


Strategy


STRATEGY TO 2025

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In 2024, PhosAgro continued to be guided by the Strategy to 2025 approved by the Company's Board of Directors in March 2019. Most of the strategic goals remained relevant in the reporting year, with several key targets for 2025 achieved ahead of schedule.




The Company maintains a high level of feedstock self-sufficiency. In 2024, self-sufficiency in sulphuric acid came in at 93% (vs the target of 91% set in the Strategy to 2025).




In 2024, the Company expanded its storage capacity for liquid complex fertilizers to 101 kt (vs the target of 62 kt set in the Strategy to 2025).




Phosphate rock production increased to 11.4 mt (vs the target of 11.1 mt set in the Strategy to 2025).



The number of the Company's distribution centres in Russia reached 37 in 2024 (vs the target of 35 set in the Strategy to 2025).



The total storage capacity of PhosAgro-Region, Russia's largest distribution network, exceeded 1 mt in 2024 (vs the target of 650 kt set in the Strategy to 2025).



The employee satisfaction and loyalty index continues to grow, as it reached 76 p.p. in 2024 (vs the target of 65 p.p. set in the Strategy to 2025) based on Company-wide surveys.

In the reporting year, the Company's management presented proposals to the Board of Directors with respect to PhosAgro Group's Development Strategy to 2030, including key targets and main avenues for growth. The draft Strategy is expected to be submitted to the Board of Directors for review in 2Q 2025, with the new Strategy to 2030 to be approved by the end of the year.





Health and safety goals

Zero workplace incidents and injuries



Environmental and climate goals

Reduced emissions and water use, increased waste recycling



Corporate social responsibility goals

Contribution to the UN Sustainable Development Goals



The Strategy to 2025 deeply integrates sustainability principles across all its initiatives



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Increasing sales efficiency

- Expansion of the foothold in the priority domestic market and premium markets
- Higher share of premium fertilizer brands in the sales mix

Boosting logistics efficiency

- Alignment of production and sales
- Reduction of per unit transportation costs
- Development of port infrastructure

Operational efficiency and production growth

- Capacity expansion
- Higher self-sufficiency in feedstock
- Stronger operational efficiency

48 → 49

Progress against the Strategy to 2025 goals in 2024

2025 targets	2024 status (progress)
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INCREASING SALES EFFICIENCY

Expansion of the foothold in premium markets (own products: mineral fertilizers and feed-grade MCP)

Sales volume: Russia and the CIS

Target 2025
3.7 mt

Status 2024
3.1 mt up 11% y-o-y

Sales volume: South and North America

Target 2025
3.5 mt

Status 2024
4.0 mt up 5% y-o-y

Higher share of premium fertilizer brands (own products: mineral fertilizers and feed-grade MCP)

Share of complex fertilizers (NPK/NPS/PKS) in total output:

Target 2025
43.0% (5.0 mt)

Status 2024
33.3% (3.9 mt) up 10% y-o-y

Number of distribution and logistics centres:

Target 2025
35

Status 2024
37 up 9% y-o-y

Total storage capacity:

Target 2025
>650 kt

Status 2024
1 mt up 15% y-o-y

Liquid complex fertilizer storage capacity:

Target 2025
62 kt

Status 2024
101 kt up 19% y-o-y

¹ There was an error in the 2023 Annual Report on pages 52–53. The correct text should read: “Phosphate rock processing: 2025 target — 8.4 mt”; Mineral fertilizer and feed phosphate production target for 2025 – 11.5 mt.

² Failure to meet the self-sufficiency target for ammonium sulphate is due to the fact that part of the ammonium sulphate output (142 kt in 2024) is sold as a commercial product rather than used for processing into compound mineral fertilizers as per the scenario adopted in the Strategy to 2025.

BOOSTING LOGISTICS EFFICIENCY

Reduction of transportation costs

- Increased reliance on corporate rolling stock
- Use of innovative railcar fleet

Alignment of production and sales

Freight turnover by rail at key production sites:

Target 2025
28.3 mtpa

Status 2024
27.5 mtpa up 4% y-o-y

Development of port infrastructure

Efficient mix of port capacities in terms of costs and supply reliability:

Target 2025
8.0 mt

Status 2024
9.0 mt up 12.5% y-o-y

OPERATIONAL EFFICIENCY AND PRODUCTION GROWTH

Capacity expansion

Phosphate rock processing¹:

