciation and amortisation and cost of goods for resale.

Performance overview

In 2020, cash costs per tonne of KCl remained among the lowest in the industry and further decreased due to RUB devaluation.

Maintenance CAPEX,
USD mln



Relevance to the strategy

Maintenance CAPEX shows efficiency of our operating facilities maintenance.

Measurement

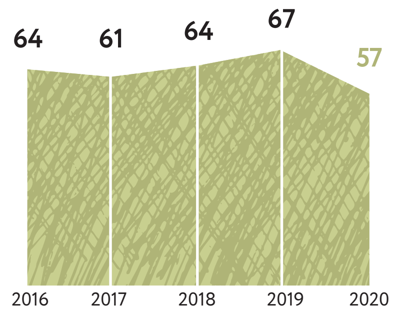
Capital expenditures aimed at maintaining the current production facilities in sound technical condition.

Performance overview

The 2020 maintenance CAPEX is in line with the historical level which the Company is to maintain in the future.

BALANCED APPROACH TO INVESTMENT IN EXPANSION AND RETURN OF FREE CASH FLOW TO SHAREHOLDERS

EBITDA margin,
%



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.

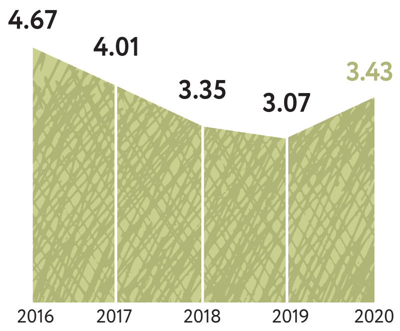
Measurement

Adjusted EBITDA divided by net revenue. Adjusted EBITDA is operating profit plus depreciation of fixed assets and amortisation of intangible assets and depreciation of right-to-use assets, as well as impairment of fixed assets and non-recurrent expenses.

Performance overview

EBITDA margin decreased by 10 p.p. in 2020, which was mainly driven by a decrease in the average FCA export price in the markets where the Company operates.

Net debt/EBITDA
for last 12 months



Relevance to the strategy

Net debt/EBITDA measures how robust our capital structure is and how we manage our balance sheet.

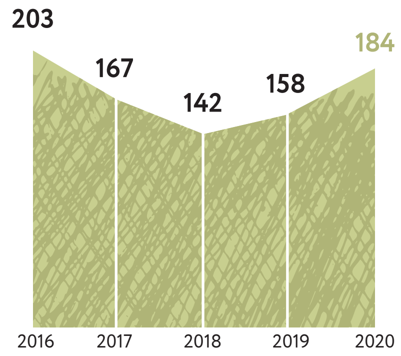
Measurement

Net debt is debt (including bank loans and bonds) less cash and deposits.

Performance overview

The increase in the net debt/EBITDA ratio was caused by a decrease in adjusted EBITDA, while the net debt has also declined.

Expansion CAPEX,
USD mln



Relevance to the strategy

Expansion CAPEX reflects how efficiently we bring new potash capacity on line.

Measurement

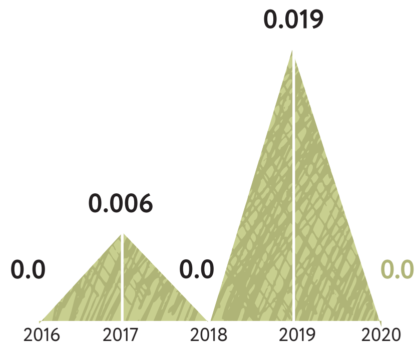
Capital expenditures attributable to the expansion programme.

Performance overview

In 2020, the total expansion CAPEX was in line with our programme of new capacity launches to ensure the Company maintains its leading market position.

FOCUS ON PEOPLE, COMMUNITIES, SAFETY AND ENVIRONMENT

Work-related fatal injury frequency rate, (FIFR)



Relevance to the strategy

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

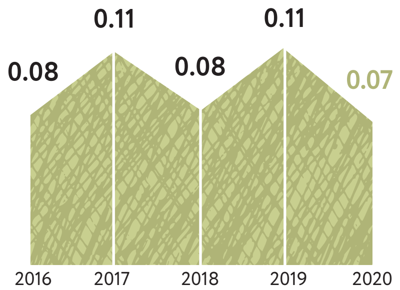
Measurement

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

Performance overview

In 2020, no fatalities took place in PJSC Uralkali facilities.

Lost time injury frequency rate, (LTIFR)



Relevance to the strategy

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

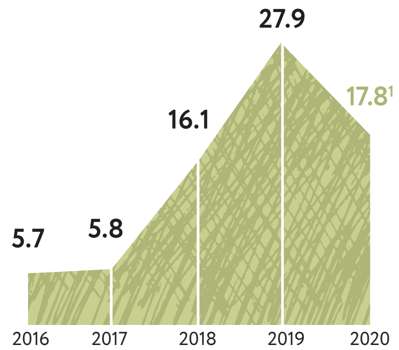
Measurement

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

Performance overview

In 2020, 11 incidents for organisational reasons occurred at Uralkali's enterprises and subsidiaries in Russia, with no fatal injuries. Having investigated all incidents, the Company has taken the necessary measures to prevent similar incidents in the future.

Social investments, USD mln



Relevance to the strategy

Social investments demonstrate and reflect the Company's important role in the community in which it operates.

Measurement

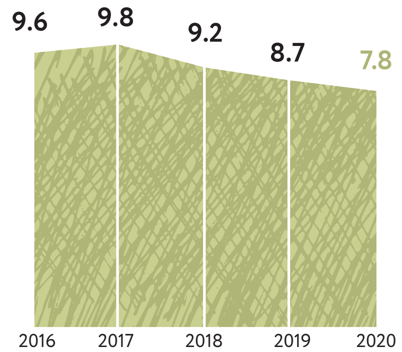
Total amount of social expenditures including on charity, infrastructure, and sports.

Performance overview

In 2020, Uralkali continued to support sports activities, donate to charity, and contribute to the development of the region where it operates.

[1] Social investment determined on accrual basis in roubles amounted to RUB 1,283 million in 2020.
Average rate of the Central Bank of the Russian Federation for 2020:
USD 1 = RUB 72.1.

Voluntary labour turnover, %



Relevance to the strategy

Voluntary 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.

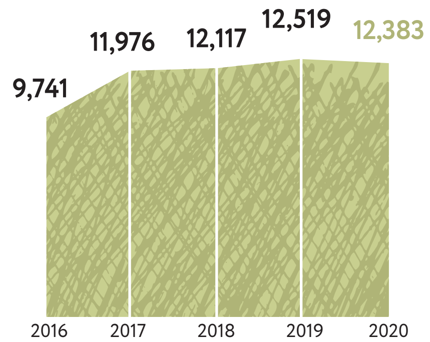
Measurement

Turnover is the number of permanent employee resignations as a percentage of total employees (excluding transfer to another employer and staff reduction).

Performance overview

In 2020, the effective HR Policy aimed at strengthening employee engagement contributed to a decline in voluntary labour turnover.

Average annual salaries[1], USD



Relevance to the strategy

The average annual salary per employee indicator in the main production unit measures how competitive we are on the market in relation to attracting and retaining the best people.

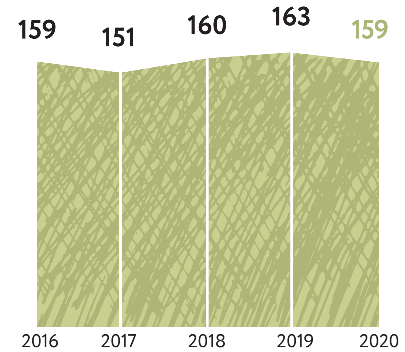
Measurement

The annual payroll is divided by the average number of Uralkali Group employees.

Performance overview

In 2020, average annual salaries denominated in US dollars dropped by 1% y-o-y due to RUB devaluation. The Company offers all of its employees competitive salaries, recognises their contribution, and encourages efficient work and professional development.

Energy consumption, kWh/t



Relevance to the strategy

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

Measurement

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

Performance overview

In 2020, energy consumption was consistent with historical levels.

[1] Since 2020, average annual salaries in PJSC Uralkali and its affiliates are disclosed. The data were reviewed retrospectively starting from 2016; the figures previously given for the main production unit are as follows: 10,408 in 2016, 12,868 in 2017, 12,837 in 2018 and 13,179 in 2019.

CONTINUED FOCUS ON BEST CORPORATE GOVERNANCE PRACTICES

CREDIT RATING MAINTENANCE

2012–2013	2014	2015–2017	2018	2019–2020
Investment-grade ratings received and maintained	Investment-grade ratings maintained	Stable credit raitings maintained	Credit ratings received and maintained	Stable credit raitings maintained

RELEVANCE TO THE STRATEGY

Ratings by international rating agencies acknowledge that Uralkali is a creditworthy borrower with a strong industry position, balanced financial policy, and prudent risk management that adheres to leading corporate governance standards

MEASUREMENT

Type of ratings assigned to the Company by four rating agencies: Fitch, Moody's, Standard & Poor's, and Expert RA

PERFORMANCE OVERVIEW

In 2020, Fitch and Moody's updated the outlook on the Company's rating from Positive to Stable

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

2013	2020
The Company pursued a consistent policy of enhancing its corporate governance and information transparency, which also included the quality of public reporting on the corporate website along with timely and accurate disclosure.	Uralkali maintained its existing corporate governance system and standards and information transparency.

RELEVANCE TO THE STRATEGY

The corporate governance system, based on best international standards, is fundamental to shareholder trust and underpins our attractiveness to investors

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 among the Company's key priorities in 2020. The decision-making process in the Company is in line with legal and regulatory requirements, and the Company constantly improves its corporate governance practices in order to comply with the best international standards

FINANCIAL MANAGEMENT DISCUSSION AND ANALYSIS

Anton Vishanenko

Chief Financial Officer

Financial performance

Despite a relatively challenging environment in the global potash market in 2020, Uralkali maintained its leading position in the industry with a 2% increase in production and a 30% increase in sales. Revenue in the reporting period decreased by 3%, mainly due to lower potash prices, and adjusted EBITDA decreased by 23%. In 2020, the Company continued to focus on directing exports to higher margin markets, as well as effectively managing its cash flow.

During the reporting period, Uralkali continued to implement its investment programme which saw USD 347 million allocated for the construction of new production facilities and the modernisation of existing assets.

Financing activity

During the year, we were pleased to secure financing on favourable terms, reflecting the underlying strength of our business as a key sector player with industry leading margins and robust free cash flow. Operating cash flow totalled USD 1.3 billion in 2020, up 69% from 2019. The main drivers for the growth were the release of potash inventories, effective management of accounts receivable and a decrease in interest costs.

In March, we successfully issued a RUB 30 billion bond, attracting a diversified investor pool including banks, investment, asset management, and insurance companies, as well as retail investors. The book was over 3.5 times oversubscribed, which enabled us to raise more funds than originally anticipated, and to close the book at 6.85%, which is Uralkali's lowest ever coupon rate on the Russian debt markets.

In May, Uralkali signed a pre-export finance facility with 11 international banks, with an option of other banks joining the deal by September, for up to a USD 1 billion loan. The initial size of the deal was USD 665 million, with three international banks joining the consortium in September and providing an additional USD 275 million, bringing the total amount of the facility to USD 940 million. We were delighted to see support from new investors who recognised the strong fundamentals of the Russian potash sector, and Uralkali's strong position in premium export markets.

At the end of the reporting period, the Company's net debt amounted to USD 4.2 billion, with the net debt/EBITDA ratio at 3.43x. The average rate on the loan portfolio for 2020 was 3.17% in US dollars and 1.73% in euros.

Significant events after the reporting period

In February 2021, subsidiary of the Group repurchased 12.7% shares of the Company from a related party.
In addition, in February 2021 loans issued to related parties during 2016–2020 were repaid in the amount of USD 870 million. As a result of this, balance of issued loans decreased to USD 102 million.

Promoting financial stability

Despite the relatively challenging situation in the global potash market in the first half of 2020, the Company managed to catch up on sales in the second half of the year, resulting in higher sales volume year-on-year.

Compared to 2019, the Group's results in 2020 were as follows:

- sales volume increased by 30% year-on-year;
- total revenue decreased by 3% (USD 2.70 billion in 2020 against USD 2.78 billion in 2019);
- the average selling and export selling price on a delivery basis in US dollars[1] decreased by 24%;
- the average FCA export price in US dollars[2] decrease by 29%;
- cash COGS per tonne decreased by 7% and amounted to USD 40.8 per tonne;
- adjusted EBITDA[3] decreased by 23%, from USD 1.58 billion in 2019 to USD 1.22 billion in 2020;
- CAPEX decreased by 8%, from USD 378 million in 2019 to USD 347 million.

Gross sales

Despite the increase in sales volumes in 2020, revenue decreased by 3% against prior year comparatives and amounted to USD 2,696 million. Total sales volumes increased by 30% compared to 2019 and amounted to 12.7 million tonnes (9.8 million tonnes in 2019). Due to relatively low prices in the first half of 2020, the Company reduced potash supplies to Brazil and reallocated its products to more premium markets, namely the USA, Africa and other Latin American countries. The Company enhanced supplies to European markets and significantly increased sales in China, including due to supplies of potash from the warehouse (transported throughout 2019).

The main factor that affected revenue during the period was a 24% decrease in the weighted average price (USD 205 per tonne in 2020 compared to USD 268 per tonne in 2019). Prices for the Group's main products were decreasing during the first half of 2020; by the third quarter, they started to recover on the key markets where Uralkali operates, excluding Southeast Asia. Other sales (carnallite enriched, pit-run industrial sodium, nitrogen and compound fertilisers, solutions of sodium chloride and magnesium, as well as the transportation and revenue from other services) amounted to 11% of total revenue in 2020, or USD 309 million (USD 364 million in 2019). The decrease in other revenue is due to external factors related to restrictions caused by COVID-19 pandemic.

[1] Weighted average price on a delivery basis is a weighted average price including transport costs: railway tariff and rent of wagons, freight rates and transshipment.
[2] Average FCA export price is an average export price on a delivery basis clear of transport costs: railway tariff and rent of wagons, freight rates and transshipment.
[3] Adjusted EBITDA is the amount of operating profit, adjusted for depreciation of fixed assets, amortisation and write off of intangible assets and right-of-use assets, as well as for impairment of fixed assets and one-off expenses.

Transportation

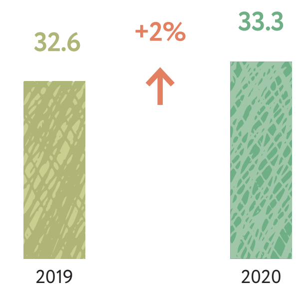
80% of the Group's exported products in 2020 were shipped by sea, mainly through its own terminal in the port of St. Petersburg. The Group's maritime transportation export costs include the railway tariffs and rent of wagons from Berezniki and Solikamsk to ports of transshipment, transshipment expenses at the seaports and freight costs (except for deliveries on a FOB basis).

20% of export sales were transported by rail, including 18% to China and 2% to other regions. The Group's costs for these deliveries include railway tariffs and railcar rental.

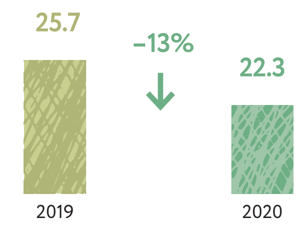
Freight

The annual weighted average freight rate in USD increased in 2020 compared to 2019 by 2% per tonne of product shipped by sea on CIF/CFR terms to USD 33.3 per tonne (USD 32.6 per tonne in 2019), mainly due to alterations in the sales structure.

Effective freight rate, USD per tonne



Weighted average railway tariff to St. Petersburg, USD per tonne



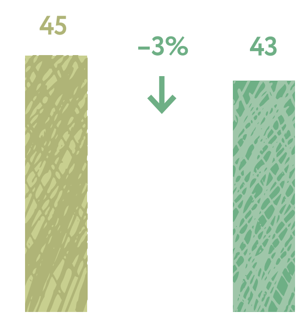
At the same time, the effective freight rates for certain directions decreased due to a drop in the freight market caused by the decline in business activity in March–May 2020 as a result of the first wave of COVID-19. The effect was amplified by a simultaneous decrease in marine fuel prices.

Since June, there has been a sustainable growth in the freight market and marine fuel prices associated with the recovery of business amidst the easing of restrictions after the first wave of COVID-19 and relatively low freight rates over the past three years. The cold winter of 2020–2021 contributed to a rise in shipment costs from Baltic Sea ports. The change in the structure of shipments upwards in the share of higher-cost destinations negatively affected freight price dynamics and led to an increase in the weighted average annual freight rate compared to 2019.

Railway tariffs

The Company ships directly to its customers in Northern China, Europe, and the CIS countries by rail. The weighted average railway tariff[1] to St. Petersburg decreased by 3% in 2020 (a 13% decrease in US dollars terms) mainly due to implementation of a decreasing factor on the loaded tariff to stations of Oktyabrskaya railroad, which was partially compensated by tarrif indexation. The tariff to China increased by 8% (a 3% decrease in US dollars terms), mainly due to tariff indexation.

Weighted average railway tariff to China, USD per tonne

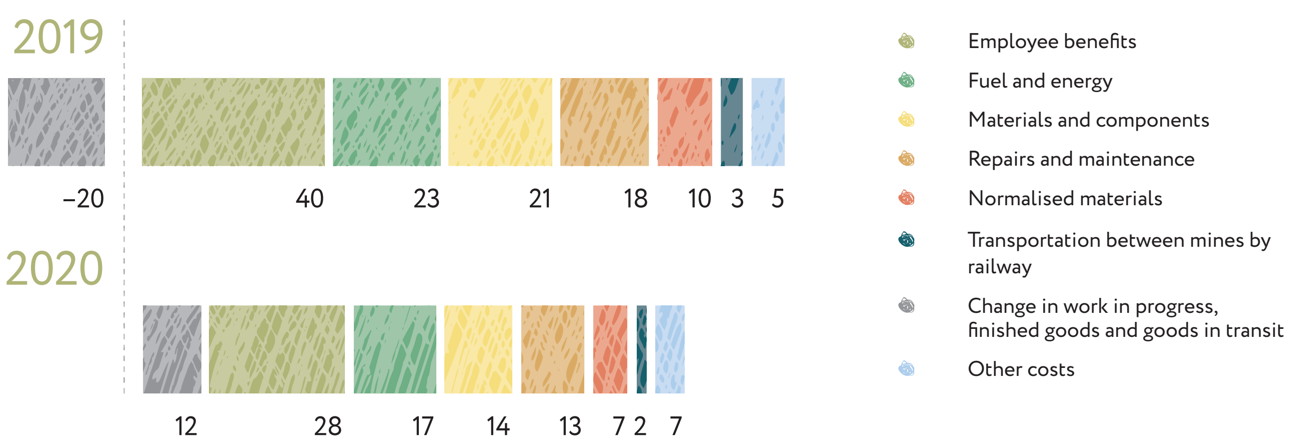


Transshipment

In 2020, transshipment cost increased by 57% year-on-year to USD 33.3 million due to the recog-nition of transshipment costs at the moment of sale in China in 2020 for products imported to and unloaded at customs warehouses in 2019.

[1] The weighted average tariff takes into account the volume of the Company's shipments in relevant directions.

Cash COGS structure, %



Net revenue

Net revenue is sales revenue, net of variable distribution costs on freight, railway tariff and rent of wagons, and transhipment costs.

According to the consolidated financial statements prepared in accordance with International Financial Reporting Standards (IFRS), net revenue decreased by 9%, to USD 2.15 billion in 2020 due to a 29% decrease in export prices on the FCA basis, which was partially offset by a 30% increase in total sales volume.

Cash COGS (KCl)[1]

Cash COGS amounted to RUB 2,942 per tonne, 4% higher than in 2019 (a 7% decrease in US dollar terms to USD 40.8 per tonne).

Labour

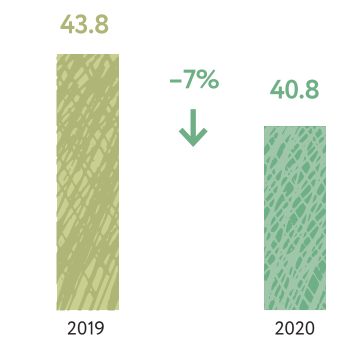
Average salary expenditures at the Group, with the exception of top management's remuneration, remained at the level of 2019 (a 10% reduction in US dollar terms). Average expenses per one employee at the Group, excluding the remuneration of senior management, amounted to around USD 985 per month against USD 1,090 in 2019 (RUB 71.0 thousand and RUB 70.5 thousand, respectively).

Around 20.2 thousand people worked for the Group in 2020.

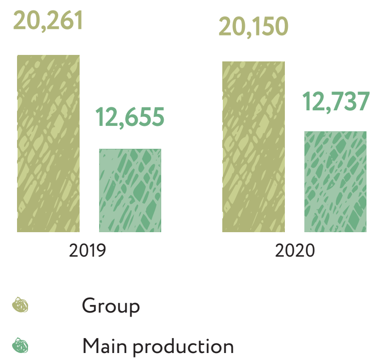
Fuel and energy

The potash production process is very energy-intensive. Fuel and energy expenses largely depend on production volumes and are denominated in roubles. Electric power was purchased at unregulated rates, gas rates were partially regulated. However, prices of electricity and gas transmission services were regulated by the government. The Company's power needs were partially met through its own power generation.

Cash COGS,
USD per tonne



Average number of Group employees per year, pers.



[1] Unit cash COGS per tonne is the amount of cost of goods sold, adjusted for depreciation of fixed assets, amortisation of intangible assets and right-of-use assets included in the cost, as well as for the cost of goods for resale, divided by the output of the goods sold (KCl).

In the reporting period, the effective gas tariff in RUB terms increased by 2% and amounted to RUB 4,079 per 1,000 m³ (in US dollar terms fell by 8% to USD 56.5). The effective tariff on purchased electricity in 2020 was RUB 3,372 per 1,000 kWh, which is 6% more than in 2019 (in US dollar terms, USD 46.7 per 1,000 kWh and a corresponding decrease of 5%).

Other cash costs in cost of goods

Other cash costs include costs of materials, repairs, and transportation between mines, etc.

These are made up of variable costs (e.g. costs of production materials and transportation between mines), and fixed costs (costs relating to outsourced services and materials for repairs).

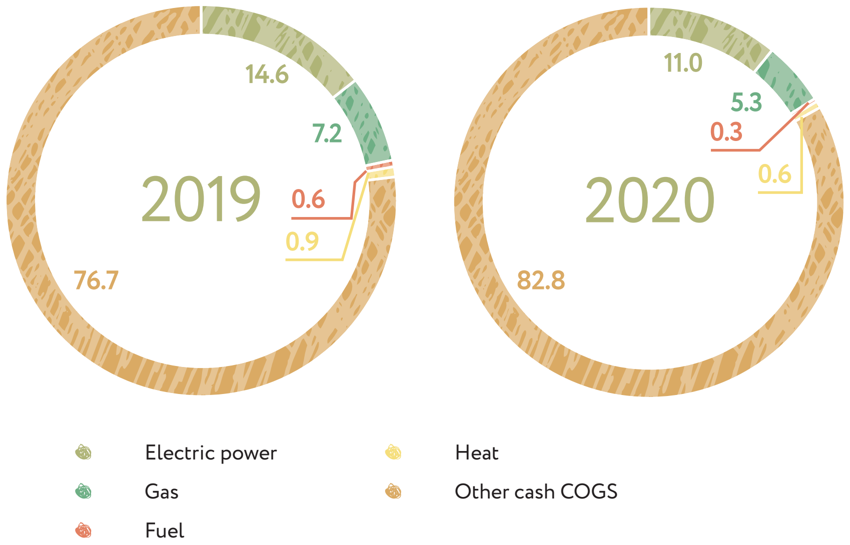
General and administrative cash expenses

In 2020, general and administrative cash expenses[1] were down by 8% in USD against 2019. The primary component of general and administrative cash expenses was employee benefits (59%).

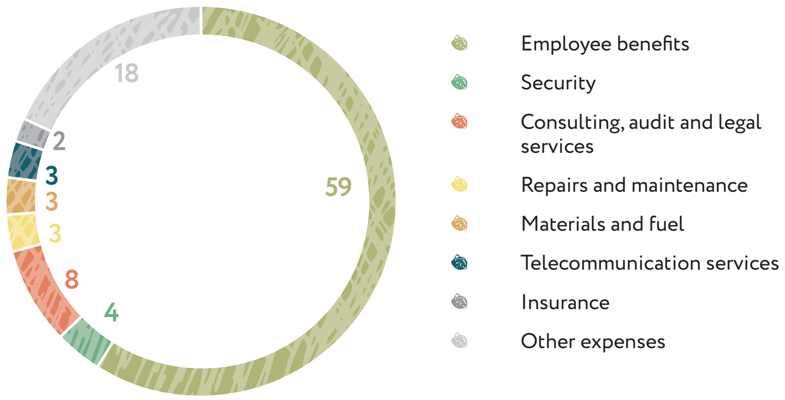
Financial income and expenses

The 19% depreciation of rouble against the US dollar at 31 December 2020 compared to the beginning of the year resulted in losses from foreign exchange loss of USD 583 million, primarily due to revaluation of the foreign currency debt portfolio and a fair value loss of USD 150 million on derivative financial instruments.

Share of fuel and energy costs, %



General and administrative cash expenses in 2020, %



Interest expenses in 2020 saw a 27% decline year-on-year (USD 157 million and USD 217 million, respectively), mainly due to a decrease in the average rate on loans and borrowings.

EBITDA analysis

In 2020, Adjusted EBITDA decreased by 23% compared to 2019 and amounted to USD 1.22 billion. The EBITDA margin[2] was 57% in 2020.

[1] General and administrative cash expenses are calculated as amount of general and administrative expenses adjusted for depreciation of property, plant and equipment and amortisation of intangible assets and right-of-use assets included in general and administrative expenses.

[2] EBITDA margin is the ratio of adjusted EBITDA to the net revenue.

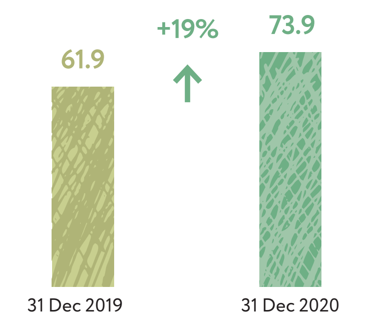
The Company made a decision to exclude expenses associated with the COVID-19 pandemic from the adjusted EBITDA in 2020. These expenses amounted to USD 8 million for the 12 months of 2020.

CAPEX

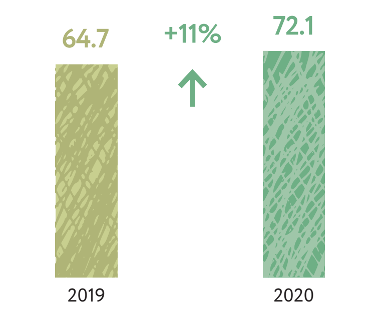
In 2020, total CAPEX amounted to USD 347 million, 53% of which accounted for expansion CAPEX. The Group's main expenses in 2020 were related to the construction of new mines: Ust-Yayva and Solikamsk-2. Moreover, projects aimed at increasing production volumes of standard and granular products at existing mines were implemented in 2020 as part of the capacity expansion programme.

The Company's expansion programme remains one of the most efficient in the industry.

USD exchange rate against the rouble as of the reporting date



Annual average USD/RUB exchange rate

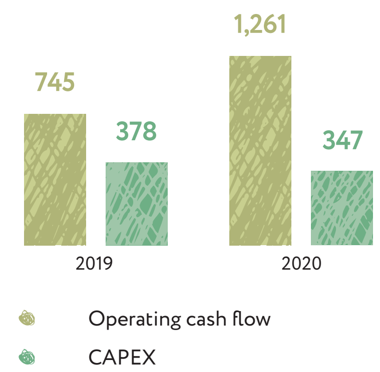


In 2020, expansion CAPEX amounted to USD 184 million. This indicator was in line with the scheduled and planned commissioning of capacities to maintain Uralkali's leading market position. Maintenance CAPEX corresponded to the historical average and amounted to USD 163 million. This included equipment replacement, and preparation of panels for testing in accordance with the production cycle. The Group additionally invested in the construction of hydraulic stowage facilities, to ensure the safety of mining operations.

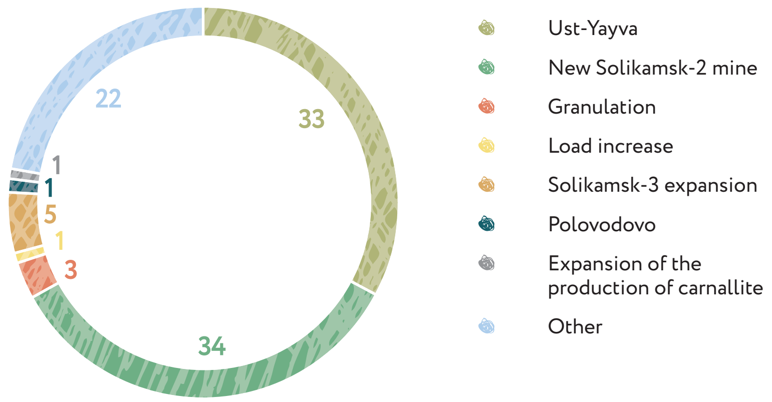
Calculation of Adjusted EBITDA, USD mln

	2020	2019
Operating profit	872	1,255
Depreciation of property, plant and equipment and amortisation of intangible assets and right-of-use assetes	316	272
One-off expenses	34	51
Unplanned charity and social expenses	14	28
Impairment and writing-off of non-current assets	12	23
COVID-19 related expenses	8	-
Adjusted EBITDA	**1,222**	**1,578**

Operating cash flow and CAPEX, USD mln



CAPEX for production expansion in 2020, %



Cash flow

Cash funds received from the Group's operating activities in 2020 increased by 69% against prior-year comparatives, to USD 1.3 billion. The main factor in the growth of cash receipts is sales of inventories related to increased sales volumes, effective management of accounts receivable and reduced payments on interest expenses.

Loan portfolio

As of 31 December 2020, the Company's net debt amounted to USD 4.2 billion. At that, the cash balance amounted to some USD 1 billion, and total debt amounted to USD 5.2 billion.

In March 2020, the Company issued RUB bonds in the amount of RUB 30 billion at par under its exchange bond programme. The coupon rate was 6.85% per annum, and the redemption period is 5 years from the date of the issue.

In May 2020, RUB bonds at the nominal value of RUB 15 billion, issued in 2017 under the PJSC Uralkali's exchange bond programme, were redeemed.

In May 2020, the Company signed a USD 1 billion 5-year pre-export agreement with 11 international banks. The interest rate is 1 month LIBOR + 2.2%. The facility was used for refinancing of the Company's existing loans and for general corporate purposes. As at 31 December 2020, the USD 940 million facility was utilised.

At the end of 2020, the effective interest rate on currencies was:

- EUR – 1.73%:
- USD – 3.17%.

INVESTING IN THE FUTURE

Uralkali aims to retain and increase its share of the global potash market. The Company has a production capacity development programme in place and invests in the modernisation of its facilities on an ongoing basis. The Company is progressing with its capacity development programme whilst taking into consideration the current situation and expected developments in the global potash market.

PRODUCTION CAPACITY DEVELOPMENT PROGRAMME

$61

Investments in 2020, mln

Ust-Yayvinsky mine

In 2020, we continued the construction of surface complex facilities; our shaft construction works were completed, as well as preparation activities were conducted for the underground complex construction.

$63

Investments in 2020, mln

New Solikamsk-2 mine

In 2020, shaft sinking and construction of surface complex facilities continued.

$10

Investments in 2020, mln

Solikamsk-3 expansion

In 2020, construction of the mine surface and underground complexes continued.

$3

Investments in 2020, mln

Polovodovo

In 2020, construction site preparation continued.

$210

Investments in 2020, mln

Other projects

In order to increase production capacity for granular MOP, equipment is being upgraded to improve its productivity. To improve production efficiency, programmes are being implemented to increase the section load and the extraction rates. As part of the capacity maintenance works, mine panels are being prepared for operation, worked-out sectors are being prepared for backfilling, and the current equipment is being replaced and upgraded with state-of-the-art technology, which will facilitate further improvements.

ESG STRATEGY

Anton **Vishanenko**

Chief Financial Officer

"Today, making a contribution to the solution of pressing issues of the global agenda in environmental, social and governance practices is a core component of Uralkali's business strategy.

Setting of clear and measurable ESG goals will enable us not only to ensure the integrated development and maintenance of leading positions industry-wide, but also embed the sustainable development priorities into the Company's day-to-day activities.

Climate change, sustainable agriculture, employee care, responsible approach to social investment management, and commitment to best corporate governance practices are our key areas of work for the upcoming years and the medium term."

Angelina **Verba**

Director of Sustainable Development (ESG) and Investor Relations

"The ESG Strategy until 2025 was approved as a result of long comprehensive work carried out by the Company in 2020 acting through all divisions involved in the sustainable development management.

The fundamental ESG focus areas defined for the upcoming 5 years also mean that Uralkali's system of sustainable development management is reaching its maturity, which will be based upon our commitments and particular actions to live up to them."

For over 10 years now, Uralkali has been adhering to the principles of sustainable development and preparing public non-financial reports. In 2019, the Company's management made a number of decisions to develop the Company's ESG practice in order to bring non-financial risk management to a new level, strengthen the culture of responsible business practices and ensure the confidence of stakeholders in the Company as a reliable partner. In the course of this activity, in 2019–2020, the Company also developed and updated its internal documents regulating sustainable development issues, as well as Uralkali positions in leading ESG ratings were improved.

In order to further systematise Uralkali's activities in the field of sustainable development and to identify specific targets for the future, in the reporting year the Company's ESG Strategy was prepared and adopted as part of the overall 5-year corporate business strategy.

Uralkali's ESG Strategy sets out 10 priority ESG areas, the choice of which took into account the Company's impact, stakeholders' expectations and industry specifics. Most of them are fundamental ESG focus areas that have been extremely important for the Company for many years, serving as the basis for its sustainable development: environment, health and safety, employee wellbeing, local communities, human rights, corporate governance, anti-corruption and ethics.

Besides, Uralkali identified three new focus areas reflecting global and industry business trends: climate change, sustainable agriculture and supply chain.

The Company plans to pay serious attention to resolving issues in these areas as part of the ESG Strategy implementation. The new focus areas are determined by the global agenda, including at the level of 17 UN Sustainable Development Goals. *For more information on Uralkali's contribution to the achievement of the UN SDGs, please visit the Company's website.*

The Company's CEO, Strategy Committee, Sustainable Development Committee and Board of Directors took an active part in the development and approval of Uralkali ESG Strategy. The Strategy Committee reviewed the focus areas in detail. At the end of 2020, the ESG Strategy was approved by the Board of Directors.

The work on ESG Strategy targets will continue in 2021. As the Company's sustainability practices evolve, the Company's management looks to refine and supplement ESG goals with a view to achieve more ambitious and truly significant results in this area. Uralkali's priority objectives in 2021 will be the creation of a carbon management system and setting of scientifically based goals around climate change, as well as development of our communities and a favourable urban environment in the cities of presence — Berezniki and Solikamsk. *For more information on ESG Strategy 2025 Goals, please visit our website of Company.*

2020

- CSR Committee renamed into Sustainable Development Committee
- The Company significantly expanded ESG section of corporate website
- The Company resumed the practice of preparing ESG reports: the ESG Report for 2019 was prepared in accordance with the GRI Standards and published
- A Working Group on the Development and Implementation of Carbon Management System was established
- Uralkali was recognised as an Industry Stewardship Champion by the International Fertilizer Association (IFA) for its outstanding achievements in product stewardship
- The Board of Directors approved ESG Strategy 2025
- Uralkali achieved a strong debut score in the SAM ESG Rating: 52 points
- Uralkali occupied leading positions in ESG Indices — RSPP Responsibility and Transparency (the Highest Group A) and Sustainability Vector

2021

In the course of the reporting year, Uralkali achieved a strong debut score based on the results of the SAM CSA (SAM Corporate Sustainability Assessment) for 2020.

The Company's scored 52 points, given that the average score for the chemical industry is 36 points. Uralkali ranks 35th out of 346 chemical manufacturers (who took part in the survey) globally.

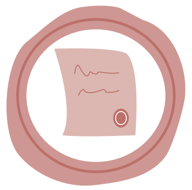
URALKALI ESG STRATEGY

OUR MISSION

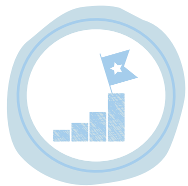
We produce potash fertilisers to ensure that people all over the world are provided with food

OUR STRATEGY

BALANCED APPROACH TO INVESTMENT IN EXPANSION AND DEBT RELIEF



MAINTAINING FLEXIBILITY OF SALES AND FOCUSING ON DEVELOPMENT OF OWN DISTRIBUTION IN KEY MARKETS



MAINTAINING A LEADERSHIP POSITION IN CASH COST OF GOODS

DEVELOPMENT OF DIGITAL BUSINESS AND NEW PRODUCTS TO CREATE ADDITIONAL SOURCES OF BUSINESS VALUE GROWTH

CONTINUED FOCUS ON BEST ESG PRACTICES

E S G

FUNDAMENTAL ESG FOCUS AREAS

- Environment (water, waste and biodiversity)
- Health and safety
- Employee wellbeing
- Local communities
- Human rights
- Corporate governance
- Anti-corruption and ethics

NEW CHALLENGES

- Climate change

- Sustainable agriculture

- Supply chain

ENVIRONMENTAL ASPECT (E)

At Uralkali, we believe that preserving the natural environment is the top priority. The Company is expanding and developing its practices related to the environmental aspect, with a sharp focus on the fight against climate change. Uralkali's primary goal is reducing any potential negative impact on the environment to a minimum, which can be achieved with an effective system of environmental management. Besides, the Company attaches great importance to advancement of the carbon management which includes a number of aspects critical to combating climate change, from raising awareness among employees to setting sound strategic objectives.

Aleksey **Zhulanov**

Director of Health, Safety and Environment

"Environmental protection is an indispensable element of Uralkali activities as well as an objective that requires serious effort and resources every year, regardless of external conditions.

It is extremely important for us to continuously improve the environmental management system and follow best practices in environmental protection.

Thus, as part of Uralkali's new ESG Strategy, measurable goals have been established for the key environmental aspects of the Company's activities, including the improvement of waste management. A special emphasis will be given to the climate agenda and development of the carbon management system."

ENVIRONMENTAL PROTECTION

Environmental management

Environmental safety is a fundamental aspect of Uralkali business. As a major producer of potash fertilisers, Uralkali is fully aware of its responsibility to decrease the likelihood of negative effects from its activities on the environment. The Company does its utmost to preserve the ecosystem in the regions where it is present.

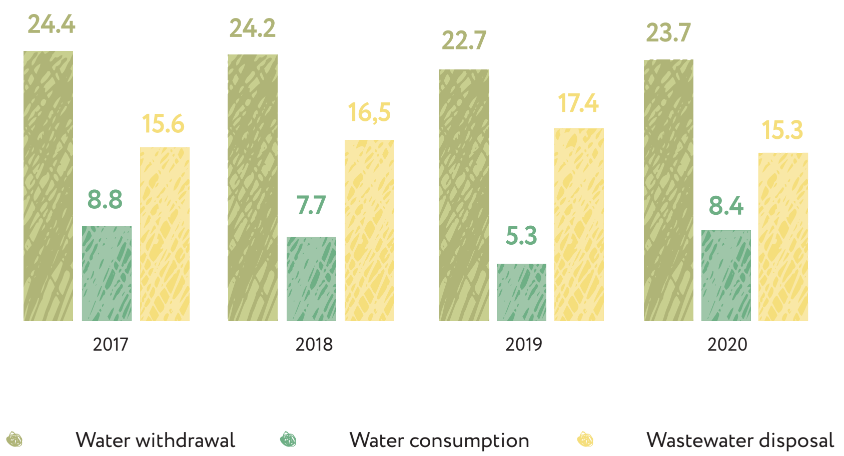
For the purpose of ensuring environmental safety at production facilities, the Company carries out the assessment of its footprint and environmental monitoring activities in line with the industrial environmental control and the environmental legislation.

In the reporting year, Uralkali updated and approved its *Environmental Policy* which enshrines the principles of HSE activities and commitments. Moreover, the new ESG Strategy defines the Company's environment goals until 2025.

Water resources management

Uralkali does not have a significant negative impact on water bodies in the regions of operation. Uralkali enterprises also operate circulating water supply systems, which reduce the amount of water withdrawal and, consequently, the load on water bodies.

Total water withdrawal, water consumption and wastewater disposal[1], mln m^3



The main source of water for the Company's production facilities is surface water bodies (Kama River and Verkhne-Zyryansky Reservoir). The amount of water withdrawn in 2020 totalled 23.7 million m^3. Water consumption and wastewater disposal in 2020 amounted to 8.4 million m^3 and 15.3 million m^3, respectively.

Work on a comprehensive survey of Uralkali's production chain is scheduled for 2021 to identify processes leading to the misuse of water resources. Following the results of the survey, an action plan aimed at reducing water consumption will be drawn up.

Waste management

Among the waste generated by Uralkali facilities, the bulk of it is halite waste and clay-salt slurries (hazard class V[2]).

The Company use halite waste and clay-salt slurries for backfilling mined-our areas. In the year under review, Uralkali carried out a number of measures for the construction of hydraulic stowage facilities for clay-salt slurries, which enabled the Company to increase the amount of waste used for hydraulic filling. Halite waste is used in production of secondary products (sodium chloride, mineral concentrate halite).

0 fines and (or) non-financial forms of administrative responsibility received by PJSC Uralkali due to the national environmental law violation

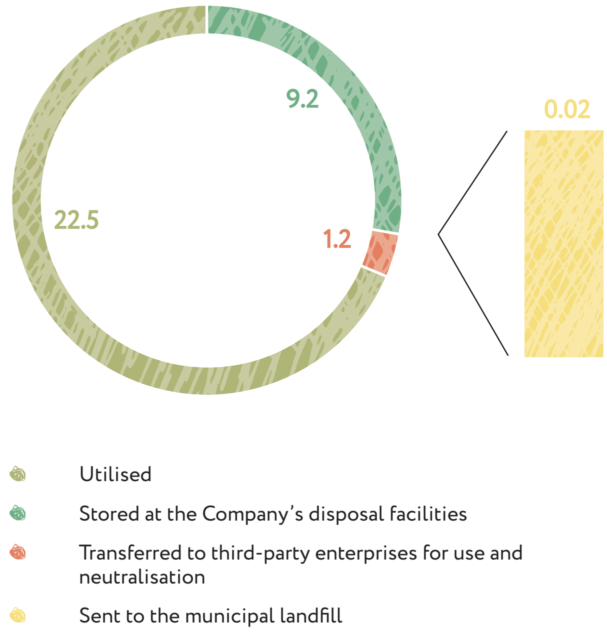
USD 72.4 MLN

total expenditures on environment

[1] From this point on: values are provided across PJSC Uralkali. For more details please refer to the ESG Report 2020. In the Annual Report 2020, water intake and disposal figures as well as water consumption figures for 2017–2019 are different from those submitted in the ESG Report 2019 due to changes in the calculation method. Methodological changes will be detailed in Uralkali's ESG Report 2020.

[2] In accordance with the waste management law, waste class V is categorised as basically non-hazardous.

Waste management methods in 2020, million tonnes



22.5 MLN T

waste recycled

9.2 MLN T

waste disposed on the territory of the Company

1.2 MLN T

waste transferred to third-party enterprises

30.5 MLN T

total waste generated

Safe operation of waste disposal facilities (salt tailings piles and slurry storages) is the crucial aspect of waste management in the Company.

As for slurry storages and hydraulic structures (HSs), monitoring and a set of analytical measures to control the safety of these facilities are carried out on an ongoing basis. In particular, in 2020, work was conducted to assess and forecast the impact of slurry storages on the environment.

Biodiversity and land reclamation

The Company's production activities have no significant impact on biodiversity and do not threaten species on the Red List of the International Union for Conservation of Nature or the Red Books of Russia.

Uralkali has no assets in protected natural areas, and in the future the Company does not plan to operate there — this obligation is enshrined in the Company's Environmental Policy.

