

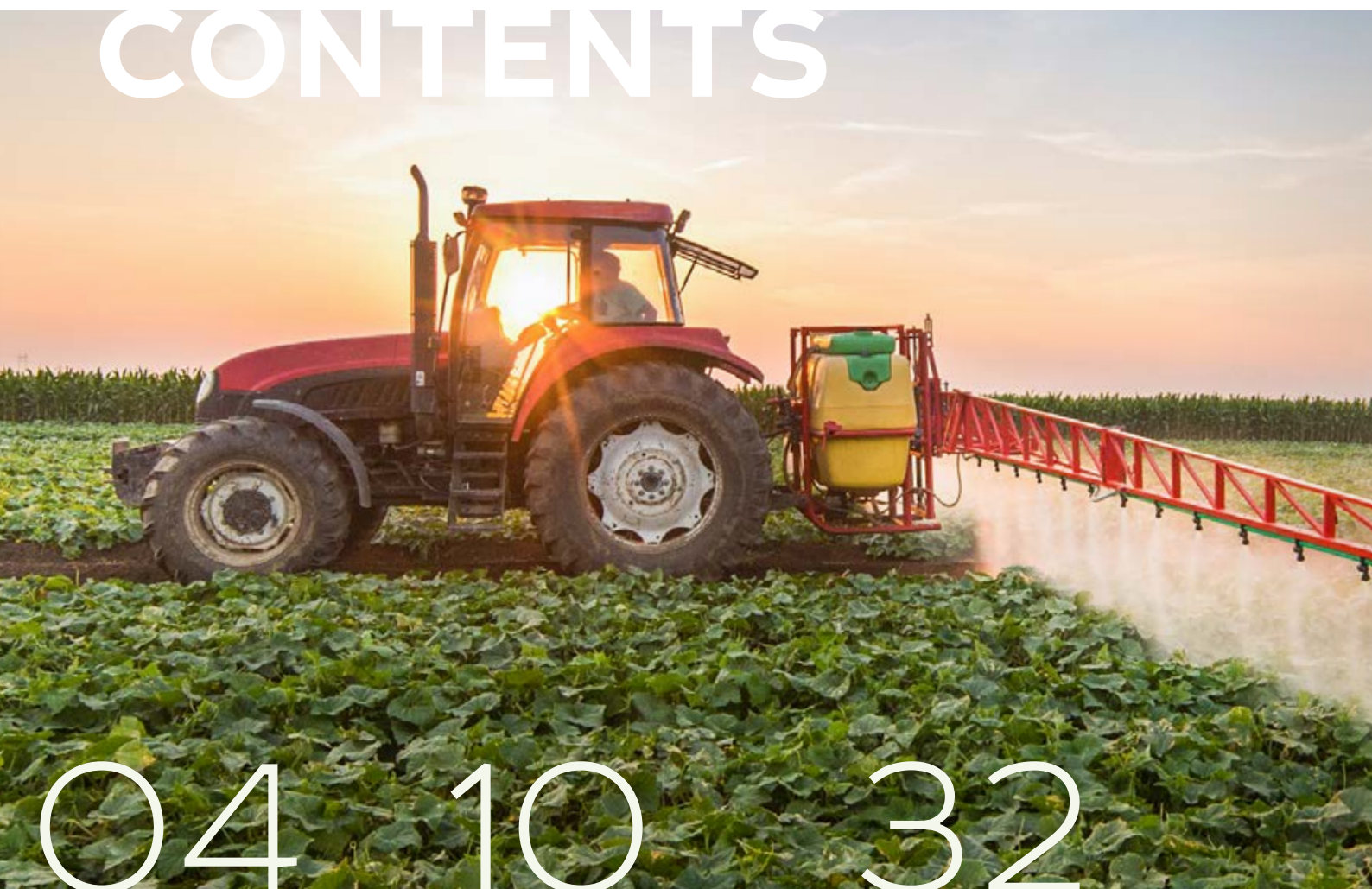


GROW PRO

2020 INTEGRATED REPORT



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

PhosAgro is a vertically integrated Russian company and one of the world's leading producers of phosphate-based fertilizers.



TCFD Report 2020 PhosAgro's climate-related disclosures

(stand-alone document)

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ABOUT THIS REPORT

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The 2020 integrated Annual Report of PJSC PhosAgro (the Company, 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 30 April 2020. The Report highlights how we integrate ESG principles into everything we do.

102-49

BOUNDARIES

This Report provides insight into the performance of parent company PhosAgro and its subsidiaries (jointly referred to as "PhosAgro Group" or the "Group"). The key subsidiaries of the Group and PhosAgro's stake in these subsidiaries are presented in the Group's 2020 IFRS consolidated financial statements. There have been no significant changes to the Group's size, structure or ownership during the reporting period.

To ensure compliance with the materiality principle and comparability with historical data, the information on pages 103–193 and in our 2020 TCFD report discloses data on Apatit, including its branches and standalone business units, only. The disclosure does not include information on other companies that are part of the group to which Apatit and PhosAgro belong, except where there is a special comment.

In the report, GRI indicators are marked as follows:

GRI

STANDARDS

102-54 102-56

This Report has been prepared in accordance with:

- the Bank of Russia's Regulation on Disclosure of Information by the Issuers of Issue-Grade Securities No. 454-P,
- the Corporate Governance Code recommended for implementation pursuant to the Bank of Russia's Letter dated 10 October 2014,
- the Listing Rules of the Moscow Exchange,
- the Guide to Listing of the London Stock Exchange,
- the Disclosure Guidance and Transparency Rules of the UK Listing Authority,
- the GRI Standards (Core option),
- the AA 1000 and ISO 26000 standards.

Financial results have been disclosed in line with the audited IFRS consolidated financial statements.

Appropriate disclosure of qualitative and quantitative information prepared in accordance with the GRI Standards (sample information) has been assured in accordance with the International Standard on Assurance Engagements (ISAE) 3000 (Revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information. An independent auditor's report by JSC PricewaterhouseCoopers Audit (JSC PwC Audit) on the results of the audit, which provides limited assurances regarding the sample information, is given in the Appendix to this Report. JSC KPMG audited the IFRS financial statements.

In preparing this Report, PhosAgro followed the standards and requirements of the Carbon Disclosure Project (CDP), the International Integrated Reporting Council (IIRC), and the Task Force on Climate-Related Financial Disclosures (TCFD). The Company takes into account and implements global best practices in sustainable development.

MATERIAL TOPICS

102-32

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102-44

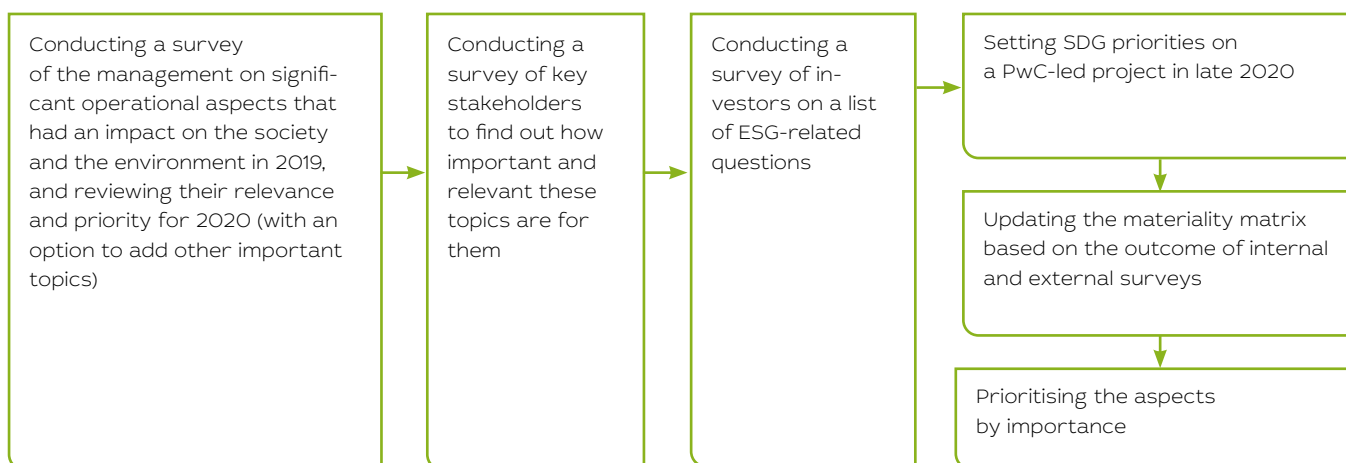
102-47

In preparing this Report, we focused on aspects that have a material impact on PhosAgro's business and value creation and are relevant for all stakeholders.



Any questions or recommendations from stakeholders can be emailed to ir@phosagro.ru.

Steps of defining material topics



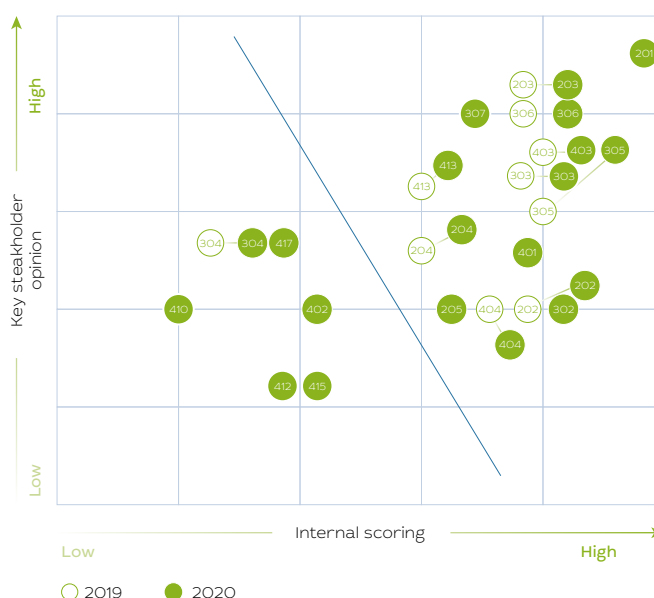
Having the final matrix of material topics approved by the Board of Directors.

Identification of stakeholders and significant topics

Name of indicators

Important	Economic	Not Important
201 Economic performance		
202 Market presence		
203 Indirect economic impacts		
204 Procurement practices		
205 Anti-corruption		
Environmental		
302 Energy		304 Biodiversity
303 Water and effluents		
305 Emissions		
306 Effluents and waste		
307 Environmental compliance		
Social		
401 Employment		402 Labour/management relations
403 Occupational health and safety		410 Security practices
404 Training and education		412 Human rights assessment
413 Local communities		415 Public policy
		417 Marketing and labelling

Materiality matrix





CASE STUDY NAVIGATOR ON UN SDGS

We directly promote 11 out of the 17 UN sustainable development goals

2 ZERO HUNGER



3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



6 CLEAN WATER AND SANITATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



12 RESPONSIBLE CONSUMPTION AND PRODUCTION



13 CLIMATE ACTION



15 LIFE ON LAND



17 PARTNERSHIPS FOR THE GOALS



LETTER FROM IRINA BOKOVA, CHAIR OF THE BOARD OF DIRECTORS' SUSTAINABLE DEVELOPMENT COMMITTEE



IRINA BOKOVA
Chairman of the PhosAgro
Board of Directors' Committee
on Sustainable Development

The UN Sustainable Development Goals (SDGs) were developed to address the challenges faced by humankind. Each SDG relies on rigorous studies that have identified such potential consequences of these challenges that no one will remain uninvolved.

It is obvious that SDGs are global in nature and are relevant to all countries, people, institutions, companies, etc. It is also clear that they receive attention

from investors and consumers of our products, as people want to enjoy a clean environment and expect companies to supply safe foods and products.

Businesses, including those in Russia, are set to play a key role in achieving the Goals. Such insight gave rise to the Global Compact, the largest association of businesses seeking to implement the SDGs. Its mission is to make sure that businesses adhere to and deliver on the Global

Compact's 10 principles in the areas of human rights, labour, environment and anti-corruption, as well as contribute to achieving the SDGs. Importantly, Russian companies are actively joining its ranks, while some of them, like PhosAgro, are among the few LEAD businesses in the world.

Joining climate change initiatives was a trend among companies in 2020. Industry leaders define and endorse science-based targets to cut GHG

emissions, develop roadmaps to meet them and undertake to file reports on their activities in this area. PhosAgro is no stranger to this. In December 2020, the Board of Directors approved the Climate Strategy and the plan for low-carbon transition to 2028. We are delighted to present our first separate report on climate related aspects of our business under the framework developed by the Task Force on Climate-related Financial Disclosures (TCFD).

The ESG agenda can be called a driver of sustainable business transformation. As part of the Company's Development Strategy to 2025, we are seeking to contribute to 11 UN SDGs, keeping a close eye on our progress. This report is intended to give a clear view of how we integrate these SDGs into the Company's strategic priorities and operations.

Setting UN SDG priorities

In 2020, we prioritised the UN sustainable development goals, which the Company promotes

The approach:

- We identified the key areas of impact on the society and the environment by PhosAgro as a mining and processing company, based on academic and industry articles and reports.
- For each area identified, we compiled a list of goals and indicators that are used to measure and report on the impact of mining and processing companies (with a focus on phosphate mining and fertilizer production) on the society, including the UN SDGs, GRI, UNCTAD, and Social Life Cycle Assessment and SDG Compass.
- We matched the list of goals and indicators with the categories and principles of responsible investment (including Green and Social Bonds, Sustainable Bond Guidelines, Green Loan Principles, Sustainability Linked Loan Principles).

- We matched the list of goals and indicators with material topics for PhosAgro Group's key stakeholders, and conducted interviews with responsible divisions to prioritise the impacts.

Project results:

- A list of priority impact areas was compiled
- The list of priority SDGs was updated to reflect the identified impact areas
- A list of priority SDG objectives was compiled
- For each objective:
 - The measures being taken by Company were indicated
 - The management approach was described
 - The Company's obligations were defined
 - The quantitative targets were selected
 - The relevant GRI indicators were defined



For more information on how we set UN SDG priorities, see the Sustainability section of the Company's website













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

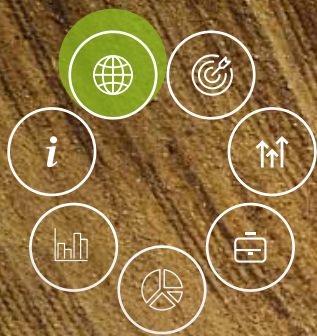


PRIORITIZATION RESULTS

Prioritization result	SDG	Issue number	Impact on stakeholders	Read more in the report
Priority SDGs impacted positively by the Company				
Expanding the use of fertilizers which, due to their natural composition (zero/minimum concentration of radionuclides and heavy metals), minimize potential adverse impact on human health	12 RESPONSIBLE CONSUMPTION AND PRODUCTION 	12.4	direct	p. 24, 62, 104, 148
Strengthening the Global Partnership in favor of sustainable development complemented by partnerships with the involvement of multiple stakeholders who mobilize and share knowledge, expertise, technologies and financial resources in order to support the achievement of the Sustainable Development Goals in all countries, especially developing ones	17 PARTNERSHIPS FOR THE GOALS 	17.3	direct	p. 98, 148, 312
Improved infrastructure, telecommunications, road network, power and water supplies, improved access to health care and education	6 CLEAN WATER AND SANITATION 	6.1	direct	p. 24, 148, 180, 312
	9 INDUSTRY, INNOVATION AND INFRASTRUCTURE 	9.1		
Use of fertilizers boosts food production and contributes to the availability of nutrients required for human health	2 ZERO HUNGER 	2.4	indirect	p. 24, 54, 98
Positive impact on the infrastructure development and demographic changes in the regions of presence	11 SUSTAINABLE CITIES AND COMMUNITIES 	11.3	indirect	p. 24, 180
Fertilizers play an important role in improving the quality of soils – natural absorbers of greenhouse gases	13 CLIMATE ACTION 	13.1	indirect	p. 24, 66, 98, 104, 148
		13.2		
Support of employment	8 DECENT WORK AND ECONOMIC GROWTH 	8.3	direct	p. 24, 116, 134, 180
Development of skills of both employees and the younger generation	4 QUALITY EDUCATION 	4.4	direct	p. 98, 116, 180

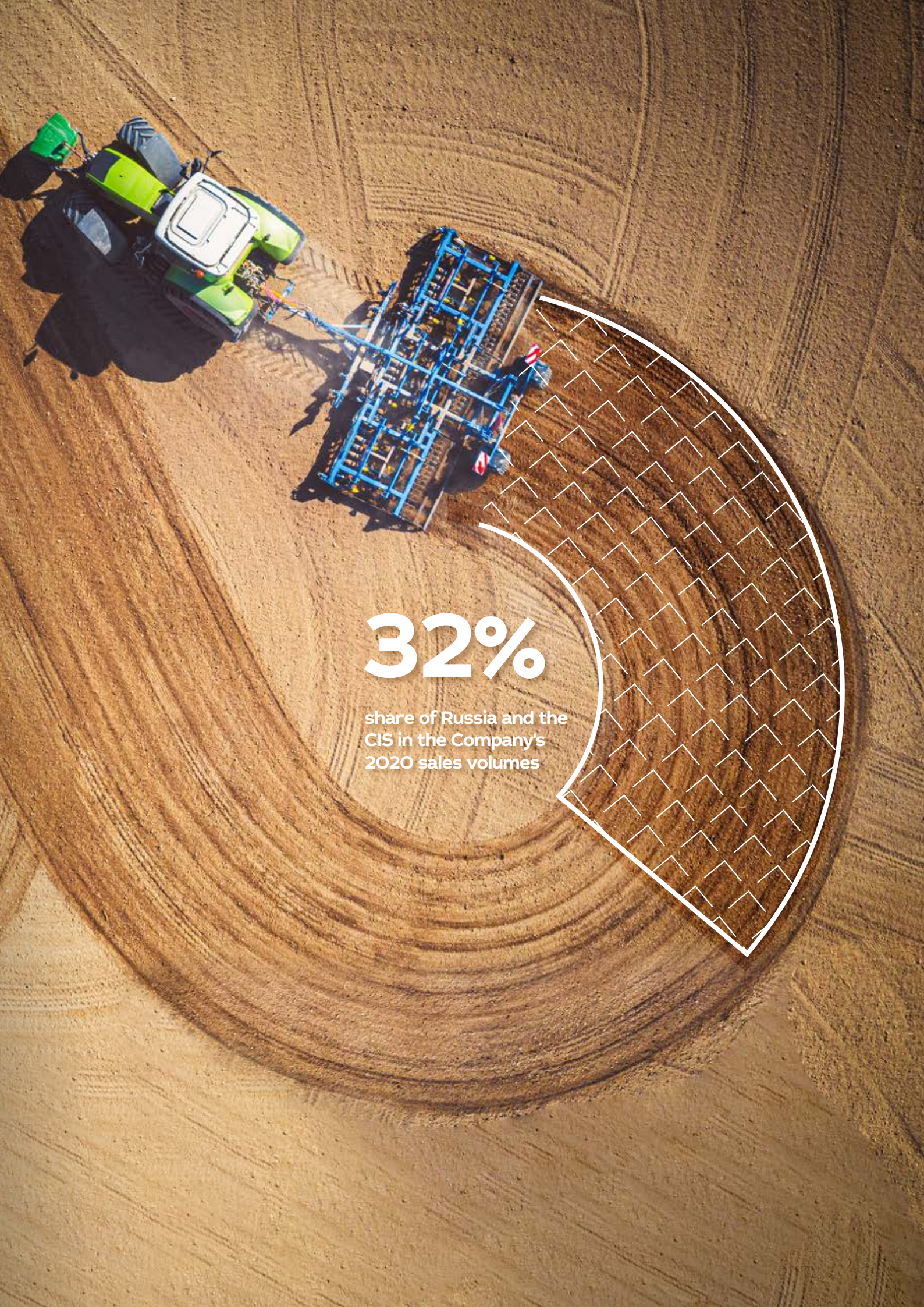


Prioritization result	SDG	Issue number	Impact on stakeholders	Read more in the report
Priority SDGs for which the Company minimizes its adverse impact				
Inflation, price rise and limited accessibility of housing for workers not involved in the mining industry; long-term depopulation, income differences, prevalence of jobs for unskilled and low-skilled employees		8.3	indirect	p. 24, 116, 134, 180
Environmental impact caused by improper use of fertilizers: agriculture-related emissions of greenhouse gases, degradation of natural ecosystems, drains, leaks and contamination, bogging of fresh-water bodies and loss of biological diversity		6.3	indirect	p. 24, 98, 105, 148
		12.4		
		15.1		
Air emissions (including greenhouse gases and solid impurities in the atmosphere) affect the health condition		3.4	direct	p. 24, 98, 105, 116, 134, 148, 180
		3.9		
		13.2		
Harsh working conditions, health impacts for workers, risk of fatalities and industrial accidents inherent in the mining industry		8.5	direct	p. 24, 116, 134, 180
		8.8		
Discharges may cause pollution of surface and ground waters, soils, and may also affect the ecosystem functioning		6.3	direct	p. 24, 98, 105, 148
		12.4		



Company profile

PhosAgro saw record-high sales in Russia – its key market. PhosAgro-Region's total fertilizer supplies to Russian farmers grew by over 12% to exceed 3.5 mln t. Of that, more than 80% (2.9 mln t) was PhosAgro's products, which is 8% higher year-on-year. This cemented the Company's undisputed leadership in the Russian market by total volume of supplies.



32%

share of Russia and the
CIS in the Company's
2020 sales volumes



COMPANY MISSION

102-16

PhosAgro is a vertically integrated Russian company and one of the world's leading producers of phosphate-based fertilizers. Our eco-efficient products help farmers from 102 countries on all inhabited continents to improve their crop quality and yields.

Russia is the priority market where the Company leads the charge in supplies across fertilizer categories.

- PhosAgro acknowledges its responsibility for the global food security and efficiently works towards this cause.
- PhosAgro offers high-grade environmentally friendly fertilizers as well as delivery services and efficient application solutions. We work for those who feed the world.

OUR MISSION:

CARING
FOR EARTH FERTILITY
FOR PROSPEROUS
LIVES





ZERO HUNGER

PhosAgro pays special attention to SDG 2, i. e. achieving world food security, an even more pressing issue in light of the COVID-19 pandemic.

We supply fertilizers with no dangerous to human health toxic substances to the key Russian market and 102 other countries around the world, and are fully aware of our responsibility for efficient and safe agricultural production.

Our eco-efficient fertilizers help preserve the natural fertility of soils and prevent them from being degraded, which is one of the key obstacles to fighting hunger (as 52% of farm soils face moderate or severe degradation, according to the UN).

PhosAgro became the first Russian company chosen by the UN Food and Agriculture Organization (FAO) to run a global soil protection initiative. PhosAgro Group will invest USD 1.2 million in this project.

In partnership with FAO, PhosAgro is promoting sustainable soil management among farmers and expanding the Regional Soil Laboratory Network (RESOLAN) in Africa, Latin America and the Middle East, which stands out as a unique and successful project, whereby the Russian business community could help developing countries to achieve SDG 2: Zero hunger.

The initiative is aimed primarily at creating regional soil laboratory networks across developing countries with an emphasis on assessing the quality and safety of fertilizers. PhosAgro plays a key role in the project as it develops a unified global framework to promote technology and know-how, including Russian practices, in sustainable land use and agriculture. This should help agricultural producers who use intensive farming practices to effectively grow crops without causing additional plant contamination or damaging ecosystems.



For more information on SDG 2, see the Commitment to UN goals section of the Company's website



GLOBAL PRESENCE.

PhosAgro is the world's leading producer of eco-efficient mineral fertilizers. We help farmers on all continents to improve their crop quality, thus promoting food security on a global scale.

ORGANIC GROWTH AND DEVELOPMENT.

The Company works continuously to improve production processes as it introduces innovative technologies designed to increase productivity and maintain the exceptional quality of our products.

INNOVATIVENESS.

We look beyond production and marketing. Our aim is to build a logistics chain that extends from factory to fertilizer application, and to provide a wide range of farm-related services, including agricultural distribution centres and digital field systems. Our customers – from large agricultural companies to private farms – have our support throughout the course of their business.



VISION

ECO-EFFICIENT.

As part of our efforts to keep our products eco-efficient and protect the environment through the use of advanced technology, we zealously hone our green chemistry and biotechnology expertise and improve production processes in order to mitigate the environmental impact.

FOCUS ON PEOPLE.

Our employees are the heart and soul of the Company. We help them to maintain the right work-life balance and grow professionally. Their living standards, prosperity and personal development are at the forefront of our agenda.

SOCIAL RESPONSIBILITY.

The Company operates responsibly across its footprint, improving the lives of communities and promoting a healthy lifestyle, decent work, entrepreneurship opportunities, personal growth, physical well-being, and learning for children and adults. The Company's endeavours to restore and enhance Russian national traditions and underpin Orthodox Christian values is a driving force for the prosperity of the nation and its people.

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

IMPROVEMENT AND INNOVATION.

Development is ongoing at PhosAgro, with every procedure relentlessly improved and refined

EXPERTISE.

Everyone at PhosAgro is a qualified professional in what they do

**RELIABILITY.**

We always honour our obligations and are a reliable partner

**ETHICS.**

We support human integrity, fostering moral standards and ethics, spiritual values, dedication at work, and respect for family values

**SAFETY.**

We promote and share a safety culture within the Company to ensure safe working conditions





KEY ACTIVITIES IN 2020



SENIOR MANAGEMENT



✓ Siroj Loikov was appointed First Deputy CEO of PhosAgro. In his new position, Mr Loikov will coordinate the work of the Group's headquarters in Moscow, its management company in Cherepovets and the Company's production sites.



✓ Mikhail Rybnikov was appointed executive director and will focus on the integration of production, logistics and sales, further improvement of the economic efficiency of production and supply processes and cost management.



✓ Institutional Investor, a leading global financial publication, named PhosAgro the Most Honoured Company and recognised members of its senior management team as the best in the EMEA chemicals sector.



✓ Apatit was awarded a prestigious prize for the Tax Project of the Year sponsored by PwC Russia and the Russian Union of Industrialists and Entrepreneurs (RSPP). The award ceremony for the 2020 Corporate Tax Awards was held as part of a RSPP congress.

OPERATING ACTIVITIES



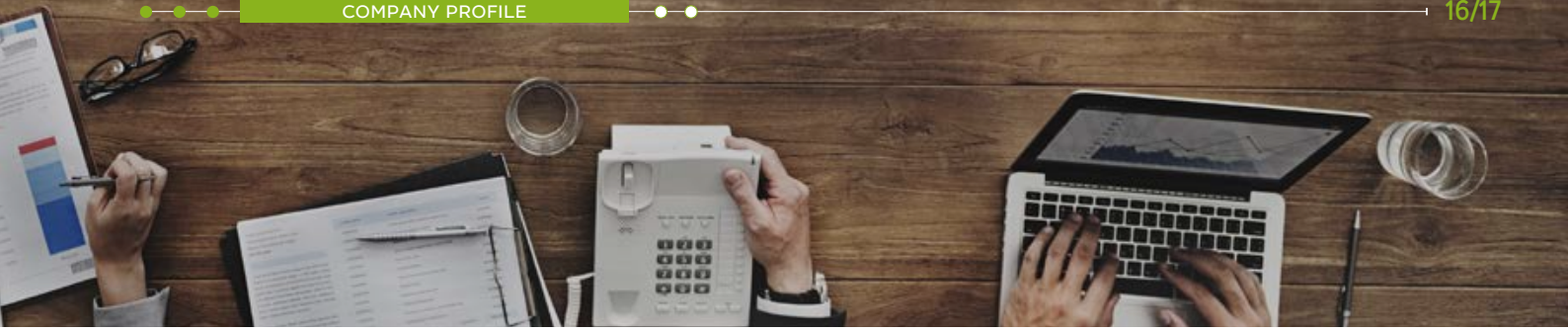
✓ For the first time in its 20-year history, PhosAgro increased its total sales of mineral fertilizers to Russian farmers to 3.5 mln tonnes. The Group remains the leader in the total volume of supplies of all types of mineral fertilizers to Russian farmers, according to the Russian Association of Fertilizer Producers.



✓ PhosAgro was awarded the Exchange Commodity Market Leader prize as the biggest seller in the Mineral Raw Materials and Chemical Products section in 2020. Amid a nearly 10-fold upsurge in mineral fertilizer sales, PhosAgro's sales of finished products on the SPIMEX spiked almost 20-fold to 80,000 tonnes in 2020, with the number of supply locations increasing to 87. The Company accounted for 79% of the total volume of on-exchange sales in 2020, almost doubling its share, according to SPIMEX.



✓ PhosAgro won the Grand Prix at the Russian Business Leaders: Dynamics, Responsibility and Sustainability Awards held by the RSPP. The Grand Prix has been awarded only twice in the history of the awards, and both times it has gone to PhosAgro taking more than half of the nominations.



PARTNERSHIP



PhosAgro joined the Association of Economic Cooperation with African states (AECAS). The Company and AECAS agreed to work together towards strengthening Russian businesses' foothold in Africa and implementing humanitarian and educational programmes on the continent. PhosAgro's sales of mineral fertilizers in African countries have been on the rise, reaching almost 600 tonnes in 2020, up 30% from the previous year.



PhosAgro joined the Social Charter of the Russian Business sponsored by the Russian Union of Industrialists and Entrepreneurs (RSPP).

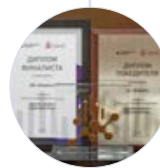


PhosAgro and the government of the Murmansk region signed a social and economic partnership agreement for 2020–2022 aimed at promoting sustainable social and economic development in the region, the cities of Kirovsk and Apatity as well as the Kirovsk branch of Apatit. The agreement calls for implementing joint investment projects, cultural and youth initiatives, developing social, sports and tourism infrastructure.



PhosAgro and the government of the Leningrad region signed a social and economic partnership agreement aimed at strengthening collaboration in implementing joint investment, social and charity initiatives, health, safety and environmental projects.

TECHNOLOGIES



PhosAgro, represented by Apatit, won the Chemical Business Index Award for Best Digital Implementation as a company that successfully applies digital solutions in production, management and trading processes. Apatit submitted its robotic process automation project for competition.



Russia's largest mineral fertilizer distribution network, PhosAgro-Region* (part of PhosAgro Group), and Exact Farming signed a cooperation agreement on the development of digital services for Russian consumers of PhosAgro's mineral fertilizers. The companies plan to jointly develop applications for remote monitoring, evaluating and improving the performance of mineral nutrition systems based on PhosAgro products, and for developing and distributing agronomic expertise.

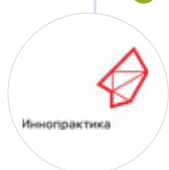


KEY ACTIVITIES IN 2020

(CONTINUED)



RESEARCH AND EDUCATION



PhosAgro, together with the Moscow Timiryazev Agricultural Academy and Innopraktika, established an applied academy-based research educational centre to train highly qualified personnel for the agro-industrial sector. This facility is the first in a series of educational centres planned to be launched by PhosAgro and Innopraktika at leading Russian agricultural universities. The centre will run industry-specific classes and stream them for agricultural students in the regions, thus helping to roll out best practices across Russia.



PhosAgro launched its YouTube channel named PhosAgro Pro Agro. It features the Company's agronomic service specialists and visiting experts who discuss advanced technologies and effective plant nutrition systems. Video clips will show how works are performed at PhosAgro's field trial stations and serve as guidelines on how to grow quality crops. The YouTube channel is integrated with an online trading platform, enabling agricultural producers to place orders for fertilizers right away.

SUSTAINABLE DEVELOPMENT



PhosAgro published its climate reporting for the second time. As a result, the Company's CDP rating was raised from C to B- (on an A-F scale, where A is the best possible score). The improvement is associated with ongoing work on the implementation of the Company's climate strategy, which includes development and analysis of climate scenarios, a climate risk assessment, emissions reduction targets and a low-carbon transition plan, as well as improved non-financial disclosure.



Major ESG rating provider Sustainalytics considerably improved its assessment of PhosAgro from 43.8 points to 26.9 points (medium risk). Sustainalytics rated PhosAgro's management of ESG-related challenges as "strong".



MSCI ESG Research upgraded PhosAgro's sustainability rating from BB to BBB. PhosAgro's updated rating is one of the highest awarded by the agency to a major Russian corporation.



PhosAgro Group was awarded an International Fertilizer Industry Association (IFA) 2020 gold medal for a responsible approach to production. The presentation of another IFA gold medal to PhosAgro highlights the Company's consistent commitment to continuous improvement and application of the best solutions in terms of energy efficiency and resource conservation, occupational health and safety and environmental protection.



PhosAgro was announced as a Global Compact LEAD participant for its ongoing commitment to the United Nations Global Compact and its principles for responsible business. The Company was identified as being among the most highly-engaged participants of the world's largest corporate sustainability initiative.



The UN Food and Agriculture Organization (FAO) and PhosAgro launched a joint Soil Doctors Programme in sustainable agriculture. The programme is aimed at developing farmers' skills in sustainable soil management and establishing regional networks of soil laboratories in Africa, Latin America and the Middle East, with a particular focus on assessing fertilizer quality and safety. The project envisages creating soil testing kits and distributing them to 5,000 farmers in developing countries.



The Company's project to install a station for continuous automatic air quality control in Volkhov won a prize at the 8th Awards for Russian Leaders in Corporate Philanthropy. These long-standing awards for socially responsible businesses are organised by the Donors Forum, a coalition of major grantmakers in Russia.



For more information on key activities in 2020, see the Company News section of the Company's website



GEOGRAPHY

OUR GLOBAL OPERATIONS

102-2

102-4

102-6

PhosAgro operates mining and processing assets as well as its own logistics infrastructure, including two port terminals, along with Russia's biggest distribution network for mineral fertilizers and feed phosphates.

Global humanitarian projects on the map:

PhosAgro is FAO's strategic partner for the sustainable soil management initiative.

- We participate in developing the Soil Doctor Testing Kit to be distributed among 5,000 farmers in 30 countries in Africa, Latin America and the Middle East.
- We contribute to building GLOSOLAN, the Global Soil Laboratories Networks, covering more than 600 laboratories in over 150 countries.

PhosAgro initiated and is running the Green Chemistry for Life grant programme for young scientists sponsored by UNESCO and IUPAC.

- In eight years since the launch of the programme, the international jury has reviewed more than 700 applications from 120 countries; more than 40 scientists from 29 countries have received grants.

PhosAgro carries out joint agricultural research with the Russian Academy of Sciences and universities as well as foreign educational and research institutions such as the University of Milan, Adam Mickiewicz University in Poznań and Rothamsted Research.

- The research outcomes are shared with farmers from Brazil, Serbia, Poland, Lithuania, Latvia, Estonia, Russia, France, Germany, Italy and other countries.

BRAZIL

Holding companies

PhosAgro (Moscow)
PhosAgro-Region (Moscow)

Ore mining and fertilizer production

Apatit (Cherepovets, Vologda region)
and its branches in:

- Balakovo (Saratov region)
- Volkhov (Leningrad region)
- Kirovsk (Murmansk region)

R&D

NIUIF (Cherepovets)

Distribution

The Company boasts a developed domestic sales network and trading offices in all key export markets, enjoying a strong market position in the premium European market. PhosAgro relies on a netback-driven sales model with a global presence.

PhosAgro-Belgorod (Belgorod)
PhosAgro-Volga (Nizhny Novgorod)
PhosAgro-Don (Rostov-on-Don)
PhosAgro-Kuban (Krasnodar)
PhosAgro-Kursk (Kursk)
PhosAgro-Lipetsk (Lipetsk)
PhosAgro-Orel (Orel)
PhosAgro-Stavropol (Stavropol)
PhosAgro-SeveroZapad (Cherepovets)
PhosAgro-Tambov (Tambov)
Trading House PhosAgro (Cherepovets)

71 regions

across Russia,
supplies to over

100 countries



PhosAgro South Africa (South Africa)
 PhosAgro Americas Representacoes e Negocios Ltda (Brazil)
 Phosint Trading LTD (Cyprus)
 Phosint Limited (Cyprus)
 PhosAgro Balkans S.R.L. (Romania)
 PhosAgro Asia (Singapore)
 PhosAgro Trading SA (Switzerland)
 PhosAgro Polska Sp.z o.o. (Poland)
 PhosAgro Deutschland GmbH (Germany)
 PhosAgro France SAS (France)
 PhosAgro Balkans DOO (Serbia)
 PhosAgro Baltic UAB (Lithuania)
 Representative office of PhosAgro-Region in Kazakhstan
 Representative office of PhosAgro-Region in Belarus



For more information
about our geographic
footprint, see the Company's
website

SOUTH
AFRICA

BUSINESS MODEL

UNIQUE PRODUCT – IMPORTANT MISSION



From Green Mine to Green Plate principle is key to Russian producers success in global food markets. Competitive pricing is yet another factor to place Russian eco-efficient agricultural products at the centre of the global consumer market.

James Rogers,

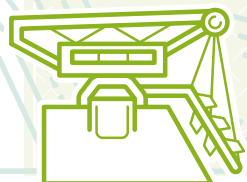
member of the Board of Directors, independent director

<1 mg Cd / kg P₂O₅

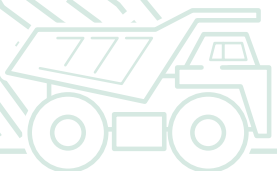
thanks to its magmatic origin, phosphate rock mined on the Kola Peninsula boasts exceptional purity

140.1 kg of CO₂-eq. / t
(-2.2% y-o-y) of Scope 1 GHG emissions

PhosAgro takes part in the Carbon Disclosure Project (CDP) to reduce greenhouse gas emissions.



RAW MATERIALS AND MINING



SUPPLIERS AND PARTNERS



INTERNAL LOGISTICS



PRODUCTION

✓ **1,820** mln t

Reserves (categories A + B + C1 + C2) of high-quality apatite-nepheline ore from igneous rock deposits

✓ **37.55** mln t

Apatite-nepheline ore extracted

✓ **12.3** ^{-10.5%} RUB bln

Cost of annual potash consumption

✓ **4.4** ^{-52.4%} RUB bln

Cost of annual sulphur and sulphuric acid consumption

✓ **12.3** ^{-2.3%} RUB bln

Cost of annual consumption of natural gas

✓ **4.8** ^{17.3%} RUB bln

Cost of annual ammonia consumption

✓ **8,400**

own fleet of railcars

✓ **15** ^{vs 2019} %

quicker railcar turnaround

✓ **30** ^{at 2019} %

reduction in the number of third-party mineral hoppers used due to quicker turnaround

✓ **11.7** ^{+0.1%} mln t

phosphate rock and nepheline concentrates, including 7.4 mln t of own (+2% y-o-y) consumption

✓ **7.6** ^{+4.4%} mln t

phosphate-based fertilizers and feed phosphates

✓ **2.4** ^{+6.7%} mln t

nitrogen-based fertilizers

✓ **0.2** ^{+12.3%} mln t

other products

For more details, see page 312 →

CREATING VALUE FOR STAKEHOLDERS



Sales under national brand

«GREEN STANDARD»

For more information on the Company's Strategy to 2025, see the Strategic Report section on page 54 →

102-2



PhosAgro is a supplier of eco-efficient products

RUB 253.9 bln

Revenue

**>100
countries**

Products effectively used in >100 countries with different climatic conditions



PhosAgro's international initiatives and programmes

EXTERNAL LOGISTICS



7.2 ^{+1.8%} **mln t**

fertilizer transshipment at ports

8% ^{at 2019}

lower unit cost of transshipment (USD/t)

22.0 ^{+1.1%} **mln t**

rail shipments

SALES



203.6 **RUB bln**

(phosphate-based products in domestic market – RUB 68.0 bln)

38.7 **RUB bln**

(nitrogen-based products in domestic market – RUB 7.2 bln)

11.6 **RUB bln**

OTHER (internal market – RUB 9.8 bln)

APPLICATION



52

fertilizer grades, including

12

with micronutrients

SAFE FOOD



Project with DANONE

to create forage grass and silage corn nutrition for the production of eco-friendly, premium quality milk

BUSINESS MODEL:

continued

GLOBAL DEMAND – GLOBAL RESPONSIBILITY



By adopting the climate and water strategies, the low-carbon transition plan and by expanding our list of priority SDGs, PhosAgro has once again demonstrated that the environmental and climate agendas are at the core of its day-to-day operations. We have designed our investment programme to upgrade production facilities and increase efficiency with the Company's environmental footprint in mind to help reduce direct GHG emissions.

Irina Bokova,

Chair of the Board of Directors' Sustainable Development Committee

REGIONS OF OPERATION

3 GOOD HEALTH AND WELL-BEING



Protection of the Company's employees, and support of healthcare and social institutions during COVID-19 in the cities where we operate. Total project spending in 2020 stood at

3
RUB bln

11 SUSTAINABLE CITIES AND COMMUNITIES



Spending on social programmes and charity totalled

4
RUB bln

13 CLIMATE ACTION



Following modernisation, the sulphuric acid plant at the Balakovo site can recycle steam to generate power and is now

80%
self-sufficient in electricity

RAW MATERIALS AND MINING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



PhosAgro has the world's largest fleet of remote-controlled deep drilling rigs

+10%
productivity increase

SUPPLIERS AND PARTNERS

12 RESPONSIBLE CONSUMPTION AND PRODUCTION



Code of Conduct for Counterparties and supplier ESG rating

>60 criteria
to assess ESG aspects

INTERNAL LOGISTICS

PRODUCTION

2 ZERO HUNGER



The Company launched production of granulated ammonium sulphate for both direct application and dry fertilizer mixtures. This is Russia's only large-scale granulated ammonium sulphate facility with a capacity of

110 ktpa

For more details, see page 6 →

UN SDGS NAVIGATOR



Global Compact LEAD



Information on PhosAgro's contribution, achievements, and other data is available on the UN Global Compact website's participant page

PhosAgro is among the most highly engaged participants of the world's largest corporate sustainability initiative



PhosAgro's sales of mineral fertilizers in Africa have been on the rise, growing in 2020 by

30%

PhosAgro's sales office in South Africa helps drive the Company's sales in the region



PhosAgro partners with FAO to improve farmer skills and launch a global network of soil laboratories in Africa, Asia, Latin America, and the Middle East Funding

**1.2
USD mln**

EXTERNAL LOGISTICS

SALES

APPLICATION

SAFE FOOD



Ambitious infrastructure initiative for long trains (over 70 railcars in length).

69%

of PhosAgro's total shipments in 2020



Over RUB 2 bln invested in the development of the Russian regional sales network. Mineral fertilizer supplies to Russian farmers in 2020

**3.54
mln t**



Soil Doctor project to promote sustainable agriculture. Participating in the project are

**5,000
farmers**

from around the world



PhosAgro has been consistently increasing the output of mineral fertilizers with micronutrients, with production growing from 524 kt in 2019 to 621 kt in 2020. In 2021, the Company will launch new grades to expand output

**2.7 times to
1.7 mln t**

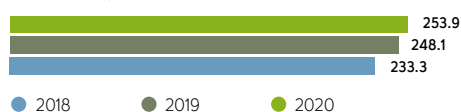


KEY INDICATORS

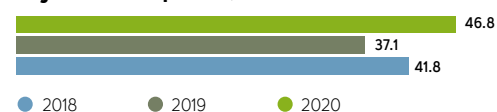
FINANCIAL HIGHLIGHTS

KEY INDICATORS

Revenue, RUB bln

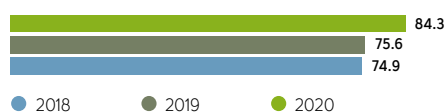


Adjusted net profit, RUB bln

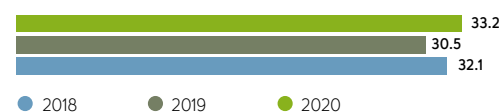


EBITDA AND EBITDA MARGIN

EBITDA, RUB bln

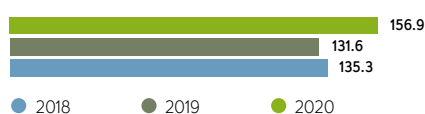


EBITDA margin, RUB bln

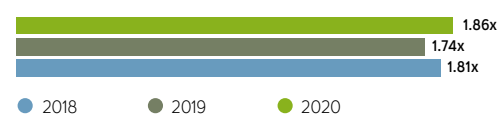


LEVERAGE

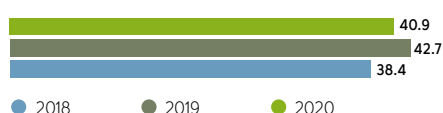
Net debt, RUB bln



Net debt / EBITDA

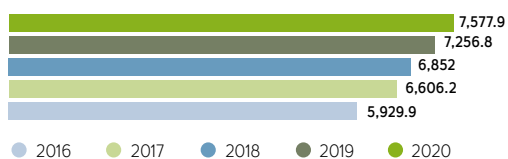
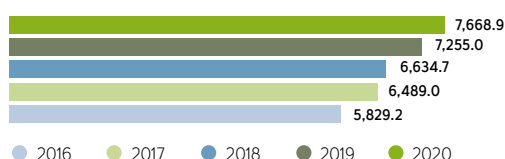
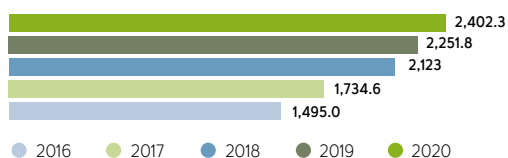
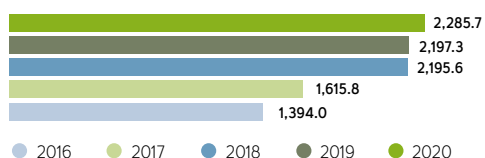


CAPEX, including capitalised repairs, RUB bln



Dividend payments, RUB bln

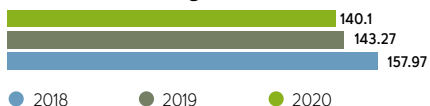


OPERATING
HIGHLIGHTSProduction of phosphate-based fertilizers
and feed phosphates, ktSales of phosphate-based fertilizers
and feed phosphates, ktProduction of nitrogen-based
fertilizers, ktSales of nitrogen-based
fertilizers, ktSUSTAINABLE
DEVELOPMENT
INDICATORS

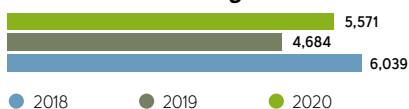
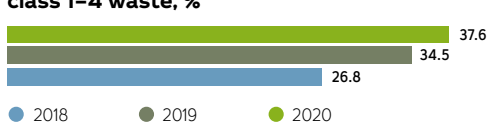
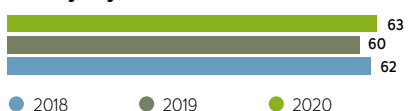
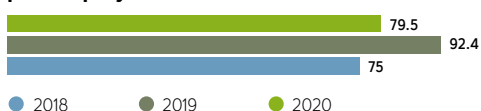
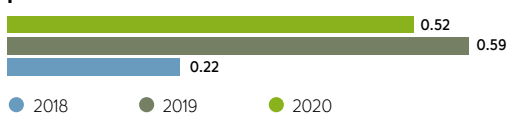
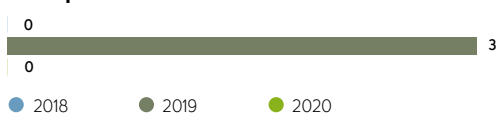
Pollutant emissions, kg/t



GHG emissions, kg/t



Waste water discharge, m³/t

Share of recycled and decontaminated hazard
class 1-4 waste, %Employee satisfaction
and loyalty, %Average annual training hours
per employeeInjury frequency rate
per 1 mln hoursWorkplace fatalities¹

¹ No cases of death as a result of occupational diseases were recorded.



INVESTMENT CASE AND CREDIT RATINGS

1

A GLOBAL PRODUCER OF HIGH-QUALITY PHOSPHATE-BASED FERTILIZERS



The largest supplier of DAP/MAP and NPK fertilizers in Russia. An extensive domestic sales network and trading offices in all key export markets. A strong market position in the premium European market. A netback-driven sales model with a global presence



ISO 9001:2015, ISO 14001:2015, OHSAS 18001, and GMP+ certifications that attest to the high quality of products and management efficiency throughout their life cycle

2

UNIQUE RESOURCE BASE AND SECTOR-LEADING MARGINS



A unique resource base with a mine life of around 60 years.



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



High-grade phosphate rock with a P₂O₅ content of 39% or higher.



Products exported to European Union customers have been registered pursuant to Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation and Authorisation of Chemicals (REACH)



The Company successfully passed a certification audit for compliance with the International Fertilizer Association's Protect and Sustain standard. The audit was conducted by SGS, the world's leading inspection, verification, testing and certification company



The technologies used at PhosAgro's production sites meet the highest global standards

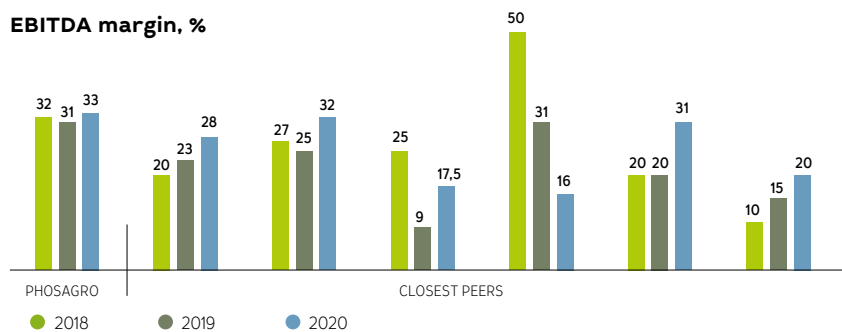


Self-sufficiency in major inputs: 100% in phosphate rock, 85% in ammonia, 95% in sulphuric acid.



One of the highest gross margins in the phosphate segment.

EBITDA margin, %





3

ECO-EFFICIENT
FERTILIZERS

417-1



GREEN STANDARD

The Company is working to make sustainable agriculture a reality by enhancing fertilizer production methods, improving properties and developing new grades of fertilizers.

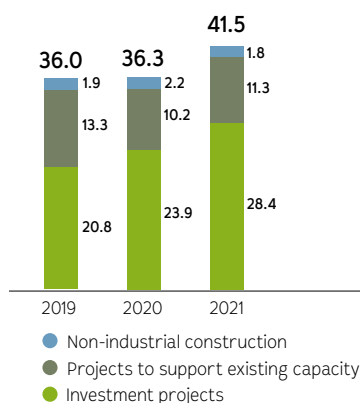
PhosAgro initiated and all members of the Russian Association of Fertilizer Producers supported the adoption of ecolabels for Russian-made mineral fertilizers. Green labelling guarantees that Russian-made mineral fertilizers conform to the most stringent international requirements for environmental safety, including the EU's recent restrictions on the content of heavy metals, such as cadmium, lead and arsenic, in fertilizers.

This brand has been officially registered in Russia as green labelling and will be submitted for international certification.

4

SOUND CAPITAL
ALLOCATION IN HIGHLY
EFFECTIVE INVESTMENT
PROJECTS

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

CAPEX breakdown, RUB bln¹

¹ Excluding capitalised repairs.

5

WELL-BALANCED
CORPORATE
GOVERNANCE

Transparent ownership structure with over

30%

of shares in free float.



7

(70%) independent non-executive directors on the Board of Directors.



6 Board committees

meeting on a regular basis with five of them chaired by independent directors.

Stable credit ratings, all investment-grade

	2018	2019	2020
S&P Global Ratings	BBB-	BBB-	BBB-
MOODY'S	Baa3	Baa3	Baa3
FitchRatings	BBB-	BBB-	BBB-

Increasingly higher ESG ratings

	2018	2019	2020
MSCI	BB	BB	BBB
CDP	F	C	B-
SUSTAINALYTICS a Morningstar company	n/a ¹	45.2 ¹	26.9 ¹
Percentile among all companies globally (100 for the worst performance, 1 for the best performance)	84	69	45
Percentile among all agrochemical producers globally (100 for the worst performance, 1 for the best performance)	n/a	31	3

¹ SUSTAINALYTICS materially amended its methodology in 2019. The indicators currently reflect the level of unmanaged ESG risks. The decrease in the absolute value of the score reflects a position improvement.



Strategic report

In terms of output, 2020 was a record-breaking year for PhosAgro. The long-term development programme allowed the Company to produce more than ten million tonnes of commercial products a year for the first time ever, while total fertilizer sales grew by more than 5%.



5.3%

Increase in sales volumes
in 2020



CHAIRMAN'S STATEMENT



PHOSAGRO'S RESPONSE TO COVID-19 CHALLENGES

In 2020, the global community faced one of its greatest challenges in decades: the COVID-19 pandemic. More than three million lives have been lost around the world, and over hundred million people have been infected. The world's economy contracted strongly.

PhosAgro reacted promptly to the first signs of this global pandemic by developing an action plan designed to protect the health of its employees and their families wherever the Company operates. Measures to minimise operational disruptions were swiftly put in place, including Industry-wide cooperative initiatives to maintain the global supply chain in the mineral fertilizer Industry and the wider agricultural economy. PhosAgro made a further contribution to the country's healthcare system

with its emergency PPE and testing kit procurement programme in the amount of more than RUB 3.5 bln.

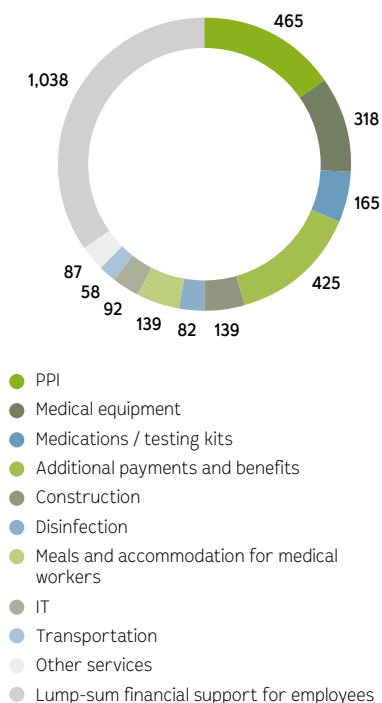
Our management team led by Andrey Guryev reacted swiftly to this crisis by putting in place an emergency COVID-19 action plan whilst continuing to successfully execute our 2025 Strategic Plan. On behalf of the Board, I would like to thank all our employees and contractors for their selfless dedication and hard work throughout the year and their contribution to the overall result.



3.0 RUB bln

purchasing the necessary equipment, protective gear and testing kits

COVID-19 prevention expenses, RUB mln





In 2020, the global community faced one of the greatest challenges in decades – the COVID-19 pandemic. In a matter of weeks, the normal course of events was upended to affect both individual industries and economies of entire regions.

STRATEGY

Responding to the challenges posed by the global pandemic, the Company maintained its focus on the implementation of the 2025 Strategic Plan, which was approved by the Board in the spring of 2019.

PhosAgro continued to strengthen its position as a global leader in the production of sustainable low-cost phosphate-based fertilizers. The Company met its objectives for 2020 to ramp up its production capacities and improve the long-term sustainability of its operations around the world and is on course to deliver a 25% increase in fertilizer and phosphate production by 2025. It completed its large-scale RUB 100 bln upgrade programme at the Cherepovets site. The SK-3300 sulphuric acid production line was fully commissioned. We also launched the Kryolite railway station. The first

Production of phosphate-based fertilizers and feed phosphates, mln t



Sales of phosphate-based fertilizers and feed phosphates, mln t



facilities of a new phosphate-based fertilizer plant under construction in Volkhov came on stream. In August, we completed another stage of the Balakovo mineral fertilizer plant upgrade.

As a result of all these improvements, the Company

was able to increase its fertilizer production by 5% year-on-year to 10 mln t.

Commercial expansion in the Company's priority markets was equally impressive: total mineral fertilizer sales to Russian farmers exceeded 3.5 mln t, a record



in the Company's 20-year history, helping to further consolidate its leading position in this strategic market. Total fertilizer exports increased by 4.2% to 7.1 mln t throughout the year, buoyed by the Company's investments in its sales and distribution network and the high quality of its sustainable fertilizers free from cadmium and other toxic substances that can damage human health.

Besides our investment in new projects and our corporate social responsibility programmes and thanks to the strong cash flows generated in 2020, the Board approved an increased dividend of RUB 39 bln, or 83% of adjusted net profit.

SUSTAINABLE DEVELOPMENT

The Company's strategic focus on sustainability and its long-term investment programme to support it certainly paid dividends in this most challenging year.

In 2020, the Company continued to improve on its strong sustainability ratings as assessed by Sustainalytics and MSCI ESG Research and maintained its contribution to the UN Sustainable Development Goals, as per our 2025 Strategy Plan. The United Nations once again named PhosAgro as a Global Compact LEAD company along with only 41 other businesses worldwide.

The Board of Directors also approved the Company's updated priority UN Sustainable Development Goals (SDGs), adding SDG 13 (Climate Action) to the list of ten previously approved goals. This is in line with the Group's Climate and Water strategies and the low carbon transition plan. Efforts in reducing GHG emissions will focus on cutting emissions at PhosAgro sites across its entire production chain, as well as on energy efficiency measures at the Company's production and infrastructure facilities. In 2020, the Company's CDP rating was raised to B-, further confirming the progress made in combating climate change.



B-

CDP rating raised

CORPORATE GOVERNANCE

PhosAgro's Board remains committed to reviewing the Company's corporate governance practices from time to time to protect investors and ensure adherence to the highest standards of corporate governance, including disclosures and director independence. Throughout what was no doubt a challenging year for all, PhosAgro's Board maintained a high degree of proactiveness and coordinated and supported to the management team to ensure efficient decision-making and the timely implementation of all necessary emergency measures to protect our employees and their families and maintain business continuity for the benefit



of the global agricultural supply chain. All individual mandates, including committee memberships and chairmanships, have been confirmed for 2021.

In keeping with best practice and upon the recommendation of our Audit Committee Chairman, Marcus Rhodes, the Board approved the Company's new IFRS auditor. I would like to take this opportunity to thank KPMG for their outstanding and highly professional service over the past 15 years and welcome PwC as our new audit firm.

THE YEAR AHEAD

Mindful of its obligations to commercial partners and farmers around the world and its responsibility to ensure food security in Russia and over 100 other countries with a reliable supply of its effective fertilizers, the Company

will remain focused on the execution of its 2025 Strategic Plan as it upgrades its facilities, continues to invest in sustainability and the safe operation of all its production assets. PhosAgro is well-positioned to further increase its share of the global market for sustainable fertilizers as the economic recovery takes a firmer hold worldwide, particularly in Asia, and the UN forecasts a 40% increase in the world's population by the end of the century.

A handwritten signature in black ink, appearing to read 'X. Rolet', with a stylized flourish at the end.

Xavier R. Rolet,

Chairman of the Board of Directors
of PJSC PhosAgro



CEO'S STATEMENT

HEALTH AND SAFETY OF OUR EMPLOYEES AT THE FOREFRONT IN 2020

2020 was caught up in the COVID-19 pandemic. Amid this unmatched challenge, the health and safety of our employees, their families, and local communities in the regions where we operate remained at the top of our priorities. Thanks to our robust business processes, we were able to quickly adjust to the new operating environment while avoiding disruptions in production and sales of fertilizers in our key markets. In 2020, PhosAgro was leading the way in Russia in terms of safety of its employees and local communities, having taken unprecedented measures to fight the virus. Amid ravages wrought by COVID-19, we introduced ad hoc work practices, spanning from transportation of employees to their workplaces and special

access control at our production sites to creating a safe working environment. Dedicated production workload regulations and schemes ensuring the availability of key reserve personnel supporting continuous production facilities were created for any epidemiological scenario. More than 3,500 people of PhosAgro's 17,500 employees transitioned to work remotely.

Each facility established a response task force. Supported by the management of the Company and its subsidiaries and working in conjunction with highly qualified leading experts in virology and anti-epidemic efforts, the task forces helped us ensure that PhosAgro's feel safe at their workplace.

In addition to caring for our employees and their families, we actively assisted healthcare institutions across our footprint:

we purchased necessary equipment and protective gear such as oxygen concentrators, lung ventilators, disposable syringes, vacutainers and biomaterials, medical masks and infection prevention suits, disinfectants, as well as tests and reagents for express testing of our employees and residents of the regions where we operate.

It was through the teamwork and joint efforts that we managed to avoid COVID-19 outbreaks and maintain a safe and comfortable work environment at all of our facilities while at the same time ensuring uninterrupted supply of fertilizers to our customers.



Despite all the challenges and restrictions of 2020, PhosAgro has done more than simply adjusting to the new circumstances and demonstrating sustainably strong performance: we also delivered record-high production and sales of fertilizers, reached new milestones in our major strategic investment projects, and honoured our promises to investors. With 2020 marked by the COVID-19 pandemic, PhosAgro remained focused on the health of our employees and their families while also working to ensure food security for the Russian market. We have weathered the last year's hardships and lived up to all the challenges we faced.

STEADY PROGRESS TOWARDS STRATEGY TO 2025

2020 was an exceptionally successful year for PhosAgro, despite all the challenges caused by the COVID-19 pandemic. We met all the targets under our Strategy to 2025. In particular, we achieved sustainable growth in production by consistently upgrading existing facilities and adding new ones and also enhancing production efficiency throughout the year. In 2020, PhosAgro's output was up by 5% y-o-y, reaching 10.2 mt.

Fertilizer sales were also strong, rising by 5.3% y-o-y to almost 10 mt. Sales growth was driven by higher production volumes and stronger demand in our priority markets. Most importantly, we continued to strengthen our positions in Russia, which is a strategic priority for PhosAgro, with record-high sales of over 3.5 mt, up by more than 12% y-o-y.

Even during the pandemic, PhosAgro kept on implementing its major strategic investment projects as scheduled. In 2020, the Company completed a large-scale upgrade and re-equipment programme at the Cherepovets site worth over RUB 100 bln, which will more than halve our procurement of ammonium sulphate from external suppliers. We commissioned the SK-3300 sulphuric acid production line and launched traffic at the Kryolite railway station. In August 2020, we finished yet another stage of upgrading Balakovo's mineral fertilizer capacities. Our last year's efforts culminated in early 2021, when we completed the first stage of constructing an ammophos plant with a capacity of 231 ktpa in Volkhov and finalised unique repairs on main shaft No. 2, one of the Kirovsk mine's key ore drawing assets set to increase our output going forward.



Our CAPEX in 2020 reached

RUB 40.9 bln,
or

49%

of the EBITDA, precisely in line with our Strategy to 2025.

Notwithstanding the COVID-19 pandemic, we stayed on track. For years, PhosAgro has been successfully implementing its investment programme to generate free cash flow enabling us to finance our continued growth, increase our contribution to sustainability efforts, and deliver on our promises to investors.



OPERATIONAL AND FINANCIAL RESULTS

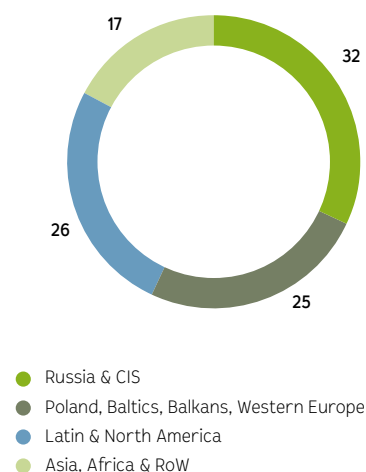
In 2020, the Company continued to ramp up production and increase its self-sufficiency in major inputs. PhosAgro's fertilizer output was up by 5% y-o-y, reaching to 10 mt. We delivered this growth by upgrading existing facilities and adding new ones and also enhancing production efficiency throughout the year. During the year, PhosAgro benefitted from a favourable market environment. Robust demand and high availability of fertilizers, coupled with limited global phosphate production, enabled us to increase sales by more than 5% y-o-y. As I have already mentioned, we achieved record-high sales in our key market, Russia. As a result, the domestic market share in our total supplies was up by 7.4% y-o-y.

Driven by sales growth, PhosAgro's revenue in 2020 increased by 2.3% y-o-y to RUB 253.9 bln (USD 3.5 bln). EBITDA grew by 11.5% to RUB 84.3 bln (USD 1.2 bln), while EBITDA margin remained strong at 33.2%, up by 2.7 pp y-o-y. In 2020, our free cash flow rose by more than half to over RUB 42 bln, hitting another record. PhosAgro's strong growth enhances our ability to deliver on all our existing obligations to partners and the public at large.

SUSTAINABLE DEVELOPMENT AS ONE OF THE PILLARS OF OUR STRATEGY

PhosAgro is a responsible producer of mineral fertilizers used in more than 100 countries across the globe. Sustainable development

Sales by market, %



is key to implementing our Strategy to 2025. All of our efforts are geared to creating value for our stakeholders and the public at large. 2020 was an important step towards our goals. PhosAgro's Board of Directors approved climate and water strategies and endorsed a low-carbon transition plan, including measures to cut emissions at the PhosAgro sites and across the value chain, as well as to enhance energy efficiency at the Company's production and infrastructure facilities.

In September 2020, the UN once again named PhosAgro a Global Compact LEAD company for its ongoing commitment to the Compact's principles in the areas of human rights, labour, the environment and anti-corruption activities. The Company was identified as being among the most highly-engaged participants of the world's largest corporate sustainability initiative. Today, there are only 41 LEAD participants globally.

PhosAgro joined efforts with the Russian Association of Fertilizer Producers to support the initiative on green labelling of products with improved environmental characteristics, with an emblem depicting a green wheat spike in a circle to confirm eco-friendliness of Russian-made fertilizers. This indicates the country's increased focus on food quality and security, which we are willing to support and guarantee.

Marking another milestone in 2020, PhosAgro launched a project to use renewable energy sources at its production and social facilities, with solar panels installed in Balakovo. In early 2021, PhosAgro increased green electricity use in agrochemical production after the Apatit mining and processing plant signed a contract for the supply of hydroelectric power from plants on the Kola Peninsula, which covered around 20% of its output. These initiatives are fully in line with PhosAgro's growth trajectory and the UN Sustainable Development Goals it pursues.

On top of that, the Company's numerous projects won recognition among the largest Russian and international organisations focusing on sustainable development. In October 2020, PhosAgro won the Grand Prix at the Russian Business Leaders: Dynamics and Responsibility Awards held by the Russian Union of Industrialists and Entrepreneurs. Of particular note is that the Grand Prix has been awarded only twice in the history of the awards, and both times it has gone to PhosAgro taking more than half of the nominations. Also in 2020, Sustainalytics improved PhosAgro's ESG rating from 43.8 to 26.9, which is one of the best scores among the largest fertilizer producers in Russia and beyond. In August 2020, MSCI ESG Research, another prominent sustainability firm, upgraded PhosAgro's rating to BBB. Later in December 2020, the Carbon Disclosure Project, one of the largest and most authoritative studies of companies in terms

EBITDA margin, RUB bln



GHG emissions per unit of output, kg/t¹

of climate responsibility metrics, raised PhosAgro's rating from C to B-. Having achieved appreciation on a global scale, we will keep evolving as we continue to deliver strong results for our stakeholders and the public at large.

OUTLOOK

2020 proved that PhosAgro is on the right track. Even during tough times, the Company demonstrated excellent performance and enhanced its potential for the benefit of our shareholders and all stakeholders while also maintaining its leadership in our key market, Russia. We will certainly continue our progress in 2021 by upgrading existing facilities and adding new ones in line with our investment programme. We strive to ramp up the output

of fertilizers with a proven track record in our home market and >100 countries across the globe. In 2021, PhosAgro will also stay focused on social and charitable programmes and sustainability initiatives.

I would like to thank all of our stakeholders, including employees and contractors as our joint efforts help us continue our journey and keep striving for more. We are entering 2021 with the confidence that together we can overcome any challenge to ensure sustainable and successful growth for PhosAgro.

Andrey Guryev,
General Director and Chairman
of the Management Board
of PJSC PhosAgro



EBITDA for 2020 grew by

11.5%



EBITDA margin stood at

33.2%

¹ Scope 1 GHG emissions per tonne of finished and semi-finished products.



BUSINESS ENVIRONMENT



COVID-19 PANDEMIC

DECEMBER 2019 – PRESENT

In 2020, the world faced an unprecedented challenge posed by the novel coronavirus (COVID-19). The virus first appeared in China at the end of 2019 and spread across the globe over the next couple of months. Countries had to close borders and introduce lockdowns to curb the outbreak, while healthcare systems strained under the pressure.

The crisis caused by COVID-19 is one of the most economically challenging since World War II. It has led to a significant drop in business and trade activity across global markets (especially during the first wave in March–May 2020) and brought about considerable

uncertainty over the near- and mid-term economic development prospects. The lockdown spurred massive social changes with consequences yet to be fully seen.

As the pandemic broke out, the mineral fertilizer market did not experience any major shocks. On the contrary, it was actively expanding, with the growth in fertilizer demand supporting the prices. Even under the tightest restrictions, many countries kept supplying and transporting mineral fertilizers to safeguard the agricultural chain. A key contributor to the planet's food security, our industry turned out to be less affected by the global crisis.



RUSSIA'S REVISED FOOD SECURITY DOCTRINE

JANUARY 2020

Russia's President Vladimir Putin approved the country's revised Food Security Doctrine. In addition to securing food independence, and accessibility and affordability of high-quality foods to every citizen nationwide, from now on increasing food exports will be among the doctrine's targets. In addition, the doctrine provides for boosting the yield of key crops and fertility of agricultural land, sustainable use of farm soils and for promoting land reclamation.

Competitive pricing is yet another factor to place Russian eco-efficient agricultural products at the centre of the global consumer market. According to Russia's Ministry of Agriculture, the share of crops to be supplied under the Green One brand will account for 10–15% of all agricultural exports by 2024.

LEGAL AND REGULATORY FRAMEWORK FOR THE GREEN ONE BRAND

MARCH 2020

The government introduced the first out of six packages of the national standard for production, transportation and storage of improved agricultural products, raw materials, and food. This includes introduction of GOST R 58658–2019 "Agricultural products, raw materials and food with improved environmental characteristics. Mineral fertilizers. General technical requirements".

On 17 March 2021, the State Duma of the Russian Federation adopted in the first reading a draft law On Agricultural Products, Raw Materials and Food with Improved Environmental Characteristics.



BUSINESS ENVIRONMENT

**TIGHTER
ENVIRONMENTAL
REGULATIONS
IN EU**





MAY 2020

The European Commission announced a new strategy, From Farm to Fork

The European Commission published targets on restricting the use of pesticides and sales of antimicrobials by 2030. These targets are listed in the draft strategy on promoting sustainable agriculture, From Farm to Fork, which the European Commission proposed to the European Parliament and the Council of the European Union.

Pascal Canfin, Chair of the Committee on the Environment, Public Health and Food Safety at the European Parliament, says that the targets should be transformed into the EU legislation.

In the next ten years, the use of pesticides is to be halved, and the use of fertilizers reduced by at least 20%.

The European Commission also seeks to lower the sales of antimicrobials by 50% and expand the share of organic farming to 25% by 2030.

In addition, the European Commission plans to develop a sustainable food-labelling framework to inform consumers about the climate, environmental, and social impact associated with production and consumption of a particular food item.

Another goal is to lower meat consumption and increase fruit and vegetable intake.

The strategy is aimed at developing sustainable agriculture to provide the world with nutritious and affordable food while minimising the climate and environmental impact.

MARCH 2021

The EU introduced new green labelling for fertilizers

The European Commission published guidelines for manufacturers and market regulators with information on eco-labels for mineral fertilizers. Suppliers of fertilizers with low levels of the toxic metal cadmium (less than 20 mg/kg) can now mark their products with a special green

label. The new labelling is set to help identify eco-efficient fertilizers.

This is the first step in the EU's strategy to restrict fertilizers with higher content of heavy metals, including cadmium. The respective regulation was drafted in 2016, but the European Parliament only adopted it in 2019 following long-running discussions. According to the document, fertilizer products

containing more than 60 mg cadmium per kg will be banned from the EU from spring 2022, and this limit will be further reduced in 2026 – to 40 mg/kg.



MARKET OVERVIEW



ECONOMIC FACTORS

GLOBAL ECONOMY

In 2020, the COVID-19 pandemic took the lives of nearly two million people, with the death toll continuing to grow. An even greater number of people suffered a severe disease form. The pandemic is expected to push nearly 90 million people into extreme poverty. Global economy is still recovering from the steep plunge it took in April 2020 amid the lockdown restrictions. However, due to the ongoing spread of COVID-19, many countries have slowed down the lifting of prohibitive prescriptions, while some other nations are reintroducing part of the lockdown restrictions to protect the most vulnerable groups of populations. The crisis caused by COVID-19 is one of the most economically challenging since World War II, as it led to a significant drop in business and trade activity across global markets (especially during the first wave in March–May 2020) and brought about considerable uncertainty over the near- and mid-term economic development prospects.

According to the IMF outlook¹, global economy will lose 4.4% in 2020, with a growth of 5.2% forecasted for 2021. That said, the scale and speed of recovery remain largely unknown. The IMF believes that industrial production in both advanced and developing economies will drop below the 2019 level. With its strong and resilient recovery rates, China stands out as one of the remarkable exceptions. According to the World Trade Organisation, global trade saw a sharp decline in the first half of 2020, comparable to the plunge experienced during the financial crisis of 2008–2009.

After the recovery in 2021, global growth rates are expected to gradually slow down to approximately 3.5% in the mid-term. This implies only limited progress toward catching up to the path of economic activity for 2020–2025 projected before the pandemic for both advanced and emerging market and developing economies. It is also a severe setback to the projected improvement in average living standards across all country groups.

