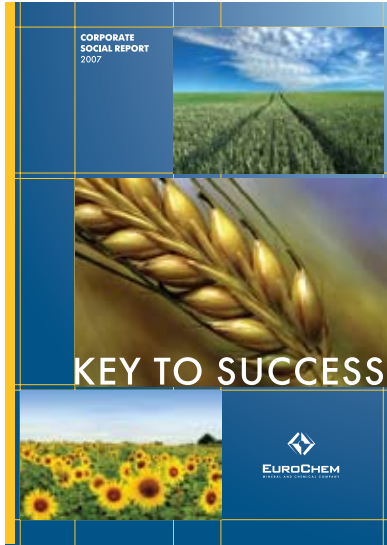
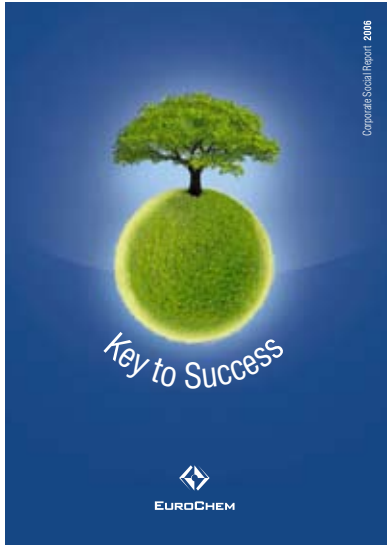
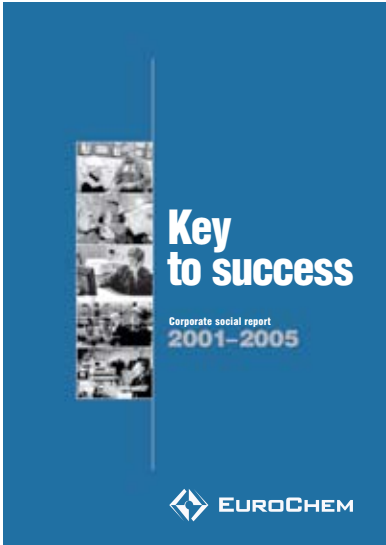


KEY TO SUCCESS



EUROCHEM
MINERAL AND CHEMICAL COMPANY

KEY TO SUCCESS



The Mineral and Chemical Company EuroChem presents its fourth social report for 2008. The Company has been practicing regular reporting for eight years now. The 2008 Report discusses the principles of sustainable development which have rigorously been adopted by EuroChem at its operational locations. This Report's format is a social policy atlas covering a wide range of successfully accomplished social tasks. The document is important and interesting for all stakeholders as well as for a broader audience.

EuroChem

Social Responsibility Atlas



CONTENT

Social report summary	4
About the Company	6
Production divisions	8
Product range	10
Financial performance	12
Distribution, logistics and transportation	14
Corporate governance	16
International operations	18
Investment project map	20
Human resources	22
Social policy review	24
Example of a complex social programme	26
Kovdor	28
Nevinnomyssk	30
Belorechensk	32
Tuapse	34
Novomoskovsk	36
Kingisepp	38
Kedainiai	40
Kotelnikovo	42
Karatau	44
Environmental projects	46
Labour and industrial safety	48
Achievements and tasks for 2009	50
Independent assurance	52
Exhibit: GRI Table	55

social spending
in 2008

444.8

million RUR

Summary of EuroChem Social Report 2008

Global Reporting
Initiative
self-declaration of
application level

B+

Global Reporting
Initiative
disclosure level

97%

The EuroChem Social Report 2008 is based on GRI G3, Global Compact, AA1000APS 2008 requirements.

The Report is validated by Bureau Veritas Certification Rus.

The Report has been discussed with stakeholders.

EuroChem social achievements:

- ranking second in the Russian CSR Accountability Rating 2008;
- Top-10 corporate charity ranking by Vedomosti Newspaper and PricewaterhouseCoopers.



"EuroChem consistently adheres to the principles of social responsibility and sustainable development and the Company's fourth successive social report proves it. The effectiveness of the Company's social policy has been clearly recognized by related Russian and global ratings," –

*Andrey Melnichenko,
MCC EuroChem, Chairman of the Board*



"Our company is maintaining its level of social investments which totaled 444.8 million RUR in 2008. Notwithstanding the current global economic difficulties, we are going to stick with our freewill social commitments," –

*Dmitry Strezhnev,
MCC EuroChem General Director*

Accomplishment of 20 sustainable development tasks in 2008

The sustainable development tasks were established in EuroChem CSR 2007, page 80.



Sustainable development tasks for 2008	Completion level
Develop management in the area of corporate social responsibility and reporting	
Systematic approach to CSR actions	underway
Integrate the principles and indicators of corporate social reporting into EuroChem's system of corporate governance	completed
Renew corporate social responsibility working group activities	underway
Initiation of opinion sharing between EuroChem divisions regarding CSR	completed
Prepare the next corporate social report incorporating additional CSR initiatives	underway
Develop a children's sports development program at the Company's operational locations	completed
Increase awareness of stakeholders and broader public regarding EuroChem's progress in CSR	completed
Human Resources Management	
Reform the salary and bonus system	completed
Implement social investment projects focused on the construction and repair of public facilities for employees	completed
Organise and conduct annual workmanship competitions	underway
Further develop non-monetary incentive programmes	completed
Interface with local communities at operational locations	
Interface with local communities at operational locations	underway
Assist local community initiatives to improve quality of life through social projects which have been tested in Nevinnomysk	underway
Gradual transition from annual agreements with local municipal authorities to strategic CSR cooperation	underway
Industrial Safety and Occupational Safety Risk Management	
Ensure the total injury rate at EuroChem divisions is below the annual average over the past five years	completed
Conduct audits at EuroChem divisions with respect to industrial, labour and environmental safety	completed
Adopt a series of measures to reduce significant hazards and risks at all production divisions	completed
Develop and implement a corporate standard on "Special Clothing and Personal Protection Equipment (PPE)"	completed
Develop and implement procedures for investigating incidents in the Company's divisions	completed
Implement a safe contractor's operations management system	completed

EuroChem Mission

*"To be the leading European manufacturer of agrochemical products and a wide range of services, providing guaranteed quality, continuously improving technologies and a thriving environment."
(Code of Ethics, approved by the Board of Directors)*

About EuroChem

Historical facts

1933 – Start of production at the Stalinogorsky Chemical Plant (now NAK Azot, a EuroChem subsidiary)

1960–1970 – Commissioning of the largest production facilities which are now divisions of EuroChem

2001 – Establishment of MCC EuroChem

2002–2004 – Consolidation of production assets, rehabilitation of production potential

2004–2005 – Formation of a distribution network, logistics business, investments in new business processes and corporate management systems

2006 – Development and implementation of a long-term development strategy, startup of the potassium fertilizers project

2007 – Expansion of Russian and international transportation and distributor networks and agro-consulting centres, improvement of company structures

2008 – Start of shaft construction at the Gremyachinskoe deposit, startup of a project in Perm Territory

Name: Open Joint Stock Company "Mineral and Chemical Company "EuroChem".

Established: 2001.

Major shareholders:

- MCC Holding Limited - 67,932,000 shares (99.9 percent of authorized capital);
- LLC Phosphorite Industrial Group - 68,000 shares (0.1 percent of authorized capital);
- A company that represents business interests of Mr. Melnichenko, owns a 95 percent stock in the parent company MCC Holding Limited (Cyprus);
- The beneficiary of 5 percent stock in the parent company MCC Holding Limited (Cyprus) is Dmitry Stepanovich Strezhnev, EuroChem MCC General Director.

Sales volume: over \$4.5 billion.

Output: 24 MMT.

Personnel headcount: 21,585 employees.

Ratings:

- International credit rating (Standard & Poor's and Fitch Ratings): BB / stable;
- Corporate governance rating (Standard & Poor's): 6+.

Scale of operations:

EuroChem is Russia's largest producer of mineral fertilizers and ranks among the top three in Europe and the top ten worldwide. It is the only Russian chemical company which incorporates mining and processing facilities, logistics companies and a distribution network.

Company structure:

Five production companies in Russia and one in Lithuania, a distribution network of 33 sales centres in Russia and Ukraine, two marine terminals in Russia and one in Estonia.

Global context:

The Company exports its products to 68 countries in Western and Eastern Europe, North and Latin America, Africa, Asia and Oceania.



sales volume
4.5 billion USD

production output
24 MMT

employee headcount
21,585

Production divisions



OJSC Kovdorsky GOK

A KGOK branch in Perm Territory

PG Phosphorite LLC

Lifosa AB

EuroChem Moscow Office

OJSC Azot

EuroChem-VolgaKaliy LLC

EuroChem-BMU LLC

OJSC Nevinnomyssky Azot

OJSC Sary-Tas

see web-site
for more
information

WWW

www.eurochem.ru



OJSC Kovdorsky GOK

Russia's second largest producer of apatite concentrate, a large producer of iron ore and the only producer of baddeleyite concentrate in the world.



Industrial Group Phosphorite LLC

One of the leading producers of phosphate fertilizers and feed phosphates in northwest Russia. The company ranks third among phosphate fertilizers producers and first among feed phosphates producers in Russia in terms of volume.



AB Lifosa

The largest producer of phosphate mineral fertilizers in Europe. The company's key product is diammonium phosphate (DAP), and other products include aluminum fluoride, monocalcium phosphate, phosphoric acid and commercial sulfuric acid.



OJSC Azot

A multi-product chemical manufacturer, one of the country's core chemical companies. It operates a highly automated state-of-the-art facility.



EuroChem - Belorechenskie Minudobreniya LLC

A large producer of phosphate and compound fertilizers such as sulphoammophos 20:20, ammophos 12:52, NPK 16:16:16, fertilizer mixtures, extracted phosphoric and sulfuric acids.



OJSC Nevinnomyssky Azot

One of Russia's largest producers of nitric fertilizers, methyl acetate and polyvinyl alcohol. The company is the only Russian manufacturer of synthetic acetic acid.



EuroChem-VolgaKaliy LLC

The company is developing the Gremyachinskoe potassium ore deposit which has estimated reserves of 1.2 billion tons of potassium salts, and is designing and building a mining and processing plant to produce potassium chloride.



A Kovdorsky GOK branch in Perm Territory

Established to develop the promising Verkhmekamskoe potassium deposit that, along with the Gremyachinskoe deposit, is expected to put EuroChem in the leading position in domestic and global markets.



OJSC Sary-Tas

Construction is planned for a mining and processing facility in Karatau, Kazakhstan, to refurbish a mineral fertilizer plant shut down 15 years ago.

N

nitrogen

produced from natural gas

one of the key sources of plant nutrition

raw material for proteins, enzymes, nucleic acids, chlorophyll and vitamins

P

phosphorus

produced from apatite or phosphate rock

plays a key role in metabolic processes

required for photosynthesis in plants

K

potassium

produced in the form of potassium salts

facilitates synthesis and transportation of carbohydrates in plants

increases strength against adverse environmental conditions

improves crop quality due to intensified carbohydrates accumulation

see web-site for more information

WWW

www.eurochem.ru

Product range



NITROGEN FERTILIZERS

Liquid ammonia (NH_3) – feedstock for nitrogen, phosphate and complex fertilizers. It is also used for direct application.

Urea ($\text{CO}(\text{NH}_2)_2$) – the most concentrated solid nitrogen fertilizer, contains amide nitrogen (46 percent N). It is used for all types of crops in all types of soil as the primary fertilizer, pre-sowing fertilizer and top dressing. It can be used for rice cultivation, foliar dressing for vegetable and fruit crops, and for late corn dressing in order to increase the content of proteic substances in grain.

Ammonium nitrate (NH_4NO_3) – a highly efficient nitrogen fertilizer (34.4 percent N), contains nitrogen in two forms: nitrate (direct nutrition for plants) and ammonia (prolonged action). It is used for all types of soils and crops as the pre-sowing fertilizer and top dressing.

Calcium ammonium nitrate ($\text{NH}_4\text{NO}_3 \cdot \text{CaCO}_3 \cdot \text{MgCO}_3$) – a nitrogen fertilizer (27 percent N). It is a mixture of ammonium nitrate and ground limestone or dolomite. The fertilizer is explosion and fire resistant and prevents soil from becoming acidic. It is used for all types of soils and agricultural crops as the main fertilizer, pre-sowing fertilizer and top dressing. The product is especially good for sour and alkaline soils as well as magnesium-deficient soils.

UAN solution – a liquefied nitrogen fertilizer (32 percent N) identical to ammonium nitrate or urea for its qualities in improving crop yield. It is used as the pre-sowing fertilizer and top dressing, and is applied using sprayers and in irrigation water.

PHOSPHATE FERTILIZERS

MAP (monoammonium phosphate) ($\text{NH}_4\text{H}_2\text{PO}_4$) – a highly concentrated granular nitrogen-phosphate fertilizer containing nitrogen in ammonium form (12 percent N and 52 percent P_2O_5). MAP is a highly effective all-purpose fertilizer used for all types of soils and crops as the main and pre-sowing fertilizer.

DAP (diammonium phosphate) $(\text{NH}_4)_2\text{HPO}_4$ - a highly concentrated granular nitrogen-phosphate fertilizer (18 percent N and 46 percent P_2O_5). DAP is a highly effective fertilizer used for all types of crops and soils as the main and pre-sowing fertilizer. The product is more efficiently used in spring and autumn by replotting the soil or as a top dressing during the vegetation period.

NP (monoammonium phosphate sulphate) $(\text{NH}_4)_2\text{HPO}_4 + (\text{NH}_4)_2\text{SO}_4$ - an all-purpose granular nitrogen-phosphate fertilizer containing at least 8 percent of sulphates (in terms of sulphur). The product is produced in two grades, NP 14:34 and NP 20:20. It is used for all types of soils and crops as the main fertilizer, pre-sowing fertilizer and for top dressing. It is especially good for crops that need sulphur: rape, winter cereals in early growth phases, potatoes.

Single superphosphate $(\text{Ca}(\text{H}_2\text{PO}_4)_2)$ - a granular phosphate fertilizer that contains 6 percent N and 26 percent P_2O_5 . It is used for all types of soils and crops as the main fertilizer, pre-sowing fertilizer and for top dressing. It also contains up to 10 percent of sulphates (in terms of sulphur) which is especially important for bean, grain and oil plants in low-sulphur soils.

NPK (ammonium nitrate phosphate) FERTILIZERS

NPK $(\text{NH}_4\text{H}_2\text{PO}_4 + \text{NH}_4\text{NO}_3 + \text{KCl})$ (16:16:16, 8:24:24, 17:0, 1:28, 21:0, 1:21) - an all-purpose complex fertilizer widely used to balance nutrients for plants in all types of soils as the main fertilizer, pre-sowing fertilizer and for top dressing. The product features a solid smooth grain. High nutrient content exceeding 40 percent allows significant reductions in transportation costs, storage and application as compared to single fertilizers.

NPK (12:15:15) - a highly efficient complex chlorine-free fertilizer containing all elements necessary for plant growth such as nitrogen, phosphorus, potassium, and sulphates (at least 14 percent in terms of sulphur). It is used for all types of soils and crops and is recommended for chlorine-sensitive crops such as potatoes, fruit and berries, vegetables, vines, and tobacco. The fertilizer is mostly effective in fruit and vegetable gardening and flower growing.



OTHER PRODUCTS

Feed phosphates: defluorinated feed phosphate (DFP) $(\text{Ca}_4\text{Na}(\text{PO}_3)_3)$ - a highly effective environmentally-friendly fodder additive; monocalcium phosphate (MCP) $(\text{Ca}(\text{H}_2\text{PO}_4)_2)$ is used as a feed supplement for poultry and domestic animals, especially herbivorous animals. Feed phosphates are produced using high quality phosphate rock from the Kovdorsky GOK which does not contain heavy metals.

Mineral raw materials: apatite concentrate used in production of phosphate and complex fertilizers, phosphoric acid and feed phosphates; iron ore concentrate used as a raw material for cast iron manufacture; baddeleyite powder (ZrO_2) used to produce fireproof and abrasive materials; aluminium fluoride (AlF_3) used in aluminium production, glass making, optics manufacture and the tanning industry.

Acids: extracted phosphoric acid, sulphuric acid, four types of nitric acids (concentrated, weak, reactive and ultraclean).

Organic synthesis products: methanol, synthetic acetic acid, polyvinyl alcohol, acetic aldehyde, commercial butyl acetate, rectified vinyl acetate, methyl acetate, paint solvents, etc.

Industrial gases: gaseous and liquefied argon, gaseous and liquefied nitrogen, solid (dry ice), gaseous and liquefied carbon dioxide, gaseous and liquefied oxygen.

Deicing agents: Antigor and Acedor.

Other commercial products: nutritional crystallized urea, nutritional acetic acid, commercial acetone, flotation agent.

Financial Performance

EUROCHEM MAINTAINS STABLE FINANCIAL STANDING.

Production and financial indicators

EuroChem's operations are based on the concept of sustainable growth. The Company's goal over the next five years is to rank among the top-five global producers in terms of sales volume and cost effectiveness for three major fertilizer categories – nitrogen, phosphate and potash.

In 2008, our production level was exceptionally high:

- Ammonia – 2.573 MMT
- Urea – 1.509 MMT
- Ammonium nitrate – 2.169 MMT
- UAN – 0.934 MMT
- MAP – 0.718 MMT
- DAP – 0.790 MMT
- NP and NPK – 0.580 MMT
- Apatite – 2.564 MMT
- Iron ore concentrate – 5.423 MMT
- Baddeleyite concentrate – 0.007 MMT
- Methanol – 0.458 MMT
- Acetic acid – 0.140 MMT

In 2008, total production costs grew by 36 percent to 44.5 billion RUR, though sales grew at an ever greater rate. This resulted in a gross margin of 60 percent compared with 56 percent in 2007.

Financial stability

In 2008, the global economy suffered severe dislocations which shook overall market confidence and impacted world prices and demand for various nutrients. However, by effectively managing its production resources, EuroChem capably maintained stable operating performance.

EuroChem has maintained its stable financial position. 2008 was a record-setting year for the Company in terms of revenue and profit, due primarily to favourable fertilizer prices. As of year-end 2008, net debt totaled 25.3 billion RUR and Net Debt to EBITDA dropped below 0.6. Our cash flow and strong financial position support out credit ratings from S&P and Fitch (both BB/stable).

In 2008, the EBIT margin grew from 26 percent to 36 percent as revenue growth exceeded growth in production and other

costs. The EBITDA margin also increased from 30 percent in 2007, to 39 percent in 2008.