Since 2015, the Company has been organising activities to compensate for the damage of biological resources; in 2020 over 39,000 sterlet fry were released into the Kama reservoir. As a result, local ecosystems of water bodies are being restored.

According to the Environmental Policy, the Company undertakes to shut its mines (to liquidate its assets) and reclaim the land where production activities were conducted. Planning the liquidation of assets is done in line with the legislation of the Russian Federation.

CLIMATE CHANGE AND ENERGY MANAGEMENT

Climate change

Climate agenda is one of the most pressing issues faced by the global community. Greenhouse gas emissions amplify the natural greenhouse effect, thus increasing the average temperature on the planet. This changes the prevailing climatic conditions and raises the likelihood of extreme weather and climate events.

Given the circumstances, addressing the problem of greenhouse gas emissions becomes one of the most important challenges of our society, both in terms of technology and organisation.

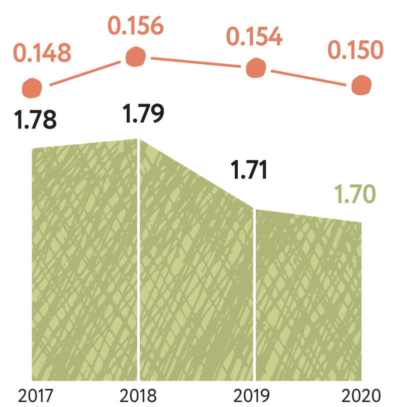
1.70 MLN T CO_2-eq.

total GHG emissions (Scopes 1 and 2)

0.150 T CO_2-eq./T

total specific GHG emissions per tonne of production (Scopes 1 and 2)

Greenhouse gas emissions



Direct and indirect energy-related emissions

Specific emissions (Scopes 1 and 2), tonnes of CO_2-eq./tonne

Uralkali, as a member of the International Fertilizer Association (IFA), shares and supports the association's[1] attitude towards the fight against climate change and its consequences.

In 2020, the Company's Board of Directors approved the ESG Strategy until 2025, in which Uralkali recognises the urgency of the climate agenda and looks to start working of the creation of the carbon management system in the year ahead. An important outcome of the Company's work will be defining measurable goals to combat climate change.

To introduce and develop such a system, the Company will need to involve significant human resources from various departments. In the reporting year, Uralkali employees, including key ones—who will take part in the carbon management system development—took the course "Global Climate Change and Management of Greenhouse Gas Emissions in Companies". The course covered scientific aspects of climate change as well as political and economic instruments that can be used to address it, and helped to achieve two objectives at once: raising employee awareness on climate change issues and training for the soon-to-be work on carbon management system creation. The Company plans on developing carbon and climate strategies over the coming years.

Energy efficiency

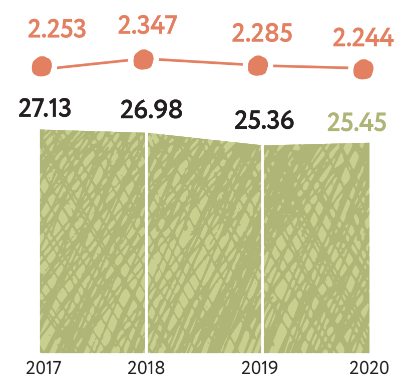
Effective management of energy resources is one of focus areas of Uralkali's work. Energy optimisation has a direct impact on easing the stress on the environment, and also contributes to sustainable use of energy resources.

Each Company enterprise sets annual targets in respect of electricity and fuel consumption. Uralkali's technology strategy provides for a quantitative target for a 10% reduction in energy consumption by 2022 compared with the base indicator for 2017. At the same time, the Company targets the reduction of energy consumption by 52,055 MWh and natural gas by 45,019 thousand m³ by 2023.

Natural gas continues to prevail in the Company's structure of fuel and energy balance. Associated petroleum gas (APG) purchased from oil companies operating in the Perm Region is the second most important natural fuel. Heating oil and diesel fuel are used as well, however the Company implements a list of operational measures in order to phase out the use of heating oil as fuel.

The total amount of electricity purchased stood at 1,494 million kWh. The Company purchases energy and capacity derived from renewable and low carbon footprint sources. The Company goes over various options how to increase the share of such energy and capacity in the total consumption volume.

Total energy consumption,[2] PJ



Total energy consumption, PJ

Specific energy consumption, GJ/tonne

25.45 PJ

total energy consumed by the Company's enterprises

2.244 GJ/T

specific energy consumption per tonne of production

[1] More details on the website of the International Fertilizer Association: https://www.fertilizer.org/Public/About_Fertilizers/Fertilizer_Topics/Climate_Change.aspx.

[2] The consumption of heat, electricity and fuel resources is taken into account.

In 2020, implementation of the Energy Saving Programme, prepared upon the results of a large-scale energy survey conducted by the Company, continued. That year, a number of technical measures were introduced at Uralkali facilities to improve their efficiency. These resulted in lower energy consumption, by 191.3 TJ.

The Energy Saving Programme will continue in 2021. The Company expects to proceed with phasing out of heating oil used in boiler houses and dryers, constructing of a new substation and a gas pipeline, and equipping the main fan installations at mines with variable speed drives. In 2022, the Company plans to conduct a new energy survey similar to that of 2017–2018, and update its Energy Saving Programme by 2023 following the results obtained.

SOCIAL ASPECT (S)

Uralkali’s activities within the social aspect of sustainable development are first of all aimed at caring about our employees, customers and local communities in the region of the Company’s presence. Uralkali always pays close attention to traditionally significant topics such as safety, employee well-being and support of local communities. Doing so, the Company actively develops its practices in new areas that have become even more relevant over the past years. These include contribution to the sustainable agriculture and protection of human rights.

Irina **Konstantinova**

Human Resources Director

“The social aspect of Uralkali’s activities is associated with the fulfilment of the Company’s most important commitments to our stakeholders. Under no circumstances may the safety of our employees lose its priority for us. We are also proud of our status of an employer of choice and a responsible social investor as well as strive to achieve a balance of interests for the business and the society in everything we do. 2020 has clearly demonstrated the need for the business and the society to join forces and means in the face of global challenges and changes. The COVID-19 pandemic has had a significant socio-economic impact on the whole world. As a responsible Company, we did not stand aside and did our best to help our employees safely overcome the crisis and adapt to the new reality. We also actively supported municipal medical institutions to provide the necessary medical care to the population in the cities of Uralkali’s presence, where our employees, their families and friends live.”

EMPLOYEE WELLBEING

Skilled personnel working towards a result and satisfied with operating conditions is one of the components to Uralkali's success.

The Company complies with the HR Policy aimed at attracting, retaining and encouraging our employees. Uralkali offers decent wages and substantial benefits, as well as promoting training and professional growth of its people.

Employees and employment

Uralkali continues to improve its management of human resources. The Company has been developing an employee welfare programme to provide individual support in the main aspects of well-being: health, career, finance and social activity.

We monitor the labour market and take measures to attract, retain and develop our staff members. In 2020, Uralkali's headcount was up by 0.4%. Men represent 70% of all Company employees, while female representation amounts to 30% due to the industry specifics and legal restrictions for the performance of particular hazardous work by women.

Over the reporting period, the number of recruitment channels has expanded. For instance, targeted advertising was laucnhed to recruit industry specialists, new job search engines are used, as well as Uralkali's official social media accounts were updated.

1,003,348 HOURS

of training

1,955 EMPLOYEES

in the talent pool

12,383 USD

average annual salary

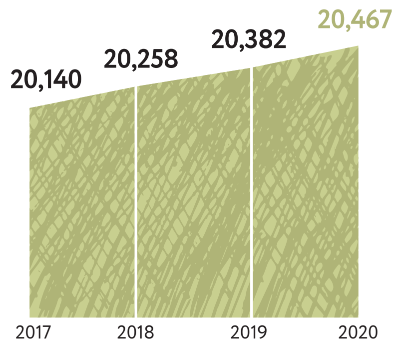
7.82%

labour turnover[1]

95.1%

employees covered by collective agreements

Headcount across the Group as of 31 December 2020, pers.



There is a Bring a Friend referral programme in place.

In order to reduce the risks of shortage of qulified staff to a minimum and timely build up a reserve of employees for the most wanted positions, a methodology for applying the matrix of skilled labour shortage was tested in 2020. Furthermore, Uralkali is constantly expanding the network of educational institutions it cooperates with for the training and recruitment of young professionals. The Company continues training of young employees for targeted recruitment.

The Company is guided by the principle of equal pay for work of equal value. Uralkali carries out an annual salary indexation. In the reporting period, the average annual salary amounted to USD 12,383. Annual employee remuneration decreased by 1% year-over-year (USD 12,519 in 2019) , which was directly related to the rise in the dollar, the COVID-19 pandemic, the incidence rate and operation conditions amid the spread of coronavirus infection, and a 3% uplift due to salary indexation.

Each year, employees who make a significant contribution to the Company's performance are honoured with corporate awards for their achievements. 1,084 persons were awarded in 2020.

Personnel training and development

Uralkali employees have opportunities to undergo trainings and advanced trainings, attend professional conferences and workshops. The Company continues to implement the programme whereby it provides funding for employees to receive higher and secondary professional education.

Employees can receive guidance in the Corporate University in respect of training or additional qualification, as well as building their paths for further career growth. In 2020, the Corporate University extended the list of programmes for professional development and improvement of individual skills to 485 items (385 — professional retraining and training of workers, 47 — distant development courses, and 53 — personal development trainings).

The Mentoring programme was developed and a pilot project was launched in the course of the reporting year. At the workplace, an experienced mentor is assigned to each new employee. They help to get comfortable in the team, transfer knowledge and professional skills necessary to complete the work, and perform continuous monitoring of tasks.

Regulations on Volunteer and Youth Movements in Uralkali were developed and put into effect in the reporting period. In the year under review, representatives of the volunteer movement held 34 events, partially online or in absentia due to the restrictions associated with the COVID-19 pandemic.

Social support

The Company's employees have an extensive range of social benefits aimed at enhancing stability, solving social issues, and improving their quality of life. The construction of the first stage of housing for employees was completed in the end of 2020 in Berezniki under the housing improvement programme.

Extension of the existing Collective Agreement for 2021–2023 became one of the most important events. It retains all benefits of the compensation package: medical care and recreation, subsidised food, improvement of housing conditions and other issues to improve the well-being of employees.

Trade unions

Interaction between the management and trade union members on pressing issues and topics was carried out mainly in absentia (online). In view of the restrictions, a series of meetings between the CEO and the Group's teams went online. At the webinars, employees were informed on the market situation, key projects and measures taken by the Company to prevent the coronavirus infection spread.

The Company together with trade unions organised sports and wellness activities, as well as corporate and cultural events. A number of traditional events were implemented in a modified format or in absentia. The decisions to modify formats were made as quickly as possible during joint online discussions and working meetings. In 2020, the trade unions of Berezniki and Solikamsk united under the "Potash Industry Worker" name, thus contributing to further development and even more fruitful partnership with Uralkali.

[1] Indicator is calculated based on the Company's average headcount.

HUMAN RIGHTS

Uralkali, as a major company and one of the world's leading potash producers, takes a large degree of responsibility for observation of the human rights. With this in mind, the Company is constantly refining its practices regarding the human rights in order to prevent any violations on its side. For this purpose, internal documents and training programmes for Company employees, as well as the human rights risk management mechanisms, are being developed and certain channels are operated for anonymous feedback and reports from the Group's employees: the call centre and the Institute of Ethical Commissioners.

For the working environment to contribute to the promotion of respect and protection of human rights, a Human Rights Policy was drawn up in Uralkali in 2020 and approved by the Board of Directors.

As such, Uralkali agrees with the provisions of the UN Universal Declaration of Human Rights and the Guiding Principles on Business and Human Rights adopted by the United Nations Council in 2011. The Company's human rights principles enshrined in the Policy are:

- freedom of association and collective bargaining;
- preventing the use of forced and child labour;
- providing safe working conditions;
- non-discrimination and equal opportunities;
- compliance with the legal requirements when using land and other natural resources;
- respect for the rights of local and indigenous communities.

2 applications reviewed by ethical authorised agents

Diversity and equal opportunities

Equal opportunities and zero tolerance towards any manifestation of discrimination in the workplace are important aspects observed by Uralkali. In 2020, the Human Rights Policy was developed and approved.

In line with the law, workplaces were created at Uralkali enterprises for people with disabilities. Moreover, the Regulations on Recruitment and articles of the Collective Agreement grant the pre-emptive right to every candidate becoming disabled at the Company's enterprise.

SAFETY

Uralkali maintains high standards, providing safe working conditions for employees taking into account the specifics of the production processes.

When making decisions or performing any kind of works, Uralkali strictly considers the labour safety and occupational health as its top priority. The Company is committed to bringing the number of incidents and accidents to zero.

0.0

work-related fatal injury frequency rate (FIFR)

0 fatal outcomes

0 incidents in production

Uralkali has implemented a labour and industrial safety management system (LS and IS), which applies to all employees of the Company and is continuously being improved. The LS and IS management system covers all production assets of Uralkali and complies with the standard OHSAS 18001:2007. The certification has been extended in the reporting period. In the next few years, the Company will work on bringing the management system in compliance with ISO 45001 for its subsequent certification. In 2020, the new Occupational, Industrial and Fire Safety Policy was developed and approved.

Occupational health and safety

In 2020, 11 incidents for organisational reasons occurred at Uralkali's enterprises and subsidiaries in Russia, with no fatal injuries. Having investigated all incidents, the Company has taken the necessary measures to prevent such incidents in the future.

The lost time injury frequency rate (LTIFR) in Uralkali and its subsidiaries in Russia decreased to 0.07 in the reporting period. Most employees were injured due to jamming between fixed and moving objects, as well as collision with objects.

The Company regularly conducts mandatory labour and industrial safety training for its employees and contractors according to the legislation. In 2020, trainings for emergency response were held for the Company's employees and contractors. The mine rescue crew members have also undergone the necessary training and certification.

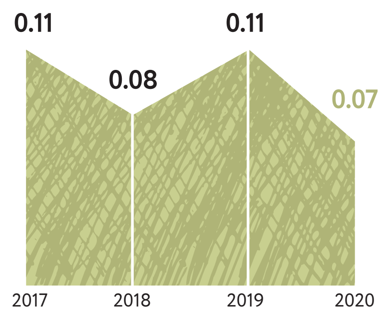
0.09

severe injury rate

10.26

lost days rate (LDR)[1]

Lost time injury frequency rate, (LTIFR)[2]



4,224

courses on Labour Safety and Industrial Safety taken by Uralkali employees

In the reporting period, hazards identification and occupational risk assessment were carried out at 3,733 workplaces based on the list of 54 hazards and priority areas for the implementation of additional measures to mitigate the risks were identified.

Uralkali continued to develop and improve operational control over compliance with the industrial safety requirements at its hazardous production facilities (HPF) and hydraulic structures (HS). The Company prepared 3 HPFs for the scheduled field inspection by Rostechnadzor. Hydraulic structures are constantly monitored by the experts, and the reliability of structures and the possibility of their further operation are checked at the said facilities.

In 2020, employees of the Radiation Technology and Safety Department examined 79 facilities in accordance with the action plan of the radiation safety control in the Company.

Emergency preparedness

In 2020, there were no accidents at the Company's production sites. At the same time, 2 incidents took place at the mines Berezniki-2 and Berezniki-4 caused by the conveyor belt smouldering as a result of heat release due to the belt friction on the drum safety guards and 3 fires occurred at the surface complex facilities: one fire at Berezniki-4 and two

[1] LDR is calculated based on the number of lost work days due to accidents related to the production per 200,000 worked hours.
[2] LTIFR is calculated as the total number of injuries with temporary disability per 200,000 worked hours.

fires at Solikamsk-1. In all three cases, the fire was caused by the violation of the fire safety requirements in the course of fire works.

In order to improve the fire protection of employees and property, in 2020, the efficiency of the Company's facilities at the production sites Berezniki-2, Berezniki-3, Berezniki-4, as well as Uralkali's social and cultural facilities in Berezniki was monitored on a twenty-four-hour basis.

Fire risks were calculated for 16 facilities of the Company. Based on the calculation results, the permissible safety values have not been exceeded. Uralkali carried out works to comply with the fire safety requirements in leased forest areas.

In the reporting period, necessary measures were taken to improve the protective properties of civil defence structures, which are maintained in proper working order.

The Local Warning Systems (LWS) operate at the high hazard class facilities of the Company in case of an emergency. Sound warning systems have been installed to inform residents who may potentially be in danger of any possible slurry flooding. In worked-out areas of mines, there are safety management systems in place for emergency warning of miners.

External emergency rescue units comprised of the employees working at the surface and underground complexes have been used at all Uralkali's sites. The Company has signed a long-term contract with professional services and units for the mine and gas rescue, as well as fire suppression services.

Geological safety

Exploration and monitoring of the geological environment are constantly being carried out at Uralkali's deposits to ensure continuous safety of mining operations.

External and internal regulatory documents are fundamental for the design documentation for the development of the deposit plots and the annual mining plans. Safety requirements, the need for research and activities to mitigate geological risks are identified in the design and mining plans. Every year, the Company develops and implements a Scientific Research Work Plan on their basis for the scientific support of safety, taking into account the operational data of the geological research and monitoring.

In 2020, a pilot operation of the Mining and Geological Information System (MGIS) started at Berezniki-2, 4, following which the system was put into service. The main objective of the MGIS project is to ensure mine safety. A database has been created as part of the project, which is being expanded in the course of preparatory and geological exploration works at the mines.

LOCAL COMMUNITIES

Uralkali annually implements projects for active participation in the life of the cities of its presence — Berezniki and Solikamsk. The Company's mission in this respect is to encourage young people and unique professionals to stay and work in their home towns through solving the current issues of the Perm Region residents and improving their living conditions.

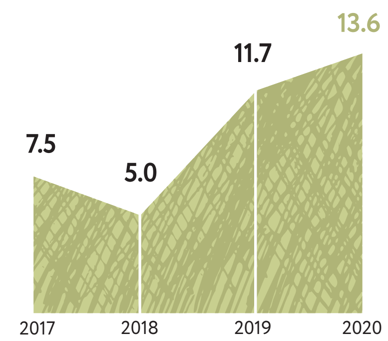
In determining the focus areas for social investment, the Company focuses on *the needs of local communities.*

At the moment, the Uralkali is developing a draft Policy on Interaction with Local Communities, which will enable the Company to standardise and systematise the existing practices in this area, based on the experience gained as a result of the long-term cooperation in supporting the local communities.

In 2020, Uralkali continued supporting and developing the cities of presence, taking into account the current situation. For instance, in view of the COVID-19 pandemic, significant efforts were taken to provide the necessary financial aid to hospitals of the Perm Region, as well as to acquire the devices and personal protective equipment for educational institutions of the city.

In addition, the Company has managed to implement important charitable projects aimed at supporting unprotected categories of the population, including veterans, children with disabilities and other disadvantaged groups, in cooperation with public organisations.

Social investments[1], USD mln



[1] Volume of payments in 2020.

SUSTAINABLE AGRICULTURE

Product safety

The main product of Uralkali is potassium chloride, which is mainly used as a mineral fertiliser or as a raw material in the production of other types of mineral fertilisers. When used properly, the Company's products are safe for the environment.

Uralkali's responsible approach to production has been certified by the maximum estimate of *Product Stewardship Excellence of the international standard IFA "Protect and Sustain"* received in 2019, as well as the IFA *"Industry Stewardship Champion"* Gold Medal received in 2020.

Quality and safety of the products are ensured at all production stages, from the supply to the shipment and transportation of finished products to the consumer. The Company continuously monitors the quality of the chemicals, raw and treated materials used in production. As part of the registration procedure, all products undergo the environmental and agronomic testing required by the Russian legislation, which certifies its safety for the environment. In addition, Uralkali has developed safety data sheets that meet GOST requirements for all of its products.

75

countries importing the Company's products

Over 2,200

farmers and other agricultural players covered by educational measures to improve the agronomic literacy

Working with farmers

We produce potash fertilisers to ensure that people all over the world are provided with food. For this purpose, we support the farmers in developing countries in two areas:

- the manufacture of high-quality and environmentally friendly products, which help to increase the yield and preserve the soil fertility;
- the spread of knowledge among farmers about potash fertilisers, their role for the plants, and improvement of their use in combination with phosphate and nitrogen fertilisers.

The second area includes training seminars for farmers. Proper use of fertilisers ensures higher economic efficiency, quality and volume of the crop.

In addition to theoretical training, demonstration fields are cultivated in special dedicated areas, where crops common in the region of product sale are grown in order to demonstrate the advantages of efficient and balanced use of potash fertilisers.

Due to the spread of COVID-19 in the reporting year, the Company managed to implement only part of the planned agricultural development projects in importing countries.

In 2020, the Company continued implementation of the project to study the impact of potash fertilisers on the quality and yield of key crops in Argentina, launched in autumn 2019. It has been demonstrated that balanced nutrition with the use of optimal dosages of potassium chloride allowed increasing the soybean yield by 5–17%, the corn yield by 6–20%, the rice yield by 3–14% depending on the region and the amount of potassium used.

Similar initiatives have also been carried out in Myanmar, Indonesia and India. Research results in 2020 showed an increase in yields ranging from 3 to 21%.

RESPONSIBLE GOVERNANCE PRACTICES (G)

At Uralkali, the responsible governance practices are, first of all, a system of efficient governance and sustainable development in the Company that takes into account the interests of all stakeholders. Commitment to high ethical standards, anti-corruption and management of the supply chain are an integral part of this aspect. Uralkali pays considerable attention to the development of existing management systems.

Marina **Shvetsova**

Legal and Corporate Affairs Director

"Uralkali's leadership in the global potash industry comes from advanced corporate governance. We follow the innovative international standards in corporate governance, sustainable development, business ethics and supply chain management.

The corporate governance and sustainable development system creates the basis for an effective and continuous development and is also one of the key tools for creating the value for shareholders and other stakeholders. In 2020, changes in the approach to sustainable development affected the Board of Directors and executives. Namely, a Working Group on the development and implementation of carbon management system was established. In terms of procurement management, internal documents were adopted which define the principles of interaction with suppliers. In addition, we continued developing our compliance and anti-corruption systems."

CORPORATE GOVERNANCE AND SUSTAINABILITY MANAGEMENT

Uralkali develops corporate governance practices on an ongoing basis to meet best corporate governance and ESG standards. An effective and transparent corporate governance system is an important prerequisite for sustainable development in the Company.

Corporate governance

Our system of corporate governance is rooted in the clear distribution of roles and responsibilities between governing bodies in line with unfailing respect for the rights and interests of shareholders.

The current system complies with the principles and recommendations of the Code of Corporate Governance, which was recommended for adoption by the Bank of Russia.

The structure of governing bodies meets Russian legislation in full. The General Shareholders Meeting (GSM) is a superior management body, while the Board of Directors is responsible for general oversight. Five Committees have been established to conduct a preliminary review of various issues and give recommendations to the Board of Directors. The Company's executive bodies are the Chief Executive Officer and the Management Board. *For more information on the corporate governance system and governing bodies, please refer to the Corporate Governance section on page 84.*

The Board of Directors plays a fundamental role in the development and elaboration of the corporate governance system. Uralkali's Board members are seasoned directors who have the required skills and meet the independence criteria. Composition of the Board of Directors is well-balanced in terms of the number of members, experience, qualifications, proportion of independent and non-executive directors and socio-cultural diversity. *For more information on diversity criteria, please refer to the Role Distribution and Independence Criteria of the Board of Directors section on page 85.*

Uralkali highly appreciates the Board members' contribution to Company activities and provides fair remuneration for their service on the Board or any additional work. With a view of ensuring transparent remuneration for members of the Board of Directors, the Regulations on Remuneration paid to the Board members of PJSC Uralkali have been approved, which define the conditions, amount and procedure for payment of remuneration and reimbursement of expenses. Information on the amount of remuneration of the Board of Directors and reimbursement of expenses can be found in our annual reports or on the Company's website. *For more information on the remuneration procedure and total amount, please refer to the Remuneration of the Board of Directors and the Management Board section on page 99.*

Sustainability Management

Sustainable development management is integrated into Uralkali's corporate governance system. The key body that oversees sustainable development management is the Board of Directors and the Sustainable Development Committee.

The Sustainable Development Committee under the Board of Directors is actively involved in the review of ESG issues and decisions made. Thus, in the reporting year, the Committee discussed the adoption of the ESG Strategy, including targets and action plans in the priority areas, approval of the ESG Report for 2019, and positions in ESG ratings. Furthermore, the Committee regularly reviews topical ESG issues, including labour and industrial safety.

The Committee on Labour, Health and Environment Safety and Corporate Social Responsibility Issues carries out its activities under the Company's CEO supervision. The Company's entire management team takes part in the work of the Committee. The Committee meets once every quarter or more frequently in the event of emergency.

Another consultative body who deals with sustainability is the CEO's Working Group on Sustainable Development. It serves as a platform for informing and integrating sustainability principles into the Company's business operations.

In the period under review, the Working Group on the Development and Implementation of Carbon Management System was also established to address climate change and development of Uralkali's climate strategy.

ANTI-CORRUPTION

Uralkali's commitment to ethics is at the heart of the Company's corporate culture. Ethical rules and norms of conduct in the Company are established by the *Code of Corporate Culture,* which applies to all Uralkali employees, suppliers and contractors.

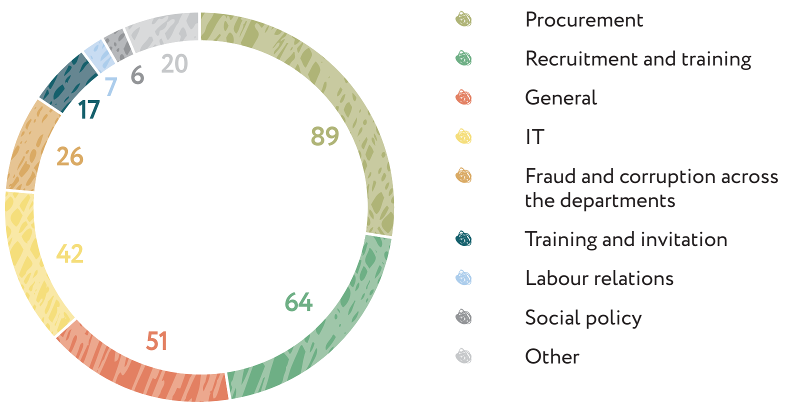
Uralkali strives to create an environment of trust and mutual understanding in the team and provide necessary support to its employees in challenging situations.

Company employees can call the hotline to report a possible violation of business ethics, and the information received will be treated as confidential. Enquiries can be made by phone or by email. Calls are received 24/7. In the year under review, the Company's hotline received 322 calls.

The Company has also established the Institute of Ethical Commissioners which employees can contact for advice in more complex situations and whose work is geared towards improving the psychological climate in the team by reducing the risk of conflicts and violations in the corporate departments.

Zero tolerance to any form of corruption and fraud, including bribery, abuse of power and commercial bribery, is a necessary ethical component of Uralkali's business conduct. The Company has formulated the *Anti-Corruption Policy* in order to bring its activities in line with the anti-corruption law, promote ethical standards among employees and mitigate the risk of corruption.

Number of messages received by the hotline in 2020 (by category)



322

calls were received by the Company's hotline

Uralkali focuses on developing and advancing the anti-corruption compliance system, as well as enhancing the awareness of Company employees, suppliers and contractors of the key anti-corruption aspects.

Uralkali regularly monitors the compliance of all employees with the requirements of the Company's Anti-Corruption Policy and provide respective trainings every year.

Besides, the Anti-Fraud and Anti-Corruption Programme is ongoing. It encompasses all core business processes within the Company and analyses the degree of exposure and corruption appeal.

Uralkali's Code of Corporate Culture and Anti-Corruption Policy clearly defines its position in terms of the conflict of interest, gifts and participation in charity or sponsorship events.

When there is a conflict of interest, employees should be guided by the generally accepted principles of law, morals and ethics and make decisions that are in the best interests of the Company.

Gifts are welcomed (both sending and receiving) if they are symbolic, not intended to influence decision-making and give no cause for such influence.

Uralkali takes no part in charitable or sponsorship projects which directly or indirectly affect decisions of public and municipal employees and other persons associated with the state, or local and public authorities, that would influence activities of the Company.

Uralkali strictly complies with the anti-trust law and respects competition on the market. The Company's Board of Directors has approved the *Key Principles of the Global Antitrust Policy.* Over the past four years, the Company has paid no fines or compensation for damages related to the breach of the antitrust law. In 2020, no legal actions on barriers to competition and violation of the antitrust law were taken or dismissed.

The Company does not actively participate in politics, support political parties or allocate funds and make donations to them.

SUPPLY CHAIN

Uralkali builds long-term and mutually beneficial relationships with suppliers who have passed due diligence and comply with ethical, environmental and social responsibility standards.

For the production of its main products, potassium chloride, Uralkali purchases materials and equipment from a wide range of suppliers. Major procurement categories accounted for 80% of purchases, and include mining equipment, conveyors and chemicals along with other products. In 2020, the Company cooperated with 1,269 suppliers, 1,214 of which were from the local region.

Suppliers are selected following the results of competitive procedures and their compliance with the Company's internal regulations and Anti-Corruption Policy. In the reporting year, the Procurement Policy was prepared and approved. It features, among other things, the principle of commitment, especially to cooperation with the companies who share the values of Uralkali in the area of sustainable development.

At the year-end, an SAP Ariba-based electronic trading platform was rolled out. Information about all key suppliers was uploaded to the system; information about their procurement activity and activation of personal accounts will be done step-by-step upon the procurement of particular categories of materials and equipment.

84%

share of purchases from local suppliers

As per the adopted ESG Strategy, the Supplier Code of Conduct is planned for development in 2021, and, on a mid-term horizon, the Company will introduce the Code to suppliers who will then need to confirm their adherence to the Code's provisions.

CORPORATE GOVERNANCE SYSTEM

REPORT FROM THE BOARD OF DIRECTORS

CORPORATE GOVERNANCE IN 2020

PJSC Uralkali considers corporate governance to be pivotal for the Company's long-term sustainable development. The global crisis caused by the spread of new coronavirus infection (COVID-19) interfered with activities of PJSC Uralkali's Board of Directors. Due to the mobility of the Board members and advanced technologies, all planning decisions were discussed and timely adopted. In 2020, most meetings of the Board of Directors were held in absentia (10 out of 14). In the meantime, those meetings held in praesentia were combined: part of the directors attended them in person and the rest connected via videoconferencing.

In total, more than 50 issues were addressed. Main issues reviewed by the Board of Directors in 2020:

Strategy and key activities:

- approving the Group's consolidated budget;
- approving PJSC Uralkali's development strategy for 2021–2025, including the Sustainable Development strategy;
- approving the Construction of Ust-Yayvinsky Mine (1st commissioning underground complex) investment project;
- approving the ESG Report.

Corporate governance:

- convening the Annual General Meeting of PJSC Uralkali;
- establishing the Sustainable Development Committee under the Board of Directors of PJSC Uralkali;
- approving the Annual Report of PJSC Uralkali for 2019;
- approving the report on related party transactions made by PJSC Uralkali in 2019;
- recommendations to the Company's Annual General Meeting for approval of external auditors and the fee for their services;
- recommendations to the Annual General Meeting for profit distribution for 2019;
- approving the following internal documents: Human Rights Policy, Labour, Industrial and Fire Safety Policy, Risk Management and Internal Control Policy, Regulation on the Corporate Secretary;
- reviewing the report on assessment of the Company's Board of Directors;
- reviewing the reports on the performance of the Board of Directors' Committees.

Financial statements:

- approving the Company's financial statements as well as consolidated financial statements for 2020 prepared in accordance with International Financial Reporting Standards (IFRS).

Appointments:

- approving the personal and numerical composition of the Management Board;
- approving appointments: IT Director, Head of Public Relations, Corporate Secretary, Strategy and Marketing Director, Production Director, Chief Technical Officer, Labour and Industrial Safety Director;
- appointing the Chief Executive Officer;
- approving the updates in PJSC Uralkali's organisational structure.

ROLE DISTRIBUTION AND INDEPENDENCE CRITERIA OF THE BOARD OF DIRECTORS

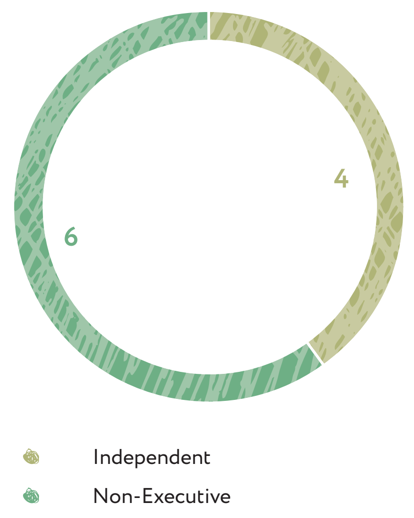
The Board of Directors is an essential element of our corporate governance system. Its members are nominees of the shareholders, are extremely experienced and maintain high levels of professionalism. For the composition of the Board of Directors, diversity means a wide range of criteria: age, experience, status, social background, national identity, political views, personal qualities, as well as many other unique skills and attributes which our directors bring to the table.

In 2020, the Board consisted of four Independent Directors (Sergey Chemezov, Paul Ostling, Luc Maene and Daniel Wolfe) and six Non-Executive Directors (Dmitry Mazepin, Dmitry Lobiak, Dimitry Tatyanin, Igor Bulantsev, Alexander Bazarov and Dmitry Osipov, the Company's CEO until December 2020 as well as the former Executive Director).

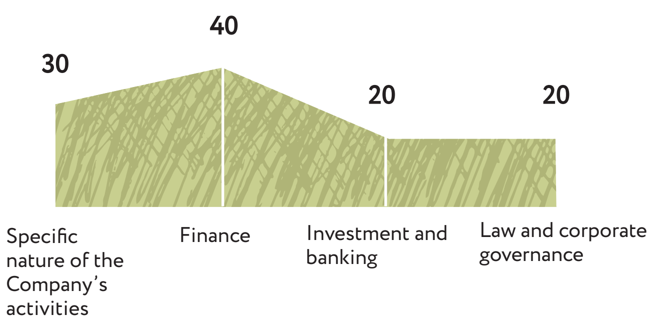
In terms of demographic diversity, the composition of the Board includes representatives from the USA, Russia, Belgium, Belarus and Ukraine, while the age of directors ranged from 50 to 74, averaging at 59 years.

The directors' professional backgrounds cover a number of sectors including banking, finance, administration, high technologies, risk management and internal control, audit and consulting, mining, law, business processes and many other valuable areas of business acumen within Russian markets and abroad.

Members of the Board of Directors as of 31 December 2020, pers.



Qualification balance in the Board of Directors, %



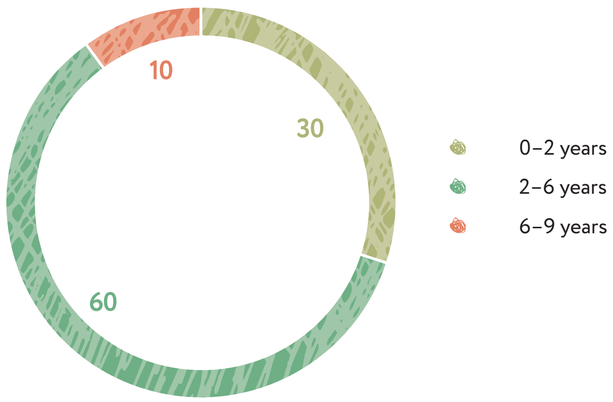
Such a diverse team creates a unique synergy in the Company. Our directors truly work as one team, serving a collective goal underpinned by their mutual regards and understanding.

The Company regularly evaluates nominees and existing directors against independence criteria. These are mainly based on the Code of Corporate Governance, which was recommended for adoption by the Bank of Russia in 2014. However, since the requirements of other codes, including the UK Code of Corporate Governance (which served as a benchmark to Uralkali until 2015), are not mandatory for the Company, our independent directors comply with all their criteria.

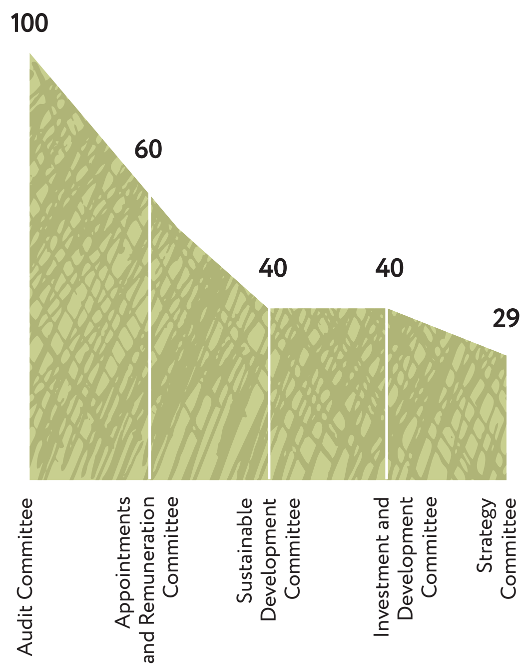
Independence, in this context, means a director's ability to formulate and express their own opinions, which are not limited by interests of the host company's management or its individual shareholders, or competitors, counterparties and the state. Both the Russian and UK Codes note, quite fairly, that independence of a director's opinion in some cases is not determined by whether the director fully meets all applicable criteria, and that it is up to the company's Board of Directors to ascertain the director's independence. Accordingly, Uralkali has adopted this practice along with a number of other companies.

In 2018, the Company confirmed that Paul Ostling, who first joined the Board in June 2011, would take a position as Independent Director despite the fact that Paul's tenure has exceeded a 7-year period, the Russian Corporate Governance Code views as a maximum length of tenure. Uralkali believes he fully maintains his independence and impartiality. Additionally, the Board has unanimously appointed Paul Ostling as Senior Independent Director. In this role, Paul leads the team of independent directors, and interacts on their behalf with management and shareholders, and represents the independent directors of the Company in the areas where the company operates internationally. The fact that Mr Ostling remains a member of the Board and the Senior Independent Director illustrates how deeply the Company appreciates and values his work as a member of the Board, in his participation in numerous projects, his experience and business reputation, and the level of rapport he maintains with foreign investors.

Work experience in the Board of Directors as of 31 December 2020, %



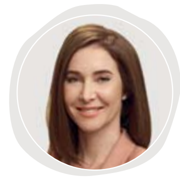
Share of Independent Directors in the Board of Directors' Committees as of 31 December 2020, %



In line with long-established practices, the Chairman of the Board does not participate in Board Committee activities and is not involved in specific projects and transactions. However, the Chairman organises the Board's activities, determines meeting agendas and chairs physical meetings.

Non-Executive Directors play a significant role in the Company's activities. As they are more deeply involved in what the Company and its shareholders do than Independent Directors, they provide valuable support in several areas such as running internal processes, facilitating external communications, and engaging with stakeholders.

The corporate secretary facilitates ongoing interaction with shareholders, coordinates the Company's activities to protect the rights and interests of its shareholders, and makes sure the Board of Directors follows all necessary corporate procedures and works effectively and efficiently, and also coordinates communication between the Board and the management. Since 2020, the position of the corporate secretary of Uralkali and the secretary of the Board of Directors and all Board Committees has been held by Elena Eskina.



Elena **Eskina**

Corporate Secretary

Year of birth

1980

Citizenship

Russian Federation

Education

Higher School of Economics (State University)

Appointment

Corporate Secretary since 2020.

Career background

In 2001–2005, Elena Eskina was in the legal department of Siberian-Ural Oil, Gas and Chemical Company (JSC Sibur) where she served in several positions including the post of Head of Litigation.

In 2007–2020, Elena worked in corporate governance and was in charge of the Corporate Department of JSC UCC URALCHEM.

External appointments

Does not have executive positions in other companies.

Does not hold any shares in PJSC Uralkali.

MEMBERS OF THE BOARD OF DIRECTORS

Sergey **Chemezov**

Chairman of the Board of Directors
Independent Director

Year of birth
1952

Citizenship
Russian Federation

Education
Irkutsk Institute of National Economy

Election to the Board of Directors
First elected in March 2014 and has since been re-elected on a number of occasions.

Career background
Since 1980, he has held senior positions in a number of public entities, including Promexport and Rosoboronexport.

1996–1999: headed the Foreign Economic Relations office of the Russian President's Administrative Department.

In December 2007, he was appointed the CEO of Rostec, the state corporation for the support of the development, production, and export of high-tech industrial products.

Membership of Board Committees
Not a committee member.

External appointments
Chairman of the Board of Directors of JSC Rosoboronexport, PJSC VSMPO-AVISMA Corporation, PJSC Kamaz and JSC National Aviation and Services Company.

Member of the Board of Directors of PJSC Aeroflot – Russian Airlines, JSC JSCB. He also serves on the boards of United Shipbuilding corporation, International Financial Club, Alliance Rostec Auto B.V., and Rostec.

Does not hold any shares in PJSC Uralkali.

Dmitry **Mazepin**

Deputy Chairman of the Board of Directors
Non-Executive Director

Year of birth
1968

Citizenship
Russian Federation

Education
Moscow Institute of Foreign Relations

Election to the Board of Directors
First elected in March 2014 and has since been re-elected on a number of occasions.

Career background
Since the mid-1990s he has held senior management positions in government and large companies, including Tyumen Oil Company, JSC Nizhnevartovskneftegaz, OJSC Kuzbassugol coal company and the Russian Federal Property Fund.

2002–2003: President of JSC AK Sibur.

Since 2007: Chairman of the Board of Directors of JSC UCC URALCHEM and its management company UralChem Holding P.L.C.

Since 2015: member of the management board of the Russian Union of Industrialists and Entrepreneurs.

Since 2016: Chairman of the Commission for the Production and Market of Mineral Fertilisers of the Russian Union of Industrialists and Entrepreneurs.
Since 2018: Chairman of the Russia-Belarus Business Council of the Chamber of Commerce and Industry of the Russian Federation, member of the supervisory board of the Belovezhskaya Puscha Foundation for Development of Friendship among Fraternal Peoples.

Membership of Board Committees
Not a committee member.

External appointments
Chairman of the Board of Directors of JSC UCC URALCHEM and also its management company UralChem Holding P.L.C. Director at CI-CHEMICAL INVEST LIMITED. Chairman of the Russia-Belarus Business Council of the Chamber of Commerce and Industry of the Russian Federation, member of the supervisory board of the Belovezhskaya Puscha Foundation for Development of Friendship among Fraternal Peoples, Board member of Uralkali Trading SIA.

Does not hold any shares in PJSC Uralkali.

Dmitry **Lobiak**

Deputy Chairman of the Board of Directors
Non-Executive Director

Year of birth
1967

Citizenship
Republic of Belarus

Education
Kirov Leningrad Higher Combined-Arms Command School

Election to the Board of Directors
First elected in September 2016.

Career background
2005–2010: Head of the Commercial Department at Juras Oil LLC (Minsk, Belarus).

2010–2020: Director of Juras Oil LLC.

Membership of Board Committees
Member of the Appointments and Remuneration Committee and the Investment and Development Committee.

External appointments
Director at Rinsoco Trading Co. Limited and Jasnia Investments Limited.

Does not hold any shares in PJSC Uralkali.

Alexander **Bazarov**

Member of the Board of Directors
Non-Executive Director

Year of birth
1962

Citizenship
Ukraine

Education
Taras Shevchenko National University of Kyiv

Election to the Board of Directors
First elected in February 2020.

Career background
2008–June 2018: member of the Management Board of Sberbank. Alexander Bazarov worked as Vice President of Sberbank and as Director of the Department for Sberbank major clients.

January 2012–2018: Co-Director of the Corporate Investment Block of Sberbank (Sberbank CIB).

Since 2013: Senior Vice President of Sberbank.

Membership of Board Committees
Member of the Appointments and Remuneration Committee and the Strategy Committee.

External appointments
Does not have executive positions in other companies.

Does not hold any shares in PJSC Uralkali.

Paul **Ostling**

Member of the Board of Directors
Senior Independent Director

Year of birth
1948

Citizenship
United States of America

Education
Fordham University School of Law

Election to the Board of Directors
First elected in June 2011 and has since been re-elected on a number of occasions.

Career background
1977–2007: held various executive positions at Ernst and Young, eventually becoming their Global Chief Operating Officer.