¹ World Economic Outlook, IMF, October 2020



Evolution of global GDP, %

Countries	Actual										Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
World	5.1	3.9	3.4	3.3	3.4	3.2	3.2	3.7	3.6	2.8	(4.4)	5.2
Advanced economies	3.0	1.7	1.2	1.4	1.8	2.1	1.7	2.3	2.2	1.7	(5.8)	3.9
Emerging market and developing economies	7.4	6.2	5.1	4.7	4.6	4.0	4.3	4.7	4.5	3.7	(3.3)	6.0

RUSSIAN ECONOMY

In 2020, the Russian economy faced unprecedented challenges due to the suspension of business activity in an attempt to stop the spread of COVID-19, as well as the drop in oil prices and export demand. The pandemic crisis led to a significant fall in Russian GDP, record-breaking reduction of real disposable incomes, growing unemployment rates, slowdown in consumption and investment, and, finally, a “staggering” budget

deficit (as the Russian authorities put it themselves). Estimates of the pandemic scale and timeline changed throughout the year. To date, the range of forecasts and projections is still very broad.

According to the forecast by the Russian Ministry of Economic Development, the GDP decline in 2020 will amount to 3.9%, with a growth of 3.3% projected for 2021. The key assumption in the forecast

by the Russian Ministry of Economic Development is that of gradual global economic recovery, including the revival of foreign export demand. Oil and gas are not expected to dominate the export mix. The 2021 forecast also assumes the resumption of product and service imports (up by 10% in real terms) primarily driven by recovery in the service segment.

Russian economic growth

Item	Actual										Forecast	
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021F
GDP, %	4.5	4.3	3.7	1.8	0.7	(2.0)	0.3	1.8	2.5	1.3	(3.9)	3.3
Industrial production, %	7.3	5.0	3.4	0.4	1.7	(3.4)	1.1	2.1	2.9	2.3	(4.1)	2.6



KEY TRENDS IN THE GLOBAL FERTILIZER MARKET

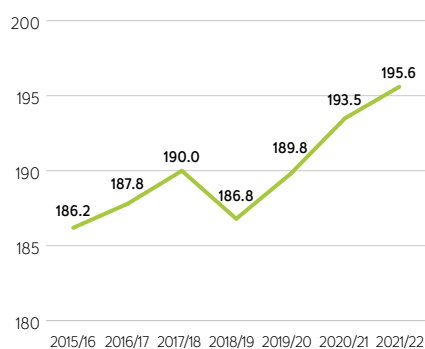
AGRICULTURAL MARKETS

Agricultural products, food and allied industrial goods, including fertilizers, are classified as strategic supplies, with COVID-19 having a limited impact on them. These goods benefitted from preferential supply terms during the lockdown. As a result, we saw an increase in trade volumes for both core agricultural products and fertilizers. Farmers from many advanced and developing economies received additional government subsidies designed to boost the resilience of supply chains in the agricultural sector. This had a positive effect on the global mineral fertilizer market.

HIGH LEVEL NUTRIENT DEMAND REVIEW

The International Fertilizer Association (IFA) expects¹ global fertilizer use to rebound by 1.6% to 189.8 mln t nutrient in 2019/20, following an estimated decline of 1.7% to 186.8 mln t nutrient in 2018/19.

Global fertilizer use, mln t nutrient



The rise in global fertilizer use in 2019/20 was led by India, where the monsoon brought abundant rainfall, and improved consumption in the US. In South Asia and North America consumption grew by ca. 6.0%, or 2.0 and 1.4 mln t nutrient respectively. Eastern Europe and Central Asia (FSU countries) registered a more than 10% (0.9 mln t nutrient) growth in 2019/20, mostly driven by higher consumption in Russia. Latin America and the Middle East saw an increase of 0.5 mln t nutrient, or 2% and 10% respectively. Fertilizer use remained almost stable in West and Central Europe (WCE) and Oceania

and was estimated to be down in Africa by some 0.2 mln t nutrient, or 2.4%. Lower consumption was also recorded in East Asia (down by 2.3 mln t nutrient, or 3.5%) primarily due to reduced demand in China, Indonesia and Malaysia caused by unfavourable weather conditions (drought) coupled with adverse trends in the palm oil market.

In 2020/21, IFA anticipates a 2% increase in global fertilizer use to 193.5 mln t nutrient despite the COVID-19 pandemic. Phosphorus (P2O5) consumption is expected to increase by 3%, compared with 1.6% for nitrogen (N) and 1.4% for potassium (K2O).

Several factors are contributing to greater fertilizer demand, including government measures to support agricultural producers and the mineral fertilizer industry, resilient crop prices, weakening of domestic currencies in large agricultural exporting countries, and favourable weather in key consuming countries.

Despite the overall growth in global fertilizer use, some countries are still experiencing difficulties due to logistics and other limitations related to the pandemic.

The World Bank, International Grains Council (IGC) and other industry organisations expect global production of grains and oilseeds to grow, with drivers including increases in cultivated land and crop yields across the key regions (in Brazil and the USA following a recovery from the 2019 challenges). Global output of rice rose slightly on expanded acreage in Asia, while wheat output remained stable.

South Asia (with an anticipated growth of 5.6 mln t nutrient) is expected to be the main positive driver of global fertilizer use in 2020/21, followed by North America and Latin America (0.5 and 0.7 mln t nutrient respectively) and Europe (0.5 mln t nutrient). Four regions could gain around 100,000 tonnes of nutrients each: EECA, Africa, Oceania and WCE.

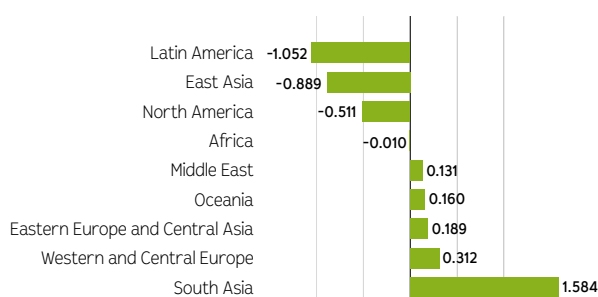
India will be the main contributor to global demand growth in 2020/21, including as a result of a favourable monsoon season in the second half of 2020. In Latin America, Brazil will be the main growth driver given an expected soy and corn acreage expansion. Further recovery in fertilizer use is anticipated in the USA and Canada, also as a result of expanded acreage. Russia is also expected to deliver stable growth in fertilizer use attributable to favourable conditions in the grains market.

¹ Executive Summary Short-Term Fertilizer Outlook 2020–2021 Market Intelligence and Agriculture Services International Fertilizer Association (IFA), November 2020.

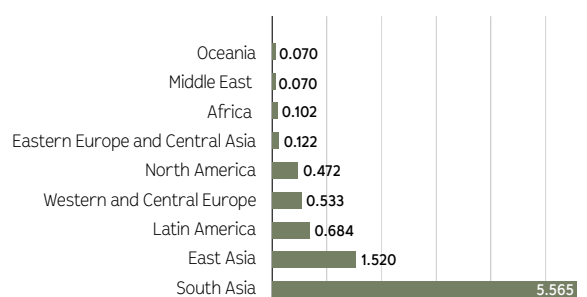
Global fertilizer demand, mln t nutrient

Nutrient	2019/20	2020/21	2019/2020, %	2020/2021, %
Nitrogen (N)	106.7	108.4	2.8	1.6
Phosphate (P ₂ O ₅)	47.1	48.6	2.6	3.2
Potassium (K ₂ O)	36.1	36.6	(2.7)	1.4
Total	189.9	193.6	1.7	1.9

Fertilizer consumption trends by region in 2019–2021, mln t nutrient



Anticipated changes in fertilizer consumption by region in 2020–2021, mln t nutrient



HIGH LEVEL NUTRIENT SUPPLY REVIEW

World fertilizer supply in 2020 remained relatively resilient globally. Despite uncertainties and new challenges related to the COVID-19 pandemic, global supply of ammonia, urea, MAP and potassium fertilizers was on a steady growth path, while both DAP and TSP production declined slightly.

Temporary shutdowns or closures of plants in the nitrogen and potassium market segments were balanced by the start-up of new facilities / ramp-ups. As for phosphate products, capacities remained almost unchanged compared with 2019. The key factors affecting the supply of fertilizers in 2020 included natural gas price volatility, notably in Europe, higher inflation, FX rate fluctuations, and new trade defence measures. In June 2020, US-based Mosaic

filed petitions with the country's Department of Commerce and International Trade Commission for countervailing duty investigations to determine whether producers of phosphate fertilizers in Morocco and Russia were receiving subsidies. In November 2020, the US Department of Commerce issued preliminary determinations on phosphate fertilizer imports, with rates ranging from 17% to 75% depending on the producer from Morocco or Russia. The investigations are expected to end with a final decision on the rates in Q2 2021.

According to IFA¹, despite the uncertainties associated with the COVID-19 pandemic, the output of raw materials demonstrated moderate growth. Estimates show that global output of ammonia, phosphate rock and primary potash was up by 1% each.

In 2020, global supply of the key nutrients – nitrogen, phosphate and potassium – was estimated at 253 mln t nutrient, up 0.7% year-on-year. Fertilizer demand (79% of total demand) was estimated at 191.4 mln t nutrient, up 2.2% year-on-year. Net industrial uses, non-allocated tonnages and distribution losses totalled 51.7 mln t nutrient.

Production capacities showed mixed performance in the key segments, remaining almost flat in phosphoric acid and increasing in ammonia and potassium. Overall global net capacity growth in the three segments was 5.4 mln t nutrients.

¹ Executive Summary Short-Term Fertilizer Outlook 2020–2021 Market Intelligence and Agriculture Services International Fertilizer Association (IFA), November 2020.



PHOSPHATE ROCK AND PHOSPHATE-BASED FERTILIZER MARKET

Phosphate rock

According to IFA's preliminary estimates, global production of phosphate rock in 2020 rose slightly, by 1% year-on-year, to 207.7 mln t following two years of contraction.

Exports of phosphate rock remained steady at around 30 mln t, with Morocco remaining the world's largest exporter (one-third of total exports). Jordan and other North African countries accounted for 18% and 14% of global exports respectively. The largest importers of phosphate rock were India (25%), Europe (23%) and Latin America (15%). Phosphate rock prices were growing gradually throughout 2020 amid favourable trends in phosphate-based fertilizer markets.

Phosphate-based fertilizers

According to preliminary estimates, global production of the main types of phosphate-based fertilizers (DAP/MAP) grew by 3% in 2020 to 64 mln t in real terms. MAP output increased by ca. 5% driven by higher production in Russia, Brazil, Morocco and the US, while DAP output grew by 2%, in particular as a result of reduced production in China and India caused by COVID-19 related restrictions.

Global trade in DAP/MAP in 2020 was 31.3 mln t vs 30.1 mln t in 2019. Imports of DAP/MAP to Latin America and South Asia (India) grew strongly, whereas supplies to the US shrank due to, among other things, the investigation opened to determine whether producers from Morocco and Russia, the key suppliers of phosphate-based fertilizers globally, were receiving subsidies. Exports of DAP from China declined in 2020 on the back of lower production/exports amid COVID-19 restrictions.

Global prices for the main types of phosphate-based fertilizers were mostly growing in 2020 supported by favourable conditions in the core agricultural product markets

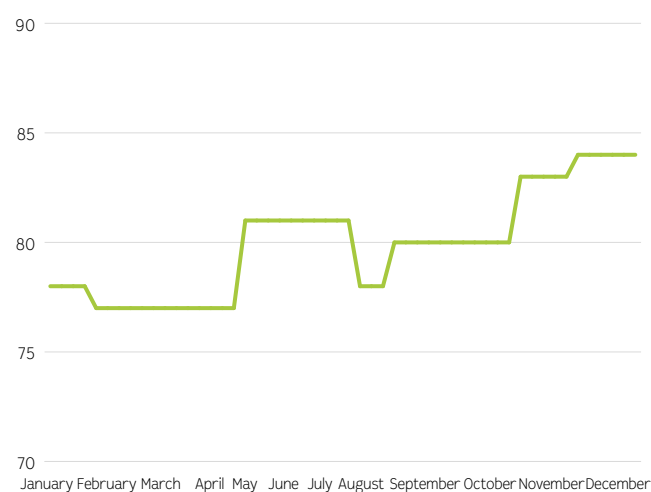
and high affordability of fertilizers as a result. Besides, the key markets enjoyed favourable weather conditions, which also contributed to higher seasonal demand in India, Brazil and the US. As DAP/MAP exports from China and the US reduced in favour of domestic supplies, this served as an additional driver of higher global prices.

AMMONIA AND UREA MARKET

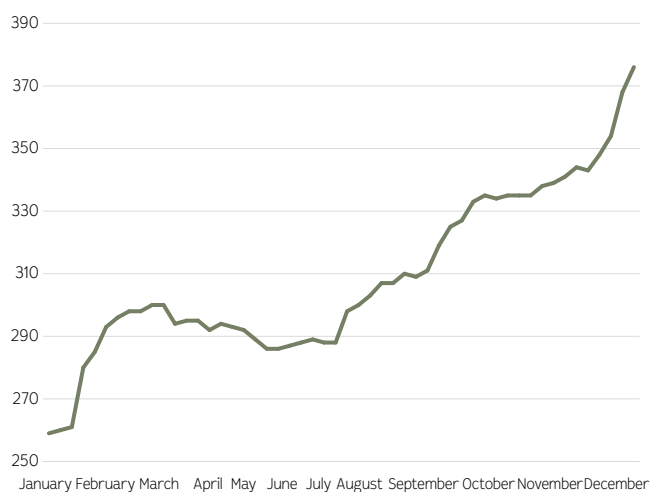
Ammonia

According to preliminary estimates, global ammonia production in 2020 expanded by 1.1% to 179.4 mln t, with Russia, the USA and Saudi Arabia among the main growth contributors. At the same time, ammonia production contracted in Latin America (with amplified idle capacity in Brazil, disruptions in natural gas supplies in Venezuela, and one of the plants shut down in Trinidad) and South Asia (due to disruptions in commodity supplies and fallout from COVID-19 in Bangladesh and India). Despite the closure of production capacities in Kuwait and trade sanctions imposed on Iranian products still

Phosphate rock prices, USD/t, FOB Morocco (32% P₂O₅)



DAP/MAP prices, USD/t, FOB Baltic



in force, ammonia production in the Middle East increased by 1% driven by growth in Saudi Arabia.

Global ammonia trade volumes in 2020 are estimated at 19.7 mln t, up 0.4% year-on-year. Russian exports account for 24% of world trade. The share of Trinidad and Tobago in global ammonia exports stands at 23%. There is also a notable rise in exports from Eastern Europe, Central Asia and North America. In 2020, contraction of ammonia imports was recorded in India, Mexico and Ukraine, whereas China, Morocco and the USA increased their imports. Pricing in the global ammonia market was influenced by low natural gas prices and decreased import activity in Q2–Q3 2020, including due to the impact from COVID-19. In late 2020, global ammonia prices began to recover on the back of stronger seasonal demand in the key merchant ammonia export markets.

Urea

Global urea production in 2020 increased by 2.8% to 181.7 mln t driven by growing volumes in Asia, Africa and North America.

China still ranks as the largest urea manufacturer in the world, with production in 2020 rising by 2.9% to 56.8 mln t. The only recorded contraction was in Latin America due to the suspension of production and disruptions in commodity supplies in Brazil, Bolivia and Venezuela.

Global urea trade volumes in 2020 are estimated at 52.2 mln t, up 3.4% year-on-year. This is due to a considerable increase in demand for imports in Brazil and other Latin American countries and continued demand from India, the world's largest urea importer. 2020 saw the resumption of urea exports from Ukraine driven by relatively low prices for natural gas and higher production volumes.

Global urea prices are traditionally highly volatile due to seasonal changes in the balance between demand and supply in the global market. The reduction of prices from April to June comes about as seasonal demand in the key sales markets (North America, Europe, China and Russia draws to an end, with recovery following on the back of higher import

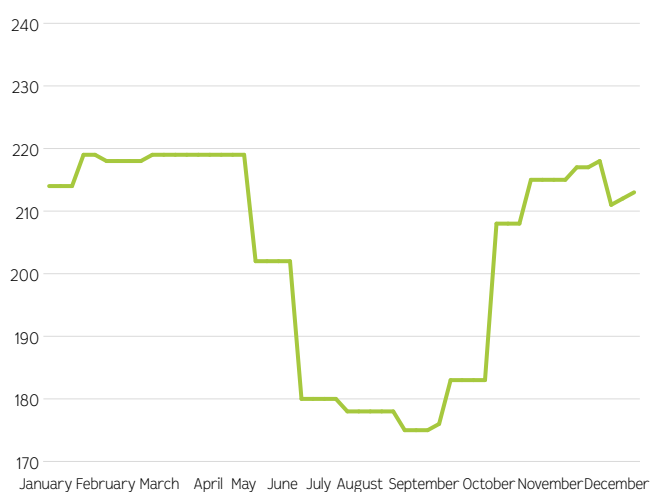
demand from India and Brazil, the leading urea consumers.

POTASH FERTILIZER MARKET

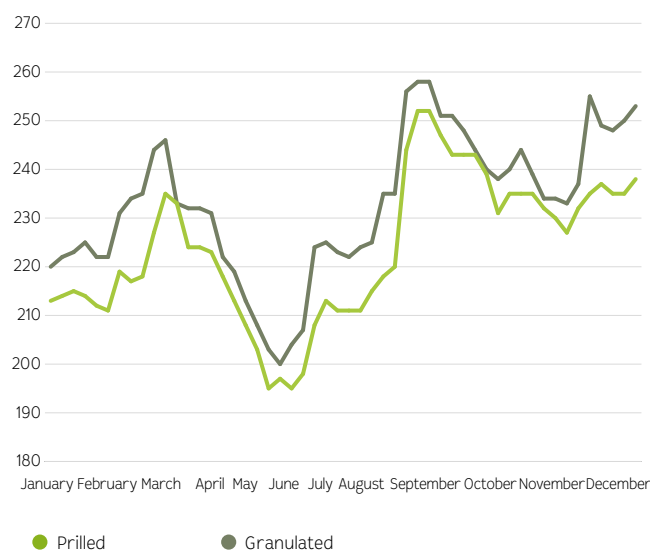
According to the preliminary IFA estimates, global production of potash feedstock in 2020 recovered by 0.8% to 42.1 mln t of K₂O, including as a result of higher demand from the key markets of North and South America and India. New capacity launches in 2020 had a limited impact due to the gradual ramp-up of new capacities.

Global trade volumes for potassium chloride, the key type of potash-based fertilizers, reached approximately 51.4 mln t in 2020, up 5.8% year-on-year. With favourable weather conditions and continued growth in the agricultural markets, the USA, Brazil and India increased their imports, whereas the key consumption markets in Asia (China, South East Asia) cut back on import demand, producing a negative on global prices, especially in the first half of 2020.

Evolution of merchant ammonia prices, USD per tonne, FOB, Baltic



Evolution of urea prices, USD per tonne, FOB, Baltic





THE COMPANY'S ROLE IN THE INDUSTRY



Nº 1

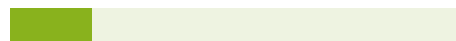
globally as a producer of
high-quality phosphate
rock (P_2O_5 content at 39%
and above)

**Share of the Company's supplies
in the key sales markets (share of DAP/
MAP/NPS/NPK supplies in total regional
imports, 2020 estimates), %**

Russia – 57%
(share of total supplies)



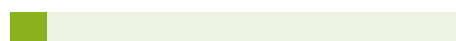
Europe – 18%



North America – 6%



Latin America – 8%



Africa – 10%



India – 12%



Sources: CRU, RAFP



№ 1

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



One of the top-5

global producers of DAP/MAP by capacity



100+

products supplied to countries covering all inhabited continents



Europe's largest producer of phosphate-based fertilizers¹

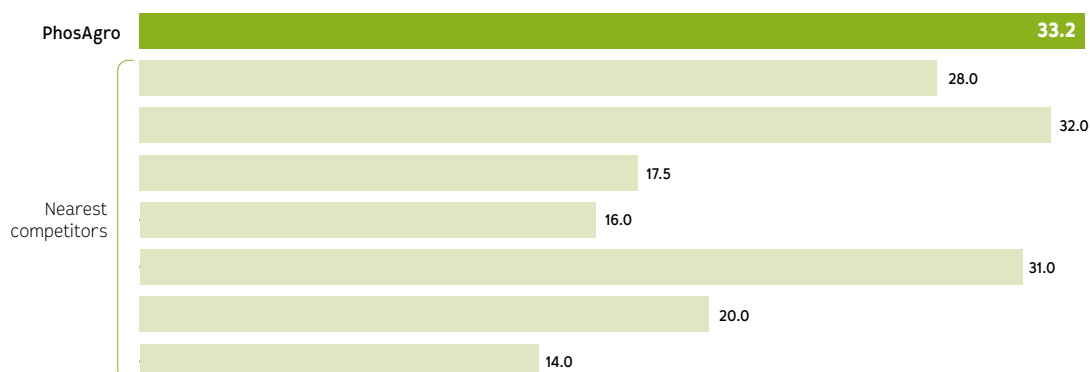


Leading supplier of all types of mineral fertilizers in the Russian market in aggregate terms



The only Russian and one of the leading European producers of feed phosphate (MCP) and liquid complex fertilizers

Peer comparison by EBITDA margin, 2020



¹ By total production capacity for DAP/MAP/NP/NPK/NPS.



STRATEGY TO 2025

2020 marked the beginning of a new strategic cycle, with the Strategy to 2025 approved by the Company in 2019. The new strategic cycle envisages construction of hi-tech production sites and ramp-up of fertilizer output to 11.7 mln t. Achieving this goal would be impossible without long-term investments in both expansion of production capacities and infrastructure projects.

In 2020, we saw clear progress towards the 2025 goals. In Q4 2020, main shaft at the Kirovsky mine was put into operation, with works ongoing to complete another critical resource development project – construction of the first start-up facility for the tenth horizon of the Kirovsky mine (with commissioning scheduled for late 2021). The ambitious projects launched to upgrade the sites in Balakovo and Volkhov will help increase in-house concentrate processing volumes and boost mineral fertilizer output.

PhosAgro is actively developing its logistics chains in a bid to become closer to customers. In 2020, the Company achieved interim targets against such metrics as the number of distribution and logistics centres, and storage capacity for solid and liquid mineral fertilizers. The completion of construction and start of traffic service at the Kriolit railway station marked an important milestone on the path towards the key goal in the realm of logistics – expansion of the Company's railway throughput capacity to over 16.5 mtpa. The Company is also firmly on track with other logistics goals from the Strategy to 2025, including acquisition of own rolling stock and development of port infrastructure.

Our objective is to set new standards for the industry in terms of product eco-efficiency as a way to promote public health, protect the environment, and prevent air and water pollution. We are integrating sustainability principles into all aspects of our operations. Adoption of the Climate and Water strategies in 2020 was an important step marking progress towards the ESG targets.



SUSTAINABILITY IS THE CORE PRINCIPLE INTEGRATED INTO ALL LINES OF THE COMPANY'S OPERATIONS

Sustainability principles are becoming a new parlance used by PhosAgro to communicate with all its stakeholders. In today's world, the Company cannot develop its strategy and look into the future without having a clear understanding of the UN sustainability principles.

STRATEGY PRINCIPLES

1.



Innovativeness

2.



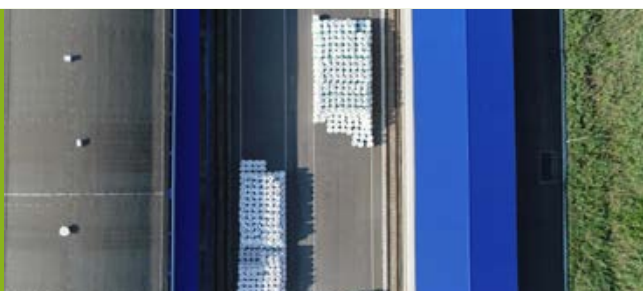
Vertical integration

3.



Digitalisation

STRATEGIC FOCUS AREAS

OPERATING EFFICIENCY
AND PRODUCTION
GROWTHLearn more
on the p. 58 →INCREASING
SALES IN PRIORITY
MARKETSLearn more
on the p. 64 →BOOSTING LOGISTICS
EFFICIENCYLearn more
on the p. 68 →



STRATEGIC GOALS



OPERATING EFFICIENCY AND PRODUCTION GROWTH

Capacity
expansion

Higher self-sufficiency
in feedstock

Stronger operating
efficiency



INCREASING SALES IN PRIORITY MARKETS

Expansion of the foothold
in premium markets

Higher share
of premium fertilizer
brands in the sales mix



BOOSTING LOGISTICS EFFICIENCY

Alignment of production
and sales

Reduction of per unit
transportation costs

TARGET VALUES 2025

RISKS

✓
11.1 mln t
phosphate rock
production

✓
8.4 mln t
Group's phosphate
rock processing

✓
11.7 mln t
marketable product
output

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects
HSE risks
Production process risks

✓
76%
ammonia

✓
91%
sulphuric
acid

✓
42%
electricity

✓
75%
ammonium
sulphate

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects

Implementation of organisational projects with a high IRR (15%+) in line with
the BAT and sustainability criteria Compliance with the CAPEX/EBITDA
target and a comfortable net debt / EBITDA covenant headroom

Mismatch between staff headcount and skills,
and corporate needs
Failure to achieve targets under investment projects



Focus on Russia and the CIS
Russia and the CIS

North and South
America

Europe

up
to **3.7** mln t

up
to **3.5** mln t

up
to **3.1** mln t

Mismatch between staff headcount and skills,
and corporate needs

Foreign sanctions imposed on the Group's companies
Regulatory risks



Increase:
in the number of
distribution and logistics
centres

total storage
capacity

storage capacity
for liquid complex
fertilizers

to **35**¹

to **650** kt¹

to **62** kt¹

Increase in the share of complex fertilizers (NPK/NPS/PKS)

Production process risks

to **43**% (5 mln t)
of total output



Increase in the railway throughput capacity to over

28.3 mtpa¹

Failure to achieve targets under investment projects
Regulatory risks



Redistribution of cargo flows
to the ports:

Vistino
(Leningrad region)

3
mtpa

Lavna (Tuloma,
Murmansk region)

2.5
mtpa

Expansion of own rolling
stock

Foreign sanctions imposed on the Group's companies
Regulatory risks

¹ 2022 targets.



OPERATING EFFICIENCY AND PRODUCTION GROWTH

CAPACITY EXPANSION

Key projects under the Strategy to 2025

Objectives

Technical upgrade of main shaft No. 1 at the combined Kirovsky underground mine for rock and ore delivery

Project completed in 2020

Restore the operability of main shaft No. 1 to increase the ore delivery capacity at the combined Kirovsky underground mine to 3 mtpa, streamline the transportation flowsheet to improve delivery of rock from the excavation area to the surface

Stripping and mine development preparations: +10 m at the combined Kirovsky underground mine

First start-up facility

Project in progress

Ramp up mining capacity and streamline transportation flowsheet at the Kirovsky mine. Achieve the maximum production capacity of 8.8 mln t by 2028

Development of the Volkhov branch of Apatit

First project stage

Project completed in 2020

Improve the financial and operating performance of Apatit's Volkhov branch by increasing the gross output of phosphate-based mineral fertilizers boasting high margins thanks to the branch's logistic strengths

The second stage of development at the Balakovo site: ramp-up of the ammonium sulphate production capacity to 360 ktpa

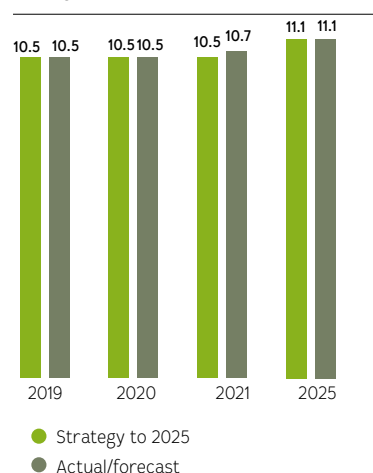
Project in progress

Increase the ammonium sulphate production capacity at the Balakovo site to 250 kt by re-equipping technological systems No. 5 and 6 of the phosphate fertilizers unit and upgrading vacuum evaporation units 1–9

PROGRESS TOWARDS OUR TARGETS

The integrated report includes only selected projects of the Strategy to 2025. Our large-scale investment programme features a number of promising projects bringing us closer to the strategic goals.

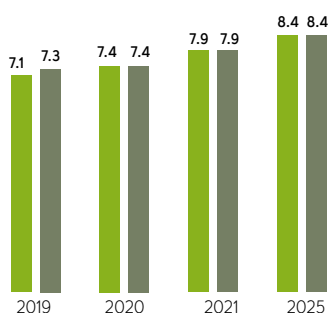
Phosphate rock production, mln t





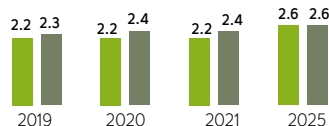
Project schedule	Targets	Investments	Economic performance		Current status
2018–2020	<div>✓ Ore delivery</div> <div>3 mtpa</div>	<div>✓</div> <div>≈2 RUB bln</div>	<div>✓ DPP</div> <div>3 years</div>	<div>✓ IRR</div> <div>72%</div>	Design ore delivery capacity reached
2016–2021 (first start-up facility)	<div>✓ Ore volume</div> <div>95 mln t by 2035</div>	<div>✓</div> <div>36 RUB bln</div>	<div>✓ DPP</div> <div>12 years</div>	<div>✓ IRR</div> <div>21%</div>	Underground construction in progress. Core equipment for crushing and delivery unit No. 1 received
First stage: 2018–2020 Second stage: 2021–2022	<div>✓ Fertilizer output</div> <div>first stage 231 ktpa</div> <div>second stage 877 ktpa (including the first stage)</div>	<div>✓</div> <div>>28 RUB bln</div>	<div>✓ DPP</div> <div>12 years</div>	<div>✓ IRR</div> <div>18% according to the 2019 price forecast</div>	<div>From October 2020, the Company began temporary production of NPS 16:20, with the intention to switch to MAP 12:52 in February 2021.</div> <div>The construction team uses the best available techniques. The new facility will fully comply with the most stringent environmental laws and regulations in both Russia and Europe.</div>
2020–2022	<div>✓ Product output</div> <div>+250 ktpa</div>	<div>✓</div> <div>≈3 RUB bln</div>	<div>✓ DPP</div> <div>8 years</div>	<div>✓ IRR</div> <div>39%</div>	Tender procedures in progress, with ongoing manufacturing and delivery of core process equipment

Phosphate rock processing, mln t



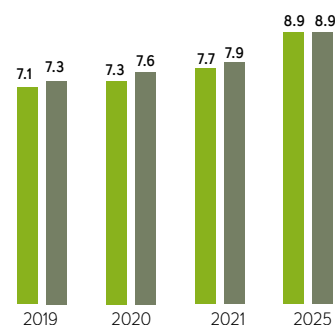
● Strategy to 2025
● Actual/forecast

Production of nitrogen-based fertilizers, mln t



● Strategy to 2025
● Actual/forecast

Production of phosphate-based fertilizers and MCP, mln t



● Strategy to 2025
● Actual/forecast



HIGHER SELF-SUFFICIENCY IN FEEDSTOCK

Vertical integration is an important driver of success in a highly competitive market environment. The Company has increased its self-sufficiency in feedstock by ramping

up production of key commodities. This is the secret behind PhosAgro's standing as one of the most efficient company among global fertilizer players. Vertical integration

in the segments of phosphate rock, sulphuric acid and ammonia is an important advantage for successful competition with other producers.

Key projects under the Strategy to 2025¹

Sulphuric acid production unit with a capacity of 3.3 kt per day

Project completed in 2020

Objectives

Construction of the fifth sulphuric acid production unit with a capacity of 3.3 kt per day and infrastructure facilities in Cherepovets for the replacement of externally sourced sulphuric acid with internally produced supplies

The third stage of development at the Balakovo site: capacity ramp-up of the SK-20 sulphuric acid unit to 3.3 kt per day

Project in progress

Capacity ramp-up of the SK-20 technological system in Balakovo to 3.3 kt per day as a way to reduce the volumes of sulphuric acid sourced from external suppliers for the needs of the Balakovo production site

PROGRESS TOWARDS OUR TARGETS

Breakdown of key resources consumed internally

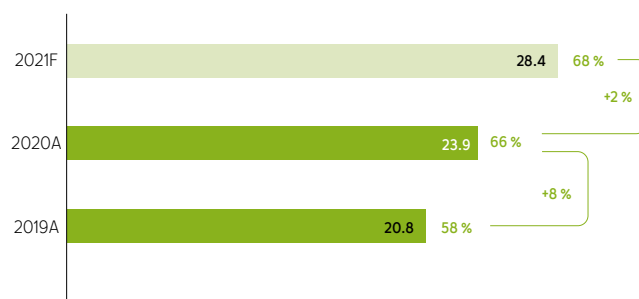
Item	2019	2020	2021	2025
Ammonia, %	86.0	83.0	78.0	76.0
Production, mln t	1.9	2.0	1.9	1.9
Consumption, mln t	2.2	2.4	2.4	2.5
Sulphuric acid, %	88.0	93.0	94.0	91.0
Production, mln t	6.1	6.8	7.4	7.8
Consumption, mln t	6.9	7.3	7.9	8.6
Electricity, %	41	40	42	42
Generation, bln kWh	1.5	1.5	1.6	1.8
Consumption, bln kWh	3.7	3.8	3.9	4.4
Ammonium sulphate, %	3.0	55.0	51.0	75.0
Production, mln t	0.0	0.3	0.3	0.7
Consumption, mln t	0.4	0.5	0.6	0.9

CAPITAL INVESTMENTS

Breakdown of CAPEX for 2019–2020², RUB bln

Item	2019	2020	2021
Investment projects	20.8	23.9	28.4
Maintenance	13.3	10.2	11.3
Non-industrial construction	1.9	2.2	1.8
Total	36.0	36.3	41.5

Investments in development as a percentage of CAPEX, %









Total CAPEX for 2019–2025 will amount to

>250
RUB bln

¹ The integrated report includes only selected projects of the Strategy to 2025. Our large-scale investment programme features a number of promising projects bringing us closer to the strategic goals.

² CAPEX excluding capitalised repairs.

Project schedule	Targets	Investments	Economic performance		Current status
2017–2020	 Product output +1.1 mtpa	 ≈10.6 RUB bln	 DPP 14 years	 IRR 15% according to the 2019 price forecast	Put into operation in March 2020 with the confirmation of design capacity attainment. Commissioning permit obtained in December 2020, with fixed assets recorded on the books
2021–2022	 Product output +300 kt	 ≈4 RUB bln			Preparation of design documents in progress

NEW PROMISING PROJECTS

All of the Company's projects meet the economic efficiency criteria approved by the Board of Directors as part of the Strategy (IRR above 20%) and aim to promote further development in line with strategic

priorities, drive progressive production growth, implement innovations and ESG-compliant products and processes, and boost operating efficiency.

Re-equipment of the aluminium fluoride shop in Cherepovets

Increase aluminium fluoride production from 48 to 58 ktpa by making arrangements for the transportation and acceptance of fluosilicate acid from Balakovo and boost processing

of internally produced fluosilicate acid from 58 to 73 ktpa by re-equipping the aluminium fluoride shop

Project schedule	Targets	Investments	Economic performance		Current status
2019–2021	Aluminium fluoride		DPP	IRR	Key works to prepare the construction site completed, with the re-equipment of the aluminium fluoride shop commenced in December
	First stage				
	+10 kt	0.5 RUB bln	1 year	100%	
	Second stage				
	+15 kt	2.8 RUB bln	9 years	18%	



Environmental agenda

Addressing climate issues and saving energy and other resources is integral to the Company's Development Strategy. Every addition to our production capacities is designed to employ the best available techniques and used in strict compliance with sustainability requirements. We are working to make sure that a project's assessment takes into account its environmental impacts. One of the steps we consider for 2021 is including a carbon price as a factor in our final investment decisions. In 2020, the Board of Directors completed the integration of PhosAgro's climate and environmental agendas into its business strategy by approving

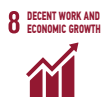
Climate and Water strategies that set measurable, achievable targets for minimising the Company's environmental footprint through specific initiatives.

The Climate Strategy, which was adopted in December, focuses on further cuts to GHG emissions, including indirect ones associated with generating power for our production facilities. It is based on a low-carbon transition plan that we use as a guidance in devising and implementing technical, technological and organisational measures. We are committed to making our operations as green and energy-efficient as possible.



Adoption of Climate and Water strategies and implementation of the Energy Efficiency Programme

Contribution to UN SDGs



SDG 8.3

Maintaining and developing existing operations and creating innovative facilities



SDG 12.4

Making eco-efficient products in line with sustainability requirements



SDGs 6.1 and 9.1

Increasing water use efficiency



SDG 13.2

Reducing our Scope 1 and 2 emissions.



SDGs 6.3 and 3.9

Minimising environmental risks at all stages of investment projects and along the production chain. Using the best available techniques

Strategic environmental goals

Projects implemented as part of Strategy to 2025 are fully compliant with environmental requirements and contribute to the achievement of our environmental goals.

Reduction in specific effluents by 2025

✓
27%

(to 4.4 m³/t of finished and semi-finished products)

Reduction in specific pollutant emissions by 2025

✓
23.7%

(to 0.8 kg per tonne of finished and semi-finished products)

Reduction in specific GHG emissions (Scopes 1, 2, and 3) by 2028

✓
30.9%

(to 109.1 kg of CO₂ equivalent per tonne of finished and semi-finished products)

Increase in the share of recycled and decontaminated hazard class 1–4 waste

✓
to **40%**

Increasing energy efficiency



For more details, see the Environmental Review section on page 148

STRONGER OPERATING EFFICIENCY

KEY PROJECTS UNDER THE STRATEGY TO 2025¹

Objectives

Improving operating efficiency at Apatit and its Balakovo and Volkhov branches

Project completed in 2020

to revise the economic loss allocation approach and improve the accuracy of management accounting; to develop organisational and technical measures for reducing phosphate rock losses in wet-process phosphoric acid production at Apatit and its Balakovo and Volkhov branches, assessing the existing capacities in logistics and those used to load or unload raw materials or feed them into machines, drawing flowcharts for the Balakovo branch, and identifying bottlenecks and other limitations in these areas



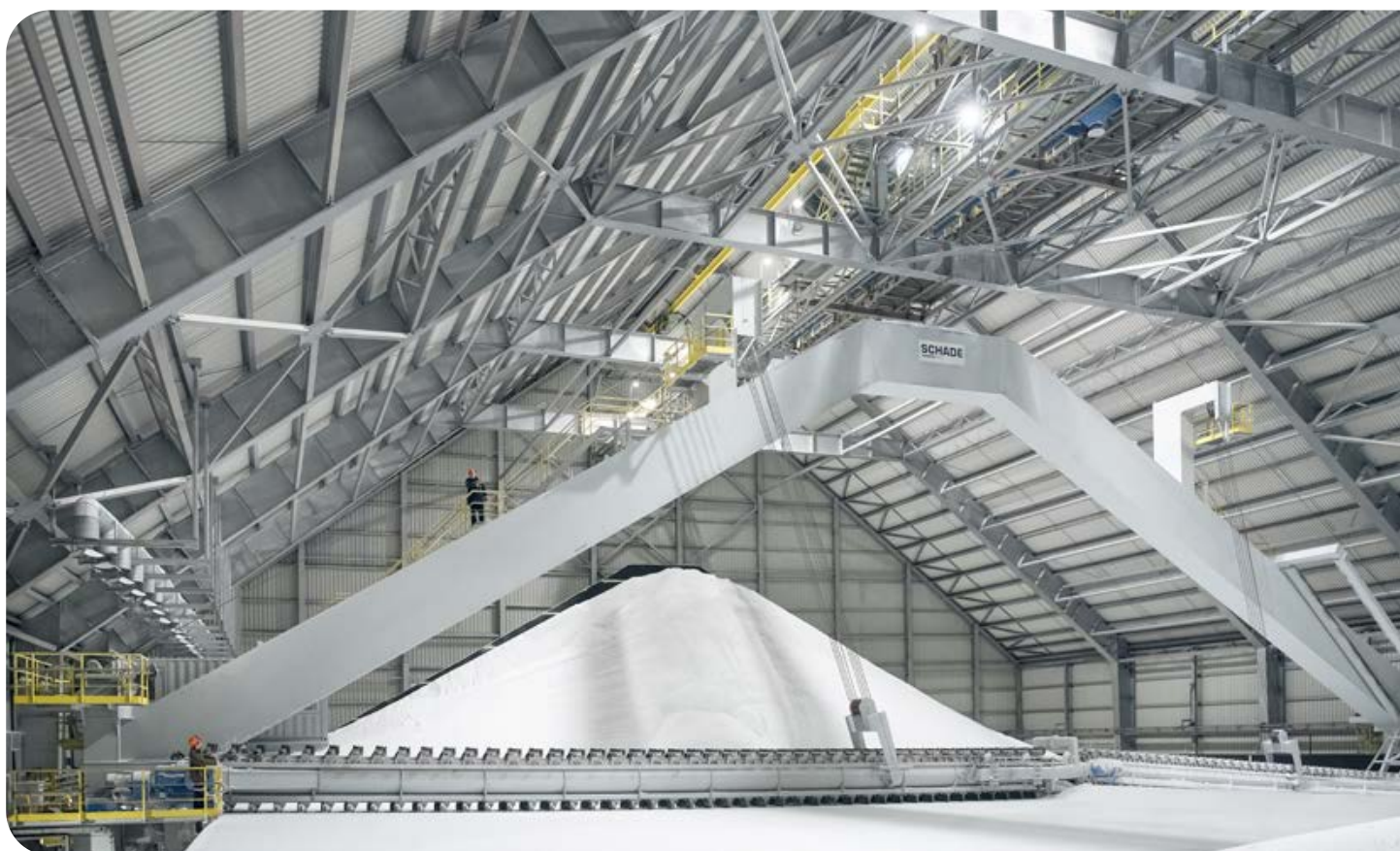
Effect

>250
RUB mln

A digital twin in transport logistics

Project in progress

- To develop a five-year target model concept for transport logistics management;
- To reduce costs associated with transporting feedstock and finished products by USD 1/t vs 2019;
- To improve railcar turnaround by one day;
- To increase transportation efficiency by using various modes of transport (rail, road, river, and sea);
- To improve transportation management



¹ The integrated report includes only selected projects of the Strategy to 2025. Our large-scale investment programme features a number of promising projects bringing us closer to the strategic goals.



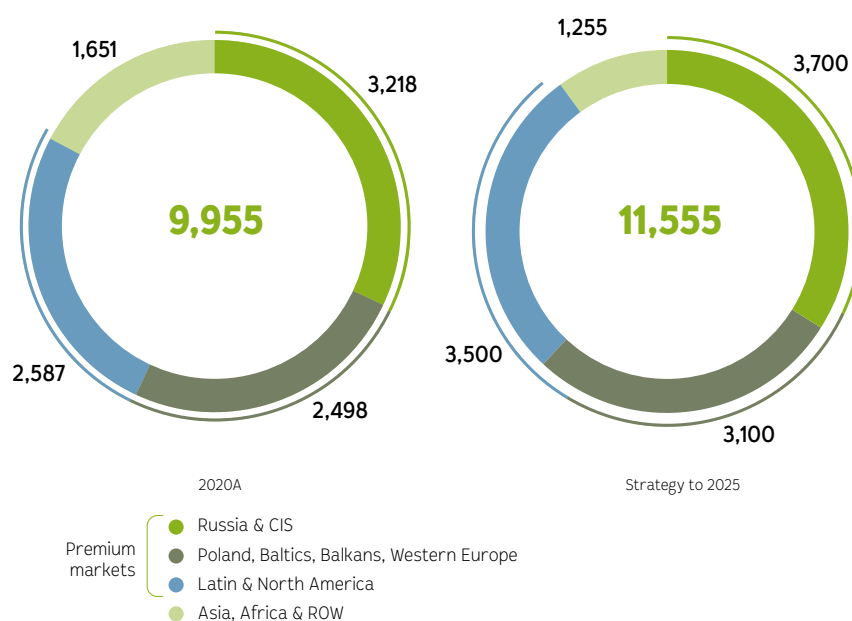
INCREASING SALES IN PRIORITY MARKETS

EXPANDING THE FOOTHOLD IN PREMIUM MARKETS

The Company's strategic goal is to increase sales in its strategic markets: up to 3.7 mln t in Russia and CIS, 3.5 mln t in North and South America, and 3.1 mln t in Europe by 2025, by strengthening its position as a producer of fertilizers free of heavy metal concentrations dangerous to health amid toughening of the EU cadmium regulations.

The sales breakdown of premium markets is generally in line with our strategy, with minor differences attributable to changes in a market environment and the netback-driven sales model.

PhosAgro fertilizer and feed phosphates structure in markets, kt

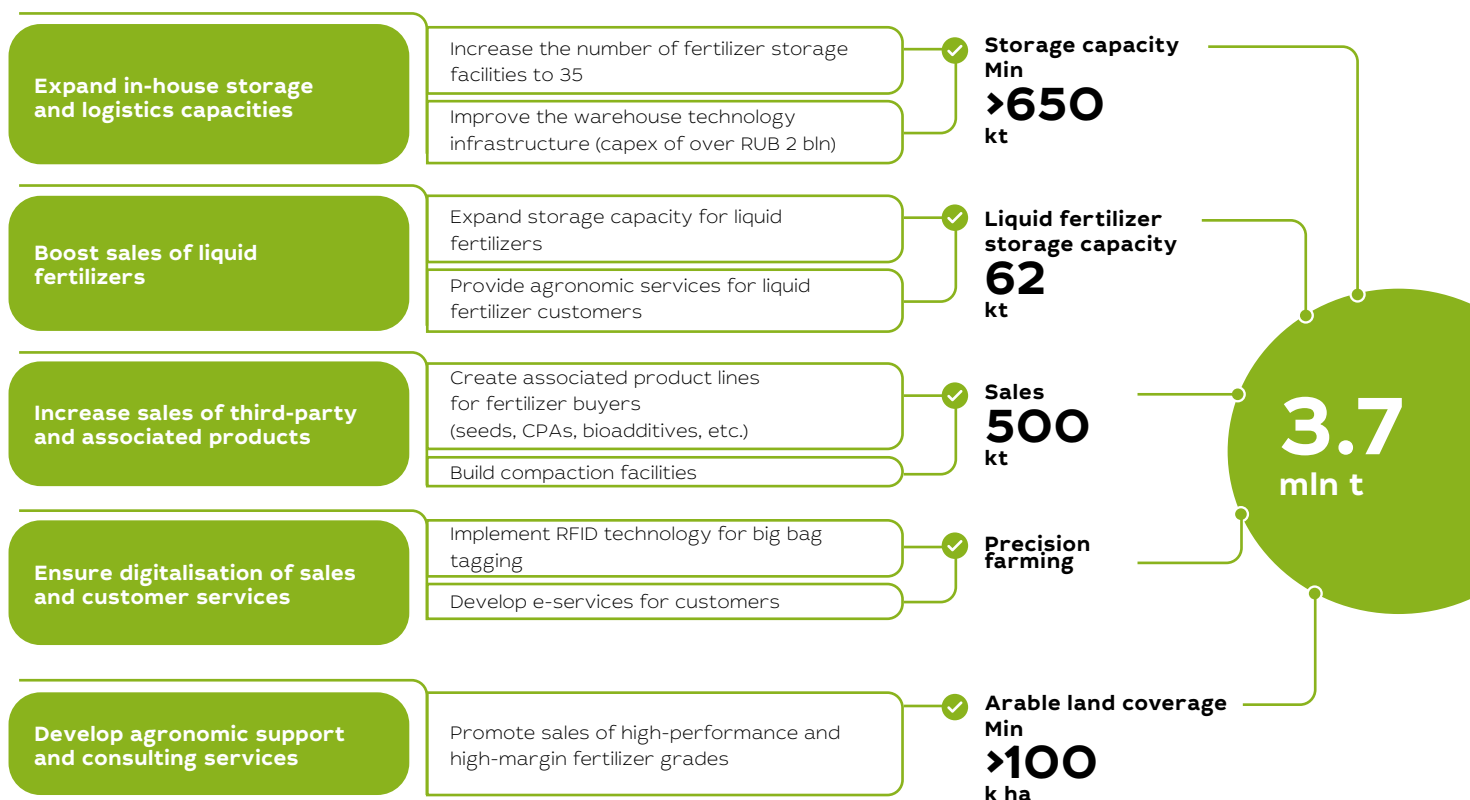


Increasing sales in the domestic market

- Retain the current market share in phosphate and complex fertilizers, increase sales in the nitrogen segment
- Enter the associated products segment (CPAs, seeds, feed additives)
- Develop the service model and distribute agricultural equipment
- Potential effect of developing the service model on EBITDA: USD 40–150 mln per year



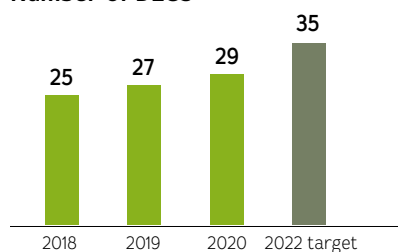
Roadmap for the strategy to increase sales: the Russian and CIS market



Progress towards our targets

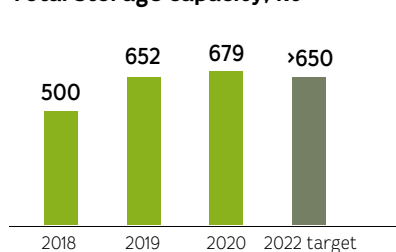
The ongoing expansion of storage and logistics capacities in Russia is in line with our strategy.

Number of DLCs



From 2018 to 2020, a total of over RUB 2 bln was invested in the development of the Russian regional network. In 2021, the Company plans to focus on expanding its storage and transshipment infrastructure for liquid mineral fertilizers. In 2020,

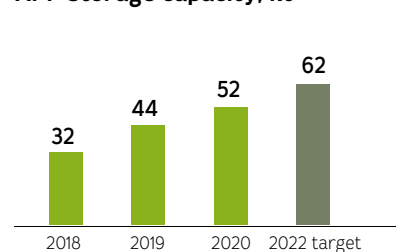
Total storage capacity, kt



its storage capacity for liquid complex fertilizers exceeded 50 kt, which was unprecedented in Russia.

2020 saw the number of distribution and logistics centres rise to 29. PhosAgro strives to place its distribution centres as close

APP storage capacity, kt

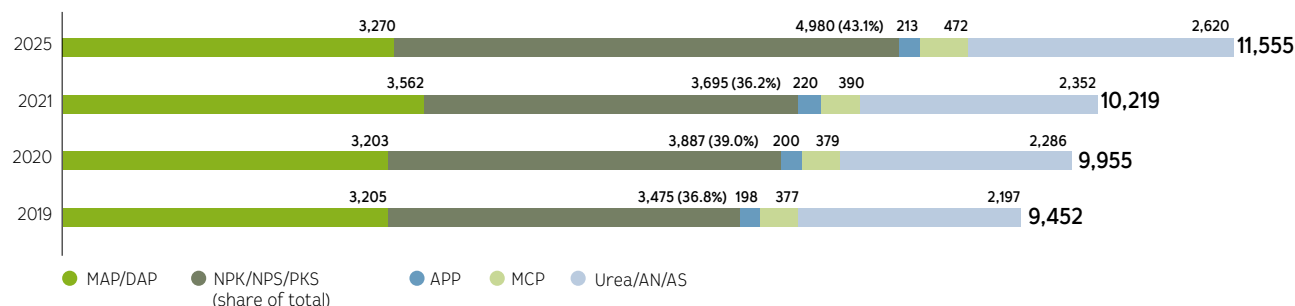


as possible to the crop fields to effectively provide domestic farmers with high-quality mineral fertilizers and services, which also helps educate them on all innovations in mineral nutrition systems and new agricultural technology uses.



HIGHER SHARE OF PREMIUM FERTILIZER BRANDS IN THE SALES MIX

Change in the product structure of the premium segment, kt



Innovative products developed by PhosAgro's Innovation Centre

Fertilizers with micronutrients

Micronutrients are key to ensuring high-quality crops, with the right combination of microelements (such as B, Mn, Fe, Cu, Zn, Mo) used at the right growth stages making plants healthier and crops higher.

Fertilizers with micronutrients which can be accumulated by plants with a positive effect on human health are considered one of the most promising ways to combat malnutrition and reduce nutrient deficiencies.

In recent years, the Company has been aggressively ramping up its

production of mineral fertilizers with micronutrients.

Urea with urease inhibitor

Tighter environmental regulations in the EU are shaping a new market for eco-efficient fertilizers, such as urea with urease inhibitor.

Effects of use: environmental – gaseous losses of nitrogen reduced by up to 98%, economic – higher fertilizer efficiency resulting in a 5% increase in crop yields, urea remains in effect in the soil for extra 7–14 days, thus extending the period of incorporation or irrigation.

The Company started producing this innovative high-performance fertilizer in 2020. Having sold 20 kt in the reporting year, PhosAgro

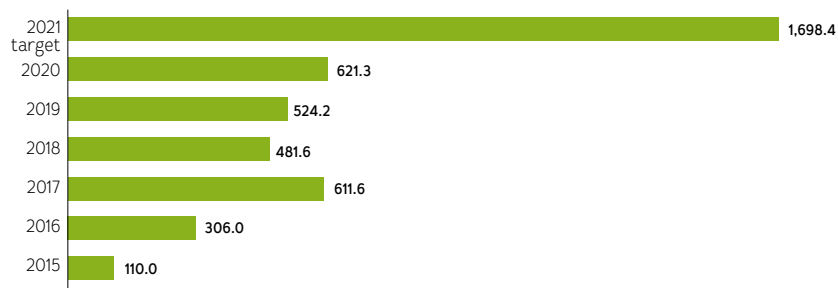
intends to boost its sales in the coming years.

Biological and biomineral fertilizers

PhosAgro's Innovation Centre also focuses on developing innovative biostimulants and biomineral fertilizers as part of the Green Standard for eco-friendly agricultural products.

The Company seeks to create special biological and biomineral fertilizers, slow and controlled-release fertilizers, and ameliorants. Biotechnology advances are set to greatly boost crop yields without damaging ecosystems and bring the agriculture to a whole new level of development. Given the limited soil resources and the strong population growth, biotechnology is key to achieving the global food security.

Production of fertilizers with micronutrients, kt



	2020	2021	2022	2023	2024	2025	2026	2027	2028
Urea with urease inhibitor, kt	20	35	50	55	60	74	84	94	104
Reduction in CO ₂ equivalent, kt	8,2	14,4	20,6	22,6	24,7	30,4	34,5	38,7	42,8

Sales support

PhosAgro seeks to be closer to its customers and make eco-efficient mineral fertilizers even more available to domestic farmers.

Transition to the service model

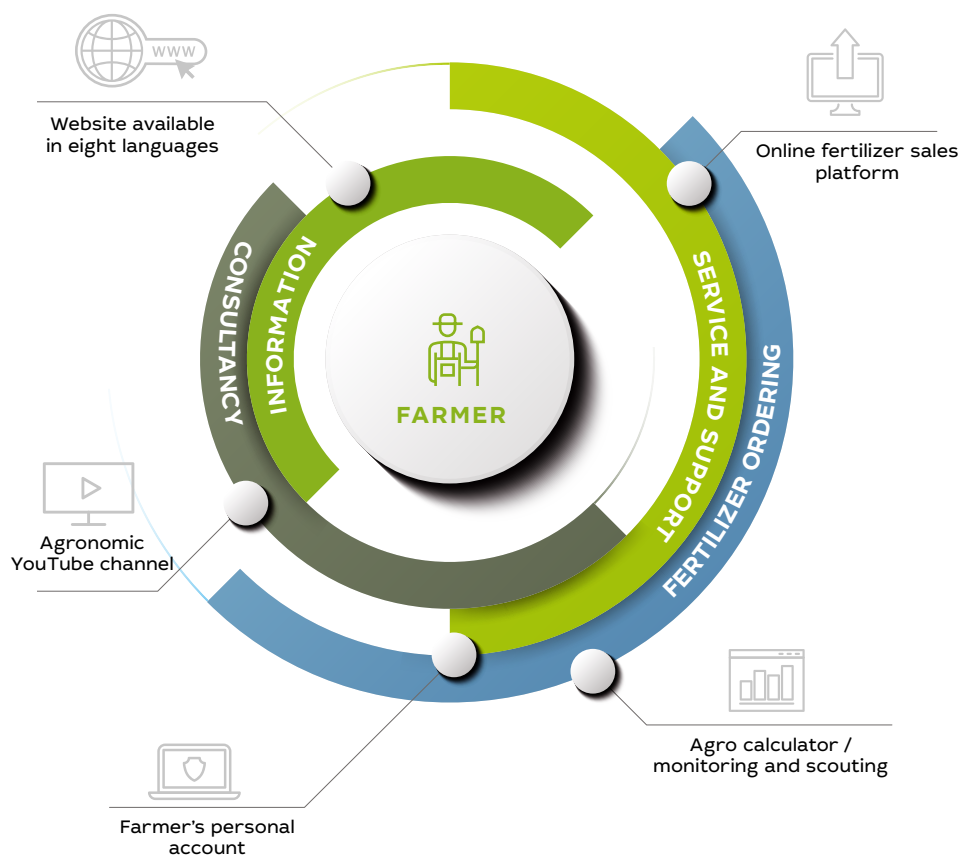
The Company started migrating from a commodity seller to a service provider. The new model relies on a digital environment to offer a compound product, i.e. product + agronomic expertise or access to innovations.

The product offering is customised to the fullest extent based on big data (customer data obtained in a digital environment).

Digital crop nutrient monitoring system using NFC tags

In 2020, PhosAgro successfully completed its pilot project to deploy a digital system using NFC tags to carry out remote monitoring of the effectiveness of mineral fertilizers. This was a joint project between PhosAgro-Region and Exact Farming. One of the advantages of using the NFC technology is the ability to control the delivery and application of PhosAgro's mineral fertilizers along the entire logistics chain 'from factory to farm' in order to minimise the loss or theft of fertilizers during transportation. The system currently covers more than 23,000 ha in 20 regions throughout the country. As part of the partnership agreement, which

PhosAgro's digital ecosystem



was signed by PhosAgro-Region and Exact Farming in December 2020, the companies plan to expand the system's coverage to over 100,000 ha in 2021.

Contribution to UN SDGs



SDG 2.4

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



SDGs 13.1 and 13.2

Producing mineral fertilizers with micronutrients which enhance the quality of soils as natural sinks of CO₂ and help adapt to climate change



SDGs 6.3, 12.4, 15.1

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



BOOSTING LOGISTICS EFFICIENCY

REDUCTION OF TRANSPORTATION COSTS

Increased reliance on own rolling stock

The Company's decision to purchase its own tank cars for liquid sulphur was made in view of the gradual retirement of such railcars from the market of rolling stock services starting in 2017. With its own fleet increased to 520 tank cars, PhosAgro will transport an additional 4 mln t of liquid sulphur in 2017–2021. This will result in safety improvement and a significant environmental effect as liquid sulphur transportation and storage prevents dusting and catching fire.

Increased reliance on own rolling stock:

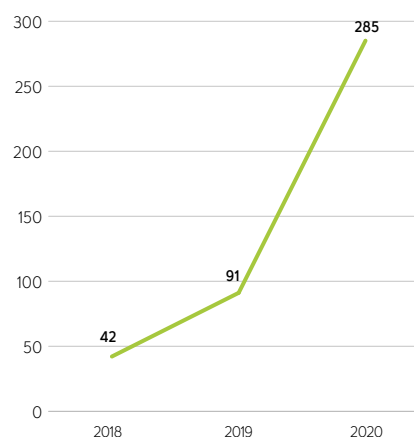
- cost efficiency – own railcars are cheaper in use than third-party rolling stock,
- safety of operation – PhosAgro's production and logistics processes are less dependent on third-party services,
- positive environmental effect – the use of innovative rolling stock with higher cargo tonnage per railcar and train minimises the negative impact on the environment per tonne of cargo.

Innovative railcar fleet put into operation

Year	Railcars put into operation			Total
	Liquid sulphur, tank cars	APP, tank cars	Mogilev Carriage Works	
2017	232	0	440	672
2018	176	0	160	336
2019	112	87	1,500	1,699
Total	520	87	2,100	2,707

PhosAgro's programme to purchase innovative mineral hoppers with a capacity of 76.5 t enabled it to free up 285 mineral hoppers with a standard capacity of 70 t in 2020, which is equivalent to more than four trains with 70 railcars each.

Railcars freed up in 2020 due to increased capacity of innovative rolling stock



Contribution to UN SDGs:



SDG 12.4

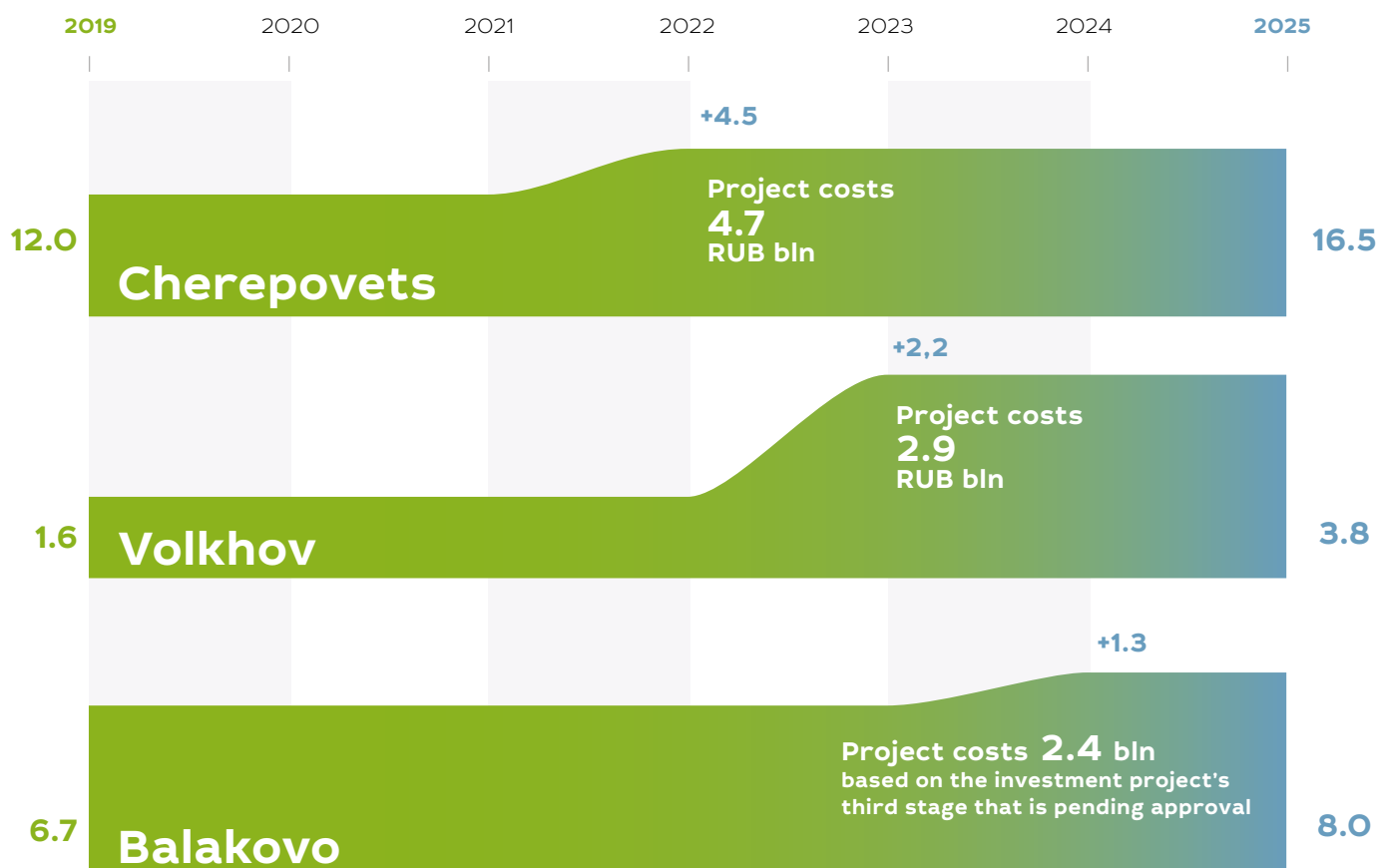
Managing chemicals and wastes wisely throughout their life cycle, including transportation.



ALIGNMENT OF PRODUCTION AND SALES

Developing rail infrastructure

Maximum rail infrastructure throughput, mtpa





Development of transport infrastructure between Kriolit and Nelazskoye

Project in progress

Objectives	Project schedule	Targets	Investments	Current status
PhosAgro is revamping the Kriolit station to connect it to the Nelazskoye station with a view to reducing the load on the existing infrastructure at Russian Railways' Koshta station and capturing prospective cargo flows.	2018–2022	<div> <div>✓</div> <p>Increase in the railway throughput capacity from 12 to over</p> <p>16.5</p> <p>mtpa</p> </div>	<div> <div>✓</div> <p>4.7</p> <p>RUB bln</p> </div>	<p>Traffic service started in December 2020 at the Kriolit station and along the track connecting to the Nelazskoye station</p> <p>A rail car service station to be designed and constructed in 2021–2022</p>

The decision to electrify the Kriolit railway station during its construction enabled PhosAgro to spare two diesel locomotives, resulting in a positive economic and environmental effect.

Start of traffic service at the Kriolit railway station

The Cherepovets site completed a strategically important project to develop its rail infrastructure and connect it to the Severnaya and October Railways. This marked an important milestone on the path towards

the key goal in logistics – expansion of the Company's rail infrastructure throughput to over 16.5 mtpa.

Contribution to UN SDGs



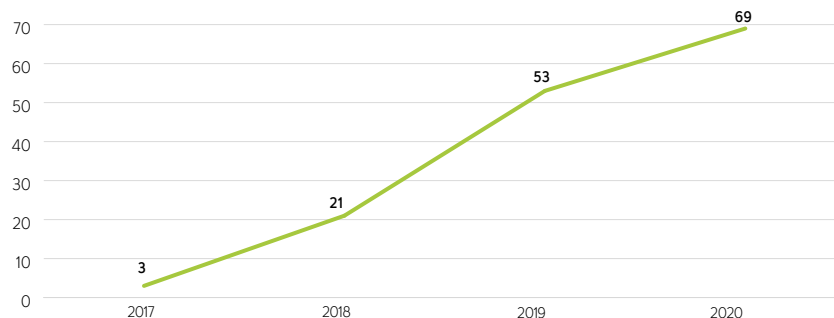
SDG 9.1

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

Long trains

The Company's ambition is to use long trains (over 70 railcars in length) on all routes. In 2020, long trains accounted for 69% of PhosAgro's total shipments, greatly speeding up the traffic, increasing the rolling stock turnaround, and resulting in a positive environmental effect due to lower energy costs per tonne of cargo.

Increase in the number of long trains

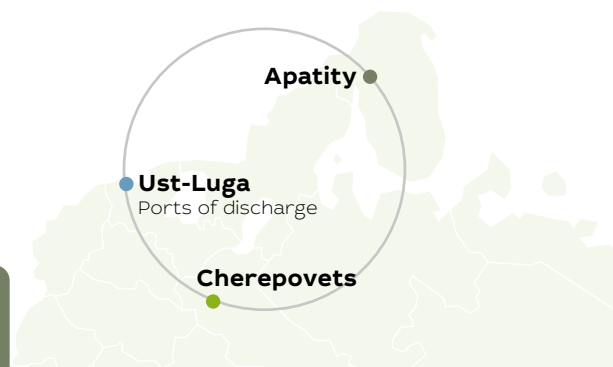


Switching to long trains (100 railcars in length)

2020 Kriolit station launched (Apatit)

2022 Port infrastructure improvement in Vistino with the Northern park to be launched (phase 2)

2023 Revamp of the Aykuven railway station (Kirovsk Branch of Apatit)



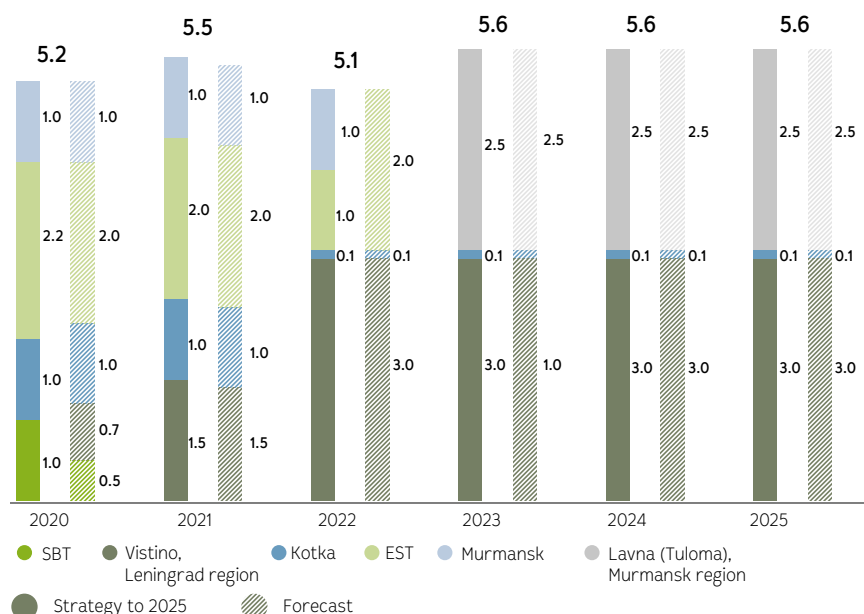
Higher traffic speed

Quicker railcar turnaround

Environmental effect

DEVELOPING PORT INFRASTRUCTURE

Enhancing port infrastructure



In addition to developing its distribution network in Russia, our key market, PhosAgro continues to expand its footprint and enhance the competitiveness of its products in foreign markets by both building up state-of-the-art transshipment facilities and reducing the cost of transportation.

The new transshipment destinations enable the Company to optimise empty runs and come closer to achieving even more ambitious goals of increasing the train carrying capacity. The joint project between PhosAgro and Russian Railways provides for both companies' infrastructure upgrades and aims to start operating 100-car trains on the Apatity–Cherepovets–Ust-Luga–Apatity loop as early as in 2023. If successful, this project will make transportation of phosphate rock and mineral fertilizers much more efficient, both economically and environmentally.

The Kriolit railway station in Cherepovets launched in 2020 and specifically designed to service 100-car trains is the linchpin of this loop.

PhosAgro is a key partner of such ports as Tuloma Sea Terminal (Lavna) and Ultramar Terminal (Vistino). These ports are being constructed in compliance with all applicable environmental requirements and located outside the 500 m water protection area.

Ultramar Terminal in Ust-Luga

PhosAgro and Ultramar signed a long-term agreement for transshipment of PhosAgro's mineral fertilizers through the new terminal being built by Ultramar at the port of Ust-Luga. The terminal will be the largest in Europe in terms of cargo storage capacity. Going forward, it will be able to handle up to 25 mtpa,

including more than 3 mtpa of PhosAgro fertilizers, which will make it a crucial facility for the Company. The transshipment through the Ultramar Terminal is scheduled to begin in 2021–2022. The terminal will be able to handle 100-car trains delivering mineral fertilizers from Cherepovets.

Tuloma Sea Terminal

PhosAgro signed a memorandum of cooperation with Infotech Baltika concerning the construction of a specialised marine terminal for the transshipment of mineral fertilizers and apatite concentrate at the seaport of Murmansk.

Infotech Baltika is building a terminal in the area of the Lavna River. The start of operations is planned for March 2023.

The project will help provide PhosAgro with the needed transshipment capacity and reduce transport costs. The ability of the terminal, which is currently under construction, to receive large Panamax-class vessels will improve the economic efficiency of sea transportation through the northern territories, while the proximity of the terminal to the Company's production assets will streamline the railway logistics for transshipments.

Contribution to UN SDGs:



SDG 9.1

Developing port infrastructure, creating employment opportunities and implementing social investment programmes.

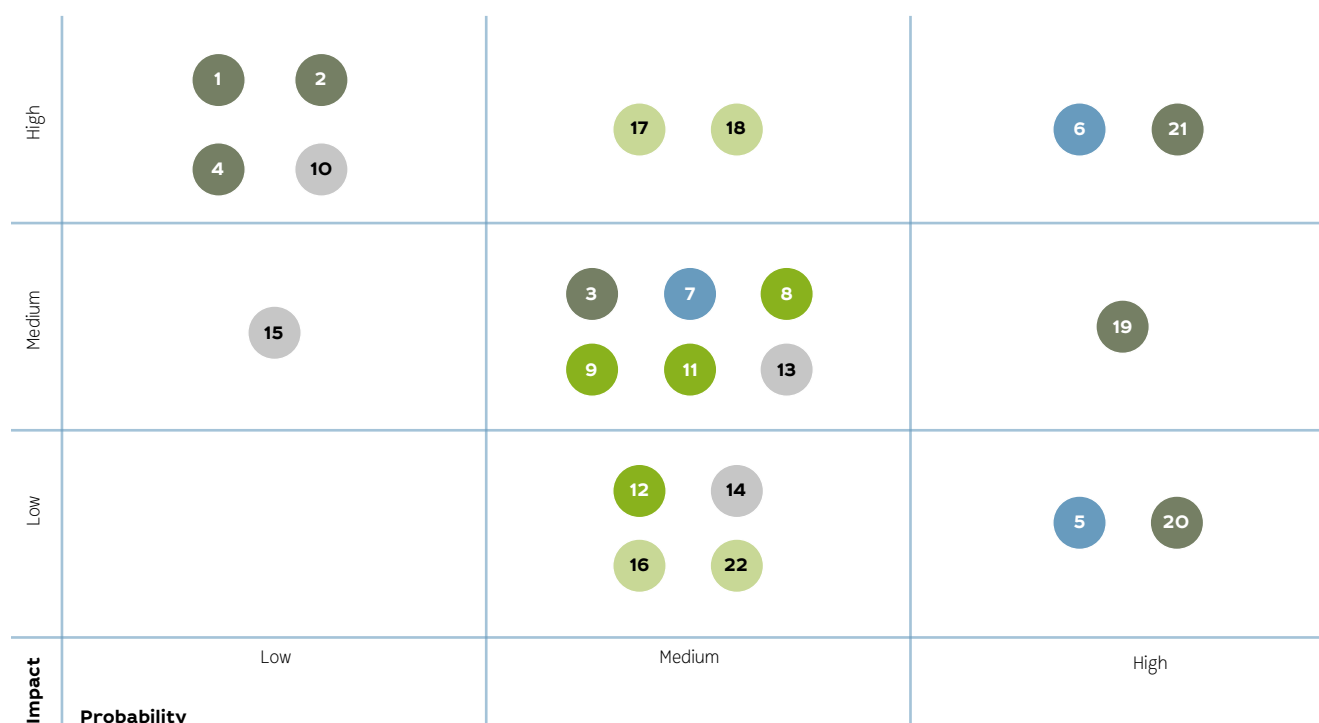
STRATEGIC RISKS

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.

