PHOSAGRO®



DRIVING SUSTAINABLE

soil fertility

Integrated report 2022

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

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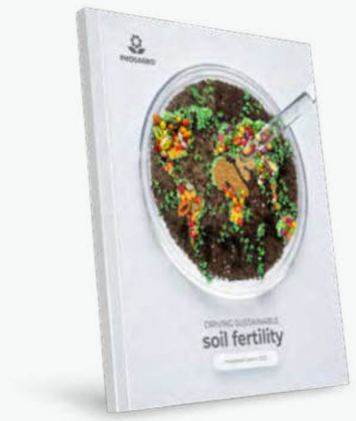
About this report

GRI 2–1, 2–2, 2–3

It is our pleasure to welcome you to the 2022 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 2022. The Report highlights how we integrate ESG principles into everything we do. The Company’s financial reporting follows the annual cycle too.

The report was approved by PhosAgro’s Board of Directors on 20 April 2023 (Minutes dated 20 April 2023).



2022 has already made history, but the challenges it set for PhosAgro Group and the entire mineral fertilizer industry are still vitally relevant. In response to them, we strive to increase production and ensure uninterrupted supplies of high-grade and safe fertilizers, which we make in the most efficient ways possible, both economically and environmentally, by consistently reducing the share of non-renewable resources along with our carbon footprint. The principles of environmental and social responsibility remain our key priority.

It is impossible to succeed alone in preventing the global threat of hunger and ensuring global food security. That is why we are doing our utmost to maintain and develop partnerships with Russian and international organisations as part of the global sustainability agenda. Together we can achieve much more for sustainable soil fertility.

In this Report, we did our best to share how we contribute to consistent and steady progress towards these goals across various areas of our activities.

Boundaries and standards GRI 2–5

This Report complies with the following requirements and recommendations:

- the Bank of Russia’s Regulation No. 714-P dated 27 March 2020 on Disclosure of Information by the Issuers of Issue-Grade Securities;
- the Bank of Russia's Letter No. 06–52/2463 On Corporate Governance Code dated 10 October 2014;
- the Bank of Russia's Letter On the Disclosure in the Annual Report of a Public Joint-Stock Company of a Report on Compliance with the Principles and Recommendations of the Code of Corporate Governance No. IN-06–28/102 dated 27 December 2021;
- the UK Corporate Governance Code;
- the Bank of Russia’s Information Letter on Recommendations on Disclosure by Joint-Stock Companies of Non-Financial Information Pertaining to Their Activities No. IN-06–28/49 dated 12 July 2021;
- 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.
- UNCTAD’s Guidance on Core Indicators for Entity Reporting on Contribution Towards Implementation of the Sustainable Development Goals, and the Business Reporting on the SDGs action platform;
- The Social Charter of the Russian Business sponsored by the Russian Union of Industrialists and Entrepreneurs.

The Company takes into account and implements global and national best practices in sustainable development.

The Company has reported in accordance with the GRI and SASB. Appropriateness of the selected qualitative and quantitative information disclosures prepared under the related GRI Standards has been assured by Joint-Stock Company Technologies of Trust – Audit (Technologies of Trust – Audit JSC) in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. The Auditor's Report and the GRI Content Index are both available in the appendices to this Report.

Financial results in the Report have been disclosed based on the IFRS consolidated financial statements of the Group for 2022 audited by Technologies of Trust – Audit JSC in accordance with the International Standards on Auditing.

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, 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 IFRS consolidated financial statements for 2022.

Among other changes, economic environment developments led to changes in the Group structure, as described in note 29 to the consolidated financial statements, and affected a number of elements of the consolidated financial statements.

For more information, see page 375

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 (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 Indicator section on page 380

FOSTERING collaboration





As one of the world's leading mineral fertilizer producers, PhosAgro has a special responsibility for ensuring food security. But we cannot achieve this goal alone. With this in mind and in full compliance with the UN Sustainable Development Goals, we place close and trusting collaboration with a wide range of partners at the heart of our business philosophy.

In December 2021, the International Fertilizer Association confirmed **PhosAgro's status as an Industry Stewardship Champion for its responsible and sustainable approach to production.** This award goes to companies committed to continuous improvement, transparency and best HSE practices.

For more information, see page 21

PhosAgro is the first Russian company chosen by the UN Food and Agriculture Organization (FAO) to run a global soil protection initiative. In 2022, PhosAgro and FAO launched the Russian Soil Laboratory Network (RUSOLAN).

over 800 *labs*
in the global network

For more information, see page 10

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Key highlights





FINANCIAL HIGHLIGHTS

Revenue, RUB bln

2022	569.5
2021	420.5
2020	253.9

Adjusted net profit, RUB bln

2022	182.3
2021	130.5
2020	42.0

Dividend payments, RUB bln

2022	142.1
2021	72.3
2020	38.9

OPERATIONAL HIGHLIGHTS

Output by key product, kt

2022	11,073
2021	10,585
2020	10,234

Sales by key product, kt

2022	11,097
2021	10,434
2020	10,138



SUSTAINABLE DEVELOPMENT HIGHLIGHTS

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

2022	0.793
2021	0.801
2020	0.892

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

2022	133.1
2021	135.5
2020	143.6

Waste water discharge into surface water bodies, m^3 per tonne of products and semi-finished products

2022	5.27
2021	5.31
2020	5.57

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

2022	38.8
2021	39.1
2020	37.6

Employee satisfaction and loyalty, %

2022	69
2021	57
2020	63

Average annual training hours per employee, hour

2022	99.8
2021	95.1
2020	79.5

LTIFR (own staff) per 1 mln man-hours

2022	0.32
2021	0.85
2020	0.52

Workplace fatalities (corporate staff)

2022	1
2021	0
2020	0



Key events in 2022



- PhosAgro Group became first in Russia to achieve certification under the Vitality Leaf international environmental standard.
- The Balakovo Branch completed the upgrade of phosphate fertilizer capacities.

January

February

The first 400 t batch of ore from Kirovsky mine's new +10 m level was delivered to the beneficiation plant.





- Mikhail Rybnikov was appointed CEO of PhosAgro.
- An Educational Centre opened at Saratov State Vavilov Agrarian University.

March

April

- Cooperation agreements were signed with the governments of the Saratov and Leningrad regions.
- An Educational Centre opened at Orel State Agrarian University.





- PhosAgro and the Food and Agriculture Organisation of the United Nations (UN FAO) launched the Russian Soil Laboratory Network (RUSOLAN).
- Permission was granted to retain the GDR programme.
- PhosAgro Board of Directors elected the new Management Board.

May

June

- Agreements on the development of education were made with the Ministry of Science and Higher Education and the Ministry of Agriculture of the Russian Federation.
- PhosAgro signed partnership agreements with the governments of the Vologda and Murmansk regions.
- A trilateral agreement on expanding cooperation with the Russian Academy of Sciences and the Mendeleev Russian Chemical Society was signed at the St Petersburg International Economic Forum.
- PhosAgro and Aeromax signed an agreement to cooperate on regional digital transformation projects in the agricultural industry using remotely piloted aircraft systems.
- An Educational Centre opened at Voronezh State Agricultural University.





- Shareholders elected the new Board of Directors.
- PhosAgro launched the second in-house mineral fertilizer distribution centre in Tatarstan which became the 29th logistics centre of PhosAgro-Region (PhosAgro Group), Russia's largest mineral fertilizer distribution network.

July

August

Consumers were introduced to ApaSil, an adaptogen, growth enhancer, and natural immunity inducer based on bioavailable silicon, the flagship product in PhosAgro's summer 2022 product line.



MOEX МОСКОВСКАЯ БИРЖА

PhosAgro's shares were included in theBlue Chip Index, indicator of the most liquid Russian shares on the Moscow Exchange.

September

October

- PhosAgro-START personnel development and talent pool training programme was launched.
- Independent director Victor Cherepov was elected Chairman of PhosAgro's Board of Directors.
- PhosAgro was awarded the highest ranking in the Russian Business Anti-Corruption Rating by the Russian Union of Industrialists and Entrepreneurs.
- An Educational Centre opened at Kursk State Agricultural Academy.
- PhosAgro received a letter of appreciation from the Minister for the Development of the Russian Far East and the Arctic for its active participation in the Clean Arctic environmental project.
- Products of Apatit's Balakovo Branch were awarded the 21st Century Sign of Quality (platinum award).





- PhosAgro Group companies won the 5 Stars. Leaders in the Chemical Industry nationwide industry competition held by the Russian Chemists Union.
- The Russian Quality Agency (Roskachestvo) confirmed that PhosAgro's products meet the requirements of the Green One label.
- PhosAgro Group passed an inspection for product compliance with the Vitality Leaf international environmental standard.
- PhosAgro Group offered a new agricultural service – integrated soil fertility monitoring – to farmers in southern Russia.

November

December

- PhosAgro joined the UN Global Compact's CEO Water Mandate, a global commitment platform for corporate water stewardship.
- PhosAgro's products earned an Environmental Quality Label from the Brazilian Association of Technical Standards.
- Educational Centres opened at Ryazan State Agrotechnological University and Penza State Agrarian University.



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-efficient fertilizers, supply them and train farmers how to apply them in the most sustainable manner.



Caring for Earth fertility for prosperous lives

OUR mission

- **Global presence**
- **Organic growth and development**
- **Healthy lifestyles and occupational health and safety**
- **Eco-efficiency**
- **Social responsibility**
- **Innovation and digital transformation**

OUR vision



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.

Target 2.4

Our key programmes:

- Product development programme to 2030;
- Improvement of the product mix;
- Programme to develop digital services for farmers.

For more information, see pages 56, 100, 112

Targets 3.4 and 3.9

Our key programmes:

- Safety culture improvement programme;
- Social benefits and employee guarantees;
- Minimising pollutant emissions per unit of output.

For more information, see pages 56, 142, 168, 190, 234

Target 4.4

Our key programmes:

- Developing PhosAgro School and DROZD projects;
- Cooperation with universities and Russian and international R&D centres;
- Promoting retraining and professional development.

For more information, see pages 112, 142, 168, 234

Targets 6.1 and 6.3

Our key programmes:

- Water Strategy;
- Participation in international initiatives (the CEO Water Mandate and Water Resilience Coalition) ;
- Water Use Optimisation Programme at the Cherepovets site of Apatit.

For more information, see page 190

Targets 8.3, 8.5 and 8.8

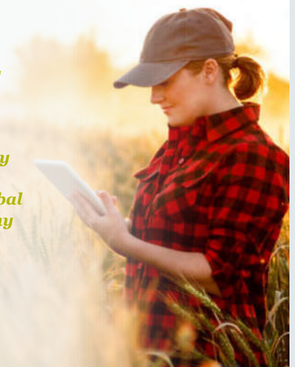
Our key programmes:

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

For more information, see pages 65, 130, 142, 168, 234

Global Compact LEAD

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.



Making a positive impact

Minimising the negative impact

Target 9.1

Our key programmes:

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

For more information, see pages 63, 130, 234

Target 11.3

Our key programmes:

- Our Favourite Cities programme;
- Promoting entrepreneurship.

For more information, see page 234

Target 12.4

Our key programmes:

- Programme to promote circular economy elements, including the use of phosphogypsum in farming and other industries;
- Reduction of natural gas consumption in production processes;
- As part of its Water Strategy, the Company is running initiatives to boost water use efficiency and reduce water consumption and waste water discharge;
- Green procurement programme and ESG assessment of suppliers;
- Construction of a heat and power plant at the Volkhov site.

For more information, see pages 57, 63, 65, 112, 130, 190

Targets 13.1 and 13.2

Our key programmes:

- Energy Efficiency Programme;
- Ongoing carbon farm project in the Vologda region;
- Use of green electricity to make agrochemical products;
- Construction of a heat and power plant at the Volkhov site;
- Green procurement programme and ESG assessment of suppliers;
- Application improvement.

For more information, see pages 56, 57, 112, 130, 190

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 pages 57, 112, 190

Targets 17.16 and 17.17

Our key programmes:

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

For more information, see pages 100, 112, 234

For more information on SDGs, see the Commitment to UN Goals section of the Company's website: https://www.phosagro.com/sustainability/#united-goals

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-efficiency 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 the Strategic Report section on page 51

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

PhosAgro Group's competitive advantages

PROCESS AND PRODUCT DEVELOPMENT

Target 2.4

We operate **the industry's largest research centre** at Samoilov Scientific Research Institute for Fertilizers and Insectofungicides, Russia's oldest of its kind.

Wide product range

57 fertilizer grades of all types

Ultra-modern product offering

8% share of grades developed in the last five years in total sales of our chemical products

For more information, see page 100, 112

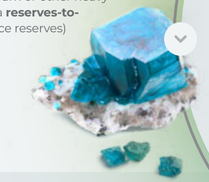


MINERAL RESOURCES

Target 12.4

Apatite-nepheline ore of magmatic origin, which is unique in terms of quality and safety and does not have as much cadmium or other heavy metal content as would be dangerous for health, with a **reserves-to-production ratio** (RPR) of 60 years (including off-balance reserves)

High vertical integration, % of self-sufficiency





Phosphate rock	100
Ammonia	76
Sulphuric acid	92
Ammonium sulphate	51

For more information, see page 92, 100

PRODUCTION

Targets: 3.9 12.4 6.3 15.1 8.3

Large-scale upgrade and construction **programmes** in Cherepovets, Volkhov and Balakovo

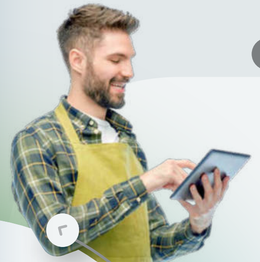
Strong commitment to reducing emission intensity and waste water discharges, and improving energy efficiency

2022 production, % growth vs 2021



Apatite and nepheline concentrate	12.0 mt	+2.0 %
Phosphate fertilizers	8.2 mt	+4.2 %
Nitrogen fertilizers	2.6 mt	+5.6 %

For more information, see page 92, 190



APPLICATION

Targets: 13.1 13.2 17.16 17.17

Service model for customers: our product is a combination of a fertilizer and our agronomic expertise, all available in a digital environment.

PhosAgro's agronomic service: training, agronomic advice and support for customers:

Results of **48** *agronomic trials* published at www.phosagro.ru

42 *dedicated* exhibition events

Digitalisation of sales and customer services:

47,000+ regular users of PhosAgro's digital ecosystem

36,000 mobile app downloads

1.884 up 29% year-on-year online fertilizer purchase orders via AgroResult online platform and mobile application

For more information, see page 57, 100

SALES

Targets: 2.4 12.4

Largest sales network in Russia

33 *distribution centres* in Russian regions

Growth in fertilizer volumes to a record

11 *mt* up 6.8% year-on-year



For more information, see page 18, 92

LOGISTICS

Target 9.1

High railway **throughput capacity** at production sites:

25.85 *mt*

Reliable delivery: a large Company's own fleet of railcars and port terminals on key export routes



For more information, see page 18, 62

WE
secure

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

Geographical footprint

GRI 2-1, 2-6

PhosAgro Group's eco-efficient mineral fertilizers and feed phosphates are sold all over the world via an extensive distribution network relying on the Groups's robust logistics infrastructure.

Key subsidiaries

- Apatit, JSC (including Balakovo, Volkhov, and Kirovsk branches)
- Mekhanik, LLC
- NIUIF, JSC
- PhosAgro-Region, LLC
- PhosAgro-Belgorod, LLC
- PhosAgro-Don, LLC
- PhosAgro-Kuban, LLC
- PhosAgro-Kursk, LLC
- PhosAgro-Lipetsk, LLC
- PhosAgro-Oryol, LLC
- PhosAgro-Stavropol, LLC
- PhosAgro-Volga, LLC
- PhosAgro-SeveroZapad, LLC
- PhosAgro-Tambov, LLC
- PhosAgro-Sibir, LLC

For more information on our geographical footprint, visit the Company's website: www.phosagro.com/about/#geo

71 *regions of operation*



1 KIROVSK BRANCH

Kirovsk, Murmansk region
is the world's leading producer of high-grade phosphate rock and Russia's only producer of nepheline concentrate. It develops six Khibiny deposits: Kukisvumchorr, Yukspor, Apatitovy Cirque, Rasvumchorr Plateau, Koashva and Njorkpahk.

2 APATIT

Cherepovets, Vologda Region
is Europe's biggest producer of phosphate-based fertilizers, phosphoric and sulphuric acids, as well as one of Russia's leading manufacturers by NPK, ammonia and ammonium nitrate output.

3 BALAKOVO BRANCH

Bykov Otrog, Saratov region
focuses on phosphate-based fertilizers (a leading producer in Europe) and feed phosphates (a leading producer in Russia, and the country's only manufacturer of monocalcium phosphate feed grade).

4 VOLKHOV BRANCH

Volkhov, Leningrad region
is Russia's only producer of sodium tripolyphosphate and one of Russia's leading producers of mineral fertilizers.

5 R&D

Cherepovets, Vologda region
PhosAgro Group runs Samoilov Scientific Research Institute for Fertilizers and Insectofungicides, Russia's only research centre specialising in this area and one of the largest in Europe. Founded in 1919, this institute paved the way for the country's strong mineral fertilizer industry.

Our key production facilities (including mining and processing assets), port terminals and a research centre are located in Russia.

A flexible business model, well-thought-out production and sales strategy, and deep knowledge of customer preferences help us maintain a strong position across the main fertilizer markets, primarily in Russia and other premium markets.

Upstream and downstream

R&D

Logistics

With a ca. 8 mtpa port transhipment capacity across key export routes, the Company can ensure a reliable supply to foreign customers and guarantee timely delivery against its contractual obligations.

Distribution

PhosAgro Group's network of sales offices is the largest in Russia. The Group's quality products are available to farmers across the globe.

Investment case and credit ratings

1 *A global producer of high-quality phosphate-based fertilizers*



PhosAgro is Europe's largest producer

of phosphate-based fertilizers[1] and a top 5 global producer of DAP/MAP[2] by capacity.



Customer focus

A netback-driven sales model with a global presence.



Certification

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

- ISO 9001:2015
- ISO 14001:2015
- ISO 45001:2018
- GMP+ B2
- GMP+ B1
- GMP+ B4

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



Our products

are compliant with Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation and Authorisation of Chemicals (REACH). The Company is also taking all necessary steps to keep the registrations in line with new requirements. One of our achievements in 2022 is the certification of fertilizers in accordance with Regulation (EU) 2019/1009 of the European Parliament and of the Council, which sets out the rules for accessing the EU fertilizer market.

Stewardship Champion

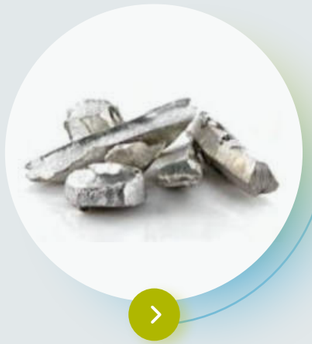
PhosAgro has an Industry Stewardship Champion status assigned by the International Fertilizer Association (IFA). It is attached to companies that have been certified to meet the Protect & Sustain standard and actively participate in IFA research on safety, environment, energy efficiency and CO_2 emissions.



Our production technologies

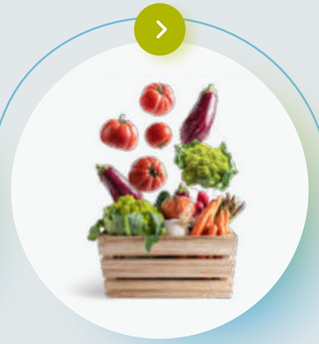
meet the highest global standards.

2 *Unique resource base and sector-leading margins*



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.

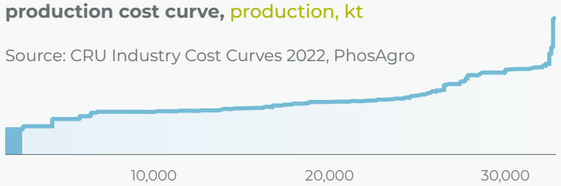


Wide range of ready-to-use solutions for farmers

Our in-house R&D function and cooperation with Russian and international R&D centres enables us to develop and launch new fertilizer grades in a prompt manner in order to deliver the crop nutrient solutions our customers need.

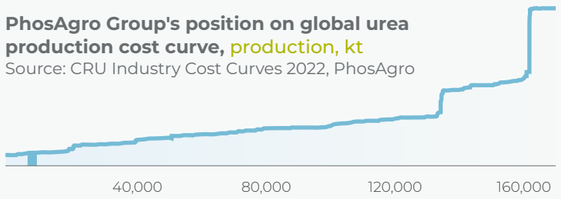
PhosAgro Group's position on global DAP production cost curve, production, kt

Source: CRU Industry Cost Curves 2022, PhosAgro

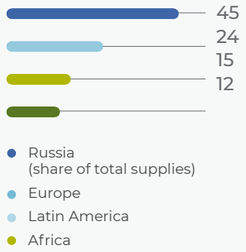


PhosAgro Group's position on global urea production cost curve, production, kt

Source: CRU Industry Cost Curves 2022, PhosAgro



Share of PhosAgro Group's supplies in the key sales markets (share of compound and complex fertilizers in the region's total imports), 2022 estimates, %



No. 1 *World's*

producer of high-quality phosphate rock (P_2O_5 content at 39% and above) globally

In 2022

PhosAgro topped **Expert RA's ranking** with its highest ESG transparency level among Russian chemical companies

One of the global leaders

in the production of major types of fertilizers by profitability



No. 1

in terms of urea and mineral fertilizer capacity concentrated at one production facility (Apatit, Cherepovets) in Europe



Self-sufficiency

in major inputs:

- 100% in phosphate rock,
- 76% in ammonia,
- 92% in sulphuric acid



One of the highest margins

in the phosphate segment



The only Russian

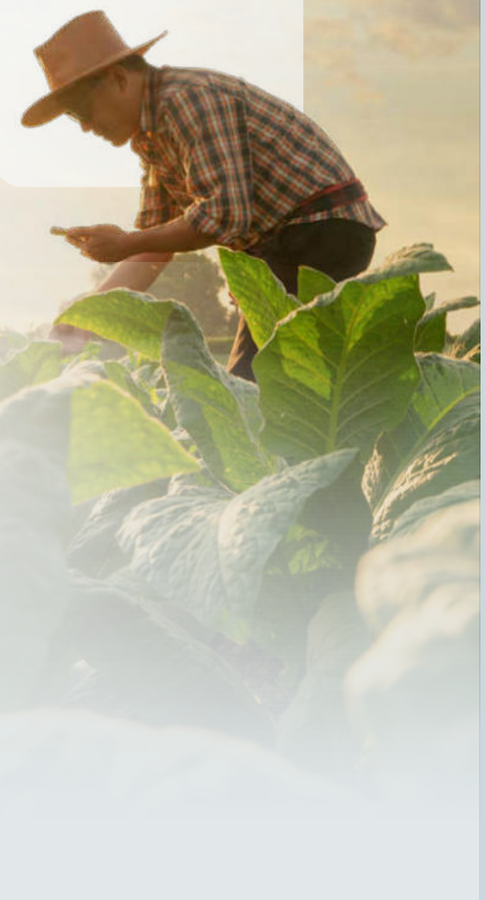
and one of the leading European producers of monocalcium phosphate feed grade and the NP 11-37 liquid complex fertilizer

3 Eco-efficient 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.



In December 2022, 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 (ABNT).**

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 P_2O_5.

Cd ≤ 20 mg/kg P_2O_5

[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, compliance with the BAT and sustainability criteria along with the CAPEX/EBITDA target, and a comfortable net debt / EBITDA covenant headroom.

Breakdown of CAPEX[2], RUB bln

[1] CAPEX excluding capitalised repairs.

5 *Well-balanced corporate governance*

4 *(40%)*
independent directors on the Board of Directors

3 *board committees*
meeting on a regular basis

In March 2022, in the wake of sanctions against Russia, the international rating agencies Standard & Poor's, Moody's and Fitch withdrew both the sovereign credit ratings and the credit ratings of all Russian corporate issuers, including PhosAgro. This move was not related to a change in the creditworthiness of the companies and had no impact on PhosAgro's ability to service its bank and public debt. At the time of the withdrawal, PhosAgro's credit ratings were as follows: Standard & Poor's – BBB-, Moody's – Baa3, Fitch – BBB-.

Throughout 2022, 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.

Also, as a result of the sanctions against the country, international ESG rating agencies scaled down their engagement with Russian companies, including PhosAgro. Hence, PhosAgro's international ESG ratings today cannot adequately reflect the Company's ESG practices.

PhosAgro is currently making efforts to obtain credit and ESG ratings from Russian rating agencies.

External ESG assessment		2020	2021	2022
RAEX		n/a	A	*A*
ДаСтратегия	Corporate transparency rating	n/a	A	*A+↑*
WWF	WWF Environmental Transparency Rating for Mining and Metal Companies	14	8↑	*7↑*
РСПП	Responsibility and Transparency index	B	A↑	*A*
	Sustainable Development Vector index	B	A↑	*A*
	Disclosure of UN SDG integration rating	B	A↑	*A*

Stakeholder engagement

Statement of the Chairman of the Strategy and Sustainable Development Committee



Sustainable development remains the cornerstone of PhosAgro's strategy, and we intend not only to maintain, but also to reinforce our focus on ESG integration in our corporate governance and current operations. Aware that full and timely reporting is key to achieving this goal, we place a strong emphasis on preparing relevant reports.

For the second year running, we are making disclosures in line with the TCFD recommendations. This methodology, also used in this Report, enables us to cover a wide range of steps we take across such areas as environmental protection, social responsibility and corporate governance. A disclosure approach focused on a product's lifecycle is instrumental in providing the most complete and well-structured information about the Company's performance, while maintaining a balance between the interests of diverse stakeholder groups.

I would also like to highlight the external recognition of our efforts. PhosAgro's Integrated Annual Report 2021 won the Grand Prix of the Moscow Exchange's 25th Annual Report Competition as the best report of companies with a capitalisation of over RUB 200 bln. This is our first reward of this kind, and we highly appreciate such a high recognition of our efforts by the investment community. We are doing our best to make sure our reporting complies with the highest standards going forward.

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.



Alexander Sharabaika
Chairman of the Audit 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

For us, engagement with stakeholders begins when we realise our common goals and interests. A stakeholder is a person or organisation that has an interest in what we do. Stakeholders also include persons or organisations that may be affected by our activities or can influence our business decisions.

Understanding stakeholder views facilitates many processes. It helps us develop new products for our customers, raise awareness among farmers about modern agricultural practices and techniques, work with researchers to present ambitious innovative projects connecting science and business and, most importantly, make informed practical choices to improve economic, social and environmental conditions where the Company can make a difference.

In our engagement with our stakeholders, we strive to be constructive, open and principled. Thus, we work hard to build partner relationships in the towns where we operate and ensure that we strictly comply with all applicable regulatory requirements.

PhosAgro's framework for stakeholder engagement management covers all tiers of corporate governance.

Generated and distributed direct economic value,
RUB mln

GRI 201–1

Item	Stakeholder	2020	2021	2022
DIRECT ECONOMIC VALUE GENERATED		**254,854**	**422,459**	**573,966**
Revenue from sales	Wide range of stakeholders	242,262	404,849	551,037
Revenue from other sales		11,617	15,639	18,490
Revenue from financial investments		975	1,971	4,439
Revenue from sale of assets		0	0	0
ECONOMIC VALUE DISTRIBUTED		**(247,254)**	**(363,715)**	**(520,253)**
Operating expenses, including:	Suppliers and contractors	(193,263)	(250,101)	(320,792)
wages and other payments to employees	Employees and trade unions	(28,540)	(32,781)	(51,567)
social expenses		(2,570)	(3,378)	(9,314)
PAYMENTS TO PROVIDERS OF CAPITAL				
payments to shareholders	Investment and finance community	(38,852)	(72,260)	(142,111)
payments to creditors		(4,132)	(4,335)	(4,558)
Tax expenses and other payments to government:		(11,007)	(37,019)	(52,792)
including income tax expense	Regional governments and local communities	(8,045)	(31,073)	(41,465)
ECONOMIC VALUE RETAINED		**7,600**	**58,744**	**53,713**

Employees and trade unions
For more information, see page 142



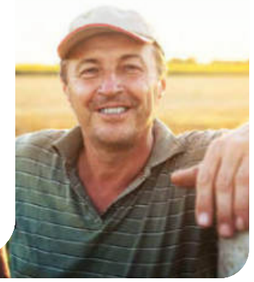
Investment and finance community, including investors, shareholders and ESG rating agencies
For more information, see page 326



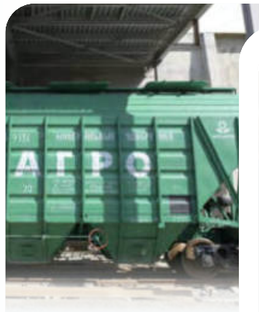
Regional governments and local communities
For more information, see page 234



Consumers
For more information, see page 100



Our key stakeholders:



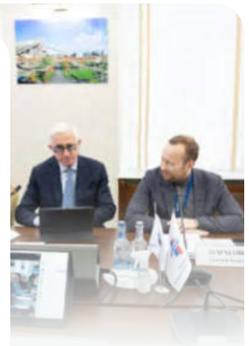
Suppliers and contractors
For more information, see page 130



International organisations
For more information, see page 128



Research community
For more information, see page 112



Business and industry associations
For more information, see page 126

Feedback

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

Defining material topics: approach and steps

In October 2022, PhosAgro approved the revised version of 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 the 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.

The new way of materiality assessment resulted in several changes to the 2022 disclosures, in particular a more extensive list of material topics. With no GRI sector standard for the chemicals industry drafted so far, the list of topics was expanded to include additional aspects reflecting the specific nature of the Company's operations, including SASB recommended disclosures.

The Company looked into topics for each GRI Topic Standard and rated them from 0 to 3 based on the opinion of the investment and finance community, including rating agencies, and feedback from the key stakeholders. In 2022, PhosAgro Group relied on the stakeholder survey from 2021, having first checked its relevance by reviewing communications received via the PhosAgro Hotline or ir@phosagro.ru over the year. We included topics rated above 1 in the list of material topics proposed for disclosure.

Following the analysis of topics deemed material in 2020, 2021 and 2022, we found out that their materiality had largely changed due to changes in assessment approaches.

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 (for more information, see the Business Model section on page 16) 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 paid attention both to the Company's impact on the end consumer and to 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). Hence, relevant competencies and skills acquired, in particular, as part of the provided training are highly relevant.

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. Following the analysis, we selected 22 material topics to be disclosed in this Report and ranked them according to their priority for the Company.

Key changes in 2022 reporting that deserve a special mention

1. Material topics disclosed in the 2021 Annual Report are still relevant in 2022.
2. We performed a dynamic assessment (change in relevance year-on-year).
3. We carried out a double materiality assessment of the Company's impact on the aspect and vice versa.
4. Under the new GRI 3 standard, we identified five new material topics:
   - **206** Anti-competitive behaviour,
   - **402** Labour/management relations,
   - **405** Diversity and equal opportunity,
   - **410** Security practices, and
   - **414** Supplier social assessment.
5. 44 GRI indicators (39 of which relate to the 22 material topics listed on page 32 below) underwent external independent audit by Technologies of Trust – Audit JSC, providing limited assurance.

For more information, see the GRI Content Index section on page 380.

OUR APPROACH TO SELECTING 2022 MATERIAL TOPICS

IDENTIFYING THE SOURCE OF DATA

for selecting material topics and assessing respective impacts

1

Review of material topics
from the perspective of the corporate strategy, risks, opportunities and the Company's business model

Surveys
of internal stakeholders

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

Analysis
and prioritising of the UN SDGs

Survey
of external stakeholders, including review of complaints and queries received by the PhosAgro Hotline

SHORT-LISTING

material topics

2

Assessment
of each topic's materiality:
- for the Company and its stakeholders (including investors);
- from the perspective of industry standards and ratings

Assessment
Materiality assessment of negative and positive impacts and assessing materiality of each impact in the value chain

Assessment
of each topic's materiality on a scale from 0 to 3

APPROVING THE FINAL LIST

of material topics

3

Checking
the selected topics for relevance to information users and against expert opinions

Approving
the final list of material topics by the Strategy and Sustainable Development Committee

Impact on the value chain



MEETING the growing demand





In November 2022, the world's population exceeded eight billion people and may hit the ten billion mark by 2050. In this context, the use of fertilizers is one of the most promising ways to avert the global threat of hunger, and constructive cooperation between international organisations, governments, fertilizer producers and consumers is critical to maintaining resilient and reliable global fertilizer production and supply chains.



Despite normal temporary fluctuations, the long-term growth in global demand for mineral fertilizers has been steady. In Russia and the CIS, consumption grew by 6% in 2022. Building on PhosAgro's contribution to meeting this growing demand, we further increased production in 2022.

4.6%

y-o-y growth in PhosAgro's mineral fertilizer production

For more information, see page 65

Boosting supplies to the rapidly growing markets of Latin America is one of our key priorities. **In 2022, PhosAgro Group products were certified in Brazil** and earned the Environmental Quality Label from the Brazilian Association of Technical Standards.

For more information, see page 57

4 Chairman's statement
6 CEO's statement
9 Business environment
12 Market overview
17 Strategy
36 Strategic risks

Chairman’s statement



The past year has offered Russian businesses unprecedented challenges: the rules and mechanisms of international trade, including those for fertilizers and agricultural commodities, no longer work as they used to. PhosAgro Group, a supplier to farmers around the globe, was forced to adapt quickly to the new normal. And we did it.

We have been working hard to make sure that farmers in the priority domestic market and globally have access to our high-quality and eco-efficient fertilizers, which is exactly what the Company was created for.

Consistently strong corporate governance

In 2022, PhosAgro’s corporate governance framework changed. I took on the role of the Chairman of the Board of Directors. This is an honour and a great challenge for me, and I want to express my gratitude to colleagues for their trust.

It is my conviction that people are PhosAgro Group’s most valuable asset.

I believe it is our team that helped keep the quality of PhosAgro’s corporate governance consistently high through all the headwinds of 2022. Year after year, the Company has been streamlining its production and governance structure: the local regulatory framework, monitoring and control systems, communications and accountability across the Group. This helped us withstand the challenges of the past year. Despite all the risks and external limitations pressing on the business environment, we strived to remain open and transparent to a wide range of stakeholders. In our view, it is a reliable indicator of strong corporate governance and sustainable development of the Company.

PhosAgro Group has stood strong boasting unprecedented flexibility: even under these circumstances, we were able to ramp up supplies, primarily to markets in friendly countries.

RUB 63 *bln*
earmarked for investment

Sticking to strategic priorities

In the year’s turbulent environment, not only have we not abandoned investment in development, but we have planned record investments in projects that will fuel our growth, support self-sufficiency in feedstock and, of course, create jobs and contribute to the development of the regions where we operate.

In 2022, the Company invested over RUB 63 bln (including capitalised repairs) with another RUB 250 bln earmarked for investment over the next five years.

Despite all the trade restrictions of 2022, the Company was able to route its supplies to other markets

In 2022, we continued with our Strategy to 2025, which focuses on increasing production and raising our status as a low-cost producer of eco-efficient fertilizers.

Strengthening new business relationships

in a short period of time. While maintaining our leading position in the priority domestic market, we have also cemented our business relationships with a number of friendly countries.

Specifically, Russia and Brazil reached a new level in bilateral trade this year: our products earned an Environmental Quality Label from the Brazilian Association of Technical Standards. PhosAgro's Cherepovets, Volkhov and Balakovo production sites and its phosphate rock mining and beneficiation facility in Kirovsk successfully passed a certification audit by ABNT.

The joint project accomplished by PhosAgro Group, ABNT and the Ecological Union certification body to develop and harmonise common criteria for evaluating fertilizers is an important milestone towards mutual recognition of ecolabels for mineral fertilizers and setting uniform market requirements in the two countries based on the existing Vitality Leaf international system standard.

Sustainability at the heart of PhosAgro's business

GRI 2-22

Our absolute priority is to operate with the widest possible range of stakeholders in mind. We collaborate closely with farmers, local communities in the regions of operation, and domestic market players. PhosAgro continues to run joint humanitarian and educational projects in concert with international organisations. We also actively cooperate with academic organisations and institutions of higher and secondary vocational education offering training in relevant and related professions. This has brought to life highly successful training programmes at these educational institutions for young talent the Company needs.

Apart from our charitable initiatives in the area of social and environmental development, we are closely integrating the sustainability principles into our business model, which has become the key element of PhosAgro Group's overall strategy and is successfully embedded into our corporate governance framework and our day-to-day operations.

For example, at the UN Climate Change Conference (COP27), we joined the Business Declaration for Climate Resilient Water, Sanitation, and Hygiene (WASH). The Declaration was drafted by the Water Resilience Coalition, a UN Global Compact platform, together with the WASH4Work alliance to help achieve the Clean Water and Sanitation and Climate Action UN Sustainable Development Goals.

As part of a joint project between PhosAgro and the UN Food and Agriculture Organisation, we launched the Russian Soil Laboratory Network (RUSOLAN), which was integrated into the Global Soil Laboratory Network (GLOSOLAN) that includes over 800 laboratories in more than 150 countries.

To support the green agenda, Apatit mining and processing plant continues to increase the use of green electricity for its agrochemical products. Our in-house power generation facilities at our chemical plants are largely powered by sulphuric acid production steam. A similar generating facility was launched in Volkhov in 2022 as part of an investment project to build a new plant and cover 90% of its electricity needs.

In a joint effort with the government of the Vologda region and the Russian Academy of Sciences, we have kicked off a project to create a carbon farm, an area designed to monitor and absorb greenhouse gases. In autumn 2022, the first part of the carbon farm was deployed as part of the project and around 110,000 coniferous and deciduous trees were planted on an area of around 100 ha.

Forging ahead

The investments we have made over many years and the professionalism of our team are yielding tangible results. I am confident that we will continue to forge ahead to new heights and new records in 2023, all the more so because not only the Company needs this.

We recognise our responsibility towards a wide range of stakeholders, including farmers all over the world. Our ultimate goal that we have been successfully pursuing for over 20 years is to ensure the reliable and seamless supply of eco-efficient fertilizers and therefore contribute to food security in Russia and in some 100 countries around the world.

In 2022 and 2023, this challenge becomes particularly urgent as sanctions hit the global business arena, and unconscionable compliance from financial, logistics, and insurance companies may disrupt established processes. In 2023, we will continue to stand up for the free trade of PhosAgro Group's eco-efficient fertilizers around the world for the benefit of people and global food security.



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

CEO’s statement



The year of 2022 will certainly go down in the history of Russia’s business as one of the most challenging years even compared to the period of the COVID-19 pandemic. We were, too, affected by a number of sanctions, the disruption of international ties and supply chains that had developed over years of cooperation. It was in this year that I assumed the position of CEO, and I am grateful for the trust of our shareholders and team, and for the coordinated and professional work of each and every member of the management team. I am also grateful to my predecessor, Andrey A. Guryev, whose stewardship made PhosAgro one of the globally recognised leaders and the industry’s most efficient players. In 2022, this came in handy more than ever before.

Throughout the year, we were dealing with the key challenge of maintaining access to PhosAgro Group’s eco-efficient fertilizers for farmers around the world for the sake of global food security. Artificial barriers impeded this in every way possible, but we continued to do our utmost to eliminate the restrictions on free trade in vital agricultural commodities from Russia. In the extremely challenging environment of 2022, our commercial and logistics divisions exemplified total dedication and impeccable professionalism. However, you need to understand that while much has been achieved, there is still a long way to go before obstacles to Russian fertilizers are lifted and a global humanitarian catastrophe is prevented.

PhosAgro’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.

New records

In 2022, in spite of all the external challenges, the Company’s team managed to set a new production record: the concerted efforts of our entire team increased PhosAgro Group’s agrochemical output by almost 5% year-on-year to a record 11.1 mt. Thus, we managed to meet growing demand in our priority domestic market reliably.

One of PhosAgro Group’s primary objectives is to offer a wide range of high-quality fertilizers to farmers. With our in-house R&D function, we continue expanding our offering to meet the needs of farmers in line with the principles of sustainable development. And we are able to do this quickly. In 2022, our portfolio expanded to 57 agrochemical grades, including all types of fertilizers and feeds. Two of these grades were registered in 2022. A significant portion of our offering consists of newest fertilizer grades developed over the past five years, including two in the reporting year.

Once again, the past year was a record year for us in terms of not only operating but also financial performance. Adjusted EBITDA was up by 39% compared to 2021, reaching a record of RUB 267 bln. EBITDA margin also improved, hitting 46.9% vs 45.7% in the previous year.

Investments in the future

n 2022, we continued to make steady progress towards the goals set out in our Strategy to 2025, including running existing investment projects and targeted programmes. Most of these goals seem relevant and realistic, even in the new external environment.

In the reporting year, we allocated more than RUB 63 bln (including capitalised repairs) for the development and maintenance of production facilities, a third more than in 2021. We are building new production facilities, upgrading and expanding existing ones, bolstering their vertical integration and self-sufficiency in technology and feedstock. All this enables us not just to ramp up production, but to do so in the most flexible and cost-efficient way possible taking full advantage of existing market environment and delivering a sustainably high return on our investments.

RUB 267 *bln*

adjusted EBITDA

The top priority for our team was to ensure seamless operations at all of our production sites, deliver fertilizers on time, and take care of our employees and their families.

Projects we are proud of

Putting the new +10 m level at the Kirovsky mine into operation is the most ambitious of our key investment projects. Early in 2022, we started to pilot the new level and in February the first batch of ore was already available for beneficiation. The new level will not only enable us to replace the levels being shuttered but even to increase the mine’s overall output in order to reach the targets in line with the Strategy to 2025. This project is the champion by the number of bleeding-edge technologies and solutions applied.

Another key project for PhosAgro Group is to develop Balakovo branch, where we completed the third phase of our investment programme in 2022. One of the main initiatives in this project was the upgrade of the SK-20 sulphuric acid unit increasing its monohydrate capacity from the current 760 ktpa to 1.1 mtpa. It will make us more independent of external suppliers and more self-sufficient in the scarce raw material – high-quality sulphuric acid. This investment project boosted phosphate rock processing and helped us launch the production of complex NPK fertilizers in Balakovo.

Over the next five years, we plan to invest around RUB 250 bln in developing and maintaining our production capacities, of which nearly RUB 67 bln (including capitalised repairs) will be invested in 2023 – a 6% increment over the record high investment made in 2022.

Sustainable development and food security

As we discuss PhosAgro Group’s performance in the past year, I cannot but mention our sustainability efforts and achievements. We have once again proved that we are able to combine strong operating and financial performance with social and environmental commitments.

We more than doubled our support for social and charitable projects in the regions of operation, with some RUB 11 bln spent in this realm. PhosAgro implemented initiatives set to improve the quality of the urban environment, education, healthcare, youth policy, and sports.

On top of that, we strongly support traditional cultural and spiritual values.

By and large, the sustainability principles are firmly incorporated into our business model, as our primary goal is to supply our eco-efficient fertilizers to farmers around the globe and in the local priority market.

We used the best available technologies to implement all the investment projects and programmes in 2022, and our sustainability efforts do not go unnoticed by the expert community.

In November 2022, the Russian Quality Agency (Roskachestvo) confirmed that PhosAgro Group's products meet the requirements of the Green One label. In 2021, the Company was the first business in Russia to take assessment for compliance with the standard enabling us to use this ecolabel. By a wide margin, PhosAgro's fertilizers comply with the world's most stringent limits on heavy metals and arsenic content in fertilizers, which are introduced by Russian national standard GOST R 58658-2019.

We also passed an inspection for product compliance with the Ecological Union's Vitality Leaf standard in November 2022. PhosAgro became the first company in the country's fertilizer industry to be granted the right to use this international label a year earlier.

We also ranked among the companies with the best social and charitable programmes in the Russian Leaders in Corporate Philanthropy 2022 competition organised by the Donors Forum, a coalition of major grantmakers in Russia.

Outlook

We have big plans for 2023. PhosAgro will continue to pursue the Strategy to 2025 by increasing capacity and upgrading production facilities.

We plan to ramp up our state-of-the-art phosphate fertilizer production site in Volkhov to its design capacity, and it will become an innovative industry leader for years to come. This will help us increase not only the output of finished products, but also the processing of phosphate rock – the main raw material for fertilizers.

We will continue with our ambitious programme to develop our raw material base in Kirovsk, where we intend to bring the second start-up facility at level 10 of the Kirovsky mine on stream by the end of the year. In Cherepovets, we plan to bolster phosphate rock processing; in Balakovo we intend to complete projects designed to boost feed phosphates and sulphuric acid output, and to kick off phase 3 of our production site creating a flexible MAP/DAP/NPS/NPK fertilizer production scheme.

For more than 20 years of our history, we have remained true to our mission of supplying eco-efficient PhosAgro Group fertilizers to farmers around the world, including the priority Russian market, and making a meaningful contribution to global food security.

PhosAgro Group's strength lies in its employees, shareholders, and partners alike. Thank you for your confidence in the course the Company has chosen to follow.



Mikhail Rybnikov,
Chief Executive Officer of PJSC PhosAgro

Business environment

SASB EM-MM-210b.2

December 2021 – present

On 1 December 2021, Russia's export quotas for nitrogen-based and complex fertilizers came into effect

As a way to prevent shortages in the domestic market and, consequently, to slow down the growth of food prices amid rising gas prices (with gas used extensively in the production of nitrogen-based fertilizers), Russia's government resolved to restrict exports of nitrogen-based and complex fertilizers for six months starting from 1 December 2021. The quotas for nitrogen-based and complex fertilizers were approved at 5.9 mt and 5.35 mt respectively. Later on, the urea export quota was raised by 280 kt. When the initial effective period expired, the quotas were first extended until the end of August, and then until the end of 2022. The quotas for nitrogen-based and complex fertilizers were set at slightly above 8.3 mt and 5.9 mt respectively. In 2023, the Russian Ministry of Industry and Trade extended the quotas until 31 May 2023, with the quotas for nitrogen-based and complex fertilizers coming in at 7.3 mt and 5 mt respectively.

February – March

Ban on Russian vessels entering UK ports and other logistical restrictions
On 1 March 2022, the UK passed a bill fully blocking access to the nation's ports for all vessels related to Russia. On 4 March 2022, Denmark's Maersk stopped accepting bookings for the shipment of essential goods from the ports of Novorossiysk, St Petersburg and Kaliningrad.

The London Stock Exchange suspended trading in PhosAgro's global depositary receipts
The London Stock Exchange suspended trading in depositary receipts issued by Russian companies, including PhosAgro. According to the LSE, this move was designed to maintain orderly markets in light of the market conditions.

Western suppliers of equipment and industrial solutions halted their operations in Russia.
In February–March 2022, many Western suppliers of equipment and industrial solutions resolved to close shop in Russia. Among them were Caterpillar, Metso, Epiroc, Sandvik, Komatsu, Hitachi and others. The economic sanctions imposed by the USA and EU complicated exports of dump trucks from respective countries to Russia, while also contributing to the shortage of components (engines, gearboxes) and spare parts.

The three largest container-shipping lines halted cargo bookings from Russia
On 1 March 2022, the world's three largest container shipping lines – Switzerland's Mediterranean Shipping Company (MSC), Denmark's Maersk and France's CMA CGM – suspended cargo bookings from Russia.

The USA introduced a sanction waiver for Russian fertilizers
The Office of Foreign Assets Control (OFAC) of the US Treasury published a new general licence, which removed Russian mineral fertilizers from possible sanctions. The US authorities classified Russian fertilizers as strategic supplies required to prevent shortages of chemical products essential for the agricultural industry.



April

The EU approved the fifth sanctions package
As part of its new sanctions package, the EU restricted imports of fertilizers from Russia. The restrictions do not apply to the execution until 10 July 2022 of contracts concluded before 9 April 2022. Starting from 10 July, the EU also introduced the following one-year quotas for Russian fertilizer imports: 837.57 kt for potassium chloride, and 1,577.8 kt for complex and other potassium-containing fertilizers.

The fifth sanctions package also imposes a ban on imports of potassium chloride from Belarus through Russia ("anti-circumvention measure against potash imports from Belarus").

As part of its fifth package of sanctions against Russia, the EU closed off its ports for Russian-flagged vessels starting from 16 April 2022. The ban also applies to the vessels that changed their Russian flag or their registration after 24 February 2022.

Poland approved sanctions against 15 individuals and 35 legal entities from Russia
The sanctions apply to a number of Russian companies, including PJSC Gazprom, PJSC NOVATEK, PJSC Acron, PJSC PhosAgro and others.



June

Russia became the largest supplier of phosphate fertilizers to India
From April to June 2022, Russia shipped 350 kt of diammonium phosphate to India, thus becoming the largest supplier of phosphate fertilizers in the Indian market amid the sanctions imposed by Western countries.



July

The USA issued a general licence to authorise transactions related to Russian fertilizers
The OFAC authorised transactions with Russia related to the supplies of agricultural commodities, fertilizers, medicines and medical devices.

The USA rejected duties on nitrogen-based fertilizers from Russia
The US International Trade Commission (ITC) recognised that imports of urea ammonium nitrate (UAN) solutions from Russia and Trinidad and Tobago did not hurt American producers. The investigation was launched in summer 2021 after a petition from CF Industries Holdings, the nation's largest producer of said fertilizers.

Signing of the grain deal
The grain deal was signed on 22 July 2022. Russia and Ukraine entered into the grain export agreement separately by executing individual documents with Turkey and the United Nations. Furthermore, Russia and representatives of the United Nations Secretariat met in Istanbul on 22 July 2022 to sign a Memorandum of Understanding on promoting Russian food products and fertilizers to the world markets. On 17 November 2022, the grain deal was extended for a period of 120 days.

September

The European Commission authorised Russian fertilizer supplies
The European Commission issued an updated guidance to make it clear that EU companies are allowed to offer transportation and insurance support to Russian fertilizers transiting to third countries.

December

As part of its ninth sanctions package, the EU authorised the unfreezing of assets belonging to Russian businessmen engaged in production of fertilizers and chemicals
Under the ninth sanctions package, certain EU member states were allowed to unfreeze the assets of Russian businessmen engaged in production of fertilizers and chemicals, if this was needed strictly to bankroll shipments of food and fertilizers.



November

The US Department of Treasury and State Department encourage major US banks to continue transactions with certain Russian companies
The US Departments of Treasury and State urged creditors to continue offering their key services (USD settlements, payment transfers, trade financing, etc.) to Russian companies exempted from certain aspects of sanctions, for example, such companies as PJSC Gazprom and PJSC PhosAgro.

The UK authorises financial services for the supply of Russian fertilizers
The UK Government issued a general licence that permits the provision of financial services for the supply of Russian fertilizers to third countries. The UK officials emphasised that the licence is only applicable to the shipments of fertilizers for agricultural needs.

January 2023

Russia introduced duties on fertilizer exports effective until the end of 2023
Starting from 1 January 2023, Russia imposed export duties on all types of mineral fertilizers to be charged at a rate of 23.5% of the price above USD 450 per tonne.

New Common Agricultural Policy
On 1 January 2023, the New Common Agricultural Policy of the European Union came into effect. This Policy will be key to securing the future of EU's agriculture and forestry, as well as achieving the objectives of the European Green Deal.

Pan-African Parliament Bureau Resolution
In January 2023, the Pan-African Parliament Bureau adopted a resolution on the impact of sanctions on food security in Africa. The resolution urges to create with an immediate effect a Fact-Finding Mission to assess the impact of current sanction-related fertilizer shortages and to address themselves to the relevant governments and institutions responsible for the shortages.

Market overview

In 2022, amid complications in the global geopolitical situation, the international fertilizer market faced a number of challenges that had a predominantly negative impact on the fertilizer industry and farmers as the end consumers. The key negative drivers include:



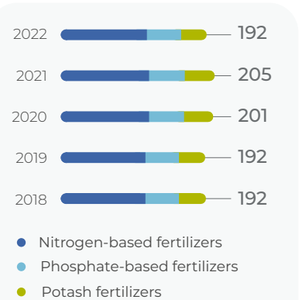
- Direct and indirect sanctions against mineral fertilizer producers in Russia and Belarus, which until then accounted for a total of 23% (49.4 mt) of global trade volumes (global exports).
- Disruptions in natural gas supplies and a marked rise in global prices for natural gas and other energy sources. Natural gas is the key raw material component in the production of nitrogen-based fertilizers, and a strong rise in natural gas costs, especially in Europe, caused production capacities to be scaled down and closed.
- Persisting restrictions on fertilizer exports from China, which have been in place since late 2021 as a way to make sure the domestic market remains well-supplied.
- As a result of all of the above, global prices for fertilizers surged, especially in 1H 2022, reaching levels above record highs for some of the fertilizer types.
- The spike in global prices made fertilizers less affordable (fertilizer/crop price ratio), dampening demand for them.

Preliminary estimates by consulting agencies and industry analysts[1] suggest that in 2022, global consumption of mineral fertilizes stood at 192 mt nutrient, a reduction of 6%, or 13 mt nutrient, against 2021. Consumption of nitrogen-based fertilizers was down by 3 mt of N (–3%) to 111 mt; for phosphate fertilizers, it shrank by 3 mt of P_2O_5 (–6%) to 47 mt, and for potash fertilizers, consumption fell by 6.0 mt of K_2O (–15%) and reached 35 mt.

In terms of geography, consumption of mineral fertilizers declined across all regions except for the CIS (not including Ukraine). The reduction was most pronounced in Europe (down by 2.7 mt nutrient, or 12%, y-o-y), North America (down by 2.7 mt nutrient, or 10%), and Latin America (down by 2.2 mt nutrient, or 7%). In Africa and Asia, consumption dropped by 12% and 3–4% respectively.

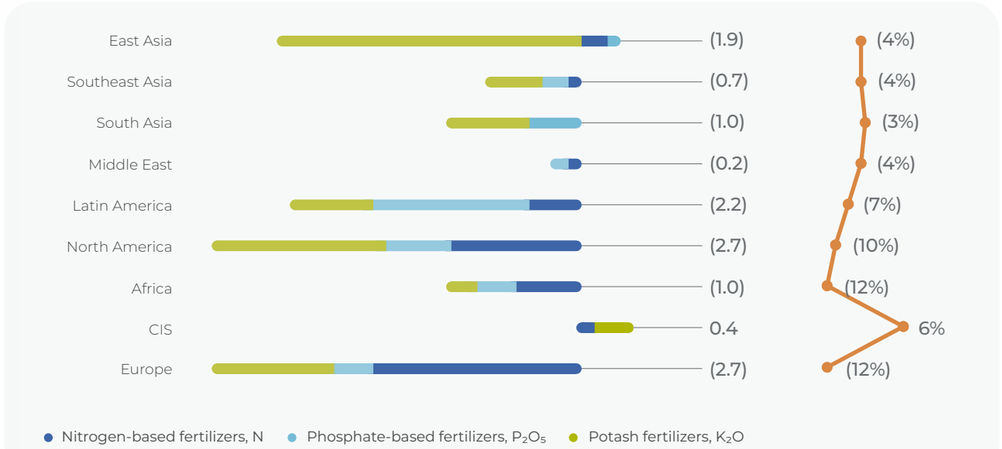
In the CIS, there was price control on our priority market, an uptick by 0.4 mt, or 6%, against 2021 on the back of export restrictions imposed against Russian and Belarusian products and refocusing of export supplies towards the domestic market.

Global fertilizer consumption estimates, mt nutrient



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

Estimate of changes in consumption by region, mt nutrient



Phosphate rock and phosphate-based fertilizer market

202 *mt* –7% vs 2021

global production of phosphate rock in 2022 (according to preliminary estimates)

Phosphate rock prices, FOB Morocco (31–33% P_2O_5), USD/t



The reduction was driven by weaker conditions in the markets for phosphoric acid, mineral fertilizes and industrial phosphates seen in 2022. The most significant decline in phosphate rock production came from China and Morocco, along with other African nations. Russia, Latin America and the Middle East saw no major changes in their phosphate rock production volumes.

Pricing in the phosphate rock market has the traditional time lag associated with changes in price indices in phosphate-based fertilizer markets. In 1Q–3Q 2022, prices for the key types of phosphate rock were growing steadily before price correction kicked in, following the trend for phosphate-based fertilizers.

According to preliminary estimates, global production of complex phosphate-based fertilizers (DAP + MAP) in 2022 reached 55 mt, a 6 mt (10%) reduction y-o-y that reflects temporary weakening of demand for mineral fertilizers in general in 2022. The bulk of the production decline was seen in China, Morocco, and the USA. Global production of complex NPK fertilizers is also expected to go down by 5–7 mt to 92 mt in 2022.

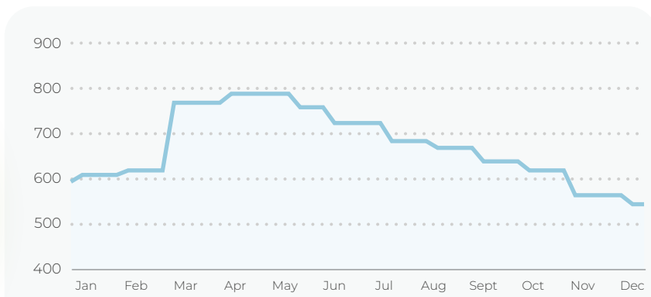
Global trade in DAP/MAP in 2022 was down by 5 mt, or 17%, to 25 mt y-o-y.
The most significant drop in DAP/MAP imports was seen in Europe and North and South America, with the trend only partially offset by higher DAP imports to India.
Global imports of NPK fertilizers shrank by 2 mt to 16 mt, driven mainly by Europe and Africa's weaker demand for import.
In 1H 2022, phosphate-based fertilizer prices reached record highs of USD 1,200–1,300 per tonne (CFR)[1] in sales markets, which was due to concerns over a seasonal shortage of fertilizers after export restrictions were imposed by the key supplying nations (direct or indirect sanctions against products from Russia and Belarus; China's limitations on exports to benefit the domestic market). In 2H 2022, global prices for phosphate fertilizers saw correction amid weaker demand in the key importing markets, including Brazil, USA, and Europe.

25 *mt*
–17% vs 2021
global trade in DAP/MAP in 2022, according to preliminary estimates

Global DAP/MAP prices in 2022, FOB Baltic, USD/t



Global NPK (15:15:15) prices in 2022, FOB Baltic, USD/t



[1] CFR (Cost and Freight)

Nitrogen-based fertilizer market

In 2022, the global fertilizer market was under pressure from surging and persistently high natural gas prices in Europe, which caused a reduction in domestic production of nitrogen-based fertilizers in Europe and contributed to their substitution with imports. The launch of new facilities in West Africa and Southeast Asia, coupled with increased utilisation of existing capacities in countries with their own cheap raw materials (natural gas), managed to offset lower production volumes in Europe and other regions with high energy costs.

According to preliminary estimates, global production of urea expanded by 4 mt (2%) to 175 mt in 2022. Lower output in Western and Eastern Europe (down by 3–4 mt) was offset by production ramp-up in Africa, North America and Asia (up by over 7 mt combined), including by new capacity launches in Nigeria, India, and Brunei.

Global urea trade volumes in 2022 stayed virtually flat at some 53 mt. A 2.5 mt uptick in imports of urea to Europe was offset by weaker import demand seen in Latin America and Asia.

In 2022, the global urea market remained highly volatile, with price fluctuations between all-year highs and lows reaching as much as 100% and above. Changes in the urea pricing environment reflect the natural gas market volatility, importer concerns over potential reductions in urea exports from Russia, and irregularities in seasonal demand from the key sales markets of South Asia and Latin America.

175 *mt*
+2% vs 2021
global production of urea in 2022 (according to preliminary estimates)

Global urea prices in 2022, FOB Baltic, USD/t







Potash fertilizer market

The key driver in the potash fertilizer market was the introduction of sanctions against exports of potassium chloride from Russia and Belarus.

These two nations account for around 40% of global production and exports.

Preliminary estimates show global production of potassium chloride to drop by 10 mt (14%) to 61 mt, with global trade in this fertilizer also going down by 10 mt (18%) on the back of lower shipments from Russia and Belarus.

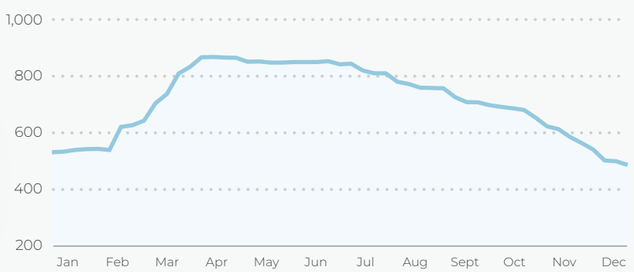
The downward trend in export supply drove up prices for potassium chloride in 1H 2022, causing them to reach as much as 1,000 USD/t and above. High potassium chloride prices made the fertilizer less affordable for farmers, driving a reduction in demand and global price correction in 2H 2022.

61 *mt*

–14% vs 2021

global production of potassium chloride (according to preliminary estimates)

Potassium chloride prices in 2022, FOB Baltic, USD/t



Strategy

Strategy to 2025

In 2022, PhosAgro continued to make good progress towards the goals of its Strategy to 2025 approved by the Company's Board of Directors in 2019.

Despite the changing external environment, we consider most objectives of the Strategy to 2025 to be relevant and achievable and continue to implement respective projects and programmes.

Our record-high production of 11.1 mt of mineral fertilizers and other chemical products in the reporting year is an important milestone along this journey.



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

Increasing sales in priority markets

- Expansion of the foothold in premium markets
- Higher share of premium fertilizer brands in the sales mix

For more information, see page 56

Boosting logistics efficiency

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

For more information, see page 62

Operational efficiency and production growth

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

For more information, see page 65

Capital investments

A disciplined approach to CAPEX

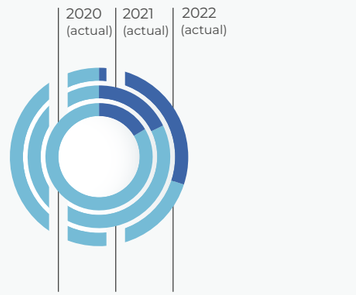
- The minimum project IRR of 15%
- Annual CAPEX budget of up to 50% of EBITDA
- More efficient working capital management



Breakdown of CAPEX[1], RUB bln

Expenditures	2020 (actual)	2021 (actual)	2022 (plan)	2022 (actual)	2023 (plan)
Investment projects	23.8	30.0	23.6	24.1	24.2
Maintenance	10.4	10.8	27.6	27.0	29.0
Non-industrial construction	2.1	1.1	2.0	2.2	4.0
Total	**36.3**	**41.9**	**53.2**	**53.2**	**57.1**

CAPEX funding in 2020–2023[1], RUB bln



Details of key investment projects in 2022, RUB bln



- 6.3 Development of the Volkhov branch of Apatit (phase 3 – construction of a unit to produce water soluble MAP)
- 5.3 Construction of +10 m level at the Kirovsky mine
- 2.5 Development of the Vostochny mine, Koashvinsky open pit and Njorkpahk deposit (Kirovsk)
- 1.9 Development of the Balakovo branch of Apatit (phase 2)
- 5.2 Other key projects

[1] Excluding capitalised repairs.
[2] Key investment projects excluding capitalised repairs.

