



# SOCIAL INVESTMENT

**We seek to help the regions where we operate to achieve sustainable growth, and contribute to the development of local communities through our value chain, employment opportunities, infrastructure improvements and social investment programmes.**

To achieve our goal, we have outlined three key focus areas:

- Collaborating with regional and local government authorities to create modern social infrastructure (by providing new equipment to healthcare facilities, assisting in utilities development, building new and renovating existing sports and recreation facilities, etc.) across our geographies
- Developing and implementing projects for children and young people with a focus on education, career guidance, technology and engineering teaching, extra-curriculum education, cultural heritage and healthy lifestyle
- Providing support to vulnerable groups in terms of access to healthcare services, development opportunities and the aid they need

## MANAGEMENT APPROACH

Our operations make a meaningful contribution to the national economy and local communities where we operate. PhosAgro's goal is to understand and manage the impact that we make and to create sustainable benefits

for local communities, while also encouraging diverse and sustainable local economies.

Through our work, we have a significant impact on the development of local communities and society at large. Therefore, we must recognise that we have a duty to mitigate any negative impact and to support sustainable growth and development. Through the proactive and strategic involvement of stakeholders and communities, we can achieve a level of development that serves the interests of our local communities.

The Company carries out charitable activities based on public benefit priorities and opportunities to partner with regional and local government authorities, local communities and non-governmental organisations, educational institutions and other stakeholders.

The Company's charitable activities are carried out in line with its bylaws, the Federal Law On Charitable Activities and Charitable Organisations, and the Federal Law on Advertising.

Applicable Company bylaws:

- Codes of Ethics of Apatit and PhosAgro;
- Codes of Ethics of all companies managed by Apatit;
- Policies on Charitable Activities of PhosAgro, Apatit and the companies managed by Apatit;
- Rules for the Provision of Charitable Assistance by Apatit and the Companies Managed by Apatit;
- Regulations on Business Unit Interaction and Document Execution for the Provision of Charitable Assistance by Apatit and the Companies Managed by Apatit.



## MANAGEMENT FRAMEWORK FOR CHARITABLE ACTIVITIES

### Group level

#### Management Board and CEO

- The Management Board reviews and approves the company's annual charity budget and adjusts it as necessary
- The CEO decides on the necessity and appropriateness of the Company's participation in individual charity projects and programmes, prepares relevant materials for the Management Board, and supervises work on the company's draft annual charity budget

#### Deputy CEO

- Leadership and coordination of activities related to charity, sponsorship and community investment

#### Office for External Communications

- Coordination of community projects and programmes
- Raising the need for developing new bylaws
- Administering all information on ongoing projects
- Arranging public hearings and opinion surveys
- Process management, etc.

### Company level

#### Government Relations Department, Information Policy Department, HR and Social Policy Department (responsible for community investments of the Group companies)

Within the limits of the charity and sponsorship budgets of the Group companies

- Coordination of counterparty relations
- Project and programme management
- Proposals to revise projects and programmes

#### Social Development Departments of the Group companies

- Administrative support through the project management system:
  - contract approval
  - transfer of funds
  - verification of beneficiary reports

#### Commissions for Social Issues and Charity at the Group companies

Within the limits of funds allocated to the CEOs of the Group companies

- Review of new applications
- Project paperwork and document verification, proposals concerning the provision of support within the limits of funds allocated to the Group companies



The budget for charitable projects is set annually as part of the overall budgeting process and is approved by the Company's Management Board.

In line with the Company's Policy on Charitable Activities, the main criteria for selecting projects are as follows:

- a project should aim to provide support to particular population groups, community organisations or charitable foundations;
- a project should not contradict the principles or requirements of the Company's policies or other bylaws;
- a project should not constitute a disguised payment for any service, act, omission, connivance, patronage, empowerment or provision of other unlawful benefits provided to the Company and/or its partners.

New projects are considered by the Company's Management Board in accordance with the procedure established by internal regulations.

Every year, the Management Board reviews the results of charitable activities and decides on whether or not to continue supporting a programme or a project.

New projects may be proposed for consideration in the following way:

- upon proposal of the Company experts with a view to creating favourable conditions in the cities where the Company operates (qualified personnel training, support for veterans' organisations, development of green spaces, animal conservation, etc.);
- following public hearings;
- based on agreements with regional and local government authorities;
- based on social surveys;
- following successful meetings between Company executives and representatives of community organisations.

