

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;
- reviewing the Company's budget for 2021, as well as quarterly follow-up on the 2020 budget utilisation;
- assessing the degree to which the requirements of the Company's Insider Information Policy were met;
- determination of sustainable development priorities;
- the Company's strategy in the area of international projects;
- determining whether Phosagro's corporate culture is aligned with its mission, values and strategy, as well as assessing and monitoring the corporate culture;
- the sales strategy for mineral fertilizers;
- IT security and management of cyber risks;
- Climate Strategy;
- anti-crisis management;
- Water Strategy;
- performance and work plans of the Internal Audit Department.
- 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;

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.

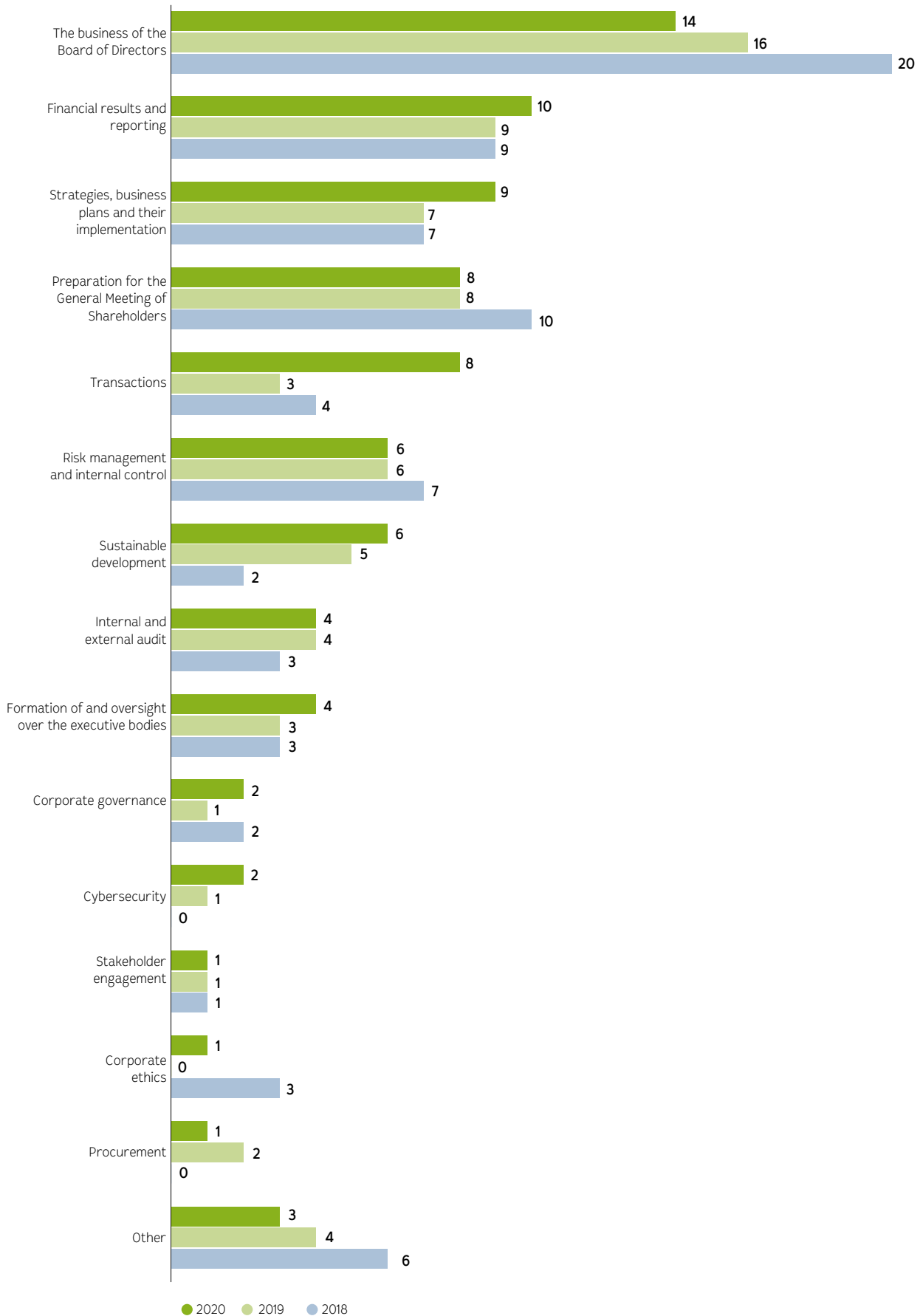
In 2020, the Board of Directors continued to foster cooperation with the Company's functional units and issuing recommendation for such functions as procurement, project management, IT and global projects.