Our financial income slumped in 2008, as depreciation of the Russian Rouble against the US dollar offset net gains from the revaluation of financial assets and liabilities (loans, bank deposits and borrowings) denominated in foreign currencies. Instead, a loss of 3.8 billion RUR was recorded because financial liabilities denominated in foreign currency significantly exceeded the Company's financial assets denominated in foreign currencies following the placement of a syndicated loan of \$1.5 billion (44.1 billion RUR at the year-end exchange rate) in September 2008.

A significant portion of borrowed funds, 10.1 billion RUR, was used to acquire stock in K+S AG, the revaluation of which is directly reflected in the Company's equity capital without distinguishing between the foreign currency and exchange rate components (per IFRS requirements for "available for sale investments"). The currency translation loss of 3.8 billion RUR represented most of the Company's 4.2 billion RUR net financing expenses in 2008.

Managing working capital is one of the Company's financial priorities. In 2008, net working capital increased significantly to 17.9 billion RUR from 9.6 billion RUR. This was primarily due to an accumulation of inventory during the fourth quarter of 2008, as the Company opted to carry sales over to future periods due to slumping prices.

There was also an increase in advance payments and other receivables (from 6.4 billion to 10.6 billion RUR) attributable to increased capital investments in 2008.

For more details see Annual Report 2008, pages 45-53.

Nitrogen

Compared to 2007, revenue and EBITDA from our nitrogen business increased by 50 percent and 84 percent, respectively. This was made possible due to between 40 and 95 percent average annual price increases for key product categories. The abrupt decline in demand and the resulting price correction in the final quarter caused a sharp contraction in sales volumes (down by 24 percent from the third quarter in terms of weight). This led to an overall 9 percent decline in sales volumes from 2007 to 2008. In the first quarter of 2009, sales volumes recovered strongly, increasing 9 percent over the first quarter of 2008.

Phosphate

In 2008, phosphate segment revenue and EBITDA grew by 92 percent and 232 percent, respectively, driven by prices which more than doubled compared to 2007. As with nitrogen, the strong demand during the first eight months of the year (particularly from Indian and Chinese buyers) significantly declined toward the fourth quarter in anticipation of the ensuing price corrections. Because of these deferred purchases, sales volumes plummeted 75 percent in the 4th quarter, resulting in an overall decline for the year of 9 percent. In the 1st quarter of 2009, sales rebounded strongly, but still wound up 30 percent below those in the 1st quarter of 2008.

Organics

In 2008, organics revenues declined by 2 percent against a backdrop of lower sales volumes (down by 18 percent for methanol and by 9 percent for acetic acid). Margins were further depressed by rising transportation costs, with the EBITDA margin falling from 36 percent to 29 percent, whereas gross margin did not change.

Higher iron ore prices in early 2008 held steady through the first nine months of the year, increasing revenues in this segment despite a 14 percent drop in sales volume compared with 2007. However, the positive impact on EBITDA from higher average prices in 2008 was more than offset by increasing transportation costs, which almost doubled. As the result, the EBITDA margin in mining by-products declined from 38 to 25 percent.

Russian market standing

The Company's major market is in Russia. In 2008, 1.2 MMT of nutrients were sold in Russia.

The Company's distribution network in Russia consists of 29 distribution centres. In Russia, we focus on the Southern and Central Federal Districts which account for about three quarters of all fertilizer consumption in the country.

The market is expected to grow annually by 10 percent over the next five years. We also expect that we will be selling more protective plant and seed products compared with the current level of 5 to 6 percent.

Following the disintegration of the USSR, the application of fertilizers in Russian agriculture decreased sharply by 90 percent, which led to plummeting crop yields. This is why our distribution philosophy is centred around selling yield, not just fertilizers.


EuroChem's objective in Russia is to contribute to the recovery of efficient and productive agriculture which seems nearly impossible without substantial improvement in the rational application of fertilizers.

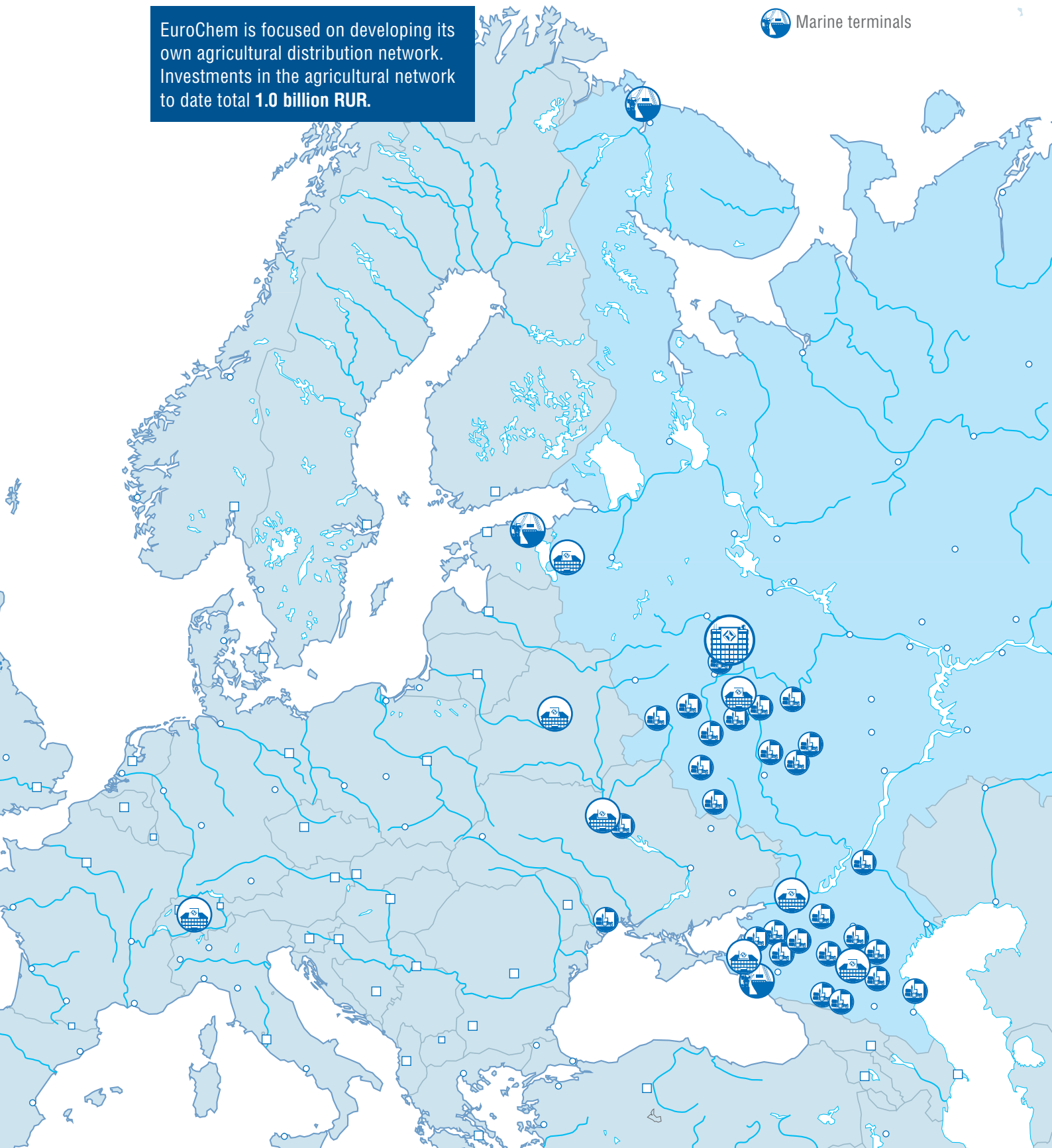
Distribution, logistics and transportation

EuroChem is focused on developing its own agricultural distribution network. Investments in the agricultural network to date total **1.0 billion RUR**.

 Agricentres

 Company offices

 Marine terminals



see web-site
for more
information

WWW

www.eurochem.ru

Distribution

EuroChem's agricultural network has become an essential and reliable partner for agricultural producers by timely supplying a full range of nutrient products and providing integrated agrochemical solutions aimed at achieving planned crop yields.

An integrated agrochemical support programme is currently underway: 11 agricultural centres take soil samples, make maps and provide advice to farmers on fertilizer application.

In 2008, EuroChem's distribution network was expanded to incorporate 33 agrochemical centres, 12 of which are either company-owned or affiliated. New distribution centres have opened in the Lipetsk and Orel Regions where the Company did not previously operate.

Compared with 2007, nutrient sales through the Company's own distributors doubled. As part of a systematic approach to distribution management, EuroChem commenced supplies of sugar beet and grain crop seeds in 2008. The Company also supplied products and services under the "Autumn Sowing 2008" programme which included a complete agrochemical process covering a seasonal cycle of winter crops growing over an area of 5,000 hectares.

Starting from 2008, EuroChem is an official dealer for Pioneer, a large seed producer. The Company maintains partnerships with global leaders in the chemical protection of plants - Syngenta, BASF, DuPont and Bayer. EuroChem is now one of Bayer's top-ten dealers in Russia, and has received its platinum dealer card. The Company also ranks among BASF's top-ten and Syngenta's top-five Russian dealers.



Logistics

The objective of our logistics divisions is to optimize logistics costs along the entire value chain. EuroChem's strategic logistics development directives are:

- reduction of raw material and finished product transportation costs;
- further improvement in uninterrupted and timely supplies of finished products to users.

Railroad transport

In railroad transportation, we are pursuing a change from a leased fleet to our own equipment. Our corporate fleet numbers:

- over 7,000 dedicated rail cars;
- 45 locomotives.

A well-developed transportation system is an essential condition of transportation independence and goods security.

Sea transport

EuroChem needs a well-developed sea transportation and port terminal system to enable deliveries to remote world regions, including South America and Asia. Currently, EuroChem operates a fleet of five to 10 vessels which is sufficient to support the Company's sea transportation needs.

As to marine terminal infrastructure, EuroChem owns three port facilities (Murmansk, Sillamae and Tuapse).

Corporate governance

EUROCHEM'S SYSTEM OF CORPORATE GOVERNANCE HELPS ENSURE EFFECTIVE MANAGEMENT AND UNDERPINS ITS APPROACH TO BEHAVING RESPONSIBLY TOWARD STAKEHOLDERS.

The Company's governance bodies are the General Shareholders Meeting, the Board of Directors, the Management Board and General Director.

Board of Directors

Our governance is guided by the Board of Directors whose role is to provide strategic leadership and oversight. The Board has a unitary structure bringing together non-executive and executive directors.

During 2008, the Board had seven members. The chairman and five of the directors are non-executives, and of these, four directors comply with the criteria set for independent directors (as stated in the Board of Directors Regulations).

Board of Director Committees:

- **Audit Committee.**
In 2008, the committee focused on financial reporting, detailing a more structured organisational approach to risk management and internal control. It regularly meets with the External Auditors to discuss their audit and control recommendations.
- **Corporate Governance and Personnel Committee.**
In 2008, the committee oversaw the development of the human resources strategy, the preparation of new incentive plans and the start of work on improving the senior management succession pool.
- **Strategy Committee.**
In 2008, the committee reviewed the Company's long-term investment programmes, prioritized proposed projects, assessed the ongoing implementation of strategic initiatives and evaluated new challenges and opportunities that emerged as the market changed. The committee also dealt with issues of environmental protection and health and safety.

The committees meet before each Board meeting. Because meetings are planned in advance, director attendance in 2008 was very high at 96.6 percent. The committee members' duties include a preliminary review of the issues to be covered in the Board of Directors meeting. Advance preparation of meeting materials enables a comprehensive analysis and effective exchange of opinions so that the directors can make high-quality decisions. Most of the meeting time is spent on reviewing opportunities, risks and performance drivers.

Reporting period events

- General Shareholders Meeting – 5 meetings
- Board of Directors – 6 meetings in person and 15 meetings remotely
- Audit Committee – 8 meetings in person and 5 teleconference meetings
- Corporate Governance and Personnel Committee - 8 meetings in person
- Strategy Committee - 6 meetings in person and 2 teleconference meetings

The Board of Directors focuses its efforts on major strategic initiatives and pays great attention to the way the Company responds to market changes. The Board also closely monitors cash flows, financing and investment programmes. The Board members have a good understanding of existing and future opportunities. The Board of Directors is set to ensure that the Company's management makes decisions that would allow EuroChem to optimise performance levels, fully use available strategic advantages, and swiftly and deliberately exploit opportunities that arise. Production and commercial decisions are made with consideration for their social and environmental impacts on the Company, and are aimed at strengthening the Company's business reputation and competitive edge.

The Board of Director's responsibilities include ensuring that company management is accountable for decisions made and the Company's performance. The management's performance reporting regularly appears on the Board's agenda.

Corporate
governance rating

6+ 

Standard & Poor's

Board of Directors at end of 2008

Andrey Melnichenko, Chairman of the Board of Directors

Charles Adriaenssen, Corporate Governance and Personnel Committee

George Cardona, Strategy Committee (Chairman)

Keith Jackson, Audit Committee and Strategy Committee

Vladimir Stolin, Corporate Governance and Personnel Committee (Chairman)

Dmitry Strezhnev, CEO of EuroChem since 2003

Richard Sheath, Audit Committee (Chairman); Corporate Governance and Personnel Committee

Nikolay Pilipenko, elected to Board in February 2009

For more details on the Board of Directors see Annual Report 2008, pages 60-64.

Management and reporting

EuroChem continues to implement the project entitled "Integrated Corporate Management System in Accordance with the Requirements of International Standards ISO 9001, ISO 14001, and OHSAS 18001". The integrated management system is already in place at Lifosa AB and PG Phosphorit LLC. In 2009, the system will be implemented at the corporate level.

In 2008, we started implementing EI Compas, an integrated automated corporate governance and financial reporting system which will allow significant improvements in reporting quality and timeliness as performance information is now available within two weeks of the end of a reporting period. The non-executive directors have online access to this system at all times.

Risk management

The Company is managing three main types of risks: operational, financial and strategic. Reputational risks are regarded as a separate risk category derived from the three main categories.

Risk management at EuroChem covers the whole organization from top management at the main office to the plant level where managers are the key link in the risk management chain. We are currently in the process of establishing a more structured framework of risk management activities, and are setting up a group within the finance department to coordinate this effort. This group will be in charge of developing overall risk management methods, as well as classifying, reporting and communicating risk levels.

For more details on risk management see Annual Report 2008, pages 54-56, and Social Report 2007, pages 53-75.

International operations

EuroChem is a Russian manufacturing company selling in global markets. The Company is the largest producer of mineral fertilizers in Russia and ranks among the top-three companies in Europe and top-ten in the world.

The Company exports over 80 percent of its products which makes global markets a critical factor in EuroChem's sustainable operations.

Global markets standing:

- eleventh in the world in key products capacity;
- 1.9 percent of the world's mineral fertilizers production;
- 2.1 percent of all mineral fertilizer sales in Europe;
- 11.0 percent of all mineral fertilizer sales in the CIS.

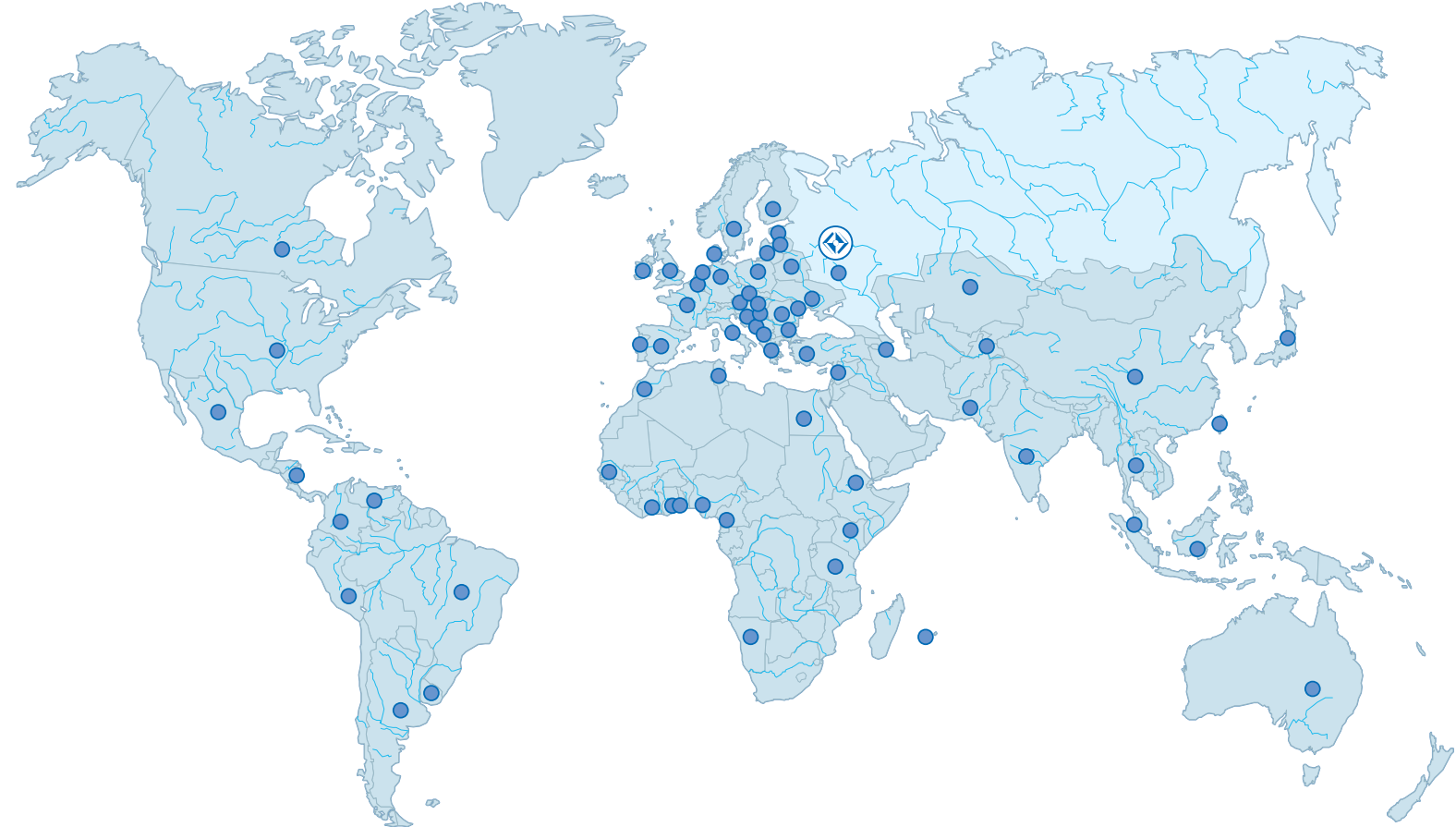
Goals:

- increase the worldwide share of mineral fertilizer production from 1.9 percent in 2008, to 2.9 percent in 2013;
- take the lead in fertilizers production in Europe and the CIS.

