



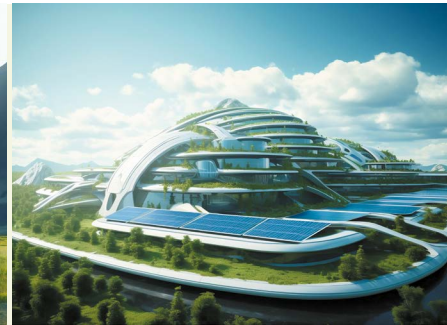
PHOSAGRO®

CULTIVATING TOMORROW



Integrated report
2023

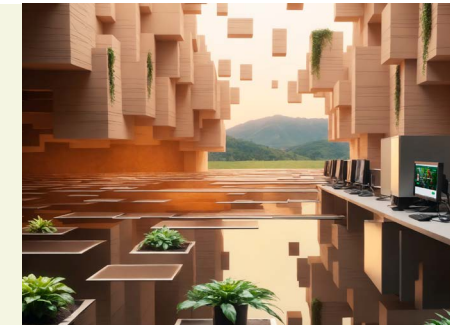
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For the interactive version of the report, please visit our website at www.phosagro.com



Appendices (stand-alone document)

ABOUT THIS REPORT

GRI 2-1, 2-2, GRI 2-3

It is our pleasure to welcome you to the 2023 Integrated Annual Report (the “Report”) of PJSC PhosAgro (PhosAgro). PhosAgro is a vertically integrated Russian company and one of the world’s leading producers of phosphate-based fertilizers.

The Company maintains an annual reporting cycle, with the previous report released on 29 April 2023. The Report highlights how we integrate ESG principles into everything we do. The reporting period

for the Company’s consolidated financial statements is from 1 January 2023 to 31 December 2023.

BOUNDARIES AND STANDARDS

GRI 2-5, 2-14

This Report complies with the following requirements and recommendations:

- Bank of Russia’s Regulation No. 714-P On Disclosure of Information by the Issuers of Issue-Grade Securities dated 27 March 2020;
- Bank of Russia’s Letter No. 06-52/2463 On Corporate Governance Code dated 10 April 2014;
- Bank of Russia’s Letter No. IN-06-28/102 On Disclosure in the Annual Report of a Public Joint-Stock Company of a Report on Compliance with the Principles and Recommendations of the Corporate Governance Code dated 27 December 2021;
- the UK Corporate Governance Code;
- Bank of Russia’s Information Letter No. IN-06-28/49 On Recommendations on Disclosure by Joint-Stock Companies of Non-Financial Information Pertaining to Their Activities dated 12 July 2021;
- Order of the Ministry of Economic Development of Russia No. 764 On Approval of Methodological Recommendations

- for the Preparation of Sustainable Development Reporting dated 1 November 2023;
- the Listing Rules of the Moscow Exchange and the London Stock Exchange;
- the AA 1000 and ISO 26000 standards;
- CDP – Carbon Disclosure Project standards;
- the Value Reporting Foundation;
- the Task Force on Climate-Related Financial Disclosures (TCFD);
- Reference Performance Indicators of the Russian Union of Industrialists and Entrepreneurs (RSPP), and the MOEX-RSPP Responsibility and Transparency, and Sustainability Vector indices;
- the Social Charter of the Russian Business sponsored by the Russian Union of Industrialists and Entrepreneurs.

The Company takes into account Russian and international best practices for disclosing information on sustainable development, including the ESG reporting standards IFRS S1 and IFRS S2 issued by the International Sustainability Standards Board (ISSB).

The Company prepared reporting in accordance with the GRI Standards. Appropriate disclosure of qualitative and quantitative information prepared in accordance with the GRI Standards (“Selected Information”) has been assured by Joint-Stock Company Technologies of Trust – Audit (Technologies of Trust – Audit JSC) in line with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The independent assurance report and the GRI Content Index are available in the appendices to this Report.

This Report provides insight into the performance of parent company PhosAgro and its subsidiaries (hereinafter jointly referred to as “PhosAgro Group”, the “Group”, or the “Company”) across their operations for the year 2023, while also offering information on corporate governance and corporate responsibility. The key subsidiaries of the Group and PhosAgro’s stake in these subsidiaries are presented in the Group’s 2023 IFRS consolidated financial statements.

Financial results in the Report were disclosed based on the IFRS consolidated financial statements of the Group for 2023 audited by Technologies of Trust – Audit JSC in accordance with the International Standards on Auditing.

The boundaries of the Group companies covered in this Report differ from those in consolidated financial statements when it comes to specific non-financial disclosures. To ensure

compliance with the materiality principle, we determined such boundaries in a way that this Report describes all material aspects of PhosAgro Group.

The data disclosed in this Report includes information on:

Boundary 1 – PhosAgro and companies that are part of the group to which PhosAgro belongs

(corresponds to the scope of disclosure in IFRS consolidated financial statements).

Boundary 2 – Apatit, including its branches and standalone business units.

► For more information on specific disclosures and their boundaries used in this Report, see the GRI Content Index section on [page 357](#).

The future of humanity will depend on how we produce the food products that we need.

Will they be accessible to everyone?
Will they be environmentally friendly and healthy?
Can we preserve our fragile natural systems along the way?

At PhosAgro, we firmly believe that responsible and efficient production of mineral fertilizers will play a vital role in addressing these concerns.

In the agricultural sector, the future is already here.

Autonomous farming machinery, precision irrigation systems, and unmanned crop monitoring have all become daily realities in what was once deemed a backward and conservative industry.

The theme of knowledge and technologies for sustainable fertility will be at the core of our Integrated Annual Report for 2023, reflecting our deep commitment to resolving the challenges faced by Russian agriculture.

One of the remarkable breakthroughs of 2023 was the extensive advancement of artificial intelligence technologies. AI has been instrumental in preparing this Report, with some of the images generated using neural networks. However, just like in agriculture, the smartest technology excels when guided by human intuition, creative vision, and professional expertise.

This is the kind of future we eagerly embrace.



The Report was pre-approved by the Board of Directors of PhosAgro on 26 April 2024 (Minutes w/o No. dated 27 April 2024).

COMPANY PROFILE

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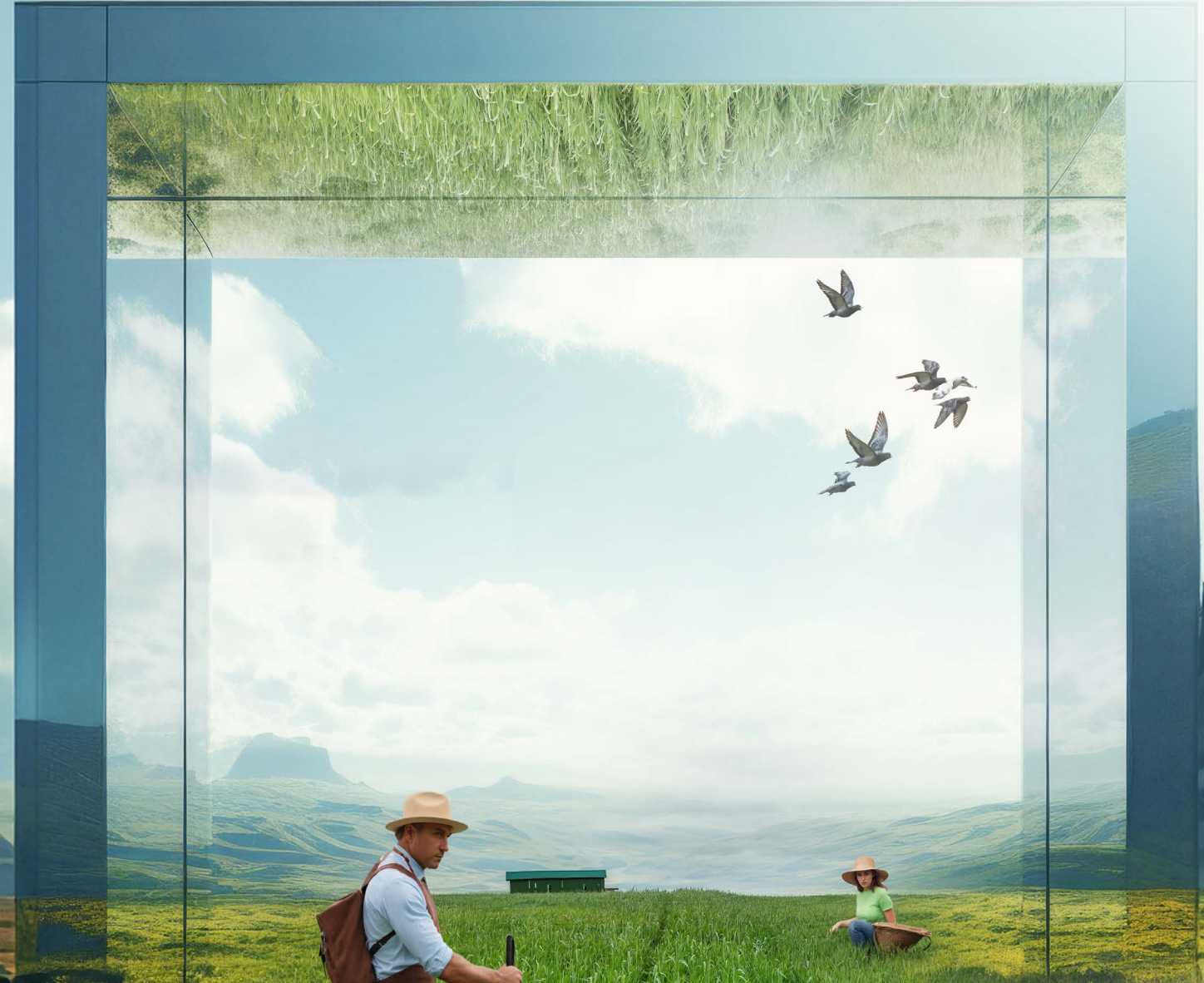
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PHOSAGRO CONTINUES TO STRENGTHEN ITS POSITION AS A MANUFACTURER OF INNOVATIVE MINERAL FERTILIZERS. FIELD TESTS AND AGRONOMIC TRIALS CONDUCTED IN CONJUNCTION WITH RESEARCH CENTRES CONFIRM BOTH THE EFFECTIVENESS OF OUR MINERAL NUTRITION SYSTEMS AND THEIR AFFORDABILITY FOR RUSSIAN FARMERS. THE REPORTING YEAR WILL ALSO BE REMEMBERED FOR MANY BRIGHT EVENTS RELATED TO EDUCATION AND DEVELOPMENT OF ADVANCED AGRO TECHNOLOGIES.

For more information, see page 10

>500
agronomic trials in >20 countries



KEY HIGHLIGHTS

PhosAgro Group takes a holistic approach to evaluating its performance across production, finance, environmental, social, and other domains. We believe that a successful and efficient business should contribute positively to society and make continuous efforts to reduce its environmental footprint.

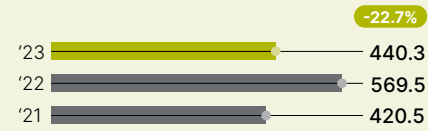
At all levels of the Company's management, from the Board of Directors onwards, we maintain a steadfast focus on sustainable development and social responsibility.

In 2023, we continued delivering strong operational and financial results inseparable from achieving our climate, environmental, industrial safety, and social development targets.

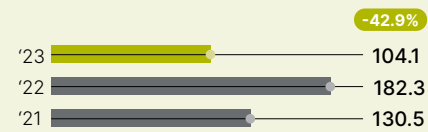


FINANCIAL HIGHLIGHTS

Revenue, RUB bln



Adjusted net profit, RUB bln



Dividend payments, RUB bln



The Company's revenue and EBITDA for 2023 decreased year-on-year, driven by the stabilisation of global fertilizer prices after a surge to historical highs in 2022, while the annual EBITDA margin remained at above 40%. This high figure reflects the growth in production of high-margin fertilizers and primary feedstock, and a flexible sales policy of the Company.

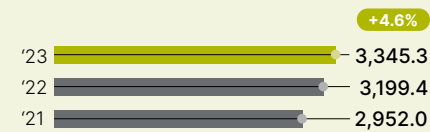
For more information on financial performance, see [page 82](#)

OPERATIONAL HIGHLIGHTS

Sales by key product¹, kt



Phosphoric acid output², kt



¹ In 2023, the Company expanded its portfolio of key products to include aluminium fluoride, sulphuric acid, phosphoric acid, sodium silicofluoride, and aluminium sulphate. Sales for 2021 and 2022 have been adjusted accordingly.

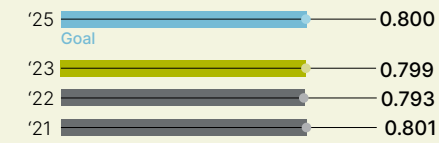
² A key ingredient of phosphate fertilizers.

2023 was a new record year for PhosAgro in terms of output and sales. The organic growth, driven by the successful implementation of our investment programme in previous years, enabled us to fully capitalise on promising opportunities, primarily in the Latin American and in the priority domestic market. The flexibility of our production systems and logistics ensured our ability to effectively meet customer needs across all product categories.

For more information on operational performance, see [page 90](#)

SUSTAINABLE DEVELOPMENT HIGHLIGHTS

Pollutant emissions, kg per tonne of finished and semi-finished products



Share of recycled and decontaminated hazard class 1–4 waste, %



LTIFR (own staff) per 1 mln man-hours



PhosAgro Group continued to progress towards achieving its goals in climate action, energy efficiency, waste management, and water management. In 2023, the emissions reduction targets and waste recycling and decontamination objectives outlined in our Strategy to 2025 were successfully achieved ahead of schedule.

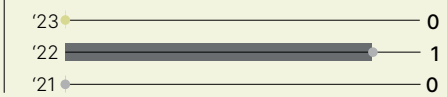
GHG emissions (Scope 1), kg of CO₂-eq. per tonne of finished and semi-finished products



Water withdrawal, including mining and pit waters, m³ per tonne

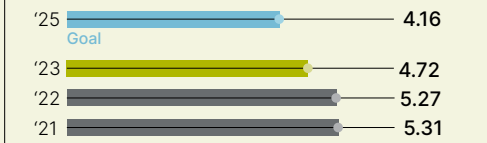


Workplace fatalities (corporate staff)

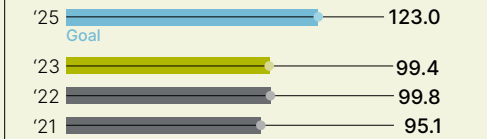


In 2023, PhosAgro Group recorded no accidents, incidents, or fires across its facilities. The Balakovo branch maintained a zero lost time injury frequency rate throughout the year.

Waste water discharge into surface water bodies, m³ per tonne of finished and semi-finished products



Average annual training hours per employee, hour



Employee satisfaction and loyalty, %



Employee satisfaction and loyalty within PhosAgro Group have been consistently improving each year, thanks to a well-thought-out human resources strategy, extensive social programmes, and an active communication policy. The average pay at the Group's facilities increased by 60% from 2021 to 2023, and in February 2024, an additional 15% indexation was implemented.

For information on sustainability performance, see [page 142, 165, 182](#)

KEY EVENTS IN 2023

20
In 2023, PhosAgro celebrated the 20th anniversary since the inception of its **DROZD** programme

JANUARY

- The Volkhov branch commenced the production of water soluble MAP, a new highly popular fertilizer



MARCH

- PhosAgro received its first-ever and highest possible ratings from AKRA (AAA (RU)) and Expert RA (also AAA (RU)) with a stable outlook.

AKRA

RAEX
ЭКСПЕРТ РА

MAY

- PhosAgro Group received its third Grand Prix at the Russian Business Leaders: Dynamics, Responsibility and Sustainability Awards
- PhosAgro redeemed its Eurobonds issued in 2018



JULY

- PhosAgro topped the ESG ranking of Russian companies by RAEX
- The interdepartmental commission approved PhosAgro's Special Investment Contracts (SPIC 2.0) for the development of the Balakovo production site
- PhosAgro-Region launched its third proprietary distribution centre for mineral fertilizers in the Tambov region

RAEX
ЭКСПЕРТ РА



SEPTEMBER

- The Cherepovets facility produced its 100-millionth tonne of sulphuric acid
- PhosAgro joined the UN Global Compact's Forward Faster initiative calling for an accelerated achievement of the UN Sustainable Development Goals (SDGs)



NOVEMBER

- PhosAgro won in four categories of the 5 Stars. Leaders in the Chemical Industry nationwide annual industry competition
- The Company achieved top positions in the 2023 Russian Leaders in Corporate Philanthropy competition
- PhosAgro's Board of Directors approved the progress of key investment projects as part of the Company's Development Strategy to 2025
- For the second consecutive year, PhosAgro won the Grand Prix in the Moscow Exchange Annual Reports competition
- PhosAgro ranked among the Top 10 Russian companies in the new Fortune 500 ranking of Europe's largest corporations
- PhosAgro received the highest scores in the rankings of Russia's best employers by Forbes and RBC
- Global Ports and PhosAgro Group signed a five-year contract for the transshipment of fertilizers at the Great Port of St Petersburg
- PhosAgro was included in Forbes' Top 20 largest investment companies in Russia
- PhosAgro-Region opened a new customer centre in Krasnodar
- PhosAgro Group won the Competitive Procurement Leader Award, an all-Russian professional competition in trade and procurement



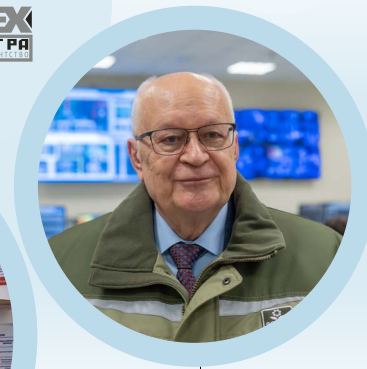
FEBRUARY

- The Cherepovets site shipped the first batch of a new product called ApaSil
- PhosAgro Group introduced a new phosphogypsum-based product for use in livestock farming



APRIL

- Independent director Victor Cherepov was re-elected Chairman of PhosAgro's Board of Directors
- PhosAgro Group increased salaries for all employees by an additional 15%
- PhosAgro successfully made its debut in the Russian debt market with CNY-denominated bonds
- PhosAgro successfully placed its debut RUB-denominated bonds with twofold oversubscription and the lowest spread to the yield of Russian federal bonds among domestic issuers



JUNE

- The 900-millionth tonne of apatite-nepheline ore was shipped from the Kirovsky mine of Apatit's Kirovsk branch
- During the 2023 St Petersburg International Economic Forum (SPIEF), PhosAgro and Gazprombank signed an agreement to organise the offering of replacement bonds
- Russian Railways and PhosAgro Group reached an agreement on long-term strategic partnership in freight transportation
- PhosAgro-Region commenced supplies of water soluble MAP to the Russian market

AUGUST

- PhosAgro Group facilities signed new collective bargaining agreements, effective until 2026. They expanded the range of social support measures and increased funding for employee benefits
- August marked the 10th anniversary since the launch of PhosAgro Group's large-scale investment programme
- The Cherepovets facility produced its 100-millionth tonne of phosphate fertilizers
- PhosAgro successfully placed USD 740 mln worth of replacement bonds



OCTOBER

- PhosAgro Group commenced supplies of water soluble MAP to customers in Central and Middle Asia
- The first ore was extracted from the new +10m horizon at the Yukspor deposit (the Kirovsky mine of Apatit's Kirovsk branch)

DECEMBER

- Output of phosphoric acid across PhosAgro's sites surpassed its record 3 mt mark
- PhosAgro took part in the panel discussion on food security during the 28th session of the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change
- PhosAgro-Region started selling domestically bred seeds
- PhosAgro-Region launched a new distribution centre in the Saratov region
- The Balakovo production site celebrated its 50th anniversary
- Apatit received the Russian Government's 2023 Quality Award

KEY EVENTS IN THE FIELD OF EDUCATION

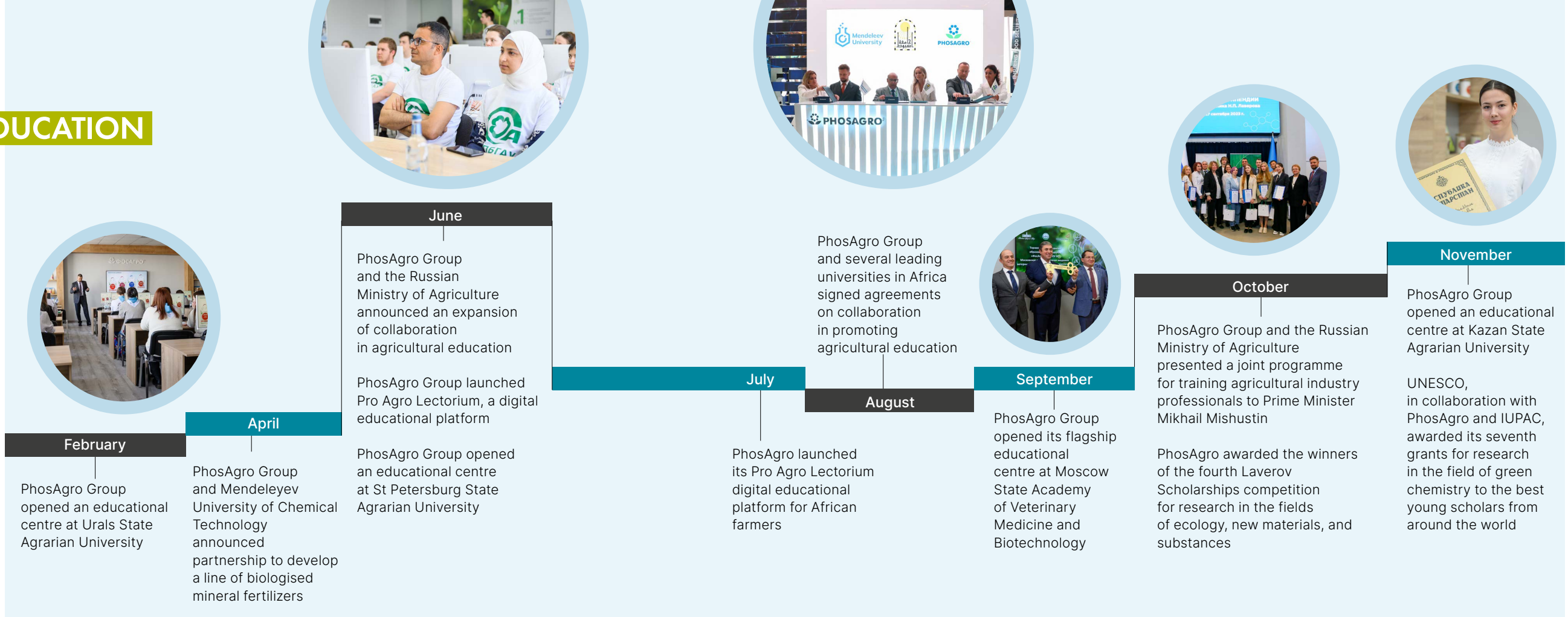
TODAY, AGRICULTURE HAS FIRMLY ESTABLISHED ITSELF AS ONE OF THE FLAGSHIP SECTORS OF THE RUSSIAN ECONOMY, THANKS IN LARGE PART TO THE EXTENSIVE IMPLEMENTATION OF THE MOST ADVANCED AGRICULTURAL TECHNOLOGIES, INCLUDING DIGITAL SOLUTIONS.

To sustain and strengthen this trend, the agricultural sector needs a new quality of management proficiency. This, in turn, requires an upgraded skill set among the human capital engaged in the agro-industrial sector of Russia.

As one of the leaders in the domestic agrochemical industry and a reliable partner for farmers, PhosAgro Group plays a crucial role in the technological transformation of Russian agriculture. In addition to providing farmers with high-quality and eco-friendly mineral fertilizers, PhosAgro Group is actively involved in disseminating cutting-edge scientific knowledge in the field of agriculture.

The Company has established a multi-level system that contributes to the development of intellectual capital within the industry. It extends from supporting school programmes, secondary and higher education projects, and aiding existing agricultural producers to engaging in global scale initiatives.

At PhosAgro Group, we believe that the formula for sustainable soil fertility in our country lies in the combination of Russia's unique natural resources, cutting-edge scientific knowledge, and, most importantly, the talent and hard work of our people.



PHOSAGRO SCHOOLS	VOCATIONAL SCHOOLS, TECHNICAL COLLEGES, AND UNIVERSITIES	AGRICULTURAL UNIVERSITIES	INNOVATION	PRO AGRO LECTORIUM
<p>A programme to promote in-depth study of natural sciences, economics, and management disciplines. Financial support to schools and career guidance for students with a view to attracting young talent to the mining and chemical industries</p> <p>6 schools</p> <p>5 cities</p> <p>> 6 thousand students</p> <p>➤ For more information, see page 232</p>	<p>Support for educational facilities infrastructure and assistance in aligning educational programmes with the labour market requirements. Offering students internship opportunities at PhosAgro Group's facilities with potential subsequent employment.</p> <p>620 participants in the High-Potential Graduates programme and PhosAgro START programme</p> <p>24 educational institutions</p> <p>230 students who have signed Company-funded education and scholarship agreements</p> <p>➤ For more information, see page 123, 155, 235</p>	<p>A programme to improve proficiency levels of students and teachers at agricultural universities as well as of agricultural producers and agro-industrial technology service providers.</p> <p>47 universities</p> <p>> 40 thousand programme participants</p> <p>17 PhosAgro Group's education centres</p> <p>➤ For more information, see page 236</p>	<p>Scholarship programmes for young researchers</p> <p>PhosAgro Group's awards for the best implemented R&D projects and practices</p> <p>Partnership for promoting basic sciences and research</p> <p>Collaboration in climate action and biodiversity preservation</p> <p>➤ For more information, see page 123</p>	<p>An online platform based on PhosAgro's From Mine to Plate training programme and offering e-lectures on various topics, such as agronomy and agrochemistry, crop and livestock production, innovations and digitalisation in agriculture, economics, law, and responsible farming.</p> <p>15 topics</p> <p>35 speakers</p> <p>➤ For more information, see page 236</p>

OUR MISSION AND VALUES

AS ONE OF THE WORLD'S LEADING MINERAL FERTILIZER PRODUCERS, PHOSAGRO ASSUMES A SPECIAL RESPONSIBILITY FOR GLOBAL FOOD SECURITY.

WE OFFER HIGH-QUALITY, ECO-FRIENDLY FERTILIZERS, SUPPLY THEM, AND TRAIN FARMERS HOW TO APPLY THEM IN THE MOST SUSTAINABLE MANNER.

OUR MISSION








Caring for Earth fertility for prosperous lives

OUR VISION

-  Global presence
-  Organic growth and development
-  Healthy lifestyles and occupational health and safety
-  Care for the environment
-  Social responsibility
-  Innovation and digital transformation



OUR VALUES

-  **Leadership**
Our goals are ambitious as we strive for professional excellence and continuous self-improvement
-  **Teamwork**
As strong team players, we look to ensure smooth cooperation of all our business units
-  **Expertise**
Everyone at PhosAgro is a qualified professional in what they do
-  **Reliability**
We always honour our obligations and are a reliable partner
-  **Improvement and innovation**
Development is ongoing at PhosAgro, with every procedure relentlessly improved and refined
-  **Safety**
We promote and share a safety culture within the Company to ensure safe working conditions
-  **Ethics**
We support human integrity, fostering moral standards and ethics, spiritual values, dedication at work, and respect for family values

NAVIGATOR ON UN SDGs

17 UN SDGs are the most important benchmark in our making both strategic and day-to-day management decisions. Committed to the Company's mission and values, which are underpinned by our Strategy to 2025, we look to contribute to, and monitor the progress against, the targets of our eleven priority UN SDGs.

The Company is among the most highly-engaged participants of the world's largest corporate sustainability initiative. The UN first named PhosAgro a Global Compact LEAD company in 2019.



For more information on SDGs, see the Commitment to UN Goals section of the Company's website



Target 12.4

Our key programmes

- Programme to promote circular economy elements, including the use of phosphogypsum in farming and other industries;
- Improvement of production processes;
- Green procurement programme and ESG assessment of suppliers;
- Initiatives to boost water use efficiency as part of the Company's Water Strategy.

➤ For more information, see [page 54-59, 112, 130, 184](#)



Target 2.4

Our key programmes

- Increasing sales efficiency;
- Improvement of the product mix;
- Programme to develop digital services for farmers.

➤ For more information, see [page 54, 98, 112](#)



Targets 3.4 and 3.9

National project

- Demography: Sports as a Way of Life federal project.

Our key programmes

- Safety culture improvement programme;
- Minimising pollutant emissions per unit of output;
- Social benefits and employee guarantees;
- DROZD (Educated and Healthy Children of Russia).

➤ For more information, see [page 144, 166, 184, 224](#)



Targets 13.1 and 13.2

Our key programmes

- Energy Efficiency Programme;
- Delivering on the Climate Agenda project;
- Green procurement programme and ESG assessment of suppliers;
- Application improvement.

➤ For more information, see [page 58, 112, 130, 184](#)



Target 4.4

National projects

- Demography: Sports as a Way of Life federal initiative;
- Education: promoting engineering professions;
- Culture: establishing cultural and educational museum facilities.

Our key programmes

- School-college/university-facility educational model;
- Cooperation with universities and Russian and international R&D centres;
- Promotion of retraining and professional development;
- Improving safety competencies.

➤ For more information, see [page 112, 144, 166, 224](#)



Targets 6.1 and 6.3

Our key programmes

- Initiatives to boost water use efficiency as part of the Company's Water Strategy;
- Participation in international initiatives (CEO Water Mandate and Water Resilience Coalition).

➤ For more information, see [page 184](#)



Target 15.1

Our key programmes

- Comprehensive programmes to assess and preserve biodiversity at the Cherepovets site and the Volkhov and Kirovsk branches of Apatit;
- Partnership with UN FAO in advancing sustainable farming;
- Carbon farm project in the Vologda region run jointly with the Russian Academy of Sciences to arrange, among other things, for the regional monitoring of GHG emissions.

➤ For more information, see [page 54, 112, 184](#)

➤ Making a positive impact

➤ Minimising the negative impact



Targets 8.3, 8.5 and 8.8

Our key programmes

- Comprehensive production development programme;
- Incentives and rewards system;
- Our Favourite Cities programme;
- Green procurement programme and ESG assessment of suppliers.

➤ For more information, see [page 64, 130, 144, 166, 244](#)



Target 9.1

Our key programmes

- Logistics infrastructure development programme;
- Our Favourite Cities programme;
- Process Mining development.

➤ For more information, see [page 57, 130, 224](#)



Target 11.3

National project

- Housing and Urban Environment: Creating a Comfortable Urban Environment federal project.

Our key programmes

- Our Favourite Cities programme;
- Promotion of entrepreneurship.

➤ For more information, see [page 222](#)



Targets 17.16 and 17.17

National project

- Housing and Urban Environment: Creating a Comfortable Urban Environment federal project.

Our key programmes

- Cooperation with universities and Russian and international R&D centres;
- Collaboration with UN organisations (FAO, UNESCO, UN Global Compact);
- Joining efforts with the governments and municipal authorities in the Russian regions in which the Company operates.

➤ For more information, see [page 98, 112, 224](#)

BUSINESS MODEL

PHOSAGRO GROUP'S BUSINESS MODEL IS BASED ON THE SIMPLE IDEA THAT WE MUST BETTER THAN OUR COMPETITORS UNDERSTAND THE EVER-CHANGING CUSTOMER NEEDS AND RESPOND TO THEM QUICKER USING A WIDE PRODUCT RANGE, LARGE DISTRIBUTION NETWORK, AND ROBUST LOGISTICS.

This requires flexible high-tech production facilities, high self-sufficiency in quality raw materials, deep vertical integration and, most importantly, continuous feedback from end customers and analysis of our product performance. All this helps PhosAgro Group maintain a low cost position in the industry, while also ensuring top quality and unique eco-friendliness of its fertilizers. We leverage our competitive advantages and seek to meet the highest operational standards throughout our product lifecycle.

➤ For more information on the Company's Strategy to 2025, see [page 50](#)



We use

Market and technology insights	Management, production and sales competencies
Energy and water	Mineral resources and materials
Partner, supplier and customer relationships	Public and private infrastructure
Finances	



Value creation cycle

GRI 2-6

Process and product development



Target 2.4

The value creation cycle at PhosAgro Group starts with a thorough analysis of consumer preferences and market trends. Drawing upon analytical insights and the latest research findings, our R&D centres in Cherepovets and Moscow develop highly effective and eco-friendly fertilizer brands that enjoy steady demand from consumers.

RUB **2,481.3** mln

investments in R&D activities and development of new products

Wide product range **58**

agrochemical brands, including all types of fertilizers and animal feed

For more information, see page 110

Mineral extraction



Target 12.4

Our mining division in the Murmansk region extracts unique high-quality and eco-friendly apatite-nepheline ore for further production of phosphate fertilizers.

Unique resource base in terms of size and quality

Reserves-to-production ratio (RPR) of **60** years (including off-balance reserves)

For more information, see page 90

Fertilizer production



Targets

3.9, 6.3, 8.3, 12.4 and 15.1

For more information, see page 63, 90

Our Cherepovets, Volkhov, and Balakovo facilities produce our entire range of phosphate and nitrogen-based fertilizers as well as complex ones. With a strong vertical integration, we ensure maximum economic efficiency of production while maintaining full control over product quality.

Self-sufficiency in feedstock

100% Apatite concentrate

92% Sulphuric acid

75% Ammonia

46% Ammonium sulphate



Fertilizer application and service



Targets

13.1, 13.2, 17.16 and 17.17

For more information, see page 54, 96

We use a service model where customers receive a combination of a fertilizer and our agronomic expertise, all available in a digital environment. Our industry-leading agronomic service provides training, agronomic advice, and support to our customers. Customer feedback serves as a valuable source of information for improving existing products and developing new ones.

Results of

> 500

agronomic trials published on the Company's website

Results of

Ca. **50** thousand ha

of soils surveyed by agronomic experts in 20 regions

Marketing and sales



Targets 2.4 and 12.4

For more information, see page 18, 96

PhosAgro Group's sales network is the largest in the Russian agrochemical industry. We have a presence in all key agricultural regions across the country and are committed to becoming even closer to our consumers. The digitisation of our sales platforms and customer services is rapidly advancing.

34 distribution centres in Russian regions

>65 thousand AgroResult mobile app downloads

> 10 mln regular users of PhosAgro's digital ecosystem

Transportation and logistics



Target 9.1

For more information, see page 18, 57

Thanks to our high-capacity railway infrastructure, extensive own fleet of railcars, and modern port terminals, our transportation and logistics services ensure reliable supplies of PhosAgro Group's products to our customers in Russia and worldwide.

Supplies to **74** regions in Russia

Port transshipment capacity of **8** mtpa

We secure

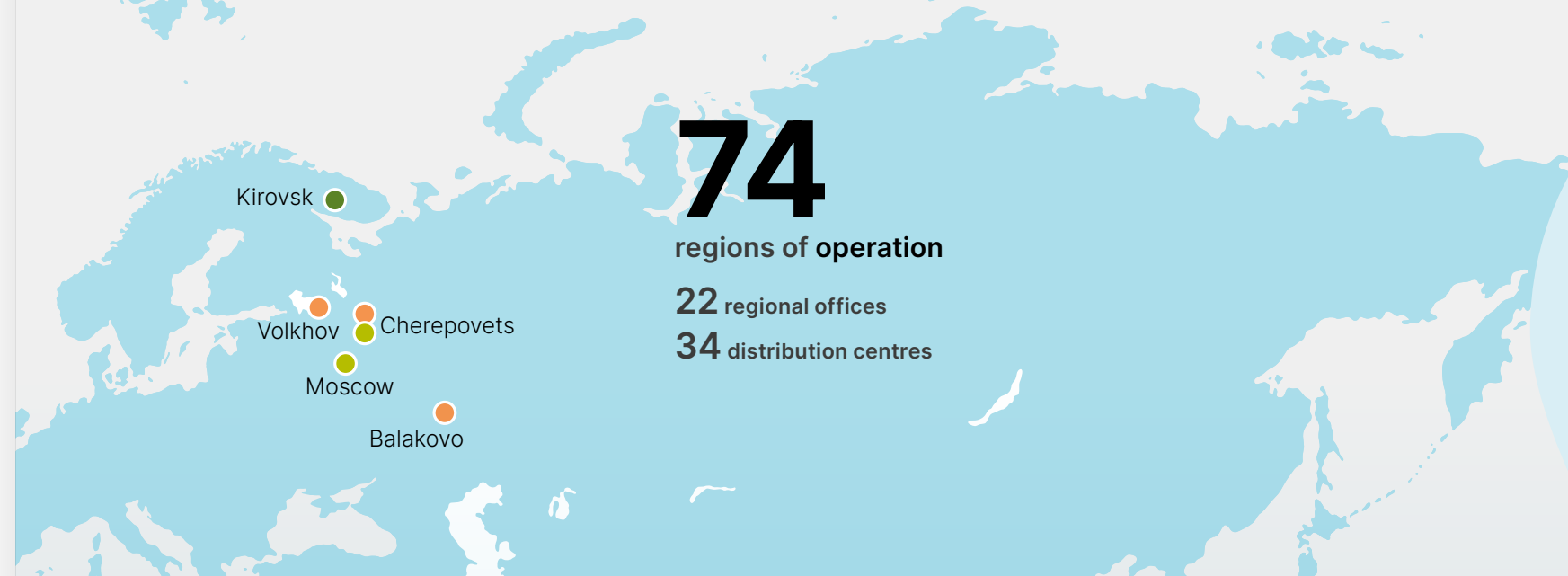
Sustainable soil fertility	Sustainably high returns on investment	Consistent tax payments and local community development
Well-paid jobs and social benefits	New research and technological innovations	Large-scale purchases of local products and services
Basis for making safe food products	Contribution to international programmes addressing global challenges	Educational initiatives and upskilling opportunities



GEOGRAPHICAL FOOTPRINT

GRI 2-1, 2-6

PHOSAGRO GROUP'S MINERAL FERTILIZERS AND FEED PHOSPHATES ARE IN DEMAND BY FARMERS IN RUSSIA AND APPROXIMATELY 100 COUNTRIES WORLDWIDE, THANKS TO THEIR EXCEPTIONAL ECO-FRIENDLY PROPERTIES AND OUR EFFICIENT LOGISTICS



74 regions of operation
22 regional offices
34 distribution centres



For more information on our geographical footprint, visit the Company's website

FERTILIZER APPLICATION AND SERVICE

Our high-quality service for farmers, including agronomic advice, coupled with the unique properties of our fertilizers, ensure the strong performance of our products.



PRODUCT AND SERVICE DEVELOPMENT

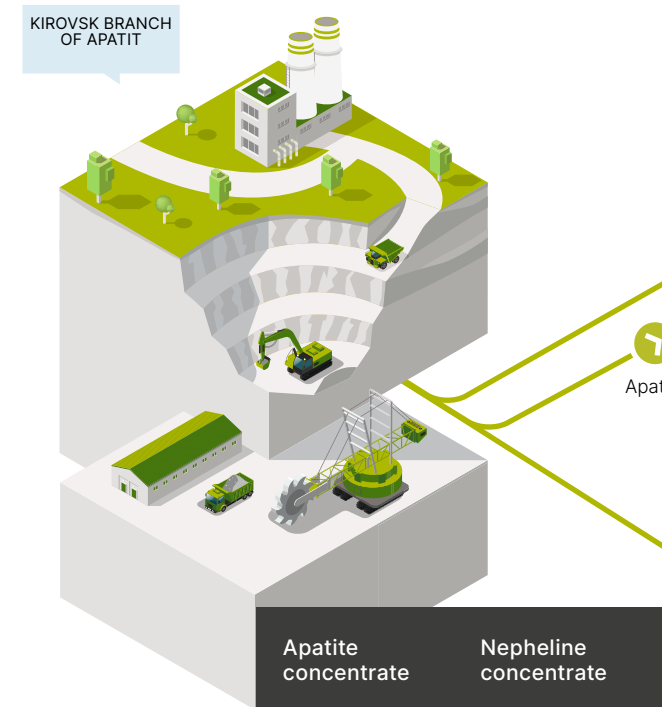


PhosAgro Group runs the Samoilov Scientific Research Institute for Fertilizers and Insectofungicides (NIUIF). We also operate our Moscow-based Innovations Centre that develops advanced plant nutrition systems in cooperation with leading R&D centres.

MINERAL EXTRACTION

The Kirovsk branch of Apatit produces high-grade phosphate rock and nepheline concentrate.

Ore mining
39.2 mt

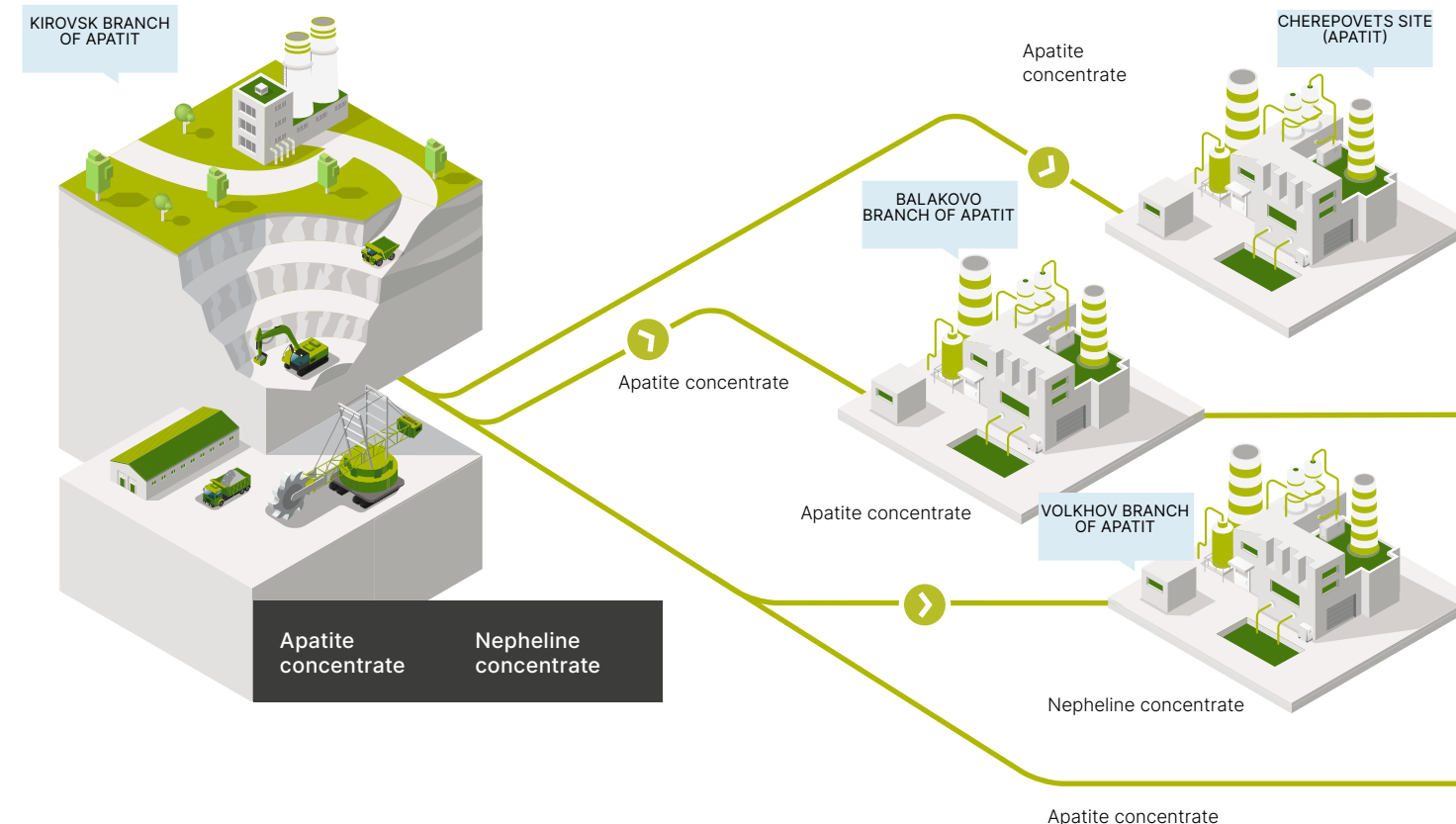


FERTILIZER PRODUCTION

The Cherepovets site of Apatit produces phosphate fertilizers, phosphoric and sulphuric acids, as well as NPK, ammonia, and ammonium nitrate.

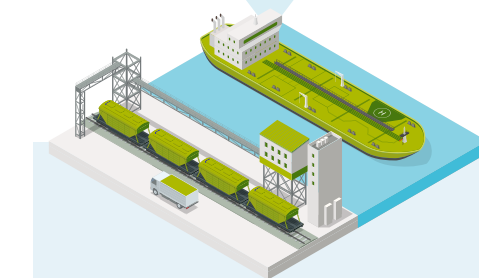
The Balakovo branch of Apatit produces phosphate fertilizers and feed phosphates.

The Volkhov branch of Apatit produces mineral fertilizers and sodium tripolyphosphate.



TRANSPORTATION AND LOGISTICS

With its railway infrastructure, an in-house fleet of railcars, and a ca. 8 mtpa port transshipment capacity across key export routes, the Company can ensure reliable and timely product supplies to customers both in Russia and abroad.



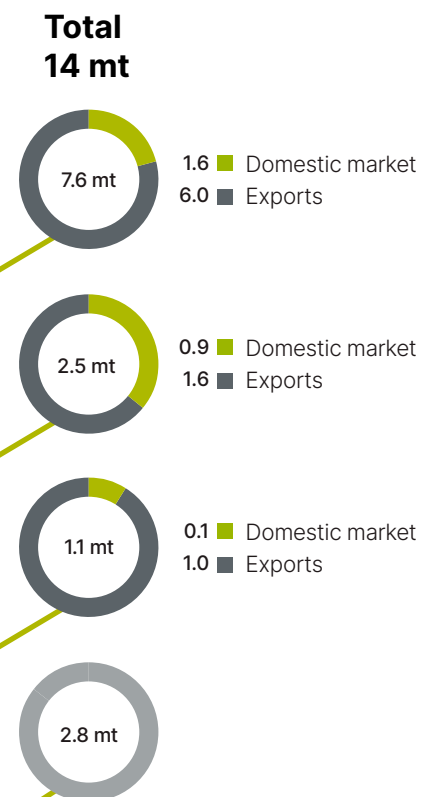
7.7 mt of agrochemicals,
 including: nitrogen fertilizers 2.4 mt
 phosphate fertilizers 5.2 mt
 other products 0.1 mt

2.5 mt of agrochemicals,
 including: phosphate fertilizers 1.9 mt
 feed-grade MCP 0.4 mt
 nitrogen fertilizers 0.2 mt
 other products 0.1 mt

1.1 mt of agrochemicals,
 including: nitrogen fertilizers 1.0 mt
 STPP 0.06 mt
 other products 0.04 mt

MARKETING AND SALES

PhosAgro Group's network of sales offices covers the majority of key regions in Russia and the CIS, making its quality products available to farmers in the local priority market and across the globe.



INVESTMENT CASE AND CREDIT RATINGS

1/

A GLOBAL PRODUCER OF HIGH-QUALITY PHOSPHATE FERTILIZERS

APPENDICES

SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE

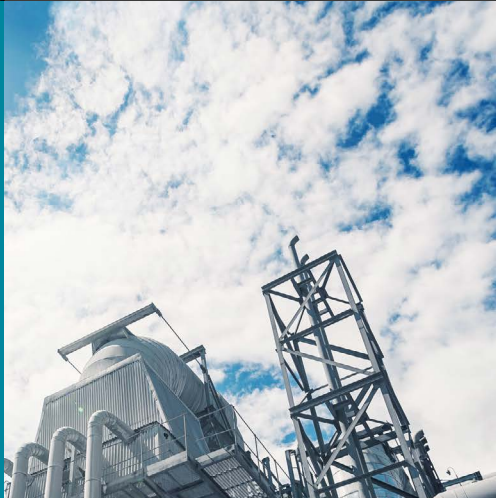


CUSTOMER FOCUS

A netback-driven sales model with a global presence.



 **PHOSAGRO IS EUROPE'S LARGEST PRODUCER OF PHOSPHATE FERTILIZERS¹ AND A TOP 5 GLOBAL PRODUCER OF DAP/MAP² BY CAPACITY.**



CERTIFICATION

for compliance with key international standards testifies to the highest quality of our products and management efficiency throughout their life cycle.



OUR PRODUCTS

meet both national and international quality standards and are supplied to farmers in approximately 100 countries.



OUR PRODUCTION TECHNOLOGIES

meet the highest global standards.



¹ By total production capacity for DAP/MAP/NP/NPK/NPS.
² Monoammonium phosphate / diammonium phosphate.

2/

UNIQUE RESOURCE BASE AND SECTOR-LEADING MARGINS

No.



UNIQUE MINERAL RESOURCE BASE

The mine life, including off-balance reserves, is estimated at around 60 years.



IMPORTANT FOOD SAFETY FACTOR

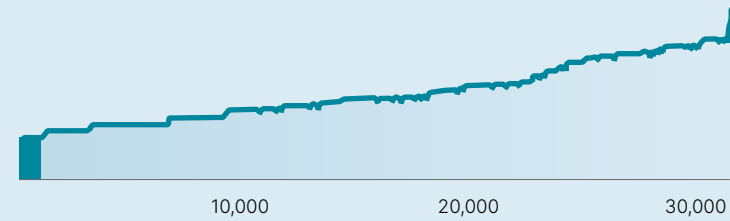
Thanks to its magmatic origin, phosphate rock mined on the Kola Peninsula boasts exceptional purity.



WIDE RANGE OF READY-TO-USE SOLUTIONS FOR FARMERS.

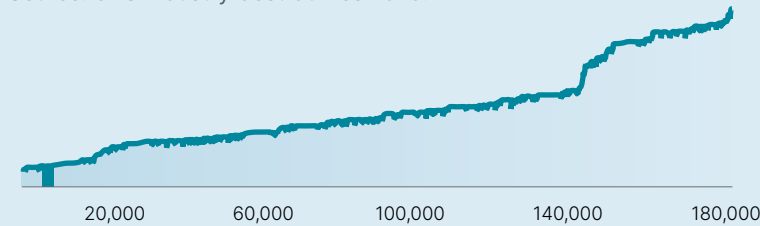
PhosAgro Group's position on global DAP production cost curve, production, kt

Source: CRU Industry Cost Curves 2023.

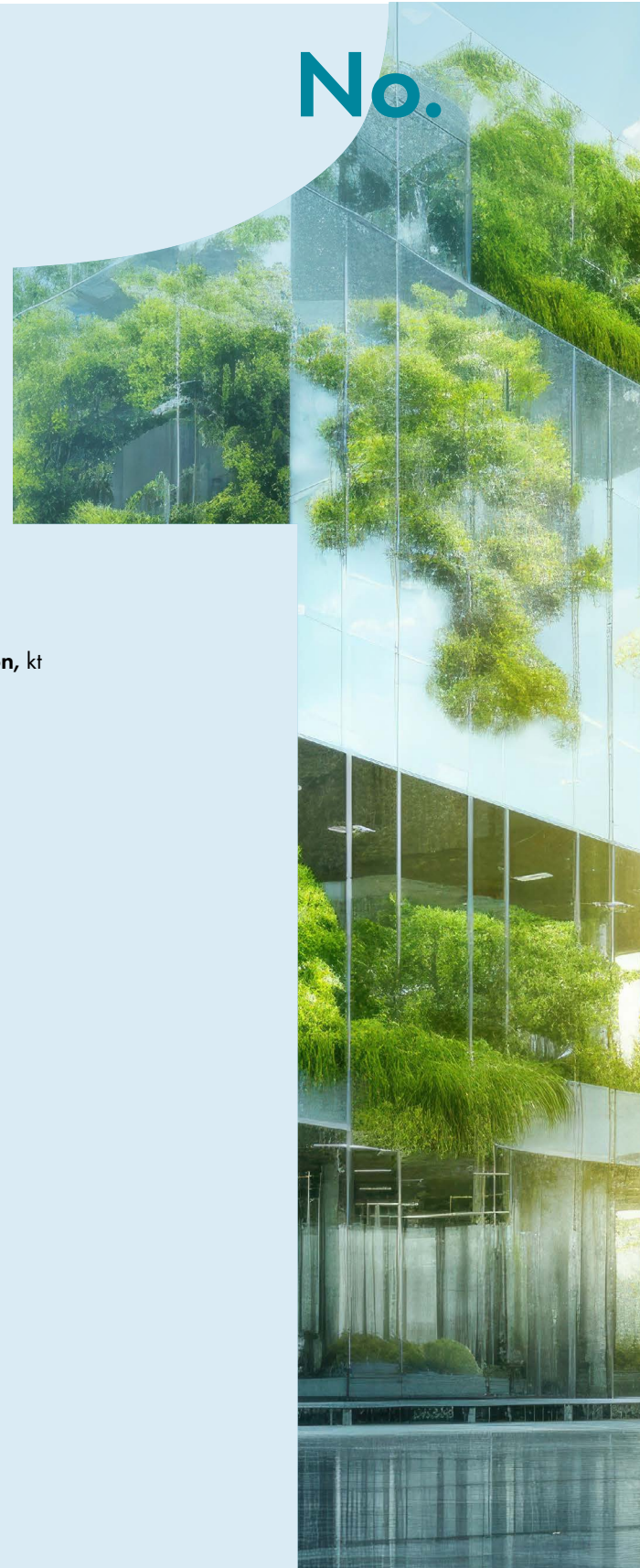
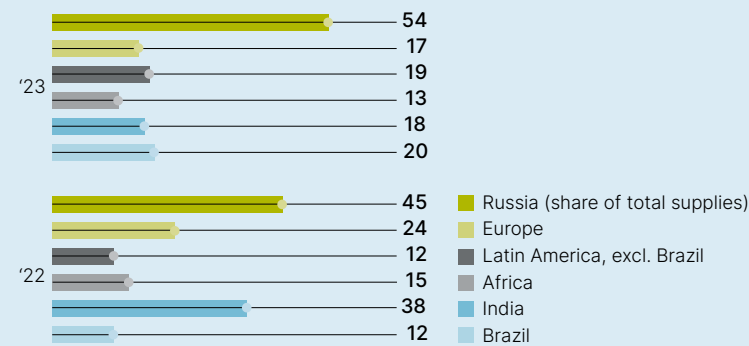


PhosAgro Group's position on global urea production cost curve, production, kt

Source: CRU Industry Cost Curves 2023.



Share of PhosAgro Group's supplies in the key sales markets (share of compound and complex fertilizers in the region's total imports), estimates, %



No. 1 producer of high-quality phosphate rock (P₂O₅ content at 39% and above) globally.

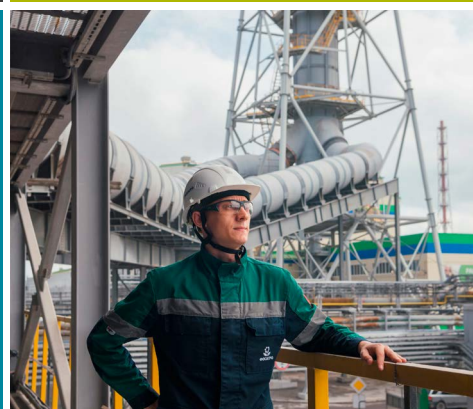
No. 1 by mineral fertilizer output in Russia and total supplies of all types of mineral fertilizers to the domestic market.



No. 1 in terms of urea and mineral fertilizer capacity concentrated at one production facility (Apatit, Cherepovets) in Europe.

One of the highest margins in the phosphate segment.

The only Russian and one of the leading European producers of feed-grade MCP and liquid complex fertilizers.



3/

ECO-FRIENDLY FERTILIZERS



PhosAgro was the first Russian company to be certified to GOST R 58658–2019, a national standard for products with improved characteristics which introduced the world’s most rigorous limits on heavy metals and arsenic content. This allows PhosAgro to mark its products with a special **Green One** label.



The Company also successfully completed voluntary **Vitality Leaf** certification. This ISO 14024-compliant framework was designed to assess a product’s environmental safety throughout its lifecycle, including mining and processing of raw materials, their delivery to the plant, storage, transportation and use of finished products, and packaging recycling.

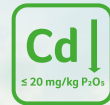


Additionally, PhosAgro made a **Green Label** environmental claim asserting that the product is free from dangerous cadmium concentrations harmful to human health and soils.



The Group’s Cherepovets, Volkhov, and Balakovo production sites and phosphate rock mining and beneficiation facility in Kirovsk successfully passed a certification audit by the Brazilian Association of Technical Standards (ABNT¹).

The Group’s product packaging also has a pictogram from the EU regulations, which is used to inform consumers of safe fertilizers in terms of heavy metals content with cadmium content not exceeding 20 mg/kg P₂O₅.



In 2023, the compliance of our products with the labelling requirements was confirmed through relevant audits, and the range of certified products was expanded.



¹ Associação Brasileira de Normas Técnicas.

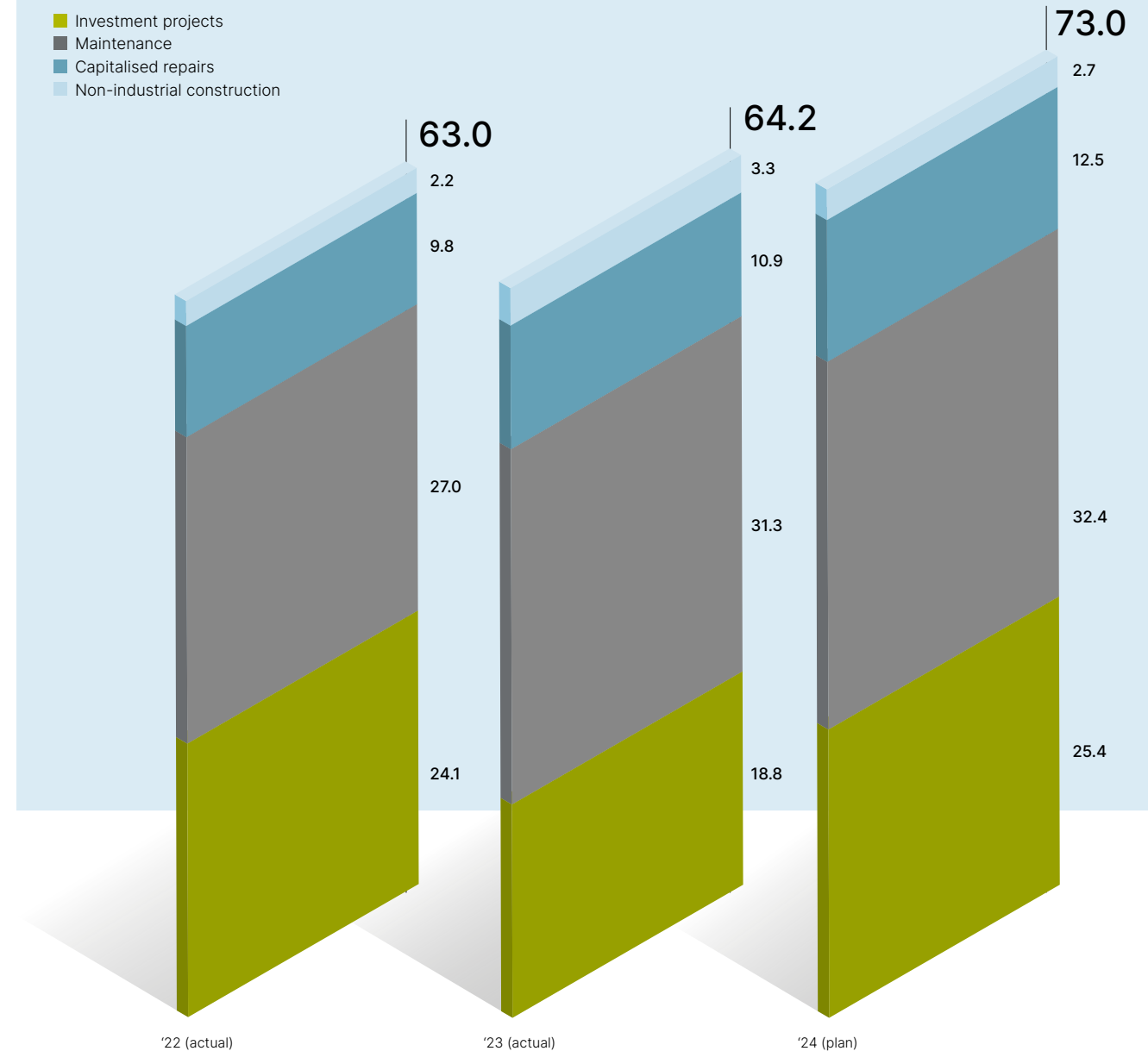
4/

SOUND CAPITAL ALLOCATION IN HIGHLY EFFECTIVE INVESTMENT PROJECTS

Investment projects may get a go-ahead subject to their high IRR² (in most cases 20%+), compliance with the BAT and sustainability criteria along with the CAPEX/EBITDA target, and a comfortable net debt / EBITDA covenant headroom.

Breakdown of CAPEX, RUB bln

- Investment projects
- Maintenance
- Capitalised repairs
- Non-industrial construction



² Internal Rate of Return.

5/

WELL-BALANCED CORPORATE GOVERNANCE

Our corporate governance practices undergo an annual evaluation and demonstrate a high level of compliance with the recommendations of the Corporate Governance Code.

PhosAgro actively engages with Russian rating agencies to secure independent assessments, credit ratings, and ESG ratings.

Throughout 2022 and 2023, the Company continued to service its bank loans in a timely manner and took a number of steps to continue servicing Eurobonds in the new regulatory environment. Thus, the Company once again confirmed its high credit quality.

Stable credit ratings

The Company's bonds are included in Level 1 quotation list of the Moscow Exchange. These were assigned credit ratings of ruAAA and AAA(RU) respectively from the Expert RA and ACRA agencies.

5 ^{50%} independent directors on the Board of Directors

3 Board committees meeting on a regular basis

87% adherence to the Corporate Governance Code principles



Consistently strong positions in ESG ratings and indices

ESG rating/index	2021	2022	2023
(C to AAA scale)	A	A	AA↑
Responsibility and Transparency index (C to A scale)	A↑	A	A
Sustainable Development Vector index (C to A scale)	A↑	A	A
Corporate transparency rating (B to A+ scale)	A	A+↑	A+
Expert RA ESG transparency (0.00 to 2.00 scale)	1.90	1.95↑	1.95
National Rating Agency (Group 5 to Group 1 scale with scores from 0 to 1)	Group 2, 0.74	Group 2, 0.74	Group 1, 0.83↑
AK&M (RESG 6 to RESG 1 scale with scores from 0 to 106.6)	RESG 1 (84.8)	RESG 1 (83.2)	RESG 1 (99.6)
Donors Forum Russian Leaders in Corporate Philanthropy (C to A+ scale)	n/a	A+↑	A+
RBC (Level 3 to Level 1 scale)	n/a	Level 1	Level 1

STAKEHOLDER ENGAGEMENT



Our ability to listen and understand, be quick in our response, and effectively work with a wide range of stakeholders is key to the approach we use in doing business. It provides a solid foundation for delivering on strategic SDGs. Ensuring maximum transparency of our operations, including through full, high quality, and timely reporting, is a prerequisite for achieving this goal.

In February 2023, PhosAgro received the Interfax and AK&M information agencies' award for its advanced practice of information disclosure in the stock market. We highly value the acknowledgement from the expert community and remain dedicated to upholding best ESG practices and the highest standards of corporate reporting going forward.

Alexander Sharabaika

Chairman of the Strategy and Sustainable Development Committee of the Board of Directors

APPROACH TO STAKEHOLDER ENGAGEMENT; IDENTIFYING AND SELECTING STAKEHOLDERS

GRI 3-1, 2-29, SASB EM-MM-210a.3

PhosAgro's framework for stakeholder engagement management covers all tiers of corporate governance. Our stakeholders include persons or organisations that, in line with the double materiality principle, may be affected by our activities or can influence our operations and business decisions. Furthermore, we seek to build partner relationships with government agencies in all countries where we operate and ensure that we strictly comply with all applicable regulatory requirements.



Generated and distributed direct economic value¹, RUB mln

GRI 201-1

Item	Stakeholder	2021	2022	2023
Direct economic value generated		422,459	573,966	444,682
Revenue from sales		404,849	551,037	421,690
Revenue from other sales	Wide range of stakeholders	15,639	18,490	18,614
Revenue from financial investments		1,971	4,439	4,378
Economic value distributed		(363,715)	(520,253)	(478,495)
Operating expenses, including:		(250,101)	(320,792)	(291,455)
• wages and other payments to employees	Suppliers and contractors Employees and trade unions	(32,781)	(51,567)	(47,425)
• social expenses	Wide range of stakeholders	(3,378)	(9,314)	(7,720)
Payments to providers of capital		(76,595)	(146,669)	(139,733)
• declared dividends		(72,260)	(142,111)	(132,221)
• interest expense	Investment and finance community	(4,335)	(4,558)	(7,512)
Tax expenses and other payments to government:		(37,019)	(52,792)	(47,307)
• including income tax expense	Regional and local governments, and local communities	(31,073)	(41,465)	(34,527)
Retained/(redistributed) economic value²		58,744	53,713	(33,813)

¹ Calculated on accrual basis using data from the Group's IFRS consolidated financial statements.

² Economic value retained for 2023 was negative since the Company distributed to its shareholders both profits for the reporting year and a portion of profits retained from the previous years.



Suppliers and contractors

For more information, see page 128



Employees and trade unions

For more information, see page 142



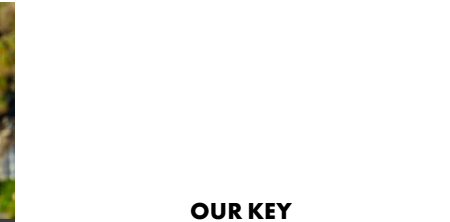
Consumers

For more information, see page 96



Investment and finance community, including investors, shareholders, and rating agencies

For more information, see page 312



Regional and local governments, and local communities

For more information, see page 222



Business and industry associations

For more information, see page 123



International organisations

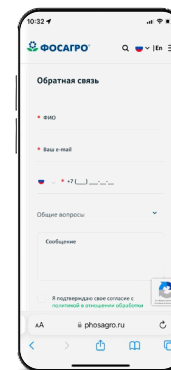
For more information, see page 123



Scientific and educational institutions

For more information, see page 110

OUR KEY STAKEHOLDERS



Feedback

You can send your comments and proposals regarding corporate reporting to esg@phosagro.ru or ir@phosagro.ru

Feedback from shareholders and other stakeholders helps PhosAgro improve reporting transparency and quality.

MATERIAL TOPICS

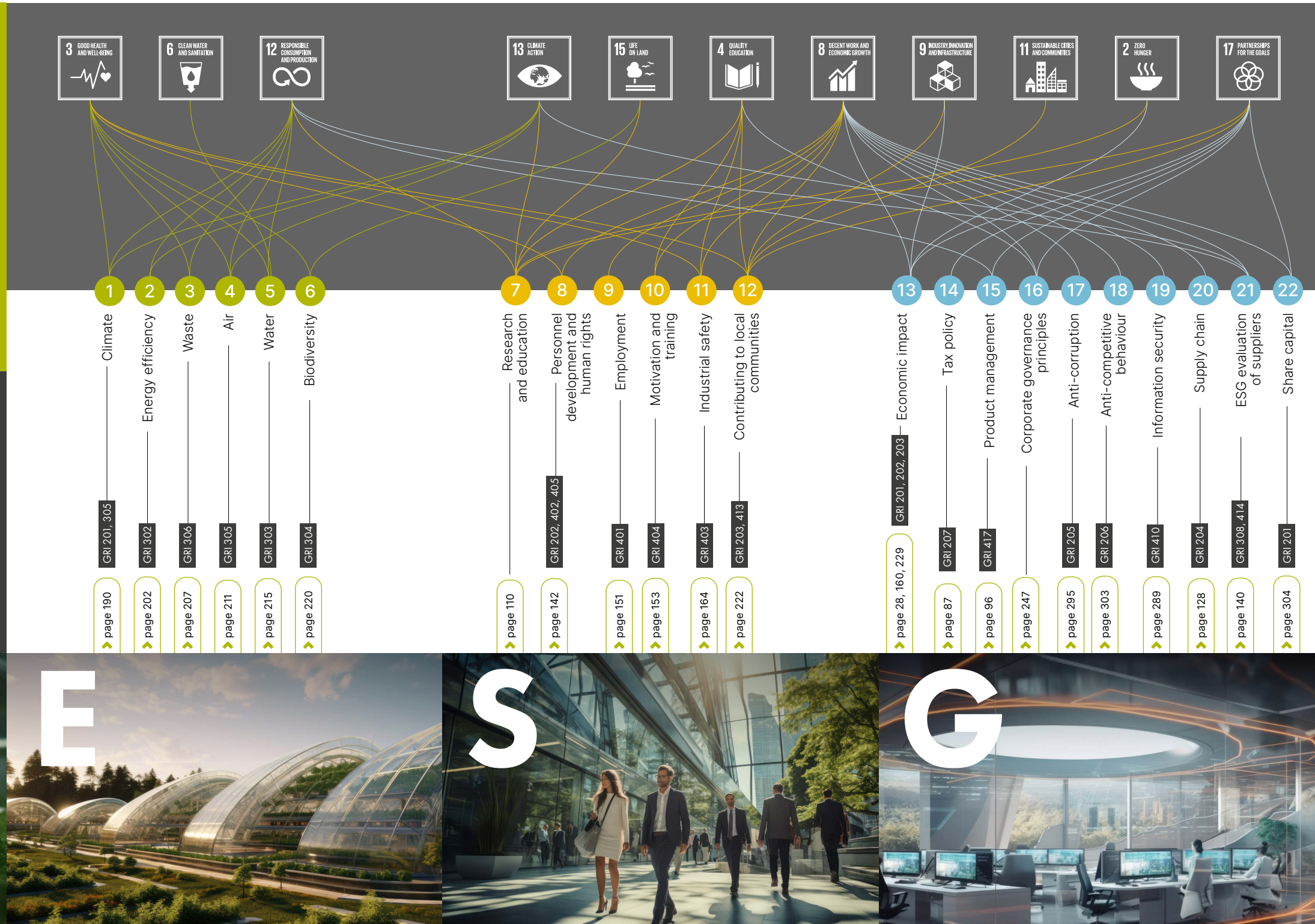
GRI 2-14, 2-29, 3-1, 3-2

PhosAgro looked into the topics outlined in each GRI Topic Standard and identified a list of 22 topics that hold most importance for its key stakeholders and the Company itself. This selection was made taking into account the position of the investment and finance community, including rating agencies, as well as feedback from key stakeholders, along with comments received during the professional and public assurance of the 2022 non-financial reporting. These topics were included in this Report for disclosure.

► For more information, see the Additional Information section on page 368

In 2023, the number of disclosed material topics (22) and GRI indicators remained unchanged compared to 2022.

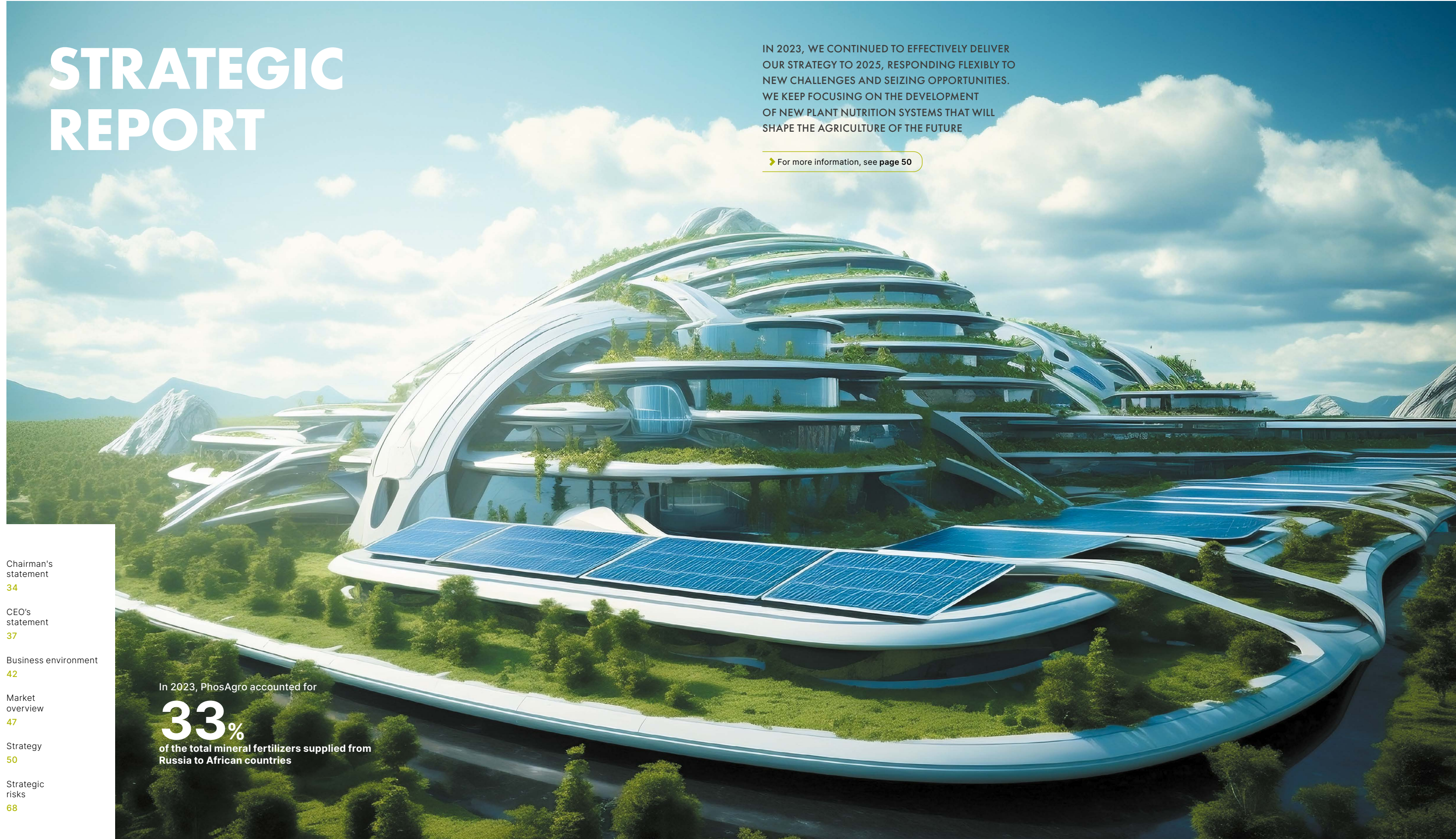
► For more information on our approach to identifying material topics and their impact on the value chain, see the Additional Information section on page 368



STRATEGIC REPORT

IN 2023, WE CONTINUED TO EFFECTIVELY DELIVER OUR STRATEGY TO 2025, RESPONDING FLEXIBLY TO NEW CHALLENGES AND SEIZING OPPORTUNITIES. WE KEEP FOCUSING ON THE DEVELOPMENT OF NEW PLANT NUTRITION SYSTEMS THAT WILL SHAPE THE AGRICULTURE OF THE FUTURE

► For more information, see [page 50](#)



- Chairman's statement **34**
- CEO's statement **37**
- Business environment **42**
- Market overview **47**
- Strategy **50**
- Strategic risks **68**

In 2023, PhosAgro accounted for
33%
of the total mineral fertilizers supplied from
Russia to African countries

CHAIRMAN'S STATEMENT



IN 2023, PHOSAGRO STAYED TRUE TO THE PRIORITIES SET OUT IN ITS LONG-TERM DEVELOPMENT STRATEGY. WITH AN ONGOING FOCUS ON PRODUCTION EXPANSION AND SUBSTANTIAL CAPITAL INVESTMENTS, THE COMPANY CONTINUED TO DELIVER DYNAMIC GROWTH, CONSISTENT IMPROVEMENTS IN PRODUCTION EFFICIENCY, AND STRONG OPERATING RESULTS, ALL WHILE MAINTAINING A STEADFAST COMMITMENT TO SUSTAINABILITY AND CORPORATE SOCIAL RESPONSIBILITY.

PhosAgro has a history of setting industry records. What milestones has the Company reached in the reporting year?

Our performance in 2023 has yet again given us ample reasons to be proud. We raised our agrochemical output to an all-time high of 11.3 mt, an increase of 2% from 2022. For DAP/MAP, production rose by 8.4% to over 4.5 mt, for ammonium nitrate by 4.4%, for urea by 1.6%, and for phosphoric and sulphuric acids by 4.6% and 2.5% respectively. Our record of solid performance over the years attests to the effectiveness of the chosen path of organic growth as our preferred development strategy. PhosAgro persistently upgrades its production using the best available techniques, enhances its vertical integration, and maintains a focus on sustainable development. All this enables us to remain the largest supplier of all types of fertilizers to Russian farmers and to strengthen our standing in the global market.

In 2023, the Company celebrated several more key accomplishments. We reached a milestone of 900 mt in apatite-nepheline ore supplies from the Kirovsky mine of Apatit's Kirovsk branch. At the Cherepovets facility of Apatit, our output hit a mark of 100 mt of phosphate-based mineral fertilizers and 1 mt of ammonium sulphate. Production of phosphoric acid across PhosAgro's sites surpassed 3.3 mtpa for the first time ever. These are all important landmarks in PhosAgro's journey.

Our production achievements have laid a solid foundation for robust financial results. Revenue went above RUB 440 bln, EBITDA reached RUB 183 bln, and adjusted net profit came in at RUB 104 bln. We also delivered impressive profitability, with a 41.6% EBITDA margin in 2023.

How is the Company performing in the area of corporate governance?

As the Chairman of the Board of Directors, I assume full responsibility for the quality and effectiveness of our corporate governance system. I firmly believe that all members of the Board of Directors share my dedication to acting in the best interest of the Company's wide range of stakeholders and making well-informed, balanced decisions.

We are consistently improving our practices and aim to strengthen the composition of the Board of Directors. With the inclusion of Vladimir Trukhachev in 2023, the Board saw an increase in the count of independent directors to five out of ten members. We are committed to maintaining the Company's utmost openness and transparency, aiming to meet the interests of all stakeholders. I am proud to emphasise the pace and quality of our development and the improvements that we bring to our corporate practices.

I am confident that the current Board of Directors consists of highly skilled professionals from diverse backgrounds, whose contributions considerably enhance the quality of strategic planning and our focus on sustainable growth requirements.

My opinion is also supported by external experts. In 2023, PhosAgro ranked first in the ESG rating of 160 companies compiled by RAEX, the largest independent agency specialising in non-credit ratings. We were awarded the highest rating (AA) among the rated companies. Additionally, we attained the top position in sub-rankings for the effectiveness of our social policy and the quality of corporate governance, earning us the highest score possible.

Now that we have discussed the G component of your ESG practices, what are the achievements in the E and S domains?

Every year, PhosAgro forges ahead with its investment programme, which yields positive results and ensures steady growth in both production and financial metrics. This enables us to maintain a decent level of employee remuneration and fulfil all our social obligations.

In 2023, payments of taxes and duties to budgets at all levels reached a record high of RUB 69 bln. We are actively expanding our social and charity projects, with total support increasing seven-fold over the past decade and exceeding RUB 25 bln in 2022–2023.

PhosAgro employs over 23,000 people, and I deeply appreciate their contribution to both the Company's development and national food security. Our employees are our most valuable asset, so we strive to create a comfortable and safe working environment while offering competitive and fair remuneration. Over the past three years, the average monthly pay at PhosAgro increased by 60%, and in February 2024, we raised salaries by an additional 15%. In 2023, new collective bargaining agreements were signed by all of the Group's production facilities as we increased the size of social benefits and

allowances for our teams in Volkhov, Cherepovets, Kirovsk, and Balakovo. This is a landmark event both for the mineral fertilizer industry and the Russian chemical sector at large. In addition, a new apartment block for PhosAgro employees was successfully commissioned in Volkhov during the year. To date, our corporate housing programme has improved the living conditions of nearly 3,000 families.

Our consistent long-term efforts have won us accolades from external experts as in 2023 PhosAgro was named among the best employers by Forbes and RBC.

It is important to remember that PhosAgro's responsibilities extend beyond its direct employees to a much wider range of stakeholders. To that end, in 2023 we went ahead with our Mine to Plate educational programme designed to train personnel for the agricultural industry. The programme already covers 47 universities, with students benefitting from an impressive portfolio of more than 370 digital video lectures. A total of 17 PhosAgro educational centres opened their doors at Russia's leading agricultural universities.

What are you expectations for PhosAgro in 2024?

Last year, PhosAgro and the Russian Ministry of Agriculture expanded their cooperation by launching the Pro Agro Lectorium online platform. We also implemented and launched a digital educational platform for farmers from Africa.

In addition to promoting basic sciences, we help train engineers at the schools and colleges that we support. Last year, our school-college/university-facility corporate educational programme celebrated its tenth anniversary.

PhosAgro joined the UN Global Compact's Forward Faster initiative calling for an accelerated achievement of the UN Sustainable Development Goals. As a participant in the Water Resilience Coalition, a UN Global Compact platform, PhosAgro will contribute to a faster achievement of SDG 6 (Clean Water and Sanitation) covered by the Forward Faster initiative, by advancing sustainable water resource management.

It is worth mentioning that in 2023, our Company received its third Grand Prix at the Russian Business Leaders: Dynamics and Responsibility Awards held by the Russian Union of Industrialists and Entrepreneurs. This is a testament that our achievements in corporate social responsibility have been recognised by Russia's leading businesses and organisations.

We also solidified our standing as a company with the best social and charitable programmes in the Russian Leaders in Corporate Philanthropy 2023 competition. These long-standing awards for socially responsible businesses are organised by the Donors Forum and its partners, including the Ministry of Economic Development, Accounts Chamber, Presidential Grant Foundation, and Russian Union of Industrialists and Entrepreneurs. In 2023, a total of 43 companies enrolled in the competition, with 15 making it to the A+ Leaders category. PhosAgro was the only mineral fertilizer producer to do so.

I can confidently say that we plan to maintain our momentum. In 2024, we will be increasing our CAPEX further, investing a record of RUB 73 bln in business development (including capitalised repairs). As a result, we expect our agrochemical output to continue growing. This will make an important contribution to strengthening Russia's food security for years to come.

I am convinced that in 2024, we will continue to make steady progress towards our strategic objectives, propelled by our professional team and a sustainable and flexible business model that drives continuous improvements in efficiency and profitability. With these strengths, we are well-positioned to achieve our goals and solidify our market presence.



Victor Cherepov,
Chairman of the Board of Directors
of PJSC PhosAgro

I appreciate your trust in our business, and we look forward to reaching new heights together.

CEO'S STATEMENT



IN 2023, DESPITE THE CONTINUED EXTERNAL TURBULENCE, PHOSAGRO ONCE AGAIN DEMONSTRATED RESILIENCE IN THE FACE OF CHALLENGES AND THE ABILITY TO SET NEW OPERATING AND FINANCIAL RECORDS. THIS WAS MADE POSSIBLE THROUGH THE CONCERTED TEAMWORK OF OUR SKILLED PROFESSIONALS, OUR FLEXIBLE BUSINESS MODEL, AND A WELL-THOUGHT-OUT COMPREHENSIVE STRATEGY.

During the year, we went ahead with our development plans, upgraded and constructed production facilities, tapped into new markets, and unveiled new products. In all our endeavours, we remained committed to supplying the Russian market, which is our unchanging priority, as well as some 100 countries globally with high-quality, efficient, and eco-friendly mineral fertilizers.

2023 was a year of transformation for many companies as they continued to revamp operational processes and reconsider business models. What was the year like for PhosAgro?

In 2023, we once again saw very clearly that our business model and development strategy are the right choice and fit. With them, we can stay an effective and robust business even in turbulent macro environments and without compromising our resilience. The year 2023 marked another set of accomplishments and achievements for PhosAgro. We were able to ramp up fertilizer output levels and increase our self-sufficiency in key types of feedstock.

In 2023, PhosAgro hit yet another record in agrochemical output, taking it to 11.3 mt. For MAP, there was a 12.9% increase, driven among other things by the new production facility in Volkhov, which was built as part of the Company's long-term development programme. The upward trajectory in the output of phosphate fertilizers was underpinned by higher volumes of phosphoric and sulphuric acids that we produced, as well as consistently high levels of ammonia output. In particular, production of sulphuric acid added 2.5% to exceed 8.1 mt. This was fuelled by greater efficiency of the sulphuric acid production unit in Cherepovets and the launch of a new sulphuric acid facility in Balakovo in late 2023.

We also enhanced our leadership standing in terms of total supplies of all types of mineral fertilizers to our priority market of Russia. During the year, domestic supplies surged by 12.0% and reached 3.3 mt.

The stabilisation of global fertilizer prices after they spiked to all-time highs in 2022 was the key driver of our financial performance in 2023. For the full year, we posted revenue in excess of RUB 440 bln, EBITDA of over RUB 183 bln, and adjusted net profit of more than RUB 104 bln. Thanks to the well-coordinated efforts of the management, we were able to effectively control production costs while achieving growth in sales of high-margin products. As a result, we delivered a strong EBITDA margin of 41.6%. Despite a certain reduction in our free cash flow from the record high of 2022, the 2023 level of RUB 70.2 bln is still one of our best results over the past decade. We also completed the year with a comfortable level of net debt (RUB 223.2 bln) and a net debt/ EBITDA ratio of 1.2x.

How is PhosAgro doing in terms of progress against its investment programme?

2023 marked the completion of a ten-year investment cycle. Over this period, we have invested over RUB 390 bln in developing our business. The output of core products has expanded by over 80%, from 6.1 mt in 2013 to 11.3 mt in 2023. Last year, the Company made a record investment of more than RUB 64 bln (including capitalised repairs). In 2024, the plan is to reach a level of RUB 73 bln.

Efforts to create new and upgrade existing production capacities across the Group's sites progress smoothly in line with our Strategy to 2025. One of the key achievements has been the successful completion of an investment project in Volkhov to build a mineral fertilizer plant with a capacity of more than 1 mt. With total investments of RUB 34 bln, it will be the industry's trailblazer in innovations for years to come. Thanks to the plant's complete overhaul and new construction, the annual output of mineral fertilizers and other chemical products will be in excess of 1 mt.

In Cherepovets, in addition to upgrading ammonia and phosphoric and sulphuric acid production capacities, we are running

a project to ramp up the processing of phosphate rock and to build a conveyor belt for phosphogypsum. In Balakovo, phase 3 of our production site saw the completion of projects to ramp up output of feed phosphates and sulphuric acid.

PhosAgro is a vertically integrated company, and we take active steps to develop our raw material base. In 2023, we came close to finalising a project for the construction of a new +10 m level at the Kirovsky mine. In Q4 2023, the level's second start-up facility was launched.

PhosAgro's accomplishments in financial, investment, and social responsibility domains have garnered strong recognition from both Russian and international business and investment communities. In 2023, the Company ranked among Russia's top 10 companies in terms of net profit according to Forbes and among the top 10 Russian companies included on the list of the 500 largest companies in Europe by revenue as assessed by the renowned Fortune magazine.

How has the Company's product portfolio been evolving?

In 2023, we expanded our portfolio to include 58 fertilizer grades, with plans to increase this number to 100 by 2030. This expansion will include innovative products such as biologised fertilizers, fertilizers with a prolonged effect, plant growth enhancers, and new ameliorants.

In 2023, in collaboration with Mendeleyev University of Chemical Technology, PhosAgro embarked on the development of a new line of biologised mineral fertilizers. We also started the production of water soluble MAP at our Volkhov facility. This is an eco-friendly product that can be effectively applied on all major crops without requiring special equipment. In February 2023, the Company completed the shipment of the first batch of ApaSil, a new product made by Apatit's Cherepovets site. ApaSil serves to boost plant growth, induce its

natural immunity, and help unlock biological potential even under severe stress conditions. Additionally, we expanded our portfolio of products for animal farming, placing on the market a new phosphogypsum-based product used as bedding in farms and poultry houses.

Together with Innopraktika, PhosAgro is implementing a project titled Innagro designed to create seven innovative products. Three of them have successfully passed all tests and are now in production. AgroGard, a leading Russian agricultural holding company, and other partners are already making active use of innovative biofungicide Metabacterin, Enzymesporin probiotic, and Fermasil biological preservative, all with exceptionally positive feedback.

How did the geography of the Company's sales change in 2023?

Our primary and unwavering focus remains the supply of mineral fertilizers to the crucial Russian market, where we aim to maintain and strengthen our leading position.

Despite the constant volatility of the international market, PhosAgro has been able to hold its ground over the recent years, demonstrating unprecedented flexibility and adaptability. We have continued to increase supplies, primarily to emerging markets, with friendly countries accounting for almost as much as 75% of total exports (compared to 70% in 2022).

In 2023, Latin America became one of our priority export markets, as supplies surged 1.5-fold to 3.2 mt.

PhosAgro has maintained its position as Russia's leading fertilizer exporter to African countries, ramping up deliveries to the continent to over 550 kt. The Company accounts for 33% of all Russian fertilizer supplies to Africa, where our eco-friendly products, free from dangerous concentrations of cadmium and other toxic substances capable of harming the health of people and soils, are made available to more than 20 countries. We also have ambitious plans for the future, aiming to double our supplies to Africa in the next three years.

How successful has PhosAgro been in the capital market?

PhosAgro has always placed a significant emphasis on the ESG agenda. What were the primary accomplishments here in 2023?

GRI 2-22

In 2023, the Company made its debut offering of RUB-denominated exchange-traded bonds for RUB 20 bln on the Moscow Exchange. These were assigned credit ratings of ruAAA (EXP) and eAAA(RU) respectively from the Expert RA and ACRA agencies. With more than two-fold oversubscription for the bonds, the Company was able to revise its coupon rate guidance downwards three times, achieving the minimum spread to the yield of Russian federal bonds among corporate issuers: 89 bps. The coupon yield was 9.4% p.a., payable semi-annually.

Also in 2023, PhosAgro made its debut offering of CNY 2 bln exchange-traded bonds on the Moscow Exchange. The variable coupon is linked to the China Loan Prime Rate (LPR 1Y) + 1.2%, and we were able to achieve a reduction from the initial level of 1.3% on the back of strong investor demand.

In August 2023, we were the first Russian issuer to offer replacement bonds worth USD 740 mln.

One of the major developments related to our debt management was the successful redemption of the USD 500 mln Eurobond issue in late April 2023. We had the issue refinanced, among other things using part of the proceeds from the two exchange-traded bond issues (for CNY 2 bln and RUB 20 bln) that we previously offered on the Moscow Exchange.

These deals enabled PhosAgro to secure available market financing under the best conditions to go ahead with its development programmes and loan portfolio refinancing. PhosAgro acts in the interests of its existing and potential investors, honours all its obligations in full, and continues its active efforts in this domain.

Our commitment to sustainability lies at the core of our operations. All investment projects and programmes, along with new product lines, rely on the best available techniques, keeping the welfare of society and the environment in mind. The Company continues to uphold all its social commitments, preserving and expanding initiatives in the realm of corporate social responsibility.

This year, I would like to highlight the social dimension of sustainable development. Our employees have always been our most valuable asset. In August 2023, PhosAgro Group facilities signed new collective bargaining agreements, effective until 2026. We successfully expanded the list of benefits and their financial value while preserving and ramping up all widely used healthcare and recreation programmes, as well as our subsidised corporate housing programme. Support for veterans' organisations was also bolstered, with all that done taking into account the expectations and needs of our employees.

PhosAgro remains committed to raising the level of employee remuneration: between 2021 and 2023, the average pay went up by 60%, and at the start of 2024, we introduced an additional increase of 15%. With our social and financial support programmes, we work to improve the well-being of the employees, which I believe

is a crucial incentive for further productivity enhancements following its 2.6x increase over the past decade.

We continued to develop our corporate system for training engineering personnel and fostering education and science in agriculture through projects such as School-College/University-Facility, From Mine to Plate, and Pro Agro Lectorium. Last year marked the 20th anniversary of PhosAgro's key social initiative DROZD (Educated and Healthy Children of Russia), which has benefited over 150,000 students to date.

We are also advancing projects related to soil fertility preservation on a global scale in collaboration with the Food and Agriculture Organisation of the United Nations, as well as implementing green energy at our facilities. In 2023, the Company joined the UN Global Compact's new initiative that calls for an accelerated achievement of the UN Sustainable Development Goals (SDGs). As part of that commitment, we will be contributing to a faster achievement of SDG 6 (Clean Water and Sanitation) by advancing sustainable water resource management. Finally, Tashkent hosted the seventh round of the grant awards ceremony for the best young scientists from all over the world as part of Green Chemistry for Life, a joint grant programme by PhosAgro, UNESCO and IUPAC.

What are your forecasts for 2024?

In 2024, we will carry on our with our objectives as outlined in the Strategy to 2025. We have a record CAPEX of RUB 73 bln¹ planned for the upcoming year. Our focus remains on the development of our raw material base, with plans to start underground mining within the Gakman block of the Kirovsky mine's Yukspor deposit. In Cherepovets and Volkhov, we aim to complete a project to increase the processing of phosphate rock by a combined total of nearly 400 kt. In Balakovo, phase 3 of our production site development will continue, involving a flexible MAP/DAP/NPS/NPK fertilizer production scheme and delivering an increase in total output. We also anticipate reaching the target capacity for feed phosphate production, increasing by 14% to 443 ktpa. Furthermore, we plan to achieve the design capacity of the upgraded SK-20 technological system. As a result, the facility's sulphuric acid production is set to expand by 13% to 3 mtpa.

At the same time, as PhosAgro continues to grow, safety and environmental protection will remain our top priorities.

I would like to express my gratitude to all PhosAgro employees for their dedication and great performance in achieving our strategic goals. I also extend my thanks to our broad range of stakeholders, including investors, shareholders, customers, contractors, and suppliers. Our 2023 results clearly demonstrate that together we have chosen the right path to pursue, with our team's efforts paving the way for the Company's unprecedented achievements.



Mikhail Rybnikov,
Chief Executive Officer
of PJSC PhosAgro

¹ Including capitalised repairs.

BUSINESS ENVIRONMENT

JANUARY

Russia introduced duties on fertilizer exports

On 1 January 2023, Russia introduced duties on all types of mineral fertilizers until the end of 2023: if the customs value of fertilizers exceeded USD 450/t, the exporter was charged 23.5% of the difference between the real price and the set base amount.

On 1 September 2023, in response to a decline in fertilizer prices, the government adjusted the mechanism by introducing a general rate for all mineral fertilizers – 7% of the value. The minimum rates were as follows: RUB 1,100 per tonne for nitrogen-based fertilizers, RUB 1,800 per tonne for potash fertilizers, and RUB 2,100 per tonne for phosphate fertilizers. Water-soluble phosphate fertilizers with high production cost – diammonium hydrogen phosphate and ammonium dihydrogen phosphate – were exempted from the measures, which will apply until the end of 2024.

On 1 October 2023, changes came into effect to introduce variable fertilizer duties (7% and 10%) depending on the US dollar exchange rate, and to impose additional duties on other products in the range of 4% to 7% depending on the US dollar exchange rate. The previously established minimum rates remained unchanged. Phosphate-based fertilizers with high production cost - water-soluble MAP and DAP - were exempted from the measures, which will apply until the end of 2024.

EU's new Common Agricultural Policy (CAP)

On 1 January 2023, the new Common Agricultural Policy of the EU came into effect. That Policy will be key to securing the future of agriculture and forestry in member countries, as well as achieving the objectives of the European Green Deal.



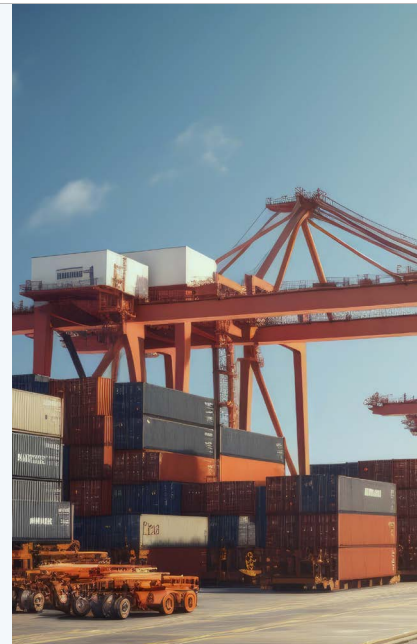
FEBRUARY

Heads of several international organisations adopted a joint statement on food security

Heads of the International Monetary Fund, World Trade Organisation, Food and Agriculture Organisation (FAO), World Bank Group, and World Food Programme issued a joint statement calling for continued urgent action to address the global crisis on food and nutrition

security, including through improving availability of food and fertilizers. The statement specified four focus areas:

- to serve the most vulnerable immediately;
- to facilitate trade and international food supplies;
- to improve productivity;
- to invest in climate-resilient agriculture.



MAY

By the end of May, fertilizer producers sold more than 60% of the entire forecast volume of fertilizer procurement by Russian farmers for 2023

The Russian agribusiness increased its mineral fertilizer procurement by 6% to 3.4 mt compared to 2022, taking into account accumulated stocks. Thus, by mid-May, domestic fertilizer producers secured more than 60% of the sector's forecast procurement volume for the entire 2023.

USA notified banks that the export of Russian fertilizers was permitted

The US Department of State said that it regularly communicated with US and foreign banks to remind them that transactions with Russian food and fertilizers are exempt from sanctions. The statement was made after Russia had long insisted that the prohibition on imposing sanctions on Russian agricultural commodities and fertilizers must be respected.

Russia extended export quotas for mineral fertilizers

Russian Prime Minister Mikhail Mishustin approved the extension of export quotas for nitrogen-based and complex fertilizers from 1 June to 30 November, with their volume totalling 16.33 mt. The quotas are aimed at keeping sufficient volumes of fertilizers on the domestic market.

Later on, in November 2023, the government raised the total export quota to more than 18.5 mt, thus ensuring that producers would be able to export the remaining finished products, provided that domestic demand was fully met.

In late November 2023, the government resolved to extend the fertilizer export quotas until 31 May 2024. The quota totalled 16.9 mt, including around 9.8 mt of nitrogen-based and 7.1 mt of complex fertilizers.



G7 adopted action statement for resilient global food security

At the 49th G7 summit in Hiroshima, Japan, the leaders of the member countries adopted an action statement for resilient global food security. The announced measures included focus on expanding fertilizer efficiency and decisions aimed at supporting grain exports from Russia and Ukraine.

JUNE

Russia extended domestic price threshold for mineral fertilizers

The price threshold set for mineral fertilizers was extended for the entire year of 2023 and remained at the 2022 level. First introduced

in December 2021, the threshold was intended to keep mineral fertilizers affordable to Russian farmers. Later on, this measure was prolonged until the end of May 2024.



JULY

St Petersburg hosted the Russia– Africa forum

At the forum, African countries and Russia agreed to deepen their food security cooperation.



AUGUST

Russia enacted a law on excess profit tax for large companies

The Russian president signed a bill establishing an excess profits tax for large companies whose average profit before tax for 2021–2022 exceeded RUB 1 bln. The tax affected such companies as PhosAgro, EuroChem, and Rusagro.



