



STAKEHOLDER ENGAGEMENT

One of the key aspects of the Company's responsible business conduct is interaction with stakeholders that is based on a systemic approach, joint efforts and a balance of interests.

It is our ability to understand and adapt to our stakeholders evolving needs and expectations that enables us to create a strong and sustainable company.



Management approach

Working in complex markets and geographies around the world and establishing relationships on regional, national and international levels, our activities are heavily regulated. The constantly evolving nature of both international regulations and national legislation may affect our business. Thus, we work hard to build relationships with people at all government levels in the countries where we operate and ensure that we comply with all applicable regulatory requirements.

We collaborate with a variety of external stakeholders in order to manage risks related to our work and to remain competitive. These partnerships enable us to create mutually beneficial opportunities.

In our engagement with our stakeholders, we strive to be constructive, honest and principled. We establish links with only those organisations and educational institutions that share our values and are actively involved in domains such as food security, sustainable agriculture and health.



INVESTMENT AND FINANCE COMMUNITY

Why we interact

- To facilitate an understanding of the long-term sustainability and potential value of PhosAgro
- To update investors on PhosAgro's strategic priorities and progress we have made
- To provide market participants with concrete indicators of progress, such as operational, financial and non-financial results
- To attract a wider pool of investors to improve liquidity, share price and borrowing costs
- To increase our access to a variety of capital market instruments
- To provide transparency on how our corporate governance systems work
- To generate new ideas through a dialogue with investors
- To clarify the Company's contribution to the UN Sustainable Development Goals

How we interact

- Roadshows
- One-on-one meetings with investors
- Investor conferences
- Conference calls on financial results
- Perception studies
- Ongoing engagement with analysts
- Regulatory press releases
- AGM and formal reporting
- Corporate website
- A dedicated in-house investor relations team
- The interests of our shareholders are represented by seven independent non-executive directors on the Board of Directors

Key activities in 2019

- The Investor Day and presentation of the Strategy to 2025 were held in London
- Fifteen investment conferences were attended and four non-deal roadshows with Company management conducted in key financial market centres (London, New York, Chicago, Frankfurt, Stockholm)
- Four conference calls and webcasts for analysts and investors were organised in order to discuss the Company's financial results
- More than 240 group and one-on-one meetings were held with investors and analysts
- 115 publications were made in line with Russian disclosure regulations via the Interfax Corporate Disclosure Centre
- More than 40 press releases were distributed via the UK regulatory news service

>240

meetings held
with investors
and analysts





REGIONAL GOVERNMENTS AND LOCAL COMMUNITIES

Why we interact

- To ensure that we act as a good neighbour
- To support the sustainable socio-economic welfare of the regions in which we operate
- To address community needs, including social or environmental concerns
- To promote the health and well-being of the communities where we operate
- To maintain an ongoing dialogue around government policies or potential regulatory changes that could affect our business
- To improve social infrastructure and implement partnerships with regional authorities

How we interact

- We implement environmental programmes
- We implement cooperation agreements with regional governments based on regional development needs
- We support social and sporting organisations
- We sponsor PhosAgro Classes and PhosAgro Schools to promote advanced chemistry education for schoolchildren
- We offer university scholarships and organise recruitment programmes aimed at encouraging children to study chemistry
- We implement the Healthy and Educated Children of Russia programme
- We encourage the development of sport in the regions where we operate
- We organise recreational activities for workers and their families
- Our employees are provided with free medical treatment, and we also fund medical infrastructure for residents of the regions in which we operate
- We encourage the development of cultural and spiritual awareness among the younger generation, educating them about Russia's history and traditions
- We run programmes to protect the socio-economic rights of veterans, and providing material assistance to World War II veterans and members of their families