5th
in the
world
for potassium
salts

phosphate
fertilizers
6th
in the
world
in production
capacity

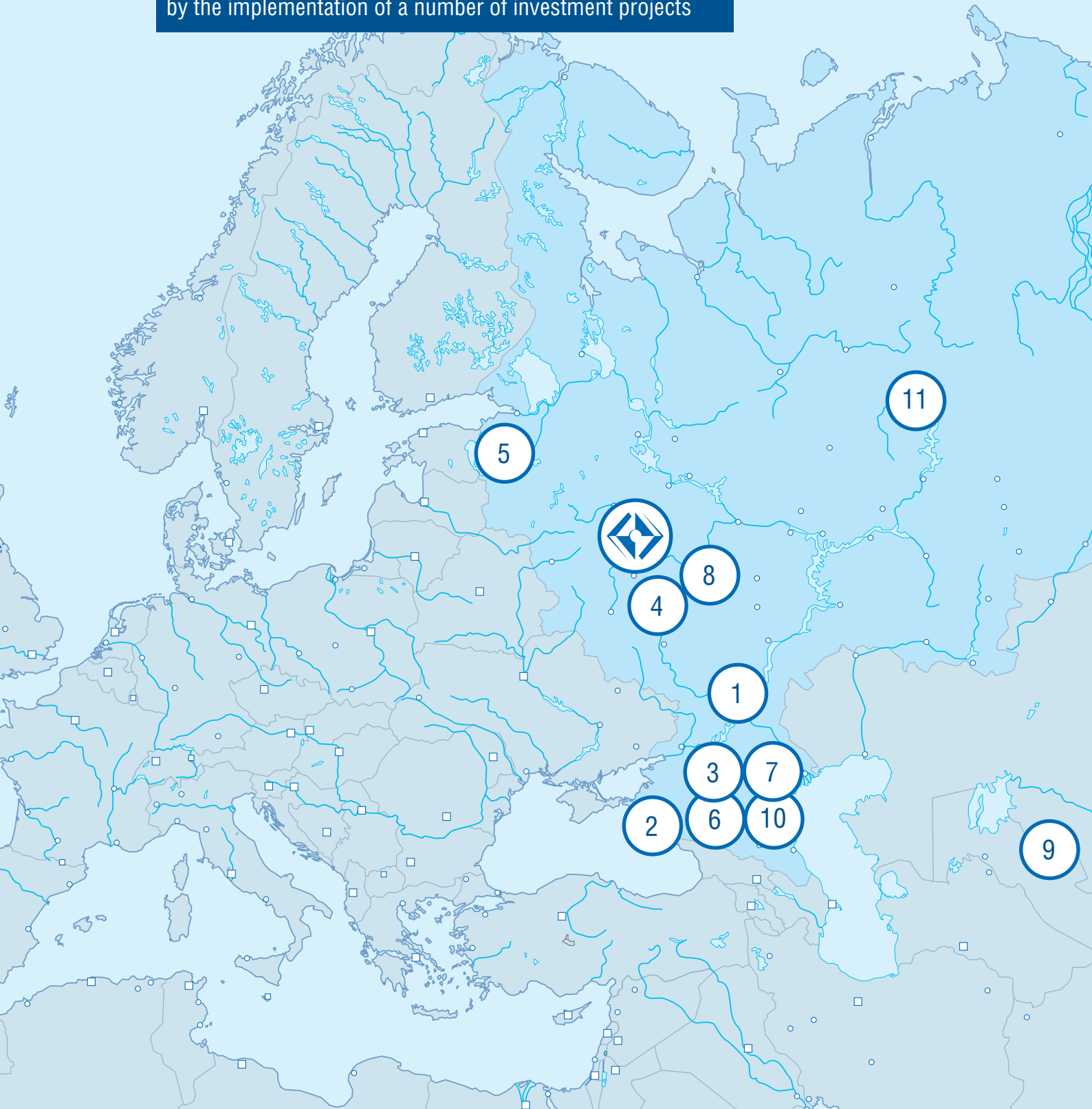
nitrogen
fertilizers
7th
in the
world
in production
capacity



In 2008 the Company exported its products to 68 countries, serving markets in Russia, the CIS, Western and Eastern Europe, North and Latin America, Africa, Asia and Oceania

Investment projects map

The Company's long-term sustainable development is driven by the implementation of a number of investment projects





1. Development of Gremyachinskoe potash field (Phase I), Volgograd Region, Russia, 2005 to 2014

Objectives: ensuring the Company's raw materials supply and production capacity, product range diversification

Social impacts: establishment of a small town with well-developed infrastructure using the town of Kotelnikovo as the base point, 2,000 new jobs



2. Tuapse bulker terminal, Tuapse, Russia, 2007 to 2009

Objectives: optimization of regional transport infrastructure, reduction of transportation costs, optimization of logistics chains

Social impacts: 50 new jobs



3. Upgrade of sulphuric acid production at EuroChem-BMU LLC, Belorechensk, Russia, 2008 to 2010

Objectives: production growth

Social impacts: environmental safety and labour condition improvements



4. Production of explosion-proof calcium ammonium nitrate at OJSC Azot, Novomoskovsk, Russia, 2007 to 2009

Objectives: competitive products, improvement of production standards

Social impacts: labour condition improvements



5. Sulphuric acid production at PG Phosphorite LLC, Kingisepp, Russia, 2008 to 2010

Objectives: production efficiency improvement

Social impacts: increased availability of fertilizers for Russian agriculture



6. Construction of NPK production facilities at EuroChem-BMU LLC, Belorechensk, Russia, 2009 to 2011

Objectives: new NPK high-level processing capacity for domestic and global markets

Social impacts: environmental safety improvement



7. Melamine production at OJSC Nevinnomyssky Azot, Nevinnomyssk, Russia, 2007 to 2010

Objectives: construction of Russia's only state-of-the-art melamine facility, reduced imports, available product for end users

Social impacts: environmental safety improvement by substituting toxic tar for safe melamine, 40 new jobs



8. Production of granulated urea at OJSC Azot, Novomoskovsk, Russia, 2007 to 2010

Objectives: start-up of Russia's first granulated urea facility, products with highly useful qualities

Social impacts: environmental safety and labour condition improvements



9. Development of phosphate rock deposits and construction of production facility in Karatau, Kazakhstan, 2009 to 2016

Objectives: entry into Kazakhstan's phosphate sector and fertilizer market, production of mineral fertilizers, diversification of production, enhanced EuroChem corporate strength

Social impacts: rehabilitation of Karatau infrastructure including water supply, motor roads, power and heat supply, 4,000 new jobs



10. Upgrade of weak nitric acid production units at OJSC Nevinnomyssky Azot, Nevinnomyssk, Russia, 2008 to 2011

Objectives: replacement of outdated facilities, support fertilizer availability, stem decline in ammonium nitrate production

Social impacts: environmental safety improvement



11. Development of Palashersky and Balakhontsevsky blocks of Verkhnekamskoe potash deposit, Perm Territory, Russia, 2008 to 2012

Objectives: development of new potash deposit, ensuring raw materials supply and production capacity, product range diversification

Social impacts: improvement of infrastructure and quality of life in town of Usolie, 2,300 new jobs

Human resources

THE KEY PRINCIPLE FOR EUROCHEM'S HUMAN RESOURCE POLICY IS BOOSTING COMPANY PRODUCTIVITY THROUGH ATTRACTION, DEVELOPMENT, AND MOTIVATION OF COMPETENT PERSONNEL.

In February 2008, EuroChem's Board of Directors adopted a Human Resources Management Strategy through 2012. The Strategy provides a detailed action plan in the following areas:

- support of business objectives and enhancement of employees' performance;
- improvement of staff qualities;
- recruitment, retention, dismissal of employees;
- organisational development, labour management;
- incentives;
- personnel training, career management;
- in-house employer's image.

Practical efforts by human resources management have reduced active employee turnover in the Company's production divisions from 7.3 percent in 2007, to 5.7 percent in 2008.

Increasing efficiency and labour productivity have enabled a reduction in the Company's average payroll by 9.3 percent in 2008.

Indicator \ Year	2006	2007	2008
Average headcount, people	26 410	23 805	21 585

EuroChem has fulfilled its commitments to assist released employees in finding other jobs.

In 2008, labour productivity increased by 8.7 percent in terms of commercial product output per employee (6.5 percent in terms of gross output) and revenues per employee grew by 67.5 percent.

Indicator \ Year	2006	2007	2008
Revenue per employee, million RUR	2,02	3,10	5,20
Gross output per employee, thou. tons	0,97	1,01	1,07

We continually increase our investments in human resources to remain a competitive, attractive and socially responsible employer.

Indicator \ Year	2006	2007	2008
Personnel costs, million RUR	6 588,1	7 288,2	9 628,7
Personnel costs changes, percent	15,3	10,6	29,0

Incentives and compensation

EuroChem's employee incentive system is a major tool for enhancing business efficiency and is a key element in the social policy.

The incentives system addresses both tangible and intangible rewards. We recognize our best employees on corporate holidays such as EuroChem Day and Chemist's Day. In 2008, 347 top employees received EuroChem corporate awards.

In 2008, a new compensation system was introduced in all of EuroChem's Russian divisions. The new grading-based system aims at developing an employee's multi-functional capabilities, mastering related job skills, and harmonizing personal and shared values. The system ensures fair and sufficient compensation commensurate with an employee's effort, skills, knowledge and expertise. The system also motivates each employee to strive for better performance by achieving individual, team and corporate goals. This all serves as a guarantee of social strength within the EuroChem corporate environment.

At its operational sites, EuroChem pursues hiring local staff.

EuroChem's regional strategy strives to ensure a competitive compensation package (10% above average across the main regional industries).

see web-site
for more
information

WWW

www.eurochem.ru

Indicator \ Year	2006	2007	2008
Average salary, RUR/month	16 025	20 305	25 220
Average salary changes, percent	31,3	26,7	24,2

The average monthly salary at EuroChem was 47 percent higher than the average salary throughout Russia in 2008.

EuroChem's corporate social guarantees are in fact the benefits stipulated in collective bargaining agreements. The average cost of an employee's benefits package is 1/12 of the annual salary.

EuroChem develops its budgets to account for annual indexation of social costs per employee by a factor at least equal to the inflation rate in the current year.

Training and development

The personnel training system encompasses all employee categories, from workers and technical specialists to top managers. Personnel reserve development programmes have been continued.

In 2008, 342 employees participated in the "Target Management" programme, up 16 percent from 2007.

EuroChem maintains partnerships with lead Moscow and regional specialist universities and colleges. In 2008, target student groups were formed at MGGU (Moscow State Mining University) and MGUIE (Moscow State University of Engineering Ecology). The groups consisted of school graduates specializing in the Company's areas of operation.

The Company took part in more than 10 university recruitment fairs during the reporting year.

All of the Company's divisions place high emphasis on the involvement of young specialists. Over 100 employees participated in the young specialists training programme as instructors.

200 young specialists
hired

1300 university students
trained at EuroChem

150 employees

trained under Manager Competence Development Programme (jointly with High School of Corporate Management)

27 employees

received MBA training (at the Academy of National Economy under the Government of the Russian Federation, and Kingston University, UK)



Social policy review

Internal social policy

The Company's internal social policy aims at improving labour and recreation conditions. In 2008 we spent 56 million RUR to arrange for our employees recreation at both our own recreation centres and external facilities. The Company also funded medication services and nutritional food on top of regulatory requirements. All employees underwent regular medical examinations.

In 2008 we renovated amenity rooms in manufacturing shops, cafeterias, rehabilitated health care, recreational and educational facilities.

Sports and healthy lifestyle remain among the most critical social aspects pursued by the Company. About 26 percent of employees went in for sports and participated in corporate sporting events in 2008.

The Company is actively involved in industry professional and national holidays such as Chemist's Day, Metallurgist's Day, City Anniversary Days, Victory Day etc.

Community social policy

EuroChem's long-term community policy priorities are sports, healthcare, sciences and education which all cost the Company over 444.8 million RUR in 2008. The year 2008 social costs went down as compared with 2007 by 5.7 percent only. We had to cut some unplanned social expenditures in the final quarter of 2008 due to the global economic recession.

The majority of EuroChem's enterprises are local economic mainstays that support regional social stability through their continuous operations, taxes and decent salaries. This turned out as a critical factor at the time of economic depression when employees and their families largely depend on normal operation of the mainstay enterprises. With this in view, the Company is committed to:

- provide funding for construction and rehabilitation of municipal infrastructure facilities such as sporting, social, cultural etc.;
- assist in building motor roads and solving public transportation problems;
- allocate funds for the disabled, retired and low-income citizens;
- allocate funds for educational and health care institutions, orphanages and boarding schools to support their every-day operations.

Supporting sporting and healthy lifestyle activities is EuroChem's social priority. The Company has for many years sponsored the SKA St-Petersburg ice-hockey club and some sports contests in various regions. In 2008 this was made a separate programme of children and youth ice-hockey and sports infrastructure development at locations of the Company's operations.

In 2008 we completed a number of large infrastructure projects at location of our operations which projects materially improved the life of local people. We overhauled kindergartens and hospitals in the town of Belorechensk, Krasnodar Territory (pages 32-33), purchased a 20 million RUR computer tomograph for the Kingisepp District Hospital (pages 38-39), invested in educational infrastructure and the renovation of the Azot Cultural and Business Centre complete with professional audio equipment in Novomoskovsk, Tula Region (pages 36-37). We also commenced residential housing construction and opened a health & fitness centre in Kotelnikovo, Volgograd Region, built a mountain skiing facility and a cinema theatre in Kovdor, Murmansk Region (pages 28-29).

In 2008, pursuant to the "EuroChem Classes" programme, we set up 15 dedicated classes in a number of Russian regions, namely, four in Kovdor (Murmansk Region); three each in Novomoskovsk (Tula Region), Belorechensk (Krasnodar Territory), and Nevinnomyssk (Stavropol Territory); two in Kingisepp (Leningrad Region). So far over 21 million RUR has been allocated for the programme. EuroChem also invests in tools, chemicals, visual aids etc. intended to further develop the EuroChem classes.



employees
7,000

and their families
improved health
in health and
recreation centres

56 million
RUR
allocated for
employees recreation

Technologies, projects and programmes

Notwithstanding the economic crisis, we are trying to fulfil our social commitments, adhere to the corporate social responsibility principles, and develop our dedicated social investment projects.

In 2008 we continued the implementation of a complex innovative social programme in Nevinnomyssk, Stavropol Territory. Within the framework of the “Environment and Population Health” programme and jointly with the “Sustainable Development” Foundation, we conducted social projects competitions with the Company’s grants as awards. See page 27 below for the list of projects. Also see our Social Report 2007 (pages 43-45) and the web-site of the “Sustainable Development” Foundation.

Within the framework of the “Healthy Family – Healthy Nation” programme and jointly with the “Healthy Russia” Foundation, we also conducted health festivals and contests, implemented programmes for teachers and medical doctors, arranged healthy lifestyle events and roundtable discussions in local educational institutions in Nevinnomyssk. All of these events were attended by over 2,000 people and 100 local organisations. For more details see pages 28-45.

In 2008 we presented a programme of children and youth ice-hockey and sports infrastructure development at the Company’s operational locations for 2009 through 2012. The programme stipulates establishing the basis for training and methodology support of children and youth ice-hockey and ice sports at locations of the Company’s operations. The programme implementation is supported by the Ministry of Sports, Tourism and Youth Policy of the Russian Federation.



Example of a complex social programme

EuroChem helps the people of Nevinnomysk realise projects that improve the quality of life in their home town



“Environment and Population Health” Programme in Nevinomyssk Implemented Projects



1. “Children’s Dreams”, gymnasium No. 10 : a sports and entertainment ground.



2. “A way to healthy life for students and teachers of the vocational school and inhabitants of Golovnoe Neighborhood”, vocational school No. 11: rehabilitation of a sports ground, construction of a run track, jumping pit, playing ground, outdoor fitness equipment.



3. “Winter garden – an advisory centre for landscaping of municipal educational facilities”, a young naturalist station: exposition of environment-vitalizing green plants, assistance in landscaping of educational facilities.



4. “Resources saving – a critical prerequisite to an effective healthcare model”, municipal hospital: replacement of electric cooking ovens with gas ovens.



5. “The key to health”, the municipal children’s hospital: installation of water therapy facilities, purchase of fitness equipment, aftercare treatment of children from the local orphanage; trees planting at the orphanage.



6. “Mediasphere”, the local radio station Vis-a-vis: establishment of a school of eco-journalism.



7. “Energosphere”, the municipal ambulance station: installation of power saving systems in the building.



8. “Ecosphere”, school No.1: equipping an environmental classroom.



9. “Comfort, smile and home feeling”, kindergarten No. 45: revamp of kitchen and laundry facilities.



10. “Become a never-sick”, kindergarten No. 22: upgrade of physical therapy and sports rooms.



11. “Future stars of Russian football”, vocational school No. 6: refurbishment of changing rooms at the Vesta football club, organisation of the Preschool Football League.



12. “Mercy and compassion”, Blue Cross animal hospital: establishment of a stray pets rescue service.

13. “The territory of health”, Harbor social rehabilitation centre: construction of a new sports ground, installation of additional sports equipment.

14. “Don’t reject me”, a complex social services centre: equipping the aftercare and computer rooms.

15. “Your health is in your hands”, “Zhuravlik” regional children’s health centre: equipment for aromatherapy, oxygen cocktail, inhalation therapy, psychological help rooms, health improvement services for over 250 elementary school pupils.

16. “Dazzling smile”, a dental clinic: equipment for a new children’s dental facility.

17. “New sports for Nevinomyssk teenagers”, the Palace of Sports: construction of a skate park.

18. “Healthy infants”, the municipal children’s hospital: revamp of the swimming pool for infants, purchase of medical supplies as part of the programme of preventive healthcare of infants.

19. “Healthy maternity – happy maternity”, municipal outpatient clinic No.1: refitting the room for physical exercises for pregnant women.

20. “Assiduous manager”, the municipal children’s hospital: revamp of kitchen facilities.

21. “An island of joy”, Municipal Government Body No. 4: a new playground, redevelopment of the municipal children’s hospital site.

22. “Be happy from your childhood”, kindergarten No. 19: sports facilities and site redevelopment.

23. “The youth for sports”, Chemical College: refitting the sports room.

24. “Family recreation”, the housing and public utilities department: construction of a mini-park on the waste land between the kindergarten and the chemical college.





Kovdor Murmansk Region

see web-site
for more
information

WWW

www.eurochem.ru

OJSC Kovdorsky GOK is a unique division of EuroChem.