New promising projects

Despite the changes in the external environment, in 2022 we continued to develop an updated Strategy to 2030, however, this exercise will take us longer than expected due to dramatically increased uncertainty. We continue to greenlight those high-potential projects that offer significant economic and environmental benefits, meet the criteria adopted by the Board of Directors as part of the Strategy to 2025 for the key reviewed scenarios, and aim to promote further development in line with the Company's strategic priorities – progressive production growth, innovative and ESG-compliant products and processes, and operating efficiency.



Project

Construction of crushing and delivery unit No. 4 (CDU-4) at the Rasvumchorrsky mine (Kirovsk)

Completion

2022

Targets

IRR > 100%

Ore delivery from underground *up to* 3.5 *mt* of ore per year

Investments

RUB 0.8 *bln*

Status

Completed successfully. In August 2022, CDU-4 was commissioned at the Rasvumchorrsky mine for ore delivery from underground

ESG agenda

Addressing climate issues, environmental efficiency, energy and resource saving is integral to the Company's Strategy to 2025. Every addition to our production capacities is designed to employ the best available techniques and operated in strict compliance with the applicable sustainability standards. PhosAgro's framework for assessing promising investment projects is based, among other criteria, on their potential environmental impact. In 2022, we created a methodology for incorporating the carbon price into the system for evaluating the climate impact as a factor in our final investment decisions. This methodology was approved in early 2023. In 2020, the Board of Directors completed the integration of PhosAgro's climate and environmental agendas into its business strategy by approving Climate and Water strategies that set measurable, achievable targets for reducing the Company's environmental footprint through specific initiatives.

Stable and successful home regions are a key driver of PhosAgro Group's sustainable development. We implement our social investment strategy through promoting efficient and successful cooperation with a broad range of partners. As a reliable long-term partner, we create stable and well-paid jobs for local people, provide good education and place regular orders with local businesses.

Increasing sales in priority markets

Expansion of the foothold in premium markets

Sales volume mt:
Russia and the CIS

3.7 mt / 2.6 mt

American countries

3.5 mt / 2.7 mt

Number of distribution and logistics centres

35 / 33

Total storage capacity

> 650 kt / 821 kt

Liquid complex fertilizer storage capacity

62 kt / 74 kt

Progress

Higher share of premium fertilizer brands in the sales mix

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

43.1 % (5 mt) /
33.5 % (3.7 mt)



Operating efficiency and production



Progress

Capacity expansion

Phosphate rock production

11.1 mt / 10.9 mt

Phosphate rock processing

8.4 mt / 8.7 mt

Mineral fertilizer and feed phosphate production

11.6 mt / 10.8 mt

Maintaining high feedstock self-efficiency

Ammonia

76 % / 76 %

Sulphuric acid

91 % / 92 %

Ammonium sulphate

75 % / 51 %

Stronger operating efficiency

Implementation of organizational development projects in line with the BAT and sustainability criteria

Boosting logistics efficiency

Progress

Reduction of transportation costs

Increased reliance on own rolling stock.
Use of innovative railcar fleet

Alignment of production and sales

Rail infrastructure throughput at key production sites:

28.3 mtpa / 25.9 mt



Project

Construction of a heat and power plant in Volkhov

In 2022, the Volkhov branch **successfully completed a project to build a new sulphuric acid facility with a heat and power plant.** The commissioning of a heat and power plant using process steam from the new sulphuric acid facility will help to reduce both the cost of purchasing electricity from third-party suppliers and greenhouse gas emissions.

The new heat and power plant leverages the most efficient environmental protection technologies and solutions. In particular, it uses cooling towers with a prefabricated metal basin raised above the ground, allowing its integrity to be monitored and preventing hidden water leaks into the ground. The water treatment system relies on a state-of-the-art treatment technology based on reverse osmosis. As part of the HPP project, we also upgraded the site's storm water collection and treatment system, which now includes an additional treatment unit used to bring the make-up water quality in line with the water circulation cycle requirements. This makes it possible to supply water to the HPP and sulphuric acid production facility while maintaining the closed water circulation cycle of the entire site, eliminating the discharge of waste water into water bodies.

Completion

2022

Targets

Power to be generated in 2023:

249 *mln kWh ,*

including 205 mln kWh generated through the utilisation of sulphuric acid production steam

GHG emissions to be reduced by

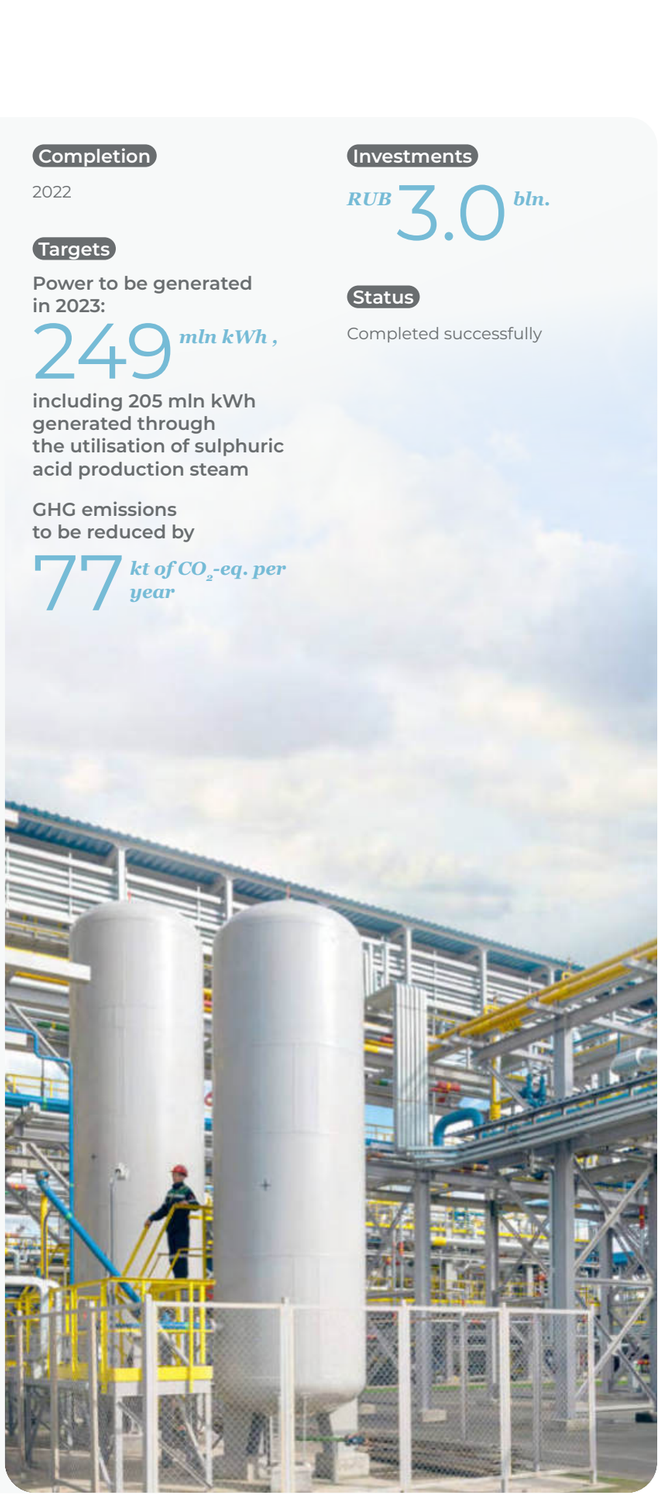
77 *kt of CO_2-eq. per year*

Investments

RUB 3.0 *bln.*

Status

Completed successfully



Increasing sales in priority markets

PhosAgro Group is successfully increasing the profitability of its sales by active involvement in the most high-margin markets and through boosting sales of premium mineral fertilizer grades, primarily complex fertilizers.

Sales of mineral fertilizers and feed phosphates, kt



- 2,571 Russia and the CIS
- 2,239 Europe
- 2,651 American countries
- 3,493 Other

2022

STRATEGY TO 2025



- 3,700 Russia and the CIS
- 3,100 Europe
- 3,500 American countries
- 1,255 Other

Targets 2.4, 12.4, 15.1

Promoting and raising awareness about best farming practices and developing the service model

Targets 2.4, 13.1, 13.2

Producing mineral fertilizers with micronutrients which enhance the quality of soils as natural sinks of CO_2 and help adapt to climate change

Targets 2.4, 12.4

Expanding sales of eco-efficient mineral fertilizers and developing innovative plant nutrition systems

Expansion of the foothold in premium markets

The strategic flexibility of PhosAgro's production and logistics capabilities achieved in previous years as a result of a robust investment programme, has enabled the Company to maintain premium margins despite largely diverting its exports to new markets amid restrictions on fertilizer supply from Russia imposed by several countries due to geopolitical reasons. We also remain strongly committed to our home market.

Progress towards our targets

The ongoing expansion of storage and logistics capacities in Russia is in line with our strategy.

	2020 (actual)	2021 (actual)	2022 (actual)	Strategy to 2025
Distribution centres	29	31	33	35
Total storage capacity, kt	679	765	821	>650
Liquid complex fertilizer storage capacity, kt	52	66	74	62

From 2018 to 2022, a total of over RUB 3.2 bln was invested in the development of the Russian regional network. In 2022, the number of the network's distribution centres increased to 33, while the total storage capacity exceeded 800 kt, including 74 kt for the transhipment of liquid mineral fertilizers (a new record for Russia). We also focused on making efficient use of our packaging capacities, with the packaging volume doubling in 2022.

PhosAgro is successfully developing its service model. In 2022, PhosAgro-Region launched commercial service operation of its grain facilities at the distribution centre in Kalach (Voronezh region). At the end of the year, the service revenue from additional services totalled almost RUB 160 mln.

In 2023, the Company plans to focus on further expanding the distribution network, developing existing and launching new logistics centres in key agricultural regions of Russia, enhancing the service offering, and creating a unified system of chemical soil analysis capabilities within its distribution network. To this end, we are building an in-house fleet of vehicles equipped with soil samplers at our distribution centres to enable GPS-based chemical soil analysis.

Higher share of premium fertilizer brands

As the Company forecasted in its 2021 integrated report, demand for dual fertilizer grades continued to prevail in 2022 due to the superior growth of the markets historically focused on these types of fertilizers. The flexibility of our production assets enables us to respond swiftly to changes in the market demand, while maintaining full capacity utilisation.

Following significant changes in the geopolitical and business environment, PhosAgro will revise its strategic sales targets for the share of products sold in premium markets and the share of premium brands in total sales, as part of its updated Strategy to 2030.

Mineral fertilizer and feed phosphate sales mix, kt

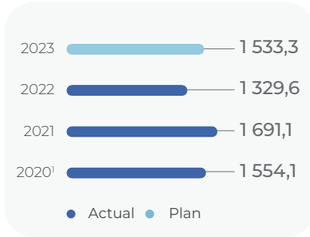
	2020 (actual)	2021 (actual)	2022 (actual)	Strategy to 2025
Urea / AN / AS	2,286	2,495	2,551	2,620
MCP	379	405	349	472
APP	200	206	111	213
NPK/PK/PKS	3,887	3,586	3,670	4,980
MAP/DAP	3,203	3,565	4,272	3,270
Total	**9,955**	**10,257**	**10,953**	**11,555**
Share of complex fertilizers, %	**39.0**	**35.0**	**33.5**	**43.1**

Innovative products developed by PhosAgro

Sales of fertilizers introduced over the last five years from 2018 to 2022 exceeded RUB 37.3 bln, or 8% of total sales of the Company's chemical products. The Company's ability to maintain a high share of new grades relies on the strong R&D capabilities of NIUIF and PhosAgro Innovation Centre and the flexibility of production capacities achieved through a fundamental overhaul in recent years. All of these give PhosAgro a competitive edge and help the Company meet the growing demand for specific grades that are best suited to certain crops, soils, and farming practices.

Fertilizers with micronutrients
Fertilizers with micronutrients can be accumulated by plants and are considered one of the most potent ways to combat malnutrition and reduce nutrient deficiencies. The Company has maintained a significant share of such fertilizers in its total product mix in recent years and expects it to grow further from 12% in 2022 to 13.6% in 2023.

Fertilizers with micronutrients, kt



Biological and biologised mineral fertilizers
PhosAgro Innovation Centre also focuses on developing innovative biostimulants and biologised mineral fertilizers under the Green One label for eco-friendly agricultural products.

With limited soil resources and significant population growth, biotechnology is one of the most effective solutions to ensuring global food security by boosting crop yields without damaging ecosystems.

Coated fertilizers
The Company is developing fertilizers coated with a monocalcium phosphate and dicalcium phosphate mixture and boasting improved environmental and biologicall performance. Research carried out jointly by PhosAgro and the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy proved a significant increase in the uptake of nitrogen and other key nutrients from coated fertilizers, higher grain yields, improved crop quality, and better physical properties of the fertilizers. Unlike polymer coatings developed by other companies, the coatings used by PhosAgro do not lead to the release of microplastics and are therefore not harmful to the environment. Based on the results of our research, in 2022 we received a patent for the invention "A Method to Produce Slow and Controlled-Release Fertilizers", prepared related publications and presented reports at several international scientific and technical conferences. Two grades of coated fertilizers are now pending registration and the preparatory process to launch their commercial production is underway.

[1] Including additional fertilizers

PhosAgro's digital ecosystem

In 2022, the target audience had **over 10 million interactions with PhosAgro's digital ecosystem**. As at the end of the year, the number of active users of PhosAgro's digital services exceeded 47,000, including:

- **914 active personal accounts** registered with the Russia/CIS online trading platform;
- **more than 30,000 active users** of the AgroResult mobile app (each user makes three settlements on average);
- **more than 17,000 subscribers** to the Pro Agro communications platform (YouTube, VK, Zen).

In 2022, the Field Trials section on our website became an important element of communication with our customers in the domestic market. It features 48 trials performed in more than 20 regions of Russia and was visited by some 20,000 users, up tenfold compared to 2021.

We made significant efforts to improve the efficiency of online communication with potential employees. In particular, from January to March 2022, we redesigned the Career section of our website and upgraded its content, adding separate pages for each of the vacancies and launching online promotion.

As a result, the Career section's audience grew by

136%

and the Company hired 650 employees engaged via this online channel, a fifteenfold increase y-o-y



The following results were achieved as part of the Russia/CIS online trading platform promotion:

- conversion from visit to order for the Russia/CIS online trading platform in 2022 increased from 3% to 3.7%;
- a total of 1,884 online fertilizer purchase orders were registered (up 29% y-o-y).

To further improve our Agro Calculator, we introduced recommendations in 2022 for seasonal nutrition systems covering sunflower and spring barley, while also completing integration with Cropwise (Syngenta).

In 2022, we launched the full version of the AgroResult mobile app featuring a fertilizer catalogue, a product card, a shopping cart, biometric authentication (face and fingerprint recognition), order history, etc. On top of that, the app was added to the Huawei and Xiaomi app stores.

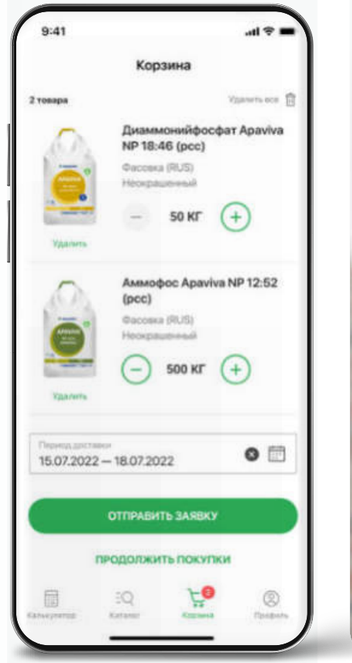
In 2022, we launched the Pro Agro communication platform, which includes an agronomic YouTube channel, a VK community and a Zen channel.

Over the past year, we released 11 playlists and arranged a number of blogger endorsements.

User statistics

>17 *thousand* subscribers

***and nearly* 14 *mln* views show that in 2.5 years we were able to create a popular agronomic channel highlighting PhosAgro's expertise in plant nutrition systems.**





Boosting logistics efficiency

Amid the sanctions pressure and artificially imposed restrictions of non-market nature, the key focus of PhosAgro's logistics operations shifts to ensuring uninterrupted supplies of the Company's products to consumers in Russia and abroad. This means meeting the set delivery deadlines and preventing the risks of shipping delays and the products being seized or blocked. PhosAgro also seeks to achieve the maximum cost efficiency of its logistics operations in these conditions.

Reduction of transportation costs

Rail transport accounts for the most part of the Company's domestic shipments (ca. 99%). In 2022, finished products transportation volumes totalled 23.2 mt, up 3% against 2021. Rail shipments are also subject to key measures aimed at improving the reliability of product deliveries and reducing transportation costs. Ensuring a secure supply is a top priority for us.

In 2019–2021, we 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'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;
- 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.

As part of the fleet renewal programme in 2022, we signed contracts for the delivery, in 2023, of 400 mineral hoppers, 65 tank cars and 6,000 specialised containers intended for the use in seaports. Further acquisition of various types of rolling stock in 2023–2027 will be based on a robust analysis of the Company's actual needs.

Other areas of focus to ensure transportation security and optimise transportation costs in 2022 included:

- signing contracts with key transhipment ports on new terms;
- developing mutually beneficial terms and concluding 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;
- verifying the possibility of receiving subsidies for export transportation of industrial products by rail in the period from 2022 to 2024 according to the 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.

The share of long trains (more than 56 cars per train) on all transportation routes was 46% in 2022, up 4 p.p. compared to 2021. Further potential in this area is associated with the transition to 100-car trains, which will help boost economic efficiency and safety of the Company's shipments, while also further reducing the environmental impact per tonne of cargo.

Target 12.4

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

Target 9.1

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

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



Alignment of production and sales

Rail infrastructure throughput capacity at the Company's fertilizer hubs is critical to efficient transportation. Thanks to our investment programmes, we have been able to expand throughput capacity to or above target levels over the last three years.

Cherepovets

As the Kryolite station has come on stream, long trains (71 railcars and longer vs the standard 56) now run along the Apatity–Cherepovets–Ust-Luga–Apatity loop. With this loop, created under an ambitious joint project with Russian Railways, long trains accounted for ca. 73% of PhosAgro Group's 2022 transportation volumes along this route. The decision to electrify the Kryolite railway station enabled PhosAgro to stop using diesel locomotives, thus securing positive economic and environmental effects.

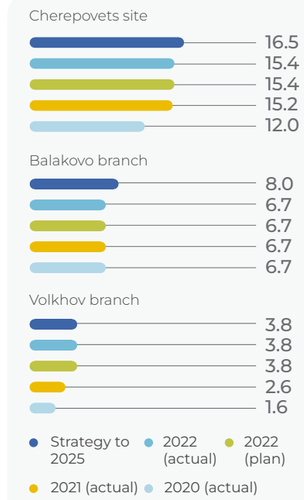
Balakovo

In 2022, due to an upgrade in Balakovo we continued planning the development of infrastructure that would facilitate shipments of a new feedstock and allow for increased transportation of finished products. It is planned that the throughput capacity of the Balakovo site's railway infrastructure will increase from the current 6.7 mtpa to 9 mtpa by 2025, which exceeds the target set in the Strategy to 2025.

Volkhov

In 2022, the rail infrastructure throughput capacity at the Volkhov site was ramped up to 3.8 mtpa from 2.64 mtpa as at the end of 2021. The project is on schedule, with the first stage already completed. We have reached an agreement with Russian Railways to co-finance the construction of public infrastructure as part of the second stage.

Progress towards our targets, mtpa



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 transportation costs and providing state-of-the-art transhipment 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 2022 the Company revised a number of transhipment contracts covering the required export volumes and effective through 2025. As of today, we have basically secured the required transhipment capacities in line with the 8 mtpa target.

The ports key to PhosAgro's operations are located in the North-West of Russia. These include European Sulphur Terminal and Petrolesport in the Leningrad region and St Petersburg, and Murmansk Bulk Terminal in Murmansk. The Company also uses a terminal in Kotka, Finland. We rely on specialised terminals and their equipment designed to mitigate the environmental impact.



Operational efficiency and production growth

Progress towards our targets

Despite short-term volatility concerns, mineral fertilizer demand is set to demonstrate solid growth in the long term.

In order to respond to stronger demand, PhosAgro focuses on expanding capacities to produce its key products.

Delivery our production targets, mt

	2020 (actual)	2021 (actual)	2022 (plan)	2022 (actual)	2023 (plan)	Strategy to 2025
Production of nitrogen-based fertilizers	2.4	2.4	2.5	2.5	2.5	2.6
Production of phosphate fertilizers and feed-grade MCP	7.6	7.9	8.3	8.2	8.4	8.9
Production of phosphate rock	10.5	10.7	10.5	10.9	11.0	11.1
In-house processing of phosphate rock	7.3	8.0	8.4	8.7	8.9	8.4

Higher self-sufficiency in feedstock

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 increasing our self-efficiency in feedstock.

Feedstock self-efficiency

	2020 (actual)	2021 (actual)	2022 (plan)	2022 (actual)	2023 (plan)	Strategy to 2025
Ammonia, %	**83**	**76**	**79**	**76**	**77**	**76**
Production, mt	2.0	1.9	1.9	2.0	2.0	1.9
Consumption, mt	2.4	2.5	2.4	2.6	2.6	2.5
Sulphuric acid, %	**93**	**95**	**91**	**92**	**93**	**91**
Production, mt	6.8	7.4	7.7	7.9	8.1	7.8
Consumption, mt	7.3	7.8	8.5	8.6	8.7	8.6
Ammonium sulphate[1], %	**60**	**60**	**100**	**51**	**58**	**75**
Production, mt	0.3	0.3	0.7	0.3	0.3	0.7
Consumption, mt	0.5	0.5	0.7	0.6	0.5	0.9

[1] Failure to meet the self-sufficiency target for ammonium sulphate is due to the fact that part of the sulphate output (165 kt in 2022) 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.

Capacity expansion

Target 12.4

Making eco-efficient products in line with sustainability requirements and maximising the use of production waste in further processes

Target 8.3

Maintaining and developing existing operations and creating innovative facilities

Implementation of high-priority projects

Project

Development of the Volkhov branch of Apatit (phase 3 – construction of a unit to produce water soluble MAP)

Completion

2023

Targets

Water soluble MAP output of

43.5 *ktpa*

Investments

IRR 18 %

Total

RUB 33.7 *bln*

incl. soluble MAP: RUB 2.9 bln

Status

Phase 3 (construction of a water soluble MAP facility) start-up operations commenced in December 2022, with the first product batch received in January 2023.

Project

Increase in output of feed-grade monocalcium phosphate (MCP) by 53 ktpa (Balakovo)

Completion

2023

Targets

Increase in feed phosphates output by

53 *ktpa*

Investments

IRR 17 %

RUB 3.3 *bln*

Status

Upgrade of wet-process phosphoric acid unit No. 4 (WPA-4) was completed. Work to upgrade the mineral salts unit (MSU) is in progress.

Project

Capacity ramp-up of the Am-3 unit to 107% (Cherepovets)

Completion

2022

Targets

Increase in ammonia output by

53 *ktpa*

Investments

IRR 28 %

RUB 0.9 *bln*

Status

In May 2022, the target capacity of 2,350 t/day was achieved. In 3Q 2022, the entire set of works was completed.

Project

Upgrade of the SK-20 sulphuric acid technological system with replacement of the contact process unit (Balakovo)

Completion

2023

Targets

Increase in sulphuric acid output by

350 *ktpa*

Investments

IRR n/a

RUB 6.6 *bln*

Status

Contracts for the supply of main process equipment were signed; construction and installation work is underway and slated for completion in 4Q 2023.



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 2022, three projects were successfully implemented by the Company to improve the performance of Apatit's business units. They covered all of the PhosAgro's production sites and produced an overall economic effect of ca. RUB 1. 8 bln in the reporting year.

Economic effect in 2022

RUB 1,772.6 mln



Completion

2021–2022

Key project initiatives

- Increasing phosphoric acid output by reducing unscheduled shutdowns
- Reducing end-to-end phosphate rock losses
- Ensuring stringent compliance with preventive maintenance schedules at ANBP-2 and ANBP-3



Completion

2021–2022

Key project initiatives

- Introducing production culture monitoring across all business units
- Reducing scheduled preventive maintenance hours by an average of 20%
- Implementing tools aimed at improving operational efficiency: punchlists, problem-solving boards, equipment checklists, etc.



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.

Risk appetite

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.



Financial risks

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.

Strategic risks

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 strikes an optimal balance between sustainable development and operational efficiency.

Operational risks

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.

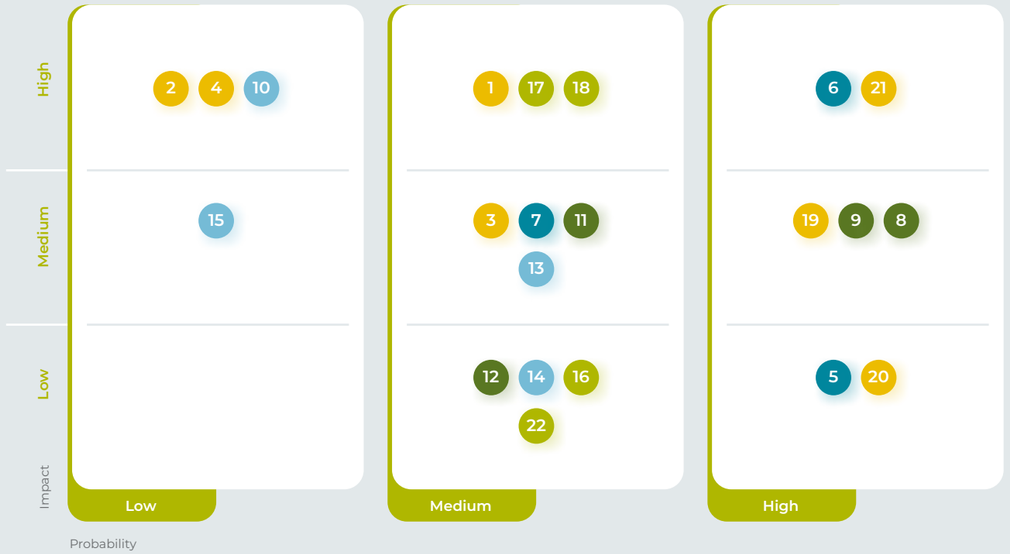
Production risks

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.

Regulatory risks

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.

KEY RISKS ASSOCIATED WITH PHOSAGRO'S ACTIVITIES



STRATEGIC RISK

1 Strategic planning risk
2 Failure to deliver on SDGs
3 Social risk
4 HR risk
19 Climate risk
20 Infectious disease risk
21 Sanctions risk

FINANCIAL RISK

16 Credit risk
17 Currency risk
18 Commodity risk
22 Interest rate risk

REGULATORY RISK

10 Tax risk
13 Regulatory risk
14 Corruption risk
15 Reputational risk

PRODUCTION RISK

5 Production risk
6 Health and safety risk
7 Environmental risk

OPERATIONAL RISK

8 Project risk
9 Business processes and systems risk
11 Information security risk
12 Economic security risk

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
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 greater uncertainty and as a result increase this risk.. ↑
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	The Board of Directors' 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 413, 401	Risk of an adverse social environment in the 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 regions where the Company operates. Sustainable development in the regions of operation is one of the key goals the Company 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 234	Downside deviations of actual ESG performance (social dimension) from targets. No material risk events occurred. –

Risk appetite
- high
- medium
- low

Change in the risk
- ↑ up
- – flat
- ↓ down

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
4	**HR** GRI 401, 402, 403, 404, 405	Developments and decisions related to the hiring, development and retention of employees	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. Given the rising number of employees working from home, the Company has introduced an online personnel appraisal system along with additional motivational arrangements. 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. –
5	**Production** GRI 201, 302	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	Risk associated with injuries, occupational illnesses, accidents and incidents at production facilities, and non-compliance with statutory requirements in the realm of health and safety	PhosAgro enforces health and safety in workplaces in line with applicable laws and global best practices. To that end, the Company trains staff in health and safety and regularly checks their knowledge, promotes safety culture, 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. Tasks and measures to reduce the corresponding risks in various Company activities are defined in its health and safety documents. For more information on the Company's indicators in this area, see the Health and Safety Review section on page 168	Workplace injuries and other incidents. 2022 saw some risks materialise in terms of workplace injuries. The Company carefully investigated each accident, with remedial action plans developed to prevent their recurrence. –
7	**Environmental** GRI 303, 304, 305, 306, 308	Risk of actual and potential environmental damage resulting from the Company's operations	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). The Company partners with the UNESCO and the International Union of Pure and Applied Chemistry (IUPAC) to provide research grants as part of the Green Chemistry for Life project seeking to protect the environment and human health through energy efficient processes and eco-efficient technologies based on innovative solutions. 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. Assessment of environmental factors, including potential scarcity of water and other natural resources, is integrated into PhosAgro's overall risk management system. For more information on the Company's activities in this area, see the Environmental Review section on page 190	Exceeding maximum permissible levels of negative environmental impact. No material risk events occurred. –

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
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 of 2022 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. ↑
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 of 2022 caused deviations related to shipments of imported materials, use of software, and performance of logistics infrastructure outside of Russia. The Company sets up its business processes in a way that makes sure such risk is minimised, including by relying on import substitution efforts. ↑

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
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	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. –
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. –

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
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	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 administrating 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. –
15	**Reputation** GRI 206	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	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. 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.	Stakeholder confidence. No material risk events occurred. –

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
16	**Credit** GRI 201	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	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, use of letters of credit, and factoring (securitisation) of accounts receivable. 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. 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 371	Overdue accounts receivable, provision for bad debt. No material risk events occurred. –
17	**Currency** GRI 201	Financial losses arising from unfavourable changes in FX rates against the Company's base currency	In the context of oil price volatility and 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, most 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. If need be, PhosAgro can hedge its FX positions either fully or partially. 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 369	Adverse changes in exchange rates. No material risk events occurred. –

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
18	**Commodity** GRI 204, 417	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	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.	Adverse changes in product and feedstock prices. No material risk events occurred. However, potential correction in mineral fertilizer prices following their strong growth in 2022 contributes to a moderate increase in this risk.
19	**Climate** GRI 203, 302, 305	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)	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. 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). Thanks to these actions, the Company has improved its ratings for climate disclosure and sustainable development.	Adverse deviations resulting from climate impacts (by focus area). In 2022, 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. At the same time, potential changes related to transition climate factors contribute to higher exposure to this risk.

№	Risk	Description	Risk mitigants	Key indicators / risks materialised / changes in the risk
20	**Infectious diseases** GRI 403	Risks associated with the outbreak and spread of infectious diseases that pose a threat to business continuity	2022 saw further spread of a newly discovered coronavirus (COVID-19) around the world. At the same time, complications associated with this disease became considerably less severe. The Company took a set of measures to prevent mass infection and to support vaccination among its employees and local communities in its regions of operation (jointly with government agencies). Thanks to these measures, the Company managed to minimise the negative impact of COVID-19 (in its active stage) on its operations, ensure business continuity and deliver on its business targets. The Company's successful experience of COVID-19 response and the procedures it has established help react to further developments associated with COVID-19, as well as to other infectious disease outbreaks.	Confirmed cases, business process disruptions. The number of confirmed cases among the Company's employees in 2022 generally follows overall trends in the Company's regions of operation. By quickly developing and putting in place anti-COVID-19 response measures, the Company ensured business continuity and delivered on its targets.
21	**Sanctions** GRI 201, 202, 203, 204	Foreign sanctions imposed on the Group's companies	The global nature of international economy creates 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.	Losses associated with sanctions. In 2022, geopolitical developments caused this risk to materialise. By quickly developing and putting in place response measures, the Company ensured business continuity and delivered on its targets.
22	**Interest rates** GRI 201	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	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. 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 370	Losses associated with changes in interest rates. No material risk events occurred.

ACHIEVING
shared goals





PhosAgro is a successful and thriving business. But what's more, we are at the heart of an extensive network of diverse economic, environmental and social ties and partnerships. This is why we can celebrate our achievements together with our shareholders, contractors, employees, local communities and consumers of our products in Russia and all over the world.



PhosAgro is a major taxpayer and employer in its regions of operation. Fully aware of our responsibility for the sustainable social and economic development of local communities, we have more than tripled our support for social and charitable projects in the reporting year.

203 %

y-o-y increase in social investments

For more information, see page 234



Efficient use of resources, including water, is an integral part of our strategy. **In 2022, PhosAgro joined the UN Global Compact's CEO Water Mandate, a global commitment platform** for corporate water stewardship.

-1 %

reduction in water withdrawal per tonne of products

For more information, see page 224

84 Financial performance
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Financial performance



39%
growth
in adjusted
EBITDA

In the reporting year, we faced multiple challenges, many of which were by all means unprecedented. Despite these headwinds, our high production efficiency and a balanced financial policy along with the favourable pricing environment on global markets helped the Company deliver strong financial results.

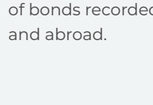
Increased fertilizer production and sales spurred a revenue rise in excess of 35% y-o-y. Revenue growth outpaced the increase in production costs, which were up by circa 23% y-o-y.

With these drivers in place, the Company was able to increase adjusted EBITDA by 39% y-o-y, while adjusted net profit improved by 40%.

Adjusted free cash flow increased by 81% to more than RUB 141 bln as a result of both improved sales margins and strong working capital management.

PhosAgro's strong y-o-y performance contributes to ensuring its robust financial stability. As at 31 December 2022, our net debt / adjusted EBITDA ratio was 0.68x, way below the 2x threshold that we consider comfortable. Importantly, it continued to decline throughout 2022 (down from 0.8x at the end of 2021 and 1.8x in December 2020).

With investors' confidence in our production and financial strategy and the management team, PhosAgro successfully held a vote among its Eurobond holders to amend the relevant issuance documentation so as to continue honouring its public debt commitments to the holders of bonds recorded both in Russia and abroad.



Alexander Sharabaika
Deputy CEO for Finance and International Projects

Key external drivers of financial results

Other drivers of PhosAgro's strong financial performance in 2022 along with an increase in sales and competitive cost levels include:



Fertilizer affordability issues

caused on the global market by supply disruptions and an increase in raw materials prices



Growth of global crop prices

underpinned in part by stronger 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



Restrictions on exports

of phosphate-based fertilizers from China to bolster domestic supply and introduction of fertilizer export quotas in Russia



Growth of supplies to Asian countries

especially to India, due to stronger government support for agriculture (increase in subsidies) and favourable weather conditions

Revenue analysis

Revenue for 2022 grew by 35.4% y-o-y and amounted to RUB 569.5 bln. The growth was associated with increased sales volumes driven by higher mineral fertilizer output. A large-scale programme to upgrade existing production facilities and build new ones helped the Group achieve a significant improvement in equipment productivity.

Higher average sales prices on global markets and a shift in the sales mix towards a greater share of higher-margin fertilizers, which are consistently popular among farmers, also contributed to the revenue increase.

RUB 569.5 bln
revenue for 2022

Financial and operational highlights

Item	2020	2021	2022	Δ 2022/2021, %
FINANCIAL HIGHLIGHTS, RUB MLN				
Revenue	253,879	420,488	569,527	35.4
Adj. EBITDA[1]	84,280	192,117	266,947	39.0
Adj. EBITDA margin	33.2%	45.7%	46.9%	1.2
Net profit	16,921	129,674	184,714	42.4
Adj. net profit[2]	41,991	130,512	182,297	39.7
Adj. free cash flow[3]	42,519	77,857	141,024	81.1
	31.12.2020	**31.12.2021**	**31.12.2022**	
Net debt	156,875	153,718	180,338	17.3
12M net debt / adj. EBITDA	1.86	0.80	0.68	(15.6)
SALES VOLUME, KT				
Phosphate-based fertilizers and feed phosphates	7,669	7,762	8,403	8.3
Nitrogen-based fertilizers	2,286	2,495	2,551	2.3
Total fertilizers	**9,955**	**10,257**	**10,954**	**6.8**
Other products	184	177	144	(18.8)
Total fertilizers and other products	**10,139**	**10,434**	**11,097**	**6.4**

Revenue breakdown by key product, RUB bln

Item	2020	2021	2022	Δ 2022/2021, %
Phosphate and nitrogen-based products	242.3	404.9	551.0	36
Other	11.6	15.6	18.5	19
Total	**253.9**	**420.5**	**569.5**	**35**

[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	2020	2021	2022	Δ 2022/2021, %
Depreciation and amortisation	**23,743**	**24,812**	**26,979**	**8.7**
Materials and services	**40,937**	**47,084**	**54,178**	**15.1**
Phosphate rock transportation	8,134	9,105	11,610	27.5
Repair	10,134	11,373	12,002	5.5
Drilling and blasting	3,168	3,486	3,217	(7.7)
Other materials and services	19,501	23,120	27,349	18.3
Raw materials	**35,514**	**63,534**	**108,323**	**70.5**
Ammonia	4,802	14,277	19,550	36.9
Sulphur and sulphuric acid	4,360	17,707	40,798	130.4
Potassium	12,253	16,574	27,418	65.4
Natural gas	12,342	12,635	14,226	12.6
Ammonium sulphate	1,757	2,341	6,331	170.4
Salaries and social contributions	**13,807**	**15,286**	**19,667**	**28.7**
Electricity	**6,311**	**6,740**	**6,754**	**0.2**
Fuel	**3,885**	**5,578**	**6,459**	**15.8**
Products for resale	**9,333**	**12,725**	**15,599**	**22.6**
Customs duties	**1,482**	**2,483**	**1,420**	**(42.8)**
Freight, port and stevedoring expenses	**19,128**	**28,587**	**16,382**	**(42.7)**
Russian Railways and operators' fees	**11,452**	**10,728**	**12,647**	**17.9**
Other	**1,111**	**1,250**	**610**	**(51.2)**
Total	**166,703**	**218,807**	**269,018**	**22.9**

In 2022, cost of sales grew by 22.9% y-o-y to RUB 269 bln, mainly on the back of higher sales volumes and increased prices for key feedstocks.

Raw materials costs added 70.5% y-o-y and amounted to RUB 108 bln as a result of a significant increase in the global prices for all key inputs, including sulphur and sulphuric acid, potassium, ammonium sulphate and natural gas.

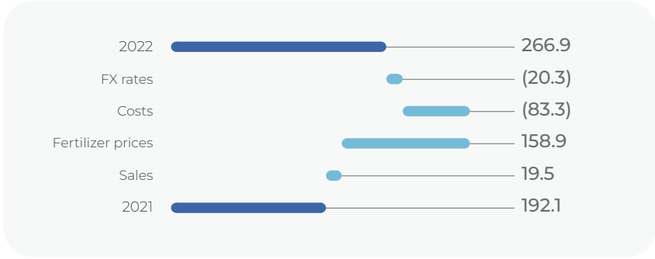
Despite the higher costs, PhosAgro remains one of the industry's most efficient players and leads the pack globally in terms of production costs. The main way we ensure effective cost control is by sourcing the key inputs and materials from domestic suppliers.

RUB 269 bln
cost of sales for 2022

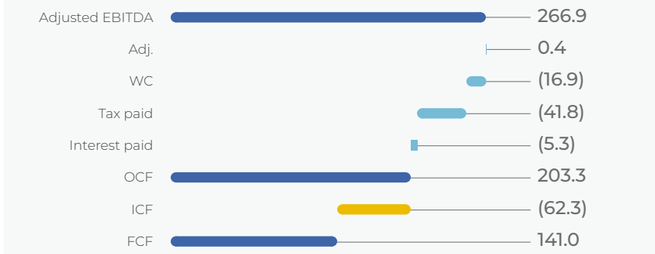


Adjusted EBITDA

Adjusted EBITDA in 2022 vs actual 2021, RUB bln



Adjusted EBITDA to adjusted FCF conversion in 2022, RUB bln





In 2022, the Company's adjusted EBITDA grew to a record high of

RUB 266.9 bln up by 39% y-o-y

Adjusted EBITDA margin for the reporting period grew

to 46.9%

Adjusted free cash flow

Capital investments (including capitalised repairs) for the year amounted to RUB 63 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 2022, the Company's adjusted free cash flow reached

RUB 141 bln up by 81.1% y-o-y

Debt

Net debt as at 31 December 2022 increased y-o-y to RUB 180.3 bln. At the 2022 year-end, our net debt to adjusted EBITDA ratio went down to 0.68x from 0.8x as at 31 December 2021, primarily thanks to EBITDA growth.

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 2022, %



Loans and borrowings breakdown by currency as at 31 December 2022, %



Debt maturity profile, RUB bln

Item	2023	2024	2025	2026	2027	2028	Total
Unsecured bank loans	44.6	23.2	3.7	10.7	2.1	–	84.3
Eurobonds[1]	35.2	–	35.2	–	–	35.2	105.6
Interest payable	1.1	–	–	–	–	–	1.1
Total debt	**80.9**	**23.2**	**38.9**	**10.7**	**2.1**	**35.2**	**191.0**

Tax policy

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

In 2022, lobbying spending stood at

RUB 5,1 mln

In 2022, PhosAgro's Board of Directors approved the Company's Tax Strategy. Our 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 and Special Investment Contracts.

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 Tax Strategy is available on the Company's website

[1] Eurobond debt amount does not include the bank fee of RUB 220 mln.

Country-by-country reporting, RUB mln

GRI 207–4

20%
the Company's income tax rate in 2022 and 2021

Tax jurisdiction	Unrelated party revenue		Revenue from intra-group transactions with other tax jurisdictions		Profit/(loss) before income tax		Income tax paid (cash basis)		Income tax accrued[1]		Statutory tax rate[2]		Average headcount, people		Tangible assets other than cash and cash equivalents		Total empoyee renumeration		Intra-group oans received	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
Russia	131,527	440,639	250,534	106,420	11,877	157,360	28,471	41,393	29,875	39,932	20.00%	20.00%	18,198	19,846	274,386	320,961	34,039	55,318	67,069	103,233
Switzerland	221,961	96,268	63,188	27,436	112,008	57,850	137	331	742	764	12.05%	12.05%	32	36	4,725	0	1,723	528	0	0
Cyprus	0	0	8	4	(598)	(4,243)	0	2	0	2	12.50%	12.50%	28	30	14	0	201	57	2,237	0
Poland	14,916	8,088	0	0	7,253	4,943	59	48	84	235	19.00%	19.00%	15	15	1,705	0	121	55	0	0
Germany	10,423	7,446	0	0	6,381	5,242	7	2	60	129	32.27%	32.27%	7	7	466	0	97	33	0	0
France	15,833	7,045	0	0	10,887	5,541	0	5	93	94	26.50%	25.00%	6	6	578	0	85	58	0	0
Serbia	4,752	2,020	230	58	2,060	1,063	(1)	1	89	65	15.00%	15.00%	12	14	1,443	0	54	28	337	0
Lithuania	9,838	1,598	0	0	5,075	1,038	28	26	31	0	15.00%	15.00%	4	4	7	0	67	20	0	0
Romania	4,681	4,050	0	0	1,213	1,916	5	0	6	63	16.00%	16.00%	5	7	1,019	0	25	14	0	0
South Africa	6,452	2,343	0	0	4,046	1,643	79	0	85	174	28.00%	28.00%	2	2	338	0	18	10	502	0
Finland	105	29	0	0	(7)	(2)	12	3	12	3	20.00%	20.00%	1	1	677	0	8	2	0	0
Brazil	0	0	0	0	(86)	(42)	(5)	0	(5)	4	34.00%	34.00%	7	7	2	0	58	32	0	0
Singapore	0	0	0	0	(55)	(13)	13	0	0	0	17.00%	17.00%	3	3	7	0	25	8	0	0
Total	**420,488**	**569,527**	**313,961**	**133,918**	**160,055**	**232,297**	**28,806**	**41,811**	**31,073**	**41,465**					**285,368**	**320,961**	**36,522**	**56,163**	**70,146**	**103,233**

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 394.
In March 2022, the Group lost control over all of its foreign subsidiaries, therefore the 2022 figures for these companies in the table above are presented for the period before the loss of control.

[1] 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 and foreign entities items which are not deductible or assessable for taxation purposes, and other differences.
[2] For the Russian tax jurisdiction, an average statutory tax rate is used.



Operational performance



2022 was a new record year for PhosAgro in terms of output and sales. Compared to 2021, agrochemical output increased by 4.6% to 11.1 mt, while shipments to customers expanded by 6.8% to 11 mt.

In our key segment of phosphate-based fertilizers, we demonstrated annual production growth of above 4% for the third year running. The market environment caused us to make serious changes to our product mix. In our key DAP/MAP grades and NPS, we improved the 2021 performance by 16.1% and 78.6% respectively, while NPK and APP output was down by 17.9% and 45.3% respectively.

This production flexibility is the result of a number of successful investment projects, including MAP production at the Volkhov site reaching its full capacity.

In 2022, nitrogen-based fertilizer output grew by 5.6% y-o-y, outpacing production of phosphate-based fertilizers. The granulated ammonium sulphate segment demonstrated the most impressive growth of more than two times thanks to expanded capacities to produce this very popular product. Production of urea, the nitrogen segment's core product, went up by 2.7% to 1.7 mt.

In 2022, we allocated a record RUB 63 bln (including capitalised repairs) to upgrading and expanding our production capacities. In 2023, these investments will hit RUB 67 bln.

Safety at our production sites remains our absolute priority. We reduced LTIFR from 0.81 in 2021 to 0.38 in the reporting year, with the Cherepovets site team delivering the best LTIFR of 0.12, more than three times lower than the Company's overall result.

Alexander Gilgenberg,
General Director of Apatit

Product portfolio

PhosAgro is the largest producer of liquid nitrogen-phosphorus fertilizers in Russia

Concentrates

- High-grade phosphate rock
- Syenite alkali aluminium concentrate
- Nepheline concentrate



Industrial products

OUR CUSTOMERS
are at the heart of our business

In 2022, our portfolio was expanded to **57 agrochemical grades**, including all types of fertilizers and feeds. Two of these grades were registered in 2022. A significant portion of our offering consists of newest fertilizer grades developed over the past five years, including two in the reporting year.

Mineral fertilizers

APAVIVA®
Nitrogen-phosphorus and complex fertilizers

APAVIVA®
Nitrogen-phosphorus and complex fertilizers with micronutrients

NITRIVA®
Nitrogen-based fertilizers

APALIQUA®
Liquid complex fertilizers

Feed additives

NITRIVA® Feed
Feed grade urea

APAFEED®
Feed grade monocalcium phosphate

Industrial phosphates

Sodium tripolyphosphate



Phosphogypsum

- Phosphogypsum for road construction
- Phosphogypsum for farming



Upstream and downstream

SASB RT-CH-000.A

Upstream

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 P_2O_5. The mineral resource base (including off-balance reserves) at one of the world's richest deposits is expected to last for about 60 years.

The slight y-o-y decrease in balance reserves corresponds to the volume of ore mined.

Currently, the Company is shifting its resource base emphasis from reserves for open-pit mining to a higher share of underground mining reserves. In the reporting year, the share of open-pit mining came in at 78.3%.

In 2022, total apatite-nepheline ore production rose by 3% to 39.51 mt (compared to 38.45 mt in 2021). This increase was due to the commissioning of new capacities at the Kirovsky mine (+10 m level of the Kukisvumchorr deposit) and the Rasvumchorrsky mine (CDU-4).

39.51 *mt*

total apatite-nepheline ore production in 2022

PhosAgro Group's ore reserves as at 1 January 2023

Deposit	Balance reserves, kt (A+B+C1+C2)	Average P_2O_5 content, %
Kukisvumchorr	347,146	14.14
Yukspor	456,620	13.81
Apatitovy Cirque	86,565	13.69
Rasvumchorr Plateau	85,878	10.67
Koashva	254,963	17.24
Njorkpahk	55,979	14.11
Total	**1,287,151**	**14.37**



In 2022, the Company **also proceeded with its investment project to develop +10 m level at the Kirovsky mine**. The project envisages the construction of two crushing and delivery units for ore drawing, a haulage level and a water drainage, enhancement of the Kirovsky mine's ventilation system, as well as further level development until 2035.

RUB **36.1** *bln*

the project's budget

1Q 2022

First start-up facility commissioned

1.5 *mt of ore*

production volume in 2022

4Q 2023

Second start-up facility expected to be launched



Furthermore, **the Company proceeded with its Vostochny** mine development project seeking to intensify open-pit mining. The investment project focuses on purchases of self-propelled machinery, including dump trucks, excavators and auxiliary machinery, with fleet renewal helping to increase the equipment's technical availability and utilisation ratios. Additionally, the project involves relocation of infrastructure facilities and expansion of the beneficiation plant's production capacity.

4.5 *mtpa of ore*

ore output achieved at the Njorkpahk open pit

7 *mtpa of ore*

ore output scheduled to be reached at the Koashvinsky open pit by 2030

RUB **33.4** *bln*

project CAPEX

8.5 *mtpa of ore*

total ore production at the Vostochny mine

On top of that, we remain committed to the active implementation of our sustainable development strategy. For example, in 2022 the mining and processing plant of Apatit continued sourcing energy generated by the hydroelectric power plants of TGC-1. In the reporting year, green electricity supplies to the plant totalled 300 million kWh. Thus, about 17.8% of the plant's output is covered by green electricity.

12 *mt*

+2% y-o-y vs 2021

production of phosphate rock and nepheline concentrate

Ore processing

Production volume, kt

Item	2020	2021	2022	Δ 2022/2021, %
Phosphate rock	10,541.4	10,675.5	10,855.7	1.7
Nepheline concentrate (incl. syenite concentrate)	1,159.4	1,123.1	1,175.8	4.7
Total	**11,700.8**	**11,798.6**	**12,031.5**	**2.0**

Chemical production

Feedstock

Production volume, kt

Item	2020	2021	2022	Δ 2022/2021, %
Ammonia	1,970.3	1,931.1	1,985.3	2.8
Phosphoric acid	2,716.8	2,952.0	3,199.4	8.4
Sulphuric acid	6,815.6	7,352.2	7,920.2	7.7
Ammonium sulphate	293.9	259.0	322.6	24.6
Total	**11,796.6**	**12,494.3**	**13,427.6**	**7.5**

In 2022, the production of phosphoric acid

as the key feedstock used in phosphate fertilizers grew by 8.4% y-o-y and reached

3.2 *mt*

on the back of earlier production unit upgrades and increased equipment utilisation efficiency.

In 2022, sulphuric acid production

was up by 7.7% year-on-year to

7.9 *mt*

driven by the ramp-up to full capacity of the new unit in Cherepovets and the commissioning and reaching the design capacity of a new unit at the Volkhov site.

Ammonia output

also rose by 2.8% y-o-y to

1,985.3 *kt*

driven by the completion of the capacity expansion project at ammonia production unit No. 3 of the Cherepovets site. This project helped increase daily output to 2,350 t.



Phosphate-based fertilizers

In 2022, the production of phosphate fertilizers and feed phosphates grew by 4.2% y-o-y to 8.2 mt helped by increased output of phosphoric acid.

The output of DAP/MAP fertilizers increased by 16.1% to 4.2 mt. The rapid growth rates of DAP/MAP fertilizers was due to the launching and ramp-up to full capacity of MAP production at the Volkhov site, and the higher demand for bicomponent fertilizers in 2022.

NPS production in 2022 surged by 78.6% y-o-y to 1 mt, while the output of NPS and APP dropped by 17.9% and 45.3% respectively due to the interchangeability of phosphate fertilizer grades available in the product mix and considering the overall market requirements.

8.2 mt
production of phosphate-based fertilizers and feed phosphates

Phosphate-based fertilizer and feed phosphates production, kt

Item	2020	2021	2022	Δ 2022/2021, %
DAP/MAP	3,164.4	3,610.7	4,191.9	16.1
NPK	2,840.3	3,111.3	2,553.8	(17.9)
NPS	928.9	561.6	1,003.1	78.6
APP	205.8	208.6	114.0	(45.3)
MCP	392.1	390.6	361.6	(7.4)
PKS	46.4	10.8	–	–
Total	**7,577.9**	**7,893.6**	**8,224.4**	**4.2**

Nitrogen-based fertilizers

In 2022, production in the nitrogen segment went up by 5.6% y-o-y to 2.55 mt. As the Company completed its investment project to ramp up granulated ammonium sulphate capacities, the output of this unwaveringly popular fertilizer more than doubled y-o-y to reach 165.4 kt. The production of urea grew by 2.7% to 1,688.2 kt, while the output of ammonium nitrate in 2022 saw a slight planned decrease to 693 mt.

2.55 mt
production in the nitrogen segment

Nitrogen-based fertilizers production, kt

Item	2020	2021	2022	Δ 2022/2021, %
Ammonium nitrate	691.5	694.8	693.0	(0.3)
Urea	1,679.1	1,643.2	1,688.2	2.7
Ammonium sulphate	31.7	74.1	165.4	123.2
Total	**2,402.3**	**2,412.1**	**2,546.6**	**5.6**

Sales

In 2022, PhosAgro increased total fertilizer sales by 6.8% y-o-y to hit an all-time high of 11 mt.

Sales of phosphate fertilizers and feed phosphates in 2022 amounted to 8.4 mt, up 8.2% y-o-y. The increases came on the back of strong demand for these fertilizers in the Asian markets. We were able to meet the growth in demand by boosting the production of MAP in 2022 after launching a new facility at the Volkhov site.

In the nitrogen segment, sales were up by 2.3% year-on-year, primarily due to a high seasonal demand and the availability of fertilizers for end users.

8.4 mt
sales of phosphate-based fertilizers and feed phosphates

Sales by key product, kt

Item	2020	2021	2022	Δ 2022/2021, %
Phosphate rock	3,151.8	2,677.6	2,041.2	(23.8)
Nepheline concentrate	1,159.0	1,125.2	1,176.4	4.6
Total	**4,310.8**	**3,802.8**	**3,217.6**	**(15.4)**
PHOSPHATE-BASED FERTILIZERS				
DAP/MAP	3,203.4	3,564.5	4,272.2	19.9
NPK	2,924.6	3,011.1	2,660.7	(11.6)
NPS	912.2	566.8	1,008.8	78.0
APP	200.3	206.3	111.6	(45.9)
MCP	378.6	405.2	349.1	(13.8)
PKS	49.8	8.5	–	–
Total	**7,668.9**	**7,762.4**	**8,402.4**	**8.2**
NITROGEN-BASED FERTILIZERS				
Ammonium nitrate	618.6	798.0	661.6	(17.1)
Urea	1,649.0	1,616.3	1,741.8	7.8
Ammonium sulphate	18.1	80.2	147.4	83.8
Total	**2,285.7**	**2,494.5**	**2,550.8**	**2.3**
Total fertilizers	**9,954.6**	**10,256.9**	**10,953.2**	**6.8**
OTHER PRODUCTS				
STPP	93.3	94.4	48.6	(48.5)
Other	90.4	82.9	95.4	(15.1)
Total other products	**183.7**	**177.3**	**144.0**	**(18.8)**

Market outlook

In 1Q 2023, the nitrogen-based fertilizer market faced an oversupply as a result of high carry-over stocks (in Europe, North and South America). This continues to pile downward pressure on prices.

The prices of phosphate-based fertilizers have plateaued for now. Higher seasonal activity in South America (primarily in Brazil) in 1Q 2023 coupled with revival in the domestic US market after a significant import drop in 2022 are expected to provide support for the pricing environment.

Customers and product management

AREA, STRATEGIC GOALS AND METRICS

Target 2.4

- Providing expert support to agricultural producers and advancing a customised product offering
- Promoting the responsible and rational use of mineral fertilizers, i.e. green agriculture
- Optimising the mineral nutrition of crops with the use of PhosAgro Group's products and publishing trial data
- Establishing business partnerships built on mutual trust and respect

Targets 17.16 and 17.17

- Ensuring a shared understanding of obligations and expectations from the partnership
- Driving sustainable growth of sales markets
- Stable development of sales markets

KEY PROJECTS AND RESULTS OF 2022

Results of

48 agronomic trials published on the Company's website (phosagro.ru)

4,395 *calculations*

made using PhosAgro's agro calculator in 2022

AgroResult app downloaded by

>36,000 users

~10 *mln*

interactions with PhosAgro's digital ecosystem, up more than twofold y-o-y

The trial results were featured in research publications and the book titled Trial Outcomes 2022, with the trial data also demonstrated at conferences and webinars

Customers reported high satisfaction with the performance PhosAgro's staff promptness of request handling and quality of support and consultations:

98.6%

Strategy

We carry out PhosAgro's strategic and globally important mission of supplying safe and eco-efficient 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.

To provide consumers with safe, eco-efficient, and quality innovative products and services, the Company's Strategy to 2025 has identified the following focus areas

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.

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.

Enhancing PhosAgro's competitive strengths
as one of the world's leading suppliers of eco-efficient 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.

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



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 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 into the quality management and environmental management systems.

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

Product management framework



- Regulations and other requirements
- Expectations of stakeholders
- PhosAgro's strategic initiatives, and cooperation and joint research projects with research 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 management system. 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 system defines processes that ensure traceability of the criteria of product safety, quality and conformance with stakeholder requirements and expectations throughout the product life cycle to comply with the stringent quality requirements for the end product, from ore and material selection to end product research.

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.

Each facility has designated staff members responsible for internal control and support of the quality and environmental management systems, which includes implementing targeted initiatives, performing internal audits, updating records, collecting and providing input data for review by top management to improve governance across the board.

Every year, the quality and environmental management systems undergo an external audit by an independent firm to maintain their compliance with ISO 9001, ISO 14001 and other standards. The systems are supported by internal and external audits that help promptly reveal areas for improvement and introduce best practices into management systems.

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. 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 on page 70

Risks specific to the Group's operations are listed below:

1. Risks associated with chemicals management and product safety
2. Risks associated with ensuring ethical research and production principles
3. Risks associated with customer satisfaction

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

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. PhosAgro Group is committed to minimising hazardous substances in its activities. 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 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. This issue is addressed at the highest level by the Company's Board of Directors. 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.**



Regulations and certain requirements applied to mineral fertilizers by the European Union, REACH, and SVHC

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.

0.2 *mg per kg*

average cadmium content in PhosAgro Group's phosphate-based fertilizers

60 *mg per kg*

single level of maximum cadmium n fertilizers, according to EU regulation

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 P_2O_5 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 20 mg per kg of P_2O_5. The plans of cutting the cap to 40 mg per kg of P_2O_5 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 P_2O_5.

Thus, PhosAgro Group's phosphate-based fertilizers are well within EU requirements for cadmium content, 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.



Voluntary ESG certification of products

GRI 2-28, 417-1

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.

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**.

Both certificates were confirmed in 2022. Independent assessment results are a testament to the unique eco-efficiency of PhosAgro Group's 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.

Key initiatives in 2022

In 2022, PhosAgro was the first Russian mineral fertilizer producer to win strong recognition in Brazil, one of the world's major agricultural markets, where our products obtained the Environmental Quality Label. As part of mutual recognition of eco-labels, Brazilian experts reviewed the life cycle of the Company's products, with a special focus on conformity to Brazilian requirements for the production, storage and transportation of fertilizers.

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



This comprehensive assessment included production, environmental and social criteria, such as:

- energy efficiency and use of recycled materials and energy resources;
- use of best available technologies;
- customer service in terms of providing reliable information on the properties and optimal use of the mineral fertilizers.

Throughout 2022, PhosAgro Group maintained a strong focus on activities that help make information about the Company's products and services more accessible.

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.

Consumer survey

Ensuring customer satisfaction is a major priority for PhosAgro Group. In order to obtain unbiased data on the performance of our quality management system, collect comments, and quickly act on them, we regularly monitor customer satisfaction levels. We also take on board feedback from existing and potential customers regarding our products and carefully review all the proposals and comments we receive in order to better meet our customer needs, expand our product range, acquire new customers and tap into new sales markets. The data obtained serves as the basis for the annual assessment of customer satisfaction.

In late 2022 and early 2023, PhosAgro Group carried out yet another survey of consumer opinion. This time, the Company polled its Russian customers using a questionnaire in Microsoft Forms, which focused on customer satisfaction and loyalty aspects.

The questionnaire relied on a qualitative evaluation using a scale from 1 (not satisfied at all) to 5 (completely satisfied). Whenever customer satisfaction is not rated at 5, respondents are asked to explain the reasons and provide comments to PhosAgro.

Customers reported high satisfaction (score 5 or 4) with the performance of PhosAgro's staff (promptness of request handling and quality of support and consultations), rating it 98.6%, up from the 2021 level. Positive results also came for the quality and packaging of PhosAgro Group's products (satisfaction levels rated at 97% and 98.6% respectively).

98.6%

of consumers highly appreciated the performance of PhosAgro Group's staff

During this survey

customer satisfaction was assessed using the following indicators:

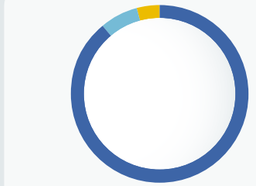
- quality of the products supplied;
- packaging (design, durability, moisture protection);
- product range;
- performance of PhosAgro's staff in terms of promptness of request handling and quality of support and consultations.



Satisfaction with product range, %



Satisfaction with product quality, %



Perfomance of PhosAgro's staff (promptness of request handling and quality of support and consultations), %



Packaging (design, durability, moisture, protrction), %



Most of the customers praise:

- excellent product quality;
- timely supplies;
- strong skills of the staff responsible for support and consultations.

The survey showed that customers gave a high appraisal of PhosAgro Group's products using the above criteria.

Degree of consumer satisfaction, %



Research and education

AREAS, STRATEGIC GOALS AND METRICS	KEY PROJECTS AND HIGHLIGHTS OF 2022
IMPROVEMENT OF PRODUCTION PROCESSES 12 RESPONSIBLE CONSUMPTION AND PRODUCTION — Target 12.4 High-quality and eco-efficiency of our products, including a process for the development of new products that respects safety and the environment throughout its life cycle	• Reduction of natural gas consumption in production processes • Improvement of the nepheline concentrate processing technology • Phosphogypsum processing technologies
IMPROVEMENT OF THE PRODUCT MIX 2 ZERO HUNGER — Target 2.4 Promotion of sustainable farming practices, development of new fertilizer grades for broader access to best practices in farming	• Development of water-soluble fertilizers • Development of inorganic coatings to improve performance and reduce nitrogen loss • Development of biologised fertilizers • Manufacturing of the new product – ApaSil • Production of phosphates and purified phosphoric acid • Development of an in-house catalyst for sulphuric acid and liquid sulphur dioxide production
APPLICATION IMPROVEMENT 13 CLIMATE ACTION — Targets 13.1, 13.2 15 LIFE ON LAND — Target 15.1 Soil safety, biodiversity conservation, fertility growth and lower GHG emissions in production and throughout the product's life cycle: from mine to plate	• Research into an integrated approach to plant nutrition and N_2O emissions in a grain-grass crop rotation • Phosphogypsum application research **91.6** *kt* of phosphogypsum sold • PhosAgro Group's carbon farm project in the Vologda region **2,751** *t of CO2* estimated volume of carbon dioxide absorbed by plant biomass per 200 ha)
COOPERATION WITH UNIVERSITIES AND RUSSIAN AND INTERNATIONAL R&D CENTRES 4 QUALITY EDUCATION — Target 4.4 17 PARTNERSHIPS FOR THE GOALS — Targets 17.16, 17.17 Implementation of a comprehensive phased programme to support sustainable agricultural practices and support young scholars in running sustainable development projects	• Cooperation across a range of areas related to the climate agenda and low-carbon transition plan • Continuation of the Green Chemistry project • Continuation of the Summer Schools on Green Chemistry international project involving **150** students and young scholars, **30** professors and lecturers from **45** countries • A project to run cooperation programmes with universities

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, safety, and circular economy principles.



