

Chairman's statement



PhosAgro Group has stood strong boasting unprecedented flexibility: even under these circumstances, we were able to ramp up supplies, primarily to markets in friendly countries.

RUB **63** bln
earmarked for investment

The past year has offered Russian businesses unprecedented challenges: the rules and mechanisms of international trade, including those for fertilizers and agricultural commodities, no longer work as they used to. PhosAgro Group, a supplier to farmers around the globe, was forced to adapt quickly to the new normal. And we did it.

We have been working hard to make sure that farmers in the priority domestic market and globally have access to our high-quality and eco-efficient fertilizers, which is exactly what the Company was created for.

Consistently strong corporate governance

In 2022, PhosAgro's corporate governance framework changed. I took on the role of the Chairman of the Board of Directors. This is an honour and a great challenge for me, and I want to express my gratitude to colleagues for their trust.

It is my conviction that people are PhosAgro Group's most valuable asset.

I believe it is our team that helped keep the quality of PhosAgro's corporate governance consistently high through all the headwinds of 2022. Year after year, the Company

has been streamlining its production and governance structure: the local regulatory framework, monitoring and control systems, communications and accountability across the Group. This helped us withstand the challenges of the past year. Despite all the risks and external limitations pressing on the business environment, we strived to remain open and transparent to a wide range of stakeholders. In our view, it is a reliable indicator of strong corporate governance and sustainable development of the Company.

Sticking to strategic priorities

In the year's turbulent environment, not only have we not abandoned investment in development, but we have planned record investments in projects that will fuel our growth, support self-sufficiency in feedstock and, of course, create jobs and contribute to the development of the regions where we operate.

In 2022, the Company invested over RUB 63 bln (including capitalised repairs) with another RUB 250 bln earmarked for investment over the next five years.

Despite all the trade restrictions of 2022, the Company was able to route its supplies to other markets

In 2022, we continued with our Strategy to 2025, which focuses on increasing production and raising our status as a low-cost producer of eco-efficient fertilizers.



Strengthening new business relationships

in a short period of time. While maintaining our leading position in the priority domestic market, we have also cemented our business relationships with a number of friendly countries.

Specifically, Russia and Brazil reached a new level in bilateral trade this year: our products earned an Environmental Quality Label from

the Brazilian Association of Technical Standards. PhosAgro's Cherepovets, Volkhov and Balakovo production sites and its phosphate rock mining and beneficiation facility in Kirovsk successfully passed a certification audit by ABNT.

The joint project accomplished by PhosAgro Group, ABNT and the Ecological Union

certification body to develop and harmonise common criteria for evaluating fertilizers is an important milestone towards mutual recognition of ecolabels for mineral fertilizers and setting uniform market requirements in the two countries based on the existing Vitality Leaf international system standard.

Laboratory Network (RUSOLAN), which was integrated into the Global Soil Laboratory Network (GLOSOLAN) that includes over 800 laboratories in more than 150 countries.

To support the green agenda, Apatit mining and processing plant continues to increase the use of green electricity for its agrochemical products. Our in-house power

generation facilities at our chemical plants are largely powered by sulphuric acid production steam. A similar generating facility was launched in Volkhov in 2022 as part of an investment project to build a new plant and cover 90% of its electricity needs.

In a joint effort with the government of the Vologda region and the Russian

Academy of Sciences, we have kicked off a project to create a carbon farm, an area designed to monitor and absorb greenhouse gases. In autumn 2022, the first part of the carbon farm was deployed as part of the project and around 110,000 coniferous and deciduous trees were planted on an area of around 100 ha.

Sustainability at the heart of PhosAgro's business

GRI 2-22

Our absolute priority is to operate with the widest possible range of stakeholders in mind. We collaborate closely with farmers, local communities in the regions of operation, and domestic market players. PhosAgro continues to run joint humanitarian and educational projects in concert with international organisations. We also actively cooperate with academic organisations and institutions of higher and secondary vocational education offering training in relevant and related professions. This has brought to life highly successful

training programmes at these educational institutions for young talent the Company needs.

Apart from our charitable initiatives in the area of social and environmental development, we are closely integrating the sustainability principles into our business model, which has become the key element of PhosAgro Group's overall strategy and is successfully embedded into our corporate governance framework and our day-to-day operations.

For example, at the UN Climate Change Conference (COP27), we joined the Business Declaration for Climate Resilient Water, Sanitation, and Hygiene (WASH). The Declaration was drafted by the Water Resilience Coalition, a UN Global Compact platform, together with the WASH4Work alliance to help achieve the Clean Water and Sanitation and Climate Action UN Sustainable Development Goals.

As part of a joint project between PhosAgro and the UN Food and Agriculture Organisation, we launched the Russian Soil

Forging ahead

The investments we have made over many years and the professionalism of our team are yielding tangible results. I am confident that we will continue to forge ahead to new heights and new records in 2023, all the more so because not only the Company needs this.

We recognise our responsibility towards a wide range of stakeholders, including farmers all over the world. Our ultimate goal that we have been successfully

pursuing for over 20 years is to ensure the reliable and seamless supply of eco-efficient fertilizers and therefore contribute to food security in Russia and in some 100 countries around the world.

In 2022 and 2023, this challenge becomes particularly urgent as sanctions hit the global business arena, and unconscionable compliance from financial, logistics, and insurance companies may disrupt established processes. In 2023, we will continue to stand

up for the free trade of PhosAgro Group's eco-efficient fertilizers around the world for the benefit of people and global food security.

Victor Cherepov,
Chairman of the Board
of Directors of PJSC PhosAgro