KEY RISKS ASSOCIATED WITH PHOSAGRO'S ACTIVITIES

102-15

Map of key risks for 2021 (assessment of residual risk)



List of key risks for 2021

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

Production risk

- 5 Production risk
- 6 Health and safety risk
- 7 Environmental risk

Operational risk

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



Key risks





Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 <p>1 Strategic planning</p>	<p>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.</p>	<p>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.</p>	<p>Deviations from strategic targets.</p> <p>No material risk events occurred.</p>
 <p>2 Failure to deliver on sustainable development goals</p>	<p>Risk factors for the Company's sustainable development include failure to set the Sustainable Development Goals (SDGs) or update them in a timely manner, as well as the lack of resources and processes necessary to achieve the SDGs.</p>	<p>In 2020, the Company made great progress in mitigating sustainability risks. The Sustainable Development Committee helped set and prioritise the SDGs and strategic ESG targets covering environmental, social, and corporate governance matters. To achieve the same, PhosAgro developed action plans, including the low-carbon transition plan, the Climate Strategy, the Water Strategy, and the Energy Efficiency Programme.</p> <p> For more information on the Company's activities and indicators in this area, see page 6</p>	<p>Deviations from SDG targets.</p> <p>No material risk events occurred.</p>
 <p>3 Social</p>	<p>Risk of an adverse social environment in the regions of operation.</p>	<p>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 voluntary basis. Social projects are designed, among other things, to support local authorities in promoting sports and culture, and enhancing the public utilities and opportunities for growth in the cities where the Company operates. Sustainable development in the regions of operation is one of the key goals the Company pursues in its community activities. In particular, PhosAgro provided substantial support to public health authorities in the cities of its operation with a view to combating the spread of a novel coronavirus (COVID-19) in 2020.</p> <p> For more information on the Company's activities in this area see the Contributing to Local Communities section on page 180</p>	<p>Deviations from ESG targets (social dimension).</p> <p>No material risk events occurred.</p>






Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 4 HR	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 in 2020, the Company is introducing an online personnel appraisal system together with qualification criteria.  For more information on the Company's activities in this area, see the People Development section on page 116	Personnel turnover and skill mismatch. No material risk events occurred.
 5 Production	Technical/industrial disruptors of production processes, 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	Risk associated with injuries, occupational illnesses, accidents and incidents at hazardous 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 best global 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's activities are defined in its Health and Safety Strategy. Given the rising number of employees working from home in 2020, the Company arranged for online training in internal regulations on health and fire safety.  For more information on the Company's indicators in this area, see the Health and Safety Review section on page 134	Deviations in terms of workplace injuries and incidents 2020 saw some risks materialise in terms of workplace injuries. The Company carefully investigated each accident, with remedial action plans developed to prevent their recurrence.

Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 7 Environmental	<p>Risk of potential environmental damage resulting from the Company's operations.</p>	<p>The Company has put in place the Environmental Policy, the Water Strategy for 2020–2025, 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 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 mitigation goals and performance in line with applicable laws and as part of the Carbon Disclosure Project. In 2020, the Company's CDP rating was raised from C to B-, which is one of the best scores in Russia.</p>	<p>Deviations from environmental impact targets.</p> <p>No material risk events occurred.</p>
 For more information on the Company's activities in this area, see the Sustainability Report: Environmental Review section on page 148			
 8 Project	<p>Risk associated with delays and budget overruns in construction and upgrade projects, along with failure to deliver project efficiency targets.</p>	<p>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.</p>	<p>Deviations from project efficiency targets.</p> <p>No material risk events occurred.</p>
 9 Business processes and systems	<p>Inefficiency or disruption of the Company's business processes, including risks related to counterparties and supply chain.</p>	<p>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 raw materials to its production facilities. To that end, PhosAgro uses multi-stage tender procedures and enters into long-term contracts with its most reliable suppliers. 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.</p>	<p>Deviations from business process targets (by focus area).</p> <p>No material risk events occurred.</p>
 10 Tax	<p>Potential claims lodged by tax authorities in response to the Company's failure to correctly file tax returns or pay taxes in due time.</p>	<p>PhosAgro complies with tax laws of 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 firms are engaged to advise on the administration of applicable tax laws.</p>	<p>Tax claims.</p> <p>No material risk events occurred.</p>



Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 11 Information security	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.	Unauthorised disclosure of confidential data, unauthorised access to IT systems. No material risk events occurred.
 12 Economic security	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 by introducing access authorisations to the Company's administrative and production facilities, clearly differentiating between responsibilities as part of contract or transaction execution, vetting counterparties before signing a contract, and putting in place a dedicated hotline. Moreover, additional checks are undertaken by a variety of the Company's functions.	Theft and fraud incidents. No material risk events occurred.
 13 Regulatory	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 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	Losses resulting from non-compliance or inadequate compliance with applicable anti-corruption laws by the Company or its employees (penalties levied against the Company by government authorities and other damages).	PhosAgro makes sure its facilities and partners fully comply with applicable anti-corruption laws. To that end, it provides training in combating corruption and administering the anti-corruption law, and promotes zero tolerance towards corruption among the Company's employees and partners. Among other things, the Company has approved the Anti-Fraud and Anti-Corruption Policy, the Code of Ethics, and the Regulations on Conflict of Interest. The Company's counterparties are obliged to declare their compliance with anti-corruption laws. The Company is a member of the Anti-Corruption Charter of Russian Business.	Corrupt practices, conflicts of interest. No material risk events occurred.

Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 15 Reputational risk	<p>Damage caused to the Company's business reputation as a result of unauthorised disclosure of information about the Company's operations, financial results, senior management, etc. in the mass media or employees' neglect of business ethics.</p>	<p>In its operations, PhosAgro demonstrates commitment to transparency by disclosing all relevant material facts and circumstances. The Company has adopted an information policy and a media engagement policy. Information about the Company is available on its website and in the mass media. PhosAgro provides comments in response to media enquiries and regularly monitors coverage in both Russian and international 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.</p>	<p>Stakeholder confidence.</p> <p>No material risk events occurred.</p>
 16 Credit risk	<p>Financial losses caused by the failure of buyers, commercial contractors and other financial counterparties to fulfil their financial obligations to the Company in full and on time.</p>	<p>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.</p>	<p>Overdue accounts receivable, provision for bad debt.</p> <p>No material risk events occurred.</p>
 17 Currency risk	<p>Financial losses arising from unfavourable changes in FX rates against the Company's base currency.</p>	<p>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.</p>	<p>Changes in FX rates.</p> <p>No material risk events occurred.</p>








For more information on the Company's activities and indicators in this area, see the Financial Risk Management. Credit Risk section of the Notes to the consolidated financial statements on page 298



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 298




Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 18 Commodity risk	<p>Losses associated with unfavourable changes in the market prices for mineral fertilizers and other products or a hike in prices for key feedstock and equipment sourced by the Company.</p>	<p>In the context of heightened price volatility in the core product markets, PhosAgro takes consistent steps to optimise its sales structure in terms of the fertilizer grade offering and regional sales focus as a way to maximise the Company's 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. PhosAgro has offices in Buenos Aires (Argentina), Belgrade (Serbia), Hamburg (Germany), Bayonne (France), Zug (Switzerland), Limassol (Cyprus), Vilnius (Lithuania), Warsaw (Poland), São Paulo (Brazil) and Singapore. With a foothold firmly established in the priority export markets, the Company can respond more quickly to changes in the market demand and customer needs. To reduce its feedstock and equipment expenses, PhosAgro invites multiple suppliers to take part in tenders, enters into long-term supply contracts and develops lasting relationships with its suppliers.</p>	<p>Changes in product and feedstock prices.</p> <p>No material risk events occurred.</p>
 19 Climate risk	<p>Risks associated with changes in natural processes or phenomena amid climate change (physical factors) or with political, economic, financial or other decisions made by governments, multilateral organisations, financial institutions, or producer or consumer associations or other NGOs to curb climate change by reducing GHG emissions through carbon border adjustment or restrictions on the use of fossil fuels or non-renewable energy (transitional factors).</p>	<p>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. The climate risk management framework is also an integral part of the Company's risk management and internal control framework.</p> <p>In December 2020, the Board of Directors approved PhosAgro's Climate Strategy, the key elements of which are an analysis of climate risks and opportunities, a scenario analysis, the setting of science-based targets and a low-carbon transition plan.</p> <p>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); a supplier and customer engagement plan and supplier ESG ratings (Scope 3); and integration of climate risks into the risk management framework, climate KPIs, science-based climate targets (SBTi) and global projects.</p> <p>Thanks to these actions, the Company has improved its ratings for climate disclosure (CDP) and sustainable development (Sustainalytics).</p>	<p>Deviations resulting from climate impacts (by focus area).</p> <p>In 2020, there were severe weather events, with effects including squalls and excessive precipitation. However, at this stage it is difficult to assess the extent to which this weather was caused by climate change. In any case, the Company did not incur any significant losses associated with these natural phenomena.</p>

Risk	Description	Risk mitigants	Key indicators / risks materialised in 2020
 20 Infectious disease risk	Risks associated with the outbreak and spread of infectious diseases that pose a threat to business continuity.	In early 2020, an infectious disease caused by a newly discovered coronavirus (COVID-19) spread around the world. PhosAgro has been taking unprecedented measures to prevent mass infection of employees and local populations in its regions of operation (jointly with government agencies). Thanks to these measures, the Company managed to minimise the pandemic's negative impact on its operations, ensure business continuity and deliver on its business targets. The Company's pandemic experience in 2020 and the procedures it has established help respond to further developments associated with COVID-19, as well as to other infectious disease outbreaks.	Confirmed cases, Progress in epidemiological response. Several countries declared a state of emergency and almost all have imposed lockdowns, restricting business activity. Russia is experiencing a mild COVID-19 scenario thanks to its prompt response, including restricted international travel, self-isolation requirements, adequate medical care, vaccination, etc.
 21 Sanctions risk	Any foreign sanctions imposed on the Group's companies.	Economic globalisation has increased the exposure of the Russian economy and the Company's foreign operations to potential sanctions by individual countries or their groups. The Company's flexible production and sales model would help minimise any negative impact should such a risk event occur.	Losses associated with sanctions. No material risk events occurred.
 22 Interest rate risk	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 rate risk section of the Notes to the consolidated financial statements.	Losses associated with changes in interest rates. No material risk events occurred.
		 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 298	



Performance review

For a number of years now, PhosAgro's EBITDA margin has been one of the highest among direct competitors. In 2020, its key drivers were technological and operational improvements in production processes, completion of key investment projects, and recovery in global prices for fertilizers.



33.2%

EBITDA margin in 2020



FINANCIAL PERFORMANCE



2020 was a record year for the Company. The long-term development programme allowed us to produce more than ten million tonnes of commercial products a year for the first time ever, while total fertilizer sales grew by more than 5%. Growth in fertilizer sales against a backdrop of favourable pricing environment on the global markets ensured an 11.5% increase in the Company's EBITDA to RUB 84.3 bln. At the same time, our EBITDA margin of more than 33% remains one of the highest in the industry.

I would also like to highlight our business's ability to generate significant cash flows despite the challenging conditions – by the end of the year our cash flow reached RUB 42.5 bln, an all-time record for the Company.

PhosAgro's leverage is stable at 1.86x net debt / EBITDA, while CAPEX for the reporting period amounted to less than 50% of EBITDA.

We currently see a surge in demand and prices for all major types of mineral fertilizers as a result of high prices for major crops and seasonal demand in key sales markets – Europe, the domestic market of the US, and China.

On top of that, India is likely to contribute to fertilizer demand in the near term due to low carry-over stocks and, consequently, a potential early start of seasonal procurement.

Alexander Sharabaiko,
Deputy CEO for Finance and International Projects

KEY DRIVERS OF FINANCIAL RESULTS

PhosAgro's financial performance in 2020 was materially impacted by the following key factors and events:

- surge in prices for all major types of mineral fertilizers during the year as a result of high prices for major crops and seasonal demand in key sales markets – Europe, the domestic market of the US, and China;
- limited supply of phosphate-based fertilizers due to lack of new production capacities and lower output at the beginning of the year amid the spread of COVID-19;
- shrinking phosphate-based fertilizer exports from China and other countries.

REVENUE ANALYSIS

Revenue for 2020 grew by 2.3% y-o-y and amounted to RUB 253.9 bln. Revenue growth was driven by higher sales.

In 2020, lower average sales prices for phosphate- and nitrogen-based fertilizers were fully offset by a 5.3% increase in sales volumes and an 11.4% depreciation of the rouble against the US dollar.



253.9

RUB bln

revenue for 2020

FY 2020 financial and operational highlights, RUB mln

Item	12M 2019	12M 2020	Change y-o-y, %
Revenue	248,125	253,879	2.3
EBITDA ¹	75,582	84,280	11.5
EBITDA margin	30.5%	33.2%	2.7 p.p.
Net profit	49,408	16,921	(65.8)
Adjusted net profit ²	37,062	46,791	26.3
Free cash flow	28,272	42,517	50.4
	31 December 2019	31 December 2020	
Net debt	131,583	156,875	
12M net debt / EBITDA	1.74	1.86	
Sales volume, kt	12M 2019	12M 2020	Change y-o-y, %
Phosphate-based fertilizers	7,255	7,669	5.7
Nitrogen-based fertilizers	2,197	2,286	4.0
Total sales	9,452	9,955	5.3

Revenue breakdown by key products, RUB bln

Item	2019	2020	Change y-o-y, %
Phosphate-based products	201.3	203.6	1.1
Nitrogen-based products	37.9	38.7	2.1
Other	9.0	11.6	28.9
Total	248.1	253.9	2.3

Revenue breakdown by region, RUB bln

Item	2019	2020
Russia	80.7	85.1
CIS	13.6	10.5
Europe	72.4	66.5
South America	34.8	41.9
Africa	9.5	12.3
India	14.2	21.6
North America	19.4	12.3
Others	3.9	3.6

¹ EBITDA is calculated as operating profit adjusted for depreciation and amortisation.

² Adjusted net profit means net profit less foreign exchange gain or loss and other non-cash items.



OPERATING COSTS ANALYSIS

Cost of sales, RUB mln, %

Item	12M 2019	12M 2020	Change y-o-y, %
Depreciation and amortisation	21,368	23,743	11.1
Materials and services	41,221	40,973	(0.6)
Phosphate rock transportation	8,641	8,134	(5.9)
Repair	10,119	10,134	0.2
Drilling and blasting	2,323	3,168	36.4
Other materials and services	20,138	19,537	(3.0)
Raw materials	43,155	35,514	(17.7)
Ammonia	4,095	4,802	17.3
Sulphur and sulphuric acid	9,165	4,360	(52.4)
Potassium	13,691	12,253	(10.5)
Natural gas	12,627	12,342	(2.3)
Ammonium sulphate	3,577	1,757	(50.9)
Salaries and social contributions	12,744	13,807	8.3
Electricity	6,204	6,311	1.7
Fuel	4,849	3,885	(19.9)
Products for resale	6,683	9,102	36.2
Total	136,224	133,335	(2.1)

In 2020, cost of sales went down by 2.1% y-o-y, to RUB 133.3 bln. This decline amid increased output was achieved as a result of a production upgrade, better self-sufficiency in raw materials, and lower feedstock prices.

Costs for raw materials decreased by 17.7% y-o-y to RUB 35.5 bln on the back of:

- a 52.4% cut in the spending on sulphur and sulphuric acid ,

to RUB 4.4 bln due to a decline in the sales of sulphur-rich fertilizer grades, pilot commissioning of a new sulphuric acid unit in Cherepovets at the beginning of 2020, as well as falling global prices for this feedstock;

- 10.5% lower spending on potassium chloride, to RUB 12.3 bln, amid falling global prices;

- a 50.9% decline in the spending on ammonium sulphate, to RUB 1.8 bln after our ammonium sulphate plant reached its design capacity.

Ammonia costs increased by 17.3% to RUB 4.8 bln due to higher consumption caused by the launch of the ammonium sulphate plant.



In 2020, cost of sales went down by 2.1% y-o-y, to

133.3 RUB bln



Costs for raw materials decreased by 17.7% y-o-y to

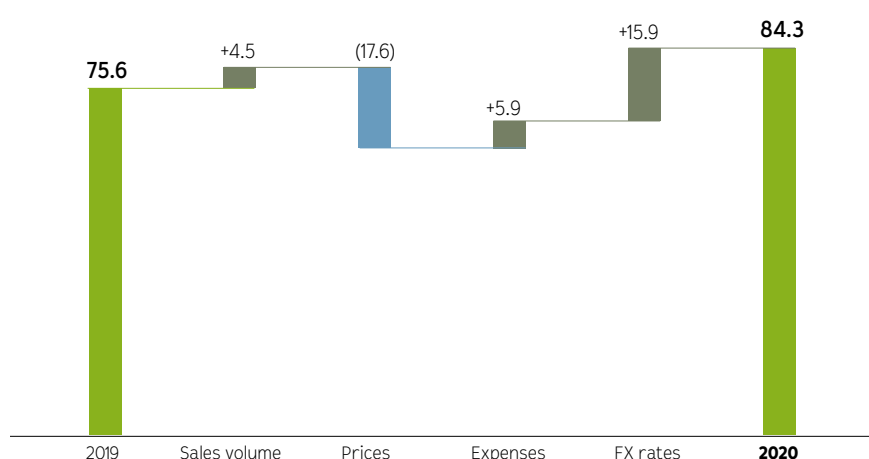
35.5 RUB bln

EBITDA

EBITDA for 2020 grew by 11.5% y-o-y and amounted to RUB 84.3 bln, with a 33.2% margin.

The growth was driven by recovering global prices for fertilizers and the completion of technological and operational upgrades. Among other contributing factors were rouble depreciation and low prices for key raw materials. EBITDA margin is one of the highest among direct competitors

Change in EBITDA components in 2020, RUB bln

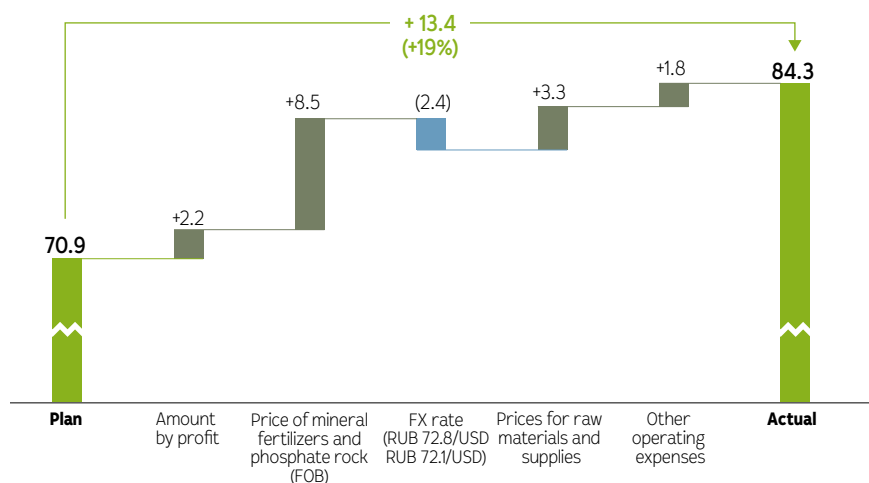


FREE CASH FLOW

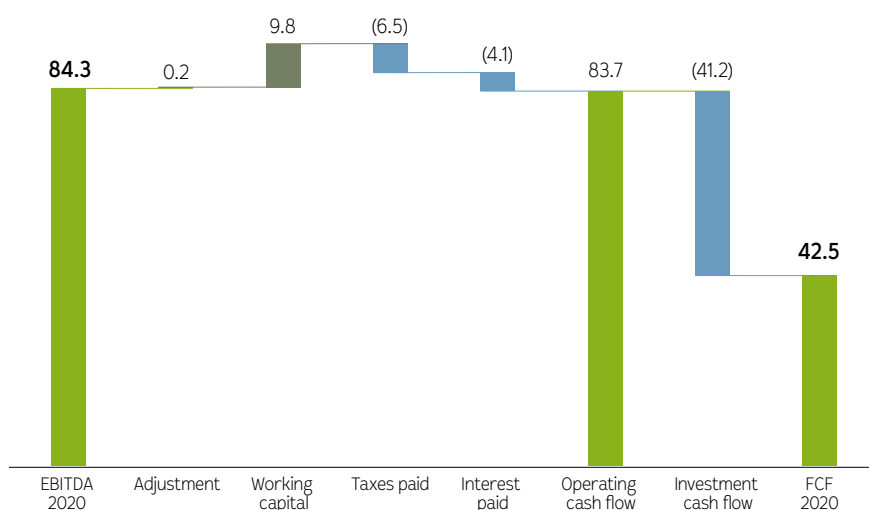
In 2020, free cash flow increased 1.5x y-o-y and amounted to a record RUB 42.5 bln. The growth was driven by high EBITDA margin and efficient working capital management.

Capital investments for the year reached RUB 40.9 bln (USD 567 mln), which is equal to 49% of the 2020 EBITDA. The Company's investments were focused around the development of the raw material base in Kirovsk, upgrade of fertilizer production and railway infrastructure in Cherepovets, launch of a new flexible line producing ammonium sulphate in Balakovo and construction of new facilities at the Volkhov site.

2020 EBITDA (plan/actual), RUB bln



EBITDA to FCF conversion in 2020, RUB bln



84.3 RUB bln

EBITDA in 2020



42.5 RUB bln

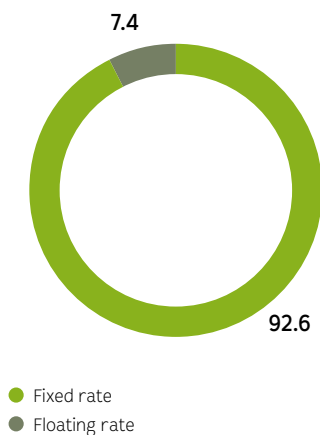
free cash flow (FCF) in 2020



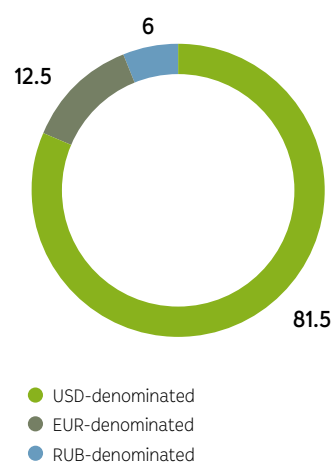
DEBT

At the end of 2020, our net debt to EBITDA ratio stood at 1.86x. The growth compared to 31 December 2019 was a result of rouble depreciation, since most of the Company's loan portfolio is denominated in US dollars. Net debt as at 31 December 2020 was RUB 156.9 bln (USD 2.1 bln).

Loans and borrowings breakdown as rate type at 31 December 2020, %



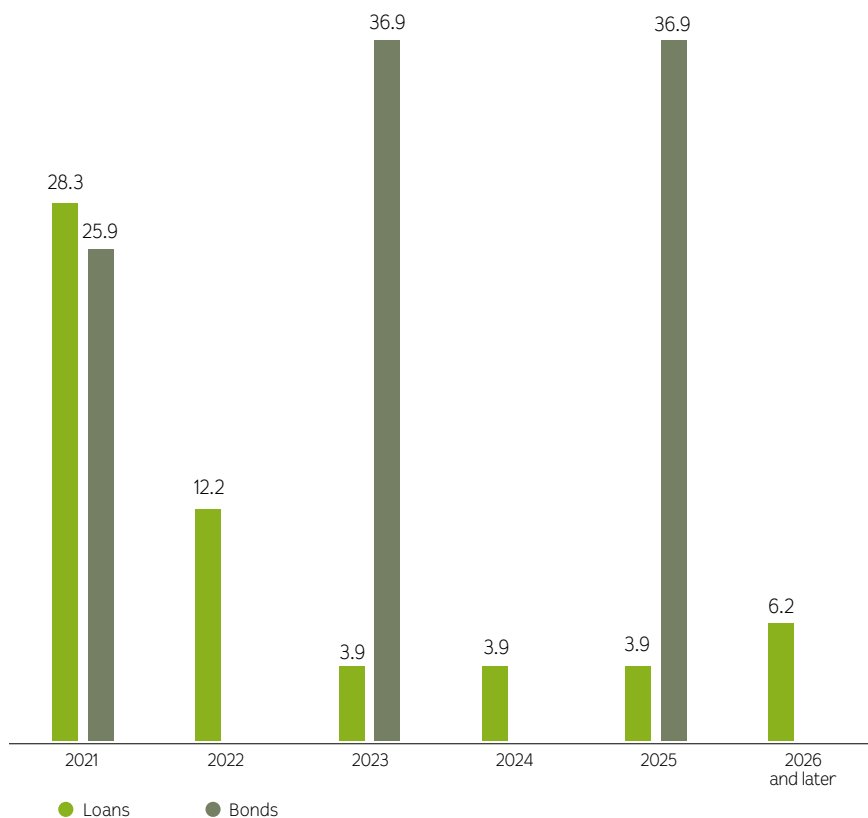
Loans and borrowings breakdown as currency at 31 December 2020, %



Loans and borrowings breakdown as maturity, RUB mln



Repayment schedule, RUB bln



Direct economic value generated and distributed

201-1

Item	Stakeholder	2019	2020
Direct economic value generated		249,583	254,854
Revenue from sales	Wide range of stakeholders	239,130	242,262
Revenue from other sales		8,995	11,617
Revenue from financial investments		1,458	975
Revenue from sale of assets		0	
Economic value distributed		(243,077)	(247,254)
Operating expenses, including:	Suppliers and contractors	(194,090)	(193,263)
wages and other payments to employees		(24,706)	(28,540)
social expenses		(2,661)	(2,570)
Payments to providers of capital:	Shareholders and creditors		
payments to shareholders		(32,244)	(38,852)
payments to creditors		(4,635)	(4,132)
Tax expenses and other payments to government:	Government	(12,108)	(11,007)
including income tax expense		(9,724)	(8,045)
Economic value retained		6,506	7,600





OPERATIONAL PERFORMANCE



Speaking about PhosAgro's operating results, I would like to point out the favourable market conditions throughout the year. Robust demand and high affordability of fertilizers, coupled with limited global phosphate production, laid grounds for a 5% y-o-y sales growth for this type of product. We greatly benefitted from our consistent investments in production over the previous years.

The Kirovsk branch of Apatit reached stable annual production of more than 10.5 mln t of apatite concentrate. The Cherepovets site increased its output by almost 5%. The Balakovo branch launched the production of granulated ammonium sulphate, a product new for the Company and unique for the Russian market. The Volkhov branch of Apatit is undergoing a global transformation, PhosAgro's largest investment project to date, worth about RUB 28 bln.

As a result of higher output and larger share of higher-margin complex fertilizers, we were able to solidify our leadership on the Russian market and increase sales to domestic farmers by almost 10%.

Mikhail Rybnikov,
First Deputy CEO

PRODUCT PORTFOLIO



The Company developed its own green label certifying the environmental safety of products. PhosAgro's fertilizers do not have as much cadmium content as would be dangerous for health (less than 5 mg / kg, which is much less than the 20 mg / kg threshold recommended by France's ANSES), contributing to cleaner soil, healthy crops and high quality of foods.



Today, PhosAgro's portfolio includes



52

fertilizer grades

12

including 12 with micronutrients.

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®

Monocalcium phosphate feed grade

Concentrates



High-grade phosphate rock



Syenite alkali aluminium concentrate



Nepheline concentrate

Industrial phosphates

Sodium Tripolyphosphate



Industrial products



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



UPSTREAM AND DOWNSTREAM

Apatit's Kirovsk branch mines, beneficiates and processes apatite-nepheline ore into phosphate rock and nepheline concentrate. Apatit is the world's largest producer of high-grade phosphate rock and Russia's only producer of nepheline concentrate.

UPSTREAM

PhosAgro has its own deposits of apatite-nepheline ore, which is unique in terms of its environmental friendliness and safety. Its feedstock reserves are of igneous origin, and so they do not have concentrations of toxic heavy metals. PhosAgro's own deposits of apatite-nepheline ore ensure 100% self-sufficiency when it comes to the production of phosphate rock (apatite concentrate extremely rich in P₂O₅). The mine life of the Company's resource base is estimated at around 60 years.

The branch develops six Khibiny deposits: Kukisvumchorr, Yukspor, Apatitovy Cirque, Rasvumchorr Plateau, Koashva and Njorkpahk.

Further development of the Kirovsk branch depends on underground and open pit mining. The development of the raw material base is currently seen as a priority and PhosAgro's capital investments are focused on the construction of new mining facilities to replace the retired ones, increase in productivity, as well as upgrade and purchase of equipment.

PhosAgro ore reserves as at 1 January 2021

Deposit	Balance reserves, kt (A+B+C1+C2)	Average P ₂ O ₅ content, %
Kukisvumchorr	368,549	14.17
Yukspor	462,056	13.98
Apatitovy Cirque	98,824	13.82
Rasvumchorr Plateau	88,569	10.64
Koashva	748,634	15.94
Njorkpahk	53,204	13.87
Total	1,819,836	14.65

Licences

Mining licences		
Kirovsky mine	Kukisvumchorr and Yukspor deposits	31.12.2025
Vostochny mine	Koashva deposit	31.12.2038
	Njorkpahk deposit	31.12.2063
Rasvumchorrsky mine	Apatitovy Cirque and Rasvumchorr Plateau deposits	01.01.2024
Vostochny / Rasvumchorrsky mine	Rasvumchorr Plateau deposit	31.12.2021
Geological survey, exploration and mining licenses		
Plot Plateau		14.12.2040
Iyolitovy Otrog deposit		01.02.2024

In 2020, the Company produced 37.55 mln t of apatite-nepheline ore, and it plans to increase the output to 41 mln t by 2027.



In 2020, the Company produced of apatite-nepheline ore

37.55 mln t

Key projects



- In Q4 2020, a skip hoisting complex was commissioned at main shaft No. 1 with an annual design capacity of 3.4 mln t. The reconstruction included the replacement of shaft equipment as well as installation of a tippie bunker complex, a new headgear, and a modern hoist.
- Construction and installation works at the crushing and delivery unit and haulage level +10 m of the Kukisvumchorr deposit entered the active stage following massive underground construction of 2016–2020.
- In Q4 2020, Yukspor tunnel No. 1 was commissioned. Re-equipment included replacement of the assembled rails and sleepers, crushed-stone ballast, and trough gutters, raising the throughput of this railway section by doubling the train speed.
- In December 2020, re-equipment of main shaft No. 2 reached the final stage – shaft equipment was fortified and new solid conductors were installed to increase the reliability of ore drawing.
- In 2020, investment projects for open-pit mining at the Koashva and Njorkpahk deposits included procurement of nine units of road machinery, 32 mining dump trucks, and three electro-hydraulic excavators.

Technologies

**Remote underground drilling.**

An operator can manage several drilling rigs from an above-ground control centre. In 2020, the Kirovsk branch of Apatit expanded its fleet with four units and formed a large fleet of 14 remotely-operated drilling rigs. The Unified Control Centre located on the premises of the Kirovsky mine also operates two rigs drilling at the Rasvumchorr mine 7 km away.

DOWNSTREAM

Production volume, kt

Item	2018	2019	2020 plan	2020 actual	Change y-o-y, %	2021 forecast
Phosphate rock	10,067	10,507	10,500	10,541	0.3	10,670
Nepheline concentrate	986	1,188	1,145	1,159	(2.4)	1,148





PRODUCTION

PHOSPHATE-BASED FERTILIZERS

Phosphate-based fertilizer production, kt

Item	2018	2019	2020 plan	2020 actual	Change y-o-y, %	2021 forecast
DAP/MAP	2,992.0	3,186.7	3,340.5	3,164.4	(0.7)	3,562.4
NPK	2,799.0	2,771.6	2,747.6	2,840.3	2.5	2,870.5
NPS	422.0	644.3	680.8	928.9	44.2	793.1
APP	216.5	193.4	224.0	205.8	6.4	219.8
MCP	356.0	367.7	385.9	392.1	6.6	389.8
PKS	67.0	93.0	87.1	46.4	(50.1)	31.7
Total	6,853.0	7,256.8	7,465.9	7,577.9	4.4	7,867.3

In 2020, fertilizer production in the phosphate segment increased by 4.4% y-o-y due to higher productivity of the existing facilities making phosphoric acid and phosphate-based fertilizers.

Better performance was driven by technological and operational improvements in the production of phosphoric acid and major overhauls of the fertilizer facilities completed in late 2019.



fertilizer production in the phosphate segment increased by

4.4%

NITROGEN-BASED FERTILIZERS

Nitrogen-based fertilizers production, kt

Item	2018	2019	2020 forecast	2020 actual	Change y-o-y, %	2021 forecast
Ammonium nitrate	533.0	566.4	671.9	691.5	22.1	668.0
Urea	1,590.0	1,684.1	1,640.8	1,679.1	(0.3)	1,624.4
Ammonium sulphate	–	1.2	36.4	31.7	2,641.7	59.9
Total	2,122.0	2,251.8	2,349.1	2,402.3	6.7	2,352.3

In the nitrogen segment, production over 12 months of 2020 grew by 6.7% y-o-y due to the start of production of commercial ammonium sulphate and a 22.1% rise in ammonium nitrate output, to 691.5 kt. The increase is attributed to the launch of a new

facility for producing nitric acid (the main component of ammonium nitrate) and it reaching the design capacity, as well as completed works to support the existing nitric acid facilities and upgrade ammonium nitrate capacities.



In the nitrogen segment, production over 12 months of 2020 grew by

6.7%

FEEDSTOCK, KT

Feedstock, kt

Item	2018	2019	2020 forecast	2020 actual	Change y-o-y, %	2021 forecast
Ammonia	1,866.0	1,930.1	1,936.1	1,970.3	2.1	1,905.8
Phosphoric acid	2,546.2	2,684.0	2,761.7	2,716.8	1.2	2,916.7
Sulphuric acid	5,731.7	6,123.0	6,855.2	6,815.6	11.3	7,376.6
Ammonium sulphate	–	13.5	291.9	293.9	2,071.0	292.3
Total	10,143.9	10,750.6		11,796.6	9.7	12,491.4

In 2020, the production of sulphuric acid went up by 11.3% y-o-y and amounted to 6.8 mln t. The significant increase was driven by pilot commissioning of the new sulphuric acid unit in Cherepovets in the middle of Q1 2020. With an annual design capacity of 1.1 mln t, it will make the Company more self-sufficient.

At the beginning of the year, PhosAgro brought the synthetic ammonium sulphate production unit in Cherepovets to full capacity (up to 300 ktpa) and will, consequently, more than halve the procurement

of ammonium sulphate from external suppliers. The sulphate is used in production of NPK(S) grades and, made in-house, will help bring down the production costs.

In 2020, the production of sulphuric acid increased by 11.3% y-o-y and amounted to 6.8 mln t. The surge was driven by:

- completion of a large-scale upgrade and re-equipment programme at the Cherepovets site;

- completion of the next stage of upgrade of the mineral fertilizer capacities in Balakovo;
- completion of the first stage of a modern phosphate-based fertilizer facility and construction of a power plant at Apatit's Volkhov branch;
- synthetic ammonium sulphate facility in Cherepovets reaching its full capacity.





Key projects

**Launch of SK-3300 sulphuric acid production line (Cherepovets)**

In Q1 2020, the Company began pilot operation of a new sulphuric acid plant in Cherepovets. With an annual design capacity of 1.1 mln t, it will make the Company more self-sufficient in terms of sulphuric acid.

Investments
in the project

~10.6
RUB bln

Synthetic ammonium sulphate facility reaching full capacity (Cherepovets)

In early 2020, PhosAgro brought the synthetic ammonium sulphate production unit in Cherepovets to full capacity (up to 300 ktpa) and will, consequently, more than halve the procurement of ammonium sulphate

from external suppliers. The sulphate is used in production of NPK(S) grades and, made in-house, will help bring down the production costs.

Investments
in the project

~2.5
RUB bln

Development of the Volkhov branch of Apatit

PhosAgro intends to build a new modern phosphate-based fertilizer facility and a power plant at Apatit's Volkhov branch. The project will involve the construction of an 800 ktpa sulphuric acid plant, a mineral fertilizer facility producing, among other things, water soluble MAP, warehouses for liquid ammonia and finished products, and a 25 MW heat and power plant.

In addition, the wet-process phosphoric acid capacities will be ramped up to 500 ktpa.

In October 2020, the Company began temporary production of NPS 16:20, with the intention to switch to MAP 12:52 in February 2021.

Investments
in the project

>28
RUB bln

The project
is scheduled
for completion
in 2023



Technologies

**SK-3300 sulphuric acid system, Cherepovets production facility**

The technology was developed by **NIUIF**, which also assisted with the project implementation.

The system was commissioned in **March 2020**.

Sulphuric acid is produced according to a short, eco-efficient, and energy-saving process involving double contact double absorption, which is used by modern sulphuric acid facilities around the world.

Benefits:

- quickly reaches design capacity;
- reliable and easy to operate;
- guarantees minimal exhaust of harmful gases into the atmosphere;
- has minimum power consumption levels;
- fitted with simple and reliable equipment;
- SO₂ conversion rate of 0.9980 and above;
- total SO₃ absorption rate of 0.9999.

Its production capacity stands at

~1.1

mln t

of monohydrate per year.



All of the system's performance indicators are in line with **best available technologies** or even exceed them.





SALES

In 2020, PhosAgro's domestic fertilizer sales increased by 8.0% y-o-y and exceeded 2.9 mln t. This growth was driven by higher sales to Russian farmers as a result of the upsurge of the entire Russian agricultural sector.

Exports of all types of fertilizers in 2020 increased by 4.2% to 7.1 mln t. The growth was largely attributable to an advanced sales system as well as high quality and environmental efficiency of the fertilizers produced. Better sales were also prompted

by favourable weather conditions, high affordability of fertilizers for end consumers, and a temporary halt in fertilizer production in India and China in the spring as a result of the pandemic-related restrictions. All these factors supported the growth of PhosAgro sales in the key markets of Latin America, India and Africa.

Sales of phosphate-based fertilizers to North America over 12 months of 2020 amounted to about 316.5 kt, almost halving y-o-y

on the back of the unfavourable pricing environment in the US market early in the year as well as Mosaic's petition against Moroccan and Russian phosphate imports. PhosAgro's flexible distribution allowed the Company to redirect products to other markets, including Canada and India, without any losses.

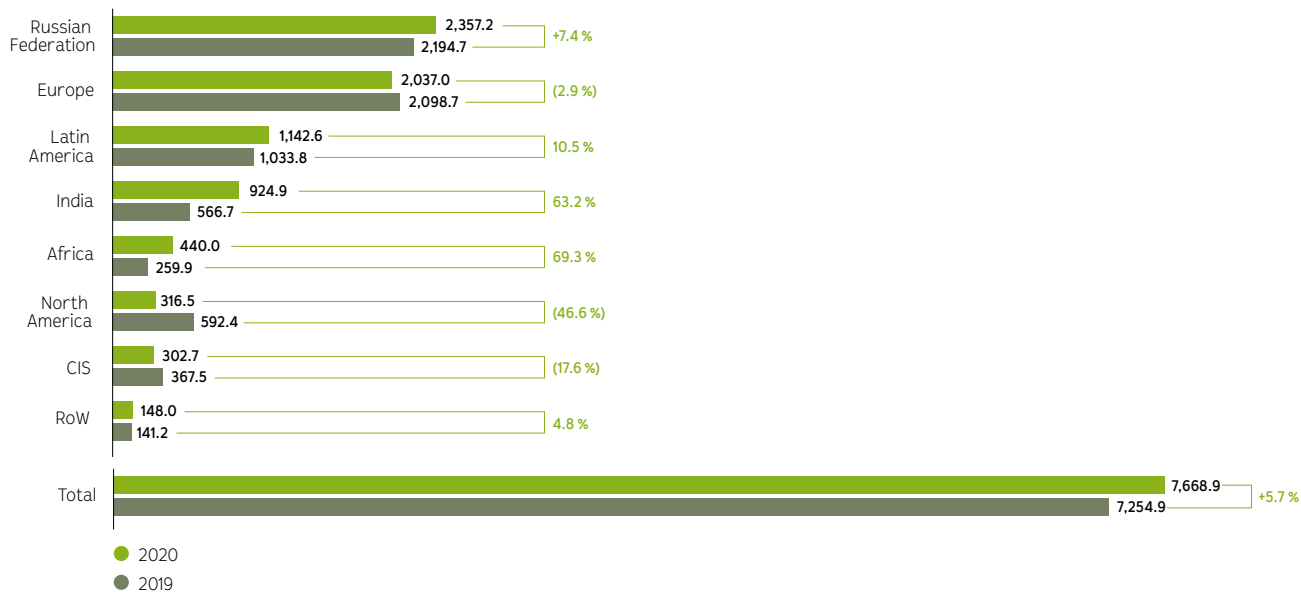
SALES IN 2019–2020

Sales by category, kt

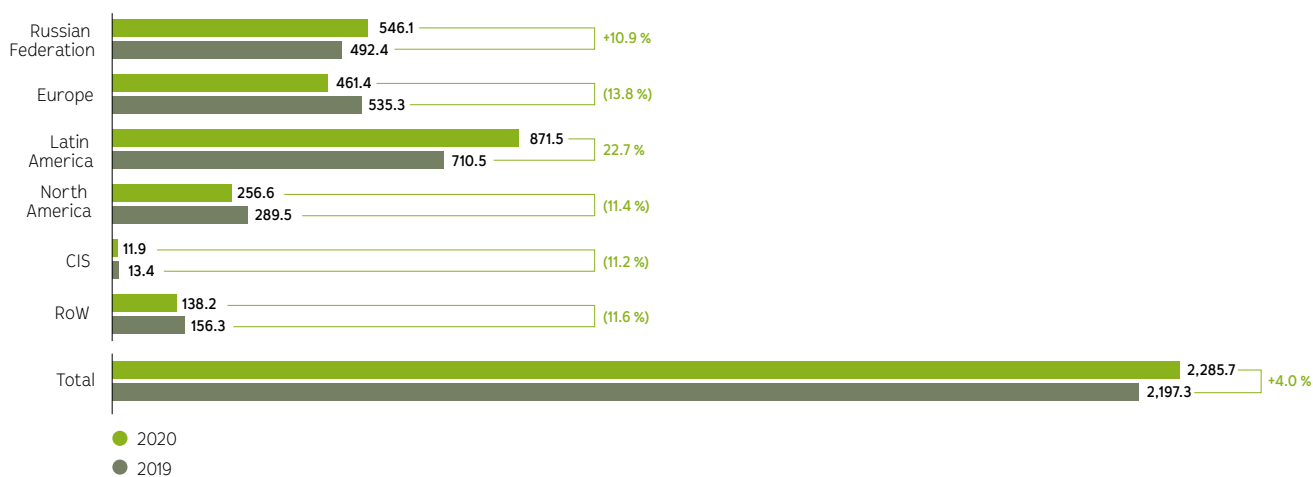
Item	2019	2020	Change 2020/2019, %
Phosphate rock	3,256.4	3,151.8	(3.2)
Nepheline concentrate	1,189.8	1,159.0	(2.6)
Total	4,446.2	4,310.8	(3.0)
Phosphate-based fertilizers			
DAP/MAP	3,204.6	3,203.4	0.0
NPK	2,775.7	2,924.6	5.4
NPS	616.0	912.2	48.1
APP	198.4	200.3	1.0
MCP	377.4	378.6	0.3
PKS	82.9	49.8	(39.9)
Total	7,255.0	7,668.9	5.7
Nitrogen-based fertilizers			
Ammonium nitrate	506.4	618.6	22.2
Urea	1,690.9	1,649.0	(2.5)
Ammonium sulphate	0.0	18.1	>100
Total	2,197.3	2,285.7	4.0
Total fertilizers	9,452.3	9,954.6	5.3
Other products			
STPP	103.5	93.3	(9.9)
Other	82.2	90.4	10.0
Total other products	185.6	183.7	(1.0)

Sales by region, kt

PHOSPHATE-BASED FERTILIZERS



NITROGEN-BASED FERTILIZERS



Sales of phosphate-based fertilizers to North America over 12 months of 2020 amounted to about

316.5 kt



PhosAgro's domestic fertilizer sales amounted to

2.9 mln t



Research and EDUCATION

PhosAgro runs the Samoilov Scientific Research Institute for Fertilizers and Insectofungicides (NIUIF), Russia's only institute specialising in this area. The Company actively cooperates with the Russian Ministry of Agriculture, the Russian Academy of Sciences, scientific and educational institutions in Russia and abroad, and innovation funds.



Research and education has always been an integral part of our operations.

Fully aware of our responsibility for ensuring efficient and safe agricultural production, we develop new innovative fertilizers, and work to minimise the environmental impact of both mineral fertilizer application and production.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

2 ZERO
HUNGER



4 QUALITY
EDUCATION



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



15 LIFE
ON LAND



17 PARTNERSHIPS
FOR THE GOALS



NIUIF ACTIVITIES

The NIUIF is Russia's oldest and so far only research institute focusing on downstream technologies for phosphate rock, production of phosphoric and sulphuric acids and manufacturing of phosphate- and nitrogen-based mineral fertilizers. It is the country's leading issuer of standards and certificates for mineral fertilizers, sulphuric and phosphoric acids, and other associated products, and No. 1 provider of metrological solutions for production facilities. The institute holds around 70 patents for phosphate processing and fertilizer production technologies.

The NIUIF cooperates with the leading agricultural institutes from Russia and abroad, and studies mineral fertilizer properties and the ways to make their use more efficient and produce healthy foods for the planet's growing population.



SOLUTIONS DEVELOPED BY THE NIUIF IN 2020

R&D FOR SULPHURIC ACID PRODUCTION

- The first stage of creating the in-house production of high-performance vanadium sulphuric acid catalysts: providing input data for the feasibility study. Run jointly with the Boreskov Institute of Catalysis (Siberian Branch of the Russian Academy of Sciences), the project will continue in 2021.
- Development of as-built documentation and support for the design of the SK-800 sulphuric acid plant in Volkhov (the NIUIF technology).
- R&D support for the commissioning and deployment of a new SK-3300 sulphuric acid unit in Cherepovets (the NIUIF technology and design).

R&D SOLUTIONS FOR MINERAL FERTILIZER PRODUCTION

- Intensifying MFPU-2 operation in Cherepovets using a catalytic converter.
- R&D support for the start-up and deployment of MFPU-3 in Volkhov (developed and designed earlier by the NIUIF).
- Development and implementation of the ammoniator-granulator and dryer drum technology in Balakovo.
- R&D support for the commissioning and start of crystalline ammonium sulphate production in Cherepovets.
- Analysis of available technologies, research, substantiating the choice of water-soluble monoammonium phosphate (MAP) technology.

DEVELOPMENT OF ADVANCED TYPES OF FERTILIZERS AND OTHER PRODUCTS



The project has environmental and climatic significance

- Trial and research (together with the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy) to study the possibility of creating innovative fertilizers with enhanced environmental and agrochemical efficiency. This relates to slow and controlled-release fertilizers produced by applying inorganic digestible coatings / shells on granules. The preliminary results are positive, and the work will continue in 2021.

- R&D support for the start-up and deployment of the granulated ammonium sulphate production powered by the NIUIF technology and design.

Plans for 2021

- Conduct research to develop technologies for water-soluble fertilizers, primarily monocalcium phosphate.



R&D SOLUTIONS FOR PHOSPHORIC ACID PRODUCTION



The project has environmental and climatic significance

- Development of solutions for the vacuum evaporation of wet-process phosphoric acid in Cherepovets, Balakovo, and Volkhov. The project will help reduce fluorine content in fertilizers, recycle fluorine into popular chemical products, and optimise the use of chemical reaction heat, which in turn will reduce natural gas consumption and greenhouse gas emissions.

- Development of hemihydrate and dihydrate process for the production of wet-process phosphoric acid at all sites, increasing the efficiency of raw material processing.

ENVIRONMENTAL R&D, INCLUDING WITH A FOCUS ON THE USE OF RECYCLED MATERIALS

- Upgrade and improvement of scrubbing systems in Cherepovets and Balakovo.
- Closer examination of the Volkhov branch water use plan to confirm the possibility of implementing a zero-discharge scheme for the purpose of new production facilities.
- Monitoring the condition and stability of dump sites in Balakovo. Collaboration with St Petersburg Mining University.
- Research and development support for the design of an acidic waste water treatment station in Volkhov.
- Analysis of high-potential fluosilicate acid processing methods.
- Research and development support for the design of a unit for the integrated treatment of by-products from wet-process phosphoric acid – fluosilicate acid and phosphogypsum production (based on a NIUIF technology).
- Research and development support for the design of aluminium fluoride shop reconstruction with increased capacity.
- Research on recovery and processing of waste water phosphorus.
- Research to create a technology for hydrogen sulphate treatment of nepheline.

Plans for 2021

- Development of a technology to produce crystalline ammonium sulphate by processing phosphogypsum and carbon dioxide.
- Development of an action plan to optimise the use of chemical reaction heat, reduce natural gas consumption and, consequently, greenhouse gas emissions at the fertilizer drying stage.



PHOSAGRO INNOVATION CENTRE

The Innovation Centre was created in 2018 to develop innovative products and technologies in collaboration with research institutions in Russia and abroad. The Centre also conducts market research and shapes the product portfolio expansion strategy for the Company.

Today, PhosAgro's portfolio includes 52 fertilizer grades, including 12 with micronutrients. We plan to develop 50 new products by 2025, and 70 by 2030, including innovative biomineral fertilizers, fertilizers with inhibitors and ameliorants, as well as fertilizers with prolonged effect.

PhosAgro Innovation Centre cooperates with 15 federal research centres and institutes. It has signed 22 research and development contracts for the total of RUB 34.9 mln. The Centre has put in place a procedure to develop and register innovative agrochemicals comprising the following stages: laboratory analysis – growth chamber – field – product concept – registration. It also collects information on new developments in the field of fertilizer production and application, and works to create educational and training films.



It has signed

22

research and development contracts for the total of

34.9 RUB mln

PHOSAGRO'S AGRONOMIC SERVICE

Educational activities of the agronomic service include the following:

- field days (over 35 field days annually);
- seminars and training for farmers, distributors and sales managers (over 60 seminars and conferences annually);
- internal training for agronomists and traders;
- agronomic advice and support;
- creation of a knowledge base focusing on the efficiency and benefits of PhosAgro fertilizers (150+ trials per year).

PhosAgro's field trial stations are a tool for transferring advanced agricultural technologies from scientific community to producers.

The field trial stations are used to:

- demonstrate growing technologies;
- test new fertilizer grades and prepare recommendations on their safe and effective use;
- conduct field conferences;
- provide on-the-job training for students.



In 2020, PhosAgro launched its YouTube channel named PhosAgro Pro Agro. It features the Company's agronomic service specialists and invited experts discussing advanced technologies and effective plant nutrition systems.





INNOVATIONS IN EDUCATION

We believe that availability of human resources for the agro-industrial sector is an essential part of ensuring the country's food security.

- PhosAgro, together with the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy and Innopraktika non-government development institution, has established an applied academy-based research educational centre to train highly qualified personnel for the agro-industrial sector.
- Training centres were established at the Kuban State Agrarian University and the Russian State Agrarian University – Moscow Timiryazev Agricultural Academy.
- A university of innovations was established, and a course of 20 lectures and webinars was developed and implemented. The project involves globally renowned scientists, innovative companies that are PhosAgro's partners, PhosAgro specialists and university professors.
- Video lectures designed to promote knowledge about new products through PhosAgro's digital education programme are being prepared.
- The first online conference held in June 2020 was attended by a total of 290 participants.



GREEN CHEMISTRY FOR LIFE



At the onset of the Green Chemistry for Life project, we were thinking, first and foremost, about influencing the scientific search criteria, and directing the efforts of young scientists toward the development of new technologies to secure the efficient and rational use of available resources, as well as application of recycled materials. Our common goal has been to promote and popularise new progress ethics making sure that scientific and technological advances of today do not compromise the planet's natural diversity and well-being of future generations. Our ideas have been strongly supported by the scientific community, and the project was widely discussed and became an effective mechanism for stimulating scientific research. The efforts of an ever increasing number of people united by this project are aimed at benefiting all mankind.

Andrey Guryev
PhosAgro's CEO



GLOBAL HUMANITARIAN PROJECTS



INTERNATIONAL UNION OF
PURE AND APPLIED CHEMISTRY



Since its launch in 2013, Green Chemistry for Life, an initiative run by UNESCO and PhosAgro in close cooperation with the International Union of Pure and Applied Chemistry (IUPAC), has reviewed over 700 applications and awarded grants to over 40 young chemists from 29 countries for research in health, sustainable development, environmental protection and human health.

It is the first ever project under the auspices of the UNESCO and the entire UN system funded by a Russian company.



PhosAgro's contribution to the project over 2013–2022 will amount to

2.5 USD mln



IUPAC GREEN CHEMISTRY SUMMER SCHOOL



In 2018, the Company's partnership with UNESCO and IUPAC reached a new milestone as the first session of the IUPAC Summer School on Green Chemistry kicked off.

PhosAgro has been a general partner of IUPAC's Summer Schools on Green Chemistry providing scholarships to young researchers from developing economies. Over the course of three years, our total spending to support this project exceeded USD 40,000. Sessions have been held annually with PhosAgro's support, attracting hundreds of young talented scholars from emerging and transition economies.

In 2020, the IUPAC Summer School was held online for the first time. Dictated by the new reality, the format made the school's events accessible to a record number of participants. More than 200 postgraduates and young scientists engaged in innovation activities based on the principles of sustainable development and about 40 professors and teachers from 25 countries participated in the sessions.

PROMOTING SUSTAINABLE AGRICULTURE



PhosAgro is helping farmers and the industry understand how to improve soil management while avoiding the accumulation of contaminants in it.

In order to preserve soil fertility and purity, boost yields, and ensure stable agricultural production in a high-risk farming environment, the Company shares its research results with farmers in various countries and arranges their training and professional development.

PhosAgro cooperates with the United Nations Food and Agriculture Organisation (FAO), which has 197 member states. In 2018, the Company became a partner in FAO's **Global Soil Partnership**. PhosAgro is the first Russian company in the history of this organisation to implement a global soil protection initiative, promoting new technologies and knowledge for sustainable agricultural development.

In 2019, PhosAgro launched a large-scale project to promote sustainable soil management

among farmers and create the Regional Soil Laboratory Network (RESOLAN) in Africa, Latin America and the Middle East, with USD 1.2 mln allocated for these purposes. Results of the laboratory activities are aggregated in a global international network of such laboratories allowing to assess soil quality and the role of fertilizers in boosting yields.

PhosAgro has also financed the creation of a rapid soil testing kit as part of the **Soil Doctors programme**. The project will see more than 5,000 farmers across 30 countries receive these kits.

SUPPLY CHAIN

PhosAgro strives to make its procurement activities transparent and ensure fair competition and equal conditions for all suppliers of equipment and services. We seek to build strong, trustful and mutually beneficial relationships with our partners in compliance with the applicable laws, regulations, industry standards, contractual and other obligations.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

9 INDUSTRY,
INNOVATION AND
INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



PROCUREMENT PRINCIPLES

102-12

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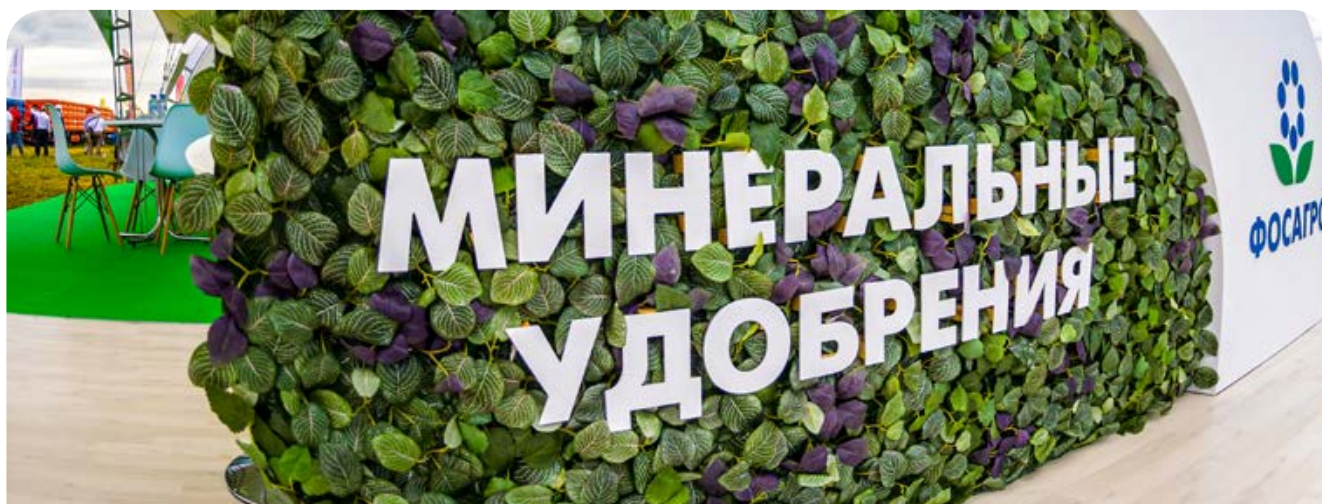
As set out in the relevant policy of Apatit, the Company's procurement activities should rely on the following principles:

- be legitimate, competitive, and transparent;
- factor in the requirements for specifications, quality, customer service, delivery, reliability, eco-friendliness
- and total cost of equipment and materials ownership, along with legal and social matters;
- use the best-fitting, sustainable business solutions;
- protect the Company's reputation;
- comply with the Company's existing procedures and best practices.

PROCUREMENT METHODS

Corporate procurement is a competitive process, with a dedicated commission put in charge of organising tenders for equipment, materials, petroleum products and services.

PhosAgro requests are placed on the Group's electronic bidding platform (EBP) that meets all applicable requirements set by Russian law.



Key requirements for purchased products



QUALITY

When purchasing raw materials, components, packaging, the Company implements a pre-supply evaluation based on verification tests conducted by the Company's quality control department subject to a report (approval) providing full information about the purchased items.



RELIABILITY

Suppliers are evaluated and selected in accordance with the Company's standard STO 7.4-01 outlining the supplier reliability criteria.



ECO-FRIENDLINESS

As a socially and environmentally responsible business, the Company checks its potential suppliers for compliance with relevant requirements.



PROTECTING HUMAN RIGHTS

In line with PhosAgro's Code of Ethics, the Company may refuse to cooperate with suppliers or business partners discriminating their own or subcontractors' employees or using forced labour.



The full text of PhosAgro's Code of Ethics is available on the Company's website

Committed to fighting corruption, PhosAgro adheres to the Anti-Corruption Charter of the Russian Business. We are making reasonable efforts to minimise risks of doing business with partners that might be involved in fraud and/or corruption.

In furtherance of our Anti-Corruption Policy, we establish and maintain business relationships with companies that operate in a bona fide manner, care about their own reputation, show commitment to high ethical standards, combat corruption,

and take part in joint anti-corruption initiatives in accordance with article 133 of the Federal Law On Combating Corruption.

TRANSPARENCY AND OPENNESS OF PROCUREMENT PROCESSES



PhosAgro's procurement system ensures transparency of all corporate procedures, as well as their transparency and openness to all market participants. This means:



for the Company:

- updating request status every seven days,
- total transparency of procurement at all stages,
- end-to-end reporting and analytics for all business units.



for suppliers:

- participation in an objective and unbiased supplier selection procedure,
- public access to EBP,
- preview of prices (which are to be published).



GREEN PROCUREMENT

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The Procurement Department, as the Company's other departments, is committed to sustainable development. We bear responsibility not only

for what we do but also for what our partner companies, suppliers and service providers do to comply with the sustainability principles. On top of that, we seek to have

an entirely sustainable supply chain and adopt the relevant principles across the board to implement a green procurement system.

Pillars of our green procurement system



Creating a sustainable corporate framework for ESG based on internal regulations



Considering suppliers and contractors as vital participants in the Company's value chain as part of our commitment to the UN Sustainable Development Goals



Covering all aspects of ESG-related activities in the Company's non-financial disclosures



Discussing supplier and contractor relationships with stakeholders



Focusing the ESG ratings on corporate responsibility, including the value chains and supplier and contractor relationships

Green procurement activities

Highlights of 2020

- ☒ 60 ESG criteria developed to evaluate suppliers and contractors
- ☒ Category-based supplier and contractor evaluation system created
- ☒ Code of Conduct for Counterparties drafted and published
- ☒ ESG criteria integrated into procurement
- ☒ Regulations drafted to implement the ESG evaluation of suppliers and contractors
- ☒ ESG evaluation coverage exceeded 4% of purchase volumes, with the average score close to 64 (out of 100)

Action plan for 2021

- Automating the assignment and review of supplier and contractor ESG ratings
- Expanding the ESG evaluation coverage
- Adding the ratings to the counterparty selection criteria
- Revising the supplier audit procedure to incorporate ESG requirements
- Revising contracts to include a reference to the Code of Conduct for Counterparties
- Considering the share of ESG-evaluated suppliers and contractors and their average ESG rating as potential KPIs for the Procurement Department

CODE OF CONDUCT FOR COUNTERPARTIES

The Code of Conduct for Counterparties only deals with the sustainability-related aspects of counterparty relationships. It seeks to give a clear understanding of our approach to selecting suppliers and partners, along with our priorities in making the choice.

Based on the Code of Conduct for Counterparties, PhosAgro developed a system to evaluate suppliers against ESG criteria that cover environmental issues, social responsibility and quality management.



For the Code of Conduct for Counterparties, see the Company's website

Code of Conduct for Counterparties



Legal compliance



Internal control and monitoring



Conflict of interest



Fair competition



Safe working environment



Requirements for salary and working time



Equal employment opportunity



Inside information



Freedom of association



Human trafficking and slavery



Confidentiality and data protection



Countering corruption



Confirming consent to this Code's provisions



Whistleblowing and safety guarantees



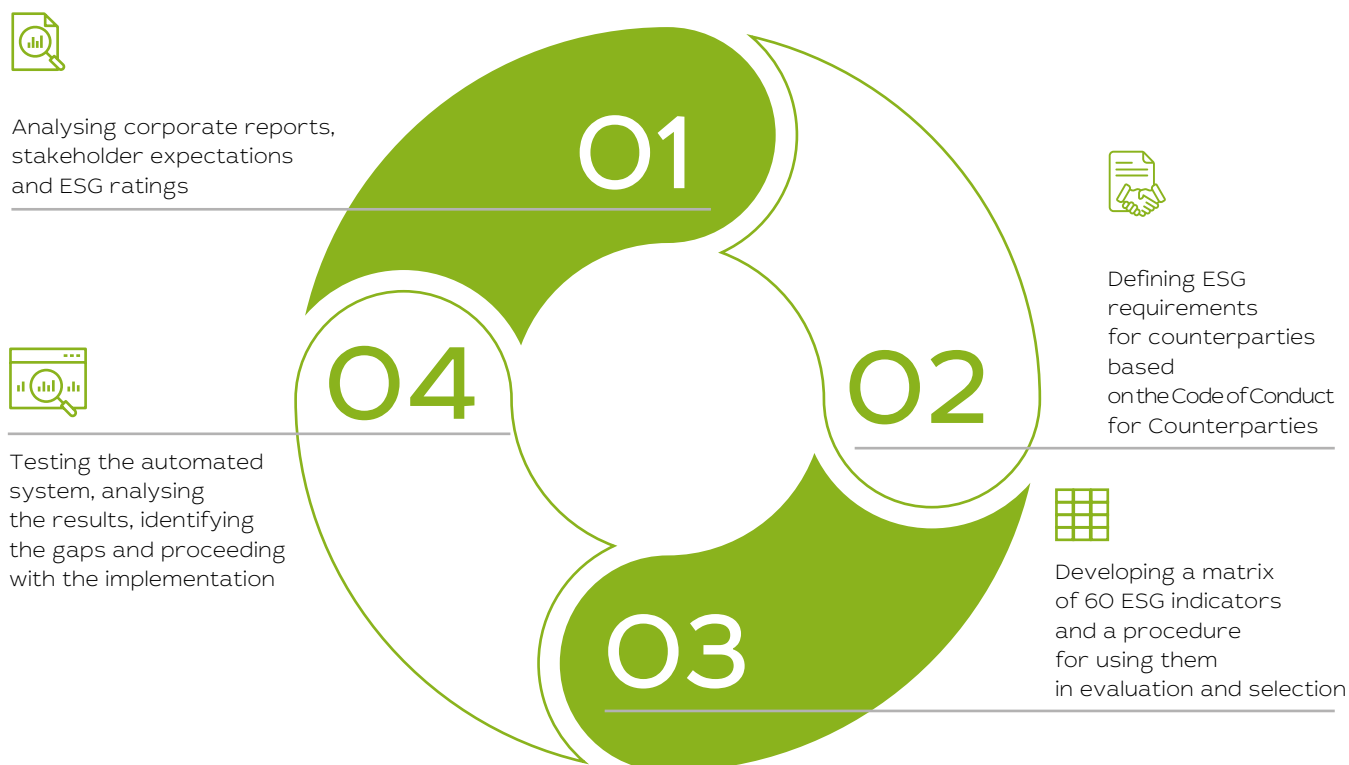
Occupational health and safety



Minimising environmental impact



Key stages in developing our supplier ESG evaluation system



Key elements of supplier evaluation



The evaluation results in an individual supplier/contractor rating (in points). These ratings help us determine the share of ESG-compliant suppliers and contractors and make the right choice.

HUMAN RESOURCES

Training



99%

of PhosAgro employees
received professional training
in 2020



Procurement training in 2020

**Training under Sergey Dubovik,
a leading business coach
in Russia**

31 people

received job-related training

**Programmes by Moscow School of
Management SKOLKOVO**

2 people

completed a course by Moscow
School of Management SKOLKOVO

**Training at the Apatit Training
Centre**

11 people

upgraded their skills

36

**webinars, training sessions,
workshops**

were held for the Department's
employees

**The Gap Partnership's
and MBA programmes**

10 people

completed a course
by The Gap Partnership

2 people

completed an EMBA course

Recruitment

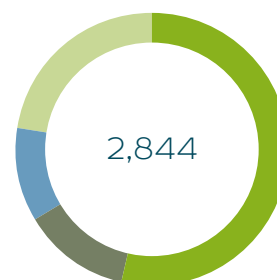
The COVID-19 pandemic triggered fundamental changes to our recruitment approach. Previously, we used to source candidates locally, but the health emergency forced us to take a different route. This resulted in new opportunities, making the search not restricted to the regions we are based in and the candidate's expertise and business competencies the first consideration. Attracting talent from large and global companies also proved beneficial.



PROCUREMENT IN FIGURES

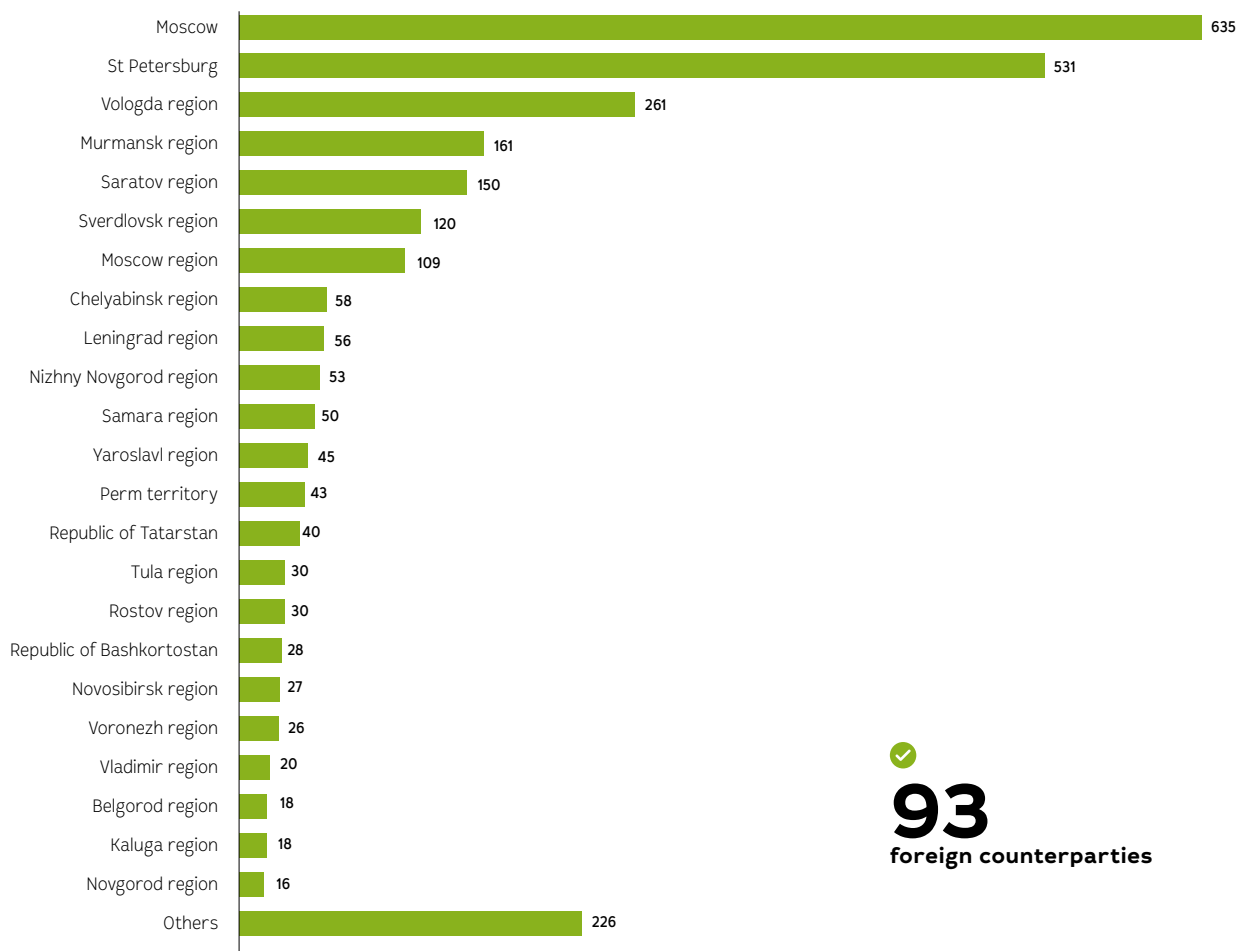


Number of counterparties in 2020, units



JSC Apatit	1,530
Balakovo branch	361
Volkhov branch	314
Kirovsk branch	639

Geography, units



✓
93
foreign counterparties

Service tenders in 2020

Tenders	Unit of measurement	JSC Apatit	Balakovo branch	Volkhov branch	Kirovsk branch	Total
Capital construction	Procedures	73	33	27	109	242
	RUB mln	4,017	307	1,430	4,368	10,122
Maintenance and repairs	Procedures	54	42	43	44	183
	RUB mln	711	97	300	339	1,447
Transportation, incl. rail	Procedures	52	3	2	12	69
	RUB mln	3,930	0.5	209	1,568	5,707.5
Corporate and other services	Procedures	49	15	15	22	101
	RUB mln	1,261	188	201	122	1,772
Total	Procedures	228	93	87	187	595
	RUB mln	9,919	593	2,140	6,397	19,049

Procurement from local and other businesses in 2020, RUB ths

204-1

Asset	Local businesses	Other businesses	Total
JSC Apatit	15,067,520	41,456,426	56,523,946
Balakovo branch	1,875,152	7,133,525	9,008,677
Volkhov branch	3,346,186	6,287,501	9,633,687
Kirovsk branch	3,178,357	25,724,637	28,902,995
Total	23,467,216	80,602,090	104,069,306

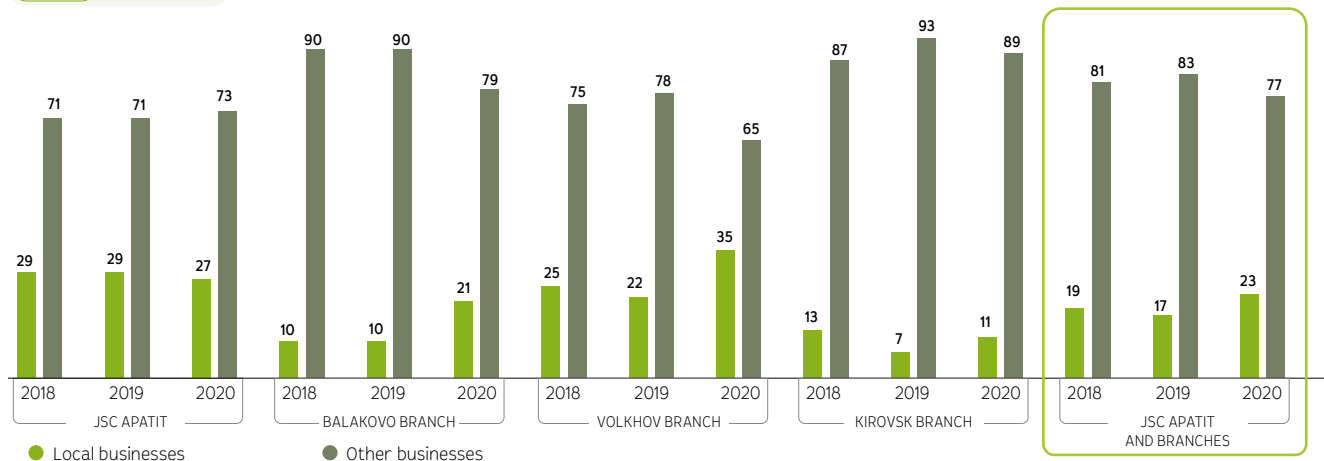
Share of local and other counterparties in 2020, %



Local counterparties 23
Other counterparties 77

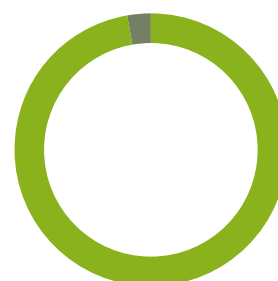
Procurement from local businesses, %

204-1





Structure of purchases
abroad and in Russia, %



● Domestic 97
● Imported 3

Foreign vs domestic contracts in 2020, RUB ths

Asset	Foreign	Domestic	Total
JSC Apatit	1,113,600	55,410,347	56,523,946
Balakovo branch	22,995	8,985,683	9,008,677
Volkhov branch	242,552	9,391,136	9,633,687
Kirovsk branch	1,499,352	27,403,642	28,902,995
Total	2,878,498	101,190,808	104,069,306

SME procurement in 2020, RUB ths

Asset	Other businesses	SMEs
JSC Apatit	48,140,395	8,383,552
Balakovo branch	6,636,792	2,371,885
Volkhov branch	7,005,262	2,628,426
Kirovsk branch	22,083,140	6,819,855
Total	83,865,589	20,203,717

SUPPLY CHAIN

102-9

Our supply chain represents a set of interconnected processes covering all stages of value creation, from procurement to product delivery. At PhosAgro, supply chain management aims to ensure smooth operation of all facilities, high product quality, and seamless shipments to customers.