Management approach

Our innovation, product development and education management system is seamlessly integrated into our quality management system, which is aligned with ISO 9001:2015.

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

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).

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.

Furthermore, the Company has a competence centre focusing on the following areas:

- promotion of core assortment in other countries (including registration tests);
- on-demand expertise for related business units;
- writing/editing agrochemical materials;
- monthly reviews on cadmium and other pollutants;
- participation in educational programmes.



An important focus for PhosAgro Group is close work with reputable international organisations to provide 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:

- **1** strategic planning risk;
- **13** regulatory risk;
- **19** climate risk.

For more information, see the Strategic Risks section on page 70

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 are listed below:

1 Non-compliance of products' manufacturing process and their use with carbon footprint standards

And other environmental aspects associated with the adoption of the European Green Deal (primarily the From Farm to Fork Strategy) and potential similar restrictions in other markets.

2 Insufficient environmental friendliness of production processes

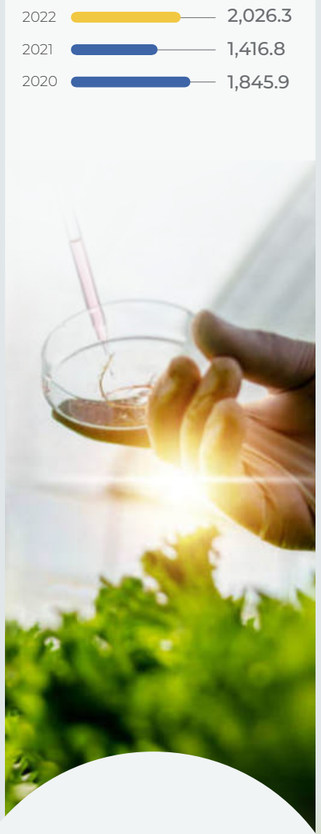
3 Inability to ensure full compliance of plant nutrition systems with specific farming practices

4 Inability to accommodate customers' expectations of advisory support regarding the use of our products



Performance

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





IMPROVEMENT OF PRODUCTION PROCESSES

Reduction of natural gas consumption in production processes

NIUIF experts work to reduce natural gas consumption in technological processes and associated GHG emissions at existing MAP/DAP, NPS and NPK fertilizer production facilities. Measures related to a better use of the reaction's heat in tubular reactors, for example for heating the coolant in a drum drier or a drum dryer granulator are a promising way to boost the energy efficiency of fertilizer production. In particular, a scheme to install a tubular reactor in a drum drier at the Cherepovets mineral fertilizer production unit was introduced in 2022.

Pilot tests are running in the production of various fertilizer grades: NPK 10-26-26, 15-15-15 and NPS 20-20(14).

In the long term, the measures taken will ensure:

- savings in per unit consumption of natural gas: the actual savings range from 10% to 20%, and there is potential to increase this level up to 30% vs the baseline;
- reduction of GHG emissions by up to 20% (potentially up to 30% vs the baseline);
- higher productivity with an up to 10% reduction in natural gas consumption for some grades vs the baseline.

RUB 2,026.3 mln
of investments in R&D and development of new products in 2022

Environmental R&D, including recycling and elements of circular economy

Improvement of the nepheline concentrate processing technology
The NIUIF team is improving the technology for hydrogen sulphate treatment of Kola nepheline concentrate with production of aluminium hydroxide and by-products. Compared to the current sintering technology, this method boasts a lower metal intensity, higher energy efficiency, and lower carbon dioxide emissions. On top of that, the ability to process nepheline concentrate using the technology under development will reduce the country's dependence on imported bauxites.

Phosphogypsum processing technologies
In late 2022, we decided to build a facility at the Balakovo Branch to process by-products: fluosilicate acid (not used in production) obtained at the stage of absorption of fluorine-containing gases during concentration of extracted phosphoric acid in vacuum-evaporating installations, and dihydrate phosphogypsum to produce a solution of ammonium sulphate and technical calcium fluoride with a capacity of 20 ktpa in terms of 100% H_2SiF_6. Design and engineering documents for the construction of the facility are under development.

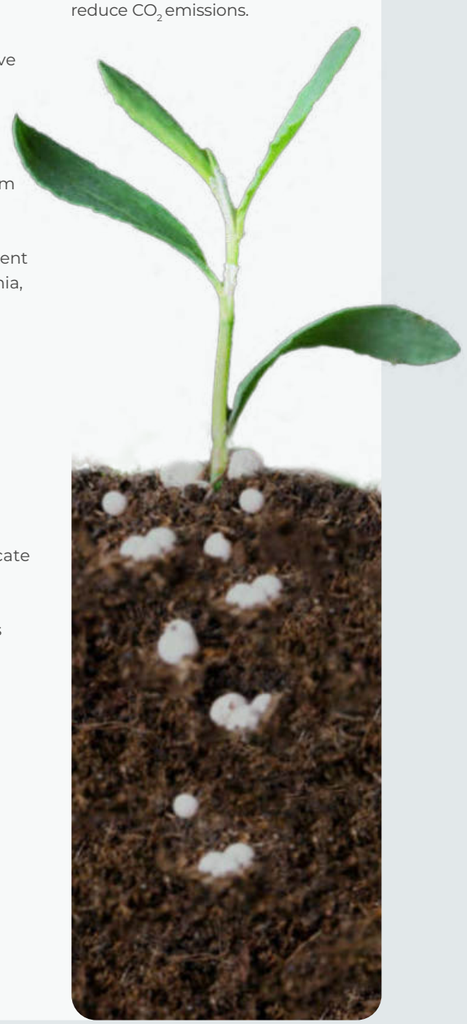
The process is based on a patented resource and energy-saving technology developed by NIUIF to produce the most popular products:

- ammonium sulphate solution to be used in the production of NS and NPS fertilizers on the site;
- technical calcium fluoride to be used in the cement industry as a flux to reduce the calcination temperature of clinker mixture and improve cement quality.

The method for producing ammonium sulphate solution by co-processing phosphogypsum and fluosilicate acid is classified as promising and is described in the Russian Reference Document ITS 2-2019 "Production of Ammonia, Mineral Fertilizers and Inorganic Acids".

In 2022, NIUIF together with the Balakovo branch of Apatit filed an application to include the ammonium sulphate solution and technical calcium fluoride production technology in co-processing of phosphogypsum and fluosilicate acid in the list of advanced technologies for the purpose of Special Investment Contracts (SPIC 2.0); the application was approved by an expert organisation in December.

NIUIF also continued its technical analysis of potentially setting up a production site processing phosphogypsum and carbon dioxide and manufacturing crystalline ammonium sulphate, technical calcium carbonate and its derivatives. CAPEX for the Cherepovets facility will be estimated in the first half of 2023. This technology will also reduce CO_2 emissions.



IMPROVEMENT OF THE PRODUCT MIX

PhosAgro Group's product mix expanded to 57 grades of agrochemicals of all types in 2022. By 2030, PhosAgro Group plans to complete work on and gear up for the introduction of 70 new products, which will include biological decomposers of organic matter, 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, 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 mitigate climatic and environmental impact.

Development of new fertilizers

Development of water-soluble fertilizers
NIUIF continues research into the development of technologies for making completely water-soluble fertilizers in the form of crystalline products. In 2022, research involved products such as water-soluble monopotassium phosphate and water-soluble urea phosphate. This type of fertilizers provides for the most effective use of nutrients thanks to their application methods: fertigation and hydroponic systems. Application of water-soluble fertilizers also increases water use efficiency and reduces unproductive loss of nutrients, thus mitigating the negative impact on the environment. Due to the properties of monopotassium phosphate solutions, the risk of leaf burn and leaf curl during foliar feeding is much lower, making spraying at high solution concentrations possible. In addition, as a result of the special properties of the solutions, the use of monopotassium phosphate does not pose problems in saline or alkaline soils. The acidic reaction of urea phosphate solution prevents clogging of drip lines, and when it is absorbed by soil, it increases the availability of nutrients to plants and facilitates leaching of sodium ions from the root system. The use of an acidic component with urea can reduce ammonia losses, especially on alkaline soils.

Development of inorganic coatings to improve performance and reduce nutrient loss
In 2022, NIUIF team conducted research on making fertilizers with stronger agrochemical and environmental performance based on mineral fertilizer grades produced by PhosAgro Group (urea, NPK fertilizers, NPS fertilizers and ammonium nitrate). A method o f coating of inorganic compounds digestible by plants (mixtures of monocalcium phosphate and dicalcium phosphate with different proportions of these components) on granules was developed to slow down granule dissolution in the soil and help synchronise the release of nutrients from the fertilizer with the needs of plants. The novelty of the research consists in creating fertilizers with delayed and controlled release of nutrients without the use of expensive and environmentally unfriendly polymer coatings.



Currently, there is no commercially available technology for the production of such fertilizers in Russia.

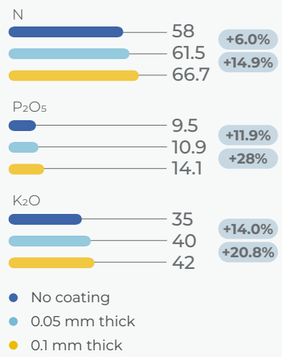
The strengths of PhosAgro Group's innovations are:

- use of inorganic compounds digestible by plants as a coating material, so that the final product contains additional amounts of plant-available nutrients;
- controlled rate of nutrient release;
- no negative environmental impact of the new fertilizer coatings;
- higher agrochemical performance.

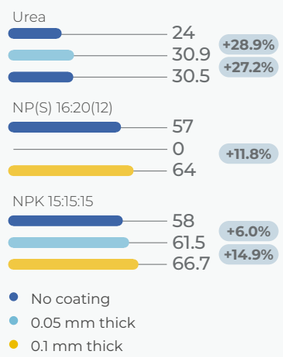


The increased agrochemical performance of the new fertilizers has been proven in vegetation and microplot trials. In vegetation trials, rate of nitrogen uptake from coated fertilizers rose by up to 29%, P_2O_5 by up to 28%; K_2O – by up to 20%; wheat grain yield increased by up to 26%; and yield quality improved. In field microplot trials, rate of nitrogen uptake from coated fertilizer increased by 20–22% and yield increased by up to 10%. Researchers noted enhanced physical and mechanical properties of the fertilizer (a 60–70% reduction in caking, an increase in the static strength of granules).

Rate of nutrient uptake from NPK fertilizer (vegetation trials), %



Rate of nitrogen uptake (vegetation trials), %



This innovation is fully in line with the principles of green chemistry and in line with the International Code of Conduct for the Sustainable Use and Management of Fertilizers (FAO) for the production and application of mineral fertilizers.

In 2023, further efforts are planned in this area, including the registration of such fertilizers and market research to analyse market demand for these products.

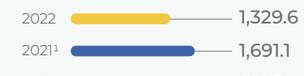
By 2025, we plan to design and build a pilot plant with a capacity of 5–7 t/h. This will enable us to bring our coating capabilities as close as possible to our production capacities, with production at the Company's facilities potentially set up going forward.

Development of biologised fertilizers

In 2022, PhosAgro Group, together with the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy, conducted the first tests of the impact of mineral fertilizers and their biologised counterparts on the climatic footprint of products. The climatic 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. Thus, higher yields with lower aggregate biomass of plants for comparable doses of fertilizers is the indicator that determines a smaller carbon footprint of mineral fertilizers.

The tests also revealed a prominent role for micronutrients in increasing root biomass, which could potentially be used to "conserve" carbon in the soil. In 2023, we plan to scale up the tests to cover microplot trials and to study the carbon footprint of mineral fertilizers more extensively.

Production of mineral fertilizers with micronutrients, kt



[1] For grades registered as fertilizers with micronutrients in 2020, production output since 2021 is presented.

No.	Fertilizer	Crop yield, g/chamber	Increase vs the control	Extra yield resulting from biologisation	CO_2 footprint, g/chamber	Decline resulting from biologisation
		average	g/chamber	%	average	%
1	Control (no fertilizer)	15.5	–	–	54.7	–
2	NPK(S) 8:20:30(2)	21.7	6.2	–	82.4	–
	Bio-NPK(S) 8:20:30(2)	22.0	6.5	1.4	77.8	6.9
3	NPK(S) 15:15:15(10)	20.7	5.2	–	77.9	–
	Bio-NPK(S) 15:15:15(10)	21.0	5.5	1.5	74.6	5.6
4	DAP NP 18-46	21.7	6.2	–	71.7	–
	Bio-DAP bio-NP 18-46	22.5	7.0	3.7	71.5	3.8
5	MAP NP 12-52	22.3	6.8	–	76.3	–
	Bio-MAP bio-NP 12-52	23.7	8.2	6.3	74.5	8.1
6	Urea N 46.2	21.1	5.6	–	72.0	–
	Bio-urea bio-N 46.2	21.4	5.9	1.4	68.1	3.2

Other innovative products

Manufacturing of a new product – ApaSil
In 2022, the Company continued to develop products with innovative features. In particular, we have marketed ApaSil, a product designed for seed pre-treatment and foliar application on a wide range of agricultural crops and ornamental plants on all types of soils. Field trials in different regions, on different soils and crops have shown that ApaSil helps plants cope with the stresses associated with drought, soil salinity and fungal diseases.

Production of phosphates and purified phosphoric acid
In 2022, NIUIF experts started comprehensive research of a technology for producing sodium and potassium phosphates used as food additives and comparable in quality to those from the leading global suppliers. The research seeks to obtain the most popular additives – disodium pyrophosphate (E450(i)), sodium pyrophosphate (E450(iii)), sodium tripolyphosphate (E451(i)), sodium hexametaphosphate (E452(i)) and dipotassium phosphate (E340(ii)) vital for the meat, fish, dairy, bakery and other food industries. The work will continue into 2023 and will serve as a basis for developing key technical solutions to produce food grade sodium and potassium phosphates from PhosAgro's own purified phosphoric acid. Given that these high-quality substances are not produced in Russia and are imported, the launch of local production will contribute to import substitution and food security.

On top of that, the NIUIF is currently developing a solution for food grade phosphoric acid to be purified through solvent extraction using organic extractants. This product has not been produced in Russia this way and has been imported from Kazakhstan, China and other markets. We plan to use our own purified phosphoric acid to produce high-margin feed phosphates.

Developing in-house catalyst for sulphuric acid and liquid sulphur dioxide production
In 2022, the NIUIF, Russia's leading research centre specialising in sulphuric acid production technologies, focused on two very relevant areas in the new economic landscape – creating in-house production of high-performance vanadium sulphuric acid catalysts and launching a new production process for liquid sulphur dioxide. Before 2022, domestic consumers purchased these products mainly from foreign producers, whose exit from the Russian market brought about major challenges as well as new opportunities for local R&D.

In the reporting year, as part of a project for vanadium sulphuric acid catalysts, our experts prepared the required inputs and estimated costs for the feasibility study of 900 ktpa in-house production of such catalysts for PhosAgro Group's needs. In 2023, we plan to use the input data to develop design documents for the production unit.

The NIUIF also continued efforts to introduce a patented process for obtaining liquid sulphur dioxide by burning sulphur under oxygen deficiency condition. Widely used in the Russian petrochemical, pulp and paper, glass and wine industries, liquid sulphur dioxide is no longer supplied from abroad.

In 2022, the NIUIF made research to obtain and assess the quality of samples. The outcomes show that the product is sufficiently pure and compliant with the applicable domestic standard. The NIUIF plans to continue rollout and development of technical solutions for a 20 ktpa pilot-scale production in 2023 with subsequent adjustment of parameters and equipment operation. This project will help fully meet Russia's demand for liquid sulphur dioxide.



APPLICATION IMPROVEMENT

Phosphogypsum application research

Phosphogypsum is a valuable by-product of the production of mineral fertilizers. It includes, among other things, such elements as calcium, sulphur, phosphorus, zinc, silicon, magnesium, copper, which are important for the soil. The use of phosphogypsum enhances the soil structure, its water and air permeability, improves leaching highly soluble salts, and shapes favourable conditions for the development of soil biota. Phosphogypsum makes it possible to increase productivity of arable lands and reduce the cost of crop production. The International Fertilizer Association (IFA) recognised PhosAgro's production of improved phosphogypsum and its use in agriculture as a best practice.

In November 2021, we made a decision to merge all our phosphogypsum-related operations into one project.

Project goals by 2026:

- Improving sales volumes;
- Reducing phosphogypsum accumulations at dump sites;
- Increasing phosphogypsum recycling rates.

A data analysis and target market review has identified eight focus areas for selling phosphogypsum. Currently, we can cover three of them:

- agriculture;
- road construction;
- cement production.

After identifying new applications, the Company more than doubled phosphogypsum sales for the year and achieved a more than 20 times increase compared to 2021 and 2019 respectively.

In 2022, we sold 91.6 kt of phosogypsum, including 43.3 kt for agriculture, 45.3 kt for road construction and 2.6 kt for cement production, while also expanding our customer base.

For more information, see the Environmental Review section on page 190



In 2022, we sold
91.6 *kt*
of phosogypsum

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

To combat climate change in the long run and study CO_2 compensation and absorption of our carbon emissions by various ecosystems, we started building a carbon farm.

The project's main objective is to accumulate knowledge and expertise in cooperation with the research community and study CO_2 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 2022, we planted 24 types of forest with various mixes of deciduous (willow, birch and aspen) and coniferous (fir and pine) trees at a 100 ha plantation near the Cherepovets site. In total, the plantation accommodated 79,800 deciduous and 28,800 coniferous young seedlings. Young deciduous trees cultivated specifically for the Vologda region through microclonal propagation grow fast and cannot propagate.

The coniferous seedlings grew from seeds of native trees.

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

Together with scientists of the Russian Academy of Sciences, we are doing research at 48 agricultural sites of spontaneous vegetation to find the ways of returning abandoned lands to agricultural uses, study agricultural practices with reduced GHG emissions and carbon farming, and obtain precise measurements of the carbon footprint from crops grown for food.

In the first year of trial, we estimated CO_2 absorption by plant biomass per 200 ha of land at 2,751 t.

As part of the project, the Company and the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy researched plant nutrition systems and N_2O emissions in five-year grain-grass crop rotation at the farming station. According to the research, balanced mineral fertilization, soil liming as necessary and organic fertilizer application deliver excellent yields and reduce GHG emissions. Importantly, the effects are calculated for a five-year cycle. In particular, liming done in the first year will result in soil carbonate decomposition and higher CO_2 emissions, but based on a once in five years application, the research shows a definite increase in yields from limed fields coupled with decreasing average carbon footprint per product unit.

We plan to complete the project to create the carbon farm in 2026, with the most effective CO_2 storage vegetation systems to be selected based on obtained data and further research to enable us to verify the results internationally and use them to scale up and fully implement the initiative by 2028.

In total, the plantation accommodated
79.8 *thousand*
deciduous and
28.8 *thousand*
coniferous young seedlings

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.



Partner	Partnership goals	Key results in 2022
Russian Academy of Sciences (RAS)	Cooperation across a range of areas related to the climate agenda and low-carbon transition plan	• We set up the carbon farm, planted young trees and purchased the required equipment as part of the relevant project. • Further progress in implementing other projects involving leading Russian scientists to develop and promote innovative products: – biotechnologies and feed additives developed; – new biomineral fertilizers tested and registered; – a pipeline of new promising projects built.
RAS Pushchino Biological Research Centre	Partnership in promoting basic sciences and research in microbiology, biotechnologies, gene and cell engineering, photobiology, soil and environmental management, and physicochemical biology	• PhosAgro was an official partner of the 25th Pushchino school-conference of young scientists called Biology – the Science of the 21st Century. The event saw the first PhosAgro awards distributed for the best research projects and practices in implementing R&D in three categories – soil management, agroecology and plant biology. Over a thousand young scientists from all over Russia and beyond took part in the conference.
Partner universities	Creating PhosAgro's nationwide educational network across **30** *agricultural universities in Russia*	*More than* **200** *online lectres* were held for 30 agricultural universities; The lectures brought together **22,700** students and teachers from across Russia and the CIS. • The lectures covered multiple themes, including agrochemistry and agronomy, crop production, innovations and digitalisation in agriculture, economics, law and responsible farming. • Capabilities for conducting scientific experiments were set up at PhosAgro Educational Centre's Phyto-Class of the Moscow Timiryazev Agricultural Academy. • Vocational profiling organised jointly with teachers of the Moscow Timiryazev Agricultural Academy was made available to school students.
Institute of Chemistry and Sustainable Development at Mendeleyev University of Chemical Technology and the UNESCO Chair of Green Chemistry for Sustainable Development	Partnership in promoting basic sciences and research in chemistry and related fields to further sustainable development globally	• An N.P. Laverov scholarship programme was established for young scientists from Mendeleyev University of Chemical Technology who do research in ecology, environmental management, new materials and substances. The scholarship is granted to the 20 best students and postgraduates. • A series of webinars was organised for Bachelor's and Master's students at the UNESCO Chair of Green Chemistry for Sustainable Development at Mendeleyev University of Chemical Technology. The focus areas were aligned with the UN's 17 Sustainable Development Goals.









International humanitarian projects

GRI 2-28

In line with our strategic goals, we support young scholars and their projects addressing the challenges of biodiversity conservation, environmental well-being and the circular economy.

PhosAgro runs multiple humanitarian projects focused on building a modern education and science framework.

Partner	Project and goals	Key results in 2022
UNESCO	**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 **International Competence Centre for Mining Engineering Education under the auspices of UNESCO** The Centre is based at St Petersburg Mining University and plays an important role in implementing the UN Sustainable Development Goals, such as improving the quality of education, combating climate change, and protecting and restoring ecosystems	· Contracts in green chemistry research were awarded to the seventh round winners from Africa, Asia, Europe and Latin America. · Over the nine years of the programme's existence, its International Scientific Jury considered more than 800 applications from young scientists representing 125 countries. More than 40 scholars from 29 countries received grants. · A member of the Centre's Steering Committee, PhosAgro actively participates in professional certification of experts for compliance with international mining engineering requirements. · We took part in the International Forum for the 50th Anniversary of the Convention Concerning the Protection of the World Cultural and Natural Heritage (Conference on Nature Management and Preservation of the World Natural Heritage). · Our experts shared their experience in educational projects at the international forum dedicated to major subsoil use challenges which hosted over 900 young scientists from 57 universities of Europe, Asia, Africa and Latin America.
IUPAC	**Summer Schools on Green Chemistry project run jointly by PhosAgro, IUPAC and Green Sciences for Sustainable Development Foundation** IUPAC's educational initiative supported by PhosAgro to improve the qualifications of young scholars engaged in green and innovative chemistry research globally with a view to promoting technological innovations and breakthroughs	· The fifth Summer School session called Chemistry Addressing UN-17 Sustainable Development Goals took place, with PhosAgro's personal awards established for young researchers for the best projects in green chemistry. More than 150 postgraduates and young scientists and about 30 professors and teachers from 45 countries participated in the session. · Since the start of the project in 2018, a total of five training sessions have been held, bringing together over 600 young specialists and 60 teachers from 75 countries.
UN Food and Agriculture Organisation (FAO)	**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	· Since 2018, PhosAgro's total contribution to the project has reached USD 2.4 mln. Over this period, FAO has created the Global Soil Laboratory Network (GLOSOLAN) of more than 800 laboratories in 150 countries. · PhosAgro, FAO Liaison Office for the Russian Federation, Eurasian Soil Partnership, the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy and the Diplomatic Academy of the Russian Ministry of Foreign Affairs coorganised an international forum dedicated to the global challenges of the 21st century to food systems and environmental safety. · PhosAgro also financed the opening of the Russian Lounge at the FAO headquarters, which is set to become the key venue for receiving high-level delegations from the UN Member States.
International Fertilizer Association (IFA)	**As a core member of the IFA, PhosAgro contributes to the association by providing expert advice on a wide range of topics**	· In the reporting year, PhosAgro's experts sat on IFA's International Committees on Agriculture, Safety, Health and Environment, International Trade, and Communications and Public Affairs. · IFA recognised PhosAgro's agricultural use of improved phosphogypsum certified in Russia as a best practice for this multi-component product.
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** · 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. · Contributing to the UN Sustainable Development Goals through projects implemented by the Company as a responsible producer of environmentally friendly and efficient mineral fertilizers committed to food security, environmental safety and human health protection · Enhancing global partnerships for sustainable development · Articulating an expert point of view on major issues on the global agenda · Participating in global initiatives aimed at addressing today's global challenges	· We retain our status of a Global Compact Lead company and are actively involved in the alliance's initiatives. · PhosAgro demonstrated its commitment to the UN Global Compact by vigorously supporting Climate Ambition Accelerator and CEO Water Mandate initiatives to combat climate change and ensure the efficient use of water resources and their protection. · At the UN Climate Change Conference (COP27), we joined the Business Declaration for Climate Resilient Water, Sanitation, and Hygiene (WASH) supported by 26 leading global companies and 15 expert organisations committed to the careful use of water resources.
European Sustainable Phosphorus Platform (ESPP)	**Partnership on the European political, scientific and technical agenda for the sustainable use of phosphate resources** Fostering knowledge exchange, experience transfer and professional networking in phosphorus management; promoting dialogue between market participants, stakeholders and regulators; removing regulatory barriers; effecting communication through newsletters, website, conferences and publications	· 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.
Safer Phosphates, an international alliance of environmentally friendly fertilizer producers	**Partnership in protecting human health and agricultural ecosystems from contamination with heavy metals**	· OPERA Research in partnership with Safer Phosphates and Euractiv pan-European media network organised a webinar on the soil health for sustainable agriculture. The event attracted more than 100 participants from among the scientific and business community, experts and NGOs.

Supply chain

AREA, STRATEGIC GOALS AND METRICS

PROCUREMENT FUNCTION DEVELOPMENT

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

Target 12.4

- Establishing into long-term relationships for the supply of inventory
  - long-term agreements
  - consignment warehouses
  - online shops

Target — 30% purchased range

- Further development of category strategies
- Lower reject rate

ESG EVALUATION OF SUPPLIERS

8 DECENT WORK AND ECONOMIC GROWTH · 12 RESPONSIBLE CONSUMPTION AND PRODUCTION · 13 CLIMATE ACTION

Targets 8,3, 12.4 and 13.2

- Maintaining an ESG evaluation coverage of

at least 50% of counterparties that participated in the procurement

at least 30% of procurement volume from the evaluated counterparties

- Audits
- Updating the information provided by counterparties as part of the ESG survey, if more than a year has elapsed since the information was provided

DIGITAL TRANSFORMATION

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

Target 9.1

- Process Mining development
- Introducing new robotic solutions

KEY PROJECTS AND HIGHLIGHTS OF 2022

20% procurement from SMEs

17% procurement from local suppliers

The category strategies cover:

15 raw material categories

2 categories of work and services

16 categories of materials and equipment

54% of suppliers covered by ESG evaluation

to **35%** rise in procurement from evaluated suppliers

82 technical audits of potential suppliers of materials and equipment were carried out

49 suppliers (60%) were recommended for cooperation based on the environmental and social assessment criteria included in the technical audit form

Setting up an ESG training system for suppliers

Mutual improvement agreement for services, raw materials, and inventories

Training materials are available on the Company's official website in the Procurement section

- Process Mining, an innovative method of data analysis and business process optimisation to manage procurement.
- SCOUT system to verify and monitor the integrity of suppliers.
- Further development and implementation of an automated procurement workstation.

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 2022, our procurements of goods and services reached almost RUB 214 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 214 bln.
total procurement of goods and services

Management approach

GRI 3-3

The main objective of procurement is to ensure that the Company's needs for equipment, materials, and services are met in a timely manner, in full and at the best possible prices.

The Group is committed to establishing and maintaining business relationships with companies that operate in line with high ethical standards and combat corruption. Therefore, any supplier that registers on the Company's electronic bidding platform (EBP) must read and understand the above regulations.

Procurement activities

The Company's procurement activities are governed by:

- Procurement Policy;
- Anti-Corruption Policy;
- Code of Ethics;
- Code of Conduct for Counterparties.

Interaction with suppliers relies on full transparency in decision-making, market and formula pricing, and long-term relationships.

The Company operates a convenient open system for the procurement of goods and services. Procurement procedures are competitive, and information on the needs for materials, equipment or services is published on PhosAgro's EBP. To participate in the bidding, suppliers have to sign up and read the regulations. Evaluation and selection of a supplier are set out in the Company's procedures.

The Company has an anti-fraud and anti-corruption system in place.

PhosAgro seeks to minimise the risks of doing business with suppliers that might be involved in corruption. To this end, the Company has set up a corporate hotline for suppliers and other stakeholders to report on potential irregularities.

For the link to the registration form, main regulations, the EBP registration instructions and step-by-step guide, see the Procurement section of the Company's official website.

For information about the hotline, see the registration page of PhosAgro's electronic bidding platform.

The Company's procurement process uses the following business solutions and tools to improve its efficiency.

1 **Category management:** the development and implementation of category strategies can significantly reduce costs, increase reliability of supply and improve economic efficiency.

2 **IT solutions:**

- Process Mining, an innovative method of data analysis and business process optimisation to manage procurement;
- SCOUT system to verify and monitor the integrity of suppliers. The system helps to minimise the existing risks and losses by introducing a uniform auditing standard, monitor the condition of suppliers in real time and respond to changes in a timely manner.

3 **Robotisation of processes**

Efficient structure

The past year saw significant changes to the structure of the Procurement Department aimed at both improving its overall efficiency and adapting to new economic realities.
The Procurement Department is responsible for:

- strategic sourcing of raw materials and services;
- operational procurement;
- project-based procurement;
- local procurement;
- alternative procurement (including strategic sourcing of materials and equipment procurement);
- supply chain management;
- planning and analysis.

In order to assess performance, increase employee engagement and motivation, the Department has established KPIs in line with the Company's business objectives to evaluate the extent to which the Department's objectives have been achieved and processes streamlined.

The performance of the Company's procurement function is subject to annual review by PhosAgro's Board of Directors.



Procurement management structure

Level	Organisational unit	Key responsibilities
BOARD OF DIRECTORS LEVEL		
Board of Directors	Strategy and Sustainable Development Committee of the Board of Directors	· Setting strategic priorities in procurement; · review of the executive management's procurement reporting.
COMPANY MANAGEMENT LEVEL		
Procurement Department management	Director (Supervisor, officer-in-charge) of the Department	· Organising the overall operation, allocation of functions, business development strategies, definition of methodologies and procedures for the uninterrupted supply of tangible assets.
	Deputy Director Department Director Head of Division	· Meeting the Company's needs for equipment and materials, controlled materials, and services in a timely manner, in full and at the best possible prices; · Apatit's warehouse inventory management; · day-to-day functioning of the Department; · supervising operations of the Department's structural units, allocation of functions; · developing a strategy for re-engineering of business processes in the Department, etc.
OPERATIONAL LEVEL		
Operational staff of the Procurement Department	Heads of units and working groups	· Managing operations of subordinate business units, selecting and deploying staff, determining the relevance of their work; · improving the skills of the subordinate staff, creating a favourable social and psychological climate in the team, fostering and maintaining corporate relations; · organising and directly supervising the compliance of the subordinate staff with regulations; · acting in accordance with the requirements of the management system, contributing to its improvement within their remit, etc.
	Specialists	· Meeting the Company's needs for equipment and materials, controlled materials, and services in a timely manner, in full and at the best possible prices; · professional development and upskilling.

Challenges of 2022

Geopolitical factors had a significant impact on PhosAgro Group's supply chains in 2022. The US, EU, Japan, and a number of other countries ceased the supply of equipment. Many contracts had to be renegotiated with amendments to deadlines, prices and payment terms, logistics routes and, in many cases, substitution of goods in signed deals. In addition, banking operations with foreign suppliers became more complicated.
To respond to these challenges, PhosAgro introduced structural changes in the Procurement Department, organised alternative procurement with a shift in geographic priorities and new supply chains in place, and took a number of steps to improve the Department's operational efficiency. The timely and successful action enabled us to adapt to the new conditions in a short space of time, restore the continuity of supply to our operations, and maintain an appropriate level of supply stability.

Risks and opportunities

The following strategic risks affect our procurement objectives (for more information, see the Strategic Risks section):

For more information, see the Strategic Risks section, p. 70

14 Corruption

18 Commodity risk

21 Sanctions risk

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:

1. Suppliers' failure to perform, changes in the product range or late delivery of raw materials, commodities, and equipment
2. 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.
3. Quality of raw materials, commodities, and equipment, dissatisfaction of the internal customer

Key results in 2022

Cost budget in 2022

Breakdown of procurement costs

RUB 213.9 *bln.*

the Company's total procurement costs



- 17% Materials and equipment
- 57% Raw materials and fuel
- 26% Work and services

>50%

of procurement costs are related to raw materials and fuel

The Company's procurement costs in 2022 totalled RUB 213.9 bln, of which raw materials and fuel accounted for 57%.

One of PhosAgro's top procurement priorities is to cooperate with small- and medium-sized enterprises (SMEs), primarily in the regions where the Company's key assets are located. In the existing political and economic environment, we view active development of this cooperation benefiting all parties to be even more important.

In 2022, as part of the Synergy of Growth agreement signed in 2020 between the government of the Vologda region, Apatit, Severstal and Urban Development Agency coordinating business development in Cherepovets, we published detailed information on the Company's need for import-substituting products on Electronic Business Cooperation, an information platform, to identify opportunities for local producers to make and supply these products.

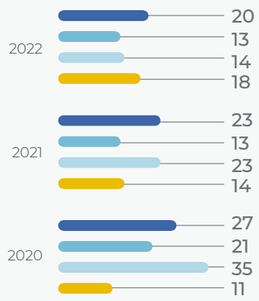
PhosAgro also regularly participates in online and offline meetings held in the regional offices of the Russian Union of Industrialists and Entrepreneurs and the Urban Development Agency in Cherepovets, as well as at exhibitions and strategy sessions.

GRI 204-1

Share of local procurement, %



- 17 2022
- 19 2021
- 23 2020

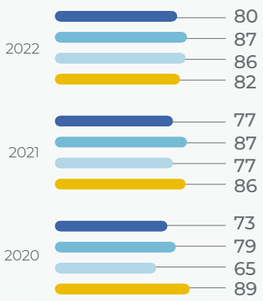


- Apatit
- Balakovo branch of Apatit
- Volkhov branch of Apatit
- Kirovsk branch of Apatit

Share of procurement from other suppliers, %

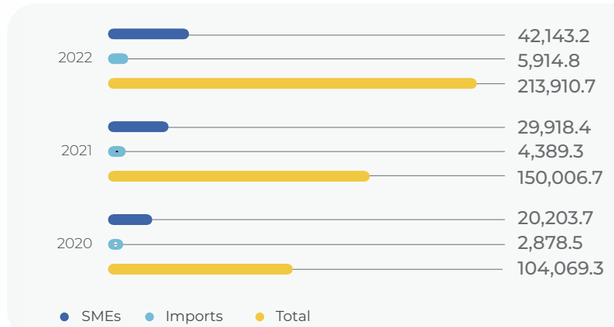


- 83 2022
- 81 2021
- 77 2020

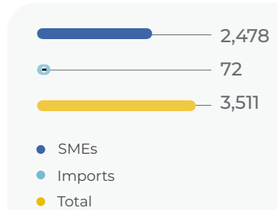


- Apatit
- Balakovo branch of Apatit
- Volkhov branch of Apatit
- Kirovsk branch of Apatit

Procurement in 2022, RUB mln



Number of suppliers in procurement in 2022



Service procurement

No.	KPI	Scale			Actual
		Worst	Critical	Target	
1	Average number of tender participants in the reporting period	3	5	7	**4**
2	Tender price reduction in the reporting period, %	5	7	12	**10**
3	Holding tenders on time, %	90	95	100	**99**
4	Bidders' motivation assessment with respect to procurement quality	3.5	4.5	5	**5**

Commodity procurement

No.	KPI	Scale			Actual
		Critical	Target	Challenge	
1	Timeliness of procurement, %	87	90	93	**89**
2	Reject rate at incoming control, %	5	3	2	**6**
3	Commodity price control index, %	1.05	1	0.95	**0.93**

Raw materials procurement

No.	KPI	Scale			Actual
		Critical	Target	Challenge	
1	Raw materials procurement index	1.05	1	0.95	**0.79**

Supplier ESG evaluation

In 2020, based on the principles of sustainable development set forth in the Code of Conduct for Counterparties, PhosAgro developed a system to evaluate suppliers against ESG criteria relying on the Sustainable Procurement Indicators checklist. The checklist is part of an overall framework for assessing the Company's and suppliers' performance to ensure sustainability and reliability in order to benefit our consumers. It includes questions on compliance with the principles of environmental and social responsibility guiding PhosAgro's operations. The completed checklist confirms that the Company's supplier shares these principles. An individual supplier rating is based on the checklist.

We believe that making suppliers aware of the Company's system of values will contribute to a more responsible and sustainable business culture in the long run.

To raise awareness of the existing evaluation system and of the need to complete the checklist, training materials on engaging with suppliers in sustainable development were published on the official PhosAgro website.

Key ESG evaluation indicators

The indicators for 2022 are based on the total number of suppliers taking part in procurement and the number of rated suppliers. This methodology will apply to future periods as well.

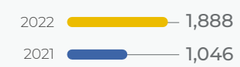
All categories of suppliers were assessed for environmental impact. Suppliers with an environmental management system certified to comply with ISO 14001 or a similar standard accounted for 33% of evaluated producers of raw materials, fuel, energy, and commodities.

No.	Indicators	2022
1	Number of suppliers that participated in the evaluation on PhosAgro's EBP	4,574
2	Number of suppliers taking part in procurement	3,511
	Number of rated suppliers	1,888
	Share of rated suppliers, %	54
3	Total procurement, RUB bln	213.9
	Procurement from rated suppliers, RUB bln	74.8
	ESG evaluation coverage by procurement volume, %	35
4	Average supplier rating (on a 100 point scale), points	62

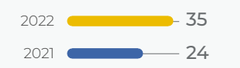
Number of suppliers that participated in the evaluation on PhosAgro's EBP



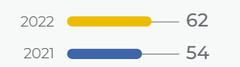
Number of rated suppliers



ESG evaluation coverage by procurement volume, %



Average supplier rating (on a 100 point scale), points



Environmental assessment indicators show that 33% of suppliers have an innovative and forward-looking environmental policy and contribute to the protection of the environment.

Technical audits have not identified any counterparties failing to comply with recognised standards with regard to environmental impact.

Supplier environmental assessment in 2022

GRI 308-1, 308-2

No.	Indicators	2022
1	Number of rated suppliers	1,888
2	Number of rated suppliers producing raw materials, fuel, energy, and commodities	847
3	Number of rated suppliers producing raw materials, fuel, energy, and commodities that have an environmental management system certified to comply with ISO 14001 or a similar standard	276
4	Share of rated suppliers producing raw materials, fuel, energy, and commodities among counterparties that have an environmental management system certified to comply with ISO 14001 or a similar standard, %	33

33%
of the evaluated suppliers in the key category have a certified environmental management system in place





The results show that more than half of suppliers share PhosAgro's commitment to equal opportunity policies, do not tolerate harassment or other disrespectful behaviour towards employees and adopted a zero-tolerance stance on child labour.

Some 39% of suppliers in the stated categories exhibit proactive and responsible behaviour towards occupational safety and ensure compliance with international standards set to control working conditions and mitigate occupational and industrial risks.

Technical audits have not identified any counterparties failing to comply with recognised standards with regard to environmental impact

Supplier social assessment in 2022

GRI 414-1, 414-2

No.	Item	Result
Number of rated suppliers		1,888
1	Number of rated suppliers in the categories "Producers of raw materials, fuel, energy, and commodities"; "Logistics services"; "Construction and installation, repairs"	1,174
	Number of rated suppliers in the above categories that have an occupational health and safety management system certified to comply with ISO 45001 (OHSAS 18001), or a similar system	452
	Share of rated suppliers in the above categories that have an occupational health and safety management system certified to comply with ISO 45001 (OHSAS 18001), or a similar system, %	39
2	Number of rated suppliers taking part in procurement that adopted a zero-tolerance policy on child labour*	1,091
	Share of rated suppliers in the above categories that have an occupational health and safety management system certified to comply with ISO 45001 (OHSAS 18001), or a similar system, %	58
3	Number of rated suppliers in the categories "Producers of raw materials, fuel, energy", "Commodity producers and intermediaries"; "Logistics services"; "Construction and installation, repairs"	1,524
	Number of rated suppliers in the above categories that adopted a zero-tolerance policy on discrimination	831
	Share of rated suppliers in the above categories that adopteda zero-tolerance policy on discrimination, %	55
4	Number of rated suppliers in the categories "Producers of raw materials, fuel, energy", "Commodity producers and intermediaries"; "Logistics services"; "Construction and installation, repairs"	1,524
	Number of rated suppliers in the above categories that adopted a zero-tolerance policy on forced labour	856
	Share of rated suppliers in the above categories that adopted a zero-tolerance policy on forced labour, %	56

People development



AREA, STRATEGIC GOALS AND METRICS		KEY PROJECTS AND HIGHLIGHTS OF 2022
ANNUAL EMPLOYEE SURVEY		
• Maintaining employee satisfaction and loyalty at *no less than* **65%** by 2025	Target 3.4; Target 8.3	**69%** employee satisfaction and loyalty **87%** share of employees who praised the management's performance **70%** employee engagement
TRAINING AND EVALUATION		
• Increasing average annual training hours per employee *to* **123** *hours* by 2025	Target 4.4	**99.8** *hours* average annual training hours per employee
• Promoting retraining and professional development		*RUB* **272** *mln* invested in employee training We keep rolling out a virtual teaching package and a distance learning system
• Investing in future talent		*over* **400** people hired as part of career guidance and youth engagement initiatives *Over* **37%** of High-Potential Graduates employed by the Company were promoted and included in the talent pool
INCENTIVES AND REWARDS		
• Motivating the staff to increase productivity and deliver strong operating results, retaining qualified talent	Target 8.3	Average salary increased *by* **18.7%** *RUB* **132,110** Company's average monthly salary
• Training future top managers from among internal candidates		**10** *mentors* selected from among current top managers
SOCIAL BENEFITS AND EMPLOYEE GUARANTEES	Target 3.4; Target 8.3 and 8.8	**50%** more investments in social programmes for employees **89%** satisfaction with the social benefits offered
INCLUSIVE ENVIRONMENT		
• Building an inclusive environment for disabled people, adapting workplaces and municipal infrastructure to their needs, and employing more such people depending on business requirements	Target 8.5 and 8.8	We organised a job fair for disabled people We streamlined cooperation with employment centres to facilitate the employment of disabled people
GENDER EQUALITY		
• Providing all employees with opportunities for professional and career growth	Target 8.5 and 8.8	**21.5%** of women among managers of all levels **16%** of women in the Company's Top 40 Talent Pool (6 out of 38) **34%** of women in the Company's total headcount

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.

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 system of corporate libraries,** guidelines, and knowledge management at large;
- **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.

2022 accolades

- **A top 100** Russian employer according to hh.ru
- **Gold status** in the 2022 rating of Russia's best employers from Forbes
- **Winner** among industrial companies according to Delovoy Peterburg
- **Grand Prix** of the national competition of youth employment best practices in the category Best Practices in Preserving the Region's Youth Talent Potential
- Two employees recognised **as winners** of the Engineer of the Year contest
- Three employees **named** Russia's Professional Engineers
- The Company's employees **received 17 state awards,** including one medal of honour for labour achievements from the Russian President



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. For many, high remuneration is no longer the main incentive, with self-fulfilment coming to the forefront if the Company invests heavily in developing the 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.

Integrated HR management framework

Organisational unit	Key responsibilities
THE BOARD OF DIRECTORS	
Remuneration and Human Resources Committee	• 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 the assessment of their performance against the targets set forth in the incentive programme; • succession planning for executive bodies and other key executives
MANAGEMENT	
HR and Social Policy Department	• 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
OPERATIONS	
Local human resources and social policy departments	• 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

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, over 19,000 employees received additional training in human rights and corporate ethics.

All relations between PhosAgro and its employees are regulated by the Labour Code of the Russian Federation and comply with the requirement to provide employees with a timely notice of material changes in employment terms, thus respecting human rights.

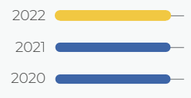
PhosAgro's Personnel Management Policy has the following key areas:

- 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.

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 Apatit, its branches and standalone business units).

Share of employees covered with collective bargaining agreements, %



100%
employees covered with collective bargaining agreements



Non-discrimination policy and human rights

Our goal is to keep our working environment free from discrimination based on nationality, gender, age, faith or other grounds as required by the applicable laws.

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 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.

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.

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 conducted 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.



The Code of Ethics

In our operations, we seek to maintain an impeccable reputation and comply with ethical business practices. 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 concluding 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.

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.

Inclusive environment
In 2022, the Group employed 88 employees with disabilities (according to the average headcount). 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.

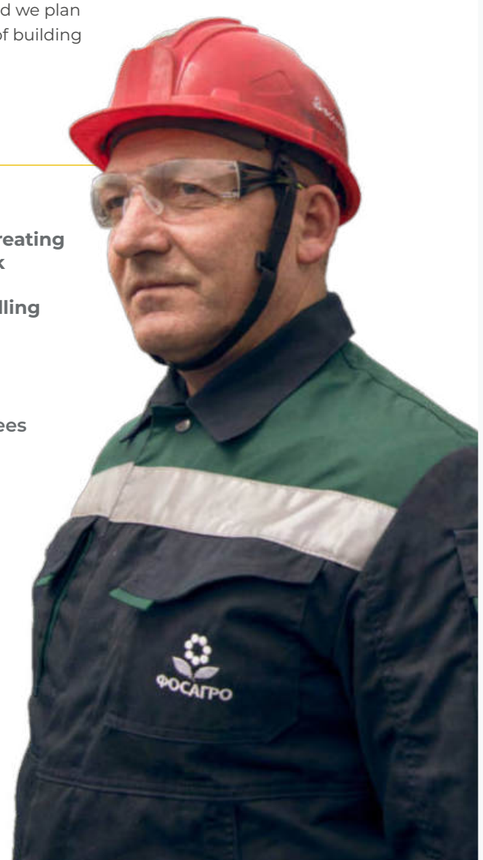
The Company honours all its obligations related to the employment of the disabled as required by applicable laws. In addition, we rely on job quotas in hiring the disabled, support and provide an expert opinion at Abilympics, a competition for the promotion of disabled people's professional expertise, 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.

88 *employees*
number of disabled people employed by PhosAgro in 2022

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.

In developing our production and creating new jobs, we seek to prioritise local residents when filling our vacancies.

> 90 %
of on-site employees are hired locally.



Open communication channels

GRI 2–25, 2–26

Access to multiple communication and feedback channels within the Company allows our employees to resolve employment and other job-related issues. Some of the formats are Q&As in corporate newspapers, information sessions for the staff and management, a corporate portal, a hotline, and official social media accounts of our branches.

Any employee or other stakeholder **can use PhosAgro's whistle-blower hotline** to report human rights violations or discrimination of any nature, or to communicate any other issues or concerns related to employer-employee relationships.

We keep **introducing popular cutting-edge technologies in corporate communications**. These include personal accounts for employees, a corporate mobile app with self-service options, and a chatbot, along with new capacities we added to our corporate portal, online training platforms, automated HR management system, and many more.

Risks and opportunities

The following strategic risks affect our HR management objectives:

For more information, see the Strategic Risks section on page 70

- 3 Social
- 4 HR
- 20 Infectious diseases

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



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 2022, we completed the first stage of recruitment automation to ensure faster communication with candidates and customers, while also reducing the time it takes to fill vacancies and minimising the labour inputs along the way.

We also set up a recruitment centre to enhance the process across all our sites.

If two or more candidates qualify for a job, we are more likely to pick the one who is either:

- **a young talented 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).

KEY AREAS



PhosAgro Schools

The PhosAgro Schools projects focuses on cooperation with schools across our footprint. By creating the right environment at schools, we help guide graduates in their career choices. **In 2022, we engaged with six schools across** our geography.

Collaboration with secondary vocational institutions

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.

Cooperation with universities

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.**

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.

21.5%
of women among managers of all levels

16%
of women in the Company's Top 40 Talent Pool

34%
of women in the Company's total headcount

Share of women taking part in corporate programmes, %

High-Potential Graduates



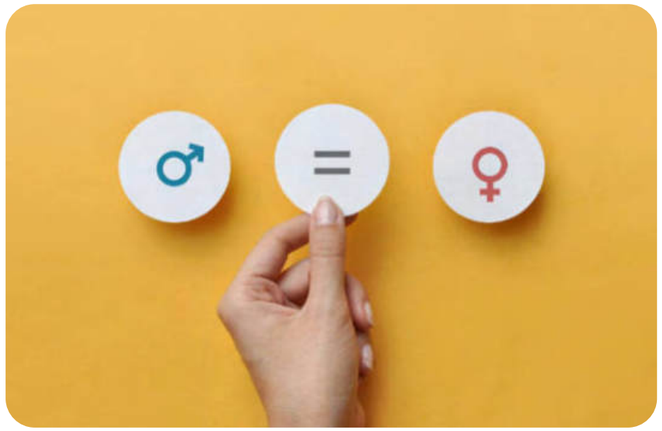
Corporate training initiatives



Participation of women

in internal thematic events

- **Superfinals** of the Young Manager – 2022 competition – 9 men, 3 women.
- **Superfinals** of the Mentor of the Year – 2022 corporate contest – 10 men, 3 women.



2022 metrics and highlights

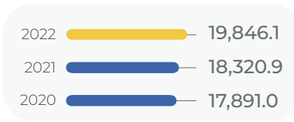
GRI 2–7, SASB EM-MM-000.B

Breakdown of employees by gender, region, types of employment and employment contracts[1], number of employees

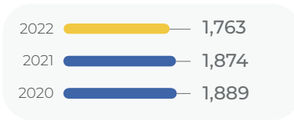
Region	Permanent employees			Temporary employees			Number of employees (headcount)[2]			Part-time employees			Full-time employees		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Men	5,585	5,623	6,238	478	485	529	6,063	6,108	6,767	4	1	5	6,059	6,107	6,762
Women	2,107	2,161	2,321	131	142	168	2,238	2,303	2,489	9	10	13	2,229	2,293	2,476
Murmansk region, total	7,692	7,784	8,559	609	627	697	8,301	8,411	9,256	13	11	18	8,288	8,400	9,238
Men	3,086	3,252	3,721	70	70	105	3,156	3,322	3,826	1	1	1	3,155	3,321	3,825
Women	2,404	2,516	2,755	216	221	234	2,620	2,737	2,989	4	3	12	2,616	2,734	2,977
Vologda region, total	5,490	5,768	6,476	286	291	339	5,776	6,059	6,815	5	4	13	5,771	6,055	6,802
Men	1,244	1,282	1,594	30	50	63	1,274	1,332	1,657	1	2	3	1,273	1,330	1,654
Women	619	649	740	50	61	85	669	710	825	8	7	11	661	703	814
Saratov region, total	1,863	1,931	2,334	80	111	148	1,943	2,042	2,482	9	9	14	1,934	2,033	2,468
Men	728	830	1, 100	43	93	117	772	923	1,217	1	0	2	771	923	1,215
Women	480	540	637	46	66	72	525	606	709	0	0	1	525	606	708
Leningrad region, total	1,208	1,370	1,737	89	159	189	1,297	1,529	1,926	1	0	3	1,296	1,529	1,923
Men	218	209	194	4	2	2	222	211	196	1	0	0	221	211	196
Women	177	164	147	7	2	3	184	166	150	0	1	0	184	165	150
Moscow, total	395	373	341	11	4	5	406	377	346	1	1	0	405	376	346
Men	570	571	557	8	10	7	578	581	564	3	3	3	575	578	561
Women	197	215	249	10	10	7	207	225	256	9	10	10	198	215	246
Other, total	767	786	806	18	20	14	785	806	820	12	13	13	773	793	807
Men	11,431	11,767	13,404	633	710	823	12,065	12,477	14,227	11	7	14	12,054	12,470	14,213
Women	5,984	6,245	6,849	460	502	569	6,443	6,747	7,418	30	31	47	6,413	6,716	7,371
Total	**17,415**	**18,012**	**20,253**	**1,093**	**1,212**	**1,392**	**18,508**	**19,224**	**21,645**	**41**	**38**	**61**	**18,467**	**19,186**	**21,584**

[1] Due to expansion of the disclosure scope, the 2020 and 2021 data for the Vologda region, Leningrad region and other regions was recalculated to ensure the comparability of information.
[2] Headcount as at the end of the reporting period. The headcount includes employees with an employment contract.

Average headcount[1] of PhosAgro Group, people



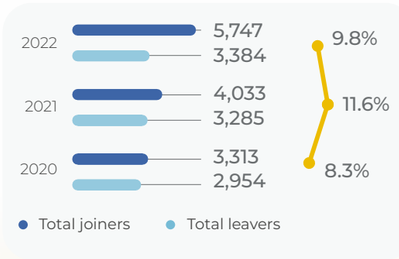
Productivity[2], t per person



The decrease in productivity due to the growth of the Company's headcount as a result of bringing equipment repair and maintenance functions back in-house, with a view to improving the quality and efficiency of the work.

Key personnel turnover indicators[3], people

GRI 401–1



[1] 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.
[2] 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] Due to expansion of the disclosure scope, the 2020 and 2021 data was recalculated to ensure the comparability of information. For the key personnel turnover indicators by age, gender and region, see page 396.



GRI 405–1

Personnel breakdown, %

Age	Average headcount, %					
	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
EMPLOYEES BY GENDER AND AGE						
Under 30 years	10.5	5.6	10.1	5.5	10.9	5.5
30–50 years	45.6	23.7	45.5	23.9	45.5	23.2
Above 50 years	9.1	5.6	9.3	5.7	9.3	5.6
EMPLOYEES BY CATEGORY						
Blue-collar employees	43.1	14.8	42.3	14.9	42.7	14.5
White-collar employees	11.6	17.1	12.0	17.2	12.6	16.9
Managers	10.5	3.0	10.6	3.0	10.5	2.9
EMPLOYEES BY EDUCATION						
Higher	25.0	20.0	25.3	20.3	25.4	19.7
Basic vocational	0.17	0.04	16.59	5.11	16.66	5.02
General	10.4	3.3	10.5	3.6	10.2	3.6
Secondary vocational	29.6	11.5	12.5	6.1	13.5	6.0

Annual employee survey

For ten years now, the Company has been conducting annual Growth Area employee surveys which serve as a basis for subsequent remedial action plans designed to address employee concerns. In 2022, the Company collected 13,773 completed survey questionnaires (with the headcount standing at approximately 19,800 employees). The employee satisfaction and loyalty index came in at 69% (up 12 p.p. y-o-y). This is a very good result for a chemical and mining company with a complex organisational structure. The engagement level came in at 70% (up 11 p.p. y-o-y due to the high assessment of the Company's stability and social benefits offered), with 87% of employees appraising the management's decisions.

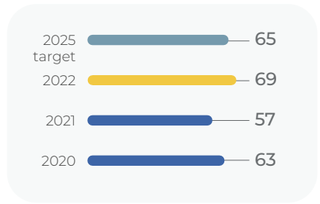
These results reflect positive changes in the Company and the effectiveness of corrective actions based on the outcomes of the annual Growth Area surveys. We plan to continue surveying our employees on an annual basis going forward, while also arranging pulse survey on dedicated subjects more frequently.

The aggregate satisfaction and loyalty index demonstrated significant growth to reach its all time high (since 2013 when the Company's first started measuring these metrics).

69% +12 p.p. to 2021

aggregate employee satisfaction and loyalty index

Employee satisfaction and loyalty index, %



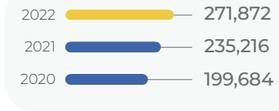
Training and evaluation

PhosAgro's management seeks to attract highly skilled professionals and young talents, with heavy emphasis placed on providing professional development opportunities, promoting professional growth and encouraging production initiatives and in-house expertise.

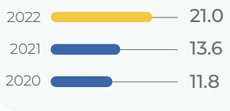
We offer a wide range of training formats for our people, including in-person training, on-the-job training, internships and online education. The COVID-19 pandemic came as a challenge from the perspective of ensuring employee training, development and assessment continuity, but also as a growth driver. The use of remote training capabilities became possible due to the implementation of new automated solutions and services which facilitate qualitative employee assessment, prompt identification of personnel management risks, and enactment of management initiatives for improving process efficiency.

In 2022, we continued to enhance the expertise of professionals responsible for the assessment of candidates and employees as part of recruitment and development processes. We actively use psychometric assessment tools by leveraging the potential of new automated solutions and services introduced in 2021. These tools are applied in full compliance with the regulations on their use approved by the Company.

Training expenses, RUB '000



Training expenses per employee, RUB '000



In 2022, the number of employees who completed various types of training programmes reached

11.551 *employees* +16.4% to 2021

The average annual number of training hours per employee exceeded

99.8 *hours* +4.9% to 2021



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 training and development 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.

GRI 404-1

Average annual training, hours per employee

Item	2020	2021	2022	Change 2022 to 2021, %
Average annual training hours per employee	79.5	95.1	99.8	4.9
BREAKDOWN BY GENDER				
Women	56.2	75.0	86.5	15.4
Men	84.4	96.6	107.1	10.8
BREAKDOWN BY EMPLOYEE CATEGORY				
Managers	69.44	83.18	113.0	35.8
White-collar employees	39.59	61.71	85.4	38.3
Blue-collar employees	92.10	103.97	104.0	0.1

Additional information on employee training

Item	2020	2021	2022	Change 2022 to 2021, %
Number of employees trained	7,276	9,926	11,551	16.4
Average annual hours of mandatory training per employee	n/a	81.6	85.1	4.34
Average annual hours of optional training per employee	n/a	13.6	14.7	8.20
Total investments in training, RUB '000	199,684	235,216	271,872	15.6
Annual training investments per employee, RUB '000	11.8	13.6	21.0	53.8
Women	10.9	12.9	20.4	57.9
Men	12.3	14.0	21.3	52.1

In 2022, we continued **to improve our corporate training programme** by rolling out remote educational and development tools introduced during the pandemic, leveraging digital technologies and creating mixed training formats.
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. The remote training system counts over 250 courses, while the VR library offers 12 programmes on occupational health and safety, and repairs 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 2022, the Company partnered with Eduson**, an educational platform, enabling its employees to complete over 17,000 courses and more than 2,600 tests. **PhosAgro's staff can also read and download** business, professional and fiction books from **Alpina's online library.**

Our remote training system counts over
250 *courses*

Our employees completed over
17 *thousand*
Eduson courses

TALENT POOL PROGRAMMES

GRI 404-2

The Company seeks to promote the greatest possible number of internal candidates from the talent pool to PhosAgro's executive roles. Our programmes aim to identify employees who have proved their efficiency in current positions and have what it takes to expand the scope of responsibilities and move up to executive roles. The Company offers a wide range of training and development opportunities to help such employees achieve these goals.

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 (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 participants of the Top 40 Talent Pool programme. 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.

The Top 40 Talent Pool programme offers opportunities to develop managerial competencies, pursue individual training at leading business schools, and benefit from mentoring support and personalised assistance.

The main objective of training is to prepare the next generation of top-notch managers.

We are creating an environment conducive to an active experience and knowledge sharing by promoting the culture of coaching and mentorship. In 2022, a number of Top 40 Talent Pool participants took on the role of mentors themselves to coach middle and line managers from the talent pool.

Both talent pool development programmes and employee training initiatives seek to develop competencies required for progress against the Company's goals and strategic projects and preventing personnel shortages. In 2023, we will continue our efforts to expand the talent pool.

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.



Status

The project was successfully completed in the pilot units (Ammonia-1, Ammonia-2 and Ammonia-3) and will be rolled out across other units of Apatit.

In 2022, **four management practices** were introduced in the pilot units:

- Stand-Up/Shift Meeting,
- Setting Targets,
- Feedback,
- Performance Discussion.

Virtual teaching package

In 2022, we kept rolling out a virtual teaching package and a distance learning system to automate training and development processes.

This was needed because of:
- transition to remote work;
- demand for a specific range of professions;
- a large number of employees to be trained in various jobs;
- employees' aspirations for self-learning and keeping their knowledge up to date.

The virtual teaching package includes:

1. **A matrix** of 24 corporate, job-agnostic and job-specific competencies;
2. **Teaching packages** for 15 corporate and job-agnostic competencies;
3. **Ten distance learning courses** for corporate and job-agnostic competencies.



In addition to the earlier developed capabilities, in 2022 the Company unveiled:

- 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;
- 100% of content required for distance learning theoretical courses on job-specific competencies covering four pilot professions.

Target by 2026 is to achieve

100%

coverage of most in-demand professions by distance learning theoretical courses

Furthermore, during 2022 **a personal account developed for the distance learning system** was available for pilot running at all sites. The personal account features:
- mandatory multi-sectioned courses;
- courses to develop additional competencies;
- process flowcharts;
- student atlases, etc.

Lessons learned from the operation of the personal account will be used to automate HR management processes.

Going forward, we plan to roll out the project and achieve 100% coverage of the 59 most popular professions by theoretical courses in the distance learning format by 2026.

Mentoring

The programme's key objectives are to:

- **Create a system to accumulate and transfer expertise and experience** acquired in the Company to help new hires develop their skills
- Identify, evaluate and **develop the initial potential of employees** and leverage their professional experience in line with the Company's requirements
- **Improve labour productivity**
- **Reduce workplace injuries**
- **Improve professional skills of employees**
- **Reduce the number of errors,** defects and other failures at work



In 2022,

13 *mentors*

took part in the Mentor of the Year super final

PhosAgro Group is committed to facilitating the successful onboarding of new employees. In 2022, the Company continued its Mentoring programme: new hires are overseen by mentors – seasoned employees who teach professional skills and provide feedback, support, and assistance in onboarding.

To organise the mentoring process, we identified a pool of mentors (over 1,500 people so far). The selection criteria include qualifications and professional experience; perception by the team; organisational and training skills; and motivation to share experience and knowledge.

In the course of the programme, we developed and approved the mentor's competence model. Potential mentors have their competences assessed and take part in corporate development programmes to learn more about personnel development and training approaches.

To promote the mentoring programme, the Company provides communication support and methodological assistance to mentors. We have developed check lists and guidelines for mentors, and post information about mentors on stands, hold meetings with them in business units, and they are featured in the corporate media.

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 new hires. In 2022, 13 mentors from different assets of the Company took part in the Mentor of the Year super final.

In the coming year, we will continue to improve the mentoring programme to raise the quality of personnel training, reduce the turnover rate among new employees, and boost employee loyalty and engagement.

PERSONNEL ASSESSMENT

To assess HR management and make effective decisions in this area, we continuously monitor employee performance metrics and analyse the structure of staff costs, labour productivity, along with the performance of social, training, and other programmes.