The facility is located in northern Russia, Murmansk Region, close to the Russian-Finnish border. It produces iron ore, apatite and baddeleyite concentrate, being the second largest producer of apatite concentrate in Russia and the only producer of baddeleyite concentrate in the world. The products comply with international standard requirements.

The history of the plant stems back to late 50-s and early 60-s.

Kovdorsky GOK went through a decline in production in the 90-s. In 2001 Kovdorsky GOK joined EuroChem Mineral and Chemical Company whose rehab and investment projects allowed the enterprise to rise and become a successful producer. In 2007 Kovdorsky GOK celebrated its 45th anniversary, while the mining town of Kovdor turned 55 in 2008.

Major investment projects in 2008: expansion of the rock overburden transportation conveyor; renewal of mining transport vehicles; upgrade of receipt and storage technology for fuels and lubricants; upgrade of baddeleyite gravity separation facilities and apatite filtration facilities.

Our important large-scale social projects implemented in the Kovdor district in 2008 totalled 52 million RUR.



EuroChem's major social investments in Kovdor in 2008

- A European-class mountain skiing facility Vars, one of the best in the Murmansk Region. The facility includes a T-bar lift and platter lift, a ratrac snow machine, a ski-pass system and state-of-the-art sporting equipment. The facility has a capacity of 465 people per hour, a 610 m long slope run (130 m vertical drop) and artificial lighting. It is a great place for family recreation.
- Diagnostic and treatment equipment for the Murmansk regional children's hospital and the Kovdor central district hospital.
- Social protection programmes for low-income population of the Murmansk Region and Kovdor district.
- A 130-seat movie theatre in the Pyramid family recreation centre, complete with state-of-the-art film projectors. The movie theater ranks third in the region for its equipment.
- Rebuilding of the Kovdor polytechnical college's hostel which can now accommodate non-resident students.
- Social benefit payments for employees recreation in the Kovdorsky preventive healthcare centre and in healthcare centres outside of the Murmansk Region and for children's recreation, non-recurrent cash aid at retirement, non-recurrent cash aid to hired young specialists, to employees celebrating their anniversaries, to employees at child birth. In 2008, 1,099 people enjoyed a stay in the Kovdorsky preventive healthcare centre.
- 106 university and college students had their practical training at Kovdorsky GOK in 2008.
- Kovdor has more EuroChem classes than any other location of the Company's operations. In 2006 and 2007 we equipped a chemistry classroom in school No. 11, a natural science classroom and an international linguistic centre in school No. 2, a EuroChem-class for preparation engineers training at the Kovdor polytechnic college. In 2008 we established a dedicated natural sciences classroom at the municipal resource centre based in school No.8.
- Conducted phase 1 of staff training under the aegis of a Russian-Norwegian programme "Quality, health and environment" for employees and union activists. The programme includes resources and energy saving approaches.





Nevinnomyssk

Stavropol Territory

OJSC Nevinnomyssky Azot is the largest producer of nitric fertilizers in Russia and the only Russian producer of synthetic acetic acid, methyl acetate and polyvinyl alcohol. It is the economic mainstay of the town of Nevinnomyssk and a prominent tax payer.

As the enterprise merged with EuroChem, the Company launched a strategic production development programme. Investments in capital assets have totalled 5.02 billion RUR since 2000.

The Company's social priorities in the region are scientific research and education, support of healthy lifestyle and sports, assistance in solving pressing municipal problems. A complex social programme is being implemented in a joint effort with the "Sustainable Development" and "Healthy Russia" Foundations, with total spending of 30 million RUR.

EuroChem's major lines of social involvement in Nevinnomyssk in 2008:

- implementation of a complex innovative social programme including the "Environment and Population Health in Nevinnomyssk" and "Healthy Family – Healthy Nation" programmes (more than 30 municipal development projects involving over 100 local organisations);
- funding upgrades of the town's educational institutions within the framework of the Company's priority of education support;
- purchasing state-of-the-art medical equipment for the municipal healthcare department;
- taking part in the town's infrastructure development;
- holiday-related events such as the Chemist's Day on which the best school chemistry teachers and student contest winners are awarded, and participation in City Anniversary Days (Social Projects Fair and other events).



EuroChem's social programmes implemented jointly with the "Sustainable Development" and "Healthy Russia" Foundations, were at their peak in 2008.

Most of the projects performed during the first two grant competitions under the "Environment and Population Health in Nevinnomyssk" programme were completed and the third competition's projects were launched. We financed 24 projects initiated by local people in the areas of resources saving, equipment upgrades, children's sports, ecological journalism etc. (see pages 26-27). In early October 2008, a roundtable discussion was held during the Social Project Fair to discuss effectiveness of implemented social projects. The programme's fundamentals and organisational details of grant competitions for the people of Nevinnomyssk are reflected in Social Report 2007, "Social Investments and Charity" section on pages 43 to 45.

The "Healthy Family – Healthy Nation" programme included infants health improvement, reproductive health of the young people, educating teenagers on healthy lifestyles, health festivals, contests, events for teachers and medical workers. We arranged a town campaign devoted to healthy lifestyles which included events under the aegis of the International Day Against Smoking, healthy lifestyle discussions in local schools concluded in the final discussion club meeting. For more details see the Company's web-site.

As part of the health care support programme we purchased equipment for the territorial clinical cardiology centre, territorial clinical oncologic centre, Medical centre for outpatient dialysis, Stavropol territorial clinical centre for specialist medical aid, Kislovodsk maternity hospital and municipal children's hospital, etc. All in all, EuroChem's spending on medical treatment improvements in Stavropol Territory amounted to 25 million RUR.

A second EuroChem-class consisting of two chemistry classrooms (theory and practical exercises) was opened in town in vocational school No.6.

Nevinnomyssky Azot continues to implement one of EuroChem's most challenging investment projects. In 2011 we expect to commission a 50 KMT p.a. melamine production facility. This facility is going to be the first of its kind in Russia and its production capacity will be enough to supply all of the country's demand. As of today, the project has been through all approval stages, including public hearings, and received appreciation from various public associations including the Council of Elders of Nevinnomyssk.





see web-site
for more
information

WWW

www.eurochem.ru

Belorechensk

Krasnodar Territory

EuroChem - Belorechensk Minudobreniya LLC is a large producer of phosphate and compound fertilizers, ammonium phosphate sulfate, MAP, NPK, fertilizer mixtures, extracted phosphoric and sulfuric acids.

The enterprise and the town around were first established in early 1970-s and then reborn in 2002 when it merged with EuroChem. The Company's investment project stabilized the existing capacity at its design level and facilitated performance improvement. Over 1.2 billion RUR was spent on production upgrade.

Atmospheric emissions today are 15 percent to 20 percent below maximum acceptable concentrations.

A zero-discharge water supply system is currently being designed and built. The plant's own 1,000 m³/day waste water treatment facilities have been put in operation. The problem of production waste storage (phosphogypsum) has been basically resolved.

EuroChem-BMU LLC provides support to the town of Belorechensk in its social and economic development. The main social projects relate to the support of education, health care and children's sports.



EuroChem's key social projects in Belorechensk in 2008:

- Revamp of kindergarten No.11 – the building face renovated and windows replaced; overhaul of rooms in kindergartens in towns of Shkolnoe and Zarechnoe;
- Overhaul of the accident emergency ward in the central district hospital; replacement of window frames in the Ryazanskoe medical district hospital.
- In 2008, 44 university and college students had their practical training at EuroChem-BMU;
- EuroChem-BMU continued its programme of EuroChem-classes in Belorechensk (school No.5) and towns of Ryazanskoe (school No. 18) and Pshekhskoe (school No. 26) and purchased additional state-of-the-art interactive equipment.
- Overhaul of the sporting games room in the Olympic reserve youth sports school (complete replacement of flooring).
- Provided aid to the Kuban cycling team of the Krasnodar Cycling Federation.

In 2008 EuroChem-BMU received the “Best Corporate Charity Provider” award from the Council for assistance in development of civil society and human rights institutions under the jurisdiction of the Head of Administration of Krasnodar Territory.

EuroChem-BMU won the “Best Environmental Project 2008” award for the project of land reclamation using mineral soil (phosphogypsum). The project was implemented to reclaim abandoned pits used for liquefied wastes storage, with a total area of 25 hectares. The reclaimed land was used to lay out a park and forest area and then returned to former owners. The biological phase of land reclamation included planting of transplant oak and chestnut trees and is monitored by the Kuban State Agricultural University. This work will become a joint contribution of scientists and manufacturers to the local programme of maintenance and restoration of agricultural soil fertility.





Tuapse

Krasnodar Territory

In 2008 we began construction of the Tuapse Bulker Terminal for dry granulated fertilizers. The project is set to reduce transportation costs and become an independent stevedore player in the Black Sea basin.

Planned terminal's cargo turnover is 2.3 MMT per annum, storage capacity for shipping lots up to 105 KMT. The terminal's major process equipment is supplied by Thyssenkrupp Foerdertechnik (Germany). In terms of equipment the facility is the most advanced in Russia and in line with the best in the world terminals.

EuroChem's priority is environmental safety of the new facility. Each cargo handling area will be equipped with dust cleaning systems, the railroad car unloading station will use a pneumatic system for cleaning mounted wheels, the entrance and exit gates will be equipped with non-rigid shutters.

The facility is set to be commissioned in late 2009.



see web-site
for more
information

WWW

www.eurochem.ru



Fulfillment of EuroChem's social commitments in Tuapse in 2008

- The Company is building two nine-storey houses for the residents of three houses that have appeared to be located within the sanitary-protection zone of the terminal. The Tuapse terminal will comply with all current environmental and technical regulations.
- In summer of 2008 the Tuapse terminal paid for recreation of 60 gifted children from low-income families in the Khimik vacation hotel.
- Construction of an access railroad to the terminal is almost completed. This is going to be the first access road to detour the town on the way to the marine facilities. This solution will partly unclog the existing road to the Tuapse cargo port, thus improving both natural and social environments in Tuapse.

Once the Tuapse bulk terminal is put in operation, its key social priorities will be transportation infrastructure, children help programmes, children out-of-school education, environmental projects.

EuroChem provides open and trustworthy information in respect of the Tuapse bulk terminal construction and its impacts on the local social and economic development.





see web-site
for more
information

WWW

www.eurochem.ru

Novomoskovsk

Tula Region

Novomoskovsky Azot is one of the largest chemical manufacturers in Europe and Russia. Out of seven EuroChem-affiliated enterprises, Azot is responsible for 22 percent of the holding company's products. Within EuroChem organisation, Azot ranks first in the production of ammonia, ammonium nitrate, urea and methanol. The enterprise takes active part in funding municipal social programmes, provides charity services to children educational, municipal health care and sports institutions.

EuroChem's key social projects in Novomoskovsk in 2008

- Completion of resettlement of residents from one-kilometer sanitary-protection zone at the total cost of 21 million RUR.
- Organisation of competition of sports classes 'Vityaz' (school No. 9).
- Refit of the sports room in school No.17.
- Refit of the sports room in the special boarding school, category V, and renovation of special school, category VIII.
- Establishment of EuroChem classes in schools No. 12, 18, 25.
- Continued cooperation with the Novomoskovsk Department of Russian Mendeleev Chemical and Technical University. While in 2007 the Company helped refit the existing laboratory of physical and chemical research, in 2008 it financed a state-of-the-art laboratory for the first and second year students. The Novomoskovsk polytechnic College and vocational school No. 10 also received financial aid.



- A concert piano for children's musical school No.1.
- Renovation of the Azot cultural and business centre, installation of MartinAudio equipment.
- Refit of outpatient clinic No. 3 and Barsky medical centre.
- Redevelopment of the sports ground in the Novomoskovsk orphanage.

In 2008, 31 million RUR was invested in social and economic projects in the Tula Region in general and the Novomoskovsk District in particular.

3,727 employees of OJSC Azot received training in 2008: 1,853 engineering staff and 1,874 production personnel. Training was conducted both at in-house and external training centres.





see web-site
for more
information

WWW

www.eurochem.ru

Kingisepp

Leningrad Region



Phosphorit Industrial Group is one of the leading producers of phosphate fertilizers and feed phosphates in the north-west of Russia as well as sulfuric and phosphoric acids for its own needs. PG Phosphorit LLC ranks third in Russia for phosphate fertilizers and ranks first for feed phosphates. In late December 2008 the division celebrated its 45th anniversary.

In 2008 EuroChem invested 680 million RUR in Phosphorit upgrade and quality improvement. Upgrade included application of resource saving technologies and refit of capital assets.

From its day one, Phosphorit has been and still is the local economic mainstay

In 2008, 28 million RUR was spent as social aid to local organisations.

The division's collective bargaining agreement is the basis for its social policy. The agreement was recognized as the best collective bargaining agreement in the Leningrad Region in 2008. All social benefits and guarantees that are stipulated in the agreement are provided in full.

EuroChem's key social projects in Kingisepp in 2008

- Purchase of a 20 million RUR Toshiba MS computer tomograph for the Prokhorov central district hospital. The new medical service is now available for the company employees as well as for the people of Kingisepp and visitors from neighboring districts. In the past, this kind of medical examination was only available in St-Petersburg after a long waiting period.
- Equipment of EuroChem-classes in school No.3 and an electric repair shop in the regional polytechnic vocational school No. 18.
- Aid to the Kingisepp football team.
- Allocation of 45 million RUR for construction of a residential house for young specialists.
- Training of young specialists at the PG Phosphorit Training Centre.
- A 5,000 RUR non-recurrent cash aid to each War veteran on Victory Day.

By President's Decree, three PG Phosphorit employees were awarded the Order of Service to the Fatherland, II degree, two employees were bestowed the title of the Honoured Chemist of the Russian Federation. On the Chemist's Day, 59 employees were distinguished by various awards.





Kedainiai Lithuania

see web-site
for more
information

WWW

www.eurochem.ru

Lifosa AB operates in Kedainiai, the geographical centre of Lithuania.

The region is known for its strategic motor roads such as the Via Baltic international motor road.

Lifosa's key product is diammonium phosphate fertilizer (DAP). The company also produces aluminum fluoride, monocalcium phosphate, phosphoric acid and commercial sulfuric acid. Lifosa merged with EuroChem in 2002. In 2003 the company implemented quality assurance and environmental management systems (ISO 9001, ISO 14001, OHSAS 18001). Lifosa is the winner of many national environment protection and products quality competitions.

In 2008 Lifosa celebrated its 45th anniversary.

The Company's high level of social responsibility is the factor that drives fulfilment of the following commitments:

- before the society – manufacture of high quality products, observance of law and environment protection;
- before the Company personnel – investments in human resources;
- before the government and local authorities – social and economic cooperation;
- before the local communities – target assistance as an element of the Company's social policy.



1.1 million USD
social expenditures

As the largest industrial enterprise of Kedainiai district, Lifosa AB has always helped its home town. It is owing to the company that the town is the way it is these days, a nice-looking and comfortable place to live. The Company provides assistance in implementing health care and youth sports projects

EuroChem's social investments in Kedainiai in 2008

- Support to scientific research and education - \$130,000.
- Support to health care and sports - \$500,000.
- Regional programmes - \$370,000.
- Miscellaneous district needs - \$100,000.

EuroChem's key social projects in Kedainiai in 2008

- Refit of qualitative chemical analysis laboratory of the Kaunas technological University, the chemical technologies department. Overhaul of rooms (ca. 100 m²), purchase of new equipment and furniture. The investment allowed the university to improve training effectiveness.
- Repair of chemistry and biology classrooms, purchase of new appliances and training aids in four secondary schools of Kedainiai district (Iosvainiu, M.Daukshos, Shetos, Rito) plus in Mikaloyuus Katkus gymnasium.
- A festivity for Kedainiai farmers. In January 2008 the Company presented 55 tons of fertilizers (diammonium phosphate) and passes to the Hannover agricultural exhibition. Thanks to the Company, 55 Kedainiai farmers were able to participate in the exhibition.
- Construction of sporting facilities in a new Kedainiai residential neighbourhood: a fenced-off ground with artificial flooring, a play ground with seesaws and other play facilities.





Kotelnikovo

Volgograd Region

investments

10 billion

RUR
in an engineering
and social
infrastructure

new jobs

2000

will be created

EuroChem's operations are the driving factor of development of the town of Kotelnikovo. EuroChem-VolgaKaliy LLC is building a mining and processing plant to produce potash fertilizers. The plant will be the first green-field mining and processing facility in the CIS and Europe over the past 25 years and one of the largest private investment projects in the modern Russian history.

The magnitude of changes is especially visible in Kotelnikovo, a small district centre with less than 20,000 people. A complete set of both economic and social facilities (residential housing, social infrastructure) will be built almost from scratch.

In 2009 to 2013 we will build the required infrastructure to support the town and make it an attractive place for new-coming workforce. The development concept for the town is supposed to provide a comfortable compact residential area with a quality working and living environment.

The Company will provide funding for:

- construction of single family homes and hostels for specialists;
- preschool and school educational infrastructure;
- modern quality health care infrastructure;
- entertainment and sports facilities;
- redevelopment of public utility systems, and other projects.



**total
investments**
**85,5 billion
RUR**

Education: two preschool facilities, 100 children each, and a school for 600 pupils.

Health care: a therapy building for 100 beds and an outpatient clinic for 500 patients per shift.

Culture: a shopping and entertainment mall, a sports centre and a municipal park area.

A health and fitness centre has been built recently. The centre comprises a multipurpose 42x18 m² sports room, a four-lane swimming pool, a sauna, a fitness machines room, a medical aid room, a massage room.

In December 2008 EuroChem responded to the request from the Volgograd regional administration and presented a water-supply truck to the people of Elton, Pallasovsky District, to support water supply.

In whole, EuroChem-VolgaKaliy's charity funding in the Kotelnikovo District in 2008 amounted to 20 million RUR.





Karatau

Republic of Kazakhstan

Revival of abandoned town, organisation of production

EuroChem's new complex project in the Republic of Kazakhstan:

- Development of Karatau phosphate fields.
- Construction of a mining and processing plant to produce high-quality phosphate concentrate.
- Construction of a large mineral fertilizer manufacturing facility (nitric, phosphate complex nutrients), with a capacity of 2 MMT p.a.

Kazakhstan's domestic market will be a priority market for the new manufacturer. This project may help boost the country's fertilizers consumption.

see web-site
for more
information

WWW

www.eurochem.ru

new jobs
4 000
will be created

Project milestones in 2008

- In 2008 the Company acquired the government's stock in Sary-Tas manufacturing facility in Karatau which will be used as the site for a new fertilizer plant.
- Complete redeemed outstanding payables for the past 15 years, including salary debts, taxes, pension deductions etc.
- Salaries are paid to the employees of the shutdown facility, staffing is underway.
- Preparation for ore mines engineering and construction of a new plant is underway.