**Cooperation agreements
signed with the governments
of the Saratov, Leningrad,
and Vologda regions**





Key activities in 2019

- Holding environmental events in the regions of operation, including community cleanups, Golden Fish and Clean Coast campaigns, and others.
- Signing cooperation agreements between PhosAgro and the governments of the Saratov, Leningrad, and Vologda regions
- Signing the cooperation agreement between the Russian Ministry of Natural Resources and Environment, the Federal Service for Supervision of Natural Resources, the Government of the Vologda Region and PhosAgro as part of the efforts under the Comprehensive Plan to Reduce Pollutant Emissions in Cherepovets
- Providing scholarships to students studying at universities specialised in chemistry
- Offering guaranteed employment for students with degrees in chemical production
- Hiring participants of the High Potential Graduates programme and the first graduates of PhosAgro Classes
- Opening an R&D lab at Balakovo's Secondary School No. 25 as part of the school ongoing renovation
- Launching an interactive library at PhosAgro School No. 1
- Holding events to mark the Chemist's Day across the Company's footprint
- Hosting the Growth Energy: Apatit – 90! (Apatity city), PhosAgro's social programmes festival
- Holding the Khibiny sports festival (Kirovsk–Apatity), supporting the Khibiny Spring national skiing competition, sponsoring the White Rook national chess tournament
- Supporting local professional sports clubs including Proton-Saratov volleyball club, Avtodor basketball club, Turbina speedway club, etc
- Refurbishing mass graves of soldiers and civilians who died during the Great Patriotic War in Mistolovo village (Leningrad Region) and the city of Volkhov
- Presenting gifts and financial assistance and arranging festivities for veterans of the Great Patriotic War, former company workers, on the occasion of the 9 May Victory Day
- Holding a tree planting event at Balakovo's Alley of Glory to celebrate the 75th anniversary of victory in WWII, sponsoring Sunday schools in Balakovo
- Opening Apatit Arena – a sports and fitness centre in Kirovsk. The projects was completed with support from the Murmansk Region government under a social and economic partnership agreement between the Murmansk Region government and PhosAgro





INTERNATIONAL ORGANISATIONS

Why we interact

- To address community needs, including social or environmental concerns
- To discuss the most important issues from experts' point of view
- To develop a common strategy and tactics and to unite in the effort to overcome global challenges
- To review performance
- To identify priority issues and areas of focus for current and future periods

How we interact

- Active participation in the work of global, national and regional organisations and industry associations
- Implementation of common programmes
- Support of major national, regional, and international initiatives promoting sustainable development goals

Key activities in 2019

○ Davos 2019 World Economic Forum

PhosAgro is a permanent fixture in the forum (Metals&Mining panel)

○ International Year of the Periodic Table (IYPT 2019):

PhosAgro was the official partner of the International Year of the Periodic Table 2019 and the main sponsor of the IYPT 2019 opening ceremony at UNESCO headquarters

We supported scientific conferences, thematic exhibitions, and competitions for young scientists:

- the IYPT 2019 launching ceremony in Russia at the Russian Academy of Sciences;
- the 29th Mendeleev Workshop and Conference for young researchers held at the Ivanovo State University of Chemistry and Technology;
- the 47th IUPAC World Chemistry Congress;
- the 21st Mendeleev Congress on General and Applied Chemistry.

○ Sustainable soil management project implemented jointly with FAO:

The Regional Soil Laboratory Network (RESOLAN) for Africa (AFRILAB) was launched in Nairobi (Kenya) and hosted a technical seminar for representatives from national labs.

○ Green Chemistry for Life, a joint programme by PhosAgro, UNESCO and IUPAC

Young scientists received research grants for green chemistry innovations at the sixth awards ceremony at UNESCO Headquarters, which was timed to coincide with the World Science Day for Peace and Development.

○ IUPAC Summer School on Green Chemistry

PhosAgro is the school's official partner in Africa.

The second Summer School on Green Chemistry was held at the University of Dar es Salaam in Tanzania.

○ United Nations Global Compact

The UN named PhosAgro as a Global Compact LEAD company for its commitment to corporate social responsibility and sustainable development.

○ International Fertilizer Association (IFA)

PhosAgro was awarded the Gold Medal as Industry Stewardship Champion at the 2019 IFA Strategic Forum in Versailles.