PhosAgro's supply chain



SIGNIFICANT CHANGES TO PHOSAGRO AND ITS SUPPLY CHAIN

102-10

The reporting year saw some changes to PhosAgro's supply chain.

Our ammonium sulphate and sulphuric acid projects brought about a significant decrease in external purchases and reduced our dependence on outside

suppliers, which had a positive effect on purchase prices. In 2020, ammonium sulphate consumption grew by 23%, while its purchases sank by 42%. Sulphuric acid purchases were down by 31%.

In recent years, urea-formaldehyde concentrate (UFC) consumption has been on the rise as urea production grows. Between 2018 and 2020, urea production increased by 8%, driving UFC purchases up by 16%.



PEOPLE DEVELOPMENT

GOALS TO 2025



Raising employee satisfaction and loyalty to

65 %



Increasing average annual of training hours per employee by

50 %

GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

3 GOOD HEALTH AND WELL-BEING



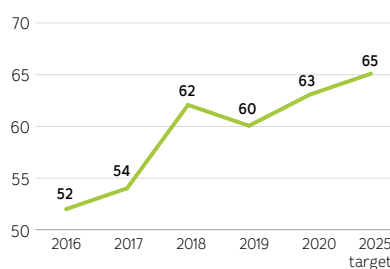
4 QUALITY EDUCATION



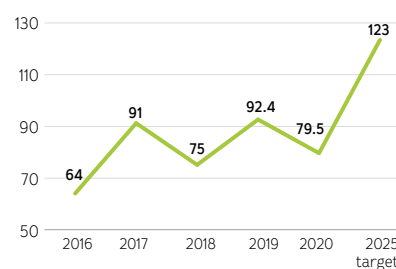
8 DECENT WORK AND ECONOMIC GROWTH



Employee loyalty and satisfaction index, %



Average annual training hours per employee, h



We seek to deliver on our targets by running the following programmes:

- Implementing a remedial action plan based on employee survey results
- Developing and implementing e-learning modules on blue-collar jobs, occupational safety, and managerial skills; introducing an innovative approach to professional training (virtual

reality simulators, 3D models for training, production training grounds for improving workplace safety skills, etc.)

- Developing and implementing online training courses on personal competencies
- Developing a system of corporate libraries, guidelines, and knowledge management at large

INTEGRATED HR MANAGEMENT FRAMEWORK

OUR HR MANAGEMENT PRINCIPLES

102-12

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103-2

406

PhosAgro relies on talented, professional, and committed employees that share our corporate values. Our people are the backbone of our success. We aim to deliver benefits to our employees.

IN LINE WITH THAT, WE OFFER:

- competitive and fair pay;
- professional and creative growth opportunities;
- a discrimination-free working environment;
- a range of social benefits, along with employee support and health programmes;
- a fair and robust framework to assess the performance of each employee.

In keeping with our commitment to generally accepted ethical business standards, we pay special attention to developing, implementing and overseeing employee social security programmes.

PhosAgro respects employees' human 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 the right of association and collective bargaining, and creating a safe and favourable working environment for the employees of PhosAgro and its contractors.

PhosAgro appreciates and encourages diversity among its employees. We maintain our commitment to an equal opportunities policy and do not tolerate any discrimination or privacy violations in respect of our employees.

We adhere to the Personnel Management Policy of PJSC PhosAgro, which provides for additional guarantees to protect human rights. We also approved a transparency statement under the UK Modern Slavery Act.



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



The full text of the Personnel Management Policy of PJSC PhosAgro is available on the PhosAgro website



RECRUITMENT

Our recruitment process relies on the continuous monitoring of the labour market in Russia and beyond for skilled staff and efficient managers with experience at leading global companies, determined to excel in their roles and be one step ahead of the curve.

Our talent attraction and recruitment priorities

- Cooperating with schools across our footprint. Creating a favourable environment for improving educational standards and providing targeted career guidance to final-year students.
- Cooperating with technical colleges in our regions of operation. Creating a pipeline of skilled employees with relevant competencies who are competitive in the labour market, understand related professions, and have what it takes to pursue career opportunities. Offering recruitment opportunities to young talents.
- Cooperating with universities to fill the most relevant jobs by attracting and retaining talented graduates.

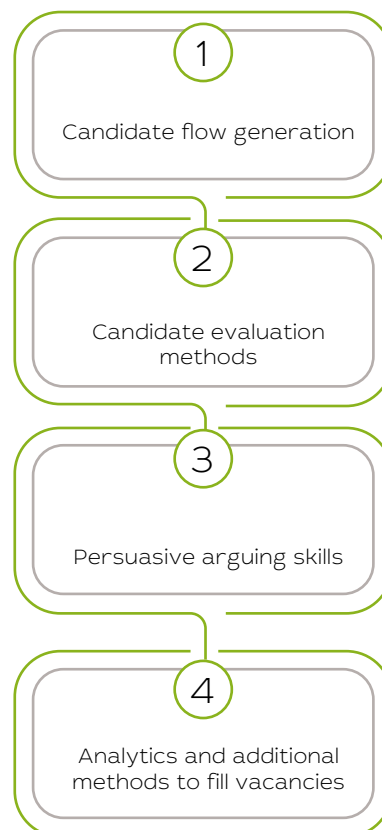
If two or more candidates qualify for a job, we are more likely to select the one who is either:

- a young talented professional (a programme for attracting, mentoring and training high-potential university graduates); or
- an employee included in our talent pool (a programme for those looking to develop professional and managerial competencies for career growth).

In 2020, the Company introduced a training system for recruitment professionals to improve the hiring process. The system includes:

- a competency model for recruitment professionals;
- performance evaluation of employees responsible for recruitment;
- ongoing training and further improvement courses for recruitment professionals.

In 2020, we launched a training course comprising four modules:



The course will help improve employee competencies, making talent recruitment more effective.

CORPORATE CULTURES AND INTERNAL COMMUNICATIONS

PhosAgro adopted the Code of Ethics. It applies to all employees and is the Company's primary document for promoting its corporate culture. The Code clearly outlines the basic requirements for Company employees and establishes rules and regulations for individual and collective behaviour within the Company. The document covers all professional and business relationships, both at PhosAgro and with business partners and other external parties.

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. Commitment to these principles ensures that all our employees take pride in their work and are keen to communicate with colleagues, feel comfortable in a team and can grow both professionally and personally.

We pay special attention to receiving regular employee feedback and identifying areas for improvement. 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 our corporate newspaper and town-hall meetings for staff and management.

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. In 2020, our employees reported no human rights violations via the hotline.

Responding to the way people have to communicate in the wake of the turbulences and remote working of 2020, we are active

in introducing novel technology in corporate communications. These include personal accounts for the employees, self-service options, and a chatbot, along with new capacities we added to our corporate portal.



The full text of the PhosAgro Code of Ethics is available on the PhosAgro website

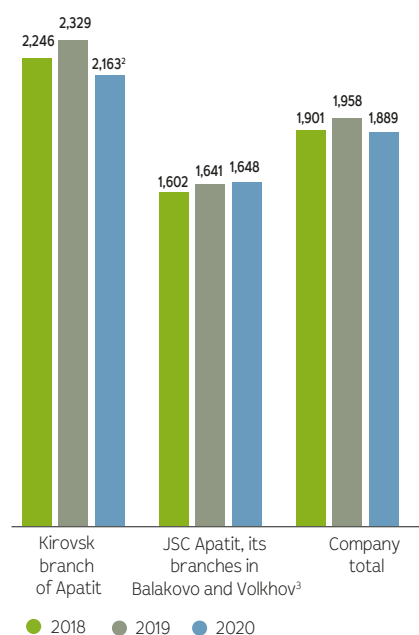
KEY INDICATORS

102-7

102-8

405-1

Productivity¹, t per person



Average headcount by region of operation in 2020, people⁴

Region	Men	Women	Total
Saratov region	1,263	623	1,886
Murmansk region	5,997	2,021	8,018
Moscow region	216	172	388
Leningrad region	721	479	1,200
Vologda region	3,129	2,365	5,494
Other	653	252	905
Total	11,978.5	5,912.8	17,891



17,891

people
the Company had an average headcount in 2020

¹ The calculation is based on the average headcount of Apatit and its Kirovsk, Balakovo, and Volkhov branches, as well as on the output of Apatit and its Kirovsk, Balakovo, and Volkhov branches, with the exception of the aluminium fluoride and ammonium sulphate production.

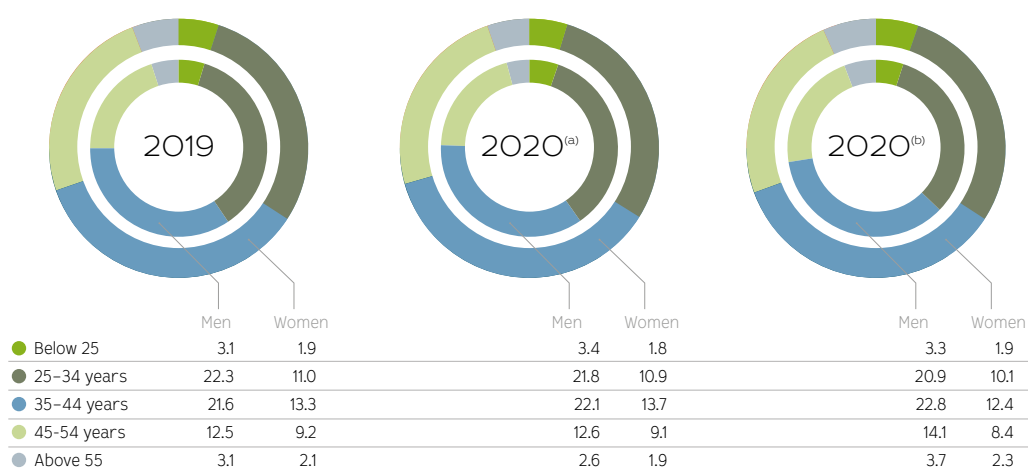
² The lower productivity in 2020 was due to the increase in the share of auxiliary downstream processes.

³ Concentrate processing

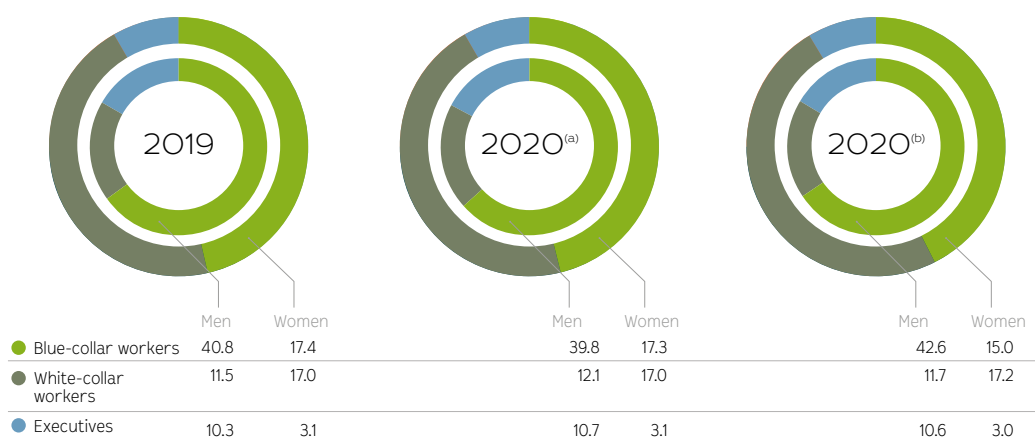
⁴ Employees of all companies that are part of the group to which Apatit and PhosAgro belong.



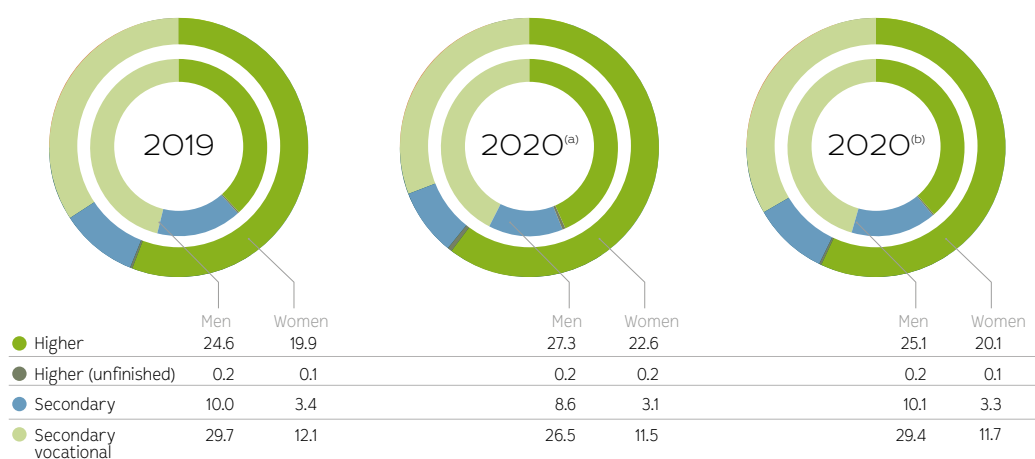
Employees by gender and age¹, %



Employees by category¹, %



Employees by education¹, %



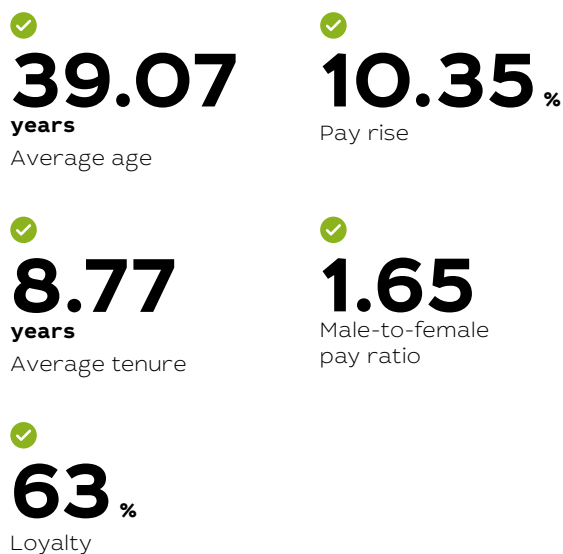
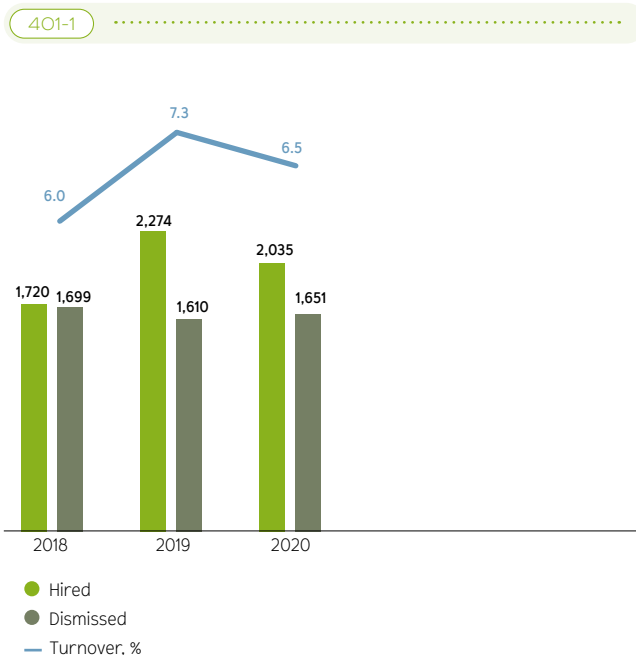
¹ To ensure compliance with the materiality principle and comparability with historical data information on 2020 was disclosed within two boundaries: (a) Apatit, including its branches and standalone business units; (b) Information disclosed on PhosAgro and Apatit, including its branches and standalone business units, and other Group's subsidiaries incorporated in Russian Federation.

Headcount by region, employment type and employment contract as at 31 December 2020, people¹

102-8

Region	Gender	Employment			Contract
		full-time	part-time	permanent	temporary
Vologda region	Men	3,142	1	3,073	70
	Women	2,607	4	2,395	216
	Total	5,749	5	5,468	286
Saratov region	Men	1,273	1	1,244	30
	Women	661	8	619	50
	Total	1,934	9	1,863	80
Leningrad region	Men	768		725	43
	Women	524	1	479	46
	Total	1,292	1	1,204	89
Murmansk region	Men	6,059	4	5,585	478
	Women	2,229	9	2,107	131
	Total	8,288	13	7,692	609
Moscow region	Men	221	1	218	4
	Women	184		177	7
	Total	405	1	395	11
Total	Men	11,463	7	10,845	625
	Women	6,205	22	5,777	450
	Total	17,668	29	16,622	1,075

PhosAgro average employee profile

Key personnel turnover indicators, people²

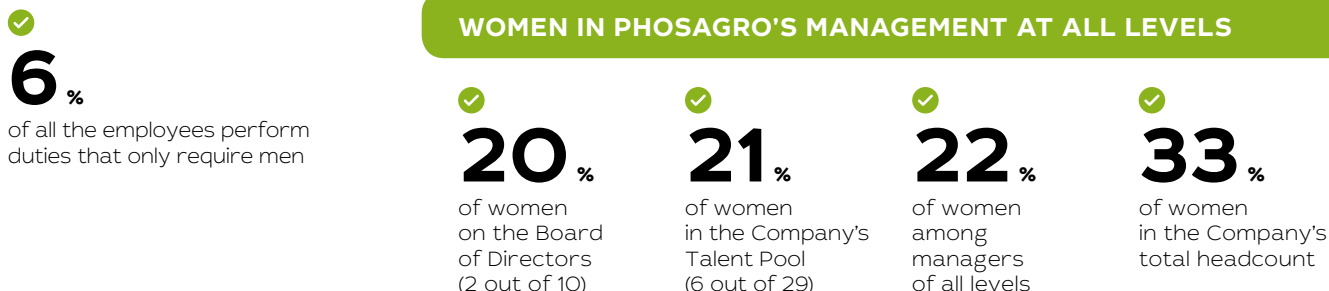
¹ Employees of all companies that are part of the group to which Apatit and PhosAgro belong.

² In 2020 turnover rate at PhosAgro and Apatit, including its branches and standalone business units, and other Group's subsidiaries incorporated in Russian Federation amounted to 8,0%, total amount of hired employees amounted to 3 123, dismissed - 2 750.

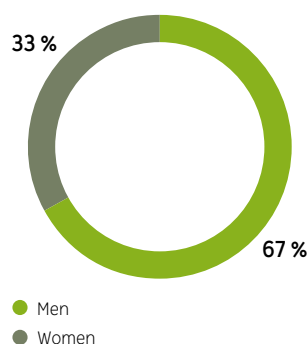


GENDER EQUALITY AT PHOSAGRO

The Company's gender ratio: an overview



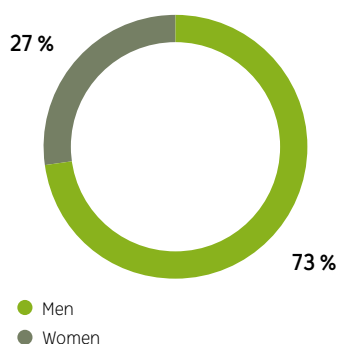
Gender ratio in 2020



The Company's commitments to enhance women's social security

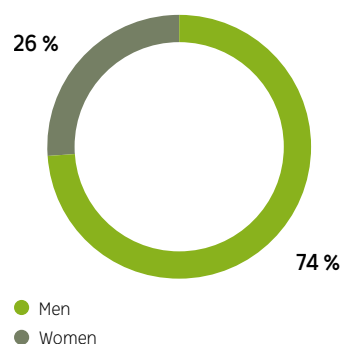
- Does not use female labour for manual lifting or carrying weights exceeding maximum allowable limits
- Releases pregnant women from their job duties and transfers them, subject to their medical reports, from production sites to lighter-duty positions

Corporate training activities for men and women



- 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

High-Potential Graduates programme participants



- Safeguards employment of pregnant women, with their employment contracts terminated only in the event of liquidation of the enterprise, as well as that of women having children up to three years of age and single mothers having disabled children up to 18 years of age

Proposal to establish PhosAgro Women's Club with a view to exchanging best practices within the Company



Developing the club concept based on corporate values

→ Concept harmonised
Regulations and the Chair approved



Setting up a meeting schedule (once a quarter), aligning the agenda with business targets, initially under close observation by HR
Building a system of "simple" win-win project-based assignments
Running a PR campaign

→ Schedule set up and approved
First meeting organised by HR



Competition held, projects rated, winners announced
Establishing a professional network to create conditions for knowledge sharing
Ensuring transparent conditions for career growth within the Company

→ Club members awarded
Feedback sourced and the club's performance reviewed

¹ Potentially based the Company's trade union.

PHOSAGRO'S WOMEN TAKING PART IN EXTERNAL EVENTS

Participation in 2021

All-Russian
Business
Women
Competition
Uspekhi¹

Goal — promote the image of a community-minded business woman in Russia

Objectives:

- initiate discussions on business women's issues in Russia;
- build and promote a positive image of a business woman through collaboration of businesses, government authorities, media and society (at relevant forums and assemblies).



Winner

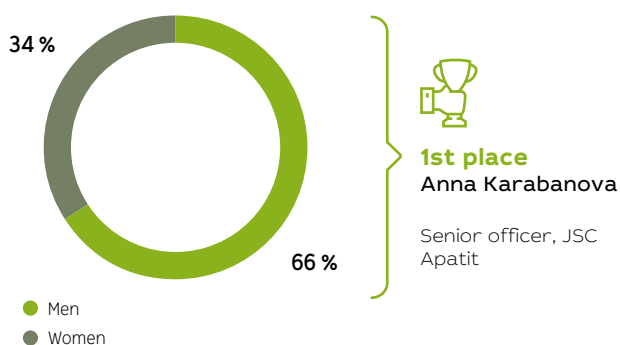
Diana Sidelnikova,
Deputy Director of
Human Resources and
Social Policy, won in the
Best Industry

**Organisation or Entity
nomination**

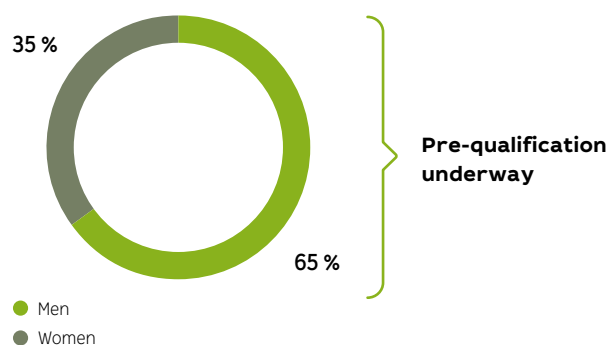
PHOSAGRO'S WOMEN TAKING PART IN CORPORATE EVENTS

Young Manager Competition

Participants in 2020



Participants in 2021



Best Professional in Laboratory-Based Chemical Analysis



2021 competencies:
Laboratory-Based
Chemical Analysis



PROFESSIONAL EXCELLENCE COMPETITIONS
AT PRODUCTION SITES

January–May



CORPORATE FINAL
IN VOLKHOV

September–October

ACHIEVEMENTS

- Employee motivation for professional development and advancement
- Promotion of blue-collar professions
- Balancing the gender ratio
- Fostering employee loyalty
- Building awareness of the Company's HR brand

¹ Link: <https://www.dgr.ru/uspeh>



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.

It ensures:

- decent pay;
- implementation of incentive programmes for PhosAgro's leadership team through

a transparent system of KPIs to calculate managerial rewards;

- implementation of incentive programmes to motivate employees to deliver against their targets;
- availability of financial and non-financial rewards for employees;
- better quality of life and more creative opportunities for employees

along with development of urban communities across the Company's footprint;

- availability of benefits for certain employee categories;
- adherence to global best practices on benefit packages.

Average monthly pay, RUB

Indicator	2018	2019	2020
Apatit and its branches	80,672	87,191	96,401
Group (excluding foreign traders)	76,741	83,770	92,442

Ratios between the standard entry-level wage and the established minimum wage in the Company's regions of operation, including gender differentiation¹

202-1

Region	Minimum guaranteed conditions provided by the Group ²		Actual minimum payments made in 2020	
	Men	Women	Men	Women
Saratov region	1.0	1.0	1.80	1.41
Murmansk region	1.0	1.0	1.18	1.13
Moscow region	3.32	1.53	3.57	2.01
Leningrad region	1.28	1.35	1.76	1.82
Vologda region	1.0	1.16	1.99	1.46

Due to the nature of our operations, more of our employees are male.

At PhosAgro, we believe that professionalism, sustainably strong performance and adherence to corporate values are the grounds

and the only guarantee of promotion and career advancement. Our regulations on labour relations, remuneration and social benefits cover all of the Company's employees and underpin the principle of equitable remuneration

and performance rewards. We comply with the principle by implementing a remuneration framework that offers equal pay to employees in equivalent positions, regardless of their gender.

¹ Information disclosed on PhosAgro and Apatit, including its branches and standalone business units, and other Group's subsidiaries incorporated in Russian Federation.

Staff and senior management hired from the local community, %¹

202-2

Region	Staff	Senior management
Vologda region	94	52
Leningrad region	86	25
Moscow region	80	91
Murmansk region	90	64
Saratov region	97	40
Average	92	62

We aim to work in line with the interests of our regions of operation. The Company's key areas are the Murmansk, Vologda, Leningrad and Saratov regions. As a major contributor to the local economies and one of the largest taxpayers in these

regions, PhosAgro helps advance their social development and protect and preserve the environment.

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



Up to

97 %

of employees at the Group companies are hired from the local community

SOCIAL POLICY

Our sustainable development is closely linked to improving the quality of life for our employees. PhosAgro's social policy embraces targeted programmes aimed at enhancing individual and team motivation while also providing our people with a competitive social package.

Our major social programmes

Health and Leisure

The programme aims to strengthen our people's health, prevent occupational diseases, ensure full rehabilitation, and boost performance through healthy nutrition, recreation and fitness.

Improvement of Working Conditions

The programme aims to enhance labour productivity and operating culture, protect employee health, optimise workplaces and streamline the approach to arranging working and amenity areas.

Corporate Housing Programme

The programme aims to improve living conditions of employees to attract and retain highly qualified personnel, employees from the Company's succession pool and young talents, and to retain professionals with hard-to-find skills and motivate the personnel to perform better.

Hosting Mass Cultural Events

The programme is designed to plan and host cultural and recreational events, industry-related and festive occasions, anniversary celebrations, and joint activities with local communities, authorities and non-profit organisations.

Engagement with Trade Unions

The programme is meant to provide financial support to trade unions, hold joint wellness and fitness events, and engage with youth and veterans' organisations.

Social Benefits

The programme aims to ensure sustainable labour relations and social security and covers employee incentives and financial aid.

¹ Information disclosed on PhosAgro and Apatit, including its branches and standalone business units, and other Group's subsidiaries incorporated in Russian Federation.

**Social expenses. RUB mln**

203-2

Programme	2018	2019	2020	2021 budget
Financial aid to employees	41,86	43,63	48,26	57,28
Recreation, rehabilitation, health resort treatment and VHI	332,56	394,73	225,93	437,93
Improvement of working conditions	95,48	403,26	80,71	223,48
Corporate housing programme	61,18	68,02	67,51	123,30
Other social benefits and guarantees	201,94	215,04	84,64	384,11
Corporate and cultural events	93,22	150,78	72,34	168,35
Support to the trade union (special purpose funding and bonuses)	137,66	164,17	151,94	181,62
Total	963,90	1 439,63	731,33	1 576,07

TRAINING AND EVALUATION

103

Our focus on training and developing our people also helps us hedge against a potential shortage of talent at all levels. The Company's personnel training framework is mainly designed to help the employees unlock their career potential and ensure ongoing improvement of their professional and managerial competencies.

Due to the COVID-19 pandemic and external restrictions in 2020, we completely transformed our personnel management processes both on the operational and strategic sides. Personnel training, evaluation and development all went online, helping to develop distance learning and evaluation. In 2020, PhosAgro implemented new solutions such as employee potential assessment used along

with managerial competency assessment to decide on whether an employee should be promoted; personality tests and questionnaires for white-collar workers and executives to quickly identify risk areas in personnel management and fine-tune the cycle of management initiatives for higher operational efficiency.

PROGRAMMES FOR UPGRADING EMPLOYEE SKILLS AND TRANSITION ASSISTANCE

404-2

PhosAgro relies on its Talent Pool initiative as a means of identifying talented staff with the potential to step into senior positions. Eligible employees are provided with additional training they need to succeed. The programme includes management training courses on personal and business skills such as decision-making, leadership and delegation, conflict management, project management, communication skills and staff mentoring.

2020 saw the launch of the Senior and Middle Management Mentoring Programme, with the senior executives (mentors) sharing their expertise and knowledge and taking the Company's management culture to the next level. This is a unique opportunity for those included into the talent pool (mentees) to learn the skill of management from the best professionals. The programme involves over 30 managers.

As part of the Line Manager programme, the Company's middle and junior managers attend training courses and development initiatives on personnel management, planning, goal setting, organisational activities and oversight, results-oriented thinking; decision-making; effective communication; and mentoring.

Number of training courses per capita

Indicator	2018	2019	2020
Volkhov branch	487	552	1,609
Balakovo branch	1,469	2,393	2,638
Kirovsk branch	1,309	2,771	5,405
Apatit	3,548	8,769	6,518
Group total	6,813	14,485	16,170
Additional online training	n/a	n/a	21,566
Group total including additional online training			37,736

Number of training hours

404-1

Indicator	2018	2019	2020	Average per employee in 2020
Volkhov branch	30,145	41,533	71,747	80.8
Balakovo branch	81,399	92,531	107,669	88.8
Kirovsk branch	313,125	365,680	302,713	55.9
Apatit	367,138	504,270	375,219	93.4
Additional online additional training for the Company's employees			59,230	3.5
Apatit and branches total	791,807	1,004,014	916,578	79.5

Training hours, by gender

404-1

	hours, total			hours per employee		
	M	F	Total	M	F	Total
Blue-collar workers	477,991	141,460	619,451	99.5	73.5	92.1
White-collar workers	63,950	62,582	126,532	46.0	34.7	39.6
Executives	86,144	25,221	111,365	68.8	71.8	69.4
Total	628,085	229,263	857,348	84.4	56.2	74.4



In 2020, we launched new mandatory courses and training programmes, including those covering IT skills and information security, for all the employees. A course consists of four large modules, with the total number of individual training cycles involving one or more modules exceeding 21,500.

**Training expenses, RUB**

Indicator	2018	2019	2020
Training expenses	170,505,002	236,089,189	199,683,856
Training expenses per employee	16,064	21,695	11,830

In 2020, most of the activities previously attended in person went online, achieving financial and time savings. The Company's personnel training budget for 2020 was spent by 71%, with all the planned activities implemented in full. Our

employees highly appreciate the new opportunities they have for self-development and training using distance learning technologies, which allow them to train and improve their competencies anywhere at any time.



Savings on training costs thanks to the introduction of an online format in 2020 of

29%

with the training programme

100%

implemented

PERSONNEL EVALUATION

404-3

To assess HR management and make efficient decisions, we continuously monitor relevant metrics and analyse the structure

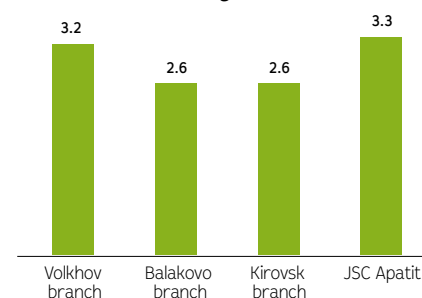
of staff costs, labour productivity, along with the performance of social, training and other programmes.

Personnel evaluated in 2020

Indicator	Management		White-collar workers		Blue-collar workers		Total
	Men	Women	Men	Women	Men	Women	
Volkhov branch	11	5	8	4	0	0	28
Balakovo branch	16	5	7	3	0	0	31
Kirovsk branch	71	4	17	8	36	3	139
Apatit	20	7	41	55	7	3	133
Group total	118	21	73	70	43	6	331

Personnel evaluated in 2020, %

Indicator	Men	Women
Volkhov branch	3.9	2.2
Balakovo branch	2.9	1.9
Kirovsk branch	3.0	1.2
Apatit	3.3	3.3
Group total	3.1	2.4

Not broken down by gender

MENTORING



In 2020, the Company gave a new impetus to mentoring in the workplace.

THE PROGRAMME'S KEY OBJECTIVES ARE TO:

- improve onboarding;
- create a system to accumulate Company-wide expertise to help develop the competencies of new hires;
- 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.

To organise the process, we identified a pool of mentors of over 1,500 people. The main selection criteria included qualifications and professional experience; perception by the team; organisational and training skills; commitment and motivation to share experience and knowledge.

When implementing the programme, we developed and approved the mentor's competence model and evaluated most of the participants using competency-based interviews. That was followed by comprehensive training to help learn more about personnel development and training approaches.

The mentoring programme will serve to improve the professionalism of our employees and reduce personnel turnover and recruitment costs while at the same time enhancing employee loyalty and engagement. The programme is expected to play a major role in building the Company's profile as an attractive employer.



KEY PROJECTS

4 QUALITY
EDUCATION



INVESTING IN FUTURE TALENT



PhosAgro Classes and PhosAgro Schools



Over

> **600**

RUB mln

the Company has invested in
PhosAgro Classes since 2013

Launched in 2013, PhosAgro Classes are part of the Company's education and training programme to build a future talent pipeline by supporting young people in their journey through school and university education to employment. The project covers 10th and 11th graders in five schools across the Company's footprint and offers them advanced programmes in physics, chemistry, mathematics and computer science. On top of that, the PhosAgro Classes curriculum includes economics, management, ethics, leadership, career planning and other disciplines.

Taking the success of PhosAgro Classes further, we launched PhosAgro Schools. They provide career-related learning as early as in primary school and rely on greater funding from PhosAgro, with PhosAgro Classes still enjoying popularity among both students and parents as one of our key educational and career guidance projects.

Since 2013, the Company has invested over RUB 600 mln in PhosAgro Classes, including RUB 400 mln spent on renovations and equipment.

Project results

In September 2019, a total of nine former PhosAgro Classes students joined the Company as employees, including five in Cherepovets, two in Balakovo and one in Volkhov and Kirovsk each. In 2020, 17 former PhosAgro Classes students accepted job offers from the Company's facilities. All of them will pursue engineering careers, having demonstrated a high level of qualification

from their first days on the job. We expect to hire over 30, 40 and 45 former PhosAgro Classes students in 2021, 2022 and 2023, respectively.

More than 100 PhosAgro Classes 2020 graduates have been admitted to higher educational institutions, with the St Petersburg Mining University enjoying the most popularity among them (eleven graduates). Some graduates selected technical courses to study disciplines relevant to PhosAgro.

Since 2015, a total of over 600 graduates of PhosAgro Classes have been enrolled in higher educational institutions, with technical careers gaining more traction among them every year.

In September 2020, 125 new students started their 10th grade programme at PhosAgro Classes, marking the eighth admission round since the project launch.

Agro Class project



32

lecture classes

the programme provides

Launched in 2020, the Agro Class project is based on a trilateral agreement signed by PhosAgro, Voronezh Secondary School No. 102 and the Voronezh State Agricultural University. The project focuses on facilitating early specialism in school education, career guidance for schoolchildren, their motivation

to choose an agricultural profession and obtain the necessary in-depth knowledge in natural and exact sciences. The project targets 10th and 11th graders of Voronezh Secondary School No. 102. In 2020, the programme's first students were enrolled in the 10th grade.

The project is expected to deliver:

- better quality of knowledge demonstrated by school graduates;
- an increase in applicants to obtain degrees in targeted areas;
- a rise in contracts assigning students to partner enterprises.

The programme provides for 32 lecture classes. In addition to theory, the project includes practical lab classes held at the Voronezh State Agricultural University. There are also visits planned to the sites of agribusiness companies. To ensure an industry immersion experience, the students will have an opportunity to meet with agribusiness professionals.

Educational activities as part of the project include:

- lectures and practical classes in agronomy;
- research projects in agronomy in school and university labs;
- meetings with professionals and tours to the sites of partner companies.



Collaboration with technical colleges

Since 2013, as part of its focus on nurturing talent from secondary schools to employment, PhosAgro has been partnering with technical colleges across its footprint, including:

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

These joint efforts cover:

- setting up testing grounds and labs for students to acquire hands-on experience using real equipment;
- internship programmes at PhosAgro's facilities with highly-qualified mentors;
- undergraduate and graduate thesis research;
- sports, educational and research initiatives, competitions, and Olympiads.

PhosAgro also supports a regional 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 2020, some 1,000 students and employees completed training and professional development courses at the Training Centre in Cherepovets.

Collaboration with universities

We maintain strong relationships with universities as part of our commitment to improving access to quality education and supporting academic 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);
- runs tours for students to see the industry in practice at one of the Group's many companies;
- 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.

High-Potential Graduates

We build upon the foundation laid by PhosAgro Classes and PhosAgro Schools by partnering with universities through our High-Potential Graduates programme. This helps better reach out to university students potentially interested in career opportunities with PhosAgro. We offer programme recruits a competitive salary, as well as relocation and housing support, and we assign them a mentor upon their employment by the Company. The programme's key tasks are to build a talent pool for key positions within the Company and to identify career paths for young talented professionals to prepare future executives.

In 2020, PhosAgro recruited 71 young specialists through the High-Potential Graduates programme. As a result, the total number of graduates who have joined the Company through this programme since its launch in 2012 has reached 389. Over 300 of these employees are still with PhosAgro today, pursuing careers in mineralogy, geology, hydraulic engineering, chemistry, thermal energy and electricity production, rail transport, open-pit and underground mining, and mine surveying.



>30%

of the programme participants employed by PhosAgro received promotions and/or were included in our talent pool

Over 30% of the programme participants employed by PhosAgro received promotions and/or were included in our talent pool, with many of them successfully completing the projects they were assigned upon recruitment.

Employer brand

Every year, PhosAgro participates in various events, contests, and conferences, including international ones.

In 2020, the Company's most spectacular victories included:



15th

ranking on the list of Russia's top 50 employers compiled by Forbes



1st place

in the Region category of the HR Brand Award, a nationwide competition



INDUSTRIAL SAFETY



INTEGRATED HEALTH AND SAFETY MANAGEMENT SYSTEM

We view the life and health of our people as our top priority. As part of our commitment, we focus on creating a safe working environment for our employees, contractors and suppliers. We also make it as essential component of our sustainability strategy.

GOALS TO 2025



Reduce workplace injuries by

10 %
annually



Improve the health and safety management system



Reduce the number of incidents by

10 %
annually

UN GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDG)

3 GOOD HEALTH
AND WELL-BEING



8 DECENT WORK AND
ECONOMIC GROWTH



MANAGEMENT APPROACH

103

Our Strategy to 2025 Development focuses on fostering a safety culture and adhering to the highest occupational health and safety (OHS) standards.

We place a great emphasis on making our health and safety system compliant with applicable laws and global best practices. We carefully monitor and seek to implement the latest requirements in this area.

In 2020, the Company maintained its commitment to a safe working environment. To achieve this goal, we are constantly working to improve our safety culture, increase awareness among our employees, identify hazards and minimise high-risk actions and conditions. Managers at all levels are leading this process.

We apply continuous efforts to identify and reduce health and safety threats to PhosAgro employees, contractors and visitors to the Company's sites. Our aim is to completely eliminate fatalities and take a leading position in terms of key health and safety indicators.

PhosAgro works to improve the effectiveness of its OHS practices, which enables us to deliver on our strategic goals. The Company's relevant goals and objectives, both strategic and operational, are based on huge volumes of data derived from internal and external audits, inspections, incident investigations, employee recommendations and feedback.

We have adopted a Health and Safety Strategy, which defines key focus areas and targeted initiatives to reduce the risks associated with various operations.

PhosAgro's three main OHS goals:

- reduce workplace injuries by 10% annually;
- reduce the number of incidents by 10% annually;
- improve the health and safety management system.

To achieve these goals, we run the following targeted programmes:

- Improving the safety of working at heights (theoretical course, drills in the Vysota (Height) training centre and with mobile simulators);
- Use of the LOTO system (auxiliary lockout and tagout devices);
- Gas safety;
- Improving transport safety;
- Identifying and managing production process risks;
- Development of gas and mine rescue, fire fighting and fire prevention services;
- Programme to improve contractor safety practices.

PhosAgro achievements in 2020



In November, PhosAgro Group received an **International Fertilizer Association (IFA) gold medal** for excellence in the area of health, safety and environment. The award came as a recognition of the Company's strong occupational health and safety practices and was preceded by an audit according to IFA standards, with the scope of certification expanded compared to 2019 to include the Balakovo branch in addition to the Cherepovets production site.



Thanks to its efforts to promote a healthy lifestyle and create a culture of wellness, **the Volkhov branch of Apatit won the regional contest of corporate programmes called Healthy Work Environment** for the Best Corporate Health Programme at a Large Enterprise.



The full text of the Strategy in the field of Industrial Safety and Labor Protection is available on the PhosAgro website



OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

403-1

PhosAgro goes to great lengths to ensure compliance of its OHS system with the Russian laws and international standards. To this end, the Company has put in action a multi-tier OHS management system at all management levels. Following the introduction of a public scrutiny mechanism by Apatit in 2019 and its roll-out in all branches in 2020, our OHS management now involves dedicated officers and all employees of business units.

All our employees (executives together with blue- and white-collar



staff) take OHS training as required by the national laws, as well as additional safety training. All visitors, including contractor representatives, are tested for the required level of OHS training. Everyone without exception undergoes introductory briefing in accordance with statutory requirements and the Company's internal regulations.

The Environmental, Health and Safety Committee of the Board of Directors is the central element of the OHS system, which provides a forum for resolving health and safety issues

by the joint efforts of production and other divisions' managers and the Company's employees. In its work, the Committee relies on the principles of social partnership.

Its members interact with the Company's executive body responsible for health and safety, state supervisory bodies overseeing compliance with the Russian health and safety laws, other government watchdogs, and the Company's trade union.

Health and safety management system

LEVEL	ORGANISATIONAL UNIT	KEY RESPONSIBILITIES
 The Board of Directors	Environmental, Health and Safety Committee	<ul style="list-style-type: none"> Sets strategic priorities and approves the OHS policy Holds management accountable for health and safety monitoring and performance Receives quarterly reports on OHS effectiveness
	Executive bodies	<ul style="list-style-type: none"> Define and oversee the health and safety policy Review all on-site incidents involving people and machinery on a weekly basis
 Management	OHS Department	<ul style="list-style-type: none"> Supervises OHS management functions across the Group's companies to implement OHS policies and strategies Collects data and prepares OHS reports for the Management Board and the Health and Safety Committee Cooperates with external consultants to implement the best practices of OHS management Conducts audits and inspections at the Company's sites
	Heads of production sites	<ul style="list-style-type: none"> Oversee OHS policies and strategies at respective production sites Develop and implement response measures following internal and external audits and accident investigations
 Operations		
 Operational OHS staff	Local OHS management functions	<ul style="list-style-type: none"> 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



For more information on PhosAgro's OHS system, please see Apatit's Industrial Safety Policy Statement and Quality, Environmental and OHS Policy.

Occupational health services

403-3

To enforce and monitor compliance with health and safety requirements, we have established occupational health services at our facilities.

Key objectives of occupational health services:

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

The Company's operations are regulated by the Russian health and safety laws, as well as:

- 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.

In 2020, the Company launched a project to evaluate and improve the safety culture and the OHS management system at Apatit. The project focuses on comprehensive evaluation of the safety culture and the OHS management system's performance, as well as development and finalisation of action plans to improve them in line with established targets.

For better OHS efficiency, and to automate and streamline the relevant processes, we have been successfully using the Safety and Instructions (Shift Assignments) management systems.

They helped us achieve the following goals:

- improve the manageability of employees and equipment safety;
- optimise administrative expenses associated with managing the safety of employees and equipment;
- obtain reliable and complete information about the safety of employees and equipment.

With these systems, we also reached the following objectives:

- centralised health and industrial and fire safety management;

- faster collection, processing and analysis of employee and equipment safety data;
- real-time reporting across the Group, including reports to government authorities;
- 24/7 access to current information about every employee and site.

In line with statutory requirements, the Company is subject to scheduled external audits by Russian regulatory 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), and Ministry for Civil Defence, Emergencies and Elimination of Consequences of Natural Disasters (EMERCOM). We may also engage consulting companies, or international associations of which the Company is a member to conduct additional external audits, or may organise such audits as part of a special assessment of workplace conditions.

In 2020, state supervisory authorities carried out 146 audits at Apatit and its managed companies. A considerable decrease in the number of audits (vs 286 in 2018 and 368 in 2019) was driven by the COVID-19 pandemic, which led to some of them (including scheduled audits) being cancelled or postponed.



We also run internal audits conducted by our OHS departments, managers and employees exercising production H&S control.

The results of internal and external audits serve as the basis for orders and instructions issued to Group enterprises. Orders contain remedial action plans, including the deadlines and persons responsible for their implementation. 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.

WORKERS COVERED BY AN OCCUPATIONAL HEALTH AND SAFETY MANAGEMENT SYSTEM

403-8



100%

In 2020, our health and safety management system covered all of the Company's employees.

HAZARD IDENTIFICATION, RISK ASSESSMENT, AND INCIDENT INVESTIGATION

403-2

The Company has implemented a systems-based approach to hazard identification, risk assessment, and incident investigation as a fully integrated process. This approach seeks to integrate occupational health and safety management into the Company's overall business processes.

We have adopted a system that moves through a "plan-do-check-act" cycle, promoting leadership and best practices through meaningful consultation and participation of employees from all job levels in the Company.



The Company has introduced audits and assessments to ensure compliance with and PhosAgro's corporate standards.



Apatit, our largest enterprise, is certified for compliance with OHSAS 18001.

We are constantly working to assess and mitigate risks. We perform risk assessment and identify material risks using our proprietary methodology. Following hazard identification and risk assessment, the unit's OHS officer compiles a list of local occupational risks, which is then used as a basis for the Company's list of material occupational risks. Risk assessment takes into account the following aspects:

- degree of personnel exposure;
- impact on personnel;
- frequency of occurrence;
- compliance with the applicable regulatory and other OHS requirements.

The list of material occupational risks is available on our intranet site. We update the lists of hazards and risks to factor in new inputs.

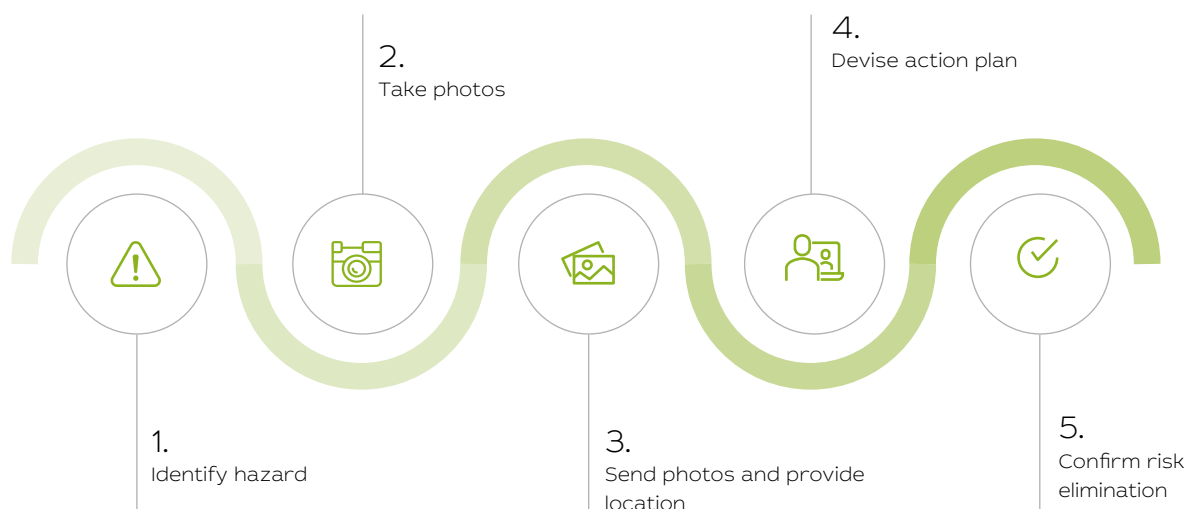
In 2020, we implemented a Risk Management module in the Safety and Instructions (Shift Assignments) management systems to enable the use of check lists for systems-based internal OHS assessments at all business units of Apatit. The module will simplify control and analysis and boost the efficiency of production H&S control.

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 Inspector mobile app (the report is then used to develop a remedial action plan).

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 employee health and life.

Using the Public Inspector app





LOTO SYSTEM

In 2020, the Company successfully continued the implementation of the LOTO system to avoid hazards associated with unauthorized supply of electricity, gases, liquids, ensure proper shutdown, and prevent restart of dangerous equipment before completion of all maintenance and repair work.

The roll-out was completed in three stages:

Stage 1 (August):

auditing the business unit (performing a technical audit, estimating the number of required lockout devices, developing energy isolation plans, tagging the isolation points, and installing lockout devices);

Stage 2 (August–November):

drafting the documents;

Stage 3 (December):

training the personnel and launching the system.

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;
- training sessions, test alerts for different scenarios, and emergency response exercises, with EMERCOM and other services also taking part. In 2020, the Company arranged 245 internal training sessions and two joint training sessions with EMERCOM;
- Apatit's programme for developing gas and mine rescue, fire-fighting and prevention activities for 2019–2021 (approved and ongoing).

ROAD TRAFFIC SAFETY

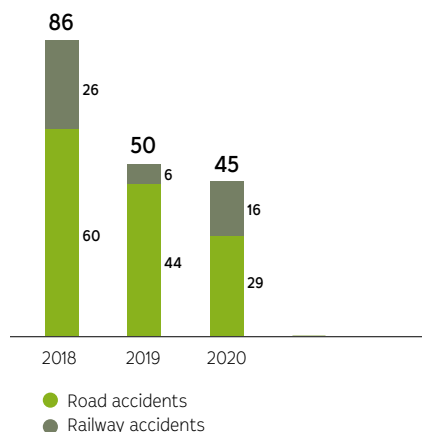
In 2020, we carried on with our efforts to ensure safety of passenger and cargo transportation.

In 2018–2020, Apatit and its branches managed to reduce the number of traffic accidents by 48% (to 45

from 86). The systematic efforts made by the OHS Department and transport departments to mitigate traffic accident risks include drafting internal regulations to ensure safe operation of motor vehicles, self-propelled machines and rail transport and performing

targeted and full-scope inspections of vehicles used by our contractors, subsidiaries.

Number of incidents



Mobile teams formed at Cherepovets-based Apatit and its Balakovo branch to monitor compliance with laws and internal regulations on road traffic safety (RTS mobile teams) inspect vehicles on a daily basis.

In 2020, Apatit and its branches, assisted by the RTS mobile teams, carried out 7,188 vehicle inspections (vs 3,357 in 2018 and 4,120 in 2019), identified around 1,300 violations (vs 1,169 in 2018 and 1,259 in 2019), and charged fines for a total of RUB 6,067,000 (vs RUB 2,308,000 in 2018 and: RUB 4,559,000 in 2019).

WORKER PARTICIPATION, CONSULTATION, AND COMMUNICATION ON OCCUPATIONAL HEALTH AND SAFETY

403-4

For better OHS communication with employees, we have adopted Regulations on the OHS Communication System. The system provides for both internal and external communication and includes a feedback procedure.

Internal communication is achieved through:

- 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;
- preventive practices by OHS officers at business units (including one-on-one meetings, training, mentoring and supervision).

There are health and safety committees in place at all Group enterprises. 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. In 2020, we revised the rules of procedure of our health and safety committees to enhance their efficiency. Now, they meet on a monthly basis (instead of at least once in three months previously) to review reports on 13 focus areas:

- Assessment of workplace conditions, and healthcare
- Trade union
- Accident/incident investigation
- Safety assessments and audits
- PPE effectiveness
- Education and training
- Contractors' safety
- OHS leadership, promotion and communication
- Industrial safety
- Fire safety
- Transport safety
- Safety Culture Transformation Project
- LOTO system implementation – stage 2

Working groups have been created to cater to these areas.

Employees are represented on the committees by heads/representatives of local unions. In 2020, the committees met 15 times, passing more than 250 resolutions.

We are making special efforts to strengthen the role of OHS officers, the key and most common element in unions' health and safety monitoring. These people stand out from other monitors thanks to their omnipresence and continuous work. Always in contact with employees, they can

influence their attitudes to safety and ongoing OHS compliance.

Channels for health and safety feedback:

- regular OHS meetings at business units and enterprises;
- OHS meetings on production sites, in departments and at facilities;
- union and union committee meetings (for feedback from OHS officers);
- one-on-one meetings, and supervision;
- OHS training sessions and briefings;
- industrial and fire safety drills;
- corporate e-mail;
- corporate periodicals;
- health and safety committees;
- employee loyalty surveys and OHS questionnaires.

Employees can also use the Public Scrutiny application to submit their health and safety proposals.



WORKER TRAINING ON OCCUPATIONAL HEALTH AND SAFETY

403-5

Employees of the Group can train either online or in person at PhosAgro Education Centre.

Since 2020, we introduced training in. Our e-courses are easy to understand and are followed by tests to evaluate the students' progress.

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, to develop employee hands-on knowledge and skills.

All our employees, from managers to blue-collar staff, receive health and safety briefing and training as required by the Russian laws. On top of that, we offer a number of additional in-house courses.

The training is provided to employees of the Group, as well as some of our contractors (Agrokhimbezopasnost, Universal-Elektrik, Infrastructure TK).

To improve OHS training and remind employees about workplace safety, PhosAgro Education Centre has created a number of animated videos.



4.6 employees of the Group received OHS training and completed the knowledge tests in 2020.



76 % employees of Apatit and 24% of contractor/third-party employees completed our training courses in 2020.

DURING THE YEAR, WE ALSO DEVELOPED AND ROLLED OUT SEVEN ONLINE COURSES ON KEY REGULATIONS:

- Health and safety promotion at Apatit
- Contractor safety requirements
- Working at heights
- Lockout/tagout (LOTO) system at Apatit
- LOTO system in maintenance and repairs
- Investigation and communication of OHS accidents/incidents
- Management of contractors' organisational and technical documents

ADDITIONAL (THEMATIC) TRAINING COURSES:

- Safe operation of conveyors
- Job permits for electrical works
- Safe detection and elimination of misfires in the pit face of the Vostochny mine
- Signals used in underground blasting,
- Briefing methodology, etc.

PROMOTION OF WORKER HEALTH PREVENTION AND MITIGATION OF OCCUPATIONAL HEALTH AND SAFETY IMPACTS DIRECTLY LINKED BY BUSINESS RELATIONSHIPS

403-6

403-7

PhosAgro places a strong emphasis on disease prevention and treatment, health improvement, high-quality medical aid and health resort rehabilitation. Group companies organise initial and regular check-ups and examinations of staff involved in potentially hazardous and/or dangerous activities. Most employees are offered long-term voluntary health insurance (VHI) covering a broad range of risks.

Apatit JSC and its branches have special wellness and health programmes in place. Voluntary health insurance plans include:

- health resort treatment for PhosAgro employees and retired staff;
- treatment (expensive, dental, medical counselling);

- services of outpatient clinics and health posts at divisions and production units (on-site clinics can provide accident and emergency care and specialist advice from therapist, endocrinologist, neurologist, ophthalmologist, and dentist);
- vaccination of employees, their family members and retired employees.

Employees of the Company and members of their families have access to health resorts at a reduced price. Since October 2020, Apatit (Cherepovets) has provided its employees and their families with free health resort vouchers and a compensation for 50% of the travel expenses.

Employees working in harmful conditions receive health and dietary meals, milk. Food quality is monitored

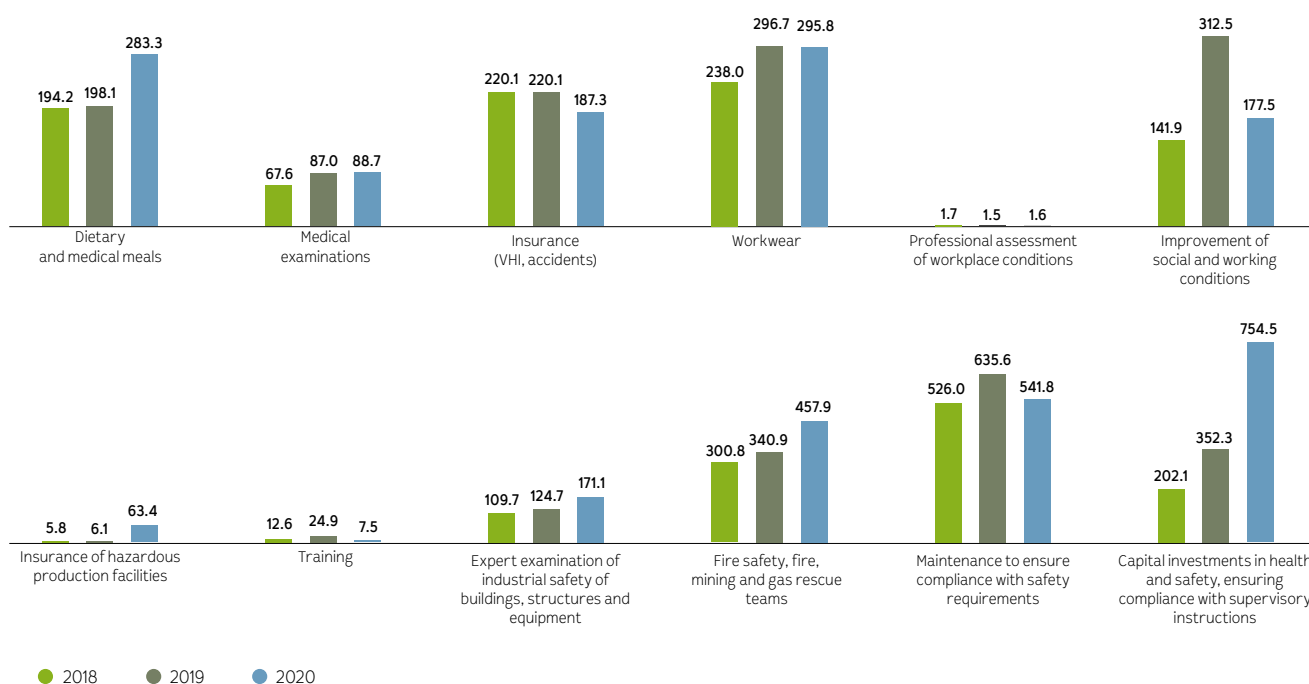
under the supervision of a trade union. Quality is assessed based on employee surveys, books of complaints, frequency of visits to the canteen, and ratio of dietary and health meals taken to dietary and health meals prescribed.

As part of healthcare initiatives, staff canteens provide nutrition according to Diet No. 10 targeting patients with cardiovascular diseases.

The fitness centres at PhosAgro facilities include gyms, fitness halls, air rifle shooting ranges, as well as game halls (for volleyball, badminton, basketball, futsal, table tennis, billiards, and darts) and swimming pools.

Under the health improvement programme, employees can visit both on-site and off-site fitness centres and pools.

Actual HSE expenses, RUB mln





Each of the Company's facilities has an on-site church to promote spiritual and moral health. Twice a year, PhosAgro organises employee pilgrimages to visit the relics of St Nicholas in the Basilica of St Nicholas in Bari (Italy).

An on-site psychotherapist is available to assist employees in addressing mental health and wellbeing in the workplace.

Apatit employees have access to psychological counselling online and by telephone (with automatic registration of calls, a free hotline,

corporate e-mail of a psychologist, and instant messengers).

An effective diagnostic toolkit was developed and tested to measure employees' psychological and emotional state, the level of wellbeing, performance, and emotional burnout, which affect the team's morale and their general productivity.

The company uses corporate media, information stands, lectures and brochures to distribute information on all its initiatives. The announcement page

of the corporate portal provides information on currently available social programmes.

As part of an experiment, there have also been installed Social Policy stands with feedback boxes.

Performance monitoring and measurement are key prerequisites for achieving sustainable long-term results in line with our OHS strategy.

WORK-RELATED INJURIES

403-9

Most of the injuries were caused by moving or rotating objects and equipment, or by falling while in motion.

In 2020, the number of accidents decreased by 29%, with zero fatal injuries (in 2019 – three cases)¹. Looking at PhosAgro facilities separately as two groups – chemical production facilities (Apatit and its branches in Balakovo and Volkhov) and mining facilities (Kirovsk Branch), there is a clear downward trend in injuries at the mining facilities, with the number of accidents decreasing from nine cases in 2019 to four in 2020. This was achieved through tighter 24/7 H&S control measures at underground mines and a six-fold increase in unscheduled inspections – from 625 to 2,302.

Another major factor contributing to lower injury rate is a new system motivating employees to work safely. The system aims:

- to keep all employees motivated to protect their own safety and the safety of others;
- to encourage initiative and introduce improvements in this area.

Accidents

		Number of injured			
		Minor injuries	Serious injuries	Fatalities	Total
2020					
Branches of Apatit	JSC Apatit	2	1	0	3
	Balakovo branch of Apatit	0	1	0	1
	Volkhov branch of Apatit	2	0	0	2
	Kirovsk branch of Apatit	2	2	0	4
Subsidiaries ²		8	5	0	13
Third-party contractors		5	2	2	9
2019					
Branches of Apatit	JSC Apatit	4	0	0	4
	Balakovo branch of Apatit	0	1	0	1
	Volkhov branch of Apatit	0	0	0	0
	Kirovsk branch of Apatit	5	1	3	9
Subsidiaries ²		5	1	0	6
Third-party contractors		5	6	2	13
2018					
Branches of Apatit	JSC Apatit	0	0	0	0
	Balakovo branch of Apatit	1	0	0	1
	Volkhov branch of Apatit	1	0	0	1
	Kirovsk branch of Apatit	2	0	0	2
Subsidiaries ²		5	3	0	8
Third-party contractors		14	5	3	22

¹ The accidents indicator is calculated for Apatit, including its branches and standalone business units.

² Subsidiaries and affiliates: Tirvas, Gorny Tsekh, PromTransPort, Korporativnoe pitanie, Construction Materials Centre, DROZD-Khibiny, NIUIF, Aeroport, SMART, Teleset, Khibiny Electricity Retail Company, Ecoprom, PhosAgro Education Centre, Mekhanik, PhosAgro Engineering Centre, Trading House PhosAgro

LTIFR, per 1 mln man-hours

Indicator	2018	2019	2020
Apatit	0	0.56	0.42
Kirovsk branch of Apatit	0.26	0.75	0.47
Balakovo branch of Apatit	0.49	0.48	0.48
Volkhov branch of Apatit	0.84	0	1.37
Total:	0.22	0.59	0.52

WORK-RELATED ILL HEALTH

403-10

In 2016–2020, the Company recorded 174 cases of occupational diseases, with the Kirovsk branch of Apatit accounting for 99% of them. No cases of death as a result of occupational diseases were recorded.

Occupational diseases

The main causes of occupational diseases are:

- hard labour;
- vibration (general or local);
- noise;
- predominantly fibrogenic aerosols.

In line with the order on measures to prevent occupational diseases, the following initiatives were introduced:

- ensuring that employees undergo regular medical examinations in a timely manner;
- timely maintenance and inspection of equipment;
- control of PPE use at workplaces with higher risk of occupational diseases;
- oversight of compliance with the work and rest regime and regulated workplace breaks;
- compliance with sanitary rules at workplaces with higher risk of occupational diseases;
- unscheduled special audits of working conditions at workplaces with higher risk of occupational diseases caused by harmful and/or hazardous production factors.

Occupational disease types

Occupational diseases are divided into three groups:

Group 1: HAVS, stage 1 and 2, Polyneuropathy of the upper and lower limbs, Cervical/lumbosacral radiculopathy, Hard labour, Myofibrosis of the forearms, Bilateral humeroscapular periarthrosis, Osteoarthritis deformans of the shoulder and elbow joints, Bilateral humeroscapular periarthrosis, Reflex myotonic syndrome of the cervical/lumbosacral area;

Group 2: Respiratory diseases associated with exposure to complex chemical aerosols;

Group 3: Chronic bilateral sensorineural hearing loss, 1st and 2nd degree.

Cases of occupational diseases

	2018	2019	2020
Apatit	0	0	0
Kirovsk branch of Apatit	50	27	23
Balakovo branch of Apatit	0	0	0
Volkhov branch of Apatit	0	0	0



KEY PROJECTS IN 2020

8 DECENT WORK AND
ECONOMIC GROWTH**APATIT**

To ensure fire, gas and mining safety at Apatit and be better prepared for accidents and emergencies, PhosAgro is implementing Apatit's programme for developing gas and mine rescue, fire-fighting and prevention activities for 2019–2021.

The programme focuses on:


- improving training facilities and equipment of gas/mine rescue and fire-fighting units;
- enhancing the quality of hands-on training for young hires;
- ensuring compliance with gas, mine and fire rescue regulations and personnel training;
- re-equipping gas/mine rescue and fire fighting units.

APATIT
Cherepovets
branch

Seven additional jobs were created in the gas emergency and fire-fighting services of Apatit's Cherepovets production site. The company purchased machinery, equipment, and PPE: a rescue simulator, a SKAD-1 breathing apparatus control system, a GS-16 lung ventilator, a TC-41M testing unit for fire escapes and rescue safety equipment, high pressure breathing air compressors, breathing apparatuses.

**7** new jobs

in gas emergency and fire-fighting services created at Apatit's Cherepovets



The Kirov branch of Apatit adopted a new procedure for servicing and repairing automatic fire safety units in order to transfer them to a single qualified contractor – of PhosAgro Engineering Center.

Five FTEs were added to the fire safety, civil defence, emergencies, health and safety management team.

APATIT
Kirov
branch

At the Volkhov branch of Apatit, the commanders of gas rescue squads underwent the Gas Rescue Unit Management training at the Training and Consulting Centre of Emergency Rescue Forces in Novomoskovsk, and another 15 received rescue training for contingency emergency rescue teams. New equipment purchased by the branch included

a tripod with a winch, a gas cutter, breathing apparatus, a glowing guiding wire, two gas-tight protective suits, two cutting blades, ten hardhats, testing unit for fire-fighting equipment, a CPR mannequin, a hydraulic rescue tool kit.

APATIT
Volkhov
branch

The Balakovo Branch of Apatit commissioned a smoke and heat simulation training facility and purchased a special operation vehicle, a ventilator, four chemical protection suits, a thermal imaging system, and a breathing air compressors.

APATIT
Balakovo
Branch



ENVIRONMENTAL REVIEW

GOALS TO 2025



by **27** %

Reduction of specific effluents (to 4.4 m³ per tonne of finished and semi-finished products)



by **23.7** %

Reduction of specific pollutant emissions (to 0.800 kg per tonne of finished and semi-finished products)



to **40** %

Increase in the share of recycled and decontaminated hazard class 1–4 waste

GOALS TO 2028



by **30.9** %

Reduction of specific GHG emissions (to 109.1 kg of CO₂ equivalent per tonne of finished and semi-finished products)



by **14** %

Reduction of total GHG emissions (Scopes 1, 2, and 3)

GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

6 CLEAN WATER
AND SANITATION



9 INDUSTRY,
INNOVATION AND
INFRASTRUCTURE



12 RESPONSIBLE
CONSUMPTION
AND PRODUCTION



13 CLIMATE
ACTION



15 LIFE
ON LAND



17 PARTNERSHIPS
FOR THE GOALS



APPROACH TO ENVIRONMENTAL MANAGEMENT

102-12

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KEY PRINCIPLES AND OBLIGATIONS

Effective environmental management is a key factor of the Company's long-term sustainability, impacting PhosAgro's ability to set and achieve goals, be a socially responsible business, and balance its obligations to a wide range of stakeholders.

The key priorities set out in PhosAgro's Environmental Policy are careful use of natural resources and reduction of the environmental footprint. PhosAgro understands that our environmental impact may potentially affect a wide range of stakeholders and has therefore carried out a comprehensive

assessment of its operations to identify key areas of this impact, both direct and indirect, and map them against the UN Sustainable Development Goals.





We seek to ensure compliance with environmental regulations throughout the whole life cycle of a fertilizer, from our ore to the food on our end consumers' plates. PhosAgro strives to produce fertilizers in a safe and eco-friendly manner, thus contributing to the sustainable agricultural development worldwide. Committed to continuous improvement, the Group keeps working to lessen

the environmental impact of its production operations and across the value chain.



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

Focus areas of the environmental strategy

Focus area	PhosAgro's obligations
 Reducing environmental impact	<ul style="list-style-type: none"> Minimise environmental risks at all stages of investment projects and along the production chain Use the best available techniques and environmental monitoring solutions in the regions of operation Raise the staff environmental awareness
 Preserving natural eco-systems	<ul style="list-style-type: none"> Take steps to prevent climate change and save resources Preserve biodiversity, natural landscapes, and habitats across the Company's footprint When developing new sites, take measures to reduce the area disturbed as a result of operating and other activities, protect wildlife migration routes, freshwater ecosystems and spawning streams Make sure no activities take place in specially protected natural areas or conservation areas, traditional territories of indigenous peoples, natural world heritage sites, and wetlands of international importance (the Ramsar List)
 Further improving environmental management	<ul style="list-style-type: none"> Comply with environmental laws
 Partnering to reduce environmental footprint of our products	<ul style="list-style-type: none"> Hold all partners in the supply chain responsible for their environmental impact Communicate and foster dialogue with all stakeholders involved in environmental protection, stage public discussions of design documents for future facilities



ENVIRONMENTAL MANAGEMENT

PhosAgro's environmental management system embraces key management levels and all production stages, from development to product release. It also standardises requirements for production management at the Company's facilities.

By implementing a consistent approach in line with international environmental standards, each

subsidiary contributes greatly to its own and the Company's environmental performance and sustainable development.

Treating the enterprise's operations as a set of processes can boost its efficiency through optimising internal and external interactions, preventing critical excesses at all stages of production, continuously monitoring the quality

of raw materials and measuring production parameters. Compliance with environmental standards is achieved by constantly measuring parameters, monitoring and automating production processes and conducting rapid assessments of the operating environment.

Environmental management framework

MANAGEMENT LEVEL	STRUCTURAL UNIT	MANAGEMENT APPROACH
 Group level	The Board of Directors	<ul style="list-style-type: none"> defines the Company's environmental policy and sets strategic goals to ensure environmental protection and reduce the negative impact of its operations
	The Environmental, Health and Safety Committee and Sustainable Development Committee of the Board of Directors	<ul style="list-style-type: none"> is responsible for planning, identifying key focus areas for environmental management, tracking progress, and assessing results
	Apatit's Department of Ecology and Environmental Management	<ul style="list-style-type: none"> is responsible for general management, organisation and coordination of efforts to continuously enhance environmental management
 Subsidiary level		<ul style="list-style-type: none"> To honour its commitment to the ongoing environmental improvement, the Company has established dedicated monitoring and management functions at its subsidiaries and their branches Environmental protection officers were appointed at the Company's production operation 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

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.

ASSESSMENT, ANALYSIS, AND MONITORING

The Company continuously monitors the impact of its operations to ensure compliance with environmental regulations. At all stages of production, we take the following steps to evaluate our environmental performance: control atmospheric emissions at the source, monitor air quality near sanitary protection zones, monitor pollutants in waste-waters discharged into water bodies, keep records of areas used to store production and consumption waste for all of the Company's assets, including the operations of contractors.

Monitoring is based on dedicated programmes in effect at each of the Company's production assets. The results are submitted to local environmental monitoring authorities in the regions where the Company operates. In case of deviations

from the standards, the Company develops corrective measures. The monitoring results are used as a basis for:

- investment decisions and financial planning;
- initiatives aimed at reducing the impact of production operations;
- assessing the achieved effects;
- identifying and controlling environmental issues, determining risks and opportunities, developing and implementing risk management and response activities.

Environmental risk management is subject to regular assessment by the Board of Directors. The assessment serves

as a basis for updating risk factors and their descriptions, as well as for developing new risk management activities, bringing forward new initiatives, and introducing policies.