Social and economic effects

Once implemented, the project will help:

- resolve the problem of fertilizers shortage in the Republic of Kazakhstan;
- increase yield of all agricultural crops, improve quality of products;
- create up to 4,000 new jobs;
- ensure significant tax proceeds;
- solve a number of social and economic problems currently pressing in the Zhambyl Region and in the towns of Karatau and Zhanatas.

The project implementation would strengthen the relations between the countries under the aegis of economic integration of Russia, Kazakhstan and Belarus. Potash from EuroChem's field in Volgograd Region will allow the Company to produce all known fertilizers. At the same time, phosphate rock supplies from Kazakhstan to processing facilities in the south of Russia and to Gomel chemical plant in Belarus will increase Kazakhstan's export revenues.

Kazakhstan President N. Nazarbaev signed a Protocol that regulates major issues of subsoil use rights.

The Government of the Republic of Kazakhstan and EuroChem have signed a memorandum of cooperation. This project is expected to grow into the largest Russian-Kazakhstan joint projects.



Environmental projects

IN 2008 ENVIRONMENTAL IMPACTS WERE EFFECTIVELY MITIGATED. ENVIRONMENT PROTECTION COSTS IN 2008 AMOUNTED TO 967 MILLION RUR.

The Company's environmental policy relies on the corporate Management System Policy endorsed by Order No. 08-182/01-2 dated October 20, 2008.

Environment protection results in 2008

- Total annual emissions by EuroChem's divisions made 28.4 KMT which is 2.1 percent lower than that in 2007.
- 109 million m³ of waste water was discharged in 2008 which is 9.9 percent lower than in 2007.
- Fresh water consumption reduced by 17.5 percent to reach 88.2 m³.
- Electric power consumption reduced by 7.6 percent to reach 3,261 million kWh.
- Heat power consumption was at 6,373,698 Gcal which is 9.7 percent lower than in 2007.

47,564 thousand tons of wastes were generated in the reporting year. The 3.7 percent growth in wastes generation by the mining sector was caused by greater output at Kovdorsky GOK. Total mining sector wastes of hazard class V amounted to 98 percent.

At EuroChem we perform ongoing environmental monitoring in order to:

- prevent environmental hazards;
- maintain environmental safety of production processes through identification of dangerous deviations from standard impact values;
- ensure production safety through identification of equipment operation departures from standard performance.

Environment protection provisions at EuroChem

PG Phosphorit LLC

Action: Improvement of heat recovery and reduction of sulfur dioxide emissions in sulfuric acid production.

Implementation period: January 2007 through December 2008

Investment: 732 million RUR

Environmental effects: Annual reduction of sulfur dioxide emissions by 600 tons, carbon dioxide by 83,762 tons, carbon oxide by 175.8 tons, nitrogen oxide by 165.7 tons; reduction of fuel equivalent by 60.1 thousand tons due to complete heat recovery from power-generating steam in sulfuric acid production.

EuroChem-BMU LLC

Action: Reclamation of pit No. 2 used for storage of sludge from the defluorinated feed phosphates shop, using neutralized phosphogypsum wastes as mineral soil.

Innovation description: Modification of phosphogypsum storage and neutralization technology. Chemical and ecotoxicological studies have indicated that phosphogypsum generated by production processes at EuroChem-BMU has properties of hazard class V substances and may be used as a friendly substrate for soil formation.

Implementation period: 2007 through 2009

Investment: 26 million RUR

Environmental effects: Reclamation of pit No.2 used for storage of sludge from the defluorinated feed phosphates shop, pit area 25 hectares, laying out a park and forest in the area of the pit. In October 2008 the company commenced the biological phase of reclamation which included planting of transplant red oak trees, large-leaved lindens and sycamore maple trees.

On December 1, 2008, the Minister of Natural Resources of the Russian Federation awarded EuroChem the "Best Environmental Project of the Year" prize. EuroChem was also awarded a prize and diploma, nomination "Environmental Effectiveness of Economic Activities. Environmental Management" for the "Enhancement of Environmental Effectiveness of Management Systems in Mineral Fertilizers Production"



OJSC Nevinnomyssky Azot

Action: Upgrade of the water treatment process.

Innovation description: To supply required quality water for ammonia production, a reverse osmosis water treatment unit is installed at the demineralization station. This will take a replacement of three trains consisting of H⁺ cation exchange filters, decarbonizers and OH⁻ anion exchange filters in ammonia production shops with a 500 m³/hour reverse osmosis unit.

Implementation period: 2008 through 2009

Investment: 86.7 million RUR

Environmental effects: River water consumption will be reduced by 17.52 million m³/year; waste water discharge will be reduced by 16 million m³/year; sulphates discharge in water bodies will be reduced by 1,500 tons, solid residues discharge will be reduced by 3,000 tons and nitrates discharge will be reduced by 400 tons.

Kovdorsky GOK jointly with the Mining Institute of the Kolsky Scientific Centre of the Russian Academy of Science

Action: Study and laying of a testing ground on the bund wall of the tailing dam's second field, in order to ensure safe operation of water works at Kovdorsky GOK and reduce anthropogenic impacts on the environment.

Innovation description: Dust suppression of tails and enhancement of water works strength. A testing ground has been laid (3 hectares), a process has been developed to make a polymeric coat for a biological and geological barrier. Slopes have been graded, starter fertilizers have been applied, grass mixtures have been selected to form a sod layer, grass has been sown and protective water polymeric emulsions have been applied. A coat has been made to fix the beach portion of the tailing dam and other working surfaces. Ongoing monitoring of the established biological and geological barrier is performed. Input data have been compiled for a further elaboration of process procedures.

Implementation period: June 2007 through December 2009

Investment: 4.7 million RUR

Environmental effects: The project will help strengthen the bund wall slopes, stop wind and water erosion of the tailing dam, improve sanitary and hygienic situation in the town of Kovdor and Kovdor district, reduce anthropogenic impacts on the environment (reduction of dust emissions by 190 tons per year).

OJSC Azot

Action: Upgrade of urea production in Karbamid-3 shop.

Innovation description: Upgrade of the synthesis and distillation process (Urea Casale license) and replacement of the existing prilling column with a new Stamicarbon granulation unit. The upgrade will help increase Karbamid-3 shop productivity, improve economic and environmental performance, increase the engineering level of production and produce better quality products.

Implementation period: 2006 through 2009

Investment: 2, 413.2 million RUR, inclusive of VAT and 522.9 million RUR for environment protection.

Environmental effects: The project will help reduce ammonia emissions by 411.9 tons per year (36 percent reduction) and urea dust by 227.5 tons per year (63 percent reduction). Once Karbamid-3 shop is upgraded, a significant reduction of ammonia concentration (down to 0.68 MAC) in the residential area in the northern part of Novomoskovsk is expected. This all will reduce anthropogenic impacts on the atmospheric air at the Novomoskovsk industrial hub and at the Shatskoe water reserve.

Labour and industrial safety

EFFECTIVE GOVERNANCE ALLOWED US TO REDUCE HAZARDOUS AND HARMFUL IMPACTS ON MAN AND ENVIRONMENT.

Our labour and industrial safety policy is based on the Management System Policy endorsed by Order No. 08-182/01-2 dated October 20, 2008.

Governance Structure

The holding company's governance structure:

- Overall guidance – General Director, Technical Director
- Management of governance procedures – HSE Department of the technical direction
- Managed companies' governance structure:
 - Overall guidance – Executive Directors, Technical Directors
 - Management of governance procedures – labour and industrial safety departments reporting to Technical Directors of companies (as part of HSE Departments)
- Emergency rescue – gas rescue contractors
- Analytic monitoring of compliance with regulations – centralized technical monitoring departments

Labour and industrial safety tasks for 2008

Development of management decisions and action plans aimed at eliminating work time fatalities, reducing accidents, reducing environmental emissions in the situation of increased fertilizers output and cuts in workforce responsible for hazardous operations.

To complete the tasks, the following was accomplished:

- identification of significant hazards and harmful conditions, risk assessment in all production divisions, elaboration of risk mitigation plans for 2009;
- top and line managers' individual plans included target indicators for labour and environment safety;
- adoption of local regulatory documents to control labour and industrial safety issues in the Company's divisions, including work place qualification and accident investigation instructions;
- testing of protective clothing and PPE in order to develop and adopt in 2009 an industry specification for recommended protective clothing and PPE for EuroChem employees.

These and other measures have helped reduce harmful and hazardous impacts on man and environment.

Industrial and labour safety achievements

- no work time fatalities;
- number of industrial accidents resulting in absence from work reduced by 18 percent;
- injury frequency factor (Ff) reduced by five percent;
- total injury factor (I) 15 percent lower than an average over the past five years;
- specific number of accidents per 1 MMT of products reduced to 1.4;
- no emergency failures;
- key production monitoring indicators improved by 11 percent;
- number of violations pinpointed by Rostekhnadzor was reduced. Rostekhnadzor revealed 1,464 departures from industrial safety rules, of which 1,108 were rectified.

see web-site
for more
information

WWW

www.eurochem.ru

On 2008, seven quality management and HSE audits were performed at EuroChem.

Third-party audits were conducted in 14 production divisions. In total, 115 items as per ISO 9001, ISO14001 and OHSAS 18001 were checked for compliance; 36 non-compliances were found, and 136 corrective and preventive actions were elaborated for completion in 2008 and 2009.



Risk management: health and life risks

No	Risk / Factors	Risk description	Risk owner
1.	Fatal accidents	Risk caused by low-qualified personnel performing hazardous works	Technical Director, managed company
2.	Accidents	Risk caused by mining works specifics and large number of mechanical equipment	Technical Director, managed company
3.	Road traffic accidents	Risk caused by potential hazards from large trucks used in mining	Technical Director, managed company
4.	Accidents arising out of as well as during maintenance and repairs	Risk caused by work safety violations during maintenance and repairs and departures from maintenance and repair procedures	Technical Director, managed company
5.	Employee life hazards. Material damage	Loss of containment of large components of process equipment , pipelines	Technical Director, managed company

Achievements and tasks for 2009

2008 achievements in the area of corporate social responsibility

All of the tasks identified in the previous social report (page 5) have been completed or are in the process of completion.

We have retained the consistency of principles, goals and methods of implementation of the Company's corporate social policy. The amount of social expenditures has changed insignificantly. We have completed a complex innovative programme in Nevinnomyssk, infrastructure projects in other regions of the Company's operations. We have developed programme tools that enable realization of our policy toward children and youth sports.

We have expanded our communications with stakeholders. During the reporting year we had three discussions with stakeholders in respect of EuroChem's environmental and social policy in the Tula Region, effectiveness of social projects in Nevinnomyssk, social programmes in Kotelnikovo. Summarized results of the discussions have been included in this report.

EuroChem's social achievements:

- ranking second in the Russian CSR Accountability Rating 2008;
- a place on top 10 list of corporate charity ranking by the Vedomosti Newspaper and PricewaterhouseCoopers.

Public recognition and awards in 2008

- EuroChem was awarded "Best Environmental Project of the Year" prize, nomination "Environmental Effectiveness of Economic Activities. Environmental Management" for the "Enhancement of Environmental Effectiveness of Management Systems in Mineral Fertilizers Production" project.
- EuroChem was awarded "Best Environmental Project of the Year" prize, nomination "Environment Protection Technologies".
- Sulfoammophos 20:20 produced by EuroChem-BMU LLC won the regional and national phases of the "Russia's 100 Best Commodities - 2008" competition.
- Commercial liquefied ammonia and ammonium nitrate produced by OJSC Nevinnomyssky Azot are among the prize-winners of the "Russia's 100 Best Commodities - 2008" competition and liquefied nitric fertilizers (UAN) received a diploma as a participant. The division also received the badge of honour "For Excellence in Quality".
- Defluorinated phosphate produced by PG Phosphorit LLC won the "Russia's 100 Best Commodities - 2008" competition.
- PG Phosphorit LLC products received the "European Quality" award of the European Business Assembly.
- AB Lifosa received the "Medal of Exporter" from the Lithuanian Confederation of Industrialists.
- PG Phosphorit LLC was among prizewinners of the "Russia's 1000 Best Companies and Organisations 2008".
- PG Phosphorit LLC received a certificate of achievement and a diploma of the International Specialized Exhibition "Agricultural chemistry, agricultural biotechnologies".
- By President's Decree, three PG Phosphorit employees were awarded the Order of Service to the Fatherland, II degree, two employees were bestowed the title of the Honoured Chemist of the Russian Federation.
- EuroChem-BMU LLC received the "Best Corporate Charity Provider" award from the Council for assistance in development of civil society and human rights institutions under the jurisdiction of the Head of Administration of Krasnodar Territory.
- PG Phosphorit LLC was among winners of the Russian Public Prize "The Nation's Glory".
- PG Phosphorit LLC won the competition "Highly Socially Responsible Company" organised by the Leningrad Region Government, nominated for "Implementation of Company's Social Programmes"

Sustainable development tasks for 2009

Development of social responsibility and reporting management system

development of social responsibility and reporting management system, development and introduction of internal engineering standards and principles, social policy in EuroChem's divisions

discussion of the Company's social reporting system with representatives of European organisations involved in environment protection and CSR

improvement of internal communications system, publishing more materials on CSR in corporate press

increase of the total social investments' share of target financing of social projects in regions of the Company's operations

Major social responsibility and charity events

realization of priority plans within the framework of children sports programme

assistance to municipal authorities in outlining the concept of social infrastructure development in Kotelnikovo, Volgograd Region

elaboration of social development projects in the areas of the Company's operations in Kazakhstan and the Perm Territory

assistance in promoting healthy lifestyles in the areas of the Company's operations

Development of integrated management system

elaboration of corporate Guidelines on integrated management system

certification audits of the management system in the Company and the three managed companies. Audit results shall attest that the integrated management system complies with ISO 9001, ISO 14001 and OHSAS 18001

Industrial and labour safety management

elaboration of a Specification for protective clothing and personal protection equipment. Development of rates of free issue of PPE to EuroChem employees and incorporation thereof in typical PPE issue standards for chemical manufacturers

maintenance of the positive momentum in quantitative HSE performance indicators achieved in 2008

maintenance of the general injury rate at EuroChem companies at a level below the average value over the past five years

INDEPENDENT ASSURANCE OF THE SOCIAL REPORT

FOR THE ATTENTION OF: EUROCHEM

Bureau Veritas Certification Rus has been providing auditing services for EuroChem in terms of assurance of corporate social reports for the last three years. This audit assurance applies to the social report "Key to Success. EuroChem Social Responsibility Atlas for 2008" (hereinafter referred to as the Report). The Report was prepared by EuroChem who bears responsibility for the collection and presentation of all information contained in the Report. Bureau Veritas Certification Rus is responsible for the results of assurance of the Report only before EuroChem and will not take any responsibility before any third party for any decisions made or postponed on the basis of this assurance.

Scope and criteria of validation

1. Check if the Company has complied with the principles of inclusivity, materiality, responsiveness of AA1000 AccountAbility Principles Standard 2008.
2. Assess reliability of sustainable development indicators.
3. Apply the assurance level "reasonable" as stipulated in ISAE-3000 International Standard on Assurance Engagement.
4. Check that the Report is compliant with level B+ (company self-evaluation) in accordance with the Global Reporting Initiative Sustainability Reporting Guidelines GRI-G3 2006.

During the verification of the Report, we considered the information published on the corporate web-site at www.eurochem.ru, in the Social Report 2008, in corporate press publications: "EuroChem" newspaper and NPK journal, as well as the information collected during our visit to a selected location of the Company's operations (Novomoskovsk).

Methodology

- Interviews with top managers of EuroChem in order to form a consistent view of significant economic, social and environmental aspects of the Company's operations, its intentions, commitments, priorities and goals in respect of sustainable development, means and degree of achieving these goals.
- Interviews with managers responsible for interfacing with stakeholders and a study of a selection of documents confirming such interfacing in 2008.
- Attendance of public hearings of the Social Report 2007.
- Verification of achieving the goals set in the Social Report 2007.
- Verification of documents and data that describe performance of EuroChem's systems of management of social, economic and environmental aspects.
- Verification of the methods used at EuroChem for the collection, processing, documenting, transfer, analysis, selection and consolidation of data to be included in the Report.
- Verification of validity of presented statements, assertions and data through visiting EuroChem's social, production and innovative facilities (Novomoskovsk, OJSC Azot, the training centre, the cultural and business centre, the local branch of the Russian Mendeleev Chemical Technologies Institute, schools No. 9 and No. 18, the site allocated for the Palace of Ice Sports, residential housing for resettlement of people from the sanitary-

protection zone, the municipal administration).

- Analysis of a selection of information from mass media and published statements of third parties regarding EuroChem's adherence to its mission and values in the area of sustainable development, as reference points for examining the validity of the statements in the Report.
- Verification of GRI standard reporting elements included in the Report.
- Verification of performance of feedback mechanisms in respect of reporting.

Assurance limitations

- The assurance was limited to the current 2008 reporting cycle.
- The assurance did not take into account statements that expressed opinions, beliefs or intentions of EuroChem to take any actions in the future.
- The assurance was limited to visiting the Company's head office and facilities in one region of the Company's operations (Novomoskovsk).
- Discussions with stakeholders included representatives of the Company management, its employees and representatives of the local community.

Assurance level and basis of our opinion

The selective verification of the information in the Report carried out at the "reasonable" level of assurance provides a lower level of assurance guarantee than the verification of all data ("high" level). In our work, we relied upon the supporting information presented by the EuroChem management and the Company's divisions, information from public sources and on analytical assurance methods. The assurance work may not be regarded as sufficient to reveal any inaccuracies in respect of the numeric information contained in the corporate report.

The information collected provides a sufficient basis for our conclusions at the "reasonable" assurance level regarding each of the AA1000 AccountAbility Principles Standard 2008.

Our opinion

- As a whole, the Report adequately reflects EuroChem's performance indicators in terms of corporate social reporting.
- The report is made up in a clear and understandable form, it is accurate, objective and informative.
- EuroChem has in its possession efficient management systems that allow the Company to identify significant economic, social and environmental aspects of the Company's operations, plan, manage and improve related processes, define expectations of the stakeholders in respect of these aspects and respond thereto.
- The social reporting control systems exercised by the Company management are fully supported by the company's mission, policies and resources as well as by its adherence to the "Social Charter of the Russian Business".