SEPTEMBER

Food exports became one of the key revenue items for Russia's budget

The head of Russia's Federal Customs Service said that Russian food exports are gradually becoming the main source of income for the national budget.



USA ramped up imports of Russian fertilizers

According to the US statistical service, in 1H 2023, the country increased imports of Russian fertilizers to a record USD 944 mln, making Russia the country's second-largest fertilizer supplier. The cost of imports also grew by 5%.

G20 leaders called for uninterrupted grain and fertilizer exports from Russia and Ukraine

At the summit in New Delhi, G20 leaders adopted a joint declaration calling for the full implementation of the grain deal and unimpeded exports of food and fertilizers from Russia and Ukraine.

Russia and China agreed to build a grain hub on the border

During the Eastern Economic Forum, Russia and China signed an agreement to build a huge grain hub in the Jewish Autonomous Region to supply Russian grain to China.

OCTOBER

FAO and the International Atomic Energy Agency (IAEA) made a joint statement to support food security

To strengthen the strategic partnership between FAO and IAEA, the two organisations launched Atoms4Food, a joint flagship initiative on food security, which

seeks to provide member states of both organisations with groundbreaking solutions, tailored to their specific needs and circumstances, by harnessing the advantages of nuclear techniques in agriculture.



NOVEMBER

Russian fertilizer producers covered 100% of agricultural demand for 2023 and started deliveries under 2024 orders

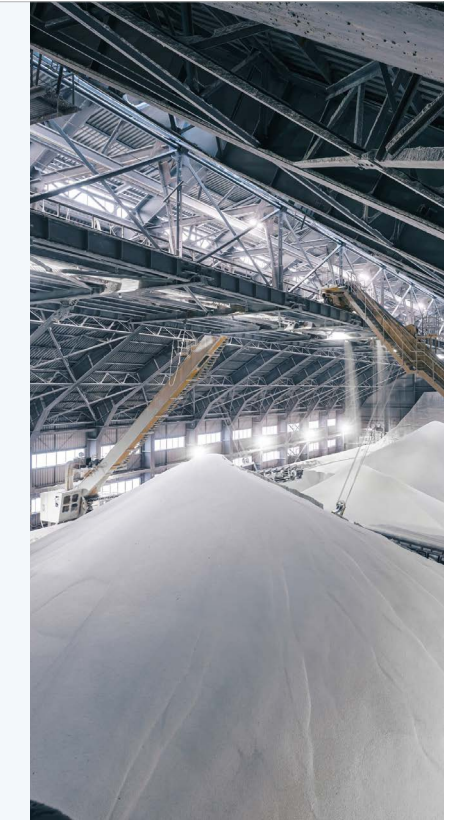
By November, Russia's main mineral fertilizer producers had delivered 100% of mineral fertilizer procurements announced by the Russian Ministry of Agriculture for 2023 (5.4 mt) and immediately began accepting orders for the 2024 spring sowing.

The volume of mineral fertilizer trading on SPIMEX since the beginning of 2023 exceeded 90 kt, which is 18% higher than the sales volume for the whole of 2022. PhosAgro Group emerged as the leader in terms of sales.

USA raised import duty on PhosAgro phosphates

The US Department of Commerce raised the countervailing duty on imports of PhosAgro's phosphate fertilizers from 9.19% to 28.50%. Meanwhile, US farmers consistently advocated for lower duties to make it easier for the fertilizers to reach the market.

Mineral fertilizer sales at the St Petersburg International Mercantile Exchange (SPIMEX) exceeded 2022 figures



DECEMBER

The UN Climate Change Conference adopted a joint declaration by participating countries on food security

The countries participating in COP28 adopted a joint declaration aimed at strengthening food security worldwide on an equal and voluntary basis and in cooperation with UN organisations and the WTO.

Russian manufacturers increased fertilizer production in 2023

In January–November, Russian companies ramped up fertilizer production to 23.6 mt, up 10% y-o-y.



JANUARY

Volume of and revenues from Russian agricultural exports grew in 2023

In 2023, Russian agricultural exports went up 12% y-o-y to USD 45 bln. In addition, revenue from Russian commodity exports increased by 14%. In 2023, Russia exported food to 169 countries, including key developing economies.



MARKET OVERVIEW

In 2023, the global fertilizer market continued to face strong headwinds from the uncertainty in energy and food markets, which contributed to sustained high price volatility and hindered the recovery of fertilizer consumption worldwide.

The significant influence of global risks persisted, with the spread of geopolitical tensions leading to disruptions in established maritime trade routes.

The weak outlook for global economic growth, coupled with recession, inflation and interest rate risks, including those in developed countries across Europe and North America, also put a curb on fertilizer consumption growth.

Russian and Belarusian fertilizer producers made a gradual recovery under the heavy pressure of Western sanctions, particularly by shifting their exports to alternative markets in the Global South. This came on the back of intensified competition from other suppliers, driving downward fluctuations in fertilizer prices.

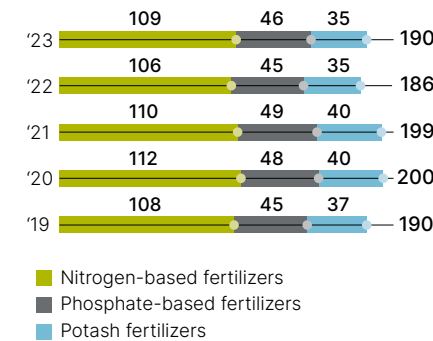
Preliminary estimates by consulting agencies and industry analysts suggest that in 2023¹, global consumption of mineral fertilizers stood at 190 mt nutrient, a reduction of 2%, or 4 mt nutrient, against 2022. Consumption of nitrogen-based fertilizers was up by 3 mt of N (+2.8%) to 109 mt; for phosphate fertilizers, it increased by 1 mt of P₂O₅ (+2.2%) to 46 mt, and for potash fertilizers, consumption remained flat y-o-y at 35 mt of K₂O

In terms of regional trends, fertilizer consumption rebounded in all major regions following a decline in 2022, except for European countries.

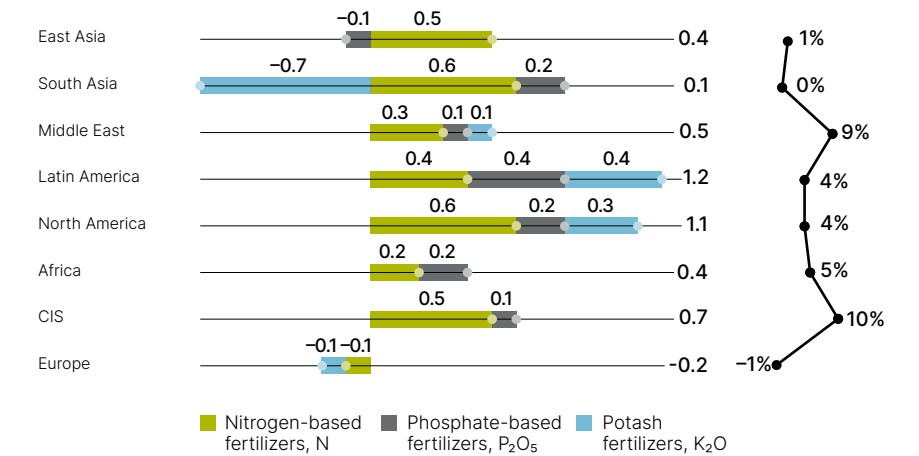
Leading growth rates in fertilizer consumption were observed in former Soviet Union countries (excluding Ukraine and the Baltic states), as well as in the Middle East (primarily driven by Turkey). Africa, North America, and South America experienced growth rates of approximately 4–5%, while markets in South and Southeast Asia demonstrated relatively slower demand resurgence.

The primary driver of fertilizer demand recovery in global markets was the enhanced affordability of fertilizers, particularly following a decline in prices during 2H 2023.

Global fertilizer consumption estimates, mt nutrient



Estimate of changes in consumption by region in 2023, mt nutrient



¹ Hereinafter based on data by CRU, Argusmedia, Profercy; expert estimates of industry analysts in Russian and international media.

PHOSPHATE ROCK AND PHOSPHATE-BASED FERTILIZER MARKET

According to preliminary estimates, global production of phosphate rock in 2023 totalled 205 mt, which is 6 mt, or 3%, above the 2022 level.

The increase in production was primarily driven by the gradual recovery in phosphate fertilizer consumption and associated growth in the utilisation of phosphate rock processing capacities. The most notable increase in phosphate rock production was seen in North Africa (Morocco and Egypt, with a combined growth of 7.0 mt) and China (+0.8 mt). At the same time, there was a decrease in production in the USA (-1.2 mt) and Jordan (-0.7 mt).

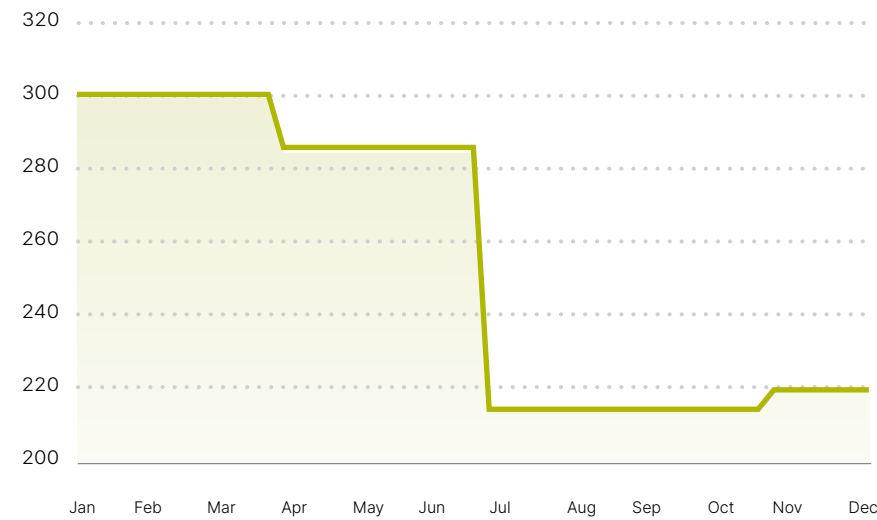
Pricing in the phosphate rock market has the traditional time lag associated with changes in price indices in phosphate-based fertilizer markets. In 1H 2023, prices for key types of phosphate rock remained relatively high before price correction kicked in during the second half of the year, following the trend for phosphate-based fertilizers.

According to preliminary estimates, global production of complex phosphate-based fertilizers (DAP + MAP) in 2023 reached 62 mt, a 3 mt (+5%) increase y-o-y that reflects temporary recovery of demand for phosphate fertilizers in general in 2023. The growth in production of these fertilizers came primarily from China, Morocco, and Saudi Arabia.

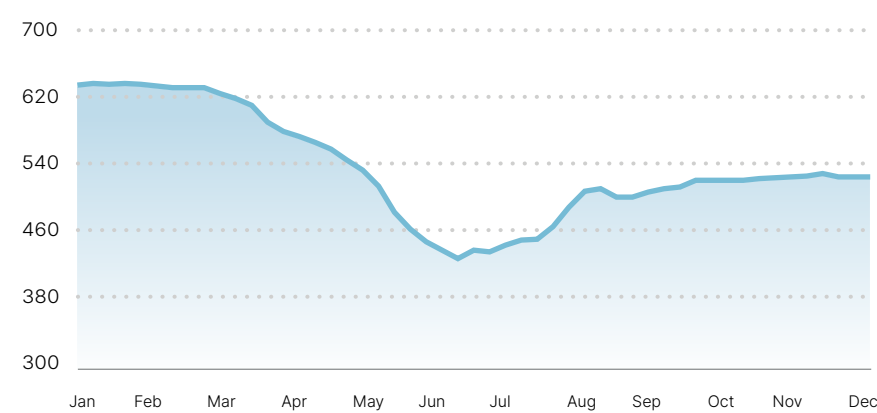
Global trade in DAP/MAP in 2023 was up by 3.2 mt, or 12%

to **30** mt. y-o-y

Phosphate rock prices, FOB Morocco (31–33% P₂O₅), USD/t



Global DAP/MAP prices in 2023, FOB Baltic, USD/t



Noticeable import growth was recorded in Latin America, where MAP imports increased by 25% to 5.5 mt. While India maintained a stable level of DAP imports and North America posted an import growth, in Europe a recovery in phosphate fertilizer imports was still not happening.

During 1H 2023, prices in the phosphate-based fertilizer market faced downward pressure due to weak

demand from major sales markets and an increase in supply, partly attributed to the easing of export restrictions in China. However, prices gradually began to recover in the second half of the year, stabilising at above USD 500/t, FOB Baltic (for DAP/MAP) by Q4 2023. The price rebound in 2H 2023 was primarily driven by the seasonal demand uptick in India, Brazil, and North America.

NITROGEN-BASED FERTILIZER MARKET

In 2023, the global nitrogen-based fertilizer market remained highly volatile, with prices experiencing significant fluctuations of up to 30–50% in both ways within short timeframes. This volatility was attributed to various factors, including continued uncertainty and high prices in energy markets, supply chain disruptions in key regions, trade restrictions, and unscheduled technical shutdowns at major production facilities.

Preliminary estimates indicate a 3.5% or 6.3 mt increase in global urea production in 2023, reaching a total of 182 mt. India and China saw the strongest production growth, driven by increased utilisation of new capacities commissioned between 2021 and 2022. Conversely, countries in the Middle East and Southeast Asia faced production reductions due to technical shutdowns. After a considerable

Global urea prices in 2023, FOB Baltic, USD/t



decline in 2022, European urea production only managed to recover by a quarter.

Global urea trade volumes in 2023 stayed virtually flat at some

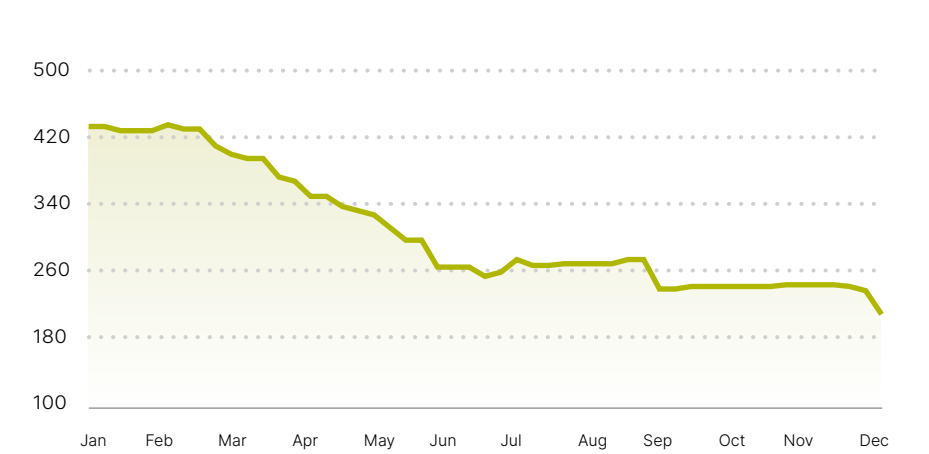
53 mt

POTASH FERTILIZER MARKET

Unlike the phosphate and nitrogen-based fertilizer markets, the global market of potash fertilizers saw no recovery in demand in 2023. The increase in potassium chloride imports to China and Brazil was offset by weak demand and reduced imports in other key consumption markets, including Southeast Asia, South Asia, Europe, and other regions.

Against this backdrop, exports from Russia and Belarus exceeded forecasts by a significant margin. Coupled with increased production and exports from Laos following the launch of new capacities in 2021 and 2022, this resulted in an oversupply in the global market and a downward price pressure throughout 2023.

Potassium chloride prices in 2023, FOB Baltic, USD/t



STRATEGY

STRATEGY TO 2025

IN 2023, PHOSAGRO CONTINUED TO BE GUIDED BY THE STRATEGY TO 2025 APPROVED BY THE COMPANY'S BOARD OF DIRECTORS IN MARCH 2019. MOST OF ITS GOALS REMAINED RELEVANT IN THE REPORTING YEAR DESPITE SIGNIFICANT CHANGES IN PRODUCTION AND BUSINESS OPERATIONS. ANOTHER RECORD-BREAKING YEAR FOR THE PRODUCTION OF MINERAL FERTILIZERS AND OTHER AGROCHEMICALS (11.3 MT) WAS YET ANOTHER TESTAMENT TO THE EFFECTIVENESS OF OUR STRATEGY.



Health and safety goals
ZERO WORKPLACE INCIDENTS AND INJURIES

Environmental and climate goals
REDUCED EMISSIONS AND WATER USE, INCREASED WASTE RECYCLING

HR goals
CONTRIBUTION TO THE UN SUSTAINABLE DEVELOPMENT

Sustainability principles are deeply integrated in all of the strategy to 2025 aspects

ESG

INCREASING SALES IN PRIORITY MARKETS

- Expansion of the foothold in the domestic market and other premium markets
- Higher share of premium fertilizer brands in the sales mix

➤ For more information, see [page 54](#)

BOOSTING LOGISTICS EFFICIENCY

- Allignment of production and sales
- Reduction of per unit transportation costs
- Developing port infrastructure

➤ For more information, see [page 57](#)

OPERATIONAL EFFICIENCY AND PRODUCTION GROWTH

- Capacity expansion
- Higher self-sufficiency in feedstock
- Stronger operating efficiency

➤ For more information, see [page 59](#)

STRATEGIC GOALS

APPENDICES

SHARE CAPITAL


CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE

Increasing sales efficiency



Progress ✔

2025 targets / 2023 status

Expansion of the foothold in premium markets, the Company's own products

Sales volume: Russia and the CIS

2025 target.. **3.7 mt**
 2023 **2.8 mt** up 9% y-o-y

Number of distribution and logistics centres

2025 target.. **35**
 2023 **34** up 3% y-o-y

Total storage capacity:

2025 target.. **>650.0 kt**
 2023 **868.0 kt** up 6% y-o-y

Sales volume: Americas

2025 target.. **3.5 mt**
 2023 **3.8 mt** up 44% y-o-y

Higher share of premium fertilizer brands, the Company's own products

Share of complex fertilizers (NPK/NPS/PKS) in total output:

2025 target.. **43.0% (5.0 mt)**
 2023 **31.4% (3.5 mt)** down 4.6% y-o-y

Operational efficiency and production growth



Progress ✔

Capacity expansion

Phosphate rock processing:

2025 target.. **8.6 mt**
 2023 **9.1 mt** up 4% y-o-y

Mineral fertilizer and feed phosphate production:

2025 target.. **11.6 mt**
 2023 **11.0 mt** up 2% y-o-y

Maintaining high feedstock self-efficiency

Ammonia:

2025 target.. **76%**
 2023 **75%** down 1% y-o-y

Sulphuric acid:

2025 target.. **91%**
 2023 **92%** flat y-o-y

Ammonium sulphate:

2025 target.. **75%**
 2023 **46%**¹ down 5% y-o-y


Stronger operating efficiency

The actual effect of 2023 approved by project steering committees:

>1.6 bln.

¹ Deviation from the self-sufficiency target target for ammonium sulphate is due to the fact that part of the ammonium sulphate output (167 kt in 2023) is sold as a commercial product rather than used for processing into compound mineral fertilizers as per the scenario adopted in the Strategy to 2025.

Boosting logistics efficiency



Progress ✔

Reduction of transportation costs

Increased reliance on corporate rolling stock

Use of innovative railcar fleet

Alignment of production and sales

Rail infrastructure throughput at key production sites:

2025 target.. **28.3 mt**
 2023 **26.5 mt** up 2% y-o-y

Developing port infrastructure

Efficient mix of port capacities in terms of costs and supply reliability:

2025 target.. **8.0 mt**
 2023 **8.0 mt** flat y-o-y

INCREASING SALES EFFICIENCY

Both of PhosAgro Group's key strategic sales goals (expanding our footprint in premium markets and increasing the share of premium product sales) serve the ultimate common goal of increasing sales profitability.

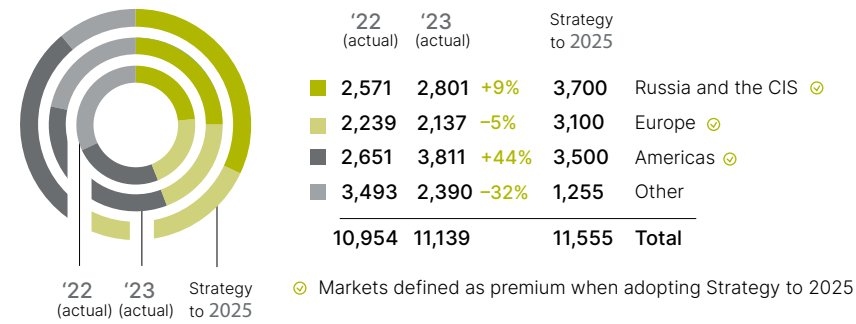
PhosAgro Group is successfully working on achieving this goal in the new landscape through an active involvement in the most high-margin markets along with the development and promotion of premium mineral fertilizer grades, primarily complex fertilizers.

The goals are interrelated, as historically there has been a predisposition of geographical markets to consume certain fertilizer grades. In particular, one of our key regions, the Americas, is largely focused on the consumption of dual fertilizer grades with the aim of then independently preparing combinations of fertilizers that are best suited to the crops, soils, climate, and other factors of agricultural production. At the same time, the Baltic and Eastern European countries have historically focused on procuring complex

fertilizer grades that do not require blending and are ready for application. Accordingly, the product mix offered by the Company is also changing amid restrictions on supplies to the European market introduced in 2022–2023. PhosAgro Group is fully prepared for such challenges, thanks to the flexibility of its production assets following a major overhaul during the previous investment cycle.

EXPANSION OF THE Foothold IN PREMIUM MARKETS

Sales of mineral fertilizers and feed phosphates, the Company's own products, kt



We remain strategically committed to our home market, the core one, which translated into an 8% increase in domestic sales during the reporting year (12% including third-party products), and a 9% increase if the CIS market is included.

The Latin America market showed the most significant growth of more than 52% in 2023.

Europe, another market identified as a priority one in 2019, showed a 5% decline.



Targets 2.4, 12.4, 15.1.

Promoting and raising awareness of best farming practices and developing a service model

Progress towards our targets

Item	2021 (actual)	2022 (actual)	2023 (actual)	Strategy to 2025
Distribution centres	31	33	34	35
Total storage capacity, kt	765	821	868	>650
Liquid complex fertilizer storage capacity, kt	66	74	85	62

From 2018 to 2023, PhosAgro invested some RUB 4 bln in developing its corporate sales network across Russia. In 2023, the number of the network's distribution centres increased to 34, while the total storage capacity exceeded 860 kt, including 85 kt for the transshipment of liquid mineral fertilizers (a new record for Russia).

In 2023, as part of its service model development, the Company introduced chemical soil analysis – a new service for Russian consumers. During the year, the Company's agronomic experts surveyed about 50,000 ha across 20 regions in five federal districts. In 2024, the Company plans to increase its survey area by 40% by expanding its regional coverage and services.

A landmark event in 2023 was the launch of two new business areas – the supply of crop protection products

and seeds of Russian breeders. Thus, the Company's customers gained access to a comprehensive service, including agrochemical soil analysis, hybrid selection, development of plant nutrition and protection systems, product supply, and additional services.

In 2023, in line with our strategy of shifting to direct interactions with customers, the Company transformed its regional office in Krasnodar into Russia's first PhosAgro-Region customer centre to provide farmers with a one-stop shop for the full range of PhosAgro Group services, including a wide range of mineral fertilizers, logistics support, agronomic support, agrochemical soil analysis, and much more. Going forward, if this practice proves successful, we will roll it out across our network's footprint.

In 2024, PhosAgro Group will focus on further expanding its distribution network, developing the existing logistics centres and launching new ones in Russia's key agricultural regions. The Company has already embarked on projects to build three new facilities in the Altai territory, Penza and Ryazan regions. We will also continue to enhance the service component of the Company's offer to Russian farmers.

Another area of increasing sales in Russia's priority market is expanding the functionality and improving the efficiency of PhosAgro Group's digital ecosystem, which includes, among other things, an online trading platform, the AgroResult mobile app, the Agro Calculator project and the Pro Agro communications platform (YouTube, VK, Zen).



~RUB **4 bln** was invested by the Company in the development of its domestic sales network in 2018–2023

➤ For more information on the Company's digital platform, see the Customers and Product Management section on page 96

HIGHER SHARE OF PREMIUM FERTILIZER BRANDS

As the Company forecast in its 2021 and 2022 integrated reports, demand for dual fertilizer grades continued

to prevail in 2023 due to the superior growth of the markets historically focused on these types of fertilizers, primarily in Latin America. The flexibility of our production assets enables

us to respond swiftly to changes in the market demand, while maintaining full capacity utilisation.

Mineral fertilizer and feed phosphate sales mix, kt

Item	2021 (actual)	2022 (actual)	2023 (actual)	Strategy to 2025
Urea/AN/AS	2,495	2,551	2,561	2,620
MCP	405	350	377	472
APP	206	112	198	213
NPK/PK/PKS	3,586	3,670	3,500	4,980
MAP/DAP	3,565	4,272	4,504	3,270
Total	10,257	10,954	11,139	11,555
Share of complex fertilizers,%	35.0	33.5	31.4	43.1

The Company continues to develop and actively market new fertilizer grades in an effort to meet the existing and potential needs of farmers in Russia and abroad to the fullest extent possible, while taking into account the specifics of crops, soil types, and farming conditions.

2019–2023 was more than RUB 60.3 bln, or 5.2% of total sales of the Company's chemical products¹. The Company's ability to maintain a substantial share of new grades is underpinned by the strong R&D capabilities of NIUIF and PhosAgro Innovation Centre.

In 2023, sales of fertilizers introduced from 2019 to 2023 exceeded RUB 19.5 bln, or 5.4% of total sales of the Company's chemical products¹. Over the last three years (2021–2023), revenue from fertilizers developed in

► For more information on our innovative fertilizer grades, see the Research and Education section.

PhosAgro is actively developing the following premium products:



fertilizers with micronutrients are considered one of the most potent ways to combat malnutrition and reduce nutrient deficiencies, as the micronutrients can be accumulated by plants and thus benefit the human diet;



biological and biomineral fertilizers are expected to become one of the most effective solutions to ensuring global food security by boosting agrochemical efficiency of plant nutrition systems without damaging the ecosystem;



coated fertilizers provide increased environmental and agrochemical efficiency due to coating with a mixture of monocalcium and dicalcium phosphates.



Targets 2.4, 12.4, 13.1, 13.2.

Expanding sales of efficient and eco-friendly mineral fertilizers and developing innovative plant nutrition systems, including those that limit greenhouse gas emissions and help adapt to climate change

BOOSTING LOGISTICS EFFICIENCY

Rail transport accounts for the most part of the Company's domestic shipments (ca. 99%). In 2023, freight turnover totalled 29.3 mt, up 1.0% against 2022, with further growth to 31.0 mt expected in 2024.

Rail shipments are also a focus area of key initiatives aimed at improving the reliability of product deliveries and reducing transportation costs. Ensuring a secure supply is a top priority for us.

REDUCTION OF TRANSPORTATION COSTS

As part of implementing the Strategy to 2025, we have significantly increased reliance on our own rolling stock, buying mostly innovative railcars with a higher capacity and longer run life. Increased reliance on PhosAgro's own rolling stock means:

- enhanced safety of operation and more reliable supplies, as PhosAgro Group's production and logistics processes are less dependent on third-party services;
- higher cost efficiency, as corporate railcars are cheaper in use than third-party rolling stock;
- a positive environmental effect, as the use of innovative rolling stock with higher cargo tonnage per railcar and train reduces the negative impact on the environment per tonne of cargo.

Other areas of focus to ensure transportation security and optimise transportation costs in 2023 included:

- developing mutually beneficial terms and entering into agreements with Russian Railways to co-finance the development of transport infrastructure at railway stations adjacent to Apatit's production sites: Volkhov branch – final stage, Balakovo branch – planning stage;
- securing tariff preferences for the shipment of liquid sulphur and sulphuric acid;

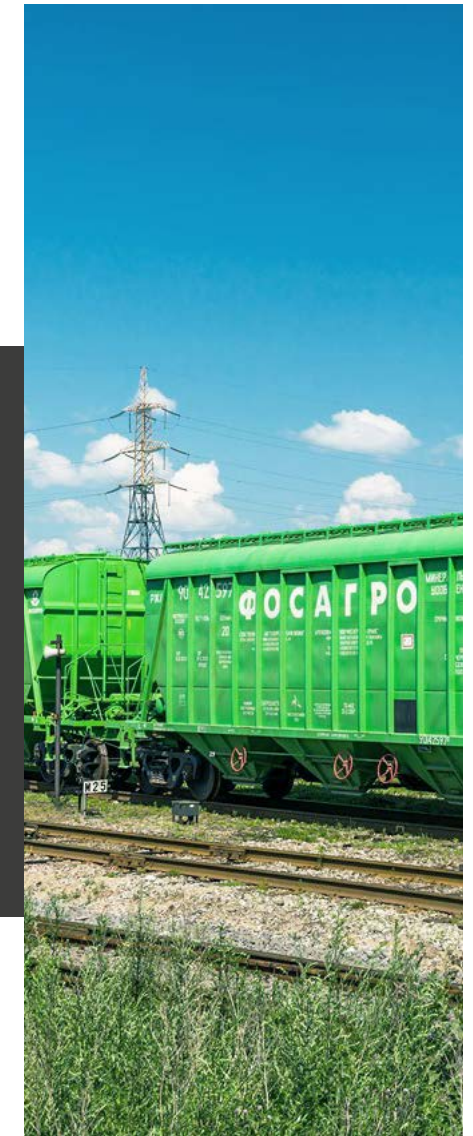
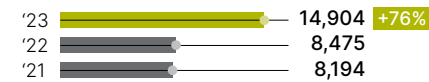
12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.4.

Managing chemicals and wastes wisely throughout their life cycle, including transportation

- verifying the possibility of receiving subsidies for export transportation of industrial products by rail in the period from 2022 to 2024 according to Decree of the Government of Russia No. 1347 On State Support of Russian Industrial Organisations in Order to Compensate Expenses for Transportation of Industrial Products dated 28 July 2022.

Increased reliance on corporate rolling stock, railcars



As part of the fleet renewal programme in 2023, we procured

6,000 containers,
402 mineral hoppers
and **165** tank cars for molten sulphur.

¹ Due to certain aspects of accounting, the revenue does not include the margin.



Target 9.1.

Developing rail infrastructure and contributing to the development of local communities through our value chain

ALIGNMENT OF PRODUCTION AND SALES

Corporate rail infrastructure throughput capacity at the Company's key production facilities is critical to efficient transportation. Throughput capacity depends on a number of factors, such as availability of rolling stock, length of railways, combination of rolling stock types, and quality of traffic organisation. Thanks to our comprehensive investment programmes, we have been able to expand the throughput capacity of our key production facilities' railway infrastructure to or above target levels over the last three years.

In particular, in order to achieve the target, the Company launched a rolling stock renewal programme to 2034 in November 2022. As part of the programme, we plan to procure 392 ore dump cars and 11 electric locomotives for the Kirovsk branch, as

well as 23 shunting locomotives for the Cherepovets facility and the Balakovo branch.

As at the end of the reporting year, the construction of a container yard and the installation of the required equipment at the phosphate facility in Cherepovets was practically completed, which will allow for a significant increase in future container shipments.

As part of a four-party agreement between Apatit, Severstal, Russian Railways and Lengiprotrans, we are modelling the operation of Cherepovets railway hub, with a list of measures to be drawn up to handle both current and future freight turnover.

In 2023, as part of a comprehensive Volkhov branch development project, rail infrastructure throughput at the Volkhov site was ramped up to 4.0 mtpa from 3.8 mtpa as at the end of 2022, which exceeds the target set

in the Strategy to 2025. The project implementation continues. We have reached an agreement with Russian Railways to co-finance the construction of public infrastructure as part of the second stage. Freight turnover in 2025 is expected to reach 4.5 mtpa, which exceeds the targets of Strategy to 2025.

We continued to work on expanding the transport infrastructure at the Balakovo branch to support the planned increase in finished product shipments and acceptance of new raw materials – potassium chloride and ammonium sulphate. The Company plans to increase the throughput capacity of railway infrastructure in Balakovo from the current 7.2 mtpa to 8.9 mtpa by 2025 (which also exceeds the Strategy to 2025 target). To that end, more than 12 km of railway tracks are currently being laid in addition to the existing 51 km.

Progress towards our targets, mtpa

Freight turnover of chemical facilities' railway infrastructure	2021 (actual)	2022 (actual)	2023 (actual)	Strategy to 2025
Cherepovets site	15.2	15.4	15.3	16.5
Balakovo branch	6.7	6.7	7.2	8.0
Volkhov branch	2.6	3.8	4.0	3.8
Total	24.5	25.9	26.5	28.3

DEVELOPING PORT INFRASTRUCTURE

In addition to developing logistics and sales infrastructure across Russia, our priority market, we are working to increase the reliability and efficiency of our exports by both reducing transshipment costs and providing state-of-the-art transshipment capacities.

Our strategic aim is to develop and maintain a balanced port sales infrastructure in terms of costs and reliability, capable of handling at least 8 mtpa of fertilizer exports. To achieve this target, in 2023 the Company revised a number of existing transshipment contracts and entered into new ones covering the required export volumes and effective through 2028. As of today,

we have basically secured the required transshipment capacities in line with the 8 mtpa target. Given our plans to expand production capacities, the work is underway to consider the measures that would increase the available transshipment capacity to 9–10 mtpa.

The ports key to PhosAgro Group's operations are located in the North-West of Russia. In the Leningrad region and St Petersburg: European Sulphur Terminal, Petrolesport, First Container Terminal, and St Petersburg Port, in Murmansk: Murmansk Bulk Terminal. The Company also uses its own terminal at the HaminaKotka port in Finland. We rely on specialised terminals and their equipment designed to mitigate the environmental impact.



Target 9.1.

Enhancing port network, along with offering employment opportunities, developing infrastructure and implementing social investment programmes

OPERATIONAL EFFICIENCY AND PRODUCTION GROWTH

CAPACITY EXPANSION

The long-term growth in demand for mineral fertilizers has been steady. In order to respond to stronger demand, PhosAgro focuses on expanding capacities to produce its key products, which is one of our key strategic goals for 2025.



Target 12.4.

Making ecologically pure products in line with sustainability requirements and maximising the use of production waste in further processes

Delivery on production targets, mt

Item	2021 (actual)	2022 (actual)	2023 (plan) ¹	2023 (actual)	2024 (plan)	Strategy to 2025
Production of nitrogen-based fertilizers	2.4	2.5	2.5	2.6	2.5	2.6
Production of phosphate fertilizers and feed-grade MCP	7.9	8.2	8.4	8.4	8.7	8.9
In-house processing of phosphate rock	8.0	8.7	9.0	9.1	9.3	8.4

¹ The Board of Directors approved an updated plan on 30 August 2023.

IMPLEMENTATION OF HIGH-PRIORITY PROJECTS

APPENDICES

SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE

Project

Phase 3 of Balakovo development project with a flexible production scheme

Completion

🕒 2025

Targets

🎯 NPK
937 ktpa,
DAP
560 ktpa

Investments

💰 **18.2** bln
IRR of **25%**

Status

📌 DAP production is to be launched in 2Q 2024

Project

Developing +10 m level at the Kirovsky mine

Completion

🕒 2022: first start-up facility (Kukisvumchorr flank)
2023: second start-up facility (Yukspor flank)
Further development until 2035

Targets

🎯 Maximum production capacity of the level
9.4 mt of ore by 2028

Investments

💰 **>36** bln
IRR of **21%**

Status

📌 In October 2023, the Kirovsky mine saw the launch of the second start-up facility (Yukspor flank) to compensate for diminishing ore volumes and ramp up ore production to 25 mtpa.

Project

Dry phosphogypsum storage at the Cherepovets phosphate facility

Completion

🕒 2023: the first stage is completed (dry transportation of phosphogypsum from technological system 1 of the wet-process phosphoric acid plant, conveyor section to transfer unit 1)
2024: dry transportation of phosphogypsum from technological system 2 of the wet-process phosphoric acid plant, conveyor construction finished
2027: the entire set of works is to be completed

Targets

🎯 The capacity of a trunk phosphogypsum conveyor
at **550** t/h

Investments

💰 **RUB 4.6** bln (targeted project)

Status

📌 In November 2023, building 2.12 (phosphosphoric acid plant 1) was fully transferred to the dry transportation of phosphogypsum, work was completed on the first start-up facility of the trunk phosphogypsum conveyor (to transfer unit 1), and the first batches of dry phosphogypsum were transported by road to a storage facility

Project

Higher volumes of phosphate rock processing at the Cherepovets facility

Completion

🕒 2024

Targets

🎯 An increase in phosphate rock and DAP processing
by **218** ktpa
and **173** ktpa respectively

Investments

💰 **RUB 6.3** bln
IRR **>20%**

Status

📌 Scheduled ramp-up to increased phosphate rock processing volumes – 4Q 2024

Project

Higher volumes of phosphate rock processing at the Volkhov branch

Completion

🕒 2024

Targets

🎯 An increase in phosphate rock and MAP processing
by **153** ktpa
and **107** ktpa respectively

Investments

💰 **RUB 2.3** bln
IRR **>20%**

Status

📌 Scheduled ramp-up to increased phosphate rock processing volumes – 4Q 2024

Project

An increase in production of feed-grade MCP by 53 ktpa

Completion

🕒 2024

Targets

🎯 An increase in production of feed-grade MCP
by **53** ktpa

Investments

💰 **RUB 3.3** bln
IRR of **22%**

Status

📌 In November 2023, major construction and installation were completed, with a new belt filter put in place to increase phosphate rock processing as part of the project. A ramp-up to design output of feed-grade MCP is scheduled for 2Q 2024.

HIGHER SELF-SUFFICIENCY IN FEEDSTOCK

Feedstock self-efficiency

Strong vertical integration is PhosAgro's major competitive advantage. With our phosphate rock reserves covering 100% of the Company's needs for raw materials required for phosphate mineral fertilizers, we are ramping up the production of other key commodities thus maintaining a high level of self-sufficiency in feedstock.

Chemical production and consumption

Item	2021 (actual)	2022 (actual)	2023 (actual)	2024 (plan)	Strategy to 2025
Ammonia, %	76.0	76.0	75.0	74.0	76.0
• Production, mt	1.9	2.0	2.0	2.0	1.9
• Consumption, mt	2.5	2.6	2.6	2.7	2.5
Sulphuric acid, %	95.0	92.0	92.0	95.0	91.0
• Production, mt	7.4	7.9	8.1	8.7	7.8
• Consumption, mt	7.8	8.6	8.8	9.1	8.6
Ammonium sulphate¹, %	60.0	51.0	46.0	49.0	75.0
• Production, mt	0.3	0.3	0.3	0.3	0.7
• Consumption, mt	0.5	0.6	0.6	0.6	0.9

Implementation of high-priority projects

Project

An upgrade of the process system for 20% sulphuric acid production with an increase in output by 350 ktpa at the Balakovo branch

<p>Completion</p> <p>🕒 1Q 2024</p>	<p>Targets</p> <p>🎯 An increase in sulphuric acid output by 350 ktpa</p>
<p>Investments</p> <p>💰 RUB 6.6 bln</p>	<p>Status</p> <p>📋 The sulphuric acid unit with the existing compressor was launched in November 2023.</p> <p>A ramp-up to design capacity of 135 t/h is scheduled for 1Q 2024.</p>

CAPITAL INVESTMENTS

Progress against 2025 strategic goals of capacity expansion and feedstock self-efficiency comes on the back of effective planning and the successful implementation of the Company's investment programme.

A disciplined approach to CAPEX

- The minimum project IRR – an approved discount rate +2% (at least 15%)
- Annual CAPEX budget of up to 50% of EBITDA
- More efficient working capital management

¹ Failure to meet the self-sufficiency target for ammonium sulphate is due to the fact that part of the ammonium sulphate output (167 kt in 2023) is sold as a commercial product rather than used for processing into compound mineral fertilizers as per the scenario adopted in the Strategy to 2025.



Breakdown of CAPEX, RUB bln

Expenditures	2021 (actual)	2022 (actual)	2023 (actual)	2024 (plan)
Investment projects	30.0	24.1	18.8	25.4
Maintenance	10.8	27.0	31.3	32.4
Non-industrial construction	1.1	2.2	3.3	2.7
Total excluding capitalised repairs	41.9	53.2	53.4	60.5
Total including capitalised repairs	48.0	63.0	64.2	73.0

CAPEX funding in 2021–2023 and 2024 forecast¹

Item	2021 (actual)	2022 (actual)	2023 (actual)	2024 (plan)
CAPEX, RUB bln	41.9	53.2	53.4	60.5
Adjusted EBITDA, RUB bln	192.1	266.9	168.4	165.4
CAPEX / adjusted EBITDA, %	22	20	32	37

Details of key investment projects in 2023¹

Stripping and mine development preparations: +10 m at the Kirovsky mine	3.7
Stripping and mine development preparations at the Rasvumchorr Plateau	3.4
Development of the Balakovo branch (phase 3) with a switch to triple fertilizers	3.4
An upgrade of the process system for 20% sulphuric acid production with an increase in output by 350 ktpa	2.4
An increase in production of feed-grade MCP by 53 ktpa	1.6
Development of the Volkhov branch (including – construction of a unit to produce water soluble MAP)	1.2
Other key projects	3.1
Total	18.8

¹ Excluding capitalised repairs.

OPERATING EFFICIENCY IMPROVEMENTS

At PhosAgro, we are implementing a whole range of projects and initiatives to improve our technologies and organisational approaches and streamline production processes.

In 2023, we successfully implemented the following projects.



Target 8.3.
Maintaining and developing existing operations and creating innovative facilities



Project Introduction of a screening and forecasting system for Apatit counterparties

This is PhosAgro Group's first state-funded project using a grant from the Skolkovo Foundation issued in accordance with Russian Government Resolution No. 555 dated 3 May 2019 to finance the first large-scale roll-out of Russian IT solutions. The grant financed 50% of project costs.

Project schedule

🕒 10 January 2022 – 31 December 2023

Project goals

- 1 Introduction of a counterparty screening and forecasting IT system
- 2 Creating a framework to reduce the likelihood of materialised risks related to interactions with unreliable counterparties by introducing an automated scoring and forecasting system
- 3 Streamlining operational indicators for counterparty screening, assessment, selection, and document submission to supervisory authorities

Project goals are fully met.

Economic effect

📈 ✓
RUB 80.4 mln

Saved through:

- ✓ Risk mitigation in contracting and bidding procedures
- ✓ No potential increase in counterparty vetting expenses

Project Improving the performance of Apatit's business units and branches in 2023

Production site

🕒 Cherepovets, Kirovsk, Balakovo, Volkhov

Completion

🕒 9 January 2023 – 31 December 2023

Key project initiatives

- 1 Higher volumes of phosphate rock processing and MAP production
- 2 Reducing end-to-end phosphate rock losses
- 3 Improving recovery rates in phosphate rock production

Economic effect in 2023

📈 ✓
RUB 1,593.6 mln¹

¹ Not including the impact of higher volumes of phosphate rock processing

S172 STATEMENT

According to Section 172 “Duty to promote the success of the company” of the UK Companies Act 2006, PhosAgro’s Board of Directors acts in good faith for the benefit of the Company to promote its success, taking into account possible long-term consequences of its decisions for society and the environment, as well as the interests of the Company’s employees and other stakeholders.

For the members of PhosAgro’s Board of Directors, these standards mean that the Group’s stakeholders should be interacted with responsibly and that their interests should be respected to the maximum extent possible when making decisions within the Board of Directors’ scope of authority.

At least once a year, the Strategy and Sustainable Development Committee of the Board of Directors reviews feedback from stakeholders on aspects of the Company’s operations that are material to them.

Such feedback is used both to identify topics and indicators to be disclosed in the Company’s non-financial reporting and to determine mechanisms for engagement with the Company’s stakeholders, including at the Board level.

➤ For more information on the Company’s stakeholders and engagement with them, see the Stakeholder Engagement section of this Report on page 28, which also contains references to related Performance Review subsections describing approaches to opinion surveys of relevant stakeholders and collecting data on their interests to be taken into account by the Company’s governance bodies when making decisions.

As the Company’s key governance body, the Board of Directors aligns its decision with their understanding of stakeholder interests shaped as part of management communications, Board and committee meetings, approval of non-financial reporting, and study of other information sources.

The reporting year saw the resumption of on-site Board meetings at the Company’s production facilities. These meetings help the Board of Directors reach a completely new level in engaging with the whole range of stakeholders – regional and municipal governments, key management of PhosAgro’s subsidiaries, production teams, and local communities.

In August 2023, such a meeting took place at the Volkhov production site which completed a major investment project in the reporting year. The project culminated in the construction of a unique mineral fertilizer plant with a capacity of more than 1 mt. The Board of Directors made a tour of the facility, held meetings with key employees, and took part in the opening of renovated social facilities and commissioning of another apartment block for Volkhov branch employees.

On-site meetings are a vital element of feedback which helps the Board of Directors gain a thorough understanding of the Company’s economic, social and environmental impact and make decisions taking into account the interests of a very wide range of stakeholders to the fullest extent possible.

Our employees have a special place among the Company’s stakeholders. Their welfare, including fair remuneration along with successful development and effective social

support, is an area of focus for the Board of Directors, especially its Remuneration and Human Resources Committee, the chairman of which regularly reports to the Board of Directors on relevant progress. Although at the moment we do not apply such practices as appointing directors from among the employees or appointing a non-executive director responsible for interaction with employees for considering their standpoint when managing the Company, we consider it effective and are actively involved in a dialogue on all major management issues with the trade union organisation (Minudobreniya Association), which has historically been an equal partner for PhosAgro Group’s management and an authorised representative of employees in collective bargaining, review and resolution of labour disputes. The Board of Directors can acquaint itself with the opinion of the Minudobreniya Association and take it into account when making decisions on the key matters of the Company’s development both during personal meetings, in particular when visiting production sites, and indirectly from management reports at the meetings of the Board of Directors and its committees.

On top of that, the Audit Committee reviews reports submitted by PhosAgro’s and its counterparties’ employees to the PhosAgro hot line as well as management response to such reports on a quarterly basis. The Board of Directors and its Remuneration and Human Resources Committee also discuss the results of an annual employee satisfaction and loyalty survey launched in 2013.

PROSPECTS

PhosAgro Group’s development scenarios are reviewed by the Board of Directors when approving its Strategy. The strategic planning cycle adopted by the Company is five years, with the current approved strategy effective from 2021 to 2025. Despite increasing uncertainty as regards the Company’s growth prospects and external factors, the Board of Directors decided to stick to a five-year planning horizon in line with existing practices.

Since 2019, the Board of Directors has been considering a contingency plan to prepare for critical changes in the external operating environment, such as possible restrictions on our supplies to key markets.

For PhosAgro Group, 2021 was marked by the countervailing duties imposed on Russian and Moroccan producers in the US market, tighter pricing control and the introduction of quotas and export licences in Russia.

In 2023, countervailing duties and the export quota system remained in force. The restrictions caused by international sanctions and supply chain disruptions still made it difficult for the Company to deliver its products to its traditional markets.

In 2023, similarly to the previous year, the Company was adversely affected by the termination of operations in

Russia by some Western suppliers of equipment, services and technology, as well as by difficulties in making payments.

When approving the Strategy to 2025, the Board of Directors also weighed the associated strategic risks. The Board of Directors reviews the results of key risk monitoring every quarter, while also looking into their reassessment at the end of the year. Each risk has a dedicated risk management map, containing a detailed description along with mitigants and probability, materiality and risk appetite estimates.

The previous year’s risk profile and materiality assessment remained relevant in 2023. At the same time, the Board of Directors analyses new risks that can affect the Company’s ability to perform its obligations and continue business. The key challenges of the reporting year, primarily sanctions and restrictions, did not lead to disruptions of our operations, which proves that we correctly identified and successfully managed these risks, while also taking advantage in such areas as production, sales growth, HR management, and sustainable development.

➤ For more information on the Company’s strategic risks, see the Strategic Report section on page 68

Despite the materialisation of these risks, the Company ensures uninterrupted operation of all its production sites, timely supply of fertilizers, and care for its employees and their families. PhosAgro Group’s team manages to cope with the new challenges in a short space of time, not just keeping the business stable, but reaching new highs. Risks materialised in 2023 did not require us to adjust our Strategy to 2025.

Based on the foregoing, the Board of Directors finds it reasonable to believe that the Company will, without any reservations, be able to continue its operations and meet all its obligations as they fall due while the Strategy to 2025 is in force.

STRATEGIC RISKS

ROBUST RISK MANAGEMENT IS A SINE QUA NON FOR PHOSAGRO TO ACHIEVE ITS STRATEGIC GOALS AND SUSTAINABLE DEVELOPMENT. WE CONTINUOUSLY DEVELOP AND IMPROVE OUR RISK MANAGEMENT FRAMEWORK, WHICH ENABLES US TO IDENTIFY EXTERNAL AND INTERNAL RISKS IN A TIMELY MANNER AND DEVELOP EFFECTIVE MITIGANTS.

Impact on sustainability

Effective starting June 2023 is IFRS S1 General Requirements for Disclosure of Sustainability-related Financial Information. This standard requires disclosure of information about sustainability-related risks. These are defined as risks that can affect an entity's cash flows, its access to finance or cost of capital over the short, medium and long term. Under the standard, said risks arise as part of an entity's interactions with stakeholders, society, the economy and the natural environment throughout its value chain.

2023 is not a reporting period for the application of IFRS S1. However, for more comprehensive disclosure of information, the Company has classified its risks based on their impact on sustainability, and has described this impact.



<p>Risk appetite</p> <p>In pursuing its goals, the Company is guided by risk appetite, or the level of risk it deems acceptable. Risk appetite is an integral part of strategic and operational decision-making. The Board of Directors defines the overall risk appetite when reviewing the Company's risks and also as part of approving its strategy, budget and investment programme and considering other matters within the Board's scope of authority. Risk appetite is then reflected in the Company's specific procedures and key performance indicators.</p>	<p>STRATEGIC RISKS</p> <p>4</p> <p>The Company aims to identify and use opportunities that open up in the market as a result of changes in the external environment. The Company quickly responds to the changing operating landscape and targets priority markets that offer the best terms and conditions to sell its products. At the same time, the Company's business model is designed in a way that ensures operational efficiency while maintaining a commitment to sustainable development.</p>	<p>PRODUCTION RISKS</p> <p>2</p> <p>The Company aims to minimise unscheduled downtime in production while at the same time making sure that its processes and end product quality meet all applicable requirements. Creating a safe working environment is the Company's absolute priority. The Company makes every effort to minimise the negative impact of its production processes on the environment and climate.</p>
<p>FINANCIAL RISKS</p> <p>3</p> <p>As a reliable borrower, the Company seeks to raise funding on the most attractive terms available in the market. The Company's core operations are FX-linked, so we use natural hedging methods to manage our FX risk. We are not ready to take on credit risk related to our counterparties: in our relations with them, we either seek to secure terms and conditions we see as most beneficial to us or use risk transfer strategies.</p>	<p>OPERATIONAL RISKS</p> <p>2</p> <p>The Company aims to prevent any disruptions to its business processes and IT infrastructure performance and to also secure maximum protection from cyber threats and fraud. When planning and implementing its investment projects, the Company works to deliver against strategic priorities and key performance indicators while factoring in potential deviations as a result of changing external factors.</p>	<p>REGULATORY RISKS</p> <p>1</p> <p>The Company aims to remain 100% compliant with all applicable statutory regulations, including those related to taxation. As part of industry associations, the Company is involved in developing regulatory initiatives in order to minimise any non-compliance risk. In addition to laws and regulations, the Company operates in line with corporate values and ethical principles so as to minimise potential reputational damage.</p>

- 0** zero risk appetite (no operations)
- 2** low risk appetite (reduction of risk exposure)
- 4** focused on opportunities (increased risk exposure)
- 1** minimum risk appetite (reduction of risk exposure to the largest extent possible)
- 3** balanced risk appetite (risks and opportunities are balanced)
- 5** maximum risk appetite (maximisation of risk exposure)

KEY RISKS ASSOCIATED WITH PHOSAGRO GROUP'S ACTIVITIES



Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
1	Strategic planning GRI 201, 202	Risk associated with the adoption of an incorrect strategic decision and ensuing management decisions, resulting from an erroneous assessment of internal and external factors that have an impact on the Company's prospects for development and its ability to achieve strategic objectives	The Company actively monitors both internal and external factors that could impact the strategy. PhosAgro also takes a systematic approach to assessing the potential costs and benefits of new strategic projects to facilitate and improve the decision-making process. PhosAgro started updating its strategy to 2030 to reflect the latest changes in the external and internal environments.	Downside deviations of actual strategic performance from targets. Geopolitical developments cause uncertainty to persist and result in the assessment of this risk as high.
2	Failure to deliver on ESG and sustainable development goals GRI 203, 308, 414	Risk factors include failure to set ESG targets and Sustainable Development Goals (SDGs) or update them in a timely manner, as well as the lack of resources and processes necessary to achieve these targets and goals. ➤ Has an impact on sustainable development through goal setting and resource planning to achieve said goals	The Board of Directors' Strategy and Sustainable Development Committee helped set and prioritise SDGs and strategic ESG targets. To achieve the same, PhosAgro developed and is successfully implementing the Low-Carbon Transition Plan, the Climate Strategy, the Water Strategy, the Energy Efficiency Programme, and other initiatives. Significant work done in this area has enabled the Company to materially improve its ratings and become a leader in ESG. It should be noted that a result of certain geopolitical developments, a number of ESG rating agencies suspended their operations in Russia. ➤ For more information on the Company's activities and indicators in this area, see the Navigator on UN SDGs section on page 14	Downside deviations of actual ESG and SDG performance from targets. No material risk events occurred.
3	Social GRI 401, 413	Risk of an adverse social environment in the regions of operation. ➤ Has an impact on sustainable development through community relations in regions of operation	With its commitment to the principles of partnership and cooperation between private business and the government, the Company runs a number of social programmes on a proactive basis. Social projects are designed, among other things, to support local authorities in promoting sports and culture, and enhancing the public utilities and opportunities for growth in the cities and towns where the Company operates. Sustainable development in the regions of operation is one of the key goals the Group pursues in its community activities. ➤ For more information on the Company's activities in this area, see the Contributing to Local Communities section on page 222	Downside deviations of actual ESG performance (social dimension) from targets. No material risk events occurred.

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
4	HR GRI 401, 402, 403, 404, 405	Developments and decisions related to the hiring, development and retention of employees. ➤ Has an impact on sustainable development through dependence on staff, which are one of the Company's key resources	PhosAgro runs independent and joint programmes seeking to train and attract young talents, including those from other regions, develop employee skills and enhance motivation as a way to improve retention and productivity. ➤ For more information on the Company's activities in this area, see the People Development section on page 142	Personnel turnover and skill mismatch. No material risk events occurred. However, labour market developments, including those related to generational and geopolitical factors, cause the risk to increase moderately.
5	Production GRI 201, 302, SASB EM-MM-210b.2	Technical/industrial disruptions of production processes resulting in unscheduled equipment downtime	PhosAgro seeks to ensure uninterrupted operation of machinery and reduce unscheduled equipment downtime. To that end, the Company invests in the construction and upgrade of equipment and carries out preventative maintenance and major overhauls by relying on backup equipment and a reserve pool of components, accessories and spare parts. The Company's insurance programme covers the risk of production disruptions.	Unscheduled equipment downtime. No material risk events occurred.
6	Health and safety GRI 403	Risks associated with occupational illnesses, injuries, accidents at production facilities and other incidents, including acts of terrorism, and risks arising from non-compliance with statutory requirements in the realm of health, safety and combating terrorism	PhosAgro Group ensures health and safety in workplaces and anti-terrorist protection of facilities in line with applicable laws and best global practices. To that end, the Company trains staff in health and safety and regularly checks their knowledge, promotes safety culture, ensures anti-terrorist protection of facilities, and makes sure that all contractors adhere to the health and safety standards. In addition, safety audits and inspections ensure compliance with applicable regulations and OHSAS 18001 requirements. Initiatives and measures to reduce the above risks are set out in the relevant internal regulations of the Company ➤ For more information on the Company's indicators in this area, see the Health and Safety Review section on page 164	Workplace injuries and other incidents. 2023 saw some risks materialise in terms of workplace injuries. All investigations lead to the implementation of remedial action plans to prevent the recurrence of similar incidents.

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
7	Environmental GRI 303, 304, 305, 306, 308	Risk of actual and potential environmental damage resulting from the Company's operations. ➤ Has an impact on sustainable development by affecting the environment	The Company has put in place the Environmental Policy, the Water Strategy, and the Code of Conduct for Counterparties setting out key environmental requirements for suppliers and contractors. PhosAgro conducts regular analysis and assessment of its impact on the environment. The environmental impact is mitigated through the upgrade of treatment and warehousing facilities and the implementation of energy efficiency programmes. The Company implements projects to address all the main areas of environmental impact (water use, greenhouse gas and other emissions, waste, biodiversity). PhosAgro's investment projects harness the best available techniques to reduce unit feedstock and energy costs while also cutting unit emissions of regulated substances. The Company discloses its environmental impact minimisation goals and performance in line with applicable laws and as part of global initiatives. ➤ For more information on the Company's activities in this area, see the Environmental Review section on page 182	Exceeding maximum permissible levels of negative environmental impact. No material risk events occurred.
8	Project GRI 201	Risk associated with delays and budget overruns in construction and upgrade projects, along with failure to deliver project efficiency targets	PhosAgro strives to adhere to approved project budgets and schedules and to take a unified implementation approach leveraging a variety of project management tools. All projects go through a multi-step review and approval process. For large-scale and strategically important projects, dedicated project management offices are set up. The Company regularly monitors progress against project budgets and deadlines	Downside deviations of actual project efficiency indicators from targets. No material risk events occurred. That said, geopolitical developments caused deviations related to shipments of imported equipment. The Company sets up its business processes in a way that makes sure such risk is minimised, including by relying on import substitution efforts.

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
9	Business processes and systems GRI 402	Inefficiency or disruption of the Company's business processes, including risks related to counterparties and supply chain	PhosAgro seeks to maximise efficiency of all its business processes and systems. Business process efficiency reviews are conducted on a regular basis to identify potential bottlenecks and develop and implement efficiency improvement initiatives. The Company strives to minimise the risk of disruptions in supplies of key materials and feedstock. To that end, PhosAgro uses multi-stage tender procedures and enters into long-term contracts with its most reliable suppliers. In addition, it continuously works to optimise the logistics infrastructure and ensure sufficient rolling stock. The Company also monitors its IT infrastructure on an ongoing basis and carries out a number of initiatives to mitigate risks associated with business process disruptions caused by technological factors or cyberattacks.	Downside deviations of actual business process indicators (by focus area) from targets. No material risk events occurred. That said, geopolitical developments caused deviations related, among other things, to shipments of imported materials and use of software. The Company sets up its business processes in a way that makes sure such risk is minimised, including by relying on import substitution efforts.
10	Tax GRI 207	Potential claims lodged by tax authorities in response to the Company's failure to correctly file tax returns or pay taxes in due time. ➤ Has an impact on sustainable development through interaction with fiscal authorities, which directly impacts cash flows	PhosAgro complies with tax legislation in the countries where it operates. The Company tracks all changes (including the planned ones) in tax laws, analyses the law enforcement practices, and seeks clarifications from the government on taxes. In addition, law and accountancy experts are engaged to advise on the administration of applicable tax laws. The Company also has a tax monitoring system in place to quickly identify and minimise tax risks in coordination with the Federal Tax Service.	Tax claims. No material risk events occurred.
11	Information security GRI 410	Losses incurred on the Company's property and assets as a result of unauthorised access to its information systems or disclosure of confidential data	PhosAgro implements a number of initiatives to prevent unauthorised access to its information systems and disclosure of confidential data. A wide variety of technical and software solutions, including those based on encryption, are used to control access to information resources and systems. Access rights are granted to specific user groups. There is a clear definition of what constitutes confidential information and how it should be handled. The Company undertakes regular audits to ensure strict compliance with its confidentiality policy. The Company's Board of Directors adopted the Information Security Policy.	Unauthorised disclosure of confidential data, unauthorised access to IT systems. No material risk events occurred.

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
12	Economic security GRI 410	Losses incurred on the Company's property and assets as a result of economic crimes committed by employees or third parties, including fraud and theft	The Company takes steps to prevent potential damage to its property and assets as a result of economic law infringements, including, in particular, by introducing access authorisations to the Company's administrative and production facilities, clearly differentiating between responsibilities as part of contract or transaction execution, vetting counterparties before signing a contract, and putting in place a dedicated hotline. Moreover, additional checks are undertaken by a variety of the Company's functions.	Theft and fraud incidents. No material risk events occurred.
13	Regulatory GRI 303, 304, 305, 306	Untimely receipt/extension of licences; legislative changes that might bring about higher cost of doing business, restrictive policies by regulators, weaker equity story of the Company and/or adverse transformation of the competitive landscape. ➤ Has an impact on sustainable development through interaction with the regulatory environment	PhosAgro is in full compliance with applicable laws. To make sure it gets timely updates on potential legislative changes, the Company closely tracks initiatives of legislators, the government and regulators, and takes part in discussing such initiatives and drafting relevant recommendations in partnership with professional associations. The Company prepares and submits documents in due time to receive or extend licences required for its business	Deviations related to regulatory compliance. No material risk events occurred.
14	Corruption GRI 204, 205	Losses resulting from non-compliance or inadequate compliance with applicable anti-corruption laws by the Company or its employees (penalties levied against the Company by government authorities and other damages)	PhosAgro makes sure its facilities and partners fully comply with applicable anti-corruption laws. To that end, it provides training in combating corruption and administering the anti-corruption law, and promotes zero tolerance towards corruption among the Company's employees and partners. Among other things, the Company has approved the Anti-Fraud and Anti-Corruption Policy, the Code of Ethics, and the Regulations on Conflict of Interest. The Company's counterparties are obliged to declare their compliance with anti-corruption laws. The Company is a member of the Anti-Corruption Charter of Russian Business.	Corrupt practices, conflicts of interest. No material risk events occurred.

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
15	Reputation GRI 206	<p>Damage caused to the Company's business reputation as a result of misleading or defamatory information or allegations about the Company made publicly available, leakages of confidential information, and breaches of business ethics on the part of the Company's employees.</p> <p>▶ Has an impact on sustainable development through the Company's business reputation</p>	<p>In its operations, PhosAgro demonstrates commitment to transparency by disclosing all relevant material facts and circumstances. The Company has adopted an information policy and a media engagement policy. Information about the Company is available on its website and in the mass media. PhosAgro provides comments in response to media enquiries and regularly monitors coverage in both Russian and international (social) media.</p> <p>To protect its business reputation, the Company has approved the Code of Ethics setting out unified rules for PhosAgro's employees based on the principles of integrity, good judgement, fair play and partnership and designed to support the Company's success.</p>	<p>Stakeholder confidence.</p> <p>No material risk events occurred.</p>
16	Credit GRI 201	<p>Financial losses caused by the failure of buyers, commercial contractors and other financial counterparties to fulfil their financial obligations to the Company in full and on time.</p> <p>▶ Has an impact on sustainable development through interaction with counterparties, whose credit obligations directly impact cash flows</p>	<p>PhosAgro has approved policies on managing credit risks to institutionalise a number of credit risk mitigation techniques, including deliveries against full or partial prepayments with full or partial insurance of credit risks, and use of letters of credit. Providing advance payments to suppliers and contractors is only considered after the counterparties have proved their reliability or after they have offered adequate bank guarantees for advance payments that exceed approved internal limits. The Company partners with banks, financial organisations and insurance companies that boast a high level of financial stability and meet the criteria set out in the Company's treasury policy. PhosAgro monitors all covenants under the existing loan agreements on an ongoing basis.</p> <p>▶ For more information on the Company's activities and indicators in this area, see the Financial Risk Management. Credit Risk section of the Notes to the consolidated financial statements on page 350</p>	<p>Overdue accounts receivable, provision for bad debt.</p> <p>No material risk events occurred.</p>

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
17	Currency GRI 201	<p>Financial losses arising from unfavourable changes in FX rates against the Company's base currency</p>	<p>In the context of fluctuations of the rouble exchange rate against major international currencies, the Company seeks to align the currency breakdown of its debt financing with the FX structure of its sales. As of now, a significant portion of PhosAgro's debt is denominated in US dollars as a natural hedge against predominantly USD-denominated sales. The Company carefully tracks analyst forecasts and factors that may influence the rouble exchange rate against major currencies.</p> <p>If need be, PhosAgro can hedge its FX positions either fully or partially.</p> <p>▶ For more information on the Company's activities and indicators in this area, see the Financial Risk Management. Currency Risk section of the Notes to the consolidated financial statements on page 350</p>	<p>Adverse changes in exchange rates.</p> <p>No material risk events occurred.</p>
18	Commodity GRI 204, 417	<p>Losses associated with unfavourable changes in the market prices for mineral fertilizers and other products or a hike in prices for key feedstock and equipment sourced by the Company</p>	<p>Given the volatility in prices for its main products, the Company constantly seeks to streamline its sales structure in terms of the fertilizer grade offering based on market priorities, as a way to maximise margins. PhosAgro also continues to increase the share of sales to end consumers, improve production efficiency and offer its customers add-on services such as packaging, blending and storage. To reduce its feedstock and equipment expenses, PhosAgro invites multiple suppliers to take part in tenders, enters into long-term supply contracts and develops lasting relationships with its suppliers.</p>	<p>Adverse changes in product and feedstock prices.</p> <p>No material risk events occurred.</p>

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
19	Climate GRI 203, 302, 305	<p>Risks associated with changes in natural processes or phenomena amid climate change (physical factors) or with political, economic, financial or other decisions made by governments, multilateral organisations, financial institutions, or producer or consumer associations or other NGOs to curb climate change by reducing GHG emissions through carbon regulations or restrictions on the use of fossil fuels or non-renewable energy (transitional factors).</p> <p>➤ Has an impact on sustainable development through the potential impact of climate change and the effect of regulatory changes on the Company's operations</p>	<p>Processes to identify and assess climate change risks are being set up throughout the value chain and form an integral part of the Company's risk management and internal control framework.</p> <p>The Board of Directors approved PhosAgro's Climate Strategy, the key elements of which are analysis of climate risks and opportunities, scenario analysis, science-based targets, and a low-carbon transition plan. In accordance with the Climate Strategy, priority actions are being taken to develop and implement the following measures: direct (Scope 1) emission reduction programmes; an internal energy efficiency programme, and communication with energy suppliers to improve the climate profile of energy supplies (Scope 2); and a supplier and customer engagement plan and supplier ESG ratings (Scope 3).</p> <p>Thanks to these actions, the Company has improved its ratings for climate disclosure and sustainable development.</p>	<p>Adverse deviations resulting from climate impacts (by focus area).</p> <p>In 2023, there were abnormal weather events. However, at this stage it is quite difficult to assess the extent to which these were caused by climate change. In any case, the Company did not incur any significant losses associated with these natural phenomena.</p>

Nº	Risk	Description	Risk mitigants	Key indicators / risks materialised
20	Sanctions GRI 201, 202, 203, 204	<p>Foreign sanctions imposed on the Group's companies.</p> <p>➤ Has an impact on sustainable development through the potential effect of sanctions on cash flows, access to financing or cost of capital</p>	<p>The global nature of international economy and geopolitical developments create a background for various sanctions to be imposed on the Russian economy and the Company's operations by individual countries or their groups. The Company's flexible business model helps minimise any negative impact of such sanctions or restrictions.</p>	<p>Losses associated with sanctions.</p> <p>Geopolitical developments have caused this risk to materialise and continue to support its assessment as high. By quickly developing and putting in place response measures, the Company ensured business continuity and delivered on its targets.</p>
21	Interest rates GRI 201	<p>The Company borrows money to finance its investment programme and working capital requirements, including via floating interest rate loans. Rising floating rates might lead to higher debt service costs and adversely impact the bottom line.</p> <p>➤ Has an impact on sustainable development through potential changes in interest rates, which directly impacts cash flows</p>	<p>Should the Company accumulate significant floating interest rate borrowings, it would hedge this risk using interest rate derivatives. PhosAgro closely monitors and manages its fixed-to-floating debt ratio to mitigate interest rate risk.</p> <p>➤ For more information on the Company's activities and indicators in this area, see the Financial Risk Management. Interest Risk section of the Notes to the consolidated financial statements on page 350</p>	<p>Losses associated with changes in interest rates.</p> <p>No material risk events occurred.</p>

PERFORMANCE REVIEW

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222

41.6%
EBITDA margin

WITH OUR SOUND STRATEGY, STRICT FINANCIAL DISCIPLINE AND EFFECTIVE DELIVERY OF THE INVESTMENT PROGRAMME, WE SET NEW PRODUCTION RECORDS, DEMONSTRATED A CONSISTENTLY STRONG FINANCIAL PERFORMANCE, AND MAINTAINED A STEADY PROGRESS TOWARDS OUR SUSTAINABILITY OBJECTIVES. ANOTHER SUCCESSFUL YEAR WILL BE PHOSAGRO'S SIZEABLE CONTRIBUTION TO THE DEVELOPMENT IN RUSSIA OF A COST-EFFECTIVE AND SUSTAINABLE AGRITECH SECTOR STAFFED WITH SKILLED AND MOTIVATED WORKFORCE.

FINANCIAL PERFORMANCE



With global fertilizer prices going back to normal from the peak levels of 2022, PhosAgro Group once again delivered strong financial performance in 2023. It was driven by both growth of sales volumes (especially in the segment of high-margin products) and effective cost control, with cost reduction coming primarily on the back of the investment programme successfully implemented in the previous years.

In the reporting year, the Company's revenue went above RUB 440 bln, EBITDA reached RUB 183 bln, and adjusted net profit came in at RUB 104 bln. Even though this constituted a decline compared to 2022 with its historically high global fertilizer prices, these results are nonetheless among the strongest on record. Another highlight was the EBITDA margin, which remained at a very high level of over 40%.

In 2023, the Company had a free cash flow of more than RUB 70 bln, driven by continuously high capital investments and additional liquidity outflows associated with the payment of newly introduced export duties and the year-end transfer of RUB 6.4 bln as an advance payment towards the excess profit tax liabilities.

Robust financial position, capital investments without budget overruns, and a strong free cash flow enable us to fully meet all our debt obligations (including those denominated in foreign currencies) in a timely manner. As at the end of 2023, PhosAgro's leverage remained at a comfortable level, with net debt standing at RUB 223.2 bln and the net debt/EBITDA ratio coming in at 1.2x. The share of USD-denominated debt also continued to decline.

The high credit quality of the Company was further confirmed by the success of two exchange-traded bond issues (for CNY 2 bln and RUB 20 bln), which helped, among other things, replace more than 74% of the two remaining PHOR-25 and PHOR-28 Eurobond issues for a total amount of USD 740.4 mln



Alexander Sharabaika
Deputy CEO for Finance and International Projects at PhosAgro

> RUB 440 bln
Company revenue in 2023

RUB 104 bln
adjusted net profit

41.6 %
EBITDA margin

KEY EXTERNAL DRIVERS OF FINANCIAL RESULTS

IN ADDITION TO INCREASED SALES VOLUMES AND CONTINUOUSLY COMPETITIVE COST LEVELS, THE STRONG FINANCIAL RESULTS IN 2023 WERE DRIVEN BY THE FOLLOWING MARKET EVENTS:



1/ Significant increase in mineral fertilizer consumption, primarily in Latin America, Africa, South Asia and Oceania, due to a good fertilizer/crop price ratio, favourable weather conditions in key markets, and stronger government support for agriculture



2/ Growth of global crop prices underpinned in part by the growing demand for forage crops, which itself was partially caused by the recovery of hog production in China after the swine flu epidemic in 2018–2019



3/ Restrictions on exports of phosphate-based fertilizers from China to bolster domestic supply and introduction of fertilizer export quotas in Russia



4/ Fertilizer affordability issues caused by supply disruptions and an increase in raw materials prices

REVENUE ANALYSIS

In 2023, revenue decreased by 23% y-o-y to RUB 440 bln (USD 5.23 bln) due to the correction of global fertilizer prices after the record high levels recorded in 2022.

RUB 440 bln
revenue in 2023

Financial and operational highlights, RUB mln

Item	2021	2022	2023	Δ 2023/2022,%
Financial highlights, rub mln				
Revenue	420,488.00	569,527.00	440,304.00	(22.70)
EBITDA	191,810.00	257,879.00	183,038.00	(29.00)
Adj. EBITDA ¹	192,117.00	266,947.00	168,352.00	(36.90)
Adj. EBITDA margin, %	45.70	46.90	38.20	
Net profit	129,674.00	184,714.00	86,141.00	(53.40)
Adj. net profit ²	130,512.00	182,297.00	104,105.00	(42.90)
Adj. free cash flow ³	77,857.00	141,024.00	70,208.00	(50.20)

Item	31.12.2021	31.12.2022	31.12.2023	Δ 2023/2022,%
Net debt	153,718.00	180,338.00	223,207.00	23.80
12M net debt / EBITDA	0.80	0.70	1.22	

Sales volume, kt	2021	2022	2023	Δ 2023/2022,%
Phosphate-based fertilizers and feed phosphates	7,762.40	8,402.80	8,578.20	2.10
Nitrogen-based fertilizers	2,494.50	2,550.80	2,560.50	0.40
Total fertilizers	10,256.90	10,953.60	11,138.70	1.70
Other products	226.90	179.50	214.80	19.70
Total fertilizers and other products	10,483.80	11,133.10	11,353.50	2.00

Revenue breakdown by key product, RUB bln

Item	2021	2022	2023	Δ 2023/2022,%
Phosphate and nitrogen-based products	404.9	551.0	421.7	(23.5)
Other	15.6	18.5	18.6	0.5
Total	420.5	569.5	440.3	(22.7)

¹ Adjusted EBITDA is calculated as operating profit adjusted for depreciation and amortisation less foreign exchange gain or loss from operating activities.

² Adjusted net profit means net profit less net foreign exchange gain or loss from operating and financing activities.

³ Adjusted free cash flow is calculated as cash flows from operating activities less cash flows from investing activities, adjusted for the outflow of cash and cash equivalents as result of a loss of control over foreign subsidiaries.

OPERATING COSTS ANALYSIS

Cost of sales, RUB mln

Item	2021	2022	2023	Δ 2023/2022,%
Depreciation and amortisation	24,812	26,979	29,374	8.9
Materials and services	47,084	54,178	65,738	21.3
• Phosphate rock transportation	9,105	11,610	13,468	16.0
• Repair	11,373	12,002	15,865	32.2
• Toll processing	-	-	4,341	100.0
• Drilling and blasting	3,486	3,217	3,101	(3.6)
• Other materials and services	23,120	27,349	28,963	5.9
Raw materials	63,534	108,323	63,335	(41.5)
• Ammonia	14,277	19,550	11,533	(41.0)
• Sulphur and sulphuric acid	17,707	40,798	11,507	(71.8)
• Potassium	16,574	27,418	22,444	(18.1)
• Natural gas	12,635	14,226	15,033	5.7
• Ammonium sulphate	2,341	6,331	2,818	(55.5)
Salaries and social contributions	15,286	19,667	26,265	33.5
Electricity	6,740	6,754	7,317	8.3
Fuel	5,578	6,459	5,754	(10.9)
Products for resale	12,725	15,599	16,056	2.9
Customs duties	2,483	1,420	13,207	>100
Freight, port and stevedoring expenses	28,587	16,382	9,924	(39.4)
Russian Railways and operators' fees	10,728	12,647	14,047	11.1
Other	1,250	610	599	(1.8)
Total	218,807	269,018	251,616	(6.5)

In 2023, cost of sales went down by 6.5% to RUB 251.6 bln.

This was mainly due to lower raw material expenses (down 41.5% y-o-y to RUB 63.3 bln) and freight, port and stevedoring costs (down 39.4% y-o-y to RUB 9.9 bln).

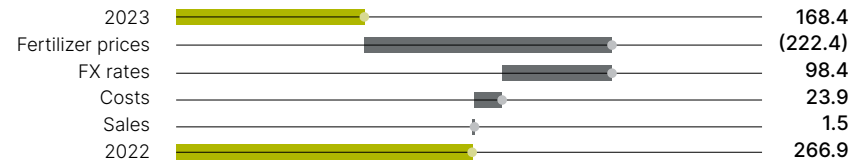
PhosAgro remains one of the industry's most efficient players and leads the pack globally in terms of production costs. The main way we ensure effective cost control is by championing strong vertical integration and sourcing the key inputs and materials from domestic suppliers.

RUB 251.6 bln cost
of sales in 2023

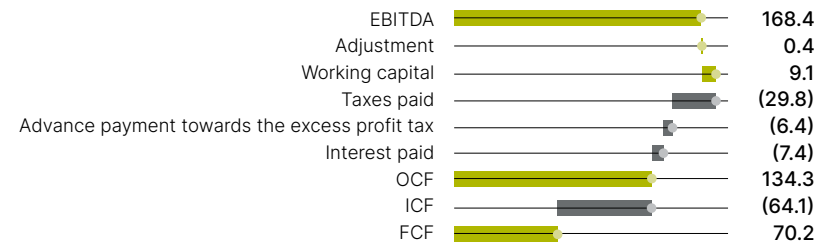
-41.5%
lower raw material expenses

ADJUSTED EBITDA

Adjusted EBITDA in 2023 vs actual 2022, RUB bln



Adjusted EBITDA to adjusted FCF conversion in 2023, RUB bln



In 2023, adjusted EBITDA declined by 36.9 y-o-y to

RUB 168.4 bln

Adjusted EBITDA margin for the reporting period came in at

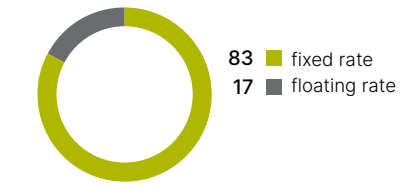
38.2%

DEBT

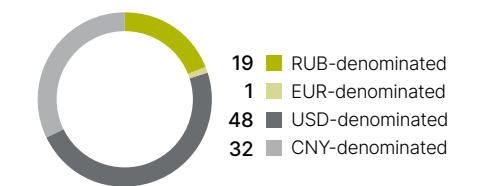
Net debt as at 31 December 2023 increased y-o-y to RUB 223 bln. Depreciation of the rouble against the US dollar in 2023 and reassessment of the Company's foreign currency debt using the year-end exchange rate had a significant impact on the RUB-denominated debt amount. With a decline in EBITDA, the net debt / adjusted EBITDA ratio increased to 1.33x as at 31 December 2023 from 0.68x a year earlier.

Our commitment to maintaining high credit quality and ensuring timely debt servicing continues to be a priority for the Company.

Loans and borrowings breakdown by rate type as at 31 December 2023, %



Loans and borrowings breakdown by currency as at 31 December 2023, %



Debt maturity profile, RUB bln

Item	2024	2025	2026	2027	2028	Total
Unsecured bank loans ¹	84.6	8.5	16.1	2.7	–	111.9
Bonds ²	–	44.8	45.2	–	44.8	134.8
Interest payable	1.8	–	–	–	–	1.8
Total debt	86.4	53.3	61.3	2.7	44.8	248.5

TAX POLICY

GRI 3-3, 207-1, 207-2, 207-3

In 2023, the Board of Directors approved a new version of PhosAgro's Tax Strategy. The approach to taxation was developed in accordance with the Company's Strategy to 2025 and combines social responsibility for developing and maintaining the well-being of regions across PhosAgro's footprint, minimising tax litigation risks, and maximising the use of the Company's leverage toolkit stipulated by law for actively investing companies, in particular Investment Protection and Promotion Agreements (IPPAs) and Special Investment Contracts (SPICs).

Our approach to tax management, participation in shaping government tax policy, and organisational arrangements pertaining to the exercise of tax functions at PhosAgro is described in the Company's Tax Strategy.

The full text of the new version of the Tax Strategy is available on the Company's website.



ADJUSTED FREE CASH FLOW

In 2023, the Company's adjusted free cash flow exceeded RUB 70 bln, marking a 50% decrease compared to 2022.

Capital investments (including capitalised repairs) for the year amounted to RUB 64 bln and were mainly focused around completing

the construction of a large production facility in Volkhov, developing the ore and raw material base in Kirovsk, developing production capacities in Balakovo, and maintaining production facilities across all process stages, from mining and processing of raw materials to producing finished products.

In 2023, the Company's adjusted free cash flow exceeded

RUB 70 bln,
marking a 50% decrease compared to 2022.



¹ Debt amount under unsecured bank loans does not include the bank fee of RUB 6 mln.
² Bond debt amount does not include the bank fee of RUB 355 mln

Country-by-country reporting, RUB mln

GRI 207-4

Tax jurisdiction	Unrelated party revenue			Revenue from intra-group transactions with other tax jurisdictions			Profit/(loss) before income tax			Income tax paid (cash basis) ¹			Income tax accrued ²			Statutory tax rate ³ , %			Average headcount, people		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Russian Federation	131,527	440,639	440,304	250,534	106,420	-	11,877	157,360	114,603	28,471	41,393	36,132	29,875	39,932	34,527	20.00	20.00	20.00	18,198	19,846	21,839
Switzerland	221,961	96,268	-	63,188	27,436	-	112,008	57,850	-	137	331	-	742	764	-	12.05	12.05	-	32	36	-
Cyprus	-	-	-	8	4	-	(598)	(4,243)	-	-	2	-	-	2	-	12.50	12.50	-	28	30	-
Poland	14,916	8,088	-	-	-	-	7,253	4,943	-	59	48	-	84	235	-	19.00	19.00	-	15	15	-
Germany	10,423	7,446	-	-	-	-	6,381	5,242	-	7	2	-	60	129	-	32.27	32.27	-	7	7	-
France	15,833	7,045	-	-	-	-	10,887	5,541	-	-	5	-	93	94	-	26.50	25.00	-	6	6	-
Serbia	4,752	2,020	-	230	58	-	2,060	1,063	-	(1)	1	-	89	65	-	15.00	15.00	-	12	14	-
Lithuania	9,838	1,598	-	-	-	-	5,075	1,038	-	28	26	-	31	-	-	15.00	15.00	-	4	4	-
Romania	4,681	4,050	-	-	-	-	1,213	1,916	-	5	-	-	6	63	-	16.00	16.00	-	5	7	-
South Africa	6,452	2,343	-	-	-	-	4,046	1,643	-	79	-	-	85	174	-	28.00	28.00	-	2	2	-
Finland	105	29	-	-	-	-	(7)	(2)	-	12	3	-	12	3	-	20.00	20.00	-	1	1	-
Brazil	-	-	-	-	-	-	(86)	(42)	-	(5)	-	-	(5)	4	-	34.00	34.00	-	7	7	-
Singapore	-	-	-	-	-	-	(55)	(13)	-	13	-	-	-	-	-	17.00	17.00	-	3	3	-
Total	420,488	569,527	440,304	313,961	133,918	0	160,055	232,297	114,603	28,806	41,811	36,132	31,073	41,465	34,527						

Tax jurisdiction	Tangible assets other than cash and cash equivalents			Total employee remuneration			Intra-group loans received		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Russian Federation	274,386	320,961	367,857	34,039	55,318	53,745	67,069	103,233	137,911
Switzerland	4,725	-	-	1,723	528	-	-	-	-
Cyprus	14	-	-	201	57	-	2,237	-	-
Poland	1,705	-	-	121	55	-	-	-	-
Germany	466	-	-	97	33	-	-	-	-
France	578	-	-	85	58	-	-	-	-
Serbia	1,443	-	-	54	28	-	337	-	-
Lithuania	7	-	-	67	20	-	-	-	-
Romania	1,019	-	-	25	14	-	-	-	-
South Africa	338	-	-	18	10	-	502	-	-
Finland	677	-	-	8	2	-	-	-	-
Brazil	2	-	-	58	32	-	-	-	-
Singapore	7	-	-	25	8	-	-	-	-
Total	285,368	320,961	367,857	36,522	56,163	53,745	70,146	103,233	137,911

The Company's income tax rate in 2021-2023 was

20%

For the list of tax jurisdictions where the entities included in the Group's consolidated financial statements are resident for tax purposes, and the details of taxes payable in each jurisdiction, please see [page 376](#).

- Income tax paid includes windfall tax security payment in the amount of RUB 6,355 mln.
- Tax rates effective in any given jurisdiction apply to profit/loss before income tax. Reasons for the difference between corporate income tax accrued on profit/loss and the tax due if the statutory tax rate is applied to profit/loss before tax are as follows:
 - intercompany transactions elimination;
 - provisions accrued in accordance with IFRS (mostly allowance for expected credit losses);
 - reduction in tax rate for certain Russian;
 - foreign entities items which are not deductible or assessable for taxation purposes;
 - other differences (including the 2023 excess profit tax in the amount of RUB 6,355 mln).
- For the Russian tax jurisdiction, an average statutory tax rate is used.

OPERATIONAL PERFORMANCE



2023 marked another year of record-breaking production and sales for PhosAgro. We manufactured 11.3 mt of agrochemicals and supplied 11.1 mt to our customers. Both figures demonstrate an increase of about 2% over our 2022 successes.

Production of phosphate-based fertilizers escalated to 8.4 mt (up 2% y-o-y), and nitrogen-based

fertilizers saw an even slightly more rapid increment, with a 2.3% yearly rise to 2.6 mt. Our nimble response to shifts in market demand continued, with adjustments made to our production and logistics workflows to accommodate changing consumer needs. In 2023, PhosAgro's output of DAP/MAP surged by 8.4%, ammonium nitrate by 4.4%, and APP by a whopping 75.2%. That said, we marginally curtailed the production of NPK and NPS fertilizers to most effectively align with the market environment and thereby maximise the profitability of our manufacturing and sales activities.

The boost in output and product shipments to our customers was comprehensively backed by the relevant upscale in chemical feedstock production (chiefly sulphuric acid and phosphoric acid), where we also achieved a 2% increase in volumes compared to 2022.

But there is one thing that stands out as a source of particular pride. The Company perpetually refines its corporate occupational safety culture, engaging in daily efforts to improve working conditions and elevate the safety of our manufacturing processes. We are proud to highlight the significant achievement of completing the year 2023 without any major incidents, including accidents and fires.

11.3 mt
of agrochemical products manufactured

8.4 mt
of phosphate-based fertilizers and feed phosphates produced in 2023
+2.0% y-o-y

2.6 mt
of nitrogen-based fertilizers produced in 2023
+2.3% y-o-y



Alexander Gilgenberg
General Director of Apatit

PRODUCT PORTFOLIO

PHOSAGRO IS THE LARGEST PRODUCER OF LIQUID NITROGEN-PHOSPHORUS FERTILIZERS IN RUSSIA

Mineral fertilizers

APAVIVA®
Nitrogen-phosphorus and complex fertilizers

APAVIVA+
Nitrogen-phosphorus and complex fertilizers with micronutrients

NITRIVA®
Nitrogen-based fertilizers

APALIQUA®
Liquid complex fertilizer

Industrial products

ApaSil

Apagips/Technogips

Concentrates

High-grade phosphate rock

Syenite alkali aluminium concentrate

Nepheline concentrate

Feed additives

NITRIVA® Feed
Feed grade urea

APAFEED®
Feed grade monocalcium phosphate

Industrial phosphates

Sodium triphosphat

50.0 kg

OUR CUSTOMERS are at the heart of our business.

In 2023, we diversified our product mix to encompass **58 grades, covering varied fertilizers, feeds, and other products** enjoying robust market demand. A significant portion of our offering consists of newest fertilizer grades developed over the past five years.





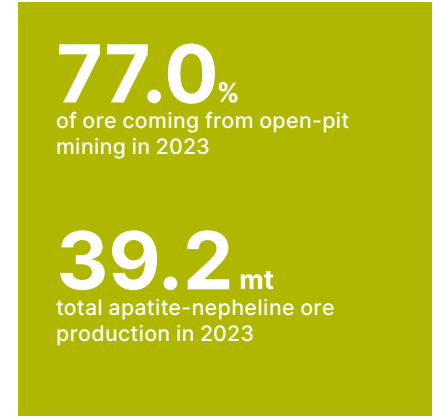

UPSTREAM AND DOWNSTREAM

UPSTREAM

SASB RT-CH-000.A

Kirovsk Branch of Apatit mines apatite-nepheline ore at six fields of the Khibiny deposits in Russia's Murmansk region using both underground and open-pit mining methods. PhosAgro Group's feedstock reserves are of igneous origin, which means that they do not

have concentrations of toxic heavy metals. The Company's phosphate rock is extremely rich in P2O5. The mineral resource base (including off-balance reserves) at one of the world's richest and purest deposits is expected to last for about 60 years.



PhosAgro Group's ore reserves as at 1 January 2024

Deposit	Balance reserves, kt (A+B+C1+C2)	Average P ₂ O ₅ content, %
Kukisvumchorr	335,180	14.12
Yukspor	447,413	13.76
Apatitovy Cirque	79,900	13.58
Rasvumchorr Plateau	351,883	12.06
Koashva	249,922	17.28
Njorkpahk	52,729	14.25
Total	1,517,027	14.03

At the close of 2023, reserves at the Rasvumchorr Plateau saw an augmentation attributable to the allocation of reserves from the unallocated area under licence MUR 00892 TE. Conversely, for other deposits, there was a decline in balance reserves from the previous year, which aligns with the extracted ore volumes.

Currently, the Company is shifting its resource base development profile from open-pit mining to a higher share of underground mining. In the reporting year, the share of open-pit mining came in at 77%.

The total apatite-nepheline ore production in 2023 nearly matched the preceding year, with a marginal decrease of less than 0.8% to 39.2 mt from 39.5 mt in 2022.

A significant development in October 2023 was the launch of the second start-up facility (Yukspor flank)

at the Kirovsky mine, signifying a milestone in the Construction of +10 m level project. The effort involved roughly 2,000 specialists from more than 50 contractors. These were underground works, melding bleeding-edge technologies with exceptional technical solutions, inclusive of ballastless railway tracks and high-capacity rolling stock. The crushing and delivery equipment utilises durable materials and pioneering technologies to extend useful life, while state-of-the-art equipment bolstered the productivity of the continuous handling system for both the Kukisvumchorr and Yukspor flanks. The facility will help us compensate for diminishing ore volumes and ramp up ore production at the Kirovsky mine to 25 mt per annum over the next triennium, an 8.6% increment relative

to existing production figures. The total investment earmarked for this project is estimated at RUB 38.4 bln.

In 2023, the Company continued with the investment project to construct a new mine for the Rasvumchorr Plateau deposit.

The project encompasses the construction of two start-up facilities. The first one at the +430 m level with a 4 mt capacity is set to commence ore extraction in 2Q 2025. The second one at the +310 m level is slated for launch in 2031, with a maximum production capacity of 6 mt by 2035. The total capital investment for this venture is estimated at roughly RUB 37.7 bln.

By year-end 2024, underground mining is to begin within the Gakman block of the Kirovsky mine's Yukspor deposit.

On top of that, we remain committed to the active implementation of our sustainable development strategy. In 2023, the mining and processing plant of Apatit consumed a total of 300 million kWh of green electricity. The share of its output produced using green electricity generated by the hydroelectric power plants of TGC-1 increased to 18.1%.

18.1%
the share of its output produced using green electricity generated by the hydroelectric power plants of TGC

The Company proceeded with its Vostochny mine development project seeking to intensify open-pit mining. In 2023, the project boosted the Vostochny mine's production capacity to 8.6 mt of ore annually. The target to further develop and increase the Vostochny mine's production was revised to 9.5 mt by 2027, as outlined in the updated Programme for the Development of the Ore and Raw Material Base of Apatit's Kirovsk Branch for 2019–2035.

8.6 mt
of ore total production at the Vostochny mine in 2023

CHEMICAL PRODUCTION

FEEDSTOCK

Production volume, kt

Item	2021	2022	2023	Δ 2023/2022,%
Ammonia	1,931.10	1,985.30	1,982.80	-0.13
Phosphoric acid	2,952.00	3,199.40	3,345.30	4.6
Sulphuric acid	7,352.20	7,920.20	8,120.00	2.5
Ammonium sulphate	259.00	322.60	260.20	-19.3
Total	12,494.30	13,427.60	13,708.30	2.1

3.3 mt, increasing by 4.6% y-o-y on the back of earlier production unit upgrades and increased equipment utilisation efficiency.

8.1 mt. This was fuelled by greater efficiency of sulphuric acid production in Cherepovets and the launch of a new sulphuric acid facility in Balakovo in late 2023.

Ammonia output was virtually flat y-o-y at nearly **2 mt**. The decline in ammonium sulphate output in 2023 can be attributed to the scaled-down production of NPS grades in line with the market environment.

PHOSPHATE-BASED FERTILIZERS

The year of 2023 saw a 2% annual increase in phosphate fertilizer production, reaching close to 8.4 mt, bolstered by elevated outputs of both phosphoric and sulphuric acids, with ammonia production maintaining high levels.

Production of primary DAP/MAP fertilizer grades rose by 8.4%, setting a new record of over 4.5 mt. Of special note, MAP output surge by 12.9% y-o-y came,

among other things, from the new production facility in Volkhov, erected as part of the Company's long-term development programme.

In response to market demands, interchangeable NPS, NPK, and APP phosphate fertilizers varied as follows in 2023: a 19.6% decline in NPS production and a 3.5% reduction in NPK output, whereas APP production remarkably soared by 75.2%.

8.4 mt
of phosphate fertilizers and feed phosphates produced in 2023
+2.0% y-o-y

>4.5 mt
production of primary DAP/MAP fertilizer grades in 2023
+8.4% y-o-y

Phosphate-based fertilizers production, kt

Item	2021	2022	2023	Δ 2023/2022,%
DAP/MAP	3,610.7	4,191.9	4,545.0	8.4
NPK	3,111.3	2,553.8	2,463.8	-3.5
NPS	561.6	1,003.1	806.9	-19.6
APP	208.6	114.0	199.7	75.2
MCP	390.6	361.6	373.3	3.2
PKS	10.8	-	-	-
Total	7,893.6	8,224.4	8,388.7	2.0

NITROGEN-BASED FERTILIZERS

In 2023, production in the nitrogen segment went up by 2.3% y-o-y to 2.6 mt. Production of granulated

ammonium sulphate, urea, and ammonium nitrate gained 1.3%, 1.6%, and over 4%, respectively.

2.6 mt
production in the nitrogen segment in 2023
+2.3% y-o-y

Nitrogen-based fertilizers production, kt

Item	2021	2022	2023	Δ 2023/2022,%
Ammonium nitrate	694.8	693.0	723.4	4.4
Urea	1,643.2	1,688.2	1,714.4	1.6
Ammonium sulphate	74.1	165.4	167.5	1.3
Total	2,412.1	2,546.6	2,605.3	2.3

OTHER PRODUCTS

Output of other marketable products, which primarily includes sodium tripolyphosphate and sodium silicofluoride, amounted to 286 kt, down 5.2% y-o-y.

8.6 mt
of phosphate-based fertilizers and feed phosphates sold by PhosAgro Group in 2023
+2.1% y-o-y

11.1 mt
total fertilizer and feed phosphates sold by PhosAgro Group in 2023
+1.7% y-o-y

SALES

In 2023, PhosAgro Group increased total fertilizer and feed phosphate sales by 1.7% y-o-y to hit an all-time high of 11.1 mt.

Sales of phosphate-based fertilizers amounted to 8.6 mt, up 2.1% y-o-y. The increases came on the back of strong demand for these fertilizers in the Latin America markets.

We were able to meet the growing demand by boosting MAP production in 2022 after launching a new facility at the Volkhov site.

In the nitrogen segment, sales were up by 0.4% y-o-y, due to a high seasonal demand and the availability of fertilizers for end users.

Within the Russian market, a focal point for PhosAgro Group, deliveries saw a 12% increase, equivalent to an additional 0.2 mt. This uptick was instrumental in boosting the total sales figures for 2023 by 1.7%.

Sales by key product, kt

Item	2021	2022	2023	Δ 2023/2022,%
Phosphate-based fertilizers				
DAP/MAP	3,564.5	4,272.2	4,503.6	5.4
NPK	3,011.1	2,660.7	2,696.0	1.3
NPS	566.8	1,008.8	803.9	-20.3
APP	206.3	111.6	198.1	77.5
MCP	405.2	349.5	376.6	7.8
PKS	8.5	-	-	-
Total	7,762.4	8,402.8	8,578.2	2.1
Nitrogen-based fertilizers				
Ammonium nitrate	798.0	661.6	688.3	4.0
Urea	1,616.3	1,741.8	1,698.5	-2.5
Ammonium sulphate	80.2	147.4	173.7	17.8
Total	2,494.5	2,550.8	2,560.5	0.4
Total fertilizers	10,256.9	10,953.6	11,138.7	1.7
Other products				
STPP	94.4	48.6	61.7	27.0
Other ¹	133.0	130.9	153.1	17.0
Total other products	227.4	179.5	214.8	19.7

¹ The portfolio of other products expanded in 2023 to incorporate aluminium fluoride, sulphuric acid, phosphoric acid, sodium silicofluoride, and aluminium sulphate. Sales of these new products for both 2021 and 2022 have been retrospectively adjusted to reflect this change.

CUSTOMERS AND PRODUCT MANAGEMENT

AREA, STRATEGIC GOALS AND HIGHLIGHTS OF 2023



Target
2.4, 17.16
and 17.17

1 Compliance with the requirements applied to mineral fertilizers

Goal

Promoting the responsible and rational use of mineral fertilizers, i.e. green agriculture, and providing expert support to agricultural producers and advancing a customised product offering

Actual

In 2023, the Company joined a pilot project launched by the Russian Ministry of Industry and Trade to validate project results, and completed an initiative to assess the chemical footprint of its products.

Expansion of certification coverage:

- Green One
- Vitality Leaf
- Green Label
- Brazil's Environmental Quality Label



Target
17.16 and
17.17

2 Mineral fertilizer consumer surveys

Goal

Establishing business partnerships built on mutual trust and respect, and ensuring a shared understanding of obligations and expectations from the partnership

Actual

Consumers gave a high score to the staff performance (promptness of request handling and quality of support and consultations), with a degree of consumer satisfaction standing at —

96%

30%
of survey respondents pointed out that PhosAgro products accounted for the largest share of mineral fertilizers used at their farms.



STRATEGY

The COVID-19 pandemic, geopolitical turmoil, climate change, and increasing inequality are just some of the challenges faced by the world over the recent years. Food security remains one of the most pressing issues, including producing sufficient amount of quality and safe food accessible to all.

In this context, we carry out PhosAgro's strategic and globally important mission of supplying safe and eco-friendly fertilizers for the agricultural industry to ensure food security in Russia and across the world.

We believe that tackling global problems is only possible through open dialogue, cooperation, and building synergies between all stakeholders. This approach is at the heart of our interaction with customers.

We are committed to the responsible use of our products making sure they are safe for people and the environment. Product life cycle management at PhosAgro is in full compliance with applicable Russian and international standards and regulatory requirements. We seek to minimise any potential

negative impact of our products on safety, health and the environment throughout the value chain, from product development to the end of its life cycle.

