

# Remuneration report

GRI 2-19, 2-20

## Board of Directors remuneration

When deciding on the Board composition, the General Meeting of Shareholders approves the amount and the rules for determining and paying remuneration and compensation to the Board members. The Board remuneration shall be in line with current market

conditions and shall be sufficient to enable the Company to attract, motivate and retain highly skilled professionals to help drive the future growth and performance.

At the same time, the Company avoids higher-than-necessary

remuneration. The existing amounts and rules for determining and paying remuneration and compensation to the Board members were approved by the General Meeting of Shareholders on 30 June 2022.



The report on the voting results of PhosAgro's General Meeting of Shareholders dated 30 June 2022 is available on [the Company's official website](#)

### Board of Directors remuneration, RUB

Full name of the member of the Board of Directors:	2020	2021	2022
Sven Ombudstvedt	27,111,960.00	26,561,520.00	12,171,879.00
James Rogers	22,593,300.00	22,134,600.00	10,143,232.50
Marcus Rhodes	22,593,300.00	22,134,600.00	10,143,232.50
Andrey Sharonov	13,555,980.00	13,280,760.00	14,418,297.00
Xavier Rolet	27,111,960.00	26,561,520.00	5,717,786.80
Irina Bokova	22,593,300.00	22,134,600.00	5,115,232.97
Ivan Rodionov	-	-	9,581,287.50
Victor Cherepov	-	-	12,746,475.00
Victor Ivanov	-	-	5,748,772.50
<b>Total</b>	<b>135,559,800.00</b>	<b>132,807,600.00</b>	<b>85,786,195.77</b>

## Remuneration of the management

### Remuneration principles

The Company's remuneration policy for executive bodies and other key employees is determined by the Board of Directors based on the recommendations of the Remuneration and Human Resources Committee.

The Remuneration and Human Resources Committee conducts a detailed bi-annual review

of the incentive system, evaluating its effectiveness and, if necessary, making recommendations for its improvement.

The remuneration due to the Company's senior executives consists of a monthly base salary plus additional compensation payable twice a year. Additional remuneration is linked to achieving the Company's KPIs and completeness and quality of accomplishment

of additional tasks, as determined by the Board of Directors and the CEO for the reporting period, as well as the Company's achievement of the EBITDA target.

All KPIs are aligned with the Company's strategic goals defined in its Strategy to 2025 and oriented towards their achievement.

The amount of additional remuneration ranges from 30% to 150% of the annual base salary and depends on the level of the position held and the functional area of the manager. The Remuneration and Human Resources Committee of the Board of Directors, during its annual evaluation of the incentive system,

ensures an effective proportion of fixed and variable components of remuneration.

KPIs for each senior manager are set annually and take into account metrics related to operational efficiency and individual contribution to the corporate growth and strategic performance.

To assess the performance of the Company's CEO, a number of indicators are used, which aim to improve the efficiency of investments and sales, control costs, and reduce employee injury rates for the Company and its contractors.

In addition, KPIs of N-1 level managers include indicators that help benchmark the Company's performance against industry peers.



**1 Change in spread between average EV/EBITDA of public phosphate fertilizer manufacturers and PhosAgro's EV/EBITDA.** EV/EBITDA reflects investors' estimate of the Company's fair market value and its investment case. The goal is to increase the spread.

**2 Excess of PhosAgro's ROIC - WACC spread over the average ROIC - WACC spread of public peers.** The indicator reflects how much higher the Company's return on investment is than the cost of capital (equity and debt), and how efficient the Company's investments are compared to other companies in the industry. The goal is to increase the indicator.

Values of the CEO KPIs in the range of base case / target / challenge, as well as their actual values at the end of the reporting period are approved by the Chairman of the Board of Directors. Taken together, these indicators contribute to the achievement of the Company's strategic goals and serve the interests of shareholders both in terms of the Company's development and in terms

of minimising the risks arising from incentivising excessively risky management decisions.

KPIs of the CEO and N-1 level managers, including sustainable development indicators, are cascaded down and decomposed into KPI scorecards of lower-level management. The indicators themselves and their weights are modified depending

on the nature of a particular manager's focus area with due regard to their strategic fit. Specific KPI wordings and their weights are established by PhosAgro's KPI Committee, taking into account the opinion of the KPI holder and their immediate supervisor.

In 2022, 307 officers of PhosAgro Group were benchmarked against 1,717 KPIs.

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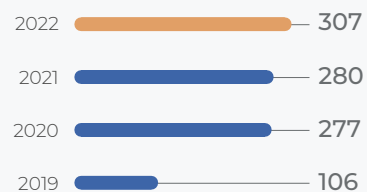


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### Number of officers holding KPIs by year:



### Top 3 KPI driven areas



Commitment to sustainability

**38%**  
of KPIs

Expansion of production capacities through improved operational efficiency

**33%**  
of KPIs

Development in high-potential areas

**24%**  
of KPIs



As can be seen from the above statistics, PhosAgro Group is focused on sustainable development, and the KPI framework includes the following indicators:

- reduction of unit pollutant emissions to the atmosphere;
- share of waste recycling, neutralisation and processing;
- implementation of key social projects;
- % of completion of the programme to improve social and working conditions;
- zero accidents;
- zero occupational injuries among the Company and contractor employees.

When determining the amount of additional annual remuneration for the top management, we look at the achievement of the EBITDA target as an integral indicator of the Company's performance. The managers' performance is adjusted by the percentage of delivering on the EBITDA target. The Company does not provide for any compensation payable to managers in case of their dismissal or voluntary resignation or the Company's takeover or the change of its owner (golden parachutes). Neither does it use options, pre-determined unconditional bonuses or a clawback mechanism.

### Remuneration of members of executive bodies

The amount of remuneration and additional compensation due to PhosAgro's CEO is regulated by a contract between them and the PhosAgro, which is signed by the Chairman of the Board of Directors. The total remuneration reflects the CEO's qualifications and their personal contribution to PhosAgro's financial results.

No loans were extended to members of the Board of Directors or the Management Board as at 31 December 2022.

### Remuneration paid to the CEO and six other Management Board members who represent the senior management team, RUB '000

Pay type	2020	2021	2022
Total, including	1,098,922.60	1,422,622.4	1,020,231.4
salary	421,033.0	399,548.2	214,350.2
bonus	677,807.1	1,023,035.3	805,881.2
other types of remuneration	82.5	78.9	0
fee	0	0	0

### External auditor's remuneration

PhosAgro engaged JSC Technologies of Trust – Audit to audit its 2022 IFRS consolidated financial statements. The actual remuneration paid to the auditor for this service stood at RUB 36.0 mln, net of VAT and overhead costs; for 2021, the amount paid was also RUB 36.0 mln.

In 2022, Technologies of Trust – Audit rendered audit-related services to the Company for a total of RUB 3 mln, net of VAT. Also, during 2022, other contracts were concluded for the provision of non-audit services to PhosAgro in the amount of RUB 2.3 mln, net of VAT. All additional services, related and unrelated to audit, were duly approved by the audit

partner, as well as by the Chairman of the Audit Committee of PhosAgro's Board of Directors, with due regard to appropriate independence considerations.

The actual remuneration of Unicon to audit PhosAgro's RAS accounting statements for 2022 was RUB 683,700, net of VAT, up 10% year-over-year.

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