



# 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

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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

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### 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 Mendeleev 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