MANAGEMENT APPROACH

GRI 3-3

An open dialogue with customers helps us understand their expectations and requirements for our products, services and the management system, as well as their vision of future products. This valuable information creates a solid foundation for the Company's further strategic growth and new product development.

PhosAgro Group's vertically integrated business model is a competitive advantage. PhosAgro's upstream assets benefit from extensive and high-quality resource base boasting unmatched purity. Our production facilities are located close to key mineral resources used as feedstock

for fertilizers and other products. At PhosAgro Group, we have a product management framework that relies on the assessment of product life cycle. It covers all production facilities and stages of product life.

To provide consumers with safe, eco-friendly, and quality innovative products and services, the **Company's Strategy to 2025** has identified the following focus areas that reflect consumer needs regarding product innovations and new digital services:



Developing innovative products that meet customer requirements and enable farming with due consideration of environmental factors, soil and crop requirements, the climate agenda and the need to reduce greenhouse gas emissions in the value chain



Enhancing PhosAgro's competitive strengths as one of the world's leading suppliers of eco-friendly phosphate fertilizers for farmers



Expanding PhosAgro Group's involvement in programmes to protect human health and the environment, ensure food security and combat soil degradation



Advancing digital technology in agriculture to boost crop yields and quality in the near term, including by raising consumer awareness of innovations in agricultural production



Developing circular economy and increasing rates of recycling, including the use of by-products from PhosAgro Group's facilities

PhosAgro Group's responsible production management framework is based on the following principles:

- compliance with Russian and international standards and regulations;
- accurate traceability of materials, elements and substances from product development to the end of life cycle;
- open and transparent information about the properties and quality of products for customers and other stakeholders;
- open dialogue with stakeholders regarding their expectations and satisfaction with the Group's products and services;
- integration of the production management, quality management, and HSE management systems.

PRODUCT MANAGEMENT FRAMEWORK



- Regulations and other requirements
- Expectations of stakeholders
- PhosAgro's strategic initiatives, cooperation and joint research projects with R&D institutes



- Elaboration of production requirements and opportunities
- Product research and development
- Ensuring production safety and product use in compliance with regulatory and other requirements
- Drafting documents
- Registration tests and receipt of permits



- Marketing products meeting customer requirements
- Taking into account customer feedback
- Information support
- Digital services for customers

System for planning and defining criteria for product development

Planning is an important element of PhosAgro Group's product management framework. Planning involves complex and comprehensive research to determine a set of criteria for the development of a future product, including:



stakeholder requirements and opinions about products and services;



market expectations, requirements and trends;



regulatory requirements applicable to activities and products;



innovative methods and technologies of production, including those aimed at ensuring greater safety of the product and its manufacturing processes for humans and the environment;



opportunities for implementing the circular economy principles and contributing to UN SDGs.

PhosAgro Group's quality management framework defines interlinked processes that ensure compliance of the product safety, quality and eco-friendliness criteria with stakeholder requirements and expectations throughout the product life cycle to conform to the stringent quality requirements for the end product, from ore and material selection to the supplies of products to end consumers.

All processes are monitored, measured, analysed and managed to ensure continuous improvement of the quality of specific processes and the framework at large and to meet the needs and expectations of stakeholders, above all consumers.

Interaction with customers and product safety are closely related issues regularly discussed by the Board of Directors' committees and submitted to the Board of Directors for consideration.

To support quality and HSE management, PhosAgro facilities have designated functions responsible

for internal control and support of the quality and environmental management systems, integrating requirements into processes, performing internal audits, implementing targeted initiatives, updating records, and collecting and providing input data for review by top management.

Every year, PhosAgro Group facilities undergo external compliance reviews by certification authorities in order to ensure the Company's compliance with international and national standards for quality and HSE management.

Development of products and manufacturing processes is implemented in partnership with Samoilov Scientific Research Institute for Fertilizers and Insectofungicides (NIUIF), Russia's only institute specialising in this area.



RISKS AND OPPORTUNITIES

The Company has a risk management system in place to identify and mitigate product related risks in cooperation with customers. This system, among other things, covers product related risks. The following strategic risks, in particular, affect our product and customer related objectives

- 7 environmental risk
- 9 risk related to business processes and systems
- 13 regulatory risk

For more information, see the Strategic Risks section, page 68



The Company develops the necessary corrective measures and unlocks opportunities, including voluntary certification, to mitigate those risks. Below you can find more information about what we do on this front.

RISKS SPECIFIC TO THE GROUP'S OPERATIONS INCLUDE:



risks associated with chemicals management and regulatory requirements for product safety;



risks associated with customer satisfaction;



risks associated with ensuring ethical research and production principles.

1 COMPLIANCE WITH THE REQUIREMENTS APPLIED TO MINERAL FERTILIZERS

REGULATORY ENVIRONMENT AND MANAGEMENT OF RISKS ASSOCIATED WITH CHEMICALS

PhosAgro Group facilities ensure timely receipt of all necessary licences for their activities to strengthen public confidence in the safety of their operations and products. All types of fertilizers are registered in Russia.

We ensure full transparency with respect to the chemicals we use and the content and properties of our products.

REGULATIONS AND CERTAIN REQUIREMENTS APPLIED TO MINERAL FERTILIZERS IN RUSSIA

We tap our extensive knowledge base and technologies to design products that are safe for the environment and people. In strict compliance with the regulations, all PhosAgro products undergo the necessary environmental and toxicological tests as part of their registration process before being marketed to our customers.

Mineral fertilizers produced by PhosAgro Group are subject to mandatory state registration of agrochemicals by the Russian Ministry of Agriculture.

All grades of PhosAgro Group's mineral fertilizers registered in Russia passed a mandatory examination for compliance:

- toxicological and hygienic – in Erisman Federal Research Centre of Hygiene;
- biological – in Pryanishnikov Institute of Agrochemistry;
- environmental – in the Federal Service for Supervision of Natural Resources (Rosprirodnadzor) and Lomonosov Moscow State University;
- sanitary and epidemiological standards – in Rospotrebnadzor.

We are committed to the ethical principles of animal welfare and seek to avoid using animals for research. In 2021, we revised our Code of Ethics to state our position on this matter. In line with the Code of Ethics, PhosAgro Group does not conduct experiments on animals, except as required by law; when conducting an expert examination of fertilizers, the main method of evaluating information on the toxicity and hazard of a multi-component substance to animals is to analyse information from national and international databases, as well as information on previously registered fertilizers. Currently, there are very few alternatives to animal research that are recognised by the government.

We are doing our best to expand the range of allowed research methods and reduce experiments on animals.

FOREIGN REGULATIONS AND CERTAIN REQUIREMENTS APPLIED TO MINERAL FERTILIZERS BY THE EUROPEAN UNION

PhosAgro Group's products exported to EU customers have been registered pursuant to Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation and Authorisation of Chemicals (REACH). For companies, REACH conformity means greater responsibility for assessing the risks associated with the use of chemicals and providing users with relevant safety information. Companies producing or importing 10 tonnes or more

of hazardous substances per year are required to submit not only technical data, but also a chemical safety assessment (CSA). All information on such substances is communicated by PhosAgro Group in full to the regulators.

Pursuant to the above Regulation, Apatit's products contain no substances which are subject to restrictions on their sales in the European Union.

We produce ammonium nitrate (AN) CAS 6484-52-2 EC No. 229-347-8, which is subject to para 58, Annex XVII of REACH. However, it does not apply if a fertilizer conforms to specifications defined in Annex I and Annex IV to Regulation (EU) 2019/1009 of the European Parliament and of the Council. To assess conformity, samples of ammonium nitrate are sent quarterly to the Inspectorate Estonia AS lab for detonation resistance and oil retention tests. The results are formalised by a protocol for compliance with the requirements of Annex I and Annex IV of Regulation (EU) 2019/1009.

In addition, para 30 of Annex XVII to REACH lists substances specified in Part 3 of Annex VI to Regulation (EC) No. 1272/2008 and classified as toxic to reproduction, Category 1A/1B. These include sodium tetraborate, which is on the list of Substances of Very High Concern (SVHC) and is classified as a reproductive toxicant, Category 1B, but the restrictions only apply to individual concentrations in the mixture above 4.5%. We produce NPK fertilizers with boron that contain sodium tetraborate at a concentration of 2–3%.

Therefore, the special concentration level as defined in Part 3 of Annex VI to Regulation (EC) No. 1272/2008 is not reached.

Thus, PhosAgro Group faces no restrictions under Annex XVII of Regulation No. 1907/2006.

The quality and safety of mineral fertilizers produced by the Company is confirmed by state registration certificates, declarations of conformity, and safety data sheets. According to expert reviews, new fertilizer grades of PhosAgro Group are effective and environmentally and toxicologically safe.

The products are properly classified, labelled and packaged in accordance with Regulation (EC) No. 1272/2008 (Classification, Labelling and Packaging Regulation, CLP Regulation) and Regulation (EU) 2019/1009. All types of manufactured fertilizers have safety data sheets (SDS).

PhosAgro Group's unique phosphate-based fertilizers have perfectly low cadmium average content (0.2 mg per kg), making them among the safest in the world.

On 5 June 2019, the European Council and European Parliament approved the EU Regulation 2019/1009 (Fertilizing Products Regulation, FPR) on fertilizers, establishing new EU-wide rules for CE-marked fertilizers (also known as EU Fertilizing Products). The regulation provides for reducing cadmium content in EU fertilizers, by introducing a single cap

at 60 mg per kg of P₂O₅ and banning inorganic fertilizers in the EU with a cadmium content above that cap starting from 16 July 2022. Going forward, the regulation provides for gradual reduction of cadmium content to no more than 20 mg per kg of P₂O₅. The plans of cutting the cap to 40 mg per kg of P₂O₅ have been already announced. At the same time, the French Agency for Food, Environmental and Occupational Health & Safety (ANSES) has already issued recommendations

for a cadmium content in inorganic phosphate-based fertilizers of less than 20 mg per kg of P₂O₅.

Thus, PhosAgro Group's phosphate-based fertilizers have a much lower cadmium content than required in the EU, which is reflected in our product slogan: pure minerals for healthy lives.

In 2022, in line with Regulation (EU) 2019/1009, Apatit's mineral fertilizers were successfully certified by an independent notified body

in the area of fertilizer certification in the EU, making it possible for the fertilizers to be CE-marked.

Pursuant to the Turkish Regulation on Registration, Evaluation, Authorisation and Restriction of Chemicals (KKDIK), the work was initiated in the reporting year to register chemicals imported to the Republic of Turkey as individual substances and their mixtures.

Voluntary ESG certification of products

GRI 2-28, 417-1



All agrochemicals of PhosAgro Group have been certified under the GOST R 58658–2019 national standard, which has introduced the world's most rigorous limits on heavy metal and arsenic content, allowing the Company to use the **Green One eco-label**.



On top of that, the Company has a certificate under the Ecological Union's **Vitality Leaf** standard and the right to use the internationally recognised eco-label on its products.



Also, the Company made a **Green Label** environmental claim, asserting that the Group's products are free from dangerous cadmium concentrations capable of harming soils.



In addition, our products are labelled with an EU pictogram developed under Regulation (EU) 2019/1009 and ensuing rules for voluntary labelling of safe fertilizers in terms of heavy metals content.



In 2023, annual inspection audits confirmed the Company's certificates. Independent assessment results are a testament to the unique eco-friendliness of PhosAgro Group's products.

In 2023, PhosAgro took part in evaluation of the results of a flagship pilot project initiated by the Russian Ministry of Industry and Trade in 2021 to prevent adverse effects of cross-border handling of Russian chemical products, and ran a comprehensive project to assess the chemical footprint of products. The evaluation

exercise sought to determine the baseline chemical footprint of products and define opportunities to reduce it.

In order to test the viability of proposed regulatory mechanisms in chemical safety, among other things state registration of chemical substances

and their mixtures to introduce them to the Russian market, the Company's employees took part in a business game organised by the Russian Ministry of Industry and Trade and the Committee for Industrial Policy and Technical Regulation of the Russian Union of Industrialists and Entrepreneurs.



In 2023, a procedure of obtaining state registration was completed for 16 grades of fertilizers including three new ones:

- nitrogen-phosphorus-potassium-sulphur fertilizer **NPK(S) 12-15-21(8)** grade;
- sulphur-containing nitrogen-phosphorus fertilizer **NP+S=19:20+14** grade;
- sulphur-containing nitrogen-phosphorus fertilizer **NP+S=20:16+16** grade.

In 2023, PhosAgro underwent an audit to confirm its certificates of compliance with ISO 9001 (GOST R ISO 9001:2015), ISO 14001, and ISO 45001:

- **ISO 9001:2015** (link to certificate [ISO 9001 \(22.2210.026\)](#), link to IAF-accredited certificate [ISO 9001 \(IAF\)](#));
- **GOST R ISO 9001:2015** (link to certificate [GOST R ISO 9001 \(22.2213.026\)](#));
- **ISO 14001:2015** (link to certificate [ISO 14001 \(22.2211.026\)](#), link to IAF-accredited certificate [ISO 14001 \(IAF\)](#));
- **ISO 45001:2018** (link to certificate [ISO 45001 \(21.1584.026\)](#) AP-Ch, link to IAF-accredited certificate [ISO 45001 \(IAF\)](#)).

The Company also confirmed its compliance with the national HACCP standard (GOST R 51705.1-2001) and new requirements of the GMP+ international standard with the transition to the new

GMP+ FC scheme 2020 for feed certification. Having the GMP+FC 2020 and HACCP (GOST R 51705.1-2001) certificates authorises production and sale of feed additives in Russia, CIS, and EU:

- **GMP+ R1.0** (link to certificate [EN RUNR_000255_GenericCertificateGmpPlusFsc_Final](#));
- **HACCP (GOST R 51705.1-2001)** (link to certificate [HACCP](#)).

In 2023, a new popular grade – the **NP+S=16:20+14** sulphur-containing nitrogen-phosphorus fertilizer – was certified for the Brazilian market.

To enable supplies of packaged fertilizers, the Company confirmed the compliance of its packaging with the ABNT NBR 13230 national standard.

The Brazilian standard contains strict limits on levels of arsenic and heavy metals, which PhosAgro Group mineral fertilizers are fully compliant with.



In 2022, the Company's products obtained Brazil's Environmental Quality Label. As part of mutual recognition of eco-labels, Brazilian experts annually review the life cycle of the Company's products, with a special focus on conformity to requirements for the production, storage and transportation of fertilizers. This comprehensive assessment includes production, environmental and social criteria, such as:



energy efficiency and use of recycled materials and energy resources;



customer service in terms of providing reliable information on the properties and optimal use of the mineral fertilizers.



Throughout 2023, PhosAgro Group maintained a strong focus on activities that help make information about the Company's products and services more accessible for a wide range of stakeholders. Customers enjoy our digital services, which are complementary to PhosAgro Group's core products and allow us to expand consumer opportunities, including by offering faster access to the relevant information and competencies of PhosAgro Group experts. PhosAgro Innovation Centre provided extensive expert support to consumers during the year.

2 MINERAL FERTILIZER CONSUMER SURVEYS

MINERAL FERTILIZER CONSUMER SURVEYS



30%

of the respondents said that PhosAgro products make up the majority of mineral fertilizers used in their farms.

The most common reasons cited by the respondents were

32%

attractive prices

28%

strong quality

18%

high crop yields

18%

positive prior experience

used the products and perceived environmental labels, as well as into the popularity of new products, such as ameliorants and anti-stress agents. As part of the survey, we also analysed customer opinion and preferences regarding products and services of PhosAgro as compared to peers. The survey showed that 75% of the respondents either increased their use of fertilizers or kept it on the same level.

According to the survey, **consumers prefer PhosAgro products** to all other fertilizers available in the market.

More than one half of those surveyed associate the PhosAgro brand with high quality of products. The key brand attributes for PhosAgro listed by respondents included "best known Russian producer", "good reputation and reliable partner", and "socially responsible company".

The survey demonstrated high awareness of green labelling. 53% of the respondents are aware of Green labels, with the Vitality Leaf and Green One labels known to 38% and 35% of the respondents respectively.

We pay special attention to awareness raising efforts and do our best to communicate all the necessary information about our products and their proper and safe use. To that end, the survey emphasised the use of digital services and sources of information that consumers rely on.

The results showed that the Company's website and educational videos on YouTube and in social media remain the key sources of information. Respondents also said that they were making active use of our Agro Calculator.

46%

of the respondents said that the volume of fertilizers used in their farming remained unchanged vs 2022

24%

of the respondents said there was an increase in fertilizer usage

29%

of the respondents said they started using more fertilizers

1%

were undecided

In 2023, we held two large-scale surveys of consumer opinion.

Between October and December 2023, we polled market players in the agribusiness sector across all agricultural regions of Russia. To do that, we conducted a total of 400 surveys. To ensure greater coverage and impartiality, we engaged an independent polling agency to conduct the survey.

The exercise was aimed at exploring customer awareness and preferences, as regards key players in the mineral fertilizer market. The survey also looked into changes in the way customers

SERVICES USED BY THE SURVEY RESPONDENTS:

55%

Website of the Company (fertilizer manufacturer)

45%

Educational videos on YouTube and social media

36%

Agronomic advice

36%

Training (including online)

36%

Agro Calculator (calculation of nutrient application rates and advice on fertilizer selection)

35%

Agro service mobile app

35%

Online fertilizer purchase services

SATISFACTION OF THE COMPANY'S CONSUMERS

Ensuring customer satisfaction is key for the Company's operations. To identify existing and potential expectations of our customers, we use a dedicated questionnaire.

The data obtained serves as the basis for the annual assessment of customer satisfaction. For 2023, PhosAgro polled its Russian customers using a questionnaire on Yandex Forms, which focused on customer satisfaction aspects.

With the questionnaire, we obtained a qualitative assessment of consumer satisfaction on a scale from 1 (not satisfied at all) to 5 (completely satisfied). Additionally, the questionnaire assessed the degree of importance of each specific parameter for the customers purchasing mineral fertilizers, also on a scale from 1 (not important at all) to 5 (very important).

Customer satisfaction was assessed using the following criteria: product quality, packaging (design, durability, moisture protection), product range, performance of PhosAgro's staff in terms of prompt handling of requests and quality of support and consultations.

The 2023 customer satisfaction level is shown in comparison to the 2022 and 2021 levels. The average score for each criteria was converted to percentages, assuming that 5 is the highest possible score and taking into account the importance of each criterion when purchasing mineral fertilizers.

Customer satisfaction was assessed across the following indicators:

 quality of the products supplied;	 product range;
 packaging (design, durability, moisture protection);	 performance of PhosAgro's staff in terms of promptness of request handling and quality of support and consultations.



Degree of consumer satisfaction by criterion

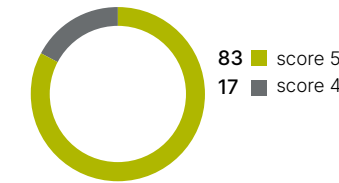
Criteria	Satisfaction with quality			Satisfaction with packaging			Satisfaction with product range			Performance of PhosAgro's staff			Total		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Domestic sales	4.93	4.85	4.78	4.93	4.89	4.86	4.87	4.37	4.59	4.73	4.93	4.79	4.87	4.76	4.76
	99%	97%	96%	99%	98%	97%	97%	87%	92%	95%	99%	96%	98%	95%	95%

Continue to receive high scores from customers

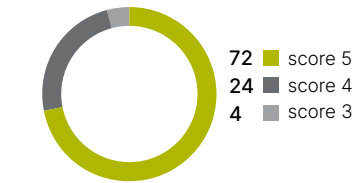


Customer satisfaction by criterion is shown on the charts below.

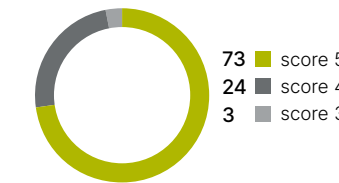
Quality (composition: nutrients) %



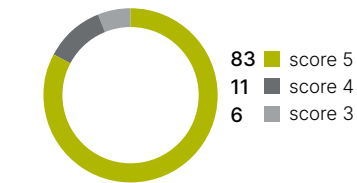
Quality (grain-size composition, dusting, caking), %



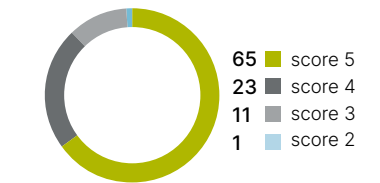
Packaging (design, durability, moisture protection), %



Performance of PhosAgro's staff (quality of support and consultations), %



Product range, %



The survey showed that customers gave a high appraisal of Apatit's products using the above criteria. Most of the customers praise the Company's excellent product quality, timely supplies, and strong skills of the staff responsible for support and consultations.

Summarised data of customer satisfaction monitoring for Apatit in 2023 showed that the average satisfaction rate was 95%, confirming a high level of satisfaction.

RESEARCH AND EDUCATION

AREA, STRATEGIC GOALS AND METRICS

APPENDICES


SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE



Target
12.4

1 Improvement of production processes

Goal
High-quality and eco-friendliness of our products, including a process for the development of new products that respects safety and the environment throughout its life cycle

Actual	The Balakovo branch developed and implemented a process for the conversion of phosphogypsum and fluosilicate acid to obtain highly demanded products	Development of an energy-saving technology for the production of complex granular fertilizers (NPKS/NPK/NPS/NP)
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Target
2.4


2 Improvement of the product mix

Goal
Promotion of sustainable farming practices, development of new fertilizer grades for increased availability of best practices in farming

Actual	Development of biologised fertilizers and probiotic feed additives	Sales of a new product – ApaSil	Development of a construction investment project for the production of feed phosphates and food grade technical orthophosphoric acid
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Target
13.1 and 13.2




Target
15.1

3 Application improvement

Goal
Soil safety, biodiversity conservation, fertility growth and lower GHG emissions in production and throughout the product's life cycle: from mine to plate

Actual	Research into an integrated approach to plant nutrition and N2O emissions in a grain-grass crop rotation	PhosAgro Group's carbon farm project in the Vologda region (13.4 kt of CO2-eq. – volume of carbon dioxide absorbed by plant biomass per 200 ha over two years)	Cutting-edge biologised adaptive plant nutrition systems
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Target
4.4

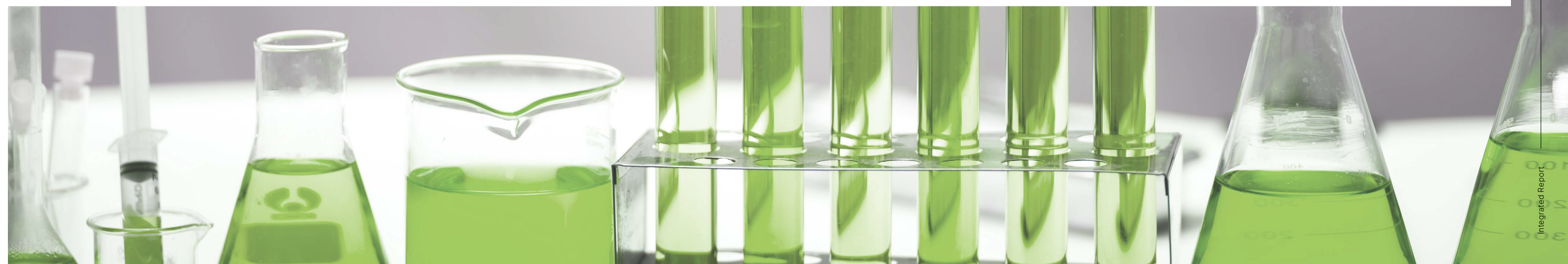


Target
17.16 and 17.17

4 Cooperation with universities and Russian and international R&D centres

Goal
Implementation of a comprehensive phased programme to support sustainable agricultural practices and support young scholars in running sustainable development projects

Actual	Cooperation across a range of areas related to the climate agenda	A project to run cooperation programmes with universities	Cooperation with R&D centres to develop new products and ways of application
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STRATEGY

The Company's innovations in fertilizer production are a sustainable development driver in agriculture and make a meaningful contribution to strengthening cooperation for food security.

PhosAgro Group seeks to ensure efficient and safe agricultural production and develops innovative

fertilizers while also working hard to minimise the environmental impact of mineral fertilizer application and production. In doing so, the Company relies on Russian and international experience and leading research and production practices.

Our Strategy to 2025 envisages efforts to increase the share of innovative products, develop technology and production, and ramp up potential for cooperation with stakeholders and partners in the area of innovation and research.

Another important focus under this strategy is to ensure efficient production and its compliance with high standards for environmental responsibility, circular economy principles, and safety.



MANAGEMENT APPROACH

GRI 3-3

Our innovation, product development, and research and education management system is seamlessly integrated into the overall management framework covering all Company processes.

PhosAgro Group runs the Samoilov Scientific Research Institute for Fertilizers and Insectofungicides (NIUIF), Russia's only institute specialising in this area.

PhosAgro Innovation Centre was established in 2018 to create cutting-edge products and

technologies in partnership with research institutions in Russia and abroad. The NIUIF and PhosAgro Innovation Centre bring together world-class researchers, engineers, and experts from various areas to address the most complex operational issues as well as applied and fundamental research problems.

The Group actively cooperates with the Ministry of Agriculture, the Russian Academy of Sciences, federal research centres, universities, innovation funds, and international R&D organisations (University

of Belgrade and Brazil's Federal University of Lavras), along with recognised international organisations with a view to providing broad support to humanitarian and research-intensive projects.

Research and education fall within the remit of the Technical Development Department and are discussed at the meetings of the Strategy and Sustainable Development Committee of the Board of Directors. These matters are subject to an annual review by the Board of Directors.



RISKS AND OPPORTUNITIES

Among other things, the following strategic risks affect our research and educational objectives:

- 7 environmental risk
- 13 regulatory risk
- 19 climate risk

For more information, see the Strategic Risks section on [page 68](#)



The Group develops corrective measures as necessary and unlocks opportunities, including import substitution, to mitigate those risks. Below you can find more information about what we do on this front.

RISKS SPECIFIC TO THE COMPANY'S OPERATIONS:



Non-compliance of products' manufacturing process and their use with carbon footprint standards and other environmental requirements



Insufficient environmental friendliness of production processes



Insufficient efficiency of resource use



Non-alignment of plant nutrition systems with specific farming conditions



Lack of awareness about the Company's products and services, coupled with the level of expertise prevailing among agricultural professionals both in Russia and abroad

KEY INITIATIVES IN 2023

Investments in R&D activities and development of new products, RUB mln



1 IMPROVEMENT OF PRODUCTION PROCESSES

Improvement of ore extraction and processing

In 2023, to enable the mining of a block pillar under the Saami pit (Murmansk region), a project was developed to divert the Gakman and Loparskaya rivers. The project provides for the establishment of a group of hydraulic structures and is aimed at preventing the risk of river pollution when developing new deposits, which is aligned with the principles of environmental responsibility and commitment to look for optimal approaches in terms of environmental and technical safety. The Company's team developed and agreed with regulatory authorities (state environmental review and state expert review) the design documents for the facilities required to divert the Gakman River; similar design documents for the Loparskaya River are pending approval from the regulators.

Apart from that, in order to increase output, design documentation was put together for the project to develop the reserves of the Rasvumchorr Plateau deposit through underground mining,

which provides for a diversified use of coolants at the main ventilation and hot-air heating unit. The use of liquefied natural gas at the Rasvumchorrsky mine will help reduce emissions of pollutants and GHG.

Energy and elements of circular economy

Improving the efficiency of using resources, including water, and increasing the energy efficiency of production processes are crucial tasks for PhosAgro.

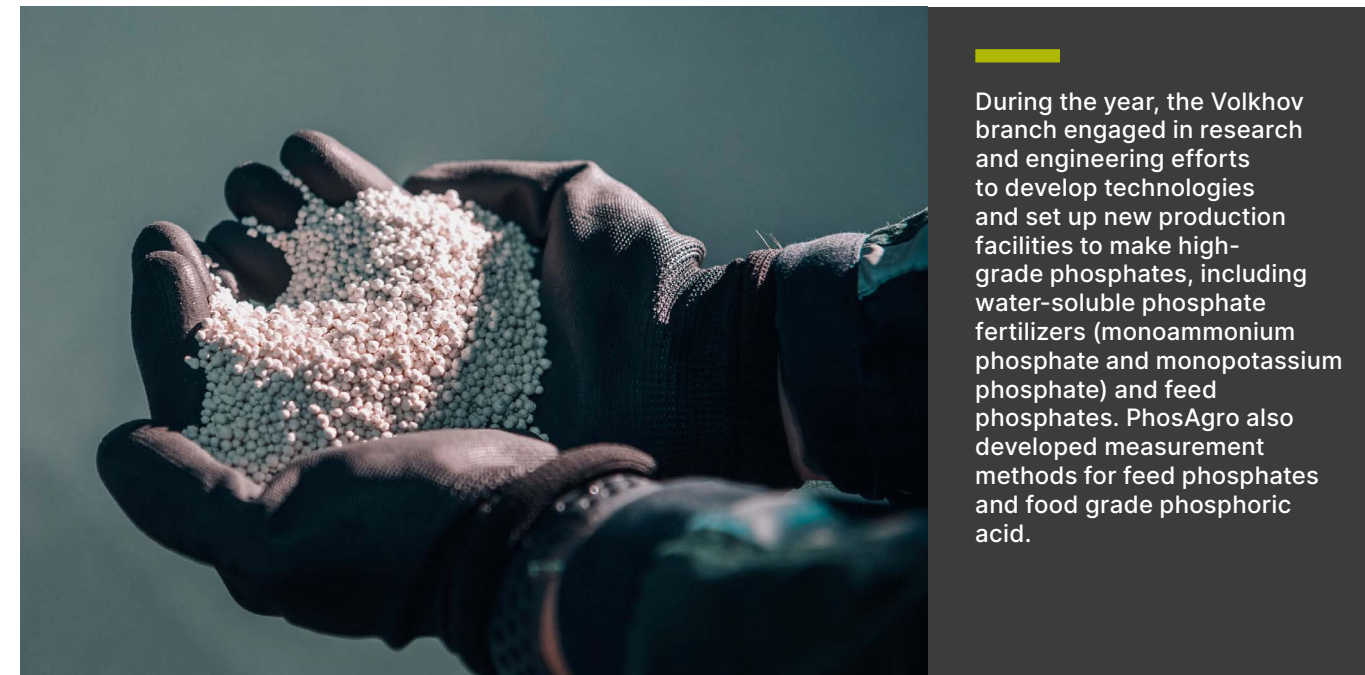
In 2023, we implemented a project to increase the hourly loads of process systems by introducing a set of measures to upgrade the production of wet-process phosphoric acid, which made it possible to reduce consumption of raw materials and energy resources across industrial sites.

Measures were also put in place to improve the reliability of ammonia production units and units No. 1, 2 and 3 of the Cherepovets site, with recommendations developed

on how to improve the planning efficiency considering major overhauls amid an increase in working time.

In addition, the Balakovo site is running a project to set up an exhaust gas turbine to generate its own electricity using waste energy (sulphuric acid production steam).

The Company pays special attention to the recycling of waste and by-products and remains on the lookout for new opportunities to utilise them as feedstock. During 2023, research and engineering efforts were completed for the Volkhov branch to develop formulations of popular NPS fertilizer grades and set up their commercial production involving the mother liquor (by-product) of water-soluble MAP production. The Balakovo branch developed and implemented a process for the conversion of phosphogypsum and fluosilicate acid to obtain a solution of ammonium sulphate and technical calcium fluoride, which makes it possible to utilise the by-product of phosphoric acid production.



During the year, the Volkhov branch engaged in research and engineering efforts to develop technologies and set up new production facilities to make high-grade phosphates, including water-soluble phosphate fertilizers (monoammonium phosphate and monopotassium phosphate) and feed phosphates. PhosAgro also developed measurement methods for feed phosphates and food grade phosphoric acid.

2 IMPROVEMENT OF THE PRODUCT MIX

58 grades of agrochemicals of all types: PhosAgro Group's product mix in 2023

PhosAgro Group's product mix comprised 58 grades of agrochemicals of all types in 2023. By 2030, the Company plans to gear up for the introduction of 46 new own products and 24 partner products, which will include biological decomposers of organic matter, fertilizers, crop protection products; mineral fertilizers with controlled and prolonged release, liquid and solid fertilizers with microelements; feed additives with non-protein nitrogen sources and biological components; growth enhancers, adaptogens, and amino acids. The overall focus of these developments

is biologicalisation of agriculture and reduction of the environmental impact of chemicals in intensive farming, which will bolster crop yields and improved quality, while also mitigating climatic and environmental impact.

To this end, the Company is constantly exploring new solutions for the manufacturing of popular products, among other things in response to the drive for import substitution for some of the most common products.

As part of our import substitution efforts in 2023, we developed key technical solutions to produce liquid SO₂. In addition, initial data was made available for the construction of a unit manufacturing food grade and technical grade purified phosphoric acid in the Volkhov branch. The Company is also working on an investment project

for a construction site for feed phosphates and food grade orthophosphoric acid.

The Company's team proposed a solution for the reconstruction of the ammonia refrigeration cycle in the third ammonia production line at the Cherepovets site to increase ammonia production in the warm season.

On top of that, we developed an energy-saving technology for the production of complex granular fertilizers (NPKS/NPK/NPS/NP), which boasts high capacity per unit and is designed for the upgrade of existing and creation of new production facilities at the Cherepovets site and in the Balakovo branch (for that, Russian patent No. 2805234 was obtained).

INNOVATIVE DEVELOPMENTS OF JSC “NIUIF”

Our long-standing efforts in the development of sulphuric acid production were recognised in 2023, with the NIUIF team nominated for the Russian Government’s 2023 Award in science and technology.

Since 2001, NIUIF, which is part of Apatit, has developed, patented and improved an intensive domestic energy-saving and eco-friendly technology to make sulphuric acid from sulphur using the Double Contact Double Absorption (DCDA) method (Russian patent No. 2201393 dated 18 September 2001, Eurasian patent No. 028058 dated 10 March 2017). In 2001–2023, Russian-made sulphuric acid systems with high capacity per unit were designed, built and put into operation at facilities across Russia and the CIS countries.

Lessons learnt from the operation of sulphuric acid systems that rely on our technology, combined with actual levels of resource consumption, production of power-generating steam, and pollutant emissions (which are in line with both Russian and European BAT), have proven the solution’s strong competitive edge as compared to technologies offered by leading international engineering companies.

Since 2018, Apatit’s sites have faced the need to build sulphuric acid systems of significantly greater capacity, i.e. in excess of 1 mtpa of H₂SO₄ per year. As part of Russia’s focus on import substitution, NIUIF leveraged its track record in constructing and operating domestic sulphuric acid production systems and developed a comprehensive package of technical, design, and engineering documentation for the customer (Apatit) to erect the first ever Russian sulphuric

acid system with mega capacity of 1.1 mtpa of H₂SO₄ per year, or 3.3 kt of H₂SO₄ per day.

This technology features extensive reliance on Russian-made equipment, which has already proven reliable and delivering strong process performance in existing sulphuric acid systems.

In addition to certain technical solutions contributing to project reliability and operability in a considerably wider range of conditions as compared to foreign peers, the new sulphuric acid technology is based on a short, environmentally friendly, and energy-saving DCDA process. To name its competitive advantages, the new process scheme for sulphuric acid:

- quickly reaches design capacity;
- is reliable and easy to operate;
- guarantees minimal exhaust of harmful gases into the atmosphere;
- has minimum power consumption levels;

- is fitted with simple and reliable equipment;
- has an SO₂ conversion rate of 0.9980 and above;
- has a total SO₃ absorption rate of 0.9999;
- generates high-pressure steam (40 atm) to produce electricity;
- has reserve capacity available.

Another major area of related efforts is NIUIF’s R&D project run jointly with the Kirovsk-based Geological Institute of the Kola Science Centre of the Russian Academy of Sciences to identify natural diatomite in Russia suitable for the domestic production of high-performance vanadium sulphuric acid catalysts. These efforts bore fruit as the exploration team discovered lake deposits of natural diatomite on the Kola Peninsula, which were deemed fit for obtaining high-performance catalysts. Currently, NIUIF is looking into options available to mine and prepare diatomite for subsequent use. Lake deposits have high-quality reserves sufficient to sustain production of catalysts for 40 years.



DEVELOPMENT OF NEW FERTILIZERS

Development of biologised fertilizers

In 2023, PhosAgro Group, together with the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy, conducted second-year enhanced tests of the impact of mineral fertilizers and their biologised counterparts on the carbon footprint of products. The carbon footprint of crop production includes nitrous oxide emissions from soil resulting from nitrogen conversion processes

in mineral and organic fertilizers, as well as carbon emissions from plant respiration, decomposition of crop residues and straw, and mineralisation of soil organic matter (including humus). Thus, tests with biologised counterparts at comparable fertilizer doses demonstrated higher crop yield per hectare and a smaller carbon footprint per unit of agricultural products.

The tests also helped obtain data on actual GHG emissions vs standard levels of soil nitrogen and carbon loss. This data can be used for the reduction of the carbon

footprint of agriculture and carbon accumulation in soil, among other things through the application of new eco-friendly biologised mineral fertilizers. On top of that, the tests clearly showed that the rate of 1% set in Russia for nitrogen losses induced by mineral fertilizer application is significantly overestimated.

In 2024, there are plans to clarify the data available and to conduct a detailed analysis of the processes of nitrogen and carbon transformations in soil in order to achieve intensified accumulation of humus in arable land.

N₂O emission for various fertilizers at a nitrogen dose of 100 kg/ha in a spring barley test vs emission estimates assuming a 1% nitrogen loss, and comparison of carbon footprint of 1 g of barley for biologised and non-biologised mineral fertilizers

Sample	Yield, c/ha	Emission estimate, N ₂ O (1%), kg of CO ₂ -eq. per t of fertilizer	Actual N ₂ O emission (1%), kg of CO ₂ -eq. per t of fertilizer	Actual vs estimate ratio	Carbon footprint of the product, kg of CO ₂ -eq. per t of barley	Bio / untreated
Control	30.40	–	–	–	382	
Bio-MAP Bio-NP 12-52	52.20	562	374	0.66	247	0.91
MAP NP 12-52	51.80	562	385	0.69	271	1.00
Bio-NPK(S) 8-20-30(2)	56.20	375	221	0.59	211	0.90
NPK(S) 8:20:30(2)	55.70	375	233	0.62	234	1.00
Bio-NPK(S) 15-15-15(10)	49.70	702	582	0.83	284	0.65
NPK(S) 15:15:15(10)	39.00	702	621	0.94	440	1.00
Bio-urea bio-N 46.2	47.60	2,163	1,662	0.77	313	0.89
Urea N 46.2	46.90	2,163	1,859	0.86	350	1.00
Bio-DAP bio-NP 18-46	54.90	843	535	0.63	224	0.85
DAP NP 18:46	52.30	843	535	0.63	262	1.00
Bio-NPK(S) 10-26-26(2)	44.80	468	360	0.77	327	0.92
NPK(S) 10:26:26(2)	44.20	468	360	0.77	356	1.00

OTHER INNOVATIVE PRODUCTS

Manufacturing and sales of the new product – ApaSil

In 2023, the Company continued to develop and sell products with innovative features. As one example, the ApaSil adaptogen was placed on the market, with over 5.1 t already supplied to farmers. The product is designed for seed pre-treatment and foliar application on a wide range of agricultural crops and ornamental plants. Field trials in different regions and on different crops have shown that ApaSil helps plants cope with the stresses associated with drought and diseases.

In 2023, the results of scientific tests have been confirmed by PhosAgro Group’s customers.

In 2024, the process method will be patented, with plans to register ApaSil in foreign markets.

Development of probiotic feed additives

In 2023, PhosAgro teamed up with the Skryabin Moscow State Academy of Veterinary Medicine and Biotechnology to run an experiment on laboratory animals to determine the effectiveness of cutting-edge probiotics against the main pathogens that cause intestinal diseases in the young stock of farm animals. New MAP-based additives will help improve the health and productivity of animals while reducing the intake of antibacterial drugs. Initial results show that animals demonstrated increased survival when new additives were used.

In 2024, prototypes of probiotic feed additives are planned to be tested on young cattle in farm settings.



3 APPLICATION IMPROVEMENT

Research as part of PhosAgro’s carbon farm project in the Vologda region

As part of a long-term climate action, in 2022 the Company set up a carbon farm to study CO₂ compensation and absorption of carbon emissions by various ecosystems, as well as to test hands-on solutions for establishing large-scale carbon farms in agriculture and forestry.

In the Cherepovets and Vologda regions, in 2022 we set up 100 ha trial stations 100 km away from each other to study carbon sequestration abilities of perennial forage grasses cultivated in industrial conditions using a variety of fertilization schemes. In the Vologda region, forage grasses are the basic crop with the greatest GHG absorption potential.

The project’s priority objective is to accumulate knowledge and expertise in cooperation with the research community and study CO₂ absorption by various crops (forage grasses, grain cereals and pulse crops), young coniferous and deciduous

forests, and agricultural sites with varying organomineral nutrition regimes.

In 2023, we continued tests at 24 forest areas within the carbon farm, planting additional 10 thousand coniferous and 15 thousand coniferous young seedlings to compensate for those that failed to survive the winter.

Preliminary research done by the Centre for Forest Ecology and Productivity of the Russian Academy of Sciences shows that ecosystems of this kind can achieve average annual carbon stock of 14.6–16.0 t of CO₂-eq. per ha over a period of 25 years.

Two years of tests run by the Vereshchagin Vologda State Dairy Farming Academy show that estimated levels of carbon dioxide absorption by the aboveground plant biomass on an area of 200 ha are 5,475 t of CO₂-eq., resulting in accumulation of 7,925 t of CO₂-eq. by the belowground plant biomass.

Taking into account the processes of soil respiration, humification and humus mineralisation, these results suggest that soil stores 1,050 carbon units with an average annual gain rate of 2.6 t of CO₂-eq. per ha, which can be verified in actual farming environments by using the most common methods of tests for soil carbon.

The carbon farms used only PhosAgro Group’s mineral fertilizers and did not rely on organic fertilizers, green mass, or other methods to build soil carbon.

Forage grass trials were conducted on a 20-hectare plot at PhosAgro’s carbon farm in 2023:

- Agricultural technology 1: ryegrass + clover + festulolium;
- Agricultural technology 2: ryegrass + clover + alfalfa;
- Agricultural technology 3: ryegrass + clover + bird’s-foot trefoil;
- Farm’s practice: ryegrass + clover

Carbon absorption by the carbon farm using different farming practices

Farm	Grass mixture	CO ₂ -eq. gain in the biomass in two years, t/ha	CO ₂ -eq. gain in roots in two years, t/ha	Formation of humus, t of CO ₂ -eq. per ha	Carbon gain, t of CO ₂ -eq. per ha (carbon units)
Vologda carbon farm	Agricultural technology 1	26.70	39.50	7.11	4.98
	Agricultural technology 2	26.90	39.70	7.15	5.02
	Agricultural technology 3	25.20	36.90	6.64	4.51
	Farm's option	24.20	35.50	6.39	4.26
Cherepovets carbon farm	Agricultural technology 1	32.80	47.60	8.57	6.44
	Agricultural technology 2	30.40	43.30	7.79	5.66
	Agricultural technology 3	27.50	38.70	6.97	4.84
	Farm's option	29.40	42.70	7.69	5.56

As part of the project, PhosAgro and the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy are also running a series of tests in grain-grass crop rotation at the farming station for different types of fertilizers with the return of plant residues to soil. Results obtained so far suggest that it is a combination of mineral and organic fertilizers with regular liming that allows for the most effective carbon gain in soil during the crop rotation period (five years).

These studies show that a balanced approach to crop rotation and application of fertilizers and ameliorants not only deliver a good yield of winter wheat of 5.5–6.0 t per ha in the Vologda region but also, subject to the return of plant residues to soil, achieve carbon gain by soil of 2.8 t of CO₂-eq. per ha per year even without organic fertilizers; when organic fertilizers are used, the efficiency of the carbon gain process increases to 5.2 t of CO₂eq. per ha per year. The data demonstrate that with an increase in the dose of mineral

fertilizers, subject to properly organised processes, the carbon footprint of agricultural products will be decreasing.

In 2024, PhosAgro plans to refine and analyse all data and, jointly with the Izrael Institute of Global Climate and Ecology (IGCE), develop methods for various agricultural crops, ornamental plants and forest crops and have them rolled out for practical application by farmers.

Change in soil carbon stock for different fertilization schemes, t/ha (five years)

Fertilization scheme	Initial carbon content	End of crop rotation		Change	
		no liming ¹	liming	no liming	liming
Control (no fertilizer)	46.52	49.00	48.14	2.48	1.62
Manure, 50 t/ha	46.14	51.58	49.48	5.43	3.34
N ₁₅₀ P ₁₂₀ K ₂₂₅	46.43	49.48	50.24	3.05	3.81
Manure, 25 t/ha + N ₇₅ P ₆₀ K ₁₁₃	46.62	51.29	52.34	4.67	5.72
Manure, 50 t/ha + N ₁₅₀ P ₁₂₀ K ₂₂₅	47.57	49.96	49.48	2.38	1.91

Productivity of crop rotation during crop rotation period, t/ha of conventional grain units (five years)

Fertilization scheme	Yield over five years (oat-vetch mixture – winter wheat – spring barley – red clover – oats)		Carbon gain, t of CO ₂ -eq. per ha	
	no liming ¹	liming	no liming	liming
Control (no fertilizer)	17.58	19.15	9.09	5.94
Manure, 50 t/ha	20.29	22.49	19.91	12.25
N ₁₅₀ P ₁₂₀ K ₂₂₅	21.54	24.05	11.18	13.97
Manure, 25 t/ha + N ₇₅ P ₆₀ K ₁₁₃	22.81	25.50	17.12	20.97
Manure, 50 t/ha + N ₁₅₀ P ₁₂₀ K ₂₂₅	25.21	28.27	8.73	7.00

¹ No liming: pHKCl = 5.1–5.2, liming: pHKCl = 5.7–5.9.

Cutting-edge biologised adaptive plant nutrition systems

In 2023, experts from the Company and the Federal Williams Research Centre of Forage Production and Agroecology ran a production trial in the Moscow Region to cultivate forage crops using biologised adaptive plant nutrition systems and a biological preservative for forage conservation.

As opposed to the routine alfalfa cultivation using 100 kg/ha of ammonium nitrate, two biofertilization options were tested during the trial. The first option involved using only biological agents and the ApaSil adaptogen (trial plot 1), while the second one relied on replacing ammonium nitrate with biologised urea and using the same nitrogen dose along with ApaSil (trial plot 2). Trial results showed that innovative nutrient systems led to improved crop yields. More trails are scheduled for 2024.



Cut	Check strip (farm's option)	Trial plot 1	Trial plot 2
	Yield, t/ha		
1	21.44	21.66	23.77
2	12.95	14.18	15.48
3	8.80	11.60	12.50
Total for three cuts	43.19	47.44	51.75

Average dry matter (DM) and crude protein (CP) yield per hectare per cut

Check strip (farm's option)		Trial plot 1		Trial plot 2	
DM, t/ha	CP, c/ha	DM, t/ha	CP, c/ha	DM, t/ha	CP, c/ha
3.67	6.10	3.81	6.20	4.10	7.10



Innopraktika

The application of Fermasil developed by Innopraktika along with the biologised adaptive plant nutrition system resulted in improved quality and nutritional value of forage while offering the same storage life. The trial involved analysing both the carbon footprint of the products and their qualitative properties. The results showed an increase in the levels of lactic and acetic acids, contributing to the prolonged preservation of the feed's high quality. The level of succinic acid, which is an indicator of feed spoilage, remained within acceptable limits.



Biochemical quality indicators of alfalfa haylage

Haylage conservation option	Protein	ME _{cattle} ¹ MJ/kg of DM	pH	Content in DM of haylage, %			Lactic acid as % of total acids	Ammonia nitrogen as % of total nitrogen
				Organic acids				
				Lactic	Acetic	Succinic		
Check strip (farm's practice)								
Farm's practice	19.74	9.62	4.61	9.51	1.12	0.91	82.37	8.28
Fermasil, 6 g/t	19.82	9.64	4.57	9.32	0.98	0.90	82.19	7.58
Trial plot 1								
Farm's practice	20.24	9.62	4.70	9.70	1.32	1.18	79.49	9.40
Fermasil, 6 g/t	20.76	9.64	4.66	11.22	1.25	1.32	81.25	8.91
Trial plot 2								
Farm's practice	21.65	9.70	4.69	9.82	1.71	1.06	77.99	10.49
Fermasil, 6 g/t	21.42	9.73	4.55	10.07	1.31	1.08	80.83	10.46

Thus, the new types of fertilizers developed by PhosAgro help agricultural producers increase crop yields despite the constraints of limited land resources while also

improving forage quality, reducing carbon footprint, enhancing soil fertility, and increasing production margins.

4 COOPERATION IN INNOVATION

OUR STRATEGY FOR INNOVATING AND HELPING STUDENTS, TEACHERS AND FARMERS TO DEVELOP PROFESSION COMPETENCIES RELIES ON PARTNERSHIPS WITH THE LEADING AGRICULTURAL UNIVERSITIES AND R&D CENTRES

RUSSIAN SCIENCE, EDUCATION AND AWARENESS RAISING PROJECTS

Partner and partnership goals	Key results in 2023
<p>Russian Academy of Sciences</p> <p>Cooperation across a range of areas related to the climate agenda and low-carbon transition plan</p>	<ol style="list-style-type: none"> The carbon farm project progressed into its second year with additional tree seedling planting and procurement of necessary equipment 15 research organisations participated in the development of new fertilizers and feed additives, completing a total of 20 research projects Further progress was made in implementing other projects involving leading Russian scientists to develop and promote innovative products: biotechnologies and feed additives developed registration process for new biologised mineral fertilizers launched a pipeline of new promising projects built

Partner universities	More than	
<p>Creating PhosAgro Group's nationwide educational network across 30 agricultural universities in Russia</p>	<p>390 online lectures</p> <p>digitised for 47 agricultural universities</p> <p>Lectures drew an audience of over</p> <p>53,000</p> <p>students and professors from both Russia and the CIS</p>	<ol style="list-style-type: none"> Lecture topics spanned a broad range of subjects, including agrochemistry, agronomy, crop production, innovation and digitalisation in agriculture, economics, law, and sustainable farming Plant trials, including as part of diploma projects, were conducted at four phyto-classes of PhosAgro educational centres Career guidance activities for schoolchildren were implemented jointly with professors from the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy Efforts were underway to develop 15 innovative additional educational courses covering various subjects and providing an opportunity to earn PhosAgro certificates and official state qualifications The Company continued to develop the Pro Agro Lectorium educational online platform and implement it across all agricultural universities

More than

390 online lectures

digitised for 47 agricultural universities

Lectures drew an audience of over

53,000

students and professors from both Russia and the CIS

- The number of educational centres expanded to 17, including two flagship multifunctional centres in Moscow at the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy and Skryabin Moscow State Academy of Veterinary Medicine and Biotechnology
- PhosAgro's open educational centres hosted an array of activities, including daily lectures, additional professional education courses, open days with major employers, meetings for young scientists, conferences, and recorded lecture demonstrations

- Lecture topics spanned a broad range of subjects, including agrochemistry, agronomy, crop production, innovation and digitalisation in agriculture, economics, law, and sustainable farming
- Plant trials, including as part of diploma projects, were conducted at four phyto-classes of PhosAgro educational centres
- Career guidance activities for schoolchildren were implemented jointly with professors from the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy
- Efforts were underway to develop 15 innovative additional educational courses covering various subjects and providing an opportunity to earn PhosAgro certificates and official state qualifications
- The Company continued to develop the Pro Agro Lectorium educational online platform and implement it across all agricultural universities

INTERNATIONAL SCIENCE, EDUCATION AND AWARENESS RAISING PROJECTS

Partner, project and goals



Green Chemistry for Life, a joint grant programme by PhosAgro, UNESCO and IUPAC

Financial support and scientific guidance for young scholars doing research in emerging Green Chemistry technologies to address environmental challenges and ensure sustainable use of natural resources

UNESCO-Russia Mendeleev International Prize in Basic Sciences

The international prize aims to foster scientific progress, science popularisation and international cooperation. It also serves as a tribute to the renowned Russian scientist Dmitri Mendeleev, who devised the periodic table of the elements, playing a pivotal role in the future of chemistry, physics, biology, astronomy, and geochemistry

Key results in 2023



1. As part of the seventh round of the grant programme, PhosAgro, in partnership with UNESCO and the International Union of Pure and Applied Chemistry (IUPAC), awarded eight grants to young scientists from Armenia, Italy, Brazil, Vietnam, Malaysia, Tunisia, Croatia, and South Africa. Over the course of seven rounds of the programme, more than 900 applications from young researchers across 120 countries were submitted, with grants awarded to 48 scientists from 32 countries.
2. PhosAgro Group proudly served as a partner for the UNESCO-Russia Mendeleev International Prize in Basic Sciences. The prize is the only award granted for sustainability-focused research in fundamental sciences under the auspices of UNESCO.



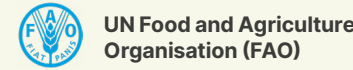
Summer Schools on Green Chemistry project run jointly by PhosAgro, IUPAC and Green Sciences for Sustainable Development Foundation

The project is an educational initiative run by the International Union of Pure and Applied Chemistry (IUPAC) with the support of PhosAgro to improve the qualifications of young scholars engaged in green and innovative chemistry research globally with a view to promoting innovations and breakthroughs



1. The sixth session of the IUPAC Summer School on Green Chemistry took place at Ca' Foscari University of Venice, Italy. It brought together 150 young scientists and 30 leading teachers from 44 countries, including 48 African researchers
2. 2023 saw the sixth session of the IUPAC Summer School on Green Chemistry supported by PhosAgro. Since inception, it has attracted the participation of over 800 young researchers and 60 teachers from 75 countries

Partner, project and goals



Development of Sustainable Agriculture through the Implementation of the Global Soil Doctors Programme and the Creation of the Global Soil Laboratory Network (GLOSOLAN)

Promoting sustainable soil management among farmers and expanding the Regional Soil Laboratory Network (RESOLAN) in Africa, Latin America and the Middle East; achieving environmental and social well-being by raising awareness of soils to inform sustainable farming decisions

Key results in 2023



1. PhosAgro supports the FAO Global Soil Partnership in implementing the project to advance sustainable agriculture and set up the Global Soil Laboratory Network. Currently, the global network comprises over 800 laboratories across 150 countries
2. PhosAgro supported the establishment of the International Network on Soil Fertility and Fertilizers (INSOILFER), which aims to promote sustainable soil and fertilizer management with a view to increasing crop yields, as well as the International Network on Soil Pollution (INSOP).



PhosAgro's sponsorship and expert contribution to building Africa's food sovereignty and expanding scientific and educational cooperation between Russian and African universities and agricultural associations

Development of scientific and educational potential of African countries, along with the training of qualified personnel for the agricultural and chemical industries to build Africa's food sovereignty



1. During the Second Summit Russia-Africa Economic and Humanitarian Forum, PhosAgro introduced its Pro Agro Lectorium, a digital educational platform for agricultural professionals in African countries to learn more about advanced and effective farming practices.
2. As part of the Second Summit Russia-Africa Economic and Humanitarian Forum, several bilateral and trilateral agreements were signed between Russian and African educational institutions and PhosAgro. These include: an agreement between PhosAgro, the Mendeleev University of Chemical Technology and Assiut University (Egypt); an agreement between PhosAgro, the University of Zambia, and the Russian State Agrarian University - Moscow Timiryazev Agricultural Academy; an agreement between PhosAgro and Makerere University (Uganda); an agreement between PhosAgro and Ahmed Baba University (Mali); an agreement between PhosAgro and Injibara University (Ethiopia)

Partner, project and goals



Institute of Chemistry and Sustainable Development at the Mendeleev University of Chemical Technology

Partnership in promoting basic sciences and research in chemistry and related fields to further sustainable development globally

1. Promoting basic sciences and research in chemistry and related fields to further sustainable development globally
2. Articulating an expert point of view on major issues on the global sustainability agenda
3. Implementing joint programmes and projects
4. Organising joint events to promote research in green chemistry
5. Supporting young scholars engaged in innovative research in green chemistry, unlocking their scientific potential, strengthening cooperation between them and involving them in joint research projects

Key results in 2023



1. PhosAgro awarded scholarships to 20 winners of the third and fourth competitions of the Laverov scholarship programme established for young scientists from the Mendeleev University of Chemical Technology who do research in ecology, environmental management, new materials and substances. Winners were selected based on their academic achievements, scientific publications in high-ranking journals, and their interest in developing projects in the field of green chemistry.
2. PhosAgro-funded scholarships named after academician Nikolay Laverov were awarded to 40 talented university students and postgraduates
3. In order to develop students' professional knowledge of innovative processes in green chemistry and related fields, PhosAgro Group partnered with the Institute of Chemistry and Sustainable Development to organise a series of webinars for Bachelor's and Master's Students at the UNESCO Chair of Green Chemistry for Sustainable Development at the Mendeleev University of Chemical Technology. The focus areas were aligned with the UN 17 Sustainable Development Goals

Partner, project and goals



The Diplomatic Academy of the Russian Ministry of Foreign Affairs

Partnership in scientific research with a focus on sustainable development and green economy

1. Advancing research in sustainable development and carbon-neutral green technologies
2. Collaborating on green programmes and projects
3. Supporting major national, regional, and international initiatives promoting the UN Sustainable Development Goals
4. Organising events addressing food security, environmental protection, and human health

Key results in 2023



1. PhosAgro, in partnership with the Diplomatic Academy of the Russian Ministry of Foreign Affairs and with support from the FAO Liaison Office with the Russian Federation, organised an international forum-webinar titled "Protecting the Planet's Soils from Degradation and Depletion. International Experience in Maintaining Soil Fertility and Health". The forum attracted more than 350 scientists and experts from Russia and Latin America, Africa, Europe, and Asia



United Nations Global Compact

As a Global Compact Lead company, PhosAgro contributes to the initiative by providing expert advice on a wide range of topics

1. The Global Compact Lead status makes it possible to engage in the discussion of the international agenda while actively liaising with other international organisations and contributing to the development of new business approaches, regulations and standards globally
2. Contributing to the UN Sustainable Development Goals through projects implemented by the Company as a responsible producer of environmentally friendly mineral fertilizers
3. Enhancing global partnerships for sustainable development
4. Articulating an expert point of view on major issues on the global agenda
5. Participating in global initiatives aimed at addressing today's global challenges

PhosAgro joined the UN Global Compact's Forward Faster initiative calling for an accelerated achievement of the UN Sustainable Development Goals (SDGs)

The initiative launched during the United Nations General Assembly seeks to bring together the efforts of social responsibility leaders worldwide. As a participant in the Water Resilience Coalition, a UN Global Compact platform, PhosAgro will contribute to a faster achievement of SDG 6 (Clean Water and Sanitation) covered by the Forward Faster initiative, by advancing sustainable water resource management



1. We retain our status of a Global Compact Lead company and are actively involved in the alliance's initiatives. This enhances PhosAgro's business reputation globally, reinforces its competitive strengths and increases public trust in PhosAgro, while also helping to boost existing and forge new partnerships
2. PhosAgro Group supported the open call by the business community to safeguard water resources under the auspices of the United Nations. The Forward Faster initiative was presented during the UN Water Conference and was developed in collaboration with the Water Resilience Coalition, a UN Global Compact platform, alongside the CEO Water Mandate. PhosAgro stands as the only Russian participant in the Forward Faster initiative focused on achieving SDG 6 (Clean Water and Sanitation)
3. PhosAgro took part in the panel discussion "Food Security in a Changing Climate: Global Challenges and Opportunities" during the 28th session of the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change



European Sustainable Phosphorus Platform (ESPP)

Partnership on the European political, scientific and technical agenda for the sustainable use of phosphate resources


1. Fostering knowledge exchange, experience transfer and professional networking in phosphorus management; promoting dialogue between market participants, stakeholders and regulators
2. Removing regulatory barriers
3. Effecting communication through newsletters, website, conferences and publications



1. PhosAgro Group participated in the European Sustainable Phosphorus Conference that brought together several hundreds of representatives of business, stakeholders, regional and national authorities. At the event, we presented our best practices of phosphogypsum application in road construction

SUPPLY CHAIN

AREA, STRATEGIC GOALS AND METRICS




Target
9.1

1 Digital transformation

Goal Further development of Process Mining and introducing new robotic solutions

Actual	<p>5 new robotic solutions implemented to improve the efficiency of procurement management</p>	<p>Robert chatbot launched to quickly handle standard procurement queries</p>	<p>Migration of robotic solutions to a new Russian-developed platform initiated</p>
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Target
12.4


2 Procurement function development


Goal -2023

<p>Enhancing long-term relationships with suppliers</p> <ul style="list-style-type: none"> Long-term agreements Consignment warehouses Online shops 	<p>2023 target: 30% of inventory</p>	<p>Increased procurement using embossed bank cards</p>	<p>Developing direct and alternative supplies of imported equipment and spare parts</p>

Actual

<p>32% inventory procured as part of long-term relationships</p>	<p>23% procurement from local suppliers</p>	<p>8% direct procurement from Chinese manufacturers</p>	
<p>58% rise in procurement using embossed bank cards</p>		<p>The category strategies cover: 13 raw material categories 17 categories of materials and equipment</p>	






Target
8.3, 12.4 and 13.2

3 ESG evaluation of suppliers

Goal

<p>ESG evaluation coverage of at least 50% of counterparties that participated in the procurement</p>	<p>and at least 30% of procurement volume from the evaluated counterparties</p>	
Actual		
<p>64% share of suppliers in 2023 that underwent ESG evaluation</p>	<p>59% share of procurement from evaluated suppliers</p>	<div style="border: 1px solid #ccc; padding: 5px;">  <p>Training materials are available on the Company's official website in the Procurement section</p> </div>



STRATEGY

PhosAgro's procurement system seeks to ensure that the Group's subsidiaries receive the required resources, materials, and services of adequate quality in full and at reasonable prices. However, there is much more to the principles and business processes underlying our procurement activities. We believe that running a supply chain in an efficient and responsible manner is the cornerstone of the Company's sustainable development.

In 2023, our procurements of goods and services reached almost RUB 184 bln. Thousands of our suppliers and

contractors benefit directly from these investments, and so do their employees, who have to provide for their families. We contribute to the public budget at various levels. But what is more important is that the tools that we employ, including our environmental and social assessment of suppliers, as well as anti-corruption mechanisms, directly promote sustainable values across the Russian business community. These values are the bedrock of our business philosophy. We work to ensure that our procurement activities have a strong positive impact on all our stakeholders.

RUB
184 bln

procurements of goods and services in 2023¹



In 2023, PhosAgro placed a strong emphasis on import substitution throughout its supply chain. In order to identify alternatives and replace the equipment and machinery of Western suppliers, we engaged in technical audits of Russian manufacturers, ran trials of materials and equipment, and shared our experiences and insights with peers from the chemical and other industries.



MANAGEMENT APPROACH

GRI 3-3

In its procurement, PhosAgro aims to foster open, trustful and mutually beneficial relationships with our partners in compliance with the applicable laws, regulations, and contractual and other obligations.

All of the Group's suppliers, including potential ones, are subject to the Company's anti-corruption standards. To ensure compliance with Russian anti-corruption laws and PhosAgro's Anti-Corruption Policy, prevent and fight fraud and corruption, avert conflicts of interest among PhosAgro employees, and provide more opportunities for companies and individuals to engage in supplies of goods and services in line with principles of good faith competition, transparency and openness, the Company adopts a zero tolerance approach to fraud and corruption in any form and manifestation. PhosAgro believes that any and all instances of bribery, fraud and corruption involving the Company's employees and

contractors are unacceptable. To enforce this principle, PhosAgro expects its potential contractors to meet certain obligations made known to them when first signing up to the EBP.

Documents governing the Company's procurement activities are publicly available on its official website.

- General information on PhosAgro's procurement activities is available in the Procurement section on its official website
- Requirements for suppliers
- Procurement Policy



As a way to ensure prompt response to suspected corruption and fraud, in 2016, PhosAgro launched a Group-wide hotline for the Company's management to better handle all reports of violations and issues, including those related to procurement. The hotline is available to everyone, including the Company's contractors and partners.



The Company's potential suppliers can participate in a fully transparent and accessible procurement procedure using PhosAgro's electronic bidding platform (EBP). All prospective bidders are required to sign up and familiarise themselves with the regulations governing the Company's procurement activities:

- [Procurement Policy;](#)
- [Anti-Corruption Policy;](#)
- [Code of Ethics;](#)
- [Code of Conduct for Counterparties;](#)
- [PhosAgro EBP Operating Procedure.](#)

¹ In accordance with the materiality principle, the quantitative metrics in this section are presented for Apatit (Boundary 2) (Apatit is a subsidiary of PhosAgro holding its production assets)



In 2023, in order to boost performance, PhosAgro set up dedicated cross-functional teams tasked with handling the most important or challenging categories of procured equipment and materials and developing their procurement strategies.

To assess the performance of its staff, the Procurement Department has individual KPIs in place aligned with the Company's business goals. A development plan can be introduced at all levels in line with an employee's or task group's initiatives and projects, thus improving engagement and motivation.

KPIs contribute to better employee performance by creating a coherent vision of the deliverables and assessment criteria shared by the team and management. Progress against KPIs is regularly monitored, with interim evaluation in place. Overall performance of the Company's procurement function is subject to annual review by PhosAgro's Board of Directors.

RISKS AND OPPORTUNITIES

The following strategic risks affect our procurement objectives

- 14 Corruption
- 18 Commodity risk
- 20 Sanctions risk

for more information, see the Strategic Risks section, page 68



The Group develops corrective measures as necessary and unlocks opportunities to mitigate those risks. Below you can find more information about what we do on this front.

PROCUREMENT-SPECIFIC RISKS ARE:



Suppliers' failure to perform, changes in the product range or late delivery of materials and equipment, including as a result of geopolitical factors



Violations of ESG principles by suppliers, including breach of human rights, use of child and forced labour, non-compliance of products with environmental standards, etc.



Quality of raw materials, commodities, and equipment, dissatisfaction of the internal customer

1 DIGITAL TRANSFORMATION

CUTTING-EDGE SOLUTIONS TO CREATE OPTIMAL PROCUREMENT MODELS

The Company effectively implements cutting-edge business solutions and IT tools in its procurement processes to create optimal procurement models and seamlessly interact with parties along the supply chain.



PhosAgro's Hotline Regulations setting out the procedure for whistle-blowing related to fraud, corruption, theft and conflicts of interest



AUTOMATED REPORTING

- Implemented at all stages of the procurement process, including reporting, which makes it transparent and convenient for subsequent analytics
- For each process, analysis can be broken down as needed, with flexible reporting that can be adjusted to user needs
- Reporting covers the entire process from need identification to inventory delivery, with 269 metrics monitored



SINGLE FORM OF PURCHASE REQUISITION

- Developed to raise a purchase request within the procurement system
- The form offers search across all stores (for the inventory items you need), enabling viewing of information on quantities available at the central warehouse, on-site warehouses and holding company warehouses (including information on alternatives)



SINGLE SIGN-ON SOLUTION

- Versatile tool that makes sure internal customers do not overstock or purchase items already available at the warehouse



EXPERT OPINIONS

- Collation of reviews provided by internal or external experts, containing sound insights into whether potential suppliers qualify or not and whether their quotes meet the Company's needs for goods and services



ELECTRONIC QUOTE SUMMARY FORM

- Dealing with information gaps in the procurement process to make it more transparent
- Reduced handling of hard-copy quote summary forms, optimised storage and record keeping
- Reduced time needed to verify contractors before selecting the winning bidder



PROCESS MINING

- Innovative method of data analysis and business process optimisation to improve procurement efficiency, ensure timely supplies of materials and equipment, and reduce losses and labour and time costs



ROBOTISATION

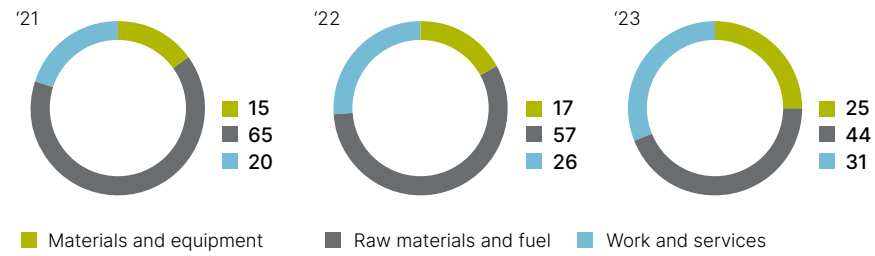
- Creation of software algorithms to take over some of the routine tasks and mitigate human error while increasing the speed of information processing and labour productivity



2 PROCUREMENT FUNCTION DEVELOPMENT

COST BUDGET

Breakdown of procurement costs, %



Breakdown of procurement costs, bln



Service procurement in 2023

KPI	Performance level			Actual	
	Threshold	Target	Stretch	2022	2023
Average number of tender participants in the reporting period	3	5	7	4	5
Tender price reduction in the reporting period, %	5	7	12	10	10
Holding tenders on time, %	90	95	100	99	99
Bidders' motivation assessment with respect to procurement quality	3.5	4.5	5.0	5.0	5.0

Commodity procurement in 2023¹

KPI ¹	Performance level			Actual	
	Threshold	Target	Stretch	2022	2023
Timeliness of procurement, %	87	90	93	89	89
Reject rate at incoming control, %	5	3	2	6	6

Raw materials procurement in 2023

KPI	Performance level			Actual	
	Threshold	Target	Stretch	2022	2023
Raw materials procurement index	1.05	1.00	0.95	0.79	0.96

¹ The commodity price control index has been removed from the KPI list since 2023.

GRI 2-6

Geopolitical factors continued to have a significant impact on PhosAgro Group's supply chains in 2023. Among other things, banking operations with foreign suppliers became more complicated. To respond to these challenges, PhosAgro introduced structural changes in the Procurement Department, organised alternative procurement, and put up new supply chains. Category managers secured timely supplies of materials and equipment that are critical for the operational process.

One of PhosAgro's priorities was collaboration with Russian manufacturers, with a variety of trials held and agreements signed for long-term cooperation and fine-tuning of equipment (including self-propelled underground machinery and automation and control equipment) to meet the needs of Apatit. To manage risks more effectively and swiftly, a dedicated flowsheet was introduced to monitor

the supplies of critical inventory items. The insourcing of services provided by Cherepovets Energy Company helped increase the share of self-procured electrical goods.

During the reporting year, PhosAgro achieved a further reduction in the reject rate at incoming control of centrally procured materials and equipment, bringing it down to 7.7% vs 8.7% a year earlier.

DIGITAL TOOLS

In 2023, PhosAgro's Procurement Department continued to actively deploy digital tools and management solutions based on them. In particular, five robotic solutions were developed and implemented to administer and control tasks of procurement function, upload and verify documents, and

select the approval route. In addition, the Robert chatbot was launched to quickly process typical procurement queries. At the same time, the transfer of robotic solutions to a new Russian platform was initiated as a way to improve reliability and efficiency.

In the reporting year, the expanded use of Process Mining technology reduced the time required to approve contractual documents by an average of 13%.

In 2023, PhosAgro's EBP introduced a new functionality, the Document Management Form (DMF), which enables interaction with potential counterparties and automates the document collection on a one-stop-shop basis. Uploading and keeping documents in the DMF up-to-date are a responsibility of counterparties and a prerequisite for entering into contractual relations with Apatit.

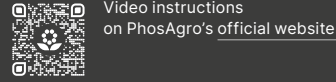
Competitive Procurement Leader

In October 2023, PhosAgro Group won the Competitive Procurement Leader contest in the Procurement Digitalisation Leader category with its Procurement Automation and Internal Audit of Business Processes projects.

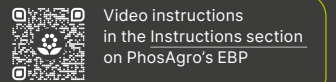
The Competitive Procurement Leader Award is the first professional competition in the field of trade and procurement, bringing together suppliers, government officials, mass media, and non-governmental organisations. Established in 2012, the award aims to raise awareness about the most significant procurement projects that make operations of companies more efficient and transparent and contribute to the development of the market at large. In 2023, a total of 174 projects were submitted by companies across all industries.



To inform and train its counterparties to use the DMF, the Company developed video instructions (available on PhosAgro's official website).



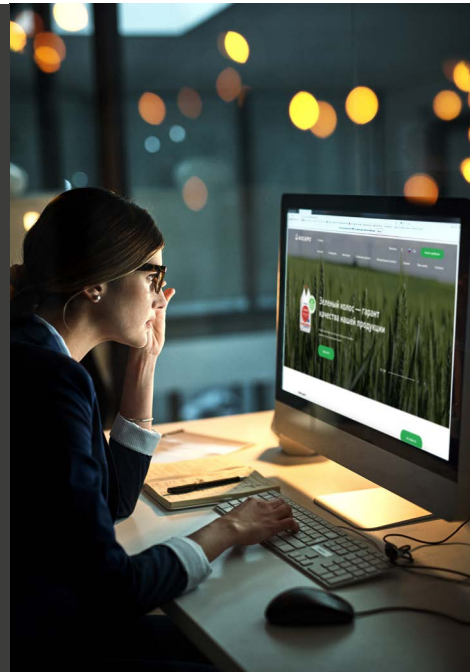
Video instructions on PhosAgro's official website



Video instructions in the Instructions section on PhosAgro's EBP

In addition, the Company organised training for its counterparties as part of the Supplier Day and included links to the instructions in notices made available to counterparties registered on PhosAgro's EBP.

The SCOUT system used to automate counterparty verification procedures was integrated with key corporate systems to collect and categorise data from corporate and external sources.



IMPROVED PERFORMANCE

In the reporting year, PhosAgro focused on streamlining the operations of its Procurement Department and related joint ventures involved in the procurement process. To this end, we implemented a project to improve the efficiency of interaction between a joint-venture customer and the Procurement Department by optimising end-to-end processes and structural changes, while another initiative – updating PhosAgro Group's stock item catalogue – is now in the advanced stages of implementation. This has improved

the operating efficiency of the Company units and enhanced the competences of employees involved in procurement, as well as helped us build universal chains of interaction between a joint-venture customer (applicants) and the Procurement Department.

The Company also launched a project for the procurement of low-value items on Marketplace, an online platform that connects suppliers and customers, which serves to reduce the transaction burden in non-strategic procurement categories and increases the speed of B2B procurement.

161 initiatives were implemented to develop the Procurement Directorate, optimize procurement business processes and improve the efficiency of the Company

Oleg Minnullin

Head of Procurement, Apatit

"Continuous development and improvement of business processes is the foundation that underpins everything we do in our function. We never stop learning and adopting the best practices of successful businesses."



LOCAL SUPPLIER MANAGEMENT

GRI 204-1

At the St Petersburg International Economic Forum in June 2023, the Company signed a protocol on the implementation of the cluster model of economic development in the Vologda region. This is a joint project of the regional government, Vologda regional branch of the Russian Union of Industrialists and Entrepreneurs (RSPP), PhosAgro Group, and Severstal. The initiative will see the creation of a new cluster model for the Vologda region's economy at the industrial site in Cherepovets. The project of the Synergy of Growth 3.0 cluster model is a continuation of the Synergy of Growth project. It provides for the local manufacture of popular products in order to meet long-term needs of the region's largest businesses.

PhosAgro is also actively involved in similar initiatives organised by the Vologda regional branch of the RSPP and the All-Russia Public Organisation Business Russia.



In 2023, the amount of PhosAgro's procurement from local suppliers exceeded RUB 41 bln (vs RUB 37 bln in 2022), while the share of procurement from local businesses increased to 23% (from 17% in 2022).

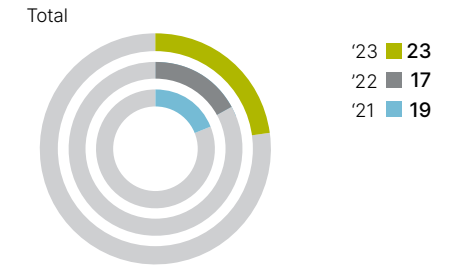


The Company is engaged in active work with small and medium-sized enterprises and provides comprehensive support to the development of local businesses. Our efforts are aimed at promoting economic, social and cultural development across our footprint.

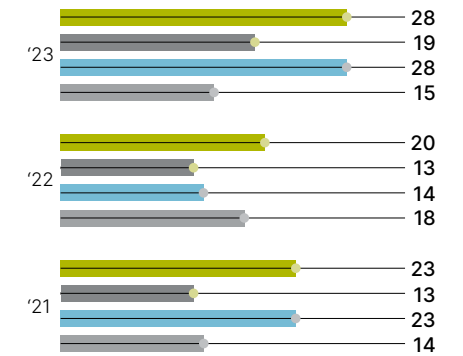


In addition, PhosAgro organises regular Supplier Days to promote cooperation with local suppliers, including training them in the use of specific tools in the Company's procurement process. More than 50 key contractors attended the event held on 19 September 2023.

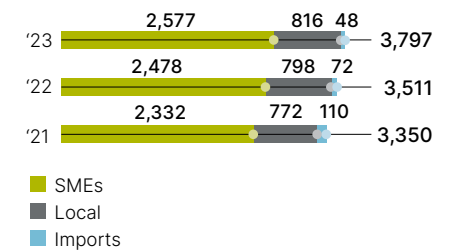
Share of local procurement, %



Branches



Number of suppliers in procurement



Procurement, RUB mln

Year	Total	SMEs	Local	Imports
2023	183,842.61	57,957.23	41,493.65	12,436.83
2022	213,910.69	42,143.22	37,099.57	5,914.77
2021	150,006.70	29,918.40	28,330.40	4,389.30

3 SUPPLIER ESG EVALUATION

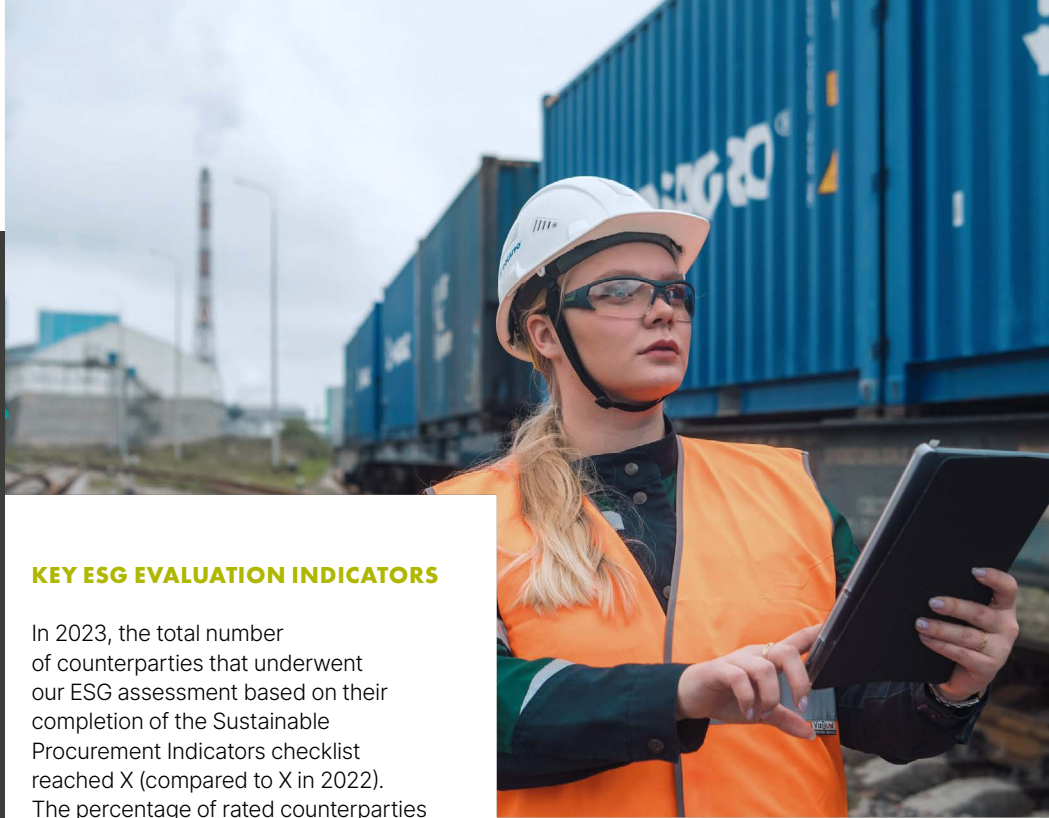
Suppliers are an essential aspect of sustainability in PhosAgro's operations. The Company has an automated system in place to evaluate suppliers on the basis of ESG criteria, which results in an individual rating of each counterparty. This enables us to assess our suppliers' environmental, social and governance performance.

To verify the resources and capabilities of its business partners, the Company conducts regular technical audits of suppliers. In 2023, we carried out 86 audits of Russian and foreign manufacturers, four of which were disqualified on the basis of environmental and social criteria.

Also, in order to unify approaches and criteria for evaluating suppliers, PhosAgro, as part of the National ESG Alliance, has been a member of a working group since 2023 to discuss draft unified supplier evaluation methodology, a practical ESG transformation solution for as many large companies as possible, as well as for medium and small businesses in corporate supply chains.



Training materials on engaging with suppliers in sustainable development are available in the Procurement section on PhosAgro's official website.



KEY ESG EVALUATION INDICATORS

In 2023, the total number of counterparties that underwent our ESG assessment based on their completion of the Sustainable Procurement Indicators checklist reached X (compared to X in 2022). The percentage of rated counterparties in total supplies increased from 35% in 2022 to 59% in 2023. The average score of suppliers also grew from 62 in 2022 to 65 in the reporting year.

65
the average score of suppliers

Item	2021	2022	2023
Number of counterparties that participated in the evaluation on PhosAgro's EBP as at the end of the reporting period	3,031	7,605	11,191
Number of suppliers in the reporting year	3,350	3,511	3,797
Number of rated suppliers in the reporting year	1,046	1,888	2,418
Share of rated suppliers in the reporting year, %	35	54	64
Total supplies, RUB bln	150.0	213.9	183.8
Supplies from rated counterparties in the total volume of supplies in the reporting year, RUB bln	36.1	74.8	108.0
Share of supplies from rated counterparties in the total volume of supplies in the reporting year	24	35	59
Average supplier rating, %	54	62	65

SUPPLIER ENVIRONMENTAL ASSESSMENT

GRI 308-1, 308-2

In 2023, more than a third of PhosAgro's suppliers in the category "Raw materials, fuel, energy and commodities" had an environmental management system certified to comply with ISO 14001 or a similar standard (34% in 2023 vs 33% in 2022).

SUPPLIER SOCIAL ASSESSMENT

GRI 414-1, 414-2

According to the 2023 social assessment, 62% of PhosAgro's rated suppliers adhere to the official zero-tolerance policy on child labour. In addition, zero-tolerance policies on discrimination and forced labour were adopted respectively by 60% and 61% of the Company's counterparties in the categories "Producers of raw materials, fuel, energy", "Commodity producers and intermediaries", "Logistics services", and "Construction and installation, repairs". The share of counterparties in the above categories that have an occupational health and safety management system certified to comply with OHSAS 18001 or a similar system also rose to 40%.

40%
for contractors using a certified occupational safety and health management system

Item	2022	2023
Number of rated suppliers in the reporting year, including:	1,888	2,418
Number of rated counterparties producing raw materials, fuel, energy, and commodities	847	908
Number of rated counterparties in the above categories that have an environmental management system certified to comply with ISO 14001 or a similar standard	276	310
Share of rated counterparties in the above categories that have an environmental management system certified to comply with ISO 14001 or a similar standard, %	33	34

Item	2022	2023
Number of rated suppliers in the reporting year, including:	1,888	2,418
Number of rated counterparties that adopted a zero-tolerance policy on child labour	1,091	1,511
Share of rated counterparties that adopted a zero-tolerance policy on child labour, %	58	62
Number of rated suppliers in the categories "Producers of raw materials, fuel, energy", "Commodity producers and intermediaries", "Logistics services", "Construction and installation, repairs" in the reporting year, including:	1,524	1,926
Number of rated counterparties in the above categories that adopted a zero-tolerance policy on discrimination	831	1,151
Share of rated counterparties in the above categories that adopted a zero-tolerance policy on discrimination, %	55	60
Number of rated counterparties in the above categories that adopted a zero-tolerance policy on forced labour	856	1,171
Share of rated counterparties in the above categories that adopted a zero-tolerance policy on forced labour, %	56	61
Number of rated suppliers in the categories "Producers of raw materials, fuel, energy, commodities", "Logistics services", "Construction and installation, repairs" in the reporting year, including:	1,174	1,303
Number of rated counterparties in the above categories that have an occupational health and safety management system certified to comply with OHSAS 18001, or a similar system	452	518
Share of rated counterparties in the above categories that have an occupational health and safety management system certified to comply with OHSAS 18001, or a similar system, %	39	40

PEOPLE DEVELOPMENT

AREA, STRATEGIC GOALS AND HIGHLIGHTS OF 2023

APPENDICES


SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE




Targets
8.5 и 8.8

1 Inclusive environment

Goal
The Company strives to build an inclusive environment for disabled people, help adapt workplaces and municipal infrastructure to their needs and employ more such people depending on business requirements

Actual	We organised a job fair for disabled people	We streamlined cooperation with employment centres to facilitate the employment of disabled people
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Targets
8.5 и 8.8

2 Gender equality

Goal
The Company is ready to provide all employees with opportunities for professional and career growth mainly subject to their competencies and personal performance

Actual	22% of women among managers of all levels	23% of women in the Company's Top Talent Pool (10 out of 44)	34% of women in the Company's total headcount
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Targets
3.4 и 8.3

3 Annual employee survey

Goal
Maintaining employee satisfaction and loyalty at **no less than 65 p.p. by 2025**

Actual	72 p.p. employee engagement	73 p.p. aggregate employee satisfaction and loyalty index	89% of employees trust decisions of the Group's management
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Target
4.4


4 Training and evaluation

Goal
Increasing average annual training hours per employee **to 123 by 2025**

Actual	99.4 average annual training hours per employee	RUB 262 mln invested in employee training	Investing in future talent
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Over 350 people hired
as part of career guidance and youth engagement initiatives

Over 47%
of PhosAgro START participants employed by the Company were promoted and included in the talent pool





Target
8.3

5 Incentives and rewards

Goal
Motivating the staff to increase productivity and deliver strong operating results, retaining qualified talent

Actual	Average salary increased by in 2021–2023 60%	15% wage indexation on 1 April 2023
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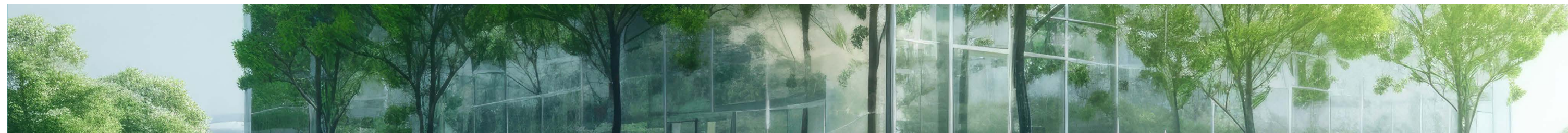



Targets
3.4, 8.3 и 8.8

6 Social benefits and employee guarantees

Goal
Providing comprehensive social support to our employees with annual increase in funding for social benefits and guarantees, financial aid, and implementation of corporate social programmes

Actual	+29% more investments in social programmes for employees	92% satisfaction with the social benefits offered
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STRATEGY

Our key asset is talented, professional, and committed employees that share our corporate goals and values. The Company's entire HR framework is geared towards recruiting, supporting, and motivating employees to achieve the most ambitious goals.

To this end, we provide a wealth of opportunities to enhance skills and knowledge, take consistent efforts to foster a culture of safety, equality and respect, and offer competitive salaries and social benefits.



2023 ACCOLADES

- A **top 5 employer** among Russian manufacturing majors according to HeadHunter
- The highest, platinum status in the rating of **Russia's best employers** from Forbes
- Highest scores in **RBC's employer rating**
- PhosAgro enterprises won in four categories of the 5 Stars. **Leaders in the Chemical Industry nationwide industry** competition
- A top 15 company with the most effective social and charitable programmes in the **Russian Leader in Corporate Philanthropy** competition
- Nomination for **Graduate Awards**, a professional competition of the best projects in working with graduates and young professionals
- Seven employees recognised as winners of the **Engineer of the Year** contest
- Ten employees named **Russia's Professional Engineers**
- 20 employees honoured with **Russian state awards**
- **Nominee of HR Brand 2023**, an award from HeadHunter for achievements in HR management

To deliver on our objectives, we:



implement a remedial action plan called **Growth Area** based on the annual employee survey results;



develop and implement e-learning modules on **blue-collar jobs, occupational safety, and managerial skills**; leverage an innovative approach to professional training (virtual reality simulators, 3D models, production training grounds for improving workplace safety skills, among other things);



draft and put in place online training courses on personal competencies;



develop a **knowledge management system, including corporate libraries and guidelines**;



introduce **succession and training support tools** such as mentoring, coaching and supervision;



assess the application of skills acquired by the staff involved in **real business operations and project activities**.

MANAGEMENT APPROACH

GRI 3-3

We rely on a robust performance management system that covers all levels – from individual employees to the Company as a whole – to ensure PhosAgro's sustainable growth in line with its goals.

New-generation employees are aware of how important personal and professional growth is as it is a key to success and self-fulfilment in the constantly changing world. High remuneration is often no longer the main incentive, with self-fulfilment coming to the forefront if the Company invests heavily in developing the professional skills and

competencies which will be in demand going forward. This is why we place a strategic emphasis on supporting our people's drive for self-improvement. We seek to create the right environment for them to fully unlock their potential.

The Company's key production sites are located in the Murmansk, Vologda, Leningrad, and Saratov regions. As a major contributor to the local economy and one of the largest employers in these regions, PhosAgro has a significant positive impact on social development and welfare across its geography.



Integrated HR management framework

The Board of Directors	Management	Operations
Remuneration and Human Resources Committee	HR and Social Policy Department	Local human resources and social policy department
<ul style="list-style-type: none"> • Supervision over the introduction and implementation of the Company's remuneration policies and various incentive programmes • Performance appraisal in respect of executive bodies and key executives, including their performance against the targets set forth in the incentive programme • Succession planning for executive bodies and other key executives 	<ul style="list-style-type: none"> • Strategic development of HR processes • Development and implementation of process methodology • Optimisation, automation, and digitalisation of HR processes • Functional management of HR services in the regions 	<ul style="list-style-type: none"> • Implementation of the Personnel Management Policy • Recruitment for vacant and key positions • Organisation and implementation of initiatives for occupational training and competency building • Development and management of an incentive framework • Social support for the Company's employees in accordance with the collective bargaining agreement

HR MANAGEMENT PRINCIPLES

Relations between the Company and its employees are governed by the Russian Labour Code.

The reporting year saw a new version of the UK Modern Slavery Act Transparency Statement approved, which discloses contributions towards the UN SDGs and the Company's social projects to combat violations of human rights. Over the last three years, our employees have received more than 21 additional training courses in human rights and corporate ethics.

We provide equal access to educational resources and endeavour to remove all restrictions on career growth for women and men.

An important focus for our employees on their way to success is professionalism, consistently high performance, and commitment to corporate values.

The Company pays special attention to the gender composition of its staff. Due to the nature of our operations, the personnel structure is dominated by men. Nevertheless, PhosAgro seeks to maintain gender diversity both in production and administration, taking into account the specifics of the Company's operations, and to develop an income generation strategy for employees based on these aspects.

The Code of Ethics

In our operations, we seek to maintain an impeccable reputation and comply with ethical business practices.



PhosAgro's Personnel Management Policy has the following key areas:

- organisational change management system;
- personnel attraction and recruitment system;
- personnel training and development system;
- incentives and rewards system;
- social benefits system;
- corporate communication system;
- working hours and leisure;
- respect for human rights and non-discrimination.

PhosAgro adopted a Code of Ethics in 2014 and updated it in 2021. It applies to all employees and is the Company's primary document that clearly defines our corporate culture, rules and regulations for collective behaviour within the Company, business and social relationships, and interactions with other stakeholders.

When agreeing and entering into contracts with external contractors, it is an imperative for us to cover arrangements and commitments related to mutual respect of human rights and compliance with the Company's Code of Ethics.



GRI 2-30

We negotiate collective bargaining agreements with trade unions that address issues such as working conditions and compensation for employees at each of our production sites (usually for a three-year period, covering 100% of the employees of Apatit¹, its branches, and standalone business units).

Share of employees covered with collective bargaining agreements, %



The Code outlines our common values and underpins our success, helping us avoid unjustified risks, maintain long-term business growth, strengthen our position in the Russian and foreign markets, and increase the Company's value for shareholders and other stakeholders.

RISKS AND OPPORTUNITIES

The following strategic risks affect our HR management objectives:

- 3 Social risk
- 4 HR risk
- 6 Health and safety risk

for more information, see the Strategic Risks section on page 68



The Company develops corrective measures as necessary and unlocks opportunities to mitigate those risks. Below you can find more information about what we do on this front.

RISK AREAS SPECIFIC TO HR MANAGEMENT

- compliance with human rights and ethical standards;
- health and safety.
- workforce sufficiency, competence and development;
- provision of competitive incentives and social support to staff;

RECRUITMENT

As part of its comprehensive recruitment approach, PhosAgro continuously monitors the labour market in Russia to attract skilled staff and efficient managers with work experience at leading national and global companies, always determined to be one step ahead of the curve.

Our recruitment efforts are underpinned by a consistent career guidance model, which prioritises engagement with school and university students.

The Company works continuously to improve its recruitment processes. In 2023, as part of the process

automation, a recruitment module was put into commercial operation to ensure faster communication with candidates and customers, while also reducing the time it takes to fill vacancies and minimising labour inputs along the way. In addition, we actively roll out and develop HR marketing tools.

If two or more candidates qualify for a job, we are more likely to pick the one who is either:

- a young promising professional (a programme for attracting, mentoring, and upskilling high-potential university graduates);

- an employee included in our talent pool (a programme for those looking to develop professional and managerial competencies for career growth).

As at the end of 2023, the Group employed 128 people with disabilities (88 in 2022). We believe we must exercise an individual approach when hiring people with special needs, and we are aware of our responsibility to create an inclusive environment for them.

¹ In accordance with the materiality principle, this metric is presented for Apatit (Boundary 2) (Apatit is a subsidiary of PhosAgro holding its production assets)

KEY AREAS



The PhosAgro Schools project running in cooperation with schools across our footprint. By creating the right environment at schools, we help guide graduates in their career choices. In 2023, we engaged with six schools across our geography.



As part of our collaboration with secondary vocational institutions, we seek to create a pipeline of skilled employees with relevant competencies who are competitive in the labour market, acquainted with allied professions, and have what it takes to pursue career opportunities for their further employment with the Company. In 2023, the Company actively liaised with ten technical colleges.



Cooperation with universities serves to fill the most relevant jobs by attracting and retaining talented graduates. Today, the Company actively collaborates with 24 universities that offer courses relevant to its core activities.

1 INCLUSIVE ENVIRONMENT

The Company honours all its obligations related to the employment of the disabled as required by applicable laws. In addition, we rely on job quotas in hiring the disabled, support Abilympics, a competition for the promotion of disabled people's professional expertise, take an active part in job fairs for the disabled, and sign workplace lease agreements with other companies. Going forward we plan to expand our practices of building an inclusive space.

the Company. Some of the formats are a hotline, regular information sessions for the staff and management, a corporate portal, a mobile app, information boxes for requests, and official social media accounts of the Company.

The Company keeps introducing popular cutting-edge technologies in corporate communications. These include a user-friendly mobile app with self-service options and a personal account with HR data, a chatbot, our corporate portal with new capacities, online training platforms, automated HR management system, and many more.



In developing our production and creating new jobs, we seek to prioritise local residents when filling our vacancies.

>89% of on-site employees are hired locally.

OPEN COMMUNICATION CHANNELS

GRI 2-25, 2-26

Our employees have access to multiple communication and feedback channels within

2 GENDER EQUALITY

To enhance women's social security in accordance with the applicable laws, the Company:

- does not use female labour for manual lifting or carrying weights exceeding maximum allowable limits;
- releases pregnant women from their job duties and transfers them, subject to their medical reports, from production sites to lighter-duty positions;
- provides women, at their request, with a parental leave until the child reaches the age of three;

- prohibits business trips, overtime or night work, work on weekends and public holidays for pregnant women, except when there are a written consent and no contraindications;
- safeguards employment of pregnant women, with their employment contracts terminated only in the event of liquidation of the facility, as well as that of women having children up to three years of age and single mothers having children up to 18 years of age.

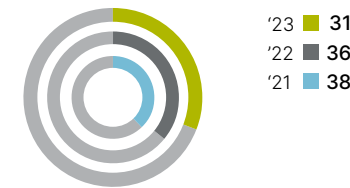
22% of women among managers of all levels

23% of women in the Company's Team of the Future (10 out of 44)

34% of women in the Company's total headcount

Share of women taking part in corporate programmes, %

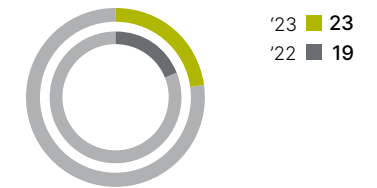
High-Potential Graduates



Corporate training initiatives

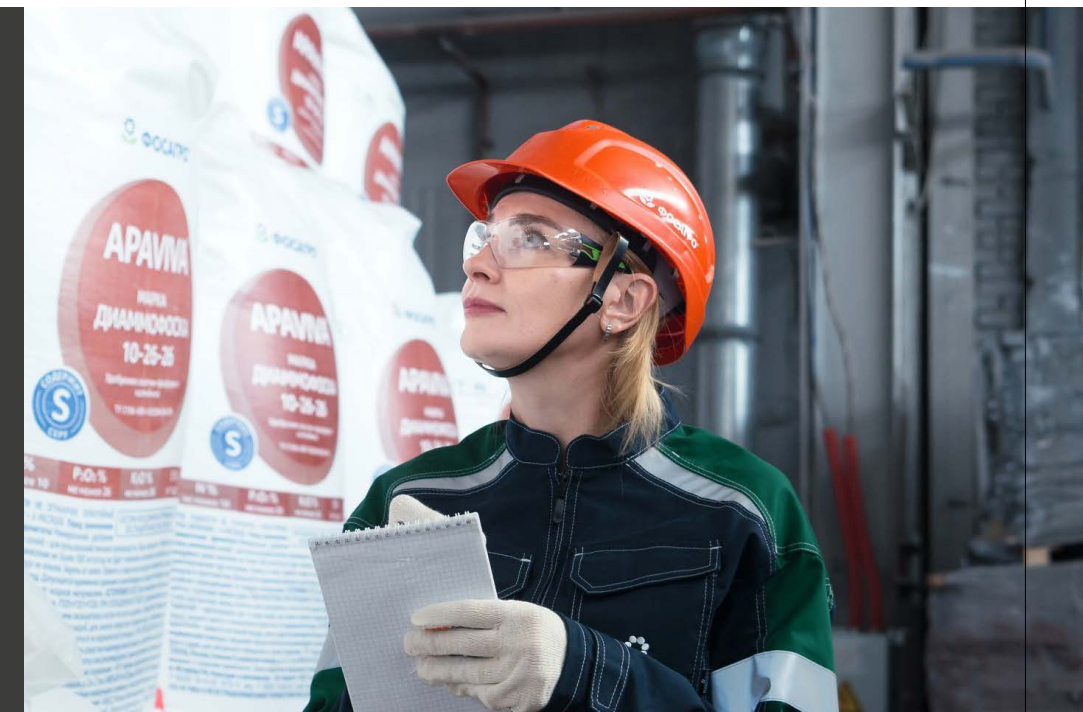


Top 40 Talent Pool / Team of the Future



PARTICIPATION OF WOMEN IN INTERNAL THEMATIC EVENTS

- **Superfinals** of the Young Manager – 2023 competition. 10 men, 3 women.
- **Superfinals** of the Mentor of the Year – 2023 corporate contest. 8 men, 5 women. A woman won the superfinal
- **Final** of the Formula of Knowledge – 2023 corporate contest. 1 man, 5 women.



