

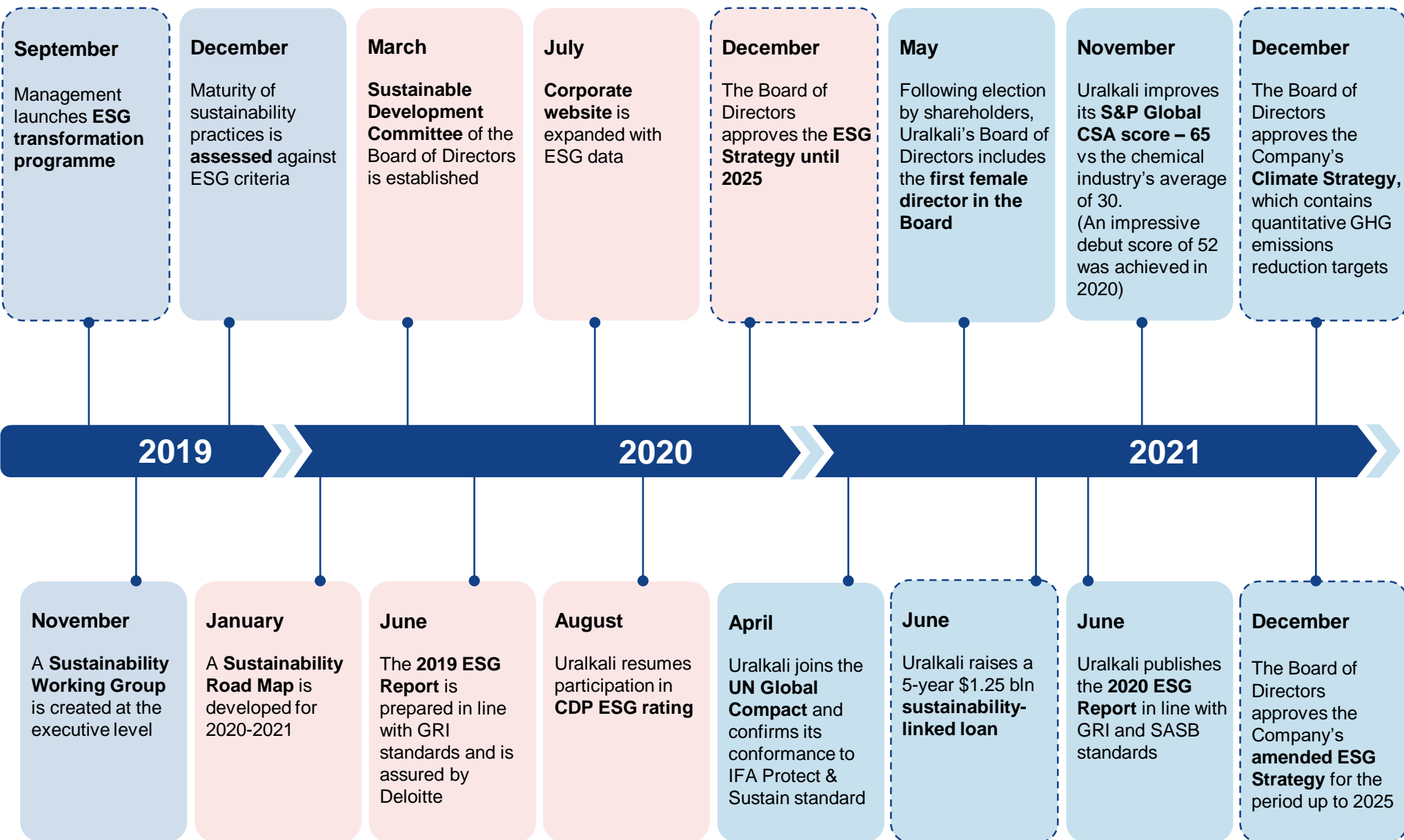
January 2022

# URALKALI

## Development of the ESG Practice

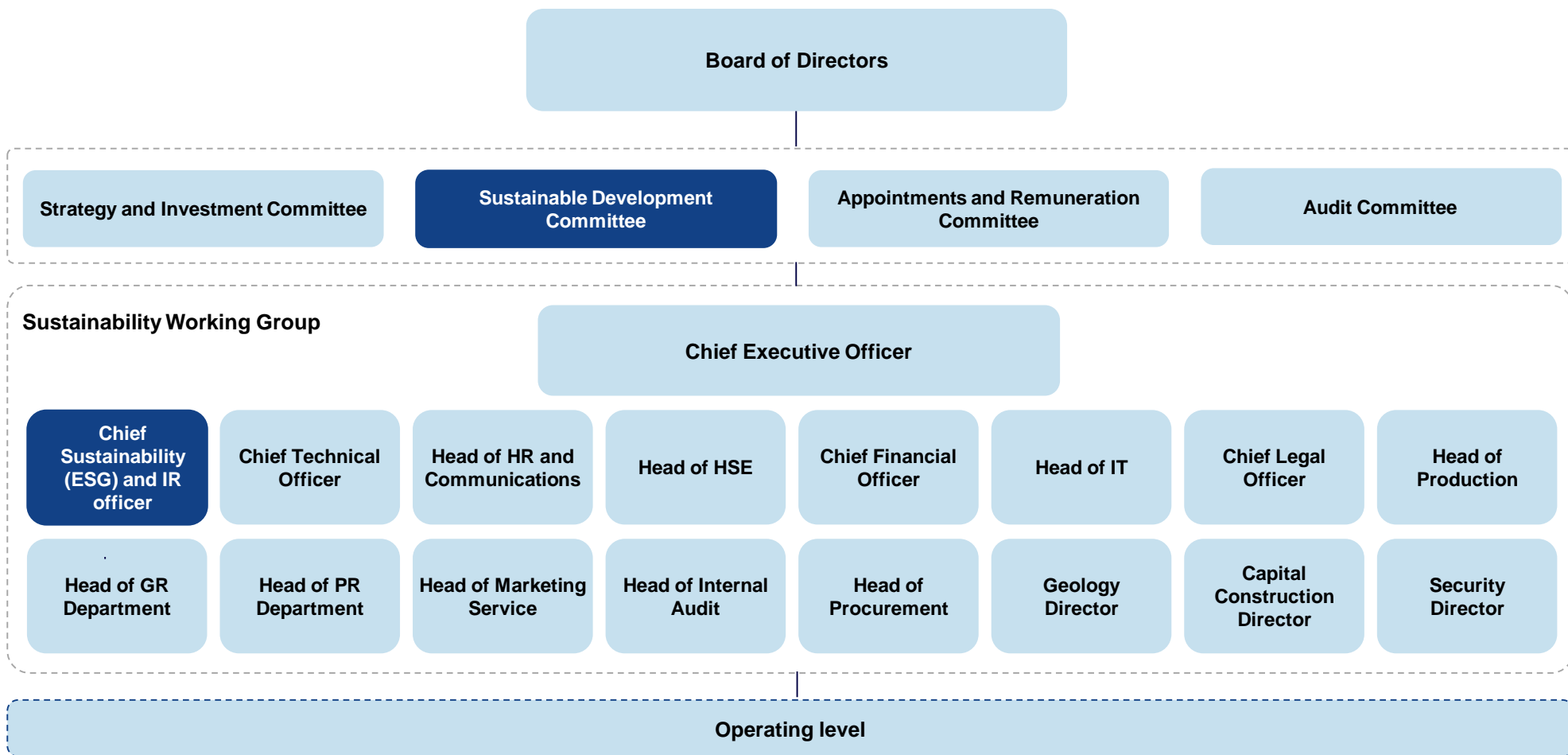


# ESG Practice Development: 2019-2021



Responsibility for sustainability matters is spread across all levels of management

- ❑ The **Sustainable Development Committee** of the Board of Directors was created and is often held simultaneously with the Board's Strategy and Investment Committee
- ❑ The **Sustainability Working Group** operates at the executive level. It is chaired by the CEO and unites managers from all key departments