Engaging stakeholders in the planning process is an important part of the environmental management. 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 and constructive impact on the decision-making process. Engaging the general public and an array of stakeholders in discussion helps ensure that all points of view are considered.

PhosAgro public hearings coverage

	2019	2020
Number of public hearings	13	13
Average number of participants per hearing	102.7	42.9



For more information on public hearings regarding state environmental expert evaluation subjects in 2019–2020, see the Company's website



PERMITS, CERTIFICATES, AND CONFIRMATION OF COMPLIANCE WITH INTERNATIONAL ENVIRONMENTAL STANDARDS

The Company's production sites hold all necessary licences and permits related to environmental protection.

We pass audits in accordance with ISO 9001:2015, ISO 14001:2015, OHSAS 18001, and GMP+ to ascertain the efficiency of our product life-cycle management.



Every year, we successfully confirm compliance of our environmental management system with

ISO 14001

and International Fertilizer Association (IFA)'s **Protect and Sustain** standard

Our facilities have also put in place a procedure to manage internal environmental 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.

It is important to note that PhosAgro's environmental management system, as well as internal and external audit processes coupled with performance monitoring and evaluation by the management help identify potential improvement areas by means of a dedicated procedure for taking corrective actions.

Products exported to EU customers have been registered pursuant to Regulation (EC) No. 1907/2006 concerning the Registration, Evaluation and Authorisation of Chemicals (REACH). The quality of mineral fertilizers produced by the Company is confirmed by state registration certificates, declarations of conformity, and safety data sheets. According to expert reviews, new fertilizer grades are effective and environmentally and toxicologically safe. The products are properly classified, labelled and packaged in accordance with Regulation (EC) No 1272/2008 (CLP Regulation).

Mineral fertilizers produced by Apatit are subject to mandatory state registration of agrochemicals by the Russian Ministry of Agriculture. All grades of Apatit's mineral fertilizers registered in Russia passed a mandatory examination for compliance with toxicological and hygienic, biological, environmental, and sanitary and epidemiological standards. The examination was performed by experts of the F.F. Erisman Federal Research Centre of Hygiene, D.N. Pryanishnikov All-Russian Research Institute of Agrochemistry, Rosprirodnadzor and Lomonosov Moscow State University, and Rospotrebnadzor, respectively.

ISO 14001 certification of all production sites is scheduled for 2021.

In 2020, the Balakovo branch and Apatit JSC (Vologda Region):



confirmed the compliance of their environmental management system with ISO 14001:2015;



were certified for compliance with IFA's Protect and Sustain international standard (the certification scope was expanded from the previous year); similar to the Cherepovets production site, the Balakovo branch had the highest score (a total of 97.8 out of 100).

Spending on environmental protection, RUB mln

Item	2018	2019	2020
Total	8,210.0	9,059.5	8,120.3
Operating costs of environmental protection (form 4-OS)	4,587.7	4,351.9	4,825.3
Investments in fixed assets aimed at environmental protection (form 18-KS)	986.3	4,221.9	3,120.4
Environmental impact payments	156.3	165.3	174.6
Environmental fines and damages	0.6	0.79/2.12	0.02
Investments in fixed assets aimed at environmental protection (not included in form 18-KS)	2,479.1	317.5	–

The decrease in spending on environmental protection in 2020 is associated with the completion of a large-scale project to construct the in-pit crushing and conveying system of the Koashvinsky open pit in 2019. The project's capital expenditures were included in the item "Investments in fixed assets aimed at environmental

protection". In addition, there are several major projects underway to be accounted for in subsequent periods.

In 2020, Apatit paid a fine for exceeding the dust generation rate at the beneficiation waste disposal facilities (tailing) of the Kirovsk branch.

In 2020, Apatit received legal claim from Balto-Arctic transregional department of Federal Service of Environmental management. The claim was under court proceeding during 2020.

Environmental impact payments, RUB mln

year	atmosphere			aquatic environment				waste		TOTAL	over-limit	share of over-limit in total payments
	MPE	TPE	O-limit	SPD	TPD	O-limit	Limit	O-limit				
2018	2.534	0	0.740	1.225	9.066	0.836	140.615	1.326		156.343	2.902	1.860
2019	2.467	0	0	1.644	3.286	0	157.880	0		165.227	0	0
2020	2.901	0	0		2.165	0	169.487	0		174.553	0	0

LEGISLATIVE AND ADMINISTRATIVE FRAMEWORK

None of PhosAgro's enterprises uses ozone-depleting substances in the production process. A small amount (not more than 250 kg/year) of carbon tetrachloride (CCl₄) is used in laboratory testing.

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.



ENVIRONMENTALLY RESPONSIBLE PROCUREMENT POLICY

308-2

PhosAgro Group checks its potential suppliers for compliance with social and environmental requirements set out in the Code of Conduct for Counterparties.

The Company takes the following steps to make sure all sourced inputs and materials are eco-efficient:



incoming quality control;

Incoming quality control

The list of industrial and technical products subject to incoming control is made on a daily basis. For a chemical product, a document containing information on its environmental and toxicological safety is a safety data sheet.

Safety data sheets for chemical products are reviewed



contractor and supplier compliance;

by professional experts and included in product specifications. They provide consumers with details on chemical products' safe usage, storage, transportation, and utilisation, as well as their safe usage by households. Safety data sheets contain reliable information in an accessible and concise form, sufficient for the consumer to take necessary measures to ensure the protection of human health



additional checks.

and safety in the workplace, as well as environmental protection throughout the entire life cycle of chemical products.

All supplies undergo quality testing. If needed, the Company may request third-party centres to perform sample testing within their scope of certification.

CONTRACTOR COMPLIANCE



Safety data sheets, technical quality control reports, certificates of quality management compliance with ISO 9001:2011 (ISO 9001:2008, EAEU technical regulations, MSDS) to assure product quality.



Employment of materials and equipment compliant with Russian quality standards (rules and regulations), certified by manufacturers and permitted for use in Russia.



Compliance with applicable regulations on freight storage and transport by road and rail.

Additional checks

The Company's experts perform additional checks and assessments of potential suppliers if required for a specific tender. They may

include a request to confirm the availability of production capacities and technologies, staff qualifications, licences, certificates, including ISO ones, and technical audit reports. An executive responsible

for environmental management recommends an appropriate solution with regard to environmental safety.

2020 INITIATIVES TO IMPLEMENT PHOSAGRO'S ENVIRONMENTAL RESPONSIBILITY PRINCIPLES

-  Development and publication of the Code of Conduct for Counterparties setting out key environmental, governance and social requirements for suppliers and contractors, including those covering human rights and modern slavery issues.
-  Development of a questionnaire with more than 60 ESG indicators to evaluate suppliers (contractors), conducting of the first ESG survey and preparation of the ESG rating of the Company's suppliers and contractors. Currently, the survey covers over 4% of the total procurement, and we plan to increase this share going forward.
-  Stipulation of the procedures for assigning and regularly reviewing ESG ratings of suppliers and contractors in the Company's internal regulations.



For more information on the system to evaluate suppliers and contractors against ESG criteria, see the Company's official website

2021 TARGETS

- Automating the assignment and regular review of supplier and contractor ESG ratings
- Adding the ratings to the counterparty selection criteria
- Revising the supplier audit procedure to incorporate ESG requirements
- Revising contracts to include a reference to the Code of Conduct for Counterparties
- Considering the expediency of introducing the share of ESG-evaluated suppliers and contractors and their average ESG rating as potential KPIs for the Procurement Department



2020 HIGHLIGHTS

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EMISSIONS INTO THE ATMOSPHERE

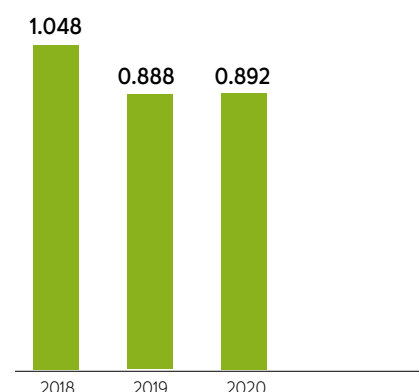
PhosAgro's emissions management system seeks to comply with national air pollution regulations, ensure air quality in sanitary protection areas near production sites, and upgrade the Company's capacities using the best available techniques.

The Group takes part in the nationwide Clean Air initiative, which aims to drastically reduce air pollution in major industrial cities.

PhosAgro's strategic goal is to achieve a 23.7% reduction in pollutant emissions per tonne vs 2018 by 2025.

Unit pollutant emissions in 2020 remain close to the level of 2019. The uptick is due to the accounting for the impact the in-pit crushing and conveying system at the Koashvinsky open pit of the Vostochny mine has on air. Subject to accounting since 2020, the pit's dust emissions have exceeded 1 kt (+3% to the Group's total emissions). The environmental effect of 2020 measures to reduce pollutant emissions will be determined in 2021 based on the achieved results.

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



PhosAgro's strategic goal is to achieve a 23.7% reduction in specific pollutant emissions vs 2018 by 2025.

Initiatives implemented in 2019–2020 to achieve the target

Activity	Environmental effect	Terms of implementation
Volkhov branch		
The Company's project to install a station for continuous automatic air quality control	Obtaining objective, reliable, real time data on air quality and information on the sources of pollution, forecasting	2020
Installation of equipment to treat waste gases on par with the best available techniques as part of the effort to modernise the wet-process phosphoric acid production unit and increase its capacity to 450 ktpa	Maintaining per unit emission of gaseous fluorides on par with the best available techniques included in the best available technique guidelines (ITS2-2015) (0.31 kg/t)	Q2 2020 (Stage 1), Q4 2021 (Stage 2)
Installation of equipment to treat waste gases as part of the construction of an 800 ktpa sulphuric acid facility	Maintaining SO ₂ emissions on par with the best available techniques (1.292 kg/t)	Q4 2021
Balakovo branch		
re-equipping technological systems No. 5 and 6 of the phosphate fertilizers unit Stage 1	targeted reduction in pollutant emissions of 0.1 kt	Q2 2021
Kirovsk branch		
Dust suppression on tailing dump surfaces	Reducing emissions of pollutants into the atmosphere	



over RUB **10** mln

CAPEX for the deployment of new tailing gas pre-heating equipment for the UKL-7 plants



The Company's project to install a station for continuous automatic air quality control

RUB **10.872** mln

NO_x, SO_x, AND OTHER SIGNIFICANT AIR EMISSIONS, T

305-7

Kirovsk branch of Apatit

Pollutants	2018	2019	2020
Solids	5,752.8	3,734.1	5,148.6
Sulphur dioxide	3,326.0	3,458.3	3,104.0
Carbon monoxide	792.1	477.6	711.1
Nitrogen oxides (NOx as NO2)	1,760.1	1,534.8	1,012.2
Hydrocarbons (w/o VOCs)			8.0
Volatile organic compounds (VOCs)	24.5	16.1	19.0
Other gaseous and liquid pollutants	0.1	0.1	0.5
Total	11,656.1	9,221.1	10,003.4

Balakovo branch of Apatit

Pollutants	2018	2019	2020
Solids	410.7	410.8	429.5
Sulphur dioxide	4,115.2	4,293.7	4,432.1
Carbon monoxide	836.6	782.8	870.0
Nitrogen oxides (NOx as NO2)	737.7	724.1	746.9
Hydrocarbons (w/o VOCs)	2.6	2.6	2.6
Volatile organic compounds (VOCs)	337.9	340.0	340.1
Other gaseous and liquid pollutants	509.8	448.5	465.1
Total	6,950.4	7,002.4	7,286.2



CHEREPOVETS SITE OF APATIT

(Vologda region)

Implementation
of the Comprehensive Plan
to Reduce Pollutant Emissions
and the Programme to Optimise
Water Use During Production
Upgrade in 2020–2025



340

 TPA

estimated
reduction
in pollutant
emissions

**Upgrade of technological system
No. 3, block 2.70 at the mineral
fertilizer production site.**

Project schedule: Q4 2020

The environmental effect
will be assessed in 2021 based
on the achieved results.
The estimated effect is a 340 tpa
reduction in emissions compared
to 2017.



RUB 467.3

 mln
expenses

**Water use optimisation at the Cherepovets site of Apatit
as part of the production upgrade**

Project schedule: 2020–2025

The first stage has been completed.

- Unit for pumping treated effluent back to the phosphate facility reconstructed
- Technical audit of the water use at the phosphate facility carried out



20

 TPA
reduction in pollutant
emissions

**Technical upgrade of the low-
capacity absorption unit
of blocks 7.00 and 7.01
at the ammophos site.**

Project schedule: Q4 2021

Estimated effect: reduction
of pollutant emissions
by 20 tpa

PHOSPHORUS COMPLEX

NITROGEN COMPLEX



105 ^{TPA}
environmental effect

Deployment of new tailing gas pre-heating equipment for the UKL-7 plants.

Project schedule: 2019

Environmental effect amounted to 105 t



RUB 11 mln
expenses



892 ^{tpa}
reduction of SO₂ emissions

**Upgrade of the sulphuric acid plant
EE SK-600/3**

Project schedule: 2019.

Environmental effect amounted to 892 tpa



RUB 2.7 bln
expenses



3.3 ^{KTPD}
Capacity of sulphuric acid production unit

As part of the investment programme to build a **3,300 t per day sulphuric acid unit**, initiatives were implemented to optimise the water use system by:

- reusing sludge water from the water clarification unit;
- returning additional condensate from the sulphur melting unit;
- reusing the concentrate of the reverse osmosis water treatment unit

**Volkhov branch of Apatit**

Pollutants	2018	2019	2020
Solids	622.0	610.4	461.7
Sulphur dioxide	155.0	161.7	180.8
Carbon monoxide	65.0	73.3	92.4
Nitrogen oxides (NOx as NO2)	323.0	149.8	283.1
Hydrocarbons (w/o VOCs)	0	0	0
Volatile organic compounds (VOCs)	3.0	3.4	4.6
Other gaseous and liquid pollutants	48.0	163.9	46.2
Total	1,216.5	1,162.5	1,068.9

Apatit (Vologda region)

Pollutants	2018	2019	2020
Solids	1,043.3	1,356.3	917.3
Sulphur dioxide	3,764.4	3,297.4	3,367.2
Carbon monoxide	1,221.8	1,476.3	1,573.5
Nitrogen oxides (NOx as NO2)	2,980.1	2,309.2	2,540.0
Hydrocarbons (w/o VOCs)	145.2	37.8	38.1
Volatile organic compounds (VOCs)	5.4	2.8	2.2
Other gaseous and liquid pollutants	3,241.9	3,009.1	3,392.6
Total	12,402.2	11,488.9	11,830.7

Total

Pollutants	2018	2019	2020
Solids	7,828.5	6,111.7	6,957.1
Sulphur dioxide	11,361.1	11,211.1	11,084.0
Carbon monoxide	2,915.6	2,810.0	3,247.0
Nitrogen oxides (NOx as NO2)	5,801.2	4,717.9	4,582.1
Hydrocarbons (w/o VOCs)	147.8	40.4	48.7
Volatile organic compounds (VOCs)	371.3	362.3	365.8
Other gaseous and liquid pollutants	3,799.8	3,621.5	3,904.3
Total	32,225.2	28,874.9	30,189.0

GREENHOUSE GASES



Environmental protection, including climate related matters, and efficient use of resources are among the Company's strategic priorities. The Group is committed to tackling greenhouse gas emissions and climate change. At PhosAgro, we work continuously towards accomplishing these objectives.

In 2020, as part of a project to scientifically verify and prioritise the UN SDGs, we added SDG 13 Climate Action to the list of priority goals the Company will be contributing to.

The responsibility to consider and make decisions on climate action has been vested with the Environmental,

Health and Safety Committee, chaired by a member of the Company's Board of Directors, an Executive Director. The committee's climate functions include monitoring greenhouse gas emissions, as well as developing and implementing projects to reduce greenhouse gas emissions, including initiatives to improve energy efficiency at PhosAgro's production facilities.

GHG emissions, CO₂ eq. (direct), Scope 1, kt¹

305-1

	2018	2019	2020
Kirovsk branch	583.1	636.3	646.4
Balakovo branch	157.9	152.6	170.0
Volkhov branch	118.4	121.3	111.4
Apatit (Vologda region)	3,995.8	3,746.1	3,811.5
Total	4,855.3	4,656.3	4,739.4

GHG emissions, CO₂ eq. (indirect), Scope 2, kt¹

305-2

	2018	2019	2020
Kirovsk branch	815.8	856.7	856.3
Balakovo branch	63.1	66.0	61.5
Volkhov branch	72.4	71.7	75.5
Apatit (Vologda region)	164.3	197.0	228.0
Total	1,115.6	1,191.4	1,221.3

¹ Greenhouse gas emissions are given in CO₂ equivalent. The calculation includes the following list of gases: CO₂, CH₄, NO₂



Scope 1 GHG emissions per tonne of output have been decreasing. Total Scope 1 and 2 GHG emissions have been rising due to production growth.



For more information on GHG, see the TCFD Report 2020, Climate-Related Financial Disclosures under the TCFD standards

PhosAgro has set a 14% reduction target for total GHG emissions (Scope 1, 2, and 3) by 2028. The target for the Scope 1 GHG emissions per unit of output is set at 109.1 kg of CO₂ equivalent per tonne of finished and semi-finished products, down by 30.9% compared to the 2018 baseline.

CLIMATE STRATEGY

PhosAgro's Climate Strategy was developed in 2020 and approved by the Company's Board of Directors. It provides an analysis of climate scenarios in line with the Task Force on Climate-related Financial Disclosures (TCFD), identifies climate risks and opportunities, sets scientifically verified targets for GHG emissions, and outlines measures to achieve them – a low carbon transition plan.

The Strategy also includes provisions for interacting with participants in the Company's value chain, including a supplier engagement concept. The main purpose of the interaction provisions is to manage GHG emissions across

the value chain by providing relevant data that will allow the Company to regulate internal corporate processes and activities and guide suppliers and consumers on reducing GHG emissions.

The Climate Strategy is aimed at ensuring the adoption and implementation of obligations and an end-to-end efficiency enhancement measures by the Company in the face of growing climate change and tightening of environmental regulations for businesses.

AS PART OF ITS PRIORITIES, PHOSAGRO'S CLIMATE STRATEGY SEEKS TO



Expand the ranks of climate-responsible businesses in Russia and globally by responsible supplier selection



Reduce the climate risks of production and business processes and use potential climate opportunities to develop and strengthen the Company's business



Increase the Group's openness and transparency, including by expanding cooperation with stakeholders and international platforms with a view to advancing the climate agenda



Include climate matters in the Company's management and decision-making processes



By adopting and implementing its Climate Strategy, PhosAgro makes a new commitment to the global community and future generations – an essential requirement for ensuring the Company's sustainable development in the modern world.

GHG EMISSIONS BY PRODUCTION SITE (DIRECT), SCOPE 1

305-4

305-5

Apatit (Vologda region)

Item	2018	2019	2020
Total GHG emissions, t	3,995,830	3,746,069	3,811,534
GHG emissions, kg per tonne of finished and semi-finished products	295.2	261.9	246.4

Balakovo branch of Apatit

Item	2018	2019	2020
Total GHG emissions, t	157,886	152,632	170,024
GHG emissions, kg per tonne of finished and semi-finished products	28.4	25.7	27.9

Volkhov branch of Apatit

Item	2018	2019	2020
Total GHG emissions, t	118,396	121,325	111,415
GHG emissions, kg per tonne of finished and semi-finished products	181.5	197.4	179.5

Kirovsk branch of Apatit

Item	2018	2019	2020
Total GHG emissions, t	583,144	636,303	646,395
GHG emissions, kg per tonne of finished and semi-finished products	53.0	54.7	55.5

Total

Item	2018	2019	2020
Total GHG emissions, t	4,855,256	4,656,329	4,739,368
GHG emissions, kg per tonne of finished and semi-finished products	158.0	143.3	140.1



WASTE

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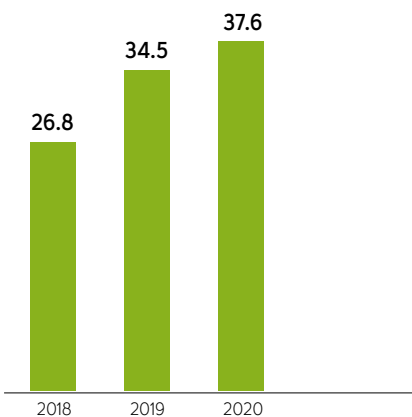
Waste management is an integral part of PhosAgro's comprehensive environmental management system.

Action taken to achieve waste management targets

The Cherepovets site is upgrading its aluminium fluoride plant, with its capacity to be expanded to 70 ktpa, to ensure the use of all the fluorine extracted as part of phosphate rock processing, reduce lime consumption in treating effluents, and decrease the generation and disposal of fluorine-containing waste.

At Balakovo, in 2020, Wet-Process Phosphoric Acid Unit No. 3 started treating acidic waste water coming from the site for waste and recyclables. With RUB 22.785 mln spent on the project, the initiative resulted in lower lime consumption in treating effluents and reduced generation of hazard class 4 waste.

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



Another project included developing and deploying a technology allowing to use phosphogypsum (phosphoric acid production waste) in road construction. In June 2020, IFA included this project in the Phosphogypsum: Leadership, Innovation, Partnership report as an innovative practice in waste by-product management illustrating transition to a circular economy.



Our strategic goal to 2025 is to increase the share of recycled and decontaminated hazard class 1–4 waste to

40%

We place major emphasis on safe operation of tailings, which are special hydraulic structures and equipment for storage and disposal of mineral processing wastes.

Based on the safety requirements for hydraulic structures approved by the Federal Service for Environmental, Technological and Nuclear Oversight (Rostekhnadzor)

in 2018, the Company's tailings have the highest safety level. This means that they fully meet the design requirements and applicable rules and regulations. The state of structures and foundations

corresponds to the requirements. The tailings are operated in accordance with industrial safety laws and regulations as well as instructions of supervisory bodies.

WASTE BY TYPE AND DISPOSAL METHOD

306-2

Kirovsk branch of Apatit, t

Disposal method	2018	2019	2020
Reused	21,274,068.0	19,656,977.0	18,641,022.0
Landfilled	67,117,451.0	81,635,022.6	102,425,569.5
Third-party recycled	16,933.2	15,665.9	15,286.0
Third-party decontaminated	9.8	166.0	171.6
Third-party landfilled	5,279.8	4,197.1	2,200.9
Third-party stored	–	–	–
Third-party processed	–	–	–

Disposal of beneficiation waste and overburden at Kirovsk branch, t

	Reused	Landfilled	Third-party disposal				
			Third-party recycled	Third-party decontaminated	Third-party landfilled	Third-party stored	Third-party processed
2018, including	21,274,068.0	67,117,451.0	16,933.2	9.8	5,279.8	–	–
apatite-nepheline ore processing waste (tailings)	12,259,354.0	12,220,389.0	–	–	–	–	–
rocks and overburden mix	9,014,714.0	54,897,062.0	–	–	–	–	–
2019, including	19,656,977	81,635,022.6	15,665.861	165.949	4,197.13	–	–
apatite-nepheline ore processing waste (tailings)	12,500,635.0	12,560,903.0	–	–	–	–	–
rocks and overburden mix	7,156,342.0	69,073,827.0	–	–	–	–	–
2020, including	18,641,022.0	102,425,569.5	15,285.986	171.588	2,200.88	–	–
apatite-nepheline ore processing waste (tailings)	12,015,508.0	12,947,652.0	–	–	–	–	–
rocks and overburden mix	6,625,514.0	89,454,699.0	–	–	–	–	–

**Balakovo branch of Apatit, t**

Disposal method	2018	2019	2020
Reused	6,099.0	16,580.3	3,584.9
Landfilled	4,898,612.7	5,302,285.7	5,433,703.7
Third-party recycled	9,872.2	4,720.5	10,314.8
Third-party decontaminated	26.4	4.5	43.0
Third-party landfilled	372.0	257.0	211.9
Third-party stored	–	–	–
Third-party processed	1,381.5	2,906.1	1,590.9

Volkhov branch of Apatit, t

Disposal method	2018	2019	2020
Reused	–	–	–
Landfilled	–	–	–
Third-party recycled	115.5	43.9	17,765.0
Third-party decontaminated	0.4	0.3	0.3
Third-party landfilled	603.7	1,345.0	1,311.2
Third-party stored	–	–	–
Third-party processed	1,998.9	–	–

JSC Apatit (Vologda region), t

Disposal method	2018	2019	2020
Reused	2,970,411.4	3,195,192.6	3,232,425.4
Landfilled	2,767,144.9	2,856,356.6	2,912,609.9
Third-party recycled	12,984.1	17,266.3	9,011.9
Third-party decontaminated	39.6	100.7	47.5
Third-party landfilled	–	125.8	0
Third-party stored	0.7	–	0
Third-party processed	–	–	0

Total, t

Disposal method	2018	2019	2020
Reused	24,250,578.5	22,868,749.9	21,877,032.2
Landfilled	74,783,208.5	89,793,664.9	110,771,883.1
Third-party recycled	39,911.9	37,696.5	52,377.7
Third-party decontaminated	76.2	271.4	262.4
Third-party landfilled	6,255.5	6,039.9	3,724.0
Third-party stored	0.7	0	0
Third-party processed	3,380.5	1,381.5	1,590.9

Waste generation, tonne per tonne of finished and semi-finished products

Asset	2018	2019	2020
Total	3.2	3.5	3.9
Kirovsk branch	8.0	8.7	10.4
Balakovo branch	0.9	0.9	0.9
Volkhov branch	0.005	0.002	0.031
Cherepovets production site	0.4	0.4	0.4

Waste generation (hazard class 1–4), kg per tonne of finished and semi-finished products

Asset	2018	2019	2020
Total	5.8	6.1	5.4
Kirovsk branch	0.6	0.6	0.3
Balakovo branch	22.2	19.5	16.7
Volkhov branch	0.9	2.2	27.0
Cherepovets production site	3.4	5.2	3.8

Waste generation by hazard class, t

Waste hazard class	Unit of measurement	Total		
		2018	2019	2020
TOTAL	t	99,124,822.59	112,657,243.30	132,674,061.36
I	t	7.48	7.636	6.485
II	t	1.3	10.764	7.613
III	t	1,256.626	1,938.625	1,070.645
IV	t	176,359.19	196,725.824	180,439.544
V	t	98,947,198.03	112,458,560.40	132,492,537.1

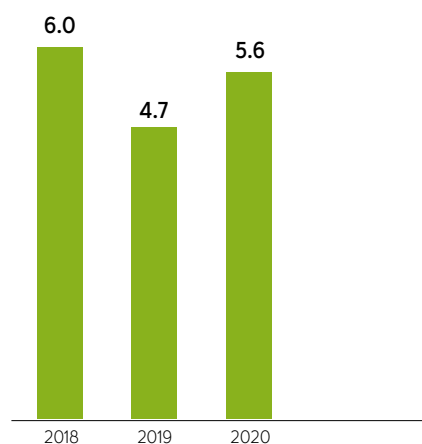
In 2020, the waste generation rate grew mostly due to increased generation of rock overburden mix because of a higher open pit mining share.



WATER

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303-1

**Waste water discharge, m3 per tonne of finished and semi-finished products**

The Company's strategic goal is to achieve a 27% reduction in waste water discharge per tonne of output by 2025

27 %

Our waste water management approach is focused on maximum reuse of water through closed-loop water recycling system and proper treatment of effluents discharged into water bodies in addition to continuous monitoring of water bodies in the regions of operation and aquatic life recovery.

The increase in waste water discharge was driven by heavier precipitation at the Kirovsk branch of Apatit that resulted in higher mining water discharges. From October 2019 to May 2020, the amount of snow fallen grew by 54.2% year-on-year. This led to higher water inflows across the branch sites during the thaw. At the same time, the Company's overall water consumption has been on the decline in recent years.



The strategy is available on the Company's website

Water strategy

In 2020, PhosAgro developed a Water Strategy to improve its water management.



Its main objectives are as follows



Increasing water use efficiency

We optimise our own production processes and try to reclaim water without having to draw more and discharge treated waste water. Two plants, in Volkhov and Balakovo, have implemented arrangements that basically exclude the discharge of treated industrial waste water into surface water bodies. All water from the production cycle passes through a multi-stage treatment system and returns into production.

The Water Strategy contains a list of projects for each branch, including the following investment programmes:

- Water efficiency improvement at Apatit (Vologda Region) during production upgrade in 2020–2025;
- Reduction of discharge volumes and improvement of waste water quality at the Kirovsk branch of Apatit in 2019 and beyond;
- Creation of a closed water circulation system at the Volkhov branch of Apatit (elimination of waste water discharge into the Volkhov River)

These activities have been consolidated into a single schedule

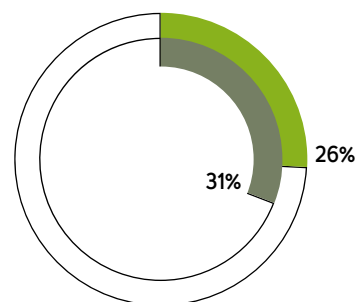


Thanks to long-term reductions in specific water intake and waste water discharge rates and to our investment programmes, we can set ambitious strategic goals for water protection.

For many years, we have been implementing joint riverside cleaning programmes with local volunteer associations.

**Water intake reduction targets for 2018–2025 (per tonne of finished and semi-finished products)**

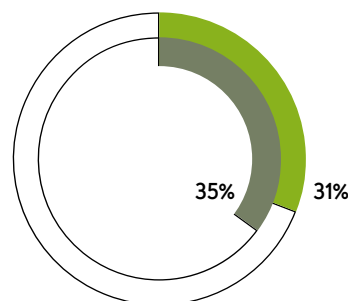
	Intake, m ³ per tonne of finished and semi-finished products
After planned arrangements	5.16
After planned and prospective arrangements	4.78



- After planned arrangements
- After planned and prospective arrangements

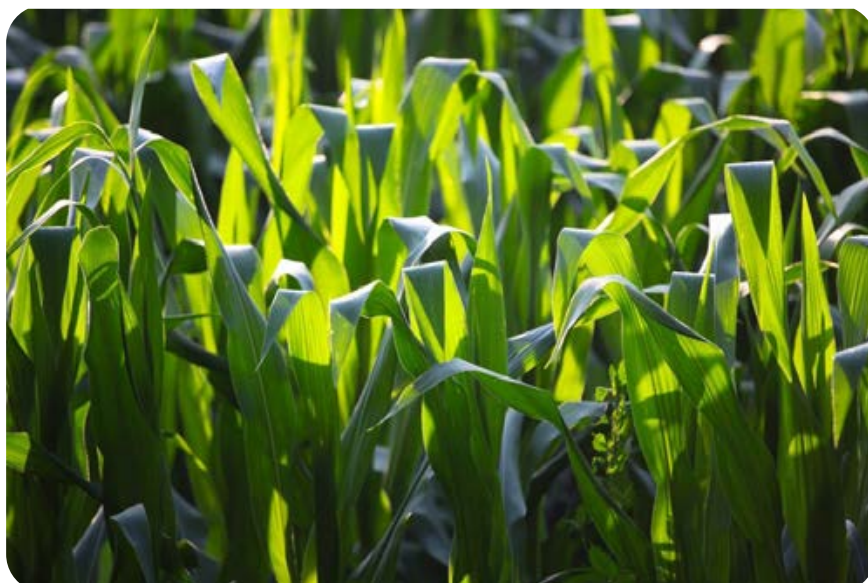
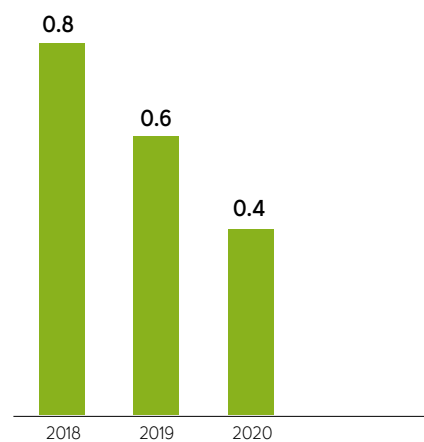
Waste water discharge reduction targets for 2018–2025 (per tonne of finished and semi-finished products)

	Intake, m ³ per tonne of finished and semi-finished products
After planned arrangements	4.16
After planned and prospective arrangements	3.93



Adopting a responsible and caring attitude towards water resources and water bodies as an integral part of the environment, with all of the Company's personnel contributing to these goals

- After planned arrangements
- After planned and prospective arrangements

Pollutant discharges, kg per tonne of finished and semi-finished product

Total water withdrawal by source, ths m³

303-3

	UoM	Total		
		2018	2019	2020
Surface water				
Total water withdrawal from surface sources, including:	ths m³	176,300	145,179	170,862
process water	ths m³	57,191	58,315	59,081
drinking water (internal use)	ths m³	935	885	995
drinking water (for supplies to third parties)	ths m³	498	466	399
mining water	ths m³	111,213	79,933	104,475
drainage water	ths m³	4,965	3,577	3,312
rainwater	ths m³	1,498	2,002	2,600
Ground water				
Water withdrawal from ground-water sources:	ths m³	2,938	2,842	2,832
Water received from third-party suppliers				
Total water received from third-party suppliers, including:	ths m³	44,927	42,082	52,898
process water received from suppliers	ths m³	25,491	27,546	28,443
water from municipal supply (internal use)	ths m³	9,857	8,560	8,138
water from municipal supply (for supplies to third parties)	ths m³	23	34	17
waste water from other waste-water discharge systems	ths m³	9,556	5,943	16,300
TOTAL	ths m³	224,166	190,104	226,592



Measurement of total and specific water withdrawal including and excluding mining and drainage waters

	UoM	Total		
		2018	2019	2020
Total water withdrawal from, including mining and drainage waters	ths m ³ / t	224,166	190,104	226,592
Specific water withdrawal from, including mining and drainage waters	m ³ /t	7.29	5.85	6.70
Total water withdrawal from, excluding mining and drainage waters, and waste water from other waste water discharge systems	ths m ³ / t	107,987	106,593	118,805
Specific water withdrawal from, excluding mining and drainage waters, and waste water from other waste water discharge systems	m ³ /t	3.51	3.28	3.51

Total water discharge by source, ths m³

303-4

GRI 303-4 Total water discharge by source ³	Total		
	2018	2019	2020
Water discharge into surface waters			
Total water discharge into surface waters:	185,621	152,223	188,455
mining water	111,213	79,933	104,475
drainage water	4,965	3,577	3,312
waste water from other waste-water discharge systems	9,500	5,494	15,901
Supplies to third parties			
Total water supplies to third parties:	4,035	4,118	4,147
waste water to the public water discharge system (after use)	3,458	3,170	3,314
waste water to the public water discharge system (unused)	56	448	399
water supplies to third parties from surface sources	498	466	417
water supplies to third parties from municipal sources	23	34	17
TOTAL	189,656	156,341	192,602

Treated effluents (reused in the production cycle)

303-5

Asset	2018	2019	2020
Total, mln m³	224.0	231.5	240.4
Share of reused water, %	87	87	88



Water consumption, ths m³

303-5

GRI 303-5 Water consumption	Total		
	2018	2019	2020
Total water withdrawal (all sources)	224,166	190,104	225,849
Total water discharge (all sources)	189,656	156,341	192,602
Water consumption	34,510	33,763	33,990

Water discharge in 2020, mln m³

303-4

Indicator	Kirovsk branch	Balakovo branch	Volkhov branch	Apatit (Vologda region)	Total
Waste water discharge	173.7	0	0	14.8	188.5
Discharged without treatment (% of total water discharge)	0	0	0	0	0

Waste water discharge at Apatit

Waste water discharge	Receiving water body
Kirovsk branch	
Discharge 1. Industrial waters at ANBP-3	Zhemchuzhnaya River
Discharge 2. Industrial waters at 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 6. Waters of the wells installed at the Vostochny mine to reduce groundwater level	Vuonnemyok River
Discharge 5. Mining waters of the Koashva and Njorkpahk open pits	Lake Kitchepahk
Discharge 8. Mining waters of the Koashva and Njorkpahk open pits ¹	Lake Kitchepahk
Discharge 9. Waters of water-lowering wells of the Vostochny mine ²	Vuonnemyok River
Apatit (Vologda region)	
Effluents from the phosphate facility	Rybinsk Reservoir
Effluents from the nitrogen facility	Rybinsk Reservoir

¹ The resolution on Discharge 8 ceased to have effect on 12 May 2020. Discharge 8 was closed down.

² On 3 July 2020, a new resolution was recorded in the State Water Register for the Vuonnemyok River, with the former Discharge 6 split into two, Discharge 6 and Discharge 9.



BIODIVERSITY PROTECTION

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304-2

304-3

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 that provide deep insights into the local flora, fauna and landscapes. EIAs help identify all potential environmental and public health impacts of business or other projects, determine the respective risk levels and assess their adverse economic and social effects. If needed, a plan can be developed to mitigate these risks. EIAs also offer a look into public attitudes to matters like protecting biodiversity, with the findings incorporated later in the decision-making.

In early 2021, PhosAgro's Environmental Policy was amended to set forth the Company's obligations to preserve biodiversity, natural landscapes and habitats across its footprint and prevent its projects from causing any harm to the same.

Since 2020, with research institutions engaged, we have also been working on a programme that will establish our priorities in protecting biodiversity based on indicator species monitoring and help us check and restore the ecosystem health across our footprint.

The document, which we expect to submit to the Sustainable

Development Committee in late 2021, will include a programme we adopted a few years ago to promote reproduction of aquatic biological resources.



Fish released in 2020

Asset	Species	Quantity	Water body
Apatit (Vologda region)	Juvenile carp	6,500	Gorky Reservoir
	Pike larvae	654,400	Rybinsk Reservoir
Balakovo branch	Juvenile carp	25,000	Volgograd Reservoir
	Juvenile silver carp	20,000	Volgograd Reservoir
	Juvenile silver carp	440	Volgograd Reservoir
	Sterlet yearling	471	Volgograd Reservoir
	Juvenile carp	26,393	Saratov Reservoir
Volkhov branch	Char	2,116	Lake Ladoga
Kirovsk branch	Juvenile Atlantic salmon	4,000	Umba River
Total		739,320	

Fish released in 2019

Asset	Species	Quantity	Water body
Apatit (Vologda region)	Juvenile carp	6,500	Gorky Reservoir
Balakovo branch	Juvenile carp	30,000	Volgograd Reservoir
	Juvenile silver carp	25,000	Volgograd Reservoir
Kirovsk branch	Sterlet yearling	84,353	Sukhona River
	Juvenile Atlantic salmon (2 yrs)	2,130	Umba River
Total		147,983	

Fish released in 2018

Asset	Species	Quantity	Water body
Apatit (Vologda region)	Juvenile carp	6,500	Gorky Reservoir
Balakovo branch	Juvenile carp	45,000	Volgograd Reservoir
	Juvenile silver carp	45,000	Volgograd Reservoir
	Juvenile carp	16,620	Saratov Reservoir
	Juvenile silver carp	10,140	Saratov Reservoir
Metachem	Juvenile whitefish	2,276	Volkhov River
Kirovsk branch	Juvenile Atlantic salmon	5,000	Umba River
Total		130,536	



Key activities in 2020

- ✓ PhosAgro takes part in the Carbon Disclosure Project (CDP) to reduce greenhouse gas emissions. PhosAgro published its climate reporting for the second time. As a result, the Company's CDP rating was raised from C to B- (on an A-F scale, where A is the best possible score). The improvement is associated with work on the implementation of the Company's climate strategy, which includes development and analysis of climate scenarios, a climate risk assessment, emissions reduction targets and a low-carbon transition plan, as well as improved non-financial disclosure.
- ✓ Another project included developing and deploying a technology allowing for the use of phosphogypsum (phosphoric acid production by-product) in road construction. In June, IFA included this project in the Phosphogypsum: Leadership, Innovation, Partnership report as an innovative practice in waste by-product management illustrating transition to a circular economy.

Key projects

- ✓ The Company delivered on its commitment to install and launch a fixed station for air quality control, the first facility of its kind in Volkhov and the Leningrad region. The station assesses air quality in the ground layer of the atmosphere against permissible concentrations and informs local residents accordingly via the website of the Volkhov municipal district administration. The site for the station was selected following public discussions and approved by the Federal Service for Surveillance on Consumer Rights Protection and Human Wellbeing (Rospotrebnadzor) in the Leningrad region.

ENERGY EFFICIENCY

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DEVELOPING ENERGY EFFICIENCY MANAGEMENT SYSTEM IN 2020

In the reporting period, the Company's Board of Directors approved the Climate Strategy, with its key elements made part of the Company's Corporate Strategy to 2025 (Strategy to 2025).

An important milestone was the approval of Apatit's Energy Efficiency and Energy Saving Policy. The 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.

To implement the provisions of Strategy 2025 and obligations listed in Apatit's Energy Efficiency and Energy Saving Policy, in August the Board of Directors' Sustainable Development Committee approved

a unified Energy Efficiency Programme in addition to existing energy efficiency programmes at each of the Company's four production sites. The Programme comprises over 20 measures to develop the following aspects.

The initiative timelines range from several months to two years and are regularly monitored by the Board of Directors' Sustainable Development Committee. The Energy Efficiency Programme is open to updates and additions, with new proposals considered on an ongoing basis.

The Programme's implementation is reviewed by the Board of Directors once every six months. Since the Company has approved and carried out a number of initiatives expected to deliver strong results, this will have a positive effect on energy consumption in 2021.

The activities of the Energy Efficiency Program are aimed at developing the following areas:



in-house power generation through utilisation of sulphuric acid production steam;



increase of 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).



The Energy Efficiency Programme is available on the Company's website

KEY INITIATIVES OF THE ENERGY EFFICIENCY PROGRAMME FOR 2020–2021

302-4

Project	Details and effect	Spending, RUB mln	Completion
Implemented in 2020			
Cherepovets Construction of the SK 3300 plant at the phosphate facility of Apatit	SK 3300 generates steam in the amount of 175 t/h for the thermal power station. With the power generation remaining unchanged (no installed capacity added), this helps reduce natural gas consumption by some 135 mln m ³ per year	10,500.0	2020
Balakovo Installation of the 45kW+ solar power station at Apatit's Balakovo branch (Phase 1)	Solar power station pilot running at two production sites of the Company is geared towards assessing the potential of solar energy and the viability of a further scale-up	4.5 (Phases 1 the 25kW and 2 the 20kW in total)	2020
2021 target			
Balakovo Installation of the 45kW+ solar power station at Apatit's Balakovo branch (Phase 2)	Phase 2 of the project to replace third-party electricity supply with an alternative energy source (solar panel).	4.5 (Phases 1 and 2 in total)	Q2
Volkhov Construction of a thermal power station with a 34 MW high-efficiency electric turbine and a water treatment system at Apatit's Volkhov branch	Project seeks to cut electricity costs through the utilisation of process steam from the new sulphuric acid plant at the thermal power station of Apatit's Volkhov branch, with the objective of providing all of the site's consumers with low-grade steam. This will also significantly reduce the need to purchase electricity from third-party power suppliers	3,000.0	Q4
Volkhov Upgrade of the lighting system at the granulated sulphur warehouse, LED lights installation	Energy savings due to replacing mercury lamps with LED ones	1.5	Q2
Kirovsk Upgrade of the lighting system to LED at ANBP-2 of Apatit's Kirovsk branch	A 0.5 MW reduction in annual energy consumption, lower maintenance and repair costs	42.0	Q4
Cherepovets Transfer by river water between c. 911 and 901 for boiler blowdown tank cooling	Reduced water consumption, cost cutting	0.5	Q4



ENERGY EFFICIENCY METRICS

In 2020, the Company's production facilities were 39.8% self-sufficient in terms of electricity needs, which is 0.4% less than in 2019. In absolute terms, the electricity generated by PhosAgro went up by 22 mln kWh year-on-year (the increase in total electricity consumption in 2020

was 89 mln kWh, with the new facilities commissioned). In 2021, the share of electricity generated in-house is likely to increase due to the planned launch of the 34 MW thermal power station at the Volkhov branch.



39.8%

the Company's production facilities were 39.8% self-sufficient in terms of electricity needs in 2020

In-house electricity generation with the use of secondary products

Asset	In-house electricity generation, mln kWh	Electricity generated through utilisation of sulphuric acid production steam	
		mln kWh	%
Apatit (Vologda region)	1,167.0	534.2	45.8
Balakovo branch	355.1	346.2	97.5

Initiatives 2020



PhosAgro launched a project to use renewable energy sources at its production and social facilities, with the Izumrud corporate health resort in Balakovo becoming a pilot site. The first 25 kW solar power plant was installed on the roof of the resort's medical treatment building. The spring of 2021 will see similar panels installed on Izumrud's hotel building, resulting in a total capacity of 45 kW. It is also planned to test the technology at the Company's chemical facility in Balakovo to assess the viability of a further scale-up.



Apatit's Kirov branch signed a contract with TGC-1 to purchase electricity generated by hydroelectric power plants. In 2021, 323 mln kWh of green electricity will be supplied, covering around 20% of the mining and processing plant's output. Entering into a power supply contract with TGC-1 is yet another step toward achieving our goal to reduce GHG emissions (Scope 2). This will help diminish the carbon footprint and make our products more attractive for international customers.



The Group's facilities widely use LED lighting, which has made it possible to cut lighting costs by 2–2.5 times. The lighting system of Apatit's apatite-nepheline beneficiation plant (ANBP-3) was upgraded to LED in 2019, and a similar project will be implemented at ANBP-2 in 2021. These initiatives serve to reduce GHG emissions and, consequently, the carbon footprint of the Company's finished products.

PhosAgro's energy consumption¹

302-1

302-3

		Total for production assets		
	Unit	2018	2019	2020
Electricity				
Purchased electricity	mln kWh	2,165.56	2,234.57	2,300.77
Purchased electricity (per unit)	ths kWh/t	0.071	0.069	0.068
Produced electricity (non-renewables)	mln kWh	1,485.00	1,500.11	1,519.00
Produced electricity (non-renewables), per unit	ths kWh/t	0.048	0.046	0.045
Internal use electricity	mln kWh	3,650.57	3,734.68	3,819.77
Internal use electricity (per unit)	ths kWh/t	0.119	0.115	0.113
Electricity cost	RUB bln	8.919	10.286	10.418
Heat energy				
Produced by TPPs	ths Gcal	2,847.59	2,742.82	2,435.44
Produced by boilers (steam)	ths Gcal	1,055.83	1,121.49	1,030.34
Purchased (in hot water)	ths Gcal	388.07	406.60	374.54
Sold (in hot water)	ths Gcal	178.01	155.46	200.78
Exhaust steam	ths Gcal	6,854.24	7,215.41	8,091.16
Internal use heat energy	ths Gcal	10,967.71	11,330.87	11,730.70
Internal use heat energy (per unit)	ths Gcal/t	0.357	0.349	0.347
Heat energy cost	RUB bln	10.009	10.748	10.491
Natural gas				
Natural gas for production purposes	mln m ³	2,667.47	2,704.24	2,699.88
Natural gas consumption (per unit)	ths m ³ / t	0.087	0.083	0.079
Natural gas cost	RUB bln	11.467	12.058	12.413
LNG				
LNG consumption	t	2,704.60	3,134.80	2,273.40
LNG cost	RUB bln	0.076	0.091	0.069
Fuel oil				
Fuel oil consumption	t	147,976.68	154,132.80	146,785.80
Fuel oil cost	RUB bln	2.200	2.538	1.551
Heating oil				
Heating oil consumption	t	697.43	703.30	725.50
Heating oil cost	RUB bln	0.004	0.004	0.004
Diesel fuel				
Diesel fuel consumption	thou t	40,343.58	40,071.98	53,054.25
Diesel fuel cost	RUB bln	1.769	2.100	2.268

¹ The cost of electricity per finished products



CONTRIBUTING TO LOCAL COMMUNITIES



As an 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 stakeholder expectations.

We seek to help the regions where we operate to achieve sustainable growth, and contribute to the development of local communities through our value chain, employment opportunities, infrastructure improvements and social investment programmes.

GLOBAL SUSTAINABLE DEVELOPMENT GOALS (SDGS)

3 GOOD HEALTH AND WELL-BEING



4 QUALITY EDUCATION



8 DECENT WORK AND ECONOMIC GROWTH



9 INDUSTRY, INNOVATION AND INFRASTRUCTURE



11 SUSTAINABLE CITIES AND COMMUNITIES



We carefully consider the needs and expectations of our stakeholders when identifying our social investment priorities.

In 2020, PhosAgro continued to develop its social programme in line with the goals and provisions of the Strategy to 2025, focusing on sustainable development and organic growth. We cannot move successfully towards these goals without unlocking the full potential of local communities.

In 2020, PhosAgro conducted an assessment of its impact on local communities under UN SDGs. It revealed that the Company has a significant impact on the regions where it operates, including that achieved through social and charitable initiatives.

Through proactive and strategic engagement with stakeholders and communities, we help drive local development in their best interests. Our charitable activities are based on public benefit priorities and opportunities to partner with regional and local government authorities, local communities and non-governmental organisations, educational institutions and other stakeholders.

The Company's charitable activities are carried out in line with its bylaws, the Federal Law On Charitable Activities and Charitable Organisations, and the Federal Law on Advertising.

PhosAgro's charitable giving priorities

Priority	Select corporate programme
Developing and implementing projects for children and young people with a focus on education, career guidance, technology and engineering teaching, and extra-curriculum education	Educated and Healthy Children of Russia (DROZD) University partnership programmes PhosAgro Schools
Preserving cultural heritage (supporting museum development) and promoting a healthy lifestyle	Spiritual Revival
Collaborating with regional and local government authorities to create modern social infrastructure (by providing new equipment to healthcare facilities, assisting in utilities development, building new and renovating existing sports and recreation facilities, etc.) across our geographies	Our Favourite Cities
Volunteering	Connecting Generations Volunteers of the trade union youth movement #Wearetogether DROZD project
Providing support to vulnerable groups in terms of access to healthcare services, development opportunities and the aid they need	Targeted assistance initiatives

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We have a single Group-wide process framework in place to manage social programmes across PhosAgro entities, which is underpinned by the following bylaws:

- Codes of Ethics of PhosAgro and Apatit;
- Codes of Ethics of the companies managed by Apatit;
- Policies on Charitable Activities of PhosAgro, Apatit and the companies managed by Apatit;
- Rules for the Provision of Charitable Assistance by Apatit and the companies managed by Apatit;
- Regulations on Business Unit Interaction and Document Execution for the Provision of Charitable Assistance by Apatit and the companies managed by Apatit.

The budget for charitable projects is set annually as part of the overall budgeting process and is approved by the Company's Management Board.

Importantly, most projects are implemented by the Company in partnerships based on co-financing arrangements. This helps to ensure stronger engagement of the public, local authorities and the business community, while maintaining the principles of partnership.

Any new projects are carefully scrutinised by PhosAgro's Management Board as required by the internal regulations. Every year, the Management Board reviews the results of charitable activities and decides on whether or not to continue supporting a programme or a project.

Project selection criteria

In line with the Company's Policy on Charitable Activities, the main criteria for selecting projects are as follows:

- a project should aim to provide support to particular population groups, community organisations or charitable foundations;
- a project should not contradict the principles or requirements of the Company's policies or other bylaws;
- a project should not constitute a disguised payment for any service, act, omission, connivance, patronage, empowerment or provision of other unlawful benefits to the Company and/or its partners.

**Management framework for charitable activities**

 Group level	Management Board and CEO	<p>The Management Board: reviewing and approving the Company's annual charity budget and adjusting it as necessary</p> <p>The CEO: deciding on the necessity and appropriateness of the Company's participation in charity projects and programmes, ensuring the preparation of relevant materials for the Management Board, and supervising the drafting of the Company's annual charity budgets</p>
	Deputy CEO	Leadership and coordination of activities related to charity, sponsorship and community investment
	Office for External Communications	<p>Coordination of community projects and programmes</p> <p>Raising the need for developing new bylaws</p> <p>Administering all information on ongoing projects</p> <p>Arranging public hearings and opinion surveys</p> <p>Process management, etc.</p>
 Company level	Government Relations Department, Information Policy Department, HR and Social Policy Department (responsible for community investments of the Group companies)	<p>Within the limits of the charity and sponsorship budgets of the Group companies</p> <ul style="list-style-type: none"> • Coordination of counterparty relations • Project and programme management • Proposals to revise projects and programmes
	Social Development Departments of the Group companies	<p>Administrative support through the project management system:</p> <ul style="list-style-type: none"> • contract approval • transfer of funds • verification of beneficiary reports
	Commissions for Social Issues and Charity at the Group companies	<p>Within the limits of funds allocated to the CEOs of the Group companies</p> <ul style="list-style-type: none"> • Review of new applications • Project paperwork and document verification, proposals concerning the provision of support within the limits of funds allocated to the Group companies

New projects may be proposed in the following way:

- on the recommendation of the Company experts with a view to creating favourable conditions in the cities where the Company operates (including qualified personnel training, support for veterans' organisations, development of green spaces, animal conservation, etc.);
- based on public hearing discussions and agreements

with regional and local government authorities;

- based on social surveys;
- following successful meetings between Company executives and representatives of community organisations.

Funding for new projects is subject to approval by the Management Board. The availability of partners (regional and local government authorities, non-profit organisations, etc.) plays an essential role

in decision-making. The Company has set up its own office for external communications which is in charge of charitable activities administration.

PhosAgro is committed to accountability and transparency in relations with non-governmental organisations and government bodies based on openness, dialogue and partnership.

OUR KEY SOCIAL PROGRAMMES



Our Favourite Cities



The mission of Our Favourite Cities programme implemented by PhosAgro since 2003 is to improve the quality of urban environment and promote sustainable development of the cities where we operate, including Kirovsk, Cherepovets, Balakovo, and Volkhov. To this end, PhosAgro collaborates and maintains partnership with regional and local authorities, charitable foundations and non-governmental organisations, and has also established its own non-profit organisations.

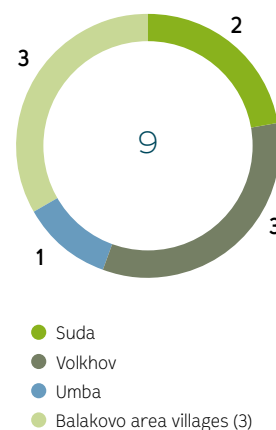
As part of the initiative, the Company focuses on creating safe and convenient public spaces that form leisure destinations for local residents while also providing opportunities for physical

and aesthetic development of children.

Most of the projects implemented in 2020 were aimed at the development of rural communities, which is fully consistent with the Company's commitment to SDG 11 Sustainable Cities and Communities.

The Company also continues a project to develop transport infrastructure in the regions where it operates. In 2020, the concrete covering of the airfield of the Khibini Airport was repaired as part of the project. The development of the road network continues in Volkhov, Cherepovets and Balakovo.

Our projects to develop rural communities in 2020





Educated and Healthy Children of Russia (DROZD)

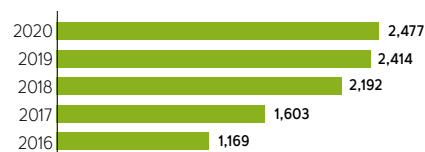


The programme has been underway since 2001. Its objective is to effectively combine high-quality education and physical training, moral and ethic development, and promotion of health of the younger generation. The key areas of working with children: organisation of athletic events, spiritual and patriotic training, environmental projects, artistic festivals, and mass cultural events. In 2020, despite the pandemic, we saw the number of alumni grow to 5,920 people.

The programme focuses on SDG 4 Quality Education, SDG 8 Decent Work and Economic Growth, and SDG 3 Good Health and Well-Being.

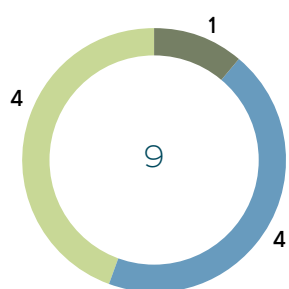
In 2020, three students of the DROZD programme became winners and awardees of international contests; 44 won prizes and awards in Russian contests; 233 gained recognition in regional and local competitions.

DROZD-Khibiny centre attendance

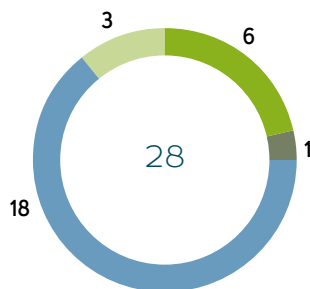


Educational institutions supported by PhosAgro in 2020

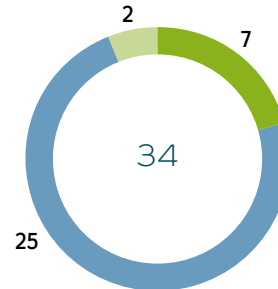
Supplementary education institutions



Schools



Kindergartens



● Cherepovets ● Volkhov ● Kirovsk ● Balakovo



Promotion of sports



Increasing public access to sports and recreation facilities is an important area of focus for PhosAgro.

In 2020, we implemented a project for the construction of a sports centre with a 25 m five-lane swimming pool, a gym and a conference room at the Cherepovets Chemical Technical College. The pool features an advanced water purification system. The sports centre is accessible to people with disabilities. PhosAgro invested some RUB 16 mln to build the facility and will bear the cost of its maintenance going forward.

A project to build a climbing wall and a rope park was implemented by PhosAgro in the village of Kadui, Vologda Region, following consultations with the local residents. It will help improve leisure and recreation opportunities for children and youth, and promote creativity, sports and local tourism.

Several projects were implemented by the Company in Kirovsk:

- A new chairlift was launched on the southern slope of the Bolshoi Vudayavr Ski Resort to replace the outdated 20-year old one, and another magic carpet was added, doubling the resort's total throughput capacity.
- The Company continued with the development of the Tirvas Ski Stadium, a major training venue for Russian skiers with internationally certified 5 km and 10 km tracks. It hosts two iconic races – Khibiny Race and Khibiny Spring – which traditionally open and close the skiing season of the Russian Cross-Country Skiing Federation. Plans for 2021 include upgrading the lighting along the ski tracks, installing a stationary snow-making system and a drainage system, asphalt paving of a roller skiing track for summer training, laying a cable for a timing system, building a biathlon shooting range with 30 stands, a tribune and a penalty loop, and a parking lot with a passageway.

Further plans to develop the DROZD-Khibiny youth cultural centre in Kirovsk include opening four gyms, a volunteer and rehabilitation centre, and a centre for military and patriotic training. In five years, the number of children attending the centre increased to nearly 2.5 thousand, tightening its need for new classes, so the Company decided to step in and partially finance the facility's upgrade.

In 2020, a 300 sq m ski lodge was constructed and put into operation at a ski resort in Volkhov. The ski lodge is connected to the city's utilities grids and has locker rooms, a first aid post, a cafe, a ski rental, a boiler room and a commentator's booth with a panoramic view of the track. The area features newly completed landscaping, a parking lot, and football and volleyball playgrounds. It offers barrier-free environment with access for persons with disabilities and limited mobility.



Since 2012, PhosAgro has been supporting non-profit organisations which promote sports, tourism and healthy lifestyles. In 2020, the beneficiary organisations included:

- The Russian Olympians Foundation
- The Russian Chess Federation
- The Russian Cross-Country Skiing Federation
- The Russian Rhythmic Gymnastics Federation
- The Russian Swimming Federation
- The Champion Foundation (Sambo 70)
- The Severyanka women's volleyball club, whose team won the 2020 Girls' U17 Volleyball European Championship as part of the Russian youth team and also retained leadership in the Russian Championship (winning five gold and one silver medals in 2020 overall)
- Avtodor basketball club
- Proton-Saratov volleyball club
- Turbina 2016 speedway team
- Kovrovets Motoball Club



Spiritual Revival



We assist in rebuilding and aiding

26 churches,

provide support to the Secretariat of the Moscow Patriarchate

PhosAgro has been providing charitable assistance in building and rebuilding orthodox holy sites both in Russia and abroad, while also pursuing projects fostering long-standing cultural and spiritual values. We assist in rebuilding and aiding 26 churches and provide support to the Secretariat of the Moscow Patriarchate. The Company also contributes to reviving a pre-revolutionary tradition of building on-site churches.

Supporting churches

CHEREPOVETS

- Mineral fertilizers are shipped to five churches on an annual basis.
- Six churches receive assistance in repairing, and purchasing equipment.

- Assistance in maintaining three on-site churches.

KIROVSK

- Assistance in maintaining three church complexes and three on-site churches.

BALAKOVO

- Assistance in maintaining two church complexes and one on-site church of St Spyridon. In 2020, the Company financed the purchase of church bells (mobile belfry), church utensils and accessories, and books for the church's newly created orthodox library.
- 2020 saw the launch of the first stage of the project to restore the Vernicle Image of the Saviour mosaic panel on the southern facade of the Church of the Life-Giving Trinity. Completed works included the repairs of the seam roofing of the Sunday school, one of the oldest buildings in Balakovo and an architectural monument dating back to 1891.

- Repairs and furnishing of adult and children's Sunday schools of the spiritual and educational centre were completed in the town of Volsk located 48 km away from Balakovo as part of the aid to the local Cathedral of the Life-Giving Trinity.

VOLKHOV

- The Church of St Andrew was built and consecrated. All interior finishing works were completed and exterior architectural lighting installed. An information board was mounted near the church to broadcast the Company's corporate social responsibility videos. In 2021, a new spiritual and educational centre will be added to the church's architectural ensemble, with the design stage already completed.



Events dedicated to the 75th anniversary of the end of World War II

To celebrate the 75th anniversary of the end of World War II, the Company helped build a unique Wall of Memory memorial in Cherepovets featuring nearly three thousand photo images

of local war veterans. The memorial has a shape of a waving banner and is decorated with granite. The images were made using photo printing technology and are weather resistant.



Supporting community and volunteer projects

We see volunteering as an activity consistent with our corporate values as it helps strengthen social ties within the team, promote a positive image of a volunteer and get more people involved in socially important initiatives, which contributes to creating a favourable social environment in the regions where we operate.

In late May 2020, PhosAgro joined the #WeAreTogether campaign launched by the All-Russia People's Front and the Medical Volunteers public movement. The proposal to join the campaign was raised by the members of PhosAgro's youth organisation who engage in volunteering and was strongly supported by employees across all our enterprises. Participation in the #WeAreTogether campaign came as a natural step for PhosAgro in line with its corporate strategy to combat the spread of the novel coronavirus.

As part of the campaign, the Company donated ventilators and two split systems to the Cherepovets-based coronavirus hospital. The devices were purchased in partnership between local entrepreneurs and PhosAgro.

Employees of the Volkhov branch of Apatit launched a fund-raising campaign to purchase laptops for schoolchildren from low-income families. The campaign helped collect RUB 550,000 and purchase 20 laptops that were handed over to primary and middle school students from low-income families in Volkhov.

The #WeAreTogether campaign launched in the midst of the coronavirus outbreak was also aimed at supporting doctors and volunteers. The proceeds were received by volunteers (23 people),



It helped employees of the Balakovo branch of Apatit raise about

750 ths RUB

members of the Veterans Council (15 people), primary healthcare practitioners (89 people), and health professionals of the additional medical station at the infectious hospital based on the Balakovo City Clinica Hospital (26 people).



Connecting Generations



PhosAgro provides assistance to

20 non-governmental organisations

of labour and war veterans, charitable organisations and individuals facing hardships.

Connecting Generations projects

CHEREPOVETS

- Harmony recreation and cultural centre, with some 400 pensioners as regular visitors
- Annual aid to four non-governmental foundations
- In the Name of Good charity foundation (treatment

and rehabilitation funding, equipment purchase)

KIROVSK

- Kukisvumchorr, Koashva, and Rodnik volunteer centres for pensioners and disabled people
- Assistance to Great Patriotic War veterans and equal-status persons, children of war and home front workers (apartment renovations, holiday congratulations and gifts)
- Annual aid to three non-governmental foundations
- In 2020, a local project Rodnik Volunteer Club – Club of New Opportunities was awarded financing as the winner

in PhosAgro's competition of socially important projects Solving the City's Problems Together.

BALAKOVO

- Annual aid to three non-governmental foundations
- Funds are also allocated to the CEOs of the Group companies to provide assistance to organisations of veterans and disabled people on an ad-hoc basis.



Supporting museum development across our footprint



PhosAgro supports and develops corporate museums across the regions where it operates. In recent years, they have emerged as important regional educational centres as well as venues for providing career guidance for young people and interactive platforms for promoting creativity and science.

In 2020, despite the restrictions on in-person activities, our corporate museums continued to actively participate in the life of their host regions, building up their audience through popular streaming services, social networks and online event platforms.

In 2020, the Company's Green Planet centre for interactive education in Cherepovets launched the following new programmes: Eco Rescuers and Educating Children About PhosAgro programmes; AM-3, Let's Play With Chemistry, Take It And Make It, and The Art of Origami online master classes; Bookworms, Where Is The Logic, and I Doubt It (Facts About PhosAgro) intellectual games; Why Do We Need Acid, As Easy as ABC, The Wealth of Our Fertile Land, and In The Kingdom of Minerals online excursions.

In addition to interactive events involving visitor participation, a number of both offline and online exhibitions were held.

Corporate museums take part in the daily life of our enterprises, for example, they carry out training courses and social events and get employees involved in museum activities, which had a positive impact on the overall sentiment within the team during the pandemic.



Fostering entrepreneurship

The Khibiny Business Development Centre, an independent non-profit organisation, takes active action to promote small and medium-sized enterprises (SMEs) in Kirovsk with support from Apatit and the Kirovsk city administration.

Its priority focus areas are improving entrepreneurial literacy and providing information, consultations and marketing support.

The activities of the Khibiny Business Development Centre help to boost the local SME sector. The total number of SMEs registered in Kirovsk in 2019 and 2020 increased by 24.6% and 39.5% respectively as compared to 65 enterprises registered in 2018.

Seven more SMEs were launched in Kirovsk in 2021 year-to-date.

In 2020, the centre provided support to 65 entrepreneurs.

The centre's key programmes implemented in 2020 and 2021:

- The School for Social Entrepreneurs and NGOs
- The ABC of Entrepreneurship: Promoting and Supporting Youth Entrepreneurship
- The Centre for Arts and Crafts
- The School for Tour Guides and Travel Bloggers



In 2020, the centre provided support to

65 entrepreneurs



Targeted assistance

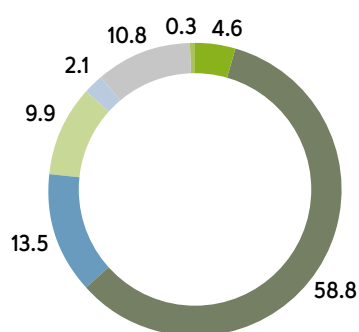
Since 2003, we have been providing targeted assistance to vulnerable population groups. Commissions for Social Issues and Charity have been set up across

the Group companies to consider new applications. The Group also partners with In the Name of Good charity foundation (Vologda Region), providing financial

support for disabled children who need urgent treatment, in line with our commitment to SDG 3 Good Health and Well-Being.

Social spending by area

203-2



- Nation-wide projects
- Infrastructure facilities, including repairs of educational institutions
- Education spending, excluding repairs of educational institutions
- Spending on sports
- Spending on veterans and disabled people
- Spending on churches
- Membership fees

Charitable giving and community and infrastructure investment in 2020¹, RUB mln

203-1

Indicator	2018	2019	2020
Total	2,133.2	2,851.2	3,213.8
Contributions to charities, NGOs and research institutions (not related to the organisation's commercial research and development)	470.2	597.7	624.4
Funds allocated to support community infrastructure such as recreational facilities	950.9	1,413.2	1,869
Direct spending on social programmes, including arts and educational activities	712.1	840.3	720.4

¹ Information disclosed on PhosAgro and Apatit, including its branches and standalone business units



Supporting local communities during the COVID-19 outbreak

In 2020, the world faced an unprecedented threat from the novel coronavirus (COVID-19). Ensuring the safety of our employees, their families, and all residents of the regions where we operate has historically been number one priority for PhosAgro. Our ability to take timely, accurate and appropriate action let us buy time in a constantly changing environment and with limited knowledge about the virus in the early days of the pandemic. Our strong teamwork, responsible behaviour and support for the measures taken to fight the outbreak helped PhosAgro protect the health of employees and maintain production and supply chain integrity.

The unacceptable risks of business closure or interruption prompted the management of the Company, which makes an essential contribution to the nation's food security, to develop and actively implement a plan to prevent the spread of COVID-19 prepared in coordination with the federal and regional authorities.

PhosAgro has been supporting the healthcare sector from the onset of the pandemic and continues to do so.

In 2020, PhosAgro:



supported the construction of a

400 bed

infectious disease centre in the Saratov region, allocating for this project

100 RUB mln



financed the launch of and purchased equipment for PCR laboratories across our footprint, which made it possible to more than double the number of tests;



acquired a CT scanner for the City Hospital of Apatity and Kirovsk;



bought ambulances outfitted with the necessary medical equipment, including ventilators;



purchased ventilators and personal protective equipment for hospitals;



provided (and continues to provide) free hot meals for medical staff on the coronavirus frontline.





3 RUB bln

our total COVID-19 spending has exceeded.

Amid the pandemic, PhosAgro has actively supported small and medium-sized restaurant businesses, helping them to survive. In Cherepovets, PhosAgro arranged the delivery of meals for doctors treating COVID-19 patients. The project totalling RUB 6.9 mln of investment relies on the hot meals prepared by the city's cafes and restaurants whose normal operations have been interrupted by the pandemic. A large order from PhosAgro has helped local entrepreneurs to keep staff busy in turbulent times.

PhosAgro's CEO Andrey Guryev had been elected co-chairman of the RSPP Coordinating Council for COVID-19 at its establishment in April 2020, and became its head in mid-October. High-profile infectious disease doctors have been engaged to contribute to the work of PhosAgro's coronavirus response task force. The Company was awarded a commemorative medal for selfless contribution to the #WeAreTogether all-Russian mutual assistance campaign.



Corporate governance

The Company consistently works on increasing the number and role of independent directors. At present, seven of the ten directors are independent, which is well above the average in Russia and on par with the best global practices. Independent directors chair five of the six Board committees.

70%

share of independent
directors





CHAIRMAN'S STATEMENT

The Board of Directors bears responsibility for upholding PhosAgro's corporate governance rules and principles, as well as maintaining the Company's compliance with all applicable corporate governance codes. The Board assesses the quality of PhosAgro's strategic decisions and management processes and protects the interests of a wide range of stakeholders. The year 2020 highlighted the Board's importance for the Company's corporate governance. Its decisions involved protecting the health of PhosAgro's employees and their families, the seamless operation of its facilities, and managing the many challenges, internal and external, amid the uncertainty created by the COVID-19 pandemic.

During the fiscal year 2020, the Board of Directors held eleven meetings and considered a total of 79 agenda items, with particular

focus on health & safety, strategy, sustainable development & climate change, operational resiliency and IT security. In May 2020, the Board of Directors' Sustainable Development Committee approved the overall framework for the Company's climate strategy and then reviewed the draft strategy proposal in November for final approval by the Board of Directors in December. The Board was also pleased to note that the Company's efforts and strong progress in the area of sustainable development was suitably acknowledged by Russian and international advisory and rating agencies.

PhosAgro's response to the COVID-19 pandemic has confirmed the central role and effectiveness of the Company's crisis management capabilities and operations. These matters were discussed as part of the Board's regularly scheduled sessions as well as at an ad hoc meeting held in April 2020.

The Board of Directors is committed to the Company's policy to continuously review and implement best market practices throughout its operations. PhosAgro continues to receive top corporate governance ratings amongst its peers in Russia and abroad and has been particularly attentive to its compliance with the Bank of Russia's recommendations. Its high score in an external report assessing its conformity and compliance with the principles and recommendations of the Russian Corporate Governance Code was duly noted. The Board also reviewed the compliance assessment with the Russian and UK corporate governance codes performed by the Internal Audit Department. Where applicable, improvements or additional disclosure were discussed and approved. In particular, an updated Inside Information Regulation was adopted in August 2020 to account for recent changes in Russian



The COVID-19 pandemic made crisis management an important part of the Company's operations. In addition to including the matter into the agenda of its scheduled sessions, the Board held an ad hoc meeting on the COVID-19 response in April 2020.

and European legislation. Bespoke training led by Russian experts was provided to Directors and Senior Management.

The Board was also pleased to note that Sustainalytics and MSCI raised the Company's corporate governance scores in the second half of 2020, respectively, from 50.6 ("Average Performer") to 59.1 ("Outperformer") and from 6.7 to 6.9, which puts the Company among the top 22% of businesses globally and in top 5% in Russia.

Overall, PhosAgro continues to score highly versus its Russian peers.

The Board of Directors also wishes to commend the performance of the management team and its contribution to the strong results delivered by the Company in 2020. At its 18 February 2021 meeting, the Board praised the Company's Management team on achieving excellent 2020 operational

and financial results, as well as delivering on all the Group's strategic targets for the year. External recognition was also noted as PhosAgro's CEO Andrey Guryev received the 2020 Director of the Year National Award for his contribution to the "Development of a Strong ESG Culture".

The Board of Directors is committed to uphold the highest standards of corporate governance practices and will maintain its focus on health & safety, sustainability and climate change and the global challenges facing the agricultural sector. It will continue to support the management team in its implementation of the PhosAgro's Development Strategy to 2025.

Xavier Rolet,

Chairman of the Board of Directors of PJSC PhosAgro



Sustainalytics upgraded our ranking **from 50.6 ("Average Performer") to 59.1 ("Outperformer")**, while MSCI revised our score **from 6.7 to 6.9** on a scale from 0 to 10, which puts the Company in the top 22% best-rated companies globally and top 5% domestically.



CORPORATE GOVERNANCE FRAMEWORK

SUSTAINABLE DEVELOPMENT GOVERNANCE

102-19

102-20

102-21

Our **governance framework for sustainable development (SD)** relies on a **number of internal and external drivers**:

- Internal SD drivers are centred around PhosAgro's **mission** and **values**, which, in turn, are upheld through our **corporate strategy**.
- External drivers include **stakeholder expectations** and the **global community's requirements** for the maturity of the Company's SD governance framework.