Target 2025
8.4 mt

Status 2024
9.1 mt up 4% y-o-y

Phosphate rock production:

Target 2025
11.1 mt

Status 2024
11.4 mt up 7% y-o-y

Mineral fertilizer and feed phosphate production¹:

Target 2025
11.5 mt

Status 2024
11.5 mt up 4% y-o-y

Maintaining high feedstock self-efficiency

Ammonia:

Target 2025
76%

Status 2024
74% down 1% y-o-y

Sulphuric acid:

Target 2025
91%

Status 2024
93% up 2% y-o-y

Ammonium sulphate:

Target 2025
75%

Status 2024
37%² down 20% y-o-y

Stronger operating efficiency

The actual effect of 2024 approved by project steering committees:

>RUB 1.4 bln

ENVIRONMENTAL EFFICIENCY

Reduced emissions

Per unit emissions:

Target 2025
0.8 kg/t²
Status 2024
0.712 kg/t²
down 10.9% y-o-y

Reduced impact on water bodies

Per unit waste water discharge¹:

Target 2025
1.7 m³/t
Status 2024
1.8 m³/t
down 3.7% y-o-y

Reduced waste generation

Share of recycled and disposed of hazard class 1–4 waste:

Target 2025
40.0%
Status 2024
40.3%
up 0.13% y-o-y



CLIMATE IMPACT

Reduced Scope 1 GHG emissions

Gross GHG emissions (Scope 1):

Target 2028
4.2 mt of CO₂-eq. (2028)
Status 2024
4.7 mt of CO₂-eq.
down 1.3% y-o-y



¹ Excluding mining and pit waters.
² Per tonne of finished and semi-finished products.

HEALTH AND SAFETY

Fostering a safety culture and adhering to the highest occupational health and safety standards

Occupational injuries:

Target 2025
annual reduction by **10**%
Status 2024
LTIFR of **0.54**
down 11% y-o-y

Target 2025
Zero fatalities

Status 2024
No fatalities in 2024

Target 2025
Zero accidents

Status 2024
No accidents in 2024



SOCIAL RESPONSIBILITY

Employee satisfaction

Aggregate satisfaction and loyalty index:

Target 2025
65 p.p.
Status 2024
76 p.p.
up +4% y-o-y



INCREASING SALES EFFICIENCY

The strategic sales goals of PhosAgro Group include expanding its foothold in premium markets and increasing the share of premium product sales.

The Group is successfully pursuing these goals in the evolving market landscape both by actively engaging in high-margin markets and by developing and promoting new, primarily complex grades of mineral fertilizers.

These goals are interrelated, as different geographical markets have historically shown a preference for specific fertilizer grades. For instance, in South America, one of our key regions, there is a strong focus on dual fertilizer grades which enable farmers to create individual blends tailored to their crops, soils, climate, and other agricultural factors. Conversely, in Russia, the Company's primary market, consumers have

historically preferred compound and complex fertilizer grades that are ready for application and do not require blending.

In line with this strategy, there was a significant increase in shipments to both the Russian and Brazilian markets during the reporting year, which largely drove accelerated growth in the sales of complex and compound fertilizer grades.

Progress towards our targets

	2022 (actual)	2023 (actual)	2024 (actual)	2024 (actual) / 2023 (actual), %	Strategy to 2025
Distribution centres	33	34	37	8.8	35
Total storage capacity, kt	821	868	1,000	15.2	>650
Liquid complex fertilizer storage capacity, kt	74	85	101	8.8	62

From 2018 to 2024, the Company invested RUB 5.4 bln in developing PhosAgro-Region, its own distribution network operating in Russia and across the CIS. By early 2025, the number of the network's distribution centres reached 37, while the total storage capacity came in at 1 mt, including 101 kt for the transshipment of liquid mineral fertilizers (a new record for the country). Since the launch of the strategic initiatives, the storage capacity for this type of fertilizers has increased ninefold. In 2025, PhosAgro Group will focus on further expanding its distribution network, upgrading the logistics infrastructure, and launching new logistics centres in Russia's key agricultural regions.

In 2024, as part of its service model development, the Company continued to offer Russian farmers the service

of chemical soil analysis. During the year, our agronomic experts surveyed more than 100,000 ha, marking an almost twofold increase compared to the previous year. Since the launch of the initiative, we have surveyed nearly 200,000 ha across 31 regions in six federal districts. In 2025, the Company plans to further enhance its service business by offering Russian farmers an expanded set of agronomic and process solutions to improve agricultural productivity.