2007–2013: held executive positions in various companies, including Kungur Oil and Gas Equipment and Services, first as the CEO, then from 2010 as a member of the Board of Directors; member of the Board of Directors of OJSC Promsvyazbank and UralChem Holding P.L.C., OJSC MTS, and Datalogix Inc.

Membership of Board Committees
Chairman of the Audit Committee (as a finance expert) and the Appointments and Remuneration Committee, a member of the Sustainable Development Committee and the Investment and Development Committee and a member of the Strategy Committee.

External appointments
Member of the Board of Directors of CJSC NRD, the Business Council for International Understanding, and the Boy Scouts of America Transatlantic Council. Chairman of the Board of Directors of PSIMOS Inc., member of the Board of Directors at qVortex Technologies Inc. and SF Holdings Company PLC.

Does not hold any shares in PJSC Uralkali.

Luc **Maene**

Member of the Board of Directors
Independent Director

Year of birth
1946

Citizenship
Belgium

Education
University of Ghent

Election to the Board of Directors
First elected in June 2016.

Career background
In 1987, Luc Maene joined the International Fertilizer Association (IFA) first as its Executive Secretary, later as its Secretary General and finally, in 1998 he headed the organisation as Director General. Over the years Mr. Maene has served on the Board of Directors of the International Fertilizer Development Center (IFDC) as Deputy Chairman of the Board. He also took the position of Chairman of the Board of Directors of FIRT (the Fertiliser Industry Round Table) and was a member of the Board of Directors of CEDAP, the French organisation of Association Leaders.
Since 2013: Ambassador of the International Fertilizer Association (IFA).

Membership of Board Committees
Chairman of the Sustainable Development Committee and the Investment and Development Committee. Member of the Audit Committee, the Appointments and Remuneration Committee, and of the Strategy Committee.

External appointments
Member of the Board of Directors of LM AGRI Ltd., and IRM Ltd.

Does not hold any shares in PJSC Uralkali.

Daniel
Wolfe

Member of the Board of Directors
Independent Director

Year of birth
1965
Citizenship
United States of America
Education
Dartmouth University, Columbia Law School
Election to the Board of Directors
First elected in June 2018.
Career background
From November 2010 to May 2014, Daniel was a Deputy CEO, a member of the Management Board and a member of the Board of Directors of PJSC Quadra (former TGK-4), where he also was a member of the Board of Directors, a member of the Compensation and Remuneration Committee and a member of the Audit Committee from 2011 to June 2018.

In 2014–2017, Daniel was a Deputy CEO of Onexim Group, a member of the Board of Directors at Brooklyn Nets, Barclays Center and Renaissance Capital, where he also chaired the Audit Committee. From 2014 to April 2018, he was a member of the Board of Directors and the Audit Committee of UC Rusal.

Since 2014, he has been a member of the Board of Directors of New York Bakery (Tortopia LLC). Since 2020, Daniel has been a director at Segezha Group LLC.
Membership of Board Committees
Member of the Audit Committee and the Appointments and Remuneration Committee.
External appointments
Member of the Boards of Directors of New York Bakery (Tortopia LLC) and Segezha Group LLC.
Does not hold any shares in PJSC Uralkali.

Igor
Bulantsev

Member of the Board of Directors
Non-Executive Director

Year of birth
1969
Citizenship
Russian Federation
Education
Moscow State Technical University
Election to the Board of Directors
First elected in April 2019.
Career background
2009–2016: Chairman of the Management Board of Nordea Bank.
2016–2019: Senior Vice President at Sberbank, Head of Sberbank CIB. Prior to that, he worked as Vice President and Director of the Client Management Department for 6 months.
Since January 2019, Igor Bulantsev has served as Deputy CEO / CFO of JSC UCC URALCHEM.
January 2019–December 2020: Member of the Board of Directors of JSC UCC URALCHEM.
Membership of Board Committees
Chairman of the Strategy Committee; member of the Investment and Development Committee, the Sustainable Development Committee.
External appointments
Member of the Board of Directors of JSC Voskresensk Mineral Fertilisers, Agro Digital LLC, InfoBis LLC and PJSC "BystroBank".
Member of the Council of Uralkali Trading SIA.
Does not hold any shares in PJSC Uralkali.

Dimitry
Tatyanin

Member of the Board of Directors
Non-Executive Director

Year of birth
1967
Citizenship
Russian Federation
Education
Voronezh State University
Election to the Board of Directors
First elected in September 2016.
Career background
Since 1993, he has held senior management positions in the legal departments of various companies, including LLC Infistrakh, JSC KredoBank, Alfa-Eco Group, and JSC AK Sibur.
2007–2019: Chief Legal Officer of JSC UCC URALCHEM.
Since 2019 — Deputy CEO — Legal Affairs Director.
Since 2007 — member of the Board of Directors of JSC UCC URALCHEM.
Membership of Board Committees
Member of the Sustainable Development Committee and the Strategy Committee.
External appointments
Member of the Board of Directors of JSC UCC URALCHEM and a number of its affiliates. Member of the Council of Uralkali Trading SIA.
Does not hold any shares in PJSC Uralkali.

Dmitry
Osipov

Member of the Board of Directors

Year of birth
1966
Citizenship
Russian Federation
Education
Lobachevsky Nizhny Novgorod State University
Election to the Board of Directors
First elected in March 2014 and has since been re-elected on a number of occasions.
Career background
2007–2011: CEO of JSC URALCHEM.
2007–2013: member of the Board of Directors of JSC UCC URALCHEM.
2011–2013: Deputy Chairman of the Board of Directors of JSC UCC URALCHEM.
2016–present: member of the Board of Directors of JSC UCC URALCHEM[1].
December 2013–December 2020: CEO of Uralkali.
2016–present: member of the Commission for the Production and Market of Mineral Fertilisers of the Russian Union of Industrialists and Entrepreneurs.
2018–present: Chairman of the Russia–Nigeria Business Council of the Chamber of Commerce and Industry of the Russian Federation.
Membership of Board Committees
Member of the Sustainable Development Committee and the Investment and Development Committee [2].
External appointments
Member of the Board of Directors of JSC UCC URALCHEM.
Member of the Board of Directors at a number of PJSC Uralkali's affiliates.
Does not hold any shares in PJSC Uralkali.

ACTIVITIES OF THE BOARD OF DIRECTORS AND BOARD COMMITTEES IN 2020

In the reporting year, the Board of Directors achieved the goals and targets as well as fulfilled its obligations under the Company's Charter, Code of Corporate Governance, Regulation on the Board of Directors and the action plan of the Board of Directors for 2020. The Corporate Secretary ensured well-managed and effective interaction between the Board of Directors and all corporate parties.

In the year ahead, the Company and the Board of Directors will define new goals. New strategic areas are to be developed in detail, while the improvement of corporate governance and the sustainable development activities will further continue.

[1] Since January 2021, Dmitry Osipov is no longer a member of the Board of Directors of JSC UCC URALCHEM.
[2] Since January 2021, Dmitry Osipov is no longer a member of the Sustainable Development Committee and the Investment and Development Committee of PJSC Uralkali's Board of Directors.

ATTENDANCE OF THE BOARD MEETINGS AND MEETINGS OF ITS COMMITTEES IN 2020*

Full name	Board of Directors 14** meetings	Audit Committee 8 meetings	Appointments and Remuneration Committee 8 meetings	Investment and Development Committee 3 meetings	Corporate Social Responsibility Committee 3 meetings	Strategy Committee 4 meetings
Alexander Bazarov	All***		All			All
Igor Bulantsev	All			All	All	All
Dmitry Lobiak	All		All	All		
Dmitry Mazepin	All					
Luc Maene	All	All	All	All	All	All
Daniel Wolfe	All	All	All			
Dmitry Osipov	All			All	All	
Paul Ostling	All	All	All	All	All	All
Dimitry Tatyanin	All				All	All
Sergey Chemezov	All					
Anton Vishanenko****						All
Elena Papsheva****						All

*"Attendance" means participation of directors in a Board/Committee meeting by way of physical presence (for meetings held in praesentia), voting by ballot (for meetings held in absentia), and submission of a written opinion in relation to agenda items if physical presence is impossible.
** In 2020, ten out of fourteen Board meetings were held in absentia.
*** "All" refers to the number of Board/Committee meetings where a member had to be present either before the termination of the member's term of office or following their election to the Board/Committee.
**** A member of the Strategy Committee but not a member of the Board of Directors.

ACTIVITIES OF THE GENERAL MEETINGS

Three general shareholders' meetings were held in 2020. In January 2020, at an extraordinary general meeting, the number of Board Directors was changed from 9 to 10. In February, the extraordinary general meeting elected the new composition of the Board of Directors, which for the first time included Alexander Bazarov. Mr. Bazarov has considerable managerial experience and expertise in finance and banking. Two extraordinary general meetings held on 13 January and 17 February 2020 were requested by JSC UCC URALCHEM as a shareholder of the Company. At the Annual General Meeting, the Board of Directors was re-elected in full. Meanwhile, the Revision Commission was elected, and the auditors of the Company were approved.

PERFORMANCE ASSESSMENT AND PLANNING OF THE BOARD OF DIRECTORS

In 2020, the Board of Directors performed a traditional self-review exercise, inviting members of the Board to fill in questionnaires that were developed and approved by the Appointments and Remuneration Committee. Over 30 questions covered various aspects of activities conducted by the Board, its Committees, Management, the Corporate Secretary, as well as the quality of preparation of documents, informing and monitoring of the Company's operations and planning. Currently, the Company is not planning to conduct an external review of the Board's performance. However, the Board may decide to conduct such a review in the future, taking into account both internal and external factors.

The Board of Directors and its Committees have a year-long planning horizon, i.e. a meeting schedule approved annually. The meeting schedule for 2021 was presented and approved at the meeting of the Board of Directors.

REPORT OF THE AUDIT COMMITTEE

The Company continued to update its risk map in 2020, with the involvement of the Audit Committee, and this work will also be continued in 2021.

In the reporting year, the Audit Committee has reviewed the Company's financial statements twice, as it is a standard practice, and was in constant contact with the external auditors of the Company.

Members of the Audit Committee in 2020:

- Paul Ostling (Chairman, Senior Independent Director, and a financial expert);
- Daniel Wolfe (Independent Director);
- Luc Maene (Independent Director).

The Audit Committee of PJSC Uralkali is exclusively made up by Independent Directors, which is in line with the best corporate governance standards.

In 2020, the Audit Committee gave the recommendation to the Board of Directors and the General Shareholders Meeting to retain the previous auditors — AO Deloitte & Touche CIS for the audit of IFRS financial statements, and JSC Energy Consulting for RAS accounting statements (financial statements), and also gave a recommendation on the value of the auditors' remuneration.

Total remuneration paid to the auditors in 2020 was RUB 66,985,203 (VAT excluded). In 2020, JSC Energy Consulting received RUB 2,574,490 and RUB 192,000 for consulting services.

In 2020, our auditor of IFRS reports AO Deloitte & Touche CIS and its affiliates were paid RUB 64,218,713 (VAT excluded), of which:

Auditor	Fee for audit services (RUB)	Fee for consulting services (RUB)
AO Deloitte & Touche CIS	39,900,000	6,520,300
Deloitte Consulting LLC	–	17,798,413
TOTAL:	**39,900,000**	**24,318,713**
Audit/consulting fee ratio	62.1%	37.9%

Taking into account the internal standards adopted by auditors in order to ensure their independence and to avoid a conflict of interest, 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. At its meeting held on 25 February 2021, the Committee reviewed the non-audit services provided to the Company and established that the audit/consulting fee ratio makes the objectivity and independence of the auditors of the Company's financial statements evident.

The Audit Committee also assessed the efficiency of the external audit processes and concluded that the auditors had duly discharged their obligations which included regular monitoring of the accounting, fiscal and tax book-keeping practices of the Company, and that the auditors' reports reflected the actual RAS statements and the IFRS-consolidated financial statements.

EXECUTIVE BODIES

The Company's executive bodies are the Management Board (which is the collective executive body) and the Chief Executive Officer (who is the sole executive body and is also in charge of the Management Board). The responsibilities of the CEO and the Management Board are defined in the Company's Charter. In addition, the CEO also reviews matters which by law and the Charter are outside the competence of shareholders, the Board of Directors and the Management Board. The Management Board's numerical and personal composition is determined by the Board of Directors.

As of 31 December 2020, the Management Board included the following members:

- Vitaly Lauk (Chairman);
- Dmitry Boyarkin;
- Anton Vishanenko;
- Irina Konstantinova;
- Igor Senokosov;
- Eduard Smirnov;
- Marina Shvetsova.

In 2020, the Management Board held 9 meetings.

MEMBERS OF THE MANAGEMENT BOARD

Vitaly **Lauk**

CEO
Chairman of the Management Board

Year of birth
1968
Citizenship
Russian Federation
Education
Perm State Technical University International Management Institute of St. Petersburg (IMISP)
Appointment
Member of the Management Board since 2017.
Career background
Vitaly Lauk started his career in 1990 as a loader engine driver at Solikamsk-3. He then went on to hold the following positions: area electrician, Deputy Mine Manager, Deputy Chief Mechanic, Mine Chief Mechanic, Chief Mining Engineer, Head of Mine, and the Chief Mechanic of PJSC Uralkali. Since 2016: 1st Deputy Chief Technical Officer. Since September 2017 — Chief Technical Officer of PJSC Uralkali. Since December 2020 — CEO of PJSC Uralkali.
External appointments
Member of the Board of Directors of PJSC Uralkali's affiliate.
Does not hold any shares in PJSC Uralkali.

Anton **Vishanenko**

Chief Financial Officer

Year of birth
1979
Citizenship
Russian Federation
Education
Moscow State Aviation Institute, St. Petersburg State University of Economics and INSEAD Global Executive MBA
Appointment
Member of the Management Board since 2014.
Career background
Since 2000, Anton Vishanenko has held various mid-level and executive positions at JSC Wimm-Bill-Dann, PJSC Mechel, and URALCHEM Management Company LLC.

In 2012, he was appointed the CFO of the Novorossiysk Commercial Sea Port.

In October 2014, Mr. Vishanenko became Uralkali's CFO.
External appointments
Member of the Board of Directors of a number of Uralkali's affiliates.
Does not hold any shares in PJSC Uralkali.

Irina **Konstantinova**

Human Resources Director

Year of birth
1978
Citizenship
Russian Federation
Education
Perm State Technical University, International Management Institute of St. Petersburg (IMISP)
Appointment
Member of the Management Board since 2017.
Career background
Since 2008, Irina Konstantinova has held various positions in PJSC Uralkali: a senior training specialist, head of the personnel training department.

Since September 2015: Head of the Corporate University.

Since December 2017: Head of the Personnel Recruitment and Development Department.
External appointments
Does not have executive positions in other companies.
Does not hold any shares in PJSC Uralkali.

Dmitry **Boyarkin**

Procurement Director

Year of birth
1974
Citizenship
Russian Federation
Education
Kemerovo State University
Appointment
Member of the Management Board since 2019.
Career background
2001–2014: held senior positions at various companies within Evraz Group.

2014–2015: Procurement Director and Deputy CEO of the housing developer PIK.

2015 — May 2019: Procurement Director at JSC UCC URALCHEM.
External appointments
Does not have executive positions in other companies.
Does not hold any shares in PJSC Uralkali.

Marina **Shvetsova**

Legal and Corporate Affairs Director

Year of birth
1972
Citizenship
Russian Federation
Education
Perm State University, International Management Institute of St. Petersburg (IMISP)
Appointment
A member of the Management Board since 2006.
Career background
2002–2006: teacher at the Accounting and Audit Department of Perm State Technical University.

2001–2005: various positions at CJSC Sibur-Khimprom, including Head of the Legal Department.

Marina joined Uralkali in 2005. Since 2006, she has been the Legal and Corporate Affairs Director.
External appointments
Member of the governing bodies of PJSC Uralkali's affiliates.
Does not hold any shares in PJSC Uralkali.

Eduard **Smirnov**

Chief Technical Officer[1]

Year of birth
1969
Citizenship
Russian Federation
Education
Perm State Technical University, Synergia Institute of Economics and Finance
Appointment
Member of the Management Board since 2019.
Career background
In 2001, he was appointed the Deputy Chief Engineer for mine processes at Berezniki-1.

2004–2007: Chief Engineer of Berezniki-1.

2011–2015: Deputy Chief Engineer for mining in PJSC Uralkali.

2015–2016: Deputy Chief Technical Officer for mining in PJSC Uralkali. Since December 2016 Director for Subsoil Management in PJSC Uralkali.
External appointments
Member of the Board of Directors of PJSC Uralkali's affiliate.
Does not hold any shares in PJSC Uralkali.

[1] Since 1 January 2021.

Igor
Senokosov

Capital Construction Director

Year of birth
1977
Citizenship
Russian Federation
Education
Mogilev Construction College, Academy of Public Administration under the President of the Republic of Belarus
Appointment
Member of the Management Board since 2019.
Career background
In 2000, Igor joined Mogilevtekhmontazh in Belarus. He started his work in the company's 1st Assembly Department, transitioning from an engineer in the production support unit to the Deputy General Director, finally earning the position of Chief Engineer.
In 2015–2018, he was the General Director of Minsk-based Promtekhmontazh.
External appointments
Member of the Board of Directors of PJSC Uralkali's affiliates.
Does not hold any shares in PJSC Uralkali.

COMMITTEES UNDER THE CEO

The Company's structure includes several committees and commissions (hereinafter, Working Groups) which report directly to the CEO and focus on key aspects of the Company's activities. To date, there are 10 Working Groups:

- Health, Safety, Environment and Corporate Social Responsibility;
- Procurement;
- Investments;
- Subsidiary Management;
- Mine Safety;
- Compensation and Benefits;
- Information Technology;
- Innovation;
- Quality;
- Risks.

These groups are represented by senior executives and are personally led by the CEO. The Working Groups' tasks include information monitoring and review, preliminary discussions, risk analysis, and the follow-up of scheduled activities. This approach ensures a continuous dialogue with the management team and a two-way flow of information on the most crucial aspects of the Company's activities. 98 Working Group meetings were held in 2020.

REMUNERATION

REMUNERATION OF THE BOARD OF DIRECTORS

Members of the Board of Directors receive remuneration in line with the Remuneration Regulations. According to these regulations, remuneration is provided to independent and non-executive directors, who may choose to voluntarily waive their remuneration.

In 2020, remuneration was paid to seven Board members, including four Independent Directors (Sergey Chemezov (Chairman), Daniel Wolfe, Paul Ostling and Luc Maene), and Non-Executive Directors (Alexander Bazarov, Dmitry Lobiak and Dmitry Mazepin).

In accordance with the Remuneration Regulations, directors are reimbursed for their travel expenses (in relation to meetings of the Board), accommodation expenses as well as expenses not directly related to participation in the meetings, but still connected with the business of the Company.

Total amount of payments to the Board members in 2020:

Payments	RUB	USD*
Remuneration	308,296,809	4,273,211
Expense reimbursement	5,343,816	74,069
Total	**313,640,625**	**4,347,280**

* *Based on the average exchange rate in 2020: RUB/USD 72.1.*

REMUNERATION OF THE MANAGEMENT BOARD

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 bonus amount depends on the achievement of individual KPIs set each year, which reflect 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.

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

Total amounts paid to the Management Board in 2020

Payments	RUB*	USD**
Salary	370,722,602	5,138,477
Annual bonus	211,157,157[1]	2,926,787
Expense reimbursement	1,206,220	16,719
Total	**583,085,979**	**8,081,983**

** Before personal income tax.*
*** Based on the average exchange rate in 2020: RUB/USD 72.1.*

CEO REMUNERATION AND REIMBURSEMENT POLICY

The procedure for CEO's remuneration remains unchanged in 2020. The CEO is appointed by the Board of Directors. The Board of Directors' prerogative also includes the approval of the CEO's employment contract and his annual KPI targets (after those have been reviewed by the Appointments and Remuneration Committee). The Board of Directors generally follows the committee's recommendations but may introduce certain amendments if deemed necessary.

The size of the CEO's remuneration (salary) is specified in the employment contract. Total remuneration payable to the CEO (as well as to other executive directors including 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. As of the end of the year, the CEO may also receive a bonus in line with the Regulations on Bonuses for Senior Executives, which is based on a performance management system adopted by the Company. This system allows for correlation between the corporate and individual goals and ensures that performance is measurable and transparent. Bonuses are only paid if an executive (including the CEO) has met their individual KPIs and can also be subject to deductions in certain conditions.

The KPI-based performance is reviewed by the Board's committees, including the Appointments and Remuneration Committee which makes the final recommendation to the Board of Directors.

The CEO is also the Chairman of the Management Board; however, the CEO and other members of the Management Board do not receive additional remuneration for these roles.

All security and reimbursement clauses provided by internal regulations and the collective bargaining agreement also apply to the CEO. The CEO's expenses incurred in relation to his office duties are reimbursed against supporting documents. Just like any other employee, the CEO's travel expenses are fully reimbursed within the limits set by internal regulations. In addition, the CEO's hospitality expenses are also reimbursed.

[1] Annual bonus for 2019 totalled RUB 100,222,944 and was physically paid in 2020. Annual bonus for 2020 totalled RUB 110,934,213.

MANAGEMENT'S EQUITY OWNERSHIP

As of 31 December 2020, according to the Company's registrar JSC VTB Registrar, in the period of 1 January 2020 to 31 December 2020, the Company's list of registered securities holders did not include persons who held positions in the governing bodies of Uralkali in 2020. There is no record of any transactions made by members of Uralkali's governing bodies to acquire or dispose of shares of the Company, including dates and matter of transactions, the category (type) and a number of Uralkali shares, which were the subject matter of such transactions from 1 January 2020 until 31 December 2020.

DIRECTORS' AND OFFICERS' (D&O) LIABILITY INSURANCE

In line with global best practice, the Company provides annual liability insurance for its Directors and Officers (D&O) at its own expense. The D&O policy protects members of the Board of Directors, the Management Board and Uralkali's management team, and covers possible damages arising from claims against them or persecution by public authorities for their actions/ inaction in the exercise of their duties. Following the Eurobond offering in 2019, the Company also provided D&O liability insurance in connection with the securities placement (POSI) to the Board of Directors and Management Board.

PREVENTION OF CONFLICTS OF INTEREST

The Code of Corporate Governance recommended by the Bank of Russia defines a conflict of interest as any contradiction between interests of the Company and personal interests of a board member, a member of a collegial executive body, or a sole executive body, which means any direct or indirect personal interests or interests in favour of a third party, including business relationships, friendship, kinship or other relations, a personal or related person's membership, employment or equity ownership in another legal entity, and contradictions between obligations to the company and another party. In particular, conflicts of interest may arise in respect of transactions in which a person has a direct or indirect interest; acquisition of the company competitors' shares; employment in legal entities and establishment of contractual or other relations with them.

At the same time, according to the developed judicial practice, the CEO's activities in the face of a conflict of interest (if the information on the conflict of interests is not disclosed and the CEO's actions are not approved in line with the established procedures) are considered the signs of bad faith.

Russian legislation provides for a number of mechanisms to prevent conflicts of interest among the Company's directors and members of executive bodies, which may for instance be related to their employment in governing bodies of the Company's competitors, or their ownership of shares in other organisations whose interests may contradict those of the Company. These mechanisms include:

- a Director's and/or Officer's obligation to inform the Company of any positions and/or of any equity ownership they may hold in other organisations;
- a Director's obligation to refrain from voting on a transaction if he or she may be considered an interested party to a transaction;
- a Director's obligation to inform the Company of any parties where the director may be considered an interested party to a transaction.

To ensure the implementation of the specified mechanisms, the Company also has a number of internal controls to effectively 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 or a controller. Moreover, the corporate information system has a regularly updated list of related parties, which is used to pinpoint the transactions that must be put before the Board of Directors or the General Meeting of the Company.

In 2020, the Company and other members of the Uralkali Group did not grant any loans to Directors of the Company.

RESPONSIBLE MANAGEMENT

RISK MANAGEMENT AND INTERNAL CONTROL

In 2020, the Company worked on updating its Risk Management and Internal Control Policy which was preliminarily reviewed by the Audit Committee, approved by the Board of Directors and adopted in June 2020.

The risk management and internal control system (RMICS) is based on the principles incorporated in ERM (Enterprise Risk Management), an integrated risk management framework which:

- is a continuous process that covers all of Uralkali's operations and is implemented by its employees at every level;
- is used in the Company's strategy development;
- is applicable to the entire organisation and includes a corporate-level review of the risk portfolio;
- 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 reasonable confidence in achieving its desired goals.

Roles and responsibilities of Uralkali units and officials in RMICS

Board of Directors	Approves the overall risk management and internal control policy; identifies the major risks related to the Company's activities; and approves the corporate risk management system.
Audit Committee	Monitors the reliability and effectiveness of the RMICS; assesses the internal control procedures and makes recommendations for improvement; reviews and evaluates compliance with the risk management and internal control policy; develops recommendations to approve the risks map.
CEO	Provides overall guidance for the risk management and internal control process.
Risk Committee under the CEO	Reviews and monitors how the Group's specific risks are dealt with following instructions of the Chairman of the Management Board.
Executive Directors	Regulate their respective business processes; identify the goals of these processes; and assess key risks.
Risk Management Office	Coordinates the risk management and internal control.
Internal Audit Directorate	Provides guarantees, identifies areas of potential improvements, gives advice on remedial actions in terms of: • the Internal Control System; and • the Risk Management System. Monitors the compliance with the Internal Control System and informs the Audit Committee about violations.
Employees	Perform the duties imposed by the RMICS and promptly inform their management about any new risks in their day-to-day work.

USE OF THE RISK MANAGEMENT AND INTERNAL CONTROL SYSTEM IN THE DEVELOPMENT OF FINANCIAL STATEMENTS

The Company pays special attention to the preparation of reliable financial statements in the risk management and internal control system. Transparency and reliability of financial reporting is one of the integral principles of corporate governance for Uralkali, and ensuring the proper quality of financial statements is a key function of the Board of Directors. In 2020, Uralkali continued to use the previously developed tried-and-tested controls designed to ensure information is collected diligently, and to ensure reliability of reported data.

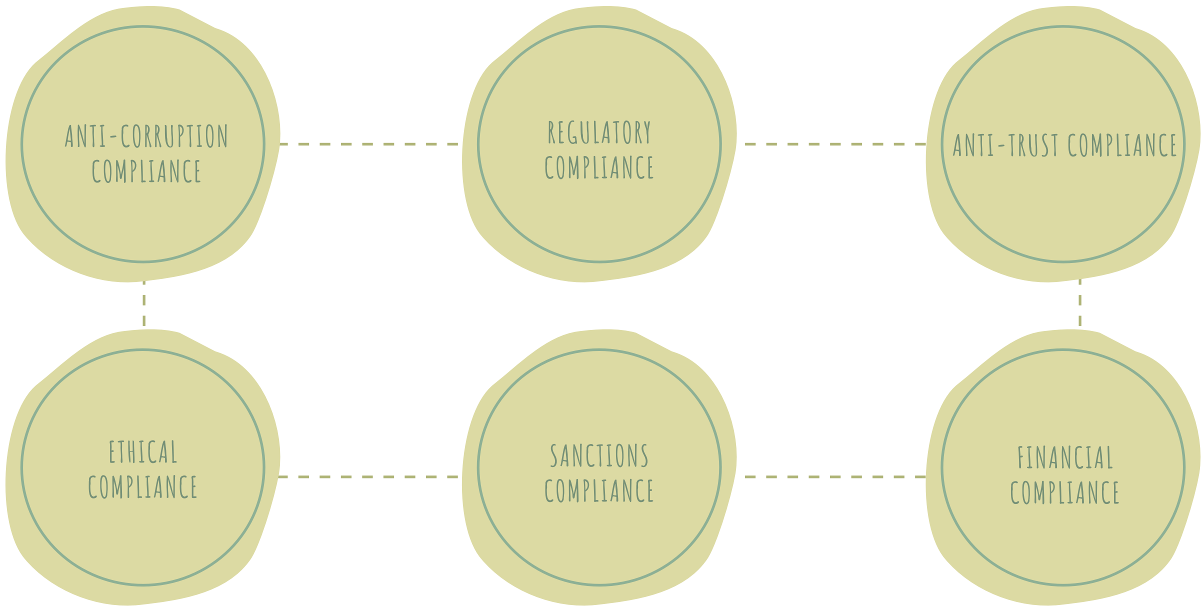
The process of preparing financial statements involves employees, officers and governing bodies of the Company.

Role of the Company's governing bodies and employees in the preparation of financial statements

Governing bodies and employees	Roles
Chief Financial Officer	Ensures: • availability and reliability of information in the enterprise resource management system; • interaction with auditors; • inventory counts of the property.
Revision Commission	Assures: • data in Uralkali's annual reports; • periodic annual accounting statements; • reports sent to statistical and government authorities and assessment of the internal control system.
Audit Committee	Preliminarily reviews: • Uralkali's financial statements; • draft reports of the external auditor, as well as auditing processes. Monitors: • completeness and integrity of financial reports. Recommends: • external auditor candidates for a preliminary approval by the Board of Directors and final approval by the General Shareholders Meeting.
External Auditors	Audit and interim review: • RAS accounting statements; • IFRS annual and half-year consolidated financial statements.
Board of Directors	Approves financial statements, taking into account recommendations made by the Audit Committee.

ANTI-FRAUD AND COMPLIANCE SYSTEM

Components of Uralkali's compliance system



The Board of Directors delegated its powers to review issues concerning the compliance system and its individual aspects to the Audit Committee. As part of this responsibility, the committee regularly reviews management reports on compliance measures, and initiates improvement and/ or implementation of new control procedures in certain compliance areas, if necessary.

According to the compliance system, the Company's officers and employees are responsible for the implementation of certain control procedures stipulated in the internal documents for prevention and detection of violations, their correction and subsequent monitoring.

The Anti-Fraud and Anti-Corruption Programme developed in 2011 continues to be effective. The anti-fraud and anti-corruption action plan for the following year is approved on an annual basis. Anti-fraud and anti-corruption procedures are developed based on the analysis of the Company's business processes with regards to their vulnerabilities and fraud and corruption susceptibility.

The procedures constitute a cycle of certain stages: risk assessment based on the analysis of goals and possible negative consequences, analysis of employees' compliance with the procedures in place for risk prevention, risk detection and response, and analysis of the sufficiency of existing anti-fraud and anti-corruption procedures.

The programme provides for a reporting system to detect cases of fraud or corruption, while Uralkali management regularly receives and reviews relevant reports from the Security Directorate.

INFORMATION FOR SHAREHOLDERS AND INVESTORS

SHARE CAPITAL

As of 31 December 2020, Uralkali's share capital amounted to RUB 649,292,999.5 divided into 1,268,585,999 ordinary shares with a face value of RUB 0.50 each, and 30,000,000 preferred shares with a face value of RUB 0.50 each.

In accordance with the Russian legislation and the Company's Charter, preferred shares are not cumulative and do not carry voting rights, except cases explicitly stipulated by the legislation. Shareholders that own preferred shares have the right to vote at meetings following the Annual General Shareholders Meeting, which resolved to refrain from paying dividends or to partially pay dividends on preferred shares.

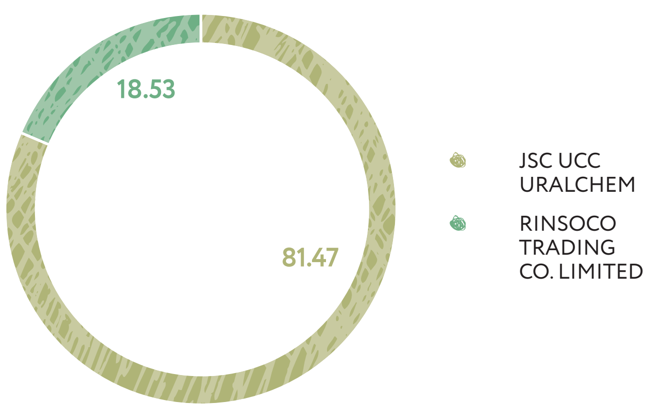
The minimum dividend amount is stated in the Charter and equals RUB 0.1 per preferred share. In the reporting year, the Company paid out no dividends. Therefore, its preferred shares do carry voting rights until the first payment is made under specified shares in full.

SHAREHOLDING STRUCTURE

Throughout 2020, the shareholding structure has undergone significant changes:

- on 30 June 2020, the Company cancelled 1,667,429,892 ordinary shares (56.22% of the share capital) owned by its subsidiary JSC "Uralkali-Technologia" after its merger with PJSC Uralkali;
- on 30 November 2020, JSC United Chemical Company Uralchem (hereinafter — JSC UCC Uralchem) purchased 440,817,983 ordinary shares and 15,000,000 preferred shares (35.1% of the share capital) from RINSOCO TRADING CO. LIMITED.

Shareholding structure as of 31 December 2020, %*



** The indicated amount includes preferred shares that are voting.*

STOCK EXCHANGE

Ordinary shares of PJSC Uralkali are included in the list of securities admitted to trading on the Moscow Exchange (Level 3 listing).

On 18 December 2017, the Company's Extraordinary General Meeting decided to delist the Company's ordinary shares from the Moscow Exchange. As of 31 December 2020, the delisting procedure was not completed.

The Moscow Exchange has suspended the trading in PJSC Uralkali's ordinary shares on 20 September 2019 at the request of the Company's shareholder, Rinsoco Trading Co. Limited, to repurchase the securities in accordance with Article 84.8 of the Federal Law "On Joint Stock Companies." The trading might be resumed if requested by the Company.

As of 31 December 2020, the trading in PJSC Uralkali's ordinary shares at the Moscow Stock Exchange has not been resumed.

SHARE BUYBACK PROGRAMME

PJSC Uralkali has not implemented the share buyback programme in the reporting period.

The Company had no own treasury shares on its balance sheet as of 31 December 2020.

Shares of PJSC Uralkali on stock exchange

Stock exchange	Ticker
Moscow Exchange	URKA

Identification numbers of Uralkali's securities

CUSIP[1]:	
• Regulation S GDRs	91688E206
ISIN[2]:	
• Regulation S GDRs	US91688E2063
• Ordinary shares	RU0007661302

DIVIDENDS

On 30 September 2020, Uralkali held the Annual General Shareholders Meeting in absentia (remote voting). The meeting resolved not to pay any dividends on ordinary and preffered shares for 2019.

On 24 June 2019, Uralkali held the Annual General Shareholders Meeting. The meeting made the following decisions on dividend payment for 2018: do not pay dividends on ordinary shares for 2018, while dividends on preferred shares shall be paid in monetary terms in the amount of RUB 0.1 per preferred share of PJSC Uralkali (Meeting Minutes No. 60 of 24 June 2019).

On 29 June 2018, Uralkali held the Annual General Shareholders Meeting. The meeting made the following decisions on dividend payment for 2017: do not pay dividends on ordinary shares for 2017, while dividends on preferred

[1] CUSIP (Committee on Uniform Security Identification Procedures) is an identification number given to an issue of shares for the purposes of facilitating clearing.
[2] ISIN (International Securities Identification Number) is an international identification number of a security.

shares shall be paid in monetary terms in the amount of RUB 0.1 per preferred share of PJSC Uralkali (Meeting Minutes No. 57 of 29 June 2018).

On 20 June 2017, Uralkali held the Annual General Shareholders Meeting. The meeting decided not to pay dividends for 2016 (Meeting Minutes No. 55 of 20 June 2017).

On 17 June 2016, Uralkali held the Annual General Shareholders Meeting. The meeting decided not to pay dividends for 2015 (Meeting Minutes No. 51 of 22 June 2016).

Dividend Policy

The payment of dividends is governed by the legislation of the Russian Federation and the Company's corporate documents. Pursuant to the Federal Law "On Joint Stock Companies," the Company's Charter and the Regulations on the Dividend Policy, Uralkali has the right to declare dividends according to results of the full financial year and the results of the first quarter, six months, nine months of the financial year (interim dividends).

The Regulations on the Dividend Policy of PJSC Uralkali[3] stipulates that the Company's Board of Directors makes recommendations to the General Shareholders Meeting on the payment of dividend based on the Company's financial performance in the reporting period. The Board of Directors considers the use of available net profit and (or) retained earnings of previous years, and determines whether it is reasonable to pay dividends for a certain period. The Board of Directors decides on the dividend amount recommended to the General Shareholders Meeting, the payment procedure, and the date for determining those entitled to receive dividends in accordance with the Federal Law "On Joint Stock Companies", the Company's Charter and the Regulations on the Board of Directors by a majority vote of the Board members attending the meeting.

The decision on dividend payment (declaration) is agreed at the General Shareholders Meeting of the Company. The dividend approved at this meeting may not exceed that recommended by the Board.

GENERAL REGULATIONS:

- FEDERAL LAW "ON JOINT STOCK COMPANIES"
- URALKALI'S CHARTER
- REGULATIONS ON THE DIVIDEND POLICY OF PJSC URALKALI

Shareholders and other interested parties, including potential investors and professional participants of the securities market can find information about Uralkali's Dividend Policy in the Regulations on the Company's Dividend Policy published on the Internet as well as read its main provisions outlined in the annual reports. *For more details please see our website of Company.*

[1] Approved by PJSC Uralkali's Board of Directors in May 2019.

DIRECTORS RESPONSIBILITY STATEMENT

We confirm that to the best of our knowledge,

- the consolidated financial statements, prepared in accordance with IFRS for the year ended 31 December 2020, give a true (in all material aspects) view of financial position of both the Company and its subsidiaries as of 31 December 2020, as well as the Company's operating results and cash flows for the year then ended;
- this Annual Report includes a fair review of the development and performance of the business and the position of the Company and its subsidiaries, together with a description of principal risks and uncertainties that they face.

On behalf of the Board of Directors who approved this responsibility statement at the meeting held on 19 March 2021.

Vitaly Lauk,
CEO

Contents

INDEPENDENT AUDITOR'S REPORT

To the Shareholders and the Board of Directors of Public Joint Stock Company Uralkali:

Opinion

We have audited the consolidated financial statements of Public Joint Stock Company Uralkali and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, and the consolidated statements of profit or loss, comprehensive income, changes in equity and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, its consolidated financial performance, and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards ("IFRSs") as issued by the International Accounting Standards Board ("IASB").

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing ("ISAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (the "IESBA Code") together with the ethical requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Assessment of compliance with covenants Refer to Note 2: Basis of preparation and significant accounting policies, and Note 15: Loans and borrowings. The Group is highly leveraged with net debt of US$ 4,195,337 thousand as at 31 December 2020 and has to comply with certain financial and non-financial covenants stipulated in loan agreements. In addition to an analysis of compliance with covenants at the reporting date, Management prepares financial forecasts to assess going concern and the Group's ability to comply with covenants in the future. These financial forecasts are particularly sensitive to changes in potash prices. Due to the factors above, we consider assessment of compliance with covenants to be a key audit matter.	We obtained an understanding of the process for monitoring compliance with financial and non-financial covenants stipulated in loan agreements. We reviewed the terms and conditions of loan agreements and recalculated covenants. We challenged Management's key assumptions used in the financial forecast by: • Assessing covenant compliance forecasts, including stress test scenarios and related mitigation plans; • Testing the appropriateness of Management's assumptions including foreign currency exchange rates and potash prices, the inflation rate, and the discount rate based on the available market information; • Performing our own sensitivity analysis to test the adequacy of the available headroom related to covenant compliance.

Why the matter was determined to be a key audit matter	How the matter was addressed in the audit
Expected credit losses for the loan issued Refer to Note 4: Critical accounting judgements and key sources of estimation uncertainty, and Note 5: Related parties. The Group issued loans to a related parties amounting to US$ 966,731 thousand (including accrued interest) as at 31 December 2020. After initial recognition, the loans are measured at amortised cost using the effective interest rate method, less allowance for expected credit losses. This is a key audit matter due to the materiality of the outstanding balance as at 31 December 2020 and the significance of Management's estimates and judgements in assessing the expected credit losses for the loan. These estimates and judgements include projections of potash prices and foreign currency exchange rates.	Our audit procedures included, but were not limited to, understanding the methodology and analysing the valuation model and inputs used by Management to assess the expected credit losses for the loans issued. We evaluated the appropriateness and consistency of Management's judgments and estimates, including the following: • Analysing scenarios of the loans' repayment and corroborating key estimates and assumptions therein with the existing documentary evidence; • Comparing the key assumptions used in the cash flows model to the available market information; • Challenging the historical accuracy of Management forecasts; • Assessing the sensitivity of the model to changes in key parameters. We assessed the financial condition and financial performance of the related parties and evaluated events after reporting date.

Other Information

Management is responsible for other information. Other information comprises the information included in the Annual report for 2020 and the Issuer's report for the first quarter of 2021, but does not include the consolidated financial statements and the auditor's report thereon. The Annual and the Issuer's reports are expected to be made available to us after the date of the auditor's report.

Our opinion on the consolidated financial statements does not cover other information and we do not express any form of assurance conclusions thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements, or with our knowledge obtained during the audit or otherwise appears to be materially misstated.

When we read the Annual report for 2020 and the Issuer's report for the first quarter of 2021, if we conclude that there is a material misstatement therein, we are required to report that fact to those charged with governance.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRSs, 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.

In preparing the consolidated financial statements, Management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless Management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Group's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgment and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by Management.
- Conclude on the appropriateness of Management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period, and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Vladimir Biryukov,
Engagement partner
26 February 2021

Audited entity	Audit Firm
Audited entity: Public Joint Stock Company "Uralkali" Certificate of state registration № 1128 issued on 14 October 1992 by the Berezniki Administration, Perm region Certificate of registration in the Unified State Register of Legal Entities № 1025901702188 issued on 11 September 2002 Location: 63 Pyatiletki ul., Berezniki, 618426, the Perm region	Audit Firm: AO "Deloitte & Touche CIS" Certificate of state registration № 018.482, issued by the Moscow Registration Chamber on 30.10.1992. Primary State Registration Number: 1027700425444 Certificate of registration in the Unified State Register № 77 004840299 of 13.11.2002, issued by Moscow Interdistrict Inspectorate of the Russian Ministry of Taxation № 39. Member of Self-regulatory organization of auditors Association "Sodruzhestvo", ORNZ 12006020384.