2023 HIGHLIGHTS

GRI 2-7, SASB EM-MM-000.B

Breakdown of employees by gender, region, types of employment and employment contracts, number of employees

Item	Permanent employees			Temporary employees			Number of employees (headcount) ¹			Full-time employees			Part-time employees		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
Men	5,623	6,238	6,736	485	529	473	6,108	6,767	7,209	6,107	6,762	7,204	1	5	5
Women	2,161	2,321	2,426	142	168	229	2,303	2,489	2,655	2,293	2,476	2,635	10	13	20
Murmansk region, total	7,784	8,559	9,162	627	697	702	8,411	9,256	9,864	8,400	9,238	9,839	11	18	25
Men	3,252	3,721	4,433	70	105	110	3,322	3,826	4,543	3,321	3,825	4,538	1	1	5
Women	2,516	2,755	2,991	221	234	246	2,737	2,989	3,237	2,734	2,977	3,218	3	12	19
Vologda region, total	5,768	6,476	7,424	291	339	356	6,059	6,815	7,780	6,055	6,802	7,756	4	13	24
Men	1,282	1,594	1,792	50	63	112	1,332	1,657	1,904	1,330	1,654	1,901	2	3	3
Women	649	740	806	61	85	105	710	825	911	703	814	899	7	11	12
Saratov region, total	1,931	2,334	2,598	111	148	217	2,042	2,482	2,815	2,033	2,468	2,800	9	14	15
Men	830	1,100	1,192	93	117	144	923	1,217	1,336	923	1,215	1,335	2	2	1
Women	540	637	680	66	72	59	606	709	739	606	708	738	1	1	1
Leningrad region, total	1,370	1,737	1,872	159	189	203	1,529	1,926	2,075	1,529	1,923	2,073	3	3	2
Men	209	194	206	2	2	3	211	196	209	211	196	209			
Women	164	147	157	2	3	8	166	150	165	165	150	160	1		5
Moscow, total	373	341	363	4	5	11	377	346	374	376	346	369	1	0	5
Men	571	557	563	10	7	1	581	564	564	578	561	550	3	3	14
Women	215	249	292	10	7	4	225	256	296	215	246	286	10	10	10
Other, total	786	806	855	20	14	5	806	820	860	793	807	836	13	13	24
Men	11,767	13,404	14,922	710	823	843	12,477	14,227	15,765	12,470	14,213	15,737	7	14	28
Women	6,245	6,849	7,352	502	569	651	6,747	7,418	8,003	6,716	7,371	7,936	31	47	67
Total	18,012	20,253	22,274	1,212	1,392	1,494	19,224	21,645	23,768	19,186	21,584	23,673	38	61	95

Average headcount of PhosAgro Group¹

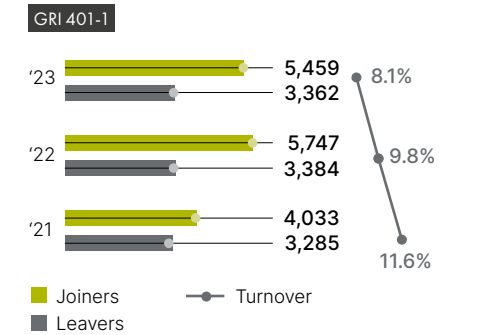


Productivity², t per person



The decrease in productivity at Apatit was due to the growth of the Company's headcount as a result of investment projects and bringing previously outsourced equipment repair and maintenance functions back in-house.

Key personnel turnover indicators³, people



In 2023, the employee turnover rate was 8.1%, down 1.7 p.p. y-o-y.

¹ Headcount as at the end of the reporting period. The headcount includes employees with an employment contract.

² Calculated using the period average methodology by adding up headcounts for each calendar day of any given period and dividing the sum of these headcounts by the number of calendar days in the period.

³ The ratio of mineral fertilizers, phosphate rock, nepheline concentrate and syenite alkali aluminium concentrate produced to the average headcount of Apatit, including its branches and standalone business units.

³ For key personnel turnover indicators by age, gender, and region, see page 379.

GRI 405-1

Personnel breakdown, %

Item	Average headcount, %					
	2021		2022		2023	
	Men	Women	Men	Women	Men	Women
Employees by gender and age						
Under 30 years	10.1	5.5	10.9	5.5	11.3	5.3
30–50 years	45.5	23.9	45.5	23.2	45.3	22.8
Above 50 years	9.3	5.7	9.3	5.6	9.7	5.6
Employees by category						
Blue-collar employees	42.3	14.9	42.7	14.5	42.9	13.6
White-collar employees	12.0	17.2	12.6	16.9	12.9	17.2
Managers	10.6	3.0	10.5	2.9	10.5	2.9
Employees by education						
Higher	25.3	20.3	25.4	19.7	25.5	19.6
Basic vocational	16.6	5.1	16.6	5.0	16.6	4.8
General	10.5	3.6	10.2	3.6	10.1	3.4
Secondary vocational	12.5	6.1	13.5	6.0	14.2	5.8

3 ANNUAL EMPLOYEE SURVEY

The Growth Point employee feedback survey serves as a vital instrument for the Company to gather insights from employees, enabling it to swiftly identify both challenges and areas of opportunity and develop improvement plans for all PhosAgro Group facilities.

This annual study has been carried out for eleven years, accumulating over 76 thousand completed questionnaires. In 2023, 74% of the Company's workforce participated in the survey.

The consolidated employee satisfaction and loyalty index stood at 73 p.p., surpassing the industry-wide benchmark for manufacturing and mining industries (provided by an independent consulting firm) by 13 p.p. and hitting an all-time high since the measurement began in 2013.

Employee engagement reached 72 p.p., marking a 2 p.p. increase from the previous year. Additionally, 89% of employees expressed willingness to recommend the Company as a great place to work, which is an improvement from the 2022 level of 82%. Furthermore, 89% of employees expressed trust in PhosAgro's management decisions, compared to 87% in 2022.

The survey results demonstrate that employees of PhosAgro Group hold a positive view of the Company's overall strategy and the effectiveness of its annual improvement plans. Notably, employees show a high level of confidence in the opinion research as an effective tool for addressing challenges within business units.

74%
of the Company's workforce participated in the survey

89%
of employees expressed trust in PhosAgro's management decisions

Employee loyalty and satisfaction index, p.p.



4 TRAINING AND EVALUATION

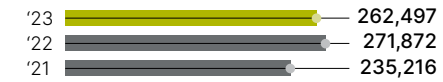
PhosAgro management seeks to attract highly skilled professionals and young talents, establish a knowledge and experience transfer system for new generations of employees, and provide continuous training and development opportunities. We place heavy emphasis on professional growth and are committed to fostering production initiatives and in-house expertise.

Our objective is to create a corporate educational environment that encourages the development of professionalism, self-improvement, training, and knowledge sharing. We actively utilise new tools, methods, and technologies in this pursuit.

In 2023, we continued to develop a distance learning system for our employees and create internal training

materials. By leveraging automated solutions and services in personnel assessment and training, we expanded the number of methods and tools available for personnel development.

Training expenses¹, RUB '000



Training expenses per employee¹, RUB '000



15,739
employees
completed various types of training programmes in 2023

36% increase from 2022

99.4
average annual number of training hours per employee

Representing a slight decrease of 0.4% due to an increase in the number and duration of training sessions of new hires before they complete their training in 2024



Our corporate training framework relies on the following principles:



alignment with the Company's strategy;



assessing and prioritising actual training needs of various staff categories to build appropriate processes;



planning, coordination, quality and efficiency audit;



introducing the most advanced and efficient methods and tools from an economic and methodological perspective;



developing new formats;



using an individual approach to young talent;



proactively identifying and developing new leaders to succeed current ones.

¹ Boundary 2: Apatit, including its branches and standalone business units.

GRI 404-1

Average annual training hours per employee¹

Item	UoM	2021	2022	2023	Change y-o-y, %
Number of employees trained	people	9,926	11,551	15,739	36.3
Average annual training hours per employee	hours	95.1	99.8	99.4	-0.4
Breakdown by gender					
• Women	hours	75.0	86.5	73.5	-15.0
• Men	hours	96.6	107.1	113.3	5.9
Breakdown by employee category					
• Managers	hours	83.9	113.0	109.1	-3.4
• White-collar employees	hours	61.7	85.4	73.5	-13.9
• Blue-collar employees	hours	104.0	104.0	110.8	6.5
Average annual hours of mandatory training per employee	hours	81.6	85.1	94.1	10.5
Average annual hours of optional training per employee	hours	13.6	14.7	5.3	-63.8
Total investments in training	RUB '000	235,216	271,872	262,497	- 3.4
Annual training investments per employee	RUB '000	13.6	21.0	18.4	-12.4
• Women	RUB '000	12.9	20.4	19.3	-5.2
• Men	RUB '000	14.0	21.3	17.9	-16.1

In 2023, we continued to improve our corporate training programme by rolling out remote educational and development tools, leveraging digital technologies and creating mixed training formats.

>250 courses in our remote training system

11,5 thousand lectures attended by employees

>35 thousand tests passed by employees on the Eduson corporate educational platform

The Company promotes a remote training system, creates online courses and upgrades technical capabilities by introducing computer simulators, and implementing VR technologies to support the learning process. In 2023, remote training experts put together 25 programmes on information security, pricing in construction, safety of rail transportation of hazardous substances, introductory video briefings, etc. The remote training system counts over 250 courses, while the VR library offers 15 programmes on occupational health and safety, as well as two programmes on assembling and disassembling of rotating equipment.

We also provide our employees with opportunities for self-development by giving them access to our corporate electronic library and online training platform. In 2023,

our employees completed over 6.7 thousand courses on the Eduson corporate educational platform, attended 11.5 thousand lectures, and passed more than 35 thousand tests, investing over 3,500 hours in learning. They also spent a total of over 5,800 hours using the corporate e-library, Alpina.

Total investments in employee training during the year came in at

RUB 262.5 mln

This is 3.4% below the previous year, which is due to improvements in efficiency driven by greater reliance on in-house resources during the training process.

TALENT POOL PROGRAMMES

GRI 404-2

The Company seeks to meet its personnel needs by maximising its use of the talent pool to select, develop and appoint employees to new positions.

The talent pool programmes include a variety of training options for talent pool members helping them to develop managerial and professional competencies, and to boost personal and business skills, such as analysis and decision-making, leadership, workflow management, motivation and delegation of powers, conflict settlement, project management, effective communications, etc.

In 2021, the Company started to use mentoring as a vehicle for promoting talent pool members. Senior managers (mentors) share their experience and knowledge with the participants in an attempt to build a next-level management culture, while talent pool members get a chance to learn the secrets of successful management from executives.

Previously known as the Top 40 Talent Pool, the programme was reconsidered and renamed the Team of the Future. Its goals remain unchanged: fostering conditions for professional and personal growth, sharing experience, and addressing new challenges in the face of constant change. The programme is open for professional managers who act as role models and are willing to take on challenging tasks while remaining true to the Company's values. The Team of the Future programme includes four in-person sessions combining group training and individual support, such as work



The pillars of creating our talent pool are:

- flexible planning of positions eligible for filling from the talent pool, and of lists of talent pool members;
- prioritised investments in training and development of talent pool members;
- collegial decision-making on key aspects regarding the talent pool;
- prioritised appointment of talent pool members to fill relevant job vacancies;
- focused career planning and professional development for talent pool members;
- transparent communication on how the talent pool is created and how employees can participate and benefit.

in groups of three, mentoring, and project teams. At the end of 2023, Moscow hosted the programme's final session, with six teams showcasing their projects. Of them, three projects were recommended for implementation: "Automation of the Register of Buildings and Structures", "Automation of Warehouses", and "Ideogora" (creation of a single digital platform for new ideas and expert communities based on WebSoft).

Starting 2023, members of the Team of the Future act as mentors for employees taking part in the PhosAgro-START programme. For mentors, it is also an opportunity to take stock of their knowledge,

skills, and experience. Mentoring is recognised as a valuable tool for mentees as it enables them to seek advice from seasoned managers, better understand the corporate culture and the role of the manager, and build new connections. Mentees can choose their mentor via the corporate portal, where the Mentoring section contains profiles of all available mentors and a contact form to initiate a kick-off meeting.

In 2024, we will continue our efforts to develop leadership competencies. Another major task for us is to create management teams at structural units and cross-functional project teams led by the Team of the Future members.

¹ Boundary 2: Apatit, including its branches and standalone business units.

RULES OF EFFECTIVE MANAGEMENT

One of the Company's focus areas in training and development is to improve management culture.

In 2022, PhosAgro set up the **Rules of Effective Management** project to train and support its managers.

The purpose of the initiative is to strengthen management culture, while also establishing

and applying uniform rules for the supervisor-subordinate relationship to make staff interaction more effective.

The Rules of Effective Management help the Company's employees in their managerial activities, laying down the fundamental principles of building effective communication between a supervisor and

a subordinate, which in turn bolsters employee loyalty and engagement.

In 2023, PhosAgro started rolling out the Rules of Effective Management programme across production sites at the Balakovo and Kirovsk branches. In 2024, the efforts will also cover the Volkhov branch.

VIRTUAL TEACHING PACKAGE

In 2023, we kept rolling out a virtual teaching package and a distance learning system to automate training and development processes.

At the end of 2023, the virtual teaching package included:

1. **A matrix** of 24 corporate, job-agnostic and job-specific competencies;
2. **Teaching packages** for 15 corporate and job-agnostic competencies (23% of the theoretical course).
3. **A tool to create online courses** for nine job-specific competencies, including guidelines on developing the teaching package, a template of terms of reference for creating a programme, a template course presentation, didactic materials for teaching in-house developers, and recommendations on incentives for in-house developers;
4. **100% of content** required for distance learning theoretical courses on job-specific competencies covering four professions;

5. **personal accounts** for key structural units, containing courses on general and specialised competencies of blue-collar workers, as well as courses to develop additional competencies, process flowcharts, student atlases, etc.

In 2023, we developed and launched **e-courses on additional competencies:**

- Safety of Rail Transportation of Hazardous Substances, Including Loading and Unloading;
- Mining, part 11 (Mining Machines and Equipment); Mining, part 2 (Mining Geology);
- video titled "Introductory Video Briefing for Mekhanik LLC"; video for operators of chemical production processes of Mekhanik LLC;
- How to Compile a Work Permit; How to Compile a Work Permit Using Pitram;
- Regulatory Documents on Protection Against Avalanches;
- ILAC Policy;
- Key Requirements on Pricing in Construction;

- Guidelines on Operation and Surveillance of Buildings and Structures by Relevant Personnel at Apatit;
- Organising High-Risk Operations: Work Permits for Repairs, Gas Hazardous Work, Hot Work, Work at Height, and Earthwork;
- videos on information security of automated process control systems;



Going forward, we plan to roll out the project. In 2024, there are plans to develop teaching packages for 28 professions in order to achieve 100% coverage of the 49 most popular professions in the distance learning format by 2026.

MENTORING

The mentoring system in place at our facilities plays a major role in enhancing the quality of professional training, reducing the number of errors, defects, workplace injuries, and staff turnover rates, which ultimately helps increase labour productivity.

Approximately **1,500**

experienced and skilled staff members from PhosAgro facilities are engaged in Group-wide efforts to transfer knowledge and expertise in order to develop new employees' professional competencies, including knowledge and skills related to equipment, technology, and software used in the workflow.



The Company offers mentor development programmes, provides communicational and methodological support for them, and organises corporate competitions to motivate the best mentors. Additionally, we facilitate corporate meetings for mentors from different facilities to exchange experiences. To acknowledge the importance and value of what mentors do, the Company has put in place measures combining financial and non-financial incentives. These include a mentor recognition board, remuneration for employees involved in mentoring, letters of appreciation, and more.



On top of that, PhosAgro holds the annual Mentor of the Year corporate contest set to develop mentoring, make it more prestigious, raise employee awareness, and encourage and recognise mentors' personal contribution to the development of young talents. In 2023, 14 mentors from different assets of the Company took part in the **Mentor of the Year** super final.

INVESTING IN PHOSAGRO GROUP'S FUTURE TALENT

PhosAgro has been implementing a school-college/university-facility career guidance model since 2013.

For more information on programmes run under this model, including collaboration with schools, colleges and universities, and the PhosAgro-START programme for young professionals, see the Contributing to Local Communities section on page 232.

For more information on a large-scale programme of cooperation with the leading Russian agricultural universities, see page 236.

PERSONNEL ASSESSMENT

The Company has a personnel assessment system in place aimed at aligning employees' competencies with the job/profession requirements and personnel development planning.

Additionally, personnel assessment is designed to address the following objectives:

- ongoing monitoring of employee performance;
- identification of competency development needs;
- sourcing of comprehensive information to support decision-making on further employee development, employee eligibility to be included in the talent pool, and job appointments;
- enhancement of employee development processes by providing employees with feedback in the form of assessment findings and recommendations on their strengths and areas for improvement.

The personnel assessment findings are used to:

- plan personnel training;
- create educational programmes;
- build the talent pool;
- make personnel decisions in the context of job appointments;
- draft individual development plans and development programmes;
- draft proposals for the management team on the review of salaries and other employment conditions, and make other organisational decisions;
- build project teams;
- select candidates to corporate programmes and competitions.



The total number of Apaptit's employees who completed assessment in 2023 went slightly down to 1,161 people (compared to 1,211 employees in 2022). In the reporting year, the focus was on **assessing managers** (407 employees compared to 236 in 2022) and **white-collar workers** (458 employees compared to 213 in 2022).

Personnel evaluated in 2023, people

Branch	Managers		White-collar workers		Blue-collar workers		Total
	Men	Women	Men	Women	Men	Women	
Volkhov branch	41	3	45	15	15	17	136
Apatit (Cherepovets)	139	41	76	119	48	14	437
Kirovsk branch	79	12	53	46	107	8	305
Balakovo branch	77	15	52	52	85	2	283
Total	336	71	226	232	255	41	1,161

5 INCENTIVES AND REWARDS

Our robust system of financial and non-financial rewards is aligned with the Company's performance and motivates all employees to improve their performance in order to achieve our business goals. The purpose of the system is to incentivise staff in order to deliver strong operating results and increase productivity, as well as to retain qualified talent.

Salaries are complemented by a flexible system of incentives and bonuses paid to employees who meet or exceed production targets. Bonuses are paid annually and are timed to coincide with such

professional holidays as the Chemist's Day and the Miner's Day. In 2023, each employee received a total of RUB 100,000 on the occasion of these two professional holidays, while the Company's veterans were paid RUB 20,000.

PhosAgro prohibits any discrimination in setting or adjusting salaries based on an employee's gender, age, race, nationality, origin, or religion.

In 2023, the Company launched a project of grade-based compensations as a way to increase the internal fairness and external

competitiveness of PhosAgro's remuneration framework. Job assessments and grading rely on a point-factor methodology, which considers the knowledge and skills of employees, complexity of tackled issues, responsibility, and impact on outcomes.

In 2023, the salaries of all employees were increased by

15%.

The indexation rate is higher than the official inflation rate for 2022 (11.94%)¹

GRI 404-3

Percentage of employees receiving regular performance and career development reviews¹, %

Category	Men			Women		
	2021	2022	2023	2021	2022	2023
Managers	1.5	1.6	2.4	0.2	0.2	0.5
White-collar workers	0.9	1.0	1.6	0.7	0.7	1.6
Blue-collar workers	2.1	5.1	1.8	1.0	0.8	0.3
Total by gender	4.5	7.7	5.7	1.9	1.6	2.4

¹ Boundary 2: Apatit, including its branches and standalone business units.

¹ Based on the statistics of the Bank of Russia, www.cbr.ru/eng.

GRI 405-2

Correlation of the standard entry-level wage and remuneration of women and men

Region	Difference in remuneration of men and women								
	Blue-collar workers			White-collar employees			Managers		
	2021	2022	2023	2021	2022	2023	2021	2022	2023
Vologda region	0.70	0.70	0.72	0.67	0.66	0.67	0.61	0.59	0.63
Saratov region	0.69	0.67	0.68	0.72	0.63	0.56	0.71	0.65	0.69
Leningrad region	0.76	0.64	0.69	0.59	0.83	0.92	0.67	0.63	0.71
Moscow	0.49	0.52	0.47	0.82	0.75	0.80	0.14	0.17	0.22
Murmansk region	0.60	0.60	0.61	0.70	0.69	0.69	0.69	0.63	0.65
Other	0.65	0.59	0.66	1.14	1.05	0.98	1.19	1.35	1.35
Total	0.62	0.61	0.63	0.70	0.68	0.68	0.51	0.51	0.59

GRI 202-1

Ratios of standard entry-level wage by gender compared to local minimum wage

Region	Ratios between the standard entry-level wage and the minimum wage established in the significant regions of operation ¹ , including gender differentiation					
	Men			Women		
	2021	2022	2023	2021	2022	2023
Vologda region	1.18	1.21	1.19	1.18	1.21	1.15
Leningrad region	1.33	1.20	1.75	1.17	1.24	1.30
Murmansk region	1.00	1.00	1.00	1.00	1.00	1.00
Saratov region	1.06	1.02	1.15	1.04	1.05	1.05
Moscow	2.30	1.98	2.16	1.32	1.30	1.41

Average monthly pay, RUB



In the period under review, pay rises covered all personnel categories. They came as a result of 15% salary indexation starting from 1 April 2023, targeted remuneration adjustments and the implementation of incentive programmes.

GRI 202-2

Proportion of senior management² hired from the local community³, %

Region	2021	2022	2023
Vologda region	48	47	50
Leningrad region	22	22	22
Moscow	92	92	90
Murmansk region	63	80	73
Saratov region	44	36	36
Average	61	61	62

¹ Significant regions of operation are those with the Company's main production facilities, maximum headcount, and governance structures.
² Senior management includes managers at level N, N-1, N-2 (CEO, heads of functions, director for production, chief engineer of a company (branch), director of a subsidiary and affiliate, adviser to the CEO). The governance levels of managerial positions are determined by an order.
³ In accordance with the generally accepted concept, which describes a person or a group of persons living in a certain territory regardless of ethnic and cultural composition, local community means employees whose region (area) of registration is the same as the region of the facility's location. For facilities located in the Leningrad region and Moscow, local communities also include residents of St Petersburg and the Moscow region, respectively.

OUR INCENTIVES AND REWARDS SYSTEM ENSURES:

Decent pay

Implementation of incentive programmes using a transparent system of key performance indicators (KPIs) to calculate managerial rewards

Implementation of incentive programmes to motivate blue-collar employees to deliver against their targets

Availability of financial and non-financial rewards

Employee coverage by social programmes

Availability of benefits for certain employee categories

6 SOCIAL BENEFITS AND EMPLOYEE GUARANTEES

GRI 401-2

We provide comprehensive social support to our employees, and every year we increase funding for social programmes, benefits and guarantees and expand their range.

Collective Bargaining Agreements provide for a range of relevant benefits as part of the government programme to support families, mothers, and children. Recreational summer health resorts and specialised excursions are organised for employees' children on an annual basis. The Company provides financial assistance to employees supporting large families, with separate payments made for each child. Employees taking a parental leave to take care of children aged 1.5 to 3 are also entitled to monthly financial assistance. New Collective Bargaining Agreements formalise additional benefits for families raising children with

disabilities. All children of employees aged 1 to 14 receive New Year presents, while parents of children under 1 year of age are entitled to financial assistance equivalent to the cost of a corporate New Year present for their child. Parents of first graders annually receive RUB 10,000 in financial assistance on the occasion of the Knowledge Day.

PhosAgro provides employees with vouchers to local and southern health (rehabilitation) resorts and corporate health (rehabilitation) resorts. Employees and their family members can apply on a competitive basis for a free health resort vacation programme, with 50% of travel expenses covered. Employees and veterans of the Company, as well as their family members, have access to corporate health resorts at a reduced price.

The Company offers financial support to employees facing hardships in life such as fire, flood, theft, or loss of a close relative.

Each employee is provided with a supplementary health insurance policy and can benefit from discounted dental services, including dental prosthesis.

Employees can seek psychological, financial, and legal assistance and receive active lifestyle and healthy eating advice, including through the use of telemedicine services.

In 2023, we implemented major projects worth over RUB 500 mln to improve the working conditions at our facilities.

To provide opportunities for leisure activities, foster creativity, meet the spiritual needs of employees, and strengthen the unity of the workforce, the Company stages corporate and cultural events timed to coincide with professional holidays or other significant dates and occasions (Chemist's Day, Miner's Day, charity festivals, Theatre Day, Victory Day, etc.), environmental games and campaigns, family contests (PhosAgro Generation), and sports challenges. These events aim to increase employee engagement and enhance communication within the team.

Apatit's veteran organisations bring together retired workers and use corporate funding for a wide range of social support measures and leisure-time activities. Additionally, a corporate pension programme was put in place to provide financial assistance to retired employees.



Social investment², RUB mln

Programme	2021	2022	2023	Change 2023 to 2022, %
Financial aid to employees ¹	68.9	72.2	98.0	36
Recreation, rehabilitation, health resort treatment, and VHI programme	359.5	506.2	586.5	16
Improvement of working conditions	302.1	390.1	509.7	31
Corporate housing programme	76.5	88.5	112.0	27
Other social benefits and guarantees	227.7	227.1	329.7	45
Corporate and cultural events	134.2	186.4	243.4	31
Support to the trade union (special purpose funding and bonuses)	188.6	233.1	315.9	35
Total	1,357.5	1,703.7	2,195.2	29

¹ In 2023, the Company revised the methodology for calculating the indicator and included expenses incurred by the CEO's pool. Based on the principle of comparability, the data for 2022 and 2021 was recalculated accordingly.

² Boundary 2: Apatit, including its branches and standalone business units.

The Company runs a corporate housing programme by:



Offering compensation

of interest paid on mortgage loans. Candidates are selected using a point-based system. The programme aims to retain highly qualified professionals with hard-to-find skills, including workers from other regions. Priority is given to employees included in the talent pool, participants of young talent support programmes, and employees with strong work performance and a track record of social activities;



Building corporate housing. From 2014 to 2023, five residential buildings (622 apartments) were constructed in Cherepovets, Kirovsk, and Balakovo;



Providing corporate accommodation equipped with all the necessary amenities. Additionally, employees who lease private apartments receive compensation for their rental expenses.



Since the programme's inception, the Company has helped around **3,000 employees** improve their living conditions.



INDUSTRIAL SAFETY

AREA, STRATEGIC GOALS AND HIGHLIGHTS OF 2023¹

3 GOOD HEALTH AND WELL-BEING

Target
3.4

1 **Transport safety**

Goal
Reducing risks of traffic accidents

Actual	0 accidents	down 78% transport incidents in 2021–2023	3 traffic accidents with injuries or major damage
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3 GOOD HEALTH AND WELL-BEING

8 DECENT WORK AND ECONOMIC GROWTH

Target
3.4 и 8.8

2 **Work-related injuries**

Goal
Fostering a safety culture and adhering to the highest occupational health and safety standards

Reducing workplace injuries by 10% annually ¹	Zero fatalities, and reducing the number of incidents by 10% annually
--	---

Actual
0 LTIFR at the Balakovo branch

33 injuries (vs **20** in 2022)

4 QUALITY EDUCATION

8 DECENT WORK AND ECONOMIC GROWTH

Target
4.4 и 8.8

3 **Employee training**

Goal
Improving safety competencies

Keeping employees motivated to stay safe and protect others

Actual
Roughly **13,000** employees of the Apatit (around **88%** of the total headcount) passed health and safety training

3 GOOD HEALTH AND WELL-BEING

Target
3.4

4 **Occupational diseases**

Goal
Disease prevention and health improvement among the employees of all production sites

Providing employees with access to high-quality affordable healthcare

Actual
58 employees diagnosed with occupational diseases

0 fatalities caused by occupational diseases

¹ In accordance with the materiality principle, the quantitative metrics in this section are presented for Apatit (Boundary 2) (Apatit is a subsidiary of PhosAgro holding its production assets)



STRATEGY

All employees of PhosAgro Group and its contractors need to go back from work to their loved ones in perfect health. This is the underlying principle of all our efforts to ensure safe, healthy and comfortable workplace conditions.

Our Strategy to 2025 focuses on fostering a safety culture and adhering to the highest occupational health and safety standards. In 2023, we continued to implement our Health and Safety Strategy, which defines key focus areas and target initiatives to reduce the risks associated with various operations.

The Company's relevant goals and objectives, both strategic and day-to-day, are based on huge volumes of data derived from internal and external audits, inspections, incident investigations, employee recommendations and feedback.

PhosAgro Group is consistently improving its safety culture, employee responsibility and awareness, hazard identification procedures and danger prevention measures by putting managers at all levels in charge and studying and applying best health and safety practices. We apply continuous efforts to identify and reduce health and safety threats to PhosAgro Group employees, contractors and visitors to the Company's sites.



MANAGEMENT APPROACH

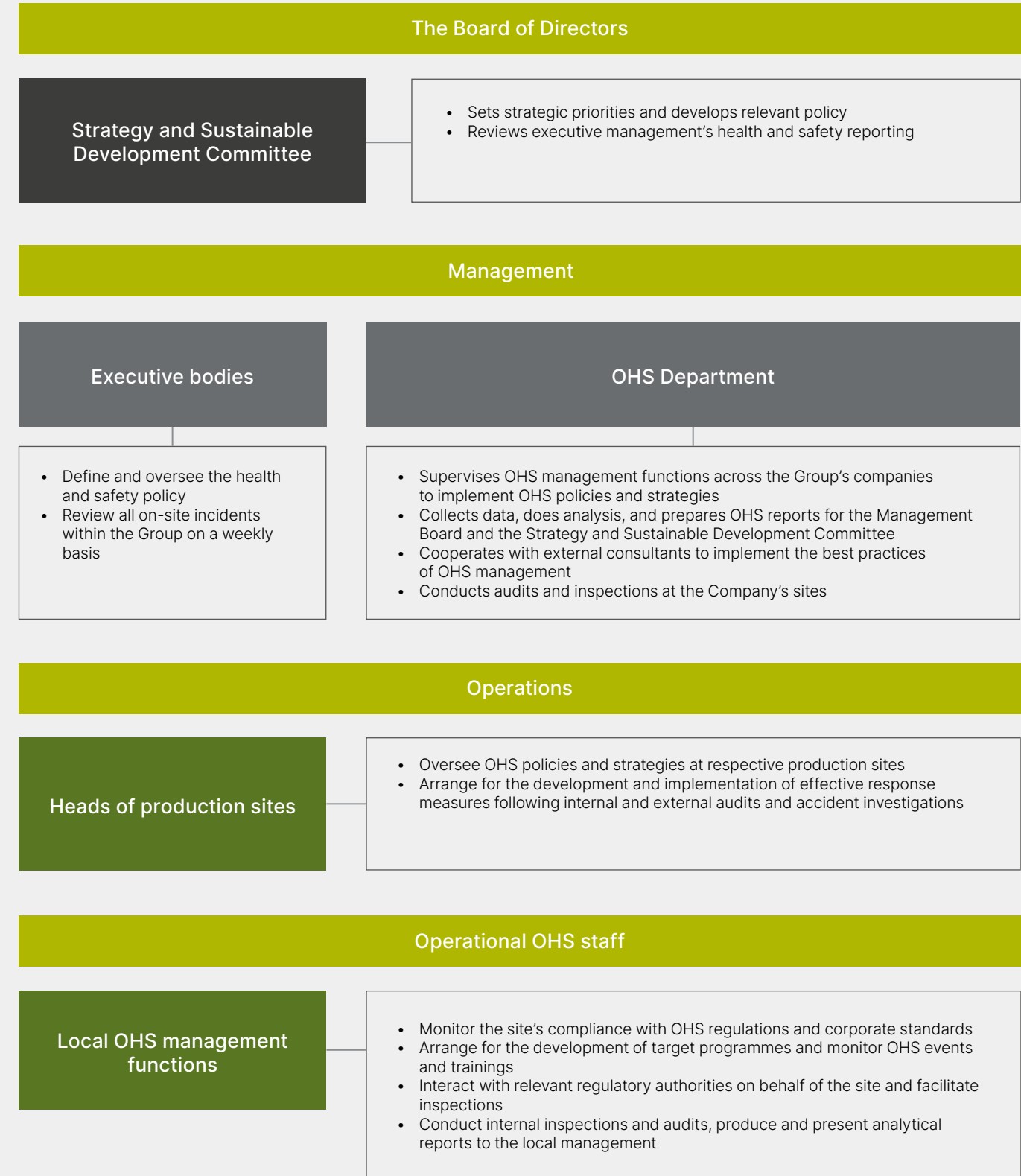
GRI 403-1, 3-3

We pay special attention to making our health and safety system compliant with applicable laws and the highest international standards.

To this end, we have introduced a multi-tier health and safety management system involving

managers of all levels. In 2008, the Company introduced an integrated health and safety management system in line with BS OHSAS 18001. In 2021, Apatit's Cherepovets site was certified and successfully audited for compliance with ISO 45001:2018 in 2023.

Health and safety management system



GRI 403-3

Occupational health functions play a key role in ensuring safety at our facilities.

Their main objectives are:

- taking steps to ensure compliance with OHS requirements by workers and third parties;
- monitoring workers' compliance with OHS laws and regulations, the Collective Bargaining Agreement, OHS agreement and other internal regulations;
- preventing workplace injuries, occupational diseases and improving workplace conditions;
- advising workers and contractors on, and raising their awareness about, occupational health and safety;
- studying and promoting best OHS practices.

Apart from applicable laws, these activities are regulated by:

- health and safety SOPs at the facility (shop) level;
- production SOPs;
- worker health and safety instructions;
- corporate standards;
- process regulations;
- accident management action plans, etc.

GRI 403-4

For better OHS communication with employees, we have adopted the Regulations on the OHS Communication System. Pursuant to the Regulations, the OHS communication system is divided into internal and external communications, and provides for a feedback procedure:

- regular OHS meetings at business units and enterprises;
- OHS meetings at production sites, departments and facilities;
- union and union committee meetings (for feedback from OHS officers);
- corporate e-mail;
- corporate periodicals;
- local health and safety committees;
- employee loyalty surveys;
- OHS questionnaires.

Internal OHS communication is achieved through:

- local health and safety committees;
- management meetings and conferences to discuss the health and safety performance of our enterprises;
- regular OHS meetings in departments, on production sites and at facilities;
- health and safety bulletin boards, posters and other visuals;
- corporate television (screens), intranet site, e-mail;
- corporate periodicals;
- education by OHS officers (including one-on-one meetings, training, mentoring, supervision, etc.).

LOCAL HEALTH AND SAFETY COMMITTEES

Since 2014, health and safety committees have been functioning at the Group's companies. They are both an integral part of our OHS management system and a form of employee participation in it. In their work, these

committees rely on the principles of social partnership. As part of their activities, health and safety committees draft and improve programmes to join efforts of the employer, employees and trade unions in ensuring occupational health and safety.

Committee meetings are held at least once a month and chaired by heads of companies. At meetings, information exchange and reporting are multilateral, as both health and safety functions and local unit heads report on health and safety progress. All resolutions are documented in minutes of the meetings.

As part of these workstreams health and safety committees consider the following topics:

- "Golden Rules" of OHS;
- Safety Culture Transformation Project;
- OHS leadership;
- OHS motivation;
- effective OHS communications;
- contractors' safety;
- PPE effectiveness;
- trade union report.



In 2023, health and safety committees held

25 meetings

Adopted

790 resolutions

Workers are represented at committee meetings by heads or representatives of local unions.

Meeting agendas comprise nine workstreams

- 🔍 Accident/incident investigation
- 🛡️ Occupational health
- 🏭 Industrial safety
- 🧯 Fire safety
- 🚧 Road traffic safety
- 📋 Safety assessments and audits
- ⚙️ Development of health and safety management
- 🛠️ Safety projects (programmes, initiatives)
- 🎓 Education and training

IMPROVING CONTRACTOR SAFETY PRACTICES

Measures to ensure safety of contractors' employees working at our production and other facilities are an integral component of our OHS strategy. They include the selection of contractors based on a health and safety qualification assessment, briefings, enforcing their application of our safety tools, and conducting relevant OHS compliance audits.

ESG assessment is a key factor in contractor selection.

➔ for more information, see the Supply Chain section on page 128.

INTERNAL AND EXTERNAL INDUSTRIAL SAFETY AUDITS

In line with statutory requirements, PhosAgro Group is subject to scheduled external audits by Russian authorities, including the Federal Service for the Supervision of Environment, Technology and Nuclear Management (Rostekhnadzor), State Labour Inspectorate, Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rosпотrebnadzor), the Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM), etc. We may also engage consulting companies, or international associations of which the Group is a member to conduct additional external audits of compliance with international standards, or as part of a special assessment of workplace conditions.

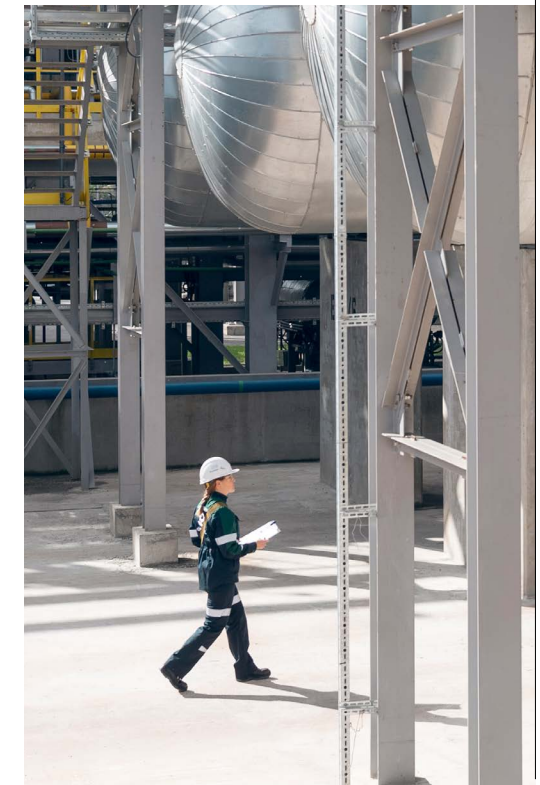
We also run internal audits conducted by our OHS departments and directorate, managers and employees exercising production H&S control.

After external and internal audits, the Company issues orders and instructions outlining remedial action plans and establishing the deadlines and responsible persons. Identified breaches are remedied within the agreed time limits.

The Company has a procedure for drafting, submitting and reviewing reports on internal and external OHS audits. The results of all internal and external assessments and audits are recorded in the Safety and Instructions (Shift Assignments) management systems offering instruments for further analysis, gap identification, and elimination monitoring. We also submit all relevant reports to state supervisory bodies and statistical agencies in accordance with the Russian laws.

In 2023, state supervisory authorities carried out

198 audits at Apatit and its managed companies.



RISKS AND OPPORTUNITIES

GRI 403-2

The following strategic risks affect our OHS objectives:

- 4 HR risk
- 6 health and safety risk
- 13 regulatory risk

for more information, see the Strategic Risks section on [page 68](#)



The Group develops corrective measures as necessary and unlocks opportunities to mitigate those risks. Below you can find more information about what we do on this front.

OHS-SPECIFIC RISKS



Occupational risks of the Group's business units, including occupational disease risks



Safety culture risks, including OHS communications and safety incentives



Risks of OHS-related regulatory changes



SASB RT-CH-320a.2

We are constantly working to assess and mitigate risks. We perform risk assessment and classify them by severity and frequency using our dedicated proprietary methodology. Following hazard identification and risk assessment, the unit's OHS officer compiles a List of Occupational Risks, which is then used as a basis for the Company's List of Material Occupational Risks.

Risk assessment takes into account the following aspects:

- degree of personnel exposure;
- impact on personnel;
- frequency of occurrence;
- compliance with the applicable regulatory and other OHS requirements.

The Company has instituted a robust protocol that facilitates swift communication from eyewitnesses to the appropriate functions and managerial personnel, inclusive of PhosAgro's CEO by means of corporate communication tools such as text message alerts and telephone calls.

All incidents are investigated in accordance with legislative requirements and internal procedures to determine the root causes. The Company encourages its staff to disclose information on potential sources of danger to worker health and life.

For better OHS efficiency, and to automate and streamline the relevant processes, we have introduced and now use the Safety and Instructions (Shift Assignments) management systems. Both systems

include a Risk Management module. The module enables internal check list-based OHS assessment at all units of Apatit. The module's new underlying principles help enhance production H&S control, while its new functions facilitate operation, monitoring and analysis.

The Company has a formal procedure for addressing workplace hazards. When a hazard is identified, employees are required to suspend work and report it to their supervisors directly or via the Public Scrutiny mobile app (on an anonymous basis if necessary). The supervisor uses the report to assess the risk and develop a remedial action plan.

EMERGENCY RESPONSE PROCEDURES

At our sites, we have introduced the following emergency response and prevention measures compliant with the Russian laws:

- **accident management action plans** for all hazardous industrial facilities as defined by the Russian laws developed;
- **training sessions** and drills held in 2023:
 - test alerts – **143**,
 - fire training sessions – **636**,
 - evacuation drills – **132**,
 - joint fire drills with EMERCOM – **5**;
- **a targeted programme for upgrading** Apatit's fire safety systems in 2023–2025 developed.

PROJECT to roll out the OHS remote monitoring system at the Cherepovets site of Apatit

The Company endorses the initiatives put forth by state authorities as regards OHS data disclosure, in order to facilitate remote monitoring measures and alleviate the regulatory oversight burden.

Starting from 2021, Apatit's Cherepovets site (fluosilicate acid storage facility of the aluminium fluoride shop) participates in Rostekhnadzor's experiment to roll out an OHS remote monitoring system under Russian Government Decree No. 2415 On Experimental Roll-out of the Industrial Safety Remote Monitoring System dated 31 December 2020. The experiment provides for the development of stand-alone remote monitoring technology for hazardous production facilities, and a relevant legal framework. The technology is expected to improve the overall reliability and monitoring efficiency of safety systems, and help reduce the associated paperwork and bureaucracy.

The OHS remote monitoring system was put into operation in April 2023, with the process of data transmission to the Automated Information System of Rostekhnadzor configured.

KEY RESULTS IN 2023



In 2023, PhosAgro maintained an impeccable safety record with zero fatalities among its own employees, as well as those of contractors, subsidiaries and affiliates. Additionally, the Balakovo branch team achieved a zero LTIFR, with a remarkable near fivefold reduction in traffic incidents compared to 2021.

1 TRANSPORT SAFETY

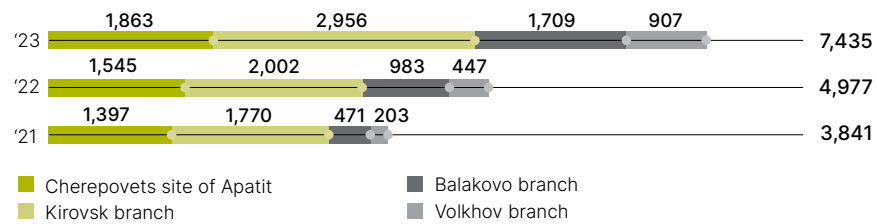
SASB RT-CH-540a.2

From 2021 to 2023, PhosAgro Group was able to reduce the total number of traffic accidents nearly fivefold (by 78%) from 37 accidents in 2021 to eight in 2023.

The initiatives implemented by the OHS Department and transport departments to mitigate traffic accident risks includes drafting internal regulations to ensure safe operation of motor vehicles, self-propelled machines and rail transport, performing targeted and full-scope inspections of vehicles used by our contractors, subsidiaries, enhancing the competencies and skills of PhosAgro employees responsible for operating all types of transport, and introducing various technical solutions to mitigate risks of traffic accidents. For instance, the Kirovsk branch equipped quarry self-propelled machines with visualisation systems for dangerous zones. There are also ongoing pilot tests for similar systems in underground operations, as well as for collision prevention systems on quarry dump trucks. Preparations are underway at the Cherepovets facility and the Balakovo branch to outfit dump trucks with a fatigue monitoring system

The solid increase in OHS expenses is attributable to higher investments in personal protective equipment and training in modern OHS practices for employees. Moreover, the ramp-up of production along with the initiation of upgrade and revamp projects triggered the recruitment of extra staff.

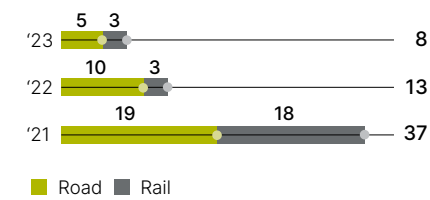
OHS expenses of Apatit, RUB mln



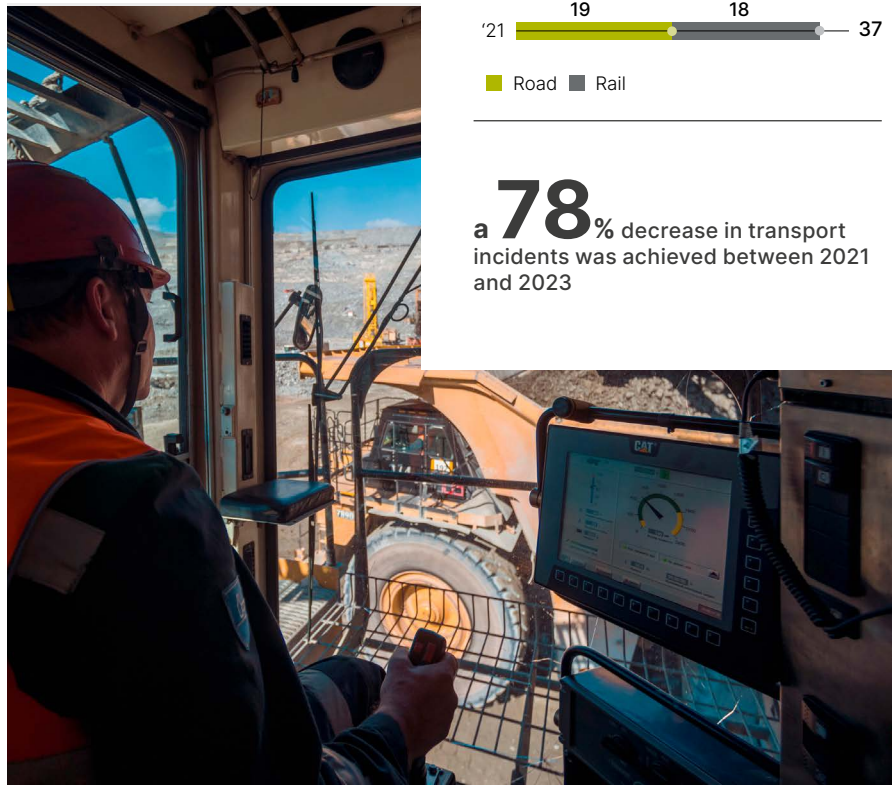
This contributed to an uptick in overall OHS spending. Specifically, there were heightened expenses for check-ups, establishment of supplementary fire command stations (fire brigades), and engagement of services from professional rescue squads.

tailored to help drivers during their 12-hour shifts. Additionally, the Kirovsk branch holds annual training sessions under the Safe Driving programme, and a driving skills competition for dump truck operators.

Traffic accidents at Apatit and its branches



a 78% decrease in transport incidents was achieved between 2021 and 2023



2 WORK-RELATED INJURIES

GRI 403-9, SASB RT-CH-320a.1, RT-CH-540a.1

There were no fatalities across the Company's facilities, but the total number of work-related injuries, both minor and severe, increased. At the time of publishing this Report, an official investigation is being conducted into an incident involving a Company employee in 2023. The incident has been categorised in the Report as a severe injury, but it is subject to potential reclassification based on the investigation findings. There was a total of 33 injuries recorded in 2023 compared to 20 in 2022. Of these injuries, nine occurred to contractor employees,

nine to PhosAgro's own staff, and 15 to employees of subsidiaries and affiliates (compared to five, eight, and seven in 2022, respectively), which accounted for the largest proportion of all work-related injuries, including major accidents. We are convinced that rolling out the existing methods and tools in the field of occupational safety among personnel of contractors, as well as subsidiaries, affiliates and managed companies, will further reduce the level of occupational injuries among this category of personnel.

Most of the injuries reported in 2023 were related to falls and contact with moving and rotating objects and equipment, as well as impact of hazardous substances.

The main causes of work-related injuries in 2023 were poor work organisation, violations of labour and industrial discipline, personal negligence, and underestimation of risks by the injured persons.



The Company plans to continue implementing its safety improvement strategy by leveraging advanced safety tools and modern comprehensive solutions and approaches that have already proven effective, including:

- senior management's leadership and commitment to health and safety;
- allocating sufficient funding to ensure occupational, industrial and fire safety;
- knowing and applying international and domestic best practices;
- improving the internal incident investigation process to identify and eliminate root causes;
- implementing project solutions and targeted programmes to improve workplace safety;
- providing employees with modern and effective personal and collective protective equipment;
- involving blue-collar workers (OHS officers) in directly managing health and safety in their business units;
- reviewing the structure and functions of occupational health, industrial safety and fire safety services with a focus on enhancing control and preventive work;
- selecting and appointing highly qualified leaders to key positions in occupational health, industrial safety and fire safety services;
- developing and implementing a system of incentives motivating all categories of employees for safe working practices;
- developing and updating e-courses to educate employees in corporate health and safety requirements;
- integrating corporate health and safety requirements into the work of contractors;
- digitalising data management processes to support high-quality analysis and effective management decision-making.

LTIFR¹, per 1 mln of hours worked

Item	2021	2022	2023
Employees, including	0.85	0.32	0.37
Apatit	0.40	0.12	0.32
Kirovsk branch of Apatit	1.18	0.22	0.41
Balakovo branch of Apatit	0.00	0.80	0.00
Volkhov branch of Apatit	2.28	0.88	0.80
Employees + staff of external contractors (including subsidiaries, affiliates and managed companies²)	0.81	0.38	0.61

Fatalities as a result of work-related injury, per 1 mln of hours worked

Item	2021	2022	2023
Employees	0	0.05	0
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.03	0	0

Severe injuries (excluding fatalities), per 1 mln of hours worked

Item	2021	2022	2023
Employees	0.05	0	0.04
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.07	0.04	0.17

Work-related injuries, per 1 mln of hours worked

Item	2021	2022	2023
Employees	0.85	0.36	0.37
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.82 ³	0.44	0.82

Number of hours worked by the Company's employees and staff of external contractors

Item	2021	2022	2023
Employees	19,893,115.33	22,196,069.58	24,508,418.38
Staff of external contractors (including subsidiaries, affiliates and managed companies)	29,207,298.96	27,194,133.46	29,222,666.40

¹ Lost time injury frequency rate, excluding fatalities.

² The above data include the following subsidiaries and affiliates: Tirvas, Gorny Tsekh, PromTransPort, Korporativnoe pitanie, Construction Materials Centre, DROZD-Khibiny, NIUIF, Aeroport, SMART, Teleset, Khibiny Electricity Retail Company, Ecoprom, Tirvas Public Catering, Khibiny Airport, PhosAgro Education Centre, Mekhanik, PhosAgro Engineering Centre, Trading House PhosAgro. Some of them are non-profit organisations or are not subsidiaries or affiliates of Apatit. This applies to all references to subsidiaries and affiliates in this section.

³ Including a fatality.

Work-related injuries over the past three years

Branches	Minor injuries			Severe injuries			Fatal injuries			Total		
	'21	'22	'23	'21	'22	'23	'21	'22	'23	'21	'22	'23
Cherepovets site of Apatit	3	1	3	-	-	-	-	-	-	3	1	3
Balakovo branch	-	2	-	-	-	-	-	-	-	-	2	-
Volkhov branch	4	2	2	-	-	-	-	-	-	4	2	2
Kirovsk branch	9	2	3	1	-	1	-	1	-	10	3	4
Subsidiaries and affiliates	7	6	11	1	1	4	-	-	-	8	7	15
External contractors	14	5	8	1	-	1	1	-	-	16	5	9

3 WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

GRI 403-5

In 2023,

13 007 employees of the Apatit completed health and safety trainings and passed the relevant knowledge tests

88 % of the total headcount

The Company offers continuous education for employees, conducts workshops and trainings.

- **Safe Behaviour Fundamentals** – in-person training for new hires and employees of business units where accidents have occurred, with the focus on risk identification and management methods
- Training of the Company's and contractors' staff on working at heights
- **The Rules** – a training for white- and blue-collar workers in the modern methods to raise employees' awareness of safety rules

- **Golden Rules** – training the Company's (online training) and contractors' (workplace training) employees.

PhosAgro makes efforts to improve OHS competencies and knowledge of its staff. Employees of the Company undergo online and in-person training. Our e-courses are easy to understand since they are made in the form of illustrated slides with key highlights on them. In particular, we offer an e-course on corporate OHS standards. It is followed by tests to check the knowledge and understanding of the standards and requirements.

Whenever required, the courses developed earlier are updated following changes in the law and the Company's internal regulations. In 2023, we developed and updated the following e-courses:

- operation and maintenance of Apatit's rail infrastructure;
- organising and exercising production H&S control at Apatit's hazardous facilities;

Employees undergo OHS training, including that in basic fire safety and electrical safety, industrial safety pre-certification sessions, and drills in the Vysota training centre.

All our employees, from managers to blue-collar staff, receive occupational health and safety briefing and training as required by the Russian laws. Furthermore, the employees of the Company and some contractors are offered a number of additional courses.

We use animated videos to improve OHS training and remind employees about workplace safety.

In 2023,

7,300 employees of Apatit completed **13** e-courses in occupational safety

Raising awareness about OHS

To keep our employees well-informed about our safety measures, PhosAgro constantly develops and updates OHS check lists, presentations and other visual materials that emphasise the crucial information employees must rely on in various situations, including working on particular assignments, in order to stay safe.

Raising awareness about occupational health and safety, each month the Company issues check lists

on the month's topic. In 2023, such topics included the "Golden Rules" of OHS, use of PPE, safe behaviour, and high-risk operations.

In the reporting year, the Company was actively carrying out briefings for each shift – daily OHS trainings for employees, revising industrial dangers/hazards, OHS requirements (as set out in the Company's internal regulations, OHS guidelines, technical and operational documents), and safe work practices.



The key objectives of such briefings are:

-  fostering leadership skills among mid-level managers;
-  developing managers' communication skills;
-  obtaining employee feedback on safety issues;
-  maintaining direct communication between managers and their subordinate staff.

Changes to labour safety promotion programmes

Senior executives (CEOs of the Company and its business units, as well as their direct subordinates) recognise the importance of OHS and are committed to safety and ready to take necessary managerial decisions. Since 2014, PhosAgro has had a system of KPIs that uses uniform standards linking the size of management

remuneration to the efficiency of OHS measures, among other things. In particular, the Company established the following KPIs with regard to OHS:

- LTIFR covering all staff categories, including contractors;
- zero fatalities among all employee categories, including contractors;
- timely implementation of action items from improvement notices issued by supervisory authorities.

The Company has developed OHS promotion programmes to maintain each PhosAgro employee's engagement in ensuring their own safety and the safety of those around them, as well as to encourage the employees to take initiative and implement OHS improvements.

The incentive system includes both individual and collective programmes.

Individual incentive programmes (with results summarised quarterly):

Once a quarter

 <p>Best OHS Employee</p> <p>1st place – RUB 15,000 2nd place – RUB 10,000 3rd place – RUB 5,000</p>	 <p>Safety Ideas</p> <p>RUB 30,000</p> <p>+ RUB 5,000 for every idea implemented</p>	 <p>Best Public Scrutiny User</p> <p>1st place – RUB 15,000 2nd place – RUB 10,000 3rd place – RUB 5,000</p>
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Once a year

 <p>CEO's OHS Achievement Award</p> <p>RUB 125,000</p> <p>+ RUB 50,000 for teams participating in the super final</p>	 <p>Best OHS Business Unit</p> <p>RUB 100,000</p>	<p>The employee incentive system is being improved annually, with an increase in funding (RUB)</p> <table border="1"> <tr> <td>'23</td> <td style="width: 100%;"></td> <td>2,523,053</td> </tr> <tr> <td>'22</td> <td style="width: 95%;"></td> <td>2,339,090</td> </tr> <tr> <td>'21</td> <td style="width: 90%;"></td> <td>2,063,218</td> </tr> <tr> <td>'20</td> <td style="width: 15%;"></td> <td>445,000</td> </tr> </table>	'23		2,523,053	'22		2,339,090	'21		2,063,218	'20		445,000
'23		2,523,053												
'22		2,339,090												
'21		2,063,218												
'20		445,000												

4 PROMOTION OF WORKER HEALTH

GRI 403-6, 403-7, 403-10

In addition, in 2023, occupational diseases were detected in two employees who work for subsidiaries and affiliates and perform their job duties at the Cherepovets facility and the Kirovsk branch of Apatit. The notable growth in the number of detected occupational diseases in 2023 compared to previous years is due to the introduction of in-depth medical examinations at the occupational pathology centre.

PhosAgro places a strong emphasis on disease prevention, health improvement, and high-quality

affordable healthcare and prevention for the employees of its production sites.

The Company takes part in the Health 360 programme run by the Russian Chemists Union. In 2023:

1. The Volkhov branch of Apatit was the runner-up in the Wellness Culture Development nomination of Russian national contest dubbed Investing in the Development of a Healthy Country. Best Corporate Practices
2. The Volkhov branch of Apatit won a leader diploma at Healthy Working Environment 2023, a contest of corporate health promotion programmes for employees in the Northwestern Federal District

3. The Volkhov branch of Apatit took the third place in the Leningrad region Cup in Nordic walking
4. Apatit was awarded a participant's diploma in the Sports Culture Development nomination of Russian national contest dubbed Investing in the Development of a Healthy Country. Best Corporate Practices.

In 2023, the Company continued to expand its staff support programmes (mental health support, online advice for personal circumstances, etc.) and programmes to promote health and well-being (telemedicine, healthy diets, emotional unwinding, etc.) to benefit more employees.

All employees who have signed an employment contract with the Company benefit from long-term voluntary health insurance (VHI) covering an extended range of risks. Health insurance contracts are signed annually as part of long-term cooperation with the SOGAZ insurance company.

The benefits include:

- health resort (rehabilitation) treatment at corporate resort centres in our regions of operation and countrywide;
- services of outpatient clinics and health posts (including those available 24/7) at the Company's production sites, operated by corporate medical centres and private and state-run healthcare facilities;
- treatment (expensive, dental, medical counselling) at healthcare facilities in our regions of operation and in other Russian regions.

On-site clinics can provide accident and emergency care, as well as specialist advice. PhosAgro also has mobile medical teams and organises screening sessions for its employees.

Employees of all PhosAgro facilities enjoy access to Telemed, a telemedicine service offered by SOGAZ.

PhosAgro's production sites organise initial and regular check-ups and examinations of staff involved in potentially hazardous and/or dangerous activities.

Since 2010, the Company has been running a programme to improve social and working conditions by conducting annual scheduled repairs in all buildings housing social and sanitary facilities, canteens, and workplaces. PhosAgro invested over RUB 3 bln in this programme in 2013–2023.

GRI 403-10

Number of employees diagnosed with occupational diseases

Branches	2021	2022	2023
Cherepovets site of Apatit	4	1	1
Kirovsk branch of Apatit	26	14	57
Volkhov branch of Apatit	0	0	0
Balakovo branch of Apatit	0	0	0
Total	30	15	58

In 2023, as part of initiative to improve working conditions, employees of Apatit business units in Cherepovets received modern, comfortable, and durable chairs selected following tests at business units and surveys in Apatit and its branches, with as many as 99 chairs replaced in workshops.

In 2023, the Company continued changing its menu of dietary and healthy meals provided to employees working in harmful conditions. Quality of the meals is subject to regular control in cooperation with the trade union.

Every day, each canteen at the Company's facilities serves up to 800 people, and all meals are assessed each quarter based on employee surveys, review of complaints, and canteen attendance levels. Employees can comment on the quality of meals in a real-time mode by completing a survey available in corporate canteens via a QR code. On top of that, we have a dedicated working group that attends all of Apatit's sites to assess food quality and canteen conditions.

In 2021, PhosAgro started a pilot project to use a traffic light labelling system for foods as a way to promote healthy dieting among employees.



In 2021–2023, there were no fatalities caused by occupational diseases.

As part of preventive care and health promotion efforts for PhosAgro's employees and veterans in 2023, the Company purchased

4,140 vouchers

for them to go to health resort facilities

Employees of the Company and members of their families have access to corporate recreation centres and health resorts in Southern regions at a reduced price. In 2023, over 1,000 vouchers were granted for employees to spend their holidays at southern health resorts.

more than **22,000**

employees, their family members, and pensioners enjoyed vacations at corporate recreation centres

PhosAgro's facilities have corporate fitness centres, which include game halls, gyms and swimming pools and are available to employees on a daily basis. The pool of our Cherepovets facility offers classes in water aerobics and swimming lessons, both very popular among employees. In 2023, over 25,000 people visited the Cherepovets sports and recreation facility.

An annual sports contest (Spartakiad) is held for employees in 18 sports with new sports introduced. Teams in football, volleyball, and other sports represent the Company in various levels of competitions, including national ones.

Since 2020, our production facilities provide free psychological support to employees, with in-house psychologists available to them for counselling and advice. As part of the Employee Mental Health Support programme, the Company offers meetings in person, online interviews, and comprehensive events such as webinars, training sessions, and marathons to minimise conflicts in teams, improve psychological resilience, and increase performance. In 2023, on-site psychologists received 3,257 requests from the Company's employees.

We continue to extend our Psychological Relief Room, a project kicked off in 2021 at the Balakovo branch. In the reporting year, a plan was developed to roll out such rooms at the Cherepovets site.

In 2023, Healthy Lifestyle Mania, Apatit's employee support programme designed to promote active lifestyles, physical and sports activities, and healthy nutrition among employees, gained traction among the staff of Apatit's Balakovo branch.

To promote traditional spiritual values, improve social and psychological climate in the team, and enhance emotional well-being, the Company does a lot to help build and reconstruct Orthodox churches.



Those employees whose children are involved in the DROZD project (Educated and Healthy Children of Russia) annually take part in several joint training sessions and sports contests held among families. At the DROZD sports facilities, our employees can work out and get ready for GTO (Ready for Labour and Defence) fitness tests.

TARGETED PROGRAMME for upgrading Apatit's fire safety systems in 2023–2025

In 2023, the facilities of the Cherepovets facility, Volkhov and Balakovo branches were audited for the availability and compliance of fire protection systems with the requirements of applicable rules and regulations.

Following the audit, we identified facilities in need of repair, replacement or installation of new automatic fire protection systems and carried out an initial assessment of the cost of the entire range of work to implement the target programme. The Company defined key requirements for the implementation of the targeted programme for upgrading Apatit's fire safety systems, namely:

- the procedure for works in 2023 to implement the targeted programme at the facilities of Apatit and its branches;
- requirements for contracts with parties involved in the targeted programme;
- milestones for the whole period of the targeted programme implementation at the facilities of Apatit and its branches;
- the procedure for financing the targeted programme for upgrading Apatit's fire safety systems.

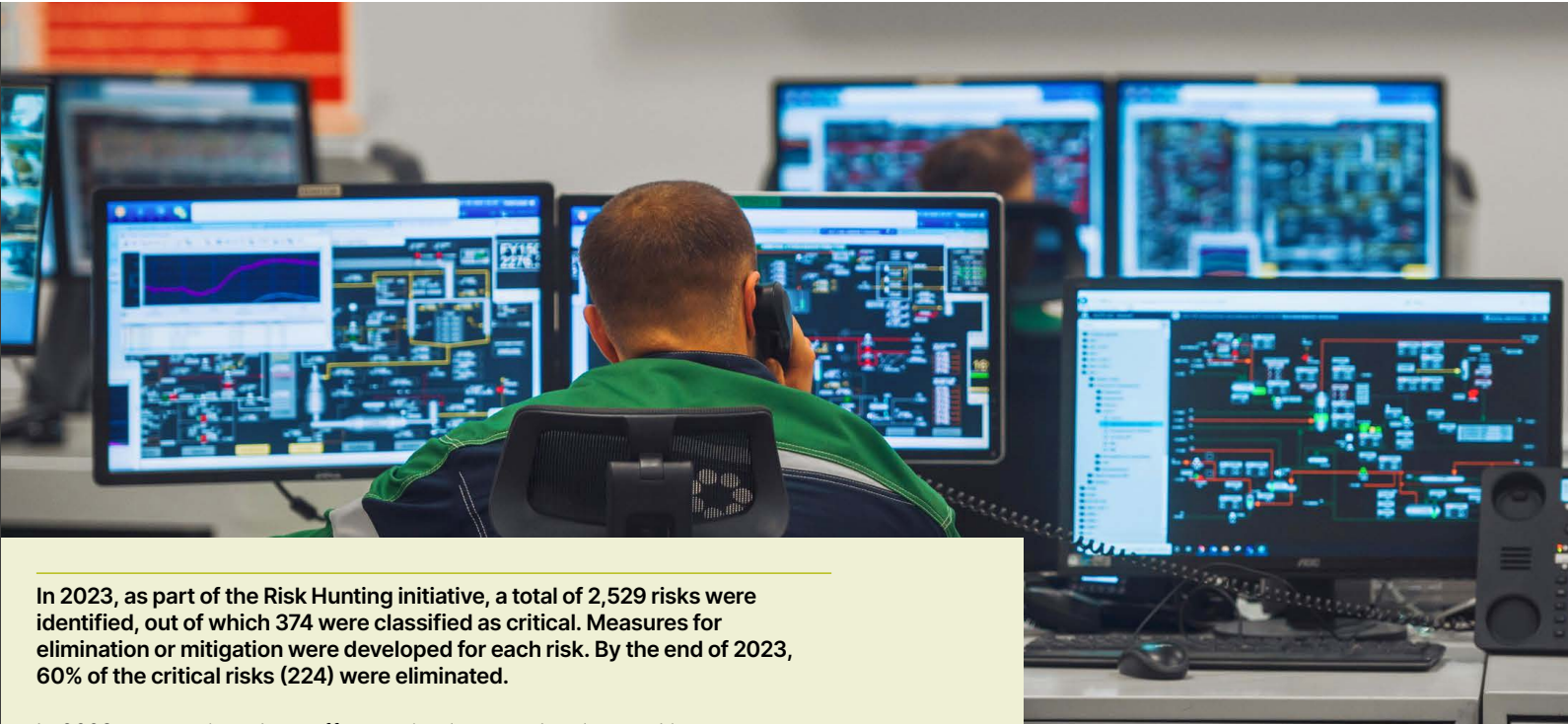
TRANSFORMATION OF SAFETY CULTURE AND OHS MANAGEMENT SYSTEM

Since 2021, we have been running a project – Transformation of Safety Culture and OHS Management System – focused on switching to proactive OHS management.

Project goals:

- transforming the safety culture and developing OHS leadership;
- developing, adapting and ensuring the sustainability of best practices in the field of safety culture and OHS management improvements;
- learning how to arrange and carry out works associated with high OHS risks;
- ensuring the sustainability of our performance and the relevance of our management system over the next five years;
- reaching stage 3.1 as per Bradley curve (we are currently at stage 2.2).

The project covers key business units of Apatit, entities under management, subsidiaries and affiliates, and key third-party contractors engaged by our production sites.



In 2023, as part of the Risk Hunting initiative, a total of 2,529 risks were identified, out of which 374 were classified as critical. Measures for elimination or mitigation were developed for each risk. By the end of 2023, 60% of the critical risks (224) were eliminated.

In 2023, we continued our efforts to implement, develop, and improve transformation tools.



Leadership visits – comprehensive study of business units by top executives of enterprises to jointly address identified risks and develop improvement actions.



Standard operating procedures – a step-by-step operating protocol for employees when performing work beyond the scope of high-risk operations when servicing specific process equipment.



Risk hunting – engagement of managers at the business unit level in ensuring appropriate working environment. Exploring the business unit's site with the basic question "what can go wrong?" Mitigating occupational safety risks.



Audits of high-risk operations – improving the safety of hot and gas hazardous works, underground construction work, maintaining standards by means of audit based on a checklist for a certain type of work.



Briefings for each shift – daily awareness efforts for subordinate personnel to reiterate on hazardous factors and control measures prescribed when issuing a shift assignment before the start of a shift, admission to work in accordance with the expected types of work and planned production operations.



In 2023, as part of the transformation of safety culture and OHS management system initiative, the Company implemented Leadership in Safety Management, a programme of strategic sessions for N1–N3 managers.

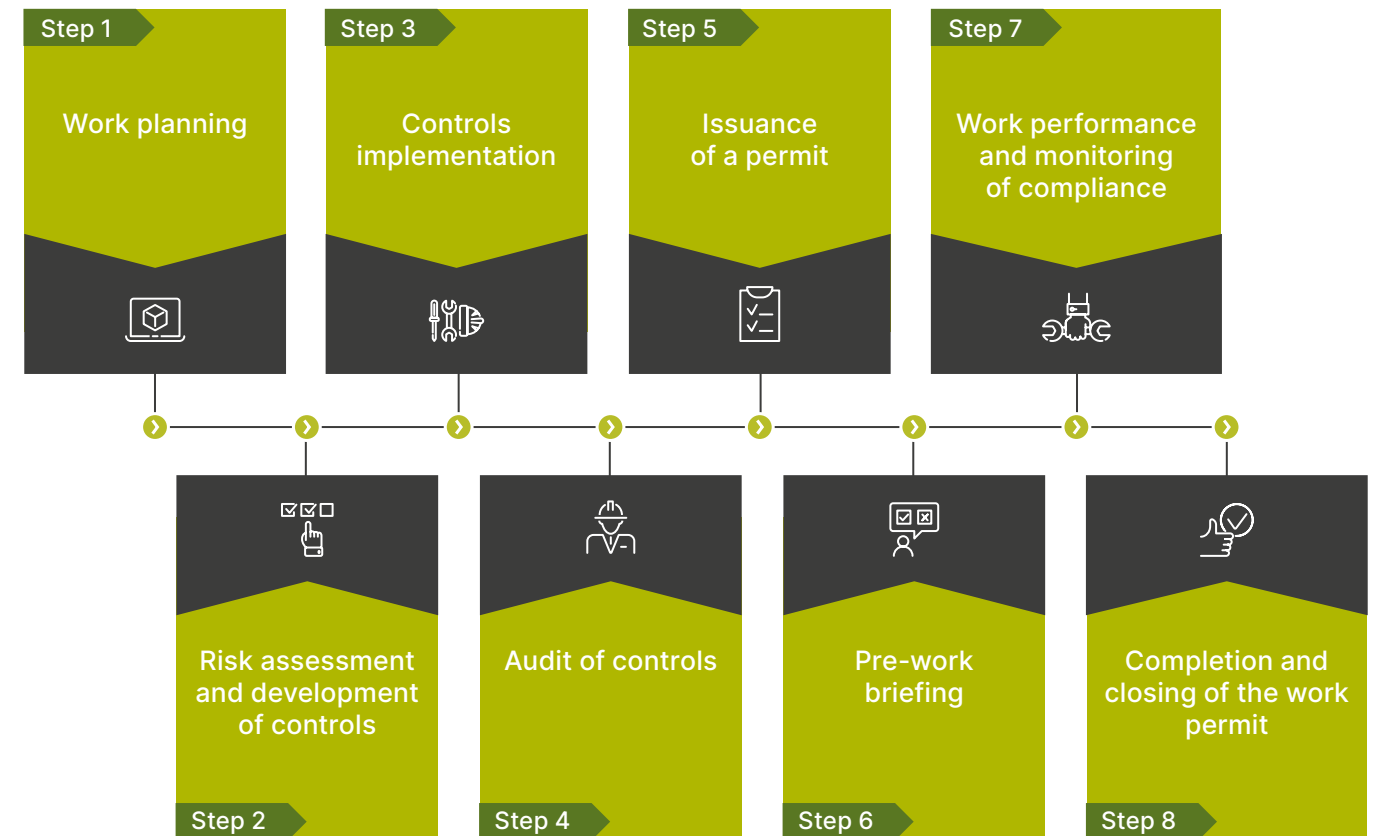
Session objectives:

- to raise awareness of safety issues among N1–N3 managers;
- to shift from inspections and penalties to mentoring and proactive oversight;
- to build ability to deal with employee stereotypes and beliefs;
- to enable managers to show commitment to safety by personal example;

- to build understanding of leadership impact on safety culture;
- to be able to tell the difference between the notions of "leader" and "manager";
- to develop a desire to influence safety culture and an understanding of how to do so.



Following an audit of the corporate work permit systems in place at the Cherepovets facility and Volkhov branch conducted in 2022, in 2023 the Company developed a target model of the work permit system to be rolled out across our assets as early as in 2024.

TARGET MODEL OF WORK PERMIT SYSTEM



ENVIRONMENTAL REVIEW

AREA, STRATEGIC GOALS AND METRICS






1 Climate

Climate action and reduction of GHG emissions

Goal	2028: Gross emissions Scope 1 — 4,175.5 kt of CO ₂ -eq.	Per unit emissions Scope 1 — 109.1 kg of CO ₂ -eq./t	
Actual	Gross emissions: Scope 1 — 4,778.9 kt of CO ₂ -eq. down 2.6% y-o-y	Per unit emissions Scope 1 — 128.5 kg of CO ₂ -eq./t ¹ down 3.5% y-o-y	<ul style="list-style-type: none"> Delivering on the Climate Agenda project Introduction of the internal carbon price Contracting TGC-1 as a supplier of green electricity generated by HPPs Assessing the actual impact of the carbon border adjustment mechanism on the Company's operating expenses and implementing a project to automate calculation of the carbon footprint of products Implementing the low-carbon transition plan

Target
12.4, 13.1 and 13.2





2 Energy efficiency

Reduction of Scope 2 GHG emissions to **794.7** kt of CO₂-eq. by 2028 as a result of implementing the Energy Efficiency Programme

Goal			
Actual	42.5% self-sufficiency in electricity supplies down 0.9% y-o-y	Scope 2 — 829.7 kt of CO ₂ -eq. up 0.99% y-o-y	<ul style="list-style-type: none"> Assessing the energy management system for compliance with ISO 50001 Updating the list of initiatives under the Energy Efficiency Programme Upgrading the lighting system to LED Installing frequency converters at pumps Replacing compressors with more efficient equipment

Target
12.4 and 13.1






3 Waste

Waste reduction

Goal	2025: 40% of hazard class 1–4 waste recycled and decontaminated	
Actual	40.17% of hazard class 1–4 waste recycled and decontaminated up 3.6% y-o-y	<ul style="list-style-type: none"> Enhancing ore processing mechanisms (Kirovsk) Using phosphogypsum Implementing phosphogypsum conversion at Balakovo branch

Target
12.4








4 Air

Reduction of air emissions

Goal	2025: Pollutant emissions — 0.80 kg/t	
Actual	0.799 kg/t per unit pollutant emissions to the atmosphere up 0.8% y-o-y	<ul style="list-style-type: none"> Installing and modernising gas recovery equipment in upgraded and new shops (Volkhov branch) Enhancing dust suppression of dusty surfaces (Kirovsk branch) Upgrading the wet-process phosphoric acid production unit and reconstructing the SK-20 sulphuric acid production unit Upgrading complex mineral fertilizer production

Target
3.9, 12.4 and 13.1







5 Water

Responsible water use

Goal	2025: Waste water discharge into surface waters — 4.16 m ³ /t	Water withdrawal — 5.16 m ³ /t	
Actual	4.72 m ³ /t waste water discharge into surface waters down 10.5% y-o-y	6.05 m ³ /t water withdrawal down 5.8% y-o-y	<ul style="list-style-type: none"> Delivering on stage 2 of the Water Use Optimisation Programme (Cherepovets site) Implementing initiatives to reduce water consumption at the Kirovsk branch

Target
3.9, 6.3 and 12.4

6 Biodiversity

Preservation of biodiversity in regions of the Company's operation at a level securing sustainability

Goal	
Actual	<ul style="list-style-type: none"> Development and inception of comprehensive biodiversity protection programmes (Cherepovets site, Volkhov and Kirovsk branches) Releasing young fish into water bodies across the Company's regions of operation

Target
3.9 and 15.1

¹ The indicator was calculated as the ratio of the (Scope 1) gross emissions under GRI 305-1 to the total output of finished and semi-finished products.

STRATEGY

SASB EM-MM-160a.1, RT-CH-410b.2

At PhosAgro Group, we attach much importance to environmental protection and safety, as well as climate risk management. Proper focus on all of these areas helps secure the Company's sustainable development and well-being of the regions across its geography.

Our Strategy to 2025 provides for strict compliance with statutory requirement on environmental responsibility and practices aimed at minimising the impact of the Company's operations throughout the whole life cycle of a fertilizer, from mine to food products.

The key priorities set out in PhosAgro's Environmental Policy are careful use of natural resources and reduction of the environmental footprint.

We had a comprehensive assessment of our operations, determining key focus areas of such impact, both direct and indirect, and weighed it against the UN Sustainable Development Goals (UN SDGs) and national goals.

In 2020, we started implementing the **Climate Strategy based on the Company's vision** and expertise in GHG emissions management. The document reviews climate risks and opportunities extensively, setting targets for Scope 1, 2, and 3 GHG emissions and presenting the low-carbon transition plan.

PhosAgro carries out the **Energy Efficiency Programme** designed to ensure compliance with the Climate Strategy and the Energy Efficiency and Energy Saving Policy tightly integrated into the Company's Strategy to 2025.




Strategy to 2025 also seeks to **reduce waste generation substantially**. Having developed a system for accumulating and analysing data on production and consumption waste from our operations, we are now implementing a range of projects aimed at minimising waste generation and increasing the share of recycled waste.

In the scope of the strategic objectives to **reduce air emissions**, PhosAgro is running a comprehensive programme to re-equip production facilities and cut pollutant emissions.

In addition, we developed the **Water Strategy** in 2020 to minimise our impact on water bodies by means of lean treatment of resources: less water withdrawal and waste water discharge. As part of the Strategy, we assessed water use risks and opportunities, including potential scarcity of water, set targets for water withdrawal and waste water discharge and designed a detailed action plan for each site to achieve the targets.

The Company sticks to its **biodiversity** management system comprising the assessment of potential impact,

Based on the assessment results, we mapped out six strategic focus areas of environmental protection:

-  climate;
-  energy efficiency;
-  waste;
-  air;
-  water;
-  biodiversity.

interaction with a wide range of stakeholders, as well as monitoring and reporting practices.

We believe that our requirements should be uniform both for us and our partners engaged in PhosAgro's projects. Everything we require of ourselves equally applies to our counterparties and is enshrined in the Code of Conduct for Counterparties.

APPROACH TO ENVIRONMENTAL MANAGEMENT

GRI 3-3

Traditionally, we put a special focus on environmental matters and stand in unconditional support of the vulnerable and rare habitats across our geography, leaving them intact and carefully treating

natural systems and resources. Our operations undergo a stringent assessment for compliance with the Environmental Policy and the Company's internal regulations.



For the full text of the document, please visit the [Company's website](#).

ENVIRONMENTAL MANAGEMENT SYSTEM

Our environmental management system is integrated in the Company's overall management framework and is a key element in our approach to managing environmental responsibility.

In 2022, the environmental management system passed a recertification audit across the Company's production sites and was found to be in full compliance with ISO 14001. In 2023, it successfully underwent an inspection audit under the same standard.

PhosAgro's environmental management system embraces all management levels and all stages of the product's life-cycle, from R&D to manufacturing and finished product application by customers. This approach ensures uniform management requirements across all aspects of the Company's operations.

The facilities have also put in place a procedure to manage internal audits. Every year, they develop internal audit programmes taking into account the environmental significance of the reviewed processes, changes affecting the facility and previous audit outcomes. The audits provide input data for the Company's management to analyse environmental management efficiency.

We adopted a unified approach to environmental management that relies on:



Company-wide control

Putting Strategy to 2025 into action and compliance with the Company's environmental policies are overseen by the Strategy and Sustainable Development Committee that regularly reports on the Company's progress to the Board of Directors. The Department of Ecology and Environmental Management exercises executive control over the Company's environmental activities.



A unified management system

The consistency of PhosAgro's activities aimed at environmental protection and strengthening of the Company's environmental performance results from continuous development of the environmental management system built in line with the ISO 14001 standards.



Strict compliance

with applicable statutory and regulatory requirements.



For PhosAgro's Environmental Policy, see the [Company's website](#).

ENVIRONMENTAL MANAGEMENT FRAMEWORK



Our strategic environmental protection goals are set out in the Company's Strategy to 2025, as well as Water and Climate strategies. Their achievement is included in the KPIs of managers and senior executives.

COMPLIANCE WITH STATUTORY AND REGULATORY REQUIREMENTS

Environmental compliance is key to running a responsible business. PhosAgro Group's environmental management practices ensure our compliance with the applicable environmental and nature conservation regulations and regulators' decrees. To that end, the

Company has in place an internal and external control framework, which includes internal audit and external compliance reviews, a reporting system designed in accordance with legislative requirements, and a staff training system.

All our facilities that have an adverse environmental impact are included in dedicated state registers, with relevant categories assigned to them. PhosAgro has all necessary permits in place for each of these facilities.

None of PhosAgro's enterprises uses ozone-depleting substances in the production process. A small amount (not more than 250 kg/year) of carbon tetrachloride (CCl4) is used in laboratory testing.

In 2021, in order to prevent adverse effects of cross-border handling of Russian chemical products, the Russian Ministry of Industry

and Trade initiated a flagship pilot in the chemical sector, which gave rise to innovative development proposals and support measures for exporters of chemical products. The key pilot objectives were to determine the baseline chemical footprint of products and develop a plan to reduce (and, ultimately, eliminate) the negative impact of the used hazardous chemicals on human health and the environment. In 2023, the Company participated in the project to measure the chemical footprint of products.

We do not undertake cross-border hazardous waste transportation and our production sites are not situated in protected areas. Hence, there are no significant restrictions on our operations.

► For more information on the project, see page 96 of the Customers and Product Management section.

Spending on environmental protection, RUB mln

Item	2021	2022	2023
Current environmental protection expenses (form 4-OS)	5,510.3	6,534.6	7,394.921
Investments in fixed assets aimed at environmental protection (form 18-KS)	4,168.8	2,396.7	3,544.013
Environmental impact payments	179.291	192.573	204.927
Environmental fines and damages	4.258	2.464	1.584
Total	9,860.7	9,126.120	11,145.445

The Company takes steps to remedy the harm caused by an emergency in 2019 by committing RUB 1,584,000 to the reproduction of aquatic biological resources in 2023.

No audits of Apatit by local bodies of Rosprirodnadzor were held in 2023. There were no administrative proceedings involving the Company, and hence no fines.

Environmental impact payments, RUB mln

	2021	2022	2023
Atmosphere			
Maximum permissible emissions	2.440	2.797	2.815
Temporarily permitted emissions	0.000	0.000	0.000
O-limit	0.018	2.355	1.756
Aquatic environment			
Standard permissible discharge	3.886	4.864	4.366
Temporarily permitted discharge			
O-limit	0.000	0.000	0.000
Waste			
Limit	172.091	182.606	195.990
O-limit	0.000	0.000	0.000
Total	178.416	192.620	204.927
Including o-limit	0.018	2.355	1.756
Share of o-limit in total payments, %	0.010	1.220	0.860

In 2023, the increase in the Company's environmental impact payments was driven by a higher indexation rate used in the calculations. Over-limit payments accounted for 0.86% of total environmental impact payments (vs 1.22% in 2022). They resulted from exceeding the permissible emission limit for nitrogen oxides by one of the emission sources at the Cherepovets facility.

ASSESSMENT, ANALYSIS, AND MONITORING

Continuous improvement is inherent in our environmental management. The Company identifies areas

for improvement by reviewing its management system using an effective mechanism, which includes external and internal audits of the environmental management system, activities to monitor and assess the Company's performance, including by a wide range of stakeholders, and the analysis and assessment of PhosAgro's performance by the Company's management. These efforts enable us to work out corrective action plans and proposals on how to develop and improve the system.

Stakeholder engagement is essential for the Company's planning. Public discussions are a legitimate and effective mechanism for establishing

dialogue with stakeholders using a discussion platform to express their opinions and make suggestions on the initiatives under consideration. This mechanism has a positive impact on the decision-making process and improves its efficiency. Engaging the general public and a wide array of stakeholders in discussion plays an important role and helps ensure that all points of view are considered.



For the list of public discussions, please visit the [Company's website](#).

PhosAgro Group public discussions coverage

Item	2021	2022	2023
Number of public discussions	15	12	17
Average number of participants per discussion	27.2	6	22

When assessing the Company's performance, much attention is paid to the analysis of ESG ratings and investor feedback.



RISKS AND OPPORTUNITIES

Environmental risk management is an integral part of the Company's risk governance framework. The general approaches to managing risks are set out in the Strategic Risks section.

The following strategic risks affect our environmental protection objectives

- 7 environmental risk;
- 13 regulatory risk;
- 19 climate risk.

For more information, see the Strategic Risks section on [page 68](#)



The Company develops corrective measures as necessary and unlocks opportunities to mitigate those risks. Below you can find more information about what we do on this front.

THE ENVIRONMENTAL PROTECTION RISKS INCLUDE



non-compliance with the existing regulations on environmental impact



energy efficiency issues.

1 CLIMATE

SASB RT-CH-110a.2 / EM-MM-110a.2

Our targets

1
Reduce gross GHG emissions (Scope 1, 2, 3)
by **14%**
by 2028 vs 2018

2
Reduce per unit GHG emissions (Scope 1)
by **31%**
by 2028 vs 2018

2023 highlights

1
Scope 1, 2, 3 gross emissions
19,210.7
kt of CO₂-eq.
up **12.7% vs 2018**

2
Scope 1 emissions of CO₂-eq.
128.5 kg/t
down **15% vs 2018**

3
In 2023, we used green energy (purchased hydroelectric power) to produce
18.3%
of phosphate rock and nepheline concentrate

Gross and per unit GHG emissions (Scope 1 and 2) across the Group, kt of CO₂-eq.

Item	2018	2020	2021	2022	2023	Goal 2028
Gross GHG emissions (Scope 1), kt	4,624.6	4,856.5	4,775.8	4,909.0	4,778.9	4,175.5
Gross GHG emissions (Scope 2), kt	924.1	978.3	893.3	821.6	829.7	794.7
Per unit GHG emissions (Scope 1), kg/t	150.5	143.6	135.5	133.1	128.5	109.1

PhosAgro has LEAD status under the UN Global Compact and is a participant of the Climate Ambition initiative.

Starting 2021, the Company has been making annual climate disclosures in line with the TCFD standards and key requirements of the new IFRS S2, which enables the most thorough disclosure of the climate-related

aspects of PhosAgro Group's strategy, risks and opportunities, management approach, results, and indicators.

The Company's representatives are members of climate change and sustainable development task and expert groups instituted by government authorities and non-governmental organisations, and are actively engaged in discussions on current global challenges.

STRATEGY AND MANAGEMENT APPROACH

GRI 3-3

The Company focuses on climate change in line with the double materiality principle: on the one hand, it identifies and assesses the impact of its operations on climate all along the value chain from extraction of raw materials to consumption of finished

products. On the other hand, it projects how climate change affects PhosAgro's business, strategy, and financial planning.

Climate matters feature prominently in PhosAgro's strategic and investment decisions, as well as in its day-to-day management. For instance, in the reporting year, we applied

the internal carbon price mechanisms developed in 2022 in the evaluation of investment projects. The Company has identified, assessed, and prioritised climate risks, establishing their short, medium and long term consequences for its production and business processes. We make our strategic plans and day-to-day management decisions with full awareness of the nature

and extent of climate impact (both environmental and political) on the Company's business, strategy, and financial planning. The Group develops and takes consistent steps to reduce its carbon footprint and closely interacts with partners across its value chain (suppliers and consumers) and other stakeholders domestically and worldwide.



PhosAgro's Climate Strategy was adopted in 2020. It is a comprehensive document setting out the Company's climate policy in the face of growing climate change and uncertainty.

Main principles of PhosAgro Group's Climate Strategy:

- setting up targets to reduce GHG emissions in line with the Science Based Targets initiative; using climate scenario analysis;
- integrating climate risks into the comprehensive risk management framework for investment and day-to-day business activities;
- utilising technology-related measures along with proper organisation and management, as well as sound social and personnel policy, to reduce GHG emissions;

- identifying not only risks, but also attractive climate-related investment opportunities and making long-term plans for them;
- promoting awareness of the Company's climate initiatives and plans, as well as cooperation in specific areas;
- engaging stakeholders to reduce GHG emissions along the value chain.

The Strategy has set the following goals:

- to minimise GHG emissions while increasing output;
- to improve energy efficiency and environmental performance of the key production processes;

- to reduce energy and carbon intensity per unit of output;
- to develop innovative fertilizers and efficient plant nutrition systems to reduce Scope 3 GHG emissions from the use of fertilizers by farmers;
- to enter into new emerging markets for green products;
- to retain and expand the existing market niches by ensuring PhosAgro Group's competitive edge in terms of energy and carbon intensity.

The Company is currently focused on creating particular metrics reflecting the impact of climate action in production and management processes on financial indicators. To that end, we assessed the impact of the carbon border adjustment mechanism EU CBAM on PhosAgro's operating expenses. The mechanism covers Russian industrial products, including mineral fertilizers. In 2023, the Company established a working group responsible for developing a way to assess the carbon footprint of products under the EU CBAM. The working group created an effective mechanism to measure carbon footprint per each tonne of fertilizer based on a transparent

calculation methodology for GHG emissions, which covers production processes and semi-product flows fully in line with the CBAM guidelines.

Low-carbon transition plan

The low-carbon transition plan was developed in 2020 based on the specialised research data and aims to support economic development of PhosAgro Group that builds on the priority of keeping GHG emissions to a minimum. It is implemented to ensure that the GHG emission reduction targets are delivered across all scopes.

Actions to deliver the Climate Strategy

In 2023, we continued to implement initiatives under the climate project.

The Company's experts continued to explore options for absorbing greenhouse gases in order to select the most suitable ones. In 2023, we also launched the Carbon Footprint Compensation project aimed at absorbing (compensating for) GHG emissions, with a carbon footprint compensation farm being set up in the Vologda region. In 2023, we planted additional 10 thousand coniferous and 15 thousand

As part of the project implementation in 2023, the Company developed and approved:

- guidelines and methodology for calculating the carbon footprint of products (validated by a reputable international certification authority);
- carbon footprint calculation methodology compliant with the EU carbon border adjustment mechanism;
- a mechanism for the transition to low-carbon energy sources and acquisition of green energy;
- rules for using the internal carbon price (adopted and put to use).

10 thousand coniferous seedlings,

15 thousand deciduous seedlings were planted additionally at the carbon farm in 2023



RISKS AND OPPORTUNITIES

GRI 201-2

PhosAgro identifies its climate risks and opportunities based on climate change. The process is influenced by physical (changes in natural processes or phenomena) and transitional factors of various nature (changes in the policy and regulation with a view to fulfilling low-carbon transition).

Risks

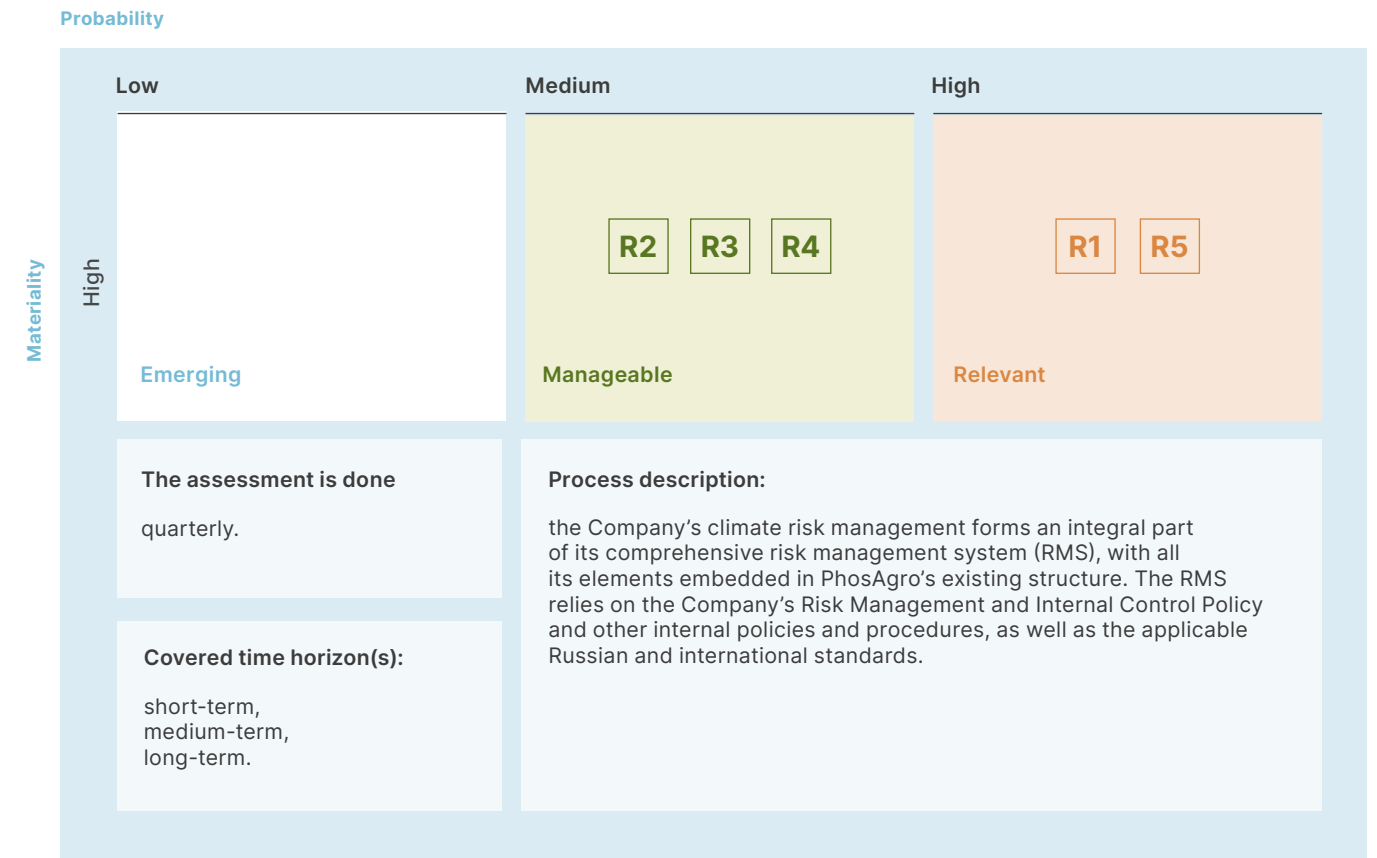
- R1** – disruptions in production processes and logistics operations due to increasing acute climatic effects and other climate-related factors.
- R2** – flaws in supply chains, construction design, health and safety; negative environmental footprint and reduced flows of ecosystem services; lower resilience of infrastructure and communications due to increasing climatic effects.
- R3** – PhosAgro Group's failure to comply with regulations reducing its negative environmental footprint (following

- the adoption of the carbon border adjustment mechanism).
- R4** – deterioration of the Company's sustainability reputation.
- R5** – increased costs and losses (as a result of customers' failure to meet their obligations, rising prices for feedstock, materials and services, higher borrowing rates) and shrinking revenues (as a result of a decline in sales, customers, countries and regions of operation).

Opportunities

- O1** – boosting PhosAgro Group's appeal as an environmentally and climatically responsible supplier of products with a positive climate profile.
- O2** – improved logistics driven by the new export opportunities amid shortened seasonal freeze-up of rivers and lakes due to climate change.
- O3** – new financial products that open up new sources of cheaper funding (such as green bonds) for companies that embraced environmental and climate sustainability.

Climate risk priority map



As part of our comprehensive risk management framework, we identify, assess and manage climate risks. Covered value chain stages – direct

operations up and down the value chain. Climate risk management process is baked in the company-wide risk management processes.



Climate scenario analysis

The Company views climate scenario analysis as a tool to make its climate strategy resilient to uncertainties and risks related to climate change. As part of the climate strategy development in 2020, we adopted climate scenarios and determined respective scenario parameters that are most probable and significant for the Company in the short, medium and long term.

PhosAgro Group assessed the impact of climate-related risks and opportunities on its operations under two climate change scenarios: global warming of 2°C and 4°C. The key features of the scenarios are:

- **2°C scenario** is expected to result in stringent climate policy measures that will increase market volatility (goods, services, finances, etc.). This is projected to bring about low-carbon transition, putting in place mechanisms of a low-carbon economy that will slow down physical climate-related impacts going forward;
- **4°C scenario** is expected to result in less stringent climate policy measures as compared to the 2°C scenario, triggering faster physical climate-related changes.

Experts assessed the 2°C scenario as the most probable, hence it was selected as the basis for setting

targets, evaluating risks and opportunities, and developing plans under the low-carbon transition.

PhosAgro identified projected changes in climate risks and opportunities under the adopted climate scenarios based on risks, opportunities, scenario parameters, and time frames. In doing so, the Company focused on its operations, strategy, and financial planning.

Processes to identify and assess climate change risks are being integrated throughout the value chain – from design, procurement and apatite-nepheline ore mining to finished product delivery.