Over the past

6 **main components**

of a sustainable development governance framework can be represented as a model.



Documentation support

Developing high-level documents such as policies, regulations and codes



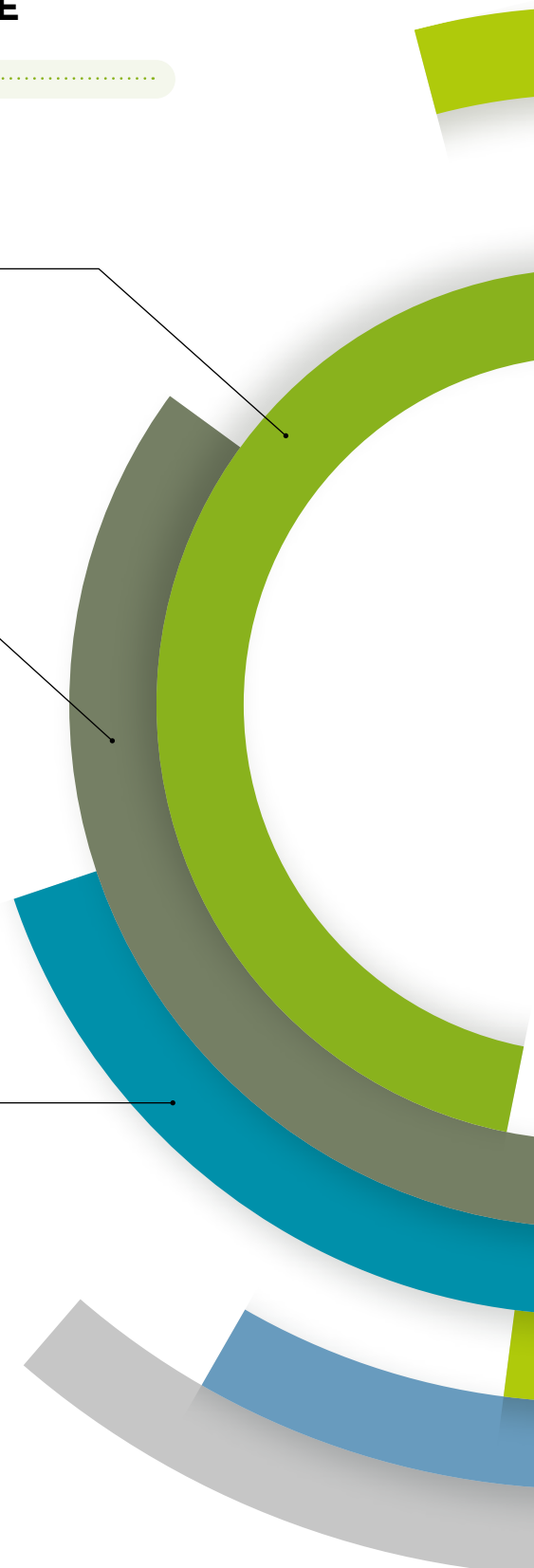
Business processes and organisation

Establishing corporate bodies and units dedicated to governing sustainability matters, setting procedures for their operation, and ensuring cross-functional interaction within the Company



Project management

Setting goals and targets, defining objectives and UN SDGs relevant to the Company, developing appropriate metrics and key performance indicators (KPIs)





IT technologies

Developing and automating business processes



Competencies and people

Providing staff training and ensuring continuity of sustainability-related competencies



Performance review and reporting

Implementing a standardised approach to reporting, ensuring performance review by top management, and adopting the requirements of leading ESG analysts and agencies under a phased plan to improve the Company's ESG ratings



Components of SD governance framework and measures to improve them



DOCUMENTATION SUPPORT

- Environmental Policy updated
- Health and Safety Policy updated
- Code of Conduct for Counterparties drafted and implemented
- Regulation on the Environmental, Health and Safety Committee of the Board of Directors updated
- Regulation on the Remuneration and Human Resources Committee of the Board of Directors updated
- Personnel Management Policy updated



BUSINESS PROCESSES AND ORGANISATION

- Sustainable Development Committee of the Board of Directors, established in 2019, further developed by the Company in 2020
- Sustainable Development Department further developed by the Company in 2020
- Comprehensive regulations on interaction in preparing non-financial reporting drafted and implemented
- Climate risks and opportunities identified, assessed and included in the corporate risk register
- Company's management systems certified to ISO 9001, ISO 14001 and ISO 45001



PROJECT MANAGEMENT

- Climate Strategy drafted and approved by the Board of Directors
- Water Strategy drafted and approved by the Board of Directors
- Energy Efficiency Programme developed and approved by the Sustainable Development Committee
- List and coverage of sustainability KPIs expanded



For more information on the Company's KPIs, see the Remuneration Report section on page 248.

- Goals set in 2019 reviewed and approved by the Sustainable Development Committee as part of exercise to adopt Water and Climate Strategies
- Comprehensive system to evaluate suppliers against ESG criteria developed, with its automation and migration to an e-platform in progress
- Project to prioritise the UN SDGs implemented, with a list of initiatives pursuing individual SDGs-related targets being complied



IT TECHNOLOGIES

- The transfer of data on environmental protection via the natural resource user's online account enabled
- Supplier ESG evaluation system digitalised



COMPETENCIES AND PEOPLE

- Mandatory training in various areas (for example, health and safety) included in the sustainability training framework; some of the training courses digitised and adapted to be provided online
- GRI reporting training provided to all specialists in key areas
- Comprehensive regulations on interaction in preparing non-financial reporting drafted and implemented
- Participation in major international and Russian initiatives (RSPP, 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
- Procedure for the Sustainable Development Committee to monitor the Company's ESG scores and ratings assigned by leading global ESG data providers (Sustainalytics, MSCI, CDP, FTSE Russell) developed
- Action plan for improving the Company's key ESG scores and ratings (Sustainalytics, MSCI, CDP, FTSE Russell) developed and approved by the Sustainable Development Committee
- Easy-to-use procedure for preparing GRI-compliant reporting developed and implemented, links to initial data sources enabled in the Company's information system
- CDP report published
- TCFD recommendations for reporting implemented



CORPORATE GOVERNANCE ASSESSMENT

When assessing the quality of corporate governance at PhosAgro, we follow best practices and adhere to the recommendations of the Corporate Governance Code (CGC) approved by the Bank of Russia on 21 March 2014. PhosAgro's own Corporate Governance Code is based on the CGC.



For the degree of alignment between these two documents, see PhosAgro's corporate website

The actual compliance with the CGC is measured on an annual basis and disclosed in a dedicated report, which is subject to review and approval by the Board of Directors and is given as an appendix to the Company's annual report.



Over the past

3 years

PhosAgro has demonstrated a high level of compliance with the Bank of Russia's recommendations



In 2020

67 out of **79** principles, were fully complied with, 11 were partially complied with, and only 1 principle was not complied with.

Compliance with the CGC recommendations

CGC section	Number of recommendations	Full compliance			Partial compliance			Non-compliance		
		2018	2019	2020	2018	2019	2020	2018	2019	2020
1. Shareholder rights and equitable treatment of shareholders	13	11	11	11	2	2	2	–	–	–
2. Board of directors, its remit, independence, and committees	36	33	33	33	3	3	3	–	–	–
3. Corporate secretary	2	2	2	2	–	–	–	–	–	–
4. Remuneration of the company's directors, members of the executive bodies, and other key employees	10	4	4	5	5	5	4	1	1	1
5. Risk management and internal control	6	6	6	6	–	–	–	–	–	–
6. Disclosures and the company's information policy	7	7	7	7	–	–	–	–	–	–
7. Material corporate actions	5	4	3	3	1	2	2	–	–	–
Total	79	67	66	67	11	12	11	1	1	1

In 2020, the Company achieved compliance with principle 4.1.3 through the adoption of internal regulations providing a comprehensive set of rules for reimbursing expenses of its directors, members of the executive bodies, and other key managers.

Eleven corporate governance principles are partially not complied with. The non-compliance relates primarily to the remuneration of the Company's directors, members of the executive bodies, and other key employees. Cases of partial compliance with the recommendations of this CGC section are mainly due to the fact that the Company does not have a single bylaw governing

payments to its directors, members of the executive bodies, and other key managers. At the same time, its approaches to remuneration, including that payable to directors, are clearly defined in other internal documents – the resolutions of annual shareholders' meetings.

For every case of partial compliance, the Company specifies the measures taken to mitigate the associated risks.

The only case of non-compliance with the CGC recommendations, which relates to principle 4.3.2, is caused by the lack of a long-term share-based incentive programme for members of the executive bodies and other key

managers. The Company believes that in the current situation its existing system of executives' remuneration is sufficiently motivating, meets the needs of the Company and its shareholders, aligns the executives' goals with those of the Company, and minimises the risks of qualified leadership talent attrition, which is why the Company is not currently considering any share-based incentive programmes.

In 2020, the Internal Audit Department assessed the quality of the Company's corporate governance in line with best practices represented by the recommendations of CGC and the UK Corporate

Governance Code adopted by the Financial Reporting Council (FRC) in July 2018. The Internal Audit Department verified and confirmed the degree of compliance of the Company's corporate practices with the CGC recommendations as stated in the 2019 report. On top of that, it reported a high degree of compliance with the recommendations of the UK Corporate Governance Code relevant to PhosAgro's operations.

In March 2020, PhosAgro's Board of Directors reviewed the report on the Company's corporate governance quality, taking into account the MSCI and Sustainalytics ratings, the report on compliance with the CGC principles and recommendations, as well as the assessment of compliance with the Russian and UK corporate governance codes performed by the Internal Audit Department.

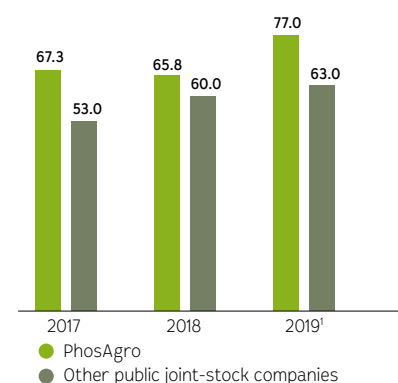
Noting a high level of compliance, the Board of Directors also analysed the governance quality criteria that were not met fully or partially, and reviewed an improvement plan. Among other things, it includes the following improvements:

- providing more detailed information to shareholders ahead of general shareholders' meetings about external auditors, interested-party transactions, notable appointments of external candidates to the Board of Directors and their contribution to its work, as well as the procedure for net profit distribution and its compliance with the Company's dividend policy;
- disclosing information about PhosAgro's Corporate Governance Code and its compliance with the CGC approved by the Bank of Russia, on the Company's official website;
- expanding the scope of the annual report to include the Board of Directors' viability statement, the going concern assumptions, consideration given to key stakeholders' voice in the Board's decision-making, information about notable external appointments to the Board, and more details on the activities of the Audit Committee, Remuneration and Human Resources Committee, and the Corporate Secretary;
- including additional matters related to corporate culture, leadership succession planning, diversity, gender equality, and inclusion in the agenda of the Board of Directors and its committees.

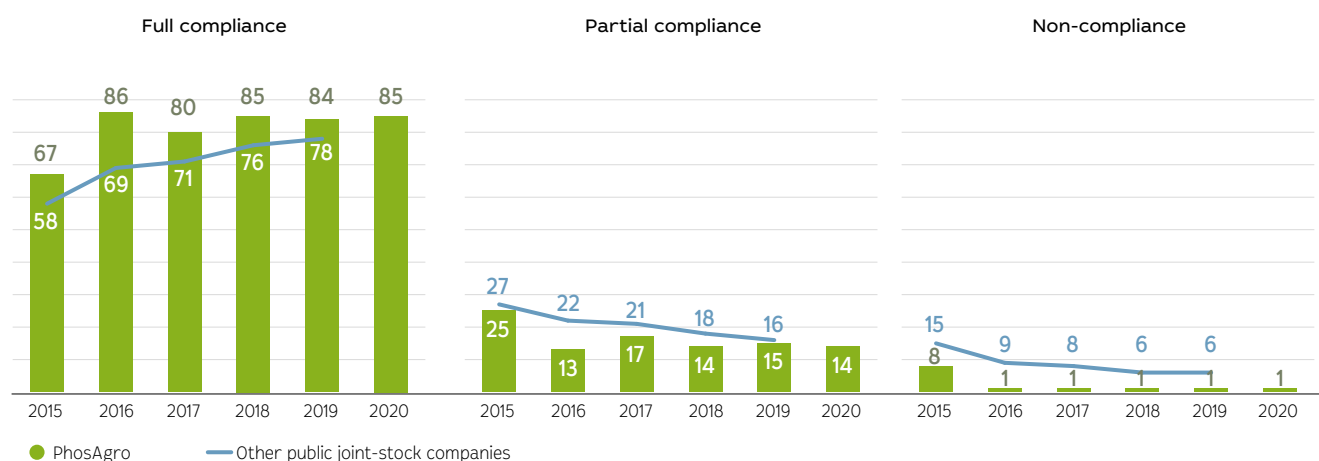
In April 2021, the Board of Directors approved the report on compliance with CGC principles and recommendations in 2020 and gave a positive assessment of the progress against the improvement plan.

In 2021, the Company will keep working to identify more areas for improvements based on the UK Corporate Governance Code and the review of best practices, and ensure their phased implementation.

Degree of disclosure to explain non-compliance (partial compliance) with CGC recommendations at PhosAgro and other Russian companies, %



Compliance with CGC recommendations at PhosAgro and other Russian companies, %

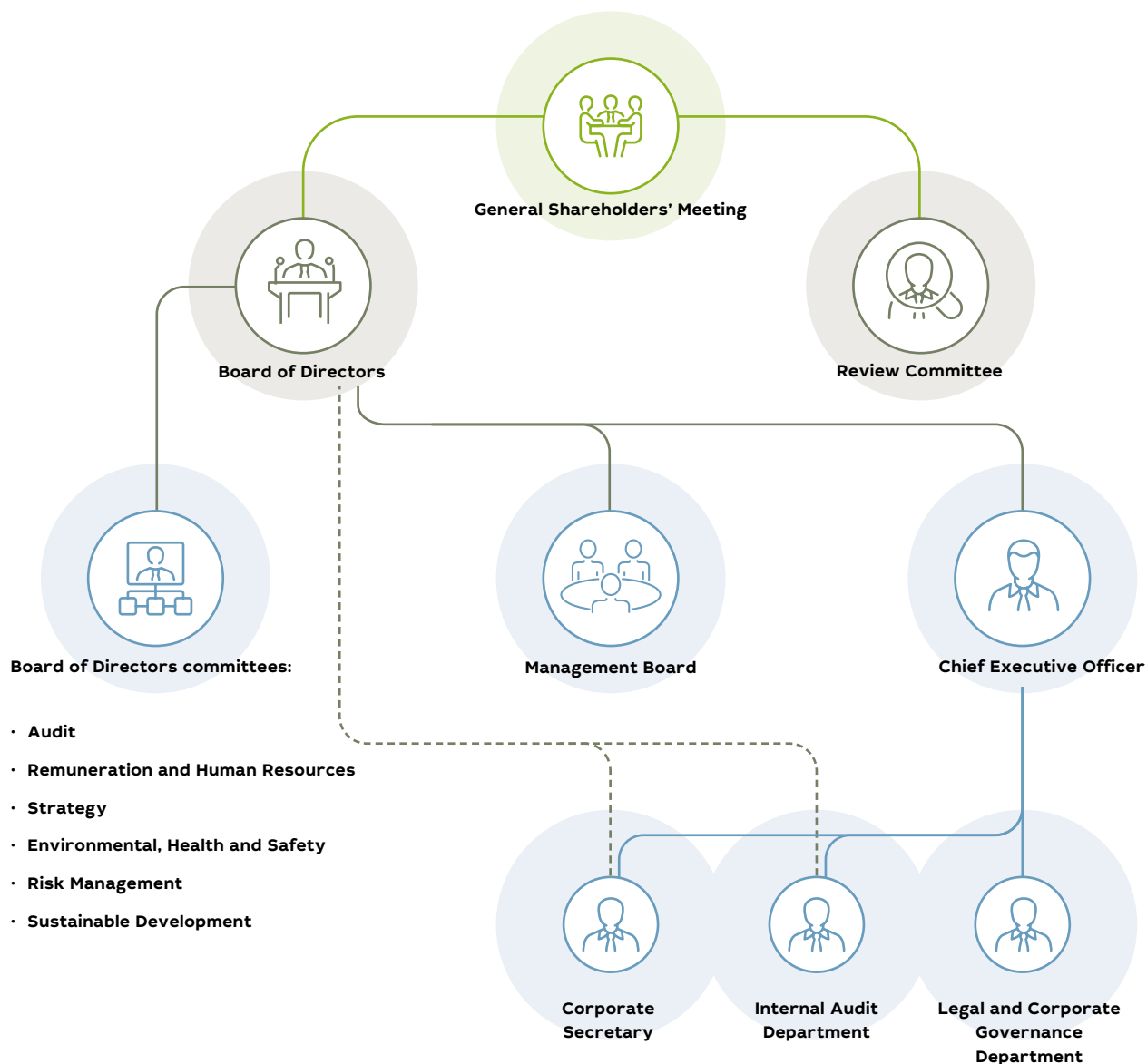


¹ 2019 – the most recent year assessed by the Bank of Russia



CORPORATE GOVERNANCE FRAMEWORK

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GENERAL SHAREHOLDERS' MEETING

The activities of the Company's supreme governing body – the General Shareholders' Meeting – are governed by the Regulation on the General Meeting of Shareholders. In May 2020, the Annual General Shareholders' Meeting was held in absentia to elect a new Board of Directors and Review Committee, determine the Board of Directors' remuneration, distribute the 2019 profit, including dividend payouts, and resolve on other matters within its remit. It was held in absentia due to the COVID-19

outbreak. Despite the pandemic-related restrictions, the Annual General Shareholders' Meeting was held no later than usual, i. e. in last ten days of May.



The reporting year also saw

4 extraordinary General Shareholders' Meetings, whose main agenda was to vote on interim dividends.



Full text of the Regulations on the General Meeting of Shareholders PJSC «PhosAgro» is presented on the official website of the Company

BOARD OF DIRECTORS

The Board of Directors plays a key role in the Company's corporate governance system. Its activities are governed by the Regulations on the Board of Directors.



In 2020, the Board of Directors held

11 meetings

(three of them by absentee voting) and reviewed a total of \

79 matters

2020 saw a slight increase in the number of matters considered by the Board of Directors. Less attention was paid to discussing the organisation of the Board's activities and preparation for general shareholders' meetings, while matters such as strategy (nine matters vs seven in 2018 and 2019), sustainable development (six matters vs two and five in 2018 and 2019, respectively) and IT security (two matters vs zero and one in 2018 and 2019, respectively) were addressed more often.

The COVID-19 pandemic made crisis management an important part of the Company's operations. The Board of Directors included this matter in the agenda of its scheduled sessions and held an ad hoc meeting on the pandemic response in April 2020.

Key activities undertaken by the Board of Directors in 2020 included:

- assessment and quarterly monitoring of the risk management process;



For the first time, the Board considered corporate culture and its correlation with the Company's values and strategy. The sustainability agenda included a significant block of climate-related issues. In May 2020, the Board of Directors' Sustainable Development Committee approved the main parameters of the Company's future climate strategy. And already in November, the committee reviewed the draft document and recommended it to the Board of Directors. As part of the strategy, the Board approved climate scenarios, risks and targets for reducing total GHG emissions (Scope 1, 2, and 3), and adopted a low-carbon transition plan.

- assessment and quarterly monitoring of subsidiary activities with a focus on workplace health and safety, industrial safety and environmental protection;
- assessing the degree to which the requirements of the Company's Insider Information Policy were met;
- the Company's strategy in the area of international projects;
- the sales strategy for mineral fertilizers;
- Climate Strategy;
- Water Strategy;
- development of a project management system at Group enterprises;
- evaluation of the performance of the Company'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 2020 and determining priority areas of its activities for 2021;
- reviewing the Company's budget for 2021, as well as quarterly follow-up on the 2020 budget utilisation;
- determination of sustainable development priorities;
- determining whether PhosAgro's corporate culture is aligned with its mission, values and strategy, as well as assessing and monitoring the corporate culture;
- IT security and management of cyber risks;
- anti-crisis management;
- performance and work plans of the Internal Audit Department.

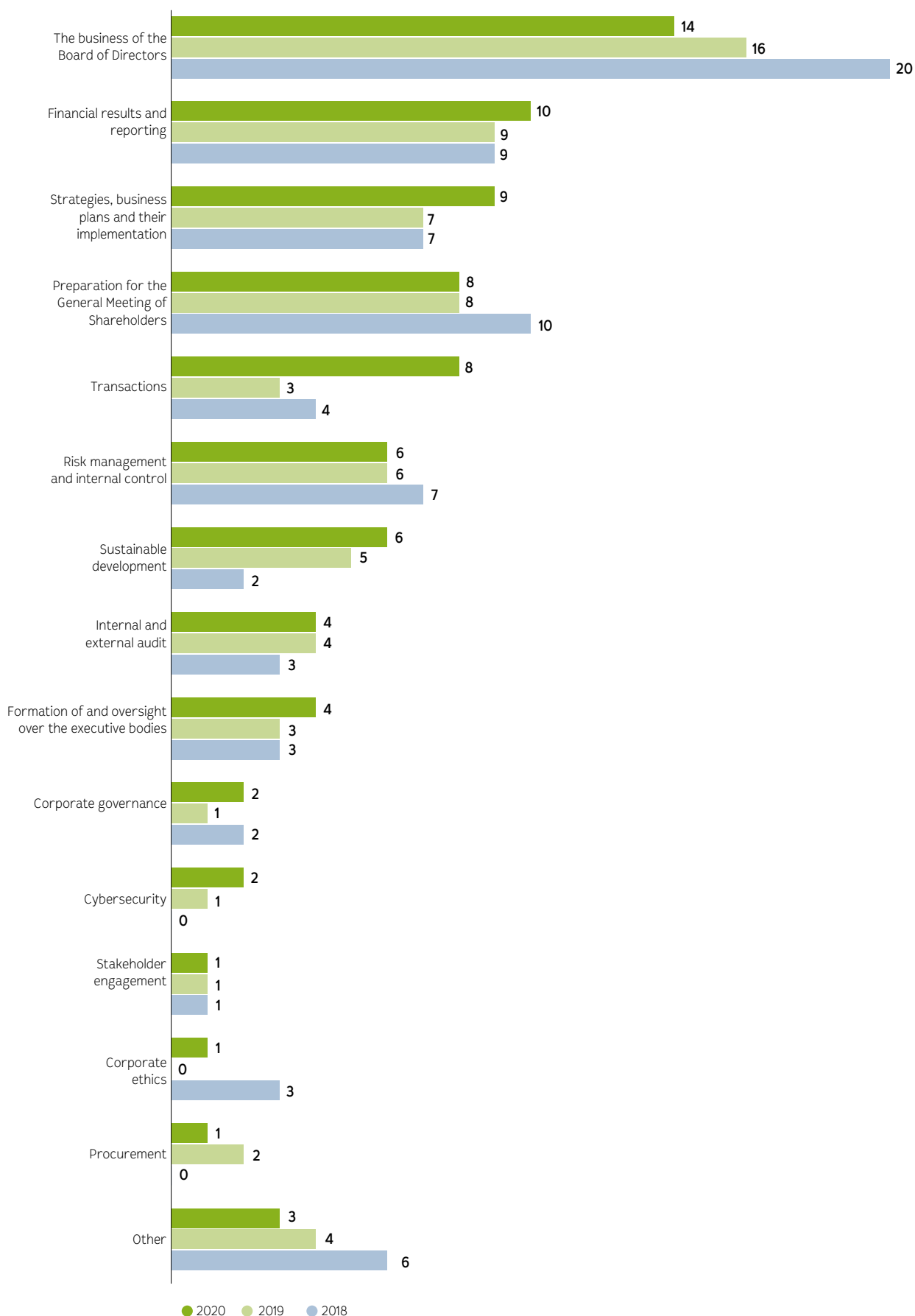
In addition to the above-mentioned issues, the Board of Directors also reviewed and approved financial statements on a quarterly basis, appointed the Company's top executives, approved major and interested-party transactions, and convened shareholders' meetings.

In 2020, the Board of Directors continued to foster cooperation with the Company's functional units by reviewing reports and issuing recommendation for such functions as procurement, project management, IT and global projects.

**Matters considered by the Board of Directors**

102-26

102-29



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 to promote the success of the Company for the benefit, 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 Company’s stakeholders should be interacted with responsibly and that their interests should be respected to the maximum extent possible. This includes developing a special section of PhosAgro’s corporate website and our electronic bidding platform to enhance procurement transparency, and encouraging small and medium-sized businesses and local counterparties to become our suppliers or contractors.

Procurement principles

Our employees have a special place among the Company’s stakeholders, which is reflected, in particular, in one of our strategic objectives – increasing the loyalty and satisfaction of our staff. Employee satisfaction and loyalty surveys and programmes based on their results are at the forefront

of the Remuneration and Human Resources Committee’s agenda.

Analysis of hotline complaints and respective management response is reviewed by our Audit Committee on a quarterly basis. Importantly, the said committees are composed solely of independent directors.

Although at the moment we do not apply such practices as appointing directors from among the employees or appointing a non-executive director responsible for interaction with employees for considering their standpoint when managing the Company, we consider it effective and are actively involved in a dialogue on all major management issues with the trade union organisation (Minudobreniya Association), which has historically been an equal partner for the Company’s management and an authorised representative of employees in collective bargaining, review and resolution of labour disputes.

In addition, heads of each production site of the Company regularly (at least twice a year) visit all business units and hold meetings with employees, at which they inform the staff about the Company’s performance, implemented measures, and plans for production and social development. Based

on employees’ suggestions and comments, an action plan for improving organisational and technological processes is then developed and implemented.

In 2020, the Company also expanded its dialogue with stakeholders about our environmental footprint. Under the guidance of the Sustainable Development Committee, we implemented a project to identify and prioritise the Company’s environmental and social impacts, develop management approaches and mitigants to maximise positive and minimise negative effects. We worked intensively with local communities, holding public hearings on the development of the Company’s production sites and their environmental impact.



Procurement principles



List of public hearings

PROSPECTS

PhosAgro’s development scenarios are reviewed by the Board of Directors when approving its Strategy. The Company’s strategic planning cycle spans five years, which we believe to be optimal given the growing speed of external changes and our investment horizon. Since 2019, in addition to our traditional analysis of sensitivity to FX rate fluctuations and changes in product and feedstock prices, 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. These risks must be assessed and managed – a key takeaway for us from 2020, when the USA initiated a countervailing duty investigation causing PhosAgro to suspend virtually all of its supplies to this key market.

When approving the Strategy to 2025, the Board of Directors also weighed the associated strategic risks. Risk management maps were drawn for each, 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, p. 72.

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

102-22

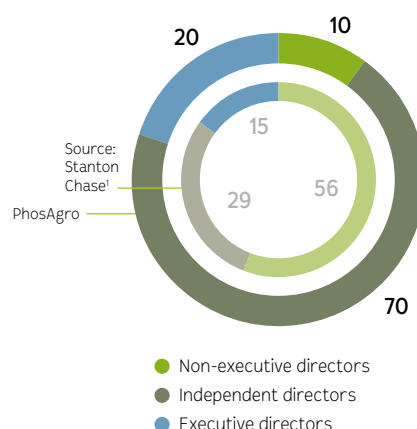
Participation in the Board meetings and key competencies

Full name	Irina Bokova	Andrey A. Guryev	Andrey G. Guryev	Sven Ombudstvedt	Natalia Pashkevich	James Rogers	Marcus Rhodes	Mikhail Rybnikov	Xavier R. Rolet	Andrey Sharonov
Year of birth	1952	1982	1960	1966	1939	1942	1961	1975	1959	1964
Board of Directors	11/11	11/11	10/11	11/11	11/11	11/11	11/11	11/11	11/11	11/11
Audit Committee				5/5		5/5	5/5			5/5
Strategy Committee		2/2	2/2	2/2				2/2		
Remuneration and Human Resources Committee	4/5					5/5				5/5
Risk Management Committee		3/3		3/3					3/3	
Environmental, Health and Safety Committee		2/2			2/2			2/2		
Sustainable Development Committee	3/3							3/3		3/3
Key competences										
Strategy		✓	✓	✓				✓	✓	
Finance and audit		✓		✓		✓	✓	✓	✓	✓
Chemistry and mining engineering		✓	✓	✓	✓			✓	✓	
Environment, health and safety	✓	✓						✓		
Human resources	✓		✓		✓	✓				✓
Law and corporate governance						✓	✓		✓	✓
Risk management				✓		✓			✓	

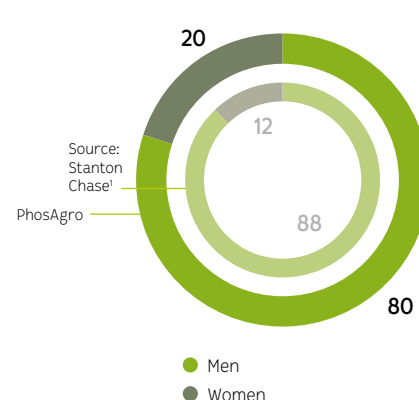


PhosAgro's Board of Directors is compared to other boards based on Stanton Chase's Overview of Boards of Directors at Russia's Largest Public Companies.¹

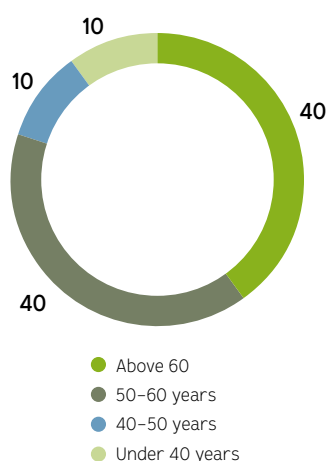
Board of Directors: independence, %



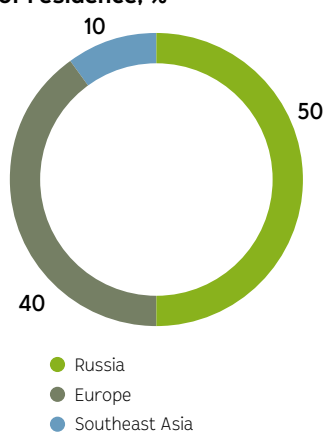
Board of Directors: gender split, %



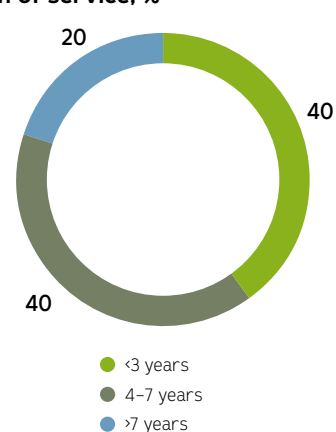
Board of Directors: age, %



Board of Directors: place of residence, %



Board of Directors: length of service, %



Generalised board member profile

Criterion	Source: Stanton Chase ¹		PhosAgro
	Number of companies disclosing information	Average	2020
Gender (female male)	108	12% 88%	20% 80%
Age	106	53 years	60
Foreign citizen	108	20%	50%
Duration of service since appointment	104	5 years	5.2
Brief bio on the corporate website	83	77%	100%
Photo on the corporate website	80	74%	100%
Number of the Board of Directors, people	108	10	10

Average term on the board

	Source: SpencerStuart					PhosAgro
	2015	2016	2017	2018	2019	2020
Chair (appointment)	4.7	4.2	5.4	5.3	8.6	2.0
Non-executive directors (on the board)	3.8	3.1	4.3	4	4.8	5.1
Executive directors (on the board)	6.3	6.1	6.8	7	7.4	5.5
All directors (on the board)	4.2	3.9	4.7	4.7	5.5	5.2

¹ Companies were selected from RIA Rating's TOP-100 Russian companies by market capitalisation ranking. The list includes companies from the 2020 ranking as well as those that were included in the previous ranking but subsequently dropped out. The list comprised a total of 109 companies.



102-24

ROLE OF INDEPENDENT DIRECTORS

Starting from 2011, when the Company established the Board of Directors, the number of independent directors and their authority have been steadily growing. Independent directors make a valuable contribution to the Board's decision-making as their opinions rely 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 PhosAgro's management, and primarily focused on improving the Company's performance. At present, seven of the ten directors are independent, which

is well above the average in Russia and at par with the best global practices¹. Independent directors chair five of the six Board committees.

Independent directors are world-class experts with unique competencies and a track-record in investment and management of major businesses, financial and research organisations and government agencies. They are equipped with a full set of knowledge and skills needed to propel the Company and its Board of Directors forward and foster dialogue with stakeholders at various levels.

The independence of Board members and nominees is assessed biannually by the Remuneration and Human Resources Committee. The assessment meets the criteria established by the Regulations on the Board of Directors and the Moscow Exchanges rules. In 2020, a special resolution of the Board of Directors recognized two of its members, Sven Ombudstvedt and Markus Rhodes, as independent, despite them having a formal affiliation with the Company after serving for nine years on its Board of Directors.

ONBOARDING OF NEWLY ELECTED DIRECTORS

Despite the fact that there were no changes in the Board composition in 2019 and 2020, the Remuneration and Human Resources Committee updated the onboarding programme for new Board members. This is done annually to provide them

with an effective tool to gain an insight into the Company's operations. As part of the onboarding programme, newly appointed directors visit PhosAgro's production sites and meet with functional managers.

PROFESSIONAL DEVELOPMENT AND TRAINING OF THE BOARD OF DIRECTORS

102-27

The Company views commitment to continuous professional growth as a cornerstone of good corporate governance. By expanding their knowledge and skills, directors add value to the Board of Directors and the Company on the whole. An annual performance assessment highlights the need for the qualification upgrade and training of the Board members. The following areas are in most demand:

- industry trends in Russia and abroad;
- risk management;
- cyberrisks and cybersecurity;

- technological and agricultural innovations.

In 2020, trainings could not be held in a traditional format due to the COVID-19 pandemic. Nonetheless, the development areas identified during the 2020 assessment of the Board of Directors performance, including innovative development, cyberrisks and cybersecurity, were addressed. These topics were added to the meeting agendas, and heads of the relevant functions were invited to the Board meetings, which ensured deep understanding of these matters by the Board members and gave an impetus for PhosAgro's accelerated development in these areas.

Besides, given the adoption of the updated Inside Information Regulation in August 2020, which reflects all the changes in applicable Russian and European laws, a training was held for directors and senior management with the leading Russian experts invited as guest speakers.

The Board of Directors regularly receives newsletters from the Company, including quarterly newsletters on corporate governance and weekly updates on the developments in the chemical and related industries.

¹ According to the Stanton Chase study of 109 largest public companies of Russia conducted in August 2020, the average share of independent directors stands at 29%.

D&O LIABILITY INSURANCE

Directors and officers liability for damage caused to third parties by their duties is insured by SOGAZ (contract No. 18 DO 0028 in effect from 1 June 2018 to 31 May 2019, contract No. 19 DO 0020 in effect

from 1 June 2019 to 31 May 2020, contract No. 20 DO 0018 in effect from 1 June 2020 to 31 May 2021) and is covered up to USD 75 mln (in rouble equivalent) and extended by USD 2 mln for independent

directors. Apart from directors' liability, the above contracts include the liability of the Company's officers (since 2012).

INDEPENDENT ASSESSMENT OF THE BOARD OF DIRECTORS

102-28

In accordance with CGC recommendations, PhosAgro assesses the performance of its Board of Directors on an annual basis, with external experts engaged for this purpose once every three years. Each new assessment relies on previous assessments allowing to analyse both absolute values and any changes that occur over time. February 2020 saw KPMG conduct an external assessment of the Company's Board of Directors.

The independent consultant recognised the Board's high

efficiency and a strong engagement of its members.

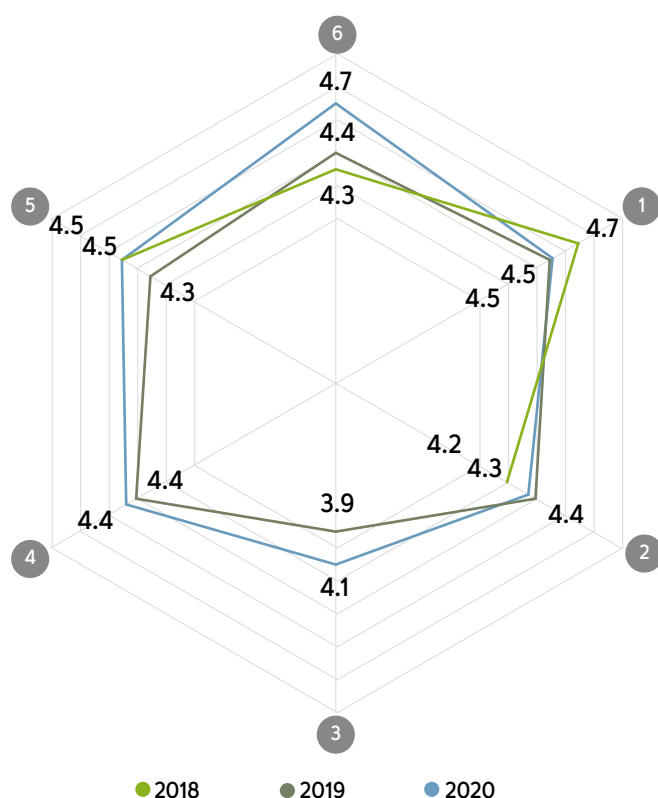
KPMG also highlighted a balanced split between executive and independent directors and confirmed that they have the required skills, competencies and expertise. In terms of independence and the presence of foreign directors, PhosAgro is almost on a par with foreign industry practices and ahead of the Russian players. The current Board's composition is fully in line with the Company's needs, which

contributes to well-reasoned decision-making.

The efficiency of the Board's key functions was also highly rated by the independent consultant. The Board of Directors discusses a wide range of matters to ensure the effective governance of the Company's operations.

In February 2021, the Board of Directors completed a self-assessment exercise confirming that it operates to a high standard in all aspects of its role.

Self-assessment: the key aspects of the Board of Directors operations¹



- ① Organising the business of the Board of Directors
- ② Effectiveness of the Board of Directors
- ③ Continuous improvement
- ④ Liaising with committees
- ⑤ Corporate Secretary assessment
- ⑥ Composition and structure of the Board of Directors

¹ Assessed on a 5-point scale.



Special focus was placed on the extent to which the Company has implemented the recommendations given following the 2019 performance assessment.

Compliance with recommendations given after the 2019 self-assessment

Matters/action recommended for careful consideration / implementation by the Board of Directors	Implementation	Action taken	Changed perception among directors assessing the Board of Directors
1. Innovations	+	Matter is ready for consideration and considered by the Board on 27 August 2020, with a report expected to be delivered in April 2021. Added to the agenda as a permanent item	Further consideration required.
2. Management performance assessment	+	The Board of Directors scrutinises the Chief Executive Officer's Review, as well as reports submitted by functional leaders, on a regular basis (at least twice a year)	Assessment improved from 4.20 in 2019 to 4.43 in 2020.
3. Determining the optimum remuneration and incentives for executive management	+	The incentive system for the N-1 – N-3 executive-level roles is reviewed twice a year by the Remuneration and Human Resources Committee	Strong result of 4.11 in 2020 (2019: 4.20)
4. Succession planning for executive-level roles and the Board of Directors	+ –	Succession planning for executive roles is a permanent agenda item for the Remuneration and Human Resources Committee, unlike that for the Board of Directors, which has not been implemented	Assessment by directors improved with respect to executive roles (from 3.70 to 4.11) and worsened with respect to directors (from 3.90 to 3.67)
5. Updating the Board of Directors' Competency Matrix to reflect the Company's current needs	+ –	The matrix is prepared as part of the annual report. The balance of the Board's skills is subject to self-assessment by directors	Excellent assessment results in terms of the balance of the Board's skills, experience and expertise: 4.43 in 2020 vs 4.40 in 2019.
6. Anti-crisis management	+	Matter is ready for consideration and considered by the Board on 27 August 2020. Added to the agenda as a permanent item. Additional meeting of the Board of Directors held on 17 April 2020 to discuss COVID-19 response	Assessment improved from 4.00 in 2019 to 4.62 in 2020
7. IT security and management of cyberrisks	+	The Board of Directors discussed the item twice, on 13 May and 18 December 2020. Further discussion is scheduled for May 2021. The item is added to the permanent agenda of the Risk Management Committee	Assessment results: 4.00 in 2019 and 4.05 in 2020. The directors raised mixed opinions, from being satisfied to reporting lack of attention to the matter
8. IT strategy	+ –	The item is under review and will be ready for consideration in March 2021	
9. Developing the Board of Directors training programme and plan, including visits to the Company's sites	–	The programme was not developed amid the COVID-19 pandemic. Inside and COVID-19 trainings were provided with relevant experts engaged	Further consideration required
10. More active dialogue between the directors and various stakeholders	Not assessed	The programme was not developed amid the COVID-19 pandemic	Further consideration required

The assessment identified the following areas of improvement for the Board of Directors:



more active engagement with investors, analysts, business unit leaders, key employees, and members of the Management Board;



providing training on industry trends in Russia and globally, cyber threats, risk management, as well as technological and agricultural innovations;



adding the audit and internal control policy, climate change matters, corporate

governance assessment as part of the internal audit process to the 2021 agenda of the Board of Directors' Audit Committee.

The next assessment is scheduled for early 2022 and will also be conducted in the self-assessment format.

MEMBERS OF THE BOARD OF DIRECTORS



Xavier ROLET

Chairman of the Board of Directors
Independent director

Year of election: 2018

Equity interest / Stake of ordinary shares None

Date of birth: 12 November 1959

Education:

KEDGE Business School (France)

Master's degree in Management Science and Finance

Columbia Business School (USA)

MBA in International Finance

Institute for Higher National Defence Studies (IHEDN) (France)

Post-graduate degree

Professional experience:

1994–1996 Credit Suisse,
Managing Director.

1997–2000 Dresdner Kleinwort
Managing Director.

2000–2007 Lehman Brothers (New York and London)
Senior Executive.

2007–2009 Banque Lehman Brothers S.A. (France)
CEO.

2009–2017 London Stock Exchange Group (LSEG)
CEO.

2011 – Pr. Columbia Business School,
Member of the Board of Overseers.

2013–2017 HM Treasury,
Advisor.

2017–2018 London Stock Exchange Group (LSEG),
Advisor.

2018–2019 Verseon,
Non-executive director.

2018–2019 PhosAgro,
Chairman of the Risk Management Committee.

2018 – Pr. Shanghai Institute of Finance for the Real
Economy – SIFRE,
Expert Advisor.

2019–2020 CQS Management LTD,
Chief Executive Officer.

2018 – Pr. PhosAgro,
Chairman of the Board of Directors.

2019 – Pr. PhosAgro,
Chairman of the Board of Directors,
Member of the Risk Management Committee.

2019 – Pr. The Public Investment Fund (Saudi Stock
Exchange – TADAWUL),
Member of the Board of Directors.

2020 – Pr. Shore Capital Markets,
Non-executive chairman.

2020 – Pr. TowerBrook Capital Partners L.P.,
Member of the Senior Advisory Board.

2020 – Pr. Seplat Petroleum Development Company Plc.,
Independent non-executive director.

2020 – Pr. Golden Falcon Special Acquisition Corporation,
Independent non-executive director.

Key competences



Strategy



Finance and audit



Risk management



Law and corporate governance



Chemistry and mining engineering



Andrey G. GURYEV

Deputy Chairman of the Board of Directors
Non-executive director

Year of election: 2013

Equity interest / Stake of ordinary shares: None

Date of birth: 24 March 1960

Education:

**Plekhanov St Petersburg State Mining Institute
(Technical University)**

Degree in Economics and Management of Mining
and Exploration Enterprises

Central State Institute for Physical Education.

Professional experience:

2001–2013 Member of the Federation Council of the Russian Federation.

2006 — Pr. Russian Chemists Union,
Vice President.

2013 — Pr. PhosAgro,
Deputy Chairman of the Board of Directors,
Member of the Strategy Committee.

2017–2018 AgroGard-Finance,
Member of the Board of Directors.

2018 — Pr. AgroGard-Finance,
Chairman of the Board of Directors.

Key competences



Strategy



Chemistry and mining engineering



Human resources



Andrey A. GURYEV

Executive director

Year of election: 2013

Equity interest / Stake of ordinary shares: 0.048%

Date of birth: 7 March 1982

Education:

University of Greenwich (UK)

Bachelor's degree in Economics

Academy of National Economy and Public Administration under the Government of the Russian Federation

Saint Petersburg Mining University





PhD in Economics

Professional experience:

- 2011–2013** **PhosAgro AG,**
Deputy CEO for Sales and Logistics.
- 2011 – Pr.** **Present Moscow Rhythmic Gymnastics Federation,**
President.
- 2012 – Pr.** **Andrey Guryev Charitable Foundation,**
Chairman of the Management Board.
- 2012–2014** **Investment Trading Bank,**
Member of the Board of Directors.
- 2012 – Pr.** **PhosAgro-Region,**
Member of the Management Board.
- 2013 – Pr.** **PhosAgro,**
Member of the Board of Directors.
- 2013 – Pr.** **PhosAgro,**
CEO, Chairman of the Management Board,
Member of the Strategy Committee, Member
of the Environmental, Health and Safety
Committee, Member of the Risk Management
Committee.
- 2014–2016** **PhosAgro-Cherepovets**
Member of the Board of Directors
- 2014 – Pr.** **Russian Chess Federation**
Member of the Board of Trustees

- 2015 – Pr.** **Russian Olympians Foundation**
Member of the Council of Trustees
- 2015 – Pr.** **Russian Union of Industrialists and Entrepreneurs**
Member of the Management Board
- 2016 – Pr.** **Russian Association of Fertilizer Producers**
President
- 2016 – Pr.** **Russian Rhythmic Gymnastics Federation**
Chairman of the Board of Trustees, Vice
President
- 2016 – Pr.** **International Fertilizer Association (IFA)**
Member of the Board of Directors
- 2016 – Pr.** **Miners of Russia non-commercial partnership**
Deputy Chairman of the Supreme Mining
Council
- 2019 – Pr.** **Russian Union of Industrialists and Entrepreneurs**
Member of the Management Board Bureau

Key competencies

-  Strategy
-  Finance and audit
-  Chemistry and mining engineering
-  Environment, health and safety



**Mikhail
RYBNIKOV**
Executive director

Year of election: 2016

Equity interest / Stake of ordinary shares: 0.0258%

Date of birth: 30 November 1975

Education:

Lomonosov Moscow State University





Master's degree in Economics

Professional experience:

- 2011–2013** **PhosAgro-Region**,
Member of the Management Board.
- 2012–2015** **PhosAgro AG**
CEO, Chairman of the Management Board
- 2013** **Moscow Exchange**
Member of the Board of Directors
- 2013** **Apatit**
Member of the Board of Directors
- 2013–2016** **PhosAgro-Cherepovets**
Member of the Board of Directors
- 2013 – Pr.** **PhosAgro**
Member of the Management Board, Chairman
of the Environmental, Health and Safety
Committee, Member of the Strategy Committee,
Member of the Sustainable Development
Committee

- 2015–2017** **PhosAgro-Cherepovets**
CEO
- 2015–2017** **PhosAgro-Cherepovets**
Chairman of the Management Board
- 2016 – Pr.** **PhosAgro**
Member of the Board of Directors
- 2016 – Pr.** **PhosAgro-Region**
Member of the Management Board
- 2017–2018** **Apatit**
CEO, Chairman of the Management Board
- 2018–2019** **Apatit**
Member of the Management Board
- 2018 – Pr.** **Samoilov Scientific Research Institute
for Fertilizers and Insectofungicides**
Member of the Board of Directors
- 2018 – Pr.** **Apatit**
Advisor to the CEO (part-time)
- 2018–2020** **PhosAgro**
First Deputy CEO
- 2020 – Pr.** **PhosAgro**
Executive director

Key competencies

-  Strategy
-  Finance and audit
-  Chemistry and mining engineering
-  Environment, health and safety



Sven OMBUDSTVEDT

Independent director

Year of election: 2011

Equity interest / Stake of ordinary shares: 0.00103%

Date of birth: 27 July 1966

Education:





Pacific Lutheran University (USA),
Bachelor's degree

Thunderbird School of Global Management,
Master's degree in International Management

Professional experience:

- 2008–2011** Saferoad AS,
Member of the Board of Directors.
- 2010–2013** Western Bulk,
Member of the Board of Directors
- 2010–2017** Norske Skogindustrier ASA,
CEO
- 2011–2019** PhosAgro,
Chairman of the Board of Directors
- 2011 – Pr.** PhosAgro,
Member of the Audit Committee, Chairman
of the Strategy Committee, Chairman
of the Risk Management Committee,
- 2017** Norske Skogindustrier ASA,
Special Advisor
- 2017–2019** Norske Skog AS,
Chairman of the Board of Directors
- 2017 – Pr.** Norske Skog Norway Holding AS,
Member of the Board of Directors
- 2019 – Pr.** Norske Skog ASA,
CEO

Key competencies

-  Strategy
-  Finance and audit
-  Chemistry and mining engineering
-  Risk management



Irina BOKOVA

Independent director

Year of election: 2018

Equity interest / Stake of ordinary shares: None

Date of birth: 12 July 1952

Education:



Moscow State Institute of International Relations (Russia),
International Relations

**John F. Kennedy School of Government at Harvard
University (USA),**
Leadership and Economic Development.

Professional experience:

- 1989–1989** University of Maryland School of Public Affairs
(USA),
Ford Foundation Fellow.
- 1991–1992** National Assembly of the Republic of Bulgaria,
Member of the National Assembly
- 1995–1997** Ministry of Foreign Affairs of the Republic
of Bulgaria ,
Secretary of the Council of Ministers of Bulgaria
for European Integration, Deputy Minister
of Foreign Affairs of the Republic of Bulgaria
- 2002–2009** UNESCO ,
Ambassador of Bulgaria to France and Monaco,
Permanent Delegate of Bulgaria
- 2009–2017** UNESCO,
Director-General
- 2018 – Pr.** Ban Ki-moon Centre for Global Citizens,
Member of the Board of Directors
- 2018 – Pr.** PhosAgro ,
Member of the Board of Directors, Member
of the Remuneration and Human Resources
Committee, Chair of the Sustainable
Development Committee
- 2018 – Pr.** Federation Internationale de l'Automobile,
Member of the Board of Directors
- 2020 – Pr.** FIA Foundation,
Member of the Board of Directors

Key competencies

-  Environment, health and safety
-  Human resources



James ROGERS

Independent director

Year of election: 2014

Equity interest / Stake of ordinary shares: 0.0064%

Date of birth: 19 October 1942

Education :

Yale University (USA),

Bachelor's degree

Balliol College, University of Oxford (UK),

Bachelor's / master's degree in Philosophy, Politics and Economics

Professional experience:

1986 – Pr. Virtus Total Return Fund Inc.,
Director.

1988–2019 Virtus Global Dividend & Income Fund Inc.,
Director

1990 – Pr. Beeland Interests, Inc.,
Director

2006–2015 CQS,
Advisor

2007 – Pr. Beeland Interests, Inc.,
Director

2007 – Pr. Beeland Holdings Pte Ltd,
Director

2011 – Pr. Forbes & Manhattan,
Advisor

2012–2019 Spanish Mountain Gold Limited,
Director

2012 – Pr. Geo Energy Resources Limited,
Non-executive director

2012 – Pr. Santiago Gold Fund,
Advisor

2013–2014 Fab Universal Corp.,
Independent director

2013–2018 Laguna Bay Pastoral Company Pty Ltd,
Advisor

2014 – Pr. Genagro Limited,
Advisor

2014 – Pr. PhosAgro ,
Member of the Board of Directors, Chairman
of the Remuneration and Human Resources
Committee, Member of the Audit Committee

2014–2019 Sinofortune Financial Holdings Limited,
Non-executive director

2015–2016 TLV Holdings Limited,
Advisor

2015–2017 Latitude Technologies Limited,
Senior Advisor

2016 – Pr. Duff & Phelps Select Energy MLP Fund Inc.,
Director

2016 – Pr. Virtus Global Multi-Sector Income Fund,
Trustee

2016–2018 Crusader Resources Limited,
Non-executive director

2017 – Pr. AgroGard-Finance,
Member of the Board of Directors

2017–2018 Agritrade Resources Ltd,
Advisor

2017–2018 ITF Corporation,
Advisor

2017–2018 Global Blockchain Technologies Corp,
Advisor

2018–2019 Ocean Capital Advisors LLC,
Director

2018–2019 Quantum Digital Asset Management Pte Ltd,
Member of the Board of Directors

2018 – Pr. Sirius International Insurance Group, Ltd,
Member of the Board of Directors

2018 – Pr. Ananti Inc,
Director

2019 – Pr. Spanish Mountain Gold Limited,
Advisor

2019 – Pr. ENPlus Co Ltd,
External director

Key competencies



Finance and audit



Human resources



Risk management



Law and corporate governance



Marcus RHODES

Independent director

Year of election: 2011

Equity interest / Stake of ordinary shares: 0.000644%

Date of birth: 31 May 1961

Education:

Loughborough University (UK)

Bachelor's degree in Economics and History of Economics

The Institute of Chartered Accountants in England and Wales,

Qualified as chartered accountant

Professional experience

- 2008–2015** Rosinter Restaurants Holding,
Member of the Board of Directors.
- 2008–2015** Tethys Petroleum Limited,
Member of the Board of Directors
- 2008–2016** Cherkizovo Group ,
Member of the Board of Directors
- 2011 – Pr.** PhosAgro,
Member of the Board of Directors, Chairman
of the Audit Committee
- 2014 – Pr.** QIWI Group (QIWI plc) ,
Member of the Board of Directors, Chairman
of the Audit Committee
- 2014–2017** Zoltav Resources Inc.,
Member of the Board of Directors
- 2017 – 2019** SIA Enterprises Limited,
Honorary Treasurer
- 2018–2019** Rustranscom Plc,
Non-executive director
- 2021 – Pr.** Segezha Group
Member of the Board of Directors

Key competencies



Law and corporate governance



Finance and audit



Natalia PASHKEVICH

Independent director

Year of election: 2017

Equity interest / Stake of ordinary shares: None

Date of birth: 5 November 1939

Education

Leningrad Mining Institute Mining Engineering and Economics,

PhD in Economics, professor

Professional experience

- 1999 – Pr.** St. Petersburg Mining University,
First Vice Rector.
- 2017 – Pr.** PhosAgro,
Member of the Board of Directors, Member
of the Environmental, Health and Safety
Committee

Key competencies



Chemistry and mining engineering



Human resources



Andrey SHARONOV

Independent director

Year of election : 2017

Equity interest / Stake of ordinary shares: None

Date of birth: 11 February 1964

Education:

Ufa Aviation Institute

Aviation Instrument Making

**Russian Academy of Public Administration
under the President of the Russian Federation**

Law, PhD in Sociology

Professional experience:

**2009 – Pr. National Research University Higher School
of Economics,**
Professor (part-time) at the School of Finance
of the Faculty of Economic Sciences

2010–2013 Government of Moscow,
Deputy Mayor for Economic Policy

**2011–2014 National Research University Higher School
of Economics,**
Member of the Supervisory Council

2011–2015 Bank of Moscow ,
Member of the Board of Directors

2013–2016 Moscow School of Management SKOLKOVO ,
Rector

2013–2016 MC Eko-Sistema ,
Chairman of the Board of Directors

2014–2015 ALROSA ,
Member of the Supervisory Board

2014–2019 NOVATEK,
Member of the Board of Directors

2014 – Pr. MC NefteTransService ,
Chairman of the Board of Directors

2014 – Pr. Sovcomflot ,
Member of the Board of Director

2015–2016 Moscow Exchange ,
Member of the Supervisory Board

2015–2017 Rosgeologia,
Member of the Board of Directors

2015–2018 VTB Bank ,
Member of the Supervisory Council

2016 – Pr. SKOLKOVO Endowment Fund,
Director

**2016 – Pr. Association for the Development of Moscow
School of Management SKOLKOVO ,**
Executive director

2016 – Pr. Moscow School of Management SKOLKOVO,
President

2017 – Pr. 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

2018 – Pr. Medicina ,
Chairman of the Board of Directors

2019 – Pr. En+ Group ,
Independent director

2020 – Pr. Rosseti,
Member of the Board of Directors

Key competencies



Law and corporate governance



Finance and audit



Human resources

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 Board of Directors of PhosAgro.



Regulation on the Corporate Secretary



**Sergey
SAMOSYUK**

Year of appointment: 2016

Date of birth: 1 October 1976

Education :

St Petersburg State University of Economics (former St Petersburg Academy of Engineering and Economics)

Engineering and Economics

St. Petersburg University,

Law

National Research University Higher School of Economics,

Executive MBA

Professional experience

In 1996

Mr Samosyuk joined the financial department at Ammophos.

From 2003

he held leading finance positions at PhosAgro AG, Metachem and Mining and Chemical Engineering (MCE), and was a member of PhosAgro-Cherepovets review committee.

In October 2014

he was appointed head of methodology and economic analysis at PhosAgro-Cherepovets

Achievements

2020 Director of the Year National Award for the best corporate governance directors / corporate secretaries.



BOARD COMMITTEES

102-29

102-33

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 committees' 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 committees are responsible for making sure that issues brought before the Board have been sufficiently reviewed as a way to enable the directors to cast their votes based on full and accurate information. To achieve this, committee members maintain an ongoing dialogue

with the management team, the Company's external auditor and other advisors on the issues that fall within their remit.

The existing committees were established by the Board of Directors on 26 May 2020 without any changes to their composition.

COMMITTEE REPORTS



AUDIT COMMITTEE

Committee members



Marcus Rhodes,
Committee Chairman,
independent director



Sven Ombudstvedt,
Committee member,
independent director



James Rogers,
Committee member,
independent director



Andrey Sharonov,
Committee member,
independent director

Activities in 2020



Marcus Rhodes,
chairman
of the committee



Regulation on the Audit Committee

According to the Regulations on the Company's Audit Committee, the Audit Committee shall consist of at least three current members of the Board of Directors, and shall be chaired by an independent director. Since 2018, the Committee has consisted of four independent directors. Marcus Rhodes, chairman of the committee, has the necessary experience and expertise in preparation, analysis, assessment and audit of accounting (financial) statements.

The Committee's remit includes:

- reviewing the IFRS financials for integrity and transparency;
- analysis of financial reporting processes, including regular

reviews and recommendations for the Board of Directors;

- recommending the Company's external auditor to the Board of Directors and maintaining an ongoing dialogue with the external auditor;
- support to the Internal Audit function and analysing the quarterly results of their work;
- discussing and approving the annual internal audit plan;
- ensuring compliance with applicable legislation and relevant standards of business conduct.

During the reporting period, the Audit Committee held five meetings, where the following matters were considered:

- analysis of the Company's financial performance based on the IFRS consolidated financial statements, including reasons for changes as compared with the previous periods' results; review of the quarterly results compared with the budget;
- review and discussion of the quarterly IFRS financial statements, along with ensuring the adequacy of disclosures;
- drafting the quarterly press releases on the Company's performance for investors;
- analysis of the Company's compliance with Russian and European legislation on protection and use of insider information;
- analysis of the Company's corporate governance compliance with the Bank of Russia's Corporate Governance Code and the UK Corporate Governance Code;
- assessing the Company's internal control and internal audit system;
- further improving the quality of the financial accounting and reporting preparation process;
- developing the of the Company's Internal Audit Department's plan of activities for 2021 and monitoring the implementation of the previously approved plan for 2020, as well as assessing the Internal Audit Department's performance and control over follow-up on its recommendations.

In 2020, the project for integration of the IFRS consolidated management reporting and financial statements preparation procedures using Oracle Hyperion Financial Management was finally completed under the guidance and supervision of the Audit Committee, which allowed for reducing the reporting preparation period by 1.5 months due

to introduction of a consolidation system, unification of IFRS and RAS accounting procedures and automatic integration with the accounting systems. Besides, the project introduced a convenient tool for analysing sales efficiency and generating management reports, enabled in-depth analytics across a wide range of financial and operational indicators, and full harmonisation of management reporting and IFRS statements.

In line with best corporate governance practices, the Company has prepared a draft policy for selecting an external auditor to be approved by the Board of Directors, which specifies the grounds and procedure for selection, maximum duration of services, rotation rules for the audit partner, and maximum cost of non-audit services in the total scope of auditor services.

External auditor

A key element of the Audit Committee's work is ongoing interaction with the external auditor, as well as drafting recommendations for the Board of Directors regarding the approval of the auditor. 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.
- Evaluation of the **auditor's independence** 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 the Company's Audit Committee for consideration and approval. The Committee consents to the contract only if the scope of the non-audit services is not so substantial as to 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 the Company's financial statements and preparation procedures.
- **Auditor's performance over the previous period.** Finally, when assessing the possibility of continuing cooperation with the external auditor, 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.

In December 2020, as recommended by the Audit Committee, the Board of Directors approved the appointment of PricewaterhouseCoopers Audit («PwC») as auditor of the Company's 2021 IFRS financial statements. This recommendation was the result of a formal tender between six audit firms in Russia, including the incumbent KPMG. Based upon extensive presentations and discussions these six firms were reduced to a short list of two, out of which PwC was chosen. Meanwhile, it should be noted that, the Company was extremely satisfied with the high quality of the audit conducted by KPMG over the last 15 years, and is grateful for the constructive cooperation and utmost professionalism that the KPMG team showed during this period.



REMUNERATION AND HUMAN RESOURCES COMMITTEE

Committee members



James Rogers,
Committee Chairman,
independent director



Irina Bokova,
Committee member,
independent director



Andrey Sharonov,
Committee member,
independent director

According to the Regulations on the Remuneration and Human Resources Committee, the Committee shall consist of at least three independent directors.



Regulations on the Remuneration
and Human Resources
Committee

The Committee's remit includes:

- drafting, regularly reviewing and overseeing the Company's policy on remuneration of the Board members, members of the Company's executive bodies and other key executives;
- carrying out a preliminary year-end performance appraisal in respect of the Company's executive bodies and key executives based on the criteria set forth in the remuneration policy, and making preliminary assessment of their performance against the targets set forth in the long-term incentive programme;
- planning staff appointments so as to ensure, inter alia, continuity of the executive bodies' work;
- analysing the Board's composition by way of assessing its members' professional skills, expertise, independence and involvement in the Board's work, identifying priority areas for improvements, and assessing qualifications and independence of nominees to the Board of Directors;
- arranging for an annual self-appraisal or third-party appraisal of the Board of Directors' and its Committees' efficiency.

Activities in 2020



James Rogers
chairman
of the committee

In early 2020, we assessed the efficiency of the Committee and significantly expanded the scope of matters for us to address based on such assessment:

- **Succession planning.** We additionally discussed succession planning for members of the Board of Directors, members of executive bodies and other key employees, and gave a number of relevant recommendations for N-1 executives.
- **Incentive system.** we scrutinised all internal regulations of PhosAgro related to the incentive system. The Committee strives to find a balance so as to ensure the number of documents

regulating remuneration is both sufficient to provide the details of all existing processes and gives a clear understanding of the remuneration framework to employees. The existing management incentive system, which relies on key performance indicators (KPIs) correlated with strategic targets, made another step forward in 2020, covering as many as 277 people from N to N-3 levels, up 2.6 times year-on-year. A notable part of this growth came from the extended scope

of KPIs linked to the Company's sustainability targets. The Committee confirmed that the existing remuneration framework is efficient and in line with the Company's requirements.



For more information on the remuneration, please see the Management remuneration section, p. 246

- **Diversity, gender equality and inclusion.** 2020 was the first year when the progress in securing diversity, gender equality and inclusion became a part of the Committee's agenda. We are adamant that our people's professionalism, consistently strong performance and adherence to corporate values are a prerequisite and the only guarantee of career growth, and we are happy that the Company's management shares this belief. As early as in April 2021, the Committee's goals and objectives set forth in the Regulations on the Remuneration and Human Resources Committee will comprise control over securing diversity, gender equality and inclusion.
- **Corporate culture.** The reporting year also was the first year when the Committee discussed whether the goals, values and strategy of the Company are aligned with its corporate culture, along with its assessment and monitoring. PhosAgro fosters a corporate culture where all employees have the freedom to be themselves and can fully unlock their potential. In 2020, following the Committee's proposal, questions that help evaluate various aspects and evolution of the corporate culture were included in the annual staff loyalty

and satisfaction survey conducted by a third-party expert since 2013.

The above matters must become a permanent item on the Committee's agenda because they are key to the Company's long-term success and sustainable development.

We also stayed focused on regular matters:

- assessment of professional skills, independence, engagement and important external nominations or appointments to the Board of Directors;
- best practice guidance and analysis following the appraisal of the Board of Directors' performance;
- assessment of the performance of the Company's executive bodies, other key employees, and the Corporate Secretary;
- 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.

Two times a year, when initially assessing nominations to the 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 the below appointments of independent directors on their ability to duly discharge their responsibilities as the Company's Board members.

Independent directors' external appointments:

- **Xavier Rolet:** Saudi Stock Exchange TADAWUL, Shore Capital Markets, TowerBrook Capital Partners L.P., Seplat Petroleum Development Company Plc., Golden Falcon Special Acquisition Corporation;
- **Sven Ombudstvedt:** Norske Skog;
- **James Rogers:** Virtus Total Return Fund Inc, Beeland Interests Inc., AgroGard-Finance, ENPlus Co Ltd, etc.;
- **Andrey Sharonov:** Moscow School of Management SKOLKOVO, Sovcomflot, Rosseti, En+ Group, Medicina, etc.;
- **Natalia Pashkevich:** St Petersburg Mining University;
- **Irina Bokova:** Ban Ki-moon Centre for Global Citizens, International Automobile Federation, FIA Foundation.

The Committee found that in 2020 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.



ENVIRONMENTAL, HEALTH AND SAFETY COMMITTEE

Committee members



Mikhail Rybnikov,
Executive Director,
Chairman of the Committee



Andrey A. Guryev,
Executive Director



Natalia Pashkevich,
independent director

The Committee is governed by the Regulation on the Environmental, Health and Safety Committee.



Regulations
on the Environmental, Health
and Safety Committee

The Committee's remit includes:

- developing core documents for the integrated health, safety and environment (HSE) management system;
- monitoring the Group companies' production activities for compliance with the applicable HSE laws;
- assessing environmental, social, technological, and industrial risks associated with the Group companies' production activities;
- reviewing investigation records on industrial accidents and incidents, environmental laws violation, and breach of climate impact regulations;
- considering proposals on improving working conditions and safety regulations compliance, lowering injury rates, reducing pollutant and greenhouse gas emissions, decreasing waste generation and disposal, improving energy efficiency;
- analysing the progress on programmes and initiatives to introduce resource and energy efficiency solutions and eco-efficient technologies.

Activities in 2020



Mikhail Rybnikov,
chairman
of the committee



In the reporting year, the Committee held

2 meetings

and discussed

13 issues

Traditionally, the Committee oversees three workstreams:

- health and safety;
- environmental protection;
- energy efficiency.

The reporting year proved to be successful in terms of reducing industrial injuries, accidents and incidents. For us, the most important results were zero fatal injuries among our employees, including subsidiaries (vs three fatalities in 2019), no breakdowns, fires, traffic accidents with injuries or major damage, and the overall decline in significant incidents by 13%.

The Committee oversaw the implementation of several important health and safety projects, including:

- Risk Management module implementation in the Safety and Instructions (Shift Assignments) management systems;
- lockout/tagout (LOTO) system implementation at the Kirovsk branch of Apatit;
- expanded use of the Public Scrutiny app;

- project to evaluate and improve the safety culture and the OHS management (launched in December).

The Company managed to avoid excessive environmental impacts for the second year in a row, and all our emissions were within limits of the best available technologies. The Committee also oversees a number of environmental management activities, such as the initiatives of the Water Strategy adopted in 2020, and earlier projects for reducing emissions

and raising the industrial waste recycling rate.

The Company made strong progress in improving energy efficiency. In 2020, consumption rates for all major energy resources continued to decrease.

We launched the first module of our solar power plant in Balakovo. Although it produces a small amount of energy as yet, the project is very important for the Group. We will meticulously study its effects and then decide on its further replication.

In 2020, we approved the Energy Efficiency Programme covering all our projects and initiatives designed to reduce energy consumption. In 2021, the Committee will monitor the programme implementation.

We also remained focused on regulatory compliance, reviewing, among others, draft laws, which are yet to be considered and approved.



STRATEGY COMMITTEE

Committee members



Sven Ombudstvedt,
Committee Chairman,
independent director



Andrey A. Guryev,
Committee member,
executive director



Andrey G. Guryev,
Committee member,
non-executive director



Mikhail K. Rybnikov,
Committee member,
executive director

The Committee's activities are governed by the Regulations on the Strategy Committee.

The Committee's remit includes:

- monitoring and updating the Company's

mid-term and long-term strategy, and drafting strategic policies as required;

- evaluating the development of the Company's subsidiaries, including reviewing their strategies;

- making recommendations regarding the Company's M&A projects;

- analysis and recommendations regarding potential strategic partnerships.



Regulations on the Strategy Committee



Activities in 2020



Sven Ombudstvedt,
chairman
of the committee

In 2020, the Strategy Committee held two meetings, where the following matters were considered:

- the implementation status of the Company's Development Strategy until 2025;
- key target indicators and sales development models by market group;
- key areas of logistics development;
- future projects (assessment of prospects, preliminary calculation of the new products efficiency).

The Strategy Committee's activities within the first year of the new strategic cycle were focused on monitoring the progress towards the Goals 2025 approved in 2019. According to a resolution of the Board of Directors, control over compliance of the current activities with the approved strategy is carried out at least twice a year by reviewing the monitoring results, as well as in the course of the Board of Directors' review of the Company's annual budgets. At both meetings, in March and August 2020, the Committee checked the production volumes, sales in priority markets, and expansion of sales and transport infrastructure against the Strategy. Another innovation for the Committee was the mandatory monitoring of approved ESG indicators.

The 2020 results show that we are well on our way to the Goals 2025:

We expect the production of phosphate rock to exceed the approved target level of 11 mln t in 2025. This will be largely due to commissioning in Q4 2020 of the main shaft of the Kirovsk mine, as well as the ongoing construction and expected commissioning in late 2021 of another major ore and raw material resource development project – the 1st start-up facilities at level 10 of the Kirovsk mine.

Similarly, the 2025 target for our internal phosphate rock processing (8.4 mln t) will be met, with the corresponding increase in mineral fertilizer production, through, among other things, the ambitious projects already underway to develop the Balakovo and Volkhov sites.

We expect the Company to maintain its target sales share in premium markets, although we allow for minor deviations due to changes in market conditions and adherence to the best netback strategy.

We successfully achieved our interim goals 2020 in such indicators as the number of distribution and logistics centers (as many as 29 now), storage capacity for solid and liquid mineral fertilizers (more than 700 kt). We believe that the Goals 2025 will also be successfully achieved in this important area, reflecting our commitment to be closer to the consumer.

The completion in late 2020 of construction, and launch of traffic at the Kryolite railway station (Cherepovets production site) became an important milestone on the way to achieving our key logistics goal

of expanding the capacity of our rail infrastructure to over 16 mln t per year. We also comply with our interim targets for other logistics indicators of Strategy 2025: acquisition of our own rolling stock and port infrastructure development.

The adoption of the Climate and Water Strategies in 2020 was an important step toward achieving the ESG targets.

In addition, the Committee focused on monitoring the progress of the investment projects underlying PhosAgro's ongoing growth in the current strategic cycle, together with development of new projects that will ensure the further dynamic evolution of the Company.

Our strategy cannot be static, we are developing, the external business environment is changing, and we hope that in 2021 we will be able to present amended, even more ambitious strategic goals for the period up to 2025.



RISK MANAGEMENT COMMITTEE

Committee members



Sven Ombudstvedt,
Committee Chairman,
independent director



Xavier Rolet,
Committee member,
independent director



Andrey A. Guryev,
Committee member,
executive director



Regulations on the Risk
Management Committee

The Committee assists the Board of Directors and other governing bodies of PhosAgro in developing recommendations to identify material risks, work out risk management initiatives and upgrade the risk management framework. The Committee's activities are governed by the Regulations on the Risk Management Committee.

The Committee's remit includes:

- assessing the effectiveness of the Company's risk management framework and providing recommendations for its improvement;

- defining the methodology and identifying the Company's most material risks to ensure their continuous monitoring and management;
- drafting recommendations for improving the comprehensive risk management framework;
- defining the Company's risk appetite.

Activities in 2020



Sven Ombudstvedt,
chairman
of the committee

In 2020, the Committee held three meetings focusing on:

- **Results of a reassessment of the Company's key risks and updating its risk map for 2020.** One of the key changes introduced as part of the risk map update was the integration of the cybersecurity risk into it. In addition to the IT infrastructure continuity, the Committee started focusing on key cybersecurity metrics and the status of initiatives to promote computer security. With the effective cybersecurity tools in place, the Company did not record any material incidents in this area in 2020.

- **Evaluation of the Company's risk management and internal control system.** Audit completed in 2020 once again showed that the PhosAgro complies with the industry's leading practices, while in some areas (such as the establishment and convincing performance of a dedicated risk management committee under the Board of Directors) it is far ahead of the peers.

- **Results of monitoring of the Company's key risk management activities (quarterly).** The key novelty of the risk monitoring exercise in 2020 was the necessity to address the risk of the new coronavirus infection. The spread of COVID-19 had its toll on practically all operations of the Company, tipping the probability scales of inherent risks to a higher level. As a result, the Company placed a particular emphasis on the management of COVID-related risks and the impact they

had on the continuity of business processes. The steps taken by the Company in response to COVID-19 helped prevent the suspension of production operations and avoid disruptions to other material business processes.