Matters considered by the Board of Directors

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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

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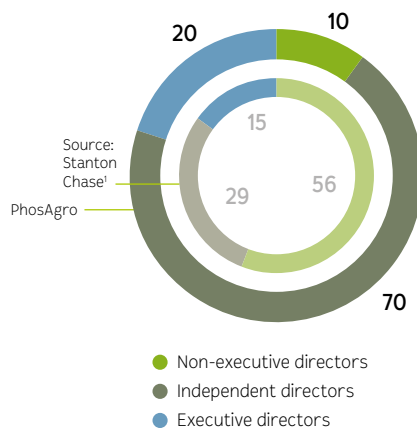
Participation in the Board meetings and key competencies

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				✓		✓			✓	

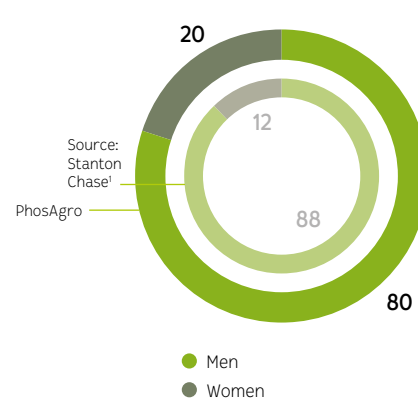


PhosAgro's Board of Directors is compared to other boards based on Stanton Chase's Overview of Boards of Directors at Russia's Largest Public Companies.¹

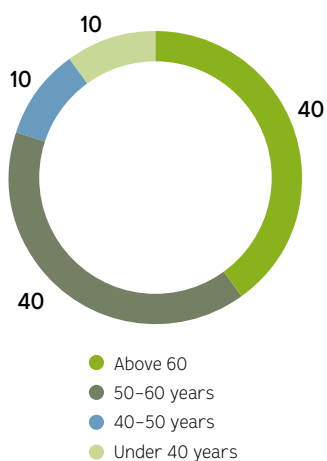
Board of Directors: independence, %



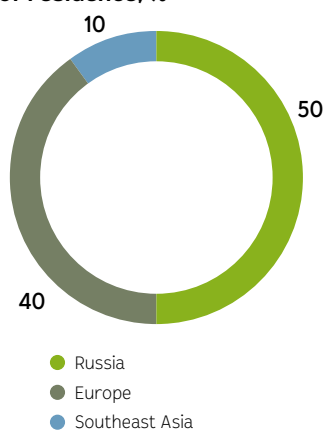
Board of Directors: gender split, %



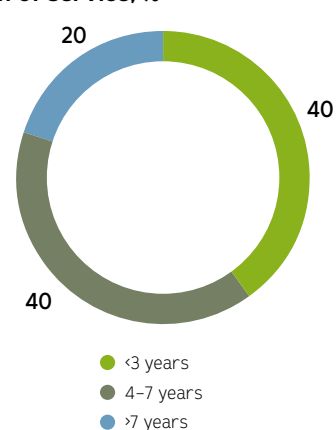
Board of Directors: age, %



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.



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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

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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

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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.

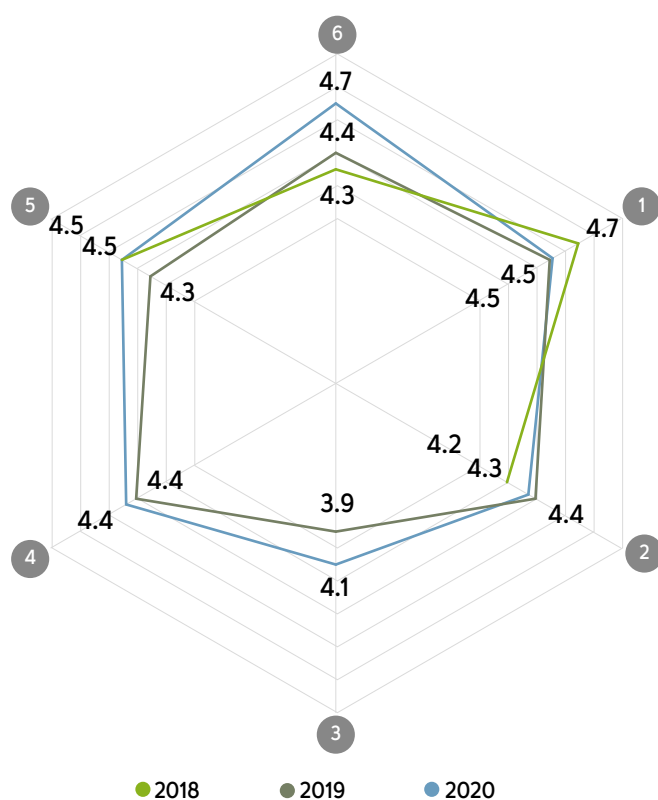
KPMG also highlighted a balanced split between executive and independent directors and confirmed that they have the required skills, competencies and expertise. In terms of independence and the presence of foreign directors, PhosAgro is almost on a par with foreign industry practices and ahead of the 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 cyber risks	+	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.