



BOOSTING LOGISTICS EFFICIENCY

REDUCTION OF TRANSPORTATION COSTS

Increased reliance on own rolling stock

The Company's decision to purchase its own tank cars for liquid sulphur was made in view of the gradual retirement of such railcars from the market of rolling stock services starting in 2017. With its own fleet increased to 520 tank cars, PhosAgro will transport an additional 4 mln t of liquid sulphur in 2017–2021. This will result in safety improvement and a significant environmental effect as liquid sulphur transportation and storage prevents dusting and catching fire.

Increased reliance on own rolling stock:

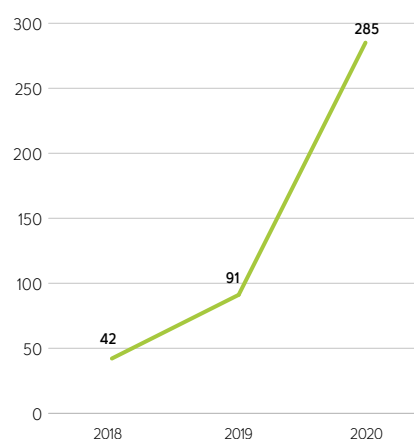
- cost efficiency – own railcars are cheaper in use than third-party rolling stock,
- safety of operation – PhosAgro's production and logistics processes are less dependent on third-party services,
- positive environmental effect – the use of innovative rolling stock with higher cargo tonnage per railcar and train minimises the negative impact on the environment per tonne of cargo.

Innovative railcar fleet put into operation

Year	Railcars put into operation			Total
	Liquid sulphur, tank cars	APP, tank cars	Mogilev Carriage Works	
2017	232	0	440	672
2018	176	0	160	336
2019	112	87	1,500	1,699
Total	520	87	2,100	2,707

PhosAgro's programme to purchase innovative mineral hoppers with a capacity of 76.5 t enabled it to free up 285 mineral hoppers with a standard capacity of 70 t in 2020, which is equivalent to more than four trains with 70 railcars each.

Railcars freed up in 2020 due to increased capacity of innovative rolling stock



Contribution to UN SDGs:



SDG 12.4

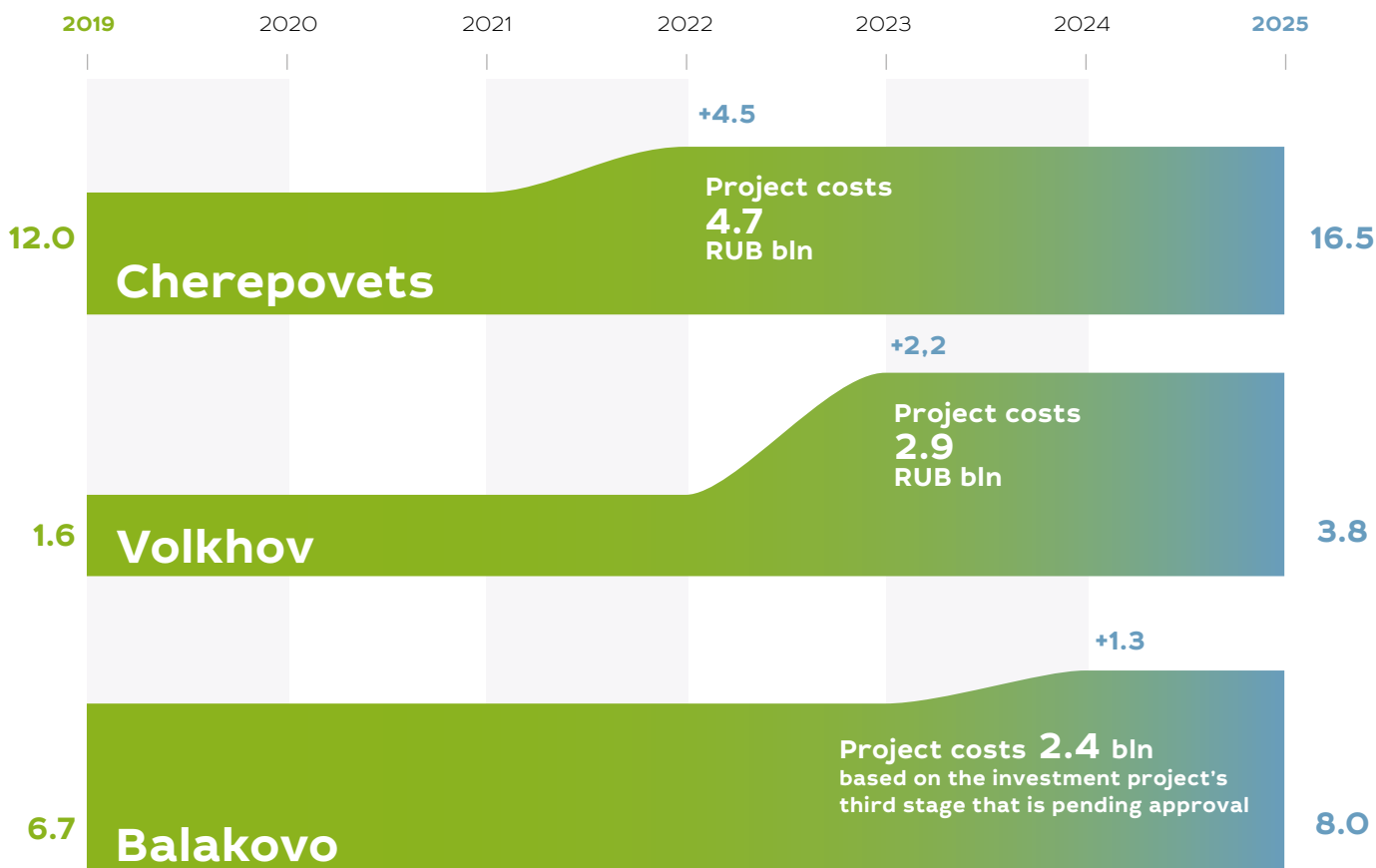
Managing chemicals and wastes wisely throughout their life cycle, including transportation.