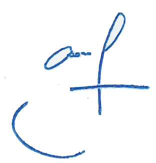
CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS OF 31 DECEMBER 2020

(in thousands of US dollars, unless otherwise stated)

	Note	31 December 2020	31 December 2019
ASSETS			
Non-current assets			
Property, plant and equipment	7	2,781,088	3,105,468
Prepayments for acquisition of property, plant and equipment and intangible assets		187,529	307,562
Goodwill	8	798,517	952,918
Intangible assets	9	2,210,747	2,674,956
Deferred income tax asset	24	3,273	35,613
Loan receivable	5	-	657,555
Investment in associate		2,096	2,399
Derivative financial assets	12	68	7,973
Other non-current assets		108,341	112,523
Total non-current assets		**6,091,659**	**7,856,967**
Current assets			
Inventories	10	121,259	336,919
Trade and other receivables	11	326,353	428,538
Advances to suppliers		38,758	81,187
Income tax prepayments		436	1,699
Derivative financial assets	12	19,722	14,318
Loans receivable	5	966,731	-
Cash and cash equivalents	13	1,007,352	482,678
Total current assets		**2,480,611**	**1,345,339**
TOTAL ASSETS		**8,572,270**	**9,202,306**
EQUITY			
Share capital	14	21,872	35,762
Preference shares	14	239	239
Treasury shares	14	-	(28,126)
Share premium		50,987	399,855
Currency translation reserve		(4,103,262)	(3,774,604)
Retained earnings		5,750,303	5,459,775
Equity attributable to the Company's equity holders		**1,720,139**	**2,092,901**
Non-controlling interests		12,201	12,551
TOTAL EQUITY		**1,732,340**	**2,105,452**

	Note	31 December 2020	31 December 2019
LIABILITIES			
Non-current liabilities			
Loans and borrowings	15	4,009,313	3,831,053
Post-employment and other long-term benefit obligations		42,264	46,467
Deferred income tax liability	24	554,572	671,459
Provisions	16	460,282	618,528
Derivative financial liabilities	12	119,363	9,675
Other non-current liabilities		2,645	3,251
Total non-current liabilities		**5,188,439**	**5,180,433**
Current liabilities			
Loans and borrowings	15	1,193,376	1,489,097
Trade and other payables	17	279,564	283,805
Advances received		25,861	15,821
Provisions	16	90,471	51,872
Derivative financial liabilities	12	14,998	21,033
Current income tax payable		47,221	54,793
Total current liabilities		**1,651,491**	**1,916,421**
TOTAL LIABILITIES		**6,839,930**	**7,096,854**
TOTAL LIABILITIES AND EQUITY		**8,572,270**	**9,202,306**

Approved for issue and signed on behalf of the Board of Directors on 26 February 2021:



Vitaly Lauk
Chief Executive Officer

Anton Vishanenko
Chief Financial Officer

CONSOLIDATED STATEMENT OF PROFIT OR LOSS FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars, unless otherwise stated)

	Note	2020	2019
Revenues	18	2,696,234	2,781,854
Cost of sales	19	(844,288)	(663,891)
Gross profit		**1,851,946**	**2,117,963**
Distribution costs	20	(749,466)	(578,075)
General and administrative expenses	21	(165,758)	(178,498)
Taxes other than income tax		(14,558)	(16,935)
Other operating expenses, net	22	(49,998)	(89,335)
Operating profit		**872,166**	**1,255,120**
Finance (expenses) / income, net	23	(861,426)	175,572
Profit before income tax		**10,740**	**1,430,692**
Income tax expense	24	(53,941)	(224,181)
Net (loss) / profit for the period		**(43,201)**	**1,206,511**
(Loss) / profit attributable to:			
Company's equity holders		(42,851)	1,206,614
Non-controlling interests		(350)	(103)
Net (loss) / profit for the period		**(43,201)**	**1,206,511**
Weighted average number of ordinary shares in issue (million)		1,269	1,270
(Loss) / earnings per share – basic and diluted (in US cents)		**(3.38)**	**95.01**

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars, unless otherwise stated)

	2020	2019
Net (loss) / profit for the period	**(43,201)**	**1,206,511**
Other comprehensive (loss) / income		
Items that will not be reclassified to profit or loss:		
Remeasurement of post-employment benefit obligations	(1,253)	(11,726)
Effect of translation to presentation currency	(328,658)	150,337
Total other comprehensive (loss) / income for the period	(329,911)	138,611
Total comprehensive (loss) / income for the period	(373,112)	1,345,122
Total comprehensive (loss) / income for the period attributable to:		
Company's equity holders	(372,762)	1,345,225
Non-controlling interests	(350)	(103)

CONSOLIDATED STATEMENT OF CASH FLOWS FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars, unless otherwise stated)

	Note	2020	2019
Cash flows from operating activities			
Profit before income tax		10,740	1,430,692
Adjustments for:			
Depreciation of property, plant and equipment, right-of-use assets and amortisation of intangible assets		316,107	272,019
Loss on disposals of property, plant and equipment and intangible assets	22	2,951	15,335
Reversal of impairment of prepayments for acquisition of property, plant and equipment and intangible assets		-	(517)
Write-down / (reversal of write-down) of inventories to net realisable value		238	(1,586)
Impairment of property, plant and equipment and assets under construction	7, 22	9,485	12,102
Impairment of trade and other receivables and advances to suppliers	22	6,263	286
Change in provisions, net	16	(1,356)	7,619
Fair value loss / (gain) on derivative financial instruments, net	12, 23	149,763	(130,282)
Foreign exchange loss / (gain), net	23	582,999	(417,285)
Other finance expenses, net	23	128,664	371,995
Operating cash flows before working capital changes		**1,205,854**	**1,560,378**
Decrease / (increase) in trade and other receivables and advances to suppliers		132,960	(99,505)
Decrease / (increase) in inventories		136,762	(174,365)
Decrease in provisions	16	(40,596)	(96,558)
Increase in trade and other payables and advances received		40,752	31,514
Increase / (decrease) in other taxes payable		2,132	(1,269)
Cash generated from operations		**1,477,864**	**1,220,195**
Interest paid		(184,085)	(278,021)
Income taxes paid		(32,633)	(197,029)
Net cash generated from operating activities		**1,261,146**	**745,145**
Cash flows from investing activities			
Acquisition of property, plant and equipment		(344,200)	(373,829)
Acquisition of intangible assets		(3,187)	(4,378)
Proceeds from sales of property, plant and equipment		1,752	617
Loans issued		(537,186)	(237,594)
Proceeds from loan repayments		297,707	7,031
Dividends and interest received		8,183	10,606
Net cash used in investing activities		**(576,931)**	**(597,547)**
Cash flows from financing activities			
Repayments of borrowings	15	(1,234,263)	(2,049,640)
Proceeds from borrowings	15	941,539	1,701,758
Proceeds from issuance of bonds	15	452,302	500,000
Arrangement fees and other financial charges paid		(20,565)	(50,510)
Redemption of bonds	15	(210,849)	(800,000)
Cash proceeds from derivatives	12	10,954	33,203
Cash paid for derivatives	12	(50,623)	(96)
Purchase of treasury shares	14	-	(10,089)
Lease payments		(3,009)	(2,813)
Dividends paid to the Company's shareholders	14	-	(48)
Net cash used in financing activities		**(114,514)**	**(678,235)**
Effect of changes in foreign exchange rate on cash and cash equivalents		(45,027)	300
Net increase / (decrease) in cash and cash equivalents		**524,674**	**(530,337)**
Cash and cash equivalents at the beginning of the period	13	**482,678**	**1,013,015**
Cash and cash equivalents at the end of the period	13	**1,007,352**	**482,678**

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR THE YEAR ENDED 31 DECEMBER 2020

(in thousands of US dollars, unless otherwise stated)

		Equity attributable to the Company's equity holders								
	Note	Share capital	Preference shares	Treasury shares	Share premium	Retained earnings	Currency translation reserve	Total	Non-controlling interests	Total equity
Balance at 1 January 2019		**35,762**	**239**	**(27,996)**	**409,814**	**4,264,935**	**(3,924,941)**	**757,813**	**12,654**	**770,467**
Net profit / (loss) for the period		-	-	-	-	1,206,614	-	1,206,614	(103)	1,206,511
Other comprehensive (loss) / income		-	-	-	-	(11,726)	150,337	138,611	-	138,611
Total comprehensive income / (loss) for the period		**-**	**-**	**-**	**-**	**1,194,888**	**150,337**	**1,345,225**	**(103)**	**1,345,122**
Transactions with owners										
Dividends declared for preference shares	14	-	-	-	-	(48)	-	(48)	-	(48)
Purchase of treasury shares	14	-	-	(130)	(9,959)	-	-	(10,089)	-	(10,089)
Total transactions with owners		**-**	**-**	**(130)**	**(9,959)**	**(48)**	**-**	**(10,137)**	**-**	**(10,137)**
Balance at 31 December 2019		**35,762**	**239**	**(28,126)**	**399,855**	**5,459,775**	**(3,774,604)**	**2,092,901**	**12,551**	**2,105,452**
Net loss for the period		-	-	-	-	(42,851)	-	(42,851)	(350)	(43,201)
Other comprehensive loss		-	-	-	-	(1,253)	(328,658)	(329,911)	-	(329,911)
Total comprehensive loss for the period		**-**	**-**	**-**	**-**	**(44,104)**	**(328,658)**	**(372,762)**	**(350)**	**(373,112)**
Transactions with owners										
Cancellation of treasury shares	14	(13,890)	-	28,126	(348,868)	334,632	-	-	-	-
Total transactions with owners		**(13,890)**	**-**	**28,126**	**(348,868)**	**334,632**	**-**	**-**	**-**	**-**
Balance at 31 December 2020		**21,872**	**239**	**-**	**50,987**	**5,750,303**	**(4,103,262)**	**1,720,139**	**12,201**	**1,732,340**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2020

(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 fertilizers, which are extracted and processed in the vicinity of the cities of Berezniki and Solikamsk, Russia. They are distributed both on foreign and domestic markets. The Group manufactures various types of products, the most significant being a wide range of potassium salts.

The Company holds operating licences, issued by the Department of Subsoil Use of the Privolzhsky Federal district for the extraction of potassium, magnesium and sodium salts from a number of plots of the Verkhnekamskoye field. The licences expire at different periods until 2055. In addition, the Company holds a licence for geological exploration and evaluation of the Izversky plot.

On 30 November 2020, JSC United Chemical Company Uralchem (hereinafter – "Uralchem") completed the transaction for the acquisition of ordinary and preference shares, amounting to 35.10% of the total number of voting shares of the Company. As a result of this transaction, Uralchem obtained effective control over the Group's activities. The Company's significant shareholders and their voting interest were as follows:

	31 December 2020	31 December 2019
Uralchem[1]	81.47%	23.21%
Rinsoco Trading Co. Limited[2]	18.53%	19.99%
JSC Uralkali-Technology[3]	-	56.79%

The Company was registered in Russia on 14 October 1992. The Company's head office is located at: 618426, Russia, Perm Territory Berezniki, ul. Pyatiletki, 63.

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 to all the periods presented.

2.1 Basis of preparation and presentation Compliance with International Financial Reporting Standards

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standard's Board.

The consolidated financial statements 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.

Going concern

These consolidated financial statements have been prepared on the assumption that the Group is a going concern and will continue in operation for the foreseeable future.

In making its going concern assessment the Group has taken into account its financial position, expected commercial results, its borrowings and available but not yet used credit lines, as well as planned capital expenditures and capital commitments and other risks to which the Group is exposed.

The Group has sufficient available credit lines (including revolving credit lines with Russian and international banks) to cover short-term liquidity gaps, if any. For more detailed information refer to Note 15.

[1] The beneficial owner of the company and the ultimate controlling party of the Group is Mr. D. Mazepin.
[2] The beneficial owner of the company is Mr. D. Lobiak.
[3] On 29 June 2020, JSC Uralkali-Technology was terminated as a result of reorganisation through merger with the Company.

Consequently, the Management of the Group determined that it is appropriate to adopt the going concern basis in the preparation of these consolidated financial statements.

Basis of presentation

The Company and its subsidiaries maintain their books and records in Russian roubles in accordance with statutory accounting and taxation principles and practices applicable in respective jurisdictions. The accounting principles and financial reporting procedures in these jurisdictions may differ substantially from these generally accepted under IFRS. Accordingly, such financial information has been adjusted to ensure that the consolidated financial statements are presented in accordance with IFRS.

2.2 Consolidated financial statements

The consolidated financial statements incorporate the financial statements of the Company and entities controlled by the Company. Control is achieved when the Company:

- Has power over the investee;
- Is exposed, or has rights, to variable returns from its involvement with the investee; and
- Has the ability to use its power to affect its variable returns.

The Company 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 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. Total comprehensive income of subsidiaries is 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 intragroup assets and liabilities, equity, income, expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

2.3 Property, plant and equipment

Property, plant and equipment are recorded at cost less accumulated depreciation and accumulated impairment loss. Cost includes all costs directly attributable to bringing the asset to its working condition for its intended use.

At each reporting date the Management reviews the carrying amounts of its property, plant and equipment to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the Management estimates the recoverable amount, which is determined as the higher of an asset's or cash generating unit's, to which the asset is attributable, 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 asset's value in use and fair value less costs to sell.

Repair and maintenance expenditures are expensed as incurred. Major renewals and improvements are capitalised. Gains and losses on disposals are determined by comparing proceeds with the carrying amount and recognised in the consolidated statement of profit or loss within other operating income or expenses.

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

	Useful lives in years
Buildings	10 to 60
Mining assets[1]	5 to 30
Plant and equipment	2 to 30
Transport vehicles	5 to 15
Other	2 to 15
Land	Not depreciated

Assets' useful lives are reviewed, and adjusted if appropriate, at each reporting date.

2.4 Leases

The Group leases offices, vehicles, land plots, berths and different types of equipment.

At inception of a contract, the Group assesses whether a contract is, or contains, a lease based on whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

The Group recognises a right-of-use asset and a lease liability at the lease commencement date. The right-of-use asset is initially measured based on the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received. The assets are depreciated over the term of the lease using the straight-line method. The lease term includes periods covered by an option to extend if the Group is reasonably certain to exercise that option. Right-of-use assets are reviewed for indicators of impairment. In the consolidated statement of financial position right-of-use assets are presented within other non-current assets.

The lease liability is initially measured at the present value of the lease payments that are not paid at the commencement date, discounted using the interest rate implicit in the lease or, if that rate cannot be readily determined, the Group's incremental borrowing rate for the same term as the underlying lease. Lease payments included in the measurement of lease liabilities comprise fixed payments less any lease incentives receivable and variable lease payments that depend on an index or a rate as at the commencement date. Lease modifications result in remeasurement of the lease liability.

Depreciation is recognised in Distribution costs (Note 20) and General and administrative expenses (Note 21) and interest expense is recognised under Interest income / expenses line in Finance income and expenses (Note 23) in the consolidated financial statements of the Group.

The Group uses the exemption not to recognise right-of-use assets and lease liabilities for short-term leases that have a lease term of 12 months or less and leases of low-value assets (below US$ 5,000 (Russian Rouble ("RR") 300,000)). The payments associated with these leases are recognised as rent expenses on a straight-line basis over the lease term.

2.5 Goodwill

Goodwill arising on an acquisition of a business is carried at cost as established at the date of acquisition of the business less accumulated impairment losses.

For the purposes of impairment testing, goodwill is allocated to each of the Group's cash-generating units (hereinafter – "CGU") or groups of CGUs that is expected to benefit from the synergies of the combination.

CGU to which goodwill has been allocated is tested for impairment annually, or more frequently when there is indication that the unit may be impaired. If the recoverable amount of the CGU is less than its carrying amount, the impairment loss is allocated first to reduce the carrying amount of any goodwill allocated to the unit and then to the other assets of the unit pro rata based on the carrying amount of each asset in the unit. Any impairment loss for goodwill is recognised directly in the consolidated statement of profit or loss. An impairment loss recognised for goodwill is not reversed in subsequent periods.

[1] Mining assets include mine infrastructure and present value of future decommissioning and filling cavities costs. Future decommissioning costs for buildings and equipment are included in Buildings and Plant and equipment groups.

2.6 Intangible assets

The Group's intangible assets, other than goodwill, have definite useful lives and primarily include mining licences. Intangible assets are carried at cost less accumulated amortisation and accumulated impairment losses.

Software and other intangible assets are amortised using the straight-line method over their useful lives. Mining licences are amortised under a unit of production method.

2.7 Financial instruments

Financial assets and financial liabilities are recognised in the Group's consolidated statement of financial position when the Group becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially recorded at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

A gain or loss on initial recognition is only recorded if there is a difference between the fair value and the transaction price which can be evidenced by other observable current market transactions in the same instrument or by a valuation technique whose inputs include only data from observable markets. All regular way purchases and sales of financial assets are recognised on the trade date, which is the date that the Group commits to purchase or sell the financial assets.

Classification of financial assets and liabilities

The Group classifies its financial assets into the following measurement categories:

(a) Financial assets at fair value through profit or loss ("FVTPL");

(b) Financial assets at fair value through other comprehensive income ("FVTOCI"); and

(c) Financial assets at amortised cost.

The classification and subsequent measurement of financial assets depend on the Group's business model for managing the financial assets and the contractual terms of the cash flows.

The Group classifies its financial assets at amortised cost if both of the following conditions are met:

(a) The financial asset is held within a business model whose objective is to hold financial assets in order to collect contractual cash flows; and

(b) The contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Otherwise, they are classified as financial asset measured at fair value.

The Group reclassifies financial assets when and only when its business model for managing those assets changes.

Financial liabilities have the following measurement categories:

(a) Financial liabilities at FVTPL;

(b) Financial liabilities at amortised cost;

(c) Financial guarantee contracts.

Subsequent measurement of financial assets

Debt financial assets

Debt financial assets at amortised cost held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost using the effective interest method. Impairment losses are recognised in the consolidated statement of profit or loss.

Debt financial assets at amortised cost comprise trade and other receivables, loans issued, cash and cash equivalents.

Debt financial assets at FVTOCI that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVTOCI. Movements in the carrying amount are taken through other comprehensive income ("OCI"), except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss. Interest income from these financial assets is included in financial income using the effective interest rate method.

Debt financial assets at FVTOCI include trade receivables under factoring agreements, where the Group's objective is to realise the cash flows primarily through selling.

Financial assets at FVTPL that do not meet the criteria for amortised cost or FVTOCI are measured at FVTPL. A gain or loss on a debt investment that is subsequently measured at FVTPL is recognised in profit or loss in the period in which it arises. The Group doesn't have investments into debt financial assets at FVTPL.

Impairment of financial assets

The Group recognises a loss allowance for expected credit losses ("ECL") on investments in debt instruments that are measured at amortised cost or at FVTOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk. The amount of ECL is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

Trade receivables. The Group always recognises lifetime ECL for all trade receivables. To measure the expected credit losses, receivables have been grouped based on shared credit risk characteristics (international counterparties with high ratings, insured counterparties (including letters of credits), non-insured counterparties, other) and the days past due.

Other financial assets. For all other financial assets, the Group recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Group measures the loss allowance for that financial instrument at an amount equal to 12-month ECL. Other financial assets include loans to related parties and other receivables.

The expected credit loss on trade receivables and other debt financial assets is calculated based on the amount at risk, the lifetime of receivables, and the probability of default, taking the following characteristics into account: corporate risk, country of origin, insurance company and use of bank letters of credit when paying the debt.

Significant increase in credit risk

In assessing whether the credit risk on a financial asset has increased significantly since initial recognition, the Group compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial asset at the date of initial recognition. The Management of the Group presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 45 days past due, unless the Group has reasonable and supportable information that demonstrate otherwise.

Definition of default

For internal credit risk management purposes the Management considers the following events indicating that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor; or
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full (without taking into account any collateral held by the Group).

Irrespective of the above analysis, the Group considers that default has occurred when a financial asset is more than 90 days past due unless the Group has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

Derecognition of financial assets

Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Group has transferred substantially all the risks and rewards of ownership.

Subsequent measurement of financial liabilities

Borrowings, loans and bonds are subsequently 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.

Trade and other payables represent liabilities for goods and services provided to the Group prior to the end of financial period which are unpaid. They are subsequently measured at amortised cost using the effective interest method.

Pledge agreements. A pledge agreement is a contract that requires the issuer to provide its property as security for debt or other obligation. This pledged property is transferred to the holder as reimbursement for a loss incurred in the event a specified debtor fails to make payments when due in accordance with the terms of a debt instrument.

The Group measures the pledge similar to financial guarantees at the higher of:

- The loss allowance determined as expected credit loss under IFRS 9; and
- The amount initially recognised (fair value) less any cumulative amount of income recognised in line with IFRS 15.

Derecognition of financial liabilities

The Group derecognises financial liabilities when, and only when, the Group's obligations are discharged, cancelled or expired. The difference between the carrying amount of the financial liability that has been extinguished or transferred to another party and the consideration paid, including any non-cash assets transferred or liabilities assumed, is recognised in profit or loss as other operating or finance expenses.

When the Group exchanges with the existing lender one debt instrument into another one with the substantially different terms, such exchange is accounted for as an extinguishment of the original financial liability and the recognition of a new financial liability. Similarly, the Group accounts for substantial modification of terms of an existing liability or a part of it as an extinguishment of the original financial liability and the recognition of a new liability. It is assumed that the terms are substantially different if the discounted present value of the cash flows under the new terms, including any fees paid net of any fees received and discounted using the original effective rate is at least 10% different from the discounted present value of the remaining cash flows of the original financial liability. If the modification is not substantial, the difference between: (1) the carrying amount of the liability before the modification; and (2) the present value of the cash flows after modification should be recognised in profit or loss within other income and expenses.

Offsetting financial assets and financial liabilities

Financial assets and liabilities are offset and net amount is presented in the consolidated statement of financial position only when there is a legally enforceable right to set-off the recognised amounts, and there is intention to either settle on a net basis, or to realise the asset and settle the liability simultaneously. The right to offset (1) must not be contingent on a future event and (2) must be legally enforceable in all of the following circumstances: (a) in the normal course of business activities, (b) in the event of default and (c) in the case of insolvency or bankruptcy.

Derivative financial instruments

Derivative financial instruments are represented by cross-currency interest rate and interest rate swaps and collars. Derivatives are recognised initially at fair value at the date of a derivative contract is entered into and are subsequently remeasured to their fair value at each reporting date. Derivative instruments are carried as assets when the fair value is positive and as liabilities when the fair value is negative. Changes in the fair value of derivative instruments are included in profit or loss for the year. The Group does not apply hedge accounting.

Cash and cash equivalents

Cash and cash equivalents include cash on hand, deposits held at call with banks, and other short-term highly liquid investments with initial maturities of three months or less that are convertible into known amounts of cash and subject to insignificant risk of changes in value. Restricted balances are excluded from cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Bank overdrafts which are repayable on demand are included as a component of cash and cash equivalents for the purposes of the consolidated statement of cash flows.

Fair value of financial assets and financial liabilities

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique. In estimating the fair value of an asset or a liability, the Group takes into account the characteristics of the asset or liability if market participants would take those characteristics into account when pricing the asset or liability at the measurement date.

Valuation techniques such as discounted cash flow models or models based on recent arm's length transactions or consideration of financial data of the investees are used to measure fair value of certain financial instruments for which external market pricing information is not available.

Financial instruments measured at fair value are analysed by levels of the fair value hierarchy as follows:

(i) Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

(ii) Level 2 inputs are inputs, other than quoted prices included within level 1, that are observable for the asset or liability, either directly or indirectly; and

(iii) Level 3 inputs are unobservable inputs for the asset or liability.

Financial assets and liabilities carried at fair value. Derivatives (Level 2) are carried in the consolidated statement of financial position at their fair value. Fair values of derivative financial assets and liabilities were determined using discounting cash flows valuation techniques with inputs (discount rates for Russian Rouble ("RR") and US$, exchange and interest rates) observable in markets.

Financial assets carried at amortised cost. The fair value of floating rate instruments is normally equal to 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. Discount rates used depend on the credit risk of the counterparty.

Liabilities carried at amortised cost. The fair value is based on quoted market prices, if available. The estimated fair value of fixed interest rate and floating rate instruments with stated maturity, for which a quoted market price is not available, was estimated based on expected cash flows discounted at current interest rates for new instruments with similar credit risk and remaining maturity. The fair value of liabilities repayable on demand or after a notice period ("demandable liabilities") is estimated as the amount payable on demand, discounted from the first date that the amount could be required to be paid.

2.8 Income tax

Income tax has been provided for in the consolidated financial statements in accordance with legislation enacted or substantively enacted by the reporting date in each of the jurisdictions where the Group's entities are incorporated. The income tax charge comprises current tax and deferred tax and is recognised in profit or loss for the year except if it is recognised in other comprehensive income or directly in equity because it relates to transactions that are also recognised, in the same or a different period, in other comprehensive income or directly in equity.

The Group's uncertain tax positions are assessed by the Management at each reporting date. Liabilities are recorded for income tax positions that are determined by the Management as less likely than not to be sustained if challenged by tax authorities, based on the interpretation of tax laws that have been enacted or substantively enacted by the reporting date. Liabilities for penalties, interest and taxes other than on income are recognised based on the Management's best estimate of the expenditures required to settle the obligations at the reporting date.

Current tax is the amount expected to be paid to or recovered from the taxation authorities in respect of taxable profits or losses for the current and prior periods. Taxes other than income taxes are recorded within operating expenses.

Deferred tax is recognised on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognised for all taxable temporary differences. Deferred tax assets are generally recognised for all deductible temporary differences to the extent that it is probable that taxable profits will be available against which those deductible temporary differences can be utilised. Such deferred tax assets and liabilities are not recognised if the temporary difference arises from the initial recognition (other than in a business combination) of assets and liabilities in a transaction that affects neither the taxable profit nor the accounting profit. In addition, deferred tax liabilities are not recognised if the temporary difference arises from the initial recognition of goodwill.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period in which the liability is settled or the asset realised, based on tax rates (and tax laws) that have been enacted or substantively enacted by the end of the reporting period.

Deferred tax assets and liabilities are netted only within the individual companies of the Group. Deferred tax assets for tax losses carried forward are recorded only to the extent that it is probable that future taxable profit will be available against which the deductions can be utilised.

Deferred income tax is not recognised on post-acquisition retained earnings of subsidiaries unless there is an intention to sell subsidiary in the foreseeable future, since the Group controls the subsidiary's dividend policy and it is probable that the difference will not reverse through dividends or otherwise in the foreseeable future.

2.9 Inventories

Inventories are recorded at the lower of cost and net realisable value. The cost of inventory is determined on a weighted average basis. The cost of finished products and work in progress comprises raw materials, direct labour, other direct costs and related production overhead (based on normal operating capacity), but excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less the cost of completion and selling expenses.

Cost of finished goods comprises those transport costs that have been incurred in bringing the inventories to their present location and condition for sale, being the Group's own or rented warehouses.

2.10 Share capital

Ordinary shares and non-convertible preference shares are classified as equity. Incremental costs directly attributable to the issue of new shares are shown in equity as a deduction, net of tax, from the proceeds. Any excess of the fair value of consideration received over the par value of shares issued is recognised as share premium.

2.11 Treasury shares

Where any Group company purchases the Company's equity share capital, the consideration paid, including any directly attributable incremental costs (net of income taxes) is deducted from equity attributable to the Company's equity holders until the shares are cancelled, reissued or disposed of. Where such shares are subsequently sold or reissued, any consideration received, net of any directly attributable incremental transaction costs and the related income tax effects, is included in equity attributable to the Company's equity holders. The par value of such shares purchased is recognised as treasury shares, any excess of the consideration paid over the par value of acquired shares is recognised as share premium.

2.12 Dividends

Dividends are recognised as a liability and deducted from equity at the reporting date only if they are declared before or on the reporting date. Dividends are disclosed when they are proposed before the reporting date or proposed or declared after the reporting date but before the consolidated financial statements have been authorised for issue.

2.13 Borrowing costs

The Group considers a qualifying asset (asset that necessarily takes a substantial time to get ready for intended use or sale) to be an investment project with an implementation period exceeding one year.

The Group capitalises borrowing costs (interest expenses and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs) that could have been avoided if it had not made capital expenditure on qualifying assets. Interest expenses capitalised are calculated at the Group's average funding cost (the weighted average interest cost 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. Foreign exchange differences relating to borrowings to the extent that they are regarded as an adjustment to interest costs are capitalised.

2.14 Provisions

Provisions are 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 real cash 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 filling cavities. The Group recognises provision for filling cavities in respect of the Group's obligation to replace the earth extracted from the mines. The provision is recognised when the Group has a legal or constructive obligation in accordance with the plan of works agreed with the state mine supervisory bodies.

The present value of expected expenses on filling cavities is recognised at property, plant and equipment and respective liabilities. Remeasurement of an existing amount of these cavities that result from changes in estimates of mine surveys is recorded as an addition or disposal of an asset and is depreciated over its useful life using the straight-line method. Unwinding of the discount is recognised in profit or loss in finance income or expenses. The amount of expenses incurred due to filling of the cavities for other reasons is recognised in the current period in the consolidated statement of profit or loss.

Provision for asset retirement obligations. The Group recognises provisions for decommissioning obligations (also known as asset retirement obligations) primarily related to mining activities. The major categories of asset retirement obligations are restoration costs at its potash mining operations, including decommissioning of underground and surface operating facilities and general cleanup activities aimed at returning the areas to an environmentally acceptable condition.

The present value of a liability for a decommissioning obligation is recognised in the period in which it is incurred if a reasonable estimate of present value can be made. The associated costs are capitalised as a separate part of the property, plant and equipment and then depreciated over the estimated remaining useful life of mine. The best estimate of the amount required to settle the obligation is reviewed at the end of each reporting period and updated to reflect changes in the discount and inflation rates and the amount and/or timing of the underlying cash flows. Changes to estimated future costs are recognised in the consolidated statement of financial position by either increasing or decreasing the provision for asset retirement obligations and asset to which it relates. The unwinding of the discount of decommissioning obligations due to the passage of time is included in the consolidated statement of profit or loss as finance expenses.

2.15 Foreign currency translation

Functional and presentation currency. Functional currency of each entity of the Group is the national currency of the Russian Federation, Russian Rouble. The presentation currency of these consolidated financial statements is US dollar ("US$").

Transactions 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 expenses. 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 that have a functional currency different from the presentation currency are translated to the presentation currency as follows:

(i) Assets and liabilities for consolidated statement of financial position presented are translated at the closing rate at the end of the reporting period;

(ii) Income and expenses for consolidated statements of profit or loss, other comprehensive income 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 resulting exchange 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:

	31 December 2020		31 December 2019	
	US$	Euro	US$	Euro
closing rate	73.88	90.68	61.91	69.34
average rate	72.15	82.45	64.74	72.50

2.16 Revenue recognition

The Group uses a single five-step revenue recognition model that is applied to all contracts with customers and is based on the transfer of control over goods and services. The Group recognises revenue from sale of potassium and transportation services.

Revenue from sale of potassium is recognised when control of the goods is transferred to the customer.

Contracts with buyers for the supply of potassium use a variety of delivery terms. In a number of contracts the Group is obliged to provide services for the transportation of potassium to a certain place after the control of the goods passed to the buyer. Revenue from rendering such transportation services is treated as a separate performance obligation, which should be recognised over period of time of service.

Generally, the credit period on sales of goods varies from 30 to 180 days depending on the credit assessment of the customers. Most customers from developing countries are supplied on secured payment terms, including letters of credit or insurance. The Group charges interest on overdue outstanding amounts from time to time depending on days of delay and market situation.

Transportation cost related to the revenue from rendering transportation services is included into the Distribution costs.

Sales are shown net of VAT, export duties and discounts. 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 revenues.

2.17 Transshipment, transport repairs and maintenance costs

Most of the transshipment costs are incurred by JSC "Baltic Bulker Terminal", a 100% subsidiary whose activity is related to the transshipment of fertilisers produced by the Group, and presented within distribution costs. In addition to this, distribution costs include transport repairs and maintenance costs which are incurred by LLC "Vagon Depo Balahonzi", a 100% subsidiary of the Group. These costs include depreciation, payroll, material expenses and various general and administrative expenses.

2.18 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.

2.19 Social costs

The Group incurs social costs related to the provision of benefits such as health services and charity costs related to various social programmes. These amounts are charged to other operating expenses.

2.20 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 independent actuary. 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 benefits 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.

2.21 Earnings / loss per share

Earnings / loss per share are determined by dividing the net income / loss attributable to equity holders of the Company by the weighted average number of participating shares outstanding during the reporting year. For the purpose of calculating basic and diluted earnings per share, amounts attributable to ordinary equity holders of the parent are adjusted for the after-tax amounts of dividends paid to the holders of preference shares.

3 IFRS standards update

The following is a list of new or amended IFRS standards and interpretations effective for annual periods beginning on or after 1 January 2020 that have been applied by the Group for the first time in these consolidated financial statements:

Title	Subject	Effect on the consolidated financial statements
Amendments to IFRS 9, IAS 39 and IFRS 7	Interest Rate Benchmark Reform	No effect
Amendments to Conceptual Framework	Fair value, improved definitions and recommendations	No effect
Amendments to IFRS 3	Definition of a business	No effect
Amendments to IAS 1 and IAS 8	Definition of material	No effect

The following standards and interpretations, which have not been applied in these consolidated financial statements, were in issue but not yet effective:

Title	Subject	Effective for annual periods beginning on or after	Expected effect on the consolidated financial statements
Amendments to IFRS 16	Covid-19 Related Rent Concessions	1 June 2020	Under review
Amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16)	Interest Rate Benchmark Reform – Phase 2	1 January 2021	Under review
Amendments to IFRS 3	Reference to the Conceptual Framework	1 January 2022	Under review
Amendments to IAS 16	Property, Plant and Equipment: Proceeds before Intended Use	1 January 2022	Under review
Amendments to IAS 37	Onerous Contracts — Cost of Fulfilling a Contract	1 January 2022	Under review
Annual improvements to IFRS standards 2018 – 2020		1 January 2022	Under review
IFRS 17	Insurance contracts	1 January 2023	Not applicable
Amendments to IAS 1	Classification of Liabilities as Current or Non-Current	1 January 2023	Under review

4 Critical accounting judgements and key sources of estimation uncertainty

With regards to the application of the Group's accounting policies, which are described in Note 2, the Management is required to make judgements, estimates and assumptions about the carrying amounts of assets and liabilities that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgements in applying accounting policies

The following are the critical judgements, apart from those involving estimations (Note 4.2), that the Management has made in the process of applying the Group's accounting policies and that have the most significant effect on the amounts recognised in the consolidated financial statements.

Remaining useful life of property, plant and equipment and mining licences

The Management assesses the remaining useful life of property, plant and equipment in accordance with the current technical condition of assets and the estimated period during which these assets will be bringing economic benefits to the Group (Note 7).

The Group holds operating mining licences for the production of potassium, magnesium, and sodium salts, which in the past were several times extended beyond their original expiration dates. The Management assesses the remaining useful life of mining licences on the basis of estimated mining reserves.

The estimated remaining useful life of certain property, plant and equipment and mineral resources is beyond the expiry date of the relevant mining licences (Note 1). The Management believes that in the future the licences will be further renewed in due course at nominal cost. Any changes to this assumption could significantly affect prospective depreciation and amortisation charges and asset carrying values.

Classification of loans issued to related parties

As discussed in Note 5, at 31 December 2020 and 2019, the Group had loans receivable (including interests receivable) of US$ 966,731 and US$ 657,555 from its related parties. At 31 December 2020 and 31 December 2019, the Management prepared an analysis of the key parameters of the loans including the interest rate, historical payments, maturity, security and recoverability and concluded that the loans were issued at market terms and should be classified as financial assets in the consolidated statement of financial position at reporting dates.

At 31 December 2020, loans were classified as current assets as it is expected that they will be settled within twelve months after the reporting date.

4.2 Key sources of estimation uncertainty

The following are the key assumptions and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

Provision for filling cavities

The Group accrued a provision for its obligation to replace ore and waste extracted from the Solikamsk, Berezniki-2, and Berezniki-4 mines (Note 16).

The major uncertainties over the amount and timing of the cash outflows related to filling cavities and judgements made by the Management in respect of these uncertainties are as follows:

- Estimated time to fill cavities. Cash flow payments related to filling cavities existing as of reporting date based on current projection of works are expected to occur principally between 2021 and 2028;
- The extent of the filling cavities work which will have to be performed in the future may vary depending on the actual environmental situation. The Management believes that the legal obligation to replace the ore and waste mined is consistent with the cavities filling plan agreed with Rostechnadzor;
- The future unit cost of replacing one cubic meter of the ore and waste mined may vary depending on the technology and the cost of methods utilised. The Management estimates that the unit cost of replacing a cubic meter of waste and ore mined in future years, for the period of the current filling cavities plan, adjusted for the effect of inflation, will not be materially different from the actual cost incurred in the current period;
- The forecasted inflation rate in the Russian Federation is expected to be in the range of 3.8% to 4.1% for the period starting from 2021 until 2024 (2019: from 4.0% to 4.6%). Starting from 2025, the expected inflation rate in the Russian Federation is forecasted to be 4.1% (2019: 4.0%); and

- In 2020, the Management applied discount rates ranging from 4.9% to 6.0% based on government bonds interest rates (2019: from 5.8% to 6.4%).

Solikamsk-2 ("SKRU-2") mine liquidation project was approved in November 2019. According to the project, extraction of ore with further processing carried out until the end of 2020. As at 31 December 2019, the Management of the Group reassessed production plans in the northern part of SKRU-2 mine, which shifted the projected end of mining from the beginning of 2023 to the end of 2020. In December 2020, in accordance with the plan mining works at SKRU-2 were completed. Extraction of the remaining potassium and magnesium salts reserves in the southern part of Solikamsk field will be carried out by New (South) SKRU-2 mine according to the project schedule.

According to the current schedule, during the period from 2021 until the end of first quarter 2024 (2019: the middle of 2025) the Group will be carrying out filling cavities works within running SKRU-2 mine. After the end of filling cavities works, the Group will be carrying out mineflooding works, as well as liquidation of shaft barrels and surface complex works.

The Group continues to incur the expenses to mitigate consequences of the accident. During the 2020, the Group recorded the above expenses within cost of sales as they relate to the day-to-day operation of the mine. Starting from 2021, all similar expenses are to be incurred by the Group to ensure the safety of filling cavities and liquidation works until 2027 and, accordingly, recognised within the respective provisions.

The carrying amount of assets that will be used to both replace ore and waste extracted from the mine and to perform other decommissioning activities are depreciated until the end of first quarter 2024. The Group's Management estimates the activity on cavity filling and part of decommissioning activities to be completed during the above period. In 2020, the reduction of the estimated period of filing cavities works resulted in decrease in provision for filling cavities of US$ 31,786 and respective increase in provision for asset retirement obligations.

Provision for asset retirement obligations

The Group has recorded a provision relating to asset retirement obligations (Note 16), which will be settled at the end of the estimated lives of mines, therefore requiring estimates to be made over a long period of time.

Environmental laws, regulations and interpretations by regulatory authorities, as well as circumstances affecting the Group's operations could change, either of which could result in significant changes to its current mining plans.

The recorded provision is based on the best estimate of costs required to settle the obligations, taking into account the nature, extent and timing of current and proposed restoration and closure techniques in view of the present environmental laws and regulations. It is reasonably possible that the ultimate costs could change in the future and that changes to these estimates could have a material effect on the Group's consolidated financial statements.

The estimation of asset retirement obligation costs depends on the development of environmentally acceptable closure and post-closure plans. The Group uses appropriate technical resources, including internal consultants from the scientific institute JSC "VNII Galurgii", to develop specific site closure and post-closure plans in accordance with the requirements of the legislation of the Russian Federation.

The major uncertainties over the amount and timing of the cash outflows associate with the asset retirement obligations and assumptions made by the Management in respect of these uncertainties are as follows:

- Mine life estimates. Cash flow payments are expected to be incurred principally between 2021 and 2059. These estimates are based on the Management's current best assessment of the Group's reserves.
- The extent of the restoration works that will have to be performed in the future may vary depending on the actual environmental situation. The Management believes that the legal obligation for decommissioning of the underground and surface complex is consistent with the terms of the licences.
- 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. The forecasted inflation rate in the Russian Federation is expected to be in the range of 3.8% to 4.1% for the period starting from 2021 until 2024 (2019: from 4.0% to 4.6%). Starting from 2025, the expected inflation rate in the Russian Federation is forecasted to be 4.1% (2019: 4.0%).
- In 2020, the Management applied discount rates ranging from 4.2% to 7.0% based on government bonds interest rates (2019: from 5.2% to 6.6%).

Accident liquidation expenses for the period from second quarter of 2024 to the end 2027 are recognised within the provision for northern part of SKRU-2 asset retirement obligations. The amount of provision for assets retirement obligation related to the accident liquidation expenses amounted to US$ 67 million (31 December 2019: US$ 60 million).

Provisions for filling cavities and asset retirement obligations are particularly sensitive to discount rate change. As at 31 December 2020, if all other assumptions remain unchanged decrease in the discount rate for 1% would result in increase of the recorded amount of these provisions by US$ 37 million increase (31 December 2019: US$ 58 million).

Recoverability of loans issued to related parties

At the end of each reporting period, the Management considers the financial position and financial performance of the debtors to identify whether the loans are recoverable. The ability of the debtors to repay the loans depends on returns from their investments in companies operating in the fertiliser industry. The Management applied a number of significant assumptions in their financial model to assess the recoverability of the loans, which are disclosed in Note 8.

As discussed in Note 29, in February 2021, subsequently to the reporting date, loans issued to related parties in the amount of US$ 756,791 (representing 88% of principal balance at 31 December 2020) and interests receivable in the amount of US$ 113,023 were repaid.

Tax legislation

Russian tax, currency and customs legislation is subject to varying interpretations (Note 25.2).

5 Related parties

Related parties include parent company, major shareholders controlling the Group, with significant influence over the Group, entities under control of the Group's major shareholders, associates, key management personnel and entities under their control. The Company and its subsidiaries, in the ordinary course of their business, enter into various sale, 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.

Starting from 30 November 2020, when Uralchem became the controlling shareholder of the Company (Note 1), details of transactions and outstanding balances with Uralchem are disclosed separately. As a result of the obtaining of the control by Uralchem, the Group does not have any shareholders with significant influence over the Group. Until 30 November 2020, transactions with these related parties are included in transactions with related parties under control of shareholders with significant influence over the Group.

Transactions with the parent company

Details of outstanding balances between the Group and Uralchem are disclosed below:

Outstanding balances with Uralchem	31 December 2020
Loan receivable	177,939
Interest receivable	1,963
Trade and other receivables	13
Trade and other payables	(19,230)
Lease liability	(3,999)
Advances received	(56)

The loan receivable is a US$ denominated unsecured revolving loan facility granted by the Group in 2020 initially for a period until 31 December 2020. In September 2020, this facility was prolonged until December 2021. The loan was issued at a market rate with interests payable at the maturity date.

Details of transactions between the Group and Uralchem are disclosed below:

Transactions with Uralchem	From 1 December to 31 December 2020
Revenue (sales of potassium chloride)	1,123
Other revenue	22
Interest income	674
Purchase of inventories and goods for resale	(1,879)
Interest expenses	(14)
General and administrative expenses	(24)
Other finance expenses	(453)
Other income	13

Transactions with other related parties

Details of outstanding balances between the Group and its other related parties are disclosed below:

Outstanding balances with other related parties	31 December 2020
Loans receivable	677,889
Interest receivable	108,940
Trade and other receivables	1,588
Trade and other payables	(2,190)
Loan payable including interest payable	(40,572)
Advances to suppliers	12,905

As at 31 December 2020, loans and interests receivable included US$ 569,043 and US$ 217,786 due under loans advanced by the Group at market rates maturing in 2023 and 2022, respectively. In February 2021, these loans and interests receivable were repaid in full (Note 29).

Details of transactions between the Group and other related parties are disclosed below:

Transactions with other related parties	From 1 December to 31 December 2020
Revenue (sales of potassium chloride)	2,949
Other revenue	216
Interest income	3,216
Other finance income	37,507
Purchase of inventories and goods for resale	(128)
Purchase of property, plant and equipment and assets under construction	(6,744)
Distribution costs	(2,627)
Interest expenses	(218)
Other finance expenses	(2,796)
Other income	18

Transactions with related parties under control of shareholders with significant influence over the Group

Outstanding balances with related parties under control of shareholders with significant influence over the Group are disclosed below:

Outstanding balances with related parties under control of shareholders with significant influence over the Group	31 December 2019
Loan receivable	617,501
Interest receivable	40,054
Loan payable including interest payable	(40,560)
Trade and other receivables	10,833
Trade and other payables	(5,279)
Lease liability	(3,746)
Advances to suppliers	7,929

The loan to a related party is a US$ denominated unsecured revolving loan facility granted by the Group in April 2016 initially for a period of two years under market conditions. In 2018, this facility was prolonged until 2023. The loan was issued at a market rate with interests payable at the maturity date.

As at 31 December 2019, the Group pledged ordinary shares of PJSC Uralkali, representing 26.98% of the Company's ordinary shares as primary pledge.

As at 31 December 2019, the Group pledged ordinary shares, representing 28.6% of the Company's ordinary shares as secondary pledge, which were also pledged as primary security for credit facilities received by the Group from JSC Sberbank of Russia ("Sberbank") in 2016 (Note 15). The pledge was provided as security in favour of Sberbank and its subsidiaries for the loan of one of the Group's related parties effective until March 2023 and the agreements related thereto.

On 30 June 2020, as a result of the reorganisation through merger of the Company with JSC Uralkali-Technology and the cancelation of the shares of PJSC Uralkali owned by JSC Uralkali-Technology (Note 14), the above mentioned pledges were terminated.