Percentage of employees receiving regular performance and career development reviews, %

GRI 404-3

Category	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Managers	1.02	0.18	1.49	0.20	1.63	0.19
White-collar workers	0.63	0.61	0.93	0.66	0.96	0.69
Blue-collar workers	0.37	0.05	2.06	1.00	5.11	0.76
Total by gender	**2.03**	**0.84**	**4.48**	**1.87**	**7.70**	**1.63**

Personnel evaluated in 2022, people



Volkhov branch	Apatit (Cherepovets)	Kirovsk branch	Balakovo branch			
37	36	119	20	Men	212	Managers
4	12	5	3	Women	24	
20	28	65	11	Men	124	White-collar workers
3	46	34	6	Women	89	
51	31	421	160	Men	663	Blue-collar workers
17	1	19	62	Women	99	
132	154	663	262	Total		



INVESTING IN PHOSAGRO GROUP'S FUTURE TALENT

PhosAgro Classes
PhosAgro Schools

We continue to implement the PhosAgro Schools career guidance project.

Since 2013, the Company has invested over

RUB* 800 *mln

in it, including RUB 600 mln spent on renovations and equipment.

In 2022, funding for the project increased

2.5 fold

compared to 2021 (reaching more than RUB 260 mln), the funds were used, among other things, to further develop schools in Kirovsk and Apatity (Murmansk region). 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, **83 participants** of the PhosAgro Class programme who graduated from dedicated universities have **been hired by PhosAgro units, including 30 in 2022**, to take engineering positions. **Some 34 graduates of PhosAgro Classes are expected to be employed by the Company in 2023, with over 100 more by 2025.**

More than

100 graduates

of 2022 have been admitted to higher educational institutions, with St Petersburg Mining University **enjoying the highest popularity among them** (25 students). Since 2015, over 900 graduates of PhosAgro Classes have been enrolled in higher educational institutions, with technical careers gaining more traction among them every year.

In September 2022, **125 new students started their 10th grade programme** at PhosAgro Classes, marking the tenth admission round since the project launch.

For more information on the educational programme, please see the Contributing to Local Communities section on page 234





In 2022,

75 *students*

were admitted to the Cherepovets College of Chemistry and Technology

Collaboration with technical colleges

PhosAgro has been implementing a school–college/university–facility career guidance model to train highly skilled workers since 2013. The Company has been consistently partnering with technical colleges across its footprint, including:

- Kirovsk branch of Murmansk Arctic State University (Murmansk region);
- Cherepovets College of Chemistry and Technology.

In 2022,

around **200** *students*

were trained for and received some of the key blue-collar jobs at the Company.

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** undergraduate and graduate thesis research;
- **organising and engaging** students in sports, educational, and research initiatives, competitions, Olympiads.

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 2022, the college also 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 2022, as part of cooperation with PhosAgro under a federal programme, the Cherepovets College of Chemistry and Technology was the only educational institution of the chemical industry cluster to make it the Top 10 clusters of the Professionalism project, demonstrating a high level of performance.

Collaboration with universities

As part of the school–college/university–facility educational model, the Company has built a system of cooperation with universities to provide high-quality and affordable education and support research.

As part of its collaboration with universities, PhosAgro:

- **sponsors advanced training** for graduates of PhosAgro Classes in the fields relevant to PhosAgro (subject to their commitment to future employment at the Company);
- **offers scholarships** to the most talented students (based on exam results);
- **invites** university students **to take a tour** of one of the Company's facilities;
- **offers** students **a job in one of the Company's** popular specialisations after they graduate;
- **allocates money** for repair and equipment of chemistry laboratories at dedicated universities.

We have cooperation agreements and roadmaps with many universities.

High-Potential Graduates

For the recent 10 years, the Company has been running the High-Potential Graduates programme based on its cooperation with universities. The initiative fosters contact with graduates wishing to work at PhosAgro.

The High-Potential Graduates corporate programme offers a competitive salary, as well as relocation and housing support. Each new hire is supervised by an experienced mentor.

Number of people recruited to the High-Potential Graduates programme



In 2022,

80 *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

554 *people.*

~400

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 2022,

>37%

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.

In 2023, we plan to "reload" and transform the High-Potential Graduates programme into a corporate PhosAgro-START programme. The programme's main objectives will be to build a talent pool for key positions within the Company and to identify career paths for young talented professionals to prepare future executives and set up a pool of internal experts.

Incentives and rewards

Our robust system of 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 incentives and rewards system is to incentivise staff in order to increase productivity and deliver strong operating results, as well as to retain qualified talent.

Due to the nature of our operations, there are generally more male employees than female ones. At PhosAgro, we believe that professionalism, sustainably strong performance and adherence to corporate values are prerequisites for and the only guarantee of career growth.

Our regulations on labour relations, remuneration and social benefits cover all employees and underpin the principle of equitable remuneration and rewards. We comply with the principle by implementing a remuneration framework that offers equal pay to employees in equivalent positions, regardless of their gender.

GRI 405-2

Correlation of the standard entry-level wage and remuneration of women and men

Region	Difference in remuneration of men and women		
	2020	2021	2022
Vologda region	1.56	1.59	1.64
Saratov region	1.43	1.41	1.49
Leningrad region	1.58	1.69	1.70
Moscow	3.90	3.54	4.90
Murmansk region	1.52	1.52	1.54
Other	0.91	0.86	0.89
Total:	**1.62**	**1.61**	**1.71**

GRI 202-1

Ratios of standard entry-level wage by gender compared to local minimum wage[1]

Region	2020		2021		2022	
	Men	Women	Men	Women	Men	Women
Vologda region	1.00	1.16	1.18	1.18	1.21	1.21
Leningrad region	1.28	1.35	1.33	1.17	1.20	1.24
Murmansk region	1.00	1.00	1.00	1.00	1.00	1.00
Saratov region	1.00	1.00	1.06	1.04	1.02	1.05
Moscow	3.32	1.53	2.30	1.32	1.98	1.30

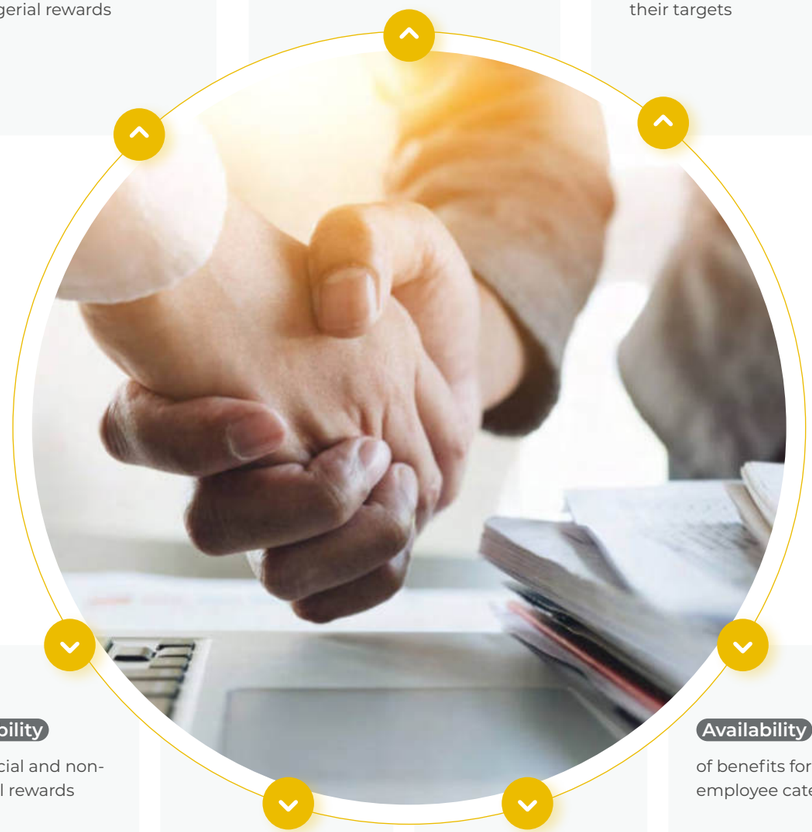
[1] Significant regions of operation are those with the Company's main production facilities, maximum headcount, and governance structures.

Our system ensures:

Implementation of incentive programmes
using a transparent system of KPIs to calculate managerial rewards

Decent pay

Implementation of incentive programmes
to motivate blue-collar employees to deliver against their targets



Availability
of financial and non-financial rewards

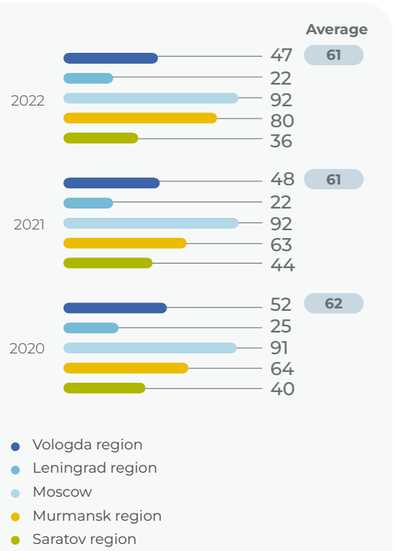
Adherence
to global best practices on benefit packages

Employee coverage
by social programmes

Availability
of benefits for certain employee categories

GRI 202-2

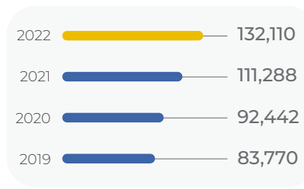
Proportion of senior management[1] hired from the local community[2] in significant regions of operations, %





In the reporting period, wages and salaries grew for all categories of staff as a result of the 3–4% wage indexation on 1 September 2021 and 12% wage indexation on 1 February 2022, along with targeted pay reviews and incentive programmes.

Average monthly pay, RUB



Wage indexation on 1 February 2022

12%

[1] Senior management include 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.

[2] 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.

Social benefits and employee guarantees

GRI 401-2

We provide comprehensive social support to our employees, and every year we increase funding for voluntary health insurance, financial assistance and corporate housing programmes.

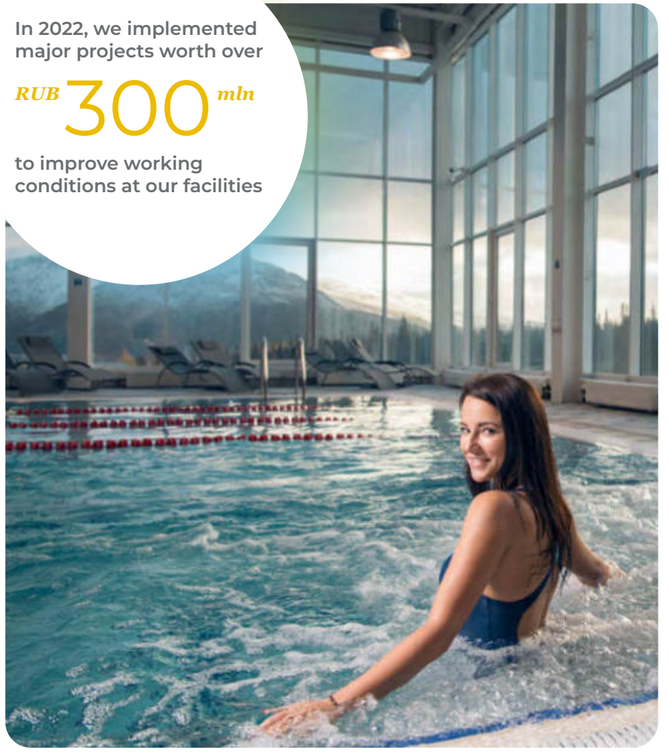
Collective Bargaining Agreements provide for a range of relevant benefits as part of the government programme to support families, mothers, and children. Recreational summer health resorts and specialised excursions are organised for employees' children on an annual basis. All children of employees between the ages of 0 and 14 receive New Year presents.

PhosAgro provides employees with vouchers to local and southern health resorts and corporate health resorts. Employees and their family members, as well as veterans, have access to corporate health resorts at a reduced price.

In 2022, we implemented major projects worth over

RUB 300 mln

to improve working conditions at our facilities



A range of social support measures and leisure activities are available to the Company's veterans, and a corporate retirement plan is in place.

Employees can also seek psychological, financial, and legal assistance and receive advice on an active lifestyle, including the use of telemedicine. Healthy eating programmes are being introduced and a nutritionist is available to employees.

In 2022, we implemented major projects worth over RUB 300 mln to improve working conditions at our facilities. For example, repairs were carried out on lounge, shower and meeting rooms, staircases, and corridors in administrative and production facilities.

Social investment, RUB mln

Programme	2020	2021	2022	Change 2022 to 2021,%
Financial aid to employees	48.26	64.7	66.3	2.5
Recreation, rehabilitation, health resort treatment, and VHI programme	225.93	359.52	506.21	40.8
Improvement of working conditions	85.599	302.12	390.128	29.1
Corporate housing programme	67.51	76.46	88.47	15.7
Other social benefits and guarantees	84.64	227.71	227.14	–0.3
Corporate and cultural events	72.34	134.22	186.44	38.9
Support to the trade union (special purpose funding and bonuses)	151.94	188.55	233.13	23.6
Total	**736.22**	**1,353.28**	**1,697.82**	**25.5**

Industrial safety

AREA, STRATEGIC GOALS AND METRICS

WORK-RELATED INJURIES

Target 3.4 | Target 8.8

- fostering a safety culture and adhering to the highest occupational health and safety standards
- reducing workplace injuries

by **10** *% annually*

- zero fatalities, and reducing the number of incidents

by **10** *% annually*

TRANSPORT SAFETY

Target 3.4

- reducing risks of traffic accidents

OCCUPATIONAL DISEASES

Target 3.4

- paying special attention to disease prevention and health improvement among the employees of all production sites;
- providing employees with access to high-quality affordable healthcare

EMPLOYEE TRAINING

Target 4.4 | Target 8.8

- improving safety competencies
- keeping employees motivated to stay safe and protect others

KEY PROJECTS AND HIGHLIGHTS OF 2022

Total injuries

down **51** *%* – from 41 to 20

Severe injuries

down **67** *%* – from 3 to 1

Minor injuries

down **51** *%* – from 37 to 18

0 incidents

0 fires

0 accidents

0 traffic accidents with injuries or major damage

0 fatalities caused by occupational diseases

Occupational disease record

down **50** *%*

from 30 to 15

10.8 *thousand*

Company employees passed health and safety training and knowledge checks, including an ad-hoc one

around **80** *%*

of the total headcount[1]

[1] Apatit, including its branches and standalone business units.

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 2022, 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.

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.

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.



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 in 2022 successfully audited for compliance with ISO 45001:2018.



Health and safety management system

Organisational unit	Key responsibilities
BOARD OF DIRECTORS	
Strategy and Sustainable Development Committee	· Sets strategic priorities and develops relevant policy · Reviews executive management's health and safety reporting
MANAGEMENT	
Executive bodies	· Define and oversee the health and safety policy · Review all on-site incidents involving people and machinery on a weekly basis
OHS Department	· Supervises OHS management functions across the Group's companies to implement OHS policies and strategies · Collects data and prepares OHS reports for the Strategy and Sustainable Development Committee · Cooperates with external consultants to implement the best practices of OHS management · Conducts audits and inspections at the Company's sites
OPERATIONS	
Heads of production sites	· Oversee OHS policies and strategies at respective production sites · Develop and implement effective response measures following internal and external audits and accident investigations
Local OHS Committees	· Draft and improve, as part of the committees' activity, programmes to join efforts of the employer, employees and trade unions in ensuring health and safety
OPERATIONAL OHS STAFF	
Local OHS management functions	· Monitor the site's compliance with OHS regulations and corporate standards · Develop targeted programmes, conduct training and stage initiatives · Interact with relevant regulatory authorities on behalf of the site and facilitate inspections · Conduct internal inspections and audits and present analytical reports to the local management

GRI 403-3

Occupational health functions play a key role in ensuring safety at our facilities.

Their main objectives are:
- taking steps to ensure workers' compliance with health and safety requirements;
- monitoring workers' compliance with OHS laws and regulations, the Collective Bargaining Agreement, OHS agreement and other internal regulations;
- preventing workplace injuries, occupational diseases and work-related illnesses and improving workplace conditions;
- advising workers on, and raising their awareness about, occupational health and safety;
- studying and disseminating best OHS practices and promoting occupational health.

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 health and safety.
In 2022, we revised our regulations on health and safety committees, with meetings to be held on a monthly basis according to the new version. At meetings, information exchange and reporting are multilateral, as both health and safety functions and local unit heads report on health and safety progress. The latter can also address their questions and proposals directly to the management and the health and safety function. All resolutions are documented in minutes of the meetings. In 2022, health and safety committees held 35 meetings and adopted 560 resolutions.
Workers are represented at committee meetings by heads or representatives of local unions.



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.

Meeting agendas comprise nine workstreams

- Accident/incident investigation
- Occupational health
- Industrial safety
- Road traffic safety
- Safety assessments and audits
- Developmentof health and safety management
- Safety projects (programmes, initiatives)
- Education and training
- Fire safety

35 *health and safety committee meetings*
held in 2022

560 *resolutions*
adopted



Improving contractor safety practices

Measures to ensure safety of contractors' employees temporarily 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, and training to contractor employees, along with relevant compliance audits.

ESG assessment is a major factor in contractor selection.

For more information, see the Supply Chain section on page 130

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 (Rospotrebnadzor), 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.

In 2022, state supervisory authorities carried out 189 audits at Apatit and its managed companies. The higher number of audits (up from 132 in 2021) was due to due to an increase in the number of audits conducted as part of the continuous state supervision of hazardous production facilities of hazard class 1, with Apatit having 17 such facilities.

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, and gaps that can be eliminated at no additional cost are addressed immediately.

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 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.



189 *safety audits*

conducted by state supervisory authorities at Apatit in 2022

Risks and opportunities

GRI 403-2

The following strategic risks affect our OHS objectives:

- **4** HR risk;
- **6** health and safety risk;
- **20** infectious disease risk.

For more information, see the Strategic Risks section on page 70

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 are:

1. Occupational risks of the Group's business units, including occupational disease risks
2. Safety culture risks, including OHS communications and safety incentives
3. 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 identify material risks 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.

In accordance with an established procedure, information about incidents is provided by eyewitnesses to the supervisors in charge and by those supervisors to the dispatcher of the enterprise. Next, the dispatcher notifies the designated persons using text messages and phone calls.

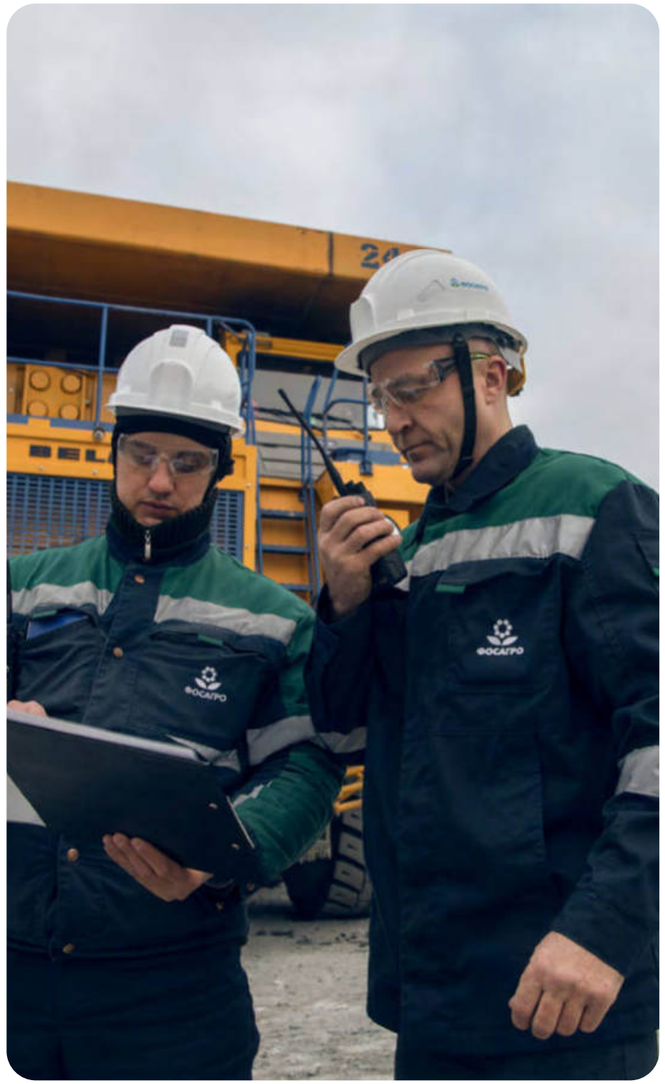
Industrial accidents and incidents are investigated in accordance with legislative requirements and internal procedures to determine the root causes. The Company encourages its staff to disclose information on potential sources of danger to worker health and life.

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.

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.





in November
2022
OHS remote monitoring system was introduced

Case study

Roll-out of the OHS remote monitoring system at the Cherepovets site of Apatit

Starting from 2021, Apatit's Cherepovets site (fluosilicate acid storage facility of the aluminium fluoride shop) participates in Rostechnadzor'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. As assumed, the technology will improve the overall reliability and monitoring efficiency of safety systems, and help reduce the associated paperwork and bureaucracy.

The pilot operation of the OHS remote monitoring system began in November 2022, with the process of data transmission to the Automated Information System of Rostekhnadzor currently being configured.

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 2022:
  - test alerts – **125**
  - fire training sessions – **666**
  - evacuation drills – **96**
  - oil spill drills – **48**
  - joint fire drills with EMERCOM – **2**
- Apatit's programme for developing gas and mine rescue, fire-fighting and prevention activities for 2019–2022 completed;
- a targeted programme for upgrading Apatit's fire safety systems in 2023–2025 developed.

Key results in 2022

The significant increase in OHS expenses is attributable to the rise in prices for personal protective equipment on the Russian market, as well as the expansion of OHS training programmes for employees and changes in the approach to organising such training as a result of the growing number of training programmes due to the adoption of Russian Government Resolution No. 2464 On the Procedure for OHS Training and Checking the Knowledge of OHS Requirements dated 24 December 2021.

Transport safety

SASB RT-CH-540a.2

From 2020 to 2022, PhosAgro Group was able to reduce the total number of traffic accidents

by **71** % from 45 accidents in 2020 to 13 accidents in 2022

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. Examples of such solutions in 2022 include optical projections of pedestrian crossings implemented at the Volkhov branch and visualisation systems for dangerous zones installed on self-propelled machines at the Kirovsk branch.

OHS expenses, RUB mln

Traffic accidents at Apatit and its branches

Work-related injuries

GRI 403-9, SASB RT-CH-320a.1, RT-CH-540a.1

In 2022, the Company continued to perfect its health and safety management system and made significant progress in improving workplace safety. The total number of work-related injuries, both minor and major, significantly reduced across the Company's facilities in 2022, with 20 injuries reported compared to 41 in 2021. Of these injuries, five occurred to contractor employees, eight to PhosAgro's own staff and seven to employees of subsidiaries and affiliates (compared to 16, 17 and 8 in 2021, respectively). We were deeply saddened by the fatality involving our employee which occurred at the production site of Apatit's Kirovsk branch in December 2022. The investigation has been completed. We have thoroughly analysed the circumstances of the fatality and communicated conclusions and recommendations on preventive measures, including a range of technical and organisational steps, to the management and employees of the facility. This tragedy clearly shows the importance of further improving safety practices.
Most of the injuries reported in 2022 were related to chemical burns incurred while handling hazardous substances, as well as fractures resulting from falls and contact with moving and rotating objects and equipment. The main causes of work-related injuries in 2022 were poor work organisation, violations of labour and industrial discipline, and personal negligence of the injured parties.

The Company plans to continue implementing its safety improvement strategy by leveraging new 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.



LTIFR[1], per 1 mln of hours worked

Item	2020	2021	2022
Employees, including	0.52	0.85	0.32
Apatit	0.42	0.40	0.12
Kirovsk branch of Apatit	0.47	1.18	0.22
Balakovo branch of Apatit	0.48	0.00	0.80
Volkhov branch of Apatit	1.37	2.28	0.88
Employees + staff of external contractors (including subsidiaries, affiliates and managed companies)	0.69	0.81	0.38

Fatalities as a result of work-related injury, per 1 mln of hours worked

Item	2020	2021	2022
Employees	0	0	0.05
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.08	0.03	0

Severe injuries (excluding fatalities), per 1 mln of hours worked

Item	2020	2021	2022
Employees	0.21	0.05	0
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.33	0.07	0.04

Work-related injuries[2], per 1 mln of hours worked

Item	2020	2021	2022
Employees	0.52	0.85	0.36
Staff of external contractors (including subsidiaries, affiliates and managed companies)	0.90	0.82	0.44

Number of hours worked by the Company's employees and staff of external contractors

Item	2020	2021	2022
Employees	19,091,953.05	19,893,115.33	22,196,069.58
Staff of external contractors (including subsidiaries, affiliates and managed companies)	24,359,432.13	29,207,298.96	27,194,133.46

[1] Lost time injury frequency rate, excluding fatalities.
[2] Including fatalities.

Work-related injuries over the past three years

Branches	Minor injuries			Severe injuries			Fatal injuries			Total		
	2020	2021	2022	2020	2021	2022	2020	2021	2022	2020	2021	2022
Apatit (Vologda region)	2	3	1	1	–	–	–	–	–	**3**	**3**	**1**
Balakovo branch	–	–	2	1	–	–	–	–	–	**1**	**–**	**2**
Volkhov branch	2	4	2	–	–	–	–	–	–	**2**	**4**	**2**
Kirovsk branch	2	9	2	2	1	–	–	–	1	**4**	**10**	**3**
Subsidiaries and affiliates	7	7	6	6	1	1	–	–	–	**13**	**8**	**7**
External contractors	5	14	5	2	1	–	2	1	–	**9**	**16**	**5**

Worker training on occupational health and safety

GRI 403-5

In 2022, 10,800 employees of the Company[1] (around 80% of the total headcount) passed health and safety training and knowledge checks, including an ad-hoc one (vs 7,800 employees in 2021).

PhosAgro keeps working to improve OHS competencies and knowledge of its staff. Employees of the Company undergo online and in-person training arranged at our PhosAgro Education Centre.

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.

In 2022, we developed and rolled out four e-courses on the key occupational health and safety regulations:

- procedure for occupational safety audits using check lists;
- course in the Safety and Instructions (Shift Assignments) management systems for beginners;
- procedure for operations in a confined space;
- implementation of the railway transport safety management system at Apatit and its branches.

Whenever required, the courses developed earlier are updated following changes in the law and the Company's internal regulations.

In 2022, we updated the following e-courses:

- Occupational Health and Safety Golden Rules;
- working at heights;
- contractor safety requirements;
- investigation and communication of occupational health and safety accidents/incidents;
- management of contractors' organisational and technical documents.

10.8 *thousand*
employees underwent health and safety training and knowledge check

[1] Apatit, including its branches and standalone business units.

In 2022, 7,200 employees of the Company (54% of the total headcount) completed 13 e-courses in occupational safety.

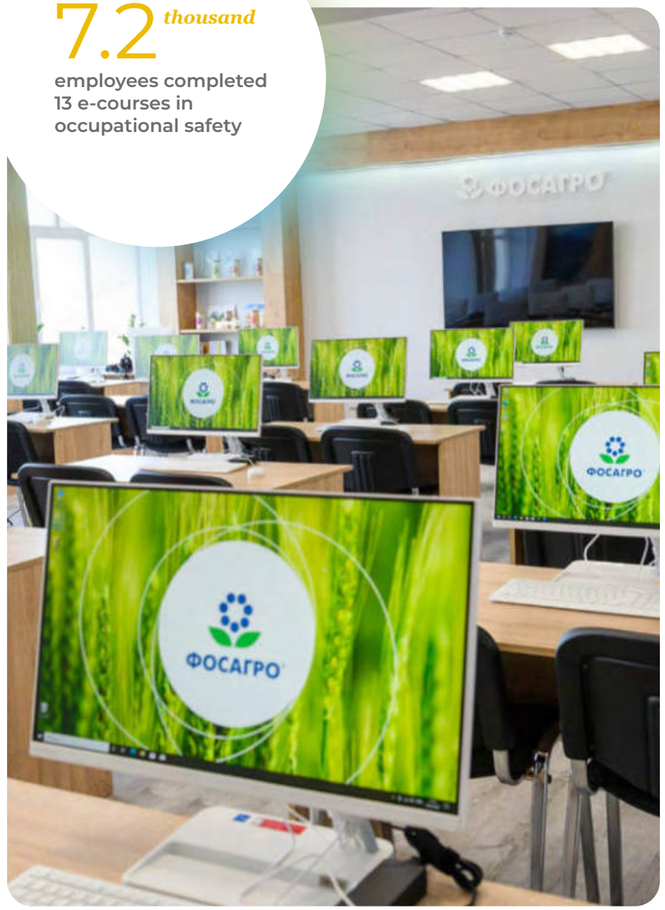
Apart from that, PhosAgro Education Centre organises OHS training, including that in basic fire safety and electrical safety, industrial safety pre-certification sessions, and drills in the Vysota training centre.

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.

To improve OHS training and remind employees about workplace safety, PhosAgro Education Centre creates animated videos.

100%
of employees covered by the health and safety management system in 2022

7.2 *thousand*
employees completed 13 e-courses in occupational safety



GRI 403-8, 403-1

In 2022, 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 contractors as part of the introductory briefing.

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.

[1] Apatit, including its branches and standalone business units.

In 2022, check lists were developed for the following topics:

- Rules for Working in Winter / Safe Driving and Walking in Winter;
- Safe Use of Stairs / Flights of Stairs;
- Golden Rules;
- Correct Use of PPE;
- OHS Motivation;
- Learn the Occupational Safety Rules;
- Disease Prevention;
- Control of Briefings for Each Shift;
- Safe Earthworks;
- Occupational Safety at Low Temperatures, etc.

In 2021, pilot business units of Apatit launched briefings for each shift. This initiative was rolled out at all business units in 2022.

The key objectives of such briefings are:

- 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;
- fostering leadership skills among mid-level managers;
- developing managers' communication skills.



***in* 2022**
an illustrated Incident Almanac was developed

In 2022, in order to draw attention of the Company's employees to incidents, an illustrated Incident Almanac was developed. This is a printed handbook describing all incidents in 2021 shown as animations. This format clearly illustrates the circumstances of incidents, draws attention to their causes and actions to prevent similar incidents in future.

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;
- industrial safety indicator;
- zero industrial accidents.

The Company has developed OHS promotion programmes to maintain each PhosAgro employee's interest 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.

In 2022, we revised the employee labour safety promotion regulations, including the addition of a new incentive programme, Best Public Scrutiny User, which provides for quarterly cash bonuses to employees who show initiative.



Best OHS Employe

1 RUB 15,000
2 RUB 10,000
3 RUB 5,000

Once a quarter



Safety Ideas

RUB 30,000
RUB 5,000
for every idea implemented

Once a quarter



CEO's OHS Achievement Award

RUB 125,000
RUB 50,000
for teams participating in the super final

Once a year



Best OHS Business Unit

RUB 100,000

Once a year

Employee labour safety promotion regulations

Best Public Scrutiny User



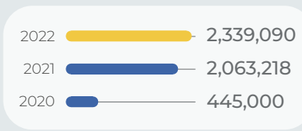
RUB 15,000

Once a quarter

A new programme since 2022 aimed at:

- engaging employees in the Public Scrutiny system (InSight mobile app);
- showing leadership and commitment to occupational safety among employees of Apatit and its branches by “submitting improvement ideas” or “reporting hazardous situations”.

The employee incentive system receives more financing and is improved on an annual basis, RUB



Apart from that, the existing promotion programme includes:

individual incentive programmes :

- Best OHS Employee
- Safety Ideas
- Best Public Scrutiny User

collective incentive programmes :

- CEO’s OHS Achievement Award
- Best OHS Business Unit

GRI 403-10

Number of employees diagnosed with occupational diseases

Branches	2020	2021	2022
Apatit	0	4	1
Kirovsk branch of Apatit	23	26	14
Volkhov branch of Apatit	0	0	0
Balakovo branch of Apatit	0	0	0
Total	**23**	**30**	**15**

In 2020–2022, there were no fatalities caused by occupational diseases.

Promotion of worker health

GRI 403-6, 403-7, GRI 403-10

PhosAgro places a strong emphasis on disease prevention, health improvement, and high-quality affordable healthcare and prevention for the employees of all its production sites.

The Company takes part in the Health 360 programme run by the Russian Chemists Union to promote annual health self-assessments based on a dedicated questionnaire.

In addition, PhosAgro is a frequent participant in contests aimed at promoting and shaping best practices for safe operations and healthy lifestyles. One of such contests is the Russian Organisation of High Social Efficiency. The participation of PhosAgro's facilities starts at the regional stage with submissions made in the category For Promoting a Healthy Lifestyle at Industrial Organisations.

In 2022, the Company continued introducing employee 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.).

All employees who have signed an employment contract with the Company benefit from long-term voluntary health insurance (VHI) covering a broad range of risks.



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 countrywide.

Health insurance contracts are signed annually as part of **long-term cooperation with the SOGAZ insurance company**.

On-site clinics can provide accident and emergency care and specialist advice from a therapist, endocrinologist, neurologist, ophthalmologist, dentist and other doctors. PhosAgro also has mobile medical teams and organises screening sessions for its employees. The Company's facilities take part in federal level prevention campaigns, such as a high-profile all-Russian campaign called **Cancer Watch**: as part of it, 16 doctors of the National Medical Research Radiological Centre examined over 300 employees of PhosAgro's Cherepovets facility.

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. In 2010–2022, PhosAgro invested over RUB 2.2 bln in the programme.

In 2022, the Company made further progress on its **Occupational Health and Preventive Healthcare Programme** by focusing on making workplaces more comfortable and putting in place break rooms. As regards workplace comfort, standard terms of reference were developed for the purchase of chairs for structural units, and a list of best models was compiled following their tests at structural units and polls at Apatit and its branches.



RUB 2.2 bln
allocated towards the programme to improve social and working conditions

Psychological Relief Room, another project aimed at reducing employee's emotional stress, kicked off in 2021 at the Balakovo branch. Going forward, the project will be extended to other facilities.

Starting from 2022, employees of all PhosAgro facilities have access to **Telemed,** a telemedicine service offered by SOGAZ. Furthermore, Apatit's Balakovo branch continues piloting the Doctor Nearby project run by **DOCTIS**, and collaboration is ongoing between Apatit and its branches with the DobroService platform offering online counselling on critical issues.

In 2022, the Company **introduced changes** to its menu of dietary and health 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, canteens at the Company's facilities serve up to 600 people. The Company has a nutritionist on site to provide information and advice to employees, 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. As part of healthcare initiatives, staff canteens provide nutrition according to Diet No. 10 targeting patients with cardiovascular diseases.

Every day, canteens at the Company's facilities serve up to 600 people

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. Also since 2021, we have been providing and broadcasting cooking workshops.

As part of preventive care and health promotion efforts for PhosAgro's employees and veterans **in 2022, the Company purchased 2,670 vouchers for them to go to health resort facilities.** In 2022, **employees and their families** received **947 free vouchers** under the **Wellness** programme, with partial coverage of travel expenses to and from the recreation facility. Employees of the Company and their family members as well as veterans have year-round access to corporate health resorts at a reduced price.

PhosAgro's facilities have corporate fitness centres, which include game halls, gyms and swimming pools and are available to employees on a daily basis. Pools offer classes in water aerobics and swimming lessons, both very popular among employees. At the Cherepovets facility, the fitness centre is attended by an average of 3,000 people per month; on days of mass classes, attendance has reached up to 250 visits per day since 2019 (excluding periods when COVID-19 cases were on the rise).

2,670 vouchers to health resorts purchased by the Company in 2022 for employees and veterans

An annual sports contest (Spartakiad) is held for employees in 18 types of sports. Teams in football, volleyball and other sports represent the Company in various levels of competitions, including Russian national.

Since 2020, the Cherepovets facility provides **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 persons, online interviews, and comprehensive events such as webinars and training sessions to reduce conflicts in teams, improve their psychological resilience, and increase performance levels. Starting from 2022, psychological support is provided by in-house psychologists to employees of Apatit, its branches and subsidiaries.

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.



Target programme

Apatit's target programme for developing gas and mine rescue, fire-fighting and prevention activities for 2019–2022.

In 2022, Apatit's target programme for developing gas and mine rescue, fire-fighting and prevention activities for 2019–2022 was completed at all of Apatit's branches.

Total funds allocated

for the programme stood at approximately

RUB 237 *mln*

Programme results:

- improved training facilities and equipment of gas/mine rescue and fire-fighting units;
- enhanced quality of hands-on training for young hires;
- achieved compliance with gas, mine, fire rescue, and personnel training regulations;
- re-equipped gas/mine rescue and fire-fighting units, new equipment and machinery purchased.

As part of the programme:

- headcount of the respective business units increased

by 92 *people,*

to 456 *people*

- purchased:
  - equipment – **447 units,**
  - machinery – **17 units,**
  - gear – **579 units;**
- a new fire brigade station was created at the Kirovsk branch of Apatit;
- two buildings were renovated to accommodate a gas rescue squad.

Participated in personnel training initiatives —

396 *people*



Case study

Transformation of safety culture and OHS management system

Since 2021, we have been running a three-year project called "Transformation of Safety Culture and OHS Management System".

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 (in 2021, we were at stage 2.2).

The project covers key business units of Apatit, entities under management, subsidiaries and affiliates, and third-party contractors engaged by our production sites.

In 2022, the project delivered its first results, with the level of safety for higher-risk activities improving

by 30 *%*

and remaining unchanged throughout the year.

To maintain and replicate this standard across all its units, the Company established the Transformation Centre, which implements tools to help achieve the project's goals. These tools include leadership visits, standard operating procedures, audits of hot work, gas hazardous and underground construction work, etc.

In 2022, following an audit of the corporate work permit systems in place at the Cherepovets facility and Volkhov branch, PhosAgro resolved that a target model system must be developed, along with an assessment methodology (both are expected to be completed in 2023).





Environmental review

AREA, STRATEGIC GOALS AND METRICS	KEY PROJECTS AND HIGHLIGHTS OF 2022
CLIMATE Targets 12.4, 13.1, 13.2 Climate action and minimisation of GHG emissions 2028: gross emissions Scope 1 – **4,175.5** kt of CO_2-eq. Scope 2 – **794.7** kt of CO_2-eq. 2028: Scope 1 emissions – **109.1** kg of CO_2-eq./t	Gross emissions: Scope 1 **4,909** kt of CO_2-eq. Scope 2 **821.6** kt of CO_2-eq. Scope 1 emissions of CO_2-eq. **133.1** kg of CO_2-eq./t[1] • Climate Agenda project • Contracting TGC-1 as a supplier of green energy generated by HPPs • Assessing the impact of the carbon border adjustment mechanism on the Company's operating expenses • Low-carbon transition plan • Co-processing of phosphogypsum and carbon dioxide
ENERGY EFFICIENCY Targets 12.4, 13.1 Minimisation of Scope 2 GHG emissions to **794.7** kt of CO_2-eq. as part of the Energy Efficiency Programme	Self-sufficiency in electricity supplies **42.9** % **18** % of the mining and processing plant's output covered by green electricity • Upgrade of the lighting system to LED Construction of a heat and power plant with a 34 MW exhaust gas turbine and a water treatment system (Volkhov)
WASTE Target 12.4 Waste recycling 2025: **40** % of hazard class 1–4 waste recycled and decontaminated	**38.8** % of hazard class 1–4 waste recycled and decontaminated[2] • Enhanced ore processing (Kirovsk) • Use of phosphogypsum • Implementation of phosphogypsum conversion at Balakovo branch
AIR Targets 3.9, 12.4, 13.1 Minimisation of air emissions 2025: pollutant emissions **0.80** kg/t	Pollutant emissions **0.79** kg/t[3] • Installation and upgrade of gas recovery equipment in upgraded and new shops (Volkhov) • Dust suppression of dusty surfaces (Kirovsk) • Project of upgrading the process to return synthesis and purge gas to the fuel gas system without sending ammonia-containing gases to burners of the steam superheater
WATER Targets 3.9, 6.3, 12.4 Responsible water use 2025: waste water discharge into surface waters **4.16** m^3/t 2025: water withdrawal **5.16** m^3/t	Waste water discharge into surface waters **5.27** m^3/t[4] Water withdrawal **6.42** m^3/t[5] • Second stage of water use optimisation programme (Cherepovets) • Collection and treatment of seepage water from ANBP-2 tailing dump
BIODIVERSITY Targets 3.9, 15.1 Preservation of biodiversity in regions of PhosAgro Group's operation at a level securing sustainability	• Development of comprehensive programmes to protect biodiversity (Cherepovets, Volkhov, Kirovsk) • Release of young fish and larvae into water bodies across the Company's regions of operation

[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.
[2] The Group specific disclosure was calculated as the ratio of class 1–4 waste recycled and decontaminated to the total volume of class 1–4 waste.
[3] The Group specific disclosure was calculated as the ratio of total pollutant emissions discharged into the atmosphere to the total output of finished and semi-finished products.
[4] The Group specific disclosure was calculated as the ratio of waste water discharged into surface water bodies, including mine and pit waters, to the total output of finished and semi-finished products.
[5] The Group specific disclosure was calculated as the ratio of total water withdrawal to the total output of finished and semi-finished products.

Strategy

SASB EM-MM-160a.1, RT-CH-410b.2

At PhosAgro, we attach much importance to environmental protection and safety, as well as climate risk management, putting every effort into all of these areas to secure the Company's sustainable development and well-being of the regions across its geography.

Our Strategy to 2025 is designed to observe strict compliance with legislative environmental responsibility standards 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.

We strive to produce fertilizers in a safe and eco-friendly manner, thus contributing to the sustainable agricultural development worldwide. Committed to continuous improvement, the Company keeps working to lessen the environmental impact of its production operations and across the value chain.

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).

Based on the assessment results, we mapped out six strategic focus areas of environment protection, including:

- Climate
- Energy efficiency
- Waste
- Air
- Water
- Biodiversity

Since 2020, we have been implementing the **Climate Strategy** based on PhosAgro's vision and expertise in GHG emissions management. The document reviews climate risks and opportunities extensively, setting targets for GHG emissions and presenting the low-carbon transition plan.

The Company acts on 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 **minimise 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 **minimise air emissions**, PhosAgro **is running a programme** to re-equip production facilities and cut pollutant emissions.

In addition, in 2020, we adopted the **Water Strategy** 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 resources, set targets for water withdrawal and waste water discharge and designed a detailed action plan for each site to achieve the targets.

PhosAgro sticks to its **biodiversity management system** comprising the assessment of potential impact, 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.

Management approach

GRI 3-3

Effective environmental management is key to PhosAgro's long-term sustainability and indicative of the Company's commitment to run a socially responsible business, balancing its obligations to a wide range of stakeholders.

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 PhosAgro's Environmental Policy, see the Company's website

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 Environmental Protection Department 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 that was recertified according to ISO 14001 in 2022.

Environmental compliance

Our environmental management system relies on strict compliance with applicable laws and regulations.

Environmental management system

Our environmental management system is integrated with the Company's overall management framework and is a key element in our approach to managing environmental responsibility

In 2022, the environmental management system was recertified across the Company's production sites and was found to be in full compliance with ISO 14001.

The full text of the certificate is available on the Company's website

PhosAgro's environmental management system embraces all management levels and all stages of the product's life-cycle, from R&D to manufacturing and 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 management to analyse environmental management efficiency.

Environmental management framework

Unit	Management approach
BOARD OF DIRECTORS LEVEL	
Board of Directors	Defines the Company's environmental policy and sets strategic goals to ensure environmental protection and reduce the negative impact of its operations
Strategy and Sustainable Development Committee	· Maintains and regularly assesses PhosAgro's internal sustainability regulations and monitors their development, relevance, quality and efficiency, as well as compliance with applicable laws and internal sustainability objectives · Engages with key stakeholders and fosters healthy and sustainable communities across all regions of operation · Prepares recommendations to the Board of Directors on determining the Company's strategic sustainability objectives
GROUP MANAGEMENT LEVEL	
Department of Ecology and Environmental Management of JSC Apatit	Is responsible for general management, organisation and coordination of efforts to continuously enhance environmental management
OPERATIONAL LEVEL	
Environmental Control and Management Service	Fulfils commitments to the ongoing environmental improvement and reduction of the environmental footprint
Officers in charge of environmental protection	· Production units, which have the greatest environmental impact, have introduced a procedure for identifying and assessing risks and opportunities. Based on the results, we develop measures to bring risks pertaining to significant environmental aspects to an acceptable level. · Managers and experts responsible for making operational and other decisions that may adversely affect the environment take a specially designed training course in environmental safety. Only specially trained employees are cleared to handle hazard class 1–4 waste.

Our strategic environmental protection goals are set out in the Company's Strategy to 2025, climate and environmental agendas and their achievement is included in the KPIs of managers and senior executives.

Compliance

Environmental compliance is key to running a responsible business.

PhosAgro's environmental management practices ensure our compliance with the applicable environmental and nature conservation regulations. To that end, the Company has developed 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 (CCl_4) is used for some laboratory testing.

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.

Spending on environmental protection, RUB mln

Item	2020	2021	2022
Operating costs of environmental protection (form 4-OS)	4,825.3	5,510.3	6,534.6
Investments in fixed assets aimed at environmental protection (form 18-KS)	3,120.4	4,168.8	2,396.7
Environmental impact payments	174.6	178.4	192.6
Environmental fines and damages	0.02	4.258	2.464
Total	**8,120.3**	**9,860.7**	**9,126.4**

The slight decline in expenses in 2022 was due to the fact that the bulk of CAPEX associated with the Company's key environmental investment project, the aluminium fluoride production upgrade in Cherepovets, was incurred in 2021. In 2022, a considerable part of investment projects with an environmental impact were at the design stage.

The Company took steps to remedy the harm caused by an emergency in 2019 by committing RUB 2,274,000 to the reproduction of aquatic biological resources in 2022.

In 2022, local bodies of the Federal Service for Supervision of Natural Resources carried out nine unscheduled audits of Apatit, including six audits of class 1 capital construction projects, resulting in Apatit being held administratively liable under Articles 8.1 and 8.2 of the Code of Administrative Offences of the Russian Federation and required to pay a penalty of RUB 190,000.

Environmental impact payments, RUB mln

	2020	2021	2022
ATMOSPHERE			
MPE	2.901	2.440	2.797
TPE	0	0	0
O-limit	0	0.018	2.355
AQUATIC ENVIRONMENT			
SPD	2.165	3.886	4.864
TPD			
O-limit	0	0	0
WASTE			
Limit	169.487	172.091	182.606
O-limit	0	0	0
Total	**174.553**	**178.416**	**192.620**
Over-limit	0	0.018	2.355
Share of over-limit in total payments, %	0	0.01	1.22

In 2022, over-limit payments accounted for 1.22% of total environmental impact payments. An over-limit payment was calculated and paid due to exceeding the permissible emission limit for nitrogen oxides by one of the emission sources at the Cherepovets facility. Nevertheless, the increase in the Company's environmental impact payments in 2022 was 8%, while the statutory indexation rate for environmental impact payments in 2022 was set at 10%, which points to the effectiveness of our efforts to reduce emissions.

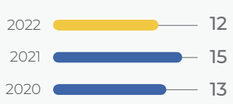
Assessment, analysis, and monitoring

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 (EMS), activities to monitor and assess the Company's performance, including by a wide range of stakeholders, and the analysis and assessment of the Company's performance by the Company's management. These efforts enable the Company to work out corrective action plans and proposals on how to develop and improve the EMS.

Stakeholder engagement is essential for the Company's planning. Public hearings 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.

PhosAgro public hearings coverage

Number of public hearings



The list of public hearings is available on the Company's website

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 following strategic risks affect our environmental protection objectives:

- **7** environmental risks;
- **13** regulatory risks;
- **19** climate risks.

For more information, see the Strategic Risks section on page 70.

The environmental protection risks include:

1. Non-compliance with the existing environmental impact regulations
2. Failure to achieve energy efficiency targets

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.



Climate

SASB RT-CH-110a.2 / EM-MM-110a.2

Our targets

Reduce total GHG emissions (Scope 1, 2, 3)

by 14 %

by 2028 vs 2018

Reduce GHG emissions per tonne of finished and semi-finished products (Scope 1)

by 31 %

by 2028 vs 2018

2022 highlights

Scope 1 emissions

4,909.0 *kt of CO_2-eq.*

Reduction of specific Scope 1 emissions

2.4 *kt of CO_2-eq.*

per tonne of finished and semi-finished products by 2021

18 %

of phosphate rock and nepheline concentrate.

We organised a “pilot site” of circa 650 ha of a carbon farm as part of a carbon footprint compensation project in the Vologda region.

Gross and specific GHG emissions (Scope 1 and 2) across the Group, CO_2-eq.

Indicator	2018	2020	2021	2022	2028
Gross GHG emissions (Scope 1), kt	4,624.6	4,856.5	4,775.8	4,909.0	4,175.5
Gross GHG emissions (Scope 2), kt	924.1	978.3	893.3	821.6	794.7
Specific GHG emissions (Scope 1), kg/t	150.5	143.6	135.5	133.1	109.1

PhosAgro has LEAD status under the UN Global Compact and is a participant of the Climate Ambition, an initiative launched under the UN Global Compact. In 2021, the Company partnered with CGI Russia (Climate Governance Initiative), an organisation established by the World Economic Forum to raise awareness and boost efficiency of boards of directors with respect to climate change. The organisation assists in developing climate strategies and implementing them, as well as integrating the climate change agenda into day-to-day and long-term business decisions.

Starting from 2021, PhosAgro publishes an annual TCFD report fully addressing the climate aspects of its operations, strategy, risks, opportunities, governance, performance, and metrics. In June 2021, PhosAgro publicly declared support for the TCFD and its recommendations.

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.

The full text of our 2020 TCFD report is available on the Company’s website

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 Group’s strategic and investment decisions, as well as in its day-to-day business management. In 2022, we developed mechanisms to integrate the internal carbon price into the evaluation of investment projects and introduced them in early 2023. 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 Company develops and takes systemic measures to reduce its carbon footprint and closely interacts with partners across its value chain (suppliers and consumers) and other stakeholders in Russia 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’s Climate Strategy

- Setting up targets to minimise 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
- Focusing not only on technology-related measures, but also on proper organisation and management, as well as changes in the social and personnel policy in the effort 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.

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 enter into new emerging markets for green products;
- to retain and expand the existing market niches by ensuring PhosAgro’s competitive edge in terms of energy and carbon intensity.



PhosAgro is currently focused on creating particular metrics reflecting the impact of climate action in production and management processes on financial indicators.
The Company has analysed the impact of the carbon border adjustment mechanism (CBAM) on PhosAgro's operating expenses. The new mechanism will cover Russian industrial products, including, most likely, mineral fertilizers. Given the uncertainties as to the emission scopes the CBAM will apply to, the ability to account for PhosAgro's individual emission levels, and the changing carbon dioxide prices, we have determined the estimated ceiling and floor of the mechanism's impact on the Company's financial performance in 2023–2030.

Actions to deliver the Climate Strategy
The Climate Agenda project was implemented to create the climate action management system and push forward the low-carbon transition plan.

In 2022, we developed technical and technological initiatives to reduce direct GHG emissions with due regard to their economics. To this end, we engaged one of the global leaders among consulting firms.

Apart from that, the following has been developed as part of the project:

- rules for using the internal carbon price;
- guidelines and methodology for calculating the carbon footprint of products (validated by a reputable international certification body);
- a procedure for cooperation across the value chain involving suppliers, customers, and other stakeholders;
- a mechanism for the transition to low-carbon energy sources and acquisition of green energy.

The Company's experts continued to explore options for absorbing greenhouse gases in order to select the most suitable ones. In 2022, we 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. Its pilot site was organised in 2022.

Low-carbon transition plan

The low-carbon transition plan is based on the specialised research data and seeks to support economic development of PhosAgro 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.



Risks and opportunities

GRI 201-2

PhosAgro identifies its climate risks and opportunities taking account of climate change.
The process is influenced by physical (changes in natural processes or phenomena) and transitional (changes in the policy and regulation with a view to fulfilling low-carbon transition) factors of various nature.

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 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. In line with that, 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.

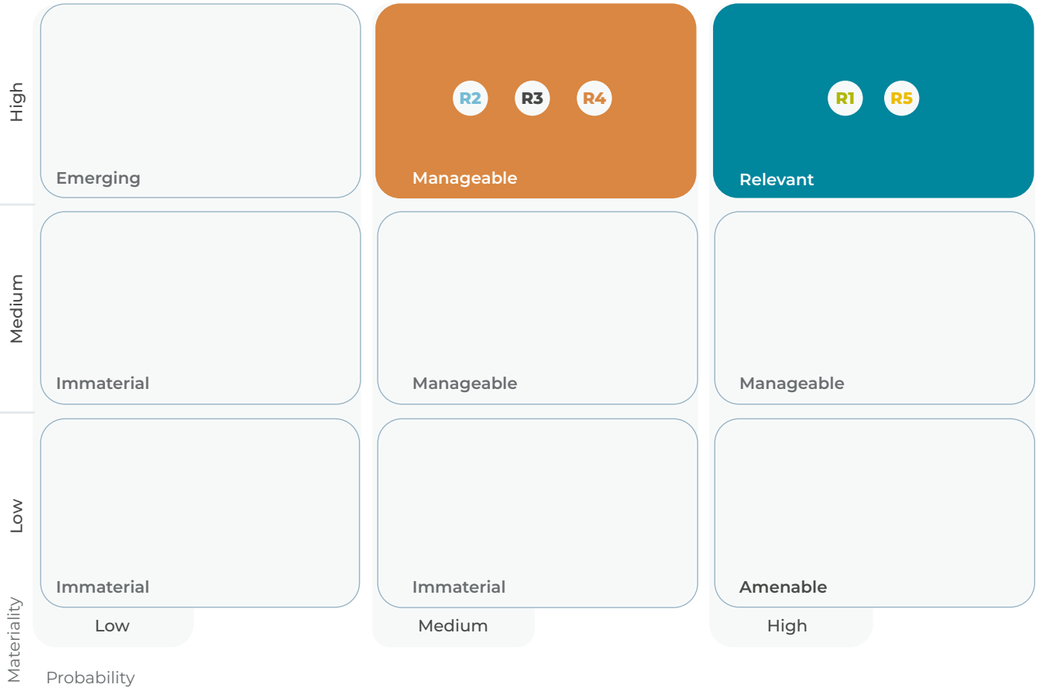
PhosAgro assessed the impact of climate-related risks and opportunities on its operations under two climate change scenarios: global warming of 2°C and 4°C.
The key features of the scenarios are:

- 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.

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

Climate risk priority map



We identify, assess, and manage climate risks within our comprehensive risk management framework. 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. The assessment is done quarterly. Covered time horizon(s) – short-term, medium-term, long-term.

Process description

The Company's climate risk management forms an integral part of its comprehensive risk management system (RMS), with all its elements embedded in PhosAgro's existing structure. The RMS relies on the Company's Risk Management and Internal Control Policy and other internal policies and procedures, as well as the applicable Russian and international standards.



Key initiatives in 2022

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 took part in webinars dedicated to sustainable development and corporate climate responsibility.
Include climate metrics in incentive schemes of employees	**R2**, **O1**	We have continued to develop climate KPIs; they are planned to be aligned with the parameters of investment projects aimed at minimising and offsetting GHG emissions.
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**	By implementing the Climate Agenda project we took forward thoroughly researched and technically feasible 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.).
Develop a set of technological measures to mitigate the negative impact of production processes on climate	**R1**, **R2**	Technical and technological initiatives to reduce direct GHG emissions were developed and accepted for implementation and are now pending approval at a meeting on investment feasibility at Apaptit. To, 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 trainings, matters disclosed in the reports, 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
Support R&D developments related to the use of low-carbon energy and low-carbon production Explore options for GHG capture and select the most efficient ones to be employed by the Company	**R3**, **R4**, **R5**, **O1**	In 2022, NIUIF developed, patented, tested and prepared for state registration in 2023 several grades of coated fertilizers with a low carbon footprint. In 2021, the Russian Academy of Sciences, PhosAgro, and the Vologda region signed a cooperation agreement to monitor climate change and minimise the environmental impact. The project envisages efforts in low-carbon transition, including regional monitoring of GHG emissions. Promising methods of farming focused on emissions prevention and carbon sequestration by soils will be developed and implemented in Russia. New forests and fields will be planted and created in the Vologda region to capture and store carbon. Their capacity is estimated at 0.7 mt of CO_2 per year. We organised a “pilot site” in a carbon farm in 2022.
Introduce regular climate-related reporting in accordance with Russian and international standards	**R3**, **R4**, **O1**	Since 2020, the Company has been preparing climate reports in line with the TCFD standards. GHG emission reporting for 2021 was verified for the first time.
Introduce an automated system to collect and process primary climate data	**R3**, **R4**, **O1**	Introducing a software solution for automated collection of input data and calculation of GHG emissions (total volumes by site and product). Guidelines for assessing products' carbon footprint were developed and validated by a reputable international certification body.
Collaborate with international organisations and join climate initiatives	**R4**, **O1**	The Company participates in Climate Ambition, an initiative launched under the UN Global Compact; teams up with Climate Governance Initiative Russia; supports the TCFD; and takes part in task and expert groups of government authorities and non-governmental organisations.

Plans for 2023

Focus areas	Climate-related risk and opportunities	Description, current status, and expected outcomes
Implement a set of technological measures to mitigate the negative impact of production processes on climate	**R1**, **R2**	In 2021–2022, technical and technological initiatives to reduce direct GHG emissions were developed as part of the PhosAgro Climate Agenda project. In 2023, management decisions are expected to be made on their implementation, including the development of relevant business plans.
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 water consumption for production needs, increased volume of 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 for the Group's operating processes. Work is in progress to assess the risks and identify actions needed to manage them.

A detailed description of climate risks and opportunities, in 2022 remained virtually unchanged and is presented in the TCFD report on the Company's website



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 CO_2, methane CH_4 and nitrous oxide N_2O) in all three Scopes (1, 2, and 3). We calculate greenhouse gas emissions in accordance with the international guidelines:

- 2006 IPCC 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, CO_2-eq.

GRI 305-1, 305-4, SASB RT-CH-110a.1 / EM-MM-110a.1

Assets	2020[1]	2021[1]	2022
Gross emissions of the Kirovsk branch, kt	655.7	665.8	690.9
GHG emissions of the Kirovsk branch, kg per tonne of finished and semi-finished products	56.3	56.7	57.7
Gross emissions of the Balakovo branch, kt	225.3	238.0	236.6
GHG emissions of the Balakovo branch, kg per tonne of finished and semi-finished products	36.9	39.4	41.5
Gross emissions of the Volkhov branch, kt	155.6	155.2	191.5
GHG emissions of the Volkhov branch, kg per tonne of finished and semi-finished products	250.7	135.0	71.8
Apatit (Vologda region), gross emissions, kt	3,820.0	3,716.7	3 790.0
GHG emissions of Apatit (Vologda region), kg per tonne of finished and semi-finished products	247.0	227.7	229.1
Total gross emissions, kt	**4,856.5**	**4,775.8**	**4,909.0**
Total GHG emissions, kg per tonne of finished and semi-finished products	**143.6**	**135.5**	**133.1**

[1] Preparation of an inventory of greenhouse gas emissions as part of developing the Guidelines for Climate Impact Management of PJSC PhosAgro and other Group Entities identified new sources of emissions, resulting in a recalculation of data for 2020–2021 for consistency.

Indirect (Scope 2) GHG emissions, CO_2-eq.[1]

GRI 305-2, GRI 305-4

Assets	2020	2021	2022
Gross emissions of the Kirovsk branch, kt	723.9	622.5[2]	588.2[2]
GHG emissions of the Kirovsk branch, kg per tonne of finished and semi-finished products	62.2	53.0	49.1
Gross emissions of the Balakovo branch, kt	51.1	45.3	51.9
GHG emissions of the Balakovo branch, kg per tonne of finished and semi-finished products	8.4	7.5	9.1
Gross emissions of the Volkhov branch, kt	66.0	80.1	44.6
GHG emissions of the Volkhov branch, kg per tonne of finished and semi-finished products	106.2	69.7	16.7
Apatit (Vologda region), gross emissions, kt	137.3	145.4	136.9
GHG emissions of Apatit (Vologda region), kg per tonne of finished and semi-finished products	8.9	8.9	8.3
Total gross emissions, kt	**978.3**	**893.3**	**821.6**
Total GHG emissions, kg per tonne of finished and semi-finished products	**28.9**	**25.3**	**22.3**

Calculation of other indirect GHG emissions

GRI 305-3

Category	GHG emissions, t of CO_2-eq.			Share in total other indirect emissions, %		
	2020	2021	2022	2020	2021	2022
Purchased goods and services	3,118,660	1,963,324	2,425,375	23.47	16.21	18.28
Fuel- and energy-related activities not included in Scope 1 or Scope 2	328,501	407,740	350,275	2.48	3.37	2.64
Processing of sold products	764,119	704,402	720,223	5.75	5.82	5.43
Use of sold products	9,075,575	9,035,283	9,768,958	68.30	74.60	73.65
Total	**13,286,855**	**12,110,749**	**13,264,831**	**100.00**	**100.00**	**100.00**

Scope 3 greenhouse gas emissions were calculated for the above categories after an expert review identified them to be the most significant emission sources for the Company.

Scope 3 GHG emissions, CO_2-eq.

GRI 305-3, 305-4

Category	2020	2021	2022
Total gross emissions of production assets, kt	13,286.9	12,110.7	13,264.8
Total GHG emissions of production assets, kg per tonne of finished and semi-finished products	392.7	343.6	359.8

[1] 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 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

[2] Including electricity from renewable energy sources.

GRI 305-5

We have chosen 2018 as the base year for calculations because it was the Company's first GHG inventory year, and given the need 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 CO_2-eq., indirect GHG emissions (Scope 2) – 924.1 kt of CO_2-eq., and other indirect GHG emissions (Scope 3) – 11,413.8 kt of CO_2-eq.

In 2022, Scope 1 GHG emissions declined by 17.3 kg/t, or 11.5%, vs 2018. In 2022, the reduction in total Scope 1 GHG emissions thanks to lower emissions per unit of finished and semi-finished products excluding the production volume growth totalled 638.9 kt vs the base year.

The reduction in emissions was primarily driven by the Energy Efficiency Programme and above all the heat and power plant project at the Volkhov branch.

For energy indirect (Scope 2) emissions, the reduction was 7.8 kg/t (or 25.9%) vs the 2018 level; the effect for total Scope 2 emissions excluding the production volume growth stood at 287 kt compared to the base year. The reduction was achieved thanks to the green electricity procured by the Kirovsk branch of Apatit, as well as energy efficiency initiatives.

Total Scope 3 GHG emissions were up by 1,851 kt in 2022 vs 2018, or by 16.2%, reflecting increased product shipments and higher consumption of input resources and, consequently, their total carbon intensity. Excluding the production growth effect, Scope 3 GHG emissions decreased by 427.4 kt vs 2018 thanks to the reduction of emissions per unit of finished and semi-finished products (by 3%).