Report compliance with three AA1000 APS principles

Principle 1. Inclusivity

- EuroChem interacts with a broad range of stakeholder of whom most significant are owners, investors, employees and their families, trade union, products and services consumers, government and municipal authorities, vendors and business partners, mass media, public associations, local residents in areas of operations, independent environmental organisations. Interface processes used in preparation of the report conform with the Report scope and limits.
- The submitted information and collected unbiased and indirect data indicate that expectations and needs of stakeholders in respect of the Company's operations are taken into account on all stages of the corporate reporting process. Opinions of stakeholders as well as interests of future generations and the requirement to preserve nature are subject to discussions. Three discussions with stakeholders in respect of EuroChem's environmental and social policy were held in the reporting year: a roundtable on businesses' responsibility over social and economic development under the aegis of the 3rd Tula Economic Forum (October, Tula), a roundtable on effectiveness of social projects implemented in Nevinnomyssk, Stavropol Territory (October, Nevinnomyssk), a roundtable on social programmes implemented in Kotelnikovo, Volgograd Region, and Nevinnomyssk, Stavropol Territory (November, Moscow).
- The key way of informing and interacting with stakeholders are press releases, public hearings, mass media publications, circulation of information messages (letters, information brochures and booklets), the corporate web-site, consultations, negotiations, opinion polls, working groups and permanent commissions etc.
- Implementation of social programmes within the framework of the Company's social policy aimed at improving the quality of life of employees, their families and local residents provides advantages for sustainable business development in the regions of the Company's operations. Implementation of such infrastructure projects helps develop health care systems, improve school education, reduce morbidity and occupational injuries, enhance the social climate in the regions of the Company's operations.

Principle 2. Materiality

- The Report is a balanced and substantiated account of material economic, social and environmental aspects of operations that determine EuroChem's sustainable development indicators.
- The Company has defined the materiality of issues to be addressed in the Report based on a comprehensive application of the inclusivity principle as well as the principle of openness in making significant corporate decisions. According to the Provisions for information disclosure at EuroChem, all material information, including material facts such as transactions involving the Company's assets, quarterly and annual issuer's reports, is published on the official web-site in due time.
- According to the Vedomosti Newspaper and PricewaterhouseCoopers, EuroChem is on top 10 list of corporate charity ranking.
- In 2008 the Company implemented El Compas, a unified automated corporate governance and financial reporting system. In order to ensure timely disclosure of information, the Company maintains registers of facts which must be disclosed, and registers of voluntarily disclosed information.
- The information and management system Oracle has been

realized at the Company to enable access and transparency of data which are used for assessment of the Company's performance.

- The Report contains information on risk and opportunities management, including information in respect of supply chains. The Company manages the major risks such as operating, financial, strategic and reputational, the latter being a derivative of the former three risk categories.
- The Company has target priorities and a mid-term social action plan that is revised annually.
- The Report addresses the majority of GRI performance indicators (97 percent) applicable to the Company.
- Subject to the analysis of the Report data and related interviews, no material aspect of sustainable development identified by the Company has been omitted or unreasonable excluded from the reporting process.
- The fact that the Report does not carry details on some of GRI performance indicators is explained by that at this time these issues are immaterial for stakeholders or that their contribution is negligible as compared with the Company's core operations.
- The information presented in this Report, Annual Report and on the web-site is material for stakeholders as it can influence their future decisions and behaviour toward the Company.
- The Report contains sufficient information on the Company's compliance with Russian law, regulatory acts and chemical industry standards, international standards and internal code of responsible business conduct.

Principle 3. Responsiveness

- We do not know of any areas which could have been disclosed in the Report, but were not, for which the company would have been unable to respond to the justified requests of stakeholders.
- Response to regional needs is provided through establishing target programmes (priorities being sports, health care, science and education), territorial and regulatory approaches to finance appropriation for a variety of social projects. As a counterpart to social and economic agreements with regional authorities, EuroChem participates in funding important sporting and cultural municipal facilities, assists in redevelopment of towns and settlements, realizes sporting, educational and cultural programmes, significantly contributes to the development of social infrastructure which is critical for the quality of life of the Company's employees and their families as well as all population in the regions of the Company's operations. The total count of corporate investment projects in 2008 amounted to 11 projects.
- The public's right to a beneficial environment is ensured through the scheduled environment protection measures within the framework of the Management System Policy and the "Enhancement of Environmental Effectiveness of Management Systems in Mineral Fertilizers Production" project that received a prize for the nomination "Environmental Effectiveness of Economic Activities. Environmental Management". Implementation of a wide range of measures helped reduce major impacts on the environment defined in environmental regulations. Projects are being carried out aimed at reducing greenhouse gases.
- The interests of shareholders are taken into account through implementing EuroChem's corporate governance principles, including holding annual shareholder meetings.
- Consumers' requirements are met through scheduled supplies of guaranteed quality products. The Company's well-

developed product quality assurance system, advanced services and customers informing play a more and more important role in establishing EuroChem's competitive edge. The said features are inherent to the integrated quality, environment, labour safety, occupational health and safety management system. Bureau Veritas Certification Rus is currently certifying the management system for compliance with international standards ISO 9001:2000, ISO14001:2007 and OHSAS 18001:2007.

Compliance of the Report with GRI recommendations

The Report has been completed using the recommendations of the GRI G3 Guidelines for Reporting in the Area of Sustainable Development and contains information on GRI reporting elements and performance indicators which meet the B+ application level.

Recommendations for developing corporate management of social reporting


- Work out a sustainable development strategy that would enable application of unified indicators important both for the Company and the stakeholders. Submit reports according to the extent of implementation.
- Continue formalization of the process of consultations with various stakeholder groups so as to elaborate and introduce a structured approach toward obtaining of information which is material for stakeholders.
- Specify criteria for assessment of effectiveness of the Company's social programmes and projects.
- In the next cycle reports, provide more opinions of stakeholders in respect of the current cycle report.
- Conduct an internal audit of the social reporting process.
- Provide a more balanced presentation of both positive and negative trends in fulfilment of planned tasks of sustainable development for the current year (Royal DSM experience).
- Perform in-house audit of the social reporting process.
- Share experience in sustainable development and social responsibility with originators of the Industry exhibit to the GRI Guidelines for the chemical sector.

Statement of Bureau Veritas Certification Rus independence, impartiality and competence

Bureau Veritas Certification Rus is an independent professional international company which specializes in providing services for the accredited certification of various management systems (quality management, occupational health and safety, environment protection and social responsibility).

Bureau Veritas Certification Rus hereby officially declares that this Conclusion is an independent evaluation by a third party auditor. Bureau Veritas Certification Rus does not have any commercial interest in the operations of EuroChem except for the provided assurance services.

CJSC Bureau Veritas Certification Rus
July 6, 2009



Vera Skitina
Technical Director
PhD Chemistry



BUREAU
VERITAS

This Report offers the first-ever presentation of GRI G3 disclosure information in tabular format for user convenience.

GRI G3

Table of Standard Disclosures

Exhibit

G3 STANDARD DISCLOSURES

PERFORMANCE INDICATORS 2007

PERFORMANCE INDICATORS 2008

1. Strategy and Analysis

1.1. Statement from the most senior decision-maker of the organization (e.g., CEO, chair, or equivalent senior position) about the relevance of sustainability to the organization and its strategy

See page 6 (hereinafter this column refers to pages in CSR 2007; the next column refers to pages in CSR 2008)

See page 4

1.2. Description of key impacts, risks and opportunities

Chemical production is potentially hazardous to the environment and people. See Chapter 3 CSR 2007

Chemical production is potentially hazardous to the environment and people. See sections "Corporate Governance", "Key Financial Indicators", "Environmental Projects", "Labour and Industrial Safety". See also "Risk Management" in Annual Report 2008.

2. Organisational Profile

2.1. Name of the organization

Open Joint-Stock Company, EuroChem Mineral and Chemical Company

2.2. Primary brands, products, and/or services

See Chapter "Production". Also see detailed products description on EuroChem web-site

- Ammonia
- Ammonium nitrate
- Urea
- Urea-ammonium nitrate (UAN)
- Diammonium phosphate (DAP)
- Superphosphate
- Feed phosphates
- Complex fertilizers (NPK, ammophoska universal)
- MAP
- Methanol
- Acetic acid
- Iron ore
- Apatite
- Baddeleyite

2.3. Operational structure of the organization, including main divisions, operating companies, subsidiaries, and joint ventures

See pages 10-12

See Chapter "About the Company". See Annual Report 2008, pages 103-104

2.4. Location of organization's headquarters

Bldg 6, 53 Dubininskaya St, Moscow, 115054

2.5. Number of countries where the organization operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report

EuroChem exports its products to over 60 countries

EuroChem exports its products to 68 countries. The company's core business is conducted in the Russian Federation

2.6. Nature of ownership, legal form

MCC Holdings Limited is the controlling shareholder. See Chapter "About the Company"

<p>2.7. Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries)</p>	<p>See pages 10-11, 22-24, 78-79</p>	<p>See Chapters "About the Company", "Financial performance", "International operations"</p>
<p>2.8. Scale of the reporting organization, including:</p> <ul style="list-style-type: none"> ■ number of employees; ■ net sales (for private sector organizations) or net revenues (for public sector organizations); ■ total capitalization broken down in terms of debt and equity (for private sector organizations); and ■ quantity of products or services provided 	<p>See pages 10, 19-22 Average headcount – 23,805 employees Gross output – 24 MMT Total production of mineral fertilizers – 6.1 MMT Sales revenues – RUR 73.8 billion</p>	<p>See pages 12-13, 22-23. Average head count – 21,585 employees Sales revenues RUR 112.2 billion Over 100 products, see paragraph 2.2</p>
<p>2.9. Significant changes during the reporting period regarding size, structure, or ownership including:</p> <ul style="list-style-type: none"> ■ the location of, or changes in operations, including facility openings, closings, and expansions; and locations or the nature of change in operations, including opening, closing and expansion of businesses; ■ changes in the share capital structure and other capital formation, maintenance, and alteration operations (for private sector organizations) 	<p>EuroChem is actively developing its new division, EuroChem-Volgakaliy LLC In August 2007, we acquired 100 percent stock in Murmansk Alumina Terminal LLC</p>	<p>EuroChem, in a joint effort with MCC Holdings Limited, acquired 16 percent of the stock in K+S AG. We also acquired a license to develop two blocks of the Verkhnekamskoe deposit in the Perm Region</p>
<p>2.10. Awards received during the reporting period</p>	<p>See page 33</p>	<p>See Chapter "Achievements and tasks for 2009"</p>
<p>3. Report Profile</p>		
<p>3.1. Reporting period (e.g., fiscal/calendar year) for information provided</p>	<p>2007</p>	<p>2008</p>
<p>3.2. Date of most recent previous report (if any)</p>	<p>2006</p>	<p>2007</p>
<p>3.3. Reporting cycle (annual, two-year, etc.)</p>	<p>Annual</p>	
<p>3.4. Contact point for questions regarding the report or its contents</p>	<p>Bldg 6, 53 Dubininskaya St, Moscow, 115054, OJSC EuroChem Mineral and Chemical Company, PR and Communications Department</p>	<p>PR and Communications</p>
<p>REPORT SCOPE AND BOUNDARIES</p>		
<p>3.5. Process for defining report content, including:</p>	<p>See pages 4, 5, 34</p>	<p>Report content is made up subject to: 1) dialogue and engagement; 2) the need to present a regional dimension to the Company's social policy within the framework of an atlas report; 3) the need to discuss matters that have become pressing due to the global economic recession. See CSR 2007, pages 34-39, for a list of engaged stakeholders</p>
<ul style="list-style-type: none"> ■ determining materiality; ■ prioritizing topics within the report; and identification of engaged stakeholders regarded as potential report users; ■ identifying stakeholders the organization expects to use the report 	<p>Report content is designed to fully and clearly describe the Company's priorities which influence its long-term sustainable growth</p>	
<p>3.6. Boundaries of the report (e.g., countries, divisions, subsidiaries, leased facilities, joint ventures, vendors). See GRI Boundary Protocol for further guidance</p>	<p>Boundaries of the report: manufacturing divisions, subsidiaries</p>	<p>The report boundaries have not changed. The Company's social policy toward EuroChem-Volgakaliy LLC (Kotelnikovsky District, Volgograd Region) and Lifosa AB (Kedainyaisky District, Lithuania) is more detailed herein as compared with CSR 2007</p>

3.7. State any specific limitations on the scope or boundary of the report	CSR content is limited to the Company's economic activities and that of its subsidiaries
3.8. Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities that can significantly affect comparability with previous reports and/or between other organisations	Data are comparable with previous reports
3.9. Data measurement techniques and the bases of calculations, including assumptions and techniques underlying estimations applied to the compilation of the Indicators and other information in the report	Guidelines for reporting process: G3 Sustainability Reporting Guidelines; GRI Application Levels; Engagement. Edition 2; Practical Guide on Stakeholders Engagement; Glossary of special terms, words and phrases applied in translation of the Sustainability Reporting Guidelines GRI 2002 and in preparation of translation of the Draft Guidelines 2006 (G3); Global Treaty; GRI G3 Indicator Protocols and AA1000 set of documents
3.10. Explanation of the effect of any re-statements of information provided in earlier reports, and the reasons for such re-statement (e.g., mergers/acquisitions, change of base years/periods, nature of business, measurement methods)	This report does not contain any re-statements of information presented in earlier reports
3.11. Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report	This report does not contain any Significant changes from previous reporting periods in the scope, boundary, or measurement methods as compared with CSR 2007
GRI CONTENT INDEX	
3.12. Table identifying the location of the Standard Disclosures in the report	See pages 82-85
ASSURANCE	See pages 55-79
3.13. Policy and current practice with regard to seeking external assurance for the report. If not included in the assurance report accompanying the sustainability report, explain the scope and basis of any external assurance provided. Also explain the relationship between the reporting organisation and the assurance provider(s)	Bureau Veritas Certification Rus has verified our CSR. See pages 52-54
4. Governance, Commitments, and Engagement	
4.1. Governance structure of the organisation, including committees under the supreme governance body responsible for specific tasks, such as setting strategy or organisational oversight	EuroChem's governance bodies are the General Meeting of Shareholders, Board of Directors, Management Board and General Director. The General Meeting of Shareholders is the highest governance body of the Company. Committees of the Board of Directors: Strategy Committee, Governance and Personnel Committee, Audit Committee
4.2. Indicate whether the Chairperson of the highest governance body is also an executive officer (and, if so, their function within the organisation's management and the reasons for this arrangement)	Andrey Melnichenko is the Chairman of the Board of Directors. Dmitry Strezhnev is the General Director and a Board Member since July 2007

<p>4.3. For organisations that have a unitary board structure, state the number of members of the highest governance body that are independent and/or non-executive members</p>	<p>Since 2005, at least 50 percent of Directors are independent directors</p>	<p>During 2008 there were seven Directors on the Board. The Chairman and five Directors are non-executive members, of whom four Directors comply with the criteria set for independent directors (as stated in the Board of Directors Regulations)</p>
<p>4.4. Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body</p>	<p>See pages 12-13</p>	<p>The key mechanism is the function of the Corporate Secretary who, on the one hand, relays shareholder proposals with respect to operational improvement, and supports feedback, and, on the other hand, facilitates reviews of major issues within the committees of the Board of Directors</p>
<p>4.5. Linkage between compensation for members of the highest governance body, senior managers, and executives (including departure arrangements), and the organisation's performance (including social and environmental performance)</p>	<p>See page 14</p>	<p>Criteria for determining Board member remuneration and payment procedures for both remuneration and compensation of expenses are set out in the Board Member Remuneration Regulations (latest revision approved by the General Meeting of Shareholders in December 2007). Remuneration is fixed and adjusted to account for membership and chairmanship in Board Committees and performing the duties of the Chairman of the Board of Directors. The members of the Management Board do not receive additional remuneration for their membership on the Management Board. Their remuneration packages are defined exclusively by their performance of top management functions. The remuneration paid to the Company's senior executive managers includes annual bonuses for achieving annual targets (as part of individual plans adopted under the "Target Management" programme), with the account of environmental, labour safety and social indicators. See the Company's web-site for management remuneration information for 2008</p>
<p>4.6. Processes in place for the highest governance body to ensure that conflicts of interest are avoided</p>	<p>See pages 13-14</p>	<p>See pages 16-17</p>
<p>4.7. Process for determining the qualifications and expertise of members of the highest governance body for guiding the organisation's economic, environmental, and social strategies (for sustainable development)</p>	<p>See page 14</p>	<p>See pages 16-17, as well as Annual Report 2008, pages 60-64</p>
<p>4.8. Internally developed statements of mission or values, codes of conduct, and principles relevant to economic, environmental, and social performance, and the status of their implementation</p>	<p>See page 30</p>	<p>See page 6 for the statement of EuroChem's mission. See the Company's web-site for the Code of Corporate Conduct and the Code of Ethics. See CSR 2007, page 30, for corporate social responsibility principles</p>

<p>4.9. Procedures of the highest governance body for overseeing the organisation's identification and management of economic, environmental, and social performance, including relevant risks and compliance with internationally recognized standards, codes of conduct, and principles</p>	<p>See page 13</p>	<p>The Board of Directors is completely focused on strategic governance issues and performs regular independent assessments of the corporate governance level based on Standard & Poor's practices. See pages 16-17, as well as Annual Report 2008, pages 60-64</p>
<p>4.10. Processes for evaluating the performance of highest governance body, particularly with respect to economic, environmental, and social aspects</p>	<p>See pages 4, 5, 12-14</p>	<p>See pages 16-17, as well as Annual Report 2008, pages 60-64</p>
<p>4.11. Explanation of whether and how the precautionary approach or principle is addressed by the organisation</p>	<p>When considering potential environmental risks imposed by its operations, EuroChem takes the precautionary principle into account by thoroughly assessing the situation in order to avoid serious or irreversible environmental damage. The precautionary approach is pursued in accordance with industrial and environmental safety codes and standards applied by EuroChem to assess, prevent, and control environmental risks</p>	<p>See pages 16-17, as well as Annual Report 2008, pages 60-64</p>
<p>4.12. Externally developed economic, environmental, and social charters, principles, or other initiatives to which the organisation subscribes or endorses</p>	<p>GRI G3, Global Compact, AA1000</p>	<p>GRI G3, Global Compact, AA1000APS (2008)</p>
<p>4.13. Membership in associations (such as industry associations) and/or national/international advocacy organisations in which the organisation: <ul style="list-style-type: none"> ■ has positions in governance bodies; ■ participates in projects or committees; ■ provides substantive funding beyond routine membership fees; or ■ views membership as strategic </p>	<p>The Russian Association of Fertilizer Producers (RAPU). Mr. A. Melnichenko, EuroChem Board Chairman, is a member of the Bureau of the Board of Directors of the Russian Union of Industrialists and Entrepreneurs (RSPP)</p>	<p>See pages 16-17, as well as Annual Report 2008, pages 60-64</p>
<p>STAKEHOLDER ENGAGEMENT</p>		
<p>4.14. List of stakeholder groups engaged by the Organisation</p>	<p>See pages 34-39 for the list and description of engaged stakeholders</p>	<p>The list of engaged stakeholders has not changed. See Chapter "Stakeholders" in CSR 2007</p>
<p>4.15. Basis for identifying and selecting stakeholders with whom to engage</p>	<p>See page 34</p>	<p>Influence on the Company's business processes, regional business climates, and social processes important to the Company</p>

