



MANAGEMENT APPROACH



MATERIAL TOPICS

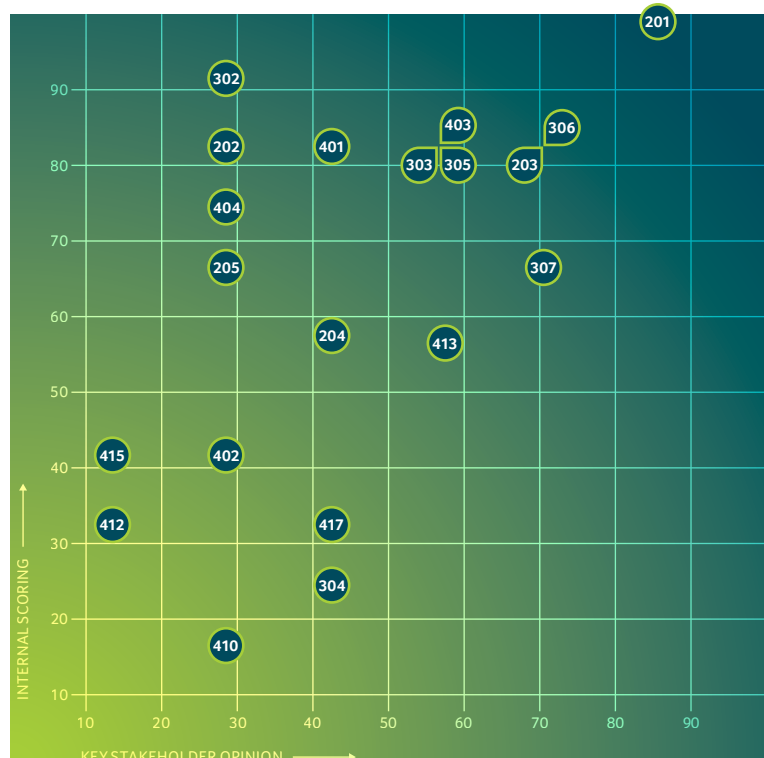
The Company takes feedback from stakeholders on the completeness, objectivity and materiality of the information disclosed in its sustainability reports into careful consideration. Any questions or recommendations can be emailed to ir@phosagro.ru.

In 2019, PhosAgro's working group on sustainable development conducted a benchmark analysis and made a list of material topics. After a multi-stage selection process and many rounds of discussions with stakeholders, the Board of Directors approved the final materiality matrix.

To facilitate dialogue and ensure that information is transparent and clearly communicated to all stakeholders and to select material topics to be disclosed in non-financial reports, the Company took steps to identify its key stakeholders based on its economic, environmental and social impacts. The representatives of each of the five groups of key stakeholders (employees and trade unions; shareholders; investors; government authorities, local communities) received requests to identify those aspects of the Company's operations that are most important to them. Their response and assessment conducted by the working group helped identify the most important aspects used as a basis for the materiality matrix.

Materiality matrix

Indicator	
201	Economic performance
202	Market presence
203	Indirect economic impacts
204	Procurement practices
205	Anti-corruption
302	Energy
303	Water and effluents
304	Biodiversity
305	Emissions
306	Effluents and waste
307	Environmental compliance
401	Employment
402	Labour/management relations
403	Occupational health and safety
404	Training and education
410	Security practices
412	Human rights assessment
413	Local communities
415	Public policy
417	Marketing and labelling



¹ In 2019, PhosAgro's Board of Directors established a Sustainable Development Committee as was proposed by CEO Andrey Guryev



Material topics identified by stakeholders in a survey on the materiality of various aspects of the Company's operations

102-44 ○

102-46 ○

102-47 ○

Topic	Not important	Important	Very important
ECONOMIC PERFORMANCE			
Direct economic value generated and distributed			
Financial implications and other risks and opportunities due to climate change		1	6
Defined benefit plan obligations and other retirement plans			
Financial assistance received from government			
MARKET PRESENCE			
Ratios of standard entry level wage by gender compared to local minimum wage	1	4	2
Proportion of senior management hired from the local community			
INDIRECT ECONOMIC IMPACTS			
Infrastructure investments and services supported		2	5
Significant indirect economic impacts			
PROCUREMENT PRACTICES			
Proportion of spending on local suppliers	1	3	3
ANTI-CORRUPTION			
Operations assessed for risks related to corruption		5	2
Communication and training about anti-corruption policies and procedures			
Confirmed incidents of corruption and actions taken			
ENERGY			
Energy consumption within the organisation			
Energy consumption outside of the organisation	1	4	2
Energy intensity			
Reduction of energy consumption			
Reductions in energy requirements of products and services			
WATER AND EFFLUENTS			
Interactions with water as a shared resource			
Management of water discharge related impacts	1	2	4
Water withdrawal			
Water discharge			
Water consumption			
BIODIVERSITY			
Operational sites owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas			
Significant impacts of activities, products, and services on biodiversity	2	2	3
Habitats protected or restored			
IUCN Red List species and national conservation list species with habitats in areas affected by operations			
EMISSIONS			
Direct GHG emissions			
Energy indirect GHG emissions			
Other indirect GHG emissions	1	2	4
GHG emissions intensity			
Reduction of GHG emissions			
Emissions of ozone-depleting substances			
Nitrogen oxides (NOX), sulphur oxides (SOX), and other significant air emissions			



Topic	Not important	Important	Very important
EFFLUENTS AND WASTE			
Water discharge by quality and destination			
Waste by type and disposal method	1	1	5
Significant spills			
Transport of hazardous waste			
Water bodies affected by water discharges and/or runoff			
ENVIRONMENTAL COMPLIANCE			
Non-compliance with environmental laws and regulations	1	1	5
EMPLOYMENT			
New employee hires and employee turnover			
Benefits provided to full-time employees that are not provided to temporary or part-time employees		4	3
Parental leave			
LABOUR/MANAGEMENT RELATIONS			
Minimum notice periods regarding operational changes	1	4	2
OCCUPATIONAL HEALTH AND SAFETY			
Occupational health and safety management system			
Hazard identification, risk assessment, and incident investigation			
Occupational health services			
Worker participation, consultation, and communication on occupational health and safety			
Worker training on occupational health and safety		3	4
Promotion of worker health			
Prevention and mitigation of occupational health and safety impacts directly linked by business relationships			
Workers covered by an occupational health and safety management system			
Work-related injuries			
Work-related ill health			
TRAINING AND EDUCATION			
Average hours of training per year per employee		5	2
Programmes for upgrading employee skills and transition assistance programmes			
Percentage of employees receiving regular performance and career development reviews			
SECURITY PRACTICES			
Security personnel trained in human rights policies or procedures	2	3	2
HUMAN RIGHTS ASSESSMENT			
Operations that have been subject to human rights reviews or impact assessments			
Employee training on human rights policies or procedures	2	4	1
Significant investment agreements and contracts that include human rights clauses or that underwent human rights screening			
LOCAL COMMUNITIES			
Operations with local community engagement, impact assessments, and development programmes		3	4
Operations with significant actual and potential negative impacts on local communities			
PUBLIC POLICY			
Political contributions	4	2	1
MARKETING AND LABELLING			
Requirements for product and service information and labelling		4	3
Incidents of non-compliance concerning product and service information and labelling			
Incidents of non-compliance concerning marketing communications			