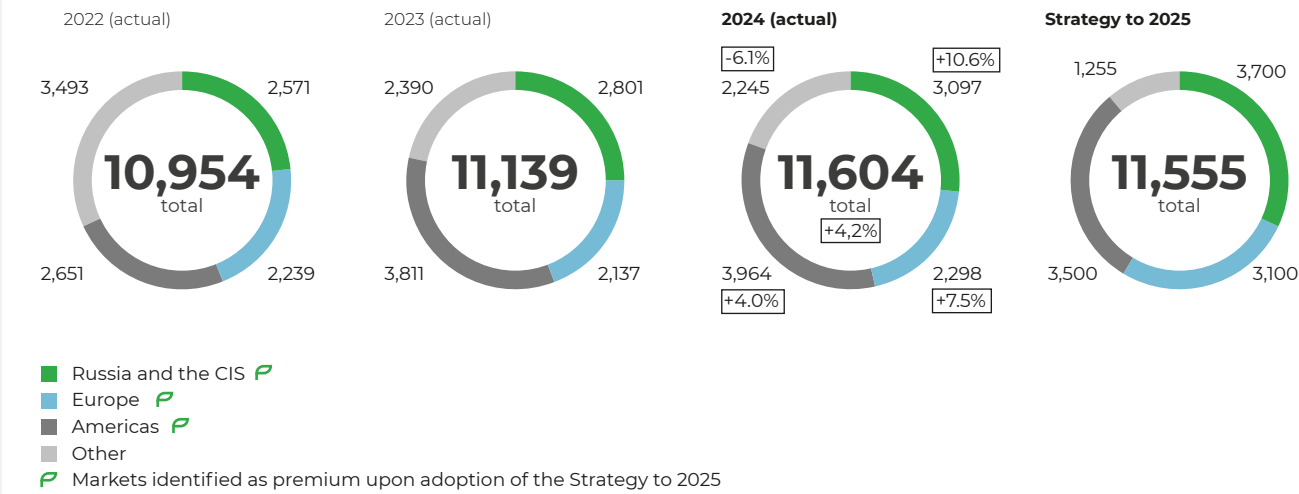
In 2024, we continued to actively develop new business areas – the supply of crop protection products and seeds of Russian breeders. Thus, the Company's customers gained access to a comprehensive service, including agrochemical analysis, hybrid selection, development of plant nutrition and protection systems,

product supply, and additional services. Notably, in the very first year, sales of domestically bred seeds reached 35,000 seed units.

Higher share of premium fertilizer brands in the sales mix

In the reporting year, the market witnessed accelerated growth in the sales of complex triple fertilizers, with their share in the Company's product portfolio rising to 33.3% in 2024 due to strong demand in the key domestic market. The flexibility of our production assets enables us to respond swiftly to changes in the market demand while maintaining full capacity utilisation.

Sales of mineral fertilizers and feed phosphates (own products), kt



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ZERO HUNGER

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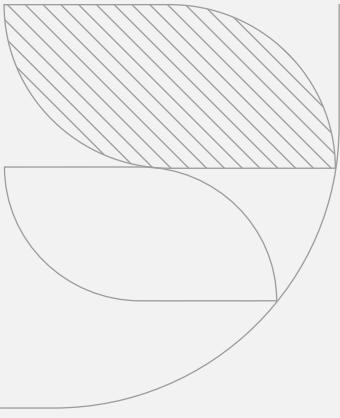
RESPONSIBLE CONSUMPTION AND PRODUCTION

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LIFE ON LAND

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Targets 2.4, 12.4, 15.1.
Promoting and raising awareness about best farming practices and developing the service model.



We remain strategically committed to our home market, the core one, which translated into a 9.6% increase in domestic sales during the reporting year, and a 10.6% increase if the CIS market is included. In 2024, this increase was the main driver behind the 4.2% rise in total fertilizer sales, including feed phosphates.

Mineral fertilizer and feed phosphate sales mix, kt

	2022 (actual)	2023 (actual)	2024 (actual)	2024 (actual) / 2023 (actual), %	Strategy to 2025
Urea/AN/AS	2,551	2,561	2,500	-2.4	2,515
MCP	350	377	399	6.0	472
APP	112	198	187	-5.4	213
NPK/PK/PKS	3,670	3,500	3,859	10.2	4,980
MAP/DAP	4,272	4,504	4,660	3.5	3,270
Total	10,954	11,139	11,604	4.2	11,450
Share of complex fertilizers,%	33.5	31.4	33.3		43.4



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Targets 2.4, 12.4, 13.1, 13.2.
Expanding sales of eco-friendly mineral fertilizers and developing innovative plant nutrition systems, including those that limit greenhouse gas emissions and help adapt to climate change.

