



# 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**

 <b>Group level</b>	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>
 <b>Company level</b>	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"> <li>• Coordination of counterparty relations</li> <li>• Project and programme management</li> <li>• Proposals to revise projects and programmes</li> </ul>
	Social Development Departments of the Group companies	<p>Administrative support through the project management system:</p> <ul style="list-style-type: none"> <li>• contract approval</li> <li>• transfer of funds</li> <li>• verification of beneficiary reports</li> </ul>
	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"> <li>• Review of new applications</li> <li>• Project paperwork and document verification, proposals concerning the provision of support within the limits of funds allocated to the Group companies</li> </ul>

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.