<p>he approaches have not been changed – see “Interaction with Stakeholders” in SCR 2007.</p> <p>Three dialogues were held during the reporting period:</p> <ul style="list-style-type: none"> ■ a roundtable discussion titled “Corporate Responsibility for Social and Economic Development and Environment Protection in Regions. EuroChem’s Experience” discussed at the 3rd Tula Economic Forum (October 10, 2008, Tula); ■ a roundtable discussion on the effectiveness of social projects held at the Social Projects Fair in Nevinnomyssk, Stavropol Region (October 3, 2008, Nevinnomyssk); ■ a roundtable discussion titled “A New Phase of Corporate Social Responsibility: Transition to Target Programmes” and discussions of implementing social programmes in Kotelnikovo, Volgograd Region, and in Nevinnomyssk, Stavropol Region (November 7, 2008, Moscow). <p>In February, 2008, a roundtable discussion was held in Moscow involving industry trade union representatives from various regions. See CSR 2007, pages 40–41</p>	<p>See pages 39–40</p>	<p>Summarized proposals and opinions expressed during discussions with stakeholders have been incorporated in CSR 2008 and reflected in the summary of future tasks for sustainable development in 2009</p>	<p>See pages 12-13, 22-25, as well as Annual Report 2008</p>
<p>4.16. Approaches to stakeholder engagement, including frequency of engagement by type and by stakeholder group</p>	<p>See pages 21–22, 59</p>	<p>In the long term, the composition and volume of mineral fertilizer demand may be influenced by global warming and climate change in various parts of the world</p>	<p>At this time, EuroChem does not operate its own pension fund. However, the Company takes care of retired employees and veteran employees in accordance with corporate social responsibility principles</p> <p>The Company did not receive any financial assistance from the government and did not resort to any tax preferences</p>
<p>5. Management Approach and Performance Indicators</p>			
<p>EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments</p>	<p>See pages 16–17, 20–21, 23–24, 26–27, 29–30, 32–33, 35–36, 38–39, 41–42, 44–45, 47–48, 50–51, 53–54, 56–57, 59–60, 62–63, 65–66, 68–69, 71–72, 74–75, 77–78, 80–81, 83–84, 86–87, 89–90, 92–93, 95–96, 98–99, 101–102, 104–105, 107–108, 110–111, 113–114, 116–117, 119–120, 122–123, 125–126, 128–129, 131–132, 134–135, 137–138, 140–141, 143–144, 146–147, 149–150, 152–153, 155–156, 158–159, 161–162, 164–165, 167–168, 170–171, 173–174, 176–177, 179–180, 182–183, 185–186, 188–189, 191–192, 194–195, 197–198, 200–201, 203–204, 206–207, 209–210, 212–213, 215–216, 218–219, 221–222, 224–225, 227–228, 230–231, 233–234, 236–237, 239–240, 242–243, 245–246, 248–249, 251–252, 254–255, 257–258, 260–261, 263–264, 266–267, 269–270, 272–273, 275–276, 278–279, 281–282, 284–285, 287–288, 290–291, 293–294, 296–297, 299–300, 302–303, 305–306, 308–309, 311–312, 314–315, 317–318, 320–321, 323–324, 326–327, 329–330, 332–333, 335–336, 338–339, 341–342, 344–345, 347–348, 350–351, 353–354, 356–357, 359–360, 362–363, 365–366, 368–369, 371–372, 374–375, 377–378, 380–381, 383–384, 386–387, 389–390, 392–393, 395–396, 398–399, 401–402, 404–405, 407–408, 410–411, 413–414, 416–417, 419–420, 422–423, 425–426, 428–429, 431–432, 434–435, 437–438, 440–441, 443–444, 446–447, 449–450, 452–453, 455–456, 458–459, 461–462, 464–465, 467–468, 470–471, 473–474, 476–477, 479–480, 482–483, 485–486, 488–489, 491–492, 494–495, 497–498, 500–501, 503–504, 506–507, 509–510, 512–513, 515–516, 518–519, 521–522, 524–525, 527–528, 530–531, 533–534, 536–537, 539–540, 542–543, 545–546, 548–549, 551–552, 554–555, 557–558, 560–561, 563–564, 566–567, 569–570, 572–573, 575–576, 578–579, 581–582, 584–585, 587–588, 590–591, 593–594, 596–597, 599–600, 602–603, 605–606, 608–609, 611–612, 614–615, 617–618, 620–621, 623–624, 626–627, 629–630, 632–633, 635–636, 638–639, 641–642, 644–645, 647–648, 650–651, 653–654, 656–657, 659–660, 662–663, 665–666, 668–669, 671–672, 674–675, 677–678, 680–681, 683–684, 686–687, 689–690, 692–693, 695–696, 698–699, 701–702, 704–705, 707–708, 710–711, 713–714, 716–717, 719–720, 722–723, 725–726, 728–729, 731–732, 734–735, 737–738, 740–741, 743–744, 746–747, 749–750, 752–753, 755–756, 758–759, 761–762, 764–765, 767–768, 770–771, 773–774, 776–777, 779–780, 782–783, 785–786, 788–789, 791–792, 794–795, 797–798, 800–801, 803–804, 806–807, 809–810, 812–813, 815–816, 818–819, 821–822, 824–825, 827–828, 830–831, 833–834, 836–837, 839–840, 842–843, 845–846, 848–849, 851–852, 854–855, 857–858, 860–861, 863–864, 866–867, 869–870, 872–873, 875–876, 878–879, 881–882, 884–885, 887–888, 890–891, 893–894, 896–897, 899–900, 902–903, 905–906, 908–909, 911–912, 914–915, 917–918, 920–921, 923–924, 926–927, 929–930, 932–933, 935–936, 938–939, 941–942, 944–945, 947–948, 950–951, 953–954, 956–957, 959–960, 962–963, 965–966, 968–969, 971–972, 974–975, 977–978, 980–981, 983–984, 986–987, 989–990, 992–993, 995–996, 998–999, 1000–1001</p>	<p>EC2 Financial implications and other risks and opportunities for the organisation’s activities due to climate change</p>	<p>EC3 Coverage of the organisation’s defined benefit plan obligations</p> <p>EC4 Significant financial assistance received from the government</p>
<p>EC5 Range of ratios of standard entry-level wage compared to local minimum wage at significant locations of operation</p>	<p>An average monthly wage at EuroChem as a whole in 2007 was 16 percent higher than the average wage rate in all Russian industrial sectors, and 55 percent higher than the overall average wage rate in Russia</p>	<p>The average monthly wage at EuroChem in 2008 (RUR 25,220) was 47 percent higher than the average wage rate in Russia (RUR 17,112)</p>	

The process of partnering with vendors and suppliers includes procurement planning and arrangements, receipt, storage and distribution of raw materials required for production. The process is controlled through EuroChem's approved standards, as well as ISO standards. To mitigate procurement and contracting risks, bids are arranged, including electronic tendering. Supplied equipment must be duly certified for safety compliance and licensed for use. Contractors are required to abide by EuroChem's labour and industrial safety regulations

EC6 Policy, practices, and proportion of spending on locally-based suppliers at significant operational locations

*At operational locations, the Company traditionally hires personnel from local communities. Applicants are to meet requirements subject to the job description, job-specific qualifications and safety regulations. Hiring procedures are included in the Company's Employment Policies and Procedures

EuroChem	Proportion of senior management, hired locally, %	
	2007	2008
Krasnodar Territory	56,25	56,25
Leningrad Region	80,0	80,0
Murmansk Region	85,71	85,71
Stavropol Territory	84,62	71,42
Tula Region	41,67	28,57

EC7 Procedures for local hiring and the proportion of senior management hired from the local community at significant operational locations

* Data presented in combined columns hereinafter are for 2008. See EuroChem's Social Reports for 2001 through 2005, 2006, 2007

EC8 Development and impact of infrastructure investments and services provided primarily for public benefit through commercial, in kind, or pro bono engagement

See pages 43-46

See pages 24-25

EC9 Understanding and describing significant indirect economic impacts, including the extent of impacts

See pages 6-7, 15, 17, 22, 30, 38, 45

Not only do local communities receive direct financial aid for socially vulnerable groups, but they also receive funds for infrastructure development, material supplies for educational and medical institutions, sports facilities, etc

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Apatite concentrate	thou. tons	weight	578,322	876,533	2,402	0,629	0	1 457,886
Potassium chloride	thou. tons	weight	10,065	0	128,13	0	0	138,195
Sulphur	thou. tons	weight	162,55	196,379	0	0	0	358,929
Sulphuric acid	thou. tons	weight	101,963	111,06	15,054	7,674	0	235,751
Wet process phosphoric acid	thou. tons	weight	0	0	35,525	0	0	35,525
Ammonia	thou. tons	weight	71,845	65,869	0	0	0	137,714
Sodium hydroxide	thou. tons	weight	0,52	35,473	5,017	7,114	0	48,124
Lime	thou. tons	weight	19,186	1,88	0,323	0	0	21,389
Tails	thou. tons	weight	0	0	0	0	5 450,300	5 450,3
Ore	thou. tons	weight	0	0	0	0	15 771,000	15 771
Natural gas	mln. m ³	volume	5,5	0	1 629,686	1 478,818	0	3 114,004
Grand total	thou. tons	weight	947,999	1 287,194	1 237,598	969,255	21 221,3	25 663,345

EN1 Materials used by weight or volume

Indicator	Unit of measure	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
%	per unit	0	0	0,217	0,71	25,683	21,275
thou. tons	weight	0	0	2,686	6,882	5 450,3	5 459,868
thou. tons	weight of phosphogypsum	912,697	1,204	0,576	0	0	914,477

EN2 Percentage of materials used that are recycled input materials

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Heat generated by chemical reactions	thou. Gcal	Owing to chemical reactions	376,015	520,272	833,34	947,429	0	2 677,056
Gasoline	thou. tons	motor fuel	0,1	0,223	0,199	0,314	0,636	1,472
Diesel	thou. tons	motor diesel fuel	0,7	2,069	1,206	2,027	35,957	41,959
Coal	thou. tons	burning	0	0	0	0	0	0
Gas	mln. m ³	burning (without process gas which is used for chemical reactions in production)	30,342	68,611	15,458	139,328	0	253,739
Fuel oil	thou. tons	burning	0	0	0	0	134,717	134,718
Total	thou. GJ	total	2 792,451	4 954,014	3 558,953	4 549,165	7 000,814	22 855,397

EN3 Direct energy consumption by primary energy source

In 2007 no regular records were maintained

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Electric power	thou. kWh	purchased	46 571,816	181 365,519	1 029 467,6	1 148 664,4	673 460,7	3 079 530,035
Heat	Gcal	purchased	0	0	1 322 692	255 362	0	1 578 054
Total	thou. GJ	total	167,658	652,916	9 242,872	5 204,137	2 424,458	17 692,041

EN4 Indirect energy consumption by primary source

Unit of measure	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
GJ	1 070,1	351 721	337 468,4	155 945	38 989	885 193,5

EN5 Energy saved due to conservation and efficiency improvements

EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives

See page 66

See pages 46-47

EN7 Initiatives to reduce indirect energy consumption and reductions achieved

In 2007 no regular records were maintained

See pages 46-47

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Surface water	thou. m ³	volume	6 707	5 527	0	33 626	7 157,3	53 017,3
Storm water	thou. m ³	volume	0	0	0	0	0	0
Ground water	thou. m ³	volume	319	87	0	1 094	0	1 500
Third-party' waste water	thou. m ³	volume	0	0	0	0	0	0
Purchased Water	thou. m ³	volume	0	262	29 382,42	11	3 989,1	33 644,52
Grand total	thou. m ³	volume	7 026	5 876	29 382,42	34 731	11 146,4	88 161,82

EN8 Total water withdrawal by source

EN9 Water sources significantly affected by withdrawal of water

The Company's water intake primarily impacts surface water

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Reused water	thou. m ³	volume	113 073	86 023	559 442	308 580	102 808	1 169 926
Percentage of reused water out of total water consumption	%	per unit	94,1	93,6	95	89,9	90,2	93

EN10 Percentage and total volume of water recycled and reused

EN11 Location and size of land owned, leased, managed in or adjacent to protected areas and areas of high biodiversity outside protected areas

EuroChem divisions do not own, lease, manage land in or adjacent to protected areas and areas of high biodiversity outside protected areas

EN12 Description of significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity outside protected areas

No significant impacts of activities, products and services on biodiversity in protected areas and areas of high biodiversity outside protected areas have been observed

EN13 Habitats protected or restored

EuroChem did not take any dedicated actions to protect and restore over the reporting period

PG Phosphorite LLC, 127 ha

EN14 Strategies, current actions, and future plans for managing impacts on biodiversity

No actions to impacts on biodiversity were taken

The Company abided by effective Russian law and assumed environmental responsibilities

EN15 Number of IUCN Red List species and national conservation list species with habitats in areas affected by operations, by level of extinction risk

At this time, the Company is not aware of any IUCN Red List species or national conservation list species with habitats in areas affected by operations

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
EN16 Total direct and indirect greenhouse gas emissions by weight								
CO ₂	thou. tons	weight	38,751	89,097	22,687	173,975	520,906	845,415
CH ₄	tons	weight	3,501	8,01	2,058	15,74	18,032	47,342
N ₂ O	tons	weight	0,084	0,202	0,066	0,357	4,019	4,729
CO ₂ -equivalent	thou. tons	weight	38,85	89,328	22,751	174,416	522,530	847,875

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
EN17 Other relevant indirect greenhouse gas emissions by weight								
CO ₂	thou. tons	weight	5,153	20,067	284,074	159,946	137,567	606,807
CH ₄	tons	weight	0,466	1,816	25,705	14,473	3,536	45,996
N ₂ O	tons	weight	0,009	0,036	0,514	0,289	1,061	1,91
CO ₂ -equivalent	thou. tons	weight	5,166	20,116	284,773	160,340	137,97	608,365

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved								
Action	tons	Emission reductions enabled by action	none	Construction of 12 MW power generator	Implementation of Uhde ErviNOx process (at each unit) will enable reductions in nitrogen oxide and ammonia in tail gas emissions. In 2015, the system will be able to meter tail gas flow and nitrogen oxide concentration	none	none	*

Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
EN19 Emissions of ozone-depleting substances by weight							
tons	weight	0,148	0,008	0,034	0,041	0	0,231

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG-Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Total	tons	weight	1 759,575	4 138,66	4 952,77	9 280,511	8 302,556	28 434,072
SO ²	tons	weight	901,796	2 668,471	1,026	1,356	4 290,386	7 863,035
CO	tons	weight	98,77	81,601	893,049	4 068,135	808,251	5 949,806
NOx	tons	weight	231,437	479,834	642,807	1 694,888	1 391,154	4 440,12
Sulphuric acid	tons	weight	20,774	100,024	1,104	0,03	0	121,932
Ammonia	tons	weight	322,409	139,188	1 065,856	1 750,839	0	3 278,292
Solids	tons	weight	126,491	284,971	1 869,94	1 066,675	1 695,993	5 044,07
Hydrocarbons (excl. VOC)	tons	weight	0,153	3,023	279,556	118,499	109,118	510,349
Volatile organic compounds (VOC)	tons	weight	17,47	213,232	174,076	81,276	7,202	493,256

EN20 NO, SO₂, and other significant air emissions by type and weight

EN21 Total water discharge by quality and destination

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorisky GOK	Total
Indicator	hou. m ³	volume	2 225,9	4 942	40 677,631	37 579	41 872,5	127 297,031
Total annual water discharge (incl. users)	tons	weight	1 054,93	5 861,36	39 079,497	37 597,819	35 820,94	119 414,546
Total discharged pollutants (incl. users).	*	*	*	*	*	*	*	*
Including:	tons	weight	7,7	26,148	355,44	104,384	178,9	672,572
BODfull	tons	weight	0,16	0,314	4,288	3,444	2,77	10,976
Hydrocarbons	tons	weight	24,37	38,188	619,545	231,466	209,4	1 122,969
Suspended particles	tons	weight	2,504	19,633	10,566	132,77	23,29	188,763
Ammonia nitrogen	tons	weight	7,137	91,722	1 083,161	3 507,323	511,01	5 200,353
Nitrates	tons	weight	184	694,126	8 925,347	5 302,649	9 544,8	24 650,922
Sulphates Chlorides	tons	weight	55	258,332	1 985,405	3 741,343	379,42	6 419,5
Fluorine	tons	weight	0,86	3,253	6,009	0	0	10,122
Common phosphorus	tons	Water body	2,22	10,738	56,302	14,404	18,4	102,064
Water body	name	volume	Pshekha River	Luga River	Barsuchki River	Shat River, Shatskoye water storage	Kovdora River, Mozhel River, Lake Kovdor	*
Total annual water discharge by water body	hou. m ³	volume	2 225,9	4 898	22 403,211	28 928	41 872,5	100 327,611
Incl. total annual untreated water discharge by water body	hou. m ³	weight	2 225,9	0	528,5	0	5 294,3	8 048,7
Total weight of pollutants discharged by water body	tons	weight	1 054,93	5 823,977	27 146,71	26 418,638	35 820,94	96 265,195
BODfull	tons	weight	7,7	25,705	192,104	68,936	178,9	473,345
Hydrocarbons	tons	weight	0,16	0,31	2,774	1,783	2,77	7,797
Suspended particles	tons	weight	24,37	36,397	375,381	115,361	209,4	760,909
Ammonia nitrogen	tons	weight	2,504	19,513	7,564	129,142	23,29	182,013
Nitrates	tons	weight	7,137	91,705	623,484	2447,526	511,01	3680,862
Sulphates	tons	weight	184	687,325	6981,44	3910,187	9544,8	21307,752

Chlorides	tons	weight	55	256,033	1 133,493	2 589,092	379,42	4 413,088
Fluorine	tons	weight	0,86	3,235	3,308	0	0	7,403
Common phosphorus	tons	weight	2,22	10,676	27,177	4,716	18,40	63,189
Total volume of waste water delivered to third-parties for treatment	thou. m ³	volume	0	0	0	0	1 627,800	1 627,8