The Company continues to develop and actively market new fertilizer grades in an effort to meet the existing and potential needs of farmers in Russia and abroad to the fullest extent possible, while taking into account the specifics of crops, soil types, and farming conditions.

PhosAgro Group is actively developing the following premium products:

- fertilizers with micronutrients are considered one of the most potent ways to combat malnutrition and reduce nutrient deficiencies,

as the micronutrients can be accumulated by plants and thus benefit the human diet;

- biological and biomineral fertilizers are expected to become one of the most effective solutions to ensure global food security by boosting agrochemical efficiency of plant nutrition systems without damaging the ecosystem.

Alignment of production and sales



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Target 9.1. Developing rail infrastructure and contributing to the development of local communities through our value chain.

Corporate rail infrastructure throughput capacity at the Company's key production facilities is critical to efficient transportation. Thanks to our comprehensive investment programmes in the 2019–2025 strategic cycle, we have been able

to expand the throughput capacity of our key production facilities' railway infrastructure to or above target levels.

In 2022, the Company launched a rolling stock renewal programme to 2034. As part of the programme, we plan to procure 392 ore dump cars and 11 electric locomotives for the Kirovsk branch, as well as 23 shunting locomotives for the Cherepovets facility and the Balakovo branch.

In 2024, we purchased three shunting locomotives, two electric locomotives, and 29 dump cars.

The construction of a container yard and the installation of the required equipment at the phosphate facility in Cherepovets are underway, which will allow for a significant increase in future container shipments. As part of a four-party agreement between Apatit, Severstal, Russian Railways

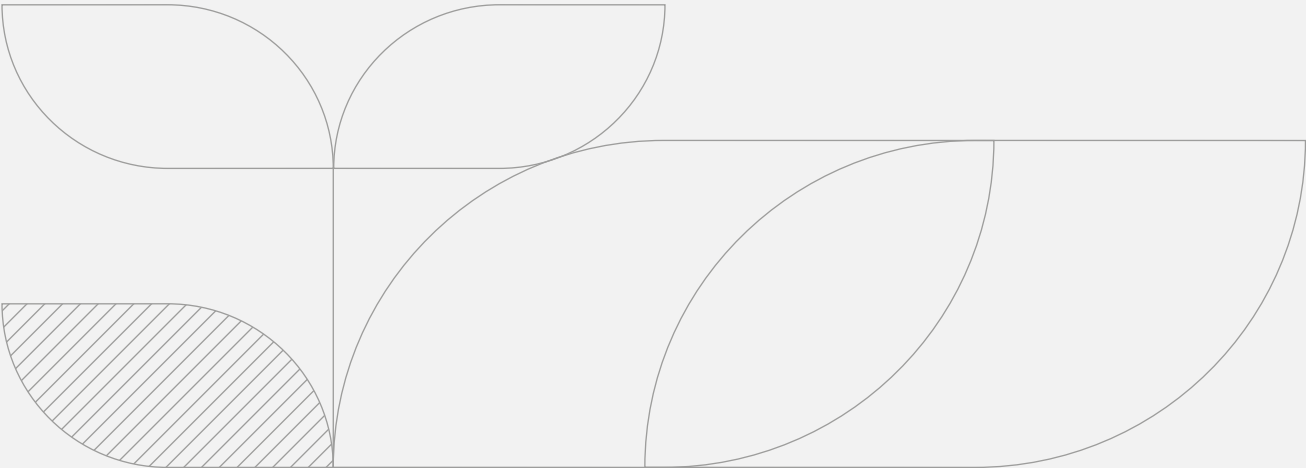
and Lengiprotrans, we are modelling the operation of Cherepovets railway hub, with a list of measures to be drawn up to handle both current and future freight turnover. These two projects are expected to be completed in 2025.

In 2024, as part of a comprehensive Volkhov branch development project, we ramped up infrastructure throughput at the Volkhov site to boost freight turnover. Under the second stage of the project, we reached an agreement with Russian Railways to co-finance the construction of public infrastructure.

