

Material topics

GRI 2-14, 2-29, 3-1, 3-2

Defining material topics: approach and steps

In October 2022, PhosAgro approved the revised version of the Regulations on Collecting, Processing and Presenting Non-Financial Reporting Data in accordance with GRI standards, including the GRI Universal Standards updated in 2021. The Regulations include GRI-compliant data collection forms for the Report and establish the approach to defining material topics based on double materiality. This approach relies on the review of the impact that social, economic, regulatory and governance and/or environmental factors or aspects have on the Company and vice versa.

The new way of materiality assessment resulted in several changes to the 2022 disclosures, in particular a more extensive list of material topics. With no GRI sector standard

for the chemicals industry drafted so far, the list of topics was expanded to include additional aspects reflecting the specific nature of the Company's operations, including SASB recommended disclosures.

The Company looked into topics for each GRI Topic Standard and rated them from 0 to 3 based on the opinion of the investment and finance community, including rating agencies, and feedback from the key stakeholders. In 2022, PhosAgro Group relied on the stakeholder survey from 2021, having first checked its relevance by reviewing communications received via the PhosAgro Hotline or ir@phosagro.ru over the year. We included topics rated above 1 in the list of material topics proposed for disclosure.

Following the analysis of topics deemed material in 2020, 2021 and 2022, we found out that their materiality had largely changed due to changes in assessment approaches.

Our strategy and risk experts analysed the list of topics, compared them against our strategic priorities and risk profile and assessed their impact on PhosAgro's value chain.

1. The impact of material aspects on our value chain from mine to plate (for more information, see the Business Model section on [page 16](#)) was rated as high, medium or low. When assessing the degree of impact on processes under our control such as product development and manufacturing, purchase and mining of mineral resources, logistics and sales,

we took into account the scale of an actual and potential impact and the nature of the assessed topic with due regard to industry specifics. With the application of our products seen as an important stage in value creation, we paid attention both to the Company's impact on the end consumer and to customer needs, expectations and requirements with regard to our products and practices.

To illustrate our approach to impact assessment, let us look at the GRI 404 Training and Education. For this topic, we rated the impact as high at every stage of the value chain due to an important role our highly qualified staff plays along the way from product development to sales. As regards the application stage, we assume that the customer gets a 2-in-1 product, including a fertilizer and our service expertise (training, agronomic advice and support). Hence, relevant competencies and skills acquired,

in particular, as part of the provided training are highly relevant.

Our work to define material topics resulted in a materiality list based on the entire range of stakeholder interests and opinions related to the Company's disclosures. Following the analysis, we selected 22 material topics to be disclosed in this Report and ranked them according to their priority for the Company.

Key changes in 2022 reporting that deserve a special mention

1. Material topics disclosed in the 2021 Annual Report are still relevant in 2022.
2. We performed a dynamic assessment (change in relevance year-on-year).
3. We carried out a double materiality assessment of the Company's impact on the aspect and vice versa.
4. Under the new GRI 3 standard, we identified five new material topics:
 - **206** Anti-competitive behaviour,
 - **402** Labour/management relations,
 - **405** Diversity and equal opportunity,
 - **410** Security practices, and
 - **414** Supplier social assessment.
5. 44 GRI indicators (39 of which relate to the 22 material topics listed on [page 32](#) below) underwent external independent audit by Technologies of Trust – Audit JSC, providing limited assurance.
 - ➔ For more information, see the GRI Content Index section on page 380.

OUR APPROACH TO SELECTING 2022 MATERIAL TOPICS

IDENTIFYING THE SOURCE OF DATA

for selecting material topics and assessing respective impacts

1

Review of material topics

from the perspective of the corporate strategy, risks, opportunities and the Company's business model

Surveys of internal stakeholders

Survey of investors' opinions on material topics

Analysis of global and local ESG ratings, rankings and standards

Review of material topics as per the SASB industry standard

Analysis and prioritising of the UN SDGs

Survey of external stakeholders, including review of complaints and queries received by the PhosAgro Hotline

SHORT-LISTING

material topics

2

Assessment of each topic's materiality:

- for the Company and its stakeholders (including investors);
- from the perspective of industry standards and ratings

Assessment Materiality assessment of negative and positive impacts and assessing materiality of each impact in the value chain

Assessment of each topic's materiality on a scale from 0 to 3

APPROVING THE FINAL LIST

of material topics

3

Checking the selected topics for relevance to information users and against expert opinions

Approving the final list of material topics by the Strategy and Sustainable Development Committee

Impact on the value chain

