

# Investment case and credit ratings

## 1 A global producer of high-quality phosphate-based fertilizers



<sup>1</sup> By total production capacity for DAP/MAP/NP/NPK/NPS.  
<sup>2</sup> Monoammonium phosphate / diammonium phosphate

## 2 Unique resource base and sector-leading margins



### Unique mineral resource base

The mine life, including off-balance reserves, is estimated at around 60 years.

### Important food safety factor

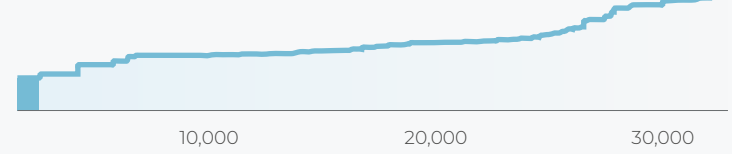
Thanks to its magmatic origin, phosphate rock mined on the Kola Peninsula boasts exceptional purity.

### Wide range of ready-to-use solutions for farmers

Our in-house R&D function and cooperation with Russian and international R&D centres enables us to develop and launch new fertilizer grades in a prompt manner in order to deliver the crop nutrient solutions our customers need.

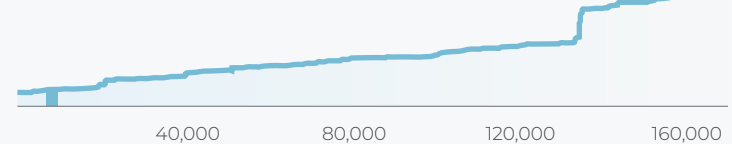
### PhosAgro Group's position on global DAP production cost curve, production, kt

Source: CRU Industry Cost Curves 2022, PhosAgro

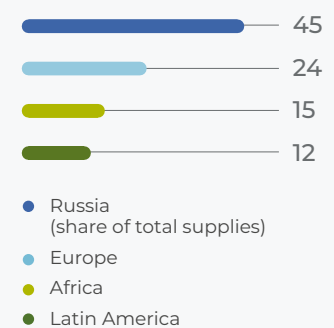


### PhosAgro Group's position on global urea production cost curve, production, kt

Source: CRU Industry Cost Curves 2022, PhosAgro



### Share of PhosAgro Group's supplies in the key sales markets (share of compound and complex fertilizers in the region's total imports), 2022 estimates, %



**No. 1** World's producer of high-quality phosphate rock (P<sub>2</sub>O<sub>5</sub> content at 39% and above) globally

### In 2022

PhosAgro topped **Expert RA's ranking** with its highest ESG transparency level among Russian chemical companies

**Expert** РЕЙТИНГОВОЕ АГЕНТСТВО

### One of the global leaders

in the production of major types of fertilizers by profitability



**No. 1** in terms of urea and mineral fertilizer capacity concentrated at one production facility (Apatit, Cherepovets) in Europe



### Self-sufficiency

- in major inputs:
- 100% in phosphate rock,
  - 76% in ammonia,
  - 92% in sulphuric acid



### The only Russian

and one of the leading European producers of monocalcium phosphate feed grade and the NP 11-37 liquid complex fertilizer

### One of the highest margins

in the phosphate segment

### 3 Eco-efficient fertilizers



PhosAgro was the first Russian company to be certified to GOST R 58658-2019, a national standard for products with improved characteristics which introduced the world's most rigorous limits on heavy metals and arsenic content. This allows PhosAgro to mark its products with a special **Green One** label.



The Company also successfully completed voluntary **Vitality Leaf** certification. This ISO 14024-compliant framework was designed to assess a product's environmental safety throughout its lifecycle, including mining and processing of raw materials, their delivery to the plant, storage, transportation and use of finished products, and packaging recycling.

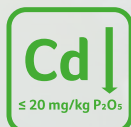


Additionally, PhosAgro made a **Green Label** environmental claim asserting that the product is free from dangerous cadmium concentrations harmful to human health and soils.



In December 2022, the Group's Cherepovets, Volkhov and Balakovo production sites and phosphate rock mining and beneficiation facility in Kirovsk successfully passed a certification audit by **the Brazilian Association of Technical Standards (ABNT)**.

The Group's product packaging also has a pictogram from the EU regulations, which is used to inform consumers of safe fertilizers in terms of heavy metals content with cadmium content not exceeding 20 mg/kg P<sub>2</sub>O<sub>5</sub>.