Funding for new projects is subject to approval by the Management Board. The availability of partners (regional and local government authorities, non-profit organisations, etc.) plays an essential role in decision-making. The Company has set up its own office for external communications which is in charge of charitable activities administration.

## PRIORITY AREAS FOR SOCIAL PROJECTS

By identifying priority areas, the Company is able to ensure that its funding will have maximum impact and benefit.

- Providing social support and protection, such as financial support to low-income households; social integration of the unemployed, people with disabilities, and other persons
- Promoting the patriotic, spiritual and moral upbringing of children and adolescents
- Supporting activities to prevent illness, protect public health, and promote health and physiological wellbeing
- Ensuring protection and conservation of buildings, sites and territories of historical, religious, cultural or environmental significance, including burial sites
- Promoting activities in the fields of education, science, culture, art and spiritual growth
- Promoting volunteering

## COMMUNITY INVESTMENT PROGRAMMES

The majority of programmes are run in partnership with regional and local authorities as the government is the most reliable partner.

Some projects are implemented through independent non-profit organisations set up by government authorities and the Company.

At present, the planning horizon for charitable activities spans from one to two years. Each programme or project is overseen by a responsible manager assigned by internal regulations of the Group companies as all the Group's programmes are rolled out across the regions of our operation.

The following activities are carried out to evaluate the efficiency of programmes and projects:

- opinion surveys among external professional experts (beneficiaries and representatives of the civil society and government bodies, including local authorities);
- internal opinion surveys among the Company's executives of various levels and employees;
- evaluation of programmes and projects by managers in terms of their benefit and impact on the beneficiaries;
- public hearings in the cities where the Company operates;
- annual review of the results of charitable activities at a meeting of the Company's Management Board.



## OUR KEY SOCIAL PROGRAMMES<sup>1</sup>

### Educated and Healthy Children of Russia (DROZD)

Since 2003, PhosAgro has been successfully implementing DROZD, a unique multi-level educational support programme. It is distinctive in its integration of social projects within a single programme that covers all levels of education, from preschool to higher professional education, with the possibility of subsequent employment in the Company.

### Our Favourite Cities

The mission of Our Favourite Cities programme implemented by PhosAgro since 2003 is to improve the quality of urban environment and promote sustainable development of the cities where we operate, including Kirovsk, Cherepovets, Balakovo, and Volkhov. To this end, PhosAgro has partnered with regional and local authorities, charitable foundations and non-governmental organisations and established its own non-profit organisations.

### Use of funds:

- Highways, bus stops, power grids
- The Khibiny Airport
- Landscaping, conservation of monuments and architecture
- Constructing an ice stadium
- Clinics (purchase of equipment and apartments)
- Tirvas Sanatorium
- TV and LLC Teleset
- Holding and supporting city-wide holidays
- Competitions for city residents

### Targeted assistance

Since 2003, we have been providing targeted assistance to vulnerable population groups. Commissions for social issues and charity have been set up across the Group companies to consider new applications. The Group also partners with In the Name of Good charity foundation (Vologda Region), providing financial support for disabled children who need urgent treatment.



# 68

permanent clubs in place



# 5,681

kids study for free



# >650

events across our geographies



# 9

students joined national youth sports teams

203-1 O

203-2 O

413-1 O

### Cherepovets

- Harmony recreation and cultural centre, with some 400 pensioners as regular visitors
- Annual aid to four non-governmental foundations
- In the Name of Good charity foundation – treatment and rehabilitation funding, equipment purchase

### Kirovsk

- Kukisvumchorr, Koashva, and Rodnik volunteer centres for pensioners and disabled people. Each centre hosted over 20 events involving 1,200 people in 2019
- Assistance to Great Patriotic War veterans and equal-status persons, children of war and home front workers (apartment renovations, holiday congratulations and gifts)
- Annual aid to three non-governmental foundations

### Balakovo

- Annual aid to three non-governmental foundations

Funds are also allocated to the CEOs of the Group companies to provide assistance to organisations of veterans and disabled people on an ad-hoc basis.

<sup>1</sup> For more information on social projects, please visit [www.phosagro.ru](http://www.phosagro.ru).



