

Moscow, 28 March 2014

To the attention of  
**Sara Eyckmans**  
Coordinator  
Western Sahara Resource Watch  
[coordinator@wsrw.org](mailto:coordinator@wsrw.org)

**cc:**

Clark Bailey, EuroChem Managing Director/Mining ([Clark.Bailey@eurochem.ru](mailto:Clark.Bailey@eurochem.ru))  
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Dear Mrs Eyckmans,

Thank you for your letter dated March 22<sup>nd</sup>, 2014, addressed to the EuroChem Head of Communications. We always appreciate the opportunity to present the EuroChem Group, its operations, and strategy as well as reassert our commitment to sustainable development. I must also apologize to you for what appears to have been a lack of internal communication and coordination on our part. We apologize for this unfortunate situation; this should not be perceived as a sign of unwillingness on our part to construct a dialogue with Western Sahara Resource Watch.

While you attempted to start a dialogue with Lifosa and the EuroChem Communications Department on the Group's purchases of phosphate rock, our team in the Corporate Finance Department was discussing these very issues with another party.

Over the last several months, our Corporate Finance Department has been in regular contact with Global Engagement Services (GES) and their Senior Engagement Manager, Tytti Kaasinen. In addition to providing an in-depth view of the Group's current phosphate business and strategic development initiatives, we have also informed GES of our desire to conduct further due diligence in this area.

A key pillar of the Group's growth strategy is centred on self-sufficiency. We seek to deepen our integration throughout our value creation chain chiefly by increasing our resource base (natural gas, phosphate rock, potash) and increasing processing and logistics capabilities. Within this logic, reducing the gap in phosphate rock has been a priority for both strategic and social considerations.

As you might be aware, while we are still purchasing product from the Moroccan company Office Chérifien des Phosphates (OCP), some of which is sourced from the Bou Craa area, to cover a portion of our feedstock requirements, we have been implementing short-term and long-term action plans, including the following:

Short-term

- Diversifying external purchases to include more feedstock from Russia, Kazakhstan, and Togo, amongst others.

Long-term

- Investing in Kazakhstan phosphate rock mining operations.
- Increasing annual production levels at our Kovdorskiy GOK phosphate rock mine in Russia.

While we wait for these investment initiatives to come on-stream and realise their full potential, we have taken the decision to further evaluate the situation within the Moroccan phosphate rock market. We expect our suppliers to demonstrate best practice in relation to their environmental management, ethical and social responsibilities. As well, all equipment supplied to EuroChem must carry all relevant safety and usage permits. With that in mind we have been evaluating the possibility of undertaking a social and economic assessment of our purchased phosphate rock supply chain.

Specifically with regards to the Western Sahara situation, we agree that Owner companies should carry out appropriate political and ethical considerations and perhaps even investigations to ensure their suppliers' activities respect the principles of sustainable development and, in this particular case, allow the ethnic Saharawis to derive a benefit from resources on the territory. While we may not fully appreciate or understand these relationships, EuroChem consequently plans to have a team of EuroChem executives, as well as independent experts, ready to perform an on-site analysis later this year. While we will develop a plan for such analysis on our own, we would of course welcome your ideas as to whom we should consult and engage during our analysis and appreciate your feedback on this initiative.

In the meantime, we remain open should you require any additional information on EuroChem and its operations. So as avoid any further miscommunication, I would suggest that you always include the above mentioned individuals in your correspondence with EuroChem. Thank you for your understanding.

Regards,



Andrey Ilyin  
Chief Financial Officer