KEY INITIATIVES IN 2023

Focus areas	Climate-related risk and opportunities	Description and results
Introduce HR actions to support the implementation of PhosAgro's Climate Strategy, including additional training to improve staff competence and raise staff awareness in climate change	R1, R2, O1	Our employees take part in events dedicated to sustainable development and corporate climate responsibility
Establish a task group on reduction of GHG emissions and negative effect of climate change on the efficiency of management and production processes	R1, R2, R3, O1	Based on the outcomes of the Climate Agenda project, we continued to consider and implement thoroughly researched and technically feasible initiatives and proposals to reduce the Company's climate footprint, minimise risks and maximise opportunities related to growing climate change impacts (technology, equipment, energy generation, operations, etc.). Additionally, in 2023, a dedicated task group set the stage for implementing the EU CBAM, with carbon footprint calculation methodologies and procedures put in place and carbon footprint assessed for 4Q of 2023
Develop a set of technological measures to mitigate the negative impact of production processes on climate	R1, R2	Technical and technological initiatives were developed to reduce direct GHG emissions. To this end, we engaged one of the global leaders among consulting firms
Approve a comprehensive plan of interaction with value chain participants	R1, R2, R3, R4, R5, O1, O2, O3	A plan of interaction with value chain participants was developed and adopted for implementation (company-customer and supplier-customer interactions)
Harmonise strategic documents (the Company's Development Strategy to 2025), financial planning and other policies and procedures with the low-carbon transition strategy and plan	R1, R2, R3, R4, R5, O1, O2, O3	Climate impact matters and the risks and opportunities arising from climate change were integrated into personnel trainings and added as matters disclosed in the report, data book, and considered by the Board committee and Board of Directors, which helps to embed this topic into PhosAgro's culture
Arrange for identification, assessment, management and monitoring of climate-related risks	R1, R2, R3, R4, R5, O1, O2, O3	Climate change risks were integrated into PhosAgro's risk management framework
Factor in climate change impacts in industrial engineering projects to build new facilities and upgrade transport infrastructure	R1, R2	At present, there is no need to proceed with this initiative. Reference documents used in engineering provide a sufficient margin of safety, with no factors driving accelerated climate changes observed

Focus areas	Climate-related risk and opportunities	Description and results
<p>Support R&D developments related to the use of low-carbon energy and low-carbon production</p> <p>Explore options for GHG capture and select the most efficient ones to be employed by the Company</p>	R3, R4, R5, O1	<p>In 2023, the mining and processing plant of Apatit (its Kirovsk branch) purchased 300 mln kWh under the agreement with TGC-1, with the energy generated by small hydroelectric power plants. Therefore, the facility used green energy for 18.3% of its output.</p> <p>In 2023, we made the following progress on the carbon farm project implemented jointly by the Russian Academy of Sciences, PhosAgro, and the government of the Vologda region since 2021:</p> <ul style="list-style-type: none"> completed the monitoring of forest areas of the carbon farm (built databases of nature studies to measure the carbon sequestration capacity of the test areas with spontaneously growing trees and those with man-made forests; developed model forecasts and compared the modelling results); developed recommendations to roll out the study results to other areas in the Vologda region; based on the analysis of satellite forest image time series and additional forest data, identified parts of agricultural lands in the Cherepovets district with spontaneous forest growth; performed an unmanned aerial vehicle (UAV) survey and developed digital orthophotos and digital models of test fields in order to assess forest vegetation biometric properties; created a layout for a unified database of ground surveys of vegetation and soil of the carbon farm's test agricultural fields; performed a reconnaissance survey of the test fields created in 2022 and planted tree seedlings (in 2023, we planted additional 10 thousand coniferous and 15 thousand deciduous young trees); monitored agronomic and environmental efficiency of fertilizers applied for mixtures of perennial grasses and developed feasibility proposals as regards their use in the Vologda region's agriculture to reach carbon neutrality; defined the effects and aftereffects of the mineral, organic, and organomineral fertilizer systems applied in grain-grass crop rotation on carbon sequestration, yields, and crop quality.

Focus areas	Climate-related risk and opportunities	Description and results
Introduce regular climate-related reporting in accordance with Russian and international standards	R3, R4, O1	<p>Since 2020, PhosAgro has based its climate reporting on the TCFD standards. Climate reporting for 2021 was verified for the first time, and the 2022 reporting was submitted to the Energy Efficiency state information system, also for the first time.</p> <p>The carbon footprint data collected under the carbon border adjustment mechanism (CBAM) was sent to our counterparties in the EU.</p>
Introduce an automated system to collect and process primary climate data	R3, R4, O1	We introduced a software solution for automated collection of input data and calculation of GHG emissions (total volumes by site and product). The Company developed a methodology for calculating the carbon footprint of products and had it validated by a reputable international certification authority
Collaborate with international organisations and join climate initiatives	R4, O1	The Company participates in Climate Ambition, an initiative launched under the UN Global Compact; supports the TCFD; and takes part in task and expert groups of government authorities and non-governmental organisations, and the COP28 (Conference of the Parties to the UN Framework Convention on Climate Change) events
Develop innovative products that help reduce GHG emissions generated by the fertilizer use	R3, R4, R5, O1	Together with R&D centres of the Russian Academy of Sciences develops products with a proven positive climate profile (for instance, lower GHG emissions from their use in agriculture). This is achieved through better plant uptake and reduced losses of nutrients (such as nitrogen) from the soil in the form of oxides
Develop solutions to replace heat from natural gas combustion	R1, R3, R5, O1	<p>NIUIF developed solutions to replace heat from natural gas combustion. It proposed flexible ways to optimise the use of heat generated as a result of chemical neutralisation of phosphoric and sulphuric acids by ammonia and thus partially replace the heat from flue gases feeding the drum drier.</p> <p>NIUIF also developed solutions with heating the air supplied to combustion devices and used at the fertilizer drying stage, which helps reduce natural gas consumption. The above solutions have been implemented in the production of mineral fertilizers at section 2 of the Cherepovets phosphate facility. The actual effect is to be determined in 2024</p>

PLANS FOR 2024

Focus areas	Climate-related risk and opportunities	Description, current status, and expected outcomes
Improve technological measures to mitigate the negative impact of climate change on production processes	R1, R2	Taking measures to mitigate climate change risks for PhosAgro's production processes, updating the list of measures as necessary
Implement technological measures to mitigate the negative impact of production processes on climate	R1, R2	The economic analysis of the majority of measures to reduce direct GHG emissions developed in 2021–2023 showed their insufficient ROI. The Company decided to further enhance technological solutions and keep looking for other promising technologies in this field
Prepare feasibility studies (business projects) for innovative climate-resilient products based on carbon dioxide utilisation. Develop production in high-potential areas	R3, R4, R5, O1	Diversifying production to facilitate expansion into new markets and improve the climate-related performance on the back of new products better meeting consumer needs and having a positive climate profile
Reduce the negative impacts of climate change on operational processes such as disruptions in transportation of products and raw materials, increased consumption of water for industrial use and waste water, product dusting, failures to use equipment in accordance with operating instructions and failures to create proper workplace conditions	R1, R2, O2	Mitigating climate change risks to the Group's operating processes. Work is in progress to assess the risks and identify actions needed to manage them
Introduce an automated system to collect and process primary climate data	R3, R4, O1	Fine-tuning the software solution for automated collection of input data and calculation of GHG emissions (total volumes by site and product), including for the CBAM application purposes



METRICS AND TARGETS

PhosAgro's climate metrics are aligned with the goals of the Climate Strategy approved by its Board of Directors.

The Company is working to expand and enhance the quality of climate-related measurements. Most metrics are locked on targets which are aligned with the goals of the Climate Strategy and other commitments of the Company.

The metrics are monitored and reported annually to stakeholders.

The Company's primary focus is on GHG emissions (carbon dioxide CO₂, methane CH₄ and nitrous oxide

N₂O) in all three Scopes (1, 2, and 3). The Company calculates greenhouse gas emissions in accordance with the international guidelines:

- 2006 IPCC (Intergovernmental Panel on Climate Change) Guidelines for National Greenhouse Gas Inventories;
- the Greenhouse Gas Protocol: Scope 2 Guidance;
- the Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition);
- ISO 14064-1 – Specification with Guidance at the Organisation Level for Quantification and Reporting of Greenhouse Gas Emissions and Removals.

Calculations are based on global warming projections of the IPCC report "Climate Change 2021: The Physical Science Basis".

The Company's efforts include end-to-end monitoring of raw data (Scopes 1, 2, and 3) and analysis of supply chain participants' data (Scopes 2 and 3).

The targets are set in line with minimum qualitative and quantitative criteria based on RCP 2.6, a representative concentration pathway for reduction of global anthropogenic emissions, in order to keep global temperature rise below 2°C by 2100.

Direct (Scope 1) GHG emissions, CO₂-eq.

GRI 305-1, 305-4, SASB RT-CH-110a.1 / EM-MM-110a.1

		UoM		
Assets		2021	2022	2023
Kirovsk branch	kt	665.8	690.9	657.8
Per unit emissions, Kirovsk branch	kg per tonne of finished and semi-finished products	56.7	57.7	55.9
Balakovo branch	kt	238.0	236.6	232.7
Per unit emissions, Balakovo branch	kg per tonne of finished and semi-finished products	39.4	41.5	37.9
Volkhov branch	kt	155.2	191.5	193.3
Per unit emissions, Volkhov branch	kg per tonne of finished and semi-finished products	135.0	71.8	72.4
Cherepovets site (Apatit)	kt	3,716.7	3,790.0	3,695.1
Per unit emissions, Cherepovets site (Apatit)	kg per tonne of finished and semi-finished products	227.7	229.1	222.4
Total gross emissions	kt	4,775.8	4,909.0	4,778.9
Total per unit emissions	kg per tonne of finished and semi-finished products	135.5	133.1	128.5

Indirect (Scope 2) GHG emissions, CO₂-eq.

GRI 305-2, 305-4

Assets	2021	2022	2023
Gross emissions of the Kirovsk branch, kt	622.5 ¹	588.2 ¹	577.2 ¹
GHG emissions of the Kirovsk branch, kg per tonne of finished and semi-finished products	53.1	49.1	49.0
Gross emissions of the Balakovo branch, kt	45.3	51.9	46.0
GHG emissions of the Balakovo branch, kg per tonne of finished and semi-finished products	7.5	9.1	7.5
Gross emissions of the Volkhov branch, kt	80.1	44.6	17.8
GHG emissions of the Volkhov branch, kg per tonne of finished and semi-finished products	69.6	16.7	6.6
Cherepovets site (Apatit), gross emissions, kt	145.4	136.9	188.7
GHG emissions of the Cherepovets site (Apatit), kg per tonne of finished and semi-finished products	8.9	8.3	11.3
Total gross emissions, kt	893.3	821.6	829.7
Total GHG emissions, kg per tonne of finished and semi-finished products	25.343	22.282	22.317

Note

Greenhouse gas emissions were calculated in line with the Guidelines for Climate Impact Management of PJSC PhosAgro and other Group Entities (using the IPCC methodology).

Energy indirect GHG emissions (Scope 2) are related to the production of electricity and

heat brought in from third parties to meet the Company's needs.

In 2022, we changed our approach to calculating Scope 2 GHG emissions related to electricity consumption. In 2020–2021, the methodology relied on emission factors defined by the International

Energy Agency (IEA), while starting 2022, we use the energy indirect GHG emission factor for the First Synchronous Zone of the Russian Energy System defined by the Trading System Administrator of the Wholesale Electricity and Capacity Market.

Calculation of other indirect GHG emissions

GRI 305-3

Category	GHG emissions, t of CO ₂ -eq.			Share in total other indirect emissions, %		
	2021	2022	2023	2021	2022	2023
Purchased goods and services	1,963,324	2,425,375	2,672,424	16.21	18.28	19.65
Fuel- and energy-related activities not included in Scope 1 or Scope 2	407,740	350,275	427,877	3.37	2.64	3.14
Processing of sold products	704,402	720,223	642,002	5.28	5.43	4.72
Use of sold products	9,035,283	9,768,958	9,859,766	74.60	73.65	72.49
Total	12,110,749	13,264,831	13,602,069	100.00	100.00	100.00

¹ Including electricity from renewable energy sources.

Scope 3 GHG emissions, CO₂-eq.

GRI 305-3, 305-4

Category	2021	2022	2023
Total gross emissions of production assets, kt	12,110.749	13,264.831	13,602.069
Total GHG emissions of production assets, kg per tonne of finished and semi-finished products	343.579	359.767	365.857

GRI 305-5

We have chosen 2018 as the base year for calculations because it was the Company's first GHG inventory year and we needed to set GHG reduction targets for all three scopes based on the available emission data. In 2018, GHG emissions were as follows: direct GHG emissions (Scope 1) – 4,624.6 kt of CO₂-eq., indirect GHG emissions (Scope 2) – 924.1 kt of CO₂-eq., and other indirect GHG emissions (Scope 3) – 11,413.8 kt of CO₂-eq. In 2023, per unit GHG emissions (Scope 1) declined by 21.9 kg/t or 14.6% compared to 2018, driven by growing output, whereas gross GHG emissions (Scope 1) increased by 3% vs 2018. Excluding the output growth factor,

gross emissions decreased by 815 kt compared to 2018. The mix of semi-finished products used in fertilizer production had the most significant impact on the reduction of Scope 1 GHG emissions, as part of direct emissions related to manufacturing of semi-finished products decreased due to replacing some of the Company's own products (for example, ammonia) with third-party feedstock.

Per unit GHG emissions (Scope 2) declined by 25.8% compared to the baseline year of 2018, while gross GHG emissions (Scope 2) (excluding the output growth factor) decreased by 288 kt vs 2018. The reduction was achieved thanks to the green

Scope 3 greenhouse gas emissions were calculated for four categories after an expert review identified them to be the most significant emission sources for the Company.

electricity procured by the Kirovsk branch of Apatit, as well as energy efficiency initiatives.

Total GHG emissions (Scope 3) increased by 19.2% vs the baseline year. Key growth drivers in 2023 were as follows: an increase in the volumes of purchased feedstock and fuel consumed at subsidiaries and affiliates that are not included in Scope 1 and Scope 2 emissions, as well as higher product sales. Excluding the output growth factor, Scope 3 GHG emissions declined by 205 kt vs the baseline year.

List and description of existing metrics introduced for the monitoring of performance under the climate strategy

Metric	2021	2022	2023
Gross global emissions (Scopes 1 and 2) per currency unit of total revenue (GRI 305-4) ¹ , t of CO ₂ -eq. / USD mln	993.100	693.500	1,072.4
Gross global emissions (Scope 1 and 2) per FTE (GRI 305-4) ² , t of CO ₂ -eq. / FTE	309.400	288.800	256,9
Electricity purchased per unit of finished and semi-finished products, '000 kWh / t	0.066	0.062	0.064
Energy efficiency improvement costs, RUB mln	17.400	3,044.100	371.900
Share of feedstock suppliers providing necessary input data on GHG emissions (Scope 3), %	2.700	7.500	9.500

¹ The indicator was calculated as the ratio of the sum of Scope 1 and 2 gross emissions under GRI 305-1 and GRI 305-2 respectively to PhosAgro Group revenue according to consolidated financial statements converted into USD mln at monthly average USD/RUB exchange rates.

² The indicator was calculated as the ratio of the sum of Scope 1 and 2 gross emissions under GRI 305-1 and GRI 305-2 respectively to the total number of full-time employees under GRI 2-7.

2 ENERGY EFFICIENCY

Our targets

Reduction of Scope 2 GHG emissions

to **794.7**
kt of CO₂-eq.

by 2028 as a result of implementing the Energy Efficiency Programme

2023 highlights

42.5%
self-sufficiency in electricity
down 0.9% vs 2022

Scope 2 —
829.7 kt of
CO₂-eq.
up 0.99% y-o-y

In 2023, the Company implemented a comprehensive project to assess the energy management system for alignment with best practices and ISO 50001. The assessment covered all of the Company's production facilities where teams combining external experts and key employees of each facility performed an in-depth analysis of processes, risks, and opportunities, identified growth areas, and developed action plans to tackle bottlenecks. The assessment findings were thoroughly analysed and submitted for the management's consideration.

In order to better understand the processes and complex elements of the energy management system, employees and managers underwent relevant training with inputs from external experts.

In 2023, PhosAgro's executives resolved to establish a stand-alone unit within the Company responsible for building a unified energy management system, setting targets for reducing energy consumption,

Electricity generated by the Company's own heat and power plants, mln kWh

Production site	2022	2023	Growth, %
Cherepovets site	787.93	807.70	2.50
Balakovo branch	340.83	384.53	12.90
Volkhov branch	184.89	251.86	36.30 ¹
Total	1,313.65	1,444.09	10.00

and managing changes as part of the continuous improvement of the energy management system.

In the reporting year, the amount of electricity generated internally by heat and power plants in Cherepovets, Balakovo, and Volkhov went up 10% y-o-y.

As a result, the Company's production facilities were 42.5% self-sufficient in terms of electricity needs in 2023 (vs 42.9% in 2022, flat y-o-y).

Going forward, the Company will continue developing in-house power generation. A project to build a new

exhaust gas turbine at the Balakovo branch is currently at the design stage.

In 2023, we completed tests of a solar power generation technology at the Company's facility in Balakovo. With the manufacturer's lab completing an extensive study of the prototype solar panels, which had operated at the facility for 18 months, PhosAgro gained important knowledge essential for the technology's further roll-out across the Company's facilities.

¹ The increase is driven by longer operation of the Volkhov branch HPP at design capacity: 12 months in 2023 vs seven months in 2022 (the HPP was commissioned in May 2022).

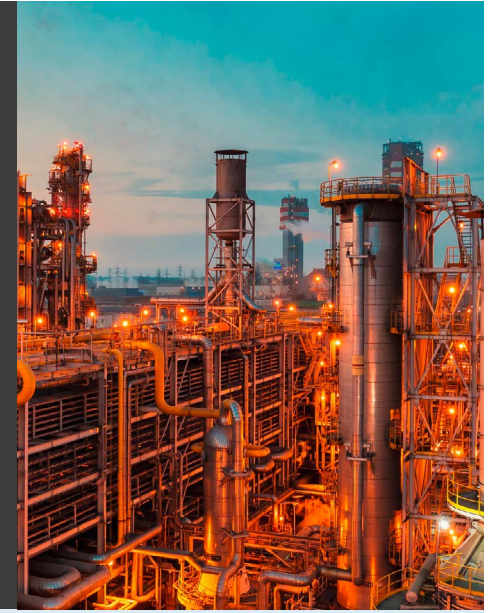
STRATEGY AND MANAGEMENT APPROACH

GRI 3-3, 302-4

In 2023, the Company continued to follow the Climate Strategy and the Energy Efficiency and Energy Saving Policy approved by the Board of Directors. We reviewed and updated the list of initiatives set out in the Energy Efficiency Programme, which is tightly integrated into the Company's Strategy to 2025.

The Energy Efficiency and Energy Saving Policy sets out the following key goals:

- continuously improving energy efficiency;
- using energy resources in a sustainable and efficient manner;
- streamlining the energy management process for all types of operating activities.



The Company pays particular attention to managing energy efficiency risks.



A sufficient and reliable energy supply is a material aspect and major concern for us. We thoroughly explore all opportunities to transition to renewable energy: among other things, in 2023, we continued to purchase electricity generated by hydroelectric power plants.

Risk of Scope 2 GHG emissions to be included in carbon regulation in the EU and other jurisdictions. The Company's energy efficiency directly affects Scope 2 GHG emissions, which poses a potential risk, for example after full-scale implementation of carbon border adjustment mechanisms.

Market availability of electricity from renewable energy sources. The Company continuously monitors the market to ensure a sufficient supply of electricity from renewable energy sources.

The initiatives set out in the Programme are aimed at improving energy efficiency, developing energy management at each production site, and achieving objectives in the following focus areas:

- in-house power generation** through utilisation of sulphuric acid production steam;

- introduction of technologies aimed at **loss reduction and energy savings** (e.g. LED lighting, frequency converters, less heat energy losses).

In addition, the Company actively studies and tests promising solutions, including by increasing the share of renewable energy sources both

as part of pilot projects at PhosAgro's own facilities and through green electricity purchases.

In 2023, we implemented comprehensive energy efficiency projects at all of our sites.

KEY INITIATIVES IN 2023

Project	Description and results	Expenditures, RUB mln	Completion
Cherepovets site	Upgrade of the lighting system to LED at block 2.70 of the mineral fertilizer production site. Ca. 0.5 mln kWh of annual reduction in electricity consumption	52.2	4Q 2023
Cherepovets site	Upgrade of the lighting system to LED at the nitrogen facility (Ammonia-2). Ca. 0.06 mln kWh of annual reduction in electricity consumption	41.1	4Q 2023
Volkhov branch	Upgrade of the shop lighting system to LED at sulphuric acid production unit 235. Ca. 0.02 mln kWh of annual reduction in electricity consumption	13.0	4Q 2023
Volkhov branch	Audit of compressed air production and distribution systems. Developing measures to reduce compressed air consumption	6.6	3Q 2023
Kirovsk branch	Upgrade of the lighting system to LED at apatite-nepheline beneficiation plant 2. Ca. 4.8 mln kWh of annual reduction in electricity consumption	49.0	2Q 2023
Kirovsk branch	Upgrade of the Rasvumchorsky mine's compressor station. Lower cost of compressed air production as a result of reductions in per unit electricity consumption	210.0	4Q 2023

INITIATIVES PLANNED FOR 2024

Project	Description and results	Expenditures, RUB mln	Project schedule
Cherepovets site	Technical upgrade of the operating system and automated process management system of turbine generator 6 at the phosphate facility's HPP. 1.600 m ³ reduction in natural gas consumption. Annual savings of RUB 48 mln	65.0	2024
Kirovsk branch	Developing a methodology and piloting the transition to fuel oil pressure of 12 kgf/cm ² for the drum drier furnace. Saving diesel fuel by increasing combustion completeness, target: 1%	24.0	2024
Kirovsk branch	Pump replacement and installation of additional frequency drives at the flotation mill section of apatite-nepheline beneficiation plant 3. Electricity savings resulting from the use of frequency drives, target: 5%	89.0	2024–2025
Balakovo branch	Enhancement of in-house power generation from the sulphuric acid production exhaust steam. 135 mln kWh annual replacement of purchased electricity	1,820.0	2024–2025
Volkhov branch	Upgrade of the facility's street lighting system to LED. Ca. 0.07 mln kWh of annual reduction in electricity consumption	1.5	2024



METRICS AND HIGHLIGHTS

The energy efficiency metrics are used to monitor the Company's progress towards its energy efficiency improvement target and are set forth in PhosAgro's Energy Efficiency Programme and Action Plan, which helps keep track of electricity generation and consumption, energy intensity, etc.

The energy efficiency metrics are based on PhosAgro's raw data and are calculated in accordance with the approved statistical methodologies. The Company prepares its energy efficiency reports in accordance with the GRI 302: Energy 2016 standard.

Total electricity consumption is attributable to the expansion of the processing facilities.

In 2023, the volume of carbon-free electricity used in the production of phosphate rock at the Kirovsk branch grew to 300 mln kWh. Thus, about 18.3% of the plant's output is covered by green electricity generated by the hydroelectric power plants of TGC-1.

PhosAgro Group's energy consumption

GRI 302-1, 302-3, SASB RT-CH-130a.1 / EM-MM-130a.1

Item	Unit	Total for production assets		
		2021	2022	2023
Electricity				
Purchased electricity, including	mln kWh	2,326.630	2,303.260	2,396.250
Purchased from renewable sources	mln kWh	299.000	300.000	300.000
Electricity purchased per unit of finished and semi-finished products	'000 kWh / t	0.066	0.062	0.064

Item	Unit	Total for production assets		
		2021	2022	2023
Heat energy				
Purchased (in hot water)	'000 Gcal	438.220	352.070	423.360
Supplied (in hot water)	'000 Gcal	161.230	187.490	104.800
Exhaust steam	'000 Gcal	8,538.810	8,923.700	9,229.870
Per unit consumption of heat energy	'000 Gcal	0.250	0.246	0.257
Natural gas¹				
As feedstock for ammonia production	mln m ³	1,926.100	1,968.060	1,969.340
As fuel, etc.	mln m ³	730.120	771.720	745.510
Total	mln m ³	2,656.220	2,739.780	2,715.050
Consumption per unit of finished and semi-finished products ²	'000 m ³ / t	0.021	0.021	0.020
LNG				
Consumption	t	2,951.570	2,380.300	2,782.060
Fuel oil				
Consumption	t	151,291.800	152,895.500	146,764.100
Heating oil				
Consumption	t	779.400	766.400	789.800
Diesel fuel				
Consumption	t	55,695.870	58,276.730	57,109.120

PhosAgro Group's energy consumption, GJ³

GRI 302-1, 302-3

Item	2021	2022	2023
Internal use of electricity	8,375,878.00	8,291,723.00	8,626,491.00
Internal use of heat energy	36,910,017.00	38,050,823.00	39,977,375.00
Internal consumption of natural gas (excluding gas consumed as feedstock during production processes)	28,474,611.00	30,097,257.00	29,074,904.00
Internal consumption of LNG	160,565.00	129,488.00	151,344.00
Internal consumption of fuel oil	6,671,968.00	6,742,692.00	6,472,297.00
Internal consumption of heating oil	36,008.00	35,407.00	36,489.00
Internal consumption of diesel fuel	2,539,731.00	2,657,419.00	2,604,176.00
Total internal consumption	83,168,778.00	86,004,809.00	86,943,076.00
Total energy consumption per unit of finished and semi-finished products, GJ/t	2.36	2.33	2.34

¹ Calculations of total energy consumption include only gas consumed as fuel, whereas gas consumed as feedstock for ammonia production is provided for illustrative purposes and excluded from further calculations of total energy consumption (in GJ), as it is not used as an energy resource.

² The Company excludes natural gas used as feedstock for ammonia production from the calculation of per unit energy consumption.

³ To convert energy consumption values into joules, the coefficients on the Berkeley Institute (USA) website were used (https://w.astro.berkeley.edu/~wright/fuel_energy.html).

3 WASTE

Target

By 2025, increase the share of recycled and decontaminated hazard class 1-4 waste

to **40.00%**

2023 highlights

40.17%

of hazard class 1-4 waste recycled and decontaminated

up 3.6% y-o-y

STRATEGY AND MANAGEMENT APPROACH

GRI 3-3, 306-1

PhosAgro's Development Strategy to 2025 stipulates an increase in the share of recycled hazard class 1-4 waste to 40%.

Having developed a system for accumulating and analysing data on production and consumption waste from our operations, we are now implementing a range of projects aimed at minimising waste generation and increasing the share of recycled waste.

PhosAgro's waste management is monitored on a regular basis and discussed by the Strategy and Sustainable Development Committee before being communicated to the Board of Directors.



The management system covers:

- an inventory of resources that are used to manufacture products and become waste afterwards;
- data on the amount of waste generated from our own operations, including future waste in the form of products or their part provided to customers;
- waste characteristics;
- properties that limit or prevent the recycling (recovery) of the material or product or limit its useful life;
- continuous monitoring of known and potential negative characteristics of certain materials after they become waste; measures to remove environmental and health hazards;
- identification of activities and processes that generate significant amounts of waste.

KEY INITIATIVES IN 2023

GRI 306-2

Consistent efforts to grow the share of recycled and decontaminated hazard class 1–4 waste, which helped increase recycling and decontamination of relevant waste in 2023.

Collecting used bags (fertilizer packaging waste) from PhosAgro-Region’s customer farmers and their further processing into recycled feedstock for new packaging sacks (in collaboration with Chempack).

Promotion of phosphogypsum

Balakovo branch equipped road and rail loading areas for phosphogypsum, which is used as an ameliorant agent in farming.

We keep testing this new product to discover its different applications. For instance, in 2023, we held a series of trials of neutralised phosphogypsum on acidic soils together with Pryanishnikov Institute of Agrochemistry and Saratov State Agrarian University. The trial findings were comparable to the results of lime treatment, while the application rate per 1 ha was three times lower.

We also tested the safety of phosphogypsum used as a component for cattle and poultry bedding. Bedding with phosphogypsum content is 20% dryer. It also serves as a sulphate-based disinfectant, which helps reduce the number of mastitis cases and paw and hoof diseases by 50%.

Phosphogypsum was also tested as an ameliorant for urban areas reducing the deterioration of soils and perennial plants caused by anti-icing reagents, which

are primarily based on sodium salts (toxic for plants). Phosphogypsum offsets the salt effect and preserves urban soils and vegetation.

An important driver behind the further expansion of phosphogypsum use in Russia’s agriculture is its inclusion on the list of subsidised products (for plastering of solonetz soils) as part of the Amelioration Development and Soil Fertility Preservation Programme starting 2024.

We also promote the use of phosphogypsum in construction. To that end, we implement a joint project with two large cement plants – Volga-Cement and Cementum, Saratov region – to partially replace natural gypsum with phosphogypsum in cement production.

Phosphogypsum application in road construction is also gaining momentum. For instance, commercial organisations and agricultural producers use it to build private driveways, ramps, manure storage areas, etc. They apply hemihydrate phosphogypsum to reinforce soils and produce durable road pavement (similar to lean concrete) for category 3–5 roads. Phosphogypsum improves road throughput capacity, doubles

In 2023, the Company sold

73_{kt} of phosphogypsum.

permitted axle load, boosts rutting resistance, and prevents soil heaving during abrupt changes in temperature thanks to its low thermal conductivity.

In addition to expanding phosphogypsum sales geography (for instance, PhosAgro plans to start shipping it to the Volgograd, Astrakhan, Penza and Tambov regions, and the Republic of Udmurtia), the Company’s plans for 2024 include active promotion of phosphogypsum in urban soil amelioration, road repairs and construction, and production of building blocks and paving slabs (relevant trials are currently in progress). On top of that, together with the Scientific Research Institute for Road Construction, we started developing a technical certificate (preliminary national standard) for phosphogypsum used in road pavement and soil reinforcement.

METRICS AND HIGHLIGHTS

SASB RT-CH-150a.1

Share of recycled and decontaminated hazard class 1–4 waste¹, %



The reduction in class 5 waste generation was due to lower generation of waste from mining at the Kirovsk branch resulting from reduction of mining operations on the back of better excavation quality.



Waste generation by hazard class, t

GRI 306-3, SASB RT-CH-410b.1

Waste hazard class	2021	2022	2023 (actual)
1	5.63	4.22	3.82
2	3.86	0.39	3.23
3	1,698.52	1,436.71	1,278.12
4	192,698.46	195,057.45	253,064.94
5	132,227,604.70	120,229,530.98	94,372,377.65
Total	132,422,011.17	120,426,029.77	94,626,727.75

Waste by type and disposal method, t²

GRI 306-4, 306-5

Disposal method	2021	2022	2023
PhosAgro Group’s waste reused internally	19,203,406.7	27,753,191.6	26,418,490.4
• Hazardous waste	74,266.9	74,456.8	99,800.9
• Non-hazardous waste	19,129,139.8	27,678,734.8	26,318,689.5
Total waste landfilled	112,392,381.5	93,400,262.0	65,294,928.0
• Hazardous waste	119,050.2	120,688.6	153,525.5
• Non-hazardous waste	112,273,331.3	93,279,573.4	65,141,402.5

¹ The Group specific disclosure was calculated as ratio of class 1–4 waste recycled and decontaminated to the total volume of class 1–4 waste.

² Hazardous means hazard class 1–4 waste; non-hazardous means hazard class 5 waste.

Disposal method	2021	2022	2023
Including landfilled at the Company's waste disposal facilities	112,386,304.7	93,390,463.8	65,285,342.7
• Hazardous waste	113,463.9	110,976.1	143,988.9
• Non-hazardous waste	112,272,840.8	93,279,487.7	65,141,353.8
Third-party recycled	72,278.0	63,010.9	83,219.2
• Hazardous waste	1,432.2	1,449.9	1,808.1
• Non-hazardous waste	70,845.8	61,561.0	81,411.1
Third-party decontaminated	332.5	299.8	612.2
• Hazardous waste	332.5	263.1	563.2
• Non-hazardous waste	0.0	36.7	49.0
Third-party processed	2,756.7	2,880.6	3,027.4
• Hazardous waste	2.2	45.1	314.2
• Non-hazardous waste	2,754.5	2,835.5	2,713.2

Disposal of beneficiation waste and overburden at Kirovsk branch

SASB EM-MM-150a.1, EM-MM-150a.2

	Reused			Landfilled at waste disposal facilities		
	2021	2022	2023	2021	2022	2023
Apatite-nepheline ore processing waste (tailings)	12,535,665.7	13,065,273.3	12,984,017.0	13,483,863.3	12,865,355.7	12,812,723.0
Rocks and overburden mix	3,360,586.0	11,276,148.0	9,916,198.0	90,494,219.0	72,281,414.0	43,680,591.0

Waste generation, tonne per tonne of finished and semi-finished products

Production site	2021	2022	2023
Kirovsk branch	10.300	9.100	7.000
Balakovo branch	0.900	0.900	0.900
Volkhov branch	0.003	0.001	0.001
Cherepovets site (Apatit)	0.400	0.400	0.400
Total	3.800	3.300	2.500

The decrease in indicators is due to:

1. The formation of rocks during underground works on sections that do not contain valuable minerals decreased due to the higher quality of mining techniques, driving waste generation down.

Waste generation (hazard class 1–4), kg per tonne of finished and semi-finished products

Production site	2021	2022	2023
Kirovsk branch	0.5	0.8	0.7
Balakovo branch	21.3	21.1	28.7
Volkhov branch	0.6	0.5	0.7
Cherepovets site (Apatit)	3.6	4.0	4.1
Total	5.5	5.3	6.8

2. The increase in hazardous waste generation of classes I-IV at Balakovo branch was due to large-scale cleaning of treatment facilities.

4 AIR

Our targets

23.7%

reduction in emission intensity by 2025 vs 2018

2023 highlights

The 2025 target to reduce GHG emissions was by and large achieved

including

RUB 4 bln

was invested throughout the duration of the Clean Air Initiative,

including

RUB 57 mln

in 2023.

STRATEGY AND MANAGEMENT APPROACH

GRI 3-3

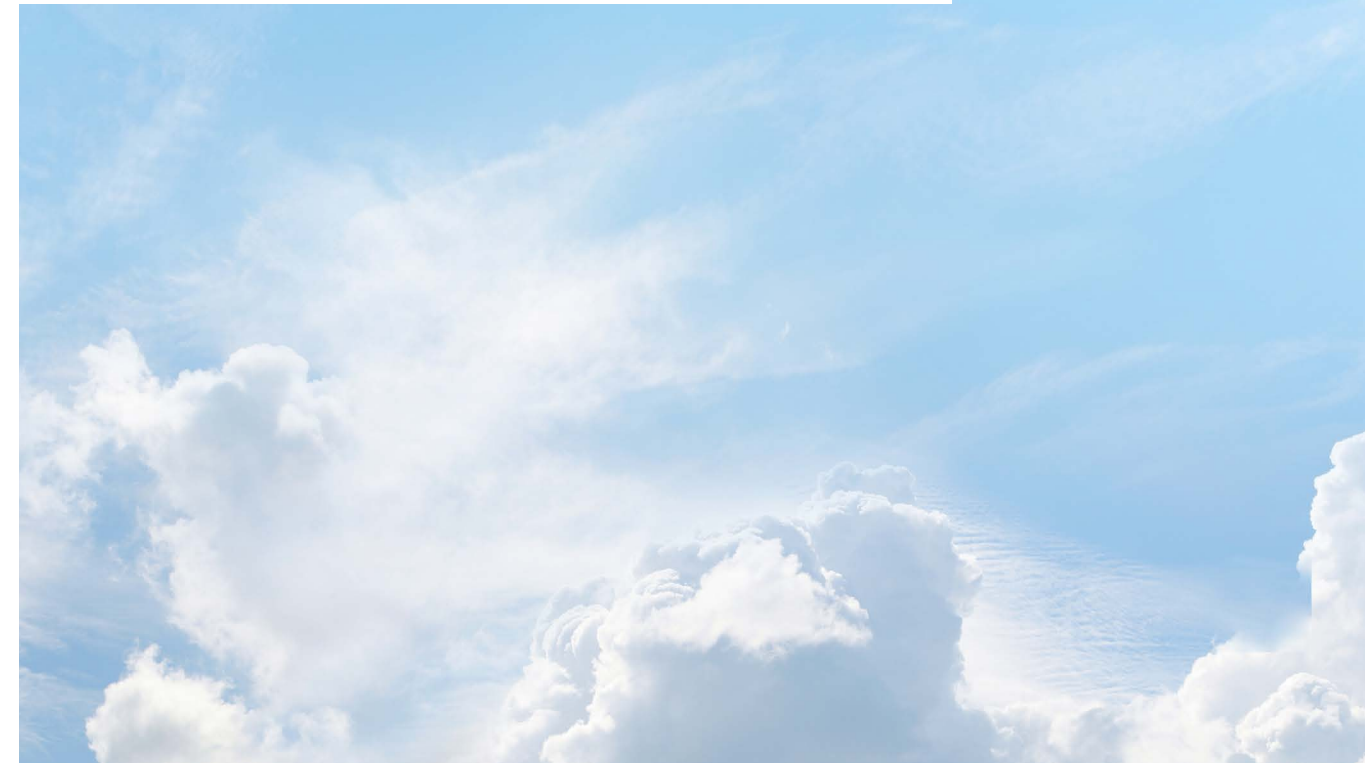
PhosAgro Group has developed and now maintains an emissions management process that includes assessment of planned activities, discussion of relevant matters with a wide range of stakeholders, as well as monitoring and disclosing pollutant emissions. To effectively reduce its environmental impact, PhosAgro is running a programme to re-equip production facilities and cut pollutant emissions.

PhosAgro takes part in the government's Clean Air initiative, which aims to drastically reduce air pollution in major industrial cities across Russia. As part of the initiative, the Company implemented a number of measures at its Cherepovets site, which helped reduce per unit pollutant emissions by 20.5% vs the 2017 level (project launch) as early as in 2023.

Air quality in sanitary protection areas near the Company's production sites complies with applicable hygienic requirements.

KEY INITIATIVES IN 2023

Apatit's Cherepovets site implemented four out of five planned activities as part of the Clean Air national project.



Activities under the Comprehensive Plan to Reduce Pollutant Emissions at the Cherepovets site	Status	Environmental efficiency, t	Year	Actual expenditures, RUB mln
Upgrade of the SK-600/3 sulphuric acid plant	Completed	892	2018–2019	2,733.225
Deployment of new tailing gas pre-heating equipment for unified acid line 7	Completed	105	2019	10.975
Upgrade of technological system No. 3, block 2.70 at the mineral fertilizer production site	Completed	62.3	2020	776.62
Technical upgrade of the low-capacity absorption unit, blocks 7.00 and 7.01 at the mineral fertilizer production site	Completed	402.6	2021–2022	321.84
Catalyst replacement at contact process units of the SK-600/1 and SK-600/2 technological systems at the sulphuric acid facility	In progress	910 t reduction achieved in sulphur dioxide emissions (partial catalyst replacement at SK-600/2 and SK-600/1)	2021–2024	182.18
Projects in addition to the Comprehensive Plan's activities				
Upgrade of the process to return synthesis and purge gas to the fuel gas system without sending ammonia-containing gases to burners of the steam superheater at Ammonia-1 and 2 production lines	In progress	Effect to be determined in 2025	2023–2025	8.970
Upgrade of the complex mineral fertilizer production	Implemented	50t annual reduction of NOx emissions	2023	394.819
Diesel locomotive fleet upgrade	Implemented	Effect to be determined in 2025	2023	207.230

At the **Volkhov** branch, the key activities of 2021–2023 to reduce the negative impact on the environment, including air, were implemented as part of an investment project to develop the Volkhov site: technical solutions to reduce per unit emissions and concentrations of pollutants at the sanitary protection zone boundaries near residential areas were provided for back at the stages of new construction and upgrades. The considerable reduction in per unit emissions confirms that we have chosen the right approach.

At the **Balakovo** branch, upgrade of the wet-process phosphoric acid production unit and reconstruction of the SK-20 sulphuric acid production

unit in 2023 were implemented in combination with a revamp of gas recovery equipment, which ensured the reduction of per unit pollutant emissions to the atmosphere.

At the **Kirovsk** branch, the 2023 activities to minimise dust emissions from tailing dumps of beneficiation facilities included:

- chemical stabilisation using binding agents (PSKh-18, Lukoil, bitumen emulsion) for dusty surfaces in the beach area of tailing dumps:
 - at apatite-nepheline beneficiation plant 2 across 443 ha,
 - at apatite-nepheline beneficiation plant 3 across 557 ha;

- chemical stabilisation for dusty surfaces on service roads of tailing dumps:
 - at apatite-nepheline beneficiation plant 2 across 88 ha,
 - at apatite-nepheline beneficiation plant 3 across 109 ha;
- extra nutrition of crops planted in the past years on the dam slopes and in the beach area of tailing dumps across 30 ha;
- covering operating roads of the tailing dump at apatite-nepheline beneficiation plant 3 with crushed stone across 50 ha;
- piloting five new anti-dusting agent prototypes.

METRICS AND HIGHLIGHTS



GRI 305-7, SASB RT-CH-120a.1 / EM-MM-120a.1

NO_x, SO_x and other significant air emissions, t

Pollutants	2021	2022	2023
Total			
Kirovsk branch	10,120.30	10,141.30	10,056.80
Balakovo branch	6,876.00	7,323.80	8,217.00
Volkhov branch	1,165.80	1,575.00	1,203.40
Cherepovets site (Apatit)	10,065.30	10,193.50	10,235.00
Total	28,227.40	29,234.60	29,712.20
Solids			
Kirovsk branch	4,939.80	5,011.10	4,969.60
Balakovo branch	425.80	497.10	745.50
Volkhov branch	528.60	234.90	214.60
Apatit (Vologda region)	1,055.10	771.70	768.00
Total	6,949.30	6,514.80	6,697.70
Sulphur dioxide			
Kirovsk branch	3,308.20	3,373.40	3,273.70
Balakovo branch	3,975.40	4,227.20	4,723.70
Volkhov branch	206.70	320.50	351.50
Cherepovets site (Apatit)	3,029.20	3,770.90	3,736.60
Total	10,519.50	11,692.00	12,085.50
Carbon monoxide			
Kirovsk branch	777.00	798.10	908.20
Balakovo branch	933.10	949.40	927.60
Volkhov branch	115.30	106.30	153.40
Cherepovets site (Apatit)	1,274.80	1,324.20	1,332.60
Total	3,100.20	3,178.00	3,321.80

¹ The Group specific disclosure was calculated as the ratio of pollutant emission to the output of products and semi-finished products.

Pollutants	2021	2022	2023
Nitrogen oxides (NOx as NO2)			
Kirovsk branch	1,067.80	931.20	859.50
Balakovo branch	760.70	765,10	759.40
Volkhov branch	207.60	330.70	224.40
Cherepovets site (Apatit)	2,401.80	2,491.90	2,467.60
Total	4,437.90	4,518.90	4,310.90
Hydrocarbons (w/o VOCs)			
Kirovsk branch	8.00	8.00	7.60
Balakovo branch	2.60	2.60	2,60
Volkhov branch	0.00	0.00	0.00
Cherepovets site (Apatit)	38.10	38,10	4.0
Total	48.70	48.70	14.20
Volatile organic compounds			
Kirovsk branch	19.00	19.00	38.10
Balakovo branch	340.70	340.00	339.50
Volkhov branch	5,00	6.20	5.80
Cherepovets site (Apatit)	2.00	2.80	12.90
Total	366.70	368.00	396.3
Other gaseous and liquid pollutants			
Kirovsk branch	0.50	0.50	0.1
Balakovo branch	437.70	542.40	718.70
Volkhov branch	102.60	576.40	253.70
Cherepovets site (Apatit)	2,264.30	1,793.90	1,913.30
Total	2,805.10	2,913.20	2,885.80



5 WATER

RT-CH-140a.2 / EM-MM-140a.2

Our targets

Reduction in water withdrawal to
5.16 m³/t of finished and semi-finished products by 2025
 down 29.30% vs 2018

2023 highlights

Water withdrawal
6.05 m³/t
 down 5.8% y-o-y

Reduction of waste water discharges into surface water bodies to

4.16 m³/t of finished and semi-finished products by 2025
 down 31.10% vs 2018

Actual performance in 2023

4.72 m³/t
 down 10.5% vs 2022

STRATEGY AND MANAGEMENT APPROACH

GRI 3-3, 303-1

Water is an essential resource for the Company. There is no shortage of water sources in the regions where our facilities are based. According to the Water Risk Atlas and Water Risk Filter, all PhosAgro production sites are located in areas with low or moderate fresh water scarcity. However, access to clean water is a major issue facing the world.

RISKS AND OPPORTUNITIES

SASB RT-CH-140a.3

The main risks related to water consumption are water quality deterioration in water bodies across PhosAgro's footprint and

the Company's non-compliance with statutory requirements for limiting one's negative impact on water bodies.

PhosAgro has implemented closed-loop water recycling systems at its sites in Volkhov and Balakovo to reuse water in production processes.

Going forward, we plan to improve waste water management by focusing on maximum reuse of water through closed-loop water recycling systems and better treatment of effluents discharged into water bodies in addition to ongoing monitoring of water bodies in the regions of operation.

The regulatory risks include tightened waste water quality requirements, as well as restrictions on the amount of water consumed and discharged into both water

bodies and centralised waste water systems. There were no incidents of non-compliance associated with water quality permits, standards, and regulations in 2023.

To mitigate these risks, in 2020 we adopted the Water Strategy that sought to reduce water consumption and discharge and improve waste water quality.

The strategy is implemented at all PhosAgro sites, and we regularly analyse these measures to determine whether they are sufficient and effective enough to achieve our targets.

To identify the impact of the Company's operations on water bodies, we monitor these bodies in accordance with adopted programmes by engaging our own certified laboratory and external certified laboratories.

KEY INITIATIVES IN 2023

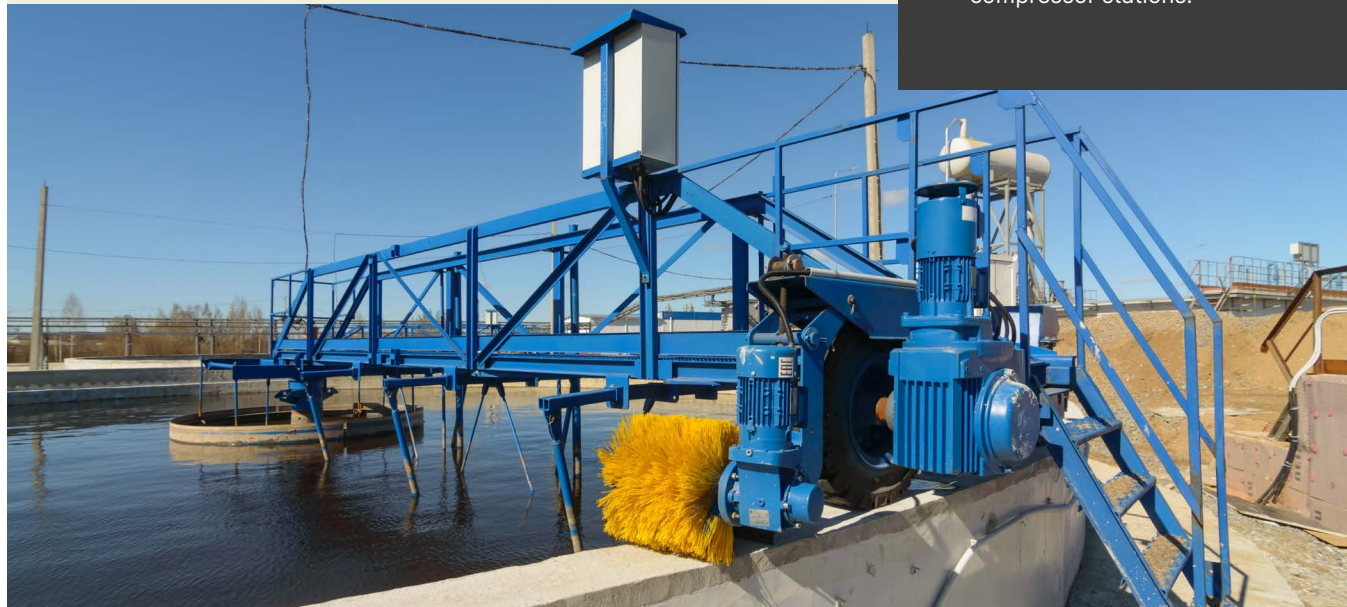
At the Cherepovets site, we continued to implement the second stage of the water use optimisation programme as part of our production upgrade initiative for 2020–2025.

Phosphate facility:

- 1 A base case design developed for A Waste Water Treatment Unit with a Source Water Capacity of at Least 400 m³/h. Design works on the facility (construction, networks, auxiliary systems) are in progress;
- 2 Key technical solutions implemented; design works are in progress for the Technical Upgrade of an Acidic Waste Water Treatment Station with Production Capacity Increase;
- 3 The development of engineering documentation completed for A Saline Waste Water Sewerage at the Phosphate Facility of Apatit.
- 4 Engineering documentation implemented for The Technical Upgrade of a Water Treatment Station in a Utility and Drinking Water Supply System with Arrangements Made to Dehydrate Sludge Water.

Nitrogen facility:

- 1 A base case design implementation in progress for a waste water treatment unit at the nitrogen facility of Apatit (until 4Q 2024).
 - 2 Engineering surveys and design works in progress for the system of reception and accumulation, transportation and treatment of industrial waste water (industrial waste water neutralisation and treatment 1); priority actions for the system upgrade were scheduled.
- At the Kirovsk branch, measures are taken to reduce water consumption:
- Using the Saami pit water for process needs at the Kirovsky mine workings;
 - Reconstruction of the Kirovsky and Rasvumchorsky mines' compressor stations.



METRICS AND HIGHLIGHTS

Discharge of waste water into surface water bodies, m³ per tonne of products and semi-finished products¹



Water withdrawal, m³ per tonne of products and semi-finished products¹



Total water withdrawal by source, '000 m³

GRI 303-3, SASB RT-CH-140a.1 / EM-MM-140a.1

Item	2021	2022	2023
Surface water			
Total water withdrawal from surface sources, including:	175,943	182,276	176,760
• process water	60,747	62,163	63,029
• drinking water (internal use)	1,193	1,187	1,093
• drinking water (for supplies to third parties)	557	632	527
• mining and pit waters	107,633	111,751	105,024
• drainage water	3,171	2,401	2,742
• rainwater	2,642	4,142	4,345
Ground water			
Water withdrawal from ground-water sources	2,912	3,357	3,507
Total water received from third-party suppliers, including:	49,600	51,240	44,636
• process water received from suppliers	28,373	28,644	30,359
• water from municipal supply (internal use)	9,126	8,400	7,022
• water from municipal supply (for supplies to third parties)	47	32	30
• waste water from other waste water discharge systems	12,054	14,164	7,225
Total	228,456	236,873	224,903

Measurement of total and per unit water withdrawal, including and excluding mining and pit waters

Item	2021	2022	2023
Total water withdrawal, including mining and pit waters, '000 m ³	228,456.00	236,873.00	224,903.00
Per unit water withdrawal, including mining and pit waters ² , m ³ per tonne	6.48	6.42	6.05
Total water withdrawal, excluding mining and pit waters, '000 m ³	120,823.00	125,122.00	119,878.00
Per unit water withdrawal from surface sources, excluding mining and pit waters ³ , m ³ per tonne	3.43	3.39	3.22

¹ The Group specific disclosure was calculated as the ratio of the volume of waste water discharged into surface water bodies, including mine and pit waters, to the total output of products and semi-finished products.
² The Group specific disclosure was calculated as the ratio of total water withdrawn, including mining and pit waters, to the total output of products and semi-finished products.
³ The Group specific disclosure was calculated as the ratio of total water withdrawn, excluding mining and pit waters, to the total output of products and semi-finished products.

Total water discharge by source, '000 m³

GRI 303-4		Total		
Item	2021	2022	2023	
Water discharge into surface water bodies				
Total water discharge into surface water bodies, including:	187,012	194,447	175,618	
mining and pit waters	107,633	111,751	105,024	
drainage water	3,171	2,401	2,742	
waste water from other waste water discharge systems	11,673	13,782	6,872	
Supplies to third parties				
Total water supplies to third parties:	4,222	4,406	4,019	
waste water to the public water discharge system (after use)	3,238	3,219	3,109	
waste water to the public water discharge system (unused)	381	523	353	
water supplies to third parties from surface sources	557	632	527	
water supplies to third parties from municipal sources	47	32	30	
Total	191,234	198,853	179,637	

Measurement of total and per unit waste water discharge, including and excluding mining and pit waters

Item	2021	2022	2023
Total water discharge into surface water bodies, including mining and pit waters, '000 m ³	187,012.00	194,447.00	175,618.00
Per unit water discharge into surface water bodies, including mining and pit waters ¹ , m ³ per tonne	5.31	5.27	4.72
Total water discharge into surface water bodies, excluding mining and pit waters, '000 m ³	79,379.00	82,696.00	70,594.00
Per unit water discharge into surface water bodies, excluding mining and pit waters ² , m ³ per tonne	2.25	2.24	1.90

Treated effluents (reused in the production cycle)

Asset	2021	2022	2023
Total, mln m ³	244.7	241.7	227.9
Share of reused water, %	87.0	86.0	83.0

¹ The Group specific disclosure was calculated as the ratio of the volume of waste water discharged into surface water bodies, including mine and pit waters, to the total output of products and semi-finished products.
² The Group specific disclosure was calculated as the ratio of the volume of waste water discharged into surface water bodies, excluding mine and pit waters, to the total output of products and semi-finished products.

Water consumption, '000 m³

GRI 303-5		Total		
Item	2021	2022	2023	
Total water withdrawal (all sources)	228,456	236,873	224,903	
Total water discharge (all sources)	191,234	198,853	179,637	
Water consumption	37,222	38,020	45,266	

Water discharge, mln m³

GRI 303-4		Total		
Item	2021	2022	2023	
Waste water discharge into surface water bodies				
Kirovsk branch	173.9	180.0	162.4	
Balakovo branch	–	–	–	
Volkhov branch	–	–	–	
Cherepovets site (Apatit)	13.1	14.4	13.2	
Total	187.0	194.4	175.6	
Discharged without treatment (% of total water discharge)				
Kirovsk branch	0.0	0.0	0.0	
Balakovo branch	0.0	0.0	0.0	
Volkhov branch	0.0	0.0	0.0	
Cherepovets site (Apatit)	0.0	0.0	0.0	
Total	0.0	0.0	0.0	

Waste water discharge

Item	Receiving water body	
Kirovsk branch		
Discharge 1	Discharge from ANBP-3	Zhemchuzhnaya River
Discharge 2	Discharge from ANBP-2	Belaya River
Discharge 3	Rainwater at ANBP-2	Belaya River
Discharge 4	Mining waters of the combined Kirovsky, Central and Rasvumchorsky mines	Lake Bolshoi Vudyavr
Discharge 5	Mining waters of the Koashva and Njorkpahk open pits	Lake Kitchepahk
Discharges 6, 9	Waters of water-lowering wells of the Vostochny mine	Vuonnemyok River
Cherepovets site (Apatit)		
Effluents from the phosphate facility		Rybinsk Reservoir
Effluents from the nitrogen facility		Rybinsk Reservoir

6 BIODIVERSITY

Our targets

Preservation of biodiversity in regions of PhosAgro Group's operation at a level securing sustainability

2023 highlights

123,915

juvenile fish was released in 2023

STRATEGY AND MANAGEMENT APPROACH

GRI 3-3

The Company's Environmental Policy sets forth PhosAgro's obligations to preserve biodiversity, natural landscapes and habitats across its footprint and prevent its projects from causing any harm to the same.

Before building any new production facilities or renovating existing ones, PhosAgro conducts an environmental impact assessment (EIA) based on the results of engineering and environmental surveys. Assessment of the local flora, fauna and landscapes, as well as research, analysis and consideration of public attitudes towards biodiversity protection are integral to our EIA procedures.

KEY INITIATIVES IN 2023

For a number of years, the Company has been conducting research to develop biodiversity protection programmes, including the evaluation of the current state and development of a list of indicators for future biodiversity monitoring.

Going forward, we plan to integrate the comprehensive biodiversity programmes of the Company's branches into a single system based on a unified approach to assessment and monitoring. This work is underway and it will be finalised as we complete research projects at each of PhosAgro's assets.

For a number of years, the Company has been working to preserve biodiversity and replenish biological resources. Since 2020, the Company has been developing comprehensive biodiversity protection programmes in partnership with research institutions. The effort is aimed at assessing and restoring environmental conditions across the Company's footprint and establishing its priorities in protecting biodiversity based on indicator species monitoring.



Comprehensive biodiversity protection programmes

GRI 304-2, 304-3

Comprehensive biodiversity protection programmes were developed for the Volkhov branch, two of the Kirovsk branch's facilities and the Cherepovets production site.

In 2022, we completed a comprehensive environmental study of the area within the footprint of the Kirovsky mine. As part of the efforts to develop biodiversity protection programmes in 2023, the Company joined forces with the Kola Science Centre of the Russian Academy of Sciences to conduct a comprehensive environmental study of the area within the footprint of the Rasvumchorrsky mine (Kirovsk branch, Murmansk region).

The research revealed that the biota of terrestrial ecosystems within the footprint of the Rasvumchorrsky

mine includes over 650 species of fungi, liverworts, lichens, mosses and vascular plants, as well as 135 bird and 12 mammal species.

The diversity of bird and mammal species was strongly affected and disturbed by human activities in the area. The study also found four fish species within the footprint of the Rasvumchorrsky mine. Lake Bolshoi Vudyavr currently fits the habitat requirements for these species, as it offers ample food supplies for both salmonids (brown trout, Arctic char) and European smelt.

In 2024, we plan to launch a comprehensive environmental study of the area within the footprint of the Vostochny mine.

METRICS AND HIGHLIGHTS

Investment in biodiversity protection programmes, RUB mln



GRI 304-3

Juvenile fish and pike larvae, released into water bodies across the Company's geographies

Water body	2021	2022	2023
Volgograd Reservoir, Saratov region	55,838	60,838	35,838
Sukhona River, Vologda region	22,933	11,743	-
Umba River, Murmansk region	5,000	-	-
Rybinsk Reservoir, Vologda and Yaroslavl regions	-	70,404	11,142
Saratov Reservoir, Saratov region	28,151	28,151	53,151
Lake Ladoga, Leningrad region	-	1,584	1,539
Nakhimovskoye Lake, Leningrad region	28,715	-	-
Sheksna Reservoir, Vologda region	3,500	3,000	-
Kovdozero Reservoir, Murmansk region	-	11,502	-
Imandra Reservoir	-	-	15,520
Onega River	-	-	6,725
Total	144,137	187,222	123,915

CONTRIBUTING TO LOCAL COMMUNITIES

AREA, STRATEGIC GOALS AND HIGHLIGHTS OF 2023

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9 INDUSTRY INNOVATION AND INFRASTRUCTURE

11 SUSTAINABLE CITIES AND COMMUNITIES

17 PARTNERSHIPS FOR THE GOALS

Targets
8.3, 9.1, 11.3 and 17.17

1 Our Favourite Cities

Goal
Improving the quality of urban environment and promoting sustainable development of the cities where we operate: Kirovsk, Cherepovets, Balakovo, and Volkhov

Actual 84 improvement projects completed	RUB 4 bln invested in infrastructure facilities	117 new jobs created in the Murmansk region
---	--	--

3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Target
3.4 and 4.4

2 Education

Goal
Attracting educated, motivated and skilled young talent to innovative Russian facilities, including those of PhosAgro Group

Effective combination of high-quality education and physical training to facilitate moral and ethical development and promote health of the younger generation

Actual 43 graduates of PhosAgro Schools started their career with the Company after completing higher education	RUB 612 mln invested in the school-college/university-facility educational model	7.2% growth in the number of DROZD students
--	---	--

3 GOOD HEALTH AND WELL-BEING

Target
3.4

3 Spiritual revival

Goal
Preservation and promotion of orthodox values, spiritual ideas, respect for our legacy and motherland, and benevolence

Actual 40 churches in the regions of operation, other Russian regions and foreign countries received assistance from the Company	15% growth in the number of people attending spiritual education events	Reconstruction of the Church of the Vernicle Image of the Saviour commenced in Kirovsk
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3 GOOD HEALTH AND WELL-BEING

4 QUALITY EDUCATION

Target
4.4 and 3.4

4 Connecting generations

Goal
Preserving the history of the nation, industry, or facility for all generations; supporting continuity of generations, inclusive traditions, respect for the older generation, veterans, and vulnerable population groups

Actual More than 70 NGOs, organisations of veterans and disabled people, and charitable foundations received assistance from the Company	4,500 events held by career guidance and exhibition centres
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3 GOOD HEALTH AND WELL-BEING

Target
3.4

5 Promotion of sports

Goal
Supporting Russian sports at the international, national and regional levels, and promoting sports in regions where the Group operates

Actual Total financial support exceeded	RUB 652 mln
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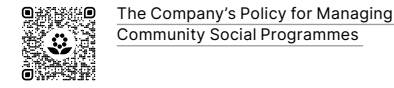
STRATEGY

Our strategy is focused on long-term social and economic development programmes in the regions, cities, towns and rural communities in which our key production units operate.

We place a high priority on historical continuity: as a successful enduring partner of local communities in which we operate, we are committed to promoting their sustainable development. While hinging upon long-established social responsibility practices implemented by our production facilities, this partnership is perfectly tailored to meet today's challenges and relevant stakeholder expectations.

- The Company's Policy for Managing Community Social Programmes (new version approved in December 2022) sets out the following areas as primary targets for social investments
- unlocking the social and economic potential in the regions of operation, enhancing their environmental resilience;
 - improving the living standards of employees, their families, PhosAgro veterans and local communities;
 - supporting culture;
 - strengthening corporate culture through employee engagement in socially significant projects;
 - offering career guidance for school and university students;
 - enhancing the Company's reputation as a socially responsible business;
 - promoting advanced corporate social responsibility standards.

All our programmes and initiatives involving social investments are aligned with the goals and objectives set in the Group's Strategy to 2025 and contribute to its successful implementation.



External recognition

PhosAgro Group achieved the highest distinction at the **Responsible Business Leadership** national award, emerging as the winner in the majority of categories:

- Educated and Healthy Children of Russia (DROZD), PhosAgro's sports and educational programme, came first in the **Contribution to Strategic Social Objectives** nomination;
- Our Favourite Cities, PhosAgro's social initiative, became the winner in the **Contribution to Regional Sustainable Development** nomination;
- PhosAgro's educational programme got the top prize in the **Contribution to Strategic Human Capital Objectives** nomination.

In 2023, PhosAgro Group once again ranked among businesses with the best social and charitable programmes in the **Russian Leaders in Corporate Philanthropy** competition. These long-standing awards for socially responsible businesses are organised by the Donors Forum, a coalition of major grantmakers in Russia. 15 Russian companies made it to the A+ Leaders category, while PhosAgro was the only mineral fertilizer producer to do so.

The Volkhov branch ranked second in the **Wellness Culture Development** nomination among more than 70 projects participating in the nationwide contest – Investing in the Development of a Healthy Country. Best Corporate Practices.

We implement regional development projects with a special focus on:



respecting the interests of, and open communication with, all stakeholders;



investments in social and infrastructure development initiatives;



charitable support of local population and communities;



improving educational potential of the regions and promoting sports and a healthy lifestyle.

MANAGEMENT APPROACH

GRI 3-3

Our social investment programmes are based on public benefit priorities and mostly rely on opportunities to partner with regional and local government authorities, local communities, non-governmental organisations, including non-profit organisations established

by the Company to this end, educational institutions and other stakeholders.

We implement our social investment strategy through promoting efficient and successful cooperation with

a broad range of partners in line with the highest international sustainable development standards.



For more information on community social programmes, please visit the [Company's website](#).



KEY POLICIES AND REGULATIONS

All of the Group's social investment projects and initiatives are implemented in accordance with the requirements of the Federal Law on Charitable Activities and Charitable Organisations, and other applicable laws and regulations. To ensure transparent and effective corporate governance, the Group has developed a framework of internal regulations governing social programmes, including:



Policy for Managing Community Social Programmes of Apatit



Government Relations Policy of PhosAgro



Regulations on Managing Community Social Programmes of Apatit (the "Regulations")



Code of Ethics of PhosAgro



Charity and Sponsorship Policy of PhosAgro



Assessment Criteria for the Programmes of Apatit

Management of social investment programmes

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PERFORMANCE ASSESSMENT AND FEEDBACK

GRI 413-1

The Regulations on Managing Community Social Programmes formalise the appointment of an officer responsible for the implementation and monitoring of a community social programme on the part of Apatit, and set out the procedure for creating a programme passport to describe the material aspects of each programme.

The Regulations also establish a framework of internal controls entrusted to the Commission for Social Issues and Charity (drafting of proposals on assessment criteria), social programme administrator (control over progress against initiatives and assessment criteria, preparation of reports) and Office for Community Social Projects (organisation of internal and external performance evaluations)

The key principle underlying our interaction with local communities is a meaningful dialogue through a variety of communication channels, from public hearings and the involvement of Company

representatives in the work of local legislative and representative bodies and government authorities to setting up community liaison offices and other venues for meetings with people.

We also collect a considerable amount of data used for analysing the effectiveness of our social investment programmes from ongoing stakeholder feedback.



For more information, see clause 4 of the Regulations

To collect feedback on the quality and efficiency of community social programmes, the Company organises annual employee surveys and distributes questionnaires among the participants who are not PhosAgro's employees. Once every two years regions of operation host public presentations of community social projects. These events are attended by project beneficiaries and used to poll local residents.

Also, the Company's employees have been elected to various regional and local legislative bodies. Our work in these bodies provides us with

information on the most urgent issues faced by local authorities. We include them in the agenda of joint working groups which discuss the methods and mechanisms for addressing the issues.

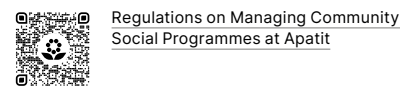
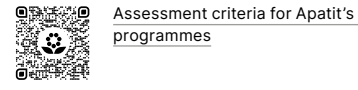
Monitoring and performance assessment are the crucial elements of the social project management framework. Assessment criteria include both objective data and stakeholder views, thus ensuring comprehensive performance assessment and monitoring of the evolution of public priorities related to social and economic development. In 2021, third-party experts from Donors Forum completed an audit of the Company's social investments. Based on the audit findings, in 2022 PhosAgro reviewed some of its internal documents, while also developing and approving assessment criteria and procedures for community social programmes. The sets of criteria for each programme are available on the [Company's website](#). The monitoring and performance assessment procedures were approved by the relevant [Regulations](#).

Stakeholders feedback channels:



Annually, PhosAgro Group takes the following measures to monitor and assess social investment programmes:

- financial and non-financial audits by external experts;
- employee surveys;
- questionnaire-based surveys for participants who are not employees of the Company;
- monitoring and performance assessment against the approved criteria;



Once every two years regions of operation host public presentations of community social projects; these events are attended by project beneficiaries and used to poll local residents; once every five years the Company conducts expert review of the regulations governing

respective programmes, with necessary adjustments made based on the review results.

From time to time, external experts are engaged to contribute to the social investment management framework. For example, at the end of 2021

Donors Forum completed external audit of community social investment programmes.

RISKS AND OPPORTUNITIES

SASB RT-CH-210a.1, EM-MM-210b.1

Our social investment objectives are affected, among other things, by the following strategic risks:

- 3 social risk;
- 4 HR risk;
- 15 reputational risk.

for more information, see the Strategic Risks section on [page 68](#)



The Company develops corrective measures as necessary and unlocks opportunities to mitigate those risks. Below you can find more information about what we do on this front.

SOCIAL INVESTMENT SPECIFIC RISKS INCLUDE:



regulation of social investment management processes;



performance evaluation of social investment programmes;

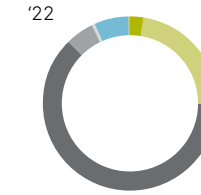


evolution of public priorities of social and economic development.

2023 METRICS AND HIGHLIGHTS

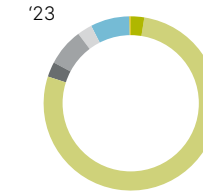
PhosAgro Group makes an extensive and diverse contribution to the social and economic development of local communities in the regions of operation: we pay taxes to local budgets, create stable and well-paid jobs for local people, and place regular orders with local businesses. As a responsible long-term partner, we also allocate significant funds to support local communities, contribute to charitable causes and develop infrastructure. Stable and successful home regions are a key driver of PhosAgro Group's sustainable development.

Breakdown of social expenses in 2022, %



- 2.62 Nationwide projects
- 22.45 Infrastructure facilities, including renovation of educational institutions
- 62.65 Educational projects (net of renovation of educational institutions)
- 5.23 Sports
- 0.52 Organisations of war veterans and disabled people
- 6.51 Churches
- 0.02 Membership fees

Breakdown of social expenses in 2023, %

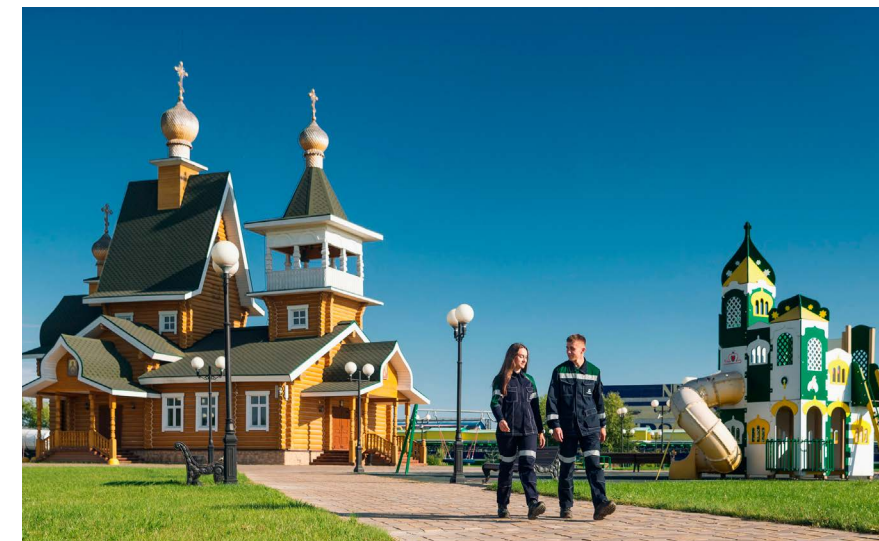


- 2.63 Nationwide projects
- 77.68 Infrastructure facilities, including renovation of educational institutions
- 2.62 Educational projects (net of renovation of educational institutions)
- 7.02 Sports
- 2.75 Organisations of war veterans and disabled people
- 7.21 Churches
- 0.09 Membership fees

Charitable giving and community and infrastructure development investment¹, RUB '000

GRI 203-1

Allocations	2021	2022	2023
Contributions to charities, NGOs and research institutions (not related to the organisation's commercial research and development)	742,048	3,083,504	802,874
Funds allocated to support community infrastructure (recreational facilities, etc.)	1,756,238	1,838,886	7,335,597
Direct spending on social programmes, including arts and educational activities	825,613	3,978,562	1,217,822
Total	3,323,899	8,900,952	9,356,293



¹ In 2023, the Company revised the methodology for calculating the charitable giving and community and infrastructure investment (GRI 203-1) amounts. Starting from this year, the indicator is calculated for consolidated companies, which agrees with the general approach towards consolidated financial statements under IFRS. Based on the principle of comparability, the data for 2021 and 2022 was recalculated accordingly.

KEY SOCIAL INVESTMENT PROGRAMMES

GRI 203-2

1 OUR FAVOURITE CITIES

Improving the quality of urban environment and promoting sustainable development of the cities where we operate: Kirovsk of Apatit, Cherepovets, Balakovo, and Volkhov.

This programme seeks to create comfortable conditions for comprehensive personal development, with its target audience including both employees of PhosAgro Group and communities residing in the regions of operation. By providing physical resources for building social capital and promoting commitment to healthy lifestyle, the Company assists regional and local authorities in ensuring harmonious and balanced social development, and offering high quality of life comparable to living standards in large cities or even surpassing them in terms of accessibility for an average resident.

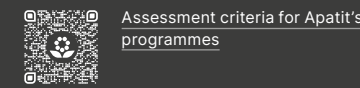
Partnership and ongoing meaningful dialogue with stakeholders allow us to fine-tune our social programmes to better align them with focuses of regional development and invest more efficiently. As regional authorities are well aware of the most pressing needs their regions face, they are engaged through mutual agreements to coordinate joint

programmes for industrial and economic development, education, culture, sports, support of local communities, etc. This ensures efficient and systemic utilisation of funds allocated by the Company to address social challenges.

The outcomes and effectiveness of the programme, and its impact on socially significant issues are reviewed in line with the methodology and procedures approved by the Regulations and benchmarked against assessment criteria set for each focus area on an individual basis. These criteria are listed below.

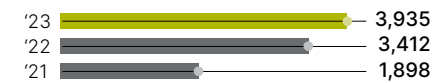
According to a sociological survey conducted in the reporting year and feedback collected in social networks, residents of the Vologda, Saratov, Leningrad and Murmansk regions are generally satisfied with urban improvements currently taking place in these regions.

Importantly enough, PhosAgro implements the programme in partnership with a wide array of stakeholders and uses co-financing arrangements to enhance the engagement of society, local government bodies, and business communities. Social and economic partnership agreements signed by the Company with respective regional governments on an annual basis formalise, among other things, PhosAgro's commitment to run Our Favourite Cities programme.



Item	2022	2023
Total improvement projects completed (including repairs and reconstruction of social and healthcare facilities, educational institutions and roads)	78	84
Residents' initiatives (applications submitted)	3	70
• including those implemented with the Company's support	3	24
Number of partners involved (among others, local residents for reconstruction/construction of infrastructure facilities, including leisure and sports facilities)	139	120
Number of city-wide events organised by the Company	101	91

Funds allocated by PhosAgro Group to finance Our Favourite Cities, RUB mln



Financing allocated by the Company for Our Favourite Cities in 2023 reached

RUB 3.9 bln
up 15% y-o-y

Vologda region

In 2023, the Vologda region had 26 social facilities (schools, kindergartens, hospitals, museums, churches, etc.) renovated and 8 public spaces (including parks, public gardens and courtyards) landscaped as part of Our Favourite Cities programme. Additionally, assistance was provided to 31 non-profit organisations (charitable foundations, public organisations for disabled people and veterans, etc.).

Comments of city residents regarding the need to maintain improved areas in due state are taken into account when creating PhosAgro Group's municipal and charitable initiatives.

Saratov region

In 2023, Our Favourite Cities programme in the Balakovo municipal district of the Saratov region focused on the renovation and improvement of several dozen facilities, including parks, public gardens, sports

grounds, roads, parking lots, sidewalks, etc. Significant attention was paid to the installation of lighting and video surveillance systems. Additionally, the Company entered into co-financing arrangements with local authorities to beautify 12 public spaces in six villages: Bykov Otrog, Malaya Bykovka, Yelanka, Mayanga, Kormezhka, and Maloperekopnoye.

As a result, Balakovo won prizes in several nominations of a regional landscaping competition and was recognised the most well-maintained city of the Saratov region.

Leningrad region

In 2023, the Leningrad region had 14 facilities and public spaces renovated and landscaped as part of Our Favourite Cities programme.

Additionally, the Volkhov branch organised a series of events to address the pressing social issues of Volkhov. One of the most successful

events was the Cultural Cat festival, which featured fundraising and food donation initiatives for helping animals, discussions with veterinarians, a drawing contest, and many more.

More than 100 people participated in a campaign launched by the Company to clean up the banks of the Volkhov River, a crucial waterway of the region.

Murmansk region

In 2023, the Murmansk region had 18 social facilities (schools, kindergartens, hospitals, museums, churches, etc.) renovated and 35 public spaces (including parks, public gardens and courtyards) landscaped as part of Our Favourite Cities programme. Additionally, assistance was provided to 37 non-profit organisations (charitable foundations and public organisations for disabled people and veterans).

Promoting entrepreneurship

The Company traditionally supports a range of initiatives aimed at promoting entrepreneurship in the regions of operation, as it is fully aware of the positive impacts it has on the economic activity, employment market and well-being of respective regions.

1 In 2023, in Cherepovets the share of external co-financing for PhosAgro's competitive corporate-city project Making Our City Better Together! reached 52%.

2 One of PhosAgro Group's key social investment projects is the development of the infrastructure of the Khibiny mountain tourism cluster. The flow of tourists to the Khibiny Mountains has been steadily growing over the past five years. The growing tourism industry stimulated demand

for local services. The Company supports local businesses in partnership with municipal authorities, acting through the Tourism and Entrepreneurship Development Agency, a dedicated non-profit organisation. With new hotels and hospitality facilities opened, jobs are being created, people's income is growing, and so are local tax revenues. As a result, the unemployment rate in the city has decreased almost 10 times over 10 years from 5.9% to 0.6%. The number of SMEs has grown almost 2.5 times, from 728 to 1,693.

RUB 8 mln worth of interest-free loans and grants was allocated on a competitive basis to 12 tourism and other related business projects initiated by entrepreneurs from Kirovsk. Additionally, assistance was provided in obtaining a federal grant from the Russian Ministry of Economic Development in the amount of RUB 20.7 mln. Currently, the Company supports 16 investment projects aimed at developing tourism infrastructure in Kirovsk and creating 420 new jobs, with investments totalling RUB 2.9 bln.



2 EDUCATION

Healthy, educated and professionally trained population is a critical driver of any region's social appeal and investment case. Since its establishment, PhosAgro Group has been deeply involved in the development of human potential in the regions of its operation, in particular, by helping to address the outflow of young people from small towns.

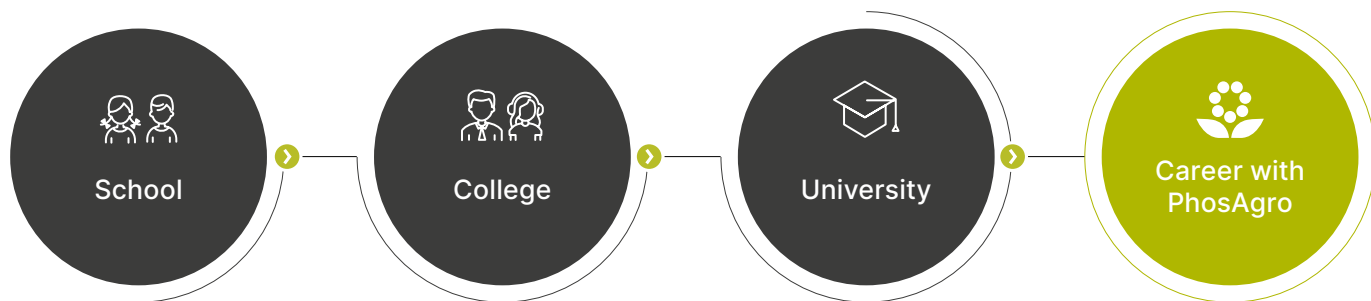
SCHOOL-COLLEGE/UNIVERSITY-FACILITY EDUCATIONAL MODEL

As part of our unique multi-stage education support programme along the school-college/university-enterprise pathway, we implement career guidance projects for schoolchildren. In the field of personnel training, we cooperate with educational institutions

in the cities and towns where we operate, as well as in Moscow, St Petersburg, Ivanovo, Kazan and more.

PhosAgro's educational model is a good example of consistent progress on a personnel training strategy, which covers all levels of education. It also illustrates a convincing picture of alignment between the Company's goals and government priorities.

Financing of the School-College/University-Facility educational model, RUB mln



PhosAgro Schools

The first stage of the school-college/university-facility career guidance model operates across six educational entities based in five cities: Volkhov, Balakovo, Apatity, Kirovsk, and Cherepovets, where 360 teachers educate more than 6,000 students.

Beyond financial support for school infrastructure and refurbishment, the initiative facilitates the advancement of natural sciences, economics, and management studies. It champions career guidance initiatives and pursues ventures designed to instil a corporate ethos, leadership acumen, and personal competencies that mirror the Company's principles – spirituality, ethics, leadership, reliability, safety, teamwork, continuous improvement, and innovation. Furthermore, there is a retraining and incentive framework in place for the teachers and administrators of these institutions.

PhosAgro organises educational tours annually during the summer months for all PhosAgro Classes students to visit production sites and specialised educational organisations.

It also holds team-building events and offers elective courses in physics, chemistry, and maths.

Since 2013, the Company has invested a total of over RUB 6 bln in the programme.

PhosAgro Schools not only develop educational and research auditoria and labs, but also implement career guidance projects to introduce the Company and its corporate culture to students, teachers, and parents.

Since 2019, 126 participants of the PhosAgro Classes programme who graduated from dedicated universities have been hired by PhosAgro units, including 43 in 2023, to take engineering positions. More than 30 graduates of PhosAgro Classes are expected to be employed by the Company in 2024, with over 100 more by 2026.

More than 100 graduates of 2023 have been admitted to higher educational institutions, with St Petersburg Mining University enjoying the highest popularity among them (25 students). Since 2015, over 1,000 graduates of PhosAgro Classes have been enrolled in higher educational

Over 6 thousand total number of students at PhosAgro Schools

360 teachers working at PhosAgro Schools

126 graduates from PhosAgro Classes, who studied at dedicated universities, have been hired by PhosAgro units since 2019

Over 100 graduates from PhosAgro Classes entered universities in 2023

146 10th-grade students were admitted to PhosAgro Classes in September 2023.



institutions, with technical careers gaining more traction among them every year.

In September 2023, 146 new students started their 10th grade programme at PhosAgro Classes, marking the eleventh admission round since the project launch.

Surveys in 2023 pointed to a rise in positive feedback from parents and students on PhosAgro Classes. Notably, satisfaction with the standard of teaching saw an increase of 4 p.p., bringing it to 94%. An important fact is that more than 50% of PhosAgro Classes students who took part in the survey appreciated the quality and level of equipment.

College/university

At the next stage, we provide the country’s leading technical universities with funds for equipment and supplies and participate in adapting educational programmes to the needs of modern production facilities. Students of PhosAgro Group’s partner vocational schools and universities are offered internships at the Group’s facilities, and the most promising students get employment opportunities.

Our collaboration with technical colleges covers:



setting up testing grounds and labs for students to acquire hands-on experience using real equipment;



running internship programmes at PhosAgro’s facilities with mentors;



supporting students in undergraduate and graduate thesis research;



organising and engaging students in sports, educational, and research initiatives, competitions, Olympiads.

The Company lays a significant emphasis on advancing secondary vocational education, consistently engaging with educational institutions in the regions of operation, including:

- Kirovsk branch of Murmansk Arctic State University (Murmansk region);
- Cherepovets College of Chemistry and Technology.

In 2023, around 167 students were trained for and received some of the key blue-collar jobs at the Company.

PhosAgro also supports a Training Centre at the Cherepovets College of Chemistry and Technology that offers express programmes in chemistry and associated fields to nurture talent for most in-demand jobs.

In 2023, the college again took part in Professionalism, a federal project set to “reload” vocational education. PhosAgro is providing

financial support for an internship-focused training programme for the professions: Inorganic Production Operator and Installation, Maintenance, and Operation of Industrial Equipment. In 2023, 75 students were admitted to the project.

Cooperation with universities as part of the school-college/university-facility educational model serves to fill the most relevant jobs by attracting and retaining talented graduates. Today, the Company actively collaborates with 24 universities that offer courses relevant to its core activities to provide high-quality and affordable education and support research.

167 students were trained and hired in 2023

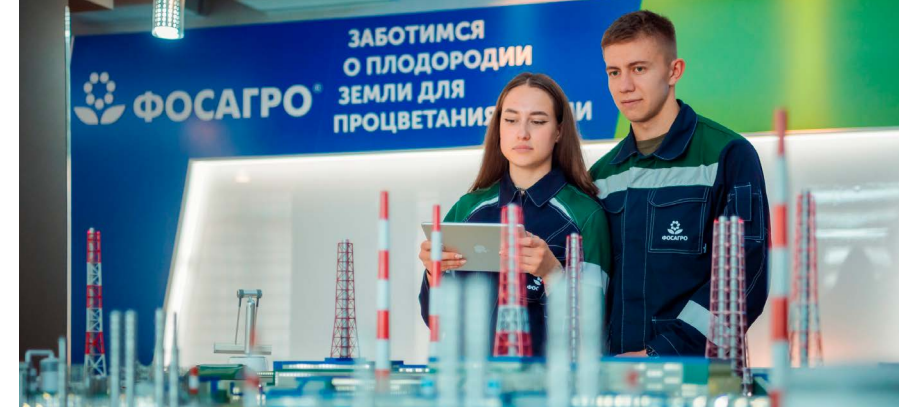
As part of its collaboration with universities, PhosAgro:

- 1 sponsors advanced training for graduates of PhosAgro Classes in the fields relevant to PhosAgro (subject to their commitment to future employment at the Company);
 - 2 offers scholarships to the most talented students (based on exam results);
 - 3 invites university students to take a tour of the Company’s facilities;
 - 4 offers students a job in one of the Company’s popular specialisations after they graduate;
 - 5 allocates money for repair and equipment of chemistry laboratories at dedicated universities.
- We have cooperation agreements and roadmaps with many universities.

PhosAgro-START programme

One of PhosAgro’s pivotal collaborative efforts with higher education establishments is the recruitment of university graduates through the PhosAgro-START corporate programme, previously known as High-Potential Graduates. This programme, bolstered by an 11-year synergy with academic institutions, is tailored to foster closer contacts with graduates, build a talent pool for key positions within the Company and identify career paths for capable young professionals eager to work for the Company. Within this framework, PhosAgro offers young talents comprehensive professional development, hands-on training, and nurtures their personal and leadership competencies via corporate training sessions, workshops, and project presentations, all under the supervision of seasoned mentors.

Those enrolled in the programme enjoy competitive remunerations, assistance with relocation and settling in their new environment, and are offered accommodation. Additionally, every young professional is partnered with a well-versed mentor colleague.



To prepare future leaders and establish a pool of internal experts, programme participants are categorised into two development pathways:

- **the Leader career track** concentrates on honing managerial and cross-functional competencies;
- **the Expert career track** focuses on specialising in a specific domain to enhance expertise and skills.

In 2023, 54 young professionals were recruited by the Group’s entities.

This brings the total number of graduates who have joined the Company since the launch of the university engagement programme to 620 people. 416 of these employees are still with PhosAgro today, pursuing careers in such areas as mineralogy, geology, hydraulic engineering, chemistry, thermal

energy and electricity generation, rail transport, open-pit and underground mining, and mine surveying.

Of the programme participants still employed at PhosAgro as at December 2023, over 47% had received promotions and had been included in our talent pool, and many of them had successfully completed the projects assigned to them upon recruitment.

54 young professionals were recruited by the Group facilities in 2023

620 graduates joined the Company under the university engagement programme

Item	2021	2022	2023
1 Number of PhosAgro-START participants, persons			
1.1 Target	57	59	64
1.2 Actual	53	59	54
1.3 Performance %	93	100	84
2 Number of PhosAgro Schools graduates enrolled to study technical professions, persons	63	73	73
3 Number of PhosAgro Schools graduates enrolled to study technical professions under targeted and scholarship arrangements, persons	19	25	30
4 Number of PhosAgro Schools graduates hired by the Company, persons	26	30	43
5 Internship focus – number of students who had/have internship at PhosAgro facilities/entities for self-identification and self-actualisation purposes, persons	749	1,009	1,281

Project of cooperation with Russian agricultural universities

At PhosAgro, we believe that the development of education in the agribusiness sector is a crucial factor in supporting and enhancing the robust growth that Russian agriculture has been delivering in recent years. We are focused on fostering the right conditions for that by developing professional competencies of students and teachers at agricultural universities, as well as of agricultural producers and agro-industrial technology service providers.

The creation of educational infrastructure is of paramount importance, and it is only achievable with the commitment of engaged businesses. In line with this vision, Timiryazev Agricultural Academy has established the first flagship multifunctional centre, setting the stage for an educational network of 17 regional agrarian universities. Looking ahead to 2024–2025, we project to integrate PhosAgro Group’s educational initiatives into

57 Russian agrarian universities, and to give life to another eight educational centres.

In 2024, we anticipate offering a total of 500 lectures that delve into various aspects of agricultural production, business, and environmental stewardship, encompassing topics like rational and responsible agricultural practices, production processes, food security, and other sustainable development domains. A selection of these lectures is set to evolve into 15 additional professional education courses, culminating in the awarding of both personal PhosAgro certificates and official state qualifications.

17 regional agrarian universities are part of the educational network

8 educational centres will be opened in 2024–2025

A contemporary agricultural university is much more than a hub for theoretical education; it also serves as an incubator for pioneering new technologies. Recognising this, the Company is dedicated to nurturing digital education platforms. Our initial stride in this direction has been the introduction of Pro Agro Lectorium, an online digital educational platform that grants unrestricted access to free agronomic lectures..

15 new courses for additional professional education to be launched by 2024



DROZD (Educated and Healthy Children of Russia)

DROZD (Educated and Healthy Children of Russia) is the Company’s key social project aimed at a balanced development of young people in the cities where we operate.

The project is a comprehensive system of multi-faceted long-term interactions with children aged 4 to 18 that harmoniously combines sports, spiritual, and patriotic education. To facilitate the DROZD programme, operators (independent non-profit organisations) have been established in five cities where the Group operates: DROZD-Balakovo (Saratov region), DROZD-Cherepovets (Vologda region), DROZD-Khibiny (Murmansk region) and DROZD-Volkhov

(Leningrad region). 2023 marks the 20th anniversary of the DROZD programme.

Media actively spotlight DROZD’s endeavours:

- in local and corporate newspapers and e-publications;
- in regional and national media outlets;
- in social networks and partner communities that post information about DROZD’s member organisations and events.

Nevertheless, DROZD collaborates with social service centres, crisis centres, and homes for children without parental care, integrating their involvement into the programme’s initiatives.



An important feature of the project is continuous children’s health monitoring based on the Health Navigator methodology. It helps teachers and parents to adapt educational activities as closely as possible to specific requirements of a child’s body.

Health monitoring

3,524
Number of children monitored, persons

4.5
Average health index of all children monitored, at the beginning of the reporting period

4.6
Average health index of all children monitored, at the end of the reporting period

1,930
Number of children who improved their health index, persons

Independent organisations within DROZD currently serve 7,785 children, who practice 30 disciplines in 78 sports classes. Among them, over 170 children with disabilities also take part

in the organisations' programmes. In addition, DROZD has established 11 non-sports hobby groups for popular science, patriotic and preliminary military training, fitness,

Media School, robotics, etc. 2023 saw the participation in DROZD events rise to 55,487 individuals, a 39% increase from the previous year.

Total number of involved, persons



Children of PhosAgro employees, persons

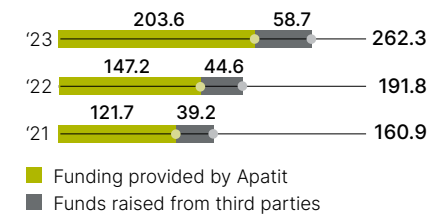


Item	2022	2023	Δ 2023/2022,%
1 Number of events held	563	641	13.9
2 Number of offsite events held	413	558	35.1
3 Total number of participants in DROZD events, persons	39,840	55,487	39.3
4 Number of sports	26	30	15.4
5 Number of sports clubs	70	78	11.4
6 Number of non-sports clubs	9	11	22.2
7 Total headcount (including administrative and managerial staff, instructors, and other employees, with part-timers covered), persons	123	138	12.2

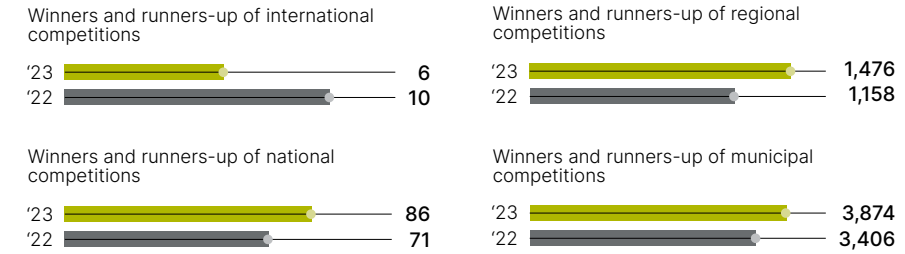


In 2023, funds raised accounted for 38.29% compared to the amount of funds from the founder, which indicates the popularity and great interest in the project not only from the region's local communities, but also from the regional authorities.

Programme expenses, RUB mln

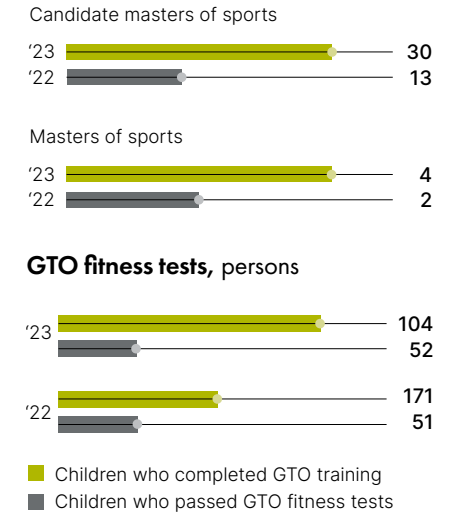


Sports achievements of students, persons



To gauge the effectiveness of DROZD's activities, an annual survey captures feedback from children and parents within each organisation, pinpointing strengths and weaknesses. The latest survey

findings reveal a tremendous rise in positive parent feedback – from 84% to 90% – about the organisation of classes across the four regions where DROZD operates.



3 SPIRITUAL REVIVAL

The main objective of the programme is to preserve and promote orthodox values, spiritual ideas, and respect for our legacy and motherland.

The programme has been underway since 2001 and is implemented in cooperation with the Russian Orthodox Church, regional and local government authorities, non-governmental organisations and civil society.

In 2023, the Company extended support to the patriarchate, dioceses, and 40 churches in the regions of operation and other domestic and international locations, which included financial aid, coverage of repair works, and contributions of mineral fertilizers.



4 CONNECTING GENERATIONS

The main goal of the programme is to preserve memory of the history of the nation, industry, or facility for all generations; traditions of respect for the older generation, veterans, and vulnerable population groups.

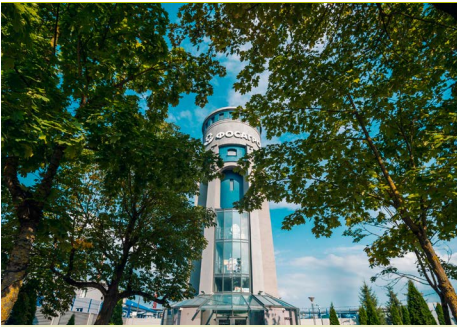
Career Guidance and Exhibition Centres project

PhosAgro Group's corporate interactive museums are integral to the vocational guidance programme targeting schoolchildren, students, and young professionals.

The Group's interactive education centre combines the features of museums, exhibition venues, and interactive learning spaces, all situated within the cities that host the Company's operations.



PARTICIPANTS:



Fifteenth Element, a museum and exhibition centre and a centre for interactive learning in Volkhov



Green Planet, a centre for interactive education in Cherepovets



Academy of Fertility, a centre for interactive learning in Balakovo



Museum and exhibition centre for interactive education of Apatit in Kirovsk

The centres boast permanent multimedia and interactive exhibitions on chemistry, geology, safety, and agrochemistry advancements. These hubs run educational programmes, hold chemical and geological workshops, creative master classes, scientific lectures, and vocational guidance assessments. The interactive education centres provide information about specialised educational programmes, such as Talent Pool, PhosAgro-START, and

PhosAgro Schools. Schoolchildren and students are invited to participate in a bespoke vocational guidance test and offered insights into professions in high demand at the Company's facilities.

Number of events held at the Company's museum and exhibition centres



Growth in the number of visitors to the Company's museum and exhibition centres in the reporting period, people

Item	2022	2023
Offline	85,544	110,843
Online	241,034	281,793
Total	326,578	392,636



Awards won by museum and exhibition centres and centres for interactive learning

Volkhov

- Won the second prize in the Short Film category at the MEETINGS ON VYATKA Russian Film Festival for the films about tourist attractions
- Received the second-degree diploma at the Corporate Museum – 2023, 5th National Award, in the Best Museum Event category

Cherepovets

- Received the second-degree diploma at the Corporate Museum – 2023, 5th National Award, in the Best Corporate Museum category

Balakovo

- Won the first-degree diploma at the Corporate Museum – 2023, 5th National Award, in the Best Educational Projects of a Corporate Museum category

Kirovsk

- Came third in How Does it Work?, a regional industrial tourism competition
- Won the first-degree diploma at the Corporate Museum – 2023, 5th National Award, in the Development of HR Potential category

Security Agents project

This project is aimed at promoting a responsible attitude towards safe behaviour and raising awareness in children, young people and their parents.

In 2023, PhosAgro continued a unique project for schoolchildren which was initiated by the Cherepovets facility and enlisted the support

of Apatit's Economic Security Department and the Ministry of Internal Affairs' Office in Cherepovets.

The project achieved the following results:



Laboratory of Safety, a space dedicated to raising awareness and facilitating prevention measures, created



Security and safety training courses developed for different audiences (including children)



Mobile exhibitions Safety Route, Road Safety in Cherepovets, and Safety Laboratory in Volkhov set up



Five episodes of The Kislov Family, a cartoon for children (6+), filmed, with the main characters exemplifying the significance of choosing a safe life path



Cyberlab, a new interactive learning space offering cybersecurity training, launched



A 12-episode comic book series on safe internet practices designed



Security Agents, a media school, set up, offering teenagers to acquire fundamental skills in journalism, interviewing, and video recording and promoting safe behaviour



Five editions of the Security Agents information brochure for teenagers (12+) published



Project experience rolled out at Apatit's Balakovo and Volkhov branches.

1.3 thousand classes

23 thousand people involved

3 festivals,
250 schoolchildren

20 project partners

It culminated in three grand finale Safety Territory festivals, which engaged over 250 school students and around 20 partner organisations contributing to the programme's success. In 2023, the event expanded to an interregional scale, drawing involvement from teenagers across Cherepovets, St Petersburg, Arkhangelsk, and Vologda.



Accolades in 2023 included:

- winning the second-degree diploma for The Kislov Family cartoon series in the Animated Films category of the Marvel of the World, a nationwide competition of tourist video presentations for individuals and teams;
- receiving the title of Laureate of the Prize of the Ministry of Internal Affairs of Russia – StGeorge in the social domain.

Targeted Assistance project

A combination of targeted assistance to public organisations and support for volunteer initiatives in the regions of operation.

More than 70 NGOs, organisations of veterans and disabled people, and charitable foundations received assistance from the Company in 2023.

In the Vologda region, PhosAgro Group backed 31 NGOs, including In the Name of Good charity

foundation, women’s associations such as the Union of Cherepovets Women and Mothers of Cherepovets Recommend, as well as the regional organisation Future Exists, supporting families with disabled members. Specifically, In the Name of Good charity foundation (established by the Company) provided targeted aid for the treatment and rehabilitation of 127 disabled children. Moreover, 380 families participated in the foundation’s training sessions, lectures, and other activities.

In the Murmansk region, PhosAgro supported the creation of three volunteer centres (in Kirovsk and Apatity municipal districts) to offer leisure-time activities to elderly people in remote communities. The Rodnik club assembled 16 social groups to foster both patriotic and creative pursuits, and offer dedicated activities for individuals with disabilities. The value of this initiative is underscored by a 19% rise in volunteer centre attendance by the elderly, a substantial increase from the previous year.

5 PROMOTION OF SPORTS

Support for Russian sports at the international, national and regional levels, and promoting sports in regions where the Group operates.

We believe that supporting the first steps of young athletes in the cities of our presence is just as important as contributing to the success of record holders.

Apart from DROZD, the Company provides assistance to 25 sports organisations at the federal, regional, and municipal levels. In 2023, total support amounted to nearly RUB 652 mln

PhosAgro’s support at the federal level went to:

- Russian Olympians Foundation;
- Russian Rhythmic Gymnastics Federation;

- Russian Cross-Country Skiing Federation;
- Russian Chess Federation;
- Russian Rugby Federation;
- Moscow Rhythmic Gymnastics Federation;

The Company’s support at the regional level went to:

- Proton Volleyball Club (Saratov region);
- Avtodor Basketball Club (Saratov region);
- Turbina 2016 speedway team;
- Severyanka Volleyball Club (Vologda region);
- Kovrovets Motoball Club.

