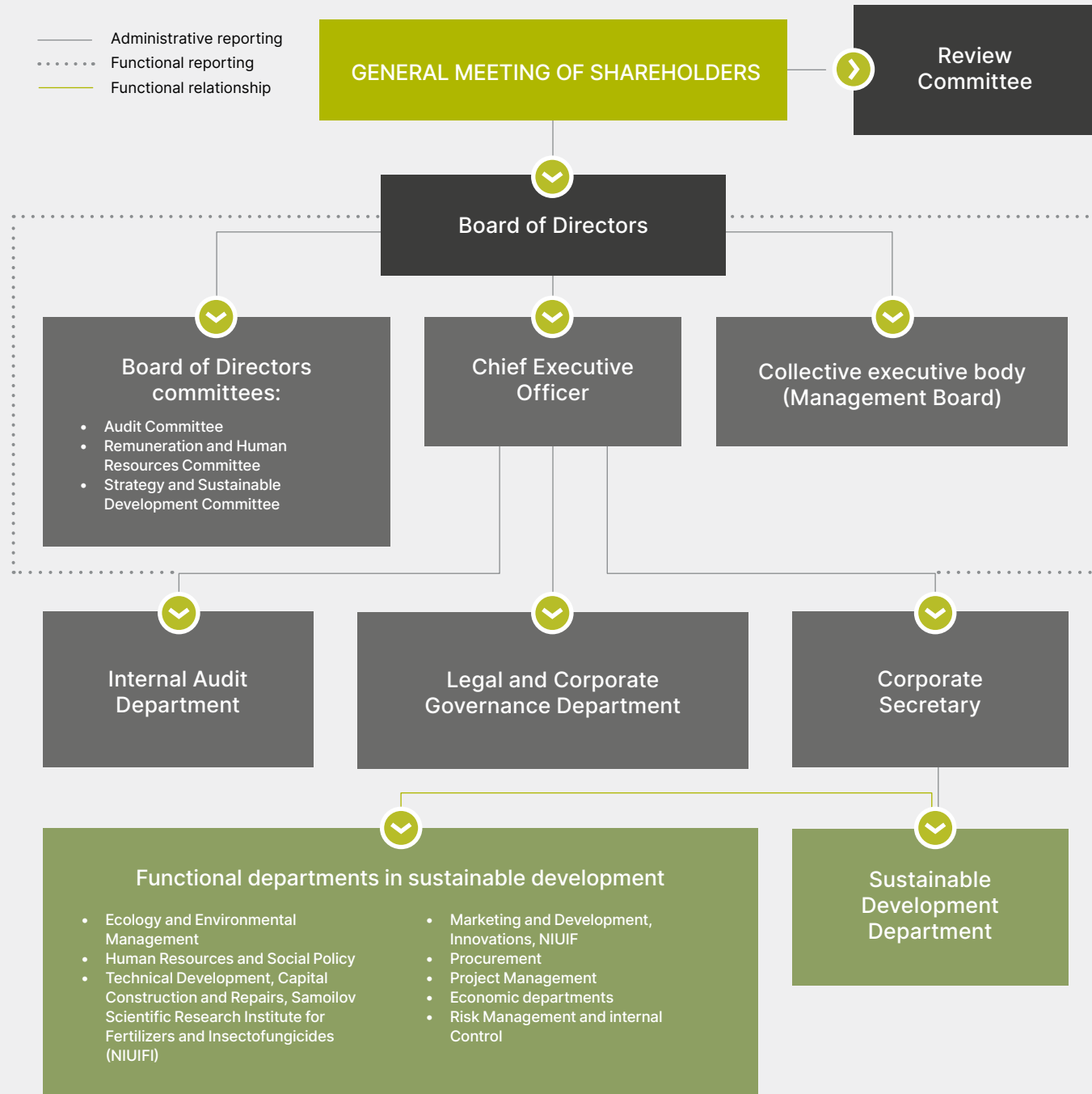


CORPORATE GOVERNANCE STRUCTURE

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.

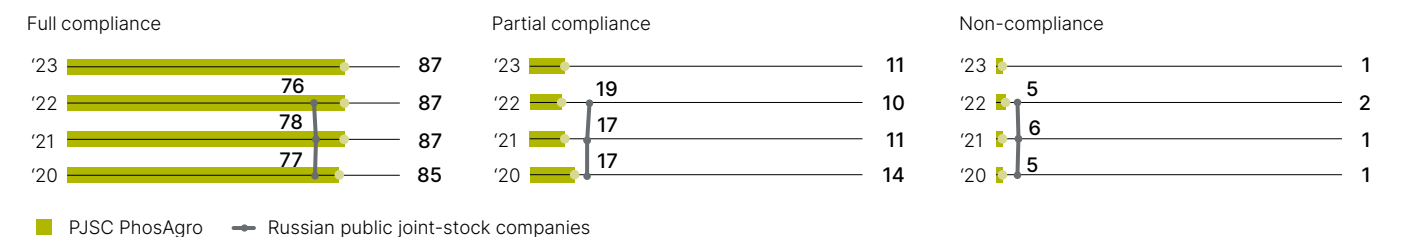
Over the past three years, PhosAgro has demonstrated a high level of compliance with the CGC recommendations.

Over the past three years, PhosAgro has demonstrated a high level of compliance with the Code recommendations.

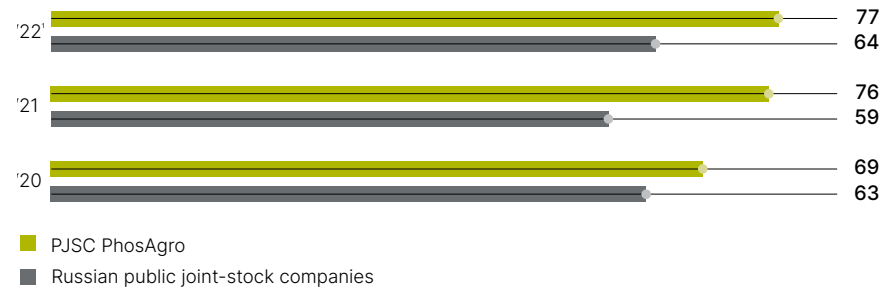
Compliance with the CGC recommendations

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.