**PhosAgro was assigned
Global Compact
LEAD status**





EMPLOYEES AND TRADE UNIONS

Why we interact

- To promote a corporate culture that is aligned with PhosAgro's strategic goals
- To ensure employee satisfaction and motivation
- To guarantee appropriate social welfare for our current and retired employees
- To maintain an open dialogue with trade unions and employees
- To use human resources responsibly and effectively
- To provide our employees with the opportunity for professional advancement

How we interact

- We negotiate collective agreements with trade unions that cover issues such as working conditions and compensation for employees at each of our production enterprises (usually for a three-year period, covering 100% of the employees of Apatit, its branches and standalone business units))
- We involve trade unions in the development of PhosAgro's workplace health and safety programmes
- We collaborate extensively with trade unions on cultural and sporting events, workplace health and safety committees, on the nomination of workplace health and safety representatives, and on our health and safety workshops
- We implement employee development programmes, including our Talent Pool Programme
- We conduct employee surveys, make presentations and bulletin boards, and run an intranet site and corporate newspaper
- We hold meetings with general directors of production sites and management responsible for social and HR issues together with trade union representatives
- We have a whistle-blower hotline, email addresses for complaints and telephone hotlines for inquiries and social issues and also for reporting violations

Key activities in 2019

- Standing commission in place for collective bargaining
- Charity festivals and social projects in the cities hosting our production sites
- Annual tenders to select social service providers
- Corporate Sports Games (Spartakiads)
- Dad, Mum and I – a Sporty Family contests to promote healthy living
- Programme to improve social and working conditions under the auspices of social services and trade unions
- Z.I.M.A. corporate youth winter festival
- Annual events to mark the Day of Older Persons
- Paid health resort tours for employees of pre-retirement age and working pensioners in line with the new requirements of the pension legislation
- Surveys to assess the quality of children's summer vacations, health resort rehabilitation, dietary and medical meals, and children's New Year's gifts.
- Monthly information sessions for employees and other employee communications

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A regular dialogue is maintained with employees, trade unions and the management





BUSINESS PARTNERS: CUSTOMERS

Why we interact

- To provide agricultural producers with high-quality mineral fertilizers at competitive prices
- To preserve the health of future generations and soil fertility by using environmentally friendly mineral fertilizers
- To establish business partnerships built on mutual trust and respect
- To ensure a shared understanding of obligations and expectations from the partnership
- To ensure sustainable growth of sales markets
- To increase crop yields in Russia and abroad by developing complex nutrition systems and efficient farming practices
- To promote the responsible and rational use of mineral fertilizers, i.e. green agriculture

How we interact

- Continuous communication with customers – farmers, distributors and business partners, including those in related areas – in both the domestic and international markets
- Development of in-house agronomic service
- Partnerships with research institutes
- Development of new solutions to meet market needs
- Membership in industry organisations such as the International Fertilizer Association and the Russian Association of Fertilizer Producers, and hosting joint events with them

Key activities in 2019

- Participation in industry exhibitions, holding events for customers in Russia and abroad, including eight Russian and six international exhibitions; four Field Days at the company's field trial stations, two Field Days abroad; and two agricultural conferences
- Start of ecolabel design for Russian-made mineral fertilizers, first in kind in Russia
- PhosAgro's new product concept: 39 fertilizer grades grouped into five product categories based on form, type, ingredients and purpose
- Development of Russia's first pilot online platform to purchase mineral fertilizers (to be fully launched and expanded in 2020)
- Advertising portfolio expansion
- New presentation materials for clients, including a brochure describing trial results for various nutrition systems and a booklet with fertilizer samples



**Ecolabels
for mineral fertilizers –
the first ever in Russia**

**BUSINESS PARTNERS: SUPPLIERS AND CONTRACTORS****Why we interact**

- To optimise procurement procedures with emphasis on greater efficiency and transparency
- To create a level playing field for all prospective contractors through uniform requirements and fair bid evaluation.
- To establish long-term relationships with suppliers

How we interact

- Participation in conferences and exhibitions, holding meetings and negotiations
- Procurement announcements
- Compliance with the Company's Code of Ethics

Key activities in 2019

- Implementation of a project to improve efficiency of procurement. Development and launch of the Online Tender Committee. Launching a single sign-on solution for checking inventories
- Revision of supplier social responsibility clause to include prohibition of forced labour and modern slavery
- Drafting a procurement plan for the current year and placing it on an online bidding platform
- Participation in the Technology and Equipment for Sulphuric Acid Manufacturing international conference and exhibition Learning the principles of equipment layout at production facilities, including various approaches and reporting
- Implementing a project to review and update procurement by-laws

Improved efficiency of procurement