Details of significant transactions between the Group and related parties under control of shareholders with significant influence over the Group are disclosed below:

Transactions with related parties under control of shareholders with significant influence over the Group	From 1 January to 30 November 2020	2019
Revenue (sales of potassium chloride)	34,527	63,329
Other revenue	2,036	1,479
Interest income	33,461	28,582
Other finance income	11,975	8,657
Purchase of inventories and goods for resale	(48,494)	(26,208)
Purchase of property, plant and equipment and assets under construction	-	(750)
Distribution costs	(30,309)	(28,259)
Interest expenses	(2,556)	(2,960)
General and administrative expenses	(59)	(45)
Other finance expenses	(12,659)	-
Other expenses	(347)	(338)

Transactions with associate

Outstanding balances and transactions between the Group and associate are disclosed below:

Outstanding balances with associate	31 December 2020	31 December 2019
Trade and other payables	(219)	(316)
Advances to suppliers	873	1,269

Transactions with associate	2020	2019
Distribution costs	(6,352)	(5,829)
Other finance income	97	95
Other finance expenses	(9)	-

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's compensation is presented below:

	Expenses		Accrued liabilities	
	2020	2019	31 December 2020	31 December 2019
Short-term employee benefits	12,395	9,574	3,618	3,394
Termination benefits	1,417	51	-	-
Total	**13,812**	**9,625**	**3,618**	**3,394**

6 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 Group's operating segment has been determined based on reports reviewed by CEO, assessed to be Group'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 fertilizers. 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, rent of wagons and transshipment costs;
- Operating profit;
- 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 this Note.

(a) The following is an analysis of the Group's revenue and results for the reportable segment:

	Note	2020	2019
Revenues	18	2,696,234	2,781,854
Revenues net of freight, railway tariff, rent of wagons and transshipment costs	18, 20	2,151,454	2,363,805
Operating profit		872,166	1,255,120
Cash CAPEX		347,387	378,207

(b) Geographical information

The analysis of Group sales by region was:

	2020	2021
Russia	460,219	571,589
China, India, South East Asia	1,012,589	734,534
Latin America, USA	796,859	1,071,275
Europe, other countries	426,567	404,456
Total revenues	**2,696,234**	**2,781,854**

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

(c) Major customers

The Group had no external customers which represented more than 10% of the Group's revenues in 2020. In 2019, the amount of revenue from the external customer which contributed more than 10% of the Group's revenue was US$ 341,516.

7 Property, plant and equipment

Movements of the cost of property, plant and equipment and related accumulated depreciation for the period are presented below:

	Note	Buildings	Mining assets	Plant and equipment	Transport	Other	Land	Assets under construction	Total
Cost									
Balance at 1 January 2019		**663,114**	**1,124,101**	**1,045,398**	**232,561**	**16,962**	**6,688**	**687,849**	**3,776,673**
Additions		25	17	205	47	313	63	416,232	416,902
Changes in estimates of provisions	16	32,149	228,964	-	-	-	-	-	261,113
Commissioning of assets		44,837	123,348	81,384	34,252	637	18	(284,476)	-
Disposals		(1,523)	(25,567)	(23,742)	(3,442)	(445)	(3)	(3,861)	(58,583)
Effect of translation to presentation currency		84,583	152,307	130,396	29,830	2,089	821	89,905	489,931
Balance at 31 December 2019		**823,185**	**1,603,170**	**1,233,641**	**293,248**	**19,556**	**7,587**	**905,649**	**4,886,036**
Additions		2,581	1	3,401	144	64	61	457,856	464,108
Changes in estimates of provisions	16	17,338	(22,120)	-	-	-	-	-	(4,782)
Commissioning of assets		25,157	428,838	81,809	4,518	1,161	7	(541,490)	-
Disposals		(1,050)	(3,067)	(13,500)	(1,973)	(95)	(11)	(3,539)	(23,235)
Effect of translation to presentation currency		(134,410)	(269,209)	(201,564)	(47,577)	(3,195)	(1,231)	(144,701)	(801,887)
Balance at 31 December 2020		**732,801**	**1,737,613**	**1,103,787**	**248,360**	**17,491**	**6,413**	**673,775**	**4,520,240**
Accumulated depreciation and impairment									
Balance at 1 January 2019		**(192,280)**	**(396,008)**	**(687,985)**	**(100,732)**	**(10,266)**	**-**	**(7,133)**	**(1,394,404)**
Depreciation charge		(26,978)	(126,358)	(68,089)	(15,139)	(895)	-	-	(237,459)
Disposals		807	15,492	22,323	3,251	317	-	1,049	43,239
Impairment	22	(1,276)	(2,630)	(721)	-	-	(2,236)	(5,239)	(12,102)
Effect of translation to presentation currency		(24,760)	(53,582)	(86,199)	(12,854)	(1,280)	(102)	(1,065)	(179,842)
Balance at 31 December 2019		**(244,487)**	**(563,086)**	**(820,671)**	**(125,474)**	**(12,124)**	**(2,338)**	**(12,388)**	**(1,780,568)**
Depreciation charge		(30,366)	(157,541)	(59,307)	(13,807)	(1,044)	-	-	(262,065)
Disposals		606	2,781	12,251	1,733	74	-	1,095	18,540
Impairment	22	(602)	(5,006)	(324)	-	-	-	(3,553)	(9,485)
Effect of translation to presentation currency		40,324	94,977	134,081	20,613	1,987	379	2,065	294,426
Balance at 31 December 2020		**(234,525)**	**(627,875)**	**(733,970)**	**(116,935)**	**(11,107)**	**(1,959)**	**(12,781)**	**(1,739,152)**
Net Book Value									
Balance at 1 January 2019		**470,834**	**728,093**	**357,413**	**131,829**	**6,696**	**6,688**	**680,716**	**2,382,269**
Balance at 31 December 2019		**578,698**	**1,040,084**	**412,970**	**167,774**	**7,432**	**5,249**	**893,261**	**3,105,468**
Balance at 31 December 2020		**498,276**	**1,109,738**	**369,817**	**131,425**	**6,384**	**4,454**	**660,994**	**2,781,088**

Allocation of depreciation charge for the period is presented below:

Allocation of depreciation charge for the period	Note	2020	2019
Cost of sales	19	231,175	180,497
Distribution costs	20	9,535	10,248
General and administrative expenses	21	8,879	8,230
Other operating expenses	22	6,465	32,883
Capitalised within assets under construction		6,011	5,601
Total		262,065	237,459

Fully depreciated assets still in use

As at 31 December 2020 and 31 December 2019, the gross carrying value of fully depreciated property, plant and equipment still in use was US$ 303,958 and US$ 365,083, respectively.

Interest expense and foreign exchange losses capitalised in the cost of assets under construction were as follows:

Capitalised borrowing costs	2020	2019
Capitalised interest expenses	34,990	48,786
Capitalised foreign exchange losses	20,856	4,436
Total capitalised borrowing costs	**55,846**	**53,222**

In 2020, the Group used average interest capitalisation rate 3.1% (2019: 4.3%).

8 Goodwill

	2020	2019
Carrying value at 1 January	952,918	849,151
Effect of translation to presentation currency	(154,401)	103,767
Carrying value at 31 December	**798,517**	**952,918**

The goodwill is primarily attributable to the operational and marketing synergies arising from the business combinations with Silvinit Group and not to individual assets of the subsidiaries and was allocated to the CGU – PJSC Uralkali. The recoverable amount of a CGU is determined based on value-in-use calculations. These calculations use cash flow projections based on actual financial results, budget approved by the Management and discount rates reflecting time value of money and inherent risks.

The Management analysed the impact of changes in key assumptions on the value-in-use amount. Changes in key assumptions which may lead to potential impairment of goodwill are not probable considering current market estimates.

The Management uses cash flow projections until 2040, which is defined by the Management of the Group as a reasonable planning horizon. The period of more than 5 years is used as the mining period based on the volume of mineral resources the Company can extract is longer than 5 years.

Assumptions used for value-in-use calculations to which the recoverable amount is most sensitive were:

	2020	2019
RR/US$ exchange rate (until 2040)	from 72.0 to 102.9	from 64.9 to 95.1
Selling price growth rate beyond one year	4.0% p.a.	4.0% p.a.
US$ weighted average cost of capital	8.8% p.a.	9.2% p.a.
Long-term inflation rate in Russia	4.0%	4.0% p.a.

The Group did not recognise any impairment of goodwill in the consolidated financial statements for the years ended 31 December 2020 and 31 December 2019.

9 Intangible assets

	Note	Mining licences	Software	Other	Total
Cost					
Balance at 1 January 2019		**2,806,345**	**13,464**	**9,354**	**2,829,163**
Additions		-	4,011	341	4,352
Disposals		-	(1,003)	(722)	(1,725)
Effect of translation to presentation currency		342,936	1,848	1,095	345,879
Balance at 31 December 2019		**3,149,281**	**18,320**	**10,068**	**3,177,669**
Additions		-	3,198	1,145	4,343
Disposals		-	(187)	(1,176)	(1,363)
Effect of translation to presentation currency		(510,275)	(3,044)	(1,625)	(514,944)
Balance at 31 December 2020		**2,639,006**	**18,287**	**8,412**	**2,665,705**
Accumulated amortisation					
Balance at 1 January 2019		**(402,800)**	**(6,888)**	**(5,009)**	**(414,697)**
Amortisation	19, 21	(33,178)	(2,760)	(858)	(36,796)
Disposals		-	791	329	1,120
Effect of translation to presentation currency		(50,738)	(996)	(606)	(52,340)
Balance at 31 December 2019		**(486,716)**	**(9,853)**	**(6,144)**	**(502,713)**
Amortisation	19, 21	(33,007)	(2,168)	(656)	(35,831)
Disposals		-	187	1,138	1,325
Effect of translation to presentation currency		79,634	1,643	984	82,261
Balance at 31 December 2020		**(440,089)**	**(10,191)**	**(4,678)**	**(454,958)**
Net book value					
Balance at 1 January 2019		**2,403,545**	**6,576**	**4,345**	**2,414,466**
Balance at 31 December 2019		**2,662,565**	**8,467**	**3,924**	**2,674,956**
Balance at 31 December 2020		**2,198,917**	**8,096**	**3,734**	**2,210,747**

10 Inventories

	31 December 2020	31 December 2019
Raw materials and spare parts	68,928	72,907
Finished goods	42,762	252,419
Work in progress	2,845	3,818
Other inventories	6,724	7,775
Total inventories	**121,259**	**336,919**

11 Trade and other receivables

	31 December 2020	31 December 2019
Financial receivables		
Trade receivables at amortised cost	278,174	376,654
Trade receivables at FVTOCI	5,521	723
Other receivables	8,906	14,763
Less: allowance for ECL	(13,833)	(16,483)
Total financial receivables	**278,768**	**375,657**
Non-financial receivables		
VAT recoverable	41,558	47,165
Other taxes recoverable	2,007	951
Other non-financial receivables	4,020	4,765
Total non-financial receivables	**47,585**	**52,881**
Total trade and other receivables	**326,353**	**428,538**

As at 31 December 2020, trade receivables of US$ 246,896 (31 December 2019: US$ 344,159), net of allowance for ECL, were denominated in foreign currencies; 83% of this balance was denominated in US$ (31 December 2019: 85%) and 17% was denominated in Euro (31 December 2019: 15%).

As at 31 December 2020, ECL for other receivables of US$ 2,681 (31 December 2019: US$ 5,497) was measured at an amount equal to 12-month ECL, ECL for other receivables of US$ 6,225 (31 December 2018: US$ 9,266) was measured at an amount equal lifetime ECL.

Movements of the allowance for ECL were as follows:

	2020		2019	
	Trade receivables	Other receivables	Trade receivables	Other receivables
Balance at 1 January	**(8,513)**	**(7,970)**	**(10,819)**	**(8,058)**
Allowance accrued	(6,404)	(1,293)	(5,238)	(1,153)
Allowance reversed	1,067	685	4,948	1,229
Allowance utilised	5,836	1,679	2,757	710
Foreign exchange (loss) / gain, net	(1,213)	(374)	969	233
Effect of translation to presentation currency	1,392	1,275	(1,130)	(931)
Balance at 31 December	**(7,835)**	**(5,998)**	**(8,513)**	**(7,970)**

The accrual and reversal of the allowance for ECL have been included in other operating expenses in the consolidated statement of profit or loss.

Analysis of trade and other receivables by quantity of days overdue is as follows:

31 December 2020	Current	less than 45 days overdue	45 to 90 days overdue	over 90 days overdue	Total
Gross carrying amount - trade receivables (insured)	123,353	896	477	1,682	126,408
Gross carrying amount - trade receivables (non-insured)	133,188	14,334	534	9,231	157,287
Gross carrying amount - other receivables	2,287	394	165	6,060	8,906
Allowance for ECL	(368)	(17)	(102)	(13,346)	(13,833)

31 December 2019	Current	less than 45 days overdue	45 to 90 days overdue	over 90 days overdue	Total
Gross carrying amount - trade receivables (insured)	209,219	108	-	23	209,350
Gross carrying amount - trade receivables (non-insured)	138,607	10,651	1,107	17,662	168,027
Gross carrying amount - other receivables	4,967	530	694	8,572	14,763
Allowance for ECL	(697)	(225)	(962)	(14,599)	(16,483)

As at 31 December 2020 and 31 December 2019, no trade and other receivables were pledged as collateral.

12 Derivative financial instruments

As at 31 December 2020 and 31 December 2019, the derivative financial instruments were represented by:

	The Group pays	The Group receives	Issue	Maturity	Notional amount 31 December 2020	31 December 2019
Cross-currency interest rate swap	US$ at fixed rate	RR at fixed rate	2020	2025	US$ 454 mln (RR 30,000 mln)	-
			2018	2023	US$ 239 mln (RR 15,000 mln)	US$ 239 mln (RR 15,000 mln)
			2018	2021	US$ 149 mln (RR 10,000 mln)	US$ 149 mln (RR 10,000 mln)
			2017	2020	-	US$ 265 mln (RR 15,000 mln)
Interest rate swap						
	US$ at fixed rate	US$ at floating rate; nil if rate is negative	2020	2025	US$ 940 mln (RR 69,443 mln)	-
			2020	2024	US$ 601 mln (RR 44,378 mln)	-
			2020	2023	US$ 424 mln (RR 31,344 mln)	-
	Euro at fixed rate	Euro at floating rate; nil if rate is negative	2019	2024	Euro 650 mln (RR 58,944 mln)	Euro 650 mln (RR 45,071 mln)
	US$ at fixed rate	US$ at floating rate	2017	2020	-	US$ 1,000 mln (RR 61,906 mln)

In these consolidated financial statements derivative financial instruments were as follows:

	31 December 2020	31 December 2019
Assets		
Current derivative financial assets	19,722	14,318
Non-current derivative financial assets	68	7,973
Total derivative financial assets	**19,790**	**22,291**
Liabilities		
Current derivative financial liabilities	(14,998)	(21,033)
Non-current derivative financial liabilities	(119,363)	(9,675)
Total derivative financial liabilities	**(134,361)**	**(30,708)**

Movements of the carrying amounts of derivative financial assets and liabilities, net were as follows:

	Note	2020	2019
Derivative financial liabilities, net at 1 January		**8,417**	**98,054**
Cash proceeds from derivatives		10,954	33,203
Cash paid for derivatives		(50,623)	(96)
Changes in the fair value	23	149,763	(130,282)
Effect of translation to presentation currency		(3,940)	7,538
Derivative financial liabilities, net at 31 December		**114,571**	**8,417**

Derivatives are carried at their fair value and categorised within Level 2 of the fair value hierarchy.

13 Cash and cash equivalents

	Interest rates 31 December 2020	Interest rates 31 December 2019	31 December 2020	31 December 2019
Cash on hand and bank balances				
RR denominated cash on hand and bank balances			33,477	44,265
US$ denominated bank balances			452,733	100,709
EUR denominated bank balances			72,260	18,957
Other currencies denominated balances			366	241
Term deposits				
US$ term deposits	0.15% - 0.41%	0.90% – 1.60%	441,613	315,430
RR term deposits	2.85% - 4.21%	3.80% – 5.66%	6,903	3,076
Total cash and cash equivalents			**1,007,352**	**482,678**

14 Equity

	Number of ordinary shares (in mln)	Number of preference shares (in mln)	Number of treasury shares (in mln)	Ordinary shares	Preference shares	Treasury shares	Total
At 1 January 2019	**2,936**	**30**	**(1,660)**	**35,762**	**239**	**(27,996)**	**8,005**
Treasury shares purchased	-	-	(8)	-	-	(130)	(130)
At 31 December 2019	**2,936**	**30**	**(1,668)**	**35,762**	**239**	**(28,126)**	**7,875**
Cancellation of treasure shares	(1,668)	-	1,668	(13,890)	-	28,126	14,236
At 31 December 2020	1,268	30	-	21,872	239	-	22,111

All shares presented in the table above have been issued and fully paid.

The number of unissued authorised ordinary shares is 1,730 million (31 December 2019: 1,730 million) with a nominal value 0.5 roubles (31 December 2019: 0.5 roubles) per share.

The number of unissued authorised preference shares is 120 million (31 December 2019: 120 million) with a nominal value 0.5 roubles (31 December 2019: 0.5 roubles) per share according to the Company's Charter.

Treasury shares. During 2019, the Company purchased 7,594,929 ordinary shares as a result of a mandatory redemption procedure pursuant to Russian Federal Law On Joint Stock Companies. The difference between the total acquisition cost of US$ 10,089 and the nominal value of US$ 130 of the shares was reflected as a decrease in share premium.

Reorganisation of the Company through the merger of JSC Uralkali-Technology

On 29 June 2020, the reorganisation of the Company through merger with JSC Uralkali-Technology, 100% subsidiary of the Group, with the Company was completed. On 30 June 2020, 1,667,429,892 shares of the Company owned by JSC Uralkali-Technology and reflected as Treasury shares were redeemed in accordance with the decision of the extraordinary general shareholders' meeting ("EGM") of the Company dated 4 December 2019 and Merger Agreement approved by the EGM.

The result of the treasury shares redemption is presented below:

	On 30 June 2020
Decrease of share capital	(13,890)
Decrease of treasury shares	28,126
Decrease in share premium	(348,868)
Increase of retained earnings	**334,632**

As at 31 December 2020, as a result of completion of the reorganisation and redemption of treasury shares owned by JSC Uralkali-Technology on 30 June 2020 the Group doesn't own any treasury shares (31 December 2019 the Group owned 1,667,429,892 ordinary shares). In February 2021, after reporting date, the Group repurchased 164,872,689 ordinary shares of the Company (Note 29).

Delisting. The Company's ordinary shares are admitted for trading on the Moscow Exchange. On 18 December 2017, the delisting was approved by the extraordinary general shareholders' meeting. As of the reporting date, the delisting procedure has not been completed yet.

In October 2019, Rinsoco Trading Co. Limited, the shareholder of the Company, completed a buy-out of ordinary shares of the Company owned by minority shareholders. The buy-out procedure resulted in a suspension of trading in the Company's ordinary shares at the Moscow Exchange with effect from 20 September 2019 (however, such trading could be resumed upon request from the Company).

Preference shares. According to Russian law and the Company's Charter, preference shares are non-cumulative and generally do not provide voting rights, except as expressly provided for by law. Holders of preference shares are entitled to vote starting from the meeting that follows the annual general meeting, which resolved to refrain from paying dividends or to partially pay dividends on preference shares. On 30 September 2020, annual general shareholders' meeting resolved not to pay dividends for 2019 on Company's preference shares.

The minimum dividend size is fixed in the Charter and amounts to 0.1 roubles per preference share. In July 2019, the Company paid the minimum dividends for the year ended 31 December 2018 in the amount of US$ 48 to the holders of preference shares.

Dividends on ordinary shares. All dividends are declared and paid in RR. The current dividend policy provides certain flexibility to the Board of Directors in determining the amount of dividends.

General meetings held in 2020 and 2019 resolved not to pay any dividends on ordinary shares.

15 Loans and borrowings

The table below shows interest rates and the split of loans and borrowings into short-term and long-term as at 31 December 2020 and 31 December 2019.

Short-term loans and borrowings	Interest rates	31 December 2020	31 December 2019
Bank loans in US$: floating interest	from 3 month LIBOR + 1.45% to 1 month LIBOR + 2.2% (2019: from 3 month LIBOR + 1.45% to 3 month LIBOR + 3.55%)	698,206	478,440
Bank loans in US$: fixed interest	5.22% (2019: from 3.8% to 5.22%)	200,718	752,700
Bank loans in RR: fixed interest	2%	1,516	-
Bank loans in EUR: floating interest	from 6 month EURIBOR + 1.05% to 1 month EURIBOR + 1.7% (2019: 6 month EURIBOR + 1.05%)	137,762	1,920
Short-term part of long-term bonds quoted on Irish Stock Exchange	4.00%	3,833	3,833
Short-term part of long-term bonds quoted on Moscow Exchange	from 6.85% to 9.3% (2019: from 7.7% to 9.3%)	147,072	247,118
Short-term lease payable		4,269	5,086
Total short-term loans and borrowings and current portion of long-term loans and borrowings		**1,193,376**	**1,489,097**
Long-term loans and borrowings			
Bank loans in US$: floating interest	from 3 month LIBOR + 1.45% to 1 month LIBOR + 2.2% (2019: from 3 month LIBOR + 1.45% to 3 month LIBOR + 3.55%)	2,176,134	1,938,179
Bank loans and other borrowings in US$: fixed interest	from 3.0% to 5.22%	40,572	240,501
Bank loans in EUR: floating interest	from 6 month EURIBOR + 1.05% to 1 month EURIBOR + 1.7%	663,762	726,680
Long-term bonds quoted on Irish Stock Exchange	4.00%	497,184	495,755
Long-term bonds quoted on Moscow Exchange	from 6.85% to 9.3% (2019: from 7.7% to 9.3%)	608,036	403,028
Long-term lease payable		23,625	26,910
Total long-term loans and borrowings		**4,009,313**	**3,831,053**
Total loans and borrowings		**5,202,689**	**5,320,150**

Bank loans and other borrowings

	2020	2019
Balance at 1 January	**4,138,420**	**4,496,415**
Bank loans received, denominated in US$	940,000	800,000
Bank loans received, denominated in RR	1,539	-
Bank loans received, denominated in EUR	-	901,758
Bank loans repaid, denominated in US$	(1,232,416)	(1,878,521)
Bank loans repaid, denominated in EUR	(1,847)	(171,119)
Interest accrued	110,107	195,490
Interest paid	(110,008)	(193,695)
Recognition of syndication fees and other financial charges	(14,419)	(21,680)
Amortisation of syndication fees and other financial charges	10,627	18,544
Foreign exchange loss / (gain), net	761,961	(543,854)
Effect of translation to presentation currency	(685,294)	535,082
Balance at 31 December	3,918,670	4,138,420

As at 31 December 2020 and 31 December 2019, no equipment or inventories were pledged as security for loans and borrowings.

As at 31 December 2020, bank loans in the amount of US$ 3,586,137 (31 December 2019: US$ 2,977,226) were collateralised by future sales proceeds of the Group under export contracts with certain customers.

In March 2016, credit line agreements with Sberbank were signed in the total amount of up to US$ 3.9 billion for the purpose of refinancing of other loans received from the bank as well as for other general corporate purposes. In November 2019, the Company terminated the US$ 1.9 billion credit line, and in March 2020, the Company terminated the US$ 2 billion credit line due to the absence of utilisation needs. As at 31 December 2019, credit line agreements were secured by way of pledge to Sberbank of the Company's shares constituting 28.6% of the Company's issued ordinary shares. During 2020, pledges were terminated as a result of termination of credit lines.

In March 2019, the Company signed an uncommitted credit facility in the amount of up to EUR 50 million with ING BANK N.V., which is available for 12 months. In 2020, additional agreements were signed and the amount of facility was reduced to EUR 25 million and the availability period was extended to April 2021. As at 31 December 2020, the Company had no outstanding amount under this facility.

In March 2019, the Company signed an uncommitted credit facility in the amount of up to EUR 105 million with Commerzbank, which is available for 36 months. In September 2019, the amount of facility was reduced to EUR 4.9 million. As at 31 December 2020, the Company had no outstanding amount under this facility.

In May 2019, the Company signed a US$ 725 million and EUR 650 million 5-year pre-export facility with 13 international banks. The interest rate is 1 month LIBOR + 1.9% for US$ tranche and 1 month EURIBOR + 1.7% for EUR tranche. The loan was used for refinancing of the Company's existing loans and for general corporate purposes. As at 31 December 2020, the credit line was fully utilised.

In March 2020, the Company signed a credit facility in the amount of up to US$ 1.6 billion with Sberbank for the purpose of refinancing of other loans received from the bank as well as for other general corporate purposes and which is available until December 2021. In November 2020, was signed an additional agreement for restatement of the original credit facility agreement including extending the availability period until November 2022. As at 31 December 2020, the Company has not yet used the facility.

In May 2020, the Company signed an up to US$ 1 billion 5-year pre-export facility with 11 international banks. The interest rate is 1 month LIBOR + 2.2%. The loan was used for refinancing of the Company's existing loans and for general corporate purposes. As at 31 December 2020, US$ 940 million were drawn down.

Bonds

	2020	2019
Balance at 1 January	**1,149,734**	**1,395,870**
Issuance of bonds	452,302	500,000
Repurchase of bonds	(210,849)	(800,000)
Interest accrued	80,351	69,355
Interest paid	(71,583)	(81,852)
Recognition of syndication fees and other financial charges	(918)	(4,641)
Amortisation of syndication fees	1,213	680
Foreign exchange loss / (gain)	84,314	(79,683)
Effect of translation to presentation currency, net	(228,439)	150,005
Balance at 31 December	**1,256,125**	**1,149,734**

In March 2019, US$ denominated bonds at the nominal value of US$ 800 million which were previously sold to JSC VTB Capital were fully redeemed.

In October 2019, the Group issued US$ denominated Eurobonds at the nominal value of US$ 500 million bearing a coupon of 4% p.a. maturing in 2024.

In March 2020, the Company issued RR bonds in the amount of RR 30 billion (US$ 452,302) at par under its exchange bond programme. The coupon rate was 6.85% p.a., and the coupon period is 182 days. Nominal value of the bond is RR 1,000. The bonds mature in 5 years.

In May 2020, RR denominated bonds with nominal value of RR 15 billion issued in 2017 under the Company's exchange bond programme were redeemed.

The Group was in compliance with all financial and non-financial covenants as at 31 December 2020.

16 Provisions

	Note	Filling cavities	Asset retirement obligations	Resettle-ment	Mine flooding	Restruc-turing	Legal	Total
Balance at 1 January 2019		**267,086**	**113,664**	**5,622**	**9,989**	**6,686**	**270**	**403,317**
Changes in estimates added to property, plant and equipment	7	202,052	59,061	-	-	-	-	261,113
Changes in estimates charged to profit or loss		-	-	-	672	(136)	-	536
Accrual of provision		-	472	6,611	-	-	-	7,083
Utilisation of provision		(84,308)	(2,337)	(7,551)	(1,770)	(351)	(241)	(96,558)
Unwinding of the present value discount		23,858	10,406	311	940	586	-	36,101
Effect of translation to presentation currency		39,111	16,980	657	1,213	822	25	58,808
Current liabilities		**42,718**	**1,934**	**5,650**	**1,374**	**142**	**54**	**51,872**
Non-current liabilities		**405,081**	**196,312**	**-**	**9,670**	**7,465**	**-**	**618,528**
Balance at 31 December 2019		**447,799**	**198,246**	**5,650**	**11,044**	**7,607**	**54**	**670,400**
Changes in estimates added to property, plant and equipment	7	(38,736)	33,954	-	-	-	-	(4,782)
Changes in estimates charged to profit or loss		-	-	-	(1,666)	(71)	-	(1,737)
Accrual of provision		-	304	-	-	-	77	381
Utilisation of provision		(36,770)	(1,269)	(1,386)	(1,061)	(85)	(25)	(40,596)
Unwinding of the present value discount		23,344	10,990	154	557	402	-	35,447
Effect of translation to presentation currency		(71,335)	(33,151)	(887)	(1,738)	(1,239)	(10)	(108,360)
Current liabilities		**83,717**	**1,414**	**3,531**	**1,070**	**643**	**96**	**90,471**
Non-current liabilities		**240,585**	**207,660**	**-**	**6,066**	**5,971**	**-**	**460,282**
Balance at 31 December 2020		**324,302**	**209,074**	**3,531**	**7,136**	**6,614**	**96**	**550,753**

17 Trade and other payables

	31 December 2020	31 December 2019
Financial payables		
Trade payables	66,284	60,509
Accrued liabilities	106,502	105,008
Salary payable and related accruals	41,498	47,923
Other payables	38,118	41,858
Total financial payables	252,402	255,298
Non-financial payables		
Other taxes payable	26,894	25,860
Other non-financial payables	268	2,647
Total non-financial payables	**27,162**	**28,507**
Total trade and other payables	**279,564**	**283,805**

As at 31 December 2020, trade and other payables of US$ 38,660 (31 December 2019: US$ 23,043) were denominated in foreign currencies: 87% of this balance was denominated in US$ (31 December 2019: 66%) and 13% was denominated in Euro (31 December 2019: 23%).

18 Revenues

	2020	2019
Potassium chloride	1,529,249	1,477,483
Potassium chloride (granular)	858,279	940,688
Revenue from rendering transportation services	178,506	189,140
Other revenues	130,200	174,543
Total revenues	**2,696,234**	**2,781,854**

19 Cost of sales

	Note	2020	2019
Cost of finished goods sold			
Depreciation of property, plant and equipment	7	231,175	180,497
Employee benefits		147,166	161,371
Materials and components		108,339	123,903
Fuel and energy		89,048	94,839
Repairs and maintenance		68,706	71,803
Amortisation of licences	9	33,007	33,178
Transportation between mines by railway		10,566	12,068
Other costs		34,115	21,873
Change in work in progress, finished goods and goods in transit		80,512	(81,497)
Total cost of finished goods		**802,634**	**618,035**
Goods for resale		41,654	45,856
Total cost of sales		**844,288**	**663,891**

20 Distribution costs

	Note	2020	2019
Railway tariff and rent of wagons		284,175	208,302
Freight		227,288	188,469
Transshipment		33,317	21,278
Transport repairs and maintenance		31,861	34,256
Commissions and marketing expenses		27,933	29,011
Storage expenses		19,880	5,787
Employee benefits		15,605	16,306
Depreciation of property, plant and equipment	7	7,384	7,986
Depreciation of right-of-use assets		612	726
Other costs		101,411	65,954
Total distribution costs		**749,466**	**578,075**

Depreciation of property, plant and equipment in the amount of US$ 2,151 is included into Transport repairs and maintenance and Transshipment costs (2019: US$ 2,262). Depreciation of right-of-use assets in the amount of US$ 472 is included into Transshipment costs (2019: US$ 455).

21 General and administrative expenses

	Note	2020	2019
Employee benefits		89,103	96,903
Consulting, audit and legal services		12,474	8,089
Depreciation of property, plant and equipment	7	8,879	8,230
Security		5,733	6,083
Communication and information system services		4,775	6,081
Materials and fuel		4,457	4,667
Repairs and maintenance		4,268	4,664
Mine rescue crew		3,026	6,216
Amortisation of intangible assets	9	2,824	3,618
Depreciation of right-of-use assets		2,213	2,184
Other expenses		28,006	31,763
Total general and administrative expenses		**165,758**	**178,498**

22 Other operating income and expenses

	Note	2020	2019
Social cost and charity		20,812	29,747
Impairment loss on property, plant and equipment and assets under construction	7	9,485	12,102
Depreciation of property, plant and equipment	7	6,465	32,883
Impairment of trade and other receivables and advances to suppliers		6,263	286
Loss on disposals of property, plant and equipment and intangible assets		2,951	15,335
Resettlement provision	16	-	6,611
Other expenses / (income), net		4,022	(7,629)
Total other operating expenses, net		**49,998**	**89,335**

23 Finance income and expenses

		2020		2019	
	Note	Income	Expenses	Income	Expenses
Foreign exchange (loss) / gain		-	(582,999)	417,285	-
Fair value (loss) / gain on derivative financial instruments, net	12	-	(149,763)	130,282	-
Interest income / (expenses)		44,136	(157,329)	38,533	(216,911)
Loss from unwinding and effect of changes in effective interest rate, net		-	(19,610)	-	(40,263)
Syndication fees and other financial charges		-	(13,267)	-	(145,388)
Letters of credit fees		-	(3,801)	-	(9,452)
Fair value gain / (losses) on investments		19,016	-	-	(3,298)
Dividend income		-	-	95	-
Other finance income / (expenses)		2,201	(10)	4,698	(9)
Total finance income / (expenses)		**65,353**	**(926,779)**	**590,893**	**(415,321)**
Total finance (expenses) / income, net		**-**	**(861,426)**	**175,572**	**-**

In 2019, the syndication fees and other financial charges included the write-off of the prepaid commission in the amount of US$ 123,554 related to US$ 1.9 billion and US$ 2.0 billion credit lines from Sberbank. As at 31 December 2019, the Management did not expect to obtain economic benefits from these assets because the related credit lines had not been used and were not expected to be utilised within the availability periods as they are more expensive compared to other available funding options. These credit lines were terminated in November 2019 and March 2020 (Note 15).

24 Income tax

	2020	2019
Current income tax expense	25,691	241,791
Adjustments recognised in the period for current income tax of prior periods	9,328	25,810
Deferred income tax expense / (benefit)	18,922	(43,420)
Income tax expense	**53,941**	**224,181**

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

	2020	2019
Profit before income tax	**(10,740)**	**(1,430,692)**
Theoretical tax charge at a rate of 16.5%	1,772	236,064
Corrections of income tax for prior years	9,328	25,810
Tax effect of expenses which are not deductible, net	3,576	11,848
Effect of different tax rates in countries and regions	416	7,028
Effect of changes in tax rate	32,225	(39,095)
Recognition of previously written-off of deferred tax asset and utilisation of tax losses not previously recognised	(596)	(17,825)
Corporate income tax on distributed dividends	5,295	-
Other	1,925	351
Income tax expense	**53,941**	**224,181**

As at 31 December 2020, most companies of the Group were registered in the Russian Federation, Perm region and were taxed at a rate from 16.5% to 20%, however, the main income tax temporary differences relate to the Company, which was taxed at a preferential tax rate of 16.5% in 2020.

In August 2018, the Legislative Assembly of the Perm region enacted a law, among others, imposing a limitation on minimal income tax rates and cancelling the preferential tax rate application from 2021. However, as in 2016 the Company concluded a regional special investment contract (“SIC”) valid until 2022, the Company is able to apply the minimum income tax rate of 16.5% until 31 December 2022. Starting from 2023, the Company will apply the general income tax rate of 20%.

In 2018 and 2019, the Company entered into 3 federal special investment contracts. These SICs allow the Company to apply 0% income tax rate to profits earned from these investment projects. 0% rate is valid until the expiry of the respective contracts (in 31 December 2027 and 31 December 2028, depending on the contact), but not later than the tax period when the aggregate amount of incentives received from the Russian Federation exceeds 50% of the amount of capital investment provided by the contract.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realised or the liability is settled, based on the laws that have been enacted or substantively enacted by the end of the reporting period.

In 2019, the Group revised the impact of 0% income tax rate on the temporary differences related to federal SICs’ assets and liabilities that are expected to be realised before SICs expiry, the corresponding difference was recognised in profit or loss. In 2020, the Group reassessed the estimated periods of realisation of temporary differences related to SICs’ assets and liabilities, the corresponding difference was recognised in profit or loss.

In 2020 and 2019, foreign subsidiaries were taxed applying respective national income tax rates.

The tax effect of the movements in the temporary differences for the year ended 31 December 2020 was the following:

	31 December 2019	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2020
Tax effects of taxable and deductible temporary differences				
Property, plant and equipment	(289,029)	(13,261)	47,142	(255,148)
Intangible assets	(489,973)	(23,450)	79,939	(433,484)
Inventories	(8,214)	4,425	1,227	(2,562)
Borrowings	(8,230)	(827)	1,353	(7,704)
Trade and other receivables	8,936	(3,997)	(1,354)	3,585
Derivative financial instruments	2,144	22,342	(870)	23,616
Trade and other payables	4,449	(111)	(718)	3,620
Tax loss carry-forward	23,554	(13,230)	(3,507)	6,817
Provisions	126,814	(1,467)	(20,514)	104,833
Other	(6,297)	10,654	771	5,128
Total net deferred tax liability	**(635,846)**	**(18,922)**	**103,469**	**(551,299)**

The tax effect of the movements in the temporary differences for the year ended 31 December 2019 was the following:

	31 December 2018	Recognised in profit or loss	Effect of translation to presentation currency	31 December 2019
Tax effects of taxable and deductible temporary differences				
Property, plant and equipment	(220,423)	(39,849)	(28,757)	(289,029)
Intangible assets	(476,885)	43,210	(56,298)	(489,973)
Inventories	489	(8,380)	(323)	(8,214)
Borrowings	(5,994)	(1,437)	(799)	(8,230)
Trade and other receivables	9,419	(296)	(187)	8,936
Prepaid transaction costs on bank facilities	(17,144)	17,144	-	-
Derivative financial instruments	18,218	(17,500)	1,426	2,144
Trade and other payables	1,205	2,961	283	4,449
Tax loss carry-forward	7,823	14,129	1,602	23,554
Provisions	76,636	39,028	11,150	126,814
Other	(401)	(5,590)	(306)	(6,297)
Total net deferred tax liability	**(607,057)**	**43,420**	**(72,209)**	**(635,846)**

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

	31 December 2020	31 December 2019
Deferred income tax asset	3,273	35,613
Deferred income tax liability	(554,572)	(671,459)
Deferred income tax liability, net	**(551,299)**	**(635,846)**

Taxable temporary differences associated with investments in subsidiaries, when the Group is able to control the timing of the reversal of these temporary differences and when it is probable that they will be not reversed in the foreseeable future, amounts to US$ 100,295 (31 December 2019: US$ 209,985).

25 Contingencies, commitments and operating risks

25.1 Legal proceedings

From time to time and in the normal course of business, claims against the Group are received. On the basis of its own estimates and both internal and external professional advice, the Management is of the opinion that there are no current legal proceedings or other claims outstanding that could have a material effect on the results of operations or financial position of the Group which have not been disclosed in these consolidated financial statements.

25.2 Tax legislation

Laws and regulations affecting business in the Russian Federation continue to change rapidly. The 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 audit 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. The 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 consolidated financial statements could be significant.

According to the amendments introduced into the Russian tax legislation, the undistributed profits of the Group foreign subsidiaries, recognised as controlled foreign companies, may result in an increase of the tax base of the controlling entities. According to current forecasts the profits of controlled foreign companies does not increase the taxable profits of the Company due to application of appropriate norms of tax legislation of the Russian Federation. Despite the fact that the Group has developed a tax planning strategy with regard to the legislation on controlled foreign companies applicable to the Group foreign subsidiaries, the Management of the Group does not exclude the fiscal approach of regulating authorities to the order of determination of taxable profits in controlling entities of the Group in Russia.

25.3 Insurance

The Company generally enters into insurance agreements when it is required by statutory 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 4.

25.4 Environmental matters

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered. The Group periodically evaluates its obligations under environmental regulations. In the current enforcement climate under existing legislation, the Management believes that there are no significant liabilities for environmental damage due to legal requirements except for those mentioned in Note 4. The Group's mining activities may cause subsidence that may affect the Group's facilities, and those of the cities of Berezniki and Solikamsk, State organisations and others.

25.5 Operating environment of the Group

The Group operates in the fertilizer industry with production assets in Russia and sales networks in the E.U., USA, Asia and Latin America. The highly competitive nature of the market makes prices of the Group's key products relatively volatile.

Emerging markets such as Russia are subject to different risks than more developed markets, including economic, political and social, and legal and legislative risks. Laws and regulations affecting businesses in Russia continue to change rapidly, tax and regulatory frameworks are subject to varying interpretations. The future economic direction of Russia is heavily influenced by the fiscal and monetary policies adopted by the government, together with developments in the legal, regulatory, and political environment.

Starting from 2014, sanctions have been imposed in several packages by the USA and the E.U. on certain Russian officials, businessmen and companies. This led to reduced access of the Russian businesses to international capital markets.

On 11 March 2020, the World Health Organisation declared the outbreak of COVID-19 disease caused by a novel strain of coronavirus a global pandemic and recommended containment and mitigation measures worldwide. Since 30 March 2020, in Russia as in many countries where an outbreak of the virus has been detected, a lockdown and other restrictive measures were introduced; most businesses were closed, except for life-supporting or continuous production, most office employees were transferred to remote working. While lockdowns were eased throughout the year, certain restrictions are still kept in place.

COVID-19 is having a significant impact on countries, which are the main consumers of potash (China, Europe and the USA) and other producers of potash around the world. Responses put in place by many countries to contain the spread of COVID-19 are resulting in significant operational disruption for many companies and have essential impact on global financial markets. As the situation is rapidly evolving it may have a significant effect on business of many companies across a wide range of sectors, including but not limited to such impacts as disruption of business operations as a result of interruption of production or closure of facilities, supply chain disruptions, quarantines of personnel, reduced demand and difficulties in raising financing.

During 2020, COVID-19 has not caused any material adverse impact on functioning of the Group's operating facilities, personnel, as well as supply chain and sales, since agricultural sector is a defensive industry which addresses the basic needs of food security and stability for countries globally. Health and safety of employees remains the Group's utmost focus. In response to the adverse epidemiological situation, the Company quickly introduced a number of preventative measures to stop the coronavirus from spreading and took preventative steps to minimise risk to the health and safety of all personnel at both industrial and office premises, as well as the residents of the regions in which the Group operates. During 2020, impact of coronavirus on financial results of the Group was mainly limited to expenses related to abovementioned measures.

Significance of the effect of COVID-19 on the Group's business largely depends on the duration and the incidence of the pandemic effects on the world and Russian economy. The Management is unable to predict all developments which could have an impact on the industry and the wider economy and consequently what effect, if any, they could have on the future financial position of the Group. The Management believes all necessary measures are being taken to support the sustainability and growth of the Group's business in the current circumstances.

25.6 Capital expenditure commitments

As at 31 December 2020, the Group had contractual commitments for the purchase of property, plant and equipment and intangible assets for US$ 225,378 (31 December 2019: US$ 405,565) from third parties.

The Group has already allocated the necessary resources in respect of these commitments. The Management believes that future net income and funding will be sufficient to cover these and any similar commitments.

26 Financial risk management

26.1 Capital management

The Group's objectives when managing capital are to safeguard the Group's ability to continue as a going concern, to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure in order to reduce the cost of capital.

26.2 Categories of financial instruments

	Note	31 December 2020	31 December 2019
Financial assets			
Loans receivable (including interests receivable)	5	966,731	657,555
Trade and other receivables	11	278,768	375,657
Derivative financial assets	12	19,790	22,291
Cash and cash equivalents	13	1,007,352	482,678
Financial liabilities			
Bank loans and other borrowings	15	3,918,670	4,138,420
Bonds	15	1,256,125	1,149,734
Lease payable	15	27,894	31,996
Derivative financial liabilities	12	134,361	30,708
Trade and other payables	17	252,402	255,298

26.3 Financial risk factors

The Group's activities expose it to a variety of financial risks: market risk, credit 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 recognised assets or liabilities are denominated in a currency that is different from the functional currency of the companies of the Group.

The Group operates internationally and exports significant part of potash fertilizers sales. As a result the Group is exposed to foreign exchange risk arising from various currency exposures. Export sales are primarily denominated in US$ or Euro. The Group is exposed to the risk of significant RR/US$ and RR/Euro exchange rates fluctuations. The Group's operating profit benefits from the weak exchange rate of the RR against the US$ and Euro, since all the Group major operating expenses are denominated in RR. The net profit suffers from the weak Rouble exchange rate mainly due to the foreign exchange differences on the Group's loans which are predominantly denominated in USD and revaluation of cross-currency interest rate swaps, where the Group receives RR and pays US$.

The table below shows the increase / (decrease) in net profit of the Group that would have been if US$, Euro and other foreign currencies exchange rates had changed by 20% against the RR as at the reporting date (2019: 10%). Such analysis is based on the foreign exchange rates volatility that the Group considers possible at the end of the reporting period, and on the assumption that all other variables including interest rates are held constant.

