



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

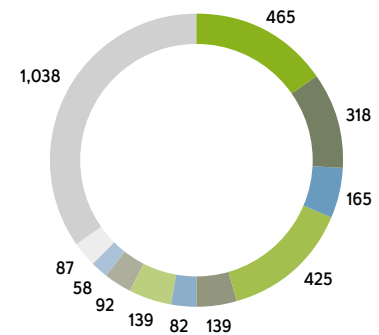
with its emergency PPE and testing kit procurement programme in the amount of more than RUB 3.5 bln.












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



-  PPI
-  Medical equipment
-  Medications / testing kits
-  Additional payments and benefits
-  Construction
-  Disinfection
-  Meals and accommodation for medical workers
-  IT
-  Transportation
-  Other services
-  Lump-sum financial support for employees



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, sweeping flourish at the end.

Xavier R. Rolet,
Chairman of the Board of Directors
of PJSC PhosAgro