The Company provides support to **25 sports organisations** operating on the federal, regional and municipal levels

The Company extended support to **14 entities**, encompassing youth sports schools, sports associations and clubs

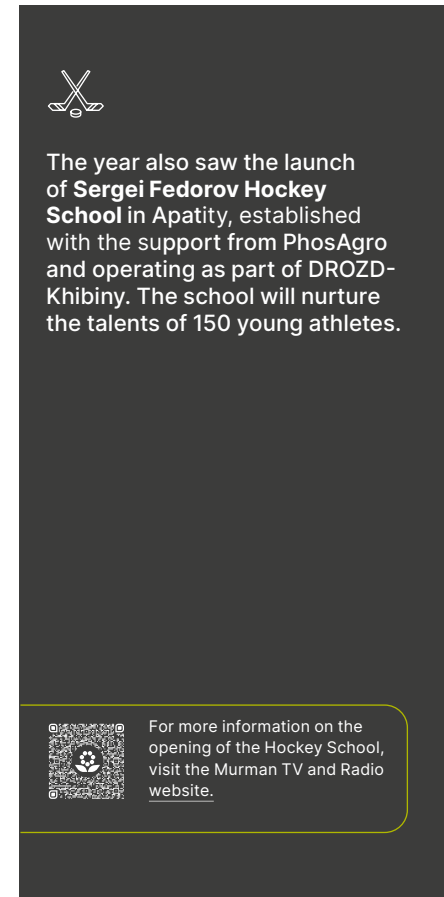
RUB 652 mln total financial support in 2023



In 2023, the **Severyanka Volleyball Club** conducted a master class for DROZD children from Balakovo, Volkhov, Apatity, Kirovsk, and Cherepovets.



Regularly, the **Avtodor Basketball Club** (Saratov) opens its home games to students from local educational and sports schools, and to minors assigned to the Juvenile Liaison Office. Over 5,500 children were granted free access to the team’s games in 2023.



The year also saw the launch of **Sergei Fedorov Hockey School** in Apatity, established with the support from PhosAgro and operating as part of DROZD-Khibiny. The school will nurture the talents of 150 young athletes.



For more information on the opening of the Hockey School, visit the Murman TV and Radio website.

CORPORATE GOVERNANCE

PHOSAGRO IS CONTINUOUSLY EXPANDING ITS CAPACITIES AND IMPLEMENTING CUTTING-EDGE TECHNOLOGIES, UPGRADING BOTH ITS PRODUCTION FACILITIES AND MANAGEMENT SYSTEMS. OUR IMPLEMENTED DIGITAL SOLUTIONS ENHANCE THE ACCURACY AND TIMELINESS OF INFORMATION ABOUT ONGOING PRODUCTION PROCESSES, TRANSFORM APPROACHES TO BUSINESS PROCESSES AND CORPORATE CULTURE, AND ELEVATE THE EFFICIENCY OF MANAGEMENT TO A NEW LEVEL.

Chairman's statement
246

Corporate governance framework
247

Corporate governance structure
250

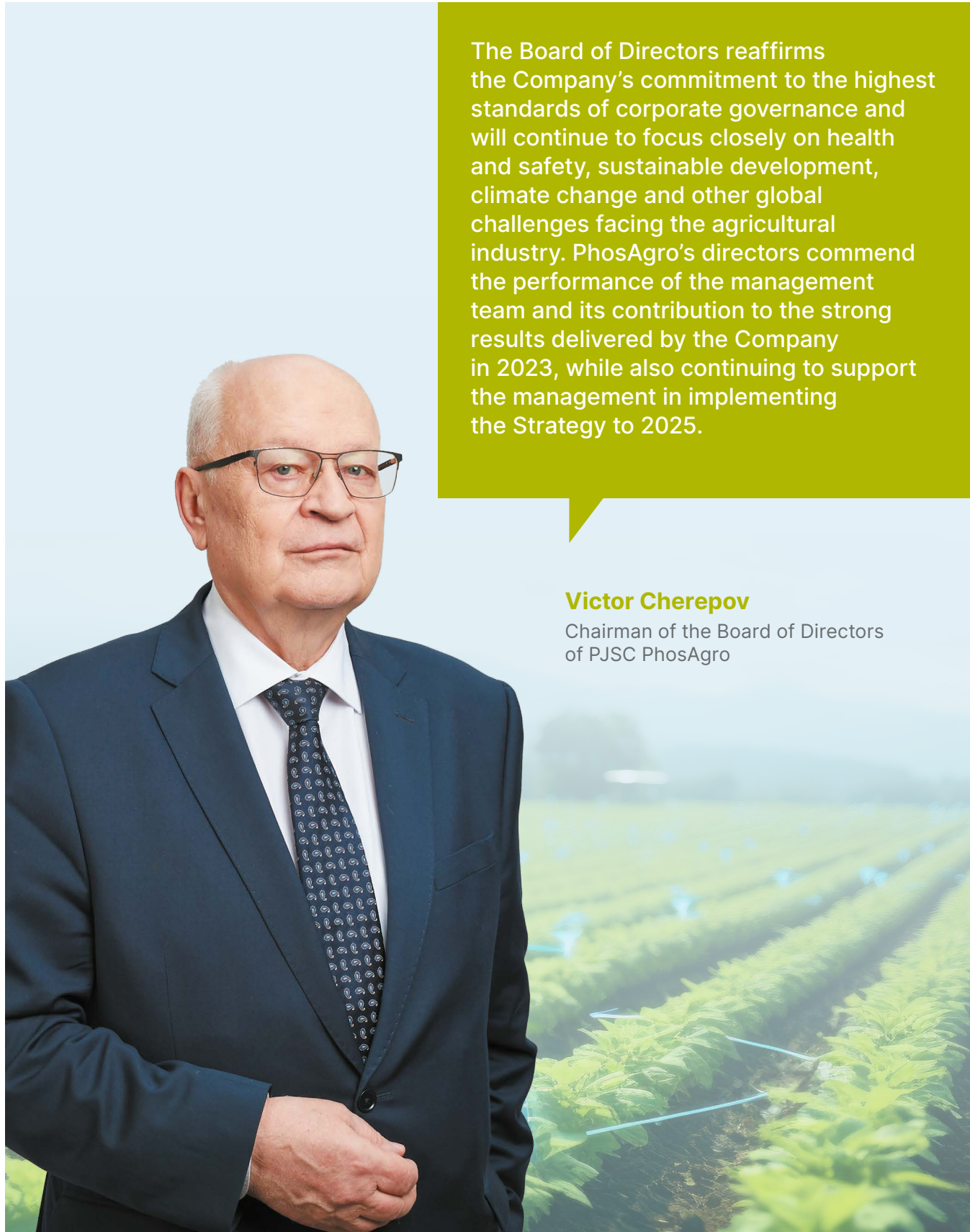
General Meeting of Shareholders
255

Board of Directors
255

Executive bodies
278

Remuneration report
280

>13 thousand
employees completed information security training



The Board of Directors reaffirms the Company's commitment to the highest standards of corporate governance and will continue to focus closely on health and safety, sustainable development, climate change and other global challenges facing the agricultural industry. PhosAgro's directors commend the performance of the management team and its contribution to the strong results delivered by the Company in 2023, while also continuing to support the management in implementing the Strategy to 2025.


Victor Cherepov
Chairman of the Board of Directors of PJSC PhosAgro


CORPORATE GOVERNANCE FRAMEWORK

CORPORATE GOVERNANCE PRINCIPLES

PhosAgro's corporate governance principles, structure, practices and procedures are set forth in its Charter and Corporate Governance Code.

Provisions of the Company's Corporate Governance Code do not contradict the Corporate Governance Code recommended by the Bank of Russia's Letter dated 10 April 2014 (the "CGC") and the UK Corporate Governance Code (UK CGC, FRC, 2018).

 For the full text of PhosAgro's Charter, please visit [our website](#).

 For the full text of PhosAgro's Corporate Governance Code, please visit [our website](#).






- Basic principles of the Company's corporate governance
-  Accountability of management bodies
 -  Equal rights of shareholders
 -  Transparency of operations
 -  Responsibility to society, the state, and stakeholders

SUSTAINABLE DEVELOPMENT GOVERNANCE

GRI 2-12, 2-13

Our governance framework for sustainable development (SD) relies on a number of internal and external drivers.

 For more information on the six main components of the sustainable development governance framework, please visit the Sustainability section on the official website.

 <p>Internal drivers</p> <p>The Company's mission and values supported by our Corporate Strategy</p>	 <p>External drivers</p> <p>Regulations, stakeholder expectations for the maturity of the Company's SD governance framework</p>
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2023 SUSTAINABLE DEVELOPMENT INITIATIVES

GRI 2-14

APPENDICES

SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE

Documentation support

Approval of:

- Regulations on Business Presents and Representation Expenses as amended
- External Auditor Selection and Cooperation Policy of PhosAgro as amended
- Transparency statement under the UK Modern Slavery Act as amended
- Tax Strategy of PJSC PhosAgro and other Group Entities as amended
- Charity Policy of PJSC PhosAgro as amended

Project management

- List and coverage of sustainability key performance indicators (KPIs) expanded
- Coverage of the automated supplier ESG assessment system expanded
- Joint project with ESG Alliance member partners to harmonise assessment criteria and design a single supplier ESG assessment platform launched

Business processes and organisation

- Strengthening the sustainability management function at the corporate headquarters and the enterprises
- Comprehensive regulations on interaction in preparing non-financial reporting updated
- Certificates of compliance with requirements of ISO 9001, ISO 14001, ISO 45001, and GMP+ FSA extended
- Preparedness for ISO 50001 certification of our energy management system externally assessed
- Climate and water-related risks and opportunities identified, assessed and included in the corporate risk register



IT

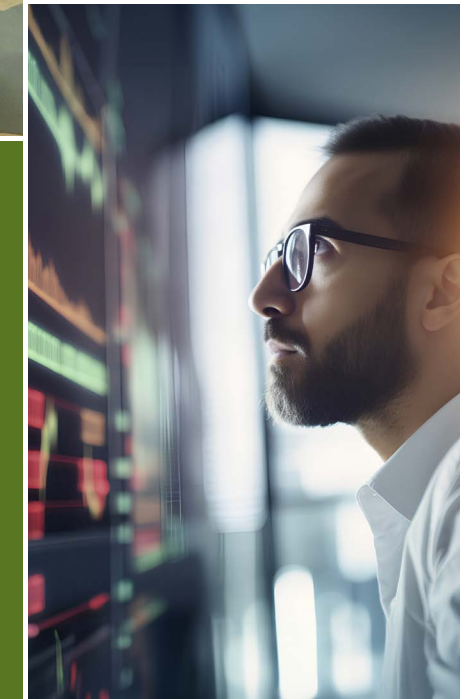
- Calculation of a number of GRI indicators based on data from the Company's accounting systems automated

Competencies and people

- Participating in major international and Russian events and initiatives hosted by the RSPP, ESG Alliance, UN Global Compact, etc.
- Taking part in the Conference of the Parties (COP28) to the UN Framework Convention on Climate Change for the first time

Performance review and reporting

- The integrated annual report procedure updated and approved
- Global and local ESG ratings and rankings reviewed
- Procedure for the Strategy and Sustainable Development Committee to monitor the Company's sustainability projects developed
- Reporting in line with GRI, CDP, IFRS, SASB, Bank of Russia, and Ministry of Economic Development recommendations developed
- Non-financial reporting publicly verified by the Expert Council of the RSPP

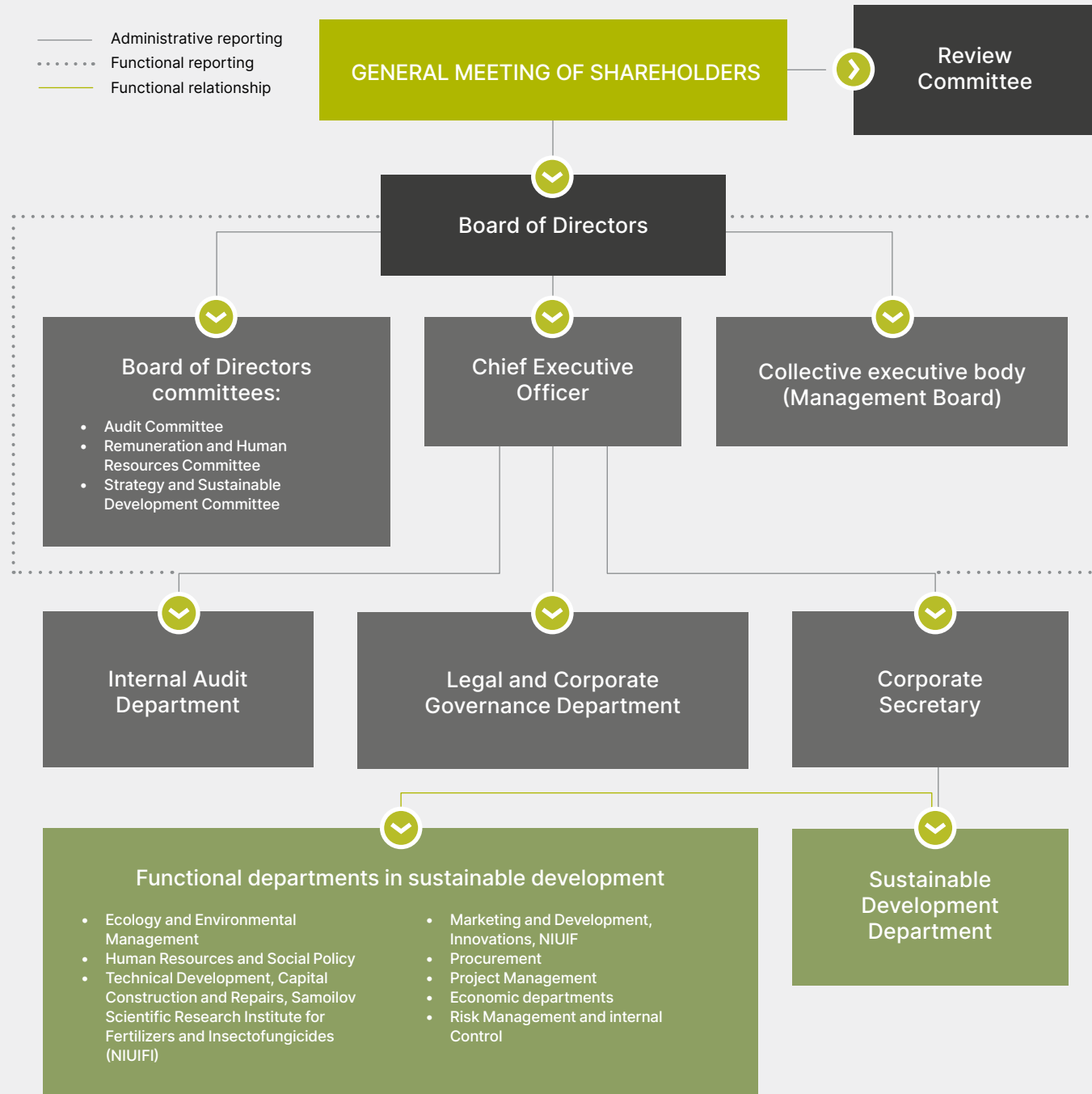


CORPORATE GOVERNANCE STRUCTURE

STRUCTURE OF CORPORATE GOVERNANCE AND SUSTAINABILITY MANAGEMENT

GRI 2-9

- Administrative reporting
- Functional reporting
- Functional relationship



CORPORATE GOVERNANCE ASSESSMENT

To assess corporate governance, the Company relies on the Corporate Governance Code recommended by the Bank of Russia, the UK Corporate Governance Code (UK CGC, FRC, 2018), and criteria from key corporate governance and ESG ratings as best practice benchmarks. The actual compliance with the CGC is evaluated on an annual basis and disclosed in a dedicated report, which is subject to review by the Audit Committee of the Board of Directors and approval by the Board of Directors, and forms a part of the Company's annual report.

In February 2024, the Board of Directors reviewed the performance of the 2023 improvement plan. The Board scrutinised the evolution of compliance with the Code's principles and trends in the quality of explanations for non-compliance or partial compliance. Post-review, the Board of Directors approved the 2023 CGC Report, and issued a positive assessment of compliance with the CGC recommendations. Furthermore, the Board of Directors praised progress against the 2023 Corporate Governance Practice Improvement Plan, and approved the improvement plan for 2024.

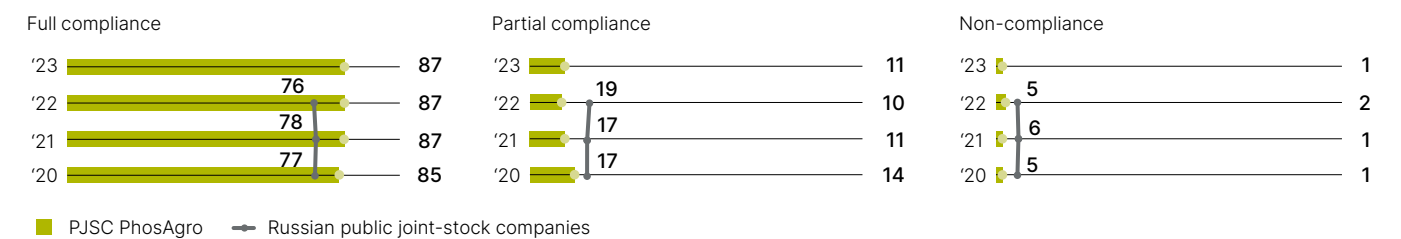
Over the past three years, PhosAgro has demonstrated a high level of compliance with the CGC recommendations.

Over the past three years, PhosAgro has demonstrated a high level of compliance with the Code recommendations.

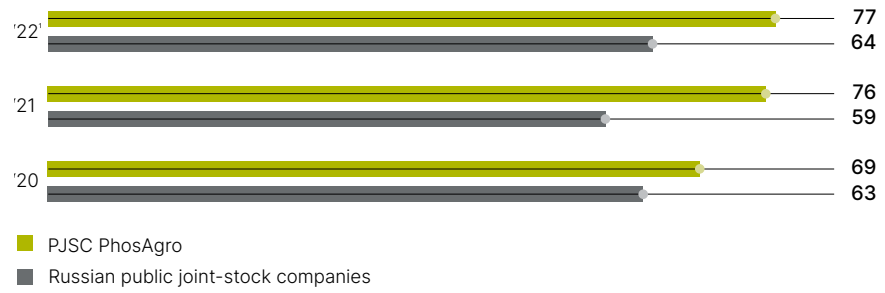
Compliance with the CGC recommendations

CGC section	Total number of matters	Full compliance			Partial compliance			Non-compliance		
		'21	'22	'23	'21	'22	'23	'21	'22	'23
1. Shareholders' rights	13	11	11	11	1	1	1	1	1	1
2. Board of Directors	36	32	30	30	4	5	6		1	
3. The Company's Corporate Secretary	2	2	2	2						
4. Remuneration	10	8	8	8	2	2	2			
5. Risk governance and internal control	6	6	6	6						
6. Information disclosure	7	5	7	7	2					
7. Material corporate actions	5	5	5	5						
Total	79	69	69	69	9	8	9	1	2	1
Percentage of compliance with the CGC principles, %		87	87	87	11	10	11	1	3	1

Compliance with CGC principles at PhosAgro and other Russian companies, %



Degree of disclosure to explain non-compliance (partial compliance) with CGC principles at PhosAgro and other Russian companies, %



For every case of partial compliance or non-compliance, PhosAgro specifies the measures taken to mitigate the associated risks in the CGC Report. In 2023, the quality of PhosAgro's disclosure to explain the non-compliance (partial non-compliance) with the recommendations of the Code, according to the Bank of Russia, improved from 76 to 77%, while the average level in the Russian Federation grew from 59% to 64%.

Results of implementing the CG improvement plan developed and approved by the Board of Directors in the analysis of the 2022 CGC Report

Plan	Actual
<p>Upon the re-election of the Remuneration and Human Resources Committee in 2023, the Board of Directors will seek to elect an independent director as the Chairman of the Remuneration and Human Resources Committee.</p> <p>Once the General Meeting of Shareholders elects new members of PhosAgro's Board of Directors in 2023, the Board will seek to staff the Remuneration and Human Resources Committee with independent directors only.</p>	<p>Despite these intentions, the Committee continued under the leadership of a non-independent member of the Board (Committee Chairman). The Committee's composition was drawn from the post-election Board, considering attributes most conducive to achieving the Committee's objectives, such as relevant experience, education, and expertise.</p>
<p>As part of the next amendments made to the Regulations on the Remuneration and Human Resources Committee or upon approval of a new version of the Regulations (presumably in 2023), a clause on conditions (events) for reviewing the compensation policies will be introduced.</p>	<p>The Company proceeded from the fact that the responsibility to regularly revise the policy, which is specified in the Regulations on the Remuneration and Human Resources Committee of the Board of Directors, implies ensuring that it is updated from time to time and meets the current needs of the Company; thus, stipulating special conditions (trigger events) for reviewing the policy is not a critical element of the Regulations. Since there were no other compelling reasons to revise the Regulations in 2023, its updating was postponed.</p>
<p>In 2023, the Company will resume the practice of assessing each Board member individually, as part of the Board's overall performance assessment exercise.</p>	<p>The Board of Directors resolved to skip individual assessment, as 70% of its members are newcomers since July 2022. In this context, the Board identified no significant risks associated with not proceeding with an individual assessment. In 2024, the Company may resume the practice of assessing each Board member individually, as part of the Board's overall performance assessment exercise.</p>

¹ The most recent year assessed by the Bank of Russia.



Proposed actions following the review of the 2023 CGC Report include:



after the Annual General Meeting of Shareholders and election of a new Board, staffing the Remuneration and Human Resources Committee exclusively with independent directors and seeking to elect an independent director as its Chairman;



engaging external experts in relevant topics;



early notifying shareholders of the Board's or Remuneration and Human Resources Committee's assessment of professional qualifications, experience, and skills of Board candidates against the Company's present and future needs.



in 2024, the Company resuming the practice of assessing each Board member individually, as part of the Board's overall performance assessment exercise;



increasing the number of independent directors in the Strategy and Sustainable Development Committee and electing an independent director to chair it;

Report on compliance with the principles and recommendations of the Corporate Governance Code (stand-alone document)



For the full text of PhosAgro's Report on compliance with the principles and recommendations of the Corporate Governance Code, please visit the official website of the Company.



Changes in self-assessment as regards compliance with corporate governance principles

Number and brief description of the principle	Criteria to evaluate compliance with the corporate governance principle	Status of compliance
2.8.2. Performance of the remuneration committee	<p>1. The board of directors has established a remuneration committee comprising solely independent directors</p> <p>2. The remuneration committee is chaired by an independent director who is not the chairman of the board of directors</p> <p>3. The company's internal regulations set out the tasks of the remuneration committee, including those listed in Recommendation 180 of the Code, as well as the conditions (events), upon the occurrence of which the remuneration committee considers revising the company's remuneration policy for members of the board of directors, executive bodies and other key executives</p>	<p>2022: Non-compliance</p> <p>2023: Partial compliance</p>

Comments

Criterion 1 was only partially complied with, as one of the members of the Remuneration and Human Resources Committee does not meet the independence requirements. The Committee's composition was drawn from the post-election Board, considering attributes most conducive to achieving the Committee's objectives, such as relevant experience, education, and expertise.

Once the General Meeting of Shareholders elects new members of PhosAgro's Board of Directors in 2024, the Board will seek to staff the Remuneration and Human Resources Committee with independent directors only.

Criterion 2 is partially complied with, as the Chairman of the Remuneration and Human Resources Committee is not an independent member of the Board of Directors. Nonetheless, the individual in question is a seasoned HR management expert whose perspective on Board meeting agenda items has always relied only on professional expertise and insight, independent of other Board members or Company management team.

The Committee Chairman does not concurrently serve as the Chairman of the Board of Directors.

Upon the re-election of the Remuneration and Human Resources Committee in 2024, the Board of Directors will seek to elect an independent director as the Chairman of the Remuneration and Human Resources Committee.

Criterion 3 was not met with respect to the failure to define in the Company's internal documents the conditions (events) upon the occurrence of which the Remuneration and Human Resources Committee of the Board of Directors considers the revision of PhosAgro's policy on remuneration of the Board members, members of executive bodies, and other key executives. The Company proceeded from the fact that the responsibility to regularly revise the policy, which is specified in the Regulations on the Remuneration and Human Resources Committee of the Board of Directors, implies ensuring that it is updated and meets the current needs of the Company. When deliberating on amendments to the Regulations on the Remuneration and Human Resources Committee or the adoption of a new version of the Regulations (anticipated in 2024–2025), specific triggers (events) for reviewing the above policy will be incorporated into the draft documents.

GENERAL MEETING OF SHAREHOLDERS

The activities of PhosAgro's supreme governing body – the General Shareholders' Meeting – are governed by the Regulations on the General Meeting of Shareholders. In March 2023, the Annual General Meeting of Shareholders was held in absentia to elect new members of the Board of Directors and Review Committee,

determine the Board of Directors' remuneration, and resolve on other matters within the Meeting's remit.

The reporting year also saw three extraordinary General Shareholders' Meetings convened to vote on payout of interim dividends.



For the full text of PhosAgro's Regulations on the General Meeting of Shareholders, please visit the official website of the Company.

BOARD OF DIRECTORS

In 2023, the Board of Directors continued to oversee strategic focus areas and key decision-making within its scope of functions. Throughout the year, the Board focused on maintaining the continuous operation of the Company's production assets, supporting established supply chains and building new ones.



STRATEGY AND GLOBAL CHALLENGES

In 2023, the Board of Directors continued to develop our updated Strategy to 2030, but given the serious rise in the level of uncertainty, this will take longer than expected.

The Board traditionally paid great attention to monitoring progress in the implementation of the Strategy to 2025, including a detailed review of progress towards strategic goals in functional areas such as sales, logistics, production, environmental protection and climate change, occupational health and safety, and personnel development. Statutory compliance was rigorously

evaluated, and the practice of doing regular surveys of stakeholder expectations and reviewing changes in the external environment, particularly concerning sustainable development objectives, was expanded.

In the reporting year, the fruitful exercise of incorporating anti-crisis management topics into the agenda, established in 2022, continued. This approach focuses on planning and assessing efforts to ensure stable and sustainable operation of the Company's production sites, especially in procurement and sales, amid the existing conditions.

In addition, the focus of the Board during the year was on approved projects that, though not part of the Strategy to 2025, meet the criteria adopted by the Board when approving the Strategy in the context of the main scenarios considered. These criteria include sustainable production growth, introduction of innovative and sustainable products and processes, and stronger operating efficiency.

The Board also reviewed a number of investment initiatives that form the basis for the Strategy to 2030 and can be integrated into it in line with developments in the markets.

SUSTAINABLE DEVELOPMENT AND CORPORATE GOVERNANCE

GRI 2-12, 2-14

During 2023, as part of the action plan to implement the ESG agenda in the Company's practices, the Board of Directors updated the tax strategy and a number of internal documents on charity, sponsorship, and external audit.

In the reporting year, the Board of Directors continued reviewing the Company's practices for compliance with the recommendations published by the Bank of Russia in December 2021 to encourage boards of directors

of public joint-stock companies to consider ESG factors and sustainable development in their activities. Building on the practice of assessment introduced in 2021, the self-assessment of the Board of Directors' performance for 2023 factored in the regulator's recommendations. The post-assessment steps were also largely based on this significant document of the Bank of Russia, which reasserted that the Company's sustainable development and high-quality corporate governance are intertwined.

INFORMATION TECHNOLOGIES AND INFORMATION SECURITY

In accordance with its earlier decision, the Board of Directors reviewed the quality of countering information security threats twice during 2023. The Board also focused

on the Company's readiness to replace software that is about to be no longer supported in Russia after the sanctions were imposed.



ONGOING TASKS

In addition to the above key tasks, which were the top priorities in the reporting year, there are traditional focus areas in the Board's activities:

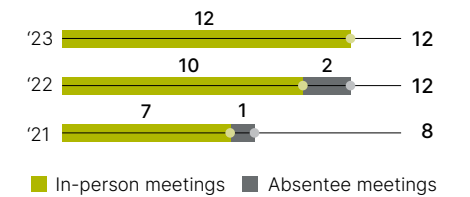
- assessment and quarterly monitoring of the risk management process;
- assessment and quarterly monitoring of subsidiary activities with a focus on workplace health and safety, industrial safety and environmental protection;
- assessment of compliance with the Inside Information Regulations;
- assessment of the quality of investment and organisational project management at PhosAgro Group subsidiaries;
- appointment and evaluation of the performance of PJSC PhosAgro's CEO and Management Board;
- oversight over management relations with shareholders, investors and other stakeholders;
- monitoring the implementation of priority areas of PhosAgro's activities in 2023 and determining priority areas of its activities for 2024;
- reviewing PJSC PhosAgro's budget for 2024, as well as quarterly follow-up on the 2023 budget utilisation;
- evaluating the alignment of the Company's corporate culture with its goals, values, and strategy; assessing and overseeing the corporate culture;
- reviewing and approving the results, work plans, and budget of the Internal Audit Department;
- quarterly review and approval of financial statements;
- approval of major transactions and interested-party transactions;
- convening General Meetings of Shareholders;
- assessing the quality of non-financial reporting and approving the Company's annual report.

PARTICIPATION IN THE BOARD MEETINGS

12 meetings of the Board of Directors held in 2023

78 agenda items considered by the Board of Directors in 2023

Meetings of the Board of Directors



Participation in the Board meetings

Participation	Board of Directors	Audit Committee	Remuneration and Human Resources Committee	Strategy and Sustainable Development Committee
Victor Ivanov	11/12		1/4	2/4
Yuri Krugovykh	12/12			
Siroj Loikov	12/12		3/4	
Ivan Rodionov (before 24 March 2023)	3/12	2/6	1/4	
Natalia Pashkevich	11/12			
Vladimir Trukhachev	8/12	4/6	3/4	
Alexander Seleznev	12/12			
Victor Cherepov	11/12	6/6		
Mikhail Rybnikov	12/12			2/4
Alexander Sharabaika	12/12			4/4
Andrey Sharonov	11/12	6/6	4/4	4/4

COMPOSITION OF THE BOARD OF DIRECTORS

GRI 2-9, 2-10, 405-1

The General Meeting of Shareholders annually elects ten members of the Board of Directors by cumulative voting: the nominees with the highest number of votes are elected.

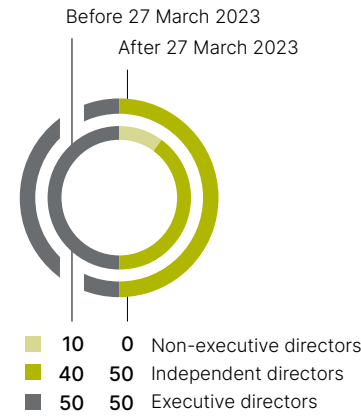
The composition of the Board of Directors is well-balanced in terms of the qualifications, expertise and business skills of its members. Board members should have a recognised, including among investors and shareholders, good business reputation and no conflicts of interest with the Company.

The Company should aim for a well-balanced composition of its Board of Directors, where the qualifications, experience, knowledge, business acumen, and independence of members are harmonised. The Remuneration and Human Resources Committee and the Board of Directors themselves assess these attributes of prospective candidates and of the serving directors at least semi-annually. This assessment includes evaluating whether potential members can dedicate adequate time to their duties on the Board, considering all other commitments. The Committee's findings on these matters are compiled as part of the documents for the General Meeting of Shareholders whenever elections to the Board are on the agenda.

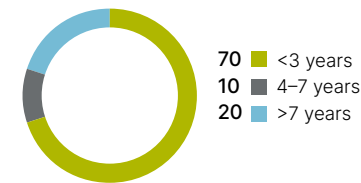
Furthermore, the correlation of Board members' competencies with the Company's strategic needs is revisited by the Remuneration and Human Resources Committee annually. This is part of managing the succession planning for key executive roles and within the context of the Board's annual performance assessment. The outcomes of these deliberations are communicated to the Board of Directors by the Committee Chairman as part of its performance report.

In the reporting year, there was modest turnover within the Board, with only one new member elected. The Board's responsibility to the government, shareholders, employees, communities in the regions of PhosAgro's footprint and other stakeholders for the Company's operational, financial, environmental and social performance remained unchanged.

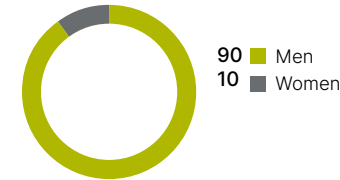
Board of Directors: independence, %



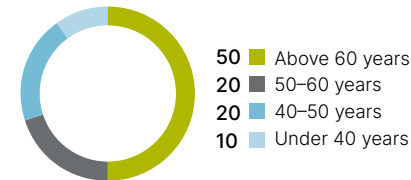
Board of Directors: length of continuous service, %



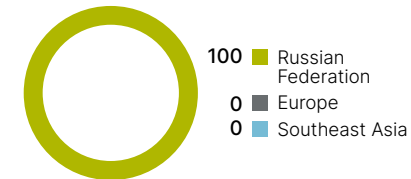
Board of Directors: gender split, %



Board of Directors¹: age %



Board of Directors: place of residence, %



¹ There are no members of the Board of Directors under the age of 30.

GRI 2-17

Key competencies of Board members

Key competencies (based on professional experience)

Member of the Board of Directors	Status	Information policy and public relations	Strategy and innovation	Finance and audit	Risk management	Law and corporate governance	Chemistry and mining engineering	Personnel management	Corporate governance and sustainable development (ESG) ¹	International cooperation	Equity interest, %
Victor Cherepov	Chairman, independent	✓		✓					✓		none
Victor Ivanov	Independent						✓	✓			0.0013
Natalia Pashkevich	Independent						✓	✓			none
Andrey Sharonov	Independent			✓		✓		✓	✓		none
Ivan Rodionov (before 24 March 2023)	Non-executive			✓	✓			✓	✓		0.0064
Vladimir Trukhachev (after 24 March 2023)	Independent						✓	✓			none
Yuri Krugovykh	Executive	✓						✓			none
Alexander Sharabaika	Executive		✓	✓			✓	✓	✓	✓	none
Alexander Seleznev	Executive		✓	✓							none
Siroj Loikov	Executive							✓		✓	none
Mikhail Rybnikov	Executive		✓	✓			✓		✓		0.024

¹ Including competencies in environment, health and safety.

ROLE OF INDEPENDENT DIRECTORS

Independent directors make a valuable contribution to the Board's decision-making as their opinions rely solely on professional skills and expertise, as well as a comprehensive study of the matter. Their position is unbiased, independent and free from the influence of other members of the Board and PJSC PhosAgro's management, and they are primarily focused on improving the Company's performance. Following the election

of new directors on 24 March 2023, five out of ten Board members are independent and one of the three Board committees is chaired by an independent director.

The independence of Board members and nominees is assessed biannually by the Remuneration and Human Resources Committee. The assessment is based on the criteria set out in PhosAgro's

Regulations on the Board of Directors, Clause 2.4 of the Code, Clause 2 of Appendix 2 (2.18) and Appendix 4 of the Listing Rules of the Moscow Exchange, and Clause 10 of the UK Corporate Governance Code (FRC, 2018). In 2023, five of the Board members (Victor Ivanov, Natalia Pashkevich, Vladimir Trukhachev, Victor Cherepov, and Andrey Sharonov) were recognised as independent.

D&O¹ LIABILITY INSURANCE

The Company has been taking out D&O liability insurance every year since 2012. Under the current insurance contract (insurance period from 1 June 2023 to 31 May 2024),

liability for third-party losses incurred in the exercise of duties by directors and officers of PhosAgro is covered up to USD 50 mln in rouble equivalent, with an extension of the aggregate

liability limit for all independent directors by USD 2 mln. Apart from directors' liability, the above contract includes the liability of the Company's officers.

ASSESSMENT OF THE BOARD OF DIRECTORS' PERFORMANCE

GRI 2-18

In accordance with the Code recommendations, PhosAgro assesses the performance of its Board of Directors on an annual basis, with external experts engaged for this purpose once in three years. In January 2023, IDA – Association of Professional Directors conducted an external assessment of the Board of Directors' performance for 2022.

The external assessment confirmed that the Board and its committees were functioning in accordance with the recommendations of the Code and the Listing Rules of the Moscow Exchange. Corporate governance practices in such areas

as the organisation of activities and operation of the Board of Directors, interaction with committees, the role of the Board Chairman, the performance of the Corporate Secretary, and the Company's ESG and sustainability activities were noted as highly effective.

The Board performance assessment methodology was based on international best practices, Code requirements and the Listing Rules of the Moscow Exchange, and was agreed with the Chairman of the Remuneration and Human Resources Committee and the Corporate Secretary.

Questionnaires and interviews were used to assess the performance of the Board of Directors and its committees. During the first stage, detailed questionnaires were circulated among the directors. The findings were supplemented by comments and feedback from Board members and management during individual interviews. As part of the assessment, the number of the Board's focus areas under review was increased to eleven. Each of them received a fairly high score. Following the assessment completion, in March 2023 the Board approved a number of initiatives to further enhance corporate governance practices.

Progress of improvement initiatives following the Board's performance assessment for 2022

Plan	Actual
More active participation of the Board members in shaping the agenda of the Board and its committees, as well as enhancing the agenda to proactively address future challenges and strategic risks (strategy updates and changes in external markets, refining mid- and long-term business and financial models, risk management issues and search for opportunities, crisis management practices, top management development and remuneration, new technologies)	All recommendations and suggestions of the Board members with respect to the 2023–2024 work agenda were reflected in the approved work plan of the Board of Directors
Reviewing the role of the Board of Directors and streamlining approaches to stakeholder engagement, including by revising investor relations policies (in line with the current focus on retail).	Since 2021, the Company has been including stakeholder engagement topics in the agenda of the Board committees (Sustainable Development, and Strategy and Sustainable Development committees), either as separate items or as part of reviewing non-financial reporting
Inviting external experts to address pertinent subjects and keep the Board members' knowledge up to date	The Company drafted reports on innovations in the fertilizer and related industries and trends in the agriculture for discussion at the August 2023 meeting of the Strategy and Sustainable Development Committee without involving external experts.
Improving the onboarding procedure (introducing new board members to production sites and personnel)	The Company resumed visits of newly appointed directors to production sites and their meetings with the Company's executives
On-site meetings and closer communication with site management, informal meetings of directors to discuss the Company's operations between Board meetings	In 2023, the Board held an on-site meeting at the Volkhov production site
Providing the Board members with updated information on approaches to determining top management remuneration	The information was reviewed at a meeting of the Remuneration and Human Resources Committee on 17 May 2023 and the matter is also included in its agenda on an annual basis
Enhancing the Board's involvement in future decision-making regarding top management remuneration	As part of the subsequent review process by the Remuneration and Human Resources Committee, key aspects of top management remuneration will be presented to the Committee for approval
Increasing the number of independent directors in the Strategy and Sustainable Development Committee and electing an independent director as its chair	The composition of the Strategy and Sustainable Development Committee was analysed and disclosed in non-financial reporting

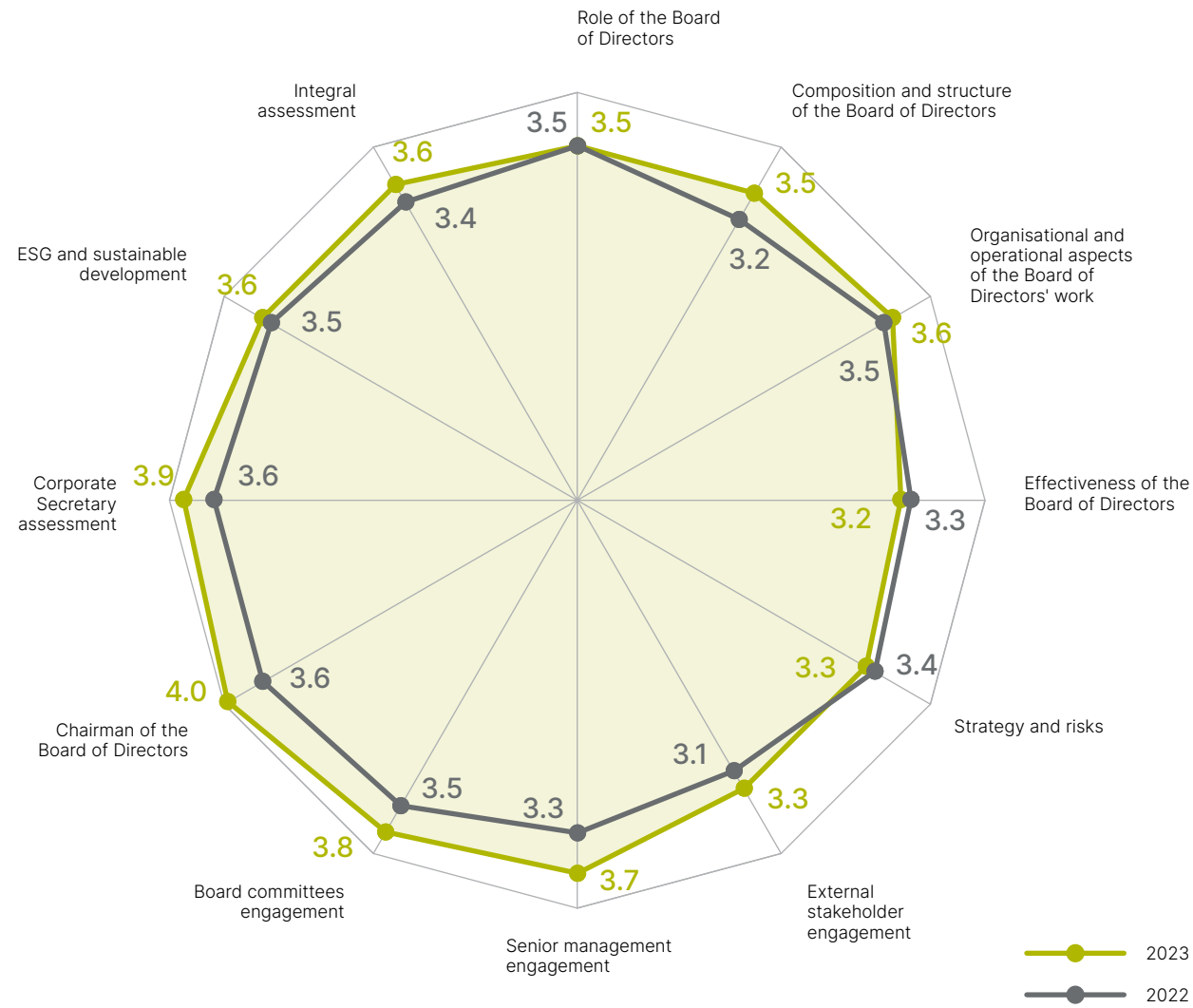
¹ Directors & Officers Liability.

The self-assessment of the Board's 2023 performance was completed in early 2024. Its results were discussed in detail at a meeting

of the Remuneration and Human Resources Committee and, in a more condensed form, at a meeting of the Board of Directors in early April 2024.

The self-assessment was conducted using questionnaires, with the questions remaining unchanged from the external assessment of the Board's performance in 2022.

Board of Directors' self-assessment (scale 1 to 4)



The composition of the Board of Directors is fully compliant with the Code requirements and the Listing Rules of the Moscow Exchange. The directors believe that the composition of the Board

of Directors is strong and balanced, and its structure is optimal (the score remained at the level of 3.5 achieved in the 2022 self-assessment). Organisational aspects of the Board of Directors' work were also rated

highly (an increase from 3.5 to 3.6 compared to the previous score), and the assessment of the Board of Directors' effectiveness remained at the previous level of 3.2.

Areas for improvement identified as part of the Board of Directors' self-assessment

- 1 Potentially enhancing the Board's well-balanced composition and range of competencies through greater gender diversity and inclusion of younger and foreign directors
- 2 Expanding direct communication between the Board members and investors, analysts, government and regulator representatives, and other stakeholders
- 3 Enhancing the Board's agenda setting and handling:
 - Reviewing the Company's Development Strategy for the next five years, including as regards such areas as corporate social responsibility
 - Inviting experts to the Strategy and Sustainable Development Committee meetings to leverage relevant external expertise and analyse best global practices
 - Receiving updates from specific facilities on their current operations and future plans
- 4 Encouraging the Board members' participation in public events organised by the Company (such as Chemist's Day, Miner's Day, sports and other events)
- 5 Organising the distribution of useful short newsletters and market updates (product prices, capitalisation, important regulatory news, etc.) to the Board members between meetings



MEMBERS OF THE BOARD OF DIRECTORS

INFORMATION ON THE MEMBERS OF THE BOARD OF DIRECTORS

GRI 2-11



Victor Cherepov

Chairman of the Board of Directors at PhosAgro, independent director

Year of election: 2022
Date of birth: 15 January 1951

Professional experience

2023 – Pr. – Social Fund of Russia, Member of the Management Board

2023 – Pr. – PhosAgro, Chairman of the Board of Directors, Chairman of the Audit Committee

2023 – Pr. – Kompaniya Ust-Luga, Member of the Board of Directors

2022–2023 – Kashira Steel Structures and Boiler Building Plant, Member of the Board of Directors

2021 – Pr. – RC Novotrans, Advisor

2021 – Pr. – Russian Union of Industrialists and Entrepreneurs, Vice President for Social Policy and Labour Relations

2021 – Pr. – HC Novotrans, Member of the Board of Directors

2020 – Pr. – Public Council under the Ministry of Health of the Russian Federation, Deputy Chairman of the Public Council

2019 – Pr. – NPF Blagosostoyanie, Chairman of the Human Resources and Remuneration Committee, Member of the Strategic Planning Committee

2018 – Pr. – NPF Blagosostoyanie, Member of the Board of Directors

2018–2023 – AB Energo, Member of the Board of Directors

2016–2023 – Krasnoyarskii Kotelnyi Zavod, Member of the Board of Directors

2016–2020 – Public Council under the Ministry of Health of the Russian Federation, Member of the Board of Directors

2015 – Pr. – Pharmaceutical and Medical Industry Investors Club, President

2010–2022 – Machine-Building Factory of Podolsk, Member of the Board of Directors

2010 – Pr. – National Medical Chamber, Member of the Council for Professional Qualifications in Healthcare

2008 – Pr. – Federal Compulsory Health Insurance Fund, Member of the Management Board

2005–2021 – Russian Union of Industrialists and Entrepreneurs, Executive Vice President, Managing Director of the Department of Relations with Regional and Industrial Associations

2002 – Pr. – State University of Management, Head of the Department of Healthcare and Sport Industry Management

Education

Karaganda State Medical Institute, Degree in General Medicine

School of Medicine, Boston University School of Public Health, USA

Euromanagement Institute, Germany

MD, Professor, Member of the Russian Academy of Medical and Technical Sciences, Member of the International Academy of Energy Information Sciences



Alexander Sharabaika

Deputy Chairman of the Board of Directors at PhosAgro, Deputy CEO for Finance and International Projects at PhosAgro

Year of election: 2022
Date of birth: 25 February 1977

Professional experience

2022 – Pr. – PhosAgro, Deputy Chairman of the Board of Directors, Chairman of the Strategy and Sustainable Development Committee

2019 – Pr. – PhosAgro, Deputy CEO for Finance and International Projects

2018–2022 – PhosAgro, Member of the Management Board

2017 – Pr. – Apatit, Advisor to the CEO (part-time)

2017–2019 – Apatit, Member of the Management Board

2015 – Pr. – PhosAgro-Region, Member of the Management Board

2014–2019 – PhosAgro, Director for Economic Affairs and Finance

Education

Belarus State Economic University, Degree in Finance and Credit

University of Nottingham (UK), Bachelor's degree in Finance

Moscow School of Management SKOLKOVO, Executive Coaching for the Development of Leaders, Project Management



Victor Ivanov

Member of the Board of Directors at PhosAgro, independent director

Year of election: 2022
Date of birth: 17 January 1943

Professional experience

2023 – Pr. – PhosAgro, Member of the Strategy and Sustainable Development Committee

2022–2023 – PhosAgro, Member of the Remuneration and Human Resources Committee

2022 – Pr. – PhosAgro, Member of the Board of Directors

2017 – Pr. – Reatex, Member of the Board of Directors

2017 – Pr. – Agrochiminvest, Chairman of the Board of Directors

2013 – Pr. – Pigment, Member of the Board of Directors

2012 – Pr. – Russian Chemists Union, President

Education

Tomsk Polytechnic Institute, Degree in Chemical Process Engineering

Academy of National Economy under the USSR Council of Ministers

For information on Ivan Rodionov, who stepped down from the Board of Directors in March 2023, please see the 2022 integrated Annual Report of PhosAgro on [our website](#)





Natalia Pashkevich

Member of the Board of Directors at PhosAgro, independent director

Year of election: 2017
Date of birth: 5 November 1939

Professional experience

2022 – Pr. – PhosAgro, Member of the Board of Directors

2021 – Pr. – Priority 2030 Strategic Academic Leadership Programme, Head of the programme

2017–2022 – PhosAgro, Member of the Board of Directors, Member of the Environmental, Health and Safety Committee

2009 – Pr. – National Research University, Head of the development programme

1999 – Pr. St Petersburg Mining University, First Vice Rector

Education

Leningrad Mining Institute, Degree in Mining Engineering and Economics,

PhD in Economics, Professor



Andrey Sharonov

Member of the Board of Directors at PhosAgro, independent director

Year of election: 2017
Date of birth: 11 February 1964

Professional experience

2022 – Pr. – PhosAgro, Member of the Board of Directors, Member of the Audit Committee, Member of the Remuneration and Human Resources Committee, Member of the Strategy and Sustainable Development Committee

2022–2022 – PhosAgro, Chairman of the Board of Directors

2022 – Pr. – ESG Alliance, CEO

2021 – Pr. – Profilum, Chairman of the Board of Directors

2021–2022 – Sberbank, Vice President

2020 – Pr. – Foundation for Development of the Centre for Elaboration and Commercialisation of New Technologies (Skolkovo Foundation), Member of the Board of Directors, Chairman of the Human Resources and Compensation Committee

2019 – Pr. – En+ Group, independent non-executive director, Member of the Audit Committee, Chairman of the Corporate Governance and Nominations Committee

2019–2022 – Rosseti, Member of the Board of Directors (independent director), Member of the Personnel and Remuneration Committee

2018 – Pr. - Medicina, Chairman of the Board of Directors

2017–2022 – PhosAgro, Member of the Board of Directors, Member of the Audit Committee, Member of the Remuneration and Human Resources Committee, Member of the Sustainable Development Committee

2016–2022 – SKOLKOVO Endowment Fund, Director

2016–2022 – Association for the Development of Moscow School of Management SKOLKOVO, Managing Director

2016–2021 – Moscow School of Management SKOLKOVO, President

2015 – Pr. – Sovcomflot, Chairman of the Audit Committee, Member of the Compensation Committee

2014–2022 – International Business Leaders Forum, Chairman of the Board of Trustees

2014 – Pr. – MC NefteTransService, Chairman of the Board of Directors

2014 – Pr. – Sovcomflot, Member of the Board of Directors (independent director), Member of the Innovative Development and Technical Policy Committee

2014–2019 – NOVATEK, independent director, Chairman of the Audit Committee, Member of the Remuneration and Nomination Committee

2009–2020 – National Research University Higher School of Economics, Professor (part-time) at the School of Finance of the Faculty of Economic Sciences

Education

Ufa Aviation Institute, Degree in Aviation Instrument Making

Institute of Socio-Political Research under the Russian Academy of Sciences, PhD in Sociology

Russian Academy of Public Administration under the President of the Russian Federation, Degree in Law

Moscow School of Management SKOLKOVO, Executive Coaching for the Development of Executives, Top Management Teams and Organisations

Bocconi University, Italy, DBA



Vladimir Trukhachev

Member of the Board of Directors at PhosAgro since 24 March 2023, independent director

Year of election: 2023
Date of birth: 16 July 1955

Professional experience

2023 – Pr. – PhosAgro, Member of the Board of Directors, Member of the Remuneration and Human Resources Committee, Member of the Audit Committee

2020 – Pr. – Russian Professors' Assembly, Head of Agriculture section

2019 – Pr. – Russian State Agrarian University – Moscow Timiryazev Agricultural Academy, Rector

2018 – Pr. – Agroeducation Association of Agrarian Universities of Russia, Chairman

2018 – Pr. – Member of the Russian Academy of Sciences

Education

Stavropol Agriculture Institute, Degree in Veterinary

Russian Academy of Sciences, PhD in Agriculture, PhD in Economics, Professor



Alexander Seleznev

Member of the Board of Directors,
Chief of Staff for the CEO of PhosAgro

Year of election: 2022
Date of birth: 6 July 1984

Professional experience

- 2022 – Pr.** – PhosAgro, Member of the Board of Directors
- 2019 – Pr.** – PhosAgro, Chief of Staff for the CEO

2019–2022 – PhosAgro, Member of the Management Board

2015–2019 – PhosAgro, Head of Investor Relations

Education

Bauman Moscow State Technical University, Degree in Comprehensive Information Security of Automated Systems



Siroj Loikov

Member of the Board of Directors,
First Deputy CEO of PhosAgro

Year of election: 2022
Date of birth: 9 September 1972

Professional experience

- 2023 – Pr.** – PhosAgro, Chairman of the Remuneration and Human Resources Committee
- 2022 – Pr.** – PhosAgro, Member of the Board of Directors
- 2020 – Pr.** – PhosAgro, First Deputy CEO

2020 – Pr. – Apatit, Advisor to the CEO (part-time)

2018–2020 – PhosAgro, Deputy CEO

2018–2020 – Apatit, Deputy CEO (part-time)

2018–2019 – PhosAgro-Region, Deputy CEO for Human Resources (part-time)

2013–2022 – PhosAgro, Member of the Management Board

Education

Tashkent State University of Economics, International Economic Relations

University of Nottingham (UK), Bachelor's degree in Business Management

Diplomatic Academy of the Russian Ministry of Foreign Affairs, Degree in World Economy



Yuriy Krugovykh

Member of the Board of Directors, First Deputy CEO of PhosAgro,
Deputy General Director for Information Policy of Apatit

Year of election: 2022
Date of birth: 29 May 1955

Professional experience

- 2022 – Pr.** – PhosAgro, First Deputy CEO of PhosAgro, Member of the Board of Directors
- 2022–2022** – PhosAgro, Member of the Management Board

2015 – Pr. – Apatit, Deputy CEO for Information Policy (part-time)

2013 – Pr. – PhosAgro-Region, Member of the Management Board

2010–2022 – PhosAgro, Deputy CEO

Education

Moscow University for the Humanities, Degree in History



Mikhail Rybnikov

Chairman of the Management Board,
Member of the Board of Directors and CEO at PhosAgro

Year of election: 2022
Date of birth: 30 November 1975

Professional experience

- 2022–2023** – PhosAgro, Member of the Strategy and Sustainable Development Committee
- 2022 – Pr.** – PhosAgro, CEO
- 2022 – Pr.** – PhosAgro, Member of the Board of Directors, Chairman of the Management Board
- 2021–2022** – PhosAgro, Deputy CEO
- 2020–2021** – PhosAgro, Managing Director
- 2018 – Pr.** – NIUIF, Member of the Board of Directors
- 2018 – Pr.** – Apatit, Advisor to the CEO (part-time)

2018–2020 – PhosAgro, First Deputy CEO

2018–2019 – Apatit, Member of the Management Board

2016–2022 – PhosAgro, Member of the Board of Directors, Chairman of the Environmental, Health and Safety Committee, Member of the Strategy Committee, Member of the Sustainable Development Committee

2016 – Pr. – PhosAgro-Region, Member of the Management Board

2013–2022 – PhosAgro, Member of the Management Board

Education

Lomonosov Moscow State University, Master's degree in Economics

Moscow School of Management SKOLKOVO, Executive Coaching for the Development of Executives, Leadership In Action

CORPORATE SECRETARY

The Corporate Secretary is responsible for day-to-day interactions with the shareholders, coordination of the Company's efforts to protect shareholder rights and interests, and support provided to the Board of Directors to ensure its efficient performance.

The Corporate Secretary is appointed by the Board of Directors. The operating procedures of the Corporate Secretary are governed by the Regulation on the Corporate Secretary approved by the Company's Board of Directors.



For the full text of PhosAgro's Regulations on the Corporate Secretary, please visit our website.



Sergey Samosyuk

Year of appointment: 2016
Date of birth: 1 October 1976

Professional experience

2023 – Pr. – PhosAgro-Region, Corporate Governance Advisor to the CEO (part-time)

2022 – Pr. – PhosAgro, Advisor to the Deputy CEO for Sales, Marketing and Logistics (part-time)

2021 – Pr. – AgroGard-Finance, Member of the Board of Directors

2021 – Pr. – Giproruda, Member of the Board of Directors

2017 – Pr. – Apatit, Advisor to the CEO (part-time)

2016 – Pr. – PhosAgro, Corporate Secretary

Education

St Petersburg State University of Economics, Degree in Engineering and Economics

St Petersburg University, Degree in Law

National Research University Higher School of Economics, Executive MBA

Achievements

Professional award of the Semyonov National Corporate Secretaries Association (NCSA) in the Cutting-Edge Practices in Corporate Governance for Board of Directors' Support and Exemplary Disclosure Leadership categories (2023)

2020 Director of the Year National Award for the best corporate governance directors / corporate secretaries

COMMITTEES OF THE BOARD OF DIRECTORS

The committees of the Board of Directors are advisory and consultative bodies made up of the current Board members with relevant experience and expertise in specific focus areas.

The committees can also engage external experts and consultants in their work. The primary role of the committees is the preliminary consideration of key issues submitted for review by the Company's Board of Directors.

At its meeting on 30 March 2023, the Board of Directors established three committees:



Audit Committee;



Remuneration and Human Resources Committee;



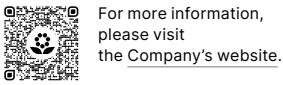
Strategy and Sustainable Development Committee.



INFORMATION ON COMMITTEES' PERFORMANCE

AUDIT COMMITTEE

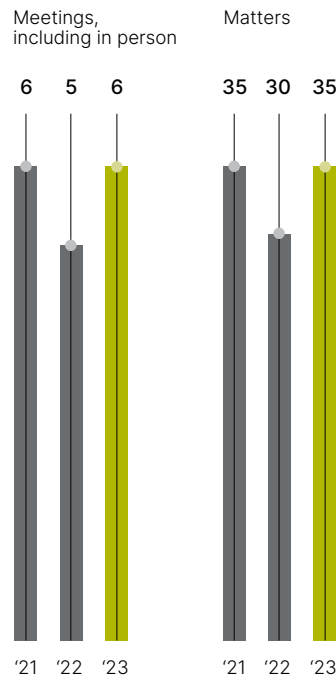
The activities of the Audit Committee (hereinafter in this section "the Committee") are governed by the Regulations of the Audit Committee.



Committee members as at 31 December 2023

First and last name	Position
Victor Cherepov	Committee Chairman, independent director
Vladimir Trukhachev	Committee member, independent director
Andrey Sharonov	Committee member, independent director

The Committee's statistics



Key highlights in 2023

In the reporting year, the Committee focused on the quality, reliability and timeliness of financial and non-financial corporate reporting.

In 2023, the Committee paid special attention to the taxation of the Company's operations. Relevant matters were included on the agenda of two of its meetings, including the one held in December 2023 to approve a new version of PhosAgro's Tax Strategy.

In line with the recommendations submitted after external assessment of the Board's performance in 2022, the Committee reviewed the Company's report on investor relations in the context of key challenges in 2022 and 2023, including limitations on the exercise of rights by shareholders,



Based on the 2023 results, the Committee is happy to report an invariably high quality of financial reporting, observance of previously established release deadlines, and the growing scope and improved quality of non-financial reporting.

holders of depositary receipts, and bondholders, and a significant increase in the share of retail investors. The Committee praised the quality of interaction between the Company's relevant departments and investors/shareholders in the new circumstances.

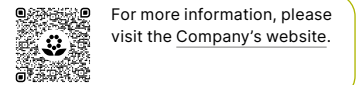
Ongoing tasks

The Committee focused on the following:

- analysis, review and discussion of the Company's annual financial and operating performance based on the IFRS consolidated financial statements, including reasons for deviations from the previous periods;
- review of quarterly IFRS condensed consolidated financial statements, along with ensuring the adequacy of disclosures;
- review and discussion of the results of the annual audit and quarterly reviews by the external auditor in accordance with RAS and IFRS;
- review of the external auditor plan for the assurance of 2023 financial statements;
- approval of the plan and budget, and assessment of the Internal Audit Department's performance;
- analysis of the Company's compliance with Russian and European legislation on the protection and use of insider information;
- analysis of the quality of the Company's corporate governance, including compliance with the Corporate Governance Code;
- discussion with legal and tax department heads about ongoing issues that may have an impact on financial statements;
- development of non-financial reporting regulations, analysis of quality and completeness of ESG reporting in 2023 as compared to previous periods.

External auditor

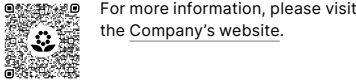
The Committee's approach to assessing the independence and effectiveness of external audit, as well to the appointment and reappointment of the external auditor is described in detail in the new version of PhosAgro's External Auditor Selection and Cooperation Policy approved by the Board of Directors in August 2023. All additional services related and unrelated to audit were duly approved by the audit partner, as well as by the Chairman of the Audit Committee, with due regard to appropriate independence considerations.



Victor Cherepov
Chairman of the Audit Committee

REMUNERATION AND HUMAN RESOURCES COMMITTEE

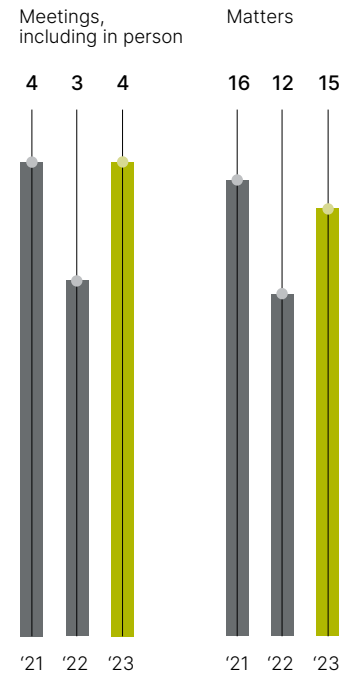
The Remuneration and Human Resources Committee (within this section, the “Committee”) is governed by the Regulations on the Remuneration and Human Resources Committee.



Committee members as at 31 December 2023

Committee member	Position
Siroj Loikov	Committee Chairman, executive director
Vladimir Trukhachev	Committee member, independent director
Andrey Sharonov	Committee member, independent director

The Committee's statistics



Key highlights in 2023

Twice a year, initially when assessing nominations to the Board of Directors and subsequently when appraising its final composition, the Committee analyses the adequacy of the Board members' skills, experience, expertise, and business acumen for their service on the Board of Directors, assesses the Board members against independence criteria, and identifies reasons (if any) that could disqualify them from serving on the Board of Directors.

The Committee's conclusions with respect to the nominees to the Board of Directors are included in the materials for the General Meeting of Shareholders voting on the election of Board members.

While preparing the shareholder information for the Annual General Meeting, the Committee, among other factors, analysed the effect of important external nominations of independent directors on their ability to duly discharge their responsibilities as the Company's Board members.

Independent directors' external nominations as at 31 December 2023:

- Victor Cherepov: Russian Union of Industrialists and Entrepreneurs, State University of Management, Pharmaceutical and Medical Industry Investors Club, Novotrans Repair Company, Novotrans Holding Company, Krasnoyarskii Kotelnyi Zavod, AB Energo, Kompaniya Ust-Luga, Kashira Steel Structures and Boiler Building Plant, and others;
- Victor Ivanov: Russian Chemists Union, AgroChimInvest, Reatex, Pigment;
- Andrey Sharonov: ESG Alliance, Sovcomflot, MC NefteTransService, Profilum, En+ Group, Medicina, and others;
- Natalia Pashkevich: St Petersburg Mining University;
- Vladimir Trukhachev: Russian State Agrarian University – Moscow Timiryazev Agricultural Academy, Agroeducation Association of Agrarian Universities, Russian Academy of Sciences.

The Committee found that the above external appointments did not prevent the Board members from duly discharging their responsibilities, while also maximising their contribution to the Company's growth.

Other highlights of the Committee's activities included consideration of the 2030 demographic forecast, and review of workforce composition in PhosAgro and companies within PhosAgro Group as regards diversity, gender equality, and inclusion.

Ongoing tasks

The Committee focused on the following:

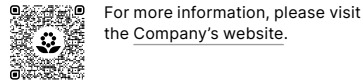
- assessment of professional skills, independence, engagement and important external nominations or appointments to the Board of Directors;
- performance assessment of the Company's executive bodies, other key employees, and the Corporate Secretary;
- assessment of the incentive system for the members of executive bodies and other key employees;
- succession planning for members of the management bodies and other key executives;
- assessment of social and employee training programmes, including the progress towards a sustainability target approved in the Strategy to 2025 – the number of employee training hours;
- review of the outcomes following the annual staff loyalty and satisfaction survey, including progress towards a sustainability target approved in the Strategy to 2025 – integrated employee loyalty index;
- analysis of alignment between the Company's corporate culture and its goals, values, and strategy;
- review of workforce composition in companies within PhosAgro Group as regards diversity, gender equality, and inclusion;
- best practice guidance and analysis following self-appraisal or third-party appraisal of the Board of Directors' performance.

Siroj Loikov
Chairman of the Remuneration and Human Resources Committee

STRATEGY AND SUSTAINABLE DEVELOPMENT COMMITTEE

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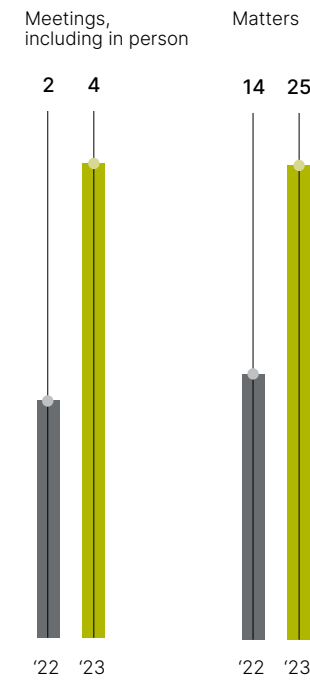
The Strategy and Sustainable Development Committee (within this section, the "Committee") is governed by the Regulations on the Strategy and Sustainable Development Committee.



Committee members as at 31 December 2023

Committee member	Position
Alexander Sharabaika	Committee chairman, executive director
Victor Ivanov	Committee member, independent director
Andrey Sharonov	Committee member, independent director

The Committee's statistics



Key highlights in 2023

As a successor to the Strategy Committee since 2022, the Committee focused on monitoring the progress against the Strategy to 2025 approved in 2019. Following the Board of Directors' recommendations issued upon approval, the Committee regularly checks such actual metrics as production volumes, sales in priority markets, expansion of sales and transport infrastructure and ESG metrics, including those set in the Climate and Water strategies approved in 2020, against the Strategy.

As the Board of Directors approved the Climate Strategy in December 2020 and the low-carbon transition plan was put into action, monitoring of activities specified in these documents remained an important item on the Committee's agenda.

The Committee took over from the dissolved Sustainable Development Committee

to monitor and regularly update the action plan set to improve ESG ratings. We consider this practice to be effective in terms of developing and prioritising organisational and technical sustainability measures, and intend to maintain this approach going forward. Currently, the above action plan considers not only ESG rating criteria, but also the position of the Company's management bodies regarding the tools to achieve strategic sustainability goals.

Sustainability reporting and disclosure supervision were among key agenda items as well. The Committee reviewed matters related to stakeholder engagement, identification of material topics to be disclosed in the 2023 integrated Annual Report, and the Report's overall concept and standards we relied on when preparing it. Also, after analysing the quality of disclosure and feedback on the 2022 integrated Annual Report, the Committee praised the Company's non-financial disclosure practices.

Following proposals received from the Board of Directors as part of the external assessment, the Committee invited other Board members and relevant experts to discuss such items as challenges and trends in agriculture and allied industries, report on the carbon farm project in the Vologda region, and PhosAgro's innovations.

The Committee members also remained focused on HSE compliance by reviewing, among others, draft laws, which are yet to be considered and approved.

For the first time in its history, the Committee reviewed the findings of a comparative study focusing on PhosAgro's energy efficiency.

Ongoing tasks

The Committee focused on the following:

- implementation status of the Company's Development Strategy to 2025;
- creation and analysis of PhosAgro's framework for sustainable development bylaws, control over their drafting process, relevance, effectiveness and quality;
- control over progress against internal sustainability objectives;
- review of sustainability reporting and supervision of disclosures on the Company's sustainability activities;
- analysis of the Company's practices and bylaws in terms of compliance with sustainable development rating and competition requirements and management of efforts to maintain and improve the Company's standing in ratings/competitions;
- monitoring of compliance with HSE laws and progress in reducing negative climate impact from the Company's production activities;
- assessment of environmental, social, technological, climate, and industrial risks associated with the Company's production activities;
- review of investigation records on industrial accidents and incidents, environmental law violations, and breach of climate impact regulations;
- consideration of proposals on improving working conditions, complying with safety regulations, reducing injury frequency rates, greenhouse gas emissions, pollutant discharges, waste generation and disposal, and enhancing energy efficiency;
- analysis of progress on programmes and initiatives to introduce resource and energy efficiency solutions and climate protection technologies.

Alexander Sharabaika
Chairman of the Strategy and Sustainable Development Committee

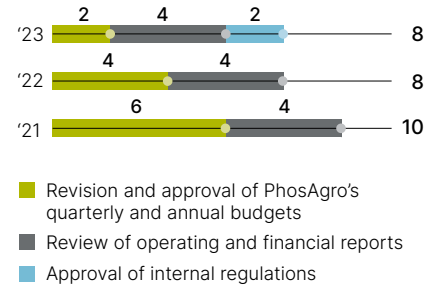
EXECUTIVE BODIES

In charge of PhosAgro's day-to-day operations are two executive bodies accountable to the Board of Directors:

- the collegial body (Management Board) and
- the sole executive body (CEO).

In 2023, the Management Board held five meetings and reviewed eight matters, most of which were related to the budget discipline.

Breakdown and number of matters considered



At least twice a year, at the end of six months and full calendar year, the CEO submits a report on the performance of the Company's executive bodies to the Board of Directors for review and approval. The report traditionally includes highlights of the Company's production, sales, logistics, and procurement operations, and data on progress against key investment and target projects. It also focuses heavily on the executive team's environmental and occupational

safety performance, social support for employees, and external social investments.

➤ For more information, see the Remuneration Report section on [page 280](#)

In May 2022, the number of Management Board members was approved at three. Since that date and as at 31 December 2023, members of the Management Board are Mikhail Rybnikov, Alexei Sirotenko, and Dmitry Morozov.



In the reporting year, the Company delivered robust environmental results, ticking off nearly all relevant KPIs. Significant progress was made in the management of health and safety issues. In addition to that, PhosAgro continued to honour all its social commitments

to develop the regions of operation, keeping its support for social and charitable projects unchanged from the previous year's record level. The Board of Directors praised the performance of executive bodies and key executives for their due consideration of ESG factors and addressing sustainability issues.

The executive management focuses on PhosAgro's strategy and long-term sustainable business development for the benefit of shareholders and other stakeholders by linking executive remuneration to the Company's goals, including those in the realm of ESG.

INFORMATION ON MEMBERS OF THE MANAGEMENT BOARD



Mikhail Rybnikov

Member of the Management Board, Member of the Board of Directors and CEO at PhosAgro

Year of election: 2022
Date of birth: 30 November 1975

➤ For more information on Mikhail Rybnikov, please see [page 269](#).



Alexei Sirotenko

Member of the Management Board, Deputy CEO of PhosAgro for Corporate and Legal Affairs, Legal Affairs Director at Apatit

Year of election: 2013
Equity interest / stake of ordinary shares: none
Date of birth: 3 January 1969

Professional experience
2017 – Pr. – Apatit, Legal Affairs Director
2017–2019 – Apatit, Member of the Management Board
2013 – Pr. – PhosAgro, Member of the Management Board

2010 – Pr. – PhosAgro, Deputy CEO for Corporate and Legal Affairs (part-time)
Education:
Lomonosov Moscow State University, Degree in Jurisprudence, Lawyer

Key competencies
• Law and corporate governance



Dmitry Morozov

Member of the Management Board, Advisor to the CEO of PhosAgro

Year of election: 2022
Equity interest / stake of ordinary shares: none
Date of birth: 5 June 1964

Professional experience
2022 – Pr. – PhosAgro, Member of the Management Board
2022 – Pr. – PhosAgro, Advisor to the CEO (part-time)
2019 – Pr. – Apatit, Director for Economic Affairs

2019–2022 – PhosAgro, Director for Economic Affairs
2015–2019 – PhosAgro, Deputy Director for Economic Affairs and Finance
Education:
Moscow State Institute of International Relations (Russia), Degree in International

Economic Relations, Economist for International Economic Relations
Key competencies
• Strategy and innovation
• Economics, finance and audit

REMUNERATION REPORT

GRI 2-19, 2-20

BOARD OF DIRECTORS REMUNERATION

When deciding on the Board composition, the General Meeting of Shareholders approves the amount and the rules for determining and paying remuneration and compensation to the Board members. The Board remuneration shall be in line with current market conditions and shall be sufficient to enable the Company

to attract, motivate and retain highly skilled professionals to help drive the future growth and performance.

At the same time, the Company avoids higher-than-necessary remuneration. The existing amounts and rules for determining and paying remuneration and compensation

to the Board members were approved by the General Meeting of Shareholders on 24 March 2023.



The report on the voting results of PhosAgro's General Meeting of Shareholders dated 28 March 2023 is available on the Company's official website.

Board of Directors' remuneration, RUB

Full name of the member of the Board of Directors:	2021	2022	2023
Sven Ombudstvedt	26,561,520.00	12,171,879.00	–
James Rogers	22,134,600.00	10,143,232.50	–
Marcus Rhodes	22,134,600.00	10,143,232.50	–
Xavier Rolet	26,561,520.00	5,717,786.80	–
Irina Bokova	22,134,600.00	5,115,232.97	–
Andrey Sharonov	13,280,760.00	14,418,297.00	15,805,053.00
Ivan Rodionov	–	9,581,287.50	5,781,472.50
Victor Cherepov	–	12,746,475.00	42,146,808.00
Victor Ivanov	–	5,748,772.50	15,805,053.00
Vladimir Trukhachev	–	–	12,336,169.50
Total	132,807,600.00	85,786,195.77	91,874,556.00

REMUNERATION OF THE MANAGEMENT

REMUNERATION PRINCIPLES

The Company's remuneration policy for executive bodies and other key employees is determined by the Board of Directors based on the recommendations of the Remuneration and Human Resources Committee.

The Remuneration and Human Resources Committee conducts a detailed bi-annual review of the incentive system, evaluating

its effectiveness and, if necessary, making recommendations for its improvement.

The remuneration due to the Company's senior executives consists of a monthly base salary plus additional compensation payable twice a year. Additional remuneration is linked to achieving the Company's KPIs and completeness and quality of accomplishment of additional tasks, as determined by the Board of Directors and

the CEO for the reporting period, as well as the Company's achievement of the EBITDA target.

All KPIs are aligned with the Company's strategic goals defined in its Strategy to 2025 and oriented towards their achievement.

The amount of additional remuneration ranges from 30% to 150% of the annual base salary and depends on the level of the position held and the functional area

of the manager. The Remuneration and Human Resources Committee of the Board of Directors, during its annual evaluation of the incentive system, ensures an effective proportion of fixed and variable components of remuneration.

KPIs for each senior manager are set annually and take into account metrics related to operational efficiency and individual contribution to the corporate growth and strategic performance.

To assess the performance of the Company's CEO, a number of indicators are used, which aim to improve the efficiency of investments and sales, control

costs, and reduce employee injury rates for the Company and its contractors.

Values of the CEO KPIs in the range of base case / target / challenge, as well as their actual values at the end of the reporting period are approved by the Chairman of the Board of Directors. Taken together, these indicators contribute to the achievement of the Company's strategic goals and serve the interests of shareholders both in terms of the Company's development and in terms of minimising the risks arising from incentivising excessively risky management decisions.

KPIs of the CEO and N-1 level managers, including sustainable development indicators, are cascaded

down and decomposed into KPI scorecards of lower-level management. The indicators themselves and their weights are modified depending on the nature of a particular manager's focus area with due regard to their strategic fit. Specific KPI wordings and their weights are established by the Company's KPI Committee, taking into account the opinion of the KPI holder and their immediate supervisor.

In 2023

352
officers

of PhosAgro Group were benchmarked against 1,968 KPIs

KPIs of N-1 level managers include indicators that help benchmark the Company's performance against industry peers:

1

Change in spread between average EV/EBITDA of public phosphate fertilizer manufacturers and PhosAgro's EV/EBITDA.

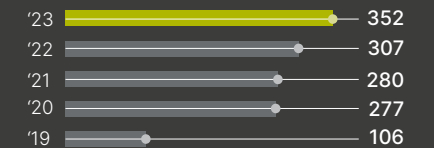
EV/EBITDA reflects investors' estimate of the Company's fair market value and its investment case. The goal is to increase the spread;

2

Excess of PhosAgro's ROIC – WACC spread over the average ROIC – WACC spread of public peers.

The indicator reflects how much higher the Company's return on investment is than the cost of capital (equity and debt), and how efficient the Company's investments are compared to other companies in the industry. The goal is to increase the indicator.

Number of officers holding KPIs by year:



Top 3 KPI driven areas



Commitment to sustainability —

42% of KPIs.



Expansion of production capacities through improved operational efficiency —

34% of KPIs.



Development in high-potential areas —

21% of KPIs.

As can be seen from the statistics, PhosAgro Group is focused on sustainable development, and the KPI framework includes the following indicators:



reduction of unit emissions to the atmosphere;



share of waste recycling, neutralisation, and processing;



implementation of key social projects;



% of completion of the programme to improve social and working conditions;



zero accidents;



zero occupational injuries among the Company and contractor employees.

When determining the amount of additional annual remuneration for the top management, we look at the achievement of the EBITDA target as an integral indicator

of the Company's performance. The managers' performance is adjusted by the percentage of delivering on the EBITDA target. The Company does not provide for any compensation payable to managers in case of their dismissal or voluntary resignation or the Company's takeover or the change of its owner (golden parachutes). Neither does it use options, pre-determined unconditional bonuses or a clawback mechanism.

REMUNERATION OF MEMBERS OF EXECUTIVE BODIES

The amount of remuneration and additional compensation due to PhosAgro's CEO is regulated by a contract between them and the Company, which is signed by the Chairman of the Board of Directors. The total remuneration reflects the CEO's qualifications and their personal contribution to the Company's financial results.

No loans were extended to members of the Board of Directors or the Management Board as at 31 December 2023.



For information on total remuneration paid to all members of the Company's executive bodies over the year with a breakdown by type of remuneration, see the issuer's report for the reporting year.

EXTERNAL AUDITOR'S REMUNERATION

PhosAgro engaged independent auditor JSC Technologies of Trust – Audit to audit its IFRS consolidated financial statements for 2022 and 2023. The actual remuneration paid to the auditor for the audit of the IFRS consolidated financial statements of PJSC PhosAgro and the RAS accounting statements of the entities controlled by PJSC PhosAgro amounted to RUB 24.9 mln for 2023 (vs RUB 22.4 mln¹ for 2022), net of VAT and overhead costs.

In addition to that, in 2023 JSC Technologies of Trust – Audit and its affiliated companies performed review of the IFRS consolidated financial statements of PJSC PhosAgro and the entities controlled by it and provided other services for the total amount of RUB 21.4 mln (vs RUB 21.4 mln in 2022), net of VAT. All additional services provided by the external auditor were duly approved by the Chairman of the Audit

Committee of PhosAgro's Board of Directors in line with the applicable independence requirements.

The actual remuneration of JSC Unicorn to audit PhosAgro's RAS financial statements for 2023 was RUB 752,100 (vs RUB 683,700 in 2022), net of VAT. Additionally, in 2023 JSC Unicorn provided tax consulting services to PJSC PhosAgro and the entities controlled by it for the total amount of RUB 200,000 net of VAT.

¹ In 2023, the Group changed its approach to disclosing the external auditor's remuneration: remuneration paid to the auditor includes remuneration for the audit of the IFRS consolidated financial statements of PJSC PhosAgro and the RAS accounting statements of the entities controlled by PJSC PhosAgro. The remuneration for services other than auditing accounting statements includes remuneration for the review of the IFRS consolidated financial statements of PJSC PhosAgro and other services that are not related to audit and are provided by the external auditor to PJSC PhosAgro and the entities controlled by it. Comparable data have been restated to align indicators of the previous reporting period with those of the current reporting period.

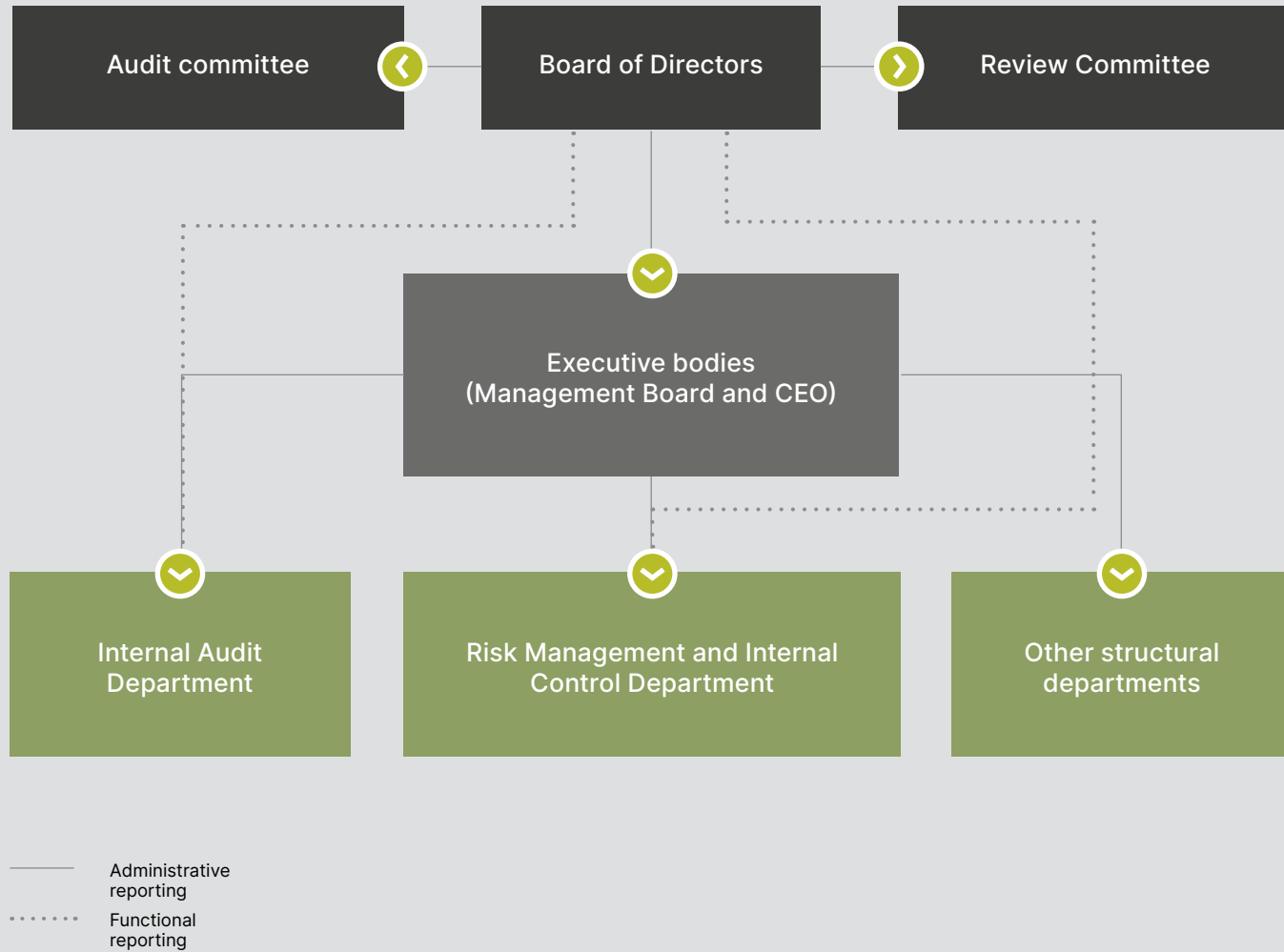


CORPORATE CONTROLS

GRI 2-12

RISK MANAGEMENT AND INTERNAL CONTROL

ORGANISATIONAL STRUCTURE OF THE RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK



The risk management and internal control framework is a set of organisational measures, methods, practices and standards of corporate culture. It also embraces actions taken by the Company to strike the right balance between value growth, profitability and risks, support sustainable development, and ensure efficient operations, protection of its assets, compliance with applicable laws and internal documents, along with timely and accurate reporting.

The **Board of Directors** defines the key principles of, and approaches to, risk management and internal controls, oversees the Company's executive bodies, and performs other key functions, including setting the overall risk appetite and reviewing material risks and ways to manage them.

The **Board's Audit Committee** focuses on assessing and making proposals to improve the risk management and internal controls. On top of that, its members supervise the preparation of accounting (financial) statements and the measures taken to prevent fraudulent behaviour of the Company's employees or third parties.

The **Review Committee** elected by the General Meeting of Shareholders exercises control over the financial and business operations of the Company.

The Annual General Meeting of Shareholders held in March 2023 elected the following members to the Review Committee:

- Lusine Agabekyan, Deputy Head of Group Financial Control and Management Reporting at PhosAgro;
- Ekaterina Viktorova, Deputy Head of Treasury at PhosAgro;
- Olga Lizunova, head of unit (functional in other areas), budgeting office, Economics Department at Apatit.

The Review Committee's goals, objectives and powers are outlined in the Regulations on Review Committee of PhosAgro as approved by the General Meeting of Shareholders on 12 May 2011.

The Committee endorsed PhosAgro's financial statements for 2023, with its report dated 5 April 2024 included in the materials for the shareholders to prepare for the Annual General Meeting of Shareholders.

The **executive bodies** establish and maintain an efficient risk management and internal control framework.

To this effect, they have set up a Risk Commission that monitors the status and effectiveness of risk management initiatives. The monitoring results serve as a basis for the relevant proposals issued by the Commission to executive bodies and the Board of Directors.

Following the audits, the **Internal Audit Department** provides the Board of Directors and executive bodies with recommendations and reports, including, among other things, the assessment of the current status, reliability and effectiveness of the corporate governance, risk management and internal control framework.

The **Risk Management and Internal Control Department** is charged with the general supervision of risk management, including related activities, and consolidated reporting to the executive bodies and the Board of Directors.

As part of their duties, **heads of other organisational units** are responsible for building, documenting, implementing, monitoring and developing the risk management and internal control framework in their respective functional areas. The framework requires the Company's employees to identify and assess relevant risks and efficiently implement the controls and risk management initiatives.



For the full text of PhosAgro's Regulations on Review Committee, please visit our website

RISK MANAGEMENT

In 2023, PhosAgro's risk management and internal control framework performed strongly thanks to timely identification and assessment of risks, as well as development and implementation of risk management measures. On a quarterly basis, the Board of Directors reviewed reports on the management of the Company's key risks. PhosAgro's executives paid special attention to managing these key risks. The Risk Commission continuously monitored the status of risk management activities and, when necessary, initiated changes to improve those related to key risks.

THE DEVELOPMENT OF RISK MANAGEMENT AND INTERNAL CONTROL FRAMEWORK IN 2023

The Company is making a consistent effort to develop its risk management and internal control framework. The Board of Directors reviewed the results of the framework's

assessment, which showed that it was on par with those adopted by the industry's leading companies, including:

- compliance with applicable regulatory requirements;
- adoption of most of the leading risk management practices such as alignment with the Company's development strategy, risk appetite, key risk indicators, automation and robotisation in risk management, as well as integration into the Company's incentive system and governance framework.

The reporting year saw both the production sites and PhosAgro Group as a whole complete a full-year cycle of risk management and internal control, including:

- ongoing risk monitoring;
- analysis of key risk indicators;
- development of corrective actions;
- follow-up control and review.

In 2023, the Company sustained its focus on addressing risks across certain business areas, including

the continuity of procurement, logistics, and software and IT infrastructure operation, in response to geopolitical developments. We also continued work to develop risk management competencies among managers at different levels, alongside further implementation of a risk-oriented approach within key functions such as information security and occupational health and safety.

PLANS FOR 2024

PhosAgro Group looks to maintain and further develop the existing elements of its risk management framework based on the best practices, while also taking into account the changing external and internal factors.

For detailed information on key risks and risk management, see the Strategic Risks section on [page 68](#)

INTERNAL AUDIT

PhosAgro's Internal Audit Department assists the Company's top executives and the Board of Directors in improving the management of business processes and enhancing the internal control and risk management framework. In doing this, it uses a risk-oriented approach and works closely with the Risk Management, Internal Control and Economic Security Departments, and the Company management.

Internal audit goals, objectives and powers are outlined in the Internal Audit Policy as approved by the Board of Directors on 18 May 2021. The Company's internal audit procedure is set out in the Internal Audit Guidelines.



For the full text of the document, please visit our [website](#)

Audits



AUDIT OF BUSINESS PROCESSES

The audit plan along with the budget of the Internal Audit Department for the calendar year is subject to review, discussion and approval by the Audit Committee and the Board of Directors. Audits are performed at the Company level, as well as at specific subsidiaries and their standalone business units. In addition, the Internal Audit Department monitors the effectiveness and efficiency of corrective actions taken by the management following the audit, and reports to the Audit Committee on a quarterly basis and to the Board of Directors annually.

In 2023, the Internal Audit Department fully met the annual action plan. It carried out audits that covered PhosAgro Group's business processes related to personnel management, cash management, and capital investments as well as an IT audit of sales units and an audit of ESG targets. Based on the audit findings, recommendations were developed to improve the efficiency of personnel management processes and approaches, and enhance measures related to information security. The management developed and approved corrective action plans, with the progress monitored by the Internal Audit Department.

EXTERNAL AUDIT

A key element of the Audit Committee's operations is ongoing interaction with external auditors and development of recommendations for the Board of Directors regarding the choice and approval of auditors. When selecting an auditor, we evaluate the following factors in addition to the cost of their services:

- composition of the audit team (in terms of experience and qualifications), which should ensure that the statements are audited within acceptable deadlines and with adequate quality;



In March 2024, the 11th Internal Auditor of the Year national competition named PhosAgro's Internal Audit Department a winner in the Internal Audit Service of the Year category.

Plans for 2024 encompass audits of various business processes, including logistics management, repairs, industrial safety, and occupational health and safety, as well as IT audits and audits of insider information handling.

TEAM DEVELOPMENT

In order to achieve the strategic goals in internal audit, we continue working to develop and diversify the competencies of our team by holding regular training sessions, which focus on sourcing data from information systems and further processing and visualising it. Training initiatives addressing this focus area are scheduled for 2024.

- the auditor's independence evaluated based on a variety of factors, including assessment of the scope of non-audit services provided to us by the candidate company during the relevant periods. Each offer from the current auditor for non-audit services requires confirmation by the audit partner to make sure there is no risk to independence and is submitted to PhosAgro's Audit Committee for consideration and approval. The Committee consents to the contract only if the scope of the non-audit services does

SELF-ASSESSMENT AND EXTERNAL ASSESSMENT

Internal audit quality is assured through regular external independent assessments and self-assessment.

An external independent assessment takes place once every three years. The previous one was conducted in late 2021 by PwC.

At the end of 2023, the Internal Audit Department held a self-assessment of its compliance with the International Standards for the Professional Practice of Internal Auditing and the Institute of Internal Auditors' Code of Ethics. The self-assessment showed the Department's full compliance with all applicable standards and requirements.

not call into question the ability to perform the audit service independently and impartially. The Committee's assessment of the auditor's independence is also significantly influenced by the auditor's internal procedures for controlling the impartiality and professional ethics of the auditor's staff, including requirements for periodic rotation of the audit partner, training arranged in this area and the use of specialised software to perform the respective audits;

- balance between the benefits of long-term cooperation with the auditor and the need for a fresh look at PhosAgro's statements and preparation procedures;
- the auditor's performance over the previous period. The Committee may form its opinion on the quality of the external auditor's work during in-person Committee meetings, where the external auditor's mandatory participants are a manager and the partner, as well as during meetings between the audit team and the Chairman of the Audit Committee held prior to the Committee meetings.

PhosAgro's auditor performs the audit of its financial and business operations in compliance

INSIDER INFORMATION

PhosAgro has adopted the Insider Information Regulations compliant with the Russian laws and the EU Market Abuse Regulation (MAR).

In accordance with its provisions, the Corporate Secretary Office keeps a list of insiders, persons discharging managerial responsibilities (PDMR) and persons closely associated with them (PCA). The Regulations define the scope of responsibilities for each insider group, which the Corporate Secretary Office from time to time communicates to respective persons.

First and foremost, these include the limitations on the use of insider information and trading in the Company's securities. Depending on the group, an insider may be prohibited from such transactions or obliged to notify the Company or obtain its consent

with Russian laws and regulations and the agreement signed with the Company. The auditor is approved by the Company's General Meeting of Shareholders. The Company engaged JSC Technologies of Trust – Audit (Ferro-Plaza Business Centre, 14/3 Krzhizhanovsky street, bldg. 5/1, Moscow, Russia) to audit its 2023 IFRS financial statements.

The Company's 2023 RAS accounting statements were audited by JSC Unicon (8 Preobrazhenskaya Ploshchad, Preo 8 Business Centre, Moscow, Russia).

The approach to assessing external audit's independence and efficiency, as well as appointment and re-appointment of the external auditor

for such transactions. Every quarter, the Corporate Secretary Office checks the list of shareholders to identify transactions that may have been executed in breach of such limitations.

For 2024, the Internal Audit Department has scheduled an audit to evaluate the Company's insider information practices.

For the full text of the Insider Information Regulations, please visit our website

The list of insider information is available on our website

is set out in the External Auditor Selection and Cooperation Policy of PhosAgro as approved by the Board of Directors on 30 August 2023.

For the full text of the External Auditor Selection and Cooperation Policy of PhosAgro, please visit our website

For more information on the auditors, their selection procedure and independence evaluation, please see the Company's semi-annual reports, as well as the respective section of this Report that discusses the Audit Committee's activities and the Remuneration Report



INFORMATION SECURITY

GRI 3-3

The Information Security Policy is the Company's fundamental document defining the general provisions and principles for ensuring information security. Its adoption ensues from the risks and hazards faced by the Group companies in their operations and the respective need to respond to the hazards and minimise the risks.

The Policy states high priority of information security activities and sets up its key principles. They cover the target setting and planning of information security activities, as well as their implementation, quality management and process improvement. The above principles define the contents of the lower-level documents such as the Information Security Framework and other internal documents covering respective issues. This set of documents reflects modern solutions and best practices in information security.

Ensuring information security is the responsibility of each employee. To this end, the Group regularly holds events to raise employees' awareness of information security issues and develop practical skills to deal with modern threats. This, together with the use of modern information security tools and well-coordinated work of the department, helped

avoid information security incidents in 2023 and in previous periods that could have caused tangible material or reputational damage. Information security issues are submitted for consideration by the Board of Directors every six months.

In 2023, the Company implemented the following information initiatives to enhance information security:

- increasing awareness of information security: over 12,000 employees completed courses and testing on a corporate training platform to enhance their knowledge of information security;
- improving processes to comply with legal requirements: a total of 21 internal regulations were issued, with measures taken to ensure their implementation;
- enhancing protection of an automated process control system: information security safeguards were implemented on all significant components of critical information infrastructure, with dedicated training sessions conducted for personnel responsible for operating and supporting the automated process control system;
- improving processes for managing access to information resources, transitioning to automated control of access rights;

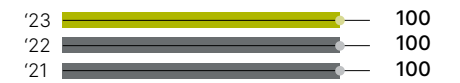
- automating processes for managing security events and incidents, implementing a security information and event management (SIEM) system and establishing an operations centre;
- assessing the security of the Group's information resources, developing plans to enhance security safeguards;
- identifying and blocking fraudulent IT resources linked to the generation of fake commercial offers on behalf of the Group.

For the full text of the Information Security Policy, please visit the Company's website.

GRI 410-1

All employees of the Economic Security Department receive training in terrorism prevention and the main goals and principles of PhosAgro Group Code of Ethics.

Security personnel who completed human rights training, %



ETHICAL PRACTICES

GRI 2-23, 2-24

VALUES, PRINCIPLES, STANDARDS AND NORMS OF BEHAVIOUR

PhosAgro Group has a well-deserved reputation of a reliable business partner, attractive employer, responsible taxpayer, and partner to the Russian government and regions where the Company operates. The trust that our investors, employees, customers, contractors and authorities place in the Company is underpinned by the high ethical standards that we have adhered to since PhosAgro's inception.

We take an integrated approach to business ethics; in other words, we believe that ethical considerations are intrinsic to all aspects of our operations, from procurement and teamwork to safety and trade. We systematically analyse risks in this area and develop and implement measures to manage them.

To achieve the above, we need to ensure that our ethical principles and standards are clearly defined and communicated to employees and counterparties. We also need to have relevant legal, organisational and informational mechanisms in place to support and, more importantly, monitor compliance with these principles and standards, which should also be overseen at the highest corporate governance level.

By consistently implementing this approach for years, PhosAgro has been able to become a company operating to the highest global standards in human rights, industrial

safety, environmental protection, anti-corruption, etc. We recognise that it is hardly possible to fully eliminate ethical risks in a large and diverse organisation. We believe that by adhering to our ethical principles and standards we minimise unnecessary risks, maintain our business reputation and keep ourselves on track to achieve our ambitious production and financial targets for the benefit of PhosAgro's shareholders and other stakeholders.

MANAGEMENT APPROACH

PhosAgro Group does its best to eliminate violations of human rights, corrupt practices, and other instances of non-compliance with corporate ethical principles, while also enhancing and protecting its business reputation as an honest, open and bona fide company among shareholders, potential investors, partners, employees, and counterparties. Elimination of any possible occurrences bearing the signs of the above, and strengthening the commitment of PhosAgro Group's employees to the highest ethical standards are at the forefront of the Group's activities.

To ensure PhosAgro Group's observance of ethical practices and generally recognised business standards, the Company among


other things put in place an anti-fraud and anti-corruption system covering all areas of operation. On top of that, Group companies adopted a set of corporate, legal, information and educational measures to build a shared corporate culture underpinned by high ethical standards and maintain an atmosphere of trust, mutual respect and integrity among employees. All subsidiaries and affiliates of PhosAgro and Apatit approved anti-corruption standards. PhosAgro runs activities as part of an approved anti-corruption plan until 2024.