	Foreign currencies appreciation against RR		Foreign currencies depreciation against RR	
	2020	2019	2020	2019
Net profit				
US$	(431,371)	(260,835)	431,371	261,252
EUR	(118,465)	(52,507)	118,465	52,507
Other currencies	(115)	(254)	115	254
Total	**(549,951)**	**(313,596)**	**549,951**	**314,013**

(ii) Interest rate risk

The Group's income and operating cash flows are exposed to market interest rates changes. The Group is exposed to fair value interest rate risk through market value fluctuations of interest bearing short- and long-term borrowings, whose interest rates comprise a fixed component. Borrowings issued at variable rates expose the Group to cash flow interest rate risk (Note 15). The Group uses cross-currency interest rate and interest rate swaps to fix interest payments (Note 12). The objective of managing interest rate risk is to prevent losses due to adverse changes in market interest rates. 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 2020, if LIBOR rate on US$ denominated borrowings had been 50 basis points higher / lower with all other variables held constant, net profit for the year would have been US$ 5,262 lower / higher (year ended 31 December 2019: if LIBOR rate on US$ denominated borrowings had been 100 basis points higher / lower with all other variables held constant net profit for the year would have been US$ 20,269 lower / higher). In 2020, the decrease in LIBOR to 50 basis points for the purpose of interest rate risk analysis was due to significant decrease in rates in the financial markets.

The effect is mainly a result of higher / lower interest expense on floating rate borrowings and changes in the 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 for the Group. The objective of managing credit risk is to prevent losses of liquid funds deposited in counterparties.

Financial assets of the Group entities, which are potentially subject to credit risk, consist primarily of loans issued, trade receivables, cash and bank deposits.

As at 31 December 2020, the maximum exposure to credit risk resulting from financial assets is equal to the carrying amount of the Group's financial assets of US$ 2,272,641 (31 December 2019: US$ 1,538,181).

The Group is not exposed to significant concentrations of credit risk. As at 31 December 2020, the Group had 39 counterparties (31 December 2019: 31 counterparties), each of them having receivables balances above US$ 1,000. The total aggregate amount of these balances was US$ 225,665 (31 December 2019: US$ 337,803) which is 77% of the gross amount of financial trade and other receivables (31 December 2019: 86%). Cash and short-term deposits are placed in banks and financial institutions, which are considered at the time of deposit to have optimal balance between rate of return and risk of default.

As at 31 December 2020, the Group has loans issued to a related parties which gives exposure to credit risk at the amount of US$ 966,731 (31 December 2019: loan issued to a related party gave exposure to credit risk at the amount of US$ 657,555).

Loans to related parties (Note 5) involve related parties without publicly available credit ratings. The Management therefore prepared financial models to assess the credit risk associated with loans to related which involved a number of judgements as described in Note 4. The methodology for estimating ECL allowance on loan to related parties is described in Note 2.

Trade receivables are subject to a policy of active credit risk management which focuses on an assessment of ongoing credit evaluation and account monitoring procedures. The objective of the management of trade receivables is to sustain the growth and profitability of the Group by optimising asset utilisation while at the same time maintaining risk at an acceptable level.

The effective monitoring and controlling of credit risk of unsecured customers is performed by the Group's corporate treasury function. Besides this the Group use different tools to control the credit risk such as debt insurance, letters of credit, irrevocable bank guarantees, sales on a full prepayment basis and others. The credit quality of each new unsecured customer on a deferred payment basis is analysed before the Group enters into contractual agreements. The credit quality of customers is assessed taking into account their financial position, past experience, country of origin and other factors. The Management believes that the country of origin is one of the major factors affecting a customer's credit quality and makes a corresponding analysis (Note 11). Most customers from developing countries are supplied on secured payment terms, including letters of credit or factoring arrangements. These terms include deliveries against opened letters of credit and arrangements with banks on non-recourse discounting of trade receivables.

Although the collection of receivables could be influenced by economic factors, the Management believes that there is no significant risk of loss to the Group beyond the provision already recorded (Note 11).

The table below shows the credit quality of cash, cash equivalents and deposits neither past due nor impaired on the reporting date, based on the credit ratings of independent agencies as at 31 December 2020 and 31 December 2019, if otherwise not stated in table below:

	31 December 2020	31 December 2019
From AAA / Aaa to A- / A3	453,610	74,651
From BBB+ / Baa1 to BBB- / Baa3	534,165	385,816
From BB+ / Ba1 to B- / B3	2,120	39
Unrated°	17,457	22,172
Total cash and cash equivalents, not past due nor impaired	1,007,352	482,678

° Unrated balance contains cash on hand and other.

(c) Liquidity risk

In accordance with the 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.

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.

At 31 December 2020	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	17	252,402	-	-	252,402
Bank loans and other borrowings		1,123,279	2,931,541	25,203	4,080,023
Bonds		211,250	1,289,619	-	1,500,869
Lease payable		4,530	13,707	68,199	86,436
Derivative financial instruments to be paid / (received)		(11,469)	23,646	-	12,177
Total		**1,579,992**	**4,258,513**	**93,402**	**5,931,907**

At 31 December 2019	Note	Less than 1 year	Between 1 and 5 years	Over 5 years	Total
Trade and other payables	17	255,298	-	-	255,298
Bank loans and other borrowings		1,352,904	3,009,489	40,794	4,403,187
Bonds		306,706	1,045,147	-	1,351,853
Lease payable		5,300	14,990	83,001	103,291
Derivative financial instruments to be paid / (received)		1,497	(43,326)	-	(41,829)
Total		**1,921,705**	**4,026,300**	**123,795**	**6,071,800**

27 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. The 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. The Management has used all available market information in estimating the fair value of financial instruments.

The table below discloses the Group's financial assets and financial liabilities stated at amortised cost within levels of the fair value hierarchy:

		31 December 2020		31 December 2019	
	Level	Carrying value	Fair value	Carrying value	Fair value
Financial assets					
Loans issued (including interests receivable)	3	966,731	966,731	657,555	662,208
Total		**966,731**	**966,731**	**657,555**	**662,208**

		31 December 2020		31 December 2019	
	Level	Carrying value	Fair value	Carrying value	Fair value
Financial liabilities					
Bank loans and other borrowings	3	3,946,564	3,911,163	4,170,416	4,297,877
Bonds	1	1,256,125	1,281,995	1,149,734	1,167,669
Total		**5,202,689**	**5,193,158**	**5,320,150**	**5,465,546**

As at 31 December 2020 and 31 December 2019, the carrying amount of cash and cash equivalents, short-term loans issued, trade and other financial receivables and payables approximated its fair value.

28 Principal subsidiaries

The Group had the following principal subsidiaries as at 31 December 2020 and 31 December 2019:

Name	Nature of business	Percentage of voting rights	Percentage of ownership	Country of registration
LLC "SMT "BSHSU"	Construction	100.00%	100.00%	Russia
LLC "Vagon Depo Balahonzi"	Repair and maintenance	100.00%	100.00%	Russia
LLC "Uralkali-Remont"	Repair and maintenance	100.00%	100.00%	Russia
LLC "Avtotranskali"	Transportation	100.00%	100.00%	Russia
JSC "Baltic Bulker Terminal"	Sea terminal	100.00%	100.00%	Russia
JSC "VNII Galurgii"	Scientific institute	85.25%	85.25%	Russia
Uralkali Trading SIA	Trading	100.00%	100.00%	Latvia
Uralkali Trading Chicago	Trading	100.00%	100.00%	USA
United Fertilizers Company Limited	Trading	100.00%	100.00%	Mauritius

29 Events after reporting date

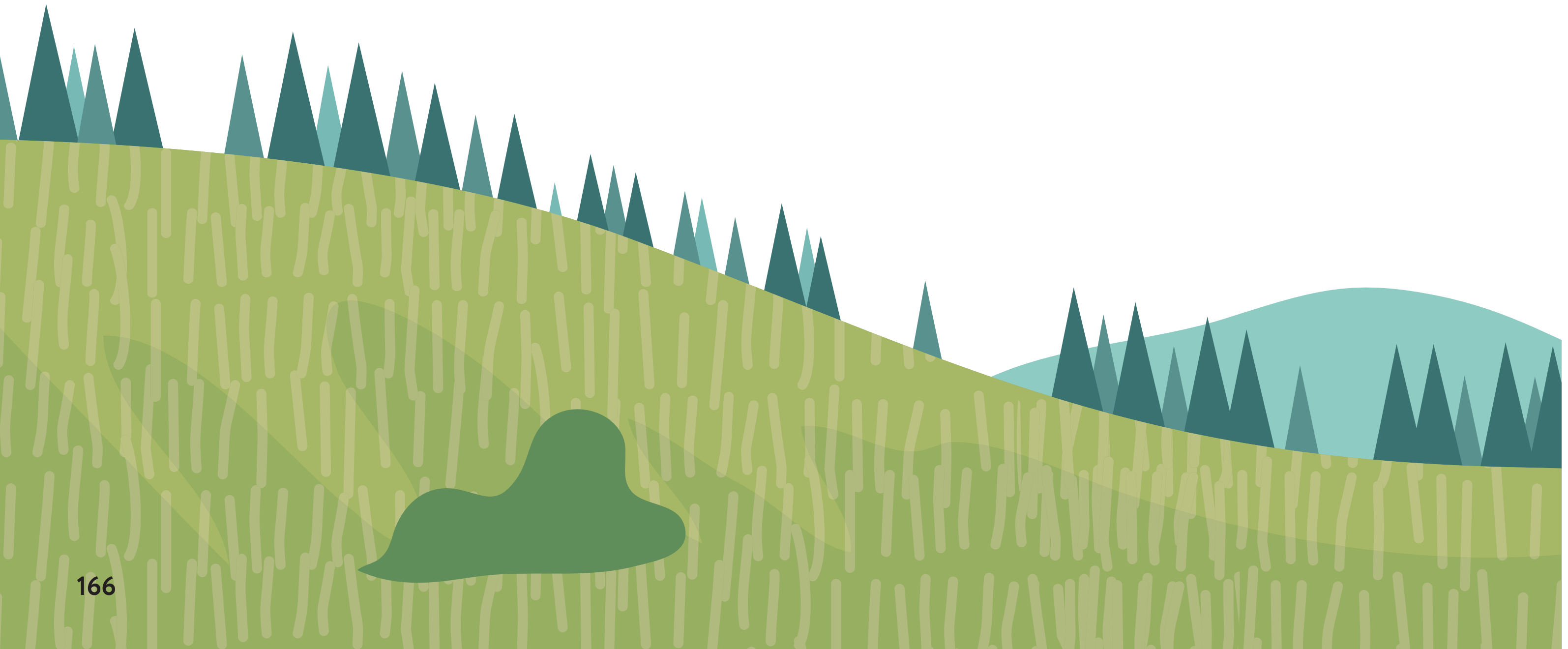
Acquisition of treasury shares

In February 2021, LLC Uralkali-Invest, 100% subsidiary of the Group, repurchased 164,872,689 ordinary shares of the Company from a related party for a total cash consideration of US$ 885,296. As of the date of authorisation of these consolidated financial statements, the Group has no outstanding obligation related to this transaction.

In February 2021, the Group pledged 164,872,689 ordinary shares, representing 12.7% of the Company's ordinary shares. The pledge was provided as security in favour of Sberbank and its subsidiaries for the loan of the Group's parent company effective until 2026 and the agreements related thereto.

Repayment of loans issued to a related parties

In February 2021, loans issued to other related parties (Note 5) and interests receivable up to the date were repaid in full in the total amount of $US 790,734. As a result of this, the Group does not have any outstanding loans issued to other related parties. In addition, in February 2021, the Group received $US 79,080 as a partial repayment of loan issued to the parent company (Note 5).



REPORT ON COMPLIANCE WITH THE PRINCIPLES AND RECOMMENDATIONS OF THE CODE OF CORPORATE GOVERNANCE

This report on compliance with the principles and recommendations of the Code of Corporate Governance was reviewed by the Company's Board of Directors at its Meeting on 19 March 2021. 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 for 2020.

Uralkali consistently follows the main principles of the Code of Corporate Governance and its recommendations by steadily complying with requirements of the relevant laws and using best corporate governance practices. The Company's corporate governance structure (model) is a traditional one: the General Shareholders Meeting (hereinafter referred to as "GSM") comprises a superior management body, the Board of Directors is responsible for general oversight, the Management Board is a collegial executive body, and the CEO is the sole executive body. The Board of Directors has established five committees that are consultative and advisory bodies, four of which are chaired by independent directors, and one (the Strategy Committee) by a non-executive director. Committees and commissions (working groups) reporting to the CEO have been established for advancing various areas of Uralkali's activities, and the decisions of these working groups are offered in the format of recommendation. The Company has a Corporate Secretary who ensures compliance with necessary legal regulations and procedures, participates in information disclosure, and ensures cooperation between the Company's governing bodies, shareholders and regulators. The Company has also created an internal audit division, the Internal Audit Directorate, which reports directly to the Audit Committee. Other significant aspects of the Company's corporate governance models and practices are described in the Corporate Governance section of the Annual Report.

The Company assesses its compliance with the principles of corporate governance using a methodology that has been applied for many years; as the main principles and recommendations of the Code of Corporate Governance are related to the activities of the Company's management bodies and the procedures for carrying out these activities, the Company, represented by the Corporate Secretary and the employees of the Corporate Governance department, who work closely with the Company's management bodies, continuously monitors, collects and evaluates information in line with the format recommended by the Bank of Russia (below). Information on the Company's key developments is disclosed in accordance with the established procedure in the form of essential facts or, in some cases, press releases and quarterly reports. The Company has a reporting system in place for its individual departments, which regularly submit reports to the meetings of relevant Board committees; the CEO also regularly submits reports on the results of the Company's operations at Board meetings. By determining the status of the Company's compliance with corporate governance principles and explaining any deviations from the criteria for assessing compliance with corporate governance, the Company presents the existing practices, and the Board of Directors discusses the Report and assesses its completeness and reliability. At present, the Company does not plan to bring about significant changes to its established corporate governance system and deems it relevant to the Company's needs at the current stage of its development. At the same time, the Company remains up to date with the development of standard corporate governance practices both in Russia and abroad, and constantly monitors opportunities to apply new practices within Uralkali.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
1.1	**The Company shall ensure the equal and fair treatment of all its shareholders in the course of exercising their rights to participate in the management of the company.**			
1.1.1	The Company shall create the most favourable conditions possible for its shareholders, enabling them to participate in general meetings and develop informed positions on issues on its agenda, as well as providing them with the opportunity to coordinate their actions and express their opinions regarding issues under discussion.	1. The Company's internal document that regulates the procedure for holding general shareholders meetings, and which was approved at the GSM, should be available in the public domain. 2. Ahead of all shareholder meetings, the Company provides a dedicated telephone line (hotline), a dedicated email address, and a forum on its website for communication with shareholders, enabling them to express their opinion and pose questions concerning items on the agenda. The mentioned actions above were performed by the Company ahead of meetings that were held in the reporting period.	observed observed	
1.1.2	Procedures for the notification of GSMs and the provision of relevant materials should enable the Company's shareholders to properly prepare for participation therein.	1. All GSMs should be publicised via an announcement published on the company's website at least 30 days ahead of the meeting date. 2. The announcement should contain information about the meeting location and documents required for access. 3. Shareholders were provided with information about the persons who proposed agenda items or nominated a particular candidate to the Board of Directors or the Audit Committee.	observed observed not observed	**The below comments apply to paragraph 3 of the assessment criteria.** The shareholders are not provided with information about the persons who proposed agenda items for the GSM or those who have nominated a particular candidate to be considered for inclusion in the Company's bodies. This is due to the current shareholding structure of the Company and the fact that most of the questions to be considered by the GSM are stipulated in the Federal Law on Joint-Stock Companies (hereinafter – JSC Law), or, in accordance with the provisions of the JSC Law and the Charter of Company, are presented for consideration at the GSM by the Board of Directors with a recommendation for approval. The Company believes that it does not matter who has proposed the agenda issues, because proposals are accepted by the Board of Directors, and extracts from the meeting minutes with recommendations are provided to the shareholders as part of the materials relating to the GSM's agenda. As far as candidates nominated for election are concerned, the Company discloses detailed biographical information about the candidates, their current employment and positions, as well as their current status (independent, non-executive or executive director). In our opinion, this information is sufficient for the shareholders to make a decision and elect certain candidates to the Board of Directors. The Company considers that there are no reasons to change the current approach in the foreseeable future.
1.1.3	When preparing and holding a GSM, shareholders should be able to freely receive information in a timely manner about the meeting and its materials, pose questions to members of the Company's executive bodies and the Board of Directors, and communicate with one another.	1. During the reporting period, shareholders were provided with the opportunity to pose questions to members of the Company's executive bodies and the Board of Directors before and during the GSM. 2. The materials to the GSM set out the stance of the Board of Directors regarding agenda, as well as dissenting opinions of Board members on each item included in the minutes. 3. The Company is recommended to provide authorised shareholders with the opportunity to review the list of persons entitled to participate in GSMs starting from the date when the Company receives such information.	partially observed partially observed observed	**Comment to paragraph 1 of the assessment criteria.** The obligation of members of the Board of Directors to attend the GSM is neither by law nor in the Charter of the Company; nevertheless, Board members may be invited to participate. The Company has an e-mail address for shareholders to submit their questions to the Board of Directors. In 2020, due to the COVID-19 pandemic, the Company's GSM was held in absentia (shareholders were not present). **Comment to paragraph 2 of the assessment criteria.** The position of the Board of Directors on agenda items is stated in the decisions adopted by the Board of Directors. Notices of essential facts disclosed by the Company reflect the number of votes in support of a particular decision given by Board members present at the Meeting. There were no dissenting opinions of Board members which had to be recorded in the minutes and subsequently disclosed. The Company discloses the position of the Board of Directors regarding all issues on which, in accordance with the law, the decision can be made only upon the proposal of a GSM by the Board of Directors. In other instances, the Company has a right to disclose its position and does so in some cases. We believe that disclosing the opinion of the Board of Directors regarding all issues to be reviewed by the GSM is not expedient as the Company generally discloses the information on the entire agenda voting of the Board of Directors, indicating that the decision is made by the required majority of votes. We consider it unnecessary to disclose information on the items that are not subject to disclosure according to the law in greater detail.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
1.1.4	There were no unjustified difficulties preventing the shareholders from exercising their right to demand that a GSM is convened, to nominate candidates to the company's management bodies, and propose items for the meeting's agenda.	1. The shareholders had the opportunity to propose items to be included in the agenda of its GSM within a 60-day period following the end-date of the respective calendar year. 2. In the case of any typos and other insignificant flaws in shareholders' proposals, the Company did not refuse to include these proposals on the agenda or refuse to allow proposing a candidate to the Company's bodies.	observed observed	**Comment to paragraph 1 of the assessment criteria.** Shareholders can propose items to be included in the agenda during a two-month period after the end of the financial year, as is stipulated in the Charter of the Company and the Regulations on the GSM.
1.1.5	Each shareholder should be able to freely exercise the right to vote in a straightforward and convenient way.	1. The internal documents of the Company include a provision whereby a person filling out a voting ballot may, until the end of the GSM, request a copy of the ballot certified by the Company's counting commission.	observed	
1.1.6	Procedures set by the Company for holding a GSM should provide equal opportunity to all persons present at the meeting to express their opinions and ask questions.	1. In the reporting period, GSMs when shareholders were present were conducted in such a way that all reports on agenda items were announced and all items were discussed. 2. The candidates nominated for management bodies attended the meetings and were ready to answer shareholders' questions. 3. The Board of Directors considered the use of telecommunication systems to provide shareholders with remote access to the GSM (for example, by broadcasting its proceedings via the Company's website or by using video conferencing).	observed partially observed not observed	**Comments to paragraph 2 of the assessment criteria.** See the comment to assessment criteria 1 p. 1.1.3 **Comments to paragraph 3 of the assessment criteria.** See the comment to assessment criteria 1 p. 1.1.3. At present, considering the current capital structure of the Company, the use of telecommunication systems to provide shareholders with remote access to their GSMs does not seem justified. The Company does not believe that the absence of such practice could result in any risks for either the Company or its shareholders.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
1.2	**Shareholders should have equal and fair opportunities to share in the profits of the Company by means of receiving dividends.**			
1.2.1	The Company should develop and implement a transparent and clear mechanism for determining the number of dividends and their payment.	1. The Company developed and disclosed a Dividend Policy, which was approved by the Board of Directors. 2. If the Dividend Policy of the Company applies indicators from the Company's financial statements to determine the size of the dividend, the relevant provisions of the dividend policy should include the consolidated indicators of financial statements.	observed partially observed	**Comments to paragraph 2 of the assessment criteria.** In accordance with the Dividend Policy of the Company, when developing recommendations for the GSM concerning the size of the dividend, the Board of Directors is guided by the provisions of the Federal Law On Joint Stock Companies, other regulatory legal acts, the Charter and this Regulation. The Board of Directors may also take other factors into consideration, such as the Company's financial results according to its financial statements prepared in compliance with International Financial Reporting Standards (IFRS). Accordingly, despite the fact that the Company must rely on RAS indicators in accordance with Russian law, the Board of Directors has the right (and the Board usually exercises this right) to take the indicators of the consolidated financial statements into account.
1.2.2	The Company should not make a decision on the payment of dividends if such a decision, without formally violating limits set by the law, is nevertheless unjustified from an economic point of view and might lead to the formation of false assumptions about the Company's activities.	1. The Dividend Policy of the Company contains clear indications of financial/economic circumstances which prohibit the company from paying dividends.	partially observed	The Dividend Policy of the Company contains indications of financial/economic circumstances which enable the Company to pay dividends. If these circumstances are not met, no dividends are paid.
1.2.3	The Company should not allow deterioration of dividend rights of its existing shareholders.	1. The Company has not taken any actions which would allow for the deterioration of dividend rights of existing shareholders in the reporting period.	observed	
1.2.4	The Company should strive to rule out any means through which the shareholders can obtain profit or gain at the company's expense except dividends, and distributions of its liquidation value.	1. In order to prevent shareholders from making profit (income) at the Company's expense, apart from through dividends and residual value, the internal documents contain the control mechanisms to ensure timely detection and approval procedure for transactions with entities affiliated (connected) with substantial shareholders (entities entitled to control votes attached to voting shares) in cases when the law does not formally recognise such transactions as related-party transactions.	observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
1.3	**The system and practices of corporate governance should ensure equal terms and conditions for all shareholders owning shares of the same class (category) in the Company, including minority and international shareholders. Equal treatment should be unilateral and above dispute.**			
1.3.1	The Company created conditions which would force the management bodies and controllers of the Company to treat each shareholder fairly, including conditions ensuring that there is no abuse of minor shareholders by major shareholders.	1. During the reporting period, procedures adopted for the management potential conflict between major shareholders were effective, and the Board of Directors paid sufficient attention to conflicts between shareholders if there were any.	observed	
1.3.2	The Company should not perform any acts which would or could result in a reallocation of corporate control by third parties therein.	1. There were no quasi-treasury shares or they did not participate in voting during the reporting period.	partially observed	In September 2016, the size of the quasi-treasury block of the Company exceeded 50% of the share capital. In this regard, holding the GSM (securing a quorum that makes the Meeting legally qualified), as well as taking decisions on a number of issues of the Company's activities (in particular, approval of the amendments in the Company Charter at the Extraordinary General Meeting in January 2020), due to the need to obtain a qualified majority of votes of at least 75% of shareholders registered for participation in the general meeting became impossible without the use of the quasi-treasury block. In December 2019, the GSM decided to reorganize the Company through merging JSC Uralkali-Technologiya into the Company with the cancellation of the quasi-treasury shares belonging to JSC Uralkali-Technologiya. In June 2020, the quasi-treasury shares were repaid.
1.4	**Shareholders should be provided with reliable and efficient means of recording their rights in shares as well as with the opportunity to freely dispose of such shares in a non-onerous manner.**			
1.4.1	Shareholders are provided with reliable and efficient means of recording their rights for shares, as well as the opportunity to freely dispose of such shares in a non-onerous manner.	1. The quality and reliability of the work on administering the shareholder's registry performed by the registrar of the Company comply with Company and shareholder requirements.	observed	
2.1	**The Board of Directors is in charge of the Company's strategic management, determines the major principles of and approaches to the creation of a risk management and internal control system within the Company, monitors the activity of the Company's executive bodies, and carries out other key functions.**			
2.1.1	The Board of Directors should be responsible for decisions to appoint and remove members of executive bodies, including taking action in response to the failure of the latter to properly perform their duties.	1. According to the Company's charter, the Board of Directors has the authority to appoint, dismiss and determine the terms and conditions of contracts with members of the Company's executive bodies.	partially observed	The Company believes that the specified approach is generally observed. As for the specified assessment criteria of compliance with the principles, each of such criteria is observed partially. **Comments to paragraph 1 of the assessment criteria.** According to the Charter of the Company, the Board of Directors has the authority to appoint, terminate the appointment, and determine the terms and conditions of the employment contract only of the CEO (Sole Executive Body) of the Company. Forming the composition of the Management Board and early termination of the powers of its members also fall within the competencies of the Board of Directors.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
	The Board of Directors also ensures that Company executive bodies act in accordance with the Company's approved development strategy and main business goals.	2. The Board of Directors reviewed report(s) of the sole executive body and members of the collective executive body on the implementation of the Company strategy.	partially observed	The matter of forming the composition of the Management Board and the early termination of the powers of its members also falls within the competencies of the Board of Directors. Persons nominated to the Company's Management Board based on the decision of the Board of Directors are Company employees. According to the Company's Charter, the approval of employment contract terms with employees and issuing orders for dismissal fall within the competencies of the CEO. The terms of employment contracts with Company employees are determined in accordance with the Company's internal documents (hereinafter – the remuneration policy) that regulates the payment of remuneration (including salaries and bonuses) of the relevant employee category. The power to determine the terms of contracts with members of the Management Board (excluding the CEO) does not fall within the scope of the Board of Directors as members of the Management Board are acting in accordance with the Regulation on the Management Board implemented in the Company that stipulate the working procedure of the Management Board. Members of the Management Board are not remunerated for serving on the Management Board (the information is appropriately disclosed in this Annual Report). The Company has no plans to change its position in terms of who is authorised to determine contract terms for members of the Executive Bodies in the foreseeable future due to the fact that 1) any employee may at any time become a member of the Management Board or be dismissed from it (the Company's Charter does not stipulate which positions have to be included in the Management Board; the Management Board is traditionally comprised of heads of the Company's key operations), and the number of members of the Management Board may vary); 2) members of the Management Board perform their duties based on the Regulation on the Management Board and they are not remunerated for performing these responsibilities; 3) employment contracts with members of the Management Board are signed and terminated by the CEO in compliance with the terms of reference stipulated by the Company's Charter. Moreover, the terms of these contracts are determined in accordance with the Company's current internal documents.

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				Comments to paragraph 2 of the assessment criteria. The Board of Directors regularly reviews reports on the results of the Company's activities, which also include information on the progress of strategy implementation. These reports are presented by the CEO of the Company. Members of the Company's Management Board do not report on strategy issues. The CEO of the Company is the Chairman of the Management Board, representing the entire Management Board. The Company considers that such reporting is appropriate. Individual members of the Management Board may be invited to present reports or comment on matters related to the areas that they oversee or other matters in separate meetings of the Board of Directors, Committees of the Board of Directors or strategic sessions held annually by the Company. The Company does not foresee any risks for the Company or its shareholders implied by the current practice, and does not currently plan to change its current practice, as it considers the current practice reasonable and relevant to the Company and its shareholders. The Board of Directors approves the Company's strategy, and the management led by the CEO implements it. The Company believes that the CEO is the person who should present official reports to the Board of Directors.
2.1.2	The Board of Directors sets long-term business goals, evaluates and approves key performance indicators as well as business objectives, the strategy, and business plans affecting the Company's key operational areas.	1. During the reporting period, the Board of Directors reviewed items related to execution of the Company's strategy, approval of its financial plan (budget), in line with the criteria and indicators (including interim) pertaining to the execution of the Company's strategy and business plans.	observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
2.1.3	The Board of Directors determines the principles of and approaches to developing the Company's risk management and internal control systems.	1. The Board of Directors determined the principles of and approaches to developing the Company's risk management and internal control systems. 2. The Board of Directors evaluated the risk management and internal control systems during the reporting period.	observed partially observed	**Comments to paragraph 2 of the assessment criteria.** In line with the Regulation on the Audit Committee, monitoring the reliability and effectiveness of the risk management and internal control systems, assessing the effectiveness of the Company's internal control procedures (including making proposals for their improvement), analysing and assessing the implementation of the risk management and internal control policies, as well as preparing recommendations for approval of the Company's key risks map, monitoring the effectiveness of measures aimed at minimising key risks and giving recommendations on amendments to such measures fall within the competencies of the Audit Committee. During 2020, the Audit Committee devoted considerable time to assessing the state of the risk management and internal control system and their improvement, as well as regularly informing the Board of Directors of the work performed.
2.1.4	The Board of Directors determines the Company's policy on remuneration and (or) reimbursement of costs incurred by its Board members, members of the executive bodies, and other key managers.	1. The Company developed and implemented a policy (policies) on remuneration and/or reimbursement of costs incurred by its board members, members of the executive bodies and other key managers. 2. During the reporting period, the Board of Directors reviewed items related to the indicated policy (policies).	observed partially observed	**Comment to paragraph 2 of the assessment criteria.** During the reporting year, the items related to the indicated policies were not reviewed by the Board of Directors, as it did not find it necessary to change existing policies which they believed to be efficient. The Board of Directors does not consider that the failure to follow this assessment criterion will incur additional risks.
2.1.5	The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts between the Company's bodies, shareholders, and employees.	1. The Board of Directors plays a key role in the prevention, detection, and resolution of internal conflicts. 2. The Company developed a system for the identification of transactions related to conflicts of interest, and a system of measures intended to resolve such conflicts.	observed observed	
2.1.6	The Board of Directors plays a key role in ensuring that the Company is transparent, discloses information in full and in a timely manner, and provides its shareholders with unrestricted access to its documents.	1. The Board of Directors approved a regulation on the information policy. 2. The Company has appointed persons in charge of the implementation (enforcement) of the information policy.	observed observed	
2.1.7	The Board of Directors should monitor the Company's corporate governance practices and play a key role in its material corporate events.	1. During the reporting period, the Board of Directors reviewed the Company's corporate governance practices.	observed	

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2.2	**The Board of Directors should be accountable to the Company's shareholders.**			
2.2.1	Information about the Board of Directors' work should be disclosed and provided to shareholders.	1. The Company's Annual Report for the reporting period contains information regarding the attendance of individual directors at meetings of the Board of Directors and individual Committees.	observed	
		2. The Annual Report contains information about the key results of the evaluation of the Board of Directors' performance in the reporting period.	observed	
2.2.2	The Chairman of the Board of Directors should be available for communication with shareholders.	1. The Company has a transparent procedure allowing its shareholders to send questions to the Chairman of the Board of Directors and clarify their position on them.	observed	
2.3	**The Board of Directors is an efficient and professional management body of the Company, capable of making objective and independent judgements and passing resolutions in the best interests of the Company and its shareholders.**			
2.3.1	Only persons with impeccable business and personal reputation should be elected to the Board of Directors; candidates should also have the knowledge, skills and experience necessary to make decisions that fall within the jurisdiction of the Board of Directors and to perform these functions efficiently.	2. The assessment procedure of the Board of Directors' effectiveness also includes the assessment of the professional qualifications of members of the Board of Directors.	not observed	**Comments to paragraph 1 of the assessment criteria.** The Company has a procedure in place to assess the performance of the Board of Directors; however, this does not include an assessment of the professional qualifications of Board members. The Company considers that the assessment of the professional qualifications of Board members is carried out by the shareholders when a candidate is nominated for election and when he or she is elected to the Board of Directors. The Company provides its shareholders with detailed biographies of members of the Board of Directors, including their professional experience, which allows the shareholders to elect the candidates of their choice.
		3. In the reporting period, the Board of Directors (or its Nominations Committee) evaluated candidates nominated to the Board in terms of their experience, knowledge, business and personal reputation, absence of conflicts of interest etc.	not observed	**Comments to paragraph 2 of the assessment criteria.** During the reporting period, the Board of Directors did not assess candidates from the perspective of them having the necessary experience, knowledge, and business reputation. The shareholders nominate and elect candidates to the Board of Directors; there is no legal procedure for the refusal to accept or elect candidates to the Board of Directors related to any particular absence of knowledge or skills. With regard to a potential conflict of interest: 1) such conflicts are identified at the stage of nomination as candidates are obliged to provide certain information about themselves, including disclosure of their affiliates;

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				2) the possibility of a conflict of interest after a candidate's election to the Board is minimised by the fact that the members of the Board of Directors who are considered interested parties for the purpose of Company voting on approval of transactions do not take part in voting on these transactions because the law provides for the obligation of a Board member to inform the Company of his/her being an interested party; 3) in 2020, the Nomination and Remuneration Committee assessed the candidates for election to the Board of Directors against the independent criteria set by the Moscow Exchange Listing Rules. The information on compliance with the independence criteria and absence of a conflict of interest is acknowledged.
2.3.2	Board members should be elected pursuant to a transparent procedure enabling the shareholders to obtain information about respective candidates sufficient for them to get an idea of the candidates' personal and professional qualities.	1. Biographical data on all candidates nominated to the Board of Directors, the results of the evaluation of such candidates conducted by the Board of Directors (or its Nominations Committee), as well as information regarding a candidate's conformity with independence criteria in accordance with recommendations 102–107 of the Code, and the candidates' written consent to be elected to the Board, were provided to shareholders in preparation for all meetings where the election of Board members was on the agenda.	observed	
2.3.3	The membership of the Board of Directors should be balanced, in particular in terms of the qualifications, expertise, and business skills of its members. The Board of Directors should receive the confidence of the shareholders.	1. During the procedure of assessment of the Board of Directors' performance conducted in the reporting period, the Board of Directors analysed the conformity of its membership to the needs of the Company and its shareholders.	not observed	See the comment to p. 2.3.
2.3.4	The membership of the Company's Board of Directors should enable the Board to organise its activities in the most efficient way possible, in particular, to create Board Committees and enable substantial minority shareholders to put forward a candidate to the Board of Directors for whom they would vote.	1. During the procedure of assessing the performance of the Board of Directors, which was conducted during the reporting period, the Board of Directors analysed the conformity of its membership to the needs of the Company and its shareholders.	not observed	Such assessment procedure was not carried out by the Board of Directors. The question of whether or not the number of members of the Board of Directors corresponds to the Company's needs has never been raised in the course of the assessment, as there have not been any requests from interested parties prior to the assessment to change this number. The Company has no information on the matter of whether or not the number of members of the Board of Directors corresponds to the interests of the Company and its shareholders.

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				However, in December 2019, a shareholder of the Company requested that extraordinary general shareholders meetings be held to amend the Charter of the Company to increase the number of Board members from 9 to 10. This decision was adopted by the GSM on 13 January 2020. On 17 February 2020, the Board of Directors comprised of 10 members was elected again.
2.4	**The Board of Directors should include a sufficient number of Independent Directors.**			
2.4.1	An Independent Director is any person who has the required professional skills and expertise and is sufficiently able to have his/her own position and make objective and fair judgements free from the influence of the Company's executive bodies, any individual group of its shareholders or other stakeholders. It should be noted that, under usual 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.	1. During the reporting period, all independent Board members met all the requirements of recommendations 102–107 of the Code or were deemed independent pursuant to a decision of the Board of Directors.	observed	
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 carrying out such evaluation, substance should take precedence over form.	1. During the reporting period, the Board of Directors (or its Nominations Committee) issued an opinion regarding the independence of each candidate nominated to the Board and provided the shareholders with an appropriate conclusion.	observed	
		2. At least once in the reporting period, the Board of Directors (or its Nominations Committee) evaluated the independence of its current members indicated by the Company in the Annual Report as Independent Directors.	observed	
		3. The Company developed procedures indicating the actions which should 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 manner.	observed	
2.4.3	Independent Directors should account 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.	observed	

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2.4.4	Independent Directors should play a key role in the prevention of internal conflicts affecting the Company and its performance of material corporate actions.	1. Independent Directors (with no conflict of interest) should preliminarily review material corporate actions related to a potential conflict of interest, and a document setting out the results of such evaluation should be made available as part of materials to be provided in connection with a Board meeting where a respective matter is to be considered.	observed	
2.5	**The Chairman of the Board of Directors should help to carry out the functions imposed thereon in a most efficient manner.**			
2.5.1	An Independent Director is elected as the Chairman of the Board of Directors, or a Senior Independent Director is appointed from the Independent Directors who coordinates work of the Independent Directors and interacts with the Chairman of the Board of Directors.	1. The Chairman of the Board of Directors is an Independent Director or a Senior Independent Director who is appointed from the Independent Directors.	observed	
		2. The role, rights, and responsibilities of the Chairman of the Board of Directors (and, if applicable, of the Senior Independent Director) are clearly determined in the Company's internal documents.	observed	
2.5.2	The Chairman of the Board of Directors should ensure that Board meetings are held in a constructive atmosphere, and that any items on the meeting agenda are discussed freely. The Chairman should also monitor the fulfilment of decisions made by the Board of Directors.	1. The performance of the Chairman of the Board of Directors was evaluated within the framework of the Board performance assessment procedure during the reporting period.	not observed	The role of the Chairman was not evaluated separately within the framework of the assessment; however, the work of the Board as a team and its effectiveness as a whole was. According to the Law, the Chairman of the Board of Directors organises the work of the Board of Directors, and, overall, it is deemed effective. Therefore, the Company did not deem it necessary to assess the performance of the Chairman in 2020.
2.5.3	The Chairman of the Board of Directors should take any necessary measures to provide Board members with information required for making decisions on agenda items in a timely manner.	1. The obligation of the Chairman of the Board of Directors to take any necessary measures to provide Board members with information required for making decisions in a timely manner is stipulated in the Company's internal documents.	observed	
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 due care and diligence.**			
2.6.1	Acting reasonably and in good faith means that Board members should make decisions considering all available information, in the absence of a conflict of interest, treating shareholders of the Company equally, and assuming normal business risks.	1. The Company's internal documents stipulate that if a Board member has a conflict of interest, he/she should promptly inform the Board of Directors (through the Chairman or Corporate Secretary) both of the existence of and grounds for such conflict of interest. In any case, such notification shall be made before the issue is discussed at a meeting of the Board of Directors or by any of its Committees at which such Board member is present.	partially observed	**Comments refer to paragraphs 1–2 of the assessment criteria, as these criteria are interrelated.** According to p. 3.3 of the Regulation on the Board of Directors, Board members should provide the Board of Directors, the Revision Commission, and the Company's auditor with the information specified in Article 82 of the JSC Law, as well as inform the Board of Directors in a timely manner of any changes in the indicated information.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
		2. According to the Company's internal documents, if a Board member has a conflict of interest, he/she may not take part in decision-making. He/she should abstain from voting on any issues in which he/she has a conflict of interest. 3. The Company should provide for a procedure (and a related budget) enabling Board members to receive, at the expense of the company, professional advice on issues relating to the jurisdiction of the Board of Directors.	partially observed observed	At the same time, there is no separate notion that if a Board member has a conflict of interest, he/she should abstain from voting on any issues of this nature. There were no cases of voting in the Company when a conflict of interest was present. 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 Regulation on the Board of Directors of PJSC 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.	observed	
2.6.3	Members of the Board of Directors should be given sufficient time to perform their duties.	1. Individual attendance at Board and Committee meetings and time devoted to preparation for participation in meetings were considered during the procedure of assessment of the Board of Directors in the reporting period. 2. In accordance with the Company's internal documents, Board members should notify the Board of Directors that they intend to take a position in the management bodies of other entities (except for affiliates and entities controlled by the company) and also that they have been elected.	partially observed not observed	**Comment to paragraph 1 of the assessment criteria.** During the procedure of Board assessment, an individual assessment of the Board members' performance, including attendance, was not carried out. Typically, meetings of the Board of Directors and Board Committees are attended by almost 100% of their members. The Corporate Secretary administers the attendance statistics in a regular manner, which all members of the Board of Directors are aware. The Company regularly discloses Board attendance statistics in its Annual Report, that is why the Company considers a formal assessment of attendance to be unnecessary. The Company does not intend to change its approach to the assessment of this criterion. **Comment to paragraph 2 of the assessment criteria.** The Company's internal documents do not require Board members to notify the Board of Directors of their intention to take a position in management bodies of other entities. Board members should inform the Board of Directors of their appointment (election) to the management bodies of other entities in line with the law and clause 3.3 of the Regulations on the Board of Directors. The Company considers charging members of the Board of Directors with the duty to report their intentions is excessive, as: 1) up until the moment such an appointment occurs the information in question may be confidential and the Company should not be aware of it, 2) the appointment (election) may not occur for other reasons.
2.6.4	All Board members should have equal access to the Company's documents and information. Newly elected Board members should be provided with sufficient information about the company and its Board of Directors as soon as possible.	1. In accordance with the Company's internal documents, Board members are given access to documents and the right to make a request for any information on the Company and legal entities controlled by the Company. The duty of the Company's executive bodies is to provide Board members with such information and documents. 2. The Company has a formal induction programme for newly elected Board members.	observed partially observed	**Comment to paragraph 2 of the assessment criteria.** The Company has an induction programme, but it is not issued as a separate document.
2.7	**Meetings of the Board of Directors, preparation for meetings, and the participation of Board members therein should ensure efficient work of the Board.**			
2.7.1	Meetings of the Board of Directors should be held when needed, with due account of the Company's scope of activities and its current goals.	1. The Board of Directors held at least six meetings in the reporting period.	observed	
2.7.2	The Company's internal documents contain a set of procedures for the preparation and arrangement of the meetings of the Board of Directors, enabling its members to prepare for them properly.	1. The Company has an internal document regulating the procedure for the preparation and holding of Board meetings, which also requires that the notification of a meeting should be made, as a rule, at least five days before the date of the meeting.	observed	**Note:** The Company's internal documents require that notifications of meetings and materials thereto be provided to Board members at least three business days before the meeting (five calendar days at the most). In exceptional cases, materials may be provided one business day before the meeting.
2.7.3	The format of a meeting of the Board of Directors should be determined with due consideration of the importance of issues on the meeting agenda. The most important issues should be decided at meetings held in person.	1. According to the Company's charter or internal document, the most important issues (in accordance with the list provided in recommendation 168 of the Code) should be considered and decided at meetings held in person.	partially observed	The Company considers this principle to be generally and substantially observed. With regard to the compliance/non-compliance with the principle, the Company provides the following information about its partial compliance with the criterion. The Company's internal document, i.e. the Regulations on the Board of Directors, stipulates that the Chairman of the Board of Directors or a person who calls a meeting, has a right to determine the format of the meeting, taking its agenda into consideration. The key issues of the Company and its affiliate operations are reviewed during in-person meetings of the Board of Directors. It should be noted that correspondence decisions of the Board that are made in absentia (by ballot) are frequently a continuation and logical closing of lengthy discussions held during previous meetings during which the Committees and their members have formed a common opinion. In such situations, the Company is correct to restrict the Board of Directors from choosing the format of the meeting.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
				Moreover, a meeting in absentia (by ballot) does not relieve the Company of the obligation to present exhaustive information on the agenda items to the members of the Board of Directors, nor does it prevent directors from asking additional questions on items put to vote. The Company does not plan to change the established practice. It considers the current policy of the Board of Directors towards holding meetings to be in the best interest of the Company and its shareholders. It does not imply additional risks.
2.7.4	The decisions on the most important aspects of the Company's operations are adopted in meetings of the Board of Directors by qualified majority or majority of all elected members of the Board.	1. According to the Charter of the Company, the most important issues, as described in recommendation 170 of the Code, should be decided at a meeting of the Board of Directors by a qualified majority vote, at least three-quarters of the votes or by a majority vote of all elected Board members.	not observed	The Company's Charter does not presume that the issues listed in the recommendation 170 of the Code shall be decided by a qualified majority vote. According to the law, all members of the Board of Directors should vote unanimously to adopt decisions pertaining to the conclusion of major transactions that fall within the jurisdiction of the Board of Directors. Other matters (with the exception of related party transactions) are decided by a majority vote of Board members present at the respective meeting, as required by law. This approach conforms to the law and it seems excessive to establish other quorum requirements for Board meetings. Board meetings are attended by almost 100% of all Board members, and virtually all decisions are adopted by a majority vote of all elected members of the Board of Directors.
2.8	**The Board of Directors should form Committees for the preliminary consideration of the most important issues affecting the Company's business.**			
2.8.1	For the purpose of preliminary consideration of any matters of control over the Company's financial and business activities, it is recommended to form an Audit Committee comprised of Independent Directors.	1. The Board of Directors established an Audit Committee comprised exclusively of Independent Directors.	observed	
		2. The objectives of the Audit Committee, including the objectives listed in recommendation 172 of the Code, are determined in the Company's internal documents.	observed	
		3. At least one member of the Audit Committee, being an Independent Director, should have experience and knowledge in the field of preparation, analysis, assessment, and audit of accounting (financial) statements.	observed	
		4. Meetings of the Audit Committee were held at least once in a quarter during the reporting period.	observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
2.8.2	For the purpose of preliminary consideration of any matters of developing efficient and transparent remuneration practices, a Remuneration Committee should be established comprised of Independent Directors and chaired by an Independent Director who is not the Chairman of the Board of Directors.	1. The Board of Directors established a Remuneration Committee comprised exclusively of Independent Directors.	not observed	**Comment to paragraph 1 of the assessment criteria.** Most members of the Appointments and Remuneration Committee are Independent Directors. For objective reasons, the Company cannot make the Appointments and Remuneration Committee consist exclusively of Independent Directors. The Chairman of the Board of Directors is not a member of Board Committees and heads only the Company's Board of Directors as a whole.
		2. The Committee is chaired by an Independent Director who is not concurrently the Chairman of the Board of Directors.	observed	
		3. The objectives of the Remuneration Committee, including the objectives listed in recommendation 180 of the Code, are determined in the Company's internal documents.	observed	
2.8.3	For the purpose of preliminary consideration of any items related to the human resources planning (plans regarding succession), highly-qualified personnel and efficiency of the Board of Directors, it is recommended to form a Nominating Committee (a Committee on Nominations, Appointments, and Human Resources) with a majority of its members being Independent Directors.	1. The Board of Directors formed a Nominating Committee (or its objectives, indicated in recommendation 186 of the Code, are implemented by a different committee), with the majority of its members being Independent Directors.	observed	Combined with the Appointments and Remuneration Committee. See the comment to p. 2.8.2.
		2. The objectives of the Appointments Committee (or a relevant committee performing its functions), including the objectives indicated in recommendation 186 of the Code, are determined in the internal documents of the company.		
2.8.4	Taking into account the Company's scope of activities and level of risks, the Board of Directors should be assured that members of its Committees fully comply with the Company's business objectives. The Company should form other Committees or consider them to be unnecessary (a Strategy Committee, a Corporate Governance Committee, an Ethics Committee, a Risk Management Committee, a Budget Committee or a Committee on Health, Safety, and Environment, etc.).	1. In the reporting period, the Board of Directors considered the conformity of the members of its Committees to the objectives of the Company and its Board of Directors. Additional Committees were either established or deemed unnecessary.	observed	