ALIGNMENT OF PRODUCTION AND SALES

Developing rail infrastructure

Maximum rail infrastructure throughput, mtpa





Development of transport infrastructure between Kriolit and Nelazskoye

Project in progress

Objectives	Project schedule	Targets	Investments	Current status
PhosAgro is revamping the Kriolit station to connect it to the Nelazskoye station with a view to reducing the load on the existing infrastructure at Russian Railways' Koshta station and capturing prospective cargo flows.	2018–2022	<p>✔ Increase in the railway throughput capacity from 12 to over</p> <p>16.5 mtpa</p>	<p>✔</p> <p>4.7 RUB bln</p>	<p>Traffic service started in December 2020 at the Kriolit station and along the track connecting to the Nelazskoye station</p> <p>A rail car service station to be designed and constructed in 2021–2022</p>

The decision to electrify the Kriolit railway station during its construction enabled PhosAgro to spare two diesel locomotives, resulting in a positive economic and environmental effect.

Start of traffic service at the Kriolit railway station

The Cherepovets site completed a strategically important project to develop its rail infrastructure and connect it to the Severnaya and October Railways. This marked an important milestone on the path towards

the key goal in logistics – expansion of the Company's rail infrastructure throughput to over 16.5 mtpa.

Contribution to UN SDGs



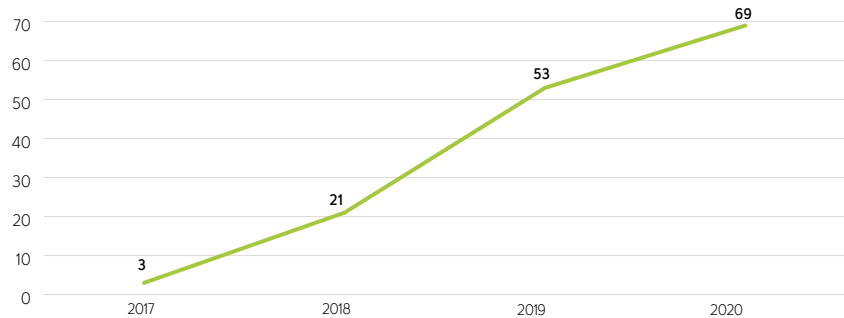
SDG 9.1

Developing rail infrastructure and contributing to the development of local communities through our value chain.

Long trains

The Company's ambition is to use long trains (over 70 railcars in length) on all routes. In 2020, long trains accounted for 69% of PhosAgro's total shipments, greatly speeding up the traffic, increasing the rolling stock turnaround, and resulting in a positive environmental effect due to lower energy costs per tonne of cargo.