We continued to work on a project for expanding the transport infrastructure at the Balakovo branch to support an increase in finished product shipments and acceptance of new raw materials – potassium chloride and ammonium sulphate.

Progress towards our targets, mtpa

Freight turnover of chemical facilities' railway infrastructure	2022 (actual)	2023 (actual)	2024 (actual)	Strategy to 2025
Cherepovets site	15.4	15.3	16.1	16.5
Balakovo branch	6.7	7.2	6.9	8.0
Volkhov branch	3.8	4.0	4.5	3.8
Total	25.9	26.5	27.5	28.3



BOOSTING LOGISTICS EFFICIENCY

The most part of the Company's freight (ca. 99%) is transported via the Russian Railways network. In 2024, freight turnover totalled 30.5 mt, up 1.0% against 2023, with further growth to 31.0 mt expected in 2025.

Rail shipments are also a focus area of key initiatives aimed at improving the reliability of product deliveries and reducing transportation costs. Ensuring a secure supply is a top priority for us.

Reduction of transportation costs



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Target 12.4. Managing chemicals and wastes wisely throughout their life cycle, including transportation.

As part of implementing the Strategy to 2025, we have significantly increased reliance on our own rolling stock, buying mostly innovative railcars with a higher capacity and longer run life. Increased reliance on PhosAgro's own rolling stock means:

- enhanced safety of operation and more reliable supplies, as PhosAgro Group's production and logistics processes are less dependent on third-party services;
- higher cost efficiency, as corporate railcars are cheaper in use than third-party rolling stock;
- a positive environmental effect, as the use of innovative rolling stock with higher cargo tonnage per railcar and train reduces the negative impact on the environment per tonne of cargo.

Other areas of focus to ensure transportation security and optimise transportation costs in 2024 included:

- developing mutually beneficial terms and entering into agreements with Russian Railways to co-finance the development of transport infrastructure at railway stations adjacent to the Company's production sites (Volkhov branch – final stage);
- securing tariff preferences for the shipment of liquid sulphur and sulphuric acid;
- verifying the possibility of receiving subsidies for export transportation of industrial products by rail in the period from 2022 to 2024 according to Decree of the Government of Russia No. 1347 On State Support of Russian Industrial Organisations in Order to Compensate Expenses for Transportation of Industrial Products dated 28 July 2022.

Development of port infrastructure



Target 9.1. Enhancing port network, along with offering employment opportunities, developing infrastructure and implementing social investment programmes.

In addition to developing logistics and sales infrastructure across Russia, we are working to increase the reliability and efficiency of our exports by both reducing transshipment costs and providing state-of-the-art transshipment capacities.

Our strategic aim is to develop and maintain a balanced port sales infrastructure in terms of costs and reliability, capable of handling at least 8 mtpa of fertilizer exports. The Company has already exceeded its target transshipment capacity. Given our plans to expand production capacities, the work is underway

to consider the measures that would increase the available transshipment capacity to 10 mtpa.

The ports key to PhosAgro Group's operations are located in the North-West of Russia. These include European Sulphur Terminal, Petrolesport, First Container Terminal, and St Petersburg Port in the Leningrad region and St Petersburg, and Murmansk Bulk Terminal in Murmansk. The Company also uses a terminal at the Hamina Kotka port in Finland. We rely on specialised terminals and their equipment designed to mitigate the environmental impact.

OPERATIONAL EFFICIENCY AND PRODUCTION GROWTH

Capacity expansion

The long-term growth in demand for mineral fertilizers has been steady. In order to respond to stronger demand, PhosAgro focuses on expanding capacities to produce its key products, which is one of our key strategic goals for 2025.



Target 12.4. Making eco-sustainable products in line with sustainability requirements and maximising the use of production waste in further processes.

Delivery on production targets, mt

	2022 (actual)	2023 (actual)	2024 (plan)	2024 (actual)	Strategy to 2025
Production of nitrogen-based fertilizers	2.5	2.6	2.5	2.6	2.5
Production of phosphate fertilizers and feed-grade MCP	8.2	8.4	8.7	8.9	8.9
Production of phosphate rock	10.9	10.7	11.1	11.4	11.1
In-house processing of phosphate rock	8.7	9.1	9.3	9.5	8.4

Implementation of high-priority projects

Ramping up phosphate rock processing at the dihydrate process WPA¹ production facilities (WPA-2 and WPA-3) (Cherepovets)

Targets

IRR 24%

+218 ktpa
in phosphate rock processing

+173 ktpa
in DAP

Status

In September 2024, we completed the installation of new belt filters in sections 5.55/5.58, with the filters commissioned on schedule. We also completed the assembly of the new VEI²-64, with the installation reaching its design capacity. At section 5.58, the absorption system was upgraded during the section's shutdown for an overhaul. As a result of this project, WPA-2 and WPA-3 reached the target phosphate rock production capacity of 141 tonnes per hour.