ETHICAL STANDARDS AND NORMS OF BEHAVIOUR

The principles and standards of ethical behaviour when working at and with PhosAgro are set out in relevant policies and other internal documents listed below. These are regulatory documents all the Group's managers, officers and employees must comply with. Employees who have violated them are subject to the respective sanctions, including social condemnation, public censure through publication in the media, full or partial withholding of bonuses, and – if the employee's action (omission) bears signs of a disciplinary offence – disciplinary measures also apply to such employee pursuant to the applicable labour and employment laws.

The following internal policies and procedures governing the compliance of the Company with the key principles and standards of ethical conduct are currently in effect:

SASB EM-MM-510a.1, RT-CH-530a.1

 <p>Code of Ethics</p> <p>The Code outlines the key principles and rules of ethical business conduct underlying the corporate culture of PhosAgro</p>	 <p>UK Modern Slavery Act Transparency Statement</p> <p>The Act outlines the Company's actions to prevent all forms of modern slavery and human trafficking within PhosAgro and its supply chain</p>	 <p>Regulations on Business Presents and Representation Expenses</p> <p>The Regulations set out the procedure for receiving presents by the Company's employees, as well as making them on behalf of the Company. The Regulations substantiate and detail the formation, structure, and documentation of representation expenses</p>
 <p>Corporate Governance Code</p> <p>The Code defines the main principles of and approaches to corporate governance</p>	 <p>Regulations on the Commission for Combating Fraud and Corruption and Regulating Conflicts of Interest</p> <p>The Regulations address and govern the issues pertaining to employee anti-corruption compliance</p>	 <p>Government Relations Policy</p> <p>The Policy establishes the principles, areas, purpose and objectives of PhosAgro interaction with public authorities and officials</p>
 <p>Code of Conduct for Counterparties</p> <p>The Company may refuse to cooperate with suppliers or business partners discriminating their own or subcontractors' employees or using forced labour</p>	 <p>Regulations on Internal Checks</p> <p>Regulations on Inspections</p> <p>The regulations govern a set of actions taken to elicit the facts and identify the circumstances, motives and conditions of misconduct, incidents, and other violations of requirements set out in the Company's internal regulations</p>	 <p>Charity Policy</p> <p>The Policy sets out the key principles and areas for providing charitable support on behalf of and through the funds of the Company</p>
 <p>Anti-Corruption Policy</p> <p>The Policy defines the goals and objectives and sets forth the Company's key principles and employee responsibilities in the sphere of anti-fraud and anti-corruption</p>	 <p>PhosAgro Hotline Regulations</p> <p>The Regulations set out the goals and objectives with regard to the receipt of employee reports on the matters pertaining to combating fraud, corruption and theft and identifying conflicts of interest</p>	 <p>Personnel Management Policy</p> <p>The Policy sets forth the Company's and its management's adherence to high ethical standards of transparent and fair business aimed at building the image of an employer attractive for the best professionals</p>
 <p>Regulations on Conflict of Interest</p> <p>The Regulations establish the procedure for identifying and resolving conflicts of interest arising with employees in the course of their employment</p>	 <p>Regulations to Ensure Compliance with Anti-Corruption Laws as Part of Legal Support Process</p> <p>The Regulations outline goals and objectives for legal support of the Company's business processes and transactions involving a high risk of corruption</p>	

ORGANISATIONAL AND INFORMATIONAL MECHANISMS

PhosAgro Group has a well-designed set of tools in place to ensure that the Group's employees and counterparties are kept abreast of and trained in ethical business practices and that cases of potentially unethical and corrupt behaviour are effectively reported to relevant officers and units.

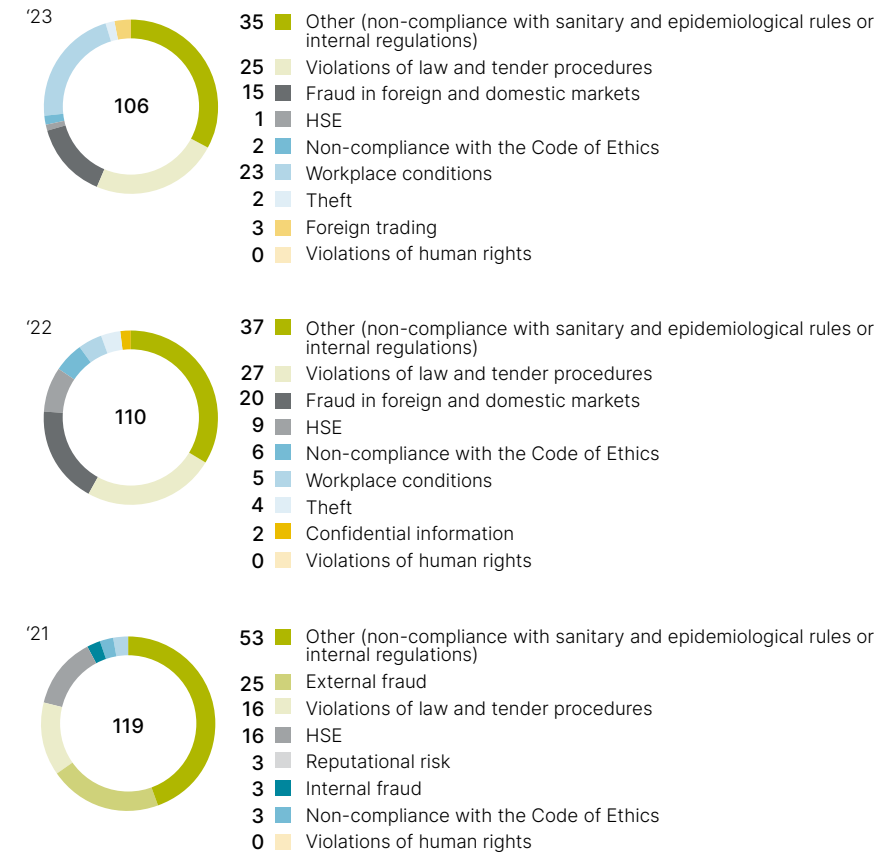


Tools to notify the relevant PhosAgro Group's executives of any instances of misconduct and corrupt practices

GRI 2-25, 2-26

Tool	Description
Obligation	<p>Any Company employee, as well as any member of the Board of Directors, who has become aware of any actual or potential violation of law or PhosAgro's internal regulations is obliged to give a prompt notice of the same in writing.</p> <p>This also applies to any inducement to corruption or violations showing signs of corruption committed with respect to other employees, counterparties or other parties interacting with the Group.</p>
Communication	<p>The procedures for reporting and consideration of violation reports are defined in the Anti-Corruption Policy, the Code of Ethics, the Regulations on Conflict of Interest, and the Anti-Corruption Agreement, as well as in notifications/recommendations sent in accordance with Apatit's Order No. 16-U On Improving the Procedure for Informing Management of Apatit, its Subsidiaries and Affiliates dated 15 January 2020.</p>
Confidentiality and protection	<p>A person who has submitted a notice/report is guaranteed confidentiality of the information received, as well as such person's personal data. PhosAgro takes steps to protect the employee who has notified the employer's representative (employer) of any actual or potential violation of law and the Company's internal regulations that may pose a threat to the Group's interests.</p>
Advice	<p>PhosAgro's Code of Ethics formalises the right of each employee, if they have any questions relating to anti-corruption compliance or any concerns as to the rightness of their actions the actions of other employees, counterparties, or other parties interacting with the Company, to seek advice or assistance from their immediate supervisors or, if need be, the relevant business units of the Company.</p>
PhosAgro Hotline	<p>The Hotline is in place to improve the efficiency of measures taken to prevent fraud, corruption, theft, and conflict of interest, as well as to mitigate compliance and reputational risks resulting from the violation of professional and ethical standards by PhosAgro Group's employees. There are three ways to report to the Hotline:</p> <ul style="list-style-type: none"> • by phone at +8 8202 59 32 32; • by e-mail help@phosagro.ru; and • by regular mail at the following address: Economic Security Department, 75 Severnoye Highway, Cherepovets, Vologda Region, 162622, Russia. <p>To ensure free access to the Company's Hotline, all existing communication channels are posted on PhosAgro's website.</p>

Reports received by PhosAgro Hotline by category



PhosAgro's Internal Audit Department reports on a quarterly basis to the Audit Committee on all reports received by the PhosAgro Hotline, actions taken, the results of audits and measures to address violations of the Group's ethical standards. The Chairman of the Audit Committee provides this information to members of PhosAgro's Board of Directors.

In 2021-2023, there were no employee reports or complaints about violations of labour practices, human rights, or discrimination.

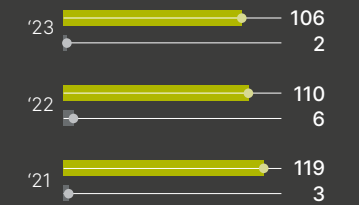


PhosAgro Hotline

To improve the timeliness and effectiveness of measures aimed at preventing ethical violations, including corruption, discrimination, human rights violations, etc., the Company created the PhosAgro Hotline portal.

Any employee or other stakeholder can use PhosAgro Hotline to report any potential violations detrimental to the Company's interests, while the Company may not disclose the identity of the whistle-blower to other employees and third parties.

Number of reports



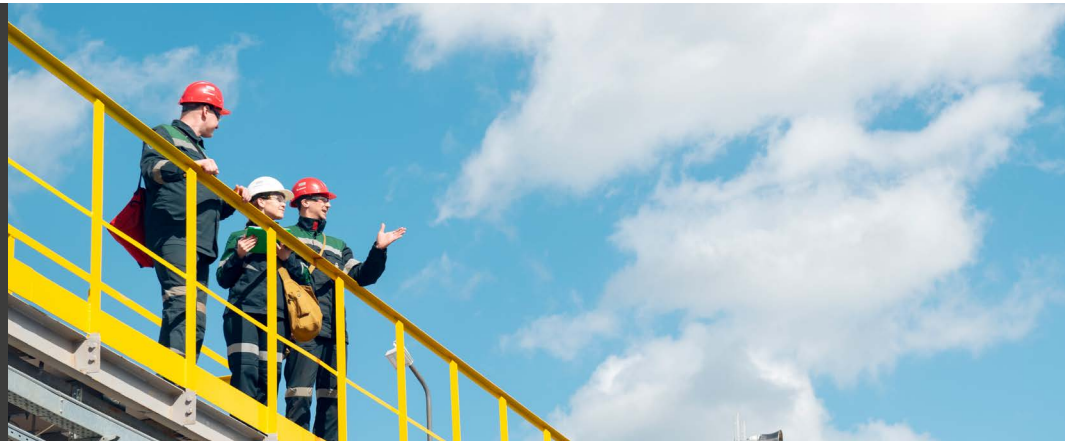
■ Total reports received by PhosAgro hotline
■ Reports related to corruption

HUMAN RIGHTS

PhosAgro's Code of Ethics recognises labour rights as integral part of human rights. In its operations, PhosAgro respects labour rights of employees as provided by law, recognises the right of employees to decent remuneration, helps prevent any form of discrimination and forced labour, and supports employee participation in key matters pertaining to the Group's development.

The Company implements personnel development programmes that provide for employee training and personal growth and offer social benefits, incentives, and leisure and recreation opportunities.

PhosAgro is committed to respecting employees' rights as required by the International Bill of Human Rights and the ILO Declaration on Fundamental Principles and Rights at Work, including zero discrimination, not using child or forced labour, respecting their right to exercise freedom of association and collective bargaining, and creating a safe and favourable working environment for both its own employees and the employees of its contractors, which are also expected to comply with such requirements and regulations.



PhosAgro encourages family generations of employees and corporate traditions that help retain teams, improve labour discipline, performance, and morale.



Any decisions regarding promotion, hiring, remuneration, benefits or compensations are based solely on the employee's qualifications, performance, skills and experience assessed impartially and fairly.



The Group supports professional and personal growth of its employees. The key goal here is to create a talent pool of professionals with strong knowledge of theory and practical skills required to support the operations of PhosAgro's sites.



PhosAgro Group appreciates and encourages diversity among its employees. We provide equal opportunities for them to unlock their potential and do not tolerate any restriction of a person's or a group's natural rights and freedoms or any conduct violating privacy of our employees. Each year, the Board of Directors and the Remuneration and Human Resources Committee reviews human rights, focusing on staff diversity and equality of genders.

We expect our employees to treat their colleagues and everybody else, including customers, suppliers and other stakeholders, with due professionalism, respect and fairness.

We consider unacceptable any restriction of employee rights or freedoms, whether at workplace or in any other job-related environment.

Since 2013, we have been conducting annual employee surveys enabling each employee to give feedback on the performance of the Company and its management.

Throughout the history of such surveys, we have not received any negative feedback or reports of violations of human rights. This clearly indicates that all obligations to PhosAgro's staff are respected and met.

ANTI-CORRUPTION

GRI 3-3

We consider it unacceptable for PhosAgro Group's executives and employees at all levels to take advantage of their official position in a way that is in conflict with corporate or national interests. To prevent fraud and corruption, PhosAgro has put in place its Anti-Corruption Policy together with a system covering the entire

range of its activities, and set up a commission on fraud, corruption, and conflicts of interest. The Company seeks to identify and assess corruption risks on a regular basis to keep track of functions and positions exposed to such risks. PhosAgro's management regularly reviews reports on the progress

of anti-corruption initiatives and the performance of the anti-fraud and anti-corruption system.

In addition, we make an ongoing effort to build a culture of zero tolerance to corruption underpinned by high ethical standards, as well as maintain an atmosphere of trust, mutual respect and integrity among employees.

OPERATIONS ASSESSED FOR RISKS RELATED TO CORRUPTION

When building an effective anti-corruption policy, it is of utmost importance to understand what corruption offences employees may be inclined to commit depending on their positions, what business processes are most likely to involve the commission of such offences, what ways or schemes are available for committing them and what consequences they may lead to.

For this purpose, the Group has defined lists of corruption-prone functions and positions. PhosAgro

(order No. 39 dated 7 April 2022) and its subsidiary Apatit (order No. 486-U dated 10 December 2022) have lists of positions for which filling of job vacancies is exposed to corruption risks. The share of employees filling positions exposed to high corruption risks is 0.3136%. The activities of the officials occupying the positions included in the list are under special control of the Economic Security Department and heads of the relevant business units in terms of their compliance with high ethical standards and

requirements of internal documents on anti-corruption, including compliance with related prohibitions and restrictions and measures to prevent and resolve conflicts of interest. These standards are set out in internal regulations.

PhosAgro Group seeks to identify and assess corruption risks on a regular basis using a three-step procedure to update the list of functions and positions exposed to such risks.

<p>Corruption risk identification</p>	<p>Corruption risk analysis</p>	<p>Assessment of materiality of corruption risks</p>
<p>Identification of corruption offences that may be committed by Group employees and detection of business processes (critical points) where such misconduct is possible.</p>	<p>Identification of ways that can be potentially used to commit a corruption offence, depending on the specifics of the Group's business processes (corruption schemes), persons who may be involved in corruption, and business processes' vulnerabilities.</p>	<p>Assessment of the probability of a corruption offence at a specific stage of a business process and the potential damage to PhosAgro Group in case an employee (employees) commits (commit) a corruption offence.</p>

PhosAgro's Board of Directors receives regular reports on the progress of anti-corruption initiatives and the performance of the anti-fraud and anti-corruption system in accordance with PhosAgro's

Risk Management and Internal Control Policy. In addition, the process of identifying risks and preventing wrongdoings is monitored by line managers on the basis of, among other things, the Risk Management

Regulations. The corruption risk is assessed by an independent unit – the Risk Management Methodology Department. For 2023, the corruption risk was assessed as minimal.

To train and inform employees, PhosAgro Group annually develops anti-corruption courses with final tests, which are posted on the corporate intranet portal.

The themes of the courses depend on the responsibilities of business units (employees) and the established system of anti-corruption standards.

INFORMING, ADVISING, AND TRAINING EMPLOYEES

GRI 205-2

PhosAgro Group offers ongoing training programmes to educate employees on anti-corruption in order to minimise the risk of their involvement in corrupt practices.

To this end, the Group has put in place a robust training system to prevent any and all corrupt practices, mitigate possible harm, and eliminate the consequences thereof.



Target audience

Managers of levels N-1, N-2, N-3, N-4, N-5, as well as managers without assigned levels (as stipulated by the organisational and staff structure of the Group), white-collar workers, including employees of branches and standalone business units

Goals and objectives

- Provide employees with updated information on laws and regulations on detecting and combating corruption in business entities
- Help students develop an anti-corruption attitude, learn about methods of combating corruption and conflicts of interests and master relevant skills
- Help students acquire knowledge of the causes and preconditions for corruption and practices of identifying and counteracting such cases

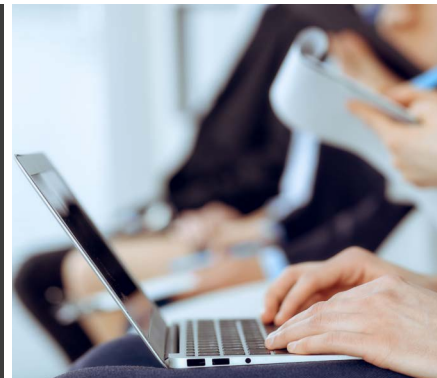
Training results

- Upon completion of the anti-corruption training, an employee shall have an understanding of:
- theory of counteracting corruption in the Group;
 - factors, causes, essence and consequences of corruption;
 - Russian anti-corruption laws and regulations;
 - internal regulations and anti-corruption standards approved by the Group;
 - responsibility for failure to comply with anti-corruption practices.

TRAINING METHODOLOGY

Benefits of online training

Educational materials (presentations, tests) accurately reflect the potential issues of corruption at PhosAgro Group companies. The training process does not disrupt core business activities



COMPLETED TRAINING PROGRAMMES

Training period	Completed programmes
2021	<ul style="list-style-type: none"> • Principles of the PhosAgro Hot Line • PhosAgro Group Anti-Corruption Policy • The test results were used to monitor the training process and served as a basis for issuing an order on additional training for underperforming students
2022	<ul style="list-style-type: none"> • Main Goals and Principles of the PhosAgro Group Code of Ethics
2023	<ul style="list-style-type: none"> • On Training and Testing of Employees of Apatit, its Branches and Companies Managed by Apatit, in Preventing and Resolving Conflict of Interest

To implement anti-corruption measures, PhosAgro's Economic Security Department drafts an annual training plan, according to which employees are informed from time to time about existing internal regulations on anti-corruption, anti-corruption standards, responsibility for failure to comply with them, as well as amendments and additions to them. The Company's management serves as the key communication channel to emphasise the importance of compliance with the established anti-corruption measures. PhosAgro Group's employees and counterparties have free and easy access to information about the Company's anti-corruption practices. PhosAgro's official website features a special section on anti-corruption, which contains CEO's message about

the need to strictly comply with established anti-corruption standards, as well as copies of internal documents aimed at preventing corruption (the Anti-Corruption Policy, Code of Ethics, Regulations on Conflict of Interest and on PhosAgro Hot Line). Internal documents are supplemented by methodological materials (handouts, presentations), which explain in easy terms the anti-corruption policy, standards of conduct, responsibility, and provide examples of corruption-prone situations that employees may encounter in the course of their employment.

Every new employee receives training on the basic requirements of the Anti-Fraud and Anti-Corruption Policy, the Code of Ethics, Regulations on Conflict of Interest and

on PhosAgro Hot Line by watching a respective video and putting their signature in briefing log to confirm the above. Employees' job descriptions stipulate their obligation to comply with anti-corruption standards and PhosAgro Group's internal regulations, as well as to receive respective training. When employees perform functions involving a high risk of corruption, those responsible for the implementation of the Anti-Corruption Policy additionally explain to them the Russian laws and the Group's internal policies on anti-corruption. Employees and counterparties can inquire about the Company's anti-corruption standards through PhosAgro's hotline portal, where they can obtain professional legal assistance and expert clarification.

Total number and share of members of the governance body, employees and business partners familiarised with the Company's Anti-Corruption Policy and procedures, by region

Region	Total number of members of the governance body			Share of members of the governance body, %			Total number of employees			Share of employees, %			Total number of business partners			Share of business partners, %		
	'21	'22	'23	'21	'22	'23	'21	'22	'23	'21	'22	'23	'21	'22	'23	'21	'22	'23
Saratov region	177	283	307	28	33	98	609	852	961	59	67	99	89	104	98	100	100	100
Murmansk region	427	888	861	31	34	79	2,564	2,621	2,671	61	66	86	95	71	85	100	100	100
Moscow region	74	87	91	32	39	71	82	225	215	45	61	78	903	898	852	100	100	100
Leningrad region	172	266	260	31	35	84	502	770	751	58	65	90	504	487	410	100	100	100
Vologda region	478	943	946	32	28	96	2,767	33,346	3,415	81	72	97	181	167	170	100	100	100
Other		132			32			408			68		1,208	1,401	1,386	100	100	100
Total	1,328	2,599	2,465	30	32	88	6,524	8,222	8,013	62	68	92	2,980	3,128	3,001	100	100	100

Total number and share of members of the governance body and employees trained in anti-corruption measures, by region

Region	Total number of members of the governance body			Share of members of the governance body, %			Total number of employees			Share of employees, %		
	'21	'22	'23	'21	'22	'23	'21	'22	'23	'21	'22	'23
Saratov region	177	234	307	80	83	98	609	747	961	87	88	99
Murmansk region	335	718	861	80	81	79	2,564	2,275	2,671	82	87	86
Moscow region	74	68	91	80	78	71	82	181	215	80	80	78
Leningrad region	110	209	260	80	79	84	502	636	751	81	83	90
Vologda region	447	910	946	89	97	96	2,767	3,206	3,415	90	96	97
Other		102			77						82	
Total	1,328	2,241	2,465	87	86	88	6,524	7,380	8,013	89	90	92



PHOSAGRO GROUP'S PARTICIPATION IN COLLECTIVE EFFORTS TO COMBAT CORRUPTION

The Company's Anti-Corruption Policy is implemented in accordance with applicable anti-corruption laws and international conventions (including the UN Convention against Corruption and Russian anti-corruption laws). To prevent and combat corruption, PhosAgro Group cooperates with business communities and participates in public associations, which is seen as a guarantee of compliance with Article 13.3 of Federal Law No. 273-FZ On Combating Corruption dated 25 December 2008:

- the Anti-Corruption Charter of the Russian Business adopted by the RSPP. As part of self-assessment of special anti-corruption programmes and practices implemented by the Company and covering not only internal activities but also relations with business partners and the state, procurement through public auctions, financial control, staff training and development, PhosAgro (certificate No. RP-15) and Apatit (certificate No. RP-02) have been included in the Register of Parties to the Anti-Corruption Charter of the Russian Business;

- the Social Charter of the Russian Business adopted by the RSPP. Having joined the Social Charter of the Russian Business, PhosAgro formalised the responsible approach it takes to ESG and its commitment to best practices in corporate social responsibility;
- the Anti-Fraud Working Group of the Russian Association of Fertilizer Producers (RAFP), which has developed initiatives to combat wrongdoings committed by unidentified persons using brands of major mineral fertilizer producers;
- the Chamber of Commerce and Industry of Russia (CCI). The CCI membership implies engaging in a dialogue between the business community and the government to forge the social, economic, and industrial policy, remove administrative hurdles, improve the business and investment climate, and promote entrepreneurship. PhosAgro is set to participate in annual "anti-corruption dictation" as part of the nationwide interactive campaign held in furtherance of the National Anti-Corruption Plan for 2021-2024;
- The Russian Union of Industrialists and Entrepreneurs, which enables engagement with

political and administrative bodies in the Company's regions of operation, focusing on developing and executing regional economic strategies. As a member of the RSPP, PhosAgro participates in the annual Anti-Corruption Rating assessing compliance with best business conduct practices both in Russia and globally. PhosAgro and Apatit received A, the highest score, in the 2023 ranking.

To counteract corruption, we cooperate successfully with state and local government authorities and non-governmental organisations based on the principles of partnership, mutual respect, trust and professionalism. We have entered into a number of long-term agreements on preventing and detecting crime, as well as helping to build security infrastructure through the creation of police stations at PhosAgro Group's production sites. Joint activities are widely covered in the corporate media.

ACQUAINTING BUSINESS PARTNERS WITH PHOSAGRO GROUP'S ANTI-CORRUPTION STANDARDS AND PROCEDURES

SASB EM-MM-510a.1

PhosAgro recognises that corruption risks can arise not only within but also outside the Company, primarily when interacting with counterparties, including business partners, suppliers, contractors, etc.

PhosAgro Group has approved a procedure for incorporating an anti-corruption clause and a clause of good faith in every contract signed by the parties; these clauses contain clear and detailed rules and procedures aimed at preventing corruption, including special management procedures, requirements for counterparties, rules of special anti-corruption control and

audit, measures to prevent conflicts of interest and commercial bribery, and compensation for material damage.

The Group is committed to establishing and maintaining business relationships with companies that operate in line with high ethical standards and combat corruption.

We have improved the registration process at the electronic bidding platform (PhosAgro's official website – Procurement – Tenders – Supplier Registration Form). Every potential supplier of goods or services wishing to establish a business relationship with PhosAgro Group is required to examine the relevant internal regulations, including the Company's Anti-Corruption Policy, Code of Ethics, and Regulations on PhosAgro's Hotline. Access for further registration on the electronic bidding

INCIDENTS OF CORRUPTION IDENTIFIED AND ACTIONS TAKEN

In 2023, 36 internal investigations were launched to identify failures in complying with internal regulations. Three of the completed investigations were related to corruption and fraud and had to do with:

- attempt by a contractor's executive to illegally transfer RUB 300,000 to the head of section of the Procurement Department at Apatit in order to continue contractual relationship;
- attempt of illegal receipt of RUB 1,669,000 by the head of section of the Procurement

Department at Apatit in exchange for exercising their official powers for the benefit of a contractor;

- attempt of illegal receipt of over RUB 3 mln by the head of sector of the OHS Department at Apatit in exchange for exercising their official powers.

Following internal investigations, the Company dismissed one employee.

platform, a prerequisite for business collaboration, is only granted after that.

As a result, 100% of counterparties wishing to engage in business with the Company complete anti-corruption training at the electronic bidding platform.

Total number of business partners registered at the electronic bidding platform and acquainted with anti-corruption standards



Share of business partners in this category, %



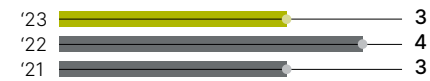
GRI 205-1

Internal investigations into reported corrupt behaviour

Number of internal investigations into various failures to comply with internal regulations



Including corruption-related violations



Confirmed incidents of corruption and actions taken

GRI 205-3

Corruption cases	2021	2022	2023
Total number of confirmed incidents of corruption	2	4	5
Total number of confirmed incidents in which employees were dismissed or disciplined for corruption	2	3	1
Total number of confirmed incidents when contracts with business partners were terminated or not renewed due to violations related to corruption	1 ¹	2	1
Public legal cases ² regarding corruption brought against the organisation or its employees	1	2	3

In 2023, five corruption-related criminal cases were initiated:

1. on 20 April 2023, a criminal case was opened under Article 204, Part 3 of the Russian Criminal Code ("commercial bribery") against the head of a section of the Procurement Department at Apatit who illegally received RUB 100,000 from a counterparty's executive;
2. on 20 April 2023, a criminal case was opened under Article 204, Part 3 of the Russian Criminal Code ("commercial bribery") against the head of a section of the Procurement Department at Apatit who received RUB 200,000 from a counterparty's executive;
3. on 15 May 2023, a criminal case was opened under Article 204, Part 8 of the Russian Criminal Code ("commercial bribery") against the head of a section of the Procurement Department at Apatit who received RUB 1,669,000 from a counterparty;
4. on 24 March 2023, two criminal cases were opened under Article 204.1, Parts 2 and 1 of the Russian Criminal Code ("commercial bribery") for intermediation in money transfers to the deputy head of the ecology and environmental management at Apatit's Volkhov branch.



PhosAgro Group's commitment to the anti-corruption standards is evidenced by the fact that it cooperates with law enforcement authorities:

1 PhosAgro made a public commitment to report to the relevant law enforcement authorities any cases of corruption (signs of corruption) the Group (its employees) may become aware of

2 PhosAgro will not impose any sanctions on employees who reported to law enforcement authorities any actual or potential corruption incidents that they became aware of in the course of their employment

¹ The Company updated the 2021 data: in 2021, the Company disqualified one business partner who wanted to participate in bidding procedures worth over RUB 400 mln on the grounds that it was not considered trustworthy because of its failure to comply with anti-corruption standards.
² All corruption-related cases are included in the official statistics of law enforcement agencies.

CONFLICTS OF INTEREST

GRI 2-15

PhosAgro's Code of Ethics and Regulations on Conflict of Interest require employees to report any potential or actual conflicts of interest to their line manager or an anti-corruption officer.

PhosAgro places a strong emphasis on timely prevention, identification and resolution of potential conflicts of interest. The Company puts in place verification procedures to be carried out when personnel decisions are made and responsibilities are distributed and requires all candidates to report personal interest, if any, at the time

they are offered employment with the Company and regularly from then onwards.

The Company regularly conducts anti-corruption review of its internal regulations, including orders, directives, contracts, standards, etc. to detect and remedy factors that may lead to anti-corruption law breaches or pose risks to its interests.

Following CEO Order No. 621-U dated 8 December 2023, the Risk Management and Internal Control Department, an independent body, performs annual internal control

exercises to ensure adherence to corruption prevention procedures and frameworks. The assessment of Apatit's anti-corruption efforts confirmed alignment with the Anti-Corruption Charter of the Russian Business.

The Company did not identify any conflicts of interest related to membership in the Board of Directors; joint ownership with suppliers and other stakeholders; controlling shareholders; related parties and their relations, transactions and outstanding balances.



As part of the efforts to develop a framework for preventing, identifying and resolving conflicts of interest, three designated collegial advisory bodies were established:

- **Commission on Conflict of Interest between Employees of PhosAgro chaired by the CEO**
- **Commission on Fraud, Corruption and Conflicts of Interest at Apatit (to streamline anti-corruption efforts across the Company's production units)**
- **Commission on Fraud, Corruption and Conflicts of Interest at PhosAgro-Region (to act for the downstream business)**



In 2023, out of ten potential conflict of interest scenarios identified and examined, six were scrutinised by Apatit's Commission on Fraud, Corruption and Conflicts of Interest, which offered resolution recommendations. A notice requiring preventive action was issued to the relevant business unit's management team. In five of the reviewed cases, conflict of interest proved to be unsubstantiated.

Identification, prevention and settlement of conflicts of interest in the actions of PhosAgro Group's employees

Conflict of interest cases	2021	2022	2023
Total number of conflict of interest cases pertaining to joint ownership with suppliers and other stakeholders	1	0	0
Total number of conflict of interest cases pertaining to controlling shareholders	0	0	0
Total number of conflict of interest cases pertaining to related parties and their relations, transactions and outstanding balances	0	0	0
Total number of conflict of interest cases pertaining to membership in the Board of Directors	0	0	0
Total number of potential conflict of interest cases	10	15	10
Number of conflict of interest cases considered at the meeting of the Commission on Fraud, Corruption and Conflicts of Interest	5	9	6

LEGAL ACTIONS FOR ANTI-COMPETITIVE BEHAVIOR, ANTI-TRUST, AND MONOPOLY PRACTICES

GRI 3-3, 206-1

The Company has approved trade policies for the sale of phosphate rock (Apatit's Marketing Policy for Domestic Sales of Phosphate Rock) and for the sale of certain fertilizer grades to agricultural

producers. There are no pending lawsuits filed on charges of breach of applicable antitrust laws, or any similar lawsuits settled in 2021–2023 to which the Company could be identified as a party.



The respective documents are available in the Our Products section of the Company's official website

SHARE CAPITAL

IN OCTOBER 2023, PHOSAGRO APPROVED A DIVIDEND PAYMENT PROCEDURE FOR ITS SHAREHOLDERS AND GDR HOLDERS WHOSE TITLES ARE RECORDED IN FOREIGN DEPOSITORIES. THIS ELIMINATED BARRIERS TO RECEIVING THE DIVIDENDS BY HOLDERS OF THE COMPANY'S SECURITIES WHO HAD PREVIOUSLY BEEN UNABLE TO OBTAIN PAYMENTS FROM THEIR DEPOSITORIES.

PHOSAGRO IS COMMITTED TO ENSURING FULL PAYMENT OF DIVIDENDS DUE TO ALL CATEGORIES OF ITS SHAREHOLDERS.

- 4 Ownership structure
- 4 Share performance
- 6 Debt management
- 7 Analyst coverage
- 7 Dividend policy
- 10 Relationship with shareholders and investors
- 13 Information disclosure

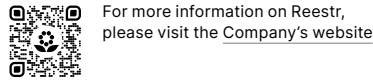


SHARE CAPITAL

OWNERSHIP STRUCTURE

The authorised capital of PhosAgro as at 31 December 2023 amounted to RUB 323,750,000 consisting of 129,500,000 ordinary shares with a par value of RUB 2.5 per share.

The register of holders of PhosAgro's securities is maintained by Joint-Stock Company Reestr, whose details are set out on the Company's website.



For more information on Reestr, please visit the Company's website



SHARE PERFORMANCE

PhosAgro's shares are traded on the A1 quotation list of the Moscow Exchange under the ticker symbol PHOR (ISIN: RU000A0JRK8), CFI code: ESVXFR.

Global depository receipts (GDR; three GDRs represent one share) are admitted to listing on the London

Stock Exchange under the ticker symbol PHOR. On 3 March 2022, trading in the Company's GDRs was suspended.

Shares of PhosAgro are included in the following indices of the Moscow Exchange:

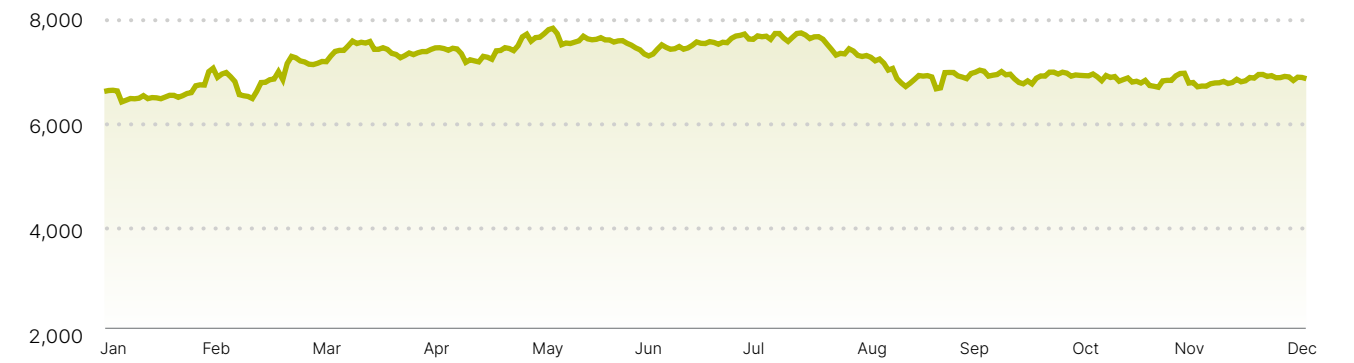
- MOEX Russia;
- RTS.

Citigroup Global Markets Deutschland AG acts as the depository for the Company's GDR programme.

Tickers

Stock exchange	Bloomberg	Reuters	ISIN
Moscow Exchange	PHOR RU	PHOR.MM	RU000A0JRK8
London Stock Exchange	PHOR LI	PHORq.L	US71922G3083 US71922G4073
Codes for Global Depository Receipts	Under Regulation S	Under Regulation S	Under Rule 144A
CUSIP	71922G308	71922G407	71922G100
ISIN	US71922G3083	US71922G4073	US71922G1004
Common code	065008939	065008939	065008939
SEDOL	0B62QPJ1	0B62QPJ1	0B5N6Z48
RIC	PHOSq.L	PHOSq.L	GBB5N6Z48.L

Share performance on MOEX in 2023



Share performance

Item	As at 30 December 2021	As at 30 December 2022	As at 29 December 2023
Weighted average trading price of a share on the Moscow Exchange, RUB	5,857.00	6,390.00	6,592.00
GDR price on the London Stock Exchange ¹ , USD	21.58	–	–
Market capitalisation, RUB mln	758,611.00	827,505.00	853,664.00

THE KEY FACTORS AFFECTING THE COMPANY'S SHARE PERFORMANCE IN 2023

<p>Strong demand for phosphate and nitrogen-based fertilizers over the year</p>	<p>Reduction in key feedstock prices over the year</p>	<p>Lower fertilizer prices at the beginning of the year and their recovery in the second half of the year</p>
<p>Higher fiscal pressure on industry players following introduction of export duties and payment of the excess profit tax</p>	<p>Strong operational and financial performance of the Company and regular dividend payments</p>	<p>Low fertilizer stocks in the Company's key sales markets</p>
<p>Greater availability of fertilizers to farmers</p>	<p>Official market capitalisation data is published on the Moscow Exchange's website</p>	<p>For more information on our historical share performance, please visit the Company's website</p>

¹ Trading in PhosAgro's GDRs on the London Stock Exchange was suspended starting 3 March 2022.

DEBT MANAGEMENT

The Company uses a conservative approach to leverage and believes that a comfortable net debt/ EBITDA ratio should be below 2x or even within the range of 1–1.5x in the long run. As at 31 December 2023, the Company's leverage was comfortable, with the net debt/ EBITDA ratio standing at 1.2x.

When determining its borrowing requirements, the Company assesses the cost of borrowing from banks and

public debt markets, the amount and maturity available while striving to ensure that this fits into the Group's long-term debt reduction strategy. The choice of the currency of borrowings is based on the availability of currencies and the structure of the Company's revenue, about 70% of which was in foreign currency in 2023.

In line with the investment policy designed to meet PhosAgro's investor obligations and strengthen

its investment case, the investment budget shall not exceed 50% of planned EBITDA.

The record high capital investments and charitable expenses in 2023 did not affect the Company's leverage, which remained comfortably below the net debt/EBITDA target.



EUROBONDS

ISIN	XS2099039542	XS2384719402
Borrower	PJSC PhosAgro	PJSC PhosAgro
Issuer	PhosAgro Bond Funding Limited	PhosAgro Bond Funding Limited
Currency	USD	USD
Offering date	23 January 2020	16 September 2021
Maturity date	23 January 2025	16 September 2028
Issue value, USD mln	500	500
Including replacement bonds, USD mln	RU000A106G31 356.915	RU000A106G56 383.470

RUB-DENOMINATED EXCHANGE BONDS

ISIN	RU000A106516
Issuer	PJSC PhosAgro
Currency	RUB
Offering date	21 April 2023
Maturity date	17 April 2026
Issue value, RUB mln	20,000

CNY-DENOMINATED EXCHANGE BONDS

ISIN	RU000A1063Z5
Issuer	PJSC PhosAgro
Currency	CNY
Offering date	13 April 2023
Maturity date	9 April 2026
Issue value, CNY mln	2,000

ANALYST COVERAGE

PhosAgro is covered by analysts from leading Russian and international brokers.

Company	Analyst	Tel.
ATON	Andrey Lobazov	+7 (495) 213-03-37
Alfa Bank	Boris Krasnojenov	+7 (495) 795-36-12
BCS Global Markets	Kirill Chuyko	+7 (495) 213-15-26
Sberbank CIB	Georgiy Ivanin	+7 (495) 665-56-00
Sinara Financial Corporation	Dmitriy Smolin	+7 (916) 555-79-97
Veles Capital	Elsa Gazizova	+7 (495) 258-19-88, ext. 599
My Investments	-	-
Finam	Alexey Kalachev	+7 (495) 796-93-88, ext. 2357
Renaissance Capital		

DIVIDEND POLICY

PhosAgro is committed to striking an effective and reasonable balance between the payment of dividends and reinvestment of profit in further development.

Higher transparency and predictability of dividend payments are a priority for the Company as it seeks to ramp up its growth and strengthen its investment case.

All resolutions on the payment of dividends and the timing and amount of such payment are subject to approval by the General Meeting of Shareholders, based on recommendations provided by PhosAgro's Board of Directors.

When preparing recommendations for the General Meeting of Shareholders on any dividend payout (declaration), in addition to the current financial standing assessment, the Board of Directors takes into account the relevant provisions of PhosAgro's dividend policy whereby the amount of distributed dividends may range from 50 to over 75% (subject to PhosAgro's leverage ratio) of PhosAgro's consolidated free cash flow for the respective year under IFRS. At the same time, the amount of declared dividends should not be lower than 50% of adjusted net profit for the year under IFRS.

In light of the above-mentioned drain on liquidity and in accordance with PhosAgro's dividend policy, a decision was taken not to include the issue of profit distribution for 2023 on the agenda for the Board of Directors meeting where the Company's annual financial statements are to be discussed. This issue is expected to be included on the agenda for the Board of Directors meeting that will discuss the Company's 1Q 2024 performance. .



The full text of the Company's Dividend Policy is available on the [Company's website](#)

Report on dividends declared and paid

	Dividend per share, RUB	Dividend per GDR, RUB	Governance body deciding on the payment of dividends	Date of the General Meeting of Shareholders where the relevant resolution on the payment of dividends was adopted and No. of the minutes	Dividend payment timeframes ¹
2021					
Retained earnings as at 31 March 2021	105	35	■	22 June 2021	No later than 6 July 2021/ 9 August 2021
Retained earnings as at 30 June 2021	156	52	■	13 September 2021	No later than 8 October 2021/29 October 2021
Retained earnings as at 30 September 2021	234	78	■	8 December 2021	No later than 21 December 2021/1 February 2022
Retained earnings as at 31 December 2021 (based on 2021 results) ²	390 (no resolution passed)	130 (no resolution passed)	■	30 June 2022	No later than 25 July 2022/15 August 2022
2022					
Retained earnings as at 30 June 2022	780	260	■	21 September 2022	No later than 17 October 2022/8 November 2022
9M 2022	318	106	■	8 December 2022	No later than 9 January 2023/30 January 2023
FY 2022	465	155	■	24 March 2023	No later than 18 April 2023/12 May 2023
2023					
1Q 2023	216	72	■	30 June 2023	No later than 25 July 2023/15 August 2023
Retained earnings as at 30 June 2022	48	16	■	30 June 2023	No later than 25 July 2023/15 August 2023
1H 2023 ³	126 (no resolution passed)	42	■	30 September 2023	No later than 25 October 2023/16 November 2023
9M 2023	291	97	■	14 December 2023	No later than 16 January 2024/6 February 2024

- Extraordinary General Meeting of Shareholders
- Annual General Meeting of Shareholders

¹ For nominee holders and trustees who are securities market professionals and are on PhosAgro's register of shareholders / other persons on PhosAgro's register of shareholders.
² The General Meeting of Shareholders did not approve profit distribution for FY 2021, including payment of dividends.
³ The General Meeting of Shareholders did not approve profit distribution for 1H 2023, including payment of dividends.

Results of the vote held by the Annual General Meeting of Shareholders on the distribution of profits (including payout (declaration) of dividends) and losses of the Company

Annual General Meeting of Shareholders of 30 June 2022

For
38,088,321

Against
56,540,778


Abstained
0

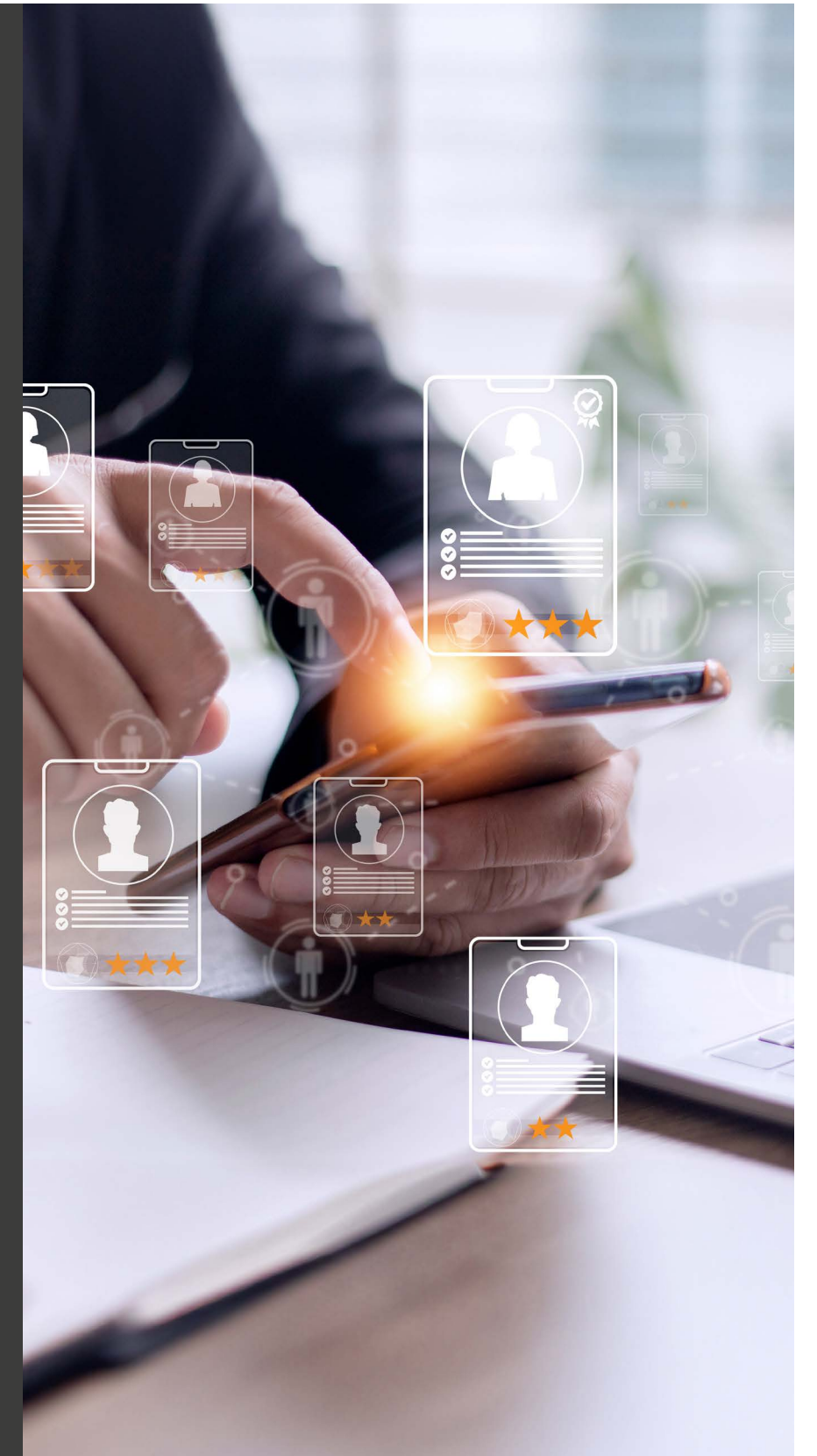
Annual General Meeting of Shareholders of 24 March 2023

For
94,790,985

Against
0

Abstained
0

 For more information on the Company's dividend payment history, please visit the Company's website



RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

At PhosAgro, we are committed to transparency and consistency, and maintain an ongoing dialogue with the investor community through a variety of communication channels and with involvement of the Company's senior management and independent directors.

available to investors via press releases, presentations, conference calls and webcasts. On top of that, we take every opportunity to answer investors' questions and gather feedback from market players by participating in conference calls.

We keep the market abreast of the Company's performance by publishing quarterly operational and financial results that are made



For more information on our dividend history, please visit the [Company's website](#)



In 2023, the Company continued to stay in touch with retail investors by holding conference calls with assistance of major Russian brokers and taking part in a number of conferences for retail investors (including SmartLab conferences).

OUR STRONG ENGAGEMENT PROGRAMME ENABLES US:

<p>To raise investor awareness of the Company's potential value and long-term sustainability</p>	<p>To update investors on PhosAgro's strategic priorities and progress we have made</p>	<p>To attract a wider pool of investors to improve liquidity, share price and borrowing costs</p>
<p>To increase our access to a variety of capital market instruments</p>	<p>To provide transparency on how our corporate governance systems work</p>	<p>To generate new ideas through a dialogue with investors</p>
<p>To clarify the Company's contribution to the UN Sustainable Development Goals</p>		

WHY WE INTERACT

Four main purposes for which PhosAgro interacts with the investment community:



Each building on each other



Facilitating an ongoing exchange of information



Ensuring greater business transparency

- 1 Provide investment community with reliable and relevant information on the key aspects of the Company's operations, its development plans and long-term goals
- 2 Identify risks and opportunities for the Company as seen from the perspective of members of the investment community after they have analysed the provided information
- 3 Communicate investor feedback to the management to form the internal position and tweak/work out a development strategy that would mitigate major risks and unlock the Company's potential
- 4 Monitor the progress against the Company's development strategy and present its results to the public






HOW WE INTERACT



The Company interacts with the investment community in a variety of ways

- Roadshows**
Virtual non-deal roadshows covering general topics for broader investor audiences and deal roadshows relating to Eurobond offerings and ESG disclosures, etc.
- Work with rating agencies**
Interaction with credit and ESG rating agencies
- One-on-one calls**
One-on-one calls with investors
- Press releases**
Regulatory press releases
- Meetings of Shareholders**
Annual General Meetings of Shareholders and formal reporting
- Online conferences**
Online investor conferences
- Work with members of the analyst**
Selective communication with members of the analyst community to raise their awareness of the Company's operations
- Corporate website**
Corporate website of the Company
- Work with investors**
A dedicated in-house investor relations team




KEY TOPICS AND OUTCOMES IN 2023

 <p>Cooperation</p> <p>In 2023, closer contacts of the Company with shareholders, debt investors and analysts (primarily in the form of online meetings) were of critical importance due to the impact of external challenges.</p> <div data-bbox="462 480 766 597">  <p>For more information on our initiatives and their accompanying presentations, please visit the Company's website</p> </div>	 <p>Proactive approach</p> <p>PhosAgro's proactive approach to communication with debt market players guaranteed successful replacement of two Eurobond issues worth more than USD 740 mln</p>
 <p>Information disclosure</p> <p>118 publications were made in line with Russian disclosure regulations via the Interfax Corporate Disclosure Centre</p>	 <p>Bond issue</p> <p>The Company offered two exchange bond issues on the Moscow Exchange for RUB 20 bln and CNY 2 bln</p>



INFORMATION DISCLOSURE

In its declarations and disclosures, PhosAgro strictly follows the requirements imposed by Russian securities regulations, as well as rules for the companies traded on the LSE. The Company publicly discloses all required information to shareholders and investors in a timely manner through authorised newswires, the corporate website, PhosAgro's official disclosure page on the Interfax portal, and on the LSE webpage.

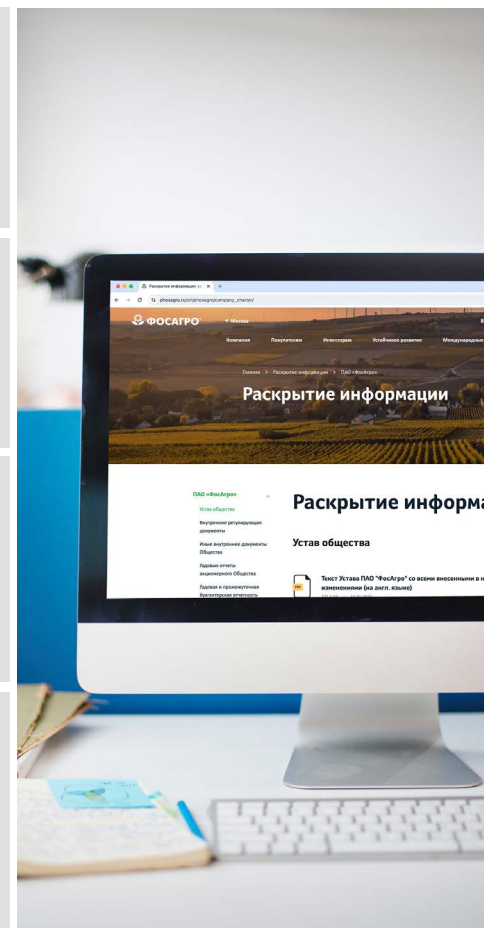
-  PhosAgro's official disclosure page on the Interfax portal
-  The Company's page on the official LSE website
-  Disclosure on the Company's official website

FINANCIAL CALENDAR FOR 2024

Financial results disclosure

IV / 2023	4Q and FY 2023 26 April 2024
I / 2024	1Q 2024 27 May 2024 (TBD)
II / 2024	2Q and 6M 2024 29 August 2024 (TBD)
III / 2024	3Q and 9M 2024 11 November 2024 (TBD)

In 2023, the Company exercised its right to disclose and/or provide only some of the information that must be disclosed and/or provided under federal laws On Joint-Stock Companies and On the Securities Market, guided by Russian Government Resolution No. 1102 dated 4 July 2023 On Details of Disclosure and/ or Provision of Information that Must be Disclosed and/ or Provided under Federal Law On Joint-Stock Companies, and by the Federal Law On the Securities Market.



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APPENDICES

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Joint-Stock Company
"Technologies of Trust – Audit"
("Technologies of Trust – Audit" JSC)

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Independent Auditor's Report

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

Qualified opinion

In our opinion, except for the effects of the matter described in the Basis for qualified opinion section of our report, the consolidated financial statements present fairly, in all material respects, the consolidated financial position of Public Joint Stock Company "PhosAgro" (PJSC "PhosAgro") and its subsidiaries (together – the "Group") as at 31 December 2023, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with IFRS Accounting Standards.

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for 2023;
- the consolidated statement of financial position as at 31 December 2023;
- the consolidated statement of cash flows for 2023;
- the consolidated statement of changes in equity for 2023; and
- the notes to the consolidated financial statements, which include material accounting policy information and other explanatory information.

Basis for qualified opinion

The Group's management did not disclose segment information for the year ended 31 December 2023 and for the year ended 31 December 2022 in the notes to the consolidated financial statements as required by IFRS 8, Operating Segments. Disclosing the omitted segment information within this Basis for qualified opinion section is not practicable as it would be unduly voluminous in relation to this auditor's report.

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the consolidated financial statements section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Independence

We are independent of the Group in accordance with International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code) and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our audit of the consolidated financial statements in the Russian Federation. We have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Basis for qualified opinion section, we have determined the matters described below to be the key audit matters to be communicated in our report.

Key audit matter	How our audit addressed the key audit matter
<p>Recoverability of deferred tax assets</p> <p><i>Refer to Note 15 to the consolidated financial statements of the Group</i></p> <p>In the consolidated statement of financial position as at 31 December 2023, the Group recognised deferred tax assets in the amount of RUB 9,751 million in respect of the Group companies' accumulated tax loss carried forward.</p> <p>Under IAS 12, <i>Income Taxes</i>, a deferred tax asset in respect of unused tax losses shall be recognised to the extent that it is probable that future taxable profit will be available against which the unused tax losses can be utilised.</p> <p>The Group's management analysed probability of receiving future taxable profits by Group companies and concluded that the deferred tax assets are recoverable. This analysis was based on management's plans in respect of recoverability of the Group's deferred tax assets and projections of the future taxable profit.</p> <p>We focus our audit on the existence of sufficient evidence that the Group's deferred tax assets are recoverable because the Group's management applied significant judgements and estimates in respect of available mechanisms for recovery of deferred tax assets in the Group companies with accumulated loss, and in respect of the amount of the future taxable profit and timing when it would be available.</p>	<p>We performed the following audit procedures to address the key audit matter:</p> <ul style="list-style-type: none"> • We analysed the management's plan in respect of utilisation of the deferred tax assets and the process of projecting the future taxable profit. • We assessed the current status of implementation of the management's plan to utilise the deferred tax assets. • We received the projection of the future taxable profit prepared by the Group's management and reviewed, on a sample basis, the assumptions related to future income and expenses reflected in the projection, including their comparison to the industry and market trends. We also assessed the quality of the Group's management projections by comparing the previous periods projections to actual results. • We assessed, on a sample basis, the mathematical accuracy of calculations applied by the Group's management. • We assessed whether the management used reasonable judgements related to applying the mechanisms available to the Group to recover the deferred tax assets, among other things, by engaging our taxation experts. • We obtained and analysed written representations of the Group's management in relation to their assessment of recoverability of deferred tax assets. <p>Acceptability of the management's current estimates in relation to the deferred tax assets recoverability for the purpose of the consolidated financial statements of the Group for 2023 does not guarantee that future events which are inherently uncertain will not lead to a significant change in these estimates.</p> <p>We also assessed a compliance of the information disclosed in Note 15 to the consolidated financial statements with the IFRS Accounting Standards disclosure requirements.</p>

Other matter – Materiality and Group audit scope

Overview

Materiality	Overall Group materiality: Russian Roubles ("RUB") 5,730 million, which represents 5% of profit before tax.
Group scoping	<ul style="list-style-type: none"> • We conducted audit procedures on the entire financial information of the three components. • Our audit scope addressed 99.6% of the Group's revenues and 97.6% of the Group's absolute value of underlying profit before tax.

Materiality

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the consolidated financial statements. In particular, we considered where management made subjective judgements; for example, in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits, we also addressed the risk of management override of internal controls including, among other matters, consideration of whether there was evidence of bias that represented a risk of material misstatement due to fraud.

The scope of our audit was influenced by our application of materiality. An audit is designed to obtain reasonable assurance whether the consolidated financial statements are free from material misstatement. Misstatements may arise due to fraud or error. They are considered material if individually or in aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the consolidated financial statements.

Based on our professional judgement, we determined certain quantitative thresholds for materiality, including the overall Group materiality for the consolidated financial statements as a whole as set out in the table below. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures and to evaluate the effect of misstatements, if any, both individually and in aggregate on the consolidated financial statements as a whole.

Overall Group materiality	RUB 5,730 million (2022: RUB 11,615 million)
How we determined it	5% of profit before tax
Rationale for the materiality benchmark applied	We chose profit before tax as the benchmark because, in our view, it is the benchmark against which the performance of the Group is most commonly measured by users, and is a generally accepted benchmark. We chose 5% which is consistent with quantitative materiality thresholds used for profit-oriented companies in this sector.

How we tailored our Group audit scope

We tailored the scope of our audit in order to perform sufficient work to enable us to provide an opinion on the consolidated financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, and the industry in which the Group operates.

We selected components based on the assessment of risk of material misstatement of the Group's consolidated financial statements associated with components, taking into account a relative significance of the components for the Group. The Group auditor performed further audit procedures for the selected components on their entire financial information not engaging the component auditors. We also included information systems and tax specialists in our engagement team.

By performing the above audit procedures at the components, combined with the centralized audit procedures and audit procedures with respect to the process of preparation of the consolidated financial statements, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial statements of the Group as a whole.

Other information

Management is responsible for the other information. The other information comprises the Integrated annual report of PJSC "PhosAgro" for 2023 (but does not include the consolidated financial statements and our auditor's report thereon), which we obtained prior to the date of this auditor's report, and the Securities issuer's report for the 12 months 2023, which is expected to be made available to us after the date of this auditor's report.

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

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

If, based on the work we have performed on the other information that we obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

When we read the Securities issuer's report for the 12 months 2023, if we conclude that there is a material misstatement therein, we are required to communicate the matter to those charged with governance.

Responsibilities of management and those charged with governance for the consolidated financial statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditor's responsibilities for the audit of the consolidated financial statements

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

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

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

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

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

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

The certified auditor responsible for the audit resulting in this independent auditor's report is Fegetsin Alexey Iakovlevich.

26 April 2024

Moscow, Russian Federation



Fegetsin Alexey Iakovlevich is authorised to sign on behalf of the General Director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906101957)

PJSC "PhosAgro"

Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2023

RUB million	Note	2023	2022
Revenues	5	440,304	569,527
Cost of Group products sold	6	(235,560)	(253,419)
Cost of products for resale		(16,056)	(15,599)
Gross profit		188,688	300,509
Administrative and selling expenses	7	(32,282)	(42,403)
Taxes, other than income tax	8	(12,779)	(11,327)
Other expenses, net	9	(7,557)	(9,371)
Foreign exchange gain/(loss) from operating activities, net	27 (c)	14,686	(9,068)
Operating profit		150,756	228,340
Finance income	10	3,353	4,439
Finance costs	10	(7,881)	(11,967)
Gain from revaluation of investments in equity instruments measured at fair value through profit or loss	16	1,025	
Foreign exchange (loss)/gain from financing activities, net	27 (c)	(32,650)	11,485
Profit before tax		114,603	232,297
Income tax expense	11	(28,462)	(47,583)
Profit for the year		86,141	184,714
Attributable to:			
Shareholders of the Company		86,084	184,662
Non-controlling interests*		57	52
Basic and diluted earnings per share (in RUB)	22	665	1,426
Other comprehensive loss			
Items that will never be reclassified to profit or loss			
Actuarial losses	25	(35)	(276)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference			(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries			(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries			61
Other comprehensive loss for the year		(35)	(9,446)
Total comprehensive income for the year		86,106	175,268
Attributable to:			
Shareholders of the Company		86,049	175,216
Non-controlling interests*		57	52

*Non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

The consolidated financial statements were approved on 26 April 2024:

Chief executive officer
M. K. Rybnikov

Deputy CEO for Finance and International Projects
A. F. Sharabaiko




The consolidated statement of profit or loss and other comprehensive income is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 5 to 33.

PJSC "PhosAgro"

Consolidated Statement of Financial Position as at 31 December 2023

RUB million	Note	31 December 2023	31 December 2022
Assets			
Property, plant and equipment	12	308,663	274,522
Advances issued for property, plant and equipment		10,337	9,270
Deferred tax assets	15	9,751	7,903
Other non-current assets	16	8,262	8,546
Non-current spare parts		8,059	5,125
Right-of-use assets	13	7,240	4,277
Intangible assets		2,773	2,099
Catalysts		2,667	1,965
Investments in associates and joint ventures	14	636	592
Non-current assets		358,388	314,299
Trade and other receivables	19	66,362	75,741
Inventories	18	48,468	39,349
Cash and cash equivalents	20	29,163	13,356
VAT and other taxes receivable		10,119	12,565
Security payment for windfall tax	1(b)	6,355	-
Other financial assets	17	5,083	210
Income tax receivable		1,703	93
Current assets		167,253	141,314
Total assets		525,641	455,613
Equity			
Share capital	21	372	372
Share premium		7,494	7,494
Retained earnings		144,658	190,664
Actuarial losses		(1,003)	(968)
Equity attributable to shareholders of the Company		151,521	197,562
Equity attributable to non-controlling interests		84	158
Total equity		151,605	197,720
Liabilities			
Loans and borrowings	23	161,710	109,784
Deferred tax liabilities	15	13,603	17,820
Lease liabilities	24	2,818	1,660
Defined benefit obligations	25	1,129	1,050
Non-current liabilities		179,260	130,314
Loans and borrowings	23	86,429	80,974
Dividends payable		54,919	82
Trade and other payables	26	42,653	39,412
Windfall tax payable	1(b)	6,355	-
VAT and other taxes payable		2,799	5,632
Lease liabilities	24	1,413	1,276
Income tax payable		208	203
Current liabilities		194,776	127,579
Total equity and liabilities		525,641	455,613

The consolidated statement of financial position is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 5 to 33.

PJSC "PhosAgro"

Consolidated Statement of Cash Flows for 2023

RUB million	Note	2023	2022
Cash flows from operating activities			
Operating profit		150,756	228,340
<i>Adjustments for:</i>			
Depreciation and amortisation	6, 7	32,282	29,539
Loss on disposal of property, plant and equipment and intangible assets	9	365	429
Operating profit before changes in working capital		183,403	258,308
Decrease in trade and other receivables ¹		6,063	7,498
Increase in inventories, catalysts and non-current spare parts		(11,624)	(12,308)
Decrease in trade and other payables ¹		(46)	(3,131)
Cash flows from operations before income tax and interest paid		177,796	250,367
Income tax paid		(29,777)	(41,811)
Finance costs paid		(7,378)	(5,275)
Windfall tax security payment	1 (b)	(6,355)	-
Cash flows from operating activities		134,286	203,281
Cash flows from investing activities			
Finance income		2,000	3,783
Acquisition of property, plant and equipment and intangible assets		(64,232)	(63,021)
Borrowing cost capitalised paid	12	(1,896)	(976)
Advances issued for right-of-use assets		(94)	(850)
Cash and cash equivalents disposed as a result of loss of control over foreign subsidiaries		-	(36,729)
Loans issued	17	-	(3,130)
Proceeds from disposal of financial assets measured at fair value through profit or loss		-	1,778
Other		144	159
Cash flows used in investing activities		(64,078)	(98,986)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs	23	172,906	57,171
Repayment of borrowings	23	(155,306)	(23,926)
Refund of dividends paid ²		17,256	9
Dividends paid to shareholders of the Company	21	(94,509)	(142,120)
Lease payments	24	(1,416)	(1,429)
Dividends paid to non-controlling interests		(131)	-
Cash flows used in financing activities		(61,200)	(110,295)
Net increase/(decrease) in cash and cash equivalents		9,008	(6,000)
Cash and cash equivalents at 1 January		13,356	21,710
Effect of exchange rates fluctuations		6,799	(2,354)
Cash and cash equivalents at 31 December	20	29,163	13,356

¹ Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities.

² The Group received cash refund from depositories paid as dividends to parties who were entitled to receive them, but didn't receive dividends due to reasons beyond the depositories' control.

The consolidated statement of cash flows is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 5 to 33.

PJSC “PhosAgro”
Consolidated Statement of Changes in Equity for 2023

RUB million	Attributable to shareholders of the Company						Attributable to non-controlling interests	Total equity
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	Total		
Balance at 1 January 2022	372	7,494	148,193	(753)	9,231	164,537	106	164,643
Total comprehensive income/(loss)								
Profit for the year	-	-	184,662	-	-	184,662	52	184,714
Actuarial losses, note 25	-	-	-	(276)	-	(276)	-	(276)
Foreign currency translation difference	-	-	-	-	(2,929)	(2,929)	-	(2,929)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	-	-	-	-	(6,302)	(6,302)	-	(6,302)
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries	-	-	-	61	-	61	-	61
Transactions with owners recognised directly in equity								
Dividends, note 21	-	-	(142,191)	-	-	(142,191)	-	(142,191)
Balance at 31 December 2022	372	7,494	190,664	(968)	-	197,562	158	197,720
Balance at 1 January 2023	372	7,494	190,664	(968)	-	197,562	158	197,720
Total comprehensive income/(loss)								
Profit for the year	-	-	86,084	-	-	86,084	57	86,141
Actuarial losses, note 25	-	-	-	(35)	-	(35)	-	(35)
Transactions with owners recognised directly in equity								
Dividends, note 21	-	-	(132,090)	-	-	(132,090)	(131)	(132,221)
Balance at 31 December 2023	372	7,494	144,658	(1,003)	-	151,521	84	151,605

The consolidated statement of changes in equity is to be read in conjunction with the notes to, and forming part of, the consolidated financial statements set out on pages 5 to 33.

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PJSC “PhosAgro”
Notes to the Consolidated Financial Statements for 2023

1 BACKGROUND

(a) Organisation structure and operations

PJSC “PhosAgro” (the “Company” or the “Parent”) is a public joint stock company registered in accordance with Russian legislation. PJSC “PhosAgro” and its subsidiaries (together referred to as the “Group”) comprise Russian legal entities. The Company was registered in October 2001. The Company’s address is Leninsky prospekt 55/1 building 1, Moscow, Russian Federation, 119333.

The Group’s principal activity is production of apatite concentrate and mineral fertilisers at plants located in the cities of Kirovsk (Murmansk region), Cherepovets (Vologda region), Balakovo (Saratov region) and Volkhov (Leningrad region), and their distribution across the Russian Federation and abroad.

As at 31 December 2023 and at 31 December 2022, the Company’s major shareholder is the entity registered in Russia – ILLC Adorabella holding approximately 23.3% of the ordinary shares. As of 31 December 2023, and 31 December 2022, the Parent does not have the ultimate controlling party in accordance with the definitions of control described in IFRS 10 *Consolidated financial statements*.

(b) Russian business environment

The Group’s operations are primarily located in the Russian Federation. Consequently, the Group is exposed to the economic and financial conditions of the Russian Federation, which display certain characteristics of an emerging market. Its economy is particularly sensitive to oil and gas prices. The legal, tax and regulatory frameworks continue development, and are subject to varying interpretations and frequent changes (note 29). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

Geopolitical tension caused by the Ukrainian case in February 2022 continued in 2023. Geopolitical situation escalation resulted in significant exchange rates fluctuations and increased volatility in financial and commodity markets. Sanctions and restrictions have been and continue to be imposed towards a number of Russian entities such as access termination to European and USA financial markets, SWIFT international system and others. Price cap on Russian oil and gas and embargo on Russian petrochemicals were introduced. There is no way to determine how long the increased volatility will continue and when the above factors will stabilise. The future effects of current economic situation and the above measures are difficult to predict. Management’s current expectations and estimates could differ from actual results.

The Russian Government Resolution that came into effect starting from 2023 introduced export duties on mineral fertilisers followed by the subsequent changes to the customs duty calculation method and rates:

- 1) From 1 January to 31 August 2023, the rate stood at 23.5% and was applied to a difference between the customs value of exported products and USD 450 per tonne.
- 2) From 1 September to 30 September 2023, the customs duty rate for nitrogen-based fertilisers was 7% of their customs value, but not less than RUB 1,100 per tonne; the rate for phosphate-based and compound fertilisers stood at 7% of their customs value, but not less than RUB 2,100 per tonne.
- 3) From 1 October 2023 to 31 December 2024, the following customs duty rates depending on the official exchange rate of US dollar to Russian Rouble set by the Central Bank of Russia are applied:
 - on nitrogen-based fertilisers – 7% of their customs value, but not less than RUB 1,100 per tonne, if the average US dollar exchange rate over the monitoring month is below RUB 80, or 10% of their customs value, but not less than RUB 1,100 per tonne, if the average US dollar exchange rate over the monitoring month is above RUB 80;
 - on phosphate-based and compound fertilisers – 7% of their customs value, but not less than RUB 2,100 per tonne, if the average US dollar exchange rate over the monitoring month is below RUB 80, or 10% of their customs value, but not less than RUB 2,100 per tonne, if the average US dollar exchange rate over the monitoring month is above RUB 80.

On 4 August 2023, the President of the Russian Federation signed Federal Law No. 414-FZ *On Excess Profits Tax* (the so-called “Windfall Tax”) effective from 1 January 2024. The law introduces 10% tax rate applied to the excess of the arithmetic average profits for 2021-2022 over the arithmetic average profits for 2018-2019. The amount of tax can be reduced by half to the effective rate of 5% provided that the taxpayer pays a security payment to the federal budget from 1 October to 30 November 2023. The Group’s windfall tax liability and expense calculated at 5% tax rate is RUB 6,355 million. In November 2023, the Group made a security payment for the windfall tax presented as a separate line item in the consolidated statement of cash flows.

Management of the Group has considered events and conditions that could give rise to material uncertainties and concluded that the range of possible outcomes does not cast significant doubt over the Group’s ability to continue as a going concern.

2 BASIS OF PREPARATION

(a) Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board.

The Group additionally prepares IFRS Accounting Standards consolidated financial statements in the Russian language in accordance with the Federal Law No. 208-FZ *On consolidated financial reporting*.

(b) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis, except for financial instruments initially recognised at fair value with subsequent revaluation through profit or loss.

(c) Functional currency

The national currency of the Russian Federation is the Russian Rouble (“RUB”), which is the functional currency of the Parent and its subsidiaries. In March 2022, the Group lost control over its 100% foreign subsidiary Phosint Limited (currently PUREFERT LIMITED) owning all the foreign companies of the Group. Until the loss of control, the Group included entities with US dollar, Euro and other currencies as a functional currency.

(d) Presentation currency

These consolidated financial statements are presented in RUB. All financial information presented in RUB has been rounded to the nearest million, except per share amounts.

In 2022, until the loss of control over Phosint Limited, profit and loss items of foreign subsidiaries were translated from USD and EUR into RUB at the following average exchange rates for the appropriate month:

Average exchange rate for the month	2022	
	RUB to USD 1	RUB to EUR 1
January	75.8837	85.9393
February	77.4048	87.7638
March	104.0810	114.7127

(e) Use of estimates and judgments

The preparation of consolidated financial statements in conformity with IFRS Accounting Standards requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities. Actual results may differ from those estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about critical assumptions and estimation uncertainties that have the most significant effect on the amounts recognised in the consolidated financial statements is included in the following notes:

- Note 3 (b) (iii) – estimated useful lives of property, plant and equipment;
- Note 15 - recognition of deferred tax assets: availability of future taxable income for offsetting with appropriate tax losses.

(f) Adoption of new and revised standards and interpretations

The following revised standards, issued by the International Accounting Standards Board (IASB) and approved for use on the territory of Russian Federation, became effective from January 1, 2023, but didn't have a material impact on the Group unless otherwise specified.

- IFRS 17 Insurance Contracts (issued on 18 May 2017 and effective for annual periods beginning on or after 1 January 2021, the effective date subsequently modified to 1 January 2023).
- Amendments to IFRS 17 and an amendment to IFRS 4 (issued on 25 June 2020 and effective for annual periods beginning on or after 1 January 2023).

2 BASIS OF PREPARATION (CONTINUED)

- Amendments to IAS 1 and IFRS Practice Statement 2: Disclosure of Accounting policies (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023). The Group revised its approach to significant accounting policies disclosure in accordance with amendments to the requirements as set out in note 3.
- Amendments to IAS 8: Definition of Accounting Estimates (issued on 12 February 2021 and effective for annual periods beginning on or after 1 January 2023).
- Deferred tax related to assets and liabilities arising from a single transaction – Amendments to IAS 12 (issued on 7 May 2021 and effective for annual periods beginning on or after 1 January 2023).

The following amendments, issued by the International Accounting Standards Board (IASB), were not approved for application in Russian Federation and didn't have a material impact on the Group:

International Tax Reform – Pillar Two Model Rules – Narrow-scope amendments to IAS 12 (issued on 23 May 2023 and effective for annual periods beginning on or after 1 January 2023).

(g) New standards and interpretations not yet adopted

A number of new standards and interpretations have been issued that are mandatory for the annual periods beginning on or after 1 January 2024 and which the Group has not early adopted, but is in process of assessing the impact on the Group's consolidated financial statements.

- Classification of liabilities as current or non-current – Amendments to IAS 1 (issued on 23 January 2020 and effective for annual periods beginning on or after 1 January 2022, the effective date subsequently modified to 1 January 2024).
- Classification of liabilities as current or non-current, deferral of effective date – Amendments to IAS 1 (issued on 15 July 2020 and effective for annual periods beginning on or after 1 January 2023, the effective date subsequently modified to 1 January 2024).
- Lease Liability in a Sale and Leaseback Amendments to IFRS 16 – Amendments to IFRS 16 (issued on 22 September 2022 and effective for annual periods beginning on or after 1 January 2024).
- Non-current Liabilities with Covenants – Amendments to IAS 1 (issued on 31 October 2022 and effective for annual periods beginning on or after 1 January 2024).
- Supplier Finance Arrangements – amendments to IAS 7 and IFRS 7 (issued on 25 May 2023 and effective for annual periods beginning on or after 1 January 2024).
- Lack of exchangeability – Amendments to IAS 21 The Effects of Changes in Foreign Exchange Rates (issued on 15 August 2023 and effective for annual periods beginning on or after 1 January 2025).
- Sale or Contribution of Assets between an Investor and its associate or joint venture – Amendments to IFRS 10 and IAS 28 (issued on 11 September 2014 and effective for annual periods beginning on or after a date to be determined by the IASB).
- IFRS 18 Presentation and Disclosure in Financial Statements (issued on 9 April 2024 and effective for annual periods beginning on or after 1 January 2027).

3 SIGNIFICANT ACCOUNTING POLICIES

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Foreign currencies

Foreign exchange gains and losses that relate to loans and borrowings as well as cash and cash equivalents are presented in the consolidated statement of profit or loss and other comprehensive income within the line item “Foreign exchange loss/gain from financing activities, net”. All other foreign exchange gains and losses are presented in the consolidated statement of profit or loss and other comprehensive income within the line item “Foreign exchange gain/loss from operating activities, net”.

PJSC "PhosAgro"
Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(b) Property, plant and equipment

(i) Initial recognition

Property, plant and equipment is stated at cost less accumulated depreciation and impairment losses. The cost of property, plant and equipment at the date of transition to IFRS Accounting Standards (January 1, 2005) was determined by reference to its fair value at that date ("deemed cost") as determined by an independent appraiser.

Cost includes expenditure that is directly attributable to the acquisition of the asset. The cost of self-constructed assets includes the cost of materials and direct labour, any other costs directly attributable to bringing the asset to a working condition for their intended use and capitalised borrowing costs. Purchased software that is integral to the functionality of the related equipment is capitalised as part of that equipment.

(ii) Subsequent expenditure

Expenses related to current repairs and maintenance of property, plant and equipment are recognised within profit or loss and other comprehensive income as incurred.

The Group recognises expenses related to current repairs and maintenance of property, plant and equipment incurred less than once per 12 months with the cost of more than RUB 100 thousand as assets, and depreciates these assets on a straight-line basis until the next repair.

Expenses related to the replacement of major spare parts and renewal of property, plant and equipment are capitalised and depreciated in the ordinary course.

(iii) Depreciation

Depreciation is charged to the profit or loss on a straight-line basis over the estimated useful lives of the individual assets. Depreciation commences on the month of acquisition or, in respect of internally constructed assets, from the month when an asset is completed and ready for use. Land is not depreciated.

Tangible fixed assets are depreciated over the following useful lives:

Buildings	10 to 60 years;
Plant and equipment	5 to 35 years;
Fixtures and fittings	2 to 25 years.

(iv) Capitalisation of borrowing costs

Borrowing costs directly attributable to the acquisition, construction or production of assets that necessarily take a substantial time to get ready for intended use or sale (qualifying assets) are capitalised as part of the costs of those assets.

Capitalisation of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalises borrowing costs that could have been avoided if it had not made capital expenditure on qualifying assets. Borrowing costs capitalised are calculated at the Group's average funding cost (the weighted average interest cost is applied), except to the extent that funds are borrowed specifically for the purpose of obtaining a qualifying asset. Where this occurs, actual borrowing costs are capitalised.

Borrowing costs capitalised are presented as part of cash flows from investing activities in the consolidated statement of cash flows.

(v) Advances issued for property, plant and equipment

A prepayment is classified as non-current when the goods or services relating to the prepayment are expected to be obtained after one year, or when the prepayment relates to an asset which will itself be classified as non-current upon initial recognition.

PJSC "PhosAgro"
Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

(c) Financial instruments

Non-derivative financial instruments

Non-derivative financial instruments comprise investments in equity and debt securities, trade and other receivables, long-term accounts receivables, cash and cash equivalents, loans and borrowings, and trade and other payables.

Non-derivative financial instruments are recognised initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs.

The Group's financial assets measured at amortised cost include trade and other receivables (excluding receivables measured at fair value under provisionally priced sales agreements), long-term receivables, cash and cash equivalents, and loans issued.

The Group's financial assets measured at fair value through profit or loss include receivables under provisional pricing agreements and investments in equity instruments.

The Group's financial liabilities measured at amortised cost include loans and borrowings, lease liabilities, trade and other payables, dividends payable.

(d) Cash and cash equivalents

Cash and cash equivalents include cash in hand, deposits held at call with banks, and other short-term highly liquid investments with original maturities of three months or less. Bank deposits held for longer than three months that are repayable on demand within several working days without penalties or that can be redeemed/withdrawn, subject to the interest income forfeited, are classified as cash equivalents if the deposits are held to meet short-term cash needs and there is no significant risk of a change in value as a result of an early withdrawal.

(e) Inventories

In the case of manufactured inventories and work in progress, cost includes an appropriate share of production overheads based on normal operating capacity. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventory (finished goods and goods for resale) for distribution companies is determined on the first-in, first-out (FIFO) basis. The cost of inventories for production companies is based on the weighted average principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition.

Spare parts to be used for construction and in repairs capitalised are classified as non-current assets and are included in line item "Non-current spare parts".

Catalysts to be used in production during the period of more than 1 year are classified as part of non-current assets and written-off to the production cost based on the volume of goods produced. Catalysts to be used in production within 1 year are classified as part of inventories.

(f) Impairment

Financial assets

The Group recognises loss allowances for expected credit losses (ECLs) on financial assets measured at amortised cost. The Group estimates loss allowances either based on ECLs that result from default events possible within 12 months after the reporting date or based on lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

The Group estimates loss allowance for trade receivables using the simplified approach in the amount equal to the lifetime ECL of the financial instrument. To calculate expected credit losses, the Group segments counterparties based on their geographic location and considers their credit rating, adjusted for current and future factors specific to the debtors, historical credit loss experience and economic environment in which they operate.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

The Group estimates loss allowances for other financial assets either based on ECLs that result from default events possible within 12 months after the reporting date or until contract maturity, if shorter, until there has been a significant increase in credit risk since the initial recognition of the asset. In assessing ECL and credit risk, the Group considers quantitative and qualitative information and performs an analysis that is based on the Group's actual credit loss experience and considers forward-looking information. A significant increase in credit risk is presumed if a debtor is more than 30 days past due.

If credit risk has increased significantly since the initial recognition or there is evidence that a financial asset is impaired, the expected credit losses for that asset are measured based on the lifetime ECLs. If the fair value of an impaired financial asset subsequently increases and such increase can be objectively attributed to an event occurring after the impairment loss was recognised in profit or loss for the period, the amount written off as a loss is reversed and the reversed amount is recognised in profit or loss for the period.

(g) Leases

As a lessee

The Group determines its incremental borrowing rate by obtaining interest rates from various external financing sources and making certain adjustments to reflect the terms of the lease and type of the asset leased.

Lease payments included in the measurement of the lease liability comprise fixed payments.

The Group separates lease cash flows into principal lease payments (financing activities) and interest lease payments (operating activities) in the consolidated statement of cash flows.

Lease liability is measured at amortised cost using the effective interest method. It is revalued when there is a change in future lease payments arising from adjusted interest rate, extension or termination option and other events.

Under IFRS 16, right-of-use assets are tested for impairment in accordance with IAS 36 *Impairment of Assets*.

For short-term leases (lease term of 12 months or less) and leases of low-value assets the Group has opted to recognise a lease expense on a straight-line basis as permitted by IFRS 16. This expense is presented within cost of sales, administrative expenses and selling expenses in the consolidated statement of profit or loss and other comprehensive income.

(h) Employee benefits**(i) Defined benefit plans**

The Group's net obligation in respect of defined benefit post-employment plans, including pension plans, is calculated separately for each plan by estimating the amount of future benefit that employees have earned in return for their service in the current and prior periods. That benefit is discounted to determine its present value, and the fair value of any plan assets, if any, is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. The calculation is performed using the projected unit credit method.

When the benefits of a plan are improved, the portion of the increased benefit relating to past service by employees is recognised immediately as an expense in the consolidated statement of profit or loss and other comprehensive income. To the extent the benefits vest immediately, the expense is recognised immediately in the consolidated statement of profit or loss and other comprehensive income.

All actuarial gains and losses are recognised in full as they arise in other comprehensive income.

(ii) Long-term service benefits other than pensions

The Group's net obligation in respect of long-term service benefits, other than pension plans, is the amount of future benefits that employees have earned in return for their service in the current and prior periods. The obligation is calculated using the projected unit credit method and is discounted to its present value and the fair value of any related assets is deducted. The discount rate is the yield at the reporting date on government bonds that have maturity dates approximating the terms of the Group's obligations. All actuarial gains and losses are recognised in full as they arise in other comprehensive income.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(iii) Defined contribution plans**

The Group makes mandatory contributions to the Social Fund of Russian Federation (until January 1, 2023 – Russia's State pension fund). These amounts are written off as expenses in the period when the Group's employees provided services related to these accruals.

(i) Income tax

Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is measured at the tax rates that are expected to be applied to the temporary differences when they reverse, based on the laws in force or put into force by the reporting date.

Deferred tax assets and liabilities are offset if they relate to income taxes levied by the same tax authority on the same taxable entity.

A deferred tax asset is recognised to the extent that it is probable that future taxable profits will be available against which temporary difference can be utilised. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realised.

(j) Windfall tax

Windfall tax is within the scope of IAS 12 Income taxes, it is recognised as a current income tax and is subject to respective income tax accounting policy.

Windfall tax is a one-off tax. Windfall tax liability and expenses are recognised in the consolidated financial statements starting from the moment when the Federal Law has been substantively enacted.

Windfall tax liability and expenses are measured at the amount calculated using the tax rates considering security payment made.

In the consolidated statement of financial position, the security payment was reflected together with the with the windfall tax liability until the entity had a legally enforceable right of offset, which would arise from 1 January 2024.

(k) Revenues

Revenue from contracts with customers is recognised when control of the goods or services is transferred to a customer. The amount of revenue recognised reflects the consideration the Group expects to be entitled in exchange for goods or services, taking into account any trade, volume and other discounts.

The selling price for goods or services can be fixed or provisionally priced, with subsequent determination of the final price within the period established by the contract (provisionally priced contracts). Revenue under such contracts is initially recognised at a predetermined price. Accounts receivable under provisionally priced contracts are measured at fair value through profit or loss with appropriate adjustments recorded in revenue until the final price is determined.

Advances received before the control passes to a customer are recognised as the contract liabilities. The amount of consideration does not contain a significant financial component as payment terms for the majority of contracts are less than one year. No information is provided about remaining performance obligations as at the reporting date that have an original expected duration of one year or less, as allowed by IFRS 15.

Contracts with customers for the supply of goods use a variety of delivery terms. The Group determined that under the terms of the certain contracts for the supply of goods the Group undertakes to provide delivery and the related delivery services after the transfer of control over the goods to the buyer at the loading port. Under IFRS 15, these services are a separate performance obligation, which revenue must be recognised during the period of delivery as revenue from logistics activities. The Group recognises revenue from these logistics services at the time of delivery, due to the fact that the potential difference is calculated and recognised as insignificant.

Group's revenue include the proceeds from transportation services. Costs related to rendering of transportation services are mainly represented by logistics costs and included in cost of Group products sold.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

3 SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)**(l) Export customs duties**

Starting from January 1, 2023, customs duties were introduced on export revenue of mineral fertilisers (note 1), which are considered by the Group as an additional fee and are recognised as logistics expenses as part of the cost of products sold.

(m) Taxes, other than income tax

The Group presents taxes, other than income taxes in a separate line item in the consolidated statement of profit or loss and other comprehensive income "Taxes other than income taxes" (note 8). The Group does not classify these expenses according to their function in the line items of cost of sales, administrative and selling expenses. According to the Group's management opinion the presentation in a separate line item in the consolidated statement of profit or loss and other comprehensive income, transparently and fully presents information about taxes, other than income tax impact on the financial results of the Group.

(n) Finance income and finance costs

Finance income comprises interest income, dividend income, unwinding of discount on financial assets and share of profit of associates and foreign exchange gains on financing activities. Interest income is recognised as it accrues in profit or loss. Dividend income is recognised in profit or loss on the date that the Group's right to receive payment is established.

Finance costs comprise interest expense on borrowings, interest expense on lease liabilities, bank fees, interest expense on defined benefit obligations, securitisation fees, increase in credit loss for financial investments, share of loss of associates and foreign exchange losses on financing activities.

Foreign currency gains and losses, arising from operations with foreign currency and share of profit and losses of associates are reported on a net basis.

(o) Overburden removal expenditure

In open pit apatite rock mining operations, it is necessary to remove the overburden and other waste in order to access the economically recoverable resources.

According to the Group's approach to stripping, the ore, which becomes accessible after the overburden removal, is extracted within no more than four months. Therefore, the stripping ratio (volume of overburden removed over the volume of resources extracted) is expected to stay relatively constant over the future periods and stripping costs incurred during the production phase of the open pit mine are recognised in the profit or loss as incurred.

4 FAIR VALUE DETERMINATION

When measuring a fair value of an asset or a liability, the Group uses market observable data as far as possible. Fair values are categorised into different levels of a fair value hierarchy based on the inputs used in the valuation techniques as follows:

- **Level 1:** quoted prices (unadjusted) in active markets for identical assets or liabilities;
- **Level 2:** inputs other than quoted prices included in Level 1 that are observable, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- **Level 3:** inputs for the asset and liability that are not based on observable market data (unobservable inputs).

If inputs used to measure a fair value of an asset or a liability might be categorised into different levels of fair value hierarchy, then fair value measurement is categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

The Group recognises transfers between levels of the fair value hierarchy at the end of the reporting period during which the change has occurred.

Fair values have been determined for measurement and / or disclosure purposes based on the methods described below. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

4 FAIR VALUE DETERMINATION (CONTINUED)**(a) Financial assets and liabilities measured at amortised cost**

The fair value of financial assets and liabilities represented by short-term loans issued, trade and other receivables (except for receivables measured at fair value under provisional pricing agreements), cash and cash equivalents, trade and other payables is categorised into level 3 of fair value hierarchy and approximate their carrying amounts at the reporting date.

Bonds' fair value is measured based on quoted market prices for disclosure purposes and categorised into level 1 of the fair value hierarchy. Loans and borrowings and non-current receivables fair value is categorised into level 3 of the fair value hierarchy.

(b) Financial instruments measured at fair value

The fair value of investments measured at fair value through profit or loss and receivables under provisionally priced sales agreements measured at fair value through profit or loss is determined using the valuation techniques and categorised into level 3 of the fair value hierarchy.

Investments value measured at fair value through profit or loss is estimated based on the model of discounted cash flows from the investee's operating activities.

Receivables fair value under provisionally priced sales agreements is calculated based on mineral fertiliser market prices expected at the date when the price is finalised. These assumptions are based on consensus prices forecasts prepared by independent analytical agencies, adjusted in accordance with price calculation formulas specified in existing delivery contracts.

5 REVENUES

<i>RUB million</i>	2023	2022
Phosphate-based and nitrogen-based products	421,690	551,037
Other	18,614	18,490
Revenues	440,304	569,527

6 COST OF GROUP PRODUCTS SOLD

<i>RUB million</i>	2023	2022
Production expense for Group goods sold	(197,783)	(222,360)
Depreciation	(29,374)	(26,979)
Salaries and social contributions	(26,265)	(19,667)
Potash	(22,444)	(27,418)
Materials and services	(22,158)	(19,997)
Repair and maintenance expenses	(15,865)	(12,002)
Natural gas	(15,033)	(14,226)
Transportation of phosphate rock	(13,468)	(11,610)
Ammonia	(11,533)	(19,550)
Sulphur and sulphuric acid	(11,507)	(40,798)
Electricity	(7,317)	(6,754)
Fuel	(5,754)	(6,459)
Feedstock processing services	(4,341)	-
Anti-clodding agent	(3,785)	(4,597)
Drilling and blasting operations expenses	(3,101)	(3,217)
Reagents	(3,020)	(2,755)
Ammonium sulphate	(2,818)	(6,331)
Logistics expenses for Group goods sold	(37,777)	(31,059)
Russian Railways infrastructure tariff and operators' fees	(14,047)	(12,647)
Customs duties	(13,207)	(1,420)
Freight, port and stevedoring expenses	(9,924)	(16,382)
Other services and materials	(599)	(610)
Cost of Group products sold	(235,560)	(253,419)

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

7 ADMINISTRATIVE AND SELLING EXPENSES

<i>RUB million</i>	2023	2022
Administrative expenses:	(27,185)	(37,328)
Salaries and social contributions	(18,684)	(29,015)
Professional services	(2,197)	(2,386)
Depreciation and amortisation	(1,561)	(1,387)
Security and fire safety services	(1,539)	(1,222)
Office equipment and stationery	(866)	(784)
Representative and travel expenses	(831)	(553)
Repair and maintenance services	(362)	(303)
Utilities	(281)	(240)
Advertising and brand promotion	(206)	(226)
Other services	(658)	(1,212)
Selling expenses:	(5,097)	(5,075)
Salaries and social contributions	(2,476)	(2,885)
Depreciation and amortisation	(1,347)	(1,173)
Advertising and brand promotion	(458)	(252)
Repair and maintenance services	(322)	(324)
Other services	(494)	(441)
Administrative and selling expenses	(32,282)	(42,403)

8 TAXES, OTHER THAN INCOME TAX

<i>RUB million</i>	2023	2022
Mineral extraction tax	(10,026)	(8,707)
Property tax	(2,030)	(1,890)
Environment pollution payment	(225)	(207)
VAT included in expenses	(206)	(162)
Land tax	(184)	(226)
Using water objects payment	(67)	(58)
Other taxes	(41)	(77)
Taxes, other than income tax	(12,779)	(11,327)

9 OTHER EXPENSES, NET

<i>RUB million</i>	2023	2022
Social expenditures	(7,720)	(9,314)
Loss on disposal of property, plant and equipment and intangible assets	(365)	(429)
Accrual of contingent liabilities	(108)	(32)
Increase in credit loss allowance	(76)	(539)
Gain on disposal of inventories	485	276
Fines, penalties and compensations received	173	288
Decrease in allowance for inventory write-down	6	120
Other income, net	48	259
Other expenses, net	(7,557)	(9,371)

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Notes to the Consolidated Financial Statements for 2023

10 FINANCE INCOME AND FINANCE COSTS

<i>RUB million</i>	2023	2022
Interest income	1,967	3,818
Unwinding of discount (note 16)	1,308	519
Other finance income	78	102
Finance income	3,353	4,439
Interest expense on borrowings (note 23)	(7,179)	(4,223)
Interest expense on lease liabilities (note 24)	(284)	(244)
Bank fees	(171)	(258)
Interest expense on defined benefit obligations	(103)	(56)
Credit loss allowance on loans issued (note 17)	-	(4,124)
Discount on extension of payment terms (note 16)	-	(2,777)
Loss from revaluation of financial instruments	-	(55)
Securitization fees	-	(47)
Increase in credit loss allowance on financial assets	-	(14)
Other finance costs	(144)	(169)
Finance costs	(7,881)	(11,967)

11 INCOME TAX EXPENSE

The Company's applicable corporate income tax rate is 20% (2022: 20%).

<i>RUB million</i>	2023	2022
Current tax expense	(28,172)	(41,465)
Windfall tax expense	(6,355)	-
Deferred income tax - origination and reversal of temporary differences, including change in unrecognised tax assets	6,065	(6,118)
Income tax expense	(28,462)	(47,583)

In November 2023, the Group made windfall tax security payment in the amount of RUB 6,355 million. Accordingly, the windfall tax rate was amounted to 5%.

Reconciliation of income tax:

<i>RUB million</i>	2023	2022
Profit before tax	114,603	232,297
Income tax at applicable tax rate	(22,921)	(46,459)
Windfall tax	(6,355)	-
Tax effect of items which are not deductible or assessable for taxation purposes	(1,818)	(2,072)
Tax effect from concessionary tax rate	2,157	3,289
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group	475	(295)
Tax effect on receivables recognised from disposal of Phosint Group	-	(1,647)
Tax effect on provision for loans issued	-	(517)
Effect of tax rates in foreign jurisdictions	-	118
Income tax expense	(28,462)	(47,583)

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Notes to the Consolidated Financial Statements for 2023

12 PROPERTY, PLANT AND EQUIPMENT

<i>RUB million</i>	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross book value at 1 January 2022	116,400	203,800	20,737	43,494	384,431
Additions	3,312	14,193	3,125	47,160	67,790
Transfers	20,246	26,198	-	(46,444)	-
Disposals	(1,071)	(6,602)	(358)	(209)	(8,240)
Disposal of foreign subsidiaries	(1,129)	(2,891)	(101)	-	(4,121)
Other transfers	62	138	11	-	211
Gross book value at 31 December 2022	137,820	234,836	23,414	44,001	440,071
Additions	4,693	11,657	3,235	47,392	66,977
Transfers	6,102	19,577	-	(25,679)	-
Disposals	(1,924)	(6,236)	(451)	(123)	(8,734)
Gross book value at 31 December 2023	146,691	259,834	26,198	65,591	498,314
Accumulated depreciation at 1 January 2022	(30,609)	(103,410)	(12,968)	-	(146,987)
Depreciation	(7,416)	(18,528)	(1,886)	-	(27,830)
Disposals	973	6,270	305	-	7,548
Disposal of foreign subsidiaries	357	1,241	85	-	1,683
Other transfers	(13)	59	(9)	-	37
Accumulated depreciation at 31 December 2022	(36,708)	(114,368)	(14,473)	-	(165,549)
Depreciation	(8,572)	(21,512)	(2,191)	-	(32,275)
Disposals	1,889	5,844	440	-	8,173
Accumulated depreciation at 31 December 2023	(43,391)	(130,036)	(16,224)	-	(189,651)
Net book value at 1 January 2022	85,791	100,390	7,769	43,494	237,444
Net book value at 31 December 2022	101,112	120,468	8,941	44,001	274,522
Net book value at 31 December 2023	103,300	129,798	9,974	65,591	308,663

During the year ended 31 December 2023, the Group capitalised borrowing costs in the amount of RUB 1,896 million (2022: RUB 976 million) in the value of property, plant and equipment using the weighted average interest rate of 4.43% per year (2022: 2.55% per year).

As at 31 December 2023, the most significant construction in progress balances were represented by the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 18,674 million (as at 31 December 2022: RUB 13,458 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorskiy mine extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 6,903 million (as at 31 December 2022: RUB 4,821 million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 3,835 million (as at 31 December 2022: RUB 4,575 million);

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Notes to the Consolidated Financial Statements for 2023

12 PROPERTY, PLANT AND EQUIPMENT (CONTINUED)

- Balakovo branch of Apatit, JSC: sulphuric acid facilities extension and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 5,605 million (as at 31 December 2022: RUB 2,184 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 31 December 2023, the Group capitalised expenses of RUB 2,315 million (as at 31 December 2022: RUB 2,616 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 31 December 2023, the Group capitalised expenses of RUB 3,198 million (as at 31 December 2022: RUB 1,724 million);
- Volkhov branch of Apatit, JSC: construction of auxiliary facilities for the production of monoammonium phosphate. As at 31 December 2023, the Group capitalised expenses of RUB 754 million (as at 31 December 2022: RUB 3,385 million).

13 RIGHT-OF-USE ASSETS

The Group has the following types of right-of-use assets: railway wagons, production equipment, containers for bulk cargo, offices. The leases typically run for a period of 5 years, with an option to renew the lease after that date.

