

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	A
ДаСтратегия Corporate transparency rating	n/a	A	A++
WWF Environmental Transparency Rating for Mining and Metal Companies	14	8+	7+
Responsibility and Transparency index	B	A+	A
Sustainable Development Vector index	B	A+	A
Disclosure of UN SDG integration rating	B	A+	A

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

Approach to stakeholder engagement; identifying and selecting stakeholders

GRI 3-1, 2-29, SASB EM-MM-210a.3

For us, engagement with stakeholders begins when we realise our common goals and interests. A stakeholder is a person or organisation that has an interest in what we do. Stakeholders also include persons or organisations that may be affected by our activities or can influence our business decisions.

Understanding stakeholder views facilitates many processes. It helps us develop new products for our

customers, raise awareness among farmers about modern agricultural practices and techniques, work with researchers to present ambitious innovative projects connecting science and business and, most importantly, make informed practical choices to improve economic, social and environmental conditions where the Company can make a difference.

In our engagement with our stakeholders, we strive

to be constructive, open and principled. Thus, we work hard to build partner relationships in the towns where we operate and ensure that we strictly comply with all applicable regulatory requirements.

PhosAgro's framework for stakeholder engagement management covers all tiers of corporate governance.

Generated and distributed direct economic value, RUB mln


GRI 201-1

Item	Stakeholder	2020	2021	2022
DIRECT ECONOMIC VALUE GENERATED				
Revenue from sales	Wide range of stakeholders	242,262	404,849	551,037
Revenue from other sales		11,617	15,639	18,490
Revenue from financial investments		975	1,971	4,439
Revenue from sale of assets		0	0	0
ECONOMIC VALUE DISTRIBUTED				
Operating expenses, including:	Suppliers and contractors Employees and trade unions	(193,263)	(250,101)	(320,792)
wages and other payments to employees		(28,540)	(32,781)	(51,567)
social expenses		(2,570)	(3,378)	(9,314)
PAYMENTS TO PROVIDERS OF CAPITAL				
payments to shareholders	Investment and finance community	(38,852)	(72,260)	(142,111)
payments to creditors		(4,132)	(4,335)	(4,558)
Tax expenses and other payments to government:	Regional governments and local communities	(11,007)	(37,019)	(52,792)
including income tax expense		(8,045)	(31,073)	(41,465)
ECONOMIC VALUE RETAINED				
		7,600	58,744	53,713

Our key stakeholders:


Employees and trade unions

For more information, see page 142




Investment and finance community, including investors, shareholders and ESG rating agencies

For more information, see page 326




Regional governments and local communities

For more information, see page 234




Consumers

For more information, see page 100




Suppliers and contractors

For more information, see page 130




International organisations

For more information, see page 128




Research community

For more information, see page 112



Business and industry associations

For more information, see page 126





Feedback

You can send your comments and proposals regarding corporate reporting to ir@phosagro.ru or esg@phosagro.ru.

Feedback from shareholders and other stakeholders helps PhosAgro improve reporting transparency and quality.