The values of Scope 3 GHG emissions for 2020 and 2021 differ from the data previously provided by the Company in its CDP questionnaires for respective periods. The main reason for such changes are adjustments made to the calculation methodology following approval of the Guidelines for Climate Impact Management of PJSC PhosAgro and other Group Entities. Furthermore, the value for 2021 was adjusted due to a technical error identified in the Use of Sold Products category as part of a verification process.

List and description of existing metrics introduced for the monitoring of performance under the climate strategy

Metric	2020[2]	2021[2]	2022
Gross global emissions (Scopes 1 and 2) per currency unit of total revenue (GRI 305-4)[1], t of CO_2-eq. / USD mln	1,654.8	993.1	693.5
Gross global emissions (Scope 1 and 2) per FTE (GRI 305-4)[3], t of CO_2-eq. / FTE	326.1	309.4	288.8
Electricity purchased per unit of finished and semi-finished products, '000 kWh / t	0.068	0.066	0.062
Energy efficiency improvement costs, RUB mln	10,500.0	17.4	3,044.1
Share of feedstock suppliers providing necessary input data on GHG emissions (Scope 3), %	4.0	2.7	7.5

[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] Preparation of an inventory of greenhouse gas emissions as part of development of the Guidelines for Climate Impact Management of PJSC PhosAgro and other Group Entities identified new sources of emissions, resulting in a recalculation of data for 2020–2021 for consistency.
[3] 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.

Energy efficiency

Our target

Reduce Scope 2 GHG emissions

to 794.7 *kt of CO_2-eq.*

by 2028

2022 highlights

Consumption of all types of energy resources per tonne of finished and semi-finished products came in

at 2.33 *GJ/t*

In 2022, the consumption of all types of energy resources per tonne of finished and semi-finished products decreased

by 1.27 *%*

to 2.33 GJ/t.

The reduction was underpinned by the implementation of the Company's Strategy to 2025 and Energy Efficiency Programme.

The decrease in per unit energy consumption vs the data disclosed in reports for the previous years and recalculation of values for comparable periods were due to the application of a new energy resource accounting methodology.

Scientifically justified changes in the accounting methodology that will be described in more detail in this section could be introduced thanks to the implementation of the first stage of the project to analyse and upgrade the energy management system.

These changes enabled PhosAgro to enhance the transparency and completeness of information disclosed to stakeholders with respect to the consumption of energy resources (for example, natural gas) typical for the Company and mineral fertilizer industry. This unlocks new opportunities for developing a more nuanced understanding of all types of energy resources consumed by the Company. The Company will continue delivering on the project, as it will help PhosAgro achieve its energy efficiency and GHG emission minimisation goals.

The reporting year saw PhosAgro's self-sufficiency in electricity increase by 2.6%

to 42.9 *%*

The key driver in 2022 was the completion of construction and the ramp-up of the heat and power plant in Volkhov to its design capacity. Going forward, the Company will continue developing in-house power generation.

We started testing a solar power generation technology at the Company's facility in Balakovo to assess the viability of a further scale-up for the industrial solution leveraged since 2021. The tests will run until 3Q 2023.



Strategy and management approach

GRI 3-3, 302-4

In 2022, PhosAgro continued to follow the Climate Strategy approved by the Board of Directors, the Energy Efficiency and Energy Saving Policy, and the Energy Efficiency Programme, which are 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 energy efficiency risks.

1 **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 2022, we purchased electricity generated by hydroelectric power plants on the Kola Peninsula.

2 **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.

3 **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 Energy Efficiency Programme are aimed at improving energy efficiency, developing energy management at each production site, and achieving strategic objectives in the following focus areas:

- in-house power generation through utilisation of sulphuric acid production steam; ;
- increase in the share of renewable energy sources;
- introduction of technologies aimed at loss reduction and energy savings (e.g. LED lighting, frequency converters, less heat energy losses).

In 2022, we implemented comprehensive energy efficiency projects at all of our sites.

Key initiatives in 2022

PROJECT	DESCRIPTION AND RESULTS	EXPENDITURES, RUB MLN	COMPLETION
Balakovo Installation of frequency converters on chemically treated water pumps	Reduced electricity consumption	1.8	4Q
Balakovo Upgrade of the lighting system to LED at wet-process phosphoric acid sections 3 and 4	Reduced electricity consumption	2.0	4Q
Volkhov Construction of a heat and power plant with a 34 MW high-efficiency electric turbine and a water treatment system at Apatit's Volkhov branch	Replacement of third-party electricity supply with in-house generation through utilisation of sulphuric acid production steam	3,018.0	2Q
Kirovsk Upgrade of drum drier sections, with thermal insulation replaced, stage 1 (four drum driers out of seven)	Reduced heat losses from drum drier surface and lower per unit consumption of fuel oil	7.0	3Q
Cherepovets Upgrade of the lighting system to LED at the pyrite cinder storage facility	Reduced electricity consumption	15.3	4Q

Initiatives planned for 2023

PROJECT	DESCRIPTION AND RESULTS	EXPENDITURES, RUB MLN	COMPLETION
Kirovsk Upgrade of the Rasvumchorrsky mine's compressor station	Lower cost of compressed air production as a result of reductions in per unit electricity consumption	105.7	2Q
Kirovsk Upgrade of the lighting system to LED at ANBP-2 of Apatit's Kirovsk branch	A 4.8 mln kWh reduction in annual electricity consumption, lower maintenance and repair costs	48.9	2Q
Kirovsk Upgrade of drum drier sections, with thermal insulation replaced, stage 2 (three drum driers out of seven)	Reduced heat losses and per unit consumption of fuel oil in concentrate drying	7.0	4Q
Cherepovets Optimisation of the heat supply system at the production site	Ca. 2.5 mln kWh of annual reduction in electricity consumption	8.0	4Q
Cherepovets Use of circulating water to cool feed water pumps	Reduced river water consumption with no discharges into the sewer system	10.6	4Q

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.

In 2022, the Company's production facilities were 42.9% self-sufficient in terms of electricity needs, which is 2.6% more than in 2021. In absolute terms, the electricity generated by PhosAgro went up by 150 mln kWh year-on-year, driven by the commissioning of new power generating facilities at the Volkhov branch. Total electricity consumption grew by 115 mln kWh year-on-year, which is attributable to the commissioning of new production facilities at the Volkhov branch. In 2023, the share of electricity generated in-house is likely to further increase due to the ramp-up to design capacity of the heat and power plant in Volkhov.

In 2022, the volume of carbon-free electricity used in the production of phosphate rock at the Kirovsk branch grew to 300 mln kWh. As a result, green electricity from hydroelectric power plants supplied under an agreement with TGC-1 covers 17.8% of the plant's output



PhosAgro's energy consumption

GRI 302-1, 302-3, SASB RT-CH-130a.1 / EM-MM-130a.1

Item	Unit	Total for production facilities		
		2020	2021	2022
ELECTRICITY				
Purchased electricity, including	mln kWh	2,300.77	2,326.63	2,303.26
Purchased from renewable sources	mln kWh	-	299.00	300.00
Purchased per unit of finished and semi-finished products	'000 kWh / t	0.068	0.066	0.062
HEAT ENERGY				
Purchased (in hot water)	'000 Gcal	374.54	438.22	352.07
Supplied (in hot water)	'000 Gcal	200.78	161.23	187.49
Exhaust steam	'000 Gcal	8,091.16	8,538.81	8,923.70
NATURAL GAS				
As feedstock for ammonia production	mln m^3	1,953.86	1,926.10	1,968.06
As fuel, etc.	mln m^3	746.02	730.12	771.72
Total	mln m^3	2,699.88	2,656.22	2,739.78[1]
Consumption per unit of finished and semi-finished products[2]	'000 m^3 / t	0.022	0.021	0.021
LNG				
Consumption	t	2,273.4	2,951.57	2,380.30
FUEL OIL				
Consumption	t	146,785.8	151,291.8	152,895.5
HEATING OIL				
Consumption	t	725.50	779.4	766.4
DIESEL FUEL				
Consumption	t	53,054.25	55,695.87	58,276.73

PhosAgro Group's energy consumption, GJ[3]

GRI 302-1, 302-3

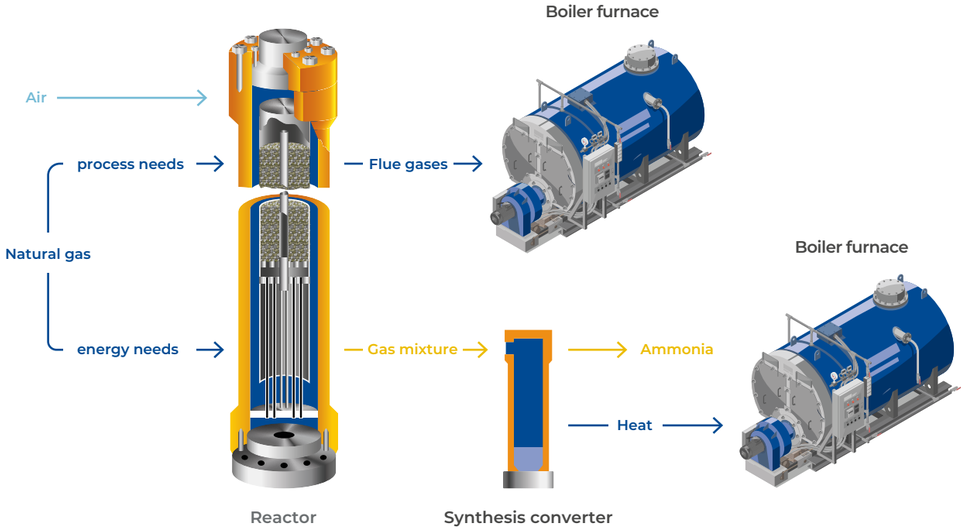
Item	2020	2021	2022
Internal use of electricity	8,282,776	8,375,878	8,291,723
Internal use of heat energy	34,603,584	36,910,017	38,050,823
Internal consumption of natural gas (excluding gas consumed as feedstock during production processes)	29,094,927	28,474,611	30,097,257
Internal consumption of LNG	123,673	160,565	129,488
Internal consumption of fuel oil	6,473,253	6,671,968	6,742,692
Internal consumption of heating oil[4]	33,518	36,008	35,407
Internal consumption of diesel fuel	2,419,273	2,539,731	2,657,419
Total internal consumption	**81,031,004**	**83,168,778**	**86,004,809**
Total energy consumption per unit of finished and semi-finished products, GJ/t[5]	**2.40**	**2.36**	**2.33**

[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] Starting 2022, the Company excludes natural gas used as feedstock for ammonia production from the calculation of per unit energy consumption. Based on the principle of comparability, the data for 2020–2021 was recalculated using the new methodology..
[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).
[4] Starting 2022, the Company calculates consumption of heating oil (in J) using a ratio of 46.2, whereas previously it used a ratio of 44. Based on the principle of comparability, the data for 2020–2021 was recalculated using the new methodology.
[5] Starting 2022, the Company calculates total and per unit energy consumption excluding natural gas used as feedstock for ammonia production, as well as heat and electricity produced by the Company for its own consumption. Based on the principle of comparability, the data for 2020–2021 was recalculated using the new methodology.

In 2022, the Company initiated a project to define a set of metrics in energy consumption and energy efficiency to benchmark its performance against leading peers in the mining, chemical, and fertilizer production industries. The next step, which is also underway in 2022–2023, is detailed analysis of the Company's energy management system and review of gaps in terms of compliance with ISO 50001:2018. Based on the work completed to date, the Company has introduced certain amendments to its disclosure, including in terms of natural gas consumption.

The project showed that in its reporting, the Company is guided by international standards, which require aggregation of data based on total consumption of energy (electricity, heat, natural gas, fuel oil, petrol, LNG, and heating oil). The Company uses natural gas both as fuel and as feedstock in ammonia production. In ammonia synthesis processes, part of the natural gas is sent to the reactor to be used as chemical feedstock to produce hydrogen; however, natural gas is also used for energy needs as fuel (see the chart below).

Use of natural gas in ammonia synthesis



As a result, for its 2022 reporting, the Company decided to split the total amount of natural gas previously used in calculations of total and per unit energy consumption, so that GRI 302 reporting does not include natural gas that acts as chemical feedstock in ammonia synthesis.

The change in the methodology caused us to recalculate our energy consumptions values for the previous periods on a retrospective basis.

Still, given the link between data of GRI standards and the use of energy consumption data in GHG emission calculations, we carried out a review to make sure the changes in natural gas presentation approach does not compromise our calculations of GHG emissions in ammonia production.

Waste

Target

Increase in the share of recycled and decontaminated hazard class 1–4 waste

to 40%

by 2025

2022 highlights

38.8%

of hazard class 1–4 waste recycled and decontaminated

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 reducing waste generation and increasing the share of recycled waste.

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 to prevent them from losing their consumer properties and going to waste;
- identification of activities and processes that generate significant amounts of 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.



Key initiatives in 2022

GRI 306-2

In 2022, a decision was made to go ahead with an investment project for the

Balakovo branch of Apatit.

The unit is designed to process by-products of wet-process phosphoric acid – concentrated fluosilicate acid and dihydrate phosphogypsum – to produce a solution of ammonium sulphate and technical calcium fluoride.

The key process stages are as follows: fluosilicate acid is neutralised by ammonia liquor with dihydrate phosphogypsum. With an excess of phosphogypsum, the reaction results in calcium fluoride, silica gel, and a solution of ammonium sulphate. The resulting pulp is then filtered, technical-grade calcium fluoride is washed with water to remove ammonia sulphate and then sent to open air storage, and ammonia sulphate solution is neutralised with sulphuric acid to pH=4.5–5 and sent to the phosphate fertilizers unit to make granulated ammonium sulphate.



Enhanced ore processing mechanisms

PhosAgro and the Kola Science Centre of the Russian Academy of Sciences have signed a long-term cooperation agreement to implement a project for improving the processing of hard-to-process apatite-nepheline ores. The agreement prioritises joint projects focused on novel production technologies.

One of the outcomes of the cooperation with the Kola Science Centre is the resolution to set up a joint research centre to study key industrial ores, identify optimal mineral liberation and selective flotation modes, conduct technological and mineralogical 3D mapping of ore reserves, as well as select and develop efficient and eco-friendly flotation reagents.



In 2021, we rolled out a Company-wide project to reduce the accumulation of phosphogypsum at dump sites by promoting it in various areas

Promotion of phosphogypsum

In April 2022, PhosAgro launched project to sell phosphogypsum as a commercial product in seven areas of application:

- ameliorant for farming;
- ground for road surface dressing and soil reinforcement;
- litter in poultry and livestock farming;
- reduction in soil salinity and contamination in urban areas;
- recultivation of unauthorised landfills and lands contaminated with oil products;
- raw material for the cement industry;
- raw material for construction materials (gypsum blocks, construction blocks, and construction mixtures)..

For this project, PhosAgro Group created a sales unit focused on phosphogypsum and tasked with R&D in each of the areas of its application, obtaining regulatory and technical documents, and promotion and sales of phosphogypsum accordingly.

Our project to promote phosphogypsum as a chemical ameliorant agent in agriculture first saw light in February 2021.

Its aim is to reduce the accumulation of phosphogypsum at dump sites across our production sites by promoting its agricultural use on saline soils as an ameliorant and source of sulphur, phosphorus and micronutrients.

In 2021–2022, over 50 trials were conducted to apply phosphogypsum in agriculture as an ameliorant for acidic, neutral, alkali and sodic soils. Based on the trials, extra yield averaged between 15% and 35% depending on the crop. Aside from better yields, all commercial products also demonstrated a reliable increase in quality indicators.

As part of the project, PhosAgro established a preparation and loading hub for bulk phosphogypsum and remodelled a railway to ensure its supply to farmers in other regions. In 2022, we were able to ship phosphogypsum in gondola cars and make deliveries to the Moscow, Tambov, Smolensk, Astrakhan and Volgograd regions and the Republic of Tatarstan.

Experiments were conducted to use phosphogypsum as poultry litter in floor housing of broilers. The results showed benefits of using phosphogypsum in the amount of 10–30% of the litter volume.

These benefits include:

reduction in litter moisture content

to 13%

Reduction in levels of ammonia released into the air of poultry houses (day 28–35)

by 6–8%

The use of phosphogypsum helps alter quality indicators of poultry litter:

- an 8–11% increase in the level of nitrogen in litter;
- a 2–3x rise in the level of calcium in litter

For more information about the project, see the Research and Education section on page 125.



SASB RT-CH-150a.1

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



The reporting year saw a decline in the share of recycled and decontaminated hazard class 1–4 waste following a slight change in the ratio of recycled waste to waste disposed of, generated by an increased volume of repairs and cleaning of process equipment.



Waste generation by hazard class, t

GRI 306-3, RT-CH-410b.1

Waste hazard class	2020	2021	2022 (actual)
1	6.48	5.63	4.22
2	7.61	3.86	0.39
3	1,070.64	1,698.52	1,436.71
4	180,439.54	192,698.46	195,057.45
5	132,492,537.10	132,227,604.70	120,229,530.98
Total	**132,674,061.36**	**132,422,011.17**	**120,426,029.77**

The reduction in class 5 waste generation was due to increased use of overburden as a backfilling material at the Kirovsk branch.



[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.

Waste by type and disposal method, t[1]

GRI 306-4, GRI 306-5

Disposal method	2020	2021	2022
PhosAgro Group's waste reused internally	**21,877,032.2**	**19,203,406.7**	**27,753,191.6**
Hazardous waste	51,632.9	74,266.9	74,456.8
Non-hazardous waste	21,825,399.3	19,129,139.8	27,678,734.8
Total waste landfilled	**110,776,483.1**	**112,392,381.5**	**93,400,262.0**
Hazardous waste	113,597.1	119,050.2	120,688.6
Non-hazardous waste	110,662,885.9	112,273,331.3	93,279,573.4
Including landfilled at the Company's waste disposal facilities	**110,771,883.1**	**112,386,304.7**	**93,390,463.8**
Hazardous waste	109,096.9	113,463.9	110,976.1
Non-hazardous waste	110,662,786.2	112,272,840.8	93,279,487.7
Third-party recycled	**52,377.7**	**72,278.0**	**63,040.9**
Hazardous waste	16,402.3	1,432.2	1,449.9
Non-hazardous waste	35,975.4	70,845.8	61,591.0
Third-party decontaminated	**262.4**	**332.5**	**299.8**
Hazardous waste	262.4	332.5	263.1
Non-hazardous waste	0	0	36.7
Third-party processed	**1,590.9**	**2,756.7**	**2,880.6**
Hazardous waste	6.4	2.2	45.1
Non-hazardous waste	1,584.5	2,754.5	2,835.5

Disposal of beneficiation waste and overburden at Apatit's Kirovsk branch, t

SASB EM-MM-150a.1, EM-MM-150a.2

	Reused			Landfilled at waste disposal facilities		
	2020	2021	2022	2020	2021	2022
Apatite-nepheline ore processing waste (tailings)	12,015,508.0	12,535,665.7	13,065,273.3	12,947,652.0	13,483,863.3	12,865,355.7
Rocks and overburden mix	6,625,514.0	3,360,586.0	11,276,148.0	89,454,699.0	90,494,219.0	72,281,414.0

Waste generation, t per tonne of finished and semi-finished products

Production site	2020	2021	2022
Kirovsk branch	10.4	10.3	9.1
Balakovo branch	0.9	0.9	0.9
Volkhov branch	0.031	0.003	0.001
Apatit (Vologda region)	0.4	0.4	0.4
Total	**3.9**	**3.8**	**3.3**

Waste generation (hazard class 1–4), kg per tonne of finished and semi-finished products

Production site	2020	2021	2022
Kirovsk branch	0.3	0.5	0.8
Balakovo branch	16.7	21.3	21.1
Volkhov branch	27.0	0.6	0.5
Apatit (Vologda region)	3.8	3.6	4.0
Total	**5.4**	**5.5**	**5.3**

[1] Hazardous means hazard class 1–4 waste; non-hazardous means hazard class 5 waste.

Air

Our targets

23.7%

reduction in emission intensity by 2025 vs 2018 to 0.8 kg per tonne of products and semi-finished products

2022 highlights

The 2025 target to reduce GHG emissions was achieved.

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

0.793 down ~1% vs 2021

RUB 3,916 mln

invested throughout the duration of the Clean Air Initiative, including RUB 315 mln in 2022

Strategy and management approach

GRI 3-3

PhosAgro 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 projects that helped reduce emissions by 20% in 2022 vs 2017, despite an annual rise in production output and launch of new capacities.

Air quality in sanitary protection areas near the Company's production sites complies with applicable hygienic requirements.



Key initiatives in 2022

Apatit's Cherepovets site implemented four out of five planned activities as part of the Clean Air initiative.



Activities	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 the UKL-7 plant	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	in progress	665 t reduction achieved in sulphur dioxide emissions (partial catalyst replacement at SK-600/2 and SK-600/1)	2021–2024	125.58
PROJECTS IN ADDITION TO THE COMPREHENSIVE PLAN'S ACTIVITIES				
Unit to recover ammonia from residual and synthesis gases of the first and second ammonia production lines	Design and expert reviews (implementation scheduled until end of 2024)	268	2022–2025	1.747
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 the first ammonia production line	implemented	effect to be determined in 2023	2022	5.594

At the Volkhov branch,
the key activities of 2021–2022 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.

In 2022, the Balakovo branch completed the second stage of technical upgrade at technological systems 5 and 6 of the phosphate fertilizers unit, along with a revamp of gas recovery equipment. The impact will be assessed in 2023.

On an annual basis, **Apatit's Kirovsk branch** runs activities to minimise dust emissions from tailing dumps of beneficiation facilities. In 2022, the following work was completed:

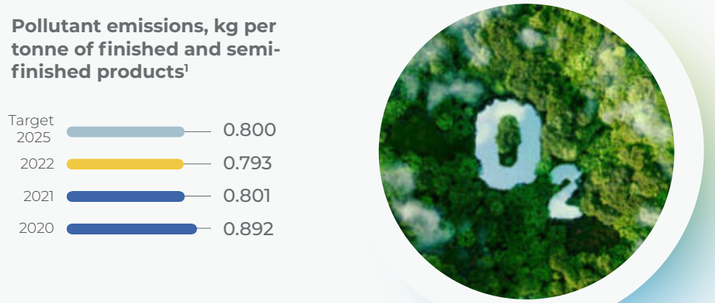
- chemical stabilisation using binding agents (PSKh-18 and DUSTBIND) for dusty surfaces in the beach area of tailing dumps:
- – at ANBP-2 across 631.1 ha,
- – at ANBP-3 across 410 ha;

- chemical stabilisation using binding agents (bitumen emulsion) for dusty surfaces in the beach area of tailing dumps:
- – at ANBP-2 across 2.6 ha;
- chemical stabilisation for dusty surfaces on service roads of tailing dumps:
- – at ANBP-2 across 141 ha,
- – at ANBP-3 across 50.7 ha;
- biological stabilisation using hydroseeding for dusty surfaces of dam slopes and beach area of tailing dumps:
- – at ANBP-2 across 3.19 ha,
- – at ANBP-3 across 33.597 ha;

- search for an optimal anti-dusting agent, with pilot tests held for nine new samples.

METRICS AND HIGHLIGHTS

Pollutant emissions, kg per tonne of finished and semi-finished products[1]



[1] The Group specific disclosure was calculated as the ratio of pollutant emission to the output of products and semi-finished products.

GRI 305-7, SASB RT-CH-120a.1 / EM-MM-120a.1

NO_x, SO_x and other significant air emissions, t

Pollutants	2020	2021	2022
TOTAL			
Kirovsk branch	10,003.4	10,120.3	10,141.3
Balakovo branch	7,286.2	6,876.0	7,323.8
Volkhov branch	1,068.9	1,165.8	1,575.0
Apatit (Vologda region)	11,830.7	10,065.3	10,193.5
Total	30,189.0	28,227.4	29,233.6
SOLIDS			
Kirovsk branch	5,148.6	4,939.8	5,011.1
Balakovo branch	429.5	425.8	497.1
Volkhov branch	461.7	528.6	234.9
Apatit (Vologda region)	917.3	1.055.1	771.7
Total	6,957.1	6,949.3	6,514.8
SULPHUR DIOXIDE			
Kirovsk branch	3,104.0	3,308.2	3,373.4
Balakovo branch	4,432.1	3,975.4	4,227.2
Volkhov branch	180.8	206.7	320.5
Apatit (Vologda region)	3,367.2	3,029.2	3,770.9
Total	11,084.0	10,519.5	11,692.0
CARBON MONOXIDE			
Kirovsk branch	711.1	777.0	798.1
Balakovo branch	870.0	933.1	949.4
Volkhov branch	92.4	115.3	106.3
Apatit (Vologda region)	1,573.5	1,274.8	1,324.2
Total	3,247.0	3,100.2	3,178.0
NITROGEN OXIDES (NO_x AS NO_2)			
Kirovsk branch	1,012.2	1,067.8	931.2
Balakovo branch	746.9	760.7	765.1
Volkhov branch	283.1	207.6	330.7
Apatit (Vologda region)	2,540.0	2,401.8	2,491.9
Total	4,582.1	4,437.9	4,518.9
HYDROCARBONS (W/O VOCS)			
Kirovsk branch	8.0	8.0	8.0
Balakovo branch	2.6	2.6	2.6
Volkhov branch	0.0	0	0
Apatit (Vologda region)	38.1	38.1	38.1
Total	48.7	48.7	48.7
VOLATILE ORGANIC COMPOUNDS (VOCS)			
Kirovsk branch	19.0	19.0	19.0
Balakovo branch	340.1	340.7	340.0
Volkhov branch	4.6	5.0	6.2
Apatit (Vologda region)	2.2	2.0	2.8
Total	365.8	366.7	368.0
OTHER GASEOUS AND LIQUID POLLUTANTS			
Kirovsk branch	0.5	0.5	0.5
Balakovo branch	465.1	437.7	542.4
Volkhov branch	46.2	102.6	576.4
Apatit (Vologda region)	3,392.6	2,264.3	1,793.9
Total	3,904.3	2,805.1	2,913.2

Water

RT-CH-140a.2 / EM-MM-140a.2

Our targets

Reduce water withdrawal

by 29.3 %

by 2025 vs 2018 to 5.16 m³ per tonne of products and semi-finished products

Reduce the discharge of waste water into surface water bodies

by 31.1 %

by 2025 vs 2018 to 4.16 m³ per tonne of products and semi-finished products

2022 highlights

Water withdrawal[1]

6.42 *m³/t* down 0.93% vs 2021

Waste water discharge into surface waters[2]

5.27 *m³/t* down 0.75% vs 2021



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 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.

To mitigate these risks, in 2020 we adopted and started implementing a Water Strategy that seeks 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.

[1] The Group specific disclosure was calculated as the ratio of total water withdrawn 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, including mine and pit waters, to the total output of products and semi-finished products.

Key initiatives in 2022

At the Cherepovets site, we completed the first stage of the water use optimisation programme as part of our production upgrade initiative for 2022–2025

Phosphate facility

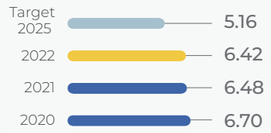
1. Engineering documentation developed for the project named The Technical Upgrade of a Water Treatment Station in a Utility and Drinking Water Supply System with Arrangements Made to Dehydrate Sludge Water at the Phosphate Facility of Apatit.
2. Pilot tests completed and core technical solutions developed for the technical upgrade of an acidic waste water treatment station, with the drafting of engineering documentation underway.
3. A base case design developed for the project named A Waste Water Treatment Unit with a Source Water Capacity of at Least 400 m³/h at the Phosphate Facility of Apatit. The general designer responsible for the facility's design (construction, networks, auxiliary systems) is NIUIF.
4. The development of engineering documentation is underway for the project named A Saline Waste Water Sewerage at the Phosphate Facility of Apatit. The documentation is expected to be completed in 1Q 2023.
5. Implementation of the Water Use Optimisation Programme at the Cherepovets site of Apatit as part of the production upgrade initiative for 2022–2025.

Nitrogen facility:

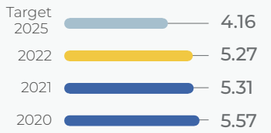
1. Work started to design a saline waste water treatment unit. The designer of the saline waste water facilities is NIUIF.
2. As part of the Electricity Generation Based on the System of Chemical Water Treatment (Heat and Power Plant) initiative, the Volkhov branch successfully piloted the reuse of effluents resulting from boiler blowdown at a heat and power plant and chemical water treatment concentrate. This led to the reduction of waste water discharged into sanitary protection zones by 135 tonnes per hour.



Water withdrawal, m³ per tonne of products and semi-finished products[1]



Discharge of waste water into surface water bodies, m³ per tonne of products and semi-finished products[2]





Total water withdrawal by source, '000 m³

GRI 303-3, SASB RT-CH-140a.1 / EM-MM-140a.1

Indicators	2020	2021	2022
SURFACE WATER			
Total water withdrawal from surface sources, including:	170,862	175,943	182,276
process water	59,081	60,747	62,164
drinking water (internal use)	995	1,193	1,187
drinking water (for supplies to third parties)	399	557	632
mining and pit waters	104,475	107,633	111,751
drainage water	3,312	3,170	2,401
rainwater	2,600	2,642	4,142
GROUND WATER			
Water withdrawal from ground-water sources	2,832	2,912	3,357
Total water received from third-party suppliers, including:	52,898	49,600	51,240
process water received from suppliers	28,443	28,373	28,644
water from municipal supply (internal use)	8,138	9,126	8,400
water from municipal supply (for supplies to third parties)	17	47	32
waste water from other waste water discharge systems	16,300	12,054	14,164
Total	**226,592**	**228,456**	**236,873**

Measurement of total and specific water withdrawal including and excluding mining and pit waters

Indicators	2020	2021	2022
Total water withdrawal, including mining and pit waters, '000 m³	226,592	228,456	236,873
Specific water withdrawal, including mining and pit waters,[2] m³ per tonne	6.70	6.48	6.42
Total water withdrawal, excluding mining and pit waters, '000 m³	122,117	120,823	125,122
Specific water withdrawal from surface sources, excluding mining and pit waters,[3] m³ per tonne	3.61	3.43	3.39

[1] 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.
[2] The Group specific disclosure was calculated as the ratio of the total volume of waste water discharged into surface waters to the total output of finished 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.

Water consumption includes both mining and pit waters. The volume of mining and pit waters depends on the intensity of precipitation and the size of the catchment area. It tends to increase with the development of new horizons.

Total water discharge by source, ‘000 m³

GRI 303-4

Indicators	Total		
	2020	2021	2022
WATER DISCHARGE INTO SURFACE WATER BODIES			
Total water discharge into surface water bodies, including:	188,455	187,012	194,447
mining and pit waters	104,475	107,633	111,751
drainage water	3,312	3,171	2,401
waste water from other waste water discharge systems	15,901	11,673	13,782
SUPPLIES TO THIRD PARTIES			
Total water supplies to third parties including:	4,147	4,222	4,406
waste water to the public water discharge system (after use)	3,314	3,238	3,219
waste water to the public water discharge system (unused)	399	381	523
water supplies to third parties from surface sources	417	557	632
water supplies to third parties from municipal sources	17	47	32
Total	**192,602**	**191,234**	**198,853**

Measurement of total and specific waste water discharge including and excluding mining and pit waters

Indicators	2020	2021	2022
Total water discharge into surface water bodies, including mining and pit waters, ‘000 m³	188,455	187,012	194,447
Specific water discharge into surface water bodies, including mining and pit waters,[1] m³ per tonne	5.57	5.31	5.27
Total water discharge into surface water bodies, excluding mining and pit waters, ‘000 m³	83,980	79,379	82,696
Specific water discharge into surface water bodies, excluding mining and pit waters,[2] m³ per tonne	2.48	2.25	2.24

[1] The Group specific disclosure was calculated as the ratio of waste water discharged into surface water bodies, including mining and pit waters, to the total output of products and semi-finished products.
[2] The Group specific disclosure was calculated as the ratio of waste water discharged into surface water bodies, excluding mining and pit waters, to the total output of products and semi-finished products.

Treated effluents (reused in the production cycle)

Asset	2020	2021	2022
Total, mln m³	**240.4**	**244.7**	**241.7**
Share of reused water, %	88	87	86

Water consumption, ‘000 m³

GRI 303-5

Indicator	Total		
	2020	2021	2022
Total water withdrawal (all sources)	226,592	228,456	236,873
Total water discharge (all sources)	192,602	191,234	198,853
Water consumption	**33,990**	**37,222**	**38,020**

Water discharge in 2022, mln m³

GRI 303-4

Indicator	2020	2021	2022
WASTE WATER DISCHARGE INTO SURFACE WATER BODIES			
Kirovsk branch	173.7	173.9	180.0
Balakovo branch	0	0	0
Volkhov branch	0	0	0
Apatit (Vologda region)	14.8	13.1	14.4
Total	**188.5**	**187.0**	**194.4**
DISCHARGED WITHOUT TREATMENT (% OF TOTAL WATER DISCHARGE)			
Kirovsk branch	0	0	0
Balakovo branch	0	0	0
Volkhov branch	0	0	0
Apatit (Vologda region)	0	0	0
Total	**0**	**0**	**0**

Waste water discharge at Apatit

		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 Rasvumchorrsky 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
APATIT (VOLOGDA REGION)		
Effluents from the phosphate facility		Rybinsk Reservoir
Effluents from the nitrogen facility		Rybinsk Reservoir

Biodiversity

Target

Preservation of biodiversity in regions of PhosAgro Group's operation at a level securing sustainability

2022 highlights

Over 1.2 *million*

juvenile fish of various species and pike larvae were released into water bodies across PhosAgro's geographies in 2019–2022

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.

For a number of years, the Company has been working to preserve biodiversity and replenish biological resources. In 2020, the Company started 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.



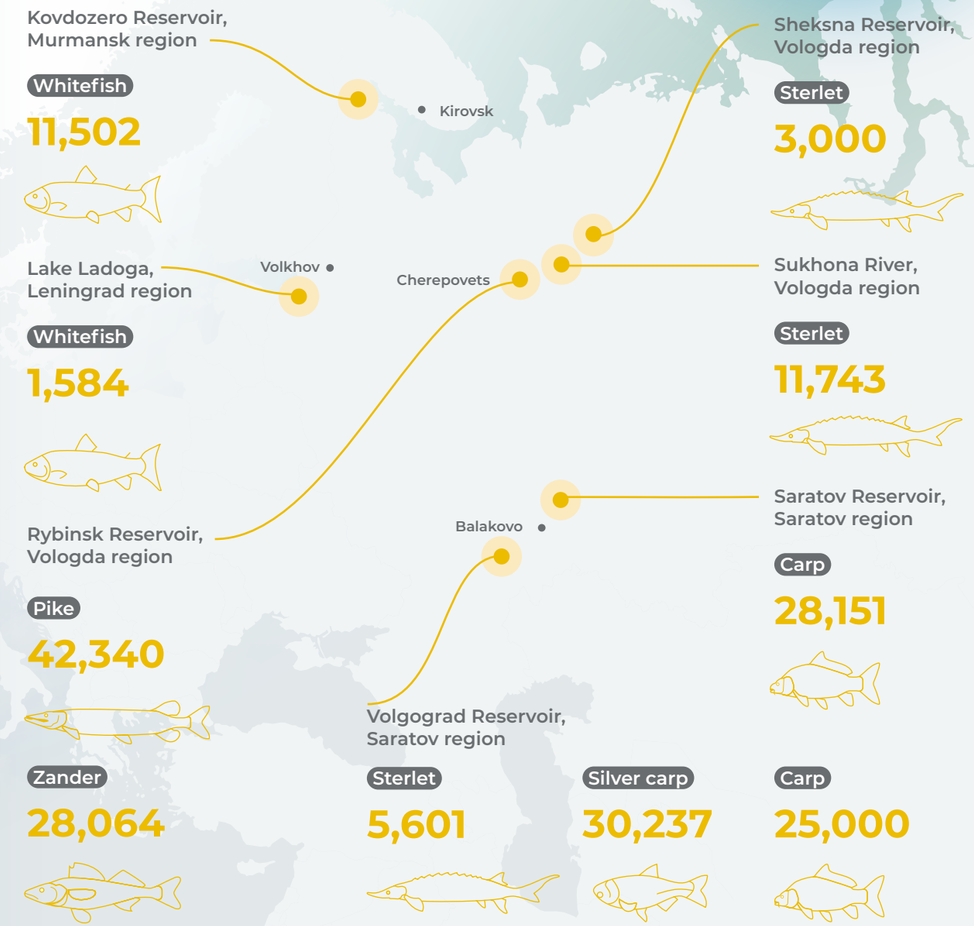
Key initiatives in 2022

GRI 304-3, SASB EM-MM-160a.3

Comprehensive biodiversity protection programmes were implemented at the Volkhov branch, one of the Kirovsk branch's facilities and Apatit's Cherepovets production site.

187,222 *juvenile fish*

of various species and pike larvae were released into water bodies across the Company's geographies in 2022



GRI 304-2, SASB EM-MM-160a.3

In 2022, the **Cherepovets facility** completed research of flora and fauna within the footprint of pyrite cinder storage facility No. 1–3 (System for Hydraulic and Dry Stacking of Pyrite Cinder).

The research revealed that the area's wildlife includes endemic European and Siberian species and is typical of the Vologda region.

The field and desktop studies proved that none of the plants or animals found in the reviewed area are included in the Vologda region's Red Data Book or in the Red Data Book of the Russian Federation.

As part of the efforts to develop biodiversity protection programmes, the Company joined forces with Kolsky Research Centre of the Russian Academy of Sciences to conduct a comprehensive environmental study of the area within the footprint of Apatit's Kirovsky mine. The researchers walked over 150 km of trails and completed 62 geobotanical descriptions. The total distance walked to take stock of the endemic birds and mammals exceeded 121 km. The study of hydrobionts was carried out at three stations and lasted from July until September.

The research revealed that the biome of terrestrial ecosystems within the footprint of the Kirovsky mine includes over 900 species of fungi, lichens, mosses and vascular plants, as well as 135 species of birds and 11 species of mammals. The realm of lichens and plants within the footprint of the Kirovsky mine is amazingly diverse and idiosyncratic, which is a reason enough to develop designated initiatives for protecting the unique flora of the Khibiny Mountains. The diversity of bird and mammal species was strongly affected and disturbed by human activities in the area. Their incidence in natural habitats corresponds to standard incidence in slightly disturbed areas and predictably enough shows signs of structural transformation in populations inhabiting areas impacted by humans.

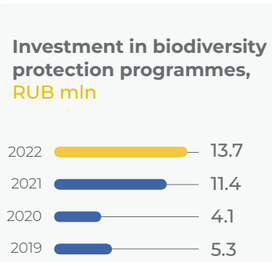
Water ecosystems within the footprint of the Kirovsky mine exhibit relatively high taxonomic diversity due to a wide range of conducive factors. The efforts to take stock of fish fauna within the footprint of the Kirovsky mine led to the identification of four fish species. Lake Bolshoi Vudyavr currently fits the habitat requirements for these species, as it offers ample food supplies for both salmonids (brown trout, Arctic char) and European smelt.

As part of the programme for environmental monitoring of biome (flora and fauna), the Volkhov branch researched an area within the sanitary protection zone.



The study of the area within the footprint of Apatit's Volkhov branch revealed that structure of animal species across the reviewed biotopes is typical for the region in question. A total of 52 bird species were found to live within the facility's footprint and in adjacent areas.

Investment in biodiversity protection programmes,
RUB mln





GRI 304-3

Juvenile fish released into water bodies across PhosAgro's geographies

Water body	2020	2021	2022
SARATOV REGION			
Volgograd Reservoir	45,911	55,838	60,838
Saratov Reservoir	26,393	28,151	28,151
LENINGRAD REGION			
Lake Ladoga	2,116	–	1,584
Nakhimovskoye Lake	–	28,715	–
MURMANSK REGION			
Umba River	4,000	5,000	–
Kovdozero Reservoir	–	–	11,502
VOLOGDA REGION			
Sukhona River	–	22,933	11,743
Sheksna Reservoir	–	3,500	3,000
VOLOGDA AND YAROSLAVL REGIONS			
Rybinsk Reservoir	654,400	–	70,404
YAROSLAVL REGION			
Gorky Reservoir	6,500	–	–
Total	**739,320**	**144,137**	**187,222**

Contributing to local communities



PROGRAMMES, STRATEGIC GOALS AND METRICS

OUR FAVOURITE CITIES

- Improving the quality of urban environment and promoting sustainable development of the cities where we operate: Kirovsk, Cherepovets, Balakovo, and Volkhov.

Target 8.3 · Target 9.1 · Target 11.3 · Target 17.17

EDUCATION

- Attracting educated, motivated and skilled young talent to innovative Russian facilities, including those of PhosAgro.
- Effective combination of high-quality education and physical training to facilitate moral and ethical development and promote health of the younger generation.

Target 3.4 · Target 4.4

SPIRITUAL REVIVAL

- Preservation and promotion of orthodox values, spiritual ideas, benevolence and respect for our legacy and motherland.

Target 3.4

CONNECTING GENERATIONS

- 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.

Target 3.4 · Target 4.4

PROMOTION OF SPORTS

- Supporting Russian sports at the international, national and regional levels, and promoting sports in regions where the Group operates.

Target 3.4

KEY PROJECTS AND HIGHLIGHTS OF 2022

78
mprovement projects completed

Specific activities: support for entrepreneurs in the form of interest-free loans or grants; implementation of the Arctic Entrepreneurship Library project

83 *graduates*
of PhosAgro Classes started their career with the Company after completing higher education

Number of DROZD students increased
by **11.3%**

Number of DROZD students who are children of the Company's employees increased
by **49.9%**

Total number of events rose
by **3.5%**

Total number of offsite activities was up
by **20.2%**

Completion of a project to restore mosaic icons of the Holy Trinity Cathedral in Balakovo

Repair and provision of equipment for the spiritual and educational centre of the Cathedral of the Life-Giving Trinity (Volsk, Saratov region)

Implementation of a project to restore the wooden church of Dormition of the Most Holy Mother of God (17th century) in Nelazskoye (Cherepovets District)

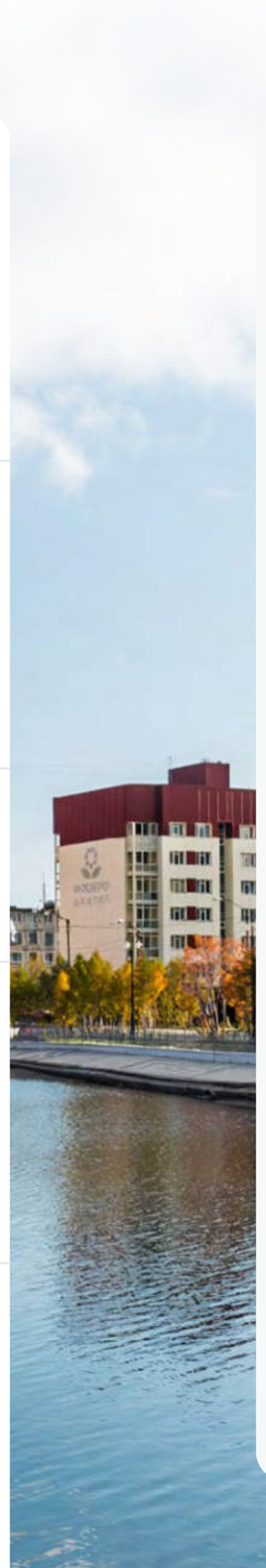
Support for a project to develop the Russian Orthodox Centre in Singapore

175 *initiatives*
created to provide targeted support and assistance to veterans, senior citizens, and vulnerable population groups

5,794 *events*
held by career guidance and exhibition centre

Laboratory of Safety, an interactive multimedia exhibition, created

Total financial support came close to
RUB **466** *mln*



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.

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.

The Company's Charity Policy

identifies the following **key areas of social investments:**

- education;
- sports and a healthy lifestyle;
- social and spiritual aspects;
- medicine and healthcare.

External recognition

In 2022, 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. In 2022, a total of 60 companies enrolled in the competition, with 39 making it into the final ranking and **PhosAgro included in the A+ Leaders** category along with eight other companies with the highest score.

Showcased by the Cherepovets facility, the **Laboratory of Safety exhibition** won a social programme award as the Best Programme Contributing to the Achievement of UN Sustainable Development Goals to Ensure Health, Healthy Lives, and Well-Being to Promote Sustainability.

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.

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.

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.

For more information on community social programmes, please visit the Company's website

To ensure transparent and effective corporate governance, the Group has developed **a framework of internal regulations** governing charity and sponsorship, including:

- Code of Ethics;
- Charity Policy;
- Government Relations Policy;
- Policy for Managing Community Social Programmes;
- Regulations on Managing Community Social Programmes;
- Assessment Criteria for Community Social Programmes.

Management of social investment programmes

Organisational unit	Key responsibilities
CORPORATE LEVEL OF PHOSAGRO GROUP	
Management Board **Chief Executive Officer** **Deputy CEO** **Office for External Communications**	· Annual budget consideration and approval · Decisions on participation in social and charitable initiatives · General coordination of activities related to charity, sponsorship and community investment · Collection and analysis of feedback and other relevant information on ongoing projects · Organisation of public hearings and sociological surveys · Information support
OPERATIONS	
Government Relations Department **Information Policy Department** **HR and Social Policy Department** **Social Development Departments** **Commission for Social Issues and Charity**	· Regular communication with business partners · Project and programme management · Preparation of proposals on the basis of feedback · Initial consideration of new applications

Performance assessment and feedback

GRI 413–1

We focus heavily on evaluating the results of our social investment programmes. Assessment criteria include both objective data and stakeholder views, thus ensuring comprehensive performance assessment and monitoring the evolution of public priorities related to social and economic development.

In 2021, we partnered with the Donors Forum to run an exhaustive stakeholder survey and evaluate charity programmes and projects implemented in the regions of our footprint and supported by PhosAgro Group. Building on that, in 2022 we reviewed our internal documents to develop and approve criteria and procedures for the assessment of community social programmes. The sets of criteria for each of them are available on the Company's website. Our 2022 performance for some of the key criteria is shown below for each specific programme.

The Company uses the following channels to liaise with stakeholders:

- involvement in the work of regional and municipal legislative and representative authorities;
- participation in meetings of regional and local government authorities;
- interaction with community groups (veterans, pensioners, NGOs, and volunteers);
- interaction with religious and faith leaders;
- organising and running city-wide public events (the Company's corporate holidays, city celebrations, sports competitions, tree planting, release of young fish, etc.);
- public hearings and festivals of charity projects;
- partnership ties in implementing projects such as DROZD, PhosAgro Schools, projects run with colleges, universities, hospitals, sports clubs/teams, and charity foundations (including in the form of surveys, polls, and social listening on social networks and in the mass media);
- interaction through social networks and mass media (publications on social projects and handling questions asked by stakeholders);
- establishment of subsidiaries to promote non-core activities that have economic influence on the sustainable development of local communities;
- interaction with recipients of targeted support.

We also collect a considerable amount of data used for analysing the effectiveness of our social investment programmes from the ongoing stakeholder feedback, including corporate newspapers, TV broadcasts, and social networking. Local residents in communities where we operate voice their grievances and comments using the Company's website; social networks; liaison offices of deputies who are also the Company's employees; public hearings on various aspects; and public meetings organised at public sites. As an example, in Volkhov, the Company with support from its government relations team started holding regular meetings with local residents to discuss various matters at a local community centre. The first meeting was held in 2022, with the Company's social projects presented and showcased to 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.

For information on other feedback mechanisms, see the description of specific projects.

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.

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.

For more information, see the Strategic Risks section on page 70

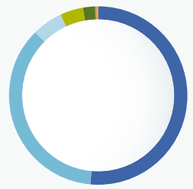
Social investment specific risks are listed below:



2022 metrics and highlights

PhosAgro Group makes an extensive and diverse contribution to the social and economic development of local communities in the regions of our presence: 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.

Social spending by area in 2022, %



- 51.62 Educational projects (net of renovation of educational institutions)
- 36.13 Infrastructure facilities, including renovation of educational institutions
- 5.36 Churches
- 4.30 Sports
- 2.15 Nationwide projects
- 0.42 Organisations of veterans and disabled people
- 0.02 Membership fees

Social spending by area in 2021[1], %



- 59.76 Infrastructure facilities, including renovation of educational institutions
- 13.97 Sports
- 11.91 Churches
- 9.67 Educational projects (net of renovation of educational institutions)
- 3.36 Nationwide projects
- 1.27 Organisations of veterans and disabled people
- 0.06 Membership fees

Charitable giving and community and infrastructure investment[1], RUB '000

GRI 203-1

Allocations[1]	2020	2021	2022
Contributions to charities, NGOs and research institutions (not related to the organisation's commercial research and development)	616,149	742,048	3,083,504
Funds allocated to support community infrastructure (recreational facilities, etc.)	1,895,758	1,992,825	3,749,281
Direct spending on social programmes, including arts and educational activities	637,419	832,965	3,986,468
Total	**3,149,326**	**3,567,838**	**10,819,253**

[1] In 2022, the Company revised the methodology for calculating the indicator and excluded expenses incurred under sponsorship agreements. Based on the principle of comparability, the data for 2021 and 2020 was recalculated accordingly.

Key social investment programmes

GRI 203-2

OUR FAVOURITE CITIES

Improving the quality of urban environment and promoting sustainable development of the cities where we operate: Kirovsk, Cherepovets, Balakovo, and Volkhov.

Our Favourite Cities initiative is implemented under social and economic partnership agreements signed with the authorities and is financed in line with the Company's social policy for a particular municipality based on the results of comprehensive social surveys and identification of major social problems and development potential of the territories.

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.

Promoting entrepreneurship

The Company traditionally supports a range of initiatives aimed at promoting entrepreneurship. In 2022, a competitive corporate-city project **Making Our City Better Together!** was established in Cherepovets, which included training for potential participants representing small private businesses to help them learn the rules of applying for the project. The initiative is implemented in cooperation with regional and local government authorities, non-governmental organisations and civil society.



In Kirovsk, Murmansk region, the project of **the Kirovsk Tourism and Entrepreneurship Development Agency** (formerly Khibiny Business Development Centre), a project supported by the Company, is underway. Its main activities include providing new and existing entrepreneurs with training and grant support awarded on a competitive basis. The Kirovsk Tourism and Entrepreneurship Development Agency assists in obtaining regional and federal grants through the Regional Small Business Support Fund and other grant providers. In addition, 2022 saw the implementation of the **Arctic Entrepreneurship Library project.**

Results of supporting entrepreneurship in the Murmansk region in 2021–2022:

- 279 new jobs created;
- 17 new LLC and sole traders as well as 14 self-employed persons registered;
- 12 project initiatives launched, including seven completed;
- government support totalling RUB 10 mln received by eight entrepreneurs;
- status of Russian Arctic Zone residents granted to seven entrepreneurs;
- three entrepreneurs in the process of registering as Russian Arctic Zone residents;
- 849 hotline consultations for businesses conducted.

Our Favourite Cities programme

Key criteria and metrics	2022
Total improvement projects completed (including repairs and reconstruction of social and healthcare facilities, educational institutions and roads)	78
Residents' initiatives (applications submitted)	3
including those implemented with the Company's support	3
Share of external co-financing, %	48
Number of partners involved (including local residents for reconstruction/construction of infrastructure facilities, including leisure and sports facilities)	139
Number of city-wide events organised by the Company	101

Vologda region

In November 2022, the first stage of the Northern Ring Road was inaugurated in Cherepovets. The project was completed with funding from regional and municipal budgets and financial support from PhosAgro Group and Severstal. A quadripartite co-financing agreement was concluded, making it the first major public-private partnership project in the Vologda region. The Company invested RUB 171.6 mln in the road construction.

According to a sociological survey conducted in the reporting year and feedback collected in social networks, residents of the Vologda region are generally satisfied with urban improvements currently taking place in the region. Comments of city residents regarding the need to maintain improved areas in due state are taken into account when creating PhosAgro Group's municipal programmes and charitable initiatives.

Saratov region

In 2022, Apatit provided financial support to build a sports ground and install professional sports equipment in a Balakovo public garden garden near the Olympic sports school in Balakovo. Initiated by a group of locals, the project became a successful example of involving the public and businesses of Balakovo in social development. The project's total cost stood at RUB 10.6 mln. The sports ground is the only one in the island part of Balakovo with this level of equipment.

According to a sociological survey conducted in the reporting year and feedback collected in social networks, residents of the Balakovo municipal district are generally satisfied with the urban improvements currently taking place in the region.

Leningrad region

In 2022, a concept for the development of the Kirov public garden in Volkhov was drawn up, featuring new locations for active and passive recreation activities, an alley with information and history boards, an amphitheatre, outdoor chess tables, a stage and even an urban vegetable garden. The initiative to create a vegetable garden/greenhouse with corporate design where PhosAgro Group's fertilizers will be used to grow agricultural products won the second place at the Young Manager – 2022 corporate competition.

According to a sociological survey conducted in the reporting year and feedback collected in social networks, residents of the Leningrad region are generally satisfied with urban improvements currently taking place in the region.

Murmansk region

The key project in 2022 was PhosAgro's co-financing of the overhaul of the street and road network in Kirovsk. The main objective of the project is to improve traffic safety in the town by enhancing road infrastructure, among other things in order to further boost Kirovsk's appeal for tourists. In addition, the access to the Kirovsky mine was improved, reducing travel time and increasing the safety of our employees and all residents of the Kukisvumchorr neighbourhood (about 5.000 people).

We participate in a public-private partnership to develop the Khibiny tourist cluster, including the Bolshoi Vudyavr Ski Resort. In particular, the construction of the second stage of an artificial snowmaking system on the resort's northern slope continued in 2022. In November 2022, Bolshoi Vudyavr was named the best ski resort in the Northwestern Federal District by the Russian Mountains national award. All of the resort's sports facilities are certified by the International Ski Federation (FIS).

Results of a 2022 sociological survey:

- about 77% of the respondents positively evaluated changes in the appearance of Kirovsk;
- about 57% of those surveyed positively rated the safety and quality of roads;
- 81% of respondents are happy with the condition of sports infrastructure;
- about 63% consider the town to be a tourist attraction;
- level of healthcare, housing, and utilities are areas for improvement.

EDUCATION

Healthy, educated and professionally trained population is a critical driver of any region's social and investment attractiveness. 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.

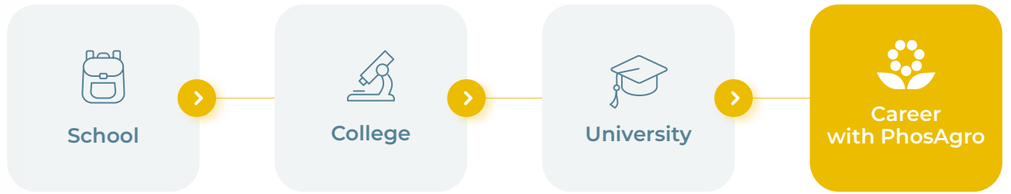
PhosAgro Schools

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.

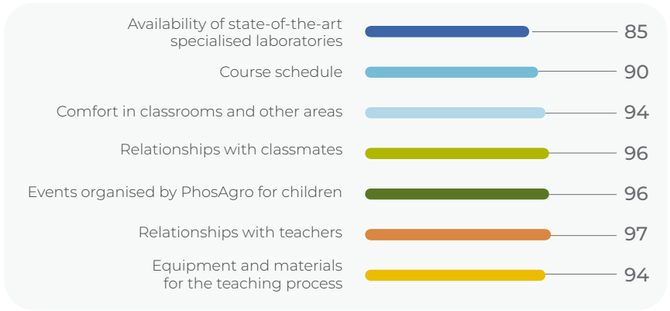
Covering all levels of education, this programme supports promising future professionals at each stage of the school–college/university–enterprise track.

In addition to financial support and assistance in building renovations provided to the schools, the project offers advanced programmes in natural sciences, economics, and management. According to an annual survey of PhosAgro Schools students:

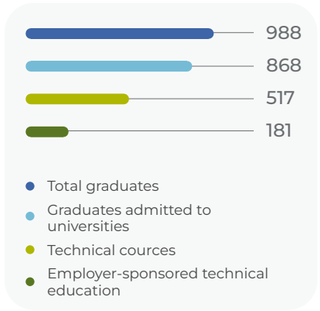
- **almost half of the students – 49%** – say that PhosAgro Schools give them more chances and opportunities to enter a specialised university than other schools. **32% of students** consider PhosAgro Schools prestigious and enjoy the educational process. **23%** say that PhosAgro Schools increase their chances to join the Company. **8%** say that PhosAgro Schools offer more sporting opportunities than other schools;
- degree of parents' and students' satisfaction with the level of teaching at PhosAgro Schools is quite high: **90% of students** say they are satisfied with the teaching of almost all subjects.



Satisfaction with various aspects of PhosAgro Schools (296 people surveyed), %



Graduates enrolment outcomes from 2015 to 2022, people



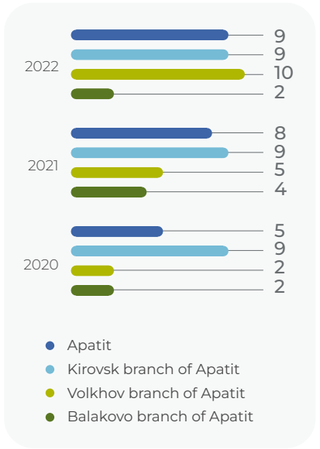
Vocational schools and universities

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 Company, and the most promising students get employment opportunities at the Group's facilities.

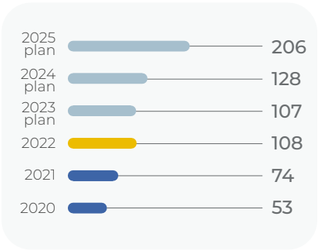
Since 2013, PhosAgro has been implementing a comprehensive programme of cooperation with the Cherepovets College of Chemistry and Technology (CCCT), where the Group supports activities of a specialised department of the Ivanovo State University of Chemistry and Technology providing training for students and employees of PhosAgro's facilities.

In February 2022, following an offsite meeting held by the Russian Federation Council Committee on Science, Education and Culture in Kirovsk, the committee recommended that the Russian Government take into account the Company's experience in training skilled engineers and workers using the school–college–university–enterprise educational pathway when creating the Professionalism federal project and education and production clusters in key industries such as chemical, light industry, metallurgy, etc.

Graduates of PhosAgro Classes hired by PhosAgro Group companies, people



Employment of CCCT graduates by the Company's facilities, people



For more information on PhosAgro Schools, see the People Development section on page 161



Programme 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 main mechanism for this is the consolidation of resources within PhosAgro Group's Education Centres at Russia's leading agricultural universities. In 2022, the programme reached a new level with the opening of nine new centres in the country's key agricultural regions. Today, PhosAgro Group's educational centres operate at Russian State Agrarian University:

- Moscow Timiryazev Agricultural Academy,
- Saratov State Agrarian University,
- Kursk State Agricultural Academy,
- Belgorod State Agricultural University,
- Kuban State Agrarian University,
- Orel State Agricultural University,
- Voronezh State Agricultural University,
- Penza State Agrarian University
- Ryazan State Agrotechnological University.

In 2021–2022, PhosAgro's Education Centres held over 200 online lectures for 30 agrarian universities in Russia and the CIS. A total of 22,700 students and teachers attended the lectures, which covered topics such as agrochemistry and agronomy, crop production, innovation and digitalisation of agriculture, economics, law, and responsible farming.

Capabilities for conducting scientific experiments were set up at PhosAgro Educational Centre's Phyto-Class of Moscow Timiryazev Agricultural Academy, including those for students' thesis projects. In addition, the Company together with Timiryazev Academy work to provide career guidance to schoolchildren, organise lectures and conferences, additional professional education courses, open days with major employers and meetings for young scientists



DROZD

(Educated and Healthy Children of Russia)

DROZD, a unique corporate project, addresses the social issues associated with keeping children busy outside school hours in the cities and towns where PhosAgro operates. The Company has taken on a significant share of responsibility for their upbringing, education, and sporting development, so that parents can work comfortably knowing that their children have everything they need for their intellectual and physical development.

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 four cities where PhosAgro operates: DROZD-Balakovo (Saratov region), DROZD-Cherepovets (Vologda region), DROZD-Khibiny (Kirovsk, Murmansk region) and DROZD-Volkhov (Leningrad region).

In 2022, the project covered more than 7,000 children (including 170 physically disabled and handicapped ones) who practised more than 20 athletic disciplines in 70 sports classes. Over 50% of the students passed various levels of the GTO fitness tests, with 29% of the children with disabilities at the DROZD-Cherepovets site passing the tests under the GTO Without Borders project. More than 40% of the students are winners and runners-up in sporting events at the municipal, regional, and federal levels.

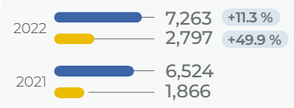
In addition, DROZD established ten non-sports clubs as well as hobby groups for popular science, patriotic and preliminary military training, fitness, Media School, robotics, etc.

In 2022, DROZD was presented at **the Best Practices in Promoting Physical Culture and Sports** session of Russia – Country of Sports, the X International Sports Forum.

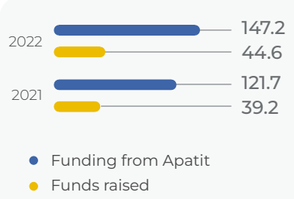
In 2022, raised funds accounted for 23% of the project's total funding, which demonstrates the popularity of DROZD and confirms keen interest in the project from local residents and regional authorities.

Surveys show a growing number of positive reviews, in particular from parents regarding the organisation of recreational and sports activities (e.g. summer camps in the Vita health resort in Anapa and the annual awards ceremony of the Best DROZD students). An important fact is that more than 50% of DROZD students who took part in the survey appreciated the quality and level of equipment in the gyms. According to a parent survey, almost 50% of parents expect DROZD sports clubs to improve their children's health. There was a considerable increase in the number of parents interested in their children's sporting achievements.

DROZD project results, people



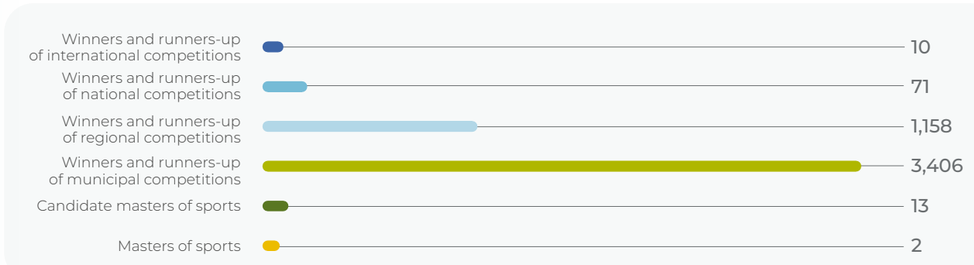
Finance, RUB mln



Number of participants in public events, corporate festivals, and celebrations staged by independent non-profit organisations in 2022, people



Sports achievements of students in 2022, people



DROZD Village project

In 2022, the DROZD Village project (running since 2016) was awarded in the Sports for Everyone, **Best Organiser of Physical Culture and Sports in Rural Areas** categories, according to the National Sports Award. The project covers twelve villages in the Saratov region and offers more than 500 rural students an opportunity to do sports. Necessary infrastructure is created in rural locations, sports clubs are opened and mass sports events are held. More than 30 sports clubs are available to DROZD Village students for sports activities free of charge.