<i>RUB million</i>	Buildings	Plant and equipment	Fixtures and fittings	Total
Net book value at 1 January 2022	452	6,503	-	6,955
New lease contracts or modification on existing lease contracts	60	(1,118)	-	(1,058)
Depreciation	(78)	(1,108)	-	(1,186)
Disposals	(67)	(132)	-	(199)
Disposal of foreign subsidiaries	(246)	(18)	-	(264)
Effect of foreign currency translation reserve	27	2	-	29
Net book value at 31 December 2022	148	4,129	-	4,277
New lease contracts or modification on existing lease contracts	216	1,102	2,851	4,169
Depreciation	(63)	(978)	(88)	(1,129)
Disposals	(15)	(62)	-	(77)
Net book value at 31 December 2023	286	4,191	2,763	7,240

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:

<i>RUB million</i>	2023	2022
Depreciation expense on right-of-use assets	1,129	1,186
Expenses relating to leases with variable payments	562	498
Expenses relating to short-term leases	387	349
Interest expense on lease liabilities	284	244

Amounts recognised in the consolidated statement of cash flows:

<i>RUB million</i>	2023	2022
Principal lease payments (note 24)	(1,416)	(1,429)
Expenses relating to leases with variable payments	(562)	(498)
Expenses relating to short-term leases	(387)	(349)
Interest payments (note 24)	(284)	(244)
Total payments	(2,649)	(2,520)

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Notes to the Consolidated Financial Statements for 2023

14 INVESTMENTS IN ASSOCIATES AND JOINT VENTURES

Carrying values of the Group's investments in associates and joint ventures are as follows:

RUB million	31 December 2023		31 December 2022	
	Carrying value	Share of ownership	Carrying value	Share of ownership
JSC Khibinskaya Teplovaya Kompaniya (Russia)	534	50%	504	50%
JSC Giproruda (Russia)	62	25%	62	25%
JSC Soligalichskiy izvestkovyi kombinat (Russia)	39	26%	26	26%
LLC Avrora-Khibiny (Russia)	1	50%	-	-
Total	636		592	

15 DEFERRED TAX ASSETS AND LIABILITIES**(a) Deferred tax assets and liabilities by type of temporary difference**

Deferred tax assets and liabilities are attributable to the following items:

RUB Million	31 December 2023			31 December 2022		
	Assets	Liabilities	Net	Assets	Liabilities	Net
Property, plant and equipment, right-of-use assets and intangible assets	85	(18,314)	(18,229)	104	(15,986)	(15,882)
Other non-current assets	39	(1,615)	(1,576)	41	(1,199)	(1,158)
Current assets	721	(1,158)	(437)	765	(1,945)	(1,180)
Liabilities	5,514	-	5,514	1,345	(1,565)	(220)
Tax loss carry-forwards	10,876	-	10,876	8,523	-	8,523
Deferred tax assets/(liabilities)	17,235	(21,087)	(3,852)	10,778	(20,695)	(9,917)
Offset	(7,484)	7,484	-	(2,875)	2,875	-
Net deferred tax assets/(liabilities)	9,751	(13,603)	(3,852)	7,903	(17,820)	(9,917)

The deferred tax assets on tax loss carry-forwards relate to the Russian entities of the Group. Due to the Russian tax legislation, starting from 1 January 2017, tax losses accumulated as at 31 December 2023 can be carried forward without limitation on utilisation period.

Management has developed a tax strategy to utilise the above tax losses. In assessing the tax losses recoverability, management considers a future Group's taxable profits forecast and the Group's tax position to ensure whether it is probable that the relevant taxable profit will be available taking into account the Group's available restructuring arrangements to deferred tax utilization. In addition, management expects to utilise a part of tax losses in 2024 through the taxable income from the repayment of short-term part of receivable recognised as a result of Phosint Group disposal (note 17).

As at 31 December 2023, no deferred tax liability for taxable temporary differences of RUB 88,627 million associated with investments in subsidiaries has been recognised (31 December 2022: for taxable temporary differences of RUB 113,212¹ million), either because the Parent can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, or because the applicable income tax rate for intragroup dividends is expected to be 0%.

¹In 2023, the Group changed the approach to taxable temporary differences calculation. The Group adjusted the amount of taxable temporary differences as at 31 December 2022 to ensure information comparability in the consolidated financial statements for 2023.

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Notes to the Consolidated Financial Statements for 2023

15 DEFERRED TAX ASSETS AND LIABILITIES (CONTINUED)**(b) Movement in temporary differences during the year**

RUB million	31 December 2023	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of foreign subsidiaries	1 January 2023
Property, plant and equipment, right-of-use assets and intangible assets	(18,229)	(2,347)	-	-	(15,882)
Other non-current assets	(1,576)	(418)	-	-	(1,158)
Current assets	(437)	743	-	-	(1,180)
Liabilities	5,514	5,734	-	-	(220)
Tax loss carry-forwards	10,876	2,353	-	-	8,523
Net deferred tax (liabilities)/assets	(3,852)	6,065	-	-	(9,917)

RUB million	31 December 2022	Recognised in profit or loss	Recognised in other comprehensive income	Disposal of foreign subsidiaries	1 January 2022
Property, plant and equipment, right-of-use assets and intangible assets	(15,882)	(2,288)	25	(280)	(13,339)
Other non-current assets	(1,158)	(904)	10	(79)	(185)
Current assets	(1,180)	(2,788)	37	(69)	1,640
Liabilities	(220)	(1,835)	3	(8)	1,620
Tax loss carry-forwards	8,523	1,697	-	-	6,826
Net deferred tax (liabilities)/assets	(9,917)	(6,118)	75	(436)	(3,438)

16 OTHER NON-CURRENT ASSETS

RUB million	31 December 2023	31 December 2022
Receivable accrued as a result of Phosint Group disposal ¹	7,178	8,454
Allowance for expected credit losses	(71)	(85)
Receivable accrued as a result of Phosint Group disposal, net	7,107	8,369
Investments in equity instruments measured at fair value through profit or loss ¹	1,025	-
Loans issued to employees, at amortised cost	65	69
Long-term accounts receivable	45	58
Financial assets, at fair value through profit or loss	11	12
Loans issued to third parties, at amortised cost	9	38
Total other non-current assets	8,262	8,546

¹In March 2022, the Group's wholly owned foreign subsidiary Phosint Limited (currently PUREFERT LIMITED), owning the foreign companies of the Group, increased its share capital, resulting in dilution of the Group's stake in Phosint Limited to 5%. The Group performed the analysis of the key attributes and documents of the transaction, and made a conclusion that it lost a control over Phosint Limited as described in IFRS 10 Consolidated Financial Statements.

Upon the loss of control in 2022, the Group recognised a receivable of RUB 12,189 million with 3 years payment period.

As at 31 December 2023, part of the receivables of RUB 4,959 million was reclassified into current financial assets in accordance with the repayment schedule.

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Notes to the Consolidated Financial Statements for 2023

16 OTHER NON-CURRENT ASSETS (CONTINUED)

The following information shows the movements of the Group's receivables recognised as a result of Phosint Group disposal during the reporting period:

<i>RUB million</i>	2023	2022
Balance at 1 January	8,454	-
Foreign currency translation difference	2,375	(1,477)
Unwind of discount (note 10)	1,308	519
Reclassification of the current portion of long-term accounts receivables (note 17)	(4,959)	-
Receivable accrued	-	12,189
Discount on extension of payment terms (note 10)	-	(2,777)
Balance at 31 December	7,178	8,454

As the Group has no longer significant influence over Phosint Limited (currently PUREFERT LIMITED) following the loss of control, the remaining 5% investment was recognised as financial asset measured at fair value through profit or loss with insignificant fair value at the date of initial recognition. As at 31 December 2023, the fair value of the investment measured based on the model of discounted cash flows from the investee's operating activities amounted to RUB 1,025 million.

17 OTHER FINANCIAL ASSETS

<i>RUB million</i>	31 December 2023	31 December 2022
Short-term part of receivable accrued as a result of Phosint Group disposal (note 16)	4,959	-
Loans issued to employees, at amortised cost	91	101
Loans issued to third parties, at amortised cost	59	51
Interest receivable	42	76
Credit losses allowance	(68)	(18)
Total other financial assets	5,083	210

The movements in provision for expected credit losses allowance are as follows:

<i>RUB million</i>	2023	2022
Balance at 1 January	(18)	(113)
Disposal of foreign subsidiaries	-	4,235
Use of allowance	1	6
Increase in provision for expected credit losses allowance	(51)	(4,135)
Effect of foreign currency translation reserve	-	(11)
Balance at 31 December	(68)	(18)

In February 2022, the Group provided cash of RUB 3,130 million (USD 40 million) to the investment broker at 0.25% and received securities as a collateral for the funds deposited (reverse repo transaction). As a result of negative economic situation, significant market disruptions to broker cross-border operations led to his liquidity problems and inability to repurchase securities back from the Group. As a result, the Group loan issued under this transaction was fully impaired and loss of RUB 4,124 million was recognised as a part of finance costs.

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Notes to the Consolidated Financial Statements for 2023

18 INVENTORIES

<i>RUB million</i>	31 December 2023	31 December 2022
Raw materials and spare parts	23,767	15,109
Finished goods:		
Chemical fertilisers	12,641	10,388
Apatite concentrate	698	801
Other products	1,066	1,379
Work-in-progress:		
Chemical fertilisers and other products	8,250	5,685
Chemical fertilisers and other products for resale, purchased from third parties	1,965	5,941
Other goods	177	148
Allowance for inventory write-down	(96)	(102)
Total inventories	48,468	39,349

19 TRADE AND OTHER RECEIVABLES

<i>RUB million</i>	31 December 2023	31 December 2022
Financial assets		
Trade accounts receivable	51,403	61,997
Other receivables	430	1,479
Credit losses allowance	(474)	(482)
Non-financial assets		
Advances issued	9,958	8,634
Advances issued on custom duties	4,816	3,901
Deferred expenses	204	202
Receivables from employees	40	20
Provision for doubtful accounts and expected credit losses allowance	(15)	(10)
Total trade and other receivables	66,362	75,741

As at 31 December 2023, the Group performed revaluation of receivables under provisionally priced sales agreements measured at fair value through profit or loss and recognised an adjustment within revenue.

The following information shows the movement of the Group's receivables under provisionally priced sales agreements:

<i>RUB million</i>	2023
Balance at 1 January	2,711
Receivables recognised	90,813
Receivables redeemed	(62,097)
Foreign exchange gain, net	2,233
Loss from revaluation at fair value (unrealised)	(74)
Balance at 31 December	33,586

As at 31 December 2023, a 5% increase/(decrease) in forecasted market prices, with all other variables held constant, will lead to increase/(decrease) fair value of the Group's receivables under provisionally priced sales agreements by RUB 1,493 million.

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19 TRADE AND OTHER RECEIVABLES (CONTINUED)

The movements in the amount of credit losses allowance are as follows:

<i>RUB million</i>	2023	2022
Balance at 1 January	(492)	(355)
Increase in credit losses allowance	(28)	(472)
Reversal of allowance	16	7
Use of allowance	15	223
Disposal of foreign subsidiaries	-	125
Effect of foreign currency translation reserve	-	(20)
Balance at 31 December	(489)	(492)

See note 27 (e) for the analysis of overdue trade and other accounts receivable.

20 CASH AND CASH EQUIVALENTS

<i>RUB million</i>	31 December 2023	31 December 2022
Call deposits	20,058	5,911
Cash in bank	9,095	7,438
Petty cash	10	7
Total cash and cash equivalents	29,163	13,356

As at 31 December 2023 and 31 December 2022 the most significant cash and cash equivalent balances (more than 95%) are kept with large Russian banks rated at AA+ and AAA by independent Russian rating agencies (ACRA, Expert RA).

21 EQUITY

(a) Share capital

As at 31 December 2023 and 31 December 2022, the Company's share capital consists of 129,500,000 ordinary shares with par value of RUB 2.5 per share. All issued ordinary shares are fully paid. Each ordinary share carries one vote.

As at 31 December 2023 and 31 December 2022, the number of ordinary shares authorised for additional issue is 994,977,080, with a par value of RUB 2.5 per share.

(b) Dividend policy

The Group's dividend policy is based on the following principles:

- striking an effective and reasonable balance between the payment of dividends and reinvestment of profit in further development;
- ensuring transparency and predictability of dividend payments as a way to boost the Company's investment case.

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21 EQUITY (CONTINUED)

Amount of such payment is subject to approval of the General Shareholders' Meeting, based on recommendations provided by the PhosAgro Board of Directors. The Board of Directors' recommendations depend on such factors as the Company's earnings for the reporting period and its financial position. To calculate the amount of dividend payments, the Board of Directors considers the Company's consolidated free cash flow for the reporting period (quarter, six months, first nine months or year) under IFRS Accounting Standards. Free cash flow is defined as cash flows from operating activities less cash flows from investing activities based on the consolidated statement of cash flows. A decision on the payment of an interim dividend is made at the General Shareholders' Meeting within three months of the end of the relevant reporting period. The payment period for dividends payable to a nominal holder or a trustee, which is a professional participant of the securities market, who are registered in the share register, shall be not more than 10 business days. The payment period for dividends payable to other parties registered in the shareholders register shall not exceed 25 business days after the date on which the parties entitled to receive dividends are determined. Holders of PhosAgro GDRs are also entitled to receive dividends in respect of the underlying shares, subject to the terms of their Depositary Agreements. In accordance with the dividend policy, the Board of Directors shall seek to make sure that the amount of distributed dividends ranges from 50% to over 75% (subject to the Company's leverage ratio) of the Company's consolidated free cash flow for the respective period under IFRS Accounting Standards. At the same time, the amount of declared dividends shall not be lower than 50% of net profit for the relevant period under IFRS Accounting Standards adjusted by the amount of unrealised exchange rate difference.

(c) Dividends

In accordance with Russian legislation the Company's distributable reserves are limited to the balance of accumulated retained earnings as recorded in the Company's financial statements prepared in accordance with Russian Accounting Standards. As at 31 December 2023, the Company had cumulative retained earnings of RUB 38,397 million (31 December 2022: RUB 69,540 million).

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
March 2023	March 2023	465	60,217.5
May 2023	June 2023	264	34,188.0
November 2023	December 2023	291	37,684.5

Total **132,090.0**

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
August 2022	September 2022	780	101,010.0
November 2022	December 2022	318	41,181.0

Total **142,191.0**

22 EARNINGS PER SHARE

Basic earnings per share are calculated based on the weighted average number of ordinary shares outstanding during the year. Basic and diluted earnings per share are the same, as there is no effect of dilution.

	2023	2022
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the year attributable to shareholders of the Company, RUB million	86,084	184,662
Basic and diluted earnings per share, RUB	665	1,426

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

23 LOANS AND BORROWINGS

This note provides information about the contractual terms of the Group's loans and borrowings. For more information about the leases, see note 24. For more information about the Group's exposure to foreign currency risk, interest rate risk and liquidity risk, see note 27.

<i>RUB million</i>	31 December 2023	31 December 2022
Current loans and borrowings		
Unsecured bank loans	84,610	44,648
Interest payable	1,819	1,157
Eurobonds	-	35,169
Total current loans and borrowings	86,429	80,974
Non-current loans and borrowings		
Replacement bonds	66,404	-
Unsecured bank loans	27,231	39,666
Bonds CNY-denominated	25,152	-
Eurobonds	23,284	70,338
Bonds RUB-denominated	20,000	-
Bank commission (long-term)	(361)	(220)
Total non-current loans and borrowings	161,710	109,784
Total loans and borrowings	248,139	190,758

Information on the Group's bond loans is presented below:

<i>RUB million</i>	Expiry date	Rate, %	31 December 2023		31 December 2022	
			Carrying value	Fair value	Carrying value	Fair value
Eurobonds						
USD	24.04.2023	3.95%	-	-	35,169	27,256
USD	23.01.2025	3.05%	12,833	10,877	35,169	18,552
USD	16.09.2028	2.60%	10,451	6,994	35,169	24,407
Replacement bonds						
USD	23.01.2025	3.05%	32,011	31,531	-	-
USD	16.09.2028	2.60%	34,393	31,261	-	-
CNY-denominated bonds						
CNY	09.04.2026	4.65%	25,152	25,190	-	-
RUB-denominated bonds						
RUB	17.04.2026	9.40%	20,000	19,589	-	-
Total bonds			134,840	125,442	105,507	70,215

In April 2023, the Company repaid Eurobonds with a nominal value of USD 500 million issued in January 2018 with a coupon rate of 3.949%. The source of funds for making payments also included funds raised as part of the placement of exchange-traded bonds in April 2023.

In April 2023, the Company issued two series of 3-year bonds on the Moscow Stock Exchange:

- CNY 2,000 million, with a coupon period of 91 days and coupon income China Loan prime rate (LPR 1Y) + 1.2%;
- RUB 20,000 million, with a coupon period of 182 days and coupon income 9.4%.

In accordance with the Russian President Decree from 5 July 2022 № 430 *On repatriation of foreign currency and Russian Federation currency by the residents as a foreign economic activity participants*, in July 2023 the Company issued replacement bonds of Z025-D series for USD 356.9 million and Z028-D series for USD 383.5 million in exchange for Eurobonds with maturity in 2025 and 2028 respectively. Replacement bonds have the same terms as Eurobonds including rate, coupon payment terms, par value and maturity date. Bonds repayment during issue was made by the Eurobonds, rights on which are registered by Russian depositaries. Repayment of Z025-D and Z028-D series bonds and appropriate coupon will be made in Russian roubles applying Bank of Russia exchange rate at the repayment date.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

23 LOANS AND BORROWINGS (CONTINUED)

The breakdown of the loans and borrowings denominated in different currencies is as follows:

<i>RUB million</i>	31 December 2023	31 December 2022
USD-denominated	117,677	135,825
CNY-denominated	80,280	-
RUB-denominated	47,254	42,805
EUR-denominated	2,928	12,128
Total	248,139	190,758

The maturity of the loans and borrowings is as follows:

<i>RUB million</i>	31 December 2023	31 December 2022
Less than 1 year	86,429	80,974
1-2 years	53,298	23,218
2-3 years	61,225	38,824
3-4 years	2,704	10,688
4-5 years	44,844	2,105
More than 5 years	-	35,169
Bank commission	(361)	(220)
Total	248,139	190,758

Analysis of Group's loans and borrowings changes related to cash and non-cash movements is presented below:

<i>RUB million</i>	2023	2022
Balance as at 1 January	190,758	169,791
Cash inflows	172,906	57,171
Cash outflows	(155,306)	(23,926)
Foreign exchange differences	39,316	(11,950)
Interest accrued	7,179	4,223
Interest paid	(6,840)	(4,628)
Amortisation of bank commission	126	78
Other turnovers	-	(1)
Balance as at 31 December	248,139	190,758

PJSC “PhosAgro”
Notes to the Consolidated Financial Statements for 2023

24 LEASE LIABILITIES

<i>RUB million</i>	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2022	3,148	2,489	5,637
New lease contracts or modification of existing lease contracts	(1,431)	460	(971)
Principal lease payments	(730)	(699)	(1,429)
Interest expense on lease liabilities	106	138	244
Interest lease payments	(106)	(138)	(244)
Disposal of foreign subsidiaries	(290)	-	(290)
Effect of foreign currency translation reserve	34	(45)	(11)
Balance as at 31 December 2022	731	2,205	2,936
New lease contracts or modification of existing lease contracts	518	2,060	2,578
Principal lease payments	(401)	(1,015)	(1,416)
Interest expense on lease liabilities	66	218	284
Interest lease payments	(66)	(218)	(284)
Foreign exchange differences	(2)	135	133
Balance as at 31 December 2023	846	3,385	4,231

25 DEFINED BENEFIT OBLIGATIONS

<i>RUB million</i>	31 December 2023	31 December 2022
Pension obligations, long-term	308	442
Post-retirement obligations other than pensions	821	608
Total defined benefit obligations	1,129	1,050

The Group has defined benefit plans at JSC “Apatit”, including all the branches, which stipulate payment of a lump sum allowance to employees who have a specified period of service in this company upon their retirement. The movement in the present value of the defined benefit obligations is as follows:

<i>RUB million</i>	2023	2022
Defined benefit obligations at 1 January	1,050	952
Disposal of foreign subsidiaries	-	(194)
Benefits paid	(101)	(101)
Current service costs and interest	145	103
Past service costs	-	(1)
Actuarial loss in other comprehensive income	35	276
Effect of foreign currency translation reserve and foreign exchange differences	-	15
Defined benefit obligations at 31 December	1,129	1,050

The key actuarial assumptions used in measurement of the defined benefit obligations are as follows:

	31 December 2023	31 December 2022
Discount rate	12.0%	10.1%
Future pension increases	5.7%	6.0%

PJSC “PhosAgro”
Notes to the Consolidated Financial Statements for 2023

26 TRADE AND OTHER PAYABLES

<i>RUB million</i>	31 December 2023	31 December 2022
Financial liabilities		
Trade accounts payable including accounts payable for property, plant and equipment and intangible assets	22,130	15,700
Other payables	7,661	4,294
	870	1,089
Non-financial liabilities		
Advances received (liabilities under the contracts with customers)	13,003	17,258
Accrued expenses and provisions	349	241
Payables to employees	5,990	4,620
Other payables	311	504
Total trade and other payables	42,653	39,412

Contract liabilities balance at the beginning of the year was fully recognised in revenue during the reporting period.

27 FINANCIAL RISK MANAGEMENT

(a) Overview

In the normal course of its operations, the Group has exposure to market, credit and liquidity risks.

This note presents information about the Group's exposure to each of the above risks, the Group's objectives, policies and processes for measuring and managing risk, and the Group's management of capital. Further quantitative disclosures are included throughout these consolidated financial statements.

The Board of Directors has overall responsibility for the establishment and oversight of the Group's risk management framework. The Group's risk management policies are established to identify and analyse the risks faced by the Group, to set appropriate risk limits and controls, and to monitor risks and adherence to limits. Risk management policies and systems are reviewed regularly to reflect changes in market conditions and the Group's activities.

(b) Market risk

Market risk is the risk that changes in market conditions, such as foreign exchange rates, interest rates and equity prices will affect the Group's profit or the value of its financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return.

(c) Foreign currency risk

The Group is exposed to currency risk on sales, purchases and borrowings that are denominated in a currency other than the respective functional currency of Group entities. The currencies giving rise to this risk are primarily USD, CNY and EUR.

In respect of monetary assets and liabilities denominated in foreign currencies, the Group ensures that its net exposure is kept to an acceptable level by buying or selling foreign currencies at spot rates when necessary to address short-term imbalances.

The Group implemented a natural hedge approach (policy) aiming at reducing its exposure to foreign currency risk by means of borrowing in the same currencies in which the Group's sales agreements are denominated.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

The Group has the following net monetary position on financial assets and liabilities denominated in foreign currencies:

<i>RUB million</i>	31 December 2023			31 December 2022		
	USD denominated	CNY denominated	EUR denominated	USD denominated	CNY denominated	EUR denominated
Non-current assets	7,178	-	-	8,454	-	-
Current assets	64,290	-	1,667	64,273	-	1,242
Non-current liabilities	(108,875)	(28,937)	(2,185)	(92,131)	-	(9,293)
Current liabilities	(12,822)	(51,959)	(1,910)	(46,001)	-	(3,333)
Net position of the Group companies	(50,229)	(80,896)	(2,428)	(65,405)	-	(11,384)

Management estimates that a 10% strengthening/(weakening) of RUB against USD, CNY and EUR, based on the Group's total net position in USD, CNY and EUR as at the reporting date would have increased/(decreased) the Group's profit for the year by RUB 13,355 million, before any tax effect (2022: would have increased/(decreased) the Group's profit for the year by RUB 7,679 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2022.

The net foreign exchange loss recognised in profit or loss of RUB 17,964 million (net foreign exchange gain of RUB 2,417 million for the comparative period) resulted from Russian rouble depreciation against major currencies during the reporting period (Russian rouble appreciation against major currencies during the comparative period).

(d) Interest rate risk

Interest rate risk is the risk that changes in interest rates will adversely impact the financial results of the Group. Management does not have a formal policy of determining how much of the Group's exposure should be to fixed or variable rates. However, at the time of raising new loans or borrowings management uses its judgment to decide whether it believes that a fixed or variable rate would be more favourable to the Group over the expected period until maturity.

The interest rate profile of the Group's interest-bearing financial instruments at their carrying values is as follows:

<i>RUB million</i>	31 December 2023	31 December 2022
<i>Fixed rate instruments</i>		
Call deposits and other financial assets	20,208	6,063
Other non-current assets	74	107
Long-term borrowings	(132,309)	(107,781)
Short-term borrowings	(75,107)	(74,749)
Lease liabilities	(4,231)	(2,936)
Total fixed rate instruments	(191,365)	(179,296)
<i>Variable rate instruments</i>		
Long-term borrowings	(29,762)	(2,223)
Short-term borrowings	(11,322)	(6,225)
Total variable rate instruments	(41,084)	(8,448)

Sensitivity analysis for financial instruments with variable interest rates

At 31 December 2023, 2 percentage points increase/(decrease) in interest rate, with all other variables held constant, would have decreased/(increased) the Group's profit for the year and equity by RUB 822 million (31 December 2022: RUB 169 million).

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

27 FINANCIAL RISK MANAGEMENT (CONTINUED)**(e) Credit risk**

Credit risk is the risk of financial loss to the Group if a customer and supplier or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Group's receivables from customers, current and non-current financial assets and cash and cash equivalents.

As at 31 December 2023, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets and amounted to RUB 92,842 million (31 December 2022: RUB 85,116 million). As at 31 December 2023, 95% of the Group's trade receivables balance are represented by one counterparty (31 December 2022: 98%).

As at 31 December 2023, the Group's financial assets measured at amortised cost amounted to RUB 59,245 million (31 December 2022: RUB 84,563 million).

As at 31 December 2023, the Group's financial assets measured at fair value through profit or loss amounted to RUB 33,597 million (31 December 2022: RUB 553 million).

Trade and other receivables

The Group's exposure to credit risk is influenced mainly by the individual specific characteristics of each customer. The general characteristics of the Group's customer base, including the default risk of the industry and country, in which customers operate, have less of an influence on credit risk.

Management has established a credit policy under which each new customer is analysed individually for creditworthiness before the Group's standard payment and delivery terms and conditions are offered. The Group's review includes external ratings, when available, and in some cases bank references. Purchase limits are established for each customer, which represent the maximum amount of outstanding receivables; these limits are reviewed quarterly. Customers that fail to meet the Group's benchmarks of creditworthiness may transact with the Group only on a prepayment basis.

The majority of the Group's customers have been transacting with the Group for several years, and losses have occurred infrequently. In monitoring customer credit risk, customers are grouped according to their credit characteristics. Trade and other receivables relate mainly to the Group's wholesale customers.

The Group does not require collateral in respect of trade and other receivables, except for new customers who are required to work on a prepayment basis or present an acceptable bank guarantee or set up letter of credit with an acceptable bank.

The Group establishes an allowance for expected credit losses that represents its estimate of the expected credit losses in respect of trade and other receivables and other financial assets. The Group estimates the allowance for expected credit losses for trade receivables in the amount equal to lifetime expected loss allowance of the financial instrument. In the terms of calculating the expected credit loss, the Group considers the credit rating of counterparties, adjusted with forward-looking factors specific to the debtors and economic environment in which they operate, and historical credit loss experience.

Exposures within each credit risk grade are segmented by geographic region classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years.

The allowance for expected credit losses on accounts receivable has been accrued in accordance with the risk matrix presented in the table below:

<i>RUB million</i>	31 December 2023					Total
	Not past due	Past due 0-90 days	Past due 91-180 days	Past due 181-365 days	More than one year	
Loss rate	0.1-6%	0.1-10%	8.62%	10.53%	100%	
Gross carrying amount	50,148	1,338	58	57	232	51,833
Lifetime ECL	(165)	(66)	(5)	(6)	(232)	(474)
Net carrying value	49,983	1,272	53	51	-	51,359

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

27 FINANCIAL RISK MANAGEMENT (CONTINUED)

RUB million	31 December 2022					Total
	Not past due 0.1%-2%	Past due 0-90 days 0.1%-5%	Past due 91-180 days 13.75%	Past due 181-365 days 21.25%	More than one year 100%	
Loss rate						
Gross carrying amount	61,684	1,681	29	34	48	63,476
Lifetime ECL	(406)	(18)	(4)	(6)	(48)	(482)
Net carrying value	61,278	1,663	25	28	-	62,994

Current and non-current financial assets

The Group lends money to related parties and to third parties, who have good credit standing. Based on the prior experience, management believes that there is no significant credit risk in respect of related party and third party loans.

Cash and cash equivalents are primarily held with large banks with high credit rating and minimal risk of default, which provides high-level credit risk limits. All bank account balances and term deposits are not overdue or impaired.

(f) Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as they fall due. The Group's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or risking damage to the Group's reputation.

Typically, the Group ensures that it has sufficient cash on demand to meet expected operational expenses for a period of 30 days, including the servicing of financial obligations; this excludes the potential impact of extreme circumstances that cannot reasonably be predicted, such as natural disasters. In addition, the Group maintains several lines of credit in various Russian and international banks.

The table below illustrates the contractual maturities of financial liabilities, including interest payments, which are converted at the closing exchange rates, where applicable. The amounts disclosed in the maturity table are the contractual undiscounted cash flows:

RUB million	31 December 2023							Over 5 yrs
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	
Loans and borrowings	248,500	267,696	94,081	59,358	64,308	3,939	46,010	-
Lease liabilities	4,231	5,823	1,770	1,003	758	522	355	1,415
Dividends payable	54,919	54,919	54,919	-	-	-	-	-
Trade and other payables	23,000	23,000	23,000	-	-	-	-	-
Total	330,650	351,438	173,770	60,361	65,066	4,461	46,365	1,415

RUB million	31 December 2022							Over 5 yrs
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	
Loans and borrowings	190,978	202,313	84,567	26,025	40,747	11,829	3,060	36,085
Lease liabilities	2,936	3,487	1,488	1,026	515	312	113	33
Dividends payable	82	82	82	-	-	-	-	-
Trade and other payables	16,789	16,789	16,789	-	-	-	-	-
Total	210,785	222,671	102,926	27,051	41,262	12,141	3,173	36,118

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

27 FINANCIAL RISK MANAGEMENT (CONTINUED)**(g) Capital management**

The Group's Board of Directors pursues a policy aimed at maintaining high capital levels to keep investor, lender and market confidence and to provide future sustainable business development. The Board of Directors keeps under control the return on invested capital and dividends paid to shareholders. To maintain and adjust the capital structure, the Group may adjust periods of dividend payment to shareholders, revise its investment programme and obtain new or repay existing loans and borrowings. There were no changes in the Board's approach to capital management during the year.

The Group defines capital under management as the amount in "Equity attributable to shareholders of the Company" line item in the consolidated statement of financial position. As at 31 December 2023, the Group's capital under management amounted to RUB 151,521 million (31 December 2022: RUB 197,562 million).

The Group's management regularly analyses Net Debt / EBITDA ratio calculated by dividing the Group's total short-term and long-term loans and borrowings less cash and cash equivalents by EBITDA (operating profit adjusted for depreciation and amortisation). Some loan agreements cap this ratio at no more than 3.

The Company and its subsidiaries comply with external regulatory requirements for capital including requirements established by law and loan agreements.

28 COMMITMENTS

As at 31 December 2023, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 52,917 million (31 December 2022: RUB 35,181 million), including VAT where applicable.

29 CONTINGENCIES**(a) Litigation**

The Group has a number of small claims and litigations relating to regular business activities and small fiscal claims. Management believes that none of these claims, individually or in aggregate, will have a material adverse impact on the Group.

(b) Taxation contingencies

Russian tax and customs legislation which was enacted or substantively enacted at the end of the reporting period, is subject to varying interpretations when being applied to the transactions and activities of the Group. Consequently, tax positions taken by management and the formal documentation supporting the tax positions may be challenged tax authorities. Russian tax administration is gradually strengthening, including the fact that there is a higher risk of review of tax transactions without a clear business purpose or with tax non-compliant counterparties. Fiscal periods remain open to review by the authorities in respect of taxes for three calendar years preceding the year when decisions about the review was made. Under certain circumstances reviews may cover longer periods.

Russian transfer pricing (TP) legislation is generally aligned with the international TP principles developed by the Organisation for Economic Cooperation and Development (OECD), although it has specific features. The TP legislation provides for the possibility of additional tax assessment for controlled transactions (transactions between related parties and certain transactions between unrelated parties) if such transactions are not on an arm's-length basis. The management has implemented internal controls to comply with current TP legislation.

Tax liabilities arising from controlled transactions are determined based on their actual transaction prices. It is possible, with the evolution of the interpretation of TP rules, that such prices could be challenged. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the Group's operations.

As Russian tax legislation does not provide definitive guidance in certain areas, the Group adopts, from time to time, interpretations of such uncertain areas that reduce the overall tax rate of the Group. While management currently estimates that the tax positions and interpretations that it has taken can probably be sustained, there is a possible risk that an outflow of resources will be required should such tax positions and interpretations be challenged by the tax authorities. The impact of any such challenge cannot be reliably estimated; however, it may be significant to the financial position and/or the overall operations of the Group.

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

29 CONTINGENCIES (CONTINUED)**(c) Environmental contingencies**

The enforcement of environmental regulation in the Russian Federation is evolving and the enforcement posture of government authorities is continually being reconsidered.

The Group is involved in chemical production, which is inherently exposed to significant environmental risks. The Group companies record environmental obligations as they become probable and reliably measurable. The Group companies are parties to different litigations with the Russian environmental authorities. The management believes that based on its interpretations of applicable Russian legislation, official pronouncements and court decisions no provision is required for environmental obligations. However, the interpretations of the relevant authorities could differ from management's position and the effect on these consolidated financial statements, if the authorities were successful in enforcing their interpretations, could be significant.

(d) Compliance with covenants

The Group is subject to certain covenants related primarily to its loans and borrowings. Non-compliance with such covenants may result in negative consequences for the Group including growth in the cost of borrowings and declaration of default. The payment obligations of the Group in respect of coupon payments for Eurobonds are fulfilled when the funds are transferred to the account of the paying agent.

The Group was in compliance with covenants during the years ended 31 December 2023 and 31 December 2022 and as of each reporting date.

30 RELATED PARTY TRANSACTIONS

Parties are generally considered to be related if the parties are under common control or if one party has the ability to control the other party or can exercise significant influence or joint control over the other party in making financial and operational decisions. In considering each possible related party relationship, attention is directed to the substance of the relationship, not merely the legal form. Other related parties include entities controlled by the Company's key shareholders, having significant influence on the Group.

The balances and transactions with related parties are usually unsecured and denominated in RUB.

(a) Transactions with related parties

<i>RUB million</i>	Nature of relationship	2023	2022
Sales of goods and services	Associates	27	30
Purchases of goods and services	Associates	(879)	(734)
Sales of goods and services	Other related parties	1,082	1,089
Other expenses, net	Other related parties	(400)	(85)
Purchases of goods and services	Other related parties	(60)	(246)

In 2023, the Company declared dividends, including RUB 77,113 million (2022: RUB 91,366 million) to the shareholders holding more than 20% of the Company's shares.

In 2023, the Group received and repaid unsecured loan from the related party amounted to RUB 10,000 million. The loan was received at interest rate of 13.65 – 15.65% per annum.

(b) Balances with related parties

<i>RUB million</i>	Nature of relationship	31 December 2023	31 December 2022
Trade and other receivables	Associates	57	42
Trade and other payables	Associates	(60)	(39)
Trade and other receivables	Other related parties	-	8
Trade and other payables	Other related parties	(2)	(451)

(c) Remuneration of key management personnel and Board of Directors members

Remuneration of key management personnel consists of monthly compensation, annual performance bonus contingent on operating results, termination benefits and social security costs. The remuneration of the Board of Directors and key management personnel recognised as part of administrative and selling expenses amounted to RUB 3,553 million (2022: RUB 16,897 million).

PJSC "PhosAgro"

Notes to the Consolidated Financial Statements for 2023

31 SIGNIFICANT SUBSIDIARIES OF THE GROUP

Subsidiary	Country of incorporation	Effective ownership (rounded)	
		31 December 2023	31 December 2022
Apatit, JSC (including Balakovo, Volkhov and Kirovsk branches)	Russia	100%	100%
Mekhanik, LLC	Russia	100%	100%
NIUIF, JSC	Russia	94%	94%
PhosAgro-Region, LLC	Russia	100%	100%
PhosAgro-Belgorod, LLC	Russia	100%	100%
PhosAgro-Don, LLC	Russia	100%	100%
PhosAgro-Kuban, LLC	Russia	100%	100%
PhosAgro-Kursk, LLC	Russia	100%	100%
PhosAgro-Lipetsk, LLC	Russia	100%	100%
PhosAgro-Oryol, LLC	Russia	100%	100%
PhosAgro-Stavropol, LLC	Russia	100%	100%
PhosAgro-Volga, LLC	Russia	100%	100%
PhosAgro-SeveroZapad, LLC	Russia	100%	100%
PhosAgro-Tambov, LLC	Russia	100%	100%
PhosAgro-Sibir, LLC	Russia	100%	100%

32 SUBSEQUENT EVENTS

In 2024, the Group received loans and borrowings amounted to RUB 96,1 billion, including short-term loans received from a related party amounted to RUB 17,1 billion, and repaid loans and borrowings amounted to RUB 47 billion, including short-term loans to a related party amounted to RUB 17,1 billion.

In February 2024, the Company repaid dividends to the shareholders of RUB 37,7 billion.

MANAGEMENT RESPONSIBILITY STATEMENT

The PhosAgro' management hereby confirms that, to the best of its knowledge, the financial statements prepared in accordance with the International Financial Reporting Standards as issued by the International Accounting Standards Board give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company and the undertakings included in the consolidation taken as a whole.

The management report includes a fair review of the development and performance of the business

and the position of the PhosAgro and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

This integrated report was reviewed and approved at PhosAgro's Board of Directors meeting on 26 April 2024.

The consolidated financial statements for the year ended 31 December 2023 were approved by the Board of Directors on 26 April 2024.

Mikhail Rybnikov

Chief Executive Officer and Chairman of the Management Board of PhosAgro

INDEPENDENT LIMITED ASSURANCE REPORT



Joint-Stock Company
"Technologies of Trust – Audit"
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Independent Auditor's Limited Assurance Report

To the Management of Public Joint Stock Company "PhosAgro":

Introduction

We have been engaged by the Management of Public Joint Stock Company "PhosAgro" (hereinafter – the "Company") to provide limited assurance on the selected information described below and included in the Integrated Annual Report of the Company for the year ended 31 December 2023 (hereinafter – the "Integrated Annual Report"). The Integrated Annual Report represents information related to the Company and its subsidiaries (hereinafter together – the "Group"), unless otherwise stated in the Integrated Annual Report.

Selected information

We assessed the quantitative and qualitative information specified in Appendix 1 to this report that is disclosed in the Integrated Annual Report and referred to or included in the GRI Content Index of the Integrated Annual Report (hereinafter – the "Selected Information").

The scope of our limited assurance procedures was limited to the Selected Information for the year ended 31 December 2023 only. We have not performed any procedures with respect to earlier periods or any other items included in the Integrated Annual Report and, therefore, do not express any conclusion thereon.

Reporting criteria

We assessed the Selected Information using relevant criteria, including reporting requirements in the respective GRI Sustainability Reporting Standards 2, 3, 201, 202, 203, 205, 207, 302, 303, 304, 305, 306, 401, 403, 404 and 413 (hereinafter – the "GRI Standards") published by Stichting Global Reporting Initiative and in the Group's management methodology as set forth in the criteria defined in the notes to the Group's specific disclosures in the Environmental review section of the Integrated annual report (hereinafter – the "PhosAgro Methodology", and together with the GRI Standards – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

Responsibilities of the Group's management

Management of the Group is responsible for:

- designing, implementing and maintaining internal control relevant to the preparation of the Selected Information that is free from material misstatement, whether due to fraud or error;
- establishing internal methodology and guidelines (including the PhosAgro Methodology) for preparing and reporting the Selected Information in accordance with the Reporting Criteria;
- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

Our responsibilities

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the Management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Integrated Annual Report, which will be published on the Company's website¹, to assist management in responding to its governance responsibilities by obtaining an independent auditor's limited assurance report in connection with the Selected Information. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the management of the Group for our work or this report except where the respective terms are expressly agreed between us in writing and our prior consent in writing is obtained.

Professional standards applied and level of assurance

We performed our limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits or Reviews of Historical Financial Information", issued by the International Auditing and Assurance Standards Board.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks.

Our independence and quality management

We have complied with the independence and other ethical requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and the ethical requirements of the Auditor's Professional Ethics Code and Auditor's Independence Rules that are relevant to our limited assurance engagement in respect of the Selected Information in the Russian Federation.

Our firm applies International Standard on Quality Management 1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

Work done

We are required to plan and perform our work in order to consider the risk of material misstatement of the Selected Information. In doing so, we:

- made enquiries of the Group's management, including the Group Sustainability Reporting (SR) team and those with responsibility for SR management and Group SR reporting;
- conducted interviews of Group's personnel responsible for the preparation of the Integrated Annual Report and collection and analysis of underlying data;
- performed analysis of the relevant internal methodology and guidelines (including the PhosAgro Methodology), gaining an understanding of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;
- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported; and
- reviewed the Selected Information for compliance of the disclosures with the relevant requirements of the Reporting Criteria.

The procedures performed in a limited assurance engagement vary in nature and timing from, and are less in extent than for, a reasonable assurance engagement. Consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

¹ The maintenance and integrity of the Company's website is the responsibility of management; the work carried out by us does not involve consideration of these matters and, accordingly, we accept no responsibility for any changes that may have occurred to the reported Selected Information or Reporting Criteria when presented on the Company's website.

Reporting and measurement techniques

Under the GRI Standards there is a range of different, but acceptable, reporting and measurement techniques. The techniques, together with the PhosAgro Methodology, can result in materially different reporting outcomes that may affect comparability with other organisations. The Selected Information should therefore be read in conjunction with the methodology used by management in preparing the Integrated Annual Report, described therein, and for which the Group is solely responsible.

Limited assurance conclusion

Based on the procedures we have performed and the evidence we have obtained, nothing has come to our attention that causes us to believe that the Selected Information for the year ended 31 December 2023 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

27 April 2024

Moscow, Russian Federation



Fegetsin Alexey Yakovlevich is authorised to sign on behalf of the General Director of Joint-Stock Company "Technologies of Trust – Audit" (Principal Registration Number of the Record in the Register of Auditors and Audit Organizations (PRNR) – 12006020338), certified auditor (PRNR – 21906101957)

Appendix 1 to the Independent Auditor’s Limited Assurance Report dated 27 April 2024

The Selected Information subject to limited assurance procedures and prepared in accordance with the GRI Disclosures and the PhosAgro Methodology, as applicable, is set out below:

GRI Disclosure	Narrative
2-7	Employees
2-27	Compliance with laws and regulations
3-1	Process to determine material topics
3-2	List of material topics
3-3	Management of material topics
201-1	Direct economic value generated and distributed
202-1	Ratios of standard entry level wage by gender compared to local minimum wage
202-2	Proportion of senior management hired from the local community
203-1	Infrastructure investments and services supported
205-3	Confirmed incidents of corruption and actions taken
207-1	Approach to tax
207-2	Tax governance, control, and risk management
207-3	Stakeholder engagement and management of concerns related to tax
207-4	Country-by-country reporting
302-1	Energy consumption within the organization
302-3	Energy intensity
303-3	Water withdrawal
303-4	Water discharge
303-5	Water consumption
304-3	Habitats protected or restored
305-1	Direct (Scope 1) GHG emissions
305-2	Energy indirect (Scope 2) GHG emissions
305-3	Other indirect (Scope 3) GHG emissions
305-4	GHG emissions intensity
305-5	Reduction of GHG emissions
305-7	Nitrogen oxides (NOx), sulfur oxides (SOx), and other significant air emissions
306-3	Waste generated
306-4	Waste diverted from disposal
306-5	Waste directed to disposal
401-1	New employee hires and employee turnover
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees
403-1	Occupational health and safety management system
403-2	Hazard identification, risk assessment, and incident investigation
403-3	Occupational health services
403-4	Worker participation, consultation, and communication on occupational health and safety
403-5	Worker training on occupational health and safety
403-6	Promotion of worker health
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships
403-8	Workers covered by an occupational health and safety management system
403-9	Work-related injuries
403-10	Work-related ill health
404-1	Average hours of training per year per employee
404-2	Programs for upgrading employee skills and transition assistance programs
404-3	Percentage of employees receiving regular performance and career development reviews
413-1	Operations with local community engagement, impact assessments, and development programs

PhosAgro Methodology (the Group’s specific disclosure)	Related description
Pollutant emissions	Pollutant emissions, kg per tonne of finished and semi-finished products
Waste water discharge	Waste water discharge into surface waters, m ³ per tonne of finished and semi-finished products
Specific water withdrawal	Specific water withdrawal, including mining and pit waters, m ³ per tonne of finished and semi-finished products
Specific water withdrawal	Specific water withdrawal from surface sources, excluding mining and pit waters, m ³ per tonne of finished and semi-finished products
Recycled and decontaminated waste	Share of recycled and decontaminated hazard class 1–4 waste, %

GRI

CONTENT INDEX

The data disclosed in this Report includes information on:

- **Boundary 1:** PhosAgro and companies that are part of the group to which PhosAgro belongs (corresponds to the scope of disclosure in IFRS consolidated financial statements).
 - **Boundary 2:** Apatit, including its branches and standalone business units..
- ✔ The Selected GRI Indicators subject to limited assurance procedures

Code	GRI Indicator	Page number (or link)/Comments	Boundary
2	General disclosures (2021)		
2-1	Organisational profile	2, 18	
2-2	Entities included in the organisation's sustainability reporting	2	
2-3	Reporting period, frequency, and point of contact	2	
2-4	Restatements of information	In the 2023 Report, the methodology for calculating the GRI 203-1 indicator was revised. Starting from this year, the indicator is calculated for all consolidated companies, which agrees with the general approach towards consolidated financial statements under IFRS. Based on the principle of comparability, the data for 2021 and 2022 was recalculated accordingly	
2-5	External assurance	2	
2-6	Activities, value chain and other business relationships	16-18, 139	1
2-7 ✔	Employees	152	1
2-8	Workers who are not employees	In 2023, there were 758 people working under civil law contracts with the Company, or 3.5% of the average headcount. They mainly provided documentation support, cleaning, information and consulting, accounting, social support and supervisory services.	1
2-9	Governance structure and composition	252, 260	1
2-10	Appointment and selection of the supreme governance body	PhosAgro Group has an onboarding programme for new Board members. Newly appointed directors also visit PhosAgro Group's production sites and meet with functional managers.	1
2-11	Chair of the supreme governance body	266	1
2-12	Role of the supreme governance body in overseeing the impacts	249, 258, 286	1
2-13	Delegation of responsibility for impact management	249	1
2-14	Role of the supreme governance body in sustainability reporting	30, 250, 258	1
2-15	Conflicts of interest	304	1
2-16	Communication of critical concerns	278	1
2-17	Collective knowledge of the supreme governance body	261	1
2-18	Supreme governance body performance assessment	262	1
2-19	Remuneration policies	282	1
2-20	Process to determine remuneration	282	1
2-21	Annual total compensation ratio	Not disclosed owing to the confidential nature of this information	
2-22	Statement on sustainable development strategy	40	1
2-23	Policy commitments	292	1
2-24	Embedding policy commitments	292	1

Code	GRI Indicator	Page number (or link)/Comments	Boundary
2-25	Processes to remediate negative impacts	150, 294	1
2-26	Mechanisms for seeking advice and raising concerns	150, 294	1
2-27 ✔	Compliance with laws and regulations	For the purposes of this disclosure, the Group uses the following materiality criteria: <ul style="list-style-type: none"> • with regard to fines, the Group determined the amount exceeding RUB1 mln as a materiality criterion which it deems to be meaningful given the scale of its operations; • with regard to other penalties, the Group assesses their influence on its reputation and ability to continue as a going concern, taking into account the amount of expenses likely to be incurred as a result of such penalties. <p>In 2023, there were no violations by the Group of any laws and regulations resulting in material fines or penalties. The Group took steps to remedy the harm caused by an emergency in 2019 by committing RUB 1,584 thousand to the reproduction of aquatic biological resources in 2023. For information on cases of non-compliance with environmental laws and regulations, see page 189.</p>	1
2-28	Membership associations	105	1
2-29	Approach to stakeholder engagement	28-30	1
2-30	Collective bargaining agreements	We negotiate collective bargaining agreements with trade unions that address issues such as working conditions and compensation for employees at each of our production sites (usually for a three-year period, covering 100% of the employees of Apatit, its branches and standalone business units).	2
3	Material topics (2021)		
3-1 ✔	Processes to determine material topics	28-30, 380	1
3-2 ✔	List of material topics	30	1
3-3 ✔	Management of material topics		1
201	Economic performance (2016)		
3-3	Management of material topics	192	
201-1 ✔	Direct economic value generated and distributed	28	1
201-2	Financial implications and other risks and opportunities due to climate change	194	1
201-3	Defined benefit plan obligations and other retirement plans	386-387	1
201-4	Financial assistance received from government	Not disclosed owing to the confidential nature of this information	
202	Market presence (2016)		
3-3	Management of material topics	147	
202-1 ✔	Ratios of standard entry level wage by gender compared to local minimum wage	162	1
202-2 ✔	Proportion of senior management hired from the local community	162	1
203	Indirect economic impacts (2016)		
3-3	Management of material topics	227	
203-1 ✔	Infrastructure investments and services supported	231	1
203-2	Significant indirect economic impacts	232	1
204	Procurement practices (2016)		
3-3	Management of material topics	133	
204-1	Proportion of spending on local suppliers at significant locations of operation	141	2
205	Anti-corruption (2016)		
3-3	Management of material topics	297	

Code	GRI Indicator	Page number (or link)/Comments	Boundary
205-1	Operations assessed for risks related to corruption	302	1
205-2	Communication of and training in anti-corruption policies and procedures	298	1
205-3	Confirmed incidents of corruption and actions taken	303	1
206	Anti-competitive Behavior (2016)		
3-3	Management of material topics	297	
206-1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	305	1
207	Tax (2019)		
3-3	Management of material topics	89	
207-1	Approach to tax	89	1
207-2	Tax governance, control, and risk management	89	1
207-3	Stakeholder engagement and management of tax-related concerns	89	1
207-4	Country-by-country reporting	90, 388	1
302	Energy (2016)		
3-3	Management of material topics	205	
302-1	Energy consumption within the organisation	207-208	2
302-2	Energy consumption outside of the organization	Not applicable	
302-3	Energy intensity	207-208	2
302-4	Reduction in electricity consumption	205	2
302-5	Reductions in energy requirements of products and services	Not applicable	2
303	Water and effluents (2018)		
3-3	Management of material topics	217	
303-1	Responsible water consumption	217	2
303-2	Management of water discharge and related impacts on water resources	Effluents are treated until standard permissible discharge and temporarily permitted discharge rates are reached as required by permits to discharge pollutants into the environment (water bodies) issued by a relevant authority for each discharge.	2
303-3	Water withdrawal	218	2
303-4	Water discharge	220-221	2
303-5	Water consumption	221	2
304	Biodiversity (2016)		
3-3	Management of material topics	222	
304-1	Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas	The Group's operations are not located in protected areas or areas of high biodiversity value outside protected areas.	
304-2	Significant impacts of activities, products, and services on biodiversity	223	2
304-3	Habitats protected or restored	223	2
304-4	IUCN Red List species and national conservation list species with habitats in areas affected by operations	The Group's operations are not located in protected areas or areas of high biodiversity value. The Group's operations do not pose a threat to endangered animal and plant species listed in the International Union for Conservation of Nature (IUCN) Red List and the Russian Red Data Book	
305	Emissions (2016)		

Code	GRI Indicator	Page number (or link)/Comments	Boundary
3-3	Management of material topics	192	
305-1	Direct (Scope 1) GHG emissions	201	2
305-2	Energy indirect (Scope 2) GHG emissions	202	2
305-3	Other indirect (Scope 3) GHG emissions	202-203	2
305-4	GHG emissions intensity	201-203	2
305-5	Reduction of GHG emissions	203	2
305-6	Emissions of ozone-depleting substances	The Company does not use ozone-depleting substances on an industrial scale	
305-7	Nitrogen oxides (NOX), Sulphur oxides (SOX), and other significant air emissions	215	2
306	Waste (2020)		
3-3	Management of material topics	209	
306-1	Waste generation and significant waste-related impacts	209	2
306-2	Management of significant waste-related impacts	210	2
306-3	Waste generated	211	2
306-4	Waste diverted from disposal	211	2
306-5	Waste directed to disposal	211	2
308	Supplier environmental assessment (2016)		
3-3	Management of material topics	133	
308-1	New suppliers that were screened using environmental criteria	143	2
308-2	Negative environmental impacts in the supply chain and actions taken	143	2
401	Employment (2016)		
3-3	Management of material topics	147	
401-1	New employee hires and employee turnover	392	1
401-2	Benefits provided to full-time employees that are not provided to temporary or part-time employees	Benefits established by collective bargaining agreements apply to all employees of Company, its branches, standalone business units and subsidiaries and do not depend on conditions of employment.	1
401-3	Parental leave	396	1
402	Labor/Management Relations (2016)		
3-3	Management of material topics	147	

Code	GRI Indicator	Page number (or link)/Comments	Boundary
402-1	Minimum notice periods regarding operational changes	In case of significant changes in labour conditions of employees or their representatives the Company is guided by the applicable Russian laws. For example, organisational or technological changes are communicated to employees no later than two months before they take effect. In case of staff optimisation, the employer shall also send respective notice to employees at least two months in advance or three months in advance if optimisation measures may lead to large-scale dismissals. In these cases and in other circumstances related to material operational changes, the Company shall act in compliance with the Labour Code of the Russian Federation, collective bargaining agreements and internal regulations of PhosAgro Group companies. Collective bargaining agreements negotiated with trade unions also stipulate notification timeframes for changes. In addition to statutory requirements, the Company has drafted and is ready to implement anti-crisis measures, including an employee communication plan (e.g. information sessions for the staff and management), professional and career guidance, psychological aid and all kinds of other support to employees during transition periods.	1
403	Occupational health and safety (2018)		
3-3	Management of material topics	168	
403-1	Occupational health and safety management system	168	2
403-2	Hazard identification, risk assessment, and incident investigation	172	2
403-3	Occupational health services	170	2
403-4	Worker participation, consultation, and communication on occupational health and safety	170	2
403-5	Worker training on occupational health and safety	177	2
403-6	Promotion of worker health	179	2
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	179	2
403-8	Workers covered by an occupational health and safety management system	In 2023, our health and safety management system covered 100% of the Company's employees. All our employees (executives together with blue- and white-collar staff) take OHS training as required by the national laws, as well as additional training. The minimum required training is provided to each and everyone, including all visitors and representatives of contractors as part of the introductory briefing.	2
403-9	Work-related injuries	175	2
403-10	Occupational diseases	179, 396	2
404	Training and education (2016)		
3-3	Management of material topics	147	

Code	GRI Indicator	Page number (or link)/Comments	Boundary
404-1	Average hours of training per year per employee	156	2
404-2	Programmes for upgrading employee skills and transition assistance programmes	156	2
404-3	Percentage of employees receiving regular performance and career development reviews	160	2
405	Diversity and equal opportunity (2016)		
3-3	Management of material topics	147	
405-1	Diversity of governance bodies and employees	154, 260	1
405-2	Ratio of basic salary and remuneration of women to men	162	1
410	Security Practices 2016		
3-3	Management of material topics	291	
410-1	Security personnel trained in human rights policies or procedures	291	1
413	Local Communities 2016		
3-3	Management of material topics	227	
413-1	Operations with local community engagement, impact assessments, and development programs	Programmes for engagement with local communities, assessment of our operations' impact on local communities, and local community development programmes were implemented across all branches of Apatit, including its branches and standalone business units. For more information on page 227	2
413-2	Operations with significant actual and potential negative impacts on local communities	The Apatit, including its branches and standalone business units has no operations with significant actual and potential negative impacts on local communities. Significant impacts of the Apatit, including its branches and standalone business units on local communities has been assessed as part of evaluation of UN Sustainable Development Goals impacts.	2
414	Supplier Social Assessment 2016		
3-3	Management of material topics	133	
414-1	New suppliers that were screened using social criteria	143	2
414-2	Negative social impacts in the supply chain and actions taken	143	2
417	Marketing and labelling (2016)		
3-3	Management of material topics	101	
417-1	Requirements for product and service information and labelling	105	1
417-2	Incidents of non-compliance concerning product and service information and labelling	No such cases registered, not applicable.	1
417-3	Incidents of non-compliance concerning marketing communications	No such cases registered, not applicable.	1

GRI CONTENT INDEX: ADDITIONAL INFORMATION

GRI 3-1

APPROACH TO DEFINING MATERIAL TOPICS

In 2022 and 2023, PhosAgro revised the Regulations on Collecting, Processing and Presenting Non-Financial Reporting Data in accordance with GRI standards, including the GRI Universal Standards updated in 2021. The Regulations include GRI-compliant data collection forms for the Report and establish

approach to defining material topics based on double materiality. This approach relies on the review of the impact that social, economic, regulatory and governance and/or environmental factors or aspects have on the Company and vice versa.

In 2023, the Company added the following new sources of information to the materiality analysis process:

feedback and comments received during the RSPP public assurance process, as well as opinions of external experts on the quality of the Company's reports and its compliance with the best market practices, in particular, opinions of experts from Telegram channels.

Our strategy and risk experts analysed the list of topics, compared them against our strategic priorities and risk profile, and assessed their impact on PhosAgro's value chain. The impact of material aspects on our value chain from mine to plate was rated as high, medium or low.

► For more information, see the Business Model section on page 15.

Our strategy and risk experts analysed the list of topics, compared them against our strategic priorities and risk profile and assessed their impact on PhosAgro's value chain. The impact of material aspects on our value chain from mine to plate was rated as high, medium or low. When assessing the degree of impact on processes under our control such as product development and manufacturing, purchase and mining of mineral resources, logistics and sales, we took into account the scale of an actual and potential impact and the nature of the assessed topic with due regard to industry specifics. With the application of our products seen as an important stage in value creation, we assessed the effect of this element on the selection

of material topics by analysing both the Company's impact on the end consumer and customer needs, expectations and requirements with regard to our products and practices.

To illustrate our approach to impact assessment, let us look at the GRI 404 Training and Education. For this topic, we rated the impact as high at every stage of the value chain due to an important role our highly qualified staff plays along the way from product development to sales. As regards the application stage, we assume that the customer gets a 2-in-1 product, including a fertilizer and our service expertise (training, agronomic advice and support). Employees are also directly interested in improving their professional qualifications as a means of facilitating their career development in the Company and obtaining a competitive edge in the labour market. Personal development tools help employees to harmoniously develop their skills in other areas of interest. Hence, relevant competencies and skills acquired, in particular, as part of the provided training are highly relevant.

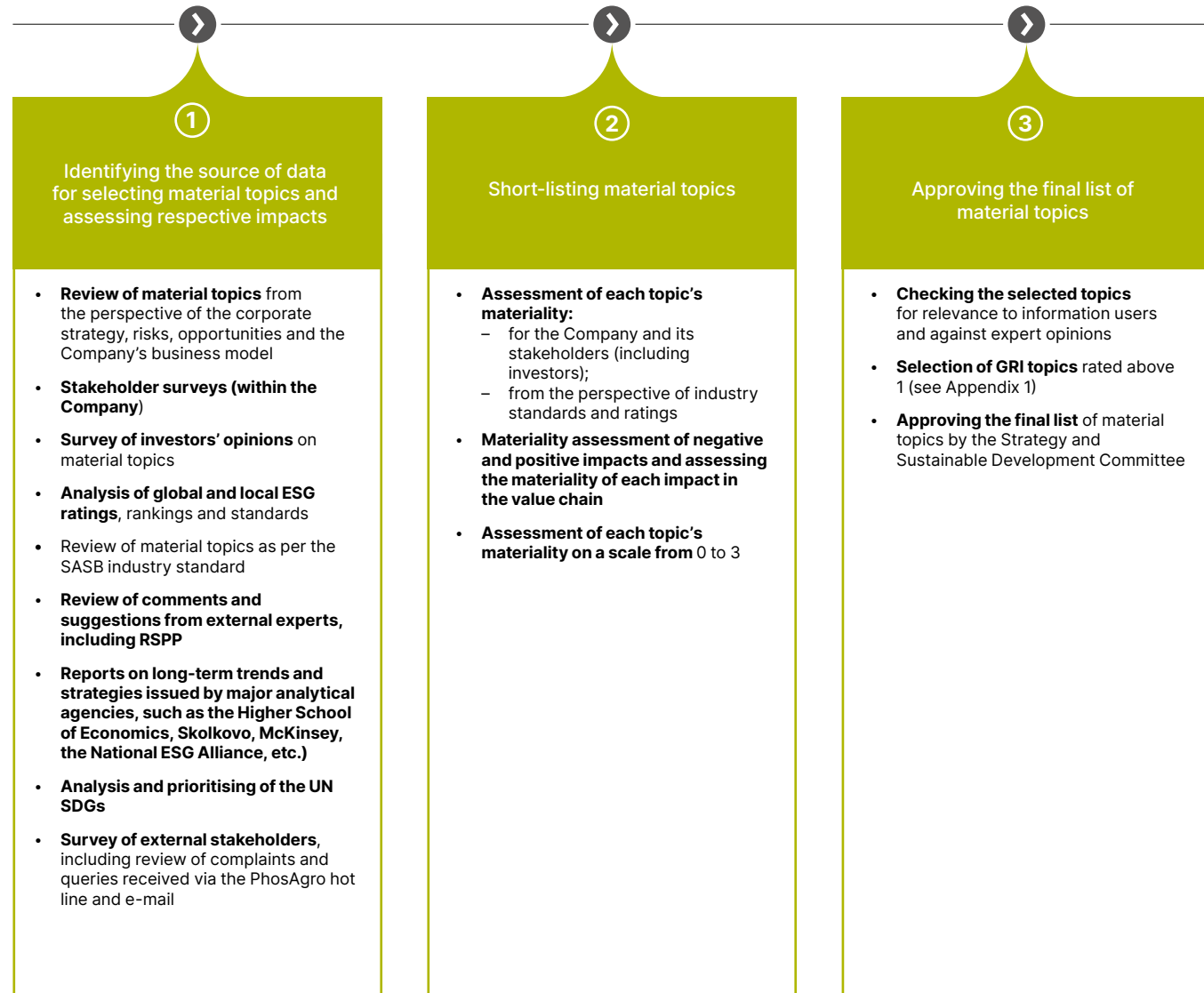
KEY ASPECTS OF 2023 REPORTING THAT DESERVE A SPECIAL MENTION

1. Material topics disclosed in the 2022 Annual Report are still relevant in 2023.
2. Our work to define material topics resulted in a materiality list based on the entire range of stakeholder interests and opinions related to the Company's disclosures.
3. 45 GRI indicators underwent external independent audit by Technologies of Trust – Audit JSC providing limited assurance.

Notably, we did not receive any communications from stakeholders via the hot line and email (esg@phosagro.ru and ir@phosagro.ru) in 2023.

► For more information, see the GRI Content Index section on page 358.

STEPS TO SELECT MATERIAL TOPICS



1

Identifying the source of data for selecting material topics and assessing respective impacts

- **Review of material topics** from the perspective of the corporate strategy, risks, opportunities and the Company's business model
- **Stakeholder surveys (within the Company)**
- **Survey of investors' opinions** on material topics
- **Analysis of global and local ESG ratings**, rankings and standards
- Review of material topics as per the SASB industry standard
- **Review of comments and suggestions from external experts, including RSPP**
- **Reports on long-term trends and strategies issued by major analytical agencies, such as the Higher School of Economics, Skolkovo, McKinsey, the National ESG Alliance, etc.)**
- **Analysis and prioritising of the UN SDGs**
- **Survey of external stakeholders**, including review of complaints and queries received via the PhosAgro hot line and e-mail

2

Short-listing material topics

- **Assessment of each topic's materiality:**
 - for the Company and its stakeholders (including investors);
 - from the perspective of industry standards and ratings
- **Materiality assessment of negative and positive impacts and assessing the materiality of each impact in the value chain**
- **Assessment of each topic's materiality on a scale from 0 to 3**

3

Approving the final list of material topics

- **Checking the selected topics** for relevance to information users and against expert opinions
- **Selection of GRI topics** rated above 1 (see Appendix 1)
- **Approving the final list** of material topics by the Strategy and Sustainable Development Committee

Impact on the value chain

Impact degree



Nº	Material topics	Corresponding GRI standard	Impact on the value chain						Average score	Related risks	UN SDGs
			Product development	Mineral resources	Production	Logistics	Sales	Application			
1	Economic impact	201 Economic performance	●	●	●	●	●	●	2.80	Strategic planning, production, project, sanctions, interest rate, credit, currency risks	2, 8, 9, 13, 17
2	Share capital	201 Economic performance	●	●	●	●	●	●	2.80	Strategic planning, production, project, sanctions, interest rate, credit, currency risks	8, 17
3	Climate <i>Economic impact</i>	305 Emissions	●	●	●	●	●	●	2.76	Climate, environmental, regulatory risks	3, 12, 13
4	Air	305 Emissions	●	●	●	●	●	●	2.76	Climate, environmental, regulatory risks	3, 12, 13
5	Industrial safety	403 Occupational health and safety	●	●	●	●	●	●	2.67	HR, health and safety risks	3, 4, 8
6	Waste	306 Waste	●	●	●	●	●	●	2.67	Environmental, regulatory risks	3, 12
7	Energy efficiency	302 Energy	●	●	●	●	●	●	2.65	Production, climate risks	12, 13
8	Contributing to local communities <i>Economic impact</i>	203 Indirect economic impacts	●	●	●	●	●	●	2.54	Failure to deliver on SDGs and ESG, climate, sanctions risks	3, 4, 8, 9, 11, 17
9	Supply chain	204 Procurement practices	●	●	●	●	●	●	2.43	Commodity, corruption, sanctions risks	8
10	Water	303 Water and effluents	●	●	●	●	●	●	2.43	Environmental, regulatory risks	3, 6, 12
11	Personnel development and human rights <i>Economic impact</i>	202 Market presence	●	●	●	●	●	●	2.40	Strategic planning, sanctions, risks	2, 3, 8, 9, 17
12	Supplier ESG evaluation	308 Supplier environmental assessment	●	●	●	●	●	●	2.35	Failure to deliver on SDGs, and ESG environmental risks	8, 12, 13
13	Biodiversity	304 Biodiversity	●	●	●	●	●	●	2.33	Environmental, regulatory risks	3, 15
Double	Personnel development and human rights	402 Labor/management relations	●	●	●	●	●	●	2.31	HR, business process risks	8

APPENDICES

SHARE CAPITAL

CORPORATE GOVERNANCE

PERFORMANCE REVIEW

STRATEGIC REPORT

COMPANY PROFILE

Impact on the value chain

Nº	Material topics	Corresponding GRI standard	Impact on the value chain							Average score	Related risks	UN SDGs
			Product development	Mineral resources	Production	Logistics	Sales	Application				
Double	Contributing to local communities	413 Local communities	●	●	●	●	●	●	●	2.31	Social risks	
14	Employment	401 Employment	●	●	●	●	●	●	●	2.18	Social, HR risks	
Double	Personnel development and human rights	405 Diversity and equal opportunity	●	●	●	●	●	●	●	2.12	HR risks	
15	Motivation and training	404 Training and education	●	●	●	●	●	●	●	2.05	HR risks	
Double	Supplier ESG evaluation	414 Supplier social assessment	●	●	●	●	●	●	●	2.01	Failure to deliver on SDGs and ESG	
16	Anti-corruption	205 Anti-corruption	●	●	●	●	●	●	●	1.96	Corruption risks	
17	Anti-competitive behavior	206 Anti-competitive behavior	●	●	●	●	●	●	●	1.96	Reputational risks	
18	Tax policy	207 Tax	●	●	●	●	●	●	●	1.81	Tax risks	
19	Information security	410 Security practices	●	●	●	●	●	●	●	1.75	Information and economic security risks	
20	Customers and product management	417 Marketing and labelling	●	●	●	●	●	●	●	1.59	Commodity risks	
Other material topics subject to mandatory disclosure:												
21	Corporate governance principles	-	●	●	●	●	●	●	●	-	Corruption and Reputational risks	
22	Research and education	-	●	●	●	●	●	●	●	-	Strategic planning, climate and regulatory risks	

Defined benefit plan obligations and other retirement plans, RUB mln

GRI 201-3

№	Region	Retirement-related obligations (other than employee benefit obligations)	Actual pension payments		
			2021	2022	2023
1	Saratov region	Payment of retirement benefits	1.620	2.770	3.290
		Merit benefit plans	0.000	0.000	0.000
		Financial aid to retired former employees	7.640	16.720	21.030
		Total	9.260	19.490	24.360
2	Murmansk region	Payment of retirement benefits	43.860	39.210	40.204
		Merit benefit plans	0.000	0.000	0.000
		Financial aid to retired former employees	88.880	148.830	157.736
		Total	132.740	188.040	197.940
3	Leningrad region	Payment of retirement benefits	0.710	2.680	5.280
		Merit benefit plans	0.000	0.000	0.000
		Financial aid to retired former employees	19.750	31.650	30.100
		Total	20.460	34.320	35.590
4	Vologda region	Payment of retirement benefits	11.010	13.050	14.030
		Merit benefit plans	19.150	21.380	23.590
		Financial aid to retired former employees	73.190	119.930	120.800
		Total	103.340	154.370	158.430
5	Total	Payment of retirement benefits	57.200	57.710	62.810
		Merit benefit plans	19.150	21.380	23.590
		Financial aid to retired former employees	189.450	317.130	329.670
		Total	265.800	396.220	416.310

GRI 201-3

The Company has a voluntary non-profit union of pensioners (veterans). As at 31 December 2023, the union had more than 11.000 members. It operates in accordance with collective bargaining agreements and an annual plan including leisure activities for unemployed pensioners (clubs and sports competitions for veterans of various age groups), celebrations of professional and public holidays, jubilees and wedding anniversaries.

Support to union members includes:

- one-off termination allowance;
- annual financial aid linked to anniversaries (50th birthday and every five years afterwards), Day of the Older Persons, Chemist's Day, Victory Day, 8th of March;
- a one-off payment in case of a pensioner's decease;
- financial aid associated with expensive treatment or decease of relatives (family members);
- annual paid tours to corporate health resorts, including for treatment purposes.

Tax payments, RUB mln.

Item	Group			Russia			Poland			Switzerland			France			Germany			Serbia		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
VAT ¹	11813	20425	17700	12520	21650	17700	(524)	(108)	-	(178)	(707)	-	(197)	(447)	-	149	148	-	35	30	-
Personal income tax	(4298)	(7324)	(5508)	(3985)	(7199)	(5508)	(20)	(13)	-	(187)	(53)	-	(11)	(11)	-	(27)	(15)	-	-	-	-
Social contributions	(7332)	(9902)	(11822)	(6896)	(9595)	(11822)	(28)	(14)	-	(285)	(238)	-	(37)	(21)	-	(18)	(4)	-	(5)	(1)	-
MET	(3391)	(8028)	(9873)	(3391)	(8028)	(9873)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property tax	(1025)	(1737)	(2067)	(1023)	(1737)	(2067)	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-
Pollution fees	(207)	(187)	(203)	(200)	(187)	(203)	-	-	-	-	-	-	-	-	-	-	-	-	(7)	-	-
Land tax	(229)	(226)	(194)	(229)	(226)	(194)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water use charges	(50)	(56)	(64)	(50)	(56)	(64)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport tax	(15)	(17)	(18)	(15)	(17)	(18)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water tax	(3)	(4)	(5)	(3)	(4)	(5)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regular subsoil use fees	(0)	0	0	(0)	0	0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	(46)	(19)	(22)	(33)	(15)	(22)	-	-	-	-	-	-	(3)	(1)	-	-	-	-	(1)	-	-
Tax fines and penalties	(4)	(8)	(4)	(4)	(8)	(4)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unified tax account ²	-	0	(53)	-	0	(53)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income tax	(1591)	(1)	(608)	(1591)	(1)	(608)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

Item	Lithuania			Romania			Africa			Brazil			Singapore			Cyprus			Finland		
	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023	2021	2022	2023
VAT ¹	-	-	-	(96)	(43)	-	103	(99)	-	-	-	-	-	-	-	-	-	-	-	2	-
Personal income tax	(13)	(5)	-	(1)	-	-	(5)	(5)	-	(16)	(5)	-	-	-	-	(31)	(16)	-	(2)	(1)	-
Social contributions	(10)	(5)	-	(8)	(7)	-	-	-	-	(10)	(4)	-	-	-	-	(33)	(12)	-	(1)	-	-
MET	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Property tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(1)	-	-
Pollution fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Land tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water use charges	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Transport tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Water tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Regular subsoil use fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Other taxes	-	-	-	-	-	-	-	-	-	(8)	(3)	-	-	-	-	-	-	-	-	-	-
Tax fines and penalties	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Unified tax account ²	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Dividend income tax	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-

¹ Information on input/output VAT is presented on a net basis: the amount was obtained by offsetting VAT paid and refunded by PhosAgro Group companies in each jurisdiction.

² As of 1 January 2023, the Russian Federation introduced a new mandatory procedure for the assessment and payment of taxes and insurance contributions. The procedure provides for every taxpayer to have the so-called single tax account, which is to be replenished with a single tax payment before the tax payment deadline. The amount credited to the account is then distributed to cover the taxpayer's liabilities.

Country-by-country reporting

Tax jurisdiction	Name of the resident entities	Primary activity of the organization
Russian Federation	PhosAgro, PJSC	Parent company
	Apatit, JSC	Core production
	Tirvas, LLC	Social services
	Gornyy tsekh, LLC	Capital mining operations
	Teleset, LLC	Social services
	Tsentr stroitelnyh materialov, LLC	Repair services
	Aeroport, JSC	Social services
	Korporativnoe pitanie, LLC	Social services
	PromTransPort, LLC	Transportation services
	Mekhanik, LLC	Repair services
	PhosAgro-Region, LLC, PhosAgro-Oryol, LLC, PhosAgro-Belgorod, LLC, PhosAgro-Volga, LLC, PhosAgro-Lipetsk, LLC, PhosAgro-Kursk, LLC, PhosAgro-Don, LLC, PhosAgro-Kuban, LLC, PhosAgro-Stavropol, LLC, PhosAgro-Tambov, LLC, PhosAgro-Severo Zapad, LLC	Domestic trader
	Smart Balk Terminal, LLC	Stevedoring services
	NIUIF, JSC	R&D
	Trading House PhosAgro, LLC	Trading
	RBTS PhosAgro, LLC	Service company
	ITS PhosAgro, LLC	Service company
	PhosAgro-Service, LLC	Service company
	PhosAgro-Sibir, LLC (from 01.09.2021)	Domestic trader
	Tirvas OP, LLC (from 16.12.2021)	Social services
	Aeroport Khibiny, LLC (from 29.04.2022)	Social services
Brazil	PhosAgro Americas	Service company
Germany	PhosAgro Deutschland GmbH(until 31.03.2022) ¹	Foreign trader
Cyprus	Phosint Trading Limited Ltd (until 31.03.2022) ¹	Foreign trader
	Phosint Ltd (until 31.03.2022) ¹	Holding company
	Okmus Oy(until 31.03.2022) ¹	Holding company
Lithuania	UAB PhosAgro Baltic(until 31.03.2022) ¹	Foreign trader
Poland	PHOSAGRO POLSKA Sp.z o.o.(until 31.03.2022) ¹	Foreign trader
Romania	PhosAgro Balkans SRL Romania (from 01.09.2020 until 31.03.2022) ¹	Foreign trader
Serbia	Phosagro Balkans d.o.o. Beograd (until 31.03.2022) ¹	Foreign trader
Singapore	Phosagro Asia Pte Ltd (until 31.03.2022) ¹	Foreign trader
Finland	Bulk Terminal Kotka Oy (until 31.03.2022) ¹	Service company
	Logifert Oy (until 31.03.2022) ¹	Service company
France	Phosagro France SAS (until 31.03.2022) ¹	Foreign trader
Switzerland	PhosAgro Trading SA (until 31.03.2022) ¹	Foreign trader
	PhosAgro Logistics AG (until 31.03.2022) ¹	Logistics and distribution
	PhosAsset GmbH (until 31.03.2022) ¹	Holding company
South Africa	PhosAgro South Africa Proprietary Limited (from 01.11.2020 until 31.03.2022) ¹	Foreign trader

¹ In March 2022, the Group lost control over all the foreign companies of the Group

New hires

Region	Gender	2021			Share, %	Total
		under 30 years	30–50 years	above 50 years		
Vologda region	M	284	332	26	15.92	642
	F	190	319	47	13.79	556
Total		474	651	73	29.70	1,198
Saratov region	M	68	130	5	5.03	203
	F	40	88	12	3.47	140
Total		108	218	17	8.50	343
Leningrad region	M	117	227	21	9.05	365
	F	44	94	24	4.02	162
Total		161	321	45	13.07	527
Moscow	M	4	23	7	0.84	34
	F	5	32	3	0.99	40
Total		9	55	10	1.83	74
Murmansk region	M	364	872	65	32.26	1,301
	F	145	190	31	9.08	366
Total		509	1,062	96	41.33	1,667
Other	M	16	104	45	4.09	165
	F	12	41	6	1.46	59
Total		28	145	51	5.55	224
Men, total		853	1,688	169	67.20	2,710
Women, total		436	764	123	32.80	1,323
Total		1,289	2,452	292	100.00	4,033

Region	Gender	2022			Share, %	Total
		under 30 years	30–50 years	above 50 years		
Vologda region	M	405	526	107	18.06	1,038
	F	197	354	50	10.46	601
Total		602	880	157	28.52	1,639
Saratov region	M	143	310	33	8.46	486
	F	65	156	26	4.30	247
Total		208	466	59	12.75	733
Leningrad region	M	201	374	35	10.61	610
	F	68	118	18	3.55	204
Total		269	492	53	14.16	814
Moscow	M	3	20	8	0.54	31
	F	3	17	2	0.38	22
Total		6	37	10	0.92	53
Murmansk region	M	449	1,237	123	31.48	1,809
	F	161	287	47	8.61	495
Total		610	1,524	170	40.09	2,304
Other	M	19	98	39	2.71	156
	F	13	26	9	0.84	48
Total		32	124	48	3.55	204
Men, total		1,220	2,565	345	71.86	4,130
Women, total		507	958	152	28.14	1,617
Total		1,727	3,523	497	100.00	5,747

		2023				
Region	Gender	under 30 years	30–50 years	above 50 years	Share, %	Total
Vologda region	M	388	601	132	20.53	1,121
	F	199	350	48	10.93	597
Total		587	951	180	31.47	1,718
Saratov region	M	124	292	30	8.17	446
	F	67	107	12	3.41	186
Total		191	399	42	11.58	632
Leningrad region	M	150	271	14	7.97	435
	F	56	72	7	2.47	135
Total		206	343	21	10.44	570
Moscow	M	9	27	7	0.79	43
	F	8	17	1	0.48	26
Total		17	44	8	1.26	69
Murmansk region	M	501	1,170	118	32.77	1,789
	F	145	290	45	8.79	480
Total		646	1,460	163	41.56	2,269
Other	M	24	69	30	2.25	123
	F	12	55	11	1.43	78
Total		36	124	41	3.68	201
Men, total		1,196	2,430	331	72.47	3,957
Women, total		487	891	124	27.51	1,502
Total		1,683	3,321	455	100.00	5,459

GRI 401-1

Turnover¹, %

		2021			
Region	Gender	under 30 years	30–50 years	above 50 years	Total
Vologda region	M	0.57	1.35	0.11	2.03
	F	0.43	1.07	0.16	1.66
Total		1.00	2.42	0.27	3.69
Saratov region	M	0.15	0.36	0.04	0.54
	F	0.07	0.26	0.08	0.41
Total		0.22	0.62	0.12	0.95
Leningrad region	M	0.30	0.57	0.04	0.91
	F	0.07	0.20	0.04	0.31
Total		0.37	0.76	0.08	1.21
Moscow	M	0.02	0.07	0.01	0.09
	F	0.01	0.04	0.01	0.05
Total		0.02	0.10	0.01	0.14
Murmansk region	M	0.95	2.57	0.21	3.73
	F	0.24	0.66	0.11	1.01
Total		1.19	3.24	0.32	4.74
Other	M	0.06	0.38	0.28	0.72
	F	0.01	0.09	0.03	0.13
Total		0.07	0.47	0.31	0.85
Men, total		2.04	5.29	0.69	8.02
Women, total		0.82	2.32	0.42	3.57
Total		2.87	7.61	1.11	11.59

		2022			
Region	Gender	under 30 years	30–50 years	above 50 years	Total
Vologda region	M	0.47	0.81	0.12	1.40
	F	0.31	0.72	0.09	1.12
Total		0.79	1.53	0.21	2.52
Saratov region	M	0.18	0.45	0.04	0.67
	F	0.07	0.21	0.06	0.33
Total		0.25	0.66	0.10	1.00
Leningrad region	M	0.38	0.72	0.10	1.20
	F	0.10	0.19	0.05	0.34
Total		0.48	0.91	0.15	1.54
Moscow	M	0.01	0.06	0.03	0.09
	F	0.01	0.05	0.01	0.07
Total		0.01	0.11	0.04	0.15
Murmansk region	M	0.69	2.18	0.22	3.09
	F	0.24	0.57	0.09	0.91
Total		0.93	2.75	0.31	4.00
Other	M	0.06	0.33	0.14	0.52
	F	0.01	0.07	0.02	0.10
Total		0.07	0.40	0.16	0.62
Men, total		1.79	4.55	0.63	6.97
Women, total		0.74	1.81	0.32	2.87
Total		2.52	6.36	0.95	9.84

¹ The calculation of personnel turnover includes voluntary resignations (less retirements) on the grounds of article 77, part 1, clauses 3 and 7 of the Labour Code of the Russian Federation, and dismissals for employee misconduct on the grounds of article 81, part 1, clauses 5, 6a, 6b, 6e and 7 of the Labour Code of the Russian Federation.

Region	Gender	2023			Total
		under 30 years	30–50 years	above 50 years	
Vologda region	M	0.21	0.45	0.05	0.71
	F	0.19	0.64	0.08	0.90
Total		0.39	1.09	0.13	1.62
Saratov region	M	0.13	0.43	0.06	0.62
	F	0.09	0.18	0.03	0.31
Total		0.22	0.61	0.09	0.93
Leningrad region	M	0.28	0.60	0.05	0.93
	F	0.14	0.16	0.03	0.33
Total		0.42	0.77	0.08	1.27
Moscow	M	0.00	0.05	0.01	0.07
	F	0.01	0.03	0.00	0.04
Total		0.01	0.09	0.01	0.11
Murmansk region	M	0.61	1.83	0.23	2.68
	F	0.29	0.54	0.09	0.91
Total		0.90	2.37	0.32	3.59
Other	M	0.04	0.27	0.15	0.46
	F	0.01	0.10	0.05	0.16
Total		0.05	0.37	0.20	0.61
Men, total		1.28	3.65	0.56	5.49
Women, total		0.72	1.65	0.28	2.65
Total		2.00	5.30	0.84	8.14

GRI 401-3

Parental leave in the reporting year

Item	2021			2022			2023		
	M	F	Total	M	F	Total	M	F	Total
Number of employees entitled to parental leave	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a	n/a
Employees on parental leave	14	818	832	15	827	842	16	828	844
Employees who returned to work after parental leave	3	176	179	2	198	200	0	188	188
Employees who returned to work after parental leave and stayed at work 12 months after return	0	159	159	3	165	168	1	187	188
Return to work ratio	60.0	86.3	85.6	40.0	86.5	85.5	0.0	97.4	96.9
Retention ratio	0.0	88.8	88.8	100.0	93.8	93.9	50.0	94.4	94.0

Occupational diseases

GRI 403-10

Employee category	Main types of occupational diseases	Causes
Employees	Persistent bilateral sensorineural hearing loss	Prolonged exposure to a harmful production factor (industrial noise)
	Cervical radiculopathy of occupational aetiology	Physical exertion and functional overstrain of individual organs and systems in respective locations
	Lumbosacral radiculopathy of occupational aetiology	
	Reflex cervical muscular-tonic syndrome of occupational aetiology	Prolonged exposure to a harmful production factor (general/local vibration)
	Reflex cervical muscular-tonic syndrome of occupational aetiology	
	Polyneuropathy of the upper and lower limbs of occupational aetiology	
	Bilateral humeroscapular periarthritis (with first-degree joint function impairment) of occupational aetiology	Exposure to complex chemical aerosols
	Osteoarthritis deformans of the shoulder and elbow joints (with first-degree joint function impairment) of occupational aetiology	
	Bilateral medial epicondylitis of the humerus (without joint function impairment) of occupational aetiology	Prolonged exposure to a harmful production factor (industrial noise)
	Cervical myeloradiculopathy of occupational etiology	
Workers who are not employees but whose work and/or workplace is controlled by the organization	Vibration syndrome	Prolonged exposure to a harmful production factor (general/local vibration)
	Total dystrophic upper respiratory tract disease – rhinopharyngolaryngitis	
	Persistent bilateral sensorineural hearing loss	Prolonged exposure to a harmful production factor (industrial noise)
	Cervical radiculopathy of occupational aetiology	Physical exertion and functional overstrain of individual organs and systems
	Vibration syndrome	Prolonged exposure to a harmful production factor (general vibration)

LIST OF PHOSAGRO GROUP COMPANIES

1. PhosAgro, PJSC
2. Kirovsk Branch of Apatit, JSC
3. Tirvas, LLC
4. Gorny tsekh, LLC
5. Teleset, LLC
6. Tsentr stroitelnyh materialov, LLC
7. Aeroport, JSC
8. Balakovo Branch of Apatit, JSC
9. Korporativnoe pitanie, LLC
10. PromTransPort, LLC
11. Mekhanik, LLC
12. Volkhov Branch of Apatit, JSC
13. Apatit, JSC
14. PhosAgro-Region, LLC
15. PhosAgro-Oryol, LLC
16. PhosAgro-Belgorod, LLC
17. PhosAgro-Volga, LLC
18. PhosAgro-Lipetsk, LLC
19. PhosAgro-Kursk, LLC
20. PhosAgro-Don, LLC
21. PhosAgro-Kuban, LLC
22. PhosAgro-Stavropol, LLC
23. PhosAgro-Tambov, LLC
24. PhosAgro-SeveroZapad, LLC
25. Smart Bulk Terminal, LLC
26. NIUIF, JSC
27. Trading House PhosAgro, LLC
28. RBTS PhosAgro, LLC
29. ITS PhosAgro, LLC
30. PhosAgro-Service, LLC
31. PhosAgro-Sibir, LLC
32. Tirvas, LLC
33. Khibiny Airport, LLC

SUSTAINABLE DEVELOPMENT INDICATORS CONTENT INDEX AS PER THE ORDER OF THE MINISTRY OF ECONOMIC DEVELOPMENT OF RUSSIA¹

Nº	Indicator	Page number/Comments	Boundary
Economic			
1	Revenue (or a similar indicator), RUB'000	6	1
2	Added value, RUB'000	2021 - 236 776; 2022 - 340 632; 2023 - 249 320	1
3	Net added value, RUB'000	2021 - 209 100; 2022 - 311 093; 2023 - 217 038	1
4	Total R&D expenses, RUB'000	p. 118	1
5	Labour productivity, RUB'000 per person	2021 - 22 951; 2022 - 28 697; 2023 - 20 171 p. 153	1
6	Total accrued payments to government (except for fines and penalties), including, RUB'000: • Taxes and other charges • Social contributions • Other payments to government	p. 90-91 (in terms of income tax)	1
7	Total actual payments to government (except for fines and penalties), including, RUB'000: • Taxes and other charges • Social contributions • Other payments to government	p. 392-395	1
8	Share of Russian goods, work and services in the total procurement volume, %	2021 - 97,07; 2022 - 97,23; 2023 - 93,24 (Share of local procurement – p. 139)	2
9	Share of goods, work and services purchased from SME in the total procurement volume from Russian organizations, %	2021 - 20,55; 2022 - 20,26; 2023 - 30,81 p. 141	2
10	Sustainable investments (including green investments), RUB'000	Item not calculated	
11	Investments into projects aimed at promoting the technological sovereignty and the structural adaptation of the Russian economy, RUB'000		
12	Index of economic vulnerability of business and other activities to climate risks, %		

Nº	Indicator	Page number/Comments	Boundary
Environmental			
13	Water consumption from all sources of water supply	p. 219	2
14	Recycled and recirculated water supply	p. 220	2
15	Total waste water discharged, including untreated waste water	p. 220	2
16	Water use efficiency (water use per unit of product)	Specific water consumption, m ³ per tonne of products/RUB 2021 - 0,0010926 2022 - 0,0007614 2023 - 0,0010362 p. 221	2
17	Total hazard class 1-5 waste generation, including: • Class 1 • Class 2 • Class 3 • Class 4 • Class 5	p. 211	2
18	Total hazard class 1-5 waste handled, including: • Disposed waste • Decontaminated waste • Buried waste • Reused waste • Recycled waste • Reduction in waste generation	p. 211 Indicator reduction of waste generation - see the table below, data for indicator 18.	2
19	Emission load from stationary pollution sources	p. 215-216	2
20	Greenhouse gas emissions	There is no 2023 data obtained with the methodology approved by Order No. 371; this data will be provided later	2
21	Total expenses for environmental activities, including: • Atmospheric air protection and climate change prevention • Waste water collection and treatment • Waste management • Conservation of biodiversity and protection of natural areas	Total — p. 215 The data, including in the directions, can be found below in the table for indicator 21	2
22	Consumption of renewable and low-carbon energy	PhosAgro Group's energy consumption, GJ3 see p. 207 Renewable and low-carbon energy consumption, %: 2021 — 1,29% 2022 — 1,26% 2023 — 1,24%	2
23	Energy efficiency: electricity consumption per unit of net added value	2021 - 11,127 2022 - 7,404 2023 - 11,041 p. 207-208	2
Social			
24	Total payroll expenses, RUB'000	2021 — 15 772,75 2022 — 20 484,43 2023 — 26 334,95	2

¹ Order of the Ministry of Economic Development of Russia No. 764 On Approval of Methodological Recommendations for the Preparation of Sustainable Development Reporting dated 1 November 2023.

Nº	Indicator	Page number/Comments	Boundary	
25	Total average headcount, including disabled employees, people	2021 – 11,845, including 43 disabled employees 2022 – 12,970, including 52 disabled employees 2023 – 14,290, including 69 disabled employees	2	
26	Total average monthly pay, RUB'000 including: • By occupation group • By gender • By age group	2021 – 106.0 2022 – 128.8 2023 – 150.2	2	
27	Total health and safety expenses, including average costs per employee, RUB'000	Total: 2021 – 3 841 2022 – 4 977 2023 – 7 435	2	
28	Expenses on organising and holding social, fitness, recreational, and healthcare activities for employees and their families, RUB'000, %	Total: 2021 – 1 357 500 2022 – 1 703 700 2023 – 2 195 200	2	
29	Number of persons injured as a result of industrial accidents where lost time of one or more days was involved, including fatalities, people, %	2021 – 17; 0,14% 2022 – 8; 0,06% 2023 – 9; 0,06%	2	
30	Total training expenses, including average costs per employee, RUB'000	Total: 2021 – 235 216 2022 – 271 872 2023 – 262 497 Including average costs per employee: 2021 – 13,6 2022 – 21,0 2023 – 18,4	2	
31	Average training hours per year per employee by occupation group, units		2021 2022 2023	
	Managers	83,2	113,0	109,1
	White-collar workers	61,7	85,4	73,5
	Blue-collar workers	104,0	104,0	110,8
32	Share of employees covered by collective bargaining agreements in total average headcount, %	2021 – 100% 2022 – 100% 2023 – 100%	2	
33	Turnover ¹ , %	2021 – 9,08 2022 – 7,29 2023 – 5,88	2	
34	Total expenses on supporting social programmes not aimed at employees and their families, including, RUB'000, % • Charity • Housing • Healthcare • Education • Support of people in need of social assistance	2021 – 3 323 899 2022 – 8 900 952 2023 – 9 356 293	2	

Nº	Indicator	Page number/Comments	Boundary
Governance			
35	Availability of a sustainable development policy and/or other strategic documents in this area	There is no separate sustainable development strategy or policy, as PhosAgro's Strategy to 2025 integrates sustainability principles in all of its areas of focus	
36	Number of Board of Directors meetings and the attendance rate	259	
37	Total number of directors, including age structure	260	
38	Number of the Audit Committee meetings and the attendance rate	259	
39	Inclusion into sustainable development (ESG) indices and ratings, number	26	
40	Number of reported violations of the rights of indigenous peoples living in the Russian Federation	Not applicable	
41	Share of employees filling positions exposed to high corruption risks, %	0,3136%	
42	Average hours of anti-corruption training per employee, units	Item not calculated	
43	Number of administrative proceedings against the Company, its subsidiaries and affiliates for corruption offences	There were no anti-corruption proceedings against the Company (in 3 years)	
44	Share of female managers in the total number of managers, including members of the Board of Directors (Supervisory Board)	p. 154, 260	

Table for Item 18 "Total hazard class 1–4 waste management, including by category", kt / net added profit, reduction in waste generation

Item	2021	2022	2023
Total waste generation (all hazard classes), kt	132,422.01117	120,426.02977	94,626.727750
Change y-o-y, t/RUB '000	0.633	0.387	0.436

Table for Item 21 "Expenditures on environment protection measures", total, incl. 2, RUB '000

Item	2021	2022	2023
Total, including	9,860,700	9,126,120	11 145 45
Atmospheric air protection and climate change mitigation	1,131,694	1,267,576	1,408,701
Waste water collection and treatment	2,085,932	2,234,548	2,453,407
Waste management	1,235,974	1,613,869	1,795,581
Biodiversity conservation and protection of natural habitats	0	0	0

SASB

CONTENT INDEX

Code	Activity metric	Page number/Comment
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EM-MM-000.B	Total number of employees, percentage contractors	152
Environmental		
RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	201
EM-MM-110a.1		
RT-CH-110a.2	Discussion of a long-term or short-term strategy or plan to manage Scope 1 emissions, emissions reduction targets, and an analysis of performance against those targets	192
EM-MM-110a.2		
RT-CH-120a.1	Air emissions of the following pollutants: (1) CO, (2) NOx (excluding N2O), (3) SOx, (4) particulate matter (PM10), (5) mercury (Hg), (6) lead (Pb), (7) volatile organic compounds (VOCs), and (8) hazardous air pollutants (HAPs)	215
EM-MM-120a.1		
RT-CH-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	207
EM-MM-130a.1		
RT-CH-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	219
EM-MM-140a.1		
RT-CH-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	217
EM-MM-140a.2		
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate them	217
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	211
EM-MM-150a.1	Total weight of tailings waste, percentage recycled	212
EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	212
EM-MM-160a.1	Description of environmental management policies and practices for active sites	186
EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	The Group's facilities are not situated in protected areas or in high biodiversity areas outside of protected areas.
RT-CH-410b.1	(1) Percentage of products that contain Globally Harmonized System of Classification and Labeling of Chemicals (GHS) Category 1 and 2 Health and Environmental Hazardous Substances, (2) percentage of such products that have undergone a hazard assessment	211
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	186

Code	Activity metric	Page number/Comment
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RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	230
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interest	230
EM-MM-210b.2	Number and duration of non-technical delays	73
EM-MM-310a.2	Number and duration of strikes and lockouts	No cases
RT-CH-320a.1	(1) Total recordable incident rate (TRIR) and (2) fatality rate for (a) direct employees and (b) contract employees	175
RT-CH-320a.2	Description of efforts to assess, monitor, and reduce exposure of employees and contract workers to long-term (chronic) health risks	173
RT-CH-540a.1	Process Safety Incidents Count (PSIC), Process Safety Total Incident Rate (PSTIR), and Process Safety Incident Severity Rate (PSISR)	175
RT-CH-540a.2	Number of transport incidents	174
Governance		
EM-MM-510a.1	Description of the management system for prevention of corruption and bribery throughout the value chain	292, 302
EM-MM-510a.2	Production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index	The Company does not carry out production in countries that have the 20 lowest rankings in Transparency International's Corruption Perception Index
RT-CH-530a.1	Discussion of corporate positions related to government regulations and/or policy proposals that address environmental and social factors affecting the industry	293

TCFD RECOMMENDATIONS

Indicator	Reported
Corporate governance	
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Strategy	
Description of the climate-related risks and opportunities the organisation has identified over the short, medium, and long term	195
Description of the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning.	195
Assessment of the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 4°C and 2°C scenario	196
Climate risk management	
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Description of the organisation's processes for managing climate-related risks.	195
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TCFD-REPORT



For more information on GHG emissions and climate risks, see the TCFD report 2020



GLOSSARY

- AN** – ammonium nitrate
- ANBP** – apatite-nepheline beneficiation plant
- ANSES** – French Agency for Food, Environmental and Occupational Health & Safety
- BAT** – best available technique
- bln** – billion
- Capex** – capital expenditure
- CDP** – Carbon Disclosure Project
- CIS** – Commonwealth of Independent States
- CJSC** – closed joint-stock company
- CO₂** – carbon dioxide
- COVID-19** – coronavirus disease 2019, the pandemic caused by severe acute respiratory syndrome coronavirus 2 (SARS-CoV-2)
- DAP** – diammonium phosphate
- DROZD** – Educated and Healthy Children of Russia programme
- EBITDA** – earnings before interest, taxes, depreciation and amortisation
- EMERCOM** – Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters
- ESG** – environmental, social, and governance
- ESPP** – European Sustainable Phosphorus Platform
- EU** – European Union
- FAO** – Food and Agriculture Organisation
- GDP** – gross domestic product
- GDR** – global depositary receipt
- GLOSOLAN** – Global Soil Laboratories Networks; supporting the GLOSOLAN by developing research capacities and strengthening the Regional Soil Laboratories Networks (RESOLAN)
- GRI** – Global Reporting Initiative
- HR** – human resources
- HSE** – health, safety and environment
- IFA** – International Fertilizer Association
- IFRS** – International Financial Reporting Standards
- IMF** – International Monetary Fund
- IPCC** – in-pit crushing and conveying at the Vostochny mine
- IRR** – internal rate of return
- IT** – information technology
- IUPAC** – International Union of Pure and Applied Chemistry
- JSC** – joint-stock company
- kg** – kilogram
- KPI** – key performance indicator
- kWh** – kilowatt-hour
- LSE** – London Stock Exchange
- LTIFR** – lost time injury frequency rate
- MAP** – monoammonium phosphate
- MCP** – feed monocalcium phosphate
- mg** – milligram
- mln** – million
- MOP** – muriate of potash
- MW** – megawatt

NIUIF – Samoilov Scientific Research Institute for Fertilizers and Insectofungicides

NO₂ – nitrogen dioxide

NPK – nitrogen-phosphorus-potassium fertilizer

OPEC – Organisation of the Petroleum Exporting Countries

P₂O₅ – phosphoric pentoxide

PhosAgro Group – PJSC PhosAgro and its subsidiaries and affiliates

PJSC – public joint-stock company

PwC – PricewaterhouseCoopers

R&D – research and development

RAFP – Russian Association of Fertilizer Producers

RAS – Russian Accounting Standards

REACH – Registration, Evaluation, Authorisation and Restriction of Chemicals

Rospotrebnadzor – Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing

Rostekhnadzor – Federal Service for the Supervision of Environment, Technology and Nuclear Management

RSPP – Russian Union of Industrialists and Entrepreneurs

RUB – Russian rouble

SDG – UN Sustainable Development Goal

SMEs – small and medium-sized enterprises

SO₂ – sulphur dioxide

STPP – sodium tripolyphosphate

Strategy to 2025 – PhosAgro's Development Strategy to 2025

t – metric tonne

ths – thousand

UN – United Nations

UNESCO – United Nations Educational, Scientific and Cultural Organisation

USA – United States of America

USD – United States dollar

VAT – value-added tax

VOC – volatile organic compound

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