- **Management of key specific corporate risks.** In addition to the cybersecurity and COVID-19 risks, climate change was a focus of attention for the Committee in 2020. In 2021, the Committee will keep a close watch for the use of a risk-oriented approach in the implementation of PhosAgro's Climate Strategy.

The risks were also reviewed in the context of the Company strategy implementation, with regular risk monitoring done to assess their impact on the Company's strategic goals.



SUSTAINABLE DEVELOPMENT COMMITTEE

Committee members



Irina Bokova,
independent director,
Chair of the Committee



Andrey Sharonov,
independent director



Mikhail Rybnikov,
executive director

The Committee's activities are governed by the Regulations on the Sustainable Development Committee.



Regulations on the Sustainable
Development Committee

The Committee's remit includes:

- building and analysing PhosAgro's framework of sustainable development bylaws, controlling their drafting, relevance, effectiveness and quality;
- engaging with key stakeholders and contributing to the development and growth of healthy and sustainable communities in all regions where the Company operates;
- controlling compliance with applicable statutory requirements and internal sustainability objectives;

- organising staff training on best sustainable development practices;
- preparing recommendations to the Board of Directors on determining the Company's strategic sustainable development objectives;
- reviewing sustainable development reports;
- supervising PhosAgro's sustainable development disclosure;
- Analysing PhosAgro's practices and bylaws in terms of compliance with sustainable development rating requirements and managing efforts to maintain and improve the Company's rating positions.

Activities in 2020



Irina Bokova,
chairman
of the committee

In 2020, the Committee held three meetings and reviewed 11 matters focusing on the following key themes:

- **Climate policy.** At its first meeting in May 2020, the committee outlined a plan for drafting an appropriate strategy until 2028, determined responsible persons and control points.

Already in November, committee members reviewed a draft strategy, including climate scenarios, a list of risks and opportunities associated with each scenario, a low-carbon transition plan, as well as scientifically verified GHG reduction targets.

Importantly, the low-carbon transition plan reflects the rules for interacting with other parties involved in the Company's value chain, including a supplier engagement concept.

In this way, PhosAgro commits to climate change action across the entire value chain.

For each of the three scopes of GHG emissions, the actual volumes and their evolution, the main sources as well as possible measures to reduce emissions were quantified and analysed.

Following the review and the Committee's recommendations, the Board of Directors approved the Climate Strategy and endorsed the low-carbon transition plan.

We are pleased that the Company is already taking action under the plan.

It is active in implementing initiatives to reduce direct (Scope

1) GHG emissions. In particular, the Company has been expanding the use of steam associated with sulphuric and nitric acid production to generate electricity and heat. PhosAgro has prepared and is evaluating an action plan aimed at achieving the Scope 1 GHG emission reduction targets.

At the end of 2020, the Company launched a solar power station pilot in Balakovo. The Committee is awaiting the plant's operational update before deciding to expand the project and replicate it at the Company's other sites. Moreover, in December 2020 PhosAgro signed a contract to purchase hydro-generated electricity for its mining and processing plant in Kirovsk, the largest production site of the Company. Finally, the Committee approved a new Energy Efficiency Programme, which combines the existing energy efficiency programmes at each of the Company's production sites and establishes a schedule to be followed by the Company's management in designing and reviewing these initiatives.

The three projects, as they are implemented, will definitely contribute to the reduction of Scope 2 GHG emissions.

In early 2021, PhosAgro and the Russian Academy of Sciences are set to sign a cooperation agreement aimed at building carbon farms in the Vologda region. Coupled with other initiatives, such as the production of urea with inhibitor launched in 2020 to significantly reduce nitrous oxide emissions in fertilizer application, the project will also contribute to the achievement of Scope 3 GHG emission reduction targets.

We are closely monitoring developments surrounding the expected introduction in 2023 of the carbon border adjustment mechanism and analysing, together with the senior management, associated risks and mitigations as well as opportunities.

- **External assessments of the Company's sustainable development activities.**

The Committee believes that external assessments, such as ratings, are an effective measure of the Company's sustainable development activities. We value opinions of specialist ESG agencies, including Sustainalytics, MSCI, CDP and others, as we can gauge the Company's performance against best global practices and identify areas of improvement and communication with stakeholders. Therefore, at the Committee's recommendation, an action plan was developed to improve the Company's key ESG ratings, and the Committee reviewed appropriate reports at each of its three meetings in 2020. We intend to maintain this approach in the future. We are pleased that PhosAgro has made significant progress in this area and look forward to further improvements.

- **Setting sustainable development priorities.** At the Committee's initiative, the Company implemented an important project to prioritise sustainable development goals in 2020. In 2019, the Company approved its priority strategic goals and objectives and related activities based on internal discussion and dialogue with stakeholders, and in 2020 the Committee decided that expert justification was required for setting SDG-related priorities, selecting indicators to measure the Company's environmental impact, designing environmental management approaches and actions to boost the positive impact, while reducing the negative impact.

About 80 sources were reviewed, and 36 types of impact across the value chain were identified. The approach reflects the Company's multifaceted impact on the achievement of SDGs during the product life cycle and is based on recommendations of the SDG Compass, GRI, the UN Global Compact

and the World Business Council for Sustainable Development (WBCSD). As a result, we created a matrix describing the Company's approaches to achieving SDGs.

- **Monitoring environmental and social performance.** At each of its meetings, the Committee reviewed the status of activities approved in 2019 in terms of achieving the environmental and social goals until 2025, including waste water discharge levels, Scope 1 GHG emissions, occupational injury and accident rates, hazardous waste treatment, employee satisfaction and loyalty, and training hours. On the Committee's initiative, in 2020 the Board of Directors approved PhosAgro's Water Strategy, which consolidated all initiatives related to the three types of impact that the Company's production sites have on water bodies such as water intake, discharge and consumption. As is the case with the Energy Efficiency Programme, the Water Strategy set the schedule for specific activities to be designed and reviewed by the senior management. The strategy has urged the Company to toughen its targets for discharges into water bodies.



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



the sole executive body:
CEO



In 2020, the Management Board held six meetings and reviewed

12 items

most of which were related to the budget discipline

At least twice a year (after the end of the previous calendar year in February and after a new Management Board is elected in August) the CEO submits a report on the performance of PhosAgro's executive bodies to the Board of Directors for review and approval.

AS AT 31 DECEMBER 2020, THE MANAGEMENT BOARD WAS COMPOSED OF

Andrey A. Guryev,
CEO



Siroj Loikov,
First Deputy CEO



Roman Osipov,
Business Development Director



Mikhail Rybnikov,
Executive Director



Alexander Seleznev,
Chief of Staff
for the CEO



Alexei Sirotenko,
Deputy CEO
for Corporate and Legal
Affairs



Alexander Sharabaika,
Deputy CEO for Finance
and International Projects



INFORMATION ON MEMBERS OF THE MANAGEMENT BOARD



Andrey A. GURYEV

Chief Executive Officer and Chairman of the Management Board

Equity interest / Stake of ordinary shares: 0.048%

Date of birth: 7 March 1982

Education:

University of Greenwich (UK),
Bachelor's degree in Economics





Academy of National Economy under the Government of the Russian Federation,
Saint Petersburg Mining University
PhD in Economics

Professional experience:

- 2011–2013** PhosAgro AG,
Deputy CEO for Sales and Logistics.
- 2011 – Pr.** Moscow Rhythmic Gymnastics Federation,
President
- 2012 – Pr.** Andrey Guryev Charitable Foundation,
Chairman of the Management Board
- 2012–2014** Investment Trading Bank,
Member of the Board of Directors
- 2012 – Pr.** PhosAgro-Region,
Member of the Management Board
- 2013 – Pr.** PhosAgro,
Member of the Board of Directors
- 2013 – Pr.** PhosAgro,
CEO, Chairman of the Management Board,
Member of the Strategy Committee, Member
of the Environmental, Health and Safety
Committee, Member of the Risk Management
Committee
- 2014–2016** PhosAgro-Cherepovets,
Member of the Board of Directors
- 2014 – Pr.** Russian Chess Federation,
Member of the Board of Trustees
- 2015 – Pr.** Russian Olympians Foundation,
Member of the Council of Trustees
- 2015 – Pr.** Russian Union of Industrialists
and Entrepreneurs,
Member of the Management Board
- 2016 – Pr.** Russian Association of Fertilizer Producers,
President

- 2016 – Pr.** Russian Rhythmic Gymnastics Federation,
Chairman of the Board of Trustees, Vice
President
- 2016 – Pr.** International Fertilizer Association (IFA),
Member of the Board of Directors
- 2016 – Pr.** Miners of Russia non-commercial partnership,
Deputy Chairman of the Supreme Mining Council
- 2019 – Pr.** Russian Union of Industrialists
and Entrepreneurs,
Member of the Management Board Bureau

Key competencies

-  Strategy
-  Finance and audit
-  Chemistry and mining engineering
-  Environment, health and safety



**Mikhail
RYBNIKOV**

Equity interest / Stake of ordinary shares: 0.0258%

Date of birth: 30 November 1975

Education:

Lomonosov Moscow State University,
Master's degree in Economics

Professional experience:

2011–2013 PhosAgro-Region,
Member of the Management Board.

2012–2015 PhosAgro AG,
CEO, Chairman of the Management Board

2015–2017 PhosAgro-Cherepovets,
CEO

2013 Moscow Exchange,
Member of the Board of Directors

2013 Apatit,
Member of the Board of Directors

2013–2016 PhosAgro-Cherepovets,
Member of the Board of Directors

2013 – Pr. PhosAgro,
Member of the Management Board, Chairman
of the Environmental, Health and Safety
Committee, Member of the Strategy Committee,
Member of the Sustainable Development
Committee

2015–2017 PhosAgro-Cherepovets,
Chairman of the Management Board

2016 – Pr. PhosAgro,
Member of the Board of Directors

2016 – Pr. PhosAgro-Region,
Member of the Management Board

2017–2018 Apatit,
CEO, Chairman of the Management Board

2018–2019 Apatit,
Member of the Management Board

2018 – Pr. Samoilov Scientific Research Institute
for Fertilizers and Insectofungicides,
Member of the Board of Directors

2018 – Pr. Apatit,
Advisor to the CEO (part-time)

2018–2020 PhosAgro,
First Deputy CEO

2020 – Pr. PhosAgro,
Executive Director

Key competences



Strategy



Chemistry and mining engineering



Environment, health and safety



**Siroj
LOIKOV**

Equity interest / Stake of ordinary shares: None

Date of birth: 9 September 1972

Education:

Tashkent State University of Economics,
International Economic Relations

Nottingham University Business School (UK),
Bachelor's degree in Business Management

Professional experience:

2011–2013 PhosAgro AG,
HR Director.

2013–2015 PhosAgro,
HR Director

2013–2015 PhosAgro AG,
Human Resources and Social Policy Director

2013 – Pr. PhosAgro,
Member of the Management Board

2013–2017 Izumrud,
Member of the Board of Directors

2014–2015 PhosAgro AG,
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

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

2018–2019 PhosAgro-Region,
Deputy CEO for Human Resources (part-time)

2018–2020 PhosAgro,
Deputy CEO

2018–2020 Apatit,
Deputy CEO (part-time)

2020 – Pr. Apatit,
Advisor to the CEO (part-time)

2020 – Pr. PhosAgro,
First Deputy CEO

Key competences



Human resources



**Roman
OSIPOV**

Equity interest / Stake of ordinary shares: None

Date of birth: 4 November 1971

Education:

Baltic State Technical University,

Master's degree from the LETI-Lovanium International School of Management

Professional experience:

2012–2015 PhosAgro,
Member of the Board of Directors.

2012–2013 PhosAgro AG,
Member of the Management Board

2013 – Pr. PhosAgro,
Business Development Director

2013 – Pr. AgroGard-Finance,
Member of the Board of Directors

2014 – Pr. Giproruda,
Member of the Board of Directors

2017 – Pr. PhosAgro,
Member of the Management Board

2018–2019 Apatit,
Member of the Management Board

2018 – Pr. Apatit,
Advisor to the CEO (part-time)

Key competences



Strategy



Chemistry and mining engineering



**Alexander
SELEZNEV**

Equity interest / Stake of ordinary shares: None

Date of birth: 6 July 1984

Education:

Bauman Moscow State Technical University,

Information Security

Professional experience:

2011–2014 VTB Capital,
Analyst.

2015–2019 PhosAgro,
Head of Investor Relations .

2019 – Pr. PhosAgro,
Chief of Staff for the CEO,
Member of the Management Board.

Key competences



Finance and audit



Alexei SIROTENKO

Equity interest / Stake of ordinary shares: None

Date of birth: 3 January 1969

Education:

Lomonosov Moscow State University,
Jurisprudence.

Professional experience:

- 2007–2015** **PhosAgro AG,**
Member of the Management Board.
- 2010 – Pr.** **PhosAgro,**
Deputy CEO for Corporate and Legal Affairs
(part-time)
- 2011–2015** **PhosAgro AG,**
Legal Affairs Director
- 2013 – Pr.** **PhosAgro,**
Member of the Management Board
- 2015–2017** **PhosAgro-Cherepovets,**
Legal Affairs Director,
Member of the Management Board
- 2017–2019** **Apatit,**
Member of the Management Board
- 2017 – Pr.** **Apatit,**
Legal Affairs Director

Key competences



Law and corporate governance



**Alexander
SHARABAIKA**

Equity interest / Stake of ordinary shares: None

Date of birth: 25 February 1977

Education:

Belarus State Economic University,
Finance and Credit

Nottingham University Business School (UK),
Bachelor's degree in Finance

Professional experience

2012–2014 PhosAgro AG,
CFO.

2013–2014 PhosAgro,
CFO (part-time)

2013–2015 PhosAgro AG,
Member of the Management Board

2013–2015 Ekoprombank,
Member of the Supervisory Board

2013–2017 PhosAgro,
Member of the Management Board

2014–2015 PhosAgro AG,
Advisor to the CEO (part-time)

2014–2016 PhosAgro-Cherepovets,
Member of the Management Board

2014–2019 PhosAgro,
CFO

2015–2017 PhosAgro-Cherepovets,
Advisor to the CEO (part-time),
Member of the Management Board

2015 – Pr. PhosAgro-Region,
Member of the Management Board

2017–2018 PhosAgro,
Member of the Board of Directors

2017 – Pr. Apatit,
Advisor to the CEO (part-time)

2017–2019 Apatit,
Member of the Management Board

2018 – Pr. PhosAgro,
Member of the Management Board

2019 – Pr. PhosAgro,
Deputy CEO for Finance and International
Projects

Key competences



Finance and audit



CORPORATE CONTROLS

The risk management and internal control framework represents 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 financial sustainability, and ensure efficient operations, protection of its assets, compliance with the laws, and bylaws, 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. The Risk Management Committee provides recommendations to the Board of Directors on identifying material risks and developing relevant management tools and measures to enhance the risk management framework. The Audit Committee focuses on assessing and making proposals to improve the risk management and internal control efficiency. 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.

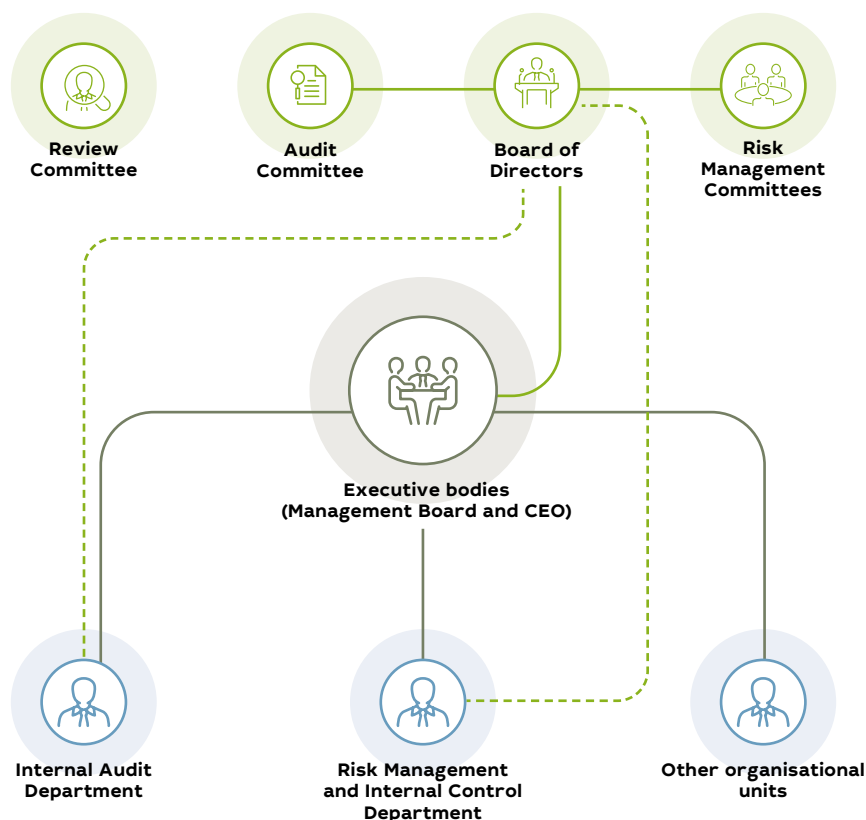


For key roles and other relevant information, see the Risk Management and Internal Control Policy.

RISK MANAGEMENT AND INTERNAL CONTROLS

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Organisational structure of the risk management and internal control framework



The Review Committee elected by the General Shareholders' Meeting exercises control over the financial and business operations of the Company.

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 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 efficiency 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.

RISK MANAGEMENT

In 2020, PhosAgro's risk management and internal control framework performed strongly thanks to timely identification and assessment of risks, as well as development and implementation of risk management measures. On a quarterly basis, the Board of Directors reviewed reports on the management of the Company's key risks. PhosAgro's executives paid special attention to managing these key risks. The Risk Commission continuously monitored the status of risk management activities and, when necessary, initiated changes to improve those related to key risks.

Development of the risk management and internal control framework in 2020

The Company is making a consistent effort to develop its risk management and internal control framework. In 2020, the Board

of Directors reviewed the results of the framework's assessment, which showed that it was on par with those adopted by the industry's leading companies, including:

- full compliance with regulatory requirements;
- risk management and internal controls being in place at production sites;
- the key risk indicators being monitored;
- the risk appetites being evaluated and regularly reviewed.

The reporting year saw the production sites and the Company 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 2020, the Company also rearranged the risks related to climate change and analysed climate scenarios for its regions of operation.

Plans for 2021

We look to maintain the existing elements of our risk management framework, focus on their further integration into the Company's processes and practices, and improve climate risk monitoring.

 For information on key risks and risk management, see the Strategic Report section, p. 72



REVIEW COMMITTEE

The General Shareholders' Meeting held in May 2020 elected the following members to the Review Committee:

- Ekaterina Viktorova;
- Elena Kryuchkova;
- Olga Lizunova.

The Committee endorsed PhosAgro's financial statements for 2020, with its report dated 19 March 2021 included in the materials for the Annual General Shareholders' Meeting.

INTERNAL AUDIT

PhosAgro's Internal Audit Department (IAD) assists the Company's top executives and the Board of Directors in improving the management of business processes and enhancing the internal control and risk

management framework. In doing this, it uses a risk-oriented approach and works closely with the Risk Management, Internal Control and Economic Security Departments, and the Company management.



Internal audit goals, objectives and powers are outlined in the Internal Audit Policy as approved by the Board of Directors on 16 August 2016.

AUDIT OF BUSINESS PROCESSES

The audit plan 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 Group 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 2020, the Internal Audit Department fully met the annual action plan. The audit covered the Company's business processes related to human resource management and sales, as well as IT audit of internal trading, financial and economic function analysis, testing of controls over revenue and procurements. Audits were followed by proposals for automation of business processes, streamlining key controls, better cooperation between business units. The management developed and approved remedial action

plans, with the progress monitored by the Internal Audit Department.

The 2021 audit plan covers following business processes: logistics, project management, insiders and inside information, as well as IT audit of production facilities.

EXTERNAL ASSESSMENT

In 2018, PwC completed an external assessment of the IAD's compliance with the International Standards for the Professional Practice of Internal Auditing, the Institute of Internal Auditors' Code of Ethics and the Corporate Governance Code approved by the Bank of Russia. For the IAD, the results were overall positive. The Company is consistently working to improve its internal audit function according to the plan.

Following the assessment, the internal audit methodology saw the following amendments:

- annual audit plans take into account the outcomes of reviewing and assessing IT and information security risks;
- each audit includes risk evaluation and control testing for information systems used by the audited processes.

On top of that, the Company is taking steps to improve the quality of internal audit based on feedback from the management of the audited entities, ensure regular self-assessment

for compliance with the requirements of the International Standards for the Professional Practice of Internal Auditing and the Institute of Internal Auditors' Code of Ethics, and carry out sample documentation audits.

Going forward, external assessments will take place once every three years.

EXTERNAL AUDIT

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 Shareholders' Meeting.

In 2020, the Company engaged KPMG (Presnenskaya Naberezhnaya, 10, Moscow, Russia) to audit its IFRS financial statements.

In 2019, the Company engaged FBK (44/1 Myasnitskaya St., Bld. 2AB, Moscow, 101990, Russia) to audit its RAS accounting statements.



For more information on the auditors, their selection procedure and independence, please see the Company's quarterly reports, as well as the respective section of this report that discusses the Audit Committee's activities

INSIDE INFORMATION

PJSC PhosAgro has adopted an Inside Information Regulation compliant with the Russian laws and the EU Market Abuse Regulation (MAR). In accordance with its provisions, the Corporate Secretary's office keeps a list of insiders, persons discharging managerial responsibilities (PDMR) and persons closely associated with them (PCA). The Regulation defines the scope of responsibilities for each insider group, which the Corporate Secretary's 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 the Company or obtain its consent for such transactions. Every quarter, the Corporate Secretary's office checks the list of shareholders to identify transactions that may have been executed in breach of such limitations.

In 2020, the Board of Directors approved a new version of PhosAgro's Inside Information Regulation, which reflects Russia's latest legal developments and MAR requirements.

Key aspects of the new version of the Inside Information Regulation:

- requirements applying to employees of both PhosAgro and its subsidiaries;
- detailed description of the procedure for obtaining a permit to deal in securities;
- detailed procedure for arranging and holding meetings with analysts, shareholders, and the media;
- detailed procedure for identifying the Company's inside information;
- detailed procedure for delaying the disclosure of the Company's inside information.

2020 saw no violations of the Inside Information Regulation.



The full text of the Regulation on Insider Information is available on the official website The company



ETHICAL PRACTICES

VALUES, PRINCIPLES, STANDARDS, AND NORMS OF BEHAVIOUR

102-16

102-17

A set of corporate legal, information and explanatory measures has been developed and adopted to ensure that PhosAgro Group companies comply with the civilised business rules and generally recognised business standards. These measures are intended to improve the shared corporate culture based on high ethical standards, mutual respect and good faith, maintaining an atmosphere of trust among employees, preventing and combating fraud and corruption, identifying and resolving any conflict of interest arising within the scope of activities carried out by the Company's employees and job applicants, and minimising risks of employee involvement in illegal activities.

PhosAgro Group uses its best endeavours to improve, enhance and protect its business reputation as a fair, transparent and bona fide partner, thus ensuring that it communicates a positive image to shareholders, potential investors, partners, employees, and counterparties. The Company also applies its best efforts to avoid corrupt practices that may result in penalties and sanctions against the Group's entities and executives, as well as a decline in stakeholder trust.

Elimination of any possible occurrences bearing the signs of corruption or potential conflict of interest, and maintaining the commitment of PhosAgro Group's employees to the highest ethical behaviour are at the forefront of the activities carried out by the Company and its subsidiaries.

All employees of the Company, including its management, are personally responsible for compliance with the ethical principles and standards. Employees who have violated internal regulations are subject to the respective sanctions, including social condemnation, public censure through publication in the Company's media, full or partial withholding of bonuses in accordance with PhosAgro's internal documents, and – if the employee's action (omission) bears signs of a disciplinary offence – disciplinary measures also apply to such employee pursuant to the Labour Code of the Russian Federation.

Activities carried out by PhosAgro Group in order to comply with the key principles and standards of ethical conduct are governed by the following internal policies and procedures currently in effect

Document name	Content
Code of Ethics	The Code outlines the key principles and rules of ethical business conduct underlying the corporate culture of PhosAgro Group companies
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
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 documents
Terms of use of the PhosAgro Hotline	The Terms 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



Internal regulations are corporate legal instruments mandatory for all executives, officers, and employees of the Company.

Notification tools in place at PhosAgro Group to notify the relevant Company's executives of any instances of misconduct and corrupt practices

Instrument	Description
Obligation	Any Company employee, as well as any member of the Board of Directors and Management Board 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. The employee is obliged to notify the Company of any inducement to corruption and any violations showing signs of corruption, including those targeted at other employees, counterparties or other parties interacting with the Company
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
Confidentiality and protection	A person who has submitted the above notice/report is guaranteed confidentiality of the information received, as well as such person's personal data. The Company assumes measures to protect the employee who has notified the employer of any actual or potential of law and the Company's internal regulations that poses a threat to its interests
Advice	PhosAgro's Code of Ethics states that each Company employee, if they have any questions relating to anti-corruption compliance or any concerns as to the rightness of their actions or the actions of other Company employees, counterparties, or other parties interacting with the Company, may 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 mitigate the compliance and reputational risks resulting from violation of professional and ethical standards by the Company's employees

ANTI-CORRUPTION

205-1

The Company operates in strict compliance with generally accepted ethical business standards and is intolerant to anyone taking advantage of their official position

contrary to public or national interests. To prevent fraud and corruption, PhosAgro has put in place its Anti-Corruption Policy together with a system

covering 100% of its activities and 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 receives regular reports on the progress of anti-corruption initiatives

and the performance of the anti-fraud and anti-corruption system.

Managers are required to identify risks and prevent wrongdoings within the scope of their authority

as provided for by internal regulations, including Apatit's Risk Management Regulations.

PHOSAGRO'S PARTICIPATION IN COLLECTIVE EFFORTS TO COMBAT CORRUPTION

205-2

The Company's Anti-Corruption Policy is implemented in accordance with Russian anti-corruption laws and international conventions (including the United Nations Convention Against Corruption and the OECD Convention).

To prevent and combat corruption, the Company cooperates

with business communities and participates in public associations:

- the Anti-Corruption Charter of the Russian Business;
- the Social Charter of the Russian Business sponsored by the Russian Union

of Industrialists and Entrepreneurs (RSPP);

- the Russian Association of Fertilizer Producers (RAFP), a sectoral non-profit organisation established by the largest Russian producers of mineral fertilizers.

PREVENTING CORRUPTION THROUGH INTERACTION WITH PARTNERS AND COUNTERPARTIES

205-2

In line with its anti-fraud and anti-corruption policies, PhosAgro seeks to minimise the risk of business relations with those potentially involved in fraud and/or corruption or tolerant to corrupt practices. In 2020, PhosAgro refused to enter into a contract with a business partner because of the latter's

fraudulent acts (resulting in criminal proceedings). PhosAgro reminded another counterparty of strict compliance with the anti-corruption clause which requires employees to refrain from abusing their official position in order to obtain any benefits, such as money, valuables,

other property, or property-related services.

COMMUNICATION AND TRAINING ABOUT ANTI-CORRUPTION POLICIES AND PROCEDURES

205-2

The Company offers ongoing training programmes to educate employees on anti-corruption in order to minimise the risk of their involvement in corrupt practices. PhosAgro has put in place a robust training system to prevent any and all corrupt practices, mitigate possible harm, and eliminate the consequences thereof.

In 2020, the compliance officer conducted an additional induction training exercise for all new hires on how to prevent and combat corruption in practice in line with internal regulations, with 543 briefings held.

Every year, the Company's dedicated training centres engage external consultants to teach employees of the Economic Security Department.

PhosAgro is considering an extension of the annual anti-corruption training programme to include blue-collar workers as well, with a view to covering 100% of the Company's headcount.



In 2020

5,441 employees
(white-collar workers) received training or

32%

of the Company's headcount.
4,388 employees (26%) in 2019.

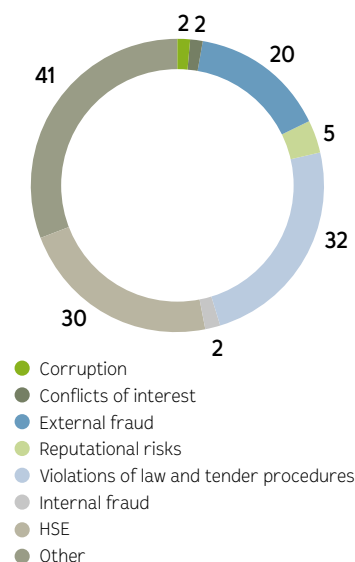
CONFIRMED INCIDENTS OF CORRUPTION AND ACTIONS TAKEN

205-3

In 2020, two cases of corruption were identified, one involving an administrator of the Balakovo branch at Tirvas Sanatorium and the other one involving a manager of PhosAgro Education Centre. Following an internal investigation, the Company terminated their employment and recovered damages in full, with no criminal proceedings initiated.

In order to improve the efficiency of measures aimed at preventing corruption, fraud and theft, the Company runs a hotline portal which is governed by Hotline Regulations PVD91-2018 dated 3 September 2018.

Reports received by the hotline by category in 2020




NON-DISCRIMINATION POLICY AND HUMAN RIGHTS

In its operations, PhosAgro remains committed to generally accepted ethical standards.

Our goal is to keep our working environment free from restrictions based on nationality, gender, age, faith or other grounds as required by the applicable laws. Any decisions regarding promotion, hiring, remuneration or benefits are based solely on the employee's qualifications, performance, skills and experience.

In 2020, the Board of Directors and the Remuneration and Human Resources Committee paid special attention to human rights focusing on diversity, equality of genders and that of staff appointments. The discussion led to the key conclusion that every employee who works dutifully and has professional skills and competencies may apply for any position within the Company, including in an executive role.

 For more information on the Company's non-discrimination policy and human rights, see the People Development and Environmental Report sections.

CONFLICTS OF INTEREST

102-25

The Board of Directors pays special attention to resolving conflicts of interest, with independent directors playing a crucial role in their prevention. The restated Regulations on Conflict of Interest were approved by the Board of Directors as part of the Company's internal anti-corruption regulations in late 2018.

The Company's Economic Security Department is responsible for identifying conflicts of interest and taking the required corrective actions. In its quarterly report, the IAD informs the Board's Audit Committee of all complaints received via the hotline and relevant investigation results.

The Regulations on the Board of Directors also contains provisions defining a conflict of interest and regulating the directors' actions if any such conflict arises. Every year, at one of the Board's in-person meetings, directors are notified of their duties in connection with potential conflicts of interest. In the reporting year, there were no conflicts of interests among



the Board members and the top management.

The Company requires that its respective managers complete and submit their annual statements on conflicts of interest in order to prevent wrongdoings, combat corruption, and comply with Russian anti-corruption laws. It is mandatory

for the employee concerned to disclose each and every actual or potential conflict of interest. The information provided is then scrutinised for any connections with potential counterparties. Conflicts of interest are managed by the Commission on Fraud, Corruption and Conflicts of Interest.



In 2020, it considered

12 potential conflicts of interest.

and conducted three internal investigations, with disciplinary actions taken against three employees.



The new version of the Conflict of Interest Regulation can be found on the Company's official website

HOTLINE

The Company runs a hotline portal which is governed by the Hotline Regulations.

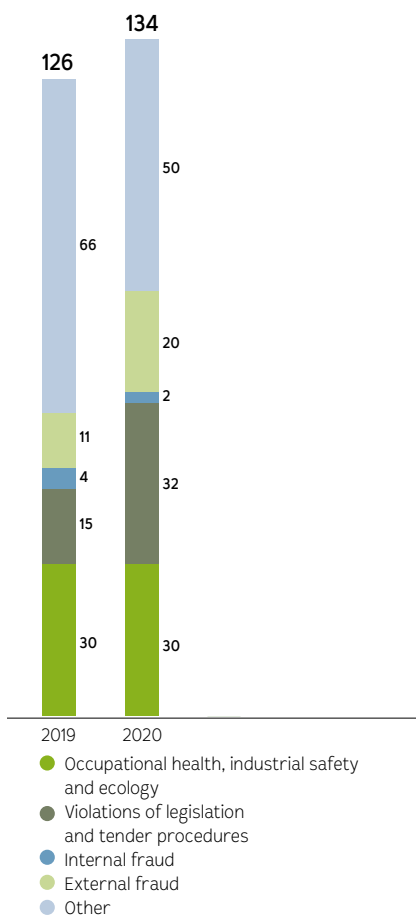
Any employee or other stakeholder can use PhosAgro's hotline to report any potential violations detrimental to the Company's interests, while the Company may not disclose the identity of the whistle-blower to other employees and third parties.



In 2020, the hotline received

134 calls

Reports received by the hotline by category



There are three ways to report to the hotline: by phone at +8 8202 59 3232, e-mail at help@phosagro.ru and regular mail to the Economic Security Department at 75 Severnoye Highway, Cherepovets, Vologda Region, 162622, Russia. To ensure free access to the Company's hotline, all existing communication channels are posted on its website.

REMUNERATION REPORT

BOARD OF DIRECTORS REMUNERATION

102-35

When deciding on a Board composition, the General Meeting of Shareholders approves the amount and the rules for determining and paying remuneration and compensation to the Board members. According to the Company's Corporate Governance Code, the Board remuneration shall be in line with current market trends 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.

During their term of office, directors receive remuneration and compensation for the expenses they incur while discharging

their duties. Fixed (quarterly) remuneration is paid to independent Board members only. Additional (quarterly) remuneration is paid to the chairmen of Board committees who are independent directors and the non-employee directors of the Board of Directors.

The Chairman of the Board of Directors who is an independent director receives fixed (quarterly) remuneration equivalent to USD 90,000 for a full quarter. Other independent directors are paid an equivalent of USD 45,000 for a full quarter.

Additional (quarterly) remuneration is payable to the chairmen of Board committees who are either independent directors or non-employee directors in an amount

equivalent to USD 30,000 for a full quarter.

If such independent or non-employee director chairs two or more committees, the additional (quarterly) remuneration is increased to USD 45,000 for a full quarter.

The Company compensates directors for actual expenses incurred by them while performing their respective functions.



In 2020, the total remuneration paid to the Board of Directors was

135.6 RUB mln

(excluding reimbursed expenses; no salaries, bonuses, fees or other remunerations were payable).

Board of Directors' remuneration, RUB ths

Member of the Board of Directors	2018	2019	2020
Andrey A. Guryev	—	—	—
Andrey G. Guryev	—	—	—
Mikhail Rybnikov	—	—	—
Natalia Pashkevich	—	—	—
Sven Ombudstvedt	22,957.4	22,871.8	27,112.0
James Rogers	19,131.2	19,059.9	22,593.3
Ivan Rodionov	2,959.3	—	—
Marcus Rhodes	19,131.2	19,059.9	22,593.3
Andrey Sharonov	11,478.8	11,435.9	13,555.6
Xavier Rolet	11,784.7	21,339.4	27,112.0
Irina Bokova	9,875.3	15,995.0	22,593.3
Total	97,317.8	109,761.8	135,559.8



REMUNERATION OF THE MANAGEMENT

102-36

REMUNERATION PRINCIPLES

The remuneration due to the Company's senior executives consists of a monthly base salary plus additional compensation payable twice a year. Additional compensation is linked to achieving the Company's key performance indicators (KPIs) and accomplishing additional tasks and objectives, as determined by the Board of Directors and the CEO for the reporting year or quarter. KPIs for each senior manager are set by period and take into account metrics related to operational efficiency and individual contribution to the corporate growth and strategic performance. The Company calculates the additional annual compensation using EBITDA for the reporting period as resolved by the Board of Directors.

In 2013, PhosAgro implemented a KPI framework in accordance with the adopted Regulations on KPI Targets and Performance Assessment.

Depending on the manager level, KPI proposals are reviewed by the remuneration and human resources committees of Apatit and PhosAgro or in consultation with the Human Resources and Social Policy Director, functional managers and key directors, while individual KPI scorecards are determined by the respective CEO or functional manager.

Each year culminates in an order which provides a basis for actual KPIs and performance calculations vs KPI scorecards, with interim KPI assessments held every six months.

Any and all KPI disputes are resolved by the Remuneration and Human Resources Committee for manager levels of N-1 and N-2 or in consultation with the Human Resources and Social Policy Director, functional managers and key directors for levels of N-3 and below.

In 2020, the Company cascaded the KPI framework down to N-3 level (heads of units and functions) in order to roll out the performance assessment process and incentivise managers' focus on results and strategic goals. The KPI framework now covers 277 employees, up 173 employees (163%) year-on-year.

All KPIs are aligned with the Company's strategic goals defined in its Strategy to 2025 and oriented towards their achievement.

KPI driven areas:



Commitment to sustainability,

63 %
of KPIs



Expansion of production capacities through improved operational efficiency,

28 %
of KPIs



Development in high-potential areas,

3 %
of KPIs



Boosting logistics efficiency,

3 %
of KPIs



Increasing sales in priority markets,

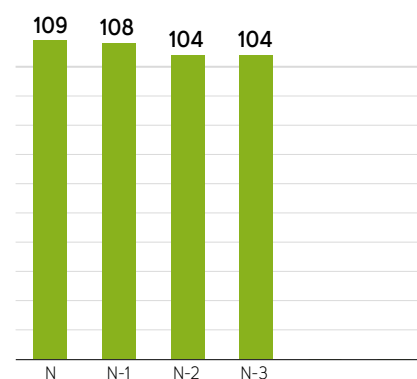
2 %
of KPIs



Improved investment case,

1 %
of KPIs

Performance breakdown by management level, %



The average employee performance in 2020 stood at

104 %

Performance breakdown by function, %



When defining KPIs for 2021, the Company further increased the number of sustainability KPIs and expanded their coverage of managers at all levels:

- in terms of OHS, the KPI framework added LTIFR for contractors, with OHS KPIs now covering more KPI holders;
- in terms of human resources and social policy, the KPIs based on strategic sustainable development goals were cascaded down to more employees;

- sustainability KPIs were included in KPI scorecards for managers of the Marketing Department and the Corporate Secretary Office;

- in terms of environmental protection, KPIs remained unchanged vs 2020, but the Company decided to include climate change KPIs in KPI scorecards for managers in charge of implementing the low carbon transition plan starting from 2022.

The KPI driven remuneration as a percentage of annual salary depends on the manager's position and level ranging from 15% for N-3 to 150% for N-1.

The Company does not provide for any compensation payable to managers in case of their voluntary resignation or the Company's acquisition or the change of its owner (golden parachutes). Neither does it use options, pre-determined unconditional bonuses or a clawback mechanism.

MANAGEMENT BOARD REMUNERATION

The amount of remuneration and additional compensation due to PhosAgro's CEO is regulated by a contract between them and the Company, which is signed

by the Chairman of the Board of Directors. The total remuneration reflects the CEO's qualifications and their personal contribution to the Company's financial results.

Remuneration paid to the CEO and six other Management Board members who represent the senior management team for their services to the Company, RUB '000

102-38

Pay type	2018	2019	2020
Total	185,575.96	451,201.7	1,098,922.6
Salary	90,288.48	170,490.6	421,033.0
Bonus	94,929.98	280,408.6	677,807.1
Other types of remuneration	357.5	302.5	82.5
Fee	0	0	0

EXTERNAL AUDITOR'S REMUNERATION

In 2020, the Company engaged KPMG (10 Presnenskaya Embankment, Moscow, Russia) to audit its IFRS financial statements.

The actual remuneration paid to the auditor for this service stood at RUB 36.5 mln, net of VAT and overhead costs.

In addition, KPMG was engaged in preparing the Company's Eurobond

issue and received RUB 16.3 mln, net of VAT, for this service.

Furthermore, during the reporting year, other agreements were signed with the auditor for non-audit services worth of RUB 1.8 mln, net of VAT, as well as for non-audit services provided to the Company's subsidiaries worth of RUB 4.9 mln, net of VAT.

In 2020, the Company engaged FBK to audit its RAS accounting statements.

The actual remuneration of FBK to audit the Company's RAS accounting statements in 2020 was RUB 590,000 plus VAT.



Share capital

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 strengthen its investment case.



83%

dividend payout ratio based on
net profit after foreign exchange
differences

SHARE CAPITAL

OWNERSHIP STRUCTURE

The authorised capital of PhosAgro (the "Company") as at 31 December 2020 amounted to RUB 323,750,000 consisting of 129,500,000 ordinary shares with a par value of RUB 2.5 per share.

Based on information available to the Company, the shares of Chlodwig Enterprises Limited and Adorabella Limited are held in trusts where the economic beneficiaries are Andrey Guryev and members of his family.

The register of holders of PhosAgro's securities is maintained by JSC Reestr whose details are set out in the Contacts section.

As at 31 December 2020, there were no shareholders in the Company with a stake of more than 5% beyond those already disclosed by the Company in this report.

The Company is unaware of any shareholders that may gain or have gained control disproportionate to their share in the Company's authorised capital, including by virtue of shareholder agreements.

Shareholding structure as at 29 December 2018

Shareholders	Number of shares	% of issued and outstanding shares
Adorabella Limited	27,385,162	21.15
Chlodwig Enterprises Limited	29,151,400	22.51
Evgeniya Guryeva	6,235,960	4.82
Vladimir Litvinenko	25,052,800	19.35
Igor Antoshin	5,941,353	4.59
Other shareholders	35,733,325	27.59
Total	129,500,000	100.00

Shareholding structure as at 31 December 2019

Shareholders	Number of shares	% of issued and outstanding shares
Adorabella Limited	32,176,662	24.85
Chlodwig Enterprises Limited	24,359,900	18.81
Evgeniya Guryeva	6,235,960	4.82
Vladimir Litvinenko	27,174,815	20.98
Other shareholders	39,552,663	30.54
Total	129,500,000	100.00

Shareholding structure as at 31 December 2020

Shareholders	Number of shares	% of issued and outstanding shares
Adorabella Limited	30,234,162	23.35
Chlodwig Enterprises Limited	26,302,400	20.31
Evgeniya Guryeva	6,235,960	4.82
Vladimir Litvinenko	27,174,815	20.98
Other shareholders	39,552,663	30.54
Total	129,500,000	100.00



The current ownership structure is available on the Company's website

SHARE PERFORMANCE

PhosAgro's shares are traded on the A1 quotation list of the Moscow Exchange under the ticker symbol PHOR (ISIN: RU000AOJRK8).

Global depositary receipts (three GDRs represent one share) are traded in the Main Market of the London Stock Exchange under the symbol PHOR.

Shares of PhosAgro are included in the following indices of the Moscow Exchange:

- MSCI Russia;
- MSCI Emerging Markets;
- MOEX Russia;
- RTS.

Citigroup Global Markets Deutschland AG acts as the depositary for the Company's GDR Programme.

Tickers

STOCK SYMBOLS			
STOCK EXCHANGE	BLOOMBERG TICKER	REUTERS	ISIN
Moscow Exchange	PHOR RU	PHOR.MM	RU000AOJRK8
London Stock Exchange	PHOR LI	PHORq.L	US71922G2093

Codes for Regulation S Global Depositary Receipts

Regulation S Global Depositary Receipts	
CUSIP: 71922G209	ISIN: US71922G2093
Common code: 065008939	SEDOL: OB62QPJ1
RIC: PHOSq.L	

Codes for Rule 144A Global Depositary Receipts

Rule 144A Global Depositary Receipts	
CUSIP: 71922G100	ISIN: US71922G1004
Common code: 065008939	SEDOL: OB5N6Z48
RIC: GBB5N6Z48.L	

Share/GDR performance in 2020



The key factors affecting the Company's share performance in 2020:

- global factors: COVID-19 pandemic, events surrounding the elections in the USA, petition filed by Mosaic against imports from Morocco and Russia, higher fertilizer prices;
- internal factors: strong performance, high and regular dividend payments.

Share performance as at 31 December 2020

Share price on the Moscow Exchange, RUB	3,133.00
GDR price on the London Stock Exchange, USD	13.64
Market capitalisation, USD mln	5,299.00



For more information on our historical share performance, please visit



ANALYST COVERAGE

PhosAgro is covered by analysts from leading Russian and international brokers.

Company	Analyst	Phone
Aton	Andrey Lobazov	+7 (495) 213 03 37
BCS Investment Bank	Kirill Chuyko	+7 (495) 213 15 26 +7 (495) 213 15 03
VTB Capital	Elena Sakhnova Artem Vodyannikov	+7 (495) 287 68 77
Goldman Sachs	Nina Dergunova Ilya Dmitriev	+7 (495) 645 42 30
BMO	Joel Jackson	+1 (416) 359 42 50
Sberbank CIB	Irina Lapshina Alexey Kirichok	+7 (495) 258 05 11
Bank of America	Sashank Lanka	+971 (44) 258 23 11
Alfa Bank	Boris Krasnojenov Yulia Tolstykh	+7 (495) 795 36 12
Renaissance Capital	Derick Deale	+27 (11) 750 14 58

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 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 Shareholders' Meeting, based on recommendations provided by the PhosAgro Board of Directors. When preparing recommendations

for the General Shareholders' Meeting on any dividend payout (declaration), besides the current financial standing assessment, the Board of Directors factors in and sticks to relevant provisions of the Company's dividend policy which states 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 year under IFRS. At the same time, the amount of declared dividends should not be lower than 50% of net profit for the year under IFRS.

On 14 April 2021, PhosAgro's Board of Directors recommended that the Annual General Shareholders' Meeting (AGM) approve dividends of RUB 63 per share (RUB 21 per depositary receipt), or RUB 8,158.5 mln in total. If approved by the Annual General Shareholders' Meeting on 25 May 2021, declared dividends for 2020 will amount to RUB 38,461.5 mln or 90% of the free cash flow calculated on the basis of the Company's 2020 IFRS consolidated financial statements.



The full text of our dividend policy is available

Dividend information

Type and date of the General Shareholders' Meeting where the relevant resolution on the declaration of dividends was adopted	Reporting period for which (following the results of which) the declared dividends are (were) paid	Declared dividends, total, RUB	Declared dividends per:	
			ordinary share, RUB	depository receipt, RUB
EGM 14 December 2020	— ¹	15,928,500,000	123.00	41.00
EGM 30 September 2020	— ¹	4,273,500,000	33.00	11.00
EGM 19 June 2020	— ¹	10,101,000,000	78.00	26.00
AGM 22 May 2020	— ¹	2,331,000,000	18.00	6.00
EGM 24 January 2020	— ¹	6,216,000,000	48.00	16.00
EGM 4 October 2019	— ¹	6,993,000,000	54.00	18.00
EGM 24 June 2019	— ¹	9,324,000,000	72.00	24.00
AGM 24 May 2019	— ¹	6,604,500,000	51.00	17.00
EGM 22 January 2019	— ¹	9,324,000,000	72.00	24.00
EGM 1 October 2018	— ¹	5,827,500,000	45.00	15.00
EGM 6 July 2018	— ¹	3,108,000,000	24.00	8.00
AGM 30 May 2018	— ¹	1,942,500,000	15.00	5.00
EGM 26 February 2018	— ¹	2,719,500,000	21.00	7.00
EGM 2 October 2017	— ¹	3,108,000,000	24.00	8.00
EGM 5 July 2017	— ¹	2,719,500,000	21.00	7.00
AGM 30 May 2017	2016	3,885,000,000	30.00	10.00
EGM 16 January 2017	— ¹	5,050,500,000	39.00	13.00
EGM 3 October 2016	— ¹	4,273,500,000	33.00	11.00
EGM 29 July 2016	— ¹	8,158,500,000	63.00	21.00
AGM 31 May 2016	2015	7,381,500,000	57.00	19.00
EGM 15 January 2016	— ¹	8,158,500,000	63.00	21.00
EGM 6 October 2015	— ¹	7,381,500,000	57.00	19.00
EGM 14 July 2015	— ¹	6,216,000,000	48.00	16.00
AGM 8 June 2015	2014	1,942,500,000	15.00	5.00
EGM 31 December 2014	9M 2014	2,590,000,000	20.00	6.67
EGM 16 September 2014	6M 2014	3,237,500,000	25.00	8.33
AGM 13 June 2014	— ¹	2,499,350,000	19.30	6.43



For more information on our dividend policy and dividend history, please visit

¹ Payments were made from undistributed profit for previous years.



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 a range of 1–1.5x in the long run. 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, 70% of which is in foreign currency and the rest is strongly correlated with US Dollar exchange rate.

BONDS

Borrower	PJSC PhosAgro	PJSC PhosAgro	PJSC PhosAgro
Issuer	PhosAgro Bond Funding Limited	PhosAgro Bond Funding Limited	PhosAgro Bond Funding Limited
Settlement date	3 May 2017	24 January 2018	23 January 2020
Principal outstanding, USD	500,000,000	500,000,000	500,000,000
Guarantors	Apatit, PhosAgro-Cherepovets	Apatit	Apatit

RELATIONSHIP WITH SHAREHOLDERS AND INVESTORS

At PhosAgro, we are committed to transparency and consistency, and maintain an ongoing dialogue with the investor community through a variety of communication channels and with involvement of the Company's senior management and independent directors.

- 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 industry and regional investment conferences.
- Regular NDRs allow us to expand our investor base through meetings arranged outside of key financial market centres.

- A well developed Eurobond programme helps reinforce the Company's position in the public debt market while ensuring the lowest cost of funding.

In 2019, the Company held over 240 meetings with Russian and foreign investors. In 2020, despite all the COVID-19 restrictions, we managed to maintain the same number of online meetings and conference calls with major global, European, and Russian investors, including Fidelity, BlackRock, J.P. Morgan Asset Management and more.

In 2020, the Company to conduct its first-ever ESG investor survey and plans to make it a regular exercise going forward. All respondents confirmed that ESG was an integral part of their investment philosophy and a relevant factor in their investment decision-making. The survey covered 31 investors, six of whom were also interviewed. All respondents confirmed

their commitment to the UN Principles for Responsible Investment (PRI) and SDGs and said they viewed climate change as a high-priority issue.



For more information on our initiatives and their accompanying presentations, please visit the Calendar section of the Company's official website.

INFORMATION DISCLOSURE

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 at the LSE webpage.



Corporate website



Official disclosure



PhosAgro's official
disclosure page
on the Interfax portal



The Company's page
on the LSE website



Financial statements

In 2020, PhosAgro's cash flow hit a high of RUB 42.5 bln, buoyed by the consistently strong sales and more efficient working capital management.



50.4%

increase in free cash
flow in 2020



Independent Auditors' Report

To the Shareholders and Board of Directors of PJSC "PhosAgro"

Opinion

We have audited the consolidated financial statements of PJSC "PhosAgro" (the "Company") and its subsidiaries (the "Group"), which comprise the consolidated statement of financial position as at 31 December 2020, the consolidated statements of profit or loss and other comprehensive income, changes in equity and cash flows for the year then ended, and notes, comprising significant accounting policies and other explanatory information.

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Group as at 31 December 2020, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRS).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Group in accordance with the independence requirements that are relevant to our audit of the consolidated financial statements in the Russian Federation and with the International Ethics Standards Board for Accountants International Code of Ethics for Professional Accountants (including International Independence Standards) (IESBA Code), and we have fulfilled our other ethical responsibilities in accordance with the requirements in the Russian Federation and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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.

Audited entity: PJSC "PhosAgro"

Registration number in the Unified State Register of Legal Entities:
No. 1027700190572.

Moscow, Russia

Independent auditor: JSC "KPMG", a company incorporated under the Laws of the Russian Federation, a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee.

Registration number in the Unified State Register of Legal Entities:
No. 1027700125628.

Member of the Self-regulatory Organization of Auditors Association "Sodruzhestvo" (SRO AAS). Principal registration number of the entry in the Register of Auditors and Audit Organizations: No. 12006020351.



Valuation of deferred tax assets

Please refer to the Note 18 in the consolidated financial statements.

The key audit matter

The Group has recognised significant deferred tax assets in respect of tax losses.

The Group regularly considers possible options for utilization of deferred tax asset and assesses recoverability based on the most likely utilization option. The recovery of the deferred tax assets also depends on achieving sufficient taxable profits in the future.

The assessment of the recoverability of tax losses depends on the projected profitability of the Group, which is formed on the basis of planned sales volumes and prices for sold products and expected inflation rates and exchange rates.

There is inherent uncertainty involved in forecasting timing and quantum of future taxable profits, which support the extent to which tax assets are recognised. Therefore, this is the key judgmental area our audit is concentrated on.

How the matter was addressed in our audit

Our audit procedures included the following:

We considered the Group's assessment of possible options for the utilization of deferred tax asset and its assessment of the likelihood of those options.

We tested the accuracy of the taxable profits forecast model used to estimate the recoverability of deferred tax assets.

We evaluated the appropriateness of management's key assumptions and estimates used by management to assess the likelihood of generating sufficient future taxable profits to support the recognition of deferred tax assets, taking into account external market indicators such as trends in prices for chemical fertilizers, inflation rates and exchange rates.

Using KPMG tax specialists, we considered the appropriateness of the application of relevant tax legislation by the Group, in relation to the utilization of tax losses, including analysis of the most likely option for their utilization.

Other Information

Management is responsible for the other information. The other information comprises the information included in the Annual report but does not include the consolidated financial statements and our auditors' report thereon. The Annual report is expected to be made available to us after the date of this auditors' 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.



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.

Auditors' 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 auditors' 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 auditors' 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 auditors' 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 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 auditors' 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 engagement partner on the audit resulting in this independent auditors' report is:

I.A. Yagnov

JSC "KPMG"

Moscow, Russia

18 February 2021



CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR 2020

	Note	2020 RUB Million	2019 RUB Million
Revenues	6	253,879	248,125
Cost of sales	8	(133,335)	(136,224)
Gross profit		120,544	111,901
Administrative expenses	9	(17,828)	(16,476)
Selling expenses	10	(39,588)	(38,121)
Taxes, other than income tax, net	11	(2,962)	(2,384)
Other expenses, net	12	(2,512)	(3,269)
Operating profit		57,654	51,651
Finance income	13	975	1,458
Finance costs	13	(5,455)	(4,271)
Foreign exchange (loss)/gain, net	30(b)	(25,070)	12,346
COVID-19 related expenses		(1,434)	-
Profit before tax		26,670	61,184
Income tax expense	14	(9,749)	(11,776)
Profit for the year		16,921	49,408
Attributable to:			
Non-controlling interests ¹		(11)	59
Shareholders of the Parent		16,932	49,349
Other comprehensive income/(loss)			
Items that will never be reclassified to profit or loss			
Actuarial losses	28	(28)	(133)
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation difference		2,345	(1,129)
Other comprehensive income/(loss) for the year		2,317	(1,262)
Total comprehensive income for the year		19,238	48,146
Attributable to:			
Non-controlling interests ¹		(11)	59
Shareholders of the Parent		19,249	48,087
Basic and diluted earnings per share (in RUB)	25	131	381

The consolidated financial statements were approved on 18 February 2021:

A.A. Guryev
Chief executive officer

A.F. Sharabaiko
Deputy CEO for Finance and International Projects

¹ Non-controlling interests are the minority shareholders of the subsidiaries of PJSC "PhosAgro"

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2020

	Note	31 December 2020 RUB million	31 December 2019 RUB million
Assets			
Property, plant and equipment	15	220,031	199,459
Advances issued for property, plant and equipment		7,835	13,006
Right-of-use assets	16	7,335	6,891
Catalysts		2,292	2,376
Intangible assets		1,621	1,567
Investments in associates	17	556	519
Deferred tax assets	18	7,462	8,214
Other non-current assets	19	948	1,636
Non-current assets		248,080	233,668
Other current investments	20	311	251
Inventories	21	32,636	29,405
Trade and other receivables	22	32,887	31,061
Cash and cash equivalents	23	8,460	8,236
Current assets		74,294	68,953
Total assets		322,374	302,621
Equity	24		
Share capital		372	372
Share premium		7,494	7,494
Retained earnings		88,887	111,054
Actuarial losses		(717)	(689)
Foreign currency translation reserve		9,581	7,236
Equity attributable to shareholders of the Parent		105,617	125,467
Equity attributable to non-controlling interests		129	170
Total equity		105,746	125,637
Liabilities			
Loans and borrowings	26	103,824	96,736
Lease liabilities	27	4,268	4,701
Defined benefit obligations	28	945	857
Deferred tax liabilities	18	11,196	10,278
Non-current liabilities		120,233	112,572
Loans and borrowings	26	55,316	36,839
Lease liabilities	27	1,927	1,543
Trade and other payables	29	39,152	26,030
Current liabilities		96,395	64,412
Total equity and liabilities		322,374	302,621



CONSOLIDATED STATEMENT OF CASH FLOWS FOR 2020

	Note	2020 RUB million	2019 RUB million
Cash flows from operating activities			
Operating profit		57,654	51,651
Adjustments for:			
Depreciation and amortisation	8, 9, 10	26,626	23,931
Loss on disposal of property, plant and equipment and intangible assets	12	209	611
Operating profit before changes in working capital and provisions		84,489	76,193
(Increase)/decrease in inventories and catalysts		(1,843)	1,593
(Increase)/decrease in trade and other receivables		(345)	2,764
Increase in trade and other payables		12,020	5,398
Cash flows from operations before income taxes and interest paid		94,321	85,948
Income tax paid		(6,462)	(10,550)
Finance costs paid		(4,121)	(3,842)
Cash flows from operating activities		83,738	71,556
Cash flows from investing activities			
Acquisition of property, plant and equipment and intangible assets		(40,878)	(42,656)
Loans repaid/(issued), net		147	(84)
Proceeds from disposal of property, plant and equipment		37	86
Payments for settlement of financial instruments		42	-
Finance income received		653	637
Other payments		(1,220)	(1,267)
Cash flows used in investing activities		(41,219)	(43,284)
Cash flows from financing activities			
Proceeds from borrowings, net of transaction costs ¹	26	63,520	48,725
Repayment of borrowings	26	(66,182)	(42,698)
Early eurobond partial redemption fees	13	(292)	-
Dividends paid to shareholders of the Parent	24	(38,852)	(32,244)
Dividends paid to non-controlling interests		(30)	(84)
Leases paid	27	(1,951)	(1,937)
Other payments		(249)	-
Proceeds from settlement of derivatives, net		-	112
Cash flows used in financing activities		(44,036)	(28,126)
Net (decrease)/ increase in cash and cash equivalents		(1,517)	146
Cash and cash equivalents at 1 January		8,236	9,320
Effect of exchange rates fluctuations		1,741	(1,230)
Cash and cash equivalents at 31 December	23	8,460	8,236

¹ Transaction cost RUB 170 million for 2020 [RUB 0 million for 2019]

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR 2020

RUB Million	Attributable to shareholders of the Parent						Attributable to non-controlling interests	Total
	Share capital	Share premium	Retained earnings	Actuarial losses	Foreign currency translation reserve			
Balance at 1 January 2019	372	7,494	93,951	(556)	8,365		195	109,821
Total comprehensive income								
Profit for the year	-	-	49,349	-	-		59	49,408
Actuarial losses, note 28	-	-	-	(133)	-		-	(133)
Foreign currency translation difference	-	-	-	-	(1,129)		-	(1,129)
	-	-	49,349	(133)	(1,129)		59	48,146
Transactions with owners recognised directly in equity								
Dividends to shareholders of the Parent	-	-	(32,246)	-	-		(84)	(32,330)
	-	-	(32,246)	-	-		(84)	(32,330)
Balance at 31 December 2019	372	7,494	111,054	(689)	7,236		170	125,637
Balance at 1 January 2020	372	7,494	111,054	(689)	7,236		170	125,637
Total comprehensive income								
Profit for the year	-	-	16,932	-	-		(11)	16,921
Actuarial losses, note 28	-	-	-	(28)	-		-	(28)
Foreign currency translation difference	-	-	-	-	2,345		-	2,345
	-	-	16,932	(28)	2,345		(11)	19,238
Transactions with owners recognised directly in equity								
Dividends to shareholders of the Parent, note 24	-	-	(38,850)	-	-		(30)	(38,880)
Other	-	-	(249)	-	-		-	(249)
	-	-	(39,099)	-	-		(30)	(39,129)
Balance at 31 December 2020	372	7,494	88,887	(717)	9,581		129	105,746



NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS FOR 2020

1 BACKGROUND

(a) Organisation and operations

PJSC "PhosAgro" (the "Company" or the "Parent") and its subsidiaries (together referred to as the "Group") comprise Russian legal entities and foreign trading subsidiaries. The Company was registered in October 2001. The Company'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.

The Company's key shareholders are two Cyprus entities holding approximately 44% of the Company's ordinary shares in total. The majority of the shares of the Company are ultimately owned by trusts, where the economic beneficiary is Mr. Andrey G. Guryev and his family members.

(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 characteristics of an emerging market. The legal, tax and regulatory frameworks continue development, but are subject to varying interpretations and frequent changes which together with other legal and fiscal impediments contribute to the challenges faced by entities operating in the Russian Federation.

Starting in 2014, the United States of America, the European Union and some other countries have imposed and expanded economic sanctions against a number of Russian individuals and legal entities. The imposition of the sanctions has led to increased economic uncertainty, including more volatile equity markets, a depreciation of the Russian rouble, a reduction in both local and foreign direct investment inflows and a significant tightening in the availability of credit. As a result, some Russian entities may experience difficulties accessing the international equity and debt markets and may become increasingly dependent on state support for their operations. The longer-term effects of the imposed and possible additional sanctions are difficult to determine.

Since the beginning of 2020, the COVID-19 virus has become a global pandemic. Together with other factors, this has resulted in a sharp decrease of the stock market indices, which, on the backdrop of simultaneous oil price collapse, led to depreciation of the Russian Rouble. PhosAgro was one of the first companies in Russia to start introducing measures to combat the spread of the virus among its employees. The Group provided protective equipment, medical supplies, testing kits and other essentials to the communities where it operates. The Group has developed plans for mitigating the impact on its business and has reviewed the economic environment; the demand for the Group's products; its supply chain; its available bank facilities; and the possible effects on its cash flow and liquidity position, including consideration of debt covenants. Management 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.

The consolidated financial statements reflect management's assessment of the impact of the Russian business environment on the operations and the financial position of the Group. The future business environment may differ from management's assessment.

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. 208-FZ On consolidated financial reporting.

(b) Going concern

Note 30 to the consolidated financial statements includes the Group's objectives, policies and processes for managing its capital; its financial risk management objectives; details of its financial instruments; and its exposures to credit risk and liquidity risk.

The Group has considerable financial resources together with long-standing relationships with a number of customers across different geographic areas. The excess of current liabilities over current assets would be resolved by raising of new long-term borrowings, please see the Note 30 (d). As a consequence, the directors believe that the Group is well placed to manage its business risks successfully.

The directors remain confident that the Group has adequate resources to continue in operational existence for the foreseeable future. Thus they continue to adopt the going concern basis of accounting in preparing the annual financial statements.

(c) Basis of measurement

The consolidated financial statements are prepared on the historical cost basis except for the financial assets measured at fair value.

(d) 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, except for foreign trading subsidiaries, where the functional currency is USD, EUR and other currencies.

(e) 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 into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 December 2020 were translated at the closing exchange rate of RUB 73.8757 for USD 1 (31 December 2019: RUB 61.9057 for USD 1);
- Profit and loss items for 2020 were translated at the average exchange rate for the appropriate month for USD 1:

January	February	March	April	May	June	July	August	September	October	November	December
61,7823	63,8836	73,3183	75,2321	72,6187	69,2239	71,2853	73,7998	75,6621	77,5924	77,0462	74,0563

Profit and loss items for three months ended 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 were translated at the average exchange rates RUB 66.1271, RUB 64.5584, RUB 64.5685 and RUB 63.7192 for USD 1 respectively;

- 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.

The translation from EUR into RUB, where applicable, was performed as follows:

- Assets and liabilities as at 31 December 2020 were translated at the closing exchange rate of RUB 90.6824 for EUR 1 (31 December 2019: RUB 69.3406 for EUR 1);

- Profit and loss items for 2020 were translated at the average exchange rate for the appropriate month for EUR 1:

January	February	March	April	May	June	July	August	September	October	November	December
68,7249	69,7001	81,0512	81,9481	79,0550	77,9624	81,3800	87,3414	89,2870	91,2900	91,0875	90,0734



Profit and loss items for three months ended 31 March 2019, 30 June 2019, 30 September 2019 and 31 December 2019 were translated at the average exchange rate RUB 75.1715, RUB 72.5210, RUB 71.8329 and RUB 70.5414 for EUR 1 respectively;

- 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.

(f) 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, liabilities, income and expenses. 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 18 – recognition of deferred tax assets: availability of future taxable profit against which carry-forward tax losses can be used.

(g) Adoption of new and revised standards and interpretations

The following amended standards became effective from 1 January 2020, but did not have any material impact on the Group:

- Amendments to the Conceptual Framework for Financial Reporting (issued on 29 March 2018 and effective for annual periods beginning on or after 1 January 2020).
- Definition of a business – Amendments to IFRS 3 (issued on 22 October 2018 and effective for acquisitions from the beginning of annual reporting period that starts on or after 1 January 2020).
- Definition of materiality – Amendments to IAS 1 and IAS 8 (issued on 31 October 2018 and effective for annual periods beginning on or after 1 January 2020).
- Interest rate benchmark reform - Amendments to IFRS 9, IAS 39 and IFRS 7 (issued on 26 September 2019 and effective for annual periods beginning on or after 1 January 2020).
- COVID-19-Related Rent Concessions Amendment to IFRS 16 (issued on 28 May 2020 and effective for annual periods beginning on or after 1 June 2020).

(h) 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 2021 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.

- 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).

- 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).
- Interest rate benchmark (IBOR) reform – phase 2 amendments to IFRS 9, IAS 39, IFRS 7, IFRS 4 and IFRS 16 (issued on 27 August 2020 and effective for annual periods beginning on or after 1 January 2021).

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. 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, the costs of dismantling and removing the items and restoring the site on which they are located, 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) 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.

(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 and is not designated as at fair value through profit or loss ("FVTPL"):

- 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 and are not designated as at FVTPL:

- 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 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 ("FVPL").



(f) Inventories

Inventories are stated at the lower of cost and net realisable value. Net realisable value is the estimated selling price in the ordinary course of business, less the estimated costs of completion and selling expenses.

The cost of inventories 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 overheads based on normal operating capacity.

(g) Impairment

Financial assets

The Group recognises loss allowances for expected credit loss (ECLs) on financial asset measured at amortised cost and debt investments measured at fair value through other comprehensive income ("FVOCI"). The loss allowances are measured on either of the following bases: 12-month 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.

(h) 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.

(i) 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.

(j) Financial liabilities

The Group financial liabilities comprise trade and other payables, borrowings and bonds and derivative financial instruments. The Group financial liabilities are measured at amortised cost, except for financial liabilities at fair value through profit or loss. Such liabilities include derivatives, other liabilities held for trading, and liabilities that the Group designates to be measured at fair value through profit or loss.

The Group derecognises a financial liability when its obligation specified in the contract is discharged or cancelled or expires.



(k) 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.

(l) 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.

(m) 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.

(n) 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 majority 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 logistics services. Costs related to rendering of logistics services are mainly represented by transportation costs and included in selling expenses.

(o) Finance income and costs

Finance income comprises interest income, dividend income, gain on the financial assets at FVTPL, gain arising from operations with foreign currency, unwind of discount of financial assets, share of profit of associates and foreign currency gains. 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, loss on the financial assets at FVTPL, bank fees, securitisation fees, loss arising from operations with foreign currency, discount of financial assets, share of loss of associates and foreign currency losses. 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, share of profit and losses of associates are reported on a net basis.

(p) 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 three 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.

**(q) Social expenditure**

To the extent that the Group's contributions to social programs benefit the community at large and are not restricted to the Group's employees, they are recognised in the profit or loss as incurred.

(r) 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.

Diluted EPS is determined by adjusting the profit or loss attributable to ordinary shareholders and the weighted average number of ordinary shares outstanding, adjusted for own shares held, for the effects of all dilutive potential ordinary shares, which comprise convertible notes and share options granted to employees.

(s) Segment reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. All operating segments' operating results are reviewed regularly by the CEO to make decisions about resources to be allocated to the segment and assess its performance, and for which discrete financial information is available.

Segment results that are reported to the CEO include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Unallocated items comprise mainly corporate assets, related head office expenses and Group's associates.

Segment capital expenditure is the total cost incurred during the year to acquire property, plant and equipment.

4 DETERMINATION OF FAIR VALUES

A number of the Group's accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities.

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 in notes 4(a) to 4(c). 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 measured at amortised cost

The fair values of financial assets carried at amortised cost, which are mainly loans issued and trade and other receivables, approximate their carrying amounts as at the reporting date.

(b) Financial instruments measured at fair value

The fair values of derivative financial assets and liabilities are determined using inputs from observable market data and are categorised as Level 2 of the fair value hierarchy.

The fair values of derivative financial liabilities, represented by put and call options on oil (Brent) contracts, are based on broker quotes. Similar contracts are traded in an active market and the quotes reflect the actual transactions in similar instruments.

(c) Other financial liabilities not measured at fair value

The fair values of other financial liabilities, which are mainly loans and borrowings and lease liabilities, are determined for disclosure purposes and 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.



5 SEGMENT INFORMATION

The Group has two reportable segments, as described below, which are the Group's strategic business units. The strategic business units offer different products, and are managed separately because they require different technology and marketing strategies. The following summary describes the operations in each of the Group's reportable segments:

- Phosphate-based products segment includes mainly production and distribution of ammophos, diammoniumphosphate, sodium tripolyphosphate and other phosphate based and complex (NPK) fertilisers on the factories located in Cherepovets, Balakovo and Volkhov, and production and distribution of apatite concentrate extracted from the apatite-nepheline ore, which is mined and processed in Kirovsk;
- Nitrogen-based products segment includes mainly production and distribution of ammonia, ammonium nitrate and urea on the factory located in Cherepovets.

Certain assets, revenue and expenses are not allocated to any particular segment and are, therefore, included in the "other operations" column. None of these operations meet any of the quantitative thresholds for determining reportable segments.

Information regarding the results of each reportable segment is included below. Performance is measured based on gross profit, as included in internal management reports that are reviewed by the Group's CEO.

Segment information as at 31 December 2020 and for the year then ended is as follows:

RUB million	Phosphate-based products	Nitrogen-based products	Other operations	Total
Segment revenue and profitability				
Segment external revenues,	203,561	38,701	11,617	253,879
thereof:				
Export	135,506	31,530	1,771	168,807
Domestic	68,055	7,171	9,846	85,072
Cost of sales	(106,240)	(16,489)	(10,606)	(133,335)
Gross segment profit	97,321	22,212	1,011	120,544
Certain items of profit or loss				
Amortisation and depreciation	(20,545)	(5,558)	(523)	(26,626)
Total non-current segment assets¹	169,287	56,613	5,379	231,279
Additions to non-current assets¹	43,678	4,356	784	48,818

¹ Total non-current segment assets include property, plant and equipment, intangible assets, right-of-use assets and catalysts.

Segment information of the Group as at 31 December 2019 and for the year then ended is as follows:

RUB million	Phosphate-based products	Nitrogen-based products	Other operations	Total
Segment revenue and profitability				
Segment external revenues,	201,248	37,882	8,995	248,125
thereof:				
Export	135,220	31,100	1,098	167,418
Domestic	66,028	6,782	7,897	80,707
Cost of sales	(111,086)	(16,609)	(8,529)	(136,224)
Gross segment profit	90,162	21,273	466	111,901
Certain items of profit or loss				
Amortisation and depreciation	(17,521)	(5,723)	(687)	(23,931)
Total non-current segment assets¹	144,680	60,645	4,968	210,293
Additions to non-current assets¹	37,084	5,587	963	43,634

The analysis of export revenue by regions is as follows:

	2020 RUB million	2019 RUB million
Europe	66,516	72,372
South America	41,915	34,836
India	21,623	14,153
Africa	12,336	9,509
North America	12,287	19,397
CIS	10,512	13,634
Asia	3,519	3,477
Australia	99	40
	168,807	167,418



6 REVENUES

	2020 RUB million	2019 RUB million
Phosphate-based products	203,561	201,248
Sales of chemical fertilisers	167,718	165,110
Sales of apatite concentrate	25,877	25,799
Sales of nepheline concentrate	1,090	1,136
Sales of other phosphate-based products and services	8,876	9,203
Nitrogen-based products	38,701	37,882
Other	11,617	8,995
	253,879	248,125

7 PERSONNEL COSTS

	2020 RUB Million	2019 RUB Million
Cost of sales	(13,807)	(12,744)
Administrative expenses	(11,249)	(9,300)
Selling expenses	(3,484)	(2,662)
	(28,540)	(24,706)

8 COST OF SALES

	2020 RUB million	2019 RUB million
Depreciation	(23,743)	(21,368)
Materials and services	(19,537)	(20,138)
Salaries and social contributions	(13,807)	(12,744)
Natural gas	(12,342)	(12,627)
Potash	(12,253)	(13,691)
Repair expenses	(10,134)	(10,119)
Chemical fertilisers and other products for resale	(9,102)	(6,683)
Transportation of phosphate rock	(8,134)	(8,641)
Electricity	(6,311)	(6,204)
Ammonia	(4,802)	(4,095)
Sulphur and sulphuric acid	(4,360)	(9,165)
Fuel	(3,885)	(4,849)
Drilling and blasting operations expenses	(3,168)	(2,323)
Ammonium sulphate	(1,757)	(3,577)
	(133,335)	(136,224)

9 ADMINISTRATIVE EXPENSES

	2020 RUB million	2019 RUB million
Salaries and social contributions	(11,249)	(9,300)
Professional services	(1,929)	(1,963)
Depreciation and amortisation	(1,368)	(1,378)
Other	(3,282)	(3,835)
	(17,828)	(16,476)

10 SELLING EXPENSES

	2020 RUB million	2019 RUB million
Expenses linked to basis of delivery, inc.	(33,368)	(32,892)
Freight, port and stevedoring expenses	(19,208)	(18,372)
Russian Railways infrastructure tariff and operators' fees	(11,466)	(11,441)
Custom duties	(1,484)	(1,898)
Materials and services	(1,210)	(1,181)
Other fixed expenses, inc.	(6,220)	(5,229)
Salaries and social contributions	(3,484)	(2,662)
Depreciation and amortisation	(1,515)	(1,185)
Materials and services	(1,221)	(1,382)
	(39,588)	(38,121)

11 TAXES, OTHER THAN INCOME TAX, NET

	2020 RUB million	2019 RUB million
Property tax	(1,397)	(558)
Mineral extraction tax	(919)	(954)
Land tax	(258)	(301)
Environment pollution payment	(174)	(171)
VAT included in expenses	(129)	(294)
Using water objects payment	(44)	(38)
Other taxes	(41)	(68)
	(2,962)	(2,384)

**12 OTHER EXPENSES, NET**

	2020 RUB million	2019 RUB million
Social expenditures	(2,570)	(2,661)
Loss on disposal of property, plant and equipment and intangible assets	(209)	(611)
Accrual of contingent liabilities	(119)	(62)
Increase in provision for bad debt	(114)	(106)
Increase in provision for inventory obsolescence	(18)	(19)
Other income, net	518	190
	(2,512)	(3,269)

13 FINANCE INCOME AND FINANCE COSTS

	2020 RUB million	2019 RUB million
Interest income	338	484
Dividend income	242	4
Unwind of discount on financial assets	60	68
Share of profit of associates (note 17)	37	13
Gain from operations with derivatives	-	700
Other finance income	298	189
Finance income	975	1,458
Interest expense	(4,268)	(3,457)
Bank fees (incl. early eurobond partial redemption fees)	(517)	(209)
Provision for bad debt on financial investments	(503)	(45)
Securitisation fees	(141)	(175)
Write off of equity securities	-	(150)
Other finance costs	(26)	(235)
Finance costs	(5,455)	(4,271)
Net finance costs	(4,480)	(2,813)

14 INCOME TAX EXPENSE

The Company's applicable corporate income tax rate is 20% (2019: 20%).