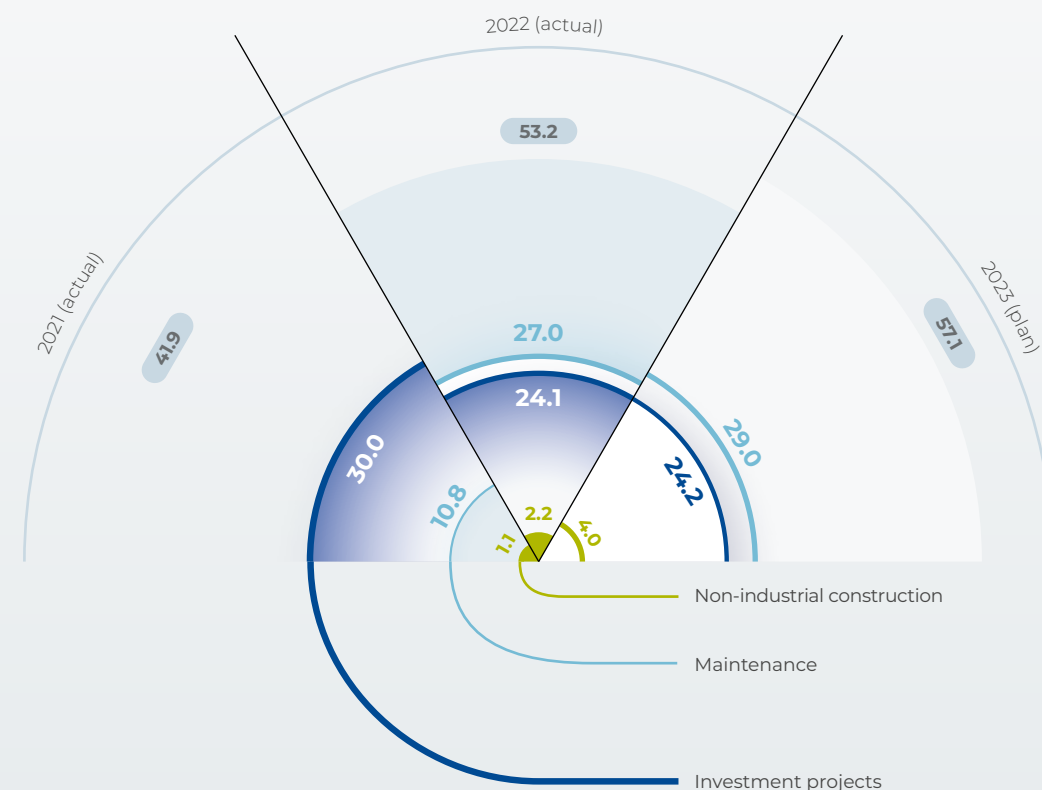
<sup>1</sup> Associação Brasileira de Normas Técnicas.

### 4 Sound capital allocation in highly effective investment projects

Investment projects may get a go-ahead subject to their high, compliance with the BAT and sustainability criteria along

with the CAPEX/EBITDA target, and a comfortable net debt / EBITDA covenant headroom.

Breakdown of CAPEX<sup>2</sup>, RUB bln



<sup>1</sup> CAPEX excluding capitalised repairs.

## 5 Well-balanced corporate governance

**4** (40%)  
independent directors on the Board of Directors

**3** board committees meeting on a regular basis

In March 2022, in the wake of sanctions against Russia, the international rating agencies Standard & Poor's, Moody's and Fitch withdrew both the sovereign credit ratings and the credit ratings of all Russian corporate issuers, including PhosAgro. This move was not related to a change in the creditworthiness of the companies and had no impact on PhosAgro's ability to service its bank and public debt. At the time of the withdrawal, PhosAgro's credit ratings were as follows: Standard & Poor's – BBB-, Moody's – Baa3, Fitch – BBB-.

Throughout 2022, the Company continued to service its bank loans in a timely manner and took a number of steps to continue servicing Eurobonds in the new regulatory environment. Thus, the Company once again confirmed its high credit quality.

Also, as a result of the sanctions against the country, international ESG rating agencies scaled down their engagement with Russian companies, including PhosAgro. Hence, PhosAgro's international ESG

ratings today cannot adequately reflect the Company's ESG practices.

PhosAgro is currently making efforts to obtain credit and ESG ratings from Russian rating agencies.

External ESG assessment	2020	2021	2022
RAEX INTERNATIONAL GROUP	n/a	A	<b>A</b>
ДаСтратегия Corporate transparency rating	n/a	A	<b>A++</b>
WWF WWF Environmental Transparency Rating for Mining and Metal Companies	14	8+	<b>7+</b>
RSCI Responsibility and Transparency index	B	A+	<b>A</b>
RSCI Sustainable Development Vector index	B	A+	<b>A</b>
RSCI Disclosure of UN SDG integration rating	B	A+	<b>A</b>

# Stakeholder engagement

## Statement of the Chairman of the Strategy and Sustainable Development Committee



**Sustainable development remains the cornerstone of PhosAgro's strategy, and we intend not only to maintain, but also to reinforce our focus on ESG integration in our corporate governance and current operations. Aware that full and timely reporting is key to achieving this goal, we place a strong emphasis on preparing relevant reports.**

For the second year running, we are making disclosures in line with the TCFD recommendations. This methodology, also used in this Report, enables us to cover a wide range of steps we take across such areas as environmental protection, social responsibility and corporate governance. A disclosure approach focused on a product's

lifecycle is instrumental in providing the most complete and well-structured information about the Company's performance, while maintaining a balance between the interests of diverse stakeholder groups.

I would also like to highlight the external recognition of our efforts. PhosAgro's Integrated Annual Report 2021 won the Grand Prix of the Moscow Exchange's 25th Annual Report Competition as the best report of companies with a capitalisation of over RUB 200 bln. This is our first reward of this kind, and we highly appreciate such a high recognition of our efforts by the investment community. We are doing our best to make sure our reporting complies with the highest standards going forward.

Our ability to listen and understand, be quick in our response, and effectively work with a wide range of stakeholders is key to the approach we use in doing business. It provides a solid foundation for delivering on strategic SDGs.

**Alexander Sharabaika**  
Chairman of the Audit and Sustainable Development Committee of the Board of Directors