An important feature of the project is continuous 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.

3,716
Number of children monitored

16.9
Average health index of all children monitored, at the beginning of the reporting period

17.1
Average health index of all children monitored, at the end of the reporting period

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.

The Company organises biannual pilgrimage tours to the relics of St Nicolas the Wonderworker for Russian believers. PhosAgro Group supports the project to develop the Russian Orthodox Centre in Singapore. The Group provides assistance to the exarchate of the Russian Orthodox Church in Southeast Asia.

The restoration of the unique mosaic icons of the Holy Trinity Cathedral in Balakovo, which began in 2018, was completed in 2022. In June, the Sign mosaic on the north side of the building was consecrated. Also, in 2022, work began on the Calvary mosaic panel, which will be placed on the west side of the church. Such was the intention of Fyodor Schechtel, a prominent architect of the early 20th century, and now his ideas are to be brought to life by the outstanding Russian mosaic artist Igor Lavrenenko. In addition, in 2022 PhosAgro financed the restoration of the cathedral's fence.



With the Company's organisational support, the restoration of a church of Dormition of the Most Holy Mother of God (built in 1694) in the Nelazskoye village, a unique monument of wooden architecture, is underway. PhosAgro also helped renovate and equip the spiritual and educational centre of the Cathedral of the Life-Giving Trinity (Volsk, Saratov region).



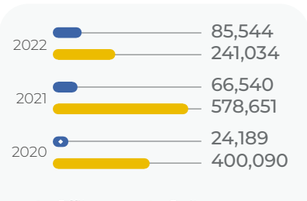
CONNECTING GENERATIONS

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.

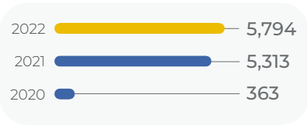
Career Guidance and Exhibition Centres project

Career guidance and exhibition centres are located in all of the four key cities across our footprint and represent a combination of a modern multimedia corporate museum and an innovative and interactive popular science centre offering advanced programmes in chemistry, biology, and related professional training. The centres are equipped with virtual and physical science laboratories designed to prepare a variety of chemical compounds, multimedia microscopes with 50.000x power, and an interactive garden where students can watch educational videos on cell life and structure and do lab experiments. There are panoramic cinemas offering career guidance and educational films, sensor tables with geographic data on minerals and countries around the world, and sensor booths to test professional aptitude. The centres are very popular with schoolchildren for being the place to learn about different professions and a major attraction for teenagers combining cultural entertainment and intellectual pastime.

Total number of attendees



Number of events



Participants:

- Museum and exhibition centre for interactive education of Apatit in Kirovsk;
- Fifteenth Element, a museum and exhibition centre in Volkhov;
- Green Planet, a centre for interactive education in Cherepovets;
- Academy of Fertility, a museum and exhibition centre in Balakovo.



Security Agents

In 2022, 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, an interactive multimedia exhibition, created;
- security and safety training courses developed for different categories (including children);
- the first issue of Security Agents, a magazine for teenagers (12+), published, and three more issues are slated for 2023;
- Security Agents, a media school, set up, seeking to provide an in-depth insight into security and safety issues and promote safe behaviour;
- five episodes of The Kislov Family, a cartoon for children (6+), filmed to reveal the problems of modern society and show how to avoid them;
- a travelling safety exhibition developed; in 2023, the exhibition will travel across Cherepovets and the Vologda region, Volkhov and Balakovo;
- project experience was rolled out at PhosAgro's Balakovo and Volkhov sites of Apatit.

For more information on the Security Agents project, see the Ethical Practices section on page 310

The Agents of Safety project received prizes at two federal competitions:

- winner in the **Best Museum Event** category for the project in the Corporate Museum competition;
- winner as the **Best Programme Contributing to the Achievement of UN Sustainable Development Goals to Ensure Health, Healthy Lives, and Well-Being to Promote Sustainability** in the Russian Leaders in Corporate Philanthropy competition.



Targeted Assistance project

A combination of targeted assistance to public organisations and support for volunteer initiatives in the regions of operation.

The programme supports 24 non-governmental organisations of labour and war veterans, as well as a number of charities.

In particular, PhosAgro supports ten non-governmental organisations in Cherepovets, including In the Name of Good charity, the Cultural and Recreational Centre in the Northern Microdistrict, and veteran organisations.

In Kirovsk and Apatity, we provide support to six non-governmental organisations, including a volunteer centre for the Group's pensioners.

We also support four local non-governmental organisations in Balakovo and Volkhov, respectively.

The Company's volunteers organised 175 events to provide assistance to veterans, the elderly, and vulnerable social groups in 2022.

Apart from that, the volunteers' activities include interaction with orphanages (in particular, making friends with children, helping them to socialise and prepare them for independent life outside the institution), as well as environmental initiatives. Members of the youth organisation also help an animal shelter. Another important area of volunteer activity is assistance to the Company's veterans, primarily those who are single.

Other areas of work with veterans include:

- financial aid;
- health resort treatment;
- mass cultural events, excursions, entertainment.

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 21 sports organisations at the federal, regional, and municipal levels.

In 2022, total support for sports projects amounted to nearly

RUB* 466 *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;

Academy of Fertility, a museum and exhibition centre in Balakovo.

The Company's support at the regional level went to:

- Proton Volleyball Club;
- Avtodor Basketball Club (Saratov region);
- Turbina speedway team (Saratov region);
- Severyanka Volleyball Club (Vologda region).

The Company also continued to support local organisations: youth sports schools, sports associations and clubs.

MAINTAINING
best practices





We believe it is important to continue to be guided by best practices in this essential area and to make sure all our internal standards and procedures are aligned with both Russian statutory requirements and the most reputable national and global guidelines.



Last year, PhosAgro saw major reshuffles in its Board of Directors composition. **Maintaining a meaningful share of independent directors on the Board remains a key priority for us.**

4 *ndependent directors currently*

on PhosAgro's Board of Directors

For details, see page 267

We engage in ongoing and consistent efforts in the area of anti-corruption. We have the Anti-Corruption Policy and Code of Ethics in place, run anti-corruption control of our procurement activities, and work to prevent conflict of interest and train our employees as needed.

A1 PhosAgro was awarded the highest ranking in the Russian Business Anti-Corruption Rating by the Russian Union of Industrialists and Entrepreneurs

For details, see page 312

4 CORPORATE GOVERNANCE

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Chairman's statement



70%
of directors elected to the Board in June 2022 were newcomers.

2022 saw unprecedented challenges in the production and economic activities, which could not but have an immediate effect on the Company's corporate governance practices.

In early March, Andrey A. Guryev resolved to step down as the CEO of PhosAgro and to resign from the Company's Board of Directors. Furthermore, the Board of Directors lost Xavier Rolet, its Chairman and independent director, Andrey G. Guryev, Deputy Chairman, and Irina Bokova, Chair of the Sustainable Development Committee under the Board of Directors. 70% of directors elected to the Board in June 2022 were newcomers.

In spring 2022, the London Stock Exchange suspended trading in global depositary receipts issued by Russian companies, including PhosAgro. The introduced restrictions affected the shareholders' rights to manage PhosAgro, receive dividends, and dispose of securities issued by PJSC PhosAgro. As a result of disruptions in the settlement infrastructure, PhosAgro also could not pay interest on the previously issued Eurobonds.

In this challenging environment, we demonstrated utmost commitment to our obligations. For example, in May 2022 the Company obtained a permit to proceed with its GDR programme. In 4Q 2022, PhosAgro held a vote among its Eurobond holders to amend the issuance documentation in such a way as to continue honouring its public debt commitments to the holders of bonds recorded both in Russia and abroad.

The newly elected Board of Directors continues to work actively. We have streamlined the structure of committees by reducing their number from six to three and reviewing the scope of their responsibilities. We have also shifted the focus of the Board of Directors and its committees by placing a particular emphasis on anti-crisis management efforts.

The Board of Directors continues to be actively engaged in embedding best practices into all aspects of PhosAgro's operations, including its corporate governance. In 2022, the Board of Directors took note that the practices applied by PhosAgro are strongly aligned with the Corporate Governance Code recommended by the Bank of Russia. The directors also assessed progress made in the reporting year against previously approved corporate governance improvement initiatives and reviewed a similar action plan for 2023.

We paid particular attention to 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[1]. Among other things, in the reporting year the Strategy and Sustainable Development Committee of the Board of Directors reviewed results of the self-assessment conducted by the Board of Directors for 2021 in line with the regulator's recommendations and examined the action plan developed based on the self-assessment findings.

The 2023 external assessment of the Board's performance in 2022 confirmed that activities of the Board of Directors and its committees comply with the Corporate Governance Code recommended by the Bank of Russia and the Listing Rules of the Moscow Exchange.

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 the 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 2022, while also continuing to support the management in implementing the Strategy to 2025.



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

[1] Bank of Russia's Information Letter No. IN-06–28/96 dated 16 December 2021 On Recommendations for Boards of Directors of Public Joint-Stock Companies to Consider ESG Factors and Sustainable Development Issues.

Corporate governance framework



Corporate governance principles

PhosAgro sees its commitment to the highest corporate governance standards as key to building a transparent, responsible and trustworthy governance framework to ensure further growth and sustainable financial strength.

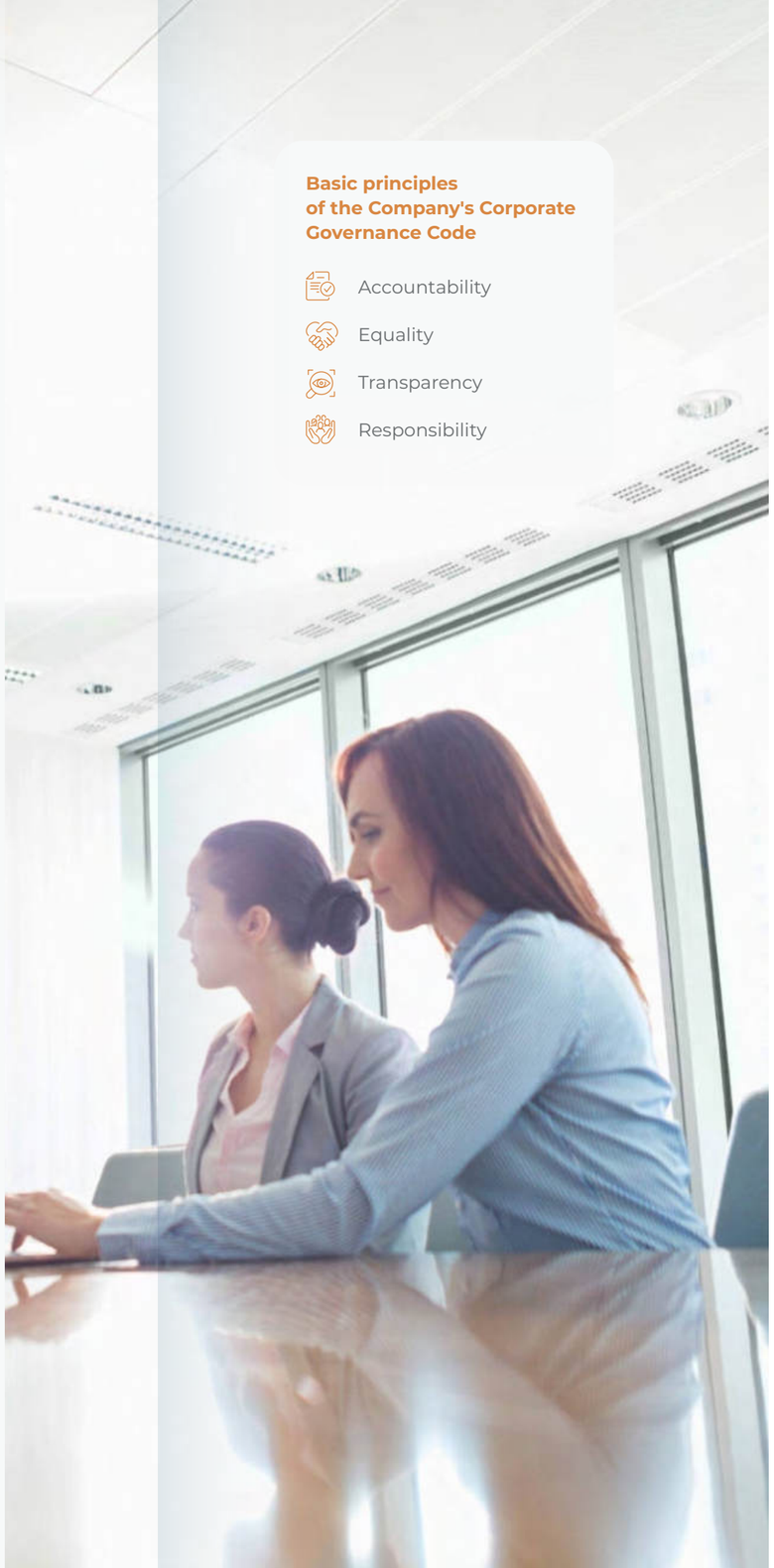
PhosAgro's corporate governance principles, structure, practices and procedures are set forth in its Charter and Corporate Governance Code. Provisions of PhosAgro's Corporate Governance Code do not contradict the Corporate Governance Code recommended by the Bank of Russia's Letter dated 10 April 2014 (the "CGC") and the UK Corporate Governance Code.

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 Code

- Accountability
- Equality
- Transparency
- Responsibility



Sustainable development governance

GRI 2–12, 2–13

Our governance framework for sustainable development (SD) relies on a number of internal and external drivers.

Internal drivers

The Company's mission and values supported by our Corporate Strategy

External drivers

Stakeholder expectations and the global community's requirements for the maturity of the Company's SD governance framework

The six main components of the sustainable development governance system are listed in the Sustainable Development section on the official website

2022 initiatives

GRI 2-14

Documentation support

Approval of:
- the Inside Information Regulations as amended
- the Regulations on the Information Policy as amended
- the transparency statement under the UK Modern Slavery Act as amended
- the Terms of use of the PhosAgro hotline as amended
- the Regulations on the Board of Directors as amended
- the Regulations on the Strategy and Sustainable Development Committee of the Board of Directors
- the Tax Strategy

Business processes and organisation

- Establishing the Strategy and Sustainable Development Committee of the Board of Directors to vest it with the majority of functions previously pertaining to three dissolved committees of the Board of Directors: the Strategy Committee, the Environmental, Health and Safety Committee, and the Sustainable Development Committee
- Strengthening the sustainability management function at the corporate headquarters and the enterprises
- Comprehensive regulations on interaction in preparing non-financial reporting drafted and implemented
- Extending certificates of compliance with requirements of ISO 9001, ISO 14001, ISO 45001, and GMP+ FSA
- Surveying the opinions of the Company and its stakeholders with respect to the material topics under GRI 2021

IT

- Update of the reporting year's environmental and social achievements on the Sustainability page of the Company's official website
- Maintenance of the Public Scrutiny application designed to report occupational health violations



Project management

- List and coverage of sustainability key performance indicators (KPIs) expanded
- Expansion of analytics under the automated system
- evaluating suppliers against ESG criteria
- List of initiatives pursuing individual UN SDGs-related targets updated

Competencies and people

- Mandatory training in various areas (for example, cybersecurity, climate change, human rights, etc.) included in the sustainability training framework
- Participation in major international and Russian initiatives (RSPP, CGI, ESG Alliance, UN Global Compact, IFA) maintained

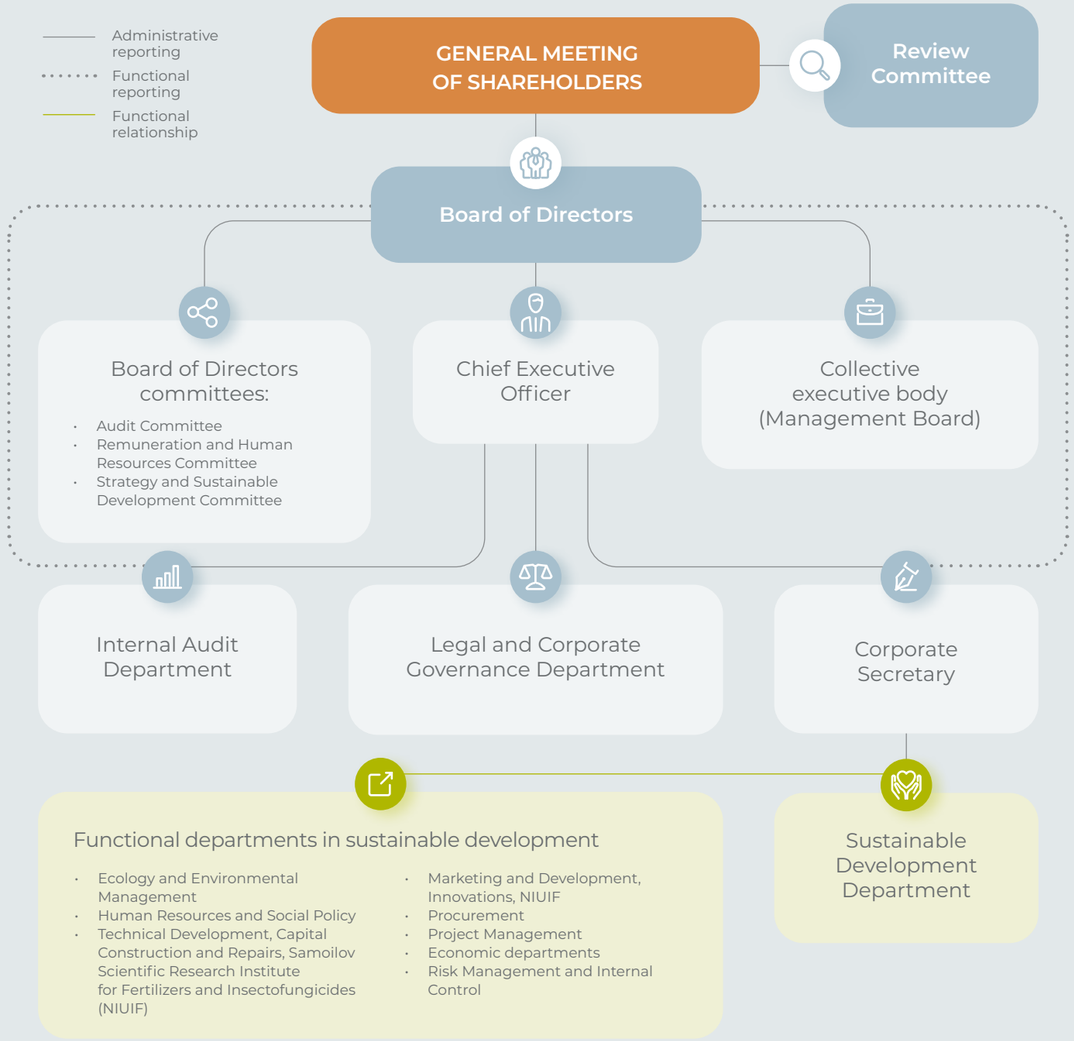
Performance review and reporting

- Procedure for preparing integrated annual reports drafted and approved. CEO appointed as chair of the working group in charge of the integrated annual report
- Analysis of global and local ESG ratings and rankings
- Taking into account stakeholders' opinions (inside and outside the Company)
- Procedure for the Strategy and Sustainable Development Committee to monitor the Company's sustainability projects developed
- TCFD, GRI, CDP, The Value Reporting Foundation recommendations for reporting implemented

Corporate governance structure

Structure of corporate governance and sustainability management

GRI 2–9



Corporate governance assessment

When assessing the quality of the Company's corporate governance, the recommendations of the Corporate Governance Code (the "CGC") and the UK Corporate Governance Code (UK CGC, FRC, 2018) are adopted as best practices. The actual compliance with the CGC is measured on an annual basis and disclosed in a dedicated report (report on compliance with the principles and recommendations of the Corporate Governance Code, hereinafter the “CGC 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 2023, the Audit Committee of the Board of Directors reviewed the results of the improvement plan implementation in 2022, analysed the developments of the degree of compliance with the CGC principles, as well as the assessment of the disclosure quality to explain non-compliance or partial compliance.

Following a review of the corporate governance quality assessment, the Board of Directors approved the CGC compliance report for 2022 and issued a positive assessment of compliance with the CGC recommendations. Furthermore, the Board of Directors praised progress against the 2022 Corporate Governance Practice Improvement Plan, and approved the improvement plan for 2023.

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

CGC section	Total number of matters	Full compliance			Partial compliance			Non-compliance		
		2020	2021	2022	2020	2021	2022	2020	2021	2022
1. Shareholders' rights	13	11	11	11	2	1	1		1	1
2. Board of Directors	36	33	32	30	3	4	5			1
3. The Company's Corporate Secretary	2	2	2	2						
4. Remuneration	10	5	8	8	4	2	2	1		
5. Risk governance and internal control	6	6	6	6						
6. Information disclosure	7	7	5	7		2				
7. Material corporate actions	5	3	5	5	2					
Total	**79**	**67**	**69**	**69**	**11**	**9**	**8**	**1**	**1**	**2**
Percentage of compliance with CGC principles		**85**	**87**	**87**	**14**	**11**	**10**	**1**	**1**	**3**

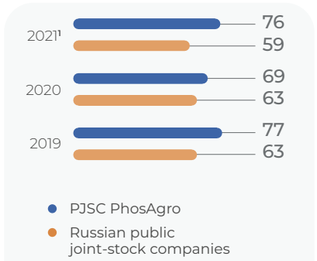
Compliance with CGC principles at PhosAgro and other Russian companies, %



[1] Based on the Bank of Russia's annual reviews of corporate governance practices in Russian public 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 2021, 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 69 to 76%, while the average level in the Russian Federation declined from 63% to 59%.

Degree of disclosure to explain non-compliance (partial non-compliance) with CGC principles at PhosAgro and other Russian companies, %



Results of implementing the CG improvement plan developed and approved by the Board of Directors in the analysis of the 2021 CGC Report

Review and approval of the tax strategy	The document was approved by the Board of Directors on 3 November 2022
Amendments to the information policy detailing the process for providing data on shareholder requests	The document was approved by the Board of Directors on 3 November 2022
Amendments to the Regulations on the Remuneration and Human Resources Committee reflecting the conditions (events) for reviewing the compensation policies	Amendments not approved. 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
Return to the practice of individual assessment of the Board members when assessing the Board performance in general	It was resolved to refrain from individual assessments for the purposes of the Board's 2022 performance assessment
ADDITIONAL MEASURES IMPLEMENTED	
Expanding the scope of the annual reports to include the Board of Directors' viability statement, the going concern assumptions, consideration given to key stakeholders' voice in the Board's discussions and decision-making, information about significant external appointments of the Board members	Underway since April 2021
Expanding disclosure on the remuneration system as a whole, the KPI system and their alignment with the strategy	Underway since April 2021
Updating PhosAgro Hotline Regulations	The document was approved by the Board of Directors on 18 August 2022
Updating the Regulations on the Board of Directors and Regulations on committees of the Board of Directors	The document was approved by the Board of Directors on 18 August 2022
Updating PhosAgro's Inside Information Regulations	The document was approved by the Board of Directors on 3 November 2022
Updating the Board's Modern Slavery Act Transparency statement	The document was approved by the Board of Directors on 20 December 2022

[1] The most recent year assessed by the Bank of Russia.

Key actions

approved by the Board of Directors upon review of the 2022 CGC Report which are aimed at improving the governance quality in 2023:

- upon the re-election of the Remuneration and Human Resources Committee in 2023, the Board of Directors will seek to staff the Remuneration and Human Resources Committee with independent directors only;
- as part of the next amendments made to the Regulations on the Remuneration and Human Resources Committee (presumably in 2023), a clause on conditions (events) for reviewing the compensation policies will be introduced;
- in 2023, the Company will resume the practice of assessing each Board member individually, as part of the evaluation of the quality of the work of the Board of Directors.



Changes in self-assessment as regards compliance with corporate governance principles

No.	Number and brief description of the principle	Old status	New status	Comments
1	1.1.2. Publishing of a general meeting notice on the company's website at least 30 days prior to the date of the general meeting of shareholders	●	●	Criterion 1 is partially complied with. A notice on one of the three General Meetings of Shareholders held in 2022 was published 27 days (not 30 days) before the Meeting date. This was due to the necessity to align the General Meeting's agenda with Article 42 of Federal Law No. 208-FZ On Joint-Stock Companies dated 26 December 1995 based on the Bank of Russia's improvement notice, which was received after the Board of Directors approved the agenda. Hence, a new Board meeting had to be convened to amend the net profit distribution item of the General Meeting's agenda by specifying the applicable net profit distribution period. That said, PhosAgro did not breach the shareholder notification timeframe in accordance with Article 52 of the same Federal Law. Going forward, PhosAgro will seek to respect applicable timeframes for serving (publishing) General Meeting notices as required by laws and the Corporate Governance Code.
2	1.1.5. Ability for shareholders to freely exercise their rights to vote	●	●	Formally speaking, the criterion is not complied with, as PhosAgro's Charter does not provide for online ballot completion on the website. However, the vast majority of the Company's shareholders hold their shares through nominee shareholders (with the exception of only 24 out of 231,000 shareholders, or less than 0.01%) and can take advantage of remote voting by instructing their nominees accordingly (proxy voting) and thus freely exercise their voting rights in a simple and convenient way. Going forward (for example, if the number of shareholders who do not use nominee shareholding services increases drastically), PhosAgro may once again consider an option of electronic voting.
3	1.2.1. A transparent and clear mechanism for determining the amount of dividends and payment thereof	●	●	In the reporting year, explanations on the proposed net profit distribution procedure (including the amounts paid as dividends and profits allocated for the Company's own needs) and its conformity with PhosAgro's dividend policy were included in the materials for the General Meeting of Shareholders.
4	2.3.2. Availability of information on nominees to the company's board of directors to shareholders	●	●	The criterion is partially complied with, as the shareholders were not provided with the findings of an assessment completed by the Board of Directors or its Remuneration and Human Resources Committee to determine whether the professional qualifications, experience and skills of nominees to the Board of Directors meet the current and potential needs of PhosAgro. This was due to the short period of time left between the repeated final date for submitting agenda proposals in the run-up to the Annual General Meeting of Shareholders and proposals on nominees to the Company's Board of Directors, on the one hand, and the date of the Board meeting convened to review these proposals, on the other hand. In 2023, the shareholders will be provided with the findings of an assessment completed by the Board of Directors or its Remuneration and Human Resources Committee to determine whether the professional qualifications, experience and skills of nominees meet the current and potential needs of PhosAgro. Going forward, the Company will also seek to make this information available to the shareholders in the run-up to the General Meetings of Shareholders focusing on the election of Board members.
5	2.8.2. Performance of the remuneration committee	●	●	Criterion 1 was not complied with, as one of the members of the Remuneration and Human Resources Committee does not meet the independence requirements. The Committee was drawn from the members of the newly elected Board of Directors. The directors were selected based on their experience, professional background, skills and knowledge so that they could best meet the Committee's goals and objectives. 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. Criterion 2 was not complied with to the extent that the Remuneration and Human Resources Committee is chaired by a director who does not meet the independence requirements. However, the director's competencies, professional experience and dedicated skills enable him to run the Committee in the most efficient manner. 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. 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 from time to time and meets the current needs of PhosAgro. 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.

● Full compliance
● Partial compliance
● Non-compliance

No.	Number and brief description of the principle	Old status	New status	Comments
6	2.8.5. Composition of committees of the Board of Directors	●	●	Criterion 1 was not complied with to the extent that the Remuneration and Human Resources Committee is chaired by a director who does not meet the independence requirements. However, the director's competencies, professional experience and dedicated skills enable him to run the Committee in the most efficient manner. 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.
7	2.9.1. Evaluation of the quality of the work of the Board of Directors	●	●	Criteria 1 and 3 were fully complied with. Criterion 2 was not met with respect to the failure to conduct individual assessment of each member of the Board of Directors in 2021 (for 2020) and 2022 (for 2021). Individual assessment of each Board member was deemed irrelevant by the Remuneration and Human Resources Committee, as 70% of directors working at the Board starting July 2022 were newcomers. In this context, the Board of Directors did not see any risks in failing to complete individual assessments for each member of the Board. In 2023, the Company will resume the practice of assessing each Board member individually, as part of the evaluation of the quality of the work of the Board of Directors.
8	6.3.1. Providing shareholders with access to information at their requests	●	●	Relevant amendments were added to PhosAgro's internal documents (the Regulations on the Information Policy).
9	6.3.2. Providing shareholders with access to information at their requests	●	●	Relevant amendments were added to PhosAgro's internal documents (the Regulations on the Information Policy).

● Full compliance
● Partial compliance
● Non-compliance

Report on compliance with the principles and recommendations of the Corporate Governance Code (stand-alone document)



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 June 2022, 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 two extraordinary General Shareholders' Meetings convened to vote on declaration (payout) of interim dividends.

Full text of PhosAgro's Regulations on the General Meeting of Shareholders is available on the official website of the Company

Board of Directors

The Board of Directors plays a key role in PhosAgro's corporate governance system. Its activities are governed by the Regulations on the Board of Directors.

In 2022, amid significant changes in the operating environment, the Board of Directors continued to set the Company's strategic direction and make key decisions. 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. The Board of Directors of PJSC PhosAgro underwent notable changes both in terms of its composition and agenda and structure of committees. 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.

Full text of PhosAgro's Regulations on the Board of Directors is available on the official website of the Company

Strategy and global challenges

In 2022, we continued to develop our updated Strategy to 2030 despite the changing external environment, 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.

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 2–14

In July 2022, the new Board of Directors resolved to establish a Strategy and Sustainable Development Committee, which confirms its understanding of the key role of sustainability principles in defining the Company's strategy, as well as their importance in managing such aspects of the Company's operations as environmental protection, occupational health and safety and energy efficiency. Regulations on the Board of Directors and its committees were updated to set out the new functionality and structure of the committees.

During 2022, as part of the action plan to implement the ESG agenda in the Company's practices, the Board of Directors adopted a tax strategy and updated a number of internal documents on anti-corruption activities, shareholder relations, and handling of insider information.

Information technologies and information security

In the reporting year, the Board dealt with three groups of IT-related issues. In addition to the traditional assessment of information security threat prevention, the Board heard a report on the development of cloud and other advanced technical solutions in line with PhosAgro's IT strategy, as well as analysed the Company's preparedness to replace software products that are no longer supported in the Russian Federation due to the imposition of sanctions. Board members, along with Company employees, received information security training on Kaspersky ASAP, Apatit's corporate platform.

Ongoing tasks

Key activities undertaken by the Board of Directors in 2022 included:

- 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 2022 and determining priority areas of its activities for 2023;
- reviewing PJSC PhosAgro's budget for 2023, as well as quarterly follow-up on the 2022 budget utilisation;
- determining whether Phosagro's corporate culture is aligned with its mission, values and strategy, as well as assessing and monitoring the corporate culture;
- performance, work plans, and budget of the Internal Audit Department;
- quarterly review and approval of financial statements;
- convening General Meetings of Shareholders of PJSC PhosAgro.

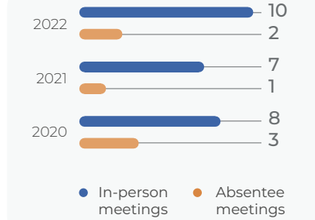
Participation in the Board meetings

12 *meetings*
of the Board of Directors in 2022

77 *agenda items*
considered a total in 2022

In 2022, the Board of Directors held twelve meetings (two of them by absentee voting) and considered a total of 77 agenda items. The number of items considered by the Board of Directors in 2022 grew compared to 2020 (70) and decreased compared to 2021 (91).

Meetings of the Board of Directors



Participation in the Board meetings before the election of new members of the Board of Directors (before 30 June 2022)

	Irina Bokova	Andrey A. Guryev	Andrey G. Guryev	Sven Ombudstvedt	Natalia Pashkevich	James Rogers	Marcus Rhodes	Mikhail Rybnikov	Xavier R. Rolet	Andrey Sharonov
Board of Directors	3/6	4/6	4/6	6/6	6/6	6/6	6/6	6/6	3/6	6/6
Audit Committee				2/2		2/2	2/2			2/2
Strategy Committee		0/0	0/0	0/0				0/0		
Remuneration and Human Resources Committee	1/1					1/1				1/1
Risk Management Committee		1/1		1/1					1/1	
Environmental, Health and Safety Committee		1/1			1/1			1/1		
Sustainable Development Committee	0/0							0/0		0/0

Participation in the Board meetings after 30 June 2022

	Victor Ivanov	Yuri Krugovykh	Siroj Loikov	Ivan Rodionov	Natalia Pashkevich	Alexander Seleznev	Victor Cherepov	Mikhail Rybnikov	Alexander Sharabaika	Andrey Sharonov
Board of Directors	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5	5/5
Audit Committee				2/2			2/2			2/2
Remuneration and Human Resources Committee	2/2			2/2						2/2
Strategy and Sustainable Development Committee								2/2	2/2	2/2

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 the 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.

At least once a year, the Strategy and Sustainable Development Committee (until 2022, the 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 PhosAgro Group's non-financial reporting and to determine mechanisms for engagement with the Company's stakeholders, including at the Board level.

Prospects

The Company'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.

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 the Group, 2021 was marked by the countervailing duties imposed on Russian and Moroccan producers in the US market, the agreement among Russian producers of mineral fertilizers to put a cap on prices in the domestic market, as well as the introduction of quotas and export licences in Russia.

In 2022, countervailing duties and the supply quota system remained in force in Russia. At the same time, the restrictions caused by international sanctions and supply chain disruptions made it difficult for the Company to deliver its products to its traditional markets.

The Company is 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 and regularly reviews them as part of the strategy implementation monitoring. Risk management maps were drawn for each risk, containing a detailed description along with mitigants and probability, materiality and risk appetite estimates.

For more information on our strategic risks, see the Strategic Report section on page 70.

In the face of unprecedented levels of realisation 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.

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.



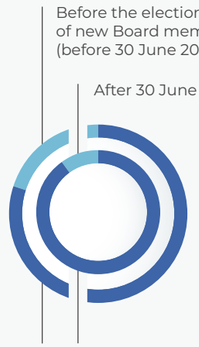
Composition of the Board of Directors

GRI 2–9, 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.

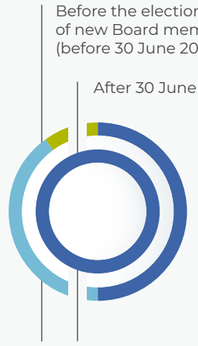
The composition of the Board of Directors should be balanced in terms of the qualifications, expertise and business skills of its members. Board members should have a recognised, including among investors and shareholders, good business reputation and no conflicts of interest with the Company.

Board of Directors: gender split, %



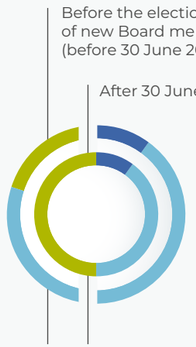
Before the election of new Board members (before 30 June 2022)	After 30 June 2022	
80	90	Men
20	10	Women

Board of Directors: place of residence, %



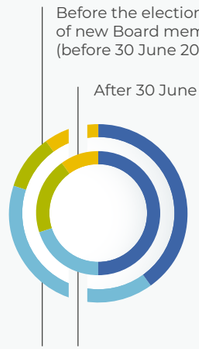
Before the election of new Board members (before 30 June 2022)	After 30 June 2022	
50	100	Russian Federation
40	0	Europe
10	0	Southeast Asia

Board of Directors: independence, %



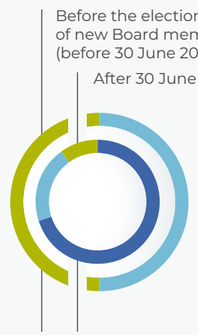
Before the election of new Board members (before 30 June 2022)	After 30 June 2022	
10	10	Non-executive directors
70	40	Independent directors
20	50	Executive directors

Board of Directors: age %



Before the election of new Board members (before 30 June 2022)	After 30 June 2022	
40	50	Above 60 years
40	20	50–60 years
10	20	40–50 years
10	10	Under 40 years

Board of Directors: length of continuous service, %



Before the election of new Board members (before 30 June 2022)	After 30 June 2022	
0	70	<3 years
50	20	4–7 years
50	10	>7 years

Key competencies of Board members

GRI 2–17

Board members since 5 July 2022	Status	Key competencies (based on professional experience): 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	Non-executive		✓	✓			✓	✓		0.0064
Yuri Krugovykh	Executive	✓					✓			none
Alexander Sharabaika	Executive		✓	✓		✓	✓	✓	✓	none
Alexander Seleznev	Executive		✓	✓						none
Siroj Loikov	Executive						✓		✓	none
Mikhail Rybnikov	Executive		✓	✓		✓		✓		0.0258

[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 PhosAgro's performance. Since 1 July 2022, four out of ten Board members are independent. Until 30 June 2022, independent directors chaired five out of the Board's six committees; after the election of new directors, one of the three 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 CGC, 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 2022, four of the Board members (Victor Ivanov, Natalia Pashkevich, Victor Cherepov and Andrey Sharonov) were recognised as independent.

D&O[1] 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 2022 to 31 May 2023), 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 a liability extension for all independent non-executive 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

GRI 2–18

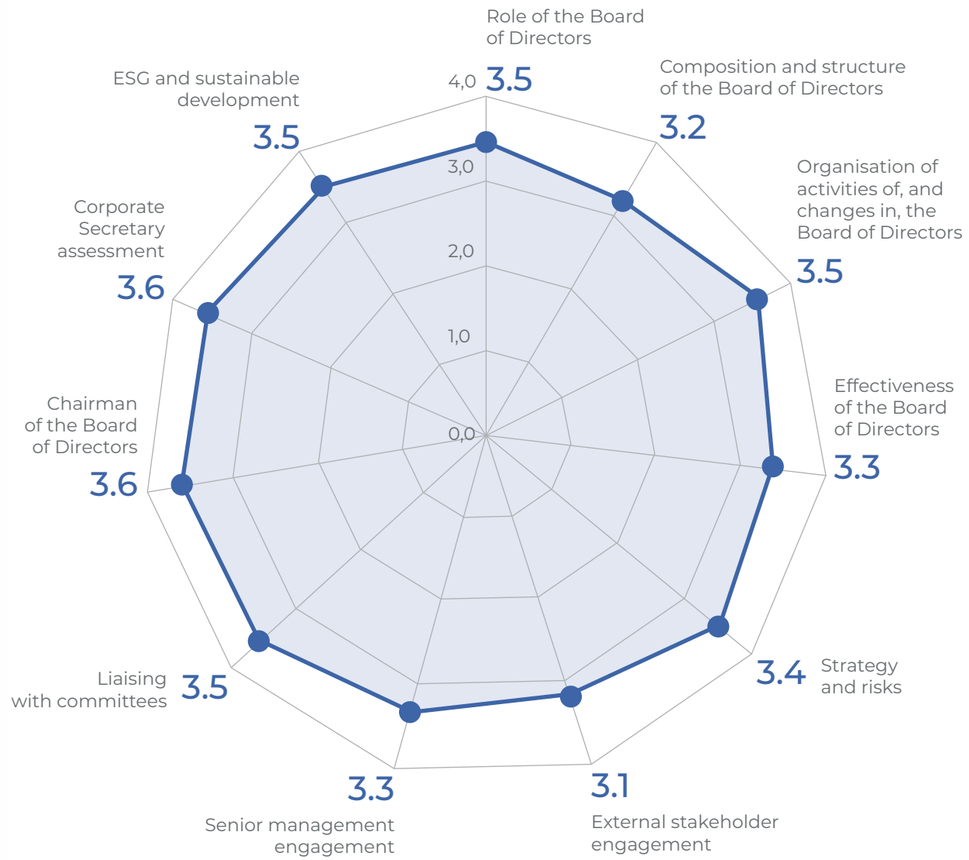
In accordance with the CGC recommendations, PhosAgro assesses the performance of its Board of Directors on an annual basis, with external experts engaged for this purpose once in three years. In January 2023, IDA – Association of Professional Directors conducted an external assessment of the Company's Board of Directors.

Approach to the Board of Directors' assessment

The Board assessment methodology is based on international best practices, CGC recommendations and the Listing Rules of the Moscow Exchange, and has been agreed with the Chairman of the Remuneration and Human Resources Committee and the Corporate Secretary. Detailed questionnaires were circulated among directors to assess the performance of the Board and its committees. 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.

[1] Directors & Officers Liability

The Board of Directors' assessment



The external assessment confirmed that the Board and its committees were functioning in accordance with the recommendations of the CGC 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.

In line with the CGC recommendations and international best practice, PhosAgro will continue organising annual self-assessment of the Board of Directors and an external independent assessment every three years to ensure the continued development and improvement of PhosAgro's corporate governance practices.

Members of the Board of Directors as at 31 December 2022

Information on the members of the Board of Directors

GRI 2–11



Victor Cherepov

Chairman of the Board of Directors at PhosAgro since 3 October 2022, independent director
Year of election: 2022
Date of birth: 15 January 1951

Professional experience

2022 – Pr. – PhosAgro, Chairman of the Board of Directors, Chairman of the Audit Committee

2022 – Pr. – Kashira Steel Structures and Boiler Building Plant, Member of the Board of Directors

2022 – Pr. – Kompaniya Ust-Luga, 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

2020 – Pr. – Public Council under the Ministry of Health of the Russian Federation, Deputy Chairman of the Board of Directors

2019 – Pr. – NPF BLAGOSOSTOYANIE, Chairman of the Human Resources and Remuneration Committee, Member of the Strategic Planning Committee

2018 – Pr. – AB Energo, Member of the Board of Directors

2018 – Pr. – NPF BLAGOSOSTOYANIE, Member of the Board of Directors

2016 – Pr. – 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

MD, Professor, Member of the Russian Academy of Medical and Technical Sciences, Member of the International Academy of Energy Information Sciences

For information on Xavier R. Rolet, Irina Bokova, Andrey G. Guryev, Andrey A. Guryev, Sven Ombudstvedt and Marcus Rhodes who all left the Board of Directors in March and July 2022 please see the 2021 integrated Annual Report of PJSC PhosAgro on the Company's website



Alexander Sharabaika

Deputy Chairman of the Board of Directors at PhosAgro since 5 July 2022, 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

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

2017–2018 – PhosAgro, Member of the Board of Directors

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 since 5 July 2022, independent director
Year of election: 2022
Date of birth: 17 January 1943

Professional experience

2022 – 2023 – PhosAgro, Member of the Board of Directors, Member of the Remuneration and Human Resources Committee

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



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

2015–2018 – VTB Bank, Member of the Supervisory Council

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



Ivan Rodionov

Member of the Board of Directors at PhosAgro from 5 July 2022 to 27 March 2023, non-executive director
Year of election: 2022
Date of birth: 30 November 1953

Professional experience

2022 – Pr. – PhosAgro, Member of the Board of Directors, Chairman of the Remuneration and Human Resources Committee, Member of the Audit Committee

2017–2020 – IBS IT Services, Member of the Board of Directors

2014–2022 – AgroGard-Finance, Member of the Board of Directors

2012 – Pr. – Interdepartmental Analytical Centre, Member of the Board of Directors

2009–2021 – IC RUSS-INVEST, Member of the Board of Directors

2003–2021 – National Research University Higher School of Economics, Professor (part-time)

Education

Higher education in Economics, Lomonosov Moscow State University, PhD in Economics, professor



Alexander Seleznev

Member of the Board of Directors at PhosAgro since 5 July 2022, Chief of Staff for the CEO
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

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)

2017–2018 – Tirvas, Member of the Board of Directors

2017–2018 – Apatit, Human Resources and Social Policy Director

2017–2018 – Apatit, Member of the Management Board

2015–2018 – PhosAgro, Human Resources and Social Policy Director

2015–2018 – Korporativnoe pitanie (Corporate Nutrition), Member of the Board of Directors

2015–2017 – PhosAgro-Cherepovets, Human Resources and Social Policy Director, Member of the Management Board

2013–2022 – PhosAgro, Member of the Management Board

2013–2017 – Izumrud, Member of the Board of Directors

Education

Tashkent State University of Economics, International Economic Relations

University of Nottingham (UK), Bachelor's degree in Business Management

Moscow School of Management SKOLKOVO, Executive Coaching for the Development of Leaders, Project Management



Yuriy Krugovykh

Member of the Board of Directors at PhosAgro since 5 July 2022, First Deputy CEO
Year of election: 2022
Date of birth: 29 May 1955

Professional experience

2022 – Pr. – PhosAgro, Member of the Board of Directors

2022 – Pr. – 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

Education

Moscow University for the Humanities, Degree in History



Mikhail Rybnikov

Member of the Management Board, Member of the Board of Directors and CEO at PhosAgro since 11 March 2022
Year of election: 2022
Date of birth: 30 November 1975

Professional experience

2022 – Pr. – PhosAgro, CEO

2022 – Pr. – PhosAgro, Member of the Board of Directors, Member of the Management Board, Member of the Strategy Committee, Member of the Sustainable Development Committee

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

2017–2018 – Apatit, CEO, Chairman 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

2015–2017 – PhosAgro-Cherepovets, CEO, Chairman of the Management Board

2013–2022 – PhosAgro, Member of the Management Board

2013–2018 – PhosAgro, Managing Director (part-time)

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 more information, please visit the Company's website



Sergey Samosyuk

Year of appointment: 2016
Date of birth: 1 October 1976

Professional experience

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

2020 Director of the Year National Award for the best corporate governance directors / corporate secretaries.

Committees of the Board of Directors

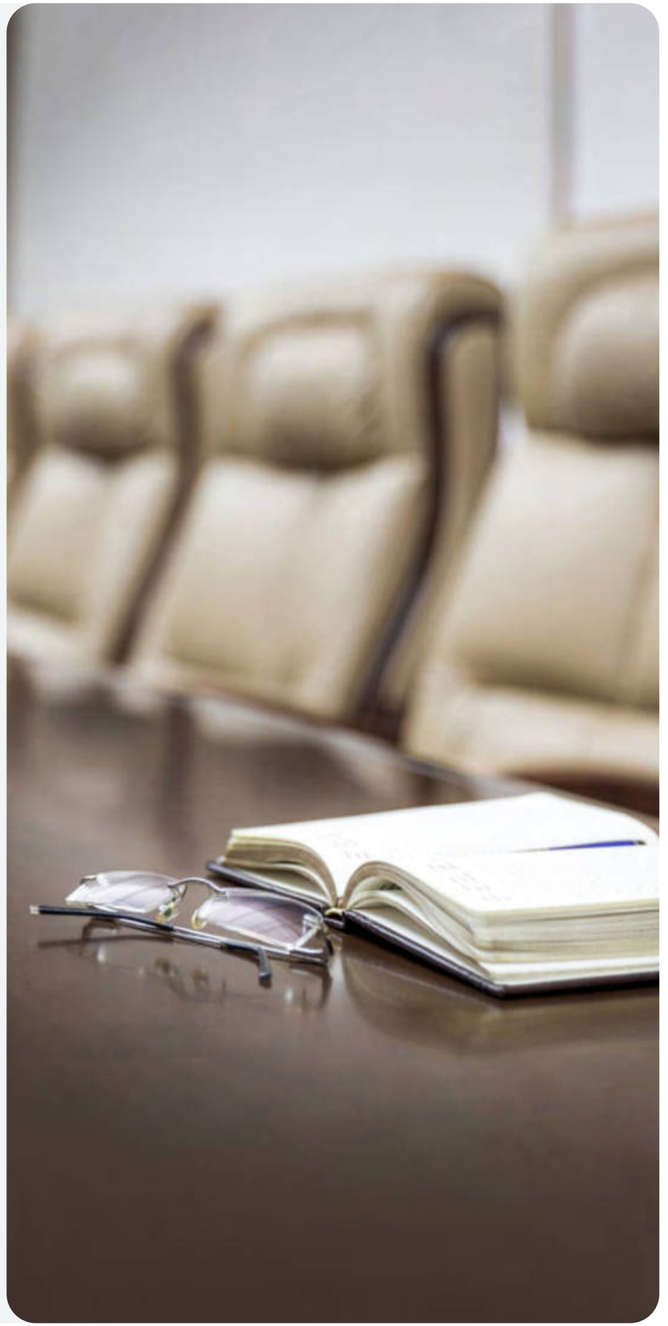
The committees of the Board of Directors are advisory and consultative bodies made up of the current Board members with relevant experience and expertise in specific focus areas.

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.

The new Board of Directors

at its meeting on 5 July 2022 (Minutes w/o No. dated 6 June 2022) set up three committees:

- Audit
- Remuneration and Human Resources
- Strategy and Sustainable Development



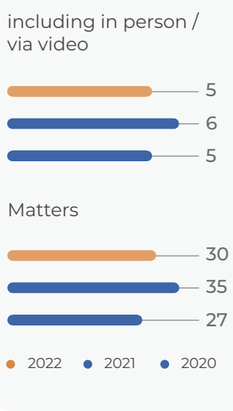
Information on committees' performance

Audit Committee
The Committee's activities are governed by the Regulations on the Audit Committee.

Committee members as at 31 December 2022

First and last name	Position
Victor Cherepov	Committee Chairman, independent director
Ivan Rodionov	Committee member, non-executive director
Andrey Sharonov	Committee member, independent director

The Committee's statistics



Key highlights in 2022

In the reporting year, the Committee focused on the quality, reliability and timeliness of financial and non-financial corporate reporting.

The prevailing uncertainty had an impact on preparations of financial statements, with changes to the Group's structure bringing about the readjustments of the accounting system, processes and reporting.

Based on the 2022 results, the Committee is happy to report an invariably high quality of financial reporting and observance of previously established release deadlines, despite a significant transformation of the Company's operations.

Non-financial reporting is becoming increasingly important on its agenda, with ESG disclosures discussed at several meetings during the year. In particular, the Committee made a detailed analysis of non-financial disclosure trends and reviewed the quality and completeness of ESG reporting in 2021 as compared to previous periods. That said, the reporting year saw Committee members consider such initiatives to improve reporting perception and increase its reliability and accuracy as drafting an audit and assurance policy, ISAE 3000-based external assurance (full instead of limited assurance) and an independent assurance of metrics in compliance with TCFD recommendations. The high quality of our 2021 non-financial reporting as assessed by the Board of Directors was confirmed by expert opinion and numerous awards received at national competitions.

The Committee initiated drafting the Company's Tax Strategy which seeks to articulate PhosAgro's stance on operational principles and strategic goals in taxation, and inform key stakeholders thereof. The Committee discussed the draft tax strategy twice during the year, and the Board of Directors approved it in August 2022 based on the Committee's recommendations. Tax matters were a special focus area and featured twice on the meeting agenda.

For more information, please visit the Company's website

In 2022, the Committee expanded its scope to include the review of the key investment projects as regards reporting capital expenditures in financial statements, and procurement reporting in 2022 on the back of import substitution.

Ongoing tasks in 2022

During the reporting period, the Audit Committee held five in-person meetings, where 30 matters were considered, mainly in the following areas:

- analysis, review and discussion of the Company's annual financial and operating performance based on the IFRS consolidated financial statements, including reasons for changes as compared to the previous periods and obtaining a clear understanding of the disclosures;
- 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 2022 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;
- review of compliance with the CGC;
- discussion with legal and tax department heads about ongoing issues that may have an impact on financial statements.

External auditor

The Committee's approach to the assessment of the independence and effectiveness of the external audit process, as well as to the appointment or reappointment of the external auditor is comprehensively described in the External Auditor Selection and Cooperation Policy of PJSC PhosAgro approved by the Board of Directors in April 2021.

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

For more information, please visit the Company's website

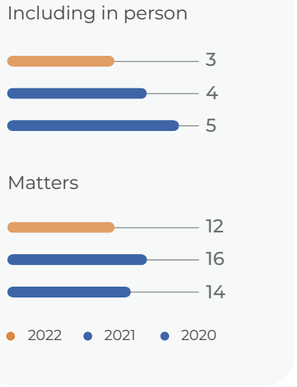
Remuneration and Human Resources Committee
The Committee's activities are governed by the Regulations on the Remuneration and Human Resources Committee

For more information, please visit the Company's website

Committee members as at 31 December 2022

Committee member	Position
Ivan Rodionov	Committee Chairman, non-executive director
Victor Ivanov	Committee member, independent director
Andrey Sharonov	Committee member, independent director

The Committee's statistics



Key highlights in 2022

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;
- 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;
- analysing the alignment of the Company's goals, values and strategy with its corporate culture;
- review of workforce composition in companies belonging to PhosAgro Group as regards diversity, gender equality and inclusion;
- best practice guidance and analysis following the appraisal of the Board of Directors' performance.

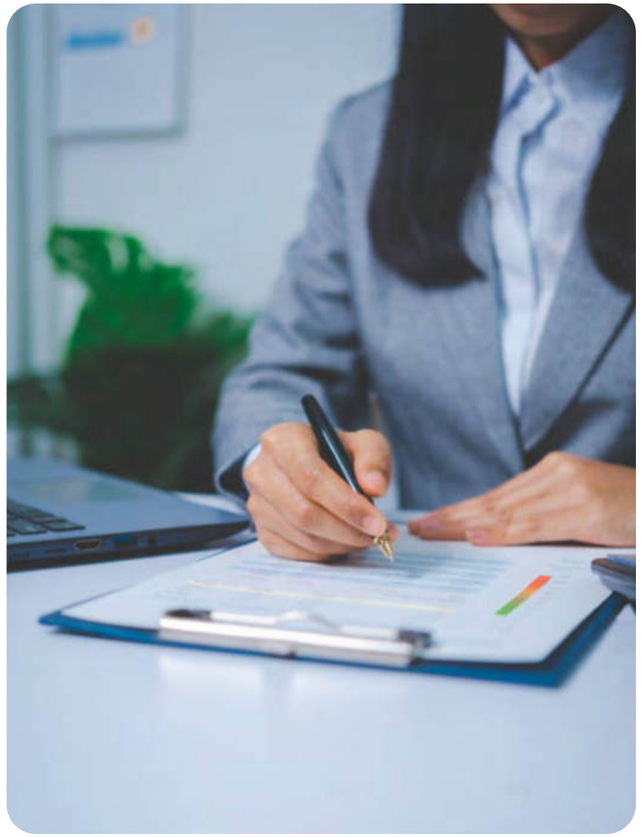
Both when initially assessing nominations to the biannual Board of Directors and subsequently when finalising its composition, the Committee decides which reasons should disqualify members from serving on it.

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 tPhosAgro's Board members.

Independent directors' external nominations as at 31 December 2022:

- Victor Cherepov: Russian Union of Industrialists and Entrepreneurs, State University of Management, Pharmaceutical and Medical Industry Investors Club, Novotrans, 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

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.



Ivan Rodionov,
Chairman of the Remuneration and Human Resources Committee from 5 July 2022 to 27 March 2023

Strategy and Sustainable Development Committee

GRI 2–16

The Committee's activities are governed by the Regulations on the Strategy and Sustainable Development Committee

For more information, please visit the Company's website

Committee members as at 31 December 2022

Committee member	Position
Alexander Sharabaika	Committee chairman, executive director
Mikhail Rybnikov	Committee member, executive director
Andrey Sharonov	Committee member, independent director

The Committee's statistics

Key highlights and performance in 2022

In 2022, the sustainability management framework underwent the most significant changes ever. In July, the new Board of Directors decided to establish the Strategy and Sustainable Development Committee and vested it with the majority of functions previously pertaining to the three previously existing committees: the Strategy Committee, the Environmental, Health and Safety Committee, and the Sustainable Development Committee.

The decision was underpinned by the awareness of the key role sustainability plays in defining the Company's strategy, as well as its paramount importance in managing such aspects of the Company's operations as environmental protection, occupational health and safety and energy efficiency.

As a successor to the Strategy Committee, the new 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.

Based on the 2022 results, we are happy to announce that we are firmly on track towards the Strategy to 2025 goals in production and sales as well as in social and environmental domains.

The key achievements include a more than 50% reduction in total injuries with LTIFR (Lost Time Injury Frequency Rate) per 1 million hours at 0.32 for in-house staff and 0.38 for in-house and contractor staff. There was also a 67% reduction in injury severity among in-house staff. As regards other positive results in 2022, the Company successfully implemented long-term programmes, and its management and the Board of Directors maintained a strong focus on health and safety, including prevention of emergencies, incidents, fires and traffic accidents.

We completed the first stage of the three-year Safety Culture Transformation Project to 2024 seeking to achieve the safety culture level of 3.1 as per the Bradley curve, and the initiative to improve the safety of high-risk operations.

In terms of environmental protection, the reporting period saw an ongoing decline in environmental impact per product unit. We take consistent efforts to reduce such impact and achieve the desired environmental effect. The Company also designed biodiversity protection programmes for its Cherepovets, Volkhov and Kirovsk sites.

We made strong progress in improving energy efficiency. In 2022, similarly to the last few years, consumption rates for major energy resources showed a steady decline.

The Committee continued to monitor and regularly update the Energy Efficiency Programme. Approved in 2020, it covers all our projects and initiatives designed to reduce energy consumption.

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.

That said, the Committee placed a special emphasis on monitoring and overseeing the climate project initiated by Apatit's Project Execution and Management Department to centralise all areas of the Company's climate agenda. The reporting year saw the completion of the project and a number of important results delivered.

The new Committee continued the dissolved Sustainable Development Comittee's work to monitor and regularly update the action plan 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.

The Committee paid due attention to the Bank of Russia's recommendations on integrating ESG and sustainability practices into the Company's operations (letter dated 16 December 2021). Its members separately considered the results of the Board of Directors' self-appraisal as regards the evaluation of ESG practices in accordance with the Bank of Russia's recommendations, and approved an action plan to further strengthen them.

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 2021 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 regarding the 2021 integrated Annual Report, the Committee gave a positive appraisal of the Company's non-financial disclosure practices.

Following proposals received from the Board of Directors as part of the self-assessment, the Committee invited other Board members to discuss such items as agricultural challenges and trends and PhosAgroGroup's sustainability innovations.

We also remained focused on regulatory compliance, reviewing, among others, draft laws, which are yet to be considered and approved..



Alexander Sharabaika,
Chairman of the Strategy and Sustainable Development Committee

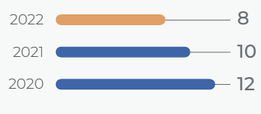
Executive bodies

In charge of PhosAgro's day-to-day operations are two executive bodies accountable to the Board of Directors:

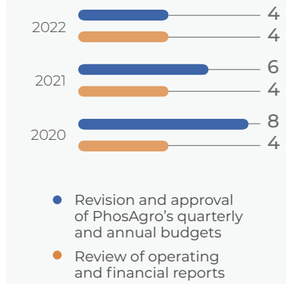
- the collegial body (Management Board) and
- the sole executive body (CEO).

In 2022, the Management Board held four meetings and reviewed eight items most of which were related to the budget discipline.

Number of Management Board meetings



Breakdown and number of matters considered



At least twice a year (after the end of the previous calendar year and on election of a new Management Board), the CEO submits a report on the performance of PhosAgro's executive bodies to the Board of Directors for review and approval.
We ensure that the executive management focuses on PhosAgro Group's strategy and long-term sustainable business development for the benefit of our shareholders and other stakeholders by linking executive remuneration to the Company's goals and values, as well as ESG KPIs.

For more information, see page 292

Changes in the Management Board composition

The following changes to the Management Board took place in 2022. On 11 March 2022, the following members of the Company's collective executive body (Management Board) were elected: Mikhail Rybnikov, Yuriy Krugovykh, Siroj Loikov, Alexander Seleznev, Alexei Sirotenko, and Alexander Sharabaika.
In May 2022, the number of Management Board members was approved at three. Since that date and as at 31 December 2022, members of the Management Board are Mikhail Rybnikov, Alexei Sirotenko and Dmitry Morozov.

Information on members of the Management Board

For information on Andrey A. Guryev and Sergey Pronin, who all left the Board of Directors in March 2022, please see the 2021 integrated Annual Report of PJSC PhosAgro on the Company's website



Mikhail Rybnikov

Member of the Management Board, Member of the Board of Directors and CEO at PhosAgro since 11 March 2022

Year of election: 2022
Date of birth: 30 November 1975

For more information on Mikhail Rybnikov, please see page 86.



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

2015–2017 – PhosAgro-Cherepovets, Legal Affairs Director, 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. – Apatit, Director for Economic Affairs

2022 – Pr. – PhosAgro, Advisor to the CEO (part-time)

2019–2022 – PhosAgro, Director for Economic Affairs

2015–2019 – PhosAgro, Director for Economic Affairs and Finance

Education

Moscow State Institute of International Relations (Russia), Degree in International Economic Relations as an Economist for International Economic Relations

Key competencies

- Strategy and innovation
- 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 30 June 2022.

The report on the voting results of PhosAgro's General Meeting of Shareholders dated 30 June 2022 is available on the Company's official website

Board of Directors remuneration, RUB

Full name of the member of the Board of Directors:	2020	2021	2022
Sven Ombudstvedt	27,111,960.00	26,561,520.00	12,171,879.00
James Rogers	22,593,300.00	22,134,600.00	10,143,232.50
Marcus Rhodes	22,593,300.00	22,134,600.00	10,143,232.50
Andrey Sharonov	13,555,980.00	13,280,760.00	14,418,297.00
Xavier Rolet	27,111,960.00	26,561,520.00	5,717,786.80
Irina Bokova	22,593,300.00	22,134,600.00	5,115,232.97
Ivan Rodionov	–	–	9,581,287.50
Victor Cherepov	–	–	12,746,475.00
Victor Ivanov	–	–	5,748,772.50
Total	**135,559,800.00**	**132,807,600.00**	**85,786,195.77**

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.

In addition, 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.

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 PhosAgro's KPI Committee, taking into account the opinion of the KPI holder and their immediate supervisor.

In 2022, 307 officers of PhosAgro Group were benchmarked against 1,717 KPIs.

Number of officers holding KPIs by year:



Top 3 KPI driven areas

Commitment to sustainability

38%

of KPIs

Expansion of production capacities through improved operational efficiency

33%

of KPIs

Development in high-potential areas

24%

of KPIs



As can be seen from the above statistics, PhosAgro Group is focused on sustainable development, and the KPI framework includes the following indicators:

- reduction of unit pollutant 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 PhosAgro, which is signed by the Chairman of the Board of Directors. The total remuneration reflects the CEO's qualifications and their personal contribution to PhosAgro's financial results.

No loans were extended to members of the Board of Directors or the Management Board as at 31 December 2022.

Remuneration paid to the CEO and six other Management Board members who represent the senior management team, RUB '000

Pay type	2020	2021	2022
Total, including	1,098,922.60	1,422,622.4	1,020,231.4
salary	421,033.0	399,548.2	214,350.2
bonus	677,807.1	1,023,035.3	805,881.2
other types of remuneration	82.5	78.9	0
fee	0	0	0

External auditor's remuneration

PhosAgro engaged JSC Technologies of Trust – Audit to audit its 2022 IFRS consolidated financial statements. The actual remuneration paid to the auditor for this service stood at RUB 36.0 mln, net of VAT and overhead costs; for 2021, the amount paid was also RUB 36.0 mln.