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2.8.5	The membership of the Committees should be determined in such a way that it would allow a comprehensive discussion of issues being stated on a preliminary basis with due consideration of different opinions.	1. Board Committees are chaired by Independent Directors. 2. According to the regulations of the Company's internal documents (policies), persons who are not members of the Audit Committee, the Appointments Committee, and the Remuneration Committee, can attend meetings of the Committees mentioned above only at the invitation of their Chairpersons.	partially observed observed	**Comment to paragraph 1 of the assessment criteria.** The Board of Directors has established five Committees that are consultative and advisory bodies, four of which are chaired by Independent Directors, and one (the Strategy Committee) by a Non-Executive Director.
2.8.6	Chairpersons of the Committees should inform the Board of Directors and its Chairman about the work of individual Committees on a regular basis.	1. During the reporting period, Chairpersons of the Committees presented regular reports on their activities to the Board of Directors.	observed	
2.9	**The Board of Directors should make an assessment of the quality of its work and that of its Committees and Board members.**			
2.9.1	The assessment of the quality of the Board of Directors' performance is aimed at determining operating efficiency level of the Board of Directors, Committees, and its members, and whether their work meets the Company's development needs, as well as at intensifying their work and identifying areas of improvement.	1. Internal or external assessment of the Board of Directors' performance in the reporting period should include the assessment of the performance of the Board Committees, particular members of the Board of Directors, and the Board of Directors as a whole. 2. The results of internal or external assessment of the Board of Directors, performed in the reporting period, should be reviewed at an in-person meeting of the Board of Directors.	partially observed observed	The self-assessment did not include an evaluation of individual Board members – at this stage, the Company does not think it necessary. Most of the Board members have held their positions for several years. The Company's shareholders continue nominating and electing them as candidates to the Board of Directors which proves that the work of the Board satisfies the shareholders.
2.9.2	The assessment of the performance of the Board of Directors, Committees, and its members is regularly carried out at least once a year. An external organisation (consultant) carries out an independent assessment of the operating quality of the Board of Directors at least once in three years.	1. An external organisation (consultant) was retained to evaluate the work of the board of directors at least once in the last three reporting periods.	not observed	The Company did not enlist the services of an external consultant. The culture of performance assessment is gradually being developed by the Company. At this stage, retaining an external consultant seems premature.
3.1	**The Company's Corporate Secretary shall be responsible for efficient interaction with its shareholders, coordinating the Company's actions designed to protect the rights and interests of its shareholders, and supporting the efficient work of the Board of Directors.**			
3.1.1	The Corporate Secretary possesses the knowledge, experience, and qualifications sufficient to perform the assigned duties, as well as impeccable reputation, and enjoys the trust of the shareholders.	1. The Company adopted and disclosed an internal document of regulation on the Corporate Secretary. 2. The Company disclosed on its website and in its Annual Report information on the Corporate Secretary which is as detailed as that required to be disclosed in relation to Board members and members of the executive bodies of the Company.	observed observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
3.1.2	The Corporate Secretary is sufficiently independent from the Company's executive bodies and has the necessary powers and resources for achieving the objectives.	1. The Board of Directors approves the appointment, termination of employment, and additional remuneration of the Corporate Secretary.	observed	
4.1	**The level of remuneration paid by the Company should be sufficient to enable it to attract, motivate, and retain persons having required skills and qualifications. Remuneration due to Board members, the executive bodies, and other key managers of the Company should be paid in accordance with a remuneration policy approved by the Company.**			
4.1.1	The level of remuneration paid by the Company to members of the Board of Directors, executive bodies, and other key managers is sufficient to motivate them to work efficiently enabling the company to attract and retain knowledgeable, skilled, and duly qualified persons. At the same time, the Company avoids paying higher remuneration than necessary, as well as creating a big unjustified gap between the remuneration for individual persons and the Company's employees.	1. The Company adopted an internal document (documents) – a remuneration policy (policies) in relation to members of the Board of Directors, executive bodies, and other key managers whereby the approaches to the remuneration of the specified persons are clearly determined.	observed	
4.1.2	The Company's Remuneration Policy is developed by the Remuneration Committee and Approved by the Company's Board of Directors. The Board of Directors, supported by the Remuneration Committee, follows up on the introduction and implementation of the remuneration policy in the Company, and, if necessary, revises and amends it.	1. During the reporting period, the Remuneration Committee reviewed the remuneration policy (policies) and the practice of its (their) implementation and, when necessary, provided the Board of Directors with relevant recommendations.	not observed	The Committee saw no necessity in revising the policy related to the Company's executive bodies and top managers in 2020.
4.1.3	The Company's remuneration policy contains transparent mechanisms for defining the size of remuneration for members of the Board of Directors, executive bodies, and other key managers of the Company, as well as regulates all types of benefits paid to indicated persons.	1. The remuneration policy (policies) of the Company contains (contain) transparent mechanisms for defining the size of remuneration for members of the Board of Directors, executive bodies, and other key managers of the Company and regulates (regulate) all types of benefits paid to indicated persons.	observed	
4.1.4	The Company determines the policy of reimbursement (compensation) of costs which details the list of costs for reimbursement, and the service level which members of the Board of Directors, executive bodies, and other key managers of the Company may claim for. Such policy may become a part of the Company's remuneration policy.	1. The remuneration policy (policies) of the Company or other internal documents of the company set forth the rules of reimbursement of expenses of Board members, members of executive bodies, and other key managers of the Company.	observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
4.2	**The remuneration system for members of the Board of Directors ensures that the financial interests of directors get closer to the long-term financial interests of the shareholders.**			
4.2.1	The Company pays out a fixed annual remuneration to members of the Board of Directors. The Company does not compensate participation in individual meetings of the Board of Directors or its Committees. The Company does not apply short-term motivation and additional material motivation tools in relation to members of the Board of Directors.	1. A fixed annual fee was the only form of monetary remuneration for members of the Board of Directors for their work during the reporting period.	observed	
4.2.2	Long-term possession of the Company's shares the most efficiently contributes to bringing the financial interests of members of the Board of Directors closer to the long-term interests of the shareholders. At the same time, the Company does not restrict the right to sell shares by achievement of certain KPIs, and members of the Board of Directors do not participate in stock option plans.	1. If an internal document (documents) — remuneration policy (policies) — stipulates provision of the company's shares to members of the Board of Directors, there shall be set forth and disclosed clear rules regulating the ownership of shares by the members of the board of directors aimed at motivating them to keep possessing such shares on a long-term basis.	not observed (does not apply to the Company)	The Company's internal documents do not stipulate provision of the Company's shares to members of the Board of Directors. Members of the Board of Directors do not possess the Company's shares. The information about share ownership by the Company's directors is disclosed in the Annual Report.
4.2.3	No additional payouts or compensations are provided in the Company in the case of early termination of powers of members of the Board of Directors in connection with change of control of the Company or other circumstances.	1. No additional payouts or compensations are provided in the Company in the case of early termination of powers of members of the Board of Directors in connection with change of control of the Company or other circumstances.	observed	
4.3	**The system of remuneration for 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.**			
4.3.1	Remuneration of members of the executive bodies and other key managers of the Company is determined in a way that it ensures a reasonable and justified ratio of the fixed and variable parts of remuneration, where variable depends on the Company's operating results and personal (individual) contribution of an employee to the final result.	1. During the reporting period, the performance indicators approved by the Board of Directors were used to determine the size of variable remuneration for members of the executive bodies and other key managers of the Company.	observed	**Comments to paragraph 2 of the assessment criteria.** The system of remuneration was not assessed by the Board of Directors (Appointments Committee) in 2020. In the opinion of the Board of Directors, there was no need to revise this system in 2020.
		2. In the course of the last assessment of the remuneration system for the members of executive bodies and other key managers of the company, the Board of Directors (Remuneration Committee) ensured that the Company applied an effective ratio of the fixed and variable remuneration parts.	not observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
		3. There is a procedure in the Company which ensures that any bonus payouts wrongfully obtained by members of the executive bodies or other key managers are repaid to the Company.	not observed	**Comments to paragraph 3 of the assessment criteria.** The Company does not have a formalised procedure for having wrongfully obtained award/bonus funds returned to the Company by members of the executive bodies and key managers. Bonuses are paid based on approved performance charts where the real KPI result is shown making wrongful payments impossible. There were no cases of wrongful payouts in the Company. Should any such error occur in the future, the necessary repayments will be made in compliance with the law.
4.3.2	The Company introduced a long-term motivation programme for members of the executive bodies and other key managers of the Company involving the company's shares (or options or other derivative financial instruments, the underlying assets for which are the Company's shares).	1. The Company introduced a long-term motivation programme for members of the executive bodies and other key managers of the Company involving the Company's shares (or options or other derivative financial instruments, the underlying assets for which are the Company's shares).	not observed	**Comments to paragraphs 1 and 2 of the assessment criteria.** The Company does not observe the specified principle and assessment criteria for observing it. The Company does not have a long-term motivation programme due to financial instability in Russia in general and a number of financial constraints in the Company; it believes that developing a long-term motivation programme is untimely. The current remuneration policy for members of the executive bodies and key managers includes payment of salaries and annual bonuses based on the achievement of the objectives specified in the performance charts (which the Company reports of in the Annual Report). The Company does not consider this policy to be a mechanism or a tool to replace a long-term motivation programme. Nor does the Company apply any other corporate governance mechanisms or tools that would replace a long-term motivation programme. The Company does not plan to introduce a long-term motivation programme for members of the executive bodies or key managers in the foreseeable future.
		2. The long-term motivation programme for members of the executive bodies and other key managers of the Company provides that the right to sell shares or other financial instruments shall arise no earlier than after three years from the date when such shares were provided. At the same time, the right to sell them is restricted by a condition that the Company achieves certain performance indicators.	not observed	
4.3.3	The amount of compensation (golden parachute) paid by the Company in the case of early termination of authorities of members of the executive bodies or key managers upon the Company's initiative and in case there is no fraud from their side, does not exceed its two-fold fixed annual remuneration.	1. The amount of compensation (golden parachute), paid by the Company in the case of early termination of authorities of members of the executive bodies or key managers upon the Company's initiative and in case there is no fraud from their side, did not exceed its two-fold fixed annual remuneration in the reporting period.	observed	**Note:** The Company's policies do not provide for the payment of golden parachutes.

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
5.1	**The Company developed an effective risk management and internal control system aimed at providing reasonable confidence that the Company's objectives will be achieved.**			
5.1.1	The Board of Directors determined principles of and approaches to the arrangement of the risk management and internal control system in place at the Company.	1. The functions of various management bodies and subdivisions of the Company in the risk management and internal control system are clearly determined in the internal documents/ corresponding policy of the Company approved by the Board of Directors.	observed	
5.1.2	The executive bodies of the Company ensure development and maintenance of functioning of the effective risk management and internal control system in the Company.	1. The executive bodies of the Company provided distribution of functions and authority related to the risk management and internal control between subdivision and department managers (heads) that report to the executive bodies.	observed	
5.1.3	The Company's risk management and internal control system ensures the impartial, fair, and clear understanding of the current state and prospective of the company, integrity and transparency of the company's reporting, and rationality and eligibility of risks accepted by the Company.	1. The Company has a corruption prevention policy in place. 2. The Company has developed a procedure for informing the Board of Directors or the Audit Committee of any violations of the law, internal procedures, and the Company's ethics code.	observed observed	
5.1.4	The Board of Directors of the Company takes necessary measures to ensure that the risk management and internal control system of the Company functions effectively and complies with the principles and approaches defined by the Board of Directors.	1. During the reporting period, the Board of Directors or its Audit Committee reviewed the efficiency of the risk management and internal control system of the Company. Information on the results of such assessment are included in the Company's Annual Report.	observed	
5.2	**To independently evaluate the reliability and efficiency of the risk management and internal control system and corporate governance practices on a regular basis, the Company should arrange for internal audits.**			
5.2.1	The Company has established an individual structural subdivision or engaged an independent external organisation in order to carry out internal audit in the Company. Functional and administrative reporting lines of the internal audit subdivision are separated. The internal audit subdivision functionally reports to the Board of Directors.	1. An individual structural internal audit subdivision functionally reporting to the Board of Directors or the Audit Committee was established in the Company or an independent external organisation with the same reporting line was engaged to conduct the internal audit.	observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
5.2.2	The internal audit subdivision carries out assessment of efficiency of the internal control, the risk management, and the corporate governance systems. In the area of internal audit, the Company applies common operational standards.	1. During the reporting period, the efficiency of the internal control and the risk management systems was assessed within the framework of internal audit procedures. 2. The Company uses generally accepted approaches to internal control and risk management.	observed observed	
6.1	**The Company and its activities should be transparent to the shareholders, investors, and other stakeholders.**			
6.1.1	The Company developed and implemented an information policy enabling the information exchange between the Company and its shareholders, investors, and other stakeholders.	1. The Board of Directors approved the information policy of the Company, developed in line 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.	observed observed	
6.1.2	The Company discloses information on its corporate governance system and practices including detailed information on observance of the principles and recommendations of the Code.	1. The Company discloses information on the corporate governance system and general principles of the corporate governance applied in the Company and its website. 2. The Company discloses information regarding the composition of the executive bodies and the Board of Directors, independence of the 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 their plans with respect to the company in a special memorandum which is then disclosed.	observed observed not observed	**Comments to paragraph 3 of the assessment criteria.** The Company did not receive a memorandum from the person who controls the Company regarding such person's plans with respect to the Company. The Company will disclose the memorandum once it is received.
6.2	**The Company should disclose full, updated, and reliable information about itself on a timely basis so as to enable its shareholders and investors to make informed decisions.**			
6.2.1	The Company discloses information in accordance with the principles of regularity, consistency, and timeliness, as well as accessibility, reliability, completeness, and comparability of disclosed data.	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 organised markets, material information is disclosed both in the Russian Federation and on such markets simultaneously and equally within the reporting year.	observed observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
		3. If foreign shareholders own a substantial number of the Company's shares, the company discloses information not only in Russian, but in one of the most common foreign languages as well.	observed	
6.2.2	The Company avoids a formal approach when disclosing information and discloses the information on its operations even if such disclosure is not stipulated by the law.	1. During the reporting period, the Company disclosed annual and semi-annual financial statements prepared in compliance with IFRS. Annual reports of the Company for reporting years contain annual financial IFRS statements and a relevant audit report. 2. The Company discloses full information about its capital structure in the Annual Report and on its corporate website in line with recommendation 290 of the Code.	observed partially observed	**Comments to paragraph 2 of the assessment criteria.** The Company's disclosure of information on the share capital structure does not fully comply with Recommendation 290 of the Code, but the Company considers that it fully characterises the share capital structure of the Company and does not require any additional details.
6.2.3	The Annual Report, being one of the most important tools of information exchange with the shareholders and other stakeholders, contains information allowing to evaluate the annual performance of the Company.	1. The Annual Report of the Company contains information about key aspects of the Company's operating activities and its financial results. 2. The Annual Report of the Company contains information about the environmental and social aspects of the Company's activities.	observed observed	
6.3	**The Company should provide information and documents upon requests of its shareholders in accordance with the principle of equal and unhindered accessibility.**			
6.3.1	Providing the shareholders with information and documents upon their request is performed in compliance with the principle of equal and unhindered access.	1. The Company's information policy determines the unhindered procedure of providing shareholders with an access to information, including information of the legal entities affiliated with the Company, upon their request.	observed	
6.3.2	When providing shareholders with information, the Company ensures reasonable balance between individual interests of its shareholders and the company's own interests, as the company is committed to keep the confidentiality of the important commercial information that can significantly affect its competitiveness.	1. During the reporting period, the Company did not deny shareholder requests to provide information or such refusals were justified. 2. In cases, specified in the Company's information policy, shareholders are warned of the confidential nature of the information and undertake to protect its confidentiality.	observed observed	

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
7.1	**Any actions which can significantly affect the Company's share capital structure and its financial position and, accordingly, the position of its shareholders (significant 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.**			
7.1.1	Material corporate actions shall be deemed to include the reorganisation of the Company, the acquisition of 30 or more percent of the Company's voting shares (takeover), the Company entering into any material transactions, increasing or decreasing the share capital, the listing or delisting of shares, as well as other actions, which may result in material changes to the rights of shareholders or violation of their interests. The Company's charter determines the list of transactions or other actions recognised as significant corporate actions, and criteria for their identification.	1. The Company's Charter determines the list of transactions or other actions recognised as significant corporate actions, and criteria for their identification. Decisions related to significant corporate actions are attributed to the competence of the Board of Directors of the Company. In cases when the given corporate actions are carried out within the jurisdiction of the GSM in compliance with the law requirements, the Board of Directors issues corresponding recommendations to shareholders. 2. The Charter of the company determines as significant corporate actions at least the following: reorganisation of the Company, acquisition of 30% and more of voting shares (takeover), major transactions, increase or reduction of the Company share capital, listing or delisting of the Company's shares.	not observed not observed	**Comments to paragraphs 1 and 2 of the assessment criteria.** The Company believes that the outlined principle is generally observed. At the same time, the Company does not observe the indicated criteria, as the Charter of the Company does not specify the list of significant corporate actions. The Charter of the Company does not specify the list of transactions and significant corporate actions. In addition: • decisions on the Company's reorganisation are in the purview of the GSM, nonetheless, such decisions can only be made by the General Meeting upon the proposal of the Board of Directors (cl. 3 art. 49 of the JSC Law); • decisions to purchase the Company's outstanding shares are attributed to the jurisdiction of the Board of Directors (sub-cl. 8, cl. 1, art. 65 of JSC Law) regardless of the size of the purchased block; • the matters of authorisation of transactions or recognition of certain major transactions and related party transactions falls within the terms of reference of the Board of Directors (sub-cl. 15–16, cl. 1, art. 65 of JSC Law). In any other case such decisions shall be made by the GSM; • decisions on listing are within the purview of the Board of Directors (sub-cl. 17.2 cl. 1 art. 65 FZ on JSC Law). In the case of delisting, such decisions are within the jurisdiction of the GSM, although may only be made upon a proposal by the Board of Directors of the Company (sub-cl. 19.2, cl. 1, art. 48 of JSC Law). The Company considers that, regardless of whether or not the specified transactions are attributed to the list of significant corporate transactions by the Charter of the Company, they certainly are such transactions. Additionally, the Company's Charter attributes the review of programs to purchase the Company's shares and GDRs to the jurisdiction of the Board of Directors. At the same time, the Company approves such transactions regardless of whether or not the acquisition is carried out by the Company or its affiliates.

[1] Federal Law "On Joint Stock Companies".

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
				The Company believes that the additional regulation of significant corporate transactions would be excessive. The Company also believes that there is no need to lower the transaction threshold or attribute the transactions valued below 25% of the book value of the assets in terms of size and below RUB 500 million in terms of interest (as stipulated by the law) to the terms of reference of the Board of Directors of the Company. The established practice used to approve transactions and significant corporate actions shows that the Company approves significant corporate actions with utmost responsibility and enters into transactions in compliance with the existing law and the best corporate governance standards. The Company believes that such an approach does not imply any additional risks for the Company. PJSC Uralkali does not have plans to change the established practice nor approve significant corporate actions, as it will continue to observe the law, handling each serious action with consideration of the relevant circumstances, to make the corresponding decisions and to ensure appropriate disclosure.
7.1.2	The Board of Directors plays a key role in approving decisions or giving recommendations related to significant corporate activities; the Board of Directors relies upon the opinion of the Independent Directors.	1. The Company has a procedure according to which Independent Directors state their position regarding significant corporate activities before activities are approved.	observed	Subject to the comments to clause 7.1.1.
7.1.3	When taking any significant corporate action that would affect the rights or legitimate interests of the Company's shareholders, equal terms and conditions should be ensured for all of the shareholders; if statutory mechanisms designed to protect the shareholder rights prove to be insufficient for that purpose, additional measures should be taken with a view to protecting the rights and legitimate interests of the Company's shareholders. In such instances, the Company should not only seek to comply with the formal requirements of the law but should also be guided by the principles of corporate governance set out in this Code.	1. The criteria considering the categorisation of the Company's transactions as significant corporate actions, listed in the charter of the company, are lower than those specified by the law. 2. During the reporting period, all significant corporate actions were subject to approval prior to their execution.	not observed observed	The Company believes that the outlined principle is generally observed. **Comments to paragraph 1 of the assessment criteria.** The Charter of the Company does not provide for less than that stipulated by the law, and employs the criteria of attributing the transactions to such significant corporate actions as: 1) most of the significant corporate actions provided by the Code of Corporate Governance have already been attributed to the jurisdiction of the Board of Directors by JSC Law and, as the Company believes, are deemed to be material by default, regardless of whether or not the Company's Charter provides for it;

No.	Principles of corporate governance	Criteria assessing observance of the principles	Status of compliance with the principle of corporate governance	Explanation for deviation from compliance/non-compliance with the principles of corporate governance
				2) as a rule, any significant corporate actions are preliminarily reviewed by designated Committees with mandatory participation of Board members; 3) the regulation stipulated by the law for performing such corporate transactions is believed to be sufficient for the Company (more detailed explanations are provided in the above cl. 7.1.1 of the report). **Comments to paragraph 2 of the assessment criteria.** A list of significant corporate actions is not defined in the Company's Charter. The Company believes that such approach does not imply risks for the shareholders and does not have plans to change the established practice any time soon as it considers that the equal rights are ensured for all the Company's shareholders, and mechanisms of protection of rights and interests of the shareholders stipulated by the legislation are sufficient.
7.2	**The Company should have in a procedure place for taking any significant corporate action that would enable its shareholders to receive full information about such actions in due course, and therefore be in a position to influence them, which would also guarantee that the shareholders' rights are observed and duly protected in the event such actions are brought.**			
7.2.1	Disclosure of information on performing significant corporate actions is accompanied with explanation of the causes, conditions, and consequences of performing such actions.	1. During the reporting period, the Company disclosed information (in detail) about significant corporate actions in a timely manner, including the reasons for, conditions, and consequences of such actions.	observed	
7.2.2	Rules and procedures related to the significant corporate actions performed by the Company are reflected in the Company's internal documents.	1. The internal documents of the Company provide for a procedure of engaging an independent appraiser to determine the value of the property subject to alienation or acquisition under a major transaction or a related party transaction. 2. The internal documents of the Company provide for a procedure of engaging an independent appraiser in order to determine the value of shares purchased or bought back by the Company. 3. The internal documents of the Company provide an extended list of reasons to deem members of the Board of Directors and other persons specified by law to be interested parties in the transactions of the Company.	not observed not observed not observed	**Comments to paragraph 1 and 3 of the assessment criteria.** The internal documents of the Company do not provide for an independent appraiser involvement procedure; the Company retains an appraiser in cases specified by the law and also, if necessary, in cases when the Company is taking significant corporate actions in line with the high standards of corporate governance adopted within the Company.

MINERAL RESOURCES REVIEW

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Our Ref: U30418 Uralkali JORC Report 01Jan2020_Final 201219.docx

20 December 2019

The Board of Directors
Joint Stock Company Uralkali
63 Pyatiletki Street
Berezniki
618426
Perm Territory
Russian Federation

Dear Sirs,

RE: Review of the Mineral Resources and Ore Reserves of Public Joint Stock Company Uralkali located in the Russian Federation

1. INTRODUCTION

This is a report to confirm that SRK Consulting (UK) Limited (SRK) has reviewed all of the key information on which the most recently (1 January 2020) reported Mineral Resource and Ore Reserve statements for the Mining Assets of Public Joint Stock Company Uralkali (Uralkali or the Company) are based. Specifically, it sets out SRK's view regarding the tonnes and grade of rock which has the potential to be mined by the existing and planned mining operations (the Mineral Resource), the quantity of product expected to be produced as envisaged by the respective Business Plan (the Ore Reserve) and the work done to derive these.

SRK has not independently re-calculated Mineral Resource and Ore Reserve estimates 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 tonnes, grade and quality of the potash planned to be exploited in the current mine plan, based on this review. SRK has then used this knowledge to derive audited Mineral Resource and Ore 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 2020. SRK assessment covers the Mineral Resources and Ore Reserves at Berezniki 2, Berezniki 4, Ust-Yayvinsky, Solikamsk 1, Solikamsk 2, Solikamsk 3 and Polovodovsky.

Table 1-1 below summarises the current licence status for each of the assets noted above.

Table 1-1 Uralkali Licence Summary

Asset/Deposit	Registration No.	Expiry Date	Licence Type	Area (km²)
Berezniki 2	2546	31st December 2024	Mining[2]	67.25
Berezniki 4	2545	1st January 2043	Mining[1]	185.5
Ust-Yayvinsky	2543	15th April 2024	Exploration and Mining[3]	83.676
Solikamsk 1	2547	1st January 2047	Mining[1]	44.47
Solikamsk 2	2548	31st December 2026	Mining[2]	50.38
Solikamsk 3	2549	1st January 2055	Mining[2]	110.01
Polovodovsky	2551	31st December 2054	Exploration and Mining[1]	381.01
Romanov	2550	25th July 2039	Exploration and Mining[1]	58.07
Solikamsk 1	2541	6th April 2035	Exploration and Mining[4]	8.58
Izversky (Berezniki 4 Extension)	2682	2nd November 2022	Exploration	49.11

[1] Potassium salts, magnesium salts and rock salt.
[2] Potassium salts and rock salt.
[3] Potassium and magnesium salt.
[4] Magnesium salt.

SRK has been provided with copies of all of the licences listed above and has confirmed that the Mineral Resources and Ore Reserves stated in this report fall within the boundaries of such licences. SRK notes that all licences have been re-issued and amended between 2015 and 2018 and the expiry dates amended/extended to the dates shown above. SRK notes that for the licence for mining of carnalite ore (#2541) which relates to an area adjacent to Solikamsk-1 and the extreme western portion of Soliamsk-3, Uralkali has indicated that this material is being accessed for mining of carnalite from the existing infrastructure of Solikamsk-1 and therefore SRK has reported this material alongside the sylvinite estimates given for this mine.

The licenses for some of the operating and development mines will expire within the term of the 20-year Business Plan, even though some of these mines are planned to continue operating beyond this time and have resources and reserves to support this. SRK, however, considers it reasonable to assume that Uralkali will obtain extensions to these licences in due course on application as long as it continues to fulfil its licence obligations and the Mineral Resource and Ore Reserve estimates given here reflect this assumption.

Uralkali has informed SRK that it acquired an exploration licence during 2014, termed Romanov (#2550), 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 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.

In addition to this, during 2017 Uralkali acquired a further exploration licence termed Izversky (#2682) which is immediately adjacent to the eastern portion of the current Berezniki 4 mine. SRK understands this has the potential to increase the Mineral Resources and therefore extend the Berezniki 4 operations to the east, however, there are currently no estimated resources on this licence. SRK understands that Uralkali has plans in place to undertake further exploration drilling on this licence and to then estimate the resources based on this drilling. There is therefore currently insufficient data currently available to report Mineral Resources as defined by the JORC Code and therefore this licence is not discussed any further in this report.

While not reflected in the current licences held by Uralkali, SRK understands that Uralkali is considering applying for an extension of its licence for Solikamsk 2 (#2548) to the west to encompass an additional area which would have the potential to increase the Mineral Resource associated with this licence (albeit that this would be done under a separate license). This became allowed following the adoption of the Decree of the Government of the Russian Federation No. 429 dated 3 May 2012, which means that it is now possible to increase the boundaries of subsoil plots granted for geological exploration and/or detailed prospecting and production of minerals in any spatial direction. This can be done repeatedly throughout the term of the mineral licence but applies only to the same mineral(s) as specified on the existing licence and, notably the amount of additional resource encompassed by the increase in area may not exceed 20% of the resources of the initial licence and as entered into the state balance. SRK understands that Uralkali is evaluating this further before applying for a licence extension. While the area under consideration was drilled previously in the Soviet era, and while this confirmed the presence of mineralisation, assuming this licence extension is applied for and granted, then further exploration and drilling will be required to determine the quantity and quality mineralisation present to the level of confidence that could then be potentially reported as a Mineral Resource.

2. QUANTITY AND QUALITY OF DATA

2.1 Introduction

The descriptions of data quantity and quality given in Section 2.2 below relate to the original Uralkali sites before the merger with JSC Silvinit; namely Berezniki 2, Berezniki 4 and Ust-Yayvinsky while those in Section 2.3 relate to the former JSC Silvinit sites; namely Solikamsk 1, Solikamsk 2, Solikamsk 3 and Polovodovsky. These are commented upon separately because the exploration process followed differs slightly between the two.

2.2 Original Uralkali Operations

The resource and reserve estimates derived by Uralkali for the original Uralkali sites are primarily based on exploration drilling undertaken between 1972 and 1998. A specially laid out drilling programme was developed for each mine with the aim of enabling 10% of the contained resources to be assigned to the A category of resources as defined by the Russian Reporting Code, 20% to the B category and 70% to the C1 category.

The A category is the highest category in the Russian Reporting Code and only used where the stated tonnage and grade estimates are considered to be known to a very high degree of accuracy. The B, C1 and C2 categories are lower confidence categories, with C2 denoting the least level of confidence of the three categories. All of these categories, apart from C2, are acceptable for use in supporting mining plans and feasibility studies. In the case of the Uralkali assets, blocks have been assigned to the A category where the drillhole spacing is less than 1km, to the B category where the drillhole spacing is between 1 and 2km and to the C1 category where the drillhole spacing is 2km. Areas drilled at a larger spacing than this, up to a 4km spacing, have historically been assigned to the C2 category, although it is noted that as at 1 January 2020, there are no C2 resources reported for these assets.

As a result of the above process, each mine is typically drilled on a 2 km by 2 km grid or less before a decision is taken to develop the mine. This information is, however, then supplemented by underground drilling once the access development is in place. This typically creates a grid of intersections measuring 400 m by 200 m. While Uralkali does not regularly upgrade the categorisation of its resources based on this drilling, which it rather uses to optimise the mining layouts, it does periodically undertake a re-estimation calculation on specific areas and will take into account the available data from this underground drilling in doing this where relevant. The most recent update of the estimation for Berezniki-4, for example, was undertaken in 2006.

The drillholes, whether drilled from surface or underground, have been sampled at intervals of at least 16cm and the samples were crushed and milled under the control of the geology department to produce an approximate 100 g sample prior to submission to the laboratory.

Assaying was carried out at an in-house laboratory. Approximately 5–6% of samples were repeat assayed internally while a similar percentage are sent to an independent third party external laboratory located in Berezniki (JSC Persil) for check assaying. All assaying was by classical wet chemistry techniques.

2.3 Former Silvinit Operations

These deposits were discovered in 1925 and each has been subjected to a number of exploration and drilling campaigns as follows:

- Solikamsk-1 – 7 phases between 1925 and 1990 (including exploration outside the current mining lease);
- Solikamsk-2 – 7 phases between 1925 and 2002 (including exploration outside the current mining lease); and
- Solikamsk-3 – 7 phases between 1957 and 1975.

The resource and reserve estimates are therefore primarily based on exploration drilling undertaken between 1925 and 2002. There is no exploration drilling currently being undertaken from surface at the operating mines, however, exploration drilling has recently been undertaken at the Polovodovsky prospect and the resource estimate for this asset has been updated following two phases of work during 2013 and 2014 and this updated estimate has superseded the original estimate undertaken in 1975.

Exploration has generally been undertaken by State enterprises based in Solikamsk and Berezniki although the recent drilling at Polovodovsky has been undertaken by a third party contractor.

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 5,700 m (of which some 95 are 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 12,650m 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 for surface holes and 50–76 mm for underground holes. Holes were sampled at intervals between 10 cm and 6 m, averaging between 105 cm to 130 cm. Core recovery through the sylvinite horizons is reported to be good at an average of 84–85%, while the recovery through the carnalite horizon at Solikamsk 1 is reported to be 74%.

Core was 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 has been carried out at an in house laboratory using classical wet chemistry techniques. Approximately 5–6% of samples were repeat assayed internally while a similar percentage were sent to an independent third party external laboratory located in Berezniki (JSC Persil) for check assaying, which SRK understands to be at the neighbouring Uralkali mine laboratory.

A total of 423 samples have to date been taken for density measurements using the water displacement method.

In the case of these 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 1,200m and 2,400m and to the C1 category where the drillhole spacing is 2,400m. Areas drilled at a larger spacing than this, but on average with a spacing of up to 4,000m have been assigned to the C2 category, although it is noted that as at 1 January 2020, there are no C2 resources reported for these assets. Each mine is drilled on an approximate 2. 4km by 2.4km grid or less before a decision is taken to develop the mine. This information is, however, then supplemented by underground drilling once the access development is in place. This typically creates a grid of intersections measuring from 100m by 300m or in cases up to 400m by 800m. As is the case with the Berezniki mines, the Uralkali does not upgrade the estimation or categorisation of its resources for the Solikamsk mines based on this underground drilling on a regular basis but rather uses this to optimise the mining layouts. Notwithstanding this, a full re-estimation calculation was undertaken by Silvinit in 2006 (see below) for the Solikamsk mines and this took into account the available data from underground drilling where available. Furthermore, the Polovodovsky deposit resource estimate was updated in 2013/2014 following the completion of additional exploration drill holes.

3. RESOURCE ESTIMATION

3.1 Introduction

The most up to date resource statements produced by Uralkali are those derived for the annual 5GR reports which give the status as of 1 January each year. The completion of 5GR reports is a statutory requirement. These estimates are produced using standard classical Russian techniques and are essentially based on calculations made in previous years and adjusted for mining during the prior year. Given that the estimates reported herein are being produced before the end of 2019 and before the formal submission of final full year 5GR reports by Uralkali, SRK notes that for the purposes of these estimates the depletion for mining is based on actual production data for January to August 2019 inclusive (8 months) and forecast data for September to December 2019 (4 months). This section 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
- Polovodovsky – 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 Polovodovsky, 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 K_2O 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 composited intersections. No top 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 3-1 below summarises SRK's understanding of the sylvinite resource statements prepared by Uralkali to reflect the status of its assets as of 1 January 2020. Uralkali's statements are based on a minimum seam thickness of 2m and a minimum block grade which, dependent on the mine, varies between 11.4% K_2O (Polovodovsky) and 15.5% K_2O (Ust-Yayvinsky). Table 3-2 below summarises SRK's understanding of the carnalite resource statement prepared by Uralkali to reflect the status of its assets as of 1 January 2020. Uralkali's carnalite statements (Solikamsk-1 only) are based on a minimum seam thickness of 2m and a minimum block grade of 7.2% MgO.

Table 3-1 Uralkali Sylvinite Mineral Resource Statement at 1 January 2020

Mine	Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
Berezniki 2	A	7.7	33.7	2.6
	B	34.2	22.5	7.7
	C1	98.1	25.4	24.9
	A+B+C1	**140.0**	**25.1**	**35.2**
	C2	-	-	-
Berezniki 4	A	184.3	21.8	40.1
	B	361.2	22.3	80.6
	C1	1,170.9	21.8	255.4
	A+B+C1	**1,716.4**	**21.9**	**376.1**
	C2	-	-	-
Ust-Yayvinsky	A	169.9	19.0	32.3
	B	311.0	19.8	61.7
	C1	809.7	19.8	160.4
	A+B+C1	**1,290.6**	**19.7**	**254.4**
	C2	-	-	-
Solikamsk 1	A	56.1	18.3	10.3
	B	7.0	17.3	1.2
	C1	125.0	16.8	21.1
	A+B+C1	**188.0**	**17.3**	**32.5**
	C2	-	-	-
Solikamsk 2	A	-	-	-
	B	68.8	13.8	9.5
	C1	704.8	17.5	123.5
	A+B+C1	**773.5**	**17.2**	**133.0**
	C2	-	-	-
Solikamsk 3	A	87.3	17.8	15.6
	B	179.7	16.8	30.2
	C1	934.1	17.1	160.1
	A+B+C1	**1,201.1**	**17.1**	**205.9**

Mine	Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
	C2	-	-	-
Polovodovsky	**A**	-	-	-
	B	312.8	17.1	53.6
	C1	1,261.9	16.6	209.8
	A+B+C1	**1,574.7**	**16.7**	**263.3**
	C2	-	-	-
Summary All Mines				
	A	505.3	20.0	100.9
	B	1,274.7	19.2	244.5
	C1	5,104.4	18.7	955.1
	A+B+C1	**6,884.3**	**18.9**	**1,300.4**
	C2	-	-	-

Table 3-2 **Uralkali Carnalite Mineral Resource Statement at 1 January 2020**

Mine	Category	Tonnage (Mt)	MgO (%)	MgO (Mt)
Solikamsk 1	**A**	103.1	10.0	10.3
	B	18.4	8.8	1.6
	C1	52.2	8.0	4.2
	A+B+C1	**173.7**	**9.3**	**16.1**
	C2	-	-	-

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 this mineralisation has been excluded from this report.

3.4 SRK Audited Mineral Resource Statements

Table 3-3 and Table 3-4 below present SRK's audited Mineral Resource statements for sylvinite and carnalite 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 classed 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.

SRK has not attempted to optimise Uralkali's Business Plan. Consequently, SRK's audited resource statements are confined to those seams that both have the potential to be mined economically and which are currently being considered for mining by Uralkali only.

Table 3-3 **SRK Audited Sylvinite Mineral Resource Statement at 1 January 2020**

Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
Berezniki 2			
Measured	41.9	24.6	10.3
Indicated	98.1	25.4	24.9
Measured + Indicated	**140.0**	**25.1**	**35.2**
Inferred	-	-	-
Berezniki 4			
Measured	545.5	22.1	120.7
Indicated	1,170.9	21.8	255.4
Measured + Indicated	**1,716.4**	**21.9**	**376.1**
Inferred	-	-	-
Ust-Yayvinsky			
Measured	480.9	19.5	94.0
Indicated	809.7	19.8	160.4
Measured + Indicated	**1,290.6**	**19.7**	**254.4**
Inferred	-	-	-
Solikamsk 1			
Measured	63.1	18.2	11.5
Indicated	125.0	16.8	21.1
Measured + Indicated	**188.0**	**17.3**	**32.5**
Inferred	-	-	-
Solikamsk 2			
Measured	68.8	13.8	9.51
Indicated	704.8	17.5	123.49
Measured + Indicated	**773.5**	**17.2**	**133.00**
Inferred	-	-	-
Solikamsk 3			
Measured	267.0	17.1	45.8
Indicated	934.1	17.1	160.1
Measured + Indicated	**1,201.1**	**17.1**	**205.9**
Inferred	-	-	-
Polovodovsky			
Measured	312.8	17.1	53.56
Indicated	1,261.9	16.6	209.79
Measured + Indicated	**1,574.7**	**16.7**	**263.34**
Inferred	-	-	-

Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
Summary All Mines			
Measured	1,780.0	19.4	345.4
Indicated	5,104.4	18.7	955.1
Measured + Indicated	**6,884.3**	**18.9**	**1,300.4**
Inferred	-	-	-

Table 3-4 SRK Audited Carnalite Mineral Resource Statement at 1 January 2020

Category	Tonnage (Mt)	MgO (%)	MgO (Mt)
Solikamsk 1			
Measured	121.5	9.8	12.0
Indicated	52.2	8.0	4.2
Measured + Indicated	**173.7**	**9.3**	**16.1**
Inferred	-	-	-

3.5 SRK Comments

SRK has reviewed the estimation methodology used by Uralkali to derive its 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 has 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 of 1 January 2020.

The audited Mineral Resource statement as at 1 January 2020 presented above is different to that presented as at 1 January 2019, as last reviewed and reported by SRK, largely as a function of mining depletion during 2019 and also some minor re-assessments completed over 2019 by Uralkali.

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 total 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, i.e. from 2020 to 2039 inclusive. The Business Plan assumes that Uralkali will successfully re-negotiate some its licences as required over this period 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 below. The *Tonnage Conversion Factor* takes into account both the percentage of material expected to be left behind in pillars and the amount of dilution expected to be 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 plants. The K_2O/MgO *Grade Conversion Factor* accounts for the expected difference in grade between the in situ resource and the above plant feed tonnage as a result of incorporation within the latter of waste extracted along with this and is therefore applied to the in situ grade to derive the grade of ore expected to be delivered to the plants.

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 12–14 years that SRK has reviewed to derive the *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 12–14 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.

The Ust-Yayvinsky and Polovodovsky assets are both in development. Specifically, Ust-Yayvinsky is currently under construction and Polovodovsky is at an advanced stage of study/investigation and Uralkali has recently made a decision to develop this project. For these assets there is no production history and therefore SRK has derived modifying factors using information obtained from Uralkali from the studies it has undertaken on both these assets, but also taking cognisance of the historical information regarding the mining losses and dilution experienced during mining to date at Uralkali's other existing and analogous operations.

Table 4-1 SRK Modifying Factors

Mineral Asset	Tonnage Conversion Factor (%)	Grade Conversion Factor (%)
Solikamsk 1 (sylvinite)	42%	91%
Solikamsk 1 (carnalite)	29%	97%
Solikamsk 2	44%	88%
Solikamsk 3	48%	88%
Polovodovsky	45%	89%
Berezniki 2	35%	79%
Berezniki 4	44%	85%
Ust-Yayvinsky	37%	85%

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 2019 and a production forecast for 2020 to 2039 inclusive reflecting Uralkali's current plans regarding the refurbishment of some existing processing facilities and also the installation of additional facilities.

SRK's audited 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 classed 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. The exception to this reporting classification is for the Polovodovsky Ore Reserve as noted below, which is reported entirely as a Probable Ore Reserve.

SRK's Ore Reserve statement includes an Ore Reserve for Ust-Yayvinsky even though this is still under construction. This is because SRK considers the work done to date 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 been underway for a few years with the shaft sinking activities nearing completion.