## Uralkali's Mission

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

## Corporate Strategy

1

Balanced approach to investments

2

Flexibility of sales, development of own distribution

3

Cost leadership

4

Development of digital business

5

**Commitment to best ESG practices**

**E**

**S**

**G**

**Fundamental ESG Focus Areas**

**Environment**  
(water, waste, biodiversity)

**Health & Safety**  
Employee well-being  
Local communities  
Human rights

**Corporate Governance**  
Anti-Corruption and Ethics

**New Challenges**

**Climate change**










**Sustainable agriculture**



**Supply chain**



ESG Strategy Focus Areas	Goals for 2025	UN Global Compact	Sustainable Development Goals
1. Environment	<ul style="list-style-type: none"> <li>Increase the share of backfilled production waste by <b>10%</b> by 2025 vs 2020</li> <li>Cover <b>100%</b> of production assets in a biodiversity assessment</li> </ul>	Principle 7 Principle 8 Principle 9	 
2. Climate change	<ul style="list-style-type: none"> <li>Develop a climate strategy including science-based targets until 2025</li> <li>Develop a carbon management system</li> </ul>		
3. Health & Safety	<ul style="list-style-type: none"> <li>Reduce severe accident frequency rate by <b>10%</b> annually</li> <li>Certify <b>100%</b> of production assets under ISO 45001</li> </ul>		
4. Employee well-being	<ul style="list-style-type: none"> <li>Develop and implement an employee well-being programme</li> </ul>	Principle 3 Principle 4 Principle 5 Principle 6	
5. Local communities	<ul style="list-style-type: none"> <li>Improve the community engagement and charity management system</li> </ul>		
6. Human rights	<ul style="list-style-type: none"> <li>Cover <b>100%</b> of production assets in a human rights due diligence</li> </ul>	Principle 1 Principle 2	
7. Sustainable agriculture	<ul style="list-style-type: none"> <li>Cover at least <b>20,000</b> farmers with agronomical awareness programmes</li> </ul>		
8. Corporate governance	<ul style="list-style-type: none"> <li>Develop a board diversity policy</li> </ul>		
9. Anti-corruption and Ethics	<ul style="list-style-type: none"> <li>Provide corruption and fraud prevention training to <b>100%</b> of employees exposed to corruption risks</li> </ul>	Principle 10	
10. Supply chain	<ul style="list-style-type: none"> <li>Develop a Supplier Code of Ethics</li> <li>Introduce a code compliance verification procedure</li> </ul>		

## S&P Global CSA

Uralkali's rating is **65**<sup>1</sup>, which exceeds the chemical industry's average score of **30**

## RAEX ESG Rating

Uralkali ranks **8<sup>th</sup> out of 155** participants and **is ranked first** in the agrochemical industry sub-ranking

Company	Rating (0 is the lowest score)	Company	Ranking out of 155 participants
Polymetal	75	Enel Russia	1
<b>Uralkali</b>	<b>65</b>	Polymetal	2
Nutrien	64	MKB	3
Polyus	57	NLMK	4
EvrAZ	52	Severstal	5
Severstal	48	Rosneft	6
NLMK	45	Polyus	7
Alrosa	44	<b>Uralkali</b>	<b>8</b>
Nornickel	43	Lukoil	11
Mosaic	37	EVRAZ	24
Yara	36	MMK	26
K+S <sup>2</sup>	35	Nornickel	32
CF Industries	34	Metalloinvest	48

**Source:** <https://www.spglobal.com/esg/scores/>

1) as of November 2021

2) last score available – 35 in 2019

**Source:** [https://raexpert.eu/esg\\_corporate\\_ranking/](https://raexpert.eu/esg_corporate_ranking/)

(as of 17 January 2022)



- Uralkali signed the largest in Russia & CIS and the first among producers of mineral fertilizers in Central and Eastern Europe syndicated PXF linked to sustainability KPIs