In 2022, Technologies of Trust – Audit rendered audit-related services to the Company for a total of RUB 3 mln, net of VAT. Also, during 2022, other contracts were concluded for the provision of non-audit services to PhosAgro in the amount of RUB 2.3 mln, net of VAT. 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 of PhosAgro's Board of Directors, with due regard to appropriate independence considerations.

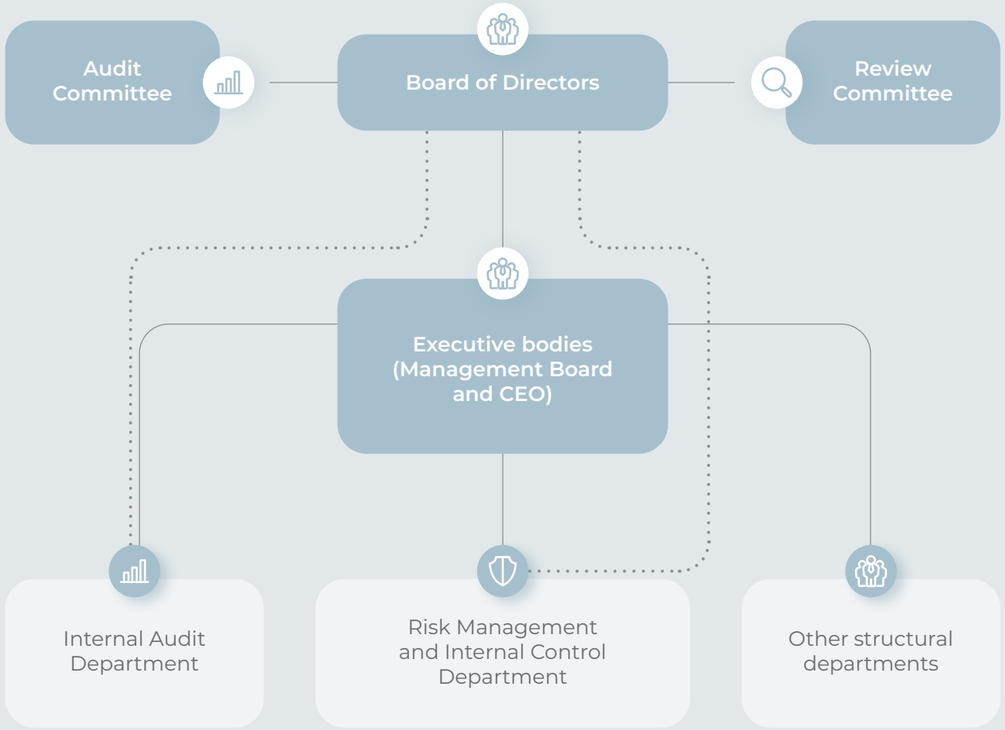
The actual remuneration of Unicon to audit PhosAgro's RAS accounting statements for 2022 was RUB 683,700, net of VAT, up 10% year-over-year.

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 June 2022 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 2022, with its report dated 28 February 2023 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 Board of Directors and executive bodies.

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 2022, PhosAgro's risk management and internal control framework continued performing 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 PhosAgro'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.

Development of the risk management and internal control framework in 2022

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 independent external 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 addition, in 2022, the Company rearranged a number of risks in different focus areas, including the continuity of procurement, logistics, and software and IT infrastructure operation, on the back of geopolitical developments.

Plans for 2023

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.

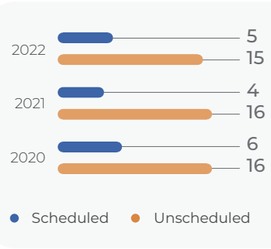
For information on key risks and risk management, see the Strategic Report section on 70

Internal audit

PhosAgro's Internal Audit Department assists the Company's executive bodies 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.

Audits



For the full text of PhosAgro's Internal Audit Policy, please visit our website

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 2022, the Internal Audit Department fully met the annual action plan. The audits covered PhosAgro Group's business processes related to the procurement of goods, works and services, inventory management and corporate governance. The Internal Audit Department also conducted an IT audit of the automated process control system. The audits were followed by proposals to improve efficiency of procurement processes, streamline the approach to inventory management and improve cooperation between business units. The management developed and approved corrective action plans, with the progress monitored by the Internal Audit Department.

The 2023 audit plan includes audits of personnel management, cash and CAPEX management. It also covers an IT audit of sales units, review of the IT strategy alignment and audit of ESG targets.

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 trainings, which focus on sourcing data from information systems and further processing and visualising it. We will continue these efforts in 2023.

Self-assessment and external assessment

The internal audit quality is assured through regular external independent assessments and self-assessment.

An external independent assessment takes place once every three years. The latest one was conducted in late 2021 by PwC.

In late 2022, 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.

Awards

In April 2023, the Expert Council of the 10th Internal Auditor of the Year national competition named PhosAgro's Internal Audit Department **a winner** in the Internal Audit Service of the Year category.



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;
- 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 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 financial 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 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 (10 Butyrsky Val, Moscow, Russia) to audit its 2022 IFRS financial statements.

The Company's 2021 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 is set out in the External Auditor Selection and Cooperation Policy of PhosAgro as approved by the Board of Directors on 14 April 2021.

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 on page 284 and in the Remuneration Report and the Remuneration Report.

Inside information

PhosAgro has adopted the Inside 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 inside information and trading in the Company's securities. Depending on the group, an insider may be prohibited from such transactions or obliged to notify PhosAgro or obtain its consent 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. The checks showed that in 2021 and 2022 no changes were made to the shareholding structure as a result of transactions unreported by insiders.

The audit conducted by the Internal Audit Department in 2021 identified no material violations of the applicable laws and the Inside Information Regulations. In January 2022, following the 2021 audit an action plan was adopted to improve engagement with insiders and inside information management. The plan was fully implemented in the reporting year.

In 2022, the Board of Directors approved a revised version of the Inside Information Regulations.

For the full text of the Inside Information Regulations, please visit our website

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.

For more details, please see PhosAgro's Information Security Policy

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 2022 and in previous periods that could have caused tangible material or reputational damage.

Based on the results of the 2021 assessment, a description of the target state and a respective roadmap were also prepared by one of the world's leading expert companies. The proposed measures were included in the 2022–2023 action plans; information security issues are submitted for consideration by the Board of Directors every six months. In 2022, the Company did the following to implement the roadmap:

- raised awareness: over 11,000 employees completed information security courses on the corporate Kaspersky Automated Security Awareness Platform (ASAP); the training continues to cover 100% of users who have accounts in the Company's information systems);
- ensured compliance with statutory requirements by adopting 55 internal regulations;
- enhanced SCADA information security;
- improved access control processes;
- improved information security monitoring processes;
- improved vulnerability management processes.



In 2022,

the Group received the national Silver Dagger Award having won in the Digital Transformation and Information Security category.

The Company outperformed the competition with its unique solution offering a comprehensive approach to cybersecurity based on Kaspersky Unified Monitoring and Analysis Platform (KUMA).

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, %

GRI 410–1



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 was 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 that has an almost global presence. 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 corrupt practices, 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 corruption or potential conflict of interest, 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 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. PhosAgro and all of its subsidiaries approved anti-corruption standards with the obligation to comply with anti-corruption rules included in the Collective Bargaining Agreement for 2020–2023 and employment contracts with employees. All initiatives are running as part of the effective anti-corruption plan.

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 RT-CH-530a.1

Code of Ethics
The Code outlines the key principles and rules of ethical business conduct underlying the corporate culture of PhosAgro

Corporate Governance Code
The Code defines the main principles of and approaches to corporate governance

Code of Conduct for Counterparties
The Company may refuse to cooperate with suppliers or business partners discriminating their own or subcontractors' employees or using forced labour

Anti-Corruption Policy
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

Regulations on Conflict of Interest
The Regulations establish the procedure for identifying and resolving conflicts of interest arising with employees in the course of their employment

Apatit's Procurement Policy
The Policy defines the goals, key principles, roles and employee responsibilities in procurement

UK Modern Slavery Act Transparency Statement
The Act outlines the Company's actions to prevent all forms of modern slavery and human trafficking within PhosAgro and its supply chain

Regulations on the Commission for Combating Fraud and Corruption and Regulating Conflicts of Interest
The Regulations address and govern the issues pertaining to employee anti-corruption compliance

Regulations on Internal Checks

Regulations on Inspections
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

PhosAgro Hotline Regulations
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

Regulations on Business Presents and Representation Expenses
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

Government Relations Policy
The Policy establishes the principles, areas, purpose and objectives of PhosAgro interaction with public authorities and officials

Charity Policy
The Policy sets out the key principles and areas for providing charitable support on behalf of and through the funds of the Company

Personnel Management Policy
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

Regulations to Ensure Compliance with Anti-Corruption Laws as Part of Legal Support Process
The Regulations outline goals and objectives for legal support of the Company's business processes and transactions involving a high risk of corruption

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. 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. Over the last three years (2020–2022) the Company identified no corruption risks that are highly likely to materialise.

Corruption risk identification
Identification of corruption offences that may be committed by Group employees and detection of business processes (critical points) where such misconduct is possible

Corruption risk analysis
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

Assessment of materiality of corruption risks
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

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.

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.

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.

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

Target audience
Managers and white-collar workers of all levels, 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 the theory of counteracting corruption in the Group; factors, causes, essence and consequences of corruption; Russian anti-corruption laws and regulations, as well as internal regulations of the Company; responsibility for failure to comply with anti-corruption practices

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.

Completed training programmes

Training period	Completed programmes
2020	Preventing and Resolving Conflict of Interest Main Goals and Principles of the PhosAgro Group Code of Ethics
2021	Principles of the PhosAgro Hotline PhosAgro Group Anti-Corruption Policy Employees are tested on training outcomes; the regulations provide for mandatory additional training for employees who have demonstrated poor performance
2022	Main Goals and Principles of the PhosAgro Group Code of Ethics

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 Hotline). 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 Hotline 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.

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

	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, %		
	'20	'21	'22	'20	'21	'22	'20	'21	'22	'20	'21	'22	'20	'21	'22	'20	'21	'22
Saratov region	177	177	283	28	28	33	609	609	852	59	59	67	130	89	104	100	100	100
Murmansk region	335	427	888	31	31	34	2,564	2,564	2,621	61	61	66	121	95	71	100	100	100
Moscow region	74	74	87	32	32	39	86	82	225	45	45	61	1,087	903	898	100	100	100
Leningrad region	110	172	266	28	31	35	502	502	770	58	58	65	707	504	487	100	100	100
Vologda region	447	478	943	29	32	28	3,028	2,767	33,346	80	81	72	186	181	167	100	100	100
Other			132			32	1,902		408			68	1,292	1,208	1,401	100	100	100
Total	**1,143**	**1,328**	**2,599**	**29**	**30**	**32**	**8,691**	**6,524**	**8,222**	**60**	**62**	**68**	**3,523**	**2,980**	**3,128**	**100**	**100**	**100**

Total number and share of members of the governance body and employees trained in anti-corruption measures, by region

	Total number of members of the governance body			Share of members of the governance body, %			Total number of employees			Share of employees, %		
	'20	'21	'22	'20	'21	'22	'20	'21	'22	'20	'21	'22
Saratov region	177	177	234	80	80	83	609	609	747	80	87	88
Murmansk region	335	335	718	80	80	81	2,564	2,564	2,275	81	82	87
Moscow region	74	74	68	80	80	78	86	82	181	78	80	80
Leningrad region	110	110	209	80	80	79	502	502	636	80	81	83
Vologda region	447	447	910	89	89	97	3,028	2,767	3,206	89	90	96
Other			102			77	1,902		335			82
Total	**1,143**	**1,328**	**2,241**	**81**	**87**	**86**	**8,691**	**6,524**	**7,380**	**86**	**89**	**90**

Security Agents

December 2022 saw the second festival held as part of Security Agents, Russia's unique initiative run by PhosAgro and the Vologda Regional Office of the Russian Ministry of Internal Affairs. The project seeks to train children in security and observance of ethical standards. The participants learn about security operations, cybersecurity, rules of conduct in public places, and healthy lifestyle. The festival was attended by the Company management together with the representatives of the Vologda Regional Office and Kaspersky Lab. From June 2021, the project organisers have given over 470 classes to more than 5,000 children, including those of the Company's employees, school students, children without parental care placed in dedicated centres, and teenagers assigned to the Juvenile Liaison Office. In 2022, its geography expanded to include Volkhov (Leningrad region) and Balakovo (Saratov region).

Tools to notify the relevant PhosAgro Group's executives of any instances of misconduct and corrupt practices

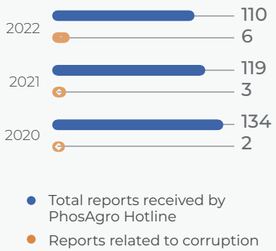
GRI 2-25, 2-26

Tool	Description
Obligation	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. 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.
Communication	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 other internal regulations of the Group companies
Confidentiality and protection	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.
Advice	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.
PhosAgro Hotline	The Hotline operates to improve the efficiency of measures taken to prevent fraud, corruption, theft, and conflict of interest, as well as to mitigate the compliance and reputational risks resulting from violation of professional and ethical standards by the PhosAgro Group's employees. There are three ways to report to the Hotline: by phone at +8 8202 59 32 32, e-mail at help@phosagro.ru and regular mail at the following address: Economic Security Department, 75 Severnoye Highway, Cherepovets, Vologda region, 162622, Russia. To ensure free access to the Company's Hotline, all existing communication chanels are posted on PhosAgro's website.

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.



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.

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.

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:

1. **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, cooperation with law enforcement agencies, PhosAgro regularly completes surveys using the portal of the Chamber of Commerce and Industry of Russia.

2. **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.

3. **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.

4. **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. In December 2022, PhosAgro participated in the nationwide interactive campaign held in furtherance of the National Anti-Corruption Plan for 2021–2024.

5. **The Russian Union of Industrialists and Entrepreneurs.** 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. As part of the 2022 rating, PhosAgro was awarded the A1 score and designated as a "Company with Extremely Strong Anti-Corruption Credentials and Extremely Low Corruption Risks".

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.

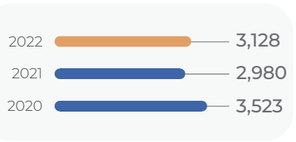
PhosAgro Group has approved a procedure for incorporating an anti-corruption clause and a clause of good faith in every contract signed by the parties; these clauses contain clear and detailed rules and procedures aimed at preventing corruption, including special management procedures, requirements for 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.

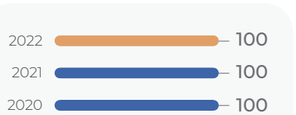
We have improved the registration process at the electronic bidding platform (PhosAgro's official website – Procurement – Tenders – Supplier Registration Form). Every potential supplier of goods or services interested in establishing a business relationship with PhosAgro Group is required to read the relevant internal regulations (the Company's Anti-Corruption Policy, Code of Ethics, Anti-Fraud and Anti-Corruption Policy of Apatit, Code of Conduct for Counterparties, etc.), and familiarise themselves with information on PhosAgro's Hotline. Only after becoming aware of these standards may they proceed with the registration at the electronic bidding platform. This helps to ensure that all potential counterparties seeking to do business with PhosAgro Group are familiar with the applicable standards.

As a result, 100% of counterparties wishing to engage in business with the Company are introduced to the applicable internal regulations of the Company during the registration at the electronic bidding platform.

Total number of business partners registered at the electronic bidding platform and acquainted with the anti-corruption standards



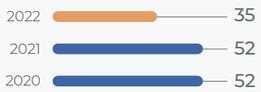
Share of business partners in this category, %



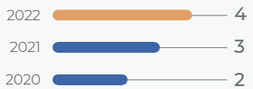
Incidents of corruption identified and actions taken

Internal investigations into reported corrupt behavior

Number of internal investigations into various failures to comply with the internal regulations



Including corruption-related



GRI 205-1

In 2022, 35 internal investigations were launched to identify failures in complying with the internal regulations. Four of the completed investigations were related to corruption and fraud and had to do with:

- illegal receipt of RUB 800,000 by the contractor's manager in exchange for facilitating the signing of the as-built report on cabling at the Kriolit railway station. As a result of this offence, Apatit incurred losses of RUB 10,999,700;
- illegal receipt of RUB 201,000 by the head of the MFPU section at Apatit in exchange for exercising their official powers for the benefit of a contractor;
- a contractor's failure to fulfil its obligations under a contract to apply anti-corrosion coating to structures and buildings at Apatit's phosphate and nitrogen facilities. As a result of this failure, Apatit incurred losses of RUB 1,000,000;
- illegal transfer by the Company's counterparties of RUB 604,000 to the head and chief expert of the environmental control unit at Apatit's Volkhov branch in exchange for deliberate wrongdoing on their part. As a result of this offence, Apatit incurred losses of RUB 87,707,800.

The internal investigations led to the initiation of a disciplinary action against one employee, and termination of contract with three other employees.

Confirmed incidents of corruption and actions taken

GRI 205-3

	2020	2021	2022
Total number of confirmed corruption cases	2	2	4
Total number of confirmed incidents resulting in the dismissal of employees or initiation of a disciplinary action against them on corruption charges	2	2	3
Total number of confirmed incidents resulting in the termination of contracts with business partners or a failure to renew them due to corruption-related offences	1	1[1]	2
Total number of public court actions[2] taken against an organisation or its employees on corruption charges	1	1	2

[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.

GRI 205-3

In 2022, four criminal cases were initiated, including two cases against employees of Apatit (there are three employees listed in the case records whose employment contracts were terminated):

- on 25 April 2022, a criminal case was opened in accordance with Article 204, Part 7 ("Commercial Bribery") of the Russian Criminal Code against the head of the MFPU section at Apatit who received RUB 201,000 in exchange for engaging in wrongdoing for the benefit of a contractor;
- on 12 July 2022, a criminal case was opened in accordance with Article 204, Part 7 ("Commercial Bribery") of the Russian Criminal Code against the head and chief expert of the environmental control unit at Apatit's Volkhov branch who illegally received RUB 250,000 from the Company's contractors. Further investigation revealed two more offences committed by the criminal case subjects with a view to receiving illegally RUB 170,000 and RUB 184,000. This brought the total amount of illegally received funds to RUB 604,000.

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.



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.
As part of the work to develop a framework for preventing, identifying and resolving conflicts of interest, three designated collegial advisory bodies were established:

1. **the Commission on Conflict of Interest between Employees of PhosAgro** chaired by the CEO;
2. **the Commission on Fraud, Corruption and Conflicts of Interest at Apatit** (to streamline anti-corruption efforts across the Company's production units);
3. **the Commission on Fraud, Corruption and Conflicts of Interest at PhosAgro-Region** (to act for PhosAgro–Region and its subsidiaries.

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 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.

In 2022, the Company reviewed 15 cases of potential conflict of interest, including nine of them at a meeting of Apatit's Commission on Fraud, Corruption and Conflicts of Interest. As a result of this review, recommendations were drafted on amending job descriptions, revisiting the organisational and staff structure and transferring employees to other business units. In order to prevent potential conflicts of interest, five notices were served on respective managers. In one of the reviewed cases, the conflict of interest (at PhosAgro-Region) proved to be unsubstantiated.

Identification, prevention and settlement of conflicts of interest in the actions of PhosAgro Group's employees

	2020	2021	2022
Total number of conflicts of interest pertaining to joint ownership with suppliers and other stakeholders	0	1	0
Total number of conflicts of interest pertaining to controlling shareholders	0	0	0
Total number of conflicts of interest pertaining to related parties and their relations, transactions and outstanding balances.	0	0	0
Total number of conflicts of interest pertaining to membership in the Board of Directors	0	0	0
Total number of potential conflicts of interest	12	10	15
Number of conflicts of interest considered at the meeting of the Commission on Fraud, Corruption and Conflicts of Interest	5	5	9

Antitrust measures

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. The respective documents are designed to ensure compliance with antitrust laws, while also mitigating risks associated with anti-competitive behaviour. There are no pending lawsuits filed on charges of anti-competitive behaviour or breach of applicable antitrust and trust laws, or any similar lawsuits settled in 2020–2022 to which the Company could be identified as a party.

The respective documents are available in the Buyers section of the Company's official website

Non-discrimination policy and human rights

GRI 2–23

We do our best to keep the working environment at the Group's facilities free from restrictions based on nationality, gender, age, faith or other grounds as required by the applicable laws. At PhosAgro Group, any decisions regarding promotion, hiring, remuneration or benefits are based solely on the employee's qualifications, performance, skills and experience.

In 2022, the Board of Directors and the Remuneration and Human Resources Committee paid special attention to human rights focusing on staff diversity and equality of genders. The discussions held by these bodies led to the key conclusion that every employee who works dutifully and has professional skills and competencies may apply for any position within the Group, including in an executive role.
In 2020–2022, there were no employee reports or complaints about violations of labour practices, human rights, or discrimination.

STRENGTHENING
our partnerships





We appreciate the partnership that we have with our securities holders and are committed to open, full and timely communication with them while also taking into account any feedback they may have.



In 2022, PhosAgro paid dividends of

RUB.1,563

per ordinary registered uncertified share

For details, see page 324

MOEX

PhosAgro's shares are among the most liquid Russian securities and **in September 2022 were included in the Blue Chip Index of the Moscow Exchange.** An indicator of the market for Russia's most liquid and well performing shares, the index is based on prices of transactions for shares of the 15 leading issuers.

For details, see page 321

PHOSAGRO

5 SHARE CAPITAL

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Share capital

Ownership structure

The authorised capital of PhosAgro as at 31 December 2022 amounted to RUB 323,750,000 consisting of 129,500,000 ordinary shares with a par value of RUB 2.5 per share.

As at 31 December 2022, there were no shareholders in PhosAgro with a stake of more than 5%, beyond those already disclosed by PhosAgro in this Report.

The register of holders of PhosAgro's securities is maintained by Joint-Stock Company Reestr.

For more information on Reestr, please visit the Company's website

Shareholding structure (list of shareholders that hold 5% and more of PhosAgro's authorised capital)

As at 31 December 2020

Shareholder	Number of shares	% of issued and outstanding shares
Adorabella Limited	30,234,162	23.35
Chlodwig Enterprises	26,302,400	20.31
Vladimir Litvinenko	27,174,815	20.98
Other shareholders	45,788,623	35.36
Total	**129,500,000**	**100.00**

As at 31 December 2021

Shareholder	Number of shares	% of issued and outstanding shares
Adorabella AG	30,234,162	23.35
Chlodwig Enterprises AG	26,302,400	20.31
Vladimir Litvinenko	27,174,815	20.98
Other shareholders	45,788,623	35.36
Total	**129,500,000**	**100.00**

As at 31 December 2022

Shareholder	Number of shares	% of issued and outstanding shares
MKOOO Adorabella	30,234,162	23.35
MKOOO Chlodwig Enterprises	26,302,400	20.31
Tatyana Litvinenko	26,674,815	20.60
Other shareholders	46,288,623	35.74
Total	**129,500,000**	**100.00**

Share performance

PhosAgro's shares are traded on the A1 quotation list of the Moscow Exchange under the ticker symbol PHOR (ISIN: RU000A0JRKT8).

Global depositary 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 depositary for the Company's GDR programme.

Tickers

Stock exchange	Bloomberg	Reuters	ISIN
Moscow Exchange	PHOR RU	PHOR.MM	RU000A0JRKT8
London Stock Exchange	PHOR LI	PHORq.L	US71922G3083 US71922G4073

Codes for Global Depositary 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 2022



The key factors affecting PhosAgro's share performance in 2022

- **Strong demand** for phosphate and nitrogen-based fertilizers over the year
- **Logistical challenges** associated with shipments from Russia
- **Expensive** primary feedstock, including gas and potassium
- **Strong** operational and financial **performance** of the Company
- **High prices** for major crops in global markets
- **Low fertilizer stocks** in the Company's key sales markets
- **Approval of multiple sanction packages** against Russia
- **No access to trading on the London Stock Exchange** since 3 March 2022 and suspension of trading on the Moscow Exchange from 28 February to 23 March 2022

Share performance

Item	As at 30 December 2020	As at 30 December 2021	As at 30 December 2022
Weighted average trading price of a share on the Moscow Exchange, RUB	3,156.00	5,857.00	6,390.00
GDR price on the London Stock Exchange[1], USD	13.64	21.58	–
Market capitalisation, RUB mln	408,831.50	758,611.00	827,505.00

For more information on our historical share performance, please visit the Company's website

Official market capitalisation data is published on the Moscow Exchange's website

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 2022, the Company's leverage was much lower than that, at 0.68x.

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 structure of the Company's revenue, 76% of which was in foreign currency in 2022.

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 2022 did not affect the Company's leverage, which remained comfortably below the net debt/EBITDA target.

[1] Trading in PhosAgro's GDRs on the London Stock Exchange was suspended starting 3 March 2022.

Bonds

Borrower	PJSC PhosAgro	PJSC PhosAgro	PJSC PhosAgro
Issuer	PhosAgro Bond Funding Limited	PhosAgro Bond Funding Limited	PhosAgro Bond Funding Limited
Settlement date	24 January 2018	23 January 2020	16 September 2021
Principal outstanding, USD mln	500	500	500
Guarantor(s)	JSC Apatit	JSC Apatit	JSC Apatit

For the debt repayment schedule, see the Financial Performance section on page 89

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
Renaissance Capital	Boris Sinitsyn	+7 (499) 956-45-40 (ext. 4540)
Sberbank CIB	Georgiy Ivanin	+7 (495) 665-56-00
Sinara Financial Corporation	Dmitriy Smolin	+7 (916) 555-79-97
Arowana Capital	Elena Sakhnova	+7 (495) 287-68-77
Veles Capital	Elsa Gazizova	+7 (495) 258-19-88 (ext. 599)

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 of 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.

On 2 March 2023, PhosAgro's Board of Directors recommended that the Annual General Meeting of Shareholders (AGM) approve the distribution of profits and losses of PhosAgro for 2022 and use part of the Company's net profit for 2022 to pay out dividends in the amount of RUB 465 per each ordinary registered uncertified share.

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]
2020					
Retained earnings as at 31 March 2020:	78	26	●	19 June 2020	No later than 7 July 2020/10 August 2020
...as at 30 June 2020	33	11	●	30 September 2020	No later than 16 October 2020/20 November 2020
...as at 30 September 2020	123	41	●	14 December 2020	No later than 28 December 2020/18 January 2021
...as at 31 December 2020 (based on 2020 results)	63	21	○	25 May 2021	No later than 8 June 2021/13 July 2021
2021					
Retained earnings as at 31 December 2020 (based on 2020 results):	105	35	●	22 June 2021	No later than 6 July 2021/9 August 2021
...as at 30 June 2021	156	52	●	13 September 2021	No later than 8 October 2021/29 October 2021
...as at 30 September 2021	234	78	●	8 December 2021	No later than 21 December 2021/1 February 2022
...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 9 January 2023/30 January 2023[3]

● 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] Provided that on 24 March 2023, the Annual General Meeting of Shareholders approves the FY 2022 payments recommended by the Board of Directors.

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 25 May 2021

FOR
109,197,672

AGAINST
6,704

ABSTAINED
0

Annual General Meeting of Shareholders of 30 June 2022

FOR
38,088,321

AGAINST
56,540,778

ABSTAINED
0

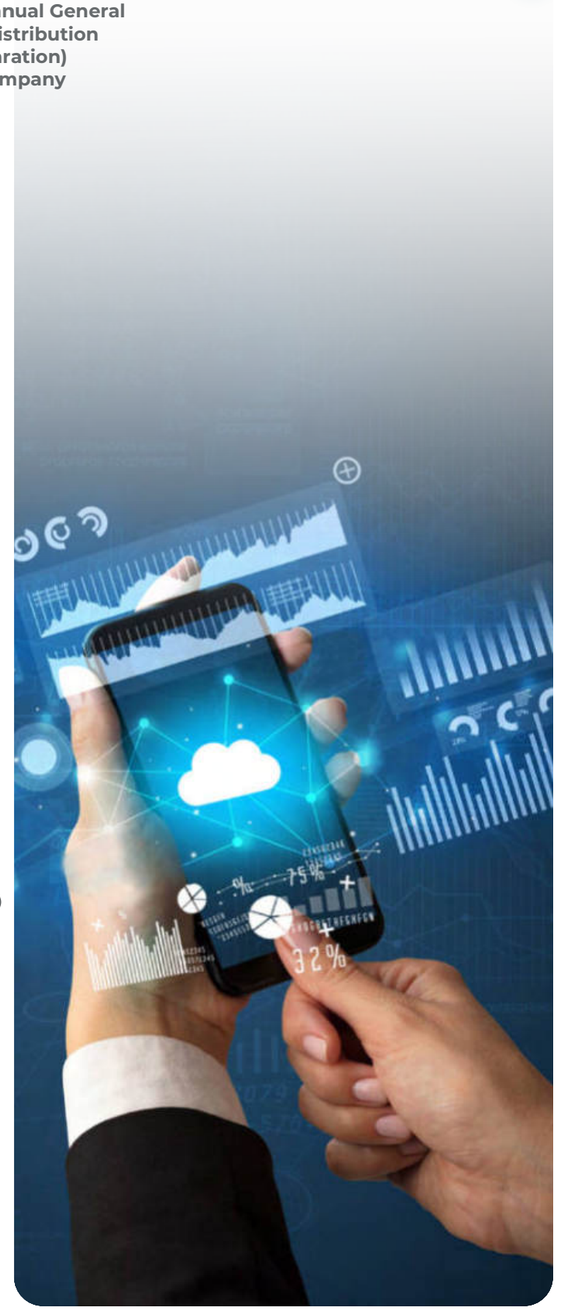
Annual General Meeting of Shareholders of 24 March 2023

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

To raise investor awareness

of the Company's potential value and long-term sustainability

To update investors

on PhosAgro's strategic priorities and progress we have made

To attract a wider pool of investors

to improve liquidity, share price and borrowing costs

Strong engagement programme



To increase our access

to a variety of capital market instruments

To provide transparency

on how our corporate governance systems work

To generate new ideas

through a dialogue with investors

To clarify the Company's contribution

to the UN Sustainable Development Goals

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.

We keep the market abreast of the Company's performance by publishing quarterly operational and financial results that are made 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.

In 2022, the Company did not conduct its ESG investor survey due to the macroeconomic challenges, but it plans to reinstate this practice in 2023. The survey is expected to be conducted every two years. The first survey took place in 2020.

A well-developed Eurobond programme helps reinforce PhosAgro's position in the public debt market, while also ensuring the lowest cost of funding.

In 2022, the Company continued to stay in touch with retail investors by holding conference calls with the assistance of major Russian brokers.

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.

One-on-one calls

One-on-one calls with investors.

Online conferences

Online investor conferences.

Surveys

Surveys of the Company's perception by different investor categories, including ESG-oriented groups.

Communication with members

Selective communication with members of the analyst community to raise their awareness of the Company's operations.

Interaction with agencies

Interaction with credit and ESG rating agencies.

Press releases

Regulatory press releases.

Meetings of Shareholders

Annual General Meetings of Shareholders and formal reporting.

Corporate website

Corporate website of the Company.

Investor relations team

A dedicated in-house investor relations team.

Key topics and outcomes in 2022

In 2022, 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.

PhosAgro's proactive approach to communication with debt market players guaranteed the success of a vote held among Eurobond holders to amend the issuance documentation with a view to ensuring continuous debt repayment in the changing regulatory environment.

For more information on our initiatives and their accompanying presentations, please visit the Calendar section of the Company's official website

85 *publications*

were made in line with Russian disclosure regulations via the Interfax Corporate Disclosure Centre

>50 *press releases*

were distributed via the UK regulatory news service

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

Disclosure on the Company's official website

The Company's page on the official LSE website

Financial calendar for 2023

Financial results disclosure

4Q and FY 2022
3 March 2023

1Q 2023
19 May 2023 (TBC)

2Q and 6M 2023
11 August 2023 (TBC)

3Q and 9M 2023
10 November 2023 (TBC)

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Technologies of Trust

Joint-Stock Company
"Technologies of Trust – Audit"
("Technologies of Trust – Audit" JSC)

www.tedo.ru

White Square Office Center,
10 Butyrsky Val, Moscow,
Russian Federation, 125047

T: +7 (495) 967 6000,
F: +7 (495) 967 6001

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" (the "Company") and its subsidiaries (together – the "Group") as at 31 December 2022, and the Group's consolidated financial performance and consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

What we have audited

The Group's consolidated financial statements comprise:

- the consolidated statement of profit or loss and other comprehensive income for 2022;
- the consolidated statement of financial position as at 31 December 2022;
- the consolidated statement of cash flows for 2022;
- the consolidated statement of changes in equity for 2022; and
- the notes to the consolidated financial statements, which include significant accounting policies and other explanatory information.

Basis for qualified opinion

The Group has not disclosed segment information as required by IFRS 8, *Operating Segments* for the year ended 31 December 2022 and for the comparative period.

Considering the significant volume of undisclosed segment information required by IFRS 8, *Operating Segments*, presenting this undisclosed information in our audit opinion is not practicable.

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 the 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
Effect of changes in current economic situation on the consolidated financial statements of the Group *Refer to Notes 1 (b) and 29 to the consolidated financial statements of the Group* In 2022, there were significant changes in the economic environment in which the Group operates, commodity and financial markets demonstrated increased volatility. The imposition of the restrictive measures against a number of Russian entities led to the restricted access to European and USA financial markets and a risk that USD-denominated coupon payments on the Group's Eurobonds will not reach the final debt securities holders through foreign paying agents. Among other changes, economic environment developments led to changes in the Group structure, as described in note 29 to the consolidated financial statements, and affected a number of elements of the consolidated financial statements. We focus on this matter due to significance of potential impact of changes in the economic environment in which the Group operates on its consolidated financial statements and significant management's judgement required in respect of certain transactions and balances.	We performed the following audit procedures in respect of this key audit matter: • We performed inquiries of management in respect of how the changes in current economic environment have affected the Group and its financial performance measures. • We tested compliance with debt covenants under the Group's loan obligations, received documents in respect of changes made in 2022 in debt securities repayment mechanism and terms of service of Eurobonds. We confirmed that loan obligations of the Group denominated in foreign currency were fulfilled timely and in full amount. • We have analysed terms of sales contracts to identify new non-standard sales terms, performed detailed testing of the supporting documents and received on a sample basis a third party confirmation to ensure sales revenue is recognised properly and in correct period in the consolidated financial statements. • We performed analytical procedures of revenues by main products, including comparison with market prices to ensure that changes in the Group revenue are in line with market trends. • We tested changes in the Group structure, in particular we: - analysed the agreement and key terms of the transaction for disposal of foreign subsidiaries of the Group; - assessed and challenged management conclusions relating to loss of control by the Group; - assessed reasonableness of management assumptions applied for estimation of fair value of the Group's 5% investment in Phosint Limited; - examined accounting transactions for disposal of these companies in the consolidated financial statements of the Group; - analysed management's calculation of allowance for expected credit losses in respect of receivable accrued as a result of disposal. • We assessed reasonableness of the following key assumptions used by management for calculation of allowance for expected credit losses in respect of trade and other receivables: credit rating of the debtor, probability of default and loss given default. • We analysed events after the reporting date for existence of circumstances which could have significant adverse effect on the consolidated financial position and consolidated financial performance of the Group.

Other matter – Materiality and Group audit scope

Overview

Materiality	Overall Group materiality: Russian Roubles (“RUB”) 11,615 million, which represents 5% of profit before tax.
Group scoping	• We conducted audit work at all significant reporting units in the Russian Federation and abroad. • Our audit scope addressed 94% of the Group’s revenues and 94% 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 11,615 million (2021: RUB 8,003 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.

Our group audit was focused on the significant components in the Russian Federation and abroad. For components which are individually financially significant we performed an audit of their complete set of financial information. The audit work for the significant components in the Russian Federation and abroad was performed by the group auditor. We also included information systems and tax specialists in our group audit team.

By performing the above procedures at the components, combined with additional procedures at the Group level, we have obtained sufficient and appropriate audit evidence regarding the consolidated financial statements of the Group as a whole.

Technologies of Trust

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Other information

Management is responsible for the other information. The other information comprises the Integrated annual report for 2022 and the Company’s Securities issuer’s report for the 12 months ended 31 December 2022 (but does not include the consolidated financial statements and our auditor’s report thereon), which are 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 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 when it becomes available 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.

When we read the Integrated annual report for 2022 and the Company’s Securities issuer’s report for the 12 months ended 31 December 2022, 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, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance 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 A.Y. Fegetsyn.

2 March 2023

Moscow, Russian Federation

A.Y. Fegetsyn 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)

Consolidated Statement of Profit or Loss and Other Comprehensive Income for 2022

RUB million	Note	2022	2021
Revenues	6	569,527	420,488
Cost of Group products sold	7	(253,419)	(206,082)
Cost of products for resale		(15,599)	(12,725)
Gross profit		**300,509**	**201,681**
Administrative and selling overhead expenses	8	(42,403)	(27,845)
Taxes, other than income tax, net	9	(11,327)	(5,946)
Other expenses, net	10	(9,371)	(3,449)
Foreign exchange loss from operating activities, net		(9,068)	(307)
Operating profit		**228,340**	**164,134**
Gain from revaluation of financial assets measured at fair value	17	-	1,193
Finance income	11	4,439	778
Finance costs	11	(11,967)	(5,044)
Foreign exchange gain/(loss) from financing activities, net	28(b)	11,485	(531)
COVID19 related expenses		-	(475)
Profit before tax		**232,297**	**160,055**
Income tax expense	12	(47,583)	(30,381)
Profit /(loss) for the year		**184,714**	**129,674**
Attributable to:			
Non-controlling interests[1]		52	(23)
Shareholders of the Company		184,662	129,697
Basic and diluted earnings per share (in RUB)	23	1,426	1,002
Other comprehensive loss			
Items that will never be reclassified to profit or loss			
Actuarial losses	26	(276)	(36)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		(2,929)	(350)
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	29	(6,302)	-
Actuarial losses reclassified to profit or loss upon loss of control over foreign subsidiaries		61	-
Other comprehensive loss for the year		**(9,446)**	**(386)**
Total comprehensive income/(loss) for the year		**175,268**	**129,288**
Attributable to:			
Non-controlling interests[1]		52	(23)
Shareholders of the Company		175,216	129,311

The consolidated financial statements were approved on 2 March 2023:

M.K. Rybnikov
Chief executive officer

A.F. Sharabaiko
Deputy CEO for Finance and International Projects

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 37.

[1] Non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

Consolidated Statement of Financial Position as at 31 December 2022

RUB million	Note	31 December 2022	31 December 2021
ASSETS			
Property, plant and equipment	13	274,522	237,444
Advances issued for property, plant and equipment		9,270	13,237
Other non-current assets	17	8,546	2,058
Deferred tax assets	16	7,903	9,499
Non-current spare parts		**5,125**	**4,698**
Right-of-use assets	14	4,277	6,955
Intangible assets		2,099	1,756
Catalysts		1,965	2,049
Investments in associates	15	592	569
Non-current assets		314,299	278,265
Trade and other receivables	20	75,741	48,526
Inventories	19	39,349	41,177
Cash and cash equivalents	21	13,356	21,710
VAT and other taxes receivable		12,565	15,013
Other financial assets	18	210	216
Income tax receivable		93	540
Current assets		**141,314**	**127,182**
Total assets		**455,613**	**405,447**
EQUITY	**22**		
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		190,664	148,193
Actuarial losses		(968)	(753)
Foreign currency translation reserve		-	9,231
Equity attributable to shareholders of the Company		**197,562**	**164,537**
Equity attributable to non-controlling interests		158	106
Total equity		**197,720**	**164,643**
LIABILITIES			
Loans and borrowings	24	109,784	157,081
Deferred tax liabilities	16	17,820	12,937
Lease liabilities	25	1,660	3,459
Defined benefit obligations	26	1,050	952
Non-current liabilities		**130,314**	**174,429**
Loans and borrowings	24	80,974	12,710
Trade and other payables	27	39,412	41,754
VAT and other taxes payable		5,632	6,397
Lease liabilities	25	1,276	2,178
Income tax payable		203	3,334
Dividends payable		82	2
Current liabilities		**127,579**	**66,375**
Total equity and liabilities		**455,613**	**405,447**

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 37.

Consolidated Statement of Cash Flows for 2022

RUB million	Note	2022	2021
CASH FLOWS FROM OPERATING ACTIVITIES			
Operating profit		228,340	164,134
Adjustments for:			
Depreciation and amortisation	7, 8	29,539	27,676
Loss on disposal of property, plant and equipment and intangible assets	10	429	198
Operating profit before changes in working capital and provisions		258,308	192,008
Increase in inventories, catalysts and non-current spare parts		(12,308)	(10,855)
Decrease/(increase) in trade and other receivables[1]		7,498	(38,667)
(Decrease)/increase in trade and other payables1		(3,131)	17,490
Cash flows from operations before income taxes and interest paid		250,367	159,976
Income tax paid		(41,811)	(28,806)
Finance costs paid		(5,275)	(4,945)
Cash flows from operating activities		**203,281**	**126,225**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisition of property, plant and equipment and intangible assets		(63,021)	(47,951)
Cash and cash equivalents disposed as a result of loss of control over foreign subsidiaries	29	(36,729)	-
Loans issued	18	(3,130)	-
Borrowing cost capitalised paid	13	(976)	(1,141)
Advances issued for right-of-use assets		(850)	-
Finance income received		3,783	583
Proceeds from disposal of financial assets measured at fair value through profit or loss	17	1,778	-
Other		159	141
Cash flows used in investing activities		**(98,986)**	**(48,368)**
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from borrowings, net of transaction costs	24	57,171	61,622
Repayment of borrowings	24	(23,926)	(50,081)
Dividends paid to shareholders of the Company	22	(142,111)	(72,260)
Lease payments	25	(1,429)	(1,950)
Cash flows used in financing activities		**(110,295)**	**(62,669)**
Net (decrease)/increase in cash and cash equivalents		**(6,000)**	**15,188**
Cash and cash equivalents at 1 January		21,710	8,460
Effect of exchange rates fluctuations		(2,354)	(1,938)
Cash and cash equivalents at 31 December	**21**	**13,356**	**21,710**

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 37.

[1] Changes in trade and other receivables and changes in trade and other payables include effect of foreign exchange differences from operating activities

Consolidated Statement of Changes in Equity for 2022

RUB million	Attributable to shareholders of the Company							
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve	Total	Attributable to non-controlling interests	Total equity
Balance at 1 January 2021	**372**	**7,494**	**90,757**	**(717)**	**9,581**	**107,487**	**129**	**107,616**
TOTAL COMPREHENSIVE INCOME/ (LOSS)								
Profit/(loss) for the year	-	-	129,697	-	-	**129,697**	(23)	**129,674**
Actuarial losses, note 26	-	-	-	(36)	-	**(36)**	-	**(36)**
Foreign currency translation difference	-	-	-	-	(350)	**(350)**	-	**(350)**
TRANSACTIONS WITH OWNERS RECOGNISED DIRECTLY IN EQUITY								
Dividends to shareholders	-	-	(72,261)	-	-	**(72,261)**	-	**(72,261)**
Balance at 31 December 2021	**372**	**7,494**	**148,193**	**(753)**	**9,231**	**164,537**	**106**	**164,643**
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 26	-	-	-	(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, note 29	-	-	-	-	(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 to shareholders, note 22	-	-	(142,191)	-	-	**(142,191)**	-	**(142,191)**
Balance at 31 December 2022	**372**	**7,494**	**190,664**	**(968)**	**-**	**197,562**	**158**	**197,720**

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 37.

Notes to the Consolidated Financial Statements for 2022

1. Background

(a) Organisation and operations

PJSC "PhosAgro" (the "Parent" or the "Company") 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 Parents's location 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 2022, the Parent's key shareholders are two entities registered in Russia – ILLC Chlodwig Enterprises holding approximately 20.3% of the Parent's ordinary shares, ILLC Adorabella holding approximately 23.3% of the Parent's ordinary shares and T.P. Litvinenko holding approximately 21% of the Parent's ordinary shares. As at 31 December 2021, the Parent's key shareholders were entities registered in Switzerland – Chlodwig Enterprises AG that held approximately 20.3%, Adorabella AG that held approximately 23.3% and V.S. Litvinenko who held approximately 21% of the Parent's ordinary shares. As at 31 December 2022 and 31 December 2021, 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 31). The Russian economy continues to be negatively impacted by ongoing political tension in the region and international sanctions against certain Russian companies and individuals.

In 2022 ongoing political tensions intensified as a result of situation with Ukraine, which negatively affected commodity and financial markets and increased volatility, especially in exchange rates. On 24 February 2022 Brent oil prices increased to over USD 100 per barrel, foreign currency exchange rates reached RUB 90.88 per 1 EUR and RUB 80.42 per 1 USD. On 11 March 2022, RUB depreciation reached its maximum level and foreign currency exchange rates were RUB 132.96 per 1 EUR and RUB 120.38 per 1 USD. Subsequently, these exchange rates strengthened, although they remained volatile during the reporting period. It is not possible to determine how long this increased volatility will last or when the above indicators will revert to previous levels.

A number of sanctions have been introduced to restrict Russian entities from having access to European and USA financial markets. Sanctions included access termination to SWIFT international system for several Russian banks which could potentially impact the Group's ability to transfer or receive funds. As a result of restrictions, there is a risk that USD-denominated coupon payments will not reach the final debt securities holders through foreign paying agents. In October 2022 the Group received approval from Eurobond holders to change debt securities repayment mechanism. These changes are mainly aimed at reducing repayment risks and in providing that payments can be made both through the main paying agent and directly to noteholders. In March 2022, Andrey A. Guryev was included in the European Union sanctions list, followed by his resignation from the Company's CEO role and his post on the Board of Directors. 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.

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 International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board.

The Group additionally prepares IFRS consolidated financial statements in the Russian language in accordance with the Federal Law No. 208FZ On consolidated financial reporting.

(b) Basis of measurement
The consolidated financial statements are prepared on the historical cost basis except for the financial assets measured at fair value.

(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 (note 29). Until the disposal, the Group included subsidaries with the functional currency USD, EUR and other currencies.

(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.

The translation from USD and EUR into RUB, where applicable, was performed as follows:

Assets and liabilities in USD and EUR as at 31 December 2022 and 31 December 2021 were translated at the following closing exchange rates:

Closing exchange rate	RUB to USD 1	RUB to EUR 1
31 December 2022	70.3375	75.6553
31 December 2021	74.2926	84.0695

Profit and loss items of foreign subsidiaries previously controlled by the Group for 2022 (until the Group lost control over Phosint Limited) and 2021 were converted at the average exchange rate for the appropriate month:

Average exchange rate for the month	2022		2021	
	RUB to USD 1	RUB to EUR 1	RUB to USD 1	RUB to EUR 1
January	75.8837	85.9393	74.2291	90.5062
February	77.4048	87.7638	74.3842	89.9403
March	104.0810	114.7127	74.4151	88.6904
April	-	-	76.0977	90.8178
May	-	-	74.0438	89.8856
June	-	-	72.5106	87.4537
July	-	-	73.9194	87.3794
August	-	-	73.5942	86.6334
September	-	-	72.8914	85.9412
October	-	-	71.4981	82.9586
November	-	-	72.6024	82.9339
December	-	-	73.7172	83.3260

Equity items arising during the year are recognised at the exchange rate ruling at the date of transaction.

The resulting foreign exchange difference is recognised in other comprehensive income.

(e) Use of estimates and judgments
The preparation of consolidated financial statements in conformity with IFRS 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 (c) (iii) – estimated useful lives of property, plant and equipment;
- Note 29 – loss of control over foreign subsidiaries previously controlled by the Group and recognition of accounts receivable as a result of their disposal.

(f) Adoption of new and revised standards and interpretations
- COVID19Related Rent Concessions – Amendments to IFRS 16 (issued on March 31, 2021 and effective for annual periods beginning on or after April 1, 2021). The amendment extended the date of the practical expedient provided by Amendments to IFRS 16 issued on 28 May 2020 from 30 June 2021 to 30 June 2022. The application of the amendment did not have an impact on the right-of-use asset.

The following amended standards became effective from 1 January 2022, but did not have a material impact on the Group:
- Proceeds before intended use, Onerous contracts – cost of fulfilling a contract, Reference to the Conceptual Framework – narrow scope amendments to IAS 16, IAS 37 and IFRS 3, and Annual Improvements to IFRSs 2018-2020 – amendments to IFRS 1, IFRS 9, IFRS 16 and IAS 41 (issued on 14 May 2020 and effective for annual periods beginning on or after 1 January 2022).

(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 2023 or later, and which the Group has not early adopted, but is in process of assessing the impact on the Group's consolidated financial statements.
- 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 17 "Insurance Contracts" (issued on 18 May 2017 and effective for annual periods beginning on or after 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).
- 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).
- 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).
- 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).
- 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).
- Transition option to insurers applying IFRS 17 – Amendments to IFRS 17 (issued on 9 December 2021 and effective for annual periods beginning on or after 1 January 2023).
- 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).

3. Significant accounting policies

The accounting policies set out below have been applied consistently to all periods presented in these consolidated financial statements.

(a) Basis of consolidation

(i) Subsidiaries

Subsidiaries are entities controlled by the Group. The Group controls an entity when it is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. The accounting policies of subsidiaries have been changed when necessary to align them with the policies adopted by the Group.

(ii) Loss of control

Upon the loss of control, the Group derecognises the assets and liabilities of the subsidiary, any non-controlling interests and the other components of equity related to the subsidiary. Any surplus or deficit arising on the loss of control is recognised in profit or loss. If the Group retains any interest in the previous subsidiary, then such interest is measured at fair value at the date that control is lost. Subsequently it is accounted for as an equity-accounted investee or as measured at FVOCI financial asset depending on the level of influence retained.

(iii) Acquisitions and disposals of non-controlling interests

Any difference between the consideration paid to acquire a non-controlling interest, and the carrying amount of that non-controlling interest, is recognised in equity.

Any difference between the consideration received from disposal of a portion of a Group's interest in the subsidiary and the carrying amount of that portion, including attributable goodwill, is recognised in equity.

(iv) Associates

Associates are those enterprises in which the Group has significant influence, but not control, over the financial and operating policies. The consolidated financial statements include the Group's share of the total recognised gains and losses of associates on an equity accounted basis, from the date that significant influence effectively commences until the date that significant influence effectively ceases. Dividends received from associates reduce the carrying value of the investment in associates. When the Group's share of losses exceeds the Group's interest in the associate, that interest is reduced to nil and recognition of further losses is discontinued except to the extent that the Group has incurred obligations in respect of the associate.

(v) Transactions eliminated on consolidation

Intra-group balances and transactions, and any unrealised gains arising from intra-group transactions, are eliminated in preparing the consolidated financial statements. Unrealised gains arising from transactions with associates and jointly controlled enterprises are eliminated to the extent of the Group's interest in the enterprise. Unrealised gains resulting from transactions with associates are eliminated against the investment in the associate. Unrealised losses are eliminated in the same way as unrealised gains except that they are only eliminated to the extent that there is no evidence of impairment.

(b) Foreign currencies

Transactions in foreign currencies are translated to the respective functional currencies of the Group entities at the exchange rate ruling at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are translated to the functional currency at the exchange rate ruling at that date. Non-monetary assets and liabilities denominated in foreign currencies that are stated at historical cost are translated to the functional currency at the exchange rate ruling at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are stated at fair value are translated at the exchange rate ruling at the dates the fair values were determined. Foreign exchange differences arising on translation are recognised in the profit or loss.

(c) Property, plant and equipment

(i) Owned assets

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 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.

Where an item of property, plant and equipment comprises major components having different useful lives, they are accounted for as separate items of property, plant and equipment.

(ii) Subsequent expenditure

Expenses in connection with ordinary maintenance and repairs are recognised in the consolidated statement of profit or loss and other comprehensive income as they are incurred.

Expenses in connection with periodic maintenance on property, plant and equipment are recognised as assets and depreciated on a straight-line basis over the period until the next periodic maintenance, provided the criteria for capitalizing such items have been met.

Expenses incurred in connection with major replacements and renewals of property, plant and equipment are capitalised and depreciated on a systematic basis.

(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.

The estimated useful lives as determined when adopting IFRS (1 January 2005) for the assets reflected on the statement of financial position at that date are as follows:

Buildings	12 to 17 years;
Plant and equipment	4 to 15 years;
Fixtures and fittings	3 to 6 years.

Tangible fixed assets acquired after the date of adoption of IFRS, 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.

Management assesses the remaining useful lives in accordance with the current technical conditions of the assets and estimated period during which the assets are expected to earn benefits for the Group.

(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.

Capitalization of borrowing costs continues up to the date when the assets are substantially ready for their use or sale.

The Group capitalizes 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.

(d) Intangible assets
(i) Research and development
Expenditure on research activities, undertaken with the prospect of gaining new scientific or technical knowledge and understanding, is recognised in the profit or loss as an expense as incurred.

Expenditure on development activities, whereby research findings are applied to a plan or design for the production of new or substantially improved products and processes, is capitalised if the product or process is technically and commercially feasible and the Group has sufficient resources to complete development. The expenditure capitalised includes the cost of materials, direct labour and an appropriate proportion of overheads. Other development expenditure is recognised in the profit or loss as an expense as incurred. Capitalised development expenditure is stated at cost less accumulated amortisation and impairment losses.

(ii) Other intangible assets
Other intangible assets acquired by the Group are represented by Oracle software, which has finite useful life and is stated at cost less accumulated amortisation and impairment losses.

(iii) Amortisation
Intangible assets, other than goodwill, are amortised on a straight-line basis over their estimated useful lives from the date the asset is available for use. The estimated useful lives are 3 – 10 years.

(e) Financial instruments
Non-derivative financial instruments
Non-derivative financial instruments comprise investments in equity and debt securities, trade and other 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 financial assets are classified in the following measurement categories based on the Group's business model for managing the financial assets and the contractual terms of the cash flows: financial assets at amortised cost; financial assets at fair value (either through other comprehensive income or profit or loss).

Financial assets at amortised cost. Financial asset is measured at amortised cost if it meets both of the following conditions:
- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

The financial assets are measured at amortised cost using the effective interest method, less any impairment losses. Any gains or losses arising from derecognition are recognised directly in profit or loss.

Financial assets at fair value through other comprehensive income ("FVOCI"). Financial assets are classified and measured at fair value through other comprehensive income if they meet both of the following conditions:
- they are held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

These financial assets are subsequently measured at fair value. Interest income calculated using the effective interest method, foreign exchange gains and losses and impairment are recognised in profit or loss.

Financial assets at fair value through profit or loss ("FVPL"). Financial asset that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss.

(f) Securitisation arrangements
The Group enters into non-recourse securitization arrangements under which insured trade receivables can be sold to a bank for cash proceeds.

Trade receivables are derecognised from the statement of financial position as the Group does not retain substantially all risks and rewards of ownership, except for the amount of security deposit which represents insurance deductible amount for the receivables transferred to a bank. A deposit is recognised in trade receivables in the consolidated statement of financial position of the Group. The Group continues to collect and service the receivables and then transfers to the bank the collected amounts of the trade receivables sold.

The portfolio of trade receivables that can be sold to a bank meets the criteria for "held to collect and sell" business model and such trade receivables are classified and measured at fair value through other comprehensive income.

Cash collected from the customers and not yet transferred to the bank at the reporting date is presented within other payables in the consolidated statement of financial position of the Group. Securitization fees are recognised as finance costs.

(g) 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.

(h) Inventories
Inventories are stated at the lower of cost and net realisable value. 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. 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.

Spare parts to be used for construction and in repairs capitalised are classified as 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

(i) Impairment

Financial assets

The Group recognises loss allowances for expected credit loss (ECLs) on financial assets measured at amortised cost and financial assets measured at fair value through other comprehensive income ("FVOCI"). The loss allowances are measured on either of the following bases: 12month ECLs that result from default events that are possible within the 12 months after the reporting date; and lifetime ECLs that result from all possible default events over the expected life of a financial instrument.

For trade receivables the Group estimated the expected credit losses for the entire period, applying a simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance. In the terms of calculating the expected credit loss, the Group considers the credit rating for each counterparty, adjusted with forward-looking factors specific to the debtors, historical credit loss experience and economic environment in which they operate.

If, in a subsequent period, the fair value of an impaired financial assets increases and the increase can be related objectively to an event occurring after the impairment loss was recognised in profit or loss, then the impairment loss is reversed, with the amount of the reversal recognised in profit or loss.

Non-financial assets

The carrying amounts of the Group's non-financial assets, other than inventories and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less costs to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit").

An impairment loss is recognised if the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. Impairment losses are recognised in the profit or loss. Impairment losses recognised in respect of cash-generating units are allocated first to reduce the carrying amount of any goodwill allocated to the units, if any, and then to reduce the carrying amount of the other assets in the unit (group of units) on a pro rata basis.

An impairment loss in respect of goodwill is not reversed. In respect of other assets, impairment losses recognised in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortisation, if no impairment loss had been recognised.

(j) Leases

As a lessee

Applying IFRS 16 for all leases (except as noted below), the Group:

- recognises right-of-use assets and lease liabilities in the consolidated statement of financial position, initially measured at the present value of future lease payments;
- recognises depreciation of right-of-use assets and interest on lease liabilities in the consolidated statement of profit or loss and other comprehensive income; and
- separates the total amount of cash paid into a principal portion (presented within financing activities) and interest (presented within operating activities) in the consolidated statement of cash flows.

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 the following:

- fixed payments;
- variable lease payments that depend on the rate;
- amounts expected to be payable under a residual value guarantee.

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.

(k) Share capital

(i) Repurchase of share capital

When share capital recognised as equity is repurchased, the amount of the consideration paid, including directly attributable costs, is deducted from equity.

(ii) Dividends

Dividends are recognised as a liability in the period in which they are declared.

(l) Financial liabilities

The Group's financial liabilities comprise trade and other payables, borrowings and bonds which are measured at amortised cost. The Group derecognises a financial liability when its obligation specified in the contract is discharged or cancelled or expires.

(m) Employee benefits

(i) Pension 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 profit or loss. To the extent the benefits vest immediately, the expense is recognised immediately in the profit or loss.

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.

(iii) State pension fund

The Group makes contributions for the benefit of employees to Russia's State pension fund. The contributions are expensed as incurred.

(n) Provisions
A provision is recognised when the Group has a legal or constructive obligation as a result of a past event, and it is probable that an outflow of economic benefits will be required to settle the obligation. If the effect is material, provisions are determined by discounting the expected future cash flows at a pre-tax rate that reflects current market assessments of the time value of money and, where appropriate, the risks specific to the liability.

(o) Income tax
Income tax expense comprises current and deferred tax. Income tax expense is recognised in profit or loss except to the extent that it relates to items recognised in other comprehensive income, in which case it is recognised in other comprehensive income.

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 recognised using the balance sheet method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognised for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable profit, and differences relating to investments in subsidiaries to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognised for taxable temporary differences arising on the initial recognition of goodwill. 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 that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realised simultaneously.

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.

(p) 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. 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 mineral fertilizers 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.

In the revenue disclosure the sales of certain product groups 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.

(q) 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, using the effective interest method. 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 provision for bad debts for financial investments, share of loss of associates and foreign exchange losses on financing activities. Borrowing costs that are not directly attributable to the acquisition, construction or production of a qualifying asset are recognised in profit or loss using the effective interest method.

Foreign currency gains and losses, gains and losses arising from operations with foreign currency, securitisation fees and share of profit and losses of associates are reported on a net basis.

(r) 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.

Stripping costs incurred during the pre-production phase of the open pit mine are capitalised as the cost of the development of the mining property and amortised over the life of the mine.

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.

(s) Earnings per share
The Group presents basic and diluted earnings per share ("EPS") data for its ordinary shares. Basic EPS is calculated by dividing the profit or loss attributable to ordinary shareholders of the Company by the weighted average number of ordinary shares outstanding during the period, adjusted for own shares held.

If the number of ordinary shares outstanding increases/ decreases as a result of a share split/ reverse share split, the calculation of the EPS for all periods presented is adjusted retrospectively.

4. Determination of fair values

When measuring the 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 in 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 for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices).
- Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

If the inputs used to measure the fair value of an asset or a liability might be categorised in different levels of the fair value hierarchy, then the 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.

(a) Financial assets and liabilities measured at amortised cost
The fair values of financial assets and liabilities presented by loans issued, trade and other receivables, cash and cash equivalents, trade and other payables approximate their carrying amounts as at the reporting date.

The fair values of Eurobonds are determined for disclosure purposes based on quoted market prices and included in level 1 of the fair value hierarchy. The fair values of loans and borrowings are categorised as Level 3 of the fair value hierarchy. The fair values are calculated based on the present value of future principal and interest cash flows, discounted at the market rate of interest at the reporting date.

(b) Financial instruments measured at fair value
The fair value of financial assets measured at fair value through profit or loss is determined using valuation techniques and categorised as Level 3 of the fair value hierarchy.

5. Seasonality

The Group is subject to certain seasonal fluctuations in fertiliser demand due to the timing of fertiliser application and, as a result, fertiliser purchases by farmers. This normally results in increase of advances received from local customers at the year-end. However, the effect of seasonality on the Group's revenue is partially offset by the fact that the Group sells its fertilisers globally and fertiliser application and purchases vary by region.

The Group's costs are generally stable throughout the year, however several maintenance activities undertaken at the Group's production facilities may not be evenly spreaded.