In addition, and for the first time, SRK's Ore Reserve statement as at 01 January 2020 includes an Ore Reserve for Polovodovsky. This is because SRK has reviewed the status of this project and available documentation and considers this work has been competed to a sufficiently advance level for the reporting of Ore Reserves (i.e. SRK considers this work to be between a Pre-Feasibility Study and Feasibility Study level overall). While further design work will be on-going on the Polovodovsky project as this progresses, which may change the forecast assumptions from those currently envisaged to some degree and therefore the reported Ore Reserve, SRK has undertaken a sensitivity analysis to the assumed production parameters, capital costs and operating costs and considers that this project demonstrates robust economic viability and positive cashflows justifying both its development and inclusion in the Ore Reserve statement. As only the first year of assumed production (i.e. minor ramp up quantities) in the current Business Plan falls within the first 10 year period (i.e. to 2029) and because SRK considers the level of work on this project is currently commensurate to a level of between a Pre-Feasibility Study and Feasibility Study assessment, SRK considers reporting this as a Probable Ore Reserve to be appropriate at this stage.

Uralkali plans to implement the Polovodovsky Project in two stages. The first stage includes the construction of two shafts, which is the most complex and time-consuming element of the project and which, based on the current project schedule, is expected to be completed by 2025. For the second stage of the project, Uralkali is considering two principal options, with a decision on which option to proceed with expected to be made by 2023. Option 1 comprises the construction of a new mine and related infrastructure but assumes that further processing of the extracted ore will be at one or more of Uralkali's existing processing facilities. Option 2 comprises the construction of a new mining and processing complex inclusive of a new dedicated beneficiation plant at the Polovodovsky site. The Ore Reserves presented in Table 4-2 for Polovodovsky are reported on the assumption that this is developed under Option 2. Should this be the case then this is expected to be completed and the mine to have reached capacity by 2030 at which point the Uralkali Business Plan forecasts that the total annual production capacity of final product from all operations would increase to 17.8 million tonnes.

The completion of the Polovodovsky Project, including the timing and the results thereof (and along with the estimated increase in capacity) is subject to a number of factors, some of which may be outside of Uralkali's control, for example, the timely completion of the work by contractors and subcontractors engaged, any geological complexities inherent in the implementation of the project and the general market condition. Accordingly, the exact timing and the effect of the implementation of the Polovodovsky Project may differ from that currently envisaged as noted above.

SRK can confirm that the Ore Reserve Statements presented in Table 4-2 and Table 4-3 below, for sylvinite and carnalite respectively, have been 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 USD90-115/tonne product produced, in January 2020 terms. This is calculated as the price required to cover all cash operating costs but excluding distribution costs (i.e. all on site mining, processing, maintenance, G&A operating costs and corporation tax).

Table 4-2 SRK Audited Sylvinite Ore Reserve Statement at 1 January 2020

Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
Berezniki 2			
Proven	15.1	19.7	3.0
Probable	35.3	20.3	7.2
Total	**50.4**	**20.1**	**10.1**
Berezniki 4			
Proven	175.9	18.8	33.1
Probable	186.7	18.6	34.8
Total	**362.6**	**18.7**	**67.9**
Ust-Yayvinsky			
Proven	66.0	16.6	11.0
Probable	110.4	16.7	18.4
Total	**176.4**	**16.7**	**29.4**
Solikamsk 1			
Proven	26.5	16.6	4.4
Probable	52.5	15.3	8.0
Total	**79.0**	**15.7**	**12.4**
Solikamsk 2			
Proven	30.3	11.9	3.6
Probable	128.8	15.1	19.4
Total	**159.1**	**14.5**	**23.0**
Solikamsk 3			
Proven	128.2	15.1	19.3
Probable	169.1	15.1	25.5
Total	**297.2**	**15.1**	**44.8**
Polovodovsky[1]			
Proven	-	-	-
Probable	131.1	15.2	20.0
Total	**131.3**	**15.2**	**20.0**

Category	Tonnage (Mt)	K_2O (%)	K_2O (Mt)
Summary All Mines			
Proven	441.9	16.8	74.3
Probable	814.0	16.4	133.4
Total	**1,255.9**	**16.5**	**207.7**

[1] Polovodovsky is assumed to be developed with a new dedicated processing facility (Option 2).

Table 4-3 SRK Audited Carnalite Ore Reserve Statement at 1 January 2020

Category	Tonnage (Mt)	MgO (%)	MgO (Mt)
Solikamsk 1			
Proven	13.1	9.5	1.3
Probable	-	-	-
Total	**13.1**	**9.5**	**1.3**

SRK can also confirm that no Inferred Mineral Resources have been converted to Ore Reserves and notes that the Mineral Resource statements reported above are inclusive of, and therefore include, those Mineral Resources used to generate the Ore Reserves.

The large difference between SRK's audited Mineral Resource statement and its audited Ore Reserve statement is partly a function of the relatively low mining recovery inherent in the Room and Pillar mining method employed and partly a function of the fact that SRK has limited the Ore Reserve statement to that portion of the Mineral Resource on which an appropriate level of technical work has been completed. In this case, this relates to the period covered by the next 20 years of Uralkali's Business Plan (i.e. 2020 to 2039 inclusive).

Notwithstanding this, SRK considers that the actual life of some of the mines will extend beyond the current 20-year period covered by the Business Plan. In particular, at the currently assumed production rates, the following current operating mines have the potential to extend beyond that covered by the current 20-year Business Plan approximately as follows:

- Berezniki 4: 20 years
- Solikamsk 2: 18 years
- Solikamsk 3: 19 years

In terms of the Ust-Yayvinsky and Polovodovsky, projects under construction and development, at the currently assumed start-up dates and production rates, these have the potential to extend beyond the current 20-year Business Plan by approximately 15 years and 40 years respectively.

4.4 SRK Comments

The overall audited total Ore Reserve statement as at 1 January 2020 presented above of 1,255.9Mt with an average grade of 16.5% K_2O has a slightly higher total tonnage when compared to that presented as at 1 January 2019 of 1,123.7Mt with an average grade of 16.7% K_2O (the previous SRK audited Ore Reserve Statement for the Uralkali Mineral Assets). While there are individual differences at each individual mine as a result of mining during 2019, extensions of, and revisions to, the forecast mined tonnages in the Uralkali 20-year Business Plan from 2020 to 2039 and revisions to the Mineral Resource statement, the principal reason for the overall increase is due to inclusion of Ore Reserves for Polovodovsky (some 131Mt at 15.2% K_2O) for the first time in the current statement.

In summary, the following changes are noted between the 1 January 2019 and 1 January 2020 Ore Reserve statements:

- **Berezniki 2:** The total Ore Reserve as at 1 January 2020 of 50.4Mt with an average grade of 20.1% K_2O compares to 55.9Mt with an average grade of 19.5% K_2O as at 1 January 2019. The reduction in the Ore Reserve tonnage in the current statement is primarily a function of mining depletion during 2019 while the grade increase is function of a higher 'Grade Conversion Factor' being applied which reflects an increasing trend in this factor over the last 3 years, based on analysis of actual mining and plant data. Based on the Uralkali Business Plan projections and the remaining Ore Reserve, this mine is forecast to be fully depleted by 2026 and so it should be expected that this Ore Reserve will gradually reduce in future years as this is depleted by mining.
- **Berezniki 4:** The total Ore Reserve as at 1 January 2020 of 362.6Mt with an average grade of 18.7% K_2O compares to 361.8Mt with an average grade of 18.7% K_2O as at 1 January 2019. Despite mining depletion during 2019, the Ore Reserve tonnage reported as at 1 January 2020 has increased slightly as a function of the latest Uralkali Business Plan projections for the 20-year Business Plan period. The forecast projections assume that this mine will increase its production rate up to its capacity of some 19.8Mt of ore mined per annum for most of the 20-year Business Plan period and Uralkali has budgeted investments in additional mining equipment in order to achieve this. SRK considers the forecast mined tonnages achievable and as noted above, even allowing for this, Berezniki 4 still has potential to continue mining for some 20 years beyond the current 20-year Business Plan at the increased production rate.
- **Ust-Yayvinsky:** The total Ore Reserve as at 1 January 2020 of 176.4Mt with an average grade of 16.7% K_2O compares to 170.2Mt with an average grade of 16.7% K_2O as at 1 January 2019. The slight increase in the Ore Reserve tonnage is a function of the latest Uralkali Business Plan with more production falling within the 20-year period compared to the previous 20-year plan. The Ust-Yayvinsky Project is under construction and work is ongoing on the surface facilities and conveyor to Berezniki Plant 3 (and Plant 3 expansion). It is currently expected that the mine will begin production in 2022 albeit at a low rate and assuming access of ore from development works and then ramp up to production capacity of 11Mtpa in the years thereafter. SRK has reviewed the current status of the Ust-Yayvinsky Project and the further work required to complete this and considers the forecast remaining construction schedule and mined tonnages assumed by the Uralkali Business Plan to be reasonable and achievable.
- **Solikamsk 1:** The total Ore Reserve as at 1 January 2020 of 79.0Mt with an average grade of 15.7% K_2O compares to 90.8Mt with an average grade of 16.0% K_2O as at 1 January 2019. The Ore Reserve tonnage has reduced due to a combination of mining during 2019 but also some reductions to the Mineral Resource estimate to remove areas to be left for safety pillars and where it has been assessed that there has been replacement of sylvinite mineralisation with halite. SRK considers the projections to be reasonable and based on the Uralkali Business Plan projections but notes that this mine is forecast to be fully depleted by 2036 and so it should be expected that this Ore Reserve will gradually reduce in future years as this is depleted by mining.
- **Solikamsk 2:** The total Ore Reserve as at 1 January 2019 of 159.1Mt with an average grade of 14.5% K_2O compares to 156.1Mt with an average grade of 14.5% K_2O as at 1 January 2019. The slight increase in Ore Reserve tonnage in the current statement is a function of the latest 20-year Business Plan. Adjustments to the Ore Reserve statement for Solikamsk 2 mine have been made in prior years owing to the water inflow event which occurred in late 2014 in the northern extremity of the Solikamsk 2 licence area. Minimal mining production has occurred from this mine during 2019. It is however noted that should Uralkali make the decision to resume and continue mining from the existing Solikamsk-2 mine it could do so and access additional ore previously removed from the Ore Reserve, assuming the water inflow remains under control. However, production is now forecast to resume at full capacity following the sinking of a new shaft and construction of a new surface complex in the southern portion of this licence area to service a 'New Solikamsk 2' mine (including a conveyor system to transport ore to the existing Solikamsk 2 processing facility). Shaft sinking commenced during 2018 and has continued during 2019. SRK has reviewed the current status of the New Solikamsk 2 Project and the further work required to complete this and while this will be challenging and there is a risk of a delay in mining production commencing from the 'New Solikamsk 2' mine from that currently envisaged in the Uralkali Business Plan, SRK considers the forecast construction period to be achievable. Further, should a delay in construc-

tion occur, it is likely that Uralkali would be able to compensate for the resulting production shortfall by temporarily increasing production from other mines which have spare operating capacity. As noted above, Solikamsk 2 also has potential to continue mining for some 18 years beyond the current 20-year Business Plan at the forecast production rate.

- **Solikamsk 3:** The total Ore Reserve as at 1 January 2020 of 297.2Mt with an average grade of 15.1% K_2O compares to 289.0Mt with an average grade of 15.1% K_2O as at 1 January 2019. The Ore Reserve tonnage in the current statement is higher than the previous one due to the current Business Plan assuming expanded mine production occurs over a longer period of the 20-year plan. Work on the expansion of the Solikamsk 3 mine is on-going but SRK considers the forecast remaining construction period to achieve expanded production and the forecast mined tonnages to be reasonable. Further, as noted earlier in this report, Solikamsk 3 also has potential to continue mining for some 19 years beyond the current 20-year Business Plan at the forecast production rate.

- **Polovodovsky:** The total Ore reserve as at 1 January 2020 of 131.3Mt with an average grade of 15.2% K_2O is the first Ore Reserve has been reported for this mine. SRK has reviewed the status of this project and available documentation and considers this work has been competed to a sufficiently advance level for the reporting of Ore Reserves (i.e. SRK considers this work to be between a Pre-Feasibility Study and Feasibility Study level overall).
As noted above, the Polovodovsky Project will include the development of a new mine through the sinking of two shafts. Uralkali will make a further decision in 2023 whether to develop the project and process ore at one or more of the existing processing facilities or develop a new dedicated processing complex. The project has been designed to have a production capacity of 12.5Mt of ore per annum (equivalent to some 2.8Mt per annum of final product production) and assuming the Option 2 development strategy is selected, is anticipated to commence production in 2029 and reach 12.5Mtpa capacity from 2030.

- **Solikamsk 1 (carnalite):** The total Ore Reserve as at 1 January 2020 of 13.1Mt with an average grade of 9.5% MgO compares to 13.1Mt with an average grade of 9.6% K_2O as at 1 January 2019.
The Ore Reserve tonnages between statements are similar despite mining depletion during 2019 as the resource remains sufficient to support mining at the same rate throughout the 20-year Business Plan and there is potential to continue mining carnalite ore well beyond the current 20-year Business Plan period.

- The 20-year Business Plan includes a number of large capital investment projects and expansions to both the Berezniki and Solikamsk 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.

While SRK notes that the forecast production assumptions at some of the mines and processing facilities are somewhat higher than that actually achieved at times in the last few years, we understand that this reduced production rate historically has primarily partly been driven by the prevailing market conditions rather than capacity constraints (with the exception of Solikamsk 2 due to the water inflow incident) at the various operations. SRK therefore assumes that the forecast increase in production levels at some of the facilities is warranted and justified based on Uralkali's market expectations going forward.

SRK has reviewed the expansions and capital investment programmes proposed by Uralkali at a high level and considers the work proposed and the timeline assumed for the work to be completed to be generally reasonable and achievable and further considers the cost estimates to have been estimated to a sufficient level of accuracy to enable the reporting of Ore Reserves. Furthermore, SRK has undertaken a sensitivity assessment on the various key parameters and inputs to the Business Plan including the investment programmes costs in addition to assumed product prices and operating costs, which indicated that the Uralkali operations are robust to material changes in these.

Notwithstanding the above, SRK considers the timeframe for construction of the 'new Solikamsk 2' mine to be challenging and believes there is a risk this could be delayed. Should a delay in construction occur, it is however likely that Uralkali would be able to compensate for the resulting production

shortfall by temporarily increasing production from other mines which have spare operating capacity. In some cases, the expansion projects are already underway and some of the increases to mining and processing capacities are assumed to be achieved by de-bottlenecking the existing facilities in addition to upgrading and adding new equipment (mining and processing) and processing lines.

SRK also 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 taking place simultaneously and alongside major construction projects, such as that underway at Ust-Yayvinsky, Solikamsk 2 and Solikamsk 3, and soon to be at Polovodovsky.

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 2020. In accordance with additional reporting requirements of the JORC Code (2012), included in an Appendix to this report are the JORC checklist tables 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 should 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 Securities Act Industry Guide 7 ("Industry Guide 7"), such Ore Reserves would not be materially different.

The Competent Person (as defined by the JORC Code) who has supervised the production of the Mineral Resource and Ore Reserve statements presented herein is Dr Mike Armitage C Geol., C Eng., who is a Corporate Consultant at SRK UK Consulting Ltd. Dr Armitage is a geologist with over 35 years' experience in the mining industry and has been responsible for reporting of Mineral Resource and Ore Reserves on various properties internationally for almost 30 years.

Dr Armitage is a full time employee of SRK and has sufficient experience which is relevant to the style of mineralisation and type of deposit under consideration and to the activity which he has undertaken to qualify as a Competent Person as defined by the JORC Code. He is a Member of the Institute of Materials, Minerals and Mining and a Fellow of the Geological Society which are 'Recognised Overseas Professional Organisations' included in a list promulgated by ASX from time to time. Dr Armitage has visited the Uralkali sites and operations a number of times between 2010 and most recently in 2018.

Yours faithfully

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APPENDIX. JORC CHECKLIST TABLES

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 minerals under investigation, such as down hole gamma sondes, or handheld XRF instruments, etc.). These examples should not be taken as limiting the broad meaning of sampling. • Include reference to measures taken to ensure sample representivity and the appropriate calibration of any measurement tools or systems used. • Aspects of the determination of mineralisation that are Material to the Public Report. • In cases where 'industry standard' work has been done this would be relatively simple (e.g. 'reverse circulation drilling was used to obtain 1 m samples from which 3 kg was pulverised to produce a 30 g charge for fire assay'). In other cases more explanation may be required, such as where there is coarse gold that has inherent sampling problems. Unusual commodities or mineralisation types (e.g. submarine nodules) may warrant disclosure of detailed information.	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 1925 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, Bangka, sonic, etc.) and details (e.g. core diameter, triple or standard tube, depth of diamond tails, face-sampling bit or other type, whether core is oriented and if so, by what method, etc.).	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 cases holes were sampled at intervals between 10 cm and 6 m, averaging between 105 cm and 130 cm.
Drill sample recovery	• Method of recording and assessing core and chip sample recoveries and results assessed. • Measures taken to maximise sample recovery and ensure representative nature of the samples. • Whether a relationship exists between sample recovery and grade and whether sample bias may have occurred due to preferential loss/gain of fine/coarse material.	Core recovery through the sylvinite horizons is reported to be good at an average of 84–85%, while the recovery through the carnalite horizon at Solikamsk 1 is reported to be 74%.
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.	Drill core samples are subject to the follow analysis: • detailed description based on visual identification of units, seams and layers; • field identification of mineral and lithological composition; • photography (recent years); • assaying (see below); • geophysical logging (for all holes since 1952).

Criteria	JORC Code explanation	Commentary
		During drilling from the surface, the following geophysical analysis is undertaken: • gamma-logging; • neutron gamma-logging; • caliper logging; • inclinometer 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.
Sub-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 sampled wet or dry. • For all sample types, the nature, quality and appropriateness of the sample preparation technique. • Quality control procedures adopted for all sub-sampling stages to maximise representivity of samples. • Measures taken to ensure that 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 is split in half with one half retained for reference and the other half crushed, milled and split under the control of the Company 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 external laboratory for check assaying.
Quality of assay data and laboratory tests	• The nature, quality and appropriateness of the assaying and laboratory procedures used and whether the technique is considered partial or total. • For geophysical tools, spectrometers, handheld XRF instruments, etc., the parameters used in determining the analysis including instrument make and model, reading times, calibrations factors applied and their derivation, etc. • Nature of quality control procedures adopted (e.g. standards, blanks, duplicates, external laboratory checks) and whether acceptable levels of accuracy (i.e. lack of bias) and precision have been established.	See comments above.
Verification of sampling and assaying	• The verification of significant intersections by either independent or alternative company personnel. • The use of twinned holes. • Documentation of primary data, data entry procedures, data verification, data storage (physical and electronic) protocols. • Discuss any adjustment to assay data.	See comments above. Given that most of the quoted Mineral Resource and Ore Reserve relates to operating mines, verification is undertaken by means of annual reconciliations of actual production compared to the resource model. This informs the modifying factors used to derive the Ore Reserves (see Section 4).
Location of data points	• Accuracy and quality of surveys used to locate drill holes (collar and down-hole surveys), trenches, mine workings and other locations used in Mineral Resource estimation. • Specification of the grid system used. • Quality and adequacy of topographic control.	Since 1939, topographic and geodesic surveys have been undertaken to generate topographic maps scales 1:10,000 and 1:5,000. Topographic and geodesic surveys are performed by specialist organisations under the instruction of Uralkali. At present, the hole coordinate location is determined using satellite double-frequency and single-frequency instruments based on the State Geodesic Polygonal Grid Class 4, in static mode, within 20 minutes, under plane accuracy 5 mm and height accuracy 10 mm.

Criteria	JORC Code explanation	Commentary
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. • Whether sample compositing has been applied.	The general drill spacing of surface drill holes relative to Russian Resource classification categories (see Section 3 below) is as follows: **Berezniki Mines** A Category: less than 1,000m B Category: between 1,000m and up to 2,000m C1 Category: 2,000m spacing C2 Category: Up to 4,000m spacing **Solikamsk Mines** A Category: less than 1,200m B Category: between 1,200m and up to 2,400m C1 Category: 2,400m spacing C2 Category: Up to 4,000m spacing In addition to the above, underground drilling is undertaken at the operating mines on a general spacing of approximately 400m.
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. • If 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.	All drill holes have been drilled vertically through a flat lying/gently dipping and undulating orebody, which SRK considers is appropriate.
Sample security	• The measures taken to ensure sample security.	Core samples taken from surface holes are kept in covered storage, until the State Examination is passed, after which this is discarded. Of the core material taken from underground holes, samples are prepared for chemical assays and physical and mechanic studies. Sample duplicates are kept in underground storages and are discarded after panels (blocks) are completely mined out.
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 mineralisation and the data is suitable for use in Mineral Resource and Ore Reserve estimation. The Russian State authority RosGeoFond also reviews reports on resource re-estimations (via the 5GR statement submitted annually by Uralkali). The Russian State Reserves Commission (GKZ) also undertakes audits and reviews of the resources 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 its 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 annual site visits between 2007 and 2015, 2018 and again in 2019 to the operating mines, processing plants and associated surface infrastructure facilities.
Geological interpretation	• Confidence in (or conversely, the uncertainty of) the geological interpretation 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 use of geology in guiding and controlling Mineral Resource estimation. • The factors affecting continuity both of grade and geology.	There is high confidence in the geological interpretation of the deposit based on various phases of exploration and first hand observation from underground mining operations. The upper and lower limits of the mineralisation are well defined.
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 (Durmanski Licence Area).** This licence extends for some 7.9km north-south and 7.7km east-west and covers an area of about 67km^2. The average depth below surface of the seams mined is about 345m and the average thickness between 2.5m and 4.5m. This is an operating mine. **Berezniki Mine 4 (Bygelso-Troitski Licence).** This licence extends for some 12km north-south and 17km east-west and covers an area of about 185km^2. The average depth below surface of the seams mined is about 320m and they have an average thickness of 3m. This is an operating mine. **Ust-Yayvinsky Mine (Ust-Yayvinsky Licence).** This is currently under construction. The licence extends up to some 10.8km by 10.3km and covers an area of about 84km^2. The average depth below surface of the seams to be mined is about 390m and they have an average thickness of between 3m and 5m. **Solikamsk Mine 1 (Solikamsk Lease Northern Part).** This licence extends some 6.3km by 6.3km and covers an area of about 44km^2. The depth below surface of the seams mined is between 260m and 350m with they have a thickness of between 3m and 5.5m. This is an operating mine. **Solikamsk Mine 2 (Solikamsk Lease Southern Part)**. This licence extends some 8.6km by 7.3km and covers an area of about 50km^2. The depth below surface of the seams mined is between 200m and 300m and they have a thickness of between 4.5m and 6m. This is an operating mine. **Solikamsk Mine 3 (Novo-Solikamsk Licence).** This licence extends some 16.4km by 8.9km and covers an area of about 110km^2. The depth below surface of the seams mined is between 250m and 380m with they have a thickness of between 3m and 4m. This is an operating mine.

Criteria	JORC Code explanation	Commentary
		Polovodovsky. This licence extends up to some 30km by 29km and covers an area of about 381km². The average depth below surface of the seams is about 270m and they have a thickness of between 3.4m and 4.2m. SRK considers the work undertaken on this project to be at an equivalent of between a Pre-Feasibility Study and Feasibility Study level of assessment overall and Uralkali has made a decision to construct this as a new mine and processing facility. Uralkali is considering two options for developing the project following construction of the shafts, with one assuming process of ore at existing facilities and the other assuming construction of dedicated facilities at the Polovodovsky site. A decision of which option to adopt is expected to be taken by Uralkali in 2023. Further studies are on-going by Uralkali.
Estimation and modeling techniques	• The nature and appropriateness of the estimation technique(s) applied and key assumptions, including treatment of extreme grade values, domaining, interpolation parameters and maximum distance of extrapolation from data points. If a computer assisted estimation method was chosen 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 deleterious elements or other non-grade variables of economic significance (e.g. sulphur for acid mine drainage characterisation). • 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 estimates. • Discussion of basis for using or not using grade cutting 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.	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 K_2O and MgO grades are derived for each borehole that intersected each block and mean grades are then derived for each block by calculating a length weighted average of all of these composited intersections. No top 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 in the estimated tonnes and grade. SRK considers the Mineral Resource estimation methodology to be appropriate for the geometry and style of mineralisation and available data.
Moisture	• 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 on a dry tonnage basis and in-situ moisture content is not estimated.
Cut-off parameters	• The basis of the adopted cut-off grade(s) or quality parameters applied.	Uralkali's sylvinite Mineral Resource statements are based on a minimum seam thickness of 2m and a minimum block grade which dependent on the mine varies between 11.4% and 15.5% K_2O. Uralkali's carnalite Mineral Resource statements are based on a minimum seam thickness of 2m and a minimum block grade of 7.2% MgO.

Criteria	JORC Code explanation	Commentary
Mining factors or assumptions	• Assumptions made regarding possible mining methods, minimum mining dimensions and internal (or, if applicable, external) mining dilution. It is always necessary as part of the process of determining reasonable prospects for eventual economic extraction to consider potential mining methods, but the assumptions made regarding mining methods and parameters when estimating 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.	Five of the seven areas with a reported Mineral Resource are underground mines (room and pillar) which have been operating for a number of years. Ust-Yayvinsky is under construction and studies have been undertaken to determine the economic viability of this. A Room and Pillar mining method is also planned for this mine. Refer to Section 4 for mining factors and assumptions for conversion to Ore Reserves. SRK considers the Polovodovsky project is at an equivalent of between a Pre-Feasibility Study and Feasibility Study level of assessment overall. Uralkali has made a decision a decision to construct this as a new mine and processing facility albeit that further studies are on-going. A Room and Pillar mining method is also planned for this mine. Uralkali is considering two options for developing the project following construction of the shafts, with one assuming process of ore at existing facilities and the other assuming construction of dedicated facilities at the Polovodovsky site. A decision of which option to adopt is expected to be taken by Uralkali in 2023. Refer to Section 4 for mining factors and assumptions for conversion to Ore Reserves.
Metallurgical factors or assumptions	• 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.	Refer to comment above regarding mining factors and assumptions and also to Section 4 regarding Ore Reserves.
Environmental factors or assumptions	• 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 the potential environmental impacts of the mining and processing operation. While at this stage the determination of potential environmental impacts, particularly for a greenfields project, may not always be well advanced, the status of early consideration of these potential environmental impacts should be reported. Where these aspects have not been considered this should be reported with an explanation of the environmental assumptions made.	Existing infrastructure is in place at the operating mines including facilities to dispose of salt and slimes waste. Expansion of these facilities or construction of new ones will take place as required.
Bulk density	• Whether assumed or determined. If assumed, the basis for the assumptions. If determined, the method used, whether wet or dry, the frequency of the measurements, the nature, size and representativeness of the samples. • The bulk density for bulk material must have been measured by methods that adequately account for void spaces (vugs, porosity, etc.), moisture and differences between rock and alteration zones within the deposit. • Discuss assumptions for bulk density estimates used in the evaluation process of the different materials.	Bulk density measurements are taken from historical drill core samples and also actual measurements during the course of operations.

Criteria	JORC Code explanation	Commentary
Classification	• The basis for the classification of the Mineral Resources into varying confidence categories. • Whether appropriate account has been taken of all relevant factors (i.e. relative confidence in tonnage/ grade estimations, reliability of input data, confidence in continuity of geology and metal values, quality, quantity and distribution of the data). • Whether the result appropriately reflects the Competent Person's view of the deposit.	SRK has reclassified the Russian classification categories in accordance with the JORC Code. Generally, SRK has reported those blocks classified as A or B per the Russian classification system as Measured, those blocks classified as C1 as Indicated and those blocks classed as C2 as Inferred. SRK considers the quantity and quality of data that underpins the estimation and classification given to be appropriate for the categories used.
Audits or reviews	• The results of any audits or reviews of Mineral Resource estimates.	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 mineralisation and the data is suitable for use in producing Mineral Resource and Ore Reserve estimates. The Russian State authority RosGeoFond also reviews reports on resources re-estimations (via the 5GR statement submitted annually by Uralkali). The Russian State Reserves Commission (GKZ) also undertakes audit and reviews of the resources statements.
Discussion of relative accuracy/ confidence	• 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 geostatistical 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. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. Documentation should include assumptions made and the procedures used. • These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	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. Five of the seven areas with Mineral Resources are operating mines and also have Ore Reserves declared. For these, Uralkali has undertaken annual reconciliations and SRK has used this information in deriving appropriate Modifying Factors for conversion to Ore Reserves (Refer to Section 4 below).

Section 4. Estimation and Reporting of Ore Reserves

Criteria	JORC Code explanation	Commentary
Mineral Resource estimate for conversion to Ore Reserves	• Description of the Mineral Resource estimate used as a basis for the conversion to an Ore Reserve. • Clear statement as to whether the Mineral Resources are reported additional to, or inclusive of, the Ore Reserves.	The Mineral Resource estimates as presented in Table 3-3 and Table 3-4 of this report have been used as the basis for conversion to Ore Reserves as presented in Table 4-2 and Table 4-3 respectively. The Mineral Resources presented are inclusive of those Mineral Resources converted to Ore Reserves. SRK has restricted the Ore Reserves to the material planned to mined during the next 20 years.
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 undertook annual site visits between 2007 and 2015, then visited in 2018 and then again and 2019 to the operating mines, processing plants and associated surface infrastructure facilities.
Study status	• The type and level of study undertaken to enable Mineral Resources to be converted to Ore Reserves. • The Code requires that a study to at least Pre-Feasibility Study level has been undertaken to convert Mineral Resources to Ore Reserves. Such studies will have been carried out and will have determined a mine plan that is technically achievable and economically viable, and that material Modifying Factors have been considered.	Berezniki Mines 2 and 4 and Solikamsk Mines 1, 2 and 3 are all operating mines and have a 20-year mine plan. SRK has verified that the mine plans are both technically and economically feasible for each mine. Ust-Yayvinsky is currently under construction and has been the subject of Feasibility Studies to determine the technical and economic viability of the mine which support the reporting of Ore Reserves. SRK considers the Polovodovsky project is at an equivalent of between a Pre-Feasibility Study and Feasibility Study level of assessment overall. This work has demonstrated the technical and economic viability of the operation to a reasonable confidence level and Uralkali has already made a decision a decision to construct the shafts. Uralkali is considering two options for developing the project following construction of the shafts, with one assuming process of ore at existing facilities and the other assuming construction of dedicated facilities at the Polovodovsky site. A decision of which option to adopt is expected to be taken by Uralkali in 2023. Further studies are on-going by Uralkali.
Cut-off parameters	• The basis of the cut-off grade(s) or quality parameters applied.	Refer to Section 3 above.
Mining factors or assumptions	• 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). • The choice, nature and appropriateness of the selected mining method(s) and other mining parameters including associated design issues such as pre-strip, access, etc. • The assumptions made regarding geotechnical parameters (eg pit slopes, stope sizes, etc),grade control and pre-production drilling. • The major assumptions made and Mineral Resource model used for pit and stope optimisation (if appropriate). • The mining dilution factors used. • The mining recovery factors used. • Any minimum mining widths used.	All mines are operated by room and pillar methods using continuous miners which is a proven method for this type of deposit and has been used at these operations for many years. The Modifying Factors applicable to the derivation of Ore 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 in Table 4-1 of this report. These have been derived by SRK from analysis of actual production data and from the studies undertaken on the non-operating assets (Ust-Yayvinsky and Polovodovsky).

Criteria	JORC Code explanation	Commentary
	• The manner in which Inferred Mineral Resources are utilised in mining studies and the sensitivity of the outcome to their inclusion. • The infrastructure requirements of the selected mining methods.	No Inferred Mineral Resources are included within the Mine Plan. Each mine requires access via shafts and is supported by appropriate surface infrastructure. A new shaft complex is currently under construction for the Ust-Yayvinsky mine. A new shaft complex and associated surface infrastructure is planned to be constructed for the Polovodovsky mine.
Metallurgical factors or assumptions	• The metallurgical process proposed and the appropriateness of that process to the style of mineralisation. • Whether the metallurgical process is well-tested technology or novel in nature. • The nature, amount and representativeness of metallurgical test work undertaken, the nature of the metallurgical domaining applied and the corresponding metallurgical recovery factors applied. • Any assumptions or allowances made for deleterious elements. • The existence of any bulk sample or pilot scale test work and the degree to which such samples are considered representative of the orebody as a whole. • For minerals that are defined by a specification, has the ore reserve estimation been based on the appropriate mineralogy to meet the specifications?	There are 6 processing facilities in operation to process the mined material from the various mining operations. These utilise existing and proven technology and have been operating for a number of years. This gives a high level of confidence in the assumed plant feed tonnages and recoveries to final product assumed in the 20-year mine plans. Mined material from Ust-Yayvinsky will be processed in one of the existing processing facilities located in Berezniki. Uralkali is considering two options for developing the project following construction of the shafts, with one assuming process of ore at existing facilities and the other assuming construction of dedicated facilities at the Polovodovsky site. A decision of which option to adopt is expected to be taken by Uralkali in 2023.
Environmental	• The status of studies of potential environmental impacts of the mining and processing operation. Details of waste rock characterisation and the consideration of potential sites, status of design options considered 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 slimes waste are disposed of in existing waste storage facilities and have remaining capacity and/or can be expanded as necessary. New facilities will be constructed for the waste from the new Polovodovsky plant. Uralkali has confirmed that all environmental permits currently 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; • resolutions regarding use of water bodies; and • wastes generation and disposal. When the validity of issued permits expires, new permits have historically been obtained as required.
Infrastructure	• The existence of appropriate infrastructure: availability of land for plant development, power, water, transportation (particularly for bulk commodities), labour, accommodation; or the ease with which the infrastructure can be provided, or accessed.	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.
Costs	• The derivation of, or assumptions made, regarding projected capital costs in the study. • The methodology used to estimate operating costs. • Allowances made for the content of deleterious 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 and by design institutes by a team of experienced engineers.

Criteria	JORC Code explanation	Commentary
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 some USD250/t (weighted average of domestic and export prices and net of distribution costs, i.e. rail, transshipment).
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. • For industrial minerals the customer specification, testing and acceptance requirements prior to a supply contract.	Detailed analysis on demand, supply and stocks for the potash sector are widely available in the public domain. Uralkali has been successfully producing and selling potash products for a number of years.
Economic	• The inputs to the economic analysis to produce the net present value (NPV) in the study, the source and confidence of these economic inputs including estimated inflation, discount rate, etc. • NPV ranges and sensitivity to variations in the significant assumptions and inputs.	Uralkali has produced a 20-year Business Plan in USD for the existing operations and the new Ust-Yayvinsky mine and Polovodovsky mine and this has been reviewed by SRK to confirm the economic viability of the operations. Forecast operating costs are based on operating experience, current budgets and actual historical costs, adjusted as required. Project capital costs have been derived in-house and by design institutes.
Social	• The status of agreements with key stakeholders and matters leading to social licence to operate.	Uralkali's social obligations are established by subsoil use terms and conditions (license agreements) to subsoil use licenses. Uralkali complies to the subsoil use terms and conditions established.
Other	To the extent relevant, the impact of the following on the project and/or on the estimation and classification of the Ore Reserves: • any identified material naturally occurring risks; • the status of material legal agreements and marketing arrangements; • the status of governmental agreements and approvals critical to the viability of the project, such as mineral tenement status, and government and statutory approvals. There must be reasonable grounds to expect that all necessary Government approvals will be received within the timeframes anticipated in the Pre-Feasibility or Feasibility study. Highlight and discuss the materiality of any unresolved matter that is dependent on a third party on which extraction of the reserve is contingent.	The main technical risk to underground potash mines is through water ingress. Uralkali has historically closed two mines due to previous flooding incidents. Berezniki Mine 1 operated from 1954 but flooded late in 2006 while Berezniki 3 operated from 1973 until flooding in 1986. Solikamsk 2 experienced water ingress in November 2014 and this has been taken into account of in the current Business Plan. Extraction via the existing shaft infrastructure is to be temporarily suspended. A 'new Solikamsk 2 mine' is currently under construction. Uralkali sells its product on both the domestic and international markets. The majority of sales are performed through off-take agreements with customers and these are typically renegotiated on an annual basis in terms of both quantity and price. Uralkali has an established marketing team that is responsible for all legal and marketing issues related to off-take agreements with customers. The status of each Exploration and Mining Licence is summarised in Table 1-1 of this report. The licenses for the operating and development for some of the mines will expire within the term of the 20-year Business Plan, even though some of these mines are planned to continue operating beyond this 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 fulfil its licence obligations.

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 (if any).	SRK's audited Ore Reserve statement is confined to those seams that are currently being considered for mining within the next 20 years only. Specifically, SRK has classed that material reported 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 as an Indicated Mineral Resource, and which is planned to be exploited within the Business Plan, and also that material reported as a Measured Mineral Resource, but which is planned to be mined during the following 10 years of the Business Plan, as a Probable Ore Reserve. The exception to this is the Polovodovsky project which is reported as a Probable Ore Reserve only.
Audits or reviews	• The results of any audits or reviews of Ore Reserve estimates.	SRK has derived the Ore Reserve estimates presented in this report.
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 of the reserve within stated confidence limits, or, if such an approach is not deemed appropriate, a qualitative discussion of the factors which could affect the relative accuracy and confidence of the estimate. • The statement should specify whether it relates to global or local estimates, and, if local, state the relevant tonnages, which should be relevant to technical and economic evaluation. • Documentation should include assumptions made and the procedures used. • Accuracy and confidence discussions should extend to specific discussions of any applied Modifying Factors that may have a material impact on Ore Reserve viability, or for which there are remaining areas of uncertainty at the current study stage. • It is recognised that this may not be possible or appropriate in all circumstances. These statements of relative accuracy and confidence of the estimate should be compared with production data, where available.	SRK can confirm that the Ore Reserves presented in Table 4-2 and Table 4-3 of this report, for sylvinite and carnalite respectively, have been 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 is between USD90-115/tonne of product in January 2020 terms. This is calculated as the price required to cover all cash operating costs excluding distribution and including corporation tax. Including proposed capital investments over the period of the 20-year Business Plan gives a total break-even price of some USD125/tonne of product. Finally, SRK can also confirm that no Inferred Mineral Resources have been converted to Ore Reserves. The large difference between SRK's audited Mineral Resource statement and its audited Ore Reserve statement is partly a function of the relatively low mining recovery inherent in the Room and Pillar mining method employed. It is also partly a function of the fact that SRK has limited the Ore Reserve statement to that portion of the Mineral Resource on which an appropriate level of technical work has been completed. In this case this relates to the period covered by the remaining 20 years of Uralkali's Business Plan. Notwithstanding this, SRK considers that the actual life of some of the mines will extend beyond the current 20-year period covered by the Business Plan.

GLOSSARY

Adjusted EBITDA	Adjusted EBITDA is calculated as operating profit plus amortisation of PP&E, intangible assets and right-of-use assets, depreciation of PP&E and non-recurring expenses
AGM	Annual General Meeting
Argus FMB	Fertiliser Market Bulletin, FMB Limited, UK
BD	Board of Directors
Berezniki-1, 2, 3, 4	Uralkali's potash production units in Berezniki
BTW	Boiler-turbine workshop
Bushel	A unit of dry measure in England (equal to 36.3 litres) and in the USA (equal to 35.2 litres); in agricultural commodity markets, bushel corresponds to a different weight, depending on the product type
Carnallite	A hydrated potassium magnesium chloride with formula $KMgCl_3 \times 6H_2O$
CDP	Carbon disclosure project
CFR	Cost and Freight, title transfers when goods pass the rail of the ship in the port of shipment
CIS	Commonwealth of Independent States
COSO ERM	Enterprise Risk Management Integrated Framework developed by the Committee of Sponsoring Organizations of the Treadway Commission
COVID-19	SARS-CoV-2 (2019-nCoV)
CRU	Fertiliser Market Bulletin, UK
CSR	Corporate social responsibility
CSS	Clay-salt slurries
CUSIP	Committee on Uniform Security Identification Procedures
ERM	Enterprise risk management
ESG	Environmental, social and governance issues
FAO	Food and Agriculture Organization
FAS	Federal Antimonopoly Service
FCA	Free Carrier, title transfers when goods are loaded on the first carrier (railway carriages)
Fertecon	Fertiliser Economic Market Analysis and Consultancy, provider of fertiliser market information and analysis, based in UK
FIFR	Work related fatal injury frequency rate
FOB	Free On Board, title to goods transfers as soon as goods are loaded on the ship
GDR	Global depositary receipt
GHG	Greenhouse gases

GRI	Global Reporting Initiative
GOST	A state standard
Halite waste	A by-product of processing of raw materials in the production of potash
HS	Hydraulic structure
HSE	Health, safety and environment
IFA	International Fertilizer Industry Association, France
IFRS	International Financial Reporting Standards
IPNI	International Plant Nutrition Institute, USA
IS	Industrial safety
ISIN	International Securities Identification Number
IT	Information technology
JORC	Joint Ore Reserves Committee standards for public reporting on mineral resources and mineral (ore) reserves, Australia
K	Potassium, chemical element
K_2O	Potassium oxide
KCl	Potassium chloride (1 KCl = 1.61 K_2O)
KPI	Key performance indicator
KRI	Key risk indicator
LDR	Lost days rate
LTIFR	Lost time injury frequency rate
LS	Labour safety
LWS	Local warning system
MGIS	Mining and geological information system
Moscow Exchange	Public Joint-Stock Company "Moscow Exchange MICEX-RTS", Russia
MSCI	Morgan Stanley Capital International Russia Index
NPK	Nitrogen-phosphorus-potassium fertiliser
NPV	Net present value
PCR	Polymerase chain reaction
RAFP	Russian Association of Fertilizer Producers
RAS	Russian Accounting Standards
RMICS	Risk Management and Internal Control System

RMS	Risk Management System
SASB	Sustainability Accounting Standards Board
Scope 1	Scope 1 indicates direct greenhouse gas emissions from sources owned or controlled by the Company
Scope 2	Scope 2 indicates indirect greenhouse gas emissions caused by the production of electric power, heat or steam purchased by the Company
Soil subsidence	A sinking or downward settling of a section of the ground's surface, which may occurred under the influence of underground mineral mining, shifts (horizontal and vertical) and deformations (inclination, curvature, tension, compression)
Solikamsk-1, 2, 3	Uralkali's potash production units in Solikamsk
SPP	Sylvinite processing plant
SRK	SRK Consulting (UK) Limited
SRW	Scientific research work
TFI	The Fertilizer Institute
The Group	PJSC Uralkali, its subsidiaries and affiliates
UN SDGs	United Nations Sustainable Development Goals 2030
USD	US dollar
VAT	Value added tax
VOCs	Volatile organic compounds
WDF	Waste disposal facility

DISCLAIMER

This Annual Report has been prepared on the basis of 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 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 made 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” and any other expression or word with similar meaning or the negative thereof usually indicate the forward-looking nature of a statement.

Forward-looking statements may include statements relating to Uralkali’s operations, financial performance, earnings, economic indicators, operating and production results, dividend policies, capital expenditures, as well as trends in commodity prices, production and consumption, costs, expenses, development prospects, useful lives of assets, reserves, commencement and completion dates of production projects, acquisition, liquidation or disposal of certain entities and other similar factors and economic projections with respect to Uralkali’s business or the industry and markets in which it operates.

Forward-looking statements are not guarantees of future performance. They involve numerous assumptions regarding Uralkali’s present and future strategies and the environment in which it operates and will operate in the future, including a number of known and unknown risks, uncertainties, and other factors that could cause Uralkali’s or the 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 the industry’s actual results, levels of activity, performance or achievements will be consistent with future results, levels of activity, performance or achievements expressed or implied by any forward-looking statement made 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 statement. Except where required by the 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.

Verification of PJSC Uralkali Integrated Report 2020

V. Lauk
CEO

D. Kislitsyn
Chief Accountant

PJSC Uralkali Annual Report was approved by the resolution of the Company’s Board of Directors on 19 March 2021 (Meeting Minutes of the Board of Directors No. 390 dated 19 March 2021).

Reliability of information contained in the Annual Report is verified by the Revision Commission of PJSC Uralkali.

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REGISTRAR

Full name:
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Abbreviated name: JSC VTB Registrar.

Operating licence to maintain share register No. 045-13970-000001 of 21 February 2008.

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