EIV22 Total weight of waste by type and disposal method

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Total generated waste	tons	weight	852 073,364	7 207,638	22 678,182	27 497,065	46 654 544,926	47 564 001,175
Hazard class 1	tons	weight	0,125	1,21	3,732	102,465	0,931	108,463
Hazard class 2	tons	weight	45,967	0,111	5 730,783	0	0,69	5 777,551
Hazard class 3	tons	weight	33,231	271,917	1 907,215	3 892,001	619,304	6 723,668
Hazard class 4	tons	weight	338,794	5 781,717	9 945,008	15 117,945	2 301,51	33 484,974
Hazard class 5 (total)	tons	weight	851 655,247	1 152,683	5 091,444	8 384,654	46 651 619,491	47 517 903,519
Hazard class 5 (mining sector)	tons	weight	0	0	0	0	46 645 792,9	46 645 792,9
Total disposed waste	tons	weight	914 047	1 642,912	13 360,198	11 368,396	21 557 781,5	22 498 200,006
Hazard class 1	tons	weight	0	0	0	0	0	0
Hazard class 2	tons	weight	0,25	0,111	1 096,04	0	0	1 096,401
Hazard class 3	tons	weight	30,396	64,504	868,12	3 529,346	509,6	5 001,966
Hazard class 4	tons	weight	124,451	27,794	50,76	685,48	0	888,485
Hazard class 5 (total)	tons	weight	913 892,6	1 550,503	12 089,638	7 153,57	21 557 271,9	22 491 958,211
Hazard class 5 (mining sector)	tons	weight	0	0	0	0	21 557 201	21 557 201
Total decontaminated waste	tons	weight	64,052	1,975	5 989,76	102,465	5,89	6 164,142
Hazard class 1	tons	weight	0,287	1,962	2,945	102,465	0	107,659
Hazard class 2	tons	weight	30,98	0	5598,743	0	0,69	5630,413
Hazard class 3	tons	weight	2,335	0	388,072	0	5,2	395,607

Hazard class 4	tons	weight	0	0,013	0	0	0	0	0,013
Hazard class 5	tons	weight	0	0	0	0	0	0	0
Total buried waste	tons	weight	249,363	6109,281	13056,874	17626,103	25090223,994	25127265,615	
Hazard class 1	tons	weight	0	0	0	0	0	0	0
Hazard class 2	tons	weight	0	0	8,28	0	0	8,28	8,28
Hazard class 3	tons	weight	0	230,996	755,889	157,03	10,394	1154,309	
Hazard class 4	tons	weight	214,343	5743,865	8905,089	15916,32	1604,339	32383,956	
Hazard class 5 (total)	tons	weight	35,02	134,42	3387,616	1552,753	25088609,261	25093719,07	
Hazard class 5 (mining sector)	tons	weight	0	0	0	0	25088591,9	25088591,9	

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Number of emergencies and accidents resulting in environment pollution	ea.	quantity	0	0	0	1	0	1
Total amount of atmospheric and water pollutants, incl.:	description	pollutant	*	*	*	ammonia	*	*
	tons	weight	0	0	0	0,05	0	0,05
Water pollutant	description	pollutant	*	*	*	none	*	*
	tons	weight	0	0	0	0	0	0
Atmospheric pollutant	description	pollutant	*	*	*	ammonia	*	*
	tons	weight	0	0	0	0,05	0	0,05

EN24 Weight of transported, imported, exported or treated waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII, and percentage of transported waste shipped internationally

EuroChem does not transport, import, export or treat waste deemed hazardous under the terms of the Basel Convention Annex I, II, III, and VIII

EN25 Identity, size, protected status and biodiversity of value water bodies and related habitats significantly affected by the reporting organisation's discharges of water and runoff

The Company does not significantly affect water bodies that have a protected status and biodiversity. The Company does affect Lake Kovdor which is a habitat for one protected species

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Brief description of environmental initiative	description	significant initiative	Installation of drift eliminators at cooling tower with water recovery cooling system (heat power station)	Worn equipment retrofit (catalytic reactor) for production of sulphuric acid	Stabilizing treatment of cooling water	Revamp of production shops underway. Complex fertilizers, Carbamide-3	none	*
Extent of impact mitigation	subject to type of impact	subject to type of impact	Reduction of drop entrainment by 38 percent, or by 3.5 thousand m3/year	Reduction of sulphur dioxide emissions by 600 tons	Reduction of waste water discharge by 1 mln. m3 in 2008	impact mitigation will be noticeable upon revamp completion	none	*

EN26 Initiatives to mitigate environmental impacts of products and services and extent of impact mitigation

EN27 Percentage of products sold and their packaging materials that are reclaimed by category

Due to the specific nature of the Company's product, no data is collected

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Monetary sanctions, total	thou. RUR	amount	0	0	10	142,2	100,548	252,748
Fines	thou. RUR	amount	0	0	10	50	20	80
Other monetary sanctions	thou. RUR	amount	0	0	0	92,2	80,548	172,748
Number of non-monetary sanctions, total	ea.	number	0	0	0	0	0	0
Number of other administrative sanctions	ea.	number	0	0	0	0	0	0
Number of criminal sanctions	ea.	number	0	0	0	0	0	0
Number of lost law suits	ea.	number	0	0	0	0	0	0
Number of identified non-compliances (improvement notice items) for reporting year	ea.	number	2	0	2	0	3	7
Number of rectified non-compliances (according to improvement notice items) for reporting year	ea.	number	1	0	2	7	3	13

EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations

EN29 Significant environmental impacts of transporting products and other goods and materials used for the organisation's operations, and transporting members of the workforce

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Railroad transportation	thou. km	quantity	167 842,79	574 056	1 230 231,662	3 611 463	12 179 380,6	17 762 974,05

Indicator	Unit of measure	EuroChem BMU LLC	PG Phosphorite LLC	OJSC Nev. Azot	OJSC Azot	OJSC Kovdorsky GOK	Total
Total environmental protection expenditures and investments by type including:		*	*	*	*	*	*

Environmental protection current expenditures	thou. RUR	70 515	170 376	477 655,3	100 040	174 870,532	993 456,832
---	-----------	--------	---------	-----------	---------	-------------	-------------

EN30 Total environmental protection expenditures and investments by type

Expenditures to refurbish fixed assets for environmental protection	thou. RUR	14 592	7 019	50 271,5	75 056	45 446,9	192 385,4
---	-----------	--------	-------	----------	--------	----------	-----------

Environmental impact charges	thou. RUR	492	1 459,42	8 193,7	9 408,551	20 856,121	40 409,796
------------------------------	-----------	-----	----------	---------	-----------	------------	------------

Water protection charges	thou. RUR	86,3	35,434	30 228,984	332 191,627	9 790,07	372 332,415
--------------------------	-----------	------	--------	------------	-------------	----------	-------------

Investments in capital assets for environmental protection and management	thou. RUR	11 898,5	165 206	100 858,016	39 541	25 070,2	342 573,716
---	-----------	----------	---------	-------------	--------	----------	-------------

Indicator	01.01.2009
Head count, total	20 755
including:	
- indefinite term employment contract	20 516
- fixed term employment contract	239
- full time	20 737
- part time	18
incl. by regions:	
Krasnodar Territory	1 418
- indefinite term employment contract	1 398
- fixed term employment contract	20
- full time	1 418
- part time	0
Stavropol Territory	4 874
- indefinite term employment contract	4 763
- fixed term employment contract	111
- full time	4 865
- part time	9
Leningrad Region	2 138
- indefinite term employment contract	2 124
- fixed term employment contract	14
- full time	2 136
- part time	2
Murmansk Region	4 192
- indefinite term employment contract	4 150
- fixed term employment contract	42
- full time	4 190
- part time	2
Tula Region	6 279
- indefinite term employment contract	6 237

LA1 Total workforce by employment type, employment contract, and region

Indicator	Unit of measure	Indicator description	EuroChem BMU LLC	PG Phosphorite LLC	O.JSC Nev. Azot	O.JSC Azot	O.JSC Kovdorsky GOK	Total
Number of recorded accidents involving short-term disability	ea.	*	0	7	4	6	15	32
Accident frequency rate	ea./thou. people	*	0	3,8	0,94	1,22	3,8	2
Number of days of short-term disability due to injuries	work days	*	0	414	320	550	480	1 764
Absenteeism factor	*	*	0,032	0,041	0,028	0,035	0,039	
Total number of work days lost to short-term disability for any reasons	work days	*	8 461	18 982	29 579	42 929	38 211	138 162
Accident severity factor	days	disability work days per accident	0	59,14	80	91,7	32	55,1
Number of fatalities	ea.	*	0	0	0	0	0	0
Number of newly identified occupational diseases	ea.	*	0	0	1	0	3	4

LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region

Education and training programmes by occupation for the Company's employees; technical inspection training programmes by type of supervision (boiler inspection, gas, chemical facilities inspection etc.)

Indicator	EuroChem BMU LLC	PG Phosphorite LLC	O.JSC Nev. Azot	O.JSC Azot	O.JSC Kovdorsky GOK	Total
Number of employees trained and certified for industrial safety compliance during reporting period, people	589	632	383	1 501	1 108	4 213

LA8 Education, training, counselling, prevention, and risk-control programmes in place to assist workforce, their families, or community members regarding serious diseases

<p>EuroChem-BMU LLC: PPE – 2.8 mln. RUR; nutritional care, milk – 7.2 mln. RUR; labour safety measures - 3.8 mln. RUR; insurance – 1.7 mln. RUR. PG Phosphotite LLC: according to the Collective Bargaining Agreement labour safety spending amounted to 18,340.98 thou. RUR, PPE - 7,564.0 thou. RUR; nutritional care – 13,871.539 thou. RUR; milk – 1,273.39 thou. RUR. OJSC Nevinnomyssky Azot : Collective Bargaining Agreement sections: 6. Labour Safety; 7.Social Benefits; 8. Employment Rights and Guarantees. Labour Safety: 1. Juice, nutritional care, milk -19,701.3 thou. RUR; 2. PPE (protective clothing) – 14,197.9 thou. RUR; 3. Labour safety agreement – 7,423.7 thou. RUR; 4. Labour conditions improvement plan – 21,244.7 thou. RUR. Total - 62,567.6 thou. RUR. OJSC Azot : Agreement – 22,970 thou. RUR; PPE – 12,370 thou. RUR; nutritional care – 7,451 thou. RUR, milk – 8,451 thou. RUR</p>	<p>Average hours of training per year per employee - 63.5 hours: 86.8 hours per worker, and 40.5 hours per manager and specialist</p>	<p>See page 50</p>
<p>LA9 Health and safety topics covered in formal agreements with trade unions</p>	<p>See pages 40-42</p>	<p>The Company is implementing the following corporate programmes: (a) MBA programme (at the Academy of National Economy under the Government of the Russian Federation and Kingston University, UK), (b) a four-module programme for developing basic managerial competence (at the Academy of National Economy under the Government of the Russian Federation, High School of Corporate Management). Out of 280 young specialists, 70 percent participated in development programmes, of which 26 percent were promoted</p>
<p>LA10 Average hours of training per year per employee by employee category</p>	<p>See page 50</p>	<p>In 2008, 342 managers at different levels participated in the “Target Management” programme (16 percent more than in 2007)</p>
<p>LA11 Programmes for skills management and lifelong learning that support continued employability and assist employees in managing career changes</p>	<p>No regular records are maintained</p>	<p>Average salary in 2008 amounted to RUR 25,220. The ratio of base salaries between men and women by employee category is 1.4 (1.3 for management positions, 1.4 for specialists, 1.3 for workers and clerks)</p>
<p>LA12 Percentage of employees receiving regular performance and career development reviews</p>	<p>See page 50</p>	<p>No regular records are maintained</p>
<p>LA13 Composition of governance bodies and breakdown of employees per category according to gender, age group, minority group membership, and other indicators of diversity</p>	<p>No regular records are maintained</p>	<p>No regular records are maintained</p>
<p>LA14 Ratio of base salaries between men and women by employee category</p>	<p>See page 50</p>	<p>No regular records are maintained</p>
<p>HR1 Percentage and total number of significant investment agreements that include human rights clauses or that have undergone human rights screening</p>	<p>No regular records are maintained</p>	<p>No regular records are maintained</p>
<p>HR2 Percentage of significant suppliers and contractors that have undergone screening on human rights, and actions taken</p>	<p>No regular records are maintained</p>	<p>No regular records are maintained</p>

HR3 Total hours of employee training on policies and procedures concerning aspects of human rights that are relevant to operations, including the percentage of employees trained	No dedicated training was conducted
HR4 Total number of incidents of discrimination, and actions taken	No incidents of discrimination were recorded
HR5 Operations identified in which the right to exercise freedom of association and collective bargaining may be at significant risk, and actions taken to support these rights	For information on collective bargaining agreements see CSR 2007, pages 38–42
HR6 Operations identified as having significant risk for incidents of child labour, and measures taken to contribute to the elimination of child labour	No child labour is used at EuroChem
HR7 Operations identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of forced or compulsory labour	No forced or compulsory labour is used at EuroChem
HR8 Percentage of security personnel trained in the organisation's policies or procedures concerning human rights that are relevant to operations	All security personnel are briefed on the organisation's policies and procedures concerning human rights
HR9 Total number of incidents of violating rights of indigenous people, and actions taken	At EuroChem, the rights of indigenous people are not violated
S01 Nature, scope, and effectiveness of any programmes and practices that assess and manage the impacts of operations on communities, including entering, operating and exiting	See pages 43–44 See pages 24–45
S02 Percentage and total number of business units analyzed for risks related to corruption	Security and in-house audit personnel regularly monitor all of the Company's divisions for risks related to corruption
S03 Percentage of employees trained in the organisation's anti-corruption policies and procedures	All EuroChem employees adhere to existing Russian laws and the Company's Code of Corporate Conduct. No dedicated training in the organisation's anti-corruption policies and procedures was conducted
S04 Actions taken in response to incidents of corruption	No incidents of corruption involving the Company's employees were revealed during the reporting period
S05 Public policy positions and participation in public policy development and lobbying	EuroChem is striving to build its relationships with government bodies and municipal authorities based on law and other regulatory acts, without resorting to any unlawful means of influence. As part of its cooperation with government bodies, EuroChem prepares documents concerning key issues in the development of the chemical sector such as development strategy, international cooperation, organisational and economic management mechanisms, and review and discussion thereof by a variety of companies, institutions and corporations. As required, the Company provides all necessary information to regulatory bodies
S06 Total value of financial and in-kind contributions to political parties, politicians and related institutions by country	The Company does not offer any financial or in-kind contributions to political parties, politicians or related institutions
S07 Total number of legal actions for anticompetitive behaviour, anti-trust and monopoly practices and their outcomes	EuroChem has never been subject to any legal actions for anticompetitive behaviour, anti-trust or monopoly practices

S08 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	No fines or non-monetary sanctions for non-compliance with laws and regulations were imposed on the Company during the reporting period
PR1 Life cycle stages in which health and safety impacts of products and services are assessed for improvement, and percentage of significant products and services categories subject to such procedures	On the Company's web-site www.EuroChem.ru , "Agrochemical Review" discusses eurochem's products used in agriculture, with emphasis on the life cycle stages of plants in terms of effective and safe usage of fertilizers
PR2 Total number of incidents of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services during their life cycle, by type of outcome	During the reporting period, no incidents were recorded of non-compliance with regulations and voluntary codes concerning health and safety impacts of products and services
PR3 Type of product and service information required by procedures, and percentage of significant products and services subject to such information requirements	The Company keeps fertilizer wholesalers and retailers informed of both the quality and potential environmental impacts of its products. All of the Company's products are duly labelled. Products are supplied with required passports and certificates, including the hygienic certificate and the safety sheet
PR4 Total number of incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling, by type of outcome	The Company is not aware of any incidents of non-compliance with regulations and voluntary codes concerning product and service information and labelling
PR5 Practices related to customer satisfaction, including results of surveys measuring customer satisfaction	At EuroChem, annual surveys are conducted to measure customer satisfaction
PR6 Programmes for adherence to laws, standards and voluntary codes related to marketing communications including advertising, promotion, and sponsorship	In terms of press relations and marketing communications, EuroChem adheres to applicable laws and professional ethics codes, being also a member of the Russian Association for Public Relations (RASO)
PR7 Total number of incidents of non-compliance with regulations and voluntary codes concerning marketing communications including advertising, promotion, and sponsorship by type of outcomes	No incidents were recorded of non-compliance with regulations and voluntary codes concerning marketing communications, including advertising, promotion, and sponsorship
PR8 Total number of substantiated complaints regarding breaches of customer privacy and losses of customer data	No complaints were filed during the reporting period regarding breaches of customer privacy or losses of customer data
PR9 Monetary value of significant fines for noncompliance with laws and regulations concerning the provision and use of products and services	No fines were imposed on the Company during the reporting period for noncompliance with laws and regulations concerning the provision and use of products and services



Feedback Form

You have become acquainted with EuroChem's corporate social report. Your opinion regarding the content and format of presentation of information is important to us so please answer a few questions below.

Evaluate your general impression of EuroChem's social report. Evaluate your impression on a 5-point scale, where 1 is negative and 5 is positive.

negative	1	2	3	4	5	positive
----------	---	---	---	---	---	----------

Did you learn something new about the company from the social report?

YES NO If YES, specify

.....

.....

Your opinion about MCC EuroChem's social report (5 points max)

Completeness of information	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Confidence in information and facts	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Structure and style of presentation	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5
Report design	<input type="checkbox"/> 1	<input type="checkbox"/> 2	<input type="checkbox"/> 3	<input type="checkbox"/> 4	<input type="checkbox"/> 5

How would you evaluate completeness, veracity and objectivity of the information?

High Satisfactory Low Difficult to say

Will the information help improve effectiveness of relations with EuroChem?

YES NO Not required

Would you like to receive information on EuroChem operations in respect of corporate social responsibility and sustainable development on a regular basis?

YES NO

Would you like to receive the next corporate social report of EuroChem?

YES NO

Your social position or public activity/job?

Company employee

partner



- supplier
- consumer
- non-profit organisation representative
- employee of federal executive authorities
- employee of regional executive authorities
- journalist
- professional community representative
- independent expert
- resident of a town (region) at locations of the Company's operations

Your proposals and comments to EuroChem Corporate Social Report

.....

.....

.....

.....

.....

.....

.....

Thank you for your interest in EuroChem Social Report!

Please send the completed form to:
Bldg. 6, 53 Dubininskaya St, Moscow, 115054
Public Relations and Communications Department.

Open Joint Stock Company
“Mineral and Chemical Company “EuroChem”
53 Dubininskaya St, Moscow, 115054
Tel.: +7(495) 795-25-27
Fax: +7(495) 795-25-32
www.eurochem.ru
info@eurochem.ru



EUROCHEM
MINERAL AND CHEMICAL COMPANY
KEY TO SUCCESS