### Connecting generations

Since 2015, PhosAgro has been renovating and upgrading its on-site museums to transform them into cultural and educational centres featuring the latest technology. The Company also implements projects to repair and refurbish monuments, war memorials and surrounding areas.

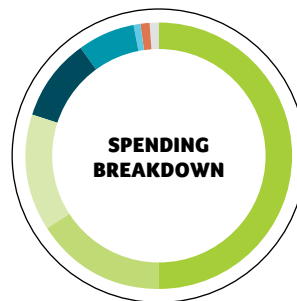
PhosAgro's museum facilities are not just tourist attractions, but also educational hubs in the cities and districts across our geographies.

All schools in our regions of operation hold classes at the Green Planet interactive educational centre and Apatit and PhosAgro-Volkhov museum and exhibition centres, where visitors of all ages can learn about the production of the Group's fertilizers. The core intention behind these centres is to foster environmental responsibility, spread interest in natural sciences, provide career guidance to young people, and promote the chemical industry.

**Each month, up to 6,000 people visit the Group's museum and exhibition centre Apatit, with the total number of visitors in 2019 reaching 50,728. In 2019, the Cherepovets museum and exhibition centre received the national Best Practices in Children's Tourism Development award.**

## 2019 HIGHLIGHTS

### Total community investment and charitable giving in 2019, %



- 50 Social development in the regions
- 16 Education and school renovations
- 14 Sports
- 10 Spiritual revival
- 7 Nation-wide and international projects
- 1 Veterans' Foundation
- 1 Membership fees
- 1 Donations





### Promotion of sports

Since 2012, PhosAgro has been supporting non-profit organisations, which promote sports, tourism and healthy lifestyles.

Names of the sports organisations:

- Russian Olympians Foundation
- Russian Cross-Country Skiing Federation
- Moscow and Russian Rhythmic Gymnastics Federations
- Russian Chess Federation
- Partnership with World Chess Events Ltd.
- Russian Swimming Federation
- Avtodor Basketball Club
- Proton Volleyball Club
- Turbina speedway team
- Severyanka Volleyball Club
- Unifight

# 2.9 bln RUB

## Total community investment and charitable giving in 2019

This amount includes a one-time component of the value of the Cherepovets Chemical and Technical College facilities handed over to the local authorities, as well as PhosAgro-Region's expenses

### Spiritual revival

PhosAgro has been providing charitable assistance in building and rebuilding orthodox holy sites both in Russia and abroad, while also pursuing projects fostering long-standing cultural and spiritual values.

The Company has also revived a pre-revolutionary tradition of building on-site churches.

<b>Cherepovets</b>	<ul style="list-style-type: none"> <li>• Mineral fertilizers are shipped to three churches on an annual basis</li> <li>• Seven churches receive assistance in repairing, and purchasing equipment</li> <li>• Assistance in maintaining three on-site churches</li> </ul>
<b>Kirovsk</b>	<ul style="list-style-type: none"> <li>• Three on-site churches have been opened and consecrated at the following sites:               <ul style="list-style-type: none"> <li>– Rasvumchorrsky mine, St Andrew church</li> <li>– Vostochny mine, St Nicholas church</li> <li>– ANBP No. 3, Great-Martyr and Unmercenary Healer Pantaleon church</li> </ul> </li> </ul>
<b>Balakovo</b>	<ul style="list-style-type: none"> <li>• Church of the Life-Giving Trinity – restoration of the Old Testament Trinity historical mosaics</li> <li>• Construction of a gas boiler house in the Sunday School of this church</li> </ul>
<b>Volkhov</b>	<ul style="list-style-type: none"> <li>• The Church of St Andrew was constructed and consecrated</li> </ul>

Bi-annually pilgrimages to visit the relics of St Nicholas in the Basilica of St Nicholas in Bari (Italy), dedicated to St Nicholas Day (120 people a year).

### Structure of community, charity and infrastructure investment, RUB mln

Total community, charity and infrastructure investment	2,114.1	2,781.2 <sup>1</sup>
including		
investment in community infrastructure	931.8	1,343.2
spending on community needs, charitable and social projects	1,182.3	1,438.0

<sup>1</sup> Excluding the value of the Cherepovets Chemical and Technical College facilities handed over to the local authorities, as well as PhosAgro-Region's expenses