	2020 RUB million	2019 RUB million
Current tax expense	(8,045)	(9,724)
Origination and reversal of temporary differences, including change in unrecognised assets	(1,704)	(2,052)
	(9,749)	(11,776)

Reconciliation of effective tax rate:

	2020		2019	
	RUB million	%	RUB million	%
Profit before tax	26,670	100	61,184	100
Income tax at applicable tax rate	(5,334)	(20)	(12,237)	(20)
Deferred tax assets decrease	(4,800)	(18)	-	-
(Under)/over provided in respect of prior years	(9)	-	4	-
Unrecognised tax liability on profit from associates	7	-	3	-
Non-deductible items	(871)	(3)	(1,174)	(2)
Change in unrecognised deferred tax assets	-	-	15	-
Effect of tax differences in foreign jurisdictions	317	1	337	1
Reduction in tax rate	716	2	1,276	2
Tax incentive	225	1	-	-
	(9,749)	(37)	(11,776)	(19)



15 PROPERTY, PLANT AND EQUIPMENT

RUB Million	Land and buildings	Plant and equipment	Fixtures and fittings	Construction in progress	Total
Cost					
At 1 January 2019	76,252	144,648	13,324	44,602	278,826
Recognition of ROU asset on initial application of IFRS 16	-	(4,262)	-	-	(4,262)
Adjusted cost at 1 January 2019	76,252	140,386	13,324	44,602	274,564
Additions	2,493	5,826	2,517	26,696	37,532
Transfers from right-of-use assets (note 16)	-	4,245	-	-	4,245
Transfers	16,582	17,203	-	(33,785)	-
Disposals	(779)	(2,623)	(182)	(518)	(4,102)
Other movements	(66)	(108)	(10)	-	(184)
At 1 January 2020	94,482	164,929	15,649	36,995	312,055
Additions	1,757	4,013	2,477	37,590	45,837
Transfers from right-of-use assets (note 16)	-	16	-	-	16
Transfers	10,653	25,253	-	(35,906)	-
Disposals	(2,425)	(6,425)	(242)	(79)	(9,171)
Other movements	138	175	16	-	329
At 31 December 2020	104,605	187,961	17,900	38,600	349,066
Accumulated depreciation					
At 1 January 2019	(16,949)	(67,562)	(8,084)	-	(92,595)
Recognition of ROU asset on initial application of IFRS 16	-	991	-	-	991
Adjusted depreciation at 1 January 2019	(16,949)	(66,571)	(8,084)	-	(91,604)
Transfers from right-of-use assets (note 16)	-	(1,033)	-	-	(1,033)
Depreciation charge	(5,469)	(16,010)	(1,732)	-	(23,211)
Disposals	638	2,522	152	-	3,312
Other movements	6	(72)	6	-	(60)
At 1 January 2020	(21,774)	(81,164)	(9,658)	-	(112,596)
Transfers from right-of-use assets (note 16)	-	(8)	-	-	(8)
Depreciation charge	(5,945)	(17,552)	(1,862)	-	(25,359)
Disposals	2,289	6,343	234	-	8,866
Other movements	(25)	97	(10)	-	62
At 31 December 2020	(25,455)	(92,284)	(11,296)	-	(129,035)
Net book value at 1 January 2019	59,303	77,086	5,240	44,602	186,231
Net book value at 1 January 2019 adjusted of IFRS 16	59,303	73,815	5,240	44,602	182,960
Net book value at 1 January 2020	72,708	83,765	5,991	36,995	199,459
Net book value at 31 December 2020	79,150	95,677	6,604	38,600	220,031

During 2020, the Group capitalised borrowing costs in the amount of RUB 1,220 million (2019: RUB 1,283 million) in the value of property, plant and equipment using the weighted average interest rate of 3.20% per annum.

As at 31 December 2020, the balance of the construction in progress account includes the accumulated costs related to

in Cherepovets:

- Development programme of production facilities for sulphuric acid in the amount of RUB 2,211 million;
- Development of transport infrastructure station Cryolite in the amount of RUB 1,832 million;
- Development programme of ammonia production facilities in the amount of RUB 1,336 million;
- Development programme of production facilities for extraction of phosphoric acid and fertilizers in the amount of RUB 949 million;
- The construction of ammonium sulphate plant in the amount of RUB 328 million.

in Kirovsk:

- Kirovsk mine extension and modernization in the amount of RUB 10,758 million;
- The construction of apatit-nepheline beneficiation plant in the amount of RUB 1,769 million;
- The development of Rasvumchorrskiy mine in the amount of RUB 1,610 million.

in Volkhov:

- Construction of production facilities for sulphuric acid in the amount of RUB 1,357 million;
- Development of monoammonium phosphate production in the amount of RUB 1,127 million;
- Construction of filtering station of production facilities for extraction of phosphoric acid in the amount of RUB 809 million;
- Construction of communication lines in the amount of RUB 800 million;
- Construction of a storage tank for liquid ammonia in the amount of RUB 558 million.

in Balakovo:

- Development of NPK production facilities in the amount of RUB 331 million;
- Development of ammonium sulphate production facilities in the amount of RUB 161 million;
- Construction of vacuum system for the production of phosphoric acid in the amount of RUB 141 million.



16 RIGHT-OF-USE ASSETS

The Group has the following types of right-of-use assets as at 31 December 2020: 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
Cost			
At 1 January 2019	137	5,863	6,000
New lease contracts and modification of existing lease contracts	136	5,822	5,958
Disposals	(73)	(51)	(124)
Currency translation	(11)	-	(11)
Transfers to property, plant and equipment (note 15)	-	(4,245)	(4,245)
At 1 January 2020	189	7,389	7,578
New lease contracts and modification of existing lease contracts	146	1,934	2,080
Disposals	(23)	(32)	(55)
Currency translation	25	3	28
Transfers to property, plant and equipment (note 15)	-	(16)	(16)
At 31 December 2020	337	9,278	9,615
Accumulated depreciation			
At 1 January 2019	-	(991)	(991)
Depreciation	(105)	(654)	(759)
Disposals	23	5	28
Currency translation	2	-	2
Transfers to property, plant and equipment (note 15)	-	1,033	1,033
At 1 January 2020	(80)	(607)	(687)
Depreciation	(79)	(1,545)	(1,624)
Disposals	17	17	34
Currency translation	(10)	(1)	(11)
Transfers to property, plant and equipment (note 15)	-	8	8
At 31 December 2020	(152)	(2,128)	(2,280)
Net book value at 1 January 2019	137	4,872	5,009
Net book value at 1 January 2020	109	6,782	6,891
Net book value at 31 December 2020	185	7,150	7,335

	2020 RUB million	2019 RUB million
Amounts recognised in profit and loss		
Depreciation expense on right-of-use assets	1,624	759
Interest expense on lease liabilities	485	236
Expenses relating to short-term leases	618	587
Expenses relating to leases with variable payments	476	375
Amounts recognised in statement of cash flows		
Principal lease payments (note 27)	(1,951)	(1,937)
Interest lease payments (note 27)	(485)	(236)
Expenses relating to short-term leases	(618)	(587)
Expenses relating to leases with variable payments	(476)	(375)
	(3,530)	(3,135)

17 INVESTMENTS IN ASSOCIATES

The movement in the balance of investments in associates is as follows:

	2020 RUB million	2019 RUB million
Balance at 1 January	519	506
Share in profit for the period	37	13
Balance at 31 December	556	519

Carrying values of the Group's investments in associates are as follows:

	31 December 2020 RUB Million	31 December 2019 RUB Million
JSC Khibinskaya Teplovaya Kompaniya	463	435
JSC Giproruda	62	63
JSC Soligalichskiy izvestkovyi kombinat	31	21
	556	519



Summary financial information for associates is as follows:

	Total assets	Total liabilities	Net assets	Revenue	Profit/(loss) for the year
2020	RUB Million	RUB Million	RUB Million	RUB Million	RUB Million
JSC Khibinskaya Teplovaya Kompaniya	1,303	(450)	853	439	5
JSC Giproruda	140	(14)	126	55	(4)
JSC Soligalichskiy izvestkovyi kombinat	575	(321)	254	568	47
	2,018	(785)	1,233	1,062	48

	Total assets	Total liabilities	Net assets	Revenue	Profit/(loss) for the year
2019	RUB Million	RUB Million	RUB Million	RUB Million	RUB Million
JSC Khibinskaya Teplovaya Kompaniya	1,605	(809)	796	494	27
JSC Giproruda	161	(33)	128	99	6
JSC Soligalichskiy izvestkovyi kombinat	598	(381)	217	581	(3)
	2,364	(1,223)	1,141	1,174	30

18 DEFERRED TAX ASSETS AND LIABILITIES

(a) Recognised deferred tax assets and liabilities

Deferred tax assets and liabilities are attributable to the following items:

	Assets	Liabilities	Net	Assets	Liabilities	Net
RUB Million	2020	2020	2020	2019	2019	2019
Property, plant and equipment and intangible assets	383	(12,390)	(12,007)	129	(12,056)	(11,927)
Other long-term assets	115	(51)	64	43	(51)	(8)
Current assets	1,322	(630)	692	1,067	(390)	677
Liabilities	1,921	(311)	1,610	1,826	(4)	1,822
Tax loss carry-forwards	5,962	-	5,962	7,427	-	7,427
Unrecognised deferred tax assets	(55)	-	(55)	(55)	-	(55)
Tax assets/(liabilities)	9,648	(13,382)	(3,734)	10,437	(12,501)	(2,064)
Set off of tax	(2,186)	2,186	-	(2,223)	2,223	-
Net tax assets/(liabilities)	7,462	(11,196)	(3,734)	8,214	(10,278)	(2,064)

The deferred tax assets on tax loss carry-forwards relate to the Russian entities. Due to amendments to the Russian tax legislation, starting from 1 January 2017, tax losses for Russian tax purposes carried forward existing as at 31 December 2020 do not expire.

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 2020, no deferred tax liability for taxable temporary differences of RUB 19,984 million has been recognised (31 December 2019: RUB 57,156 million), either because the Parent can control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future, or because the applicable tax rate is expected to be 0%.

(b) Movement in temporary differences during the year

RUB million	31 December 2020	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification	1 January 2020
Property, plant and equipment and intangible assets	(12,007)	(78)	(2)	-	(11,927)
Other long-term assets	64	63	9	-	(8)
Current assets	692	(9)	24	-	677
Liabilities	1,610	(215)	3	-	1,822
Tax loss carry-forwards	5,962	(1,465)	-	-	7,427
Unrecognised deferred tax assets	(55)	-	-	-	(55)
Net tax (liabilities)/assets	(3,734)	(1,704)	34	-	(2,064)

RUB million	31 December 2019	Recognised in profit or loss	Recognised in other comprehensive income	Reclassification	1 January 2019
Property, plant and equipment and intangible assets	(11,927)	(2,186)	3	23	(9,767)
Other long-term assets	(8)	19	-	-	(27)
Current assets	677	108	(10)	-	579
Liabilities	1,822	1,077	-	-	745
Tax loss carry-forwards	7,427	(1,055)	-	-	8,482
Unrecognised deferred tax assets	(55)	(15)	-	-	(40)
Net tax (liabilities)/assets	(2,064)	(2,052)	(7)	23	(28)

19 OTHER NON-CURRENT ASSETS

	31 December 2020 RUB million	31 December 2019 RUB million
Loans issued to third parties, at amortised cost	716	653
Financial assets, at fair value	592	602
Loans issued to employees, at amortised cost	148	218
Other long-term assets	732	673
Provision for loans issued to third parties and other long-term assets	(1,240)	(510)
	948	1,636



20 OTHER CURRENT INVESTMENTS

	31 December 2020 RUB million	31 December 2019 RUB million
Interest receivable	134	118
Loans issued to employees, at amortised cost	125	80
Loans issued to third parties, at amortised cost	48	105
Dividend receivable	41	-
Loans issued to related parties, at amortised cost	-	2
Provision for doubtful accounts	(37)	(54)
	311	251

21 INVENTORIES

	31 December 2020 RUB million	31 December 2019 RUB million
Raw materials and spare parts	12,394	11,723
Finished goods:		
Chemical fertilisers	12,010	10,837
Apatite concentrate	711	443
Other products	376	273
Work-in-progress:		
Chemical fertilisers and other products	4,902	4,491
Chemical fertilisers and other products for resale, purchased from third parties	2,292	1,778
Other goods for resale	95	63
Other goods	77	-
Provision for obsolescence	(221)	(203)
	32,636	29,405

22 TRADE AND OTHER RECEIVABLES

	31 December 2020 RUB million	31 December 2019 RUB million
Trade accounts receivable	15,820	14,375
VAT and other taxes receivable	10,285	10,214
Advances issued	5,537	4,865
Income tax receivable	479	1,286
Deferred expenses	117	99
Receivables from employees	22	20
Other receivables	996	460
Provision for doubtful accounts	(369)	(258)
	32,887	31,061

The movements in provision for doubtful accounts are as follows:

	2020 RUB Million	2019 RUB Million
Balance at 1 January	(258)	(618)
Use of provision	78	-
Reversal of provision	5	15
Reclassification (from)/to non-current assets	(37)	73
Foreign currency translation difference	(29)	42
Written off provision through trade receivables	-	305
Disposal of trade receivables through provision	-	5
Increase in provision for bad debt	(128)	(80)
Balance at 31 December	(369)	(258)

See note 30 (c) for the analysis of overdue trade accounts receivable.

23 CASH AND CASH EQUIVALENTS

	31 December 2020 RUB Million	31 December 2019 RUB Million
Call deposits	4,432	2,506
Cash in bank	4,023	5,724
Petty cash	5	6
	8,460	8,236

The most significant balances of cash and cash equivalents were held in banks with "BBB" credit rating.

24 EQUITY

(a) Share capital

Number of shares unless otherwise stated	Ordinary shares
Shares on issue at 31 December 2020 RUB 2.5 par value	129,500,000
Shares authorised for additional issue at 31 December 2020, RUB 2.5 par value	994,977,080
Shares on issue at 31 December 2019, RUB 2.5 par value	129,500,000
Shares authorised for additional issue at 31 December 2019, RUB 2.5 par value	994,977,080



(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. 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 term for dividend payments is determined by the General Shareholders' Meeting and must not exceed 60 days from the date of the resolution to pay the same. 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 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 unrealized 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 statutory financial statements prepared in accordance with Russian Accounting Standards. As at 31 December 2020, the Company had cumulative retained earnings of RUB 18,057 million (31 December 2019: RUB 8,689 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			
November 2019	January 2020	48	6,216
February 2020	May 2020	18	2,331
May 2020	June 2020	78	10,101
August 2020	September 2020	33	4,273.5
November 2020	December 2020	123	15,928.5
			38,850

25 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.

	2020 RUB million	2019 RUB million
Weighted average number of ordinary shares in issue	129,500,000	129,500,000
Profit for the year attributable to shareholders of the Parent, RUB million	16,932	49,349
Basic and diluted earnings per share, RUB	131	381

26 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 27. For more information about the Group's exposure to foreign currency risk, interest rate risk and liquidity risk, see note 30.

	31 December 2020 RUB million	31 December 2019 RUB million
Current loans and borrowings		
Unsecured bank loans	28,326	36,225
Loan participation notes	25,857	-
Interest payable	1,137	621
Bank commission (short-term)	(4)	(7)
	55,316	36,839
Non-current loans and borrowings		
Loan participation notes ^{1,2,3}	73,876	61,906
Unsecured bank loans	30,159	34,951
Bank commission (long-term)	(21)	(12)
	103,824	96,736
	159,140	133,575

The breakdown of the loans and borrowings denominated in different currencies is as follows:

	31 December 2020 RUB million	31 December 2019 RUB million
USD-denominated	129,794	101,853
EUR-denominated	20,018	31,850
RUB-denominated	9,543	-
	159,355	133,703

The maturity of the loans and borrowings is as follows:

	31 December 2020 RUB million	31 December 2019 RUB million
Less than 1 year	55,320	36,846
1-2 years	12,182	41,124
2-3 years	40,859	9,960
3-4 years	3,921	34,190
4-5 years	40,859	3,237
More than 5 years	6,214	8,346
	159,355	133,703

¹ In May 2017, the Company's SPV issued a USD 500 million 4.5-year Eurobond with a coupon rate of 3.95%, which is listed on the Irish Stock Exchange, with the fair value at the reporting date of RUB 26,514 million (31 December 2019: RUB 33,211 million).

² 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 38,763 million (31 December 2019: RUB 33,843 million).

³ 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 38,534 million. Management believes that the fair value of the Group's other loans and borrowings approximates their carrying amounts.



Reconciliation of liabilities arising from financing activities:

RUB million	Loans and borrowings (excluding interest payable)	Lease liabilities	Total
Balance as at 1 January 2019	142,823	1,094	143,917
Changes from financing cash flows			
Impact of IFRS 16	-	1,738	1,738
Cash inflows	48,725	-	48,725
Cash outflows	(42,698)	(1,937)	(44,635)
Accrual, set-off of liabilities	-	5,412	5,412
Amortisation of bank commission	51	-	51
Foreign exchange gain	(15,947)	(63)	(16,010)
Total changes from financing cash flows	(9,869)	5,150	(4,719)
Balance as at 1 January 2020	132,954	6,244	139,198
Changes from financing cash flows			
Cash inflows	63,520	-	63,520
Cash outflows	(66,182)	(1,951)	(68,133)
Accrual, set-off of liabilities	-	1,887	1,887
Amortisation of bank commission	83	-	83
Foreign exchange loss	27,628	15	27,643
Total changes from financing cash flows	25,049	(49)	25,000
Balance as at 31 December 2020	158,003	6,195	164,198

27 LEASES

RUB million	Lease liability without subsequent asset buyout	Lease liability with subsequent asset buyout	Total
Balance as at 1 January 2019	1,738	1,094	2,832
New lease contracts and modification of existing lease contracts	3,804	1,608	5,412
Interest expense on lease liabilities	168	68	236
Principal lease payments	(776)	(1,161)	(1,937)
Interest lease payments	(168)	(68)	(236)
Effect of foreign currency translation reserve	(9)	(54)	(63)
Balance as at 1 January 2020	4,757	1,487	6,244
New lease contracts and modification of existing lease contracts	94	1,793	1,887
Interest expense on lease liabilities	295	190	485
Principal lease payments	(1,242)	(709)	(1,951)
Interest lease payments	(296)	(189)	(485)
Effect of foreign currency translation reserve	14	1	15
Balance as at 31 December 2020	3,622	2,573	6,195

28 DEFINED BENEFIT OBLIGATIONS

	31 December 2020 RUB Million	31 December 2019 RUB Million
Pension obligations, long-term	323	332
Post-retirement obligations other than pensions	622	525
	945	857

The Group has defined benefit plans at JSC "Apatit", including all the branches, and PhosAgro Trading SA which stipulate payment of a lump sum allowance to employees who have a specified period of service in these companies 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
Defined benefit obligations at 1 January 2019	630
Benefits paid	(104)
Current service costs and interest	129
Past service costs	69
Actuarial loss in other comprehensive income	133
Defined benefit obligations at 1 January 2020	857
Benefits paid	(74)
Current service costs and interest	98
Past service costs	(1)
Effect of foreign currency translation reserve and foreign exchange differences	37
Actuarial losses in other comprehensive income	28
Defined benefit obligations at 31 December 2020	945

The key actuarial assumptions used in measurement of the defined benefit obligations are as follows:

	31 December 2020	31 December 2019
Discount rate	6.4%	6.4%
Future pension increases	3.5%	3.9%



29 TRADE AND OTHER PAYABLES

	31 December 2020 RUB million	31 December 2019 RUB million
Trade accounts payable	12,230	12,121
incl. accounts payable for property, plant and equipment and intangible assets	4,777	4,728
Advances received (contract liabilities)	12,406	7,160
Payables to employees	4,029	2,970
Taxes payable	3,675	2,526
Income tax payable	1,000	207
Accruals	210	97
Dividends payable	-	2
Other payables	5,602	947
	39,152	26,030

30 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 foreign-currency-denominated financial assets and liabilities:

Group companies in Russia	31 December 2020 RUB Million		31 December 2019 RUB Million	
	USD denominated	EUR denominated	USD denominated	EUR denominated
Current assets	439	28	2,593	250
Receivables	366	5	530	5
Cash and cash equivalents	73	23	2,063	222
Other current investments	-	-	-	23
Non-current liabilities	(97,319)	(6,716)	(84,277)	(12,580)
Non-current loans and borrowings	(97,319)	(6,716)	(84,277)	(12,580)
Current liabilities	(33,457)	(14,094)	(18,147)	(20,177)
Current loans and borrowings	(32,475)	(13,302)	(17,576)	(19,270)
Payables	(982)	(792)	(571)	(907)
	(130,337)	(20,782)	(99,831)	(32,507)

Foreign Group companies	31 December 2020 RUB Million		31 December 2019 RUB Million	
	USD denominated	EUR denominated	USD denominated	EUR denominated
Non-current assets	-	-	534	-
Other non-current assets	-	-	534	-
Current assets	1,596	916	591	1,120
Receivables	970	560	326	866
Cash and cash equivalents	543	356	206	254
Other current investments	83	-	59	-
Current liabilities	(2)	(171)	(10)	(298)
Payables	(2)	(171)	(10)	(298)
	1,594	745	1,115	822

Total	31 December 2020 RUB Million		31 December 2019 RUB Million	
	USD denominated	EUR denominated	USD denominated	EUR denominated
Non-current assets	-	-	534	-
Other non-current assets	-	-	534	-
Current assets	2,035	944	3,184	1,370
Receivables	1,336	565	856	871
Cash and cash equivalents	616	379	2,269	476
Other current investments	83	-	59	23
Non-current liabilities	(97,319)	(6,716)	(84,277)	(12,580)
Non-current loans and borrowings	(97,319)	(6,716)	(84,277)	(12,580)
Current liabilities	(33,459)	(14,265)	(18,157)	(20,475)
Current loans and borrowings	(32,475)	(13,302)	(17,576)	(19,270)
Payables	(984)	(963)	(581)	(1,205)
	(128,743)	(20,037)	(98,716)	(31,685)



Management estimate that a 10% strengthening/(weakening) of RUB against USD and EUR, based on the Group's exposure as at the reporting date would have increased/(decreased) the Group's profit for the year by RUB 14,878 million, before any tax effect (2019: would have increased/(decreased) the Group's profit for the year by RUB 13,040 million). This analysis assumes that all other variables, in particular interest rates, remain constant. The analysis is performed on the same basis for 2019.

The foreign exchange loss recognized in profit or loss of RUB 25,070 million (RUB 12,346 million of foreign exchange gain for the comparative period) resulted from the (depreciation) appreciation of the Russian Rouble against major currencies during the reporting and comparative periods.

Foreign currency translation differences

In addition, the net assets of the Group's foreign subsidiaries denominated in USD, EUR and other currencies amount to RUB 16,760 million as at the reporting date (31 December 2019: RUB 15,235 million).

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 is as follows:

	31 December 2020 RUB Million	31 December 2019 RUB Million
Fixed rate instruments		
Other non-current assets	259	363
Other current investments	4,605	2,693
Long-term borrowings	(94,498)	(87,285)
Short-term borrowings	(53,027)	(33,610)
Lease liabilities	(7,122)	(7,214)
	(149,783)	(125,053)
Variable rate instruments		
Long-term borrowings	(9,537)	(9,572)
Short-term borrowings	(2,293)	(3,236)
	(11,830)	(12,808)

At 31 December 2020, a 1% increase/(decrease) in LIBOR/EURIBOR would have decreased/(increased) the Group's profit and equity by RUB 118 million (31 December 2019: RUB 128 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 2020, the Group's maximum exposure to credit risk is represented by the carrying amount of its financial assets and amounted to RUB 26,189 million (31 December 2019: RUB 24,720 million).

As at 31 December 2020, the Group's financial assets measured at amortised cost amounted to RUB 25,597 million (31 December 2019: RUB 24,118 million).

As at 31 December 2020, the Group's financial assets measured at fair value amounted to RUB 592 million (31 December 2019: RUB 602 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. In response to the COVID-19 pandemic, the risk management committee has also been performing more frequent reviews of sales limits for customers in regions and industries that are severely impacted.

The Group is monitoring the economic environment in response to the COVID-19 pandemic and is taking actions to limit its exposure to customers that are severely impacted. 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.

In addition, the major part of trade receivables in the Group's foreign subsidiaries is insured.

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 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.

The Group allocates each exposure to a credit risk grade based on data that is determined to be predictive of the risk of loss (including but not limited to external ratings, audited financial statements, management accounts and cash flow projections and available press information about customers) and applying experienced credit judgement. Credit risk grades are defined using qualitative and quantitative factors that are indicative of the risk of default and are aligned to external credit rating definitions from agencies.

Exposures within each credit risk grade are segmented by geographic region and industry classification and an ECL rate is calculated for each segment based on delinquency status and actual credit loss experience over the past years. These rates are multiplied by scalar factors to reflect differences between economic conditions during the period over which the historical data has been collected, current conditions and the Group's view of economic conditions over the expected lives of the receivables.

The Group uses an allowance matrix to measure the ECLs of trade receivables from individual customers, which comprise a very large number of small balances. Loss rates are calculated using a 'roll rate' method based on the probability of a receivable progressing through successive stages of delinquency to write-off. Roll rates are calculated separately for exposures in different segments based on the following common credit risk characteristics – geographic region, age of customer relationship.



The analysis of overdue trade and other receivables is as follows:

RUB Million	31 December 2020		31 December 2019	
	Gross carrying amount	Impairment loss allowance	Gross carrying amount	Impairment loss allowance
Not past due	14,860	(4)	13,234	(1)
Past due 0-90 days	951	(4)	884	-
Past due 91-180 days	391	-	139	-
Past due 181-365 days	32	(8)	318	-
More than one year	582	(228)	260	(102)
	16,816	(244)	14,835	(103)

Starting from 2019 the Group sells without recourse trade receivables to a bank for cash proceeds. These trade receivables are derecognised from the statement of financial position, because the Group transfers substantially all of the risks and rewards - primarily credit risk and late payment risk. The amount of cash proceed received on transfer is recognised in cash and cash equivalents. The arrangement with the bank is such that the customers remit cash directly to the Group and the Group transfers the collected amounts to the bank. The receivables are considered to be held within a held-to-collect business model consistent with the Group's continuing recognition of the receivables.

The following information shows the carrying amount of trade receivables for the reporting period that was transferred and derecognised and the cash proceeds received.

	31 December 2020 RUB Million	31 December 2019 RUB Million
Trade receivables transferred to the bank	14,897	11,696
Associated cash inflow	2,362	6,646
Associated cash outflow	(3,894)	(1,314)
Net-off with other payables	12,535	5,050
Other non-cash operations	63	474

Payables to the bank as at 31 December 2020 amounted to RUB 5,460 million (31 December 2019: RUB 748 million) are presented within other payables. Receivables from the bank as at 31 December 2020 amounted to RUB 537 million (31 December 2019: RUB 474 million) are presented within trade receivables.

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 banks with high credit rating.

Guarantees

The Group considers that financial guarantee contracts entered into by the Group to guarantee the indebtedness of other parties are insurance arrangements in accordance with IFRS 4 Insurance Contracts, and accounts for them as such. In this respect, the Group treats the guarantee contract as a contingent liability until such time as it becomes probable that the Group will be required to make a payment under the guarantee (note 33).

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.

At the end of 31 December 2020 the Group's current liabilities excess over current assets by RUB 22,101 million. To ensure timely obligations fulfilment the Group plans to raise additional long-term borrowings in the upcoming year.

The table below illustrates the contractual maturities of financial liabilities, including interest payments, which are converted at the closing exchange rates, where applicable:



31 December 2020								
RUB Million	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Unsecured bank loans	58,485	62,304	29,599	13,052	4,543	4,402	4,258	6,450
Interest payable	1,137	1,137	1,137	-	-	-	-	-
Leases	6,195	7,122	2,336	2,109	1,477	1,021	161	18
Loan participation notes	99,733	109,470	29,463	2,585	38,794	1,127	37,501	-
Trade and other payables	18,042	18,042	18,042	-	-	-	-	-
Financial guarantees issued for associates and related parties	340	360	283	77	-	-	-	-
	183,932	198,435	80,860	17,823	44,814	6,550	41,920	6,468

31 December 2019								
RUB Million	Carrying value	Contractual cash flows	0-1 year	1-2 yrs	2-3 yrs	3-4 yrs	4-5 yrs	> 5 yrs
Unsecured bank loans	71,176	75,983	37,689	11,240	10,782	3,780	3,654	8,838
Interest payable	621	621	621	-	-	-	-	-
Leases	6,244	7,214	1,944	1,824	1,674	1,104	668	-
Loan participation notes	61,906	68,323	2,452	33,294	1,222	31,355	-	-
Trade and other payables	13,167	13,167	13,167	-	-	-	-	-
Financial guarantees issued for associates and related parties	726	804	366	438	-	-	-	-
	153,840	166,112	56,239	46,796	13,678	36,239	4,322	8,838

(e) Capital management

The Board's policy is to maintain a strong capital base so as to maintain 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 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.

31 COMMITMENTS

The Group has entered into contracts to purchase plant and equipment for RUB 29,421 million (31 December 2019: RUB 43,603 million).

32 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

The taxation system in the Russian Federation continues to evolve and is characterised by frequent changes in legislation, official pronouncements and court decisions, which are sometimes contradictory and subject to varying interpretation by different tax authorities.

The tax authorities have the power to impose fines and penalties for tax arrears. A tax year is generally open for review by the tax authorities during three subsequent calendar years. Currently the tax authorities are taking a more assertive and substance-based approach to their interpretation and enforcement of tax legislation.

Current Russian transfer pricing legislation requires transfer pricing analysis for the majority of cross-border intercompany and major domestic intercompany transactions. Starting from 2019, transfer pricing control, as a general rule, is applied to domestic transactions only if both criteria are met: the parties apply different tax rates, and the annual turnover of transactions between them exceeds RUB 1 billion.

The Russian transfer pricing rules are close to OECD guidelines, but have certain differences that create uncertainty in practical application of tax legislation in specific circumstances. A very limited number of publicly available transfer pricing court cases in Russia does not provide enough certainty as to the approach to applying transfer pricing rules in Russia. The impact of any transfer pricing assessment may be material to financial statements of the Group, however, the probability of such impact cannot be reliably assessed.

Russian tax authorities may review prices used in intra-group transactions, in addition to transfer pricing audits. They may assess additional taxes if they conclude that taxpayers have received unjustified tax benefits as a result of those transactions.

Russian tax authorities continue to exchange transfer pricing as well as other tax related information with tax authorities of other countries. This information may be used by the tax authorities to identify transactions for additional in-depth analysis.

The Group circumstances may create tax risks in the Russian Federation that are substantially more significant than in other countries. Management believes that it has provided adequately for the tax liabilities based on its interpretations of applicable Russian tax legislation, official pronouncements and court decisions. However, the interpretations of the tax authorities and courts including the interpretation of Group's planned transactions could differ and the effect on these consolidated financial statements, if the tax authorities are successful in enforcing their interpretations, could be significant.

(c) Environmental contingencies

The environmental legislation, currently effective in the Russian Federation, is relatively new and characterised by frequent changes, official pronouncements and court decisions, which are often unclear, contradictory and subject to varying interpretation by different authorities.

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 at 31 December 2020 and 31 December 2019.



33 RELATED PARTY TRANSACTIONS

(a) Transactions and balances with associates

(i) Transactions with associates

	2020 RUB million	2019 RUB million
Sales of goods and services	26	32
Other income, net	1	2
Interest income	-	1
Purchases of goods and services	(561)	(527)

(ii) Balances with associates

	31 December 2020 RUB million	31 December 2019 RUB million
Trade and other receivables	16	41
Trade and other payables	(12)	(18)

(iii) Financial guarantees

The Group issued financial guarantees to banks on behalf of associates amounting to RUB 340 million (31 December 2019: RUB 726 million).

(b) Transactions and balances with other related parties

(i) Transactions with other related parties

	2020 RUB million	2019 RUB million
Sales of goods and services	686	352
Dividend income	203	-
Interest income	-	3
Interest expenses	-	(1)
Other expenses, net	(53)	(61)
Purchases of goods and services	(115)	(2,005)

(ii) Balances with other related parties

	31 December 2020 RUB million	31 December 2019 RUB million
Short-term loans issued, at amortised cost	-	2
Trade and other receivables	14	7
Trade and other payables	(237)	(123)

The balances and transactions with related parties are usually unsecured and denominated in RUB.

(iii) Financial guarantees

The Group has not issued financial guarantees to banks in favour of other related parties as at 31 December 2020 and 31 December 2019.

(c) Key management remuneration

The remuneration of the Board of Directors and key management personnel amounted to RUB 3,351 million (2019: RUB 2,462 million).

34 SIGNIFICANT SUBSIDIARIES

Subsidiary	Country of incorporation	31 December 2020 Effective ownership (rounded)	31 December 2019 Effective ownership (rounded)
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%
Trading house PhosAgro, LLC	Russia	100%	100%
Phosint Trading Limited	Cyprus	100%	100%
PhosAgro Asia Pte Ltd	Singapore	100%	100%
PhosAgro Trading SA	Switzerland	100%	100%
Phosint Limited	Cyprus	100%	100%
PhosAgro Logistics SA	Switzerland	100%	100%
PhosAgro Polska Sp.z o.o.	Poland	100%	100%
PhosAgro Deutschland GmbH	Germany	100%	100%
PhosAgro France SAS	France	100%	100%
PhosAgro Balkans	Serbia	100%	100%
UAB PhosAgro Baltic	Lithuania	100%	100%
PhosAgro Balkans SRL	Romania	100%	-
PhosAgro South Africa Proprietary Limited	South Africa	100%	-
Logifert Oy	Finland	100%	100%
Bulk Terminal Kotka Oy	Finland	100%	100%



35 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. 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.

36 SUBSEQUENT EVENTS

Starting from 1 January 2021 the rate for mineral extraction tax (note 11) will change from 4% to 14%. Management estimates the amount of the tax due for 2021 at RUB 3,623 million. The estimate for 2021 is based on an assumption that the volumes extracted and the costs of extraction will remain unchanged compared to 2020.

Starting from 1 January 2021 the rate for income tax paid for dividends due to shareholders in Cyprus will change from 5% to 15%.

MANAGEMENT RESPONSIBILITY STATEMENT

The Company' management hereby confirms that, to the best of its knowledge:

The financial statements prepared in accordance with 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.

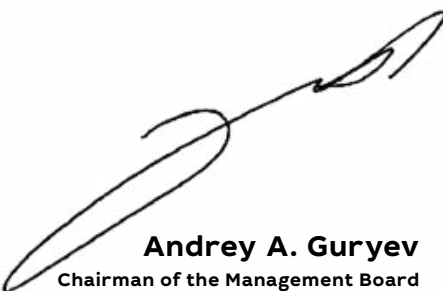
The management report includes a fair review of the development and performance of the business and the position of the Company and the undertakings included in the consolidation taken as a whole, together with a description of the principal risks and uncertainties that they face.

The Company was guided by GRI standards, as well as the principles of the ISO 26000 and AA 1000

standards during the preparation of the integrated report.

A draft of this integrated report was reviewed and pre-approved at PhosAgro's Board of Directors meeting on 14 April 2021. On 25 May 2021, it will be submitted for approval to the Annual General Meeting of Shareholders.

The consolidated financial statements for the year ended 31 December 2020 were approved by the Board of Directors on 18 February 2021.



Andrey A. Guryev

Chairman of the Management Board
and Chief Executive Officer
of PJSC PhosAgro



Additional information

The Company constantly works to bring more value to its employees, focusing on personnel development, human rights and social security programmes. PhosAgro's employee loyalty and satisfaction index increased from 30% in 2013 to 63% in 2020.

312	Shareholder engagement
320	GRI content index
329	Independent Limited Assurance Report
333	ESG content index
334	SASB content index
336	Glossary
338	Contacts

63%

PhosAgro's employee loyalty
and satisfaction index in 2020





STAKEHOLDER ENGAGEMENT



Stakeholder engagement is key to our success. 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.

APPROACH TO STAKEHOLDER ENGAGEMENT; IDENTIFYING AND SELECTING STAKEHOLDERS

102-42

102-43

It is our ability to understand and adapt to our stakeholders' evolving needs and expectations that enables us to create a strong and sustainable company.

Working in complex markets and geographies around the world and establishing relationships on regional, national and international levels, our activities are heavily regulated. The constantly evolving nature of both international regulations and national legislation may affect our business. Thus, we work hard to build relationships with people at all government levels in the countries where we operate and ensure that we comply with all applicable regulatory requirements.

We collaborate with a variety of external stakeholders in order to manage risks related to our work and to remain competitive. These partnerships enable us to create mutually beneficial opportunities.

In our engagement with our stakeholders, we strive to be constructive, honest and principled. We establish links with only those organisations and educational institutions that share our values and are actively involved in domains such as food security, sustainable agriculture and health.

LIST OF STAKEHOLDER GROUPS; KEY TOPICS AND CONCERNS RAISED

102-40

102-44



Investment and finance community

Why we interact

- To facilitate an understanding of the long-term sustainability and potential value of PhosAgro
- To update investors on PhosAgro's strategic priorities and progress we have made
- To provide market participants with concrete indicators of progress, such as operational, financial and non-financial results
- To attract a wider pool of investors to improve liquidity, share price and borrowing costs
- 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

How we interact

- Roadshows
- One-on-one meetings with investors
- Investor conferences
- Conference calls on financial results
- Perception studies
- Ongoing engagement with analysts
- Regulatory press releases
- AGM and formal reporting
- Corporate website
- A dedicated in-house investor relations team
- The interests of our shareholders are represented by seven independent non-executive directors on the Board of Directors

Key topics and activities in 2020

In 2020 amid COVID-19 restrictions, we managed to hold over 240 online meetings and conference calls with investors and analysts

Four investment conferences were attended and three non-deal roadshows with Company management conducted in key financial market centres (London, Frankfurt, Stockholm) along with numerous conference calls as part of virtual conferences and NDRs

Four conference calls and webcasts for analysts and investors were organised in order to discuss the Company's financial results

Successful USD 500 million Eurobond issue following the Company's intensive DCM marketing campaign

120 publications were made in line with Russian disclosure regulations via the Interfax Corporate Disclosure Centre

More than 50 press releases were distributed via the UK regulatory news service



>240 online meetings and conference calls with investors and analysts amid COVID-19 restrictions

Value created

Dividends

RUB 38.9 bln
in 2020



Regional governments and local communities

Why we interact

- To ensure that we act as a good neighbour
- To support the sustainable socio-economic welfare of the regions in which we operate
- To address community needs, including social or environmental concerns
- To promote the health and well-being of the communities where we operate
- To maintain an ongoing dialogue around government policies or potential regulatory changes that could affect our business
- To improve social infrastructure and implement partnerships with regional authorities

How we interact

- We implement environmental programmes
- We implement cooperation agreements with regional governments based on regional development needs
- We support social and sporting organisations
- We sponsor PhosAgro Classes and PhosAgro Schools to promote advanced chemistry education for schoolchildren
- We offer university scholarships and organise recruitment programmes aimed at encouraging children to study chemistry
- We implement the Healthy and Educated Children of Russia programme
- We encourage the development of sport in the regions where we operate
- We organise recreational activities for workers and their families
- Our employees are provided with free medical treatment, and we also fund medical infrastructure for residents of the regions in which we operate
- We encourage the development of cultural and spiritual awareness among the younger generation, educating them about Russia's history and traditions
- We run programmes to protect the socio-economic rights of veterans, and providing material assistance to World War II veterans and members of their families
- Participating in key events in the regions where we operate, including competitions, ratings, awards, forums

Key topics and activities in 2020

- Assisting regions in combating the COVID-19 pandemic, including:
- the construction of a 400-bed infectious disease centre in the Saratov region
- the programme to provide healthcare institutions across our footprint with personal protective equipment, ventilators and other medical equipment during the pandemic
- financing the launch of and purchasing equipment for PCR laboratories
- providing free hot meals for medical staff on the coronavirus frontline
- supporting online education efforts across our footprint during the pandemic
- running the #WeTogether volunteer campaign
- signing cooperation agreements between PhosAgro and the governments of the Leningrad, Saratov, Murmansk, and Vologda regions
- extending the Synergy of Growth project aimed at supporting small and medium-sized businesses in the Vologda region
- developing the road network in Volkhov, Cherepovets and Balakovo
- the Company's project to install a station for continuous automatic air quality control in Volkhov won a prize at the 13th Awards for Russian Leaders in Corporate Philanthropy
- supporting local sports teams, including Severyanka volleyball club, Avtodor basketball club, Proton-Saratov volleyball club, Kovrovets motorball club, Turbina 2016 speedway team



- Launching the Agro Class project in cooperation with Voronezh Secondary School No. 102 and the Voronezh State Agricultural University
- Leveraging our Green Planet centre in Cherepovets to hold online museum events, workshops, intellectual games and excursions for children
- Events dedicated to the 75th anniversary of the end of World War II:
- the construction of a unique Wall of Memory memorial in Cherepovets
- the renovation of the Obelisk memorial site in Balakovo
- the renovation of the Novooktyabrsky memorial in Volkhov
- Providing charitable assistance in building and rebuilding orthodox holy sites both in Russia and abroad, as well as rebuilding and aiding 26 churches
- Building a climbing wall and a rope park in the village of Kadui, Vologda region
- Developing the Bolshoi Vudyavr ski area and opening a hockey school in Kirovsk
- Renovating the Greco-Roman wrestling centre in the village of Bykov Otrog, Saratov region
- Opening three sports grounds and a skate park in Volkhov
- Holding the Volhov Run

- Assisting 20 non-governmental organisations of labour and war veterans and charitable organisations in Cherepovets, Kirovsk and Balakovo as part of the Connecting Generations project
- Signing a charitable donation agreement as part of our cooperation with the Russian Chess Federation
- Supporting the Mendelev Chemical Students Competition
- Teaming up with the Russian Academy of Sciences, the MSU Faculty of Chemistry, and the Ivanovo State University of Chemistry and Technology



PhosAgro was awarded the Gold Medal as Industry Stewardship Champion for its responsible approach to production at the 2020 IFA Strategic Forum

Value created

Payments to regional and municipal budgets in Russia

RUB 10.6 bln
in 2020

Charitable giving and community and infrastructure investment

RUB 3.2 bln
in 2020



International organisations

102-13

Why we interact

- To address community needs, including social or environmental concerns
- To discuss the most important issues from experts' point of view
- To develop a common strategy and tactics and to unite in the effort to overcome global challenges
- To review performance
- To identify priority issues and areas of focus for current and future periods

How we interact

- Active participation in the work of global, national and regional organisations and industry associations
- Implementation of common programmes
- Support of major national, regional, and international initiatives promoting sustainable development goals

Key topics and activities in 2020

- Davos 2020 World Economic Forum PhosAgro is a permanent fixture in the forum (Metals&Mining panel)
- Membership in the European Sustainable Phosphorus Platform (ESPP)
- Green Chemistry for Life, a joint grant programme by PhosAgro, UNESCO and IUPAC. It is designed to provide financial support and scientific guidance for young scientists doing research in emerging Green Chemistry technologies
- IUPAC Summer School on Green Chemistry was held online for the first time, with more than 200 postgraduates and young scientists and about 40 professors and teachers from 25 countries participating in the sessions
- International Fertilizer Association (IFA) PhosAgro was awarded the Gold Medal as Industry Stewardship Champion for its responsible approach to production at the 2020 IFA Strategic Forum
- Our membership in the association enables us to influence decisions and changes in the mineral fertilizer industry, with PhosAgro's experts participating in the work of IFA's Committees on Agriculture, Safety, Health and Environment, International Trade, and Communications and Public Affairs
- Association of Economic Cooperation with African States (AECAS) PhosAgro's joining AECAS in 2020 will help boost trade between Russia and Africa
- Our membership in the association is useful both in terms of further promoting Russian mineral fertilizers in Africa and securing markets in the countries where we operate
- Participation in the BRICS Business Forum's panel discussion on Agricultural Biotechnology in BRICS: Food Security and Sustainability
- Participation in the Global Compact Network Russia
- United Nations Global Compact Confirming PhosAgro's status as the UN Global Compact LEAD company enables us to improve our business reputation on the global arena, increase our competitive advantage, enhance public confidence in our Company, strengthen partnerships, and take part in UN initiatives and projects
- Participation in an online conference as part of UN Climate Week
- Participation in Safer Phosphates, a global campaign bringing together eco-efficient fertilizer producers
- Participation in the UN Food and Agriculture Organization (FAO)
- Participation in the project for Development of Sustainable Agriculture through the Implementation of the Global Soil Doctors Programme and the Creation of the Global Soil Laboratory Network (GLOSOLAN)

Value created

Participation in the project for Development of Sustainable Agriculture aimed at enhancing the farmers' skills and launching soil laboratories in Africa, Asia, Latin America and the Middle East

USD 1.2 mln
in 2020



Employees and trade unions

102-41

Why we interact

- To promote a corporate culture that is aligned with PhosAgro's strategic goals
- To ensure employee satisfaction and motivation
- To guarantee appropriate social welfare for our current and retired employees
- To maintain an open dialogue with trade unions and employees
- To use human resources responsibly and effectively
- To provide our employees with the opportunity for professional advancement

How we interact

- We negotiate collective agreements with trade unions that address issues such as working conditions and compensation for employees at each of our production enterprises (usually for a three-year period, covering 100% of the employees of Apatit, its branches and standalone business units)
- We involve trade unions in the development of PhosAgro's workplace health and safety programmes
- We collaborate extensively with trade unions on cultural and sporting events, workplace health and safety committees, on the nomination of workplace health and safety representatives, and on our health and safety workshops
- We implement employee development programmes, including our Talent Pool Programme
- We conduct employee surveys, make presentations and bulletin boards, and run an intranet site and corporate newspaper
- We hold meetings with general directors of production sites and management responsible for social and HR issues together with trade union representatives
- We have a whistle-blower hotline, email addresses for complaints and telephone hotlines for inquiries and social issues and also for reporting violations

Key topics and activities in 2020

- In 2020, PhosAgro ranked 15th on the list of Russia's top 50 employers compiled by Forbes and won the 1st place in the Region category of the HR Brand Award, a top-tier nationwide competition in personnel management
- The Volkhov branch of Apatit won the regional contest of corporate programmes called Healthy Work Environment for the Best Corporate Health Programme at a Large Enterprise
- In 2020, all of PhosAgro's production sites entered into new collective agreements to enhance and harmonise social benefits which will remain in effect until 2023
- Providing financial support to trade unions
- Standing commission in place for collective bargaining
- Charity festivals and social projects in the cities hosting our production sites
- Annual tenders to select social service providers
- Corporate Sports Games (Spartakiads)
- Health and Leisure social programme aimed at strengthening our people's health and preventing occupational diseases
- Corporate housing programme
- Programme to improve social and working conditions under the auspices of social services and trade unions
- Annual events to mark the Day of Older Persons
- Paid health resort tours for employees of pre-retirement age and working pensioners in line with the new requirements of the pension legislation
- In 2020, 99% of PhosAgro employees received professional training
- Mentoring programme in progress
- Introducing a training system for recruitment professionals
- Implementing new solutions in personnel management, including employee potential assessment
- Monthly information sessions for employees and other employee communications

Value created

average salary across Apatit and its branches in 2020

RUB 96.4 +10,4% y-o-y

training expenses in 2020

RUB 200 mln



Business partners: customers

Why we interact

- To provide agricultural producers with high-quality mineral fertilizers at competitive prices
- To preserve the health of future generations and soil fertility by using eco-efficient mineral fertilizers
- To establish business partnerships built on mutual trust and respect
- To ensure a shared understanding of obligations and expectations from the partnership
- To ensure sustainable growth of sales markets
- To increase crop yields in Russia and abroad by developing complex nutrition systems and efficient farming practices
- To promote the responsible and rational use of mineral fertilizers, i.e. green agriculture

How we interact

- Continuous communication with customers – farmers, distributors and business partners, including those in related areas – in both the domestic and international markets
- Development of in-house agronomic service
- Partnerships with research institutes
- Development of new solutions to meet market needs
- Membership in industry organisations such as the International Fertilizer Association and the Russian Association of Fertilizer Producers, and hosting joint events with them

Key topics and activities in 2020

- PhosAgro presented its green labelling for Russian mineral fertilizers at the 85th International Green Week 2020 in Berlin
- The Company participated in the Golden Autumn 2020 exhibition to discuss the Green Standard for Russian-made agricultural products
- PhosAgro partnered with the Russian Academy of Sciences to hold an on-site applied research conference titled Global Food Security: Challenges and Solutions in Barybino, with an area of 44 ha where guests could take a foray into innovative solutions and cutting-edge farming technologies
- The Company acted as the general partner of the All-Russian Field Day in the Bryansk region, where it presented a range of new NPK fertilizers, including ammonium sulphate introduced in 2020
- PhosAgro launched its YouTube channel named PhosAgro Pro Agro, which features the Company's agronomic service specialists and invited experts discussing advanced technologies and effective plant nutrition systems
- Holding training events for farmers, distributors and sales managers (over 60 workshops and conferences annually)
- Creating a knowledge base focusing on the efficiency and benefits of PhosAgro fertilizers (over 150 trials per year)
- Advertising portfolio expansion
- New presentation materials for clients



Business partners: suppliers and contractors

Why we interact

- To optimise procurement procedures with emphasis on greater efficiency and transparency
- To create a level playing field for all prospective contractors through uniform requirements and fair bid evaluation
- To establish long-term relationships with suppliers

How we interact

- Participation in conferences and exhibitions, holding meetings and negotiations
- Procurement announcements
- Compliance with the Company's Code of Ethics

Key topics and activities in 2020

- Implementing a green procurement system
- Developing the Code of Conduct for Counterparties, which governs sustainability-related aspects of counterparty relationships
- Developing ESG criteria to evaluate suppliers and contractors, which results in an individual counterparty rating. Re-engineering procurement
- Building strong, trustful and mutually beneficial relationships with our partners
- Holding procurement tenders on a proprietary electronic bidding platform compliant with Russian laws

Value created

Total procurement
in 2020

RUB 104.1 bln

Local procurement
in 2020

RUB 23.5 bln



GRI CONTENT INDEX

102-55

List of material topics and deadlines for providing information

Code	GRI Indicator	Comment	Page number (or link)
GRI 102	Overview		
1	Organisational Profile		
102-1	Name of the organisation		4
102-2	Activities, brands, products, and services		23
102-3	Location of headquarters		341
102-4	Location of operations		20-21
102-5	Ownership and legal form		4
102-6	Markets served		20-21
102-7	Scale of the organisation		26, 119, 253
102-8	Information on employees and other workers		119
102-9	Supply chain		115
102-10	Significant changes to the organisation and its supply chain		115
102-11	Precautionary principle or approach	<p>In its activities, the Company is guided by the Precautionary Principle. It involves the analysis of possible negative impact on the environment during operational planning and development of new products, including application of risk management methodology.</p> <p>As part of the corporate risk management system, the Company monitors the risk of negative environmental impact. The materiality and risk appetite of this risk are reassessed on a regular basis in accordance with the criteria established in the Company. Such risk factors as changes in production plans and production technology, accidents and incidents involving process equipment, engaging contractors who do not have necessary environmental management competencies, commissioning of new production facilities, etc. are taken into account.</p> <p>In accordance with statutory requirements and the Company's approved regulations, measures are implemented to prevent the risk of excessive environmental impact. In particular, the Company carries out continuous industrial and environmental monitoring using its own resources and by engaging external expert organisations and supervisory bodies, conducts scientific research to justify pollutant discharge standards, upgrades purification systems, etc. The environmental management system of the Company's business units is certified in accordance with ISO 14001.</p>	
102-12	List of externally-developed economic, environmental and social charters, principles, or other initiatives to which the organisation subscribes, or which it endorses		105, 117, 149
102-13	List of the main memberships of industry or other associations, and national or international advocacy organisations		316, 326
2	Strategy		
102-14	Statement from senior decision-maker		38
102-15	Key impacts, risks, and opportunities		72
3	Ethics and Integrity		

Code	GRI Indicator	Comment	Page number (or link)
102-16	Values, principles, standards and norms of behaviour		12, 242
102-17	Internal and external mechanisms for seeking advice on ethical and lawful behaviour and matters related to organisational integrity		242
4	Governance		
102-18	Governance structure		202
102-19	Process for delegating authority for economic, environmental, and social topics from the highest governance body to senior executives and other employees		196
102-20	Executive-level responsibility for economic, environmental, and social topics		196
102-21	Consulting stakeholders on economic, environmental, and social topics		196
102-22	Composition of the highest governance body and its committees		206
102-23	Chair of the highest governance body		194
102-24	Nomination and selection processes for the highest governance body and its committees		208
102-25	Processes for the highest governance body to ensure conflicts of interest are avoided and managed		244
102-26	Highest governance body's and senior executives' roles in the development, approval, and updating of the organisation's purpose, value or mission statements, strategies, policies, and goals related to economic, environmental, and social topics		203
102-27	Measures taken to develop and enhance the highest governance body's collective knowledge of economic, environmental and social topics		208
102-28	Processes for evaluating the highest governance body's performance with respect to governance of economic, environmental, and social topics		209
102-29	Identifying and managing economic, environmental, and social impacts		205, 220-229
102-30	Effectiveness of risk management processes		238
102-32	Highest governance body's role in sustainability reporting		4-5
102-33	Process for communicating critical concerns to the highest governance body		220-229
102-35	Remuneration policies for the highest governance body and senior executives		247-249
102-36	Process for determining remuneration		248
5	Stakeholder Engagement		
102-40	List of stakeholder groups		312-319
102-41	Collective bargaining agreement management		317
102-42	Basis for identification and selection of stakeholders		5, 312-319
102-43	Approach to stakeholder engagement		312
102-44	Key topics and concerns that have been raised through stakeholder engagement		5-9, 312-319



Code	GRI Indicator	Comment	Page number (or link)
6	Reporting Practice		
102-45	Entities included in the consolidated financial statements		260
102-46	Defining report content and topic boundaries		4-5
102-47	List of material topics		5
102-48	Restatements of information	The Report does not contain any restatements of information given in previous reports	
102-49	Changes in sustainability reporting / Significant changes in the list of material topics		4
102-50	Reporting period		4
102-51	Date of most recent previous sustainability report	The Company does not have a separate report on sustainable development. Information on sustainable development is included in the integrated report.	
102-52	Reporting cycle	The Company does not have a separate report on sustainable development. Information on sustainable development is included in the integrated report.	4
102-53	Contact point for questions regarding the report		337
102-54	Claims of reporting in accordance with the GRI Standards	This Report has been prepared in accordance with the GRI Standards:	4-5
102-55	GRI content index	This document	320
102-56	External assurance		4
GRI 201	Economic Performance		
201-1	Direct economic value generated and distributed		87
201-2	Financial implications and other risks and opportunities due to climate change		78
201-3	Defined benefit plan obligations and other retirement plans		327
GRI 202	Market Presence		
202-1	Ratios of standard entry level wage by gender compared to local minimum wage		124
202-2	Proportion of senior management hired from the local community		125
GRI 203	Indirect Economic Impact		
203-1	Infrastructure investments and services supported		189
203-2	Significant indirect economic impacts		126, 189
GRI 204	Procurement Practices		
204-1	Proportion of spending on local suppliers at significant locations of operation		113
GRI 205	Anti-Corruption		
205-1	Operations assessed for risks related to corruption		76, 243
205-2	Communication and training about anti-corruption policies and procedures		244
205-3	Confirmed incidents of corruption and actions taken		245

Code	GRI Indicator	Comment	Page number (or link)
GRI 207	Tax		
207-4	Country-by-country reporting	In 2020, the Company paid RUB 16,958 mln in the Russian Federation. The Group is in compliance with tax laws in the countries where it operated. The amount of taxes paid outside of Russia is immaterial. ¹	
GRI 302	Energy		
103	Management approach		176
302-1	Energy consumption within the organisation		179
302-3	Energy intensity		179
302-4	Reduction of energy consumption		177
GRI 303	Water and Effluents		
103	Management approach		168
303-1	Responsible water consumption		168
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.	
303-3	Water withdrawal		171
303-4	Water discharge		172-173
303-5	Water consumption		172
GRI 304	Biodiversity		
103	Management approach		174
304-2	Significant impacts of activities, products, and services on biodiversity		174-175
304-3	Habitats protected or restored		174-175
GRI 305	Emissions		
103	Management approach		156
305-1	Direct (Scope 1) GHG emissions		161
305-2	Energy indirect (Scope 2) GHG emissions		161
305-4	GHG emissions intensity		163
305-5	Reduction of GHG emissions		163
305-6	Emissions of ozone-depleting substances (ODS)	The Company does not use ozone-depleting substances on an industrial scale	
305-7	Nitrogen oxides (NO _x), sulphur oxides (SO _x), and other significant air emissions		157
GRI 306	Affluents and Waste		
103	Management approach		164
306-1	Total water discharge by quality and destination	All waste water discharged by the Company is treated to standard and is processed at the Company's wastewater treatment facilities. There was no unplanned waste water discharge in 2020.	
306-2	Waste by type and disposal method		165
306-3	Significant spills	There were no significant spills	
306-4	Transport of hazardous waste	The Company performs no cross-border shipping of waste deemed hazardous under the terms of the Basel Convention	
GRI 307	Environmental Compliance		

¹ This information was disclosed on all entities that are part of the same group as Apatit and PhosAgro



Code	GRI Indicator	Comment	Page number (or link)
103	Management approach		149
307-1	Non-compliance with environmental laws and regulations	In 2021, following a court proceeding, the Company was imposed a RUB 7,914,517.36 fine. The decision may be appealed by both parties in accordance with the established procedure; as at the date of this report, the Company had no final information on the fine amount. The actual result will be disclosed in the 2021 Report.	153
GRI 308 Supplier Environmental Assessment			
103	Management approach		108
308-2	Negative environmental impacts in the supply chain and actions taken		154-155
GRI 401 Employment			
103	Management approach		117
401-1	New employee hires and employee turnover		121
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 Apatit, its branches and standalone business units and do not depend on the status or conditions of employment.	
401-3	Parental leave		328
GRI 402 Labour/Management Relations			
103	Management approach		124
GRI 403 Occupational Health and Safety			
103	Management approach		134
403-1	Occupational health and safety management system		136
403-2	Hazard identification, risk assessment, and incident investigation		138
403-3	Occupational health services		137
403-4	Worker participation, consultation, and communication on occupational health and safety		141
403-5	Worker training on occupational health and safety		142
403-6	Promotion of worker health		143
403-7	Prevention and mitigation of occupational health and safety impacts directly linked by business relationships		143
403-8	Workers covered by an occupational health and safety management system		138
403-9	Work-related injuries		144
403-10	Work-related ill health		145
GRI 404 Training and Education			
103	Management approach		126
404-1	Average hours of training per year per employee		127
404-2	Programmes for upgrading employee skills and transition assistance programmes		126
404-3	Percentage of employees receiving regular performance and career development reviews		128

Code	GRI Indicator	Comment	Page number (or link)
GRI 405	Diversity and Equal Opportunity		
103	Management approach		117
405-1	Organisation's governance bodies and main employee categories by gender, age group, minority groups and other indicators of diversity		119, 122
GRI 406	Non-Discrimination		
103	Management approach		117
GRI 407	Child Labour		
103	Management approach		117
GRI 408	Forced Labour		
103	Management approach		117
GRI 410	Security Practices		
103	Management approach		137
GRI 412	Human Rights Assessment		
103	Management approach		245
GRI 413	Local Communities		
103	Management approach		181
413-1	Operations with local community engagement, impact assessments, and development programmes	Apatit has programmes for interaction and support of local communities in place. The project to assess the results of interaction with local communities was initiated by the Company in 2020, but due to the onset of the pandemic, it was not possible to implement the project.	180
GRI 417	Marketing and Labelling		
103	Management approach		30
417-1	Requirements for product and service information and labelling		30, 45, 88



GRI CONTENT INDEX: ADDITIONAL INFORMATION

Issuer's participation in banking groups, banking holdings, holdings and associations

102-13

HGroup, holding, or association	Membership	Issuer's role (position) and functions in the organisation
Russian Union of Industrialists and Entrepreneurs (RSPP)	since 2016	member of the RSPP. Promoting RSPP goals set out in the association's charter and resolutions of its management bodies
National Global Compact Network on Implementation of Responsible Business Principles in Business Practice	since 2019	member of the association. Promoting goals set out in the association's charter and resolutions of its management bodies
Association of Economic Cooperation with African States (AECAS)	since 2020	member of the AECAS. Promoting AECAS goals set out in the association's charter and resolutions of its management bodies

Coverage of defined benefit pension plan obligations, RUB mln

201-3

Region	Employee benefit obligations		Actual performance of the employee benefit obligations (RUB million)
Vologda region	Current value of employee benefit obligations (private benefit coverage for newly retiring employees)		Estimate
	Retirement-related obligations (other than employee benefit obligations)	Payment of retirement benefits	17.758
		Merit benefit plans	17.982
		Financial aid for retired former employees	16.769
	TOTAL:		52.509
Leningrad region	Current value of employee benefit obligations (private benefit coverage for newly retiring employees)		Estimate
	Retirement-related obligations (other than employee benefit obligations)	Payment of retirement benefits	1.475
		Merit benefit plans	0.000
		Financial aid for retired former employees	5.164
	TOTAL:		6.639
Murmansk region	Current value of employee benefit obligations (private benefit coverage for newly retiring employees)		Estimate
	Retirement-related obligations (other than employee benefit obligations)	Payment of retirement benefits	32.704
		Merit benefit plans	0.000
		Financial aid for retired former employees	18.575
	TOTAL:		51.279
Saratov region	Current value of employee benefit obligations (private benefit coverage for newly retiring employees)		Estimate
	Retirement-related obligations (other than employee benefit obligations)	Payment of retirement benefits	1.552
		Merit benefit plans	0.000
		Financial aid for retired former employees	2.387
	TOTAL:		3.939
TOTAL	Current value of employee benefit obligations (private benefit coverage for newly retiring employees)		Estimate
	Retirement-related obligations (other than employee benefit obligations)	Payment of retirement benefits	53.489
		Merit benefit plans	17.982
		Financial aid for retired former employees	42.895
	TOTAL:		114.366

**Return to work and retention rates of employees who took parental leave, by gender, people**

401-3

Region	Gender	Employees on leave	Employees on leave	Employees who returned after leave
		as at 31 December	1 January to 31 December	1 January to 31 December
Vologda region	F	260	362	87
Vologda region	M	3	3	
Vologda region, total		263	365	87
Saratov region	F	49	62	11
Saratov region	M			
Saratov region, total		49	62	11
Leningrad region	F	36	52	13
Leningrad region	M			
Leningrad region, total		36	52	13
Murmansk region	F	216	289	62
Murmansk region	M	5	8	
Murmansk region, total		221	297	62
Moscow region	F	12	16	1
Moscow region	M			
Moscow region, total		12	16	1
Grand total		581	792	174



INDEPENDENT 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 2020 (hereinafter – the "Integrated annual report"). The Integrated annual report represents information related to the Company and its subsidiaries (hereinafter together – the "Group").

SELECTED INFORMATION

We assessed the qualitative and quantitative information specified in Appendix 1 to this report, that is disclosed in the Integrated annual report and referred to or disclosed in the GRI content index of the Integrated annual report (hereinafter – the "Selected Information").

The scope of our assurance procedures was limited to the Selected Information for the year ended 31 December 2020 only. We have not performed any procedures with respect to earlier periods or any other items included in the Integrated annual report and, therefore, do not express any conclusion thereon.

REPORTING CRITERIA

We assessed the Selected Information using relevant criteria, including reporting requirements, in the respective GRI Sustainability Reporting Standards 102, 202, 203, 205, 302, 303, 304, 305, 306, 307, 401, 403, 404 and 413 (hereinafter – the "GRI Standards") published by the Global Reporting Initiative (GRI) (hereinafter – the "Reporting Criteria"). We believe that the Reporting Criteria are appropriate given the purpose of our limited assurance engagement.

RESPONSIBILITIES OF THE MANAGEMENT OF THE GROUP

The 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, including objective reporting criteria, and guidelines for preparing and reporting the Selected Information in accordance with the Reporting Criteria;

- preparing, measuring and reporting of the Selected Information in accordance with the Reporting Criteria; and
- the accuracy, completeness and presentation of the Selected Information.

OUR RESPONSIBILITIES

We are responsible for:

- planning and performing the engagement to obtain limited assurance about whether the Selected Information is free from material misstatement, whether due to fraud or error;
- forming an independent conclusion, based on the procedures we have performed and the evidence we have obtained; and
- reporting our conclusion to the management of the Group.

This report, including our conclusion, has been prepared solely for the management of the Group in accordance with the agreement between us, to assist management in reporting on the Group's sustainability performance and activities. We permit this report to be disclosed in the Integrated annual report, which will be published on the Company's website¹, to assist management in responding to their governance responsibilities by obtaining an independent 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.

PROFESSIONAL STANDARDS APPLIED AND LEVEL OF ASSURANCE

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised) "Assurance Engagements other than Audits and 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. 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.



OUR INDEPENDENCE AND QUALITY CONTROL

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. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Our firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and 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 Sustainability Reporting team and those with responsibility for Sustainability Reporting management and group reporting;
- conducted interviews of personnel responsible for the preparation of the Integrated annual report and collection of underlying data;
- performed analysis of the relevant internal methodology and guidelines, gaining an understanding and evaluating of the design of the key structures, systems, processes and controls for managing, recording, preparing and reporting the Selected Information;

Audited entity:

Public Joint Stock Company "PhosAgro"

Certificate of inclusion in the Unified State Register of Legal Entities issued on 5 September 2002 under registration № 1027700190572

Taxpayer Identification Number 7736216869

55/1 building 1, Leninsky prospect, Moscow, 119333, Russian Federation

- performed limited substantive testing on a selective basis of the Selected Information to check that data had been appropriately measured, recorded, collated and reported.

REPORTING AND MEASUREMENT METHODOLOGIES

Under the GRI Standards there is a range of different, but acceptable, measurement and reporting techniques. The techniques 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 which the Group is solely responsible for.

OUR 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 2020 has not been prepared, in all material respects, in accordance with the Reporting Criteria.

27 April 2021
Moscow, Russian Federation

A.Y. Fegetsyn,
certified auditor (licence no. 03-001436),
AO PricewaterhouseCoopers Audit



Independent auditor:

AO PricewaterhouseCoopers Audit

Registered by the Government Agency Moscow Registration Chamber on 28 February 1992 under No. 008.890

Record made in the Unified State Register of Legal Entities on 22 August 2002 under State Registration Number 1027700148431

Taxpayer Identification Number 7705051102

Member of Self-regulated organization of auditors
«Sodruzhestvo»

Principal Registration Number of the Record in the Register of Auditors and Audit Organizations – 12006020338

SELECTED INFORMATION SUBJECT TO LIMITED ASSURANCE PROCEDURES

GRI Standard	
102-8	Information on employees and other workers
102-49	Changes in reporting
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
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
305-5	Reduction of GHG emissions
305-7	Nitrogen oxides (NOX), sulfur oxides (SOX), and other significant air emissions
	Emissions by unit of product
306-1	Water discharge by quality and destination
	Water discharge by unit of product
306-2	Waste by type and disposal method
	Waste by type of hazard (I-IV)
	Total weight of hazardous waste, with a breakdown by the following disposal methods
306-4	Transport of hazardous waste
307-1	Non-compliance with environmental laws and regulations
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



ESG CONTENT INDEX¹

Code	ESG Indicator	Page number
Environmental		
E1	Greenhouse gas emissions	160-163
E2	Emissions intensity	160-163
E3	Total energy consumption (direct and indirect)	179
E4	Energy intensity	179
E5	Water used by type of generation	178
E6	Water use	168
E7	Environmental management	150
E8	Climate risk management / board of directors and management	79, 162, 203, 238 TCFD Report 2020
E9	Climate risk management / middle management	79, 162, 203, 238 TCFD Report 2020
E10	Climate risk mitigation	79 TCFD Report 2020
Social		
S1	CEO pay ratio	249
S3	Staff turnover	121
S4	Gender pay ratio	120-123
S5	Employee turnover	121

Code	ESG Indicator	Page number
S6	Gender diversity	117
S7	Share of temporary employees	145
S8	Occupational health and safety	134
S9	Child and forced labour	117
S10	Human rights	117
Governance		
G1	Board of Directors diversity	201
G2	Board of Directors independence	208
G3	Incentive compensation to the management	124, 247
G4	Collective bargaining	317
G5	Code of conduct for suppliers	109
G6	Ethics and anti-corruption	242
G7	Confidentiality of personal data	241
G8	ESG reporting	332
G9	ESG disclosure	196
G10	External assurance	329

¹ ESG Reporting Guide 2.0 Nasdaq

SASB CONTENT INDEX

Code	Activity metric	Page number/ Comment
EM-MM-000.B	Total number of employees, percentage contractors	119
Environmental		
RT-CH-110a.1	Gross global Scope 1 emissions, percentage covered under emissions-limiting regulations	161-163
EM-MM-110a.1		
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For more information on GHG emissions and climate risks, see the TCFD Report 2020, Climate-Related Financial Disclosures

GLOSSARY

AN – ammonium nitrate

ANBP – apatite-nepheline
beneficiation plant

ANSES – French Agency for Food,
Environmental and Occupational
Health & Safety

ASF – African swine fever

ATG – atmosphere gauge (unit
of pressure)

BAT – best available technique

bln – billion

Capex – capital expenditure

Ccl44 – carbon tetrachloride

Cd – cadmium

CDA 2 – nationwide programme
to modernise the electricity industry

CDP – Carbon Disclosure Project

CIS – Commonwealth of Independent
States

CJSC – closed joint-stock company

CO2 – carbon dioxide

COVID-19 – coronavirus disease 2019,
the pandemic caused by severe acute
respiratory syndrome coronavirus 2
(SARS-CoV-2)

DAP – diammonium phosphate

DCDA – Double Contact Double
Absorption

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

GLONASS – Global Navigation Satellite
System

GLOSOLAN – Global Soil Laboratories
Networks; supporting the GLOSOLAN
by developing research capacities
and strengthening the Regional Soil
Laboratories Networks (RESOLAN)

GRI – Global Reporting Initiative

GSP – Global Soil Partnership

H2SO4 – sulphuric acid

HR – human resources

HSE – health, safety and environment

IFA – International Fertilizer
Association

IFRS – International Financial
Reporting Standards

IMF – International Monetary Fund

IPCC – in-pit crushing and conveying
at the Vostochny mine

IRR – internal rate of return

IT – information technology

IUPAC – International Union of Pure
and Applied Chemistry

IYPT 2019 – International Year
of the Periodic Table

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

MS – management system

MW – megawatt

NH3 – ammonia

NIUIF – Samoilov Scientific
Research Institute for Fertilizers
and Insectofungicides

NO2 – nitrogen dioxide

NPK – nitrogen-phosphorus-potas-
sium fertilizer

OJSC – open joint-stock company

OPEC – Organisation of the Petroleum
Exporting Countries

P2O5 – phosphoric pentoxide



PhosAgro Group – PJSC PhosAgro and its subsidiaries

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

Rosstandart – Federal Agency on Technical Regulating and Metrology

Rostekhnadzor – Federal Service for the Supervision of Environment, Technology and Nuclear Management

RSPP – Russian Union of Industrialists and Entrepreneurs

RUB – Russian rouble

SDG – UN Sustainable Development Goal

SMEs – small and medium-sized enterprises

SO₂ – sulphur dioxide

STPP – sodium tripolyphosphate

Strategy to 2025 – PhosAgro's Development Strategy to 2025

t – metric tonne

ths – thousand

TTF – Title Transfer Facility

UDT – thermal treatment facility

UN – United Nations

UNESCO – United Nations Educational, Scientific and Cultural Organisation

USA – United States of America

USD – United States dollar

VAT – value-added tax

VOC – volatile organic compound

WHO – World Health Organisation

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