## Focus areas of the ESG Strategy

KPI 1

**Health & Safety**

KPI 2

**Climate change**

KPI 3

**Environment**

*(waste management)*

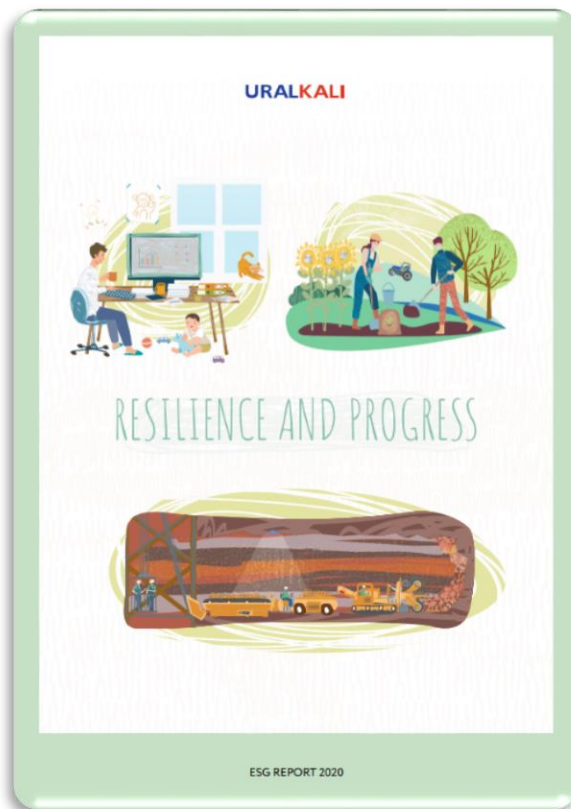
## PXF parameters

Parameter	Value
Amount	\$1.25 bln
Base rate	Libor + 1.90%
Tenor	5 years
Number of participating banks	18
PXF date	4 June 2021

- The 2021 PXF provides for **the KPIs** in the three most critical aspects of sustainable development. The interest rate will depend on the results of an annual achievement of these KPIs
- For each KPI, clear **annual interim targets** are set
- Achievement of targets** will be tracked on an annual basis based **on the ESG Report to be assured by an independent specialist**
- Once the ESG Report is published (where achievement of each KPI will be reflected), the **interest rate may be adjusted for the next year**, until the issuance of the next ESG Report

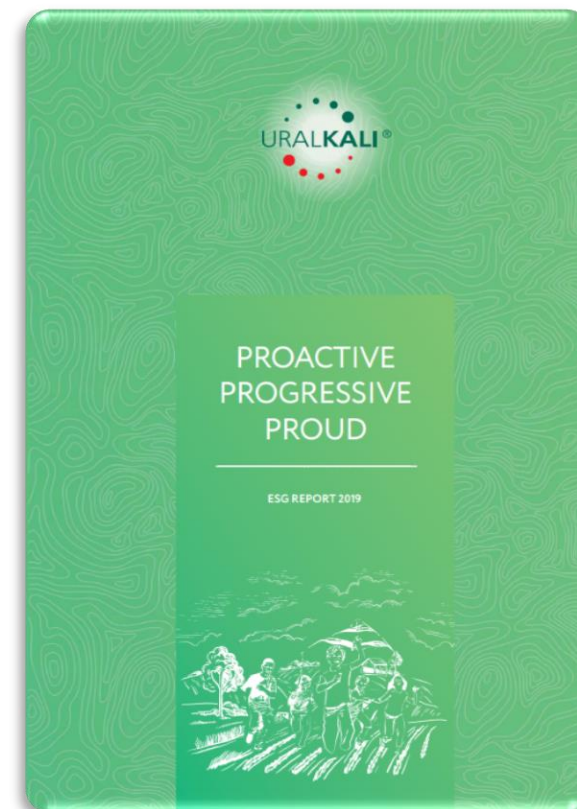
## 2020 ESG Report

*Independent assurance by **Deloitte** and assurance by the Council for Non-Financial Reporting of the **Russian Union of Industrialists and Entrepreneurs***



## 2019 ESG Report

*Independent assurance by **Deloitte***



## Standards and Guidelines

- GRI reporting standards
- SASB reporting standards
- Guidelines on corporate reporting on sustainable development goals
- UN Global Compact
- Basic performance indicators. Recommendations of the Russian Union of Industrialists and Entrepreneurs for use in governance practice and corporate non-financial reporting