Increase in the number of long trains



Switching to long trains (100 railcars in length)

- 2020** Kriolit station launched (Apatit)
- 2022** Port infrastructure improvement in Vistino with the Northern park to be launched (phase 2)
- 2023** Revamp of the Aykuven railway station (Kirovsk Branch of Apatit)



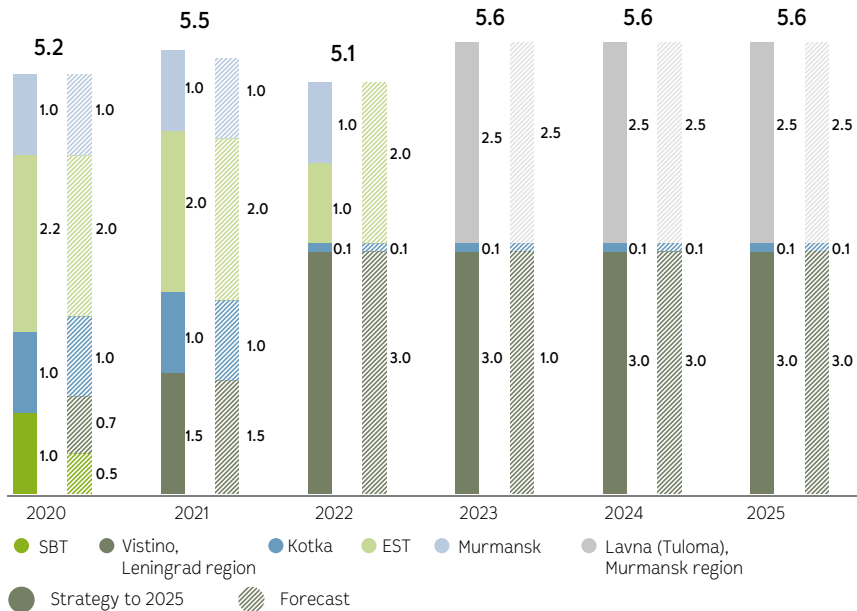
Higher traffic speed

Quicker railcar turnaround

Environmental effect

DEVELOPING PORT INFRASTRUCTURE

Enhancing port infrastructure



In addition to developing its distribution network in Russia, our key market, PhosAgro continues to expand its footprint and enhance the competitiveness of its products in foreign markets by both building up state-of-the-art transshipment facilities and reducing the cost of transportation.

The new transshipment destinations enable the Company to optimise empty runs and come closer to achieving even more ambitious goals of increasing the train carrying capacity. The joint project between PhosAgro and Russian Railways provides for both companies' infrastructure upgrades and aims to start operating 100-car trains on the Apatity–Cherepovets–Ust-Luga–Apatity loop as early as in 2023. If successful, this project will make transportation of phosphate rock and mineral fertilizers much more efficient, both economically and environmentally.

The Kriolit railway station in Cherepovets launched in 2020 and specifically designed to service 100-car trains is the linchpin of this loop.

PhosAgro is a key partner of such ports as Tuloma Sea Terminal (Lavna) and Ultramar Terminal (Vistino). These ports are being constructed in compliance with all applicable environmental requirements and located outside the 500 m water protection area.

Ultramar Terminal in Ust-Luga

PhosAgro and Ultramar signed a long-term agreement for transshipment of PhosAgro's mineral fertilizers through the new terminal being built by Ultramar at the port of Ust-Luga. The terminal will be the largest in Europe in terms of cargo storage capacity. Going forward, it will be able to handle up to 25 mtpa,

including more than 3 mtpa of PhosAgro fertilizers, which will make it a crucial facility for the Company. The transshipment through the Ultramar Terminal is scheduled to begin in 2021–2022. The terminal will be able to handle 100-car trains delivering mineral fertilizers from Cherepovets.

Tuloma Sea Terminal

PhosAgro signed a memorandum of cooperation with Infotech Baltika concerning the construction of a specialised marine terminal for the transshipment of mineral fertilizers and apatite concentrate at the seaport of Murmansk.

Infotech Baltika is building a terminal in the area of the Lavna River. The start of operations is planned for March 2023.

The project will help provide PhosAgro with the needed transshipment capacity and reduce transport costs. The ability of the terminal, which is currently under construction, to receive large Panamax-class vessels will improve the economic efficiency of sea transportation through the northern territories, while the proximity of the terminal to the Company's production assets will streamline the railway logistics for transshipments.

Contribution to UN SDGs:



SDG 9.1

Developing port infrastructure, creating employment opportunities and implementing social investment programmes.