6. Revenues

RUB million	2022	2021
Phosphate-based and nitrogen-based products	551,037	404,850
Other	18,490	15,638
Revenues	**569,527**	**420,488**

7. Cost of Group products sold

RUB million	2022	2021
Production expense for Group goods sold	**(222,360)**	**(163,034)**
Sulphur and sulphuric acid	(40,798)	(17,707)
Potash	(27,418)	(16,574)
Materials and services	(27,349)	(23,120)
Depreciation	(26,979)	(24,812)
Salaries and social contributions	(19,667)	(15,286)
Ammonia	(19,550)	(14,277)
Natural gas	(14,226)	(12,635)
Repair and maintenance expenses	(12,002)	(11,373)
Transportation of phosphate rock	(11,610)	(9,105)
Electricity	(6,754)	(6,740)
Fuel	(6,459)	(5,578)
Ammonium sulphate	(6,331)	(2,341)
Drilling and blasting operations expenses	(3,217)	(3,486)
Logistics expenses for Group goods sold	**(31,059)**	**(43,048)**
Freight, port and stevedoring expenses	(16,382)	(28,587)
Russian Railways infrastructure tariff and operators' fees	(12,647)	(10,728)
Customs duties	(1,420)	(2,483)
Other services and materials	(610)	(1,250)
Cost of Group products sold	**(253,419)**	**(206,082)**

8. Administrative and selling overhead expenses

RUB million	2022	2021
Administrative overhead expenses:	**(37,328)**	**(21,083)**
Salaries and social contributions	(29,015)	(13,493)
Professional services	(2,386)	(1,971)
Depreciation and amortisation	(1,387)	(1,384)
Security and fire safety services	(1,222)	(1,053)
Other	(3,318)	(3,182)
Selling overhead expenses:	**(5,075)**	**(6,762)**
Salaries and social contributions	(2,885)	(4,002)
Depreciation and amortization	(1,173)	(1,480)
Materials and services	(1,017)	(1,280)
Administrative and selling overhead expenses	**(42,403)**	**(27,845)**

9. Taxes, other than income tax, net

RUB million	2022	2021
Mineral extraction tax	(8,707)	(3,605)
Property tax	(1,890)	(1,694)
Land tax	(226)	(222)
Environment pollution payment	(207)	(211)
VAT included in expenses	(162)	(113)
Using water objects payment	(58)	(53)
Other taxes	(77)	(48)
Taxes, other than income tax, net	**(11,327)**	**(5,946)**

10. Other expenses, net

RUB million	2022	2021
Social expenditures	(9,314)	(3,378)
Increase in provision for bad debt and expected credit losses allowance	(539)	(125)
Loss on disposal of property, plant and equipment and intangible assets	(429)	(198)
(Accrual)/reversal of contingent liabilities	(32)	2
Gain on disposal of inventories	276	387
Decrease/(increase) in provision for inventory obsolescence	120	(370)
Other income, net	547	233
Other expenses, net	**(9,371)**	**(3,449)**

11. Finance income and finance costs

RUB million	2022	2021
Interest income	3,818	643
Unwinding of discount on financial assets	519	64
Other finance income	102	71
Finance income	**4,439**	**778**
Provision for impairment of loans issued (note 18)	(4,124)	-
Discount on extension of payment terms (note 17, 29)	(2,777)	-
Interest expense on borrowings (note 24)	(4,223)	(3,910)
Interest expense on lease liabilities (note 25)	(244)	(395)
Bank fees	(258)	(221)
Interest expense on defined benefit obligations	(56)	(48)
Loss from revaluation of financial instruments	(55)	-
Securitization fees	(47)	(146)
Increase in provision for bad debts for financial investments	(14)	(81)
Other finance costs	(169)	(243)
Finance costs	**(11,967)**	**(5,044)**

12. Income tax expense

The Company's applicable corporate income tax rate is 20% (2021: 20%).

RUB million	2022	2021
Current tax expense	(41,465)	(31,073)
Deferred income tax – origination and reversal of temporary differences, including change in unrecognised assets	(6,118)	692
Income tax expense	**(47,583)**	**(30,381)**

Reconciliation of income tax:

RUB mln	2022	2021
Profit before tax	**232,297**	**160,055**
Income tax at applicable tax rate	**(46,459)**	**(32,011)**
Tax effect of items which are not deductible or assessable for taxation purposes	(2,072)	(1,017)
Tax effect on receivables recognised from disposal of Phosint Group (note 17)	(1,647)	-
Tax effect on provision for loans issued	(517)	-
Tax effect on foreign exchange differences on receivables recognised from disposal of Phosint Group (note 17)	(295)	-
Effect of reduction in tax rate	3,289	2,163
Effect of tax rates in foreign jurisdictions	118	431
Prior years tax adjustments	-	78
Change in tax incentive	-	(25)
Income tax expense	**(47,583)**	**(30,381)**

13. Property, plant and equipment

RUB Million	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Gross book value at 1 January 2021	**104,605**	**187,961**	**17,900**	**38,600**	**349,066**
Additions	1,529	4,406	3,031	34,866	**43,832**
Transfers to right-of-use assets (note 14)	-	(15)	-	-	**(15)**
Transfers	11,760	18,110	-	(29,870)	**-**
Disposals	(1,450)	(6,655)	(192)	(102)	**(8,399)**
Other transfers	(44)	(7)	(2)	-	**(53)**
Gross book value at 31 December 2021	**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 (note 29)	(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**
Accumulated depreciation at 1 January 2021	**(25,455)**	**(92,284)**	**(11,296)**	**-**	**(129,035)**
Transfers to right-of-use assets (note 14)	-	7	-	-	**7**
Depreciation	(6,425)	(17,703)	(1,852)	-	**(25,980)**
Disposals	1,263	6,560	179	-	**8,002**
Other transfers	8	10	1	-	**19**
Accumulated depreciation at 31 January 2021	**(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 (note 29)	357	1,241	85	-	**1,683**
Other transfers	(13)	59	(9)	-	**37**
Accumulated depreciation at 31 January 2022	**(36,708)**	**(114,368)**	**(14,473)**	**-**	**(165,549)**
Net book value at 1 January 2021	**79,150**	**95,677**	**6,604**	**38,600**	**220,031**
Net book value at 31 December 2021	**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**

During the year ended 31 December 2022, the Group capitalised borrowing costs in the amount of RUB 976 million (2021: RUB 1,141 million) in the value of property, plant and equipment using the weighted average interest rate of 2.55% per year (2021: 2.86% per year).

As at 31 December 2022, the most significant balances of the construction in progress related to the following investment projects:

- Kirovsk branch of Apatit, JSC: Kirovsk mine extension and modernization. As at 31 December 2022, the Group has capitalised expenses of RUB 13,458 million (as at 31 December 2021: RUB 14,045 million);
- Kirovsk branch of Apatit, JSC: Rasvumchorrskiy mine extension and modernization. As at 31 December 2022, the Group capitalised expenses of RUB 4,821 million (as at 31 December 2021: RUB 2,667 million);
- Kirovsk branch of Apatit, JSC: apatit-nepheline beneficiation plants extension and modernization. As at 31 December 2022, the Group capitalised expenses of RUB 4,575 million (as at 31 December 2021: RUB 2,414 million);
- Volkhov branch of Apatit, JSC: MAP facilities construction. As at 31 December 2022, the Group has capitalised expenses of RUB 3,385 million (as at 31 December 2021: RUB 13,362 million);
- Balakovo branch of Apatit, JSC: granulated ammonium sulphate facilities construction. As at 31 December 2022, the Group has capitalised expenses of RUB 2,616 million (as at 31 December 2021: RUB 1,862 million);
- Apatit, JSC, Cherepovets: ammonia production facilities support and modernization. As at 31 December 2022, the Group has capitalised expenses of RUB 1,724 million (as at 31 December 2021: RUB 1,077 million).

14. Right-of-use assets

The Group has the following types of right-of-use assets: railway wagons, production equipment, offices. The leases typically run for a period of 5 years, with an option to renew the lease after that date.

RUB million	Buildings	Plant and equipment	Total
Net book value at 1 January 2021	**185**	**7,150**	**7,335**
New lease contracts and modification on existing lease contracts	395	1,087	**1,482**
Transfers from property, plant and equipment (note 13)	-	8	**8**
Depreciation	(100)	(1,673)	**(1,773)**
Disposals	(20)	(68)	**(88)**
Effect of foreign currency translation reserve	(8)	(1)	**(9)**
Net book value at 31 December 2021	**452**	**6,503**	**6,955**
Disposal of foreign subsidiaries (note 29)	(246)	(18)	**(264)**
New lease contracts and modification on existing lease contracts	60	(1,118)	**(1,058)**
Depreciation	(78)	(1,108)	**(1,186)**
Disposals	(67)	(132)	**(199)**
Effect of foreign currency translation reserve	27	2	**29**
Net book value at 31 December 2022	**148**	**4,129**	**4,277**

Amounts recognised in the consolidated statement of profit or loss and other comprehensive income:

RUB million	2022	2021
Depreciation expense on right-of-use assets	1,186	1,773
Interest expense on lease liabilities	244	395
Expenses relating to short-term leases	349	481
Expenses relating to leases with variable payments	498	524

Amounts recognised in the consolidated statement of cash flows:

RUB million	2022	2021
Principal lease payments (note 25)	(1,429)	(1,949)
Interest lease payments (note 25)	(244)	(395)
Expenses relating to short-term leases	(349)	(481)
Expenses relating to leases with variable payments	(498)	(524)
Total payments	**(2,520)**	**(3,349)**

15. Investments in associates

Carrying values of the Group's investments in associates are as follows:

RUB million	31 December 2022		31 December 2021	
	Carrying value	Share of ownership	Carrying value	Share of ownership
JSC Khibinskaya Teplovaya Kompaniya (Russia)	504	50%	484	50%
JSC Giproruda (Russia)	62	25%	59	25%
JSC Soligalichskiy izvestkovyi kombinat (Russia)	26	26%	26	26%
Total	**592**		**569**	

16. 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	Assets	Liabilities	Net	Assets	Liabilities	Net
			31 December 2022			31 December 2021
Property, plant and equipment and intangible assets	104	(15,986)	(15,882)	375	(13,714)	(13,339)
Other non-current assets	41	(1,199)	(1,158)	71	(256)	(185)
Current assets	765	(1,945)	(1,180)	2,449	(809)	1,640
Liabilities	1,345	(1,565)	(220)	1,825	(205)	1,620
Tax loss carry-forwards	8,578	-	8,578	6,881	-	6,881
Unrecognised deferred tax assets	(55)	-	(55)	(55)	-	(55)
Deferred tax assets/(liabilities)	10,778	(20,695)	(9,917)	11,546	(14,984)	(3,438)
Offset	(2,875)	2,875	-	(2,047)	2,047	-
Net deferred tax assets/(liabilities)	**7,903**	**(17,820)**	**(9,917)**	**9,499**	**(12,937)**	**(3,438)**

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 2022 can be carried forward without limitation on utilisation period.

Management has developed a tax strategy to utilise the tax losses above. In assessing the recoverability of the tax losses, management considers a forecast of future taxable profits of the Group and the Group's tax position. The forecast is reviewed at each reporting date to ensure that the related tax benefit will be realised.

As at 31 December 2022, no deferred tax asset for deductible temporary differences of RUB 18,710 million associated with investments in subsidiaries has been recognised (31 December 2021 no deferred tax liability has been recognised: RUB 714 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 income applicable tax rate is expected to be 0%.

(b) Movement in temporary differences during the year

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	8,578	1,697	-	-	6,881
Unrecognised deferred tax assets	(55)	-	-	-	(55)
Net deferred tax (liabilities)/ assets	**(9,917)**	**(6,118)**	**75**	**(436)**	**(3,438)**

RUB million	31 December 2021	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification	1 January 2021
Property, plant and equipment, right-of-use assets and intangible assets	(13,339)	(1,331)	1	(2)	(12,007)
Other non-current assets	(185)	(243)	(6)	-	64
Current assets	1,640	1,337	(7)	-	310
Liabilities	1,620	10	(2)	2	1,610
Tax loss carry-forwards	6,881	919	-	-	5,962
Unrecognised deferred tax assets	(55)	-	-	-	(55)
Net deferred tax (liabilities)/ assets	**(3,438)**	**692**	**(14)**	**-**	**(4,116)**

17. Other non-current assets

RUB million	31 December 2022	31 December 2021
Receivable accrued as a result of Phosint Group disposal	8,454	-
Provision for receivable accrued as a result of Phosint Group disposal	(85)	-
Receivable accrued as a result of Phosint Group disposal, net	**8,369**	**-**
Long-term accounts receivable	58	677
Provision for long-term accounts receivable	-	(589)
Long-term accounts receivable, net	**58**	**88**
Loans issued to third parties, at amortised cost	38	637
Provision for loans issued to third parties	-	(561)
Loans issued to third parties, at amortised cost, net	**38**	**76**
Loans issued to employees, at amortised cost	69	104
Financial assets, at fair value through profit or loss	12	1,790
Total other non-current assets	**8,546**	**2,058**

The movements in provision for impairment of loans issued and long-term accounts receivable are as follows:

RUB million	2022	2021
PROVISION FOR LOANS ISSUED TO THIRD PARTIES		
Balance at 1 January	**(561)**	**(605)**
Disposal of foreign subsidiaries (note 29)	625	-
Provision for loans issued to third parties accrued	(1)	(1)
Use of provision	1	-
Effect of foreign currency translation reserve	(64)	45
Balance at 31 December	**-**	**(561)**
PROVISION FOR LONG-TERM ACCOUNTS RECEIVABLE		
Balance at 1 January	**(589)**	**(635)**
Disposal of foreign subsidiaries (note 29)	657	-
Provision for long-term accounts receivable accrued	-	(1)
Effect of foreign currency translation reserve	(68)	47
Balance at 31 December	**-**	**(589)**

As at 31 December 2021, financial assets measured at fair value through profit or loss include 9.27% share in a related party JSC "AgroGuard-Finance". In March 2022, JSC "AgroGuard-Finance" redeemed its shares held by the Group for RUB 1,778 million. During the year ended 31 December 2022, the Group recognised a gain of RUB 1 million on disposal of investment in JSC "AgroGuard-Finance" as part of other expenses, net.

The following information shows the movements of the Group's receivables recognised as a result of Phosint Group disposal during the reporting period:

RUB million	2022	2021
Balance at 1 January	**-**	**-**
Receivable accrued (note 29)	12,189	-
Discount on extension of payment terms (note 29, 11)	(2,777)	-
Unwinding of discount (note 11)	519	
Foreign currency translation difference	(1,477)	-
Balance at 31 December	**8,454**	**-**

During the reporting period the Group recognised deferred tax liabilities of RUB 1,647 million on receivables accrued as a result of Phosint Group disposal. Tax effect on foreign exchange loss from receivables revaluation was RUB 295 million.

18. Other financial assets

RUB million	31 December 2022	31 December 2021
Loans issued to employees, at amortised cost	101	104
Interest receivable	76	140
Loans issued to third parties, at amortised cost	51	60
Loans issued to related parties, at amortised cost	-	25
Provision for doubtful accounts	(18)	(113)
Total other financial assets	**210**	**216**

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 economical 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.

The movements in provision for doubtful accounts and expected credit losses allowance are as follows:

RUB million	2022	2021
Balance at 1 January	**(113)**	**(37)**
Increase in provision for doubtful accounts and expected credit losses allowance	(4,135)	(79)
Disposal of foreign subsidiaries	4,235	-
Effect of foreign currency translation reserve	(11)	3
Use of allowance	6	-
Balance at 31 December	**(18)**	**(113)**

19. Inventories

RUB million	31 December 2022	31 December 2021
Raw materials and spare parts	15,109	11,652
FINISHED GOODS:		
Chemical fertilisers	10,388	22,110
Apatite concentrate	801	607
Other products	1,379	291
WORK-IN-PROGRESS:		
Chemical fertilisers and other products	5,685	5,258
Chemical fertilisers and other products for resale, purchased from third parties	5,941	1,662
Other goods	148	197
Provision for obsolescence	(102)	(600)
Total inventories	**39,349**	**41,177**

20. Trade and other receivables

RUB million	31 December 2022	31 December 2021
FINANCIAL ASSETS		
Trade accounts receivable	61,997	33,013
Other receivables	1,479	822
Provision for doubtful accounts and expected credit losses allowance	(482)	(339)
NON-FINANCIAL ASSETS		
Advances issued	8,634	14,621
Advances issued on custom duties	3,901	198
Deferred expenses	202	199
Receivables from employees	20	28
Provision for doubtful accounts and expected credit losses allowance	(10)	(16)
Total trade and other receivables	**75,741**	**48,526**

As at 31 December 2022, the Group has no trade receivables measured at fair value through other comprehensive income (31 December 2021: RUB 3,166 million). As at 31 December 2022, amount of trade accounts receivable measured at fair value through profit or loss is RUB 542 million (31 December 2021: RUB 4,885 million). The fair values of these receivables approximate their carrying amounts.

The movements in bad debt and expected credit losses allowance are as follows:

RUB million	2022	2021
Balance at 1 January	**(355)**	**(369)**
Use of allowance	223	140
Disposal of foreign subsidiaries	125	-
Reversal of allowance	7	10
Effect of foreign currency translation reserve	(20)	(3)
Increase in provision for doubtful accounts and expected credit losses allowance	(472)	(133)
Balance at 31 December	**(492)**	**(355)**

See note 28 (c) for the analysis of overdue trade and other accounts receivable.

21. Cash and cash equivalents

RUB million	31 December 2022	31 December 2021
Cash in bank	7,438	13,298
Call deposits	5,911	8,405
Petty cash	7	7
Total cash and cash equivalents	**13,356**	**21,710**

As at 31 December 2022 the most significant cash and cash equivalents balances were held in large Russian banks with high credit ratings, according to independent Russian rating agencies.

22. Equity

(a) Share capital
As at 31 December 2022 and 31 December 2021, 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 2022 and 31 December 2021, 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.

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. 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. At the same time, the amount of declared dividends shall not be lower than 50% of net profit for the relevant period under IFRS 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 2022, the Company had cumulative retained earnings of RUB 65,040 million (31 December 2021: RUB 59,337 million).

Proposed by the Board of Directors in	Approved by shareholders in	Amount per share RUB	Amount of dividends RUB million
TOTAL DIVIDENDS APPROVED DURING THE REPORTING PERIOD			
August 2022	September 2022	780	101,010.0
November 2022	December 2022	318	41,181.0
Total dividends			**142,191.0**

23. 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.

	2022	2021
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	184,662	129,697
Basic and diluted earnings per share, RUB	1,426	1,002

24. 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 25. For more information about the Group's exposure to foreign currency risk, interest rate risk and liquidity risk, see note 28.

RUB million	31 December 2022	31 December 2021
CURRENT LOANS AND BORROWINGS		
Unsecured bank loans	44,648	11,492
Eurobonds	35,169	-
Interest payable	1,157	1,220
Bank commission (short-term)	-	(2)
Total current loans and borrowings	**80,974**	**12,710**
NON-CURRENT LOANS AND BORROWINGS		
Eurobonds	70,337	111,439
Unsecured bank loans	39,667	45,957
Bank commission (long-term)	(220)	(315)
Total non-current loans and borrowings	**109,784**	**157,081**
Total loans and borrowings	**190,758**	**169,791**

In January 2018 the Company's SPV issued a USD 500 million 5,25-year Eurobond with a coupon rate of 3.949%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 27,256 million (31 December 2021: RUB 37,940 million).

In January 2020 the Company's SPV issued a USD 500 million 5-year Eurobond with a coupon rate of 3.05%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 18,552 million (31 December 2021: RUB 37,726 million).

In September 2021, the Company's SPV issued a USD 500 million 7-year Eurobond with a coupon rate of 2.6%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 24,407 million (31 December 2021: RUB 36,140 million).

The breakdown of the loans and borrowings denominated in different currencies is as follows:

RUB million	31 December 2022	31 December 2021
USD-denominated	135,825	154,288
RUB-denominated	42,805	3,096
EUR-denominated	12,128	12,407
Total	**190,758**	**169,791**

The maturity of the loans and borrowings is as follows:

RUB million	31 December 2022	31 December 2021
Less than 1 year	80,974	12,712
1-2 years	23,218	48,760
2-3 years	38,824	16,879
3-4 years	10,688	41,037
4-5 years	2,105	11,320
More than 5 years	35,169	39,400
Bank commission	(220)	(317)
Total	**190,758**	**169,791**

Reconciliation of loans and borrowings balances:

RUB million	2022	2021
Balance as at 1 January	**169,791**	**159,140**
Cash inflows	57,171	61,622
Cash outflows	(23,926)	(50,081)
Foreign exchange	(11,950)	(812)
Interest accrued	4,223	3,910
Interest paid	(4,628)	(3,861)
Amortisation of bank commission	78	83
Other turnovers	(1)	(210)
Balance as at 31 December	**190,758**	**169,791**

25. Leases

RUB million	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2021	**3,622**	**2,573**	**6,195**
New lease contracts and modification of existing lease contracts	882	521	**1,403**
Interest expense on lease liabilities	223	172	**395**
Principal lease payments	(1,345)	(604)	**(1,949)**
Interest lease payments	(223)	(172)	**(395)**
Effect of foreign currency translation reserve	(11)	(1)	**(12)**
Balance as at 31 December 2021	**3,148**	**2,489**	**5,637**
New lease contracts and modification of existing lease contracts	(1,431)	460	**(971)**
Disposal of foreign subsidiaries (note 29)	(290)	-	**(290)**
Interest expense on lease liabilities	106	138	**244**
Principal lease payments	(730)	(699)	**(1,429)**
Interest lease payments	(106)	(138)	**(244)**
Effect of foreign currency translation reserve	34	(45)	**(11)**
Balance as at 31 December 2022	**731**	**2,205**	**2,936**

26. Defined benefit obligations

RUB million	31 December 2022	31 December 2021
Pension obligations, long-term	442	307
Post-retirement obligations other than pensions	608	645
Total defined benefit obligations	**1,050**	**952**

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. All the defined benefit plans are unfunded. The movement in the present value of the defined benefit obligations is as follows:

RUB million	2022	2021
Defined benefit obligations at 1 January	**952**	**945**
Disposal of foreign subsidiaries	(194)	-
Benefits paid	(101)	(132)
Current service costs and interest	103	123
Past service costs	(1)	(15)
Actuarial loss in other comprehensive income	276	36
Effect of foreign currency translation reserve and foreign exchange differences	15	(5)
Defined benefit obligations at 31 December	**1,050**	**952**

The key actuarial assumptions used in measurement of the defined benefit obligations are as follows:

	31 December 2022	31 December 2021
Discount rate	10.1%	7.5%
Future pension increases	6.0%	4.1%

27. Trade and other payables

RUB million	31 December 2022	31 December 2021
Trade accounts payable	15,700	16,643
including accounts payable for property, plant and equipment and intangible assets	4,294	5,676
Advances received (contract liabilities)	17,258	16,379
Payables to employees	4,620	5,094
Accruals and provisions	241	209
Other payables	1,593	3,429
Total trade and other payables	**39,412**	**41,754**

Contract liabilities balance at the beginning of the year was fully recognised in revenue during the reporting period.

28. 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 prices, such as foreign exchange rates, interest rates and equity prices will affect the Group's income 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.

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 currencies of Group entities. The currencies giving rise to this risk are primarily USD 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 sales agreements are denominated.

The Group has the following net monetary position on financial assets and liabilities denominated in foreign currencies:

RUB million	31 December 2022		31 December 2021	
	USD denominated	EUR denominated	USD denominated	EUR denominated
GROUP COMPANIES IN RUSSIA:				
Current assets	72,727	1,242	1,643	70
Non-current liabilities	(92,131)	(9,293)	(143,073)	(11,786)
Current liabilities	(46,001)	(3,333)	(13,563)	(1,712)
Net position of the Group companies in Russia	**(65,405)**	**(11,384)**	**(154,993)**	**(13,428)**
FOREIGN GROUP COMPANIES:				
Current assets	-	-	2,831	2,977
Non-current liabilities	-	-	-	(2)
Current liabilities	-	-	(137)	(199)
Net position of foreign Group companies	**-**	**-**	**2,694**	**2,776**
TOTAL:				
Current assets	72,727	1,242	4,474	3,047
Non-current liabilities	(92,131)	(9,293)	(143,073)	(11,788)
Current liabilities	(46,001)	(3,333)	(13,700)	(1,911)
Total net position	**(65,405)**	**(11,384)**	**(152,299)**	**(10,652)**

Management estimates that a 10% strengthening/(weakening) of RUB against USD and EUR, based on the Group's total net position in USD and EUR as at the reporting date would have increased/(decreased) the Group's profit for the year by RUB 7,679 million, before any tax effect (2021: would have increased/(decreased) the Group's profit for the year by RUB 16,295 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2021.

The foreign exchange gain recognised in profit or loss of RUB 2,417 million (foreign exchange loss of RUB 838 million for the comparative period) resulted from Russian rouble appreciation against major currencies during the reporting period (Russian rouble depreciation against major currencies during the comparative period).

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:

RUB million	31 December 2022	31 December 2021
FIXED RATE INSTRUMENTS		
Call deposits and other financial assets	6,063	8,594
Other non-current assets	107	181
Long-term borrowings	(107,781)	(154,309)
Short-term borrowings	(74,749)	(6,523)
Lease liabilities	(2,936)	(5,637)
Total fixed rate instruments	**(179,296)**	**(157,694)**
VARIABLE RATE INSTRUMENTS		
Long-term borrowings	(2,223)	(3,087)
Short-term borrowings	(6,225)	(6,189)
Total variable rate instruments	**(8,448)**	**(9,276)**

Sensitivity analysis for financial instruments with variable interest rates

At 31 December 2022, a 1 percentage point 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 85 million (31 December 2021: RUB 93 million).

(c) Credit risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty to a financial instrument fails to meet its contractual obligations, and arises from the Group's receivables from customers, loans issued to related parties, current and non-current financial assets and cash and cash equivalents.

As at 31 December 2022, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets and amounted to RUB 85,116 million (31 December 2021: RUB 57,489 million).
As at 31 December 2022, 98 % of the Group's trade receivables balance are represented by one counterparty.
As at 31 December 2021, there are no counterparties with a significant share of trade receivables in the Group's trade receivables structure.

As at 31 December 2022, the Group's financial assets measured at amortised cost amounted to RUB 84,563 million (31 December 2021: RUB 47,648 million).

As at 31 December 2022, the Group's financial assets measured at fair value through profit or loss amounted to RUB 553 million (31 December 2021: RUB 6,675 million).

As at 31 December 2022, the Group has no financial assets measured at fair value through other comprehensive income (31 December 2021: RUB 3,166 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, has 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 benchmark 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 impairment that represents its estimate of the expected credit losses in respect of trade and other receivables and other financial assets. The Group estimated the expected credit losses, applying a simplified approach to measuring expected credit losses, which uses lifetime expected loss allowance. 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 credit loss allowance for trade receivables is determined according to provision matrix presented in the table below:

RUB Million	31 December 2022			31 December 2021		
Loss Rate	Gross carrying amount	Lifetime ECL	Net carrying value	Gross carrying amount	Lifetime ECL	Net carrying value
0.1-0.5%	46,487	(81)	46,406	31,979	-	31,979
1.3%	844	(11)	833	-	-	-
2.0%	15,650	(312)	15,338	-	-	-
3.0%	-	-	-	460	(14)	446
5.0%	383	(19)	364	-	-	-
10.0%	-	-	-	67	(7)	60
13.8%	29	(4)	25	-	-	-
18.0%	-	-	-	746	(135)	611
21.3%	34	(6)	28	-	-	-
30.0%	-	-	-	21	(6)	15
60.0%	-	-	-	268	(162)	106
100.0%	49	(49)	-	294	(15)	279
Total	**63,476**	**(482)**	**62,994**	**33,835**	**(339)**	**33,496**

Trade and other receivables include accounts receivable with the following past due periods at the reporing date:

RUB Million	31 December 2022			31 December 2021		
	Gross carrying amount	Lifetime ECL	Net carrying value	Gross carrying amount	Lifetime ECL	Net carrying value
Not past due	61,684	(406)	61,278	30,652	(3)	30,649
Past due 0-90 days	1,681	(18)	1,663	2,265	(46)	2,219
Past due 91-180 days	29	(4)	25	32	(6)	26
Past due 181-365 days	34	(6)	28	68	(51)	17
More than one year	48	(48)	–	818	(233)	585
	63,476	**(482)**	**62,994**	**33,835**	**(339)**	**33,496**

The following information shows the movements in the Group's assets and liabilities under the securitisation arrangement for the reporting period:

RUB million	2022	2021
Trade receivables transferred to the bank	9,717	23,992
Net-off with other payables	9,471	15,308
Associated cash inflow	246	8,684
Associated cash outflow	(3,180)	(3,566)
Other non-cash operations	(137)	253

Payables to the bank as at 31 December 2021 amounted to RUB 3,229 million are presented within other payables. Receivables from the bank as at 31 December 2021 amounted to RUB 854 million are presented within trade receivables.

As a result of loss of control over its foreign subsidiaries (note 29) previously controlled by the Group, the Group has no securitization agreements and related payables and receivables balances as at 31 December 2022.

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, which provides high-level credit risk limits. All bank account balances and term deposits are not overdue or impaired.

Guarantees

For financial guarantees issued the maximum exposure to credit risk is the amount of the commitment (note 32). The Group's policy is to provide financial guarantees only to the subsidiaries or related parties.

(d) 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 2022							
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 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
Trade and other payables	17,616	17,616	17,616	-	-	-	-	-
Total	**211,530**	**223,416**	**103,671**	**27,051**	**41,262**	**12,141**	**3,173**	**36,118**

RUB Million	31 December 2021							
	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	Over 5 yrs
Loans and borrowings	170,108	185,811	16,492	52,628	19,720	43,070	12,526	41,375
Lease liabilities	5,637	6,246	2,487	1,856	1,261	318	202	122
Trade and other payables	20,283	20,283	20,283	-	-	-	-	-
Financial guarantees issued for associates and related parties	75	75	75	-	-	-	-	-
Total	**196,103**	**212,415**	**39,337**	**54,484**	**20,981**	**43,388**	**12,728**	**41,497**

(e) Capital management

The Group's policy is to safeguard the Group's ability to continue as a going concern, to maintain a strong capital base in order to provide investor, creditor and market confidence and to sustain future development of the business. The Board of Directors monitors the return on capital invested and the level of dividends paid to shareholders.

There were no changes in the Board's approach to capital management during the year.

The Company and its subsidiaries are subject to externally imposed capital requirements including the statutory requirements of the country of their domicile and the bank covenants.

29. Loss of control over foreign subsidiaries

In March 2022, the Group's wholly owned foreign subsidiary Phosint Limited owning all the foreign companies of the Group, increased its share capital which was subscribed by a third party company Negrinio Limited, 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, the Group recognised a receivable of RUB 12,189 million with a payment period of three years, derecognised the assets and liabilities of the foreign subsidiaries and reclassified to profit or loss the cumulative amount of the exchange differences relating to the foreign subsidiaries of RUB 6,302 million, previously recognised in other comprehensive income and accumulated in the separate component of equity. The Group recognised the receivable at present value using a discount rate of 9% per annum and accrued finance costs of RUB 2,777 million.

Summarised amounts of the assets and liabilities in the foreign subsidiaries over which control is lost are presented below:

RUB million	As at the date of loss of control
ASSETS	
Property, plant and equipment	2,438
Right-of-use assets	264
Other non-current assets	722
Trade and other receivables	42,238
Cash and cash equivalents	36,729
Inventories	17,147
Income tax receivable	10
LIABILITIES	
Other non-current liabilities	(1,043)
Lease liabilities	(290)
Trade and other payables	(77,938)
Income tax payable	(1,749)
Other current liabilities	(37)
Total net assets	**18,491**

As the Group retained no significant influence over Phosint Limited upon loss of control, it classified the remaining 5% share in the company as a financial asset measured at fair value through other comprehensive income with a non-significant fair value at the date of initial recognition and at the reporting date.

The Group didn't recognize any gain or loss as a result of Phosint Group disposal:

RUB million	As at the date of loss of control
Carrying amount of net assets disposed	18,491
Foreign currency translation difference reclassified to profit or loss upon loss of control over foreign subsidiaries	(6,302)
Receivable accrued as a result of disposal of foreign subsidiaries	12,189
Result from loss of control over foreign subsidiaries	**-**

30. Commitments

As at 31 December 2022, the Group had contractual commitments for the purchase of property, plant and equipment for RUB 35,181 million (31 December 2021: RUB 29,458 million), including VAT where applicable.

31. 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 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 incompliant 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.

(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 Group was in compliance with covenants during the years ended 31 December 2022 and 31 December 2021. 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.

32. 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.

The balances and transactions with related parties are usually unsecured and denominated in RUB.

(a) Transactions with related parties

RUB million	Nature of relationship	2022	2021
Sales of goods and services	Associates	30	26
Purchases of goods and services	Associates	(734)	(585)
Sales of goods and services	Other related parties	1,089	968
Other expenses, net	Other related parties	(85)	(60)
Purchases of goods and services	Other related parties	(246)	(224)

In 2022, the Company declared dividends in total amount of RUB 91,366 million (2021: RUB 46,824 million) to its shareholders which have significant influence over the Group.

(b) Balances with related parties

RUB million	Nature of relationship	31 December 2022	31 December 2021
Trade and other receivables	Associates	42	20
Trade and other payables	Associates	(39)	(17)
Trade and other receivables	Other related parties	8	8
Trade and other payables	Other related parties	(451)	(349)
Short-term loans issued, at amortised cost	Other related parties	-	25

(c) Financial guarantees

As at 31 December 2022 the Group does not have any financial guarantees issued to the bank to secure associates' bank loans (31 December 2021: RUB 75 million).

(d) 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 contributions to the Russian state pension and social funds. The remuneration of the Board of Directors and key management personnel recognised as part of administrative and selling overhead expenses amounted to RUB 16,897 million (2021: RUB 4,147 million).

33. Significant subsidiaries

Subsidiary	Country of incorporation	Effective ownership (rounded)	
		31 December 2022	31 December 2021
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%
PureFert Trading AG (PhosAgro Trading SA till 05.09.2022)[1]	Switzerland	5%	100%
PUREFERT LIMITED (Phosint Limited till 30.08.2022)[1]	Cyprus	5%	100%
PureFert Logistics AG (PhosAgro Logistics SA till 05.09.2022)[1]	Switzerland	5%	100%
PhosAgro Polska Sp.z o.o.[1]	Poland	5%	100%
PureFert Deutschland GmbH (PhosAgro Deutschland GmbH till 21.11.2022)[1]	Germany	5%	100%
PUREFERT FRANCE SAS (PhosAgro France SAS till 10.11.2022)[1]	France	5%	100%
PUREFERT Balkans d.o.o. (PhosAgro Balkans DOO till 07.09.2022)[1]	Serbia	5%	100%
UAB PhosAgro Baltic[1]	Lithuania	5%	100%
Purefert Balkans S.R.L. (PhosAgro Balkans SRL till 06.10.2022)[1]	Romania	5%	100%
Purefert South Africa Proprietary Limited (PhosAgro South Africa Proprietary Limited till 07.10.2022)[1]	South Africa	5%	100%
Logifert Oy[1]	Finland	5%	100%
Bulk Terminal Kotka Oy[1]	Finland	5%	100%

34. Subsequent events

On 1 January 2023 Russian government decree entered into force, introducing the customs duties on export volumes of mineral fertilizers during the period from 1 January to 31 December 2023.

In March 2023, the Board of Directors proposed paying a dividend of RUB 465 per ordinary share.

[1] In March 2022, the Group lost control over its wholly owned foreign subsidiary Phosint Limited owning all the foreign companies of the Group, see note 29

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 Annual Report was reviewed and approved at PhosAgro's Board of Directors meeting on 20 April 2023.

The consolidated financial statements for the year ended 31 December 2022 were approved by the Board of Directors on 03 March 2023.



Mikhail Rybnikov
Chief Executive Officer and Chairman of the Management Board of PhosAgro

Independent limited assurance report

GRI 2-5

Technologies of Trust

Joint-Stock Company
"Technologies of Trust – Audit"
("Technologies of Trust – Audit" JSC)

www.tedo.ru

White Square Office Center,
10 Butyrsky Val, Moscow,
Russian Federation, 125047

T: +7 (495) 967 6000,
F: +7 (495) 967 6001

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 2022 (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 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 2022 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 GRI Sustainability Reporting Standards 2, 3, 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 website[1], 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.

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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 2022 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

28 April 2023

Moscow, Russian Federation

A. Y. Fegetsyn 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 28 April 2023

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
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

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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.

Code	GRI Indicator	Page number (or link)/Comments	Boundary
2	**GENERAL DISCLOSURES (2021)**		
2–1	Organisational profile	4, 18-19	
2–2	Entities included in the organisation's sustainability reporting	5	
2–3	Reporting period, frequency, and point of contact	4, 400	
2–4	Restatements of information	In the 2022 Report, the boundary and methodology were revised · The following historical data were revised in the 2022 Report: · calculation methodology for Scope 1 GHG emissions after the inventory had identified new unaccounted sources of emissions (for more information, see GRI 305-1 and GRI 305-4); · the Company revised the methodology for calculating the GRI 203-1 indicator and excluded expenses incurred under sponsorship agreements; · calculation methodology for energy consumption (for more information, see GRI 302-1 and GRI 302-3); · due to the expansion of the disclosure boundary, the personnel data disclosed in GRI 2-7 and GRI 401-1 indicators were recalculated; · for the purposes of 2022 disclosures, the Company changed GRI 401-1 presentation by age group.	
2–5	External assurance	5, 375	
2–6	Activities, value chain and other business relationships	In 2022, we set up new materials and equipment supply chains from China, India and the CIS. We started procuring electrical equipment online from our partner and a large supplier Elektrotekhmontazh, which significantly reduced delivery time. As regards procurement of key raw materials, such as flotation reagents and conditioning mixtures, we refocused from Europe to Asia and substituted a number of imported items with domestic alternatives. Prices for key feedstock are now less dependent on foreign benchmarks and exchange rates.	1
2–7	Employees	152-153	1
2–8	Workers who are not employees	Not disclosed owing to the confidential nature of this information	
2–9	Governance structure and composition	260, 272-273	1
2–10	Appointment and selection of the supreme governance body		1
2–11	Chair of the supreme governance body	276	1
2–12	Role of the supreme governance body in overseeing the impacts	257, 296-297	1
2–13	Delegation of responsibility for impact management	257	1
2–14	Role of the supreme governance body in sustainability reporting	30-31, 258-259, 268	1
2–15	Conflicts of interest	316	1
2–16	Communication of critical concerns	288-289	1
2–17	Collective knowledge of the supreme governance body	273	1
2–18	Supreme governance body performance assessment	274-275	1
2–19	Remuneration policies	292-295	1
2–20	Process to determine remuneration	292-295	1
2–21	Annual total compensation ratio	Not disclosed owing to the confidential nature of this information	
2–22	Statement on sustainable development strategy	38-39	1
2–23	Policy commitments	303-305, 316-317	1
2–24	Embedding policy commitments	303-305	1
2–25	Processes to remediate negative impacts	148, 310-311	1

Code	GRI Indicator	Page number (or link)/Comments	Boundary
2–26	Mechanisms for seeking advice and raising concerns	148, 310-311	1
2–27	Compliance with laws and regulations	For the purposes of this disclosure, the Group uses the following materiality criteria: · with regard to fines, the Group determined the amount exceeding RUB 1 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. 2022 saw no violations by the Group of laws and regulations resulting in material fines or penalties. The Group was taking steps to remedy the harm caused by an emergency in 2019 by committing RUB 2,274 thousand to the reproduction of aquatic biological resources in 2022. For information on cases of non-compliance with environmental laws and regulations, see page 195	1
2–28	Membership associations	28-29	1
2–29	Approach to stakeholder engagement		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). For more information, see page 146	2
3	**MATERIAL TOPICS (2021)**		
3–1	Processes to determine material topics	30-31	1
3–2	List of material topics	30-33	1
3–3	Management of material topics	89, 103, 133,145,171,193,199,210,215,220, 224,230,237,301,312,317	1

Code	GRI Indicator	Page number (or link)/Comments	Boundary
201	**ECONOMIC PERFORMANCE (2016)**		
201–1	Direct economic value generated and distributed	28	1
201–2	Financial implications and other risks and opportunities due to climate change	201	1
201–3	Defined benefit plan obligations and other retirement plans	389	1
201–4	Financial assistance received from government	Not disclosed owing to the confidential nature of this information	
202	**MARKET PRESENCE (2016)**		
202–1	Ratios of standard entry level wage by gender compared to local minimum wage	164	1
202–2	Proportion of senior management hired from the local community	166	1
203	**INDIRECT ECONOMIC IMPACTS (2016)**		
203–1	Infrastructure investments and services supported	240	A special scope is applied: PhosAgro and Apatit, including its branches and standalone business units
203–2	Significant indirect economic impacts	241-251	A special scope is applied: PhosAgro and Apatit, including its branches and standalone business units.
204	**PROCUREMENT PRACTICES (2016)**		
204–1	Proportion of spending on local suppliers at significant locations of operation	136	2

Code	GRI Indicator	Page number (or link)/Comments	Boundary
205	**ANTI-CORRUPTION (2016)**		
205–1	Operations assessed for risks related to corruption	314	1
205–2	Communication of and training in anti-corruption policies and procedures	307-309	1
205–3	Confirmed incidents of corruption and actions taken	314-315	1
206	**ANTI-COMPETITIVE BEHAVIOR (2016)**		
206–1	Legal actions for anti-competitive behavior, anti-trust, and monopoly practices	317	1
207	**TAX (2019)**		
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	90-91, 390-391	1
302	**ENERGY (2016)**		
302–1	Energy consumption within the organisation	212-213	2
302–2	Energy consumption outside of the organization	not applicable	
302–3	Energy intensity	212-213	2
302–4	Reduction in electricity consumption	210-211	2
302–5	Reductions in energy requirements of products and services	not applicable	2
303	**WATER AND EFFLUENTS (2018)**		
303–1	Responsible water consumption	224-225	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	227	2
303–4	Water discharge	228-229	2
303–5	Water consumption	229	2

Code	GRI Indicator	Page number (or link)/Comments	Boundary
304	**BIODIVERSITY (2016)**		
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	231-232	1
304–3	Habitats protected or restored	231, 233	1
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)**		
305–1	Direct (Scope 1) GHG emissions	206	2
305–2	Energy indirect (Scope 2) GHG emissions	207	2
305–3	Other indirect (Scope 3) GHG emissions	207	2
305–4	GHG emissions intensity	206	2
305–5	Reduction of GHG emissions	208	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	223	2
306	**WASTE (2020)**		
306–1	Waste generation and significant waste-related impacts	215	2
306–2	Management of significant waste-related impacts	216-217	2
306–3	Waste generated	218	2
306–4	Waste diverted from disposal	219	2
306–5	Waste directed to disposal	219	2
308	**SUPPLIER ENVIRONMENTAL ASSESSMENT (2016)**		
308–1	New suppliers that were screened using environmental criteria	139	2
308–2	Negative environmental impacts in the supply chain and actions taken	139	2

Code	GRI Indicator	Page number (or link)/Comments	Boundary
401	**EMPLOYMENT (2016)**		
401–1	New employee hires and employee turnover	153, 392-393	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 anddo not depend on conditions of employment.	1
401–3	Parental leave	394	1
402	**LABOR/MANAGEMENT RELATIONS (2016)**		
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)**		
403–1	Occupational health and safety management system	183	2
403–2	Hazard identification, risk assessment, and incident investigation	175	2
403–3	Occupational health services	172	2
403–4	Worker participation, consultation, and communication on occupational health and safety	172	2
403–5	Worker training on occupational health and safety	181-183	2
403–6	Promotion of worker health	185-189	2
403–7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships	185-189	2
403–8	Workers covered by an occupational health and safety management system	In 2022, 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 (for more information, see page 181). The minimum required training is provided to each and everyone, including all visitors and contractors as part of the introductory briefing.	2
403–9	Work-related injuries	179-181	2
403–10	Occupational diseases	In 2020–2022, employees of Apatit, its branches and standalone business units were diagnosed with the following occupational diseases: · vibration syndrome, stages 1–2, due to lasting workplace exposure to general vibration; · chronic bilateral hearing loss due to lasting workplace exposure to noise; · cervical and lumbar radiculopathy due to lasting hard workload; · muscular tonic syndrome in the lower back due to lasting hard workload (awkward (fixed) working postures); · acute irritant poisoning: one-off exposure to ammonia in concentrations exceeding the maximum permissible level as a result of its leakage into the air of the industrial site's process area. For more information, see page 185	2

Code	GRI Indicator	Page number (or link)/Comments	Boundary
404	**TRAINING AND EDUCATION (2016)**		
404–1	Average hours of training per year per employee	156	2
404–2	Programmes for upgrading employee skills and transition assistance programmes	157-159	2
404–3	Percentage of employees receiving regular performance and career development reviews	160	2
405	**DIVERSITY AND EQUAL OPPORTUNITY (2016)**		
405–1	Diversity of governance bodies and employees	154, 272	1
405–2	Ratio of basic salary and remuneration of women to men	164	1
410	**SECURITY PRACTICES (2016)**		
410–1	Security personnel trained in human rights policies or procedures	302	1
413	**LOCAL COMMUNITIES (2016)**		
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.	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)**		
414–1	New suppliers that were screened using social criteria	141	2
414–2	Negative social impacts in the supply chain and actions taken	141	2
417	**MARKETING AND LABELLING (2016)**		
417–1	Requirements for product and service information and labelling	108	1
417–2	Incidents of non-compliance concerning product and service information and labelling	No such cases registered, not applicable.	
417–3	Incidents of non-compliance concerning marketing communications	No such cases registered, not applicable.	

GRI Content Index: additional information

GRI 201–3

Defined benefit plan obligations and other retirement plans, RUB mln

Region	Retirement-related obligations (other than employee benefit obligations)	Actual pension payments		
		2020	2021	2022
Saratov region	Payment of retirement benefits	1,552	1,620	2,771
	Merit benefit plans	0,000	0,000	0,000
	Financial aid to retired former employees	2,387	7,637	16,719
	Total	**3,939**	**9,257**	**19,490**
Murmansk region	Payment of retirement benefits	32,704	43,859	39,206
	Merit benefit plans	0,000	0,000	0,000
	Financial aid to retired former employees	18,575	88,877	148,831
	Total	**51,279**	**132,736**	**188,038**
Leningrad region	Payment of retirement benefits	1,475	0,714	2,676
	Merit benefit plans	0,000	0,000	0,000
	Financial aid to retired former employees	5,164	19,746	31,647
	Total	**6,640**	**20,460**	**34,323**
Vologda region	Payment of retirement benefits	17,758	11,006	13,052
	Merit benefit plans	17,982	19,148	21,383
	Financial aid to retired former employees	16,769	73,191	119,930
	Total	**52,509**	**103,344**	**154,365**
Total	Payment of retirement benefits	53,489	57,199	57,705
	Merit benefit plans	17,982	19,148	21,383
	Financial aid to retired former employees	42,895	189,451	317,128
	Total	**114,366**	**265,797**	**396,215**

For the benefit of its former employees, the Company has established and operates a voluntary non-profit union of pensioners (veterans). As at 1 October 2022, the union had 10,953 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.

GRI 207–4

Tax payments, RUB mln

	Group		Russia		Poland		Switzerland		France		Germany	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
VAT	**11,813**	**20,425**	12,520	21,650	(524)	(108)	(178)	(707)	(197)	(447)	149	148
Personal income tax	**(4,298)**	**(7,324)**	(3,985)	(7,199)	(20)	(13)	(187)	(53)	(11)	(11)	(27)	(15)
Social contributions	**(7,332)**	**(9,902)**	(6,896)	(9,595)	(28)	(14)	(285)	(238)	(37)	(21)	(18)	(4)
MET	**(3,391)**	**(8,028)**	(3,391)	(8,028)	0	0	0	0	0	0	0	0
Property tax	**(1,025)**	**(1,737)**	(1,023)	(1,737)	0	0	0	0	**(0)**	0	0	0
Pollution fees	**(207)**	**(187)**	(200)	(187)	0	0	0	0	0	0	0	0
Land tax	**(229)**	**(226)**	(229)	(226)	0	0	0	0	0	0	0	0
Water use charges	**(50)**	**(56)**	(50)	(56)	0	0	0	0	0	0	0	0
Transport tax	**(15)**	**(17)**	(15)	(17)	0	0	0	0	0	0	0	0
Water tax	**(3)**	**(4)**	(3)	(4)	0	0	0	0	0	0	0	0
Regular subsoil use fees	**(0)**	**0**	(0)	0	0	0	0	0	0	0	0	0
Other taxes	**(46)**	**(19)**	(33)	(15)	**(0)**	0	0	0	(3)	(1)	0	0
Tax fines and penalties	**(4)**	**(8)**	(4)	(8)	0	0	0	0	**(0)**	0	0	0
Dividend income tax	**(1,591)**	**(1)**	(1,591)	(1)	0	0	0	0	0	0	0	0

	Serbia		Lithuania		Romania		Africa		Brazil		Singapore		Cyprus		Finland	
	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022	2021	2022
VAT	35	30	**(0)**	0	(96)	(43)	103	(99)	0	0	0	0	0	0	**(0)**	**2**
Personal income tax	0	0	(13)	(5)	(1)	0	(5)	(5)	(16)	(5)	0	0	(31)	(16)	(2)	(1)
Social contributions	(5)	(1)	(10)	(5)	(8)	(7)	0	0	(10)	(4)	0	0	(33)	(12)	(1)	0
MET	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Property tax	(1)	0	0	0	0	0	0	0	**(0)**	0	0	0	0	0	(1)	0
Pollution fees	(7)	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Land tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Water use charges	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Transport tax	0	0	0	0	0	0	0	0	**(0)**	0	0	0	0	0	0	0
Water tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Regular subsoil use fees	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0
Other taxes	(1)	0	0	0	0	0	0	0	(8)	(3)	0	0	**(0)**	0	0	0
Tax fines and penalties	0	0	0	0	0	0	**(0)**	0	0	0	0	0	0	0	0	0
Dividend income tax	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0	0

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-SeveroZapad, 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

Tax jurisdiction	Name of the resident entities	Primary activity of the organization
Brazil	PhosAgro Americas (until 31.03.2022)[1]	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

GRI 401-1

New hires, people[1] [2]

Region	Gender	2020					2021					2022				
		under 30 years	30–50 years	above 50 years	Share, %	Total	under 30 years	30–50 years	above 50 years	Share, %	Total	under 30 years	30–50 years	above 50 years	Share, %	Total
Vologda region	M	185	288	19	14.9	492	284	332	26	15.9	642	405	526	107	18.1	1,038
	F	131	206	28	11.0	365	190	319	47	13.8	556	197	354	50	10.5	601
Total		**316**	**494**	**47**	**25.9**	**857**	**474**	**651**	**73**	**29.7**	**1,198**	**602**	**880**	**157**	**28.5**	**1,639**
Saratov region	M	47	79	21	4.4	147	68	130	5	5.0	203	143	310	33	8.5	486
	F	21	38	10	2.1	69	40	88	12	3.5	140	65	156	26	4.3	247
Total		**68**	**117**	**31**	**6.5**	**216**	**108**	**218**	**17**	**8.5**	**343**	**208**	**466**	**59**	**12.8**	**733**
Leningrad region	M	88	129	17	7.1	234	117	227	21	9.1	365	201	374	35	10.6	610
	F	36	69	11	3.5	116	44	94	24	4.0	162	68	118	18	3.5	204
Total		**124**	**198**	**28**	**10.6**	**350**	**161**	**321**	**45**	**13.1**	**527**	**269**	**492**	**53**	**14.2**	**814**
Moscow	M	5	29	10	1.3	44	4	23	7	0.8	34	3	20	8	0.5	31
	F	2	11	2	0.5	15	5	32	3	1.0	40	3	17	2	0.4	22
Total		**7**	**40**	**12**	**1.8**	**59**	**9**	**55**	**10**	**1.8**	**74**	**6**	**37**	**10**	**0.9**	**53**
Murmansk region	M	387	886	51	40.0	1,324	364	872	65	32.3	1,301	449	1,237	123	31.5	1,809
	F	113	192	26	10.0	331	145	190	31	9.1	366	161	287	47	8.6	495
Total		**500**	**1,078**	**77**	**50.0**	**1,655**	**509**	**1,062**	**96**	**41.3**	**1,667**	**610**	**1,524**	**170**	**40.1**	**2,304**
Other	M	18	78	33	3.9	129	16	104	45	4.1	165	19	98	39	2.7	156
	F	12	24	11	1.4	47	12	41	6	1.5	59	13	26	9	0.8	48
Total		**30**	**102**	**44**	**5.3**	**176**	**28**	**145**	**51**	**5.6**	**224**	**32**	**124**	**48**	**3.5**	**204**
Men, total		**730**	**1,489**	**151**	**71.5**	**2,370**	**853**	**1,688**	**169**	**67.2**	**2,710**	**1,220**	**2,565**	**345**	**71.9**	**4,130**
Women, total		**315**	**540**	**88**	**28.5**	**943**	**436**	**764**	**123**	**32.8**	**1,323**	**507**	**958**	**152**	**28.1**	**1,617**
Total		**1,045**	**2,029**	**239**	**100.0**	**3,313**	**1,289**	**2,452**	**292**	**100.0**	**4,033**	**1,727**	**3,523**	**497**	**100.0**	**5,747**

Turnover[1] [2], %

Region	Gender	2020				2021				2022			
		under 30 years	30–50 years	above 50 years	Total	under 30 years	30–50 years	above 50 years	Total	under 30 years	30–50 years	above 50 years	Total
Vologda region	M	0.37	0.79	0.13	1.29	0.57	1.35	0.11	2.03	0.47	0.81	0.12	1.40
	F	0.27	0.56	0.12	0.94	0.43	1.07	0.16	1.66	0.31	0.72	0.09	1.12
Total		**0.64**	**1.35**	**0.25**	**2.23**	**1.00**	**2.42**	**0.27**	**3.69**	**0.79**	**1.53**	**0.21**	**2.52**
Saratov region	M	0.02	0.18	0.04	0.24	0.15	0.36	0.04	0.54	0.18	0.45	0.04	0.67
	F	0.04	0.10	0.06	0.20	0.07	0.26	0.08	0.41	0.07	0.21	0.06	0.33
Total		**0.06**	**0.28**	**0.10**	**0.44**	**0.22**	**0.62**	**0.12**	**0.95**	**0.25**	**0.66**	**0.10**	**1.00**
Leningrad region	M	0.12	0.24	0.03	0.39	0.30	0.57	0.04	0.91	0.38	0.72	0.10	1.20
	F	0.03	0.21	0.01	0.24	0.07	0.20	0.04	0.31	0.10	0.19	0.05	0.34
Total		0.15	0.45	0.03	0.64	0.37	0.76	0.08	1.21	0.48	0.91	0.15	1.54
Moscow	M	0.03	0.06	0.0	0.09	0.02	0.07	0.01	0.09	0.01	0.06	0.03	0.09
	F	0.01	0.03	0.02	0.06	0.01	0.04	0.01	0.05	0.01	0.05	0.01	0.07
Total		**0.04**	**0.09**	**0.02**	**0.15**	**0.02**	**0.10**	**0.01**	**0.14**	**0.01**	**0.11**	**0.04**	**0.15**
Murmansk region	M	0.74	2.56	0.21	3.52	0.95	2.57	0.21	3.73	0.69	2.18	0.22	3.09
	F	0.19	0.46	0.07	0.71	0.24	0.66	0.11	1.01	0.24	0.57	0.09	0.91
Total		**0.93**	**3.02**	**0.29**	**4.24**	**1.19**	**3.24**	**0.32**	**4.74**	**0.93**	**2.75**	**0.31**	**4.00**
Other	M	0.06	0.22	0.18	0.47	0.06	0.38	0.28	0.72	0.06	0.33	0.14	0.52
	F	0.02	0.06	0.04	0.12	0.01	0.09	0.03	0.13	0.01	0.07	0.02	0.10
Total		**0.08**	**0.28**	**0.22**	**0.59**	**0.07**	**0.47**	**0.31**	**0.85**	**0.07**	**0.40**	**0.16**	**0.62**
Men, total		**1.34**	**4.07**	**0.60**	**6.00**	**2.04**	**5.29**	**0.69**	**8.02**	**1.79**	**4.55**	**0.63**	**6.97**
Women, total		**0.56**	**1.41**	**0.31**	**2.28**	**0.82**	**2.32**	**0.42**	**3.57**	**0.74**	**1.81**	**0.32**	**2.87**
Total		**1.90**	**5.48**	**0.91**	**8.29**	**2.87**	**7.61**	**1.11**	**11.59**	**2.52**	**6.36**	**0.95**	**9.84**

[1] For the purposes of 2022 disclosures, the Company changed presentation by age group. Based on the principle of comparability, the data for 2021 and 2020 was recalculated.

[2] Turnover takes into account voluntary resignations – part 1.3, article 77 of the Labour Code of the Russian Federation; part 1.7, article 77 of the Labour Code of the Russian Federation and for breach of labour discipline – part 1.5, article 81 of the Labour Code of the Russian Federation; part 1.6a, article 81 of the Labour Code of the Russian Federation; part 1.6b, article 81 of the Labour Code of the Russian Federation, part 1.7, article 81 of the Labour Code of the Russian Federation.

GRI 401-3

Parental leave in the reporting year

Item	2020			2021			2022		
	M	F	Total	M	F	Total	M	F	Total
Employees on parental leave	11	794	**805**	14	818	**832**	15	827	**842**
Employees who returned to work after parental leave	0	179	**179**	3	176	**179**	2	198	**200**
Employees who returned to work after parental leave and stayed at work 12 months after return	2	165	**167**	0	159	**159**	3	165	**168**
Return to work ratio	0.00	22.54	**22.24**	21.4	21.5	**21.5**	13.3	23.9	**23.8**
Retention ratio	100.00	93.75	**93.82**	0.0	88.8	**88.8**	100.0	93.8	**93.9**

List of PhosAgro Group companies

1 PhosAgro, PJSC
2 Tirvas, LLC
3 Gorny tsekh, LLC
4 Teleset, LLC
5 Tsentr stroitelnyh materialov, LLC
6 Aeroport, JSC
7 Korporativnoe pitanie, LLC
8 PromTransPort, LLC
9 Mekhanik, LLC
10 Apatit (including Balakovo, Volkhov and Kirovsk Branches), JSC
11 PhosAgro-Region, LLC
12 PhosAgro-Oryol, LLC
13 PhosAgro-Belgorod, LLC
14 PhosAgro-Volga, LLC
15 PhosAgro-Lipetsk, LLC
16 PhosAgro-Kursk, LLC
17 PhosAgro-Don, LLC
18 PhosAgro-Kuban, LLC
19 PhosAgro-Stavropol, LLC
20 PhosAgro-Tambov, LLC
21 PhosAgro-SeveroZapad, LLC
22 Smart Bulk Terminal, LLC
23 NIUIF, JSC
24 Trading House PhosAgro, LLC
25 RBTS PhosAgro, LLC
26 ITS PhosAgro, LLC
27 PhosAgro-Service, LLC
28 PhosAgro-Sibir, LLC
29 Tirvas OP, LLC
30 Khibiny Airport, LLC

SASB content index

Code	Activity metric	Page number/ Comment
RT-CH-000.A	Production broken down by reporting segments	94-98
EM-MM-000.B	Total number of employees, percentage contractors	152-153
ENVIRONMENTAL		
RT-CH-110a.1 EM-MM-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	206
RT-CH-110a.2 EM-MM-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	198
RT-CH-120a.1 EM-MM-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)	223
RT-CH-130a.1 EM-MM-130a.1	(1) Total energy consumed, (2) percentage grid electricity, (3) percentage renewable, (4) total self-generated energy	212-213
RT-CH-140a.1 EM-MM-140a.1	(1) Total water withdrawn, (2) total water consumed, percentage of each in regions with High or Extremely High Baseline Water Stress	227
RT-CH-140a.2 EM-MM-140a.2	Number of incidents of non-compliance associated with water quality permits, standards, and regulations	224
RT-CH-140a.3	Description of water management risks and discussion of strategies and practices to mitigate them	225
RT-CH-150a.1	Amount of hazardous waste generated, percentage recycled	218
EM-MM-150a.1	Total weight of tailings waste, percentage recycled	219
EM-MM-150a.2	Total weight of mineral processing waste, percentage recycled	219
EM-MM-160a.1	Description of environmental management policies and practices for active sites	192-193
EM-MM-160a.3	Percentage of (1) proved and (2) probable reserves in or near sites with protected conservation status or endangered species habitat	231
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	218
RT-CH-410b.2	Discussion of strategy to (1) manage chemicals of concern and (2) develop alternatives with reduced human and/or environmental impact	192

Code	Activity metric	Page number/ Comment
SOCIAL		
EM-MM-210a.3	Discussion of engagement processes and due diligence practices with respect to human rights, indigenous rights, and operation in areas of conflict	28-29
RT-CH-210a.1	Discussion of engagement processes to manage risks and opportunities associated with community interests	239
EM-MM-210b.1	Discussion of process to manage risks and opportunities associated with community rights and interest	239
EM-MM-210b.2	Number and duration of non-technical delays	43-45
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	179-181
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TCFD Recommendations

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TCFD-report

For more information on GHG emissions and climate risks, see the TCFD report 2020
https://ar2020.phosagro.com/pdf/ar/en/tcfd-pointer.pdf



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

CBAM – carbon border adjustment mechanism

CCl_4 – carbon tetrachloride

CDP – Carbon Disclosure Project

CIS – Commonwealth of Independent States

CJSC – closed joint-stock company

CO_2 – carbon dioxide

CO_2-equivalent – a conventional unit of measurement used to measure greenhouse gas emissions (including carbon footprint calculations).

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 – Intergovernmental Panel on Climate Change

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

NO_2 – nitrogen dioxide

NPK – nitrogen-phosphorus-potassium fertilizer

OHS – occupational health and safety

OPEC – Organisation of the Petroleum Exporting Countries

P_2O_5 – phosphoric pentoxide

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

SASB – Sustainability Accounting Standards Board

SDG – UN Sustainable Development Goal

SME – small and medium enterprise

SMEs – small and medium-sized enterprises

SO_2 – sulphur dioxide

STPP – sodium tripolyphosphate

Strategy to 2025 – PhosAgro Group's Development Strategy to 2025

t – metric tonne

Total output of finished and semi-finished products – total output of the Company's finished and semi-finished products for the reporting period, including mineral fertilizers, animal feed, industrial phosphates and industrial products, phosphate rock and nepheline concentrate.

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

VHI – voluntary health insurance

VOC – volatile organic compound

Contacts

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Investor Relations

Andrey Serov
Head of Investor Relations

Tel.: +7 (495) 231 31 15

Email: ir@phosagro.ru

Auditor

JSC Technologies of Trust – Audit

10 Butyrsky Val, White Square Business Centre, Moscow 125047, Russia

Tel.: +7 (495) 967 60 00
Fax: +7 (495) 967 60 01

Website: www.tedo.ru

JSC Unicon

8 Preobrazhenskaya Ploshchad, Preo 8 Business Centre, Moscow, Russia

Tel.: +7 (495) 797 56 65
Fax: +7 (495) 797 56 60

Website: www.unicon.ru

Corporate Secretary

Sergey Samosyuk

Tel.: +7 (495) 232 96 89, ext. 2712

Email: ks@phosagro.ru

55/1 Leninsky Prospekt, bldg. 1, Moscow 119333, Russia

Tel.: +7 (495) 232 96 89
Fax: +7 (495) 956 19 02

Registrar

JSC Reestr 20 B. Balkansky Lane, bldg. 1, Moscow 129090, Russia

Tel.: +7 (495) 617 01 01
Fax: +7 (495) 680 80 01

Email: reestr@aoreestr.ru

Website: www.aoreestr.ru

Contacts for employees and potential employees

Dmitry Borodich
HR and Social Policy Director

Tel.: +7 (495) 231 31 15

Email: info@phosagro.ru

Contacts for media

Andrey Podkopalov
Director of Information Policy

Tel.: +7 (495) 232 96 89, ext. 26 51

Timur Belov
Head of Information Policy Division, Press Secretary

Tel.: +7 (495) 232 96 89, ext. 26 52
Email: pr@phosagro.ru

Sustainability contacts

Sergey Kudryashov
Head of Sustainable Development Department

Tel.: +7 (495) 231 27 47
Email: esg@phosagro.ru