

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

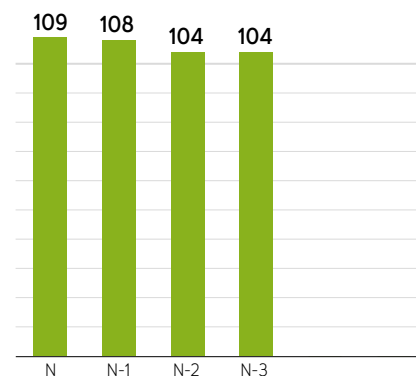
✓ Increasing sales in priority markets,

2%
of KPIs

✓ Improved investment case,

1%
of KPIs

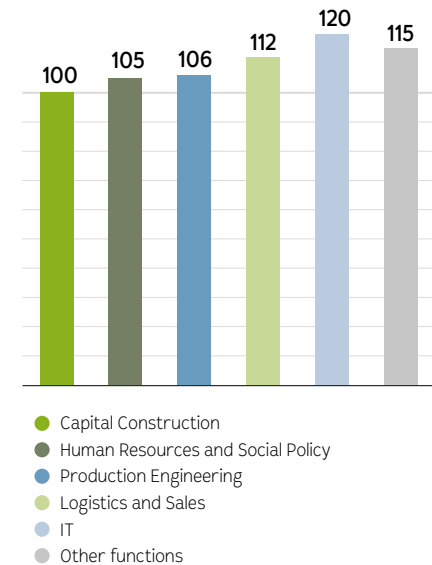
Performance breakdown by management level, %



✓ 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.