Project schedule
2023–2024

Investments
RUB 4.4 bln

Ramping up phosphate rock processing (Volkhov)

Targets

IRR of 25%

+153 ktpa
in phosphate rock processing

+107 ktpa
in MAP

Status

In October 2024, we completed the upgrade of a phosphoric acid production plant (WPAP-450), achieving the target phosphate rock production capacity of 185 tonnes per hour.

Project schedule
2023–2024

Investments
RUB 2.3 bln

Increasing feed-grade MCP output (Balakovo)

Targets

IRR of 22%

+100 ktpa
in MCP

Status

As part of the project, we completed the technical upgrade of the mineral salts unit, with new, more powerful equipment installed. In July 2024, the unit achieved its target capacity.

Project schedule
2021–2024

Investments
RUB 3.3 bln

Ramping up phosphate rock processing at the hemihydrate process WPA production facility (WPA-1) (Cherepovets)

Targets

IRR of 24%

+40 ktpa
in phosphate rock processing

+98 ktpa
in NPK 15-15-15

Status

In 2024, we commenced the project, with key equipment contracted for the main activities. In 2025, we plan to upgrade VEI-1 and VEI-5, replacing heating chambers and axial pumps with more powerful units. Additionally, there are plans to replace the buckets of carousel vacuum filter No. 3 with new reinforced ones and to substitute the N120AS and N220AS circulators with their upgraded versions.

Project schedule
2024–2025

Investments
RUB 1.8 bln

¹ Wet-process phosphoric acid.

² Vacuum-evaporating installation.

Maintaining high feedstock self-sufficiency

Feedstock self-sufficiency

Strong vertical integration is PhosAgro’s major competitive advantage. With our phosphate rock reserves covering 100% of the Company’s needs for raw materials required for phosphate mineral fertilizers, we are ramping up the production of other key types of feedstock, thus increasing our feedstock security and cutting costs.

Self-sufficiency in key types of feedstock

	2022 (actual)	2023 (actual)	2024 (plan)	2024 (actual)	2025 (plan)	Strategy to 2025
Ammonia, %	76.0	75.0	74.0	74.0	71.4	76.0
• Production, mt	2.0	2.0	2.0	2.0	2.0	1.9
• Consumption, mt	2.6	2.6	2.7	2.7	2.8	2.5
Sulphuric acid, %	92.0	92.0	95.0	93.4	97.0	91.0
• Production, mt	7.9	8.1	8.7	8.5	9.4	7.8
• Consumption, mt	8.6	8.8	9.1	9.1	9.7	8.6
Ammonium sulphate ¹ , %	51.0	46.0	49.0	37.0	57.0	75.0
• Production, mt	0.3	0.3	0.3	0.2	0.3	0.7
• Consumption, mt	0.6	0.6	0.6	0.5	0.5	0.9

Implementation of high-priority projects

Upgrade of the SK-20 technological system with replacement of the contact process unit (Balakovo)

Project schedule
2021–2024

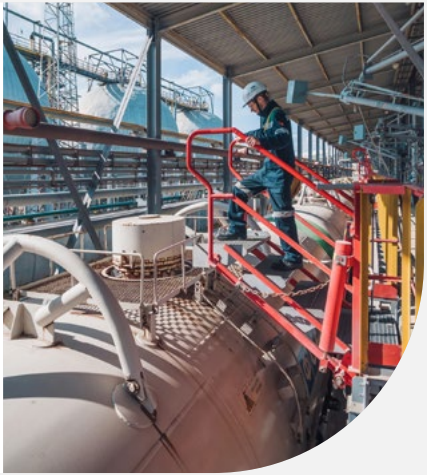
Investments
RUB **6.7** bln

Targets

+350 ktpa
in sulphuric acid production

Status

In March 2024, the system reached its target capacity of 135 tonnes per hour.



Upgrade of the sulphuric acid production and infrastructure facilities to increase the capacity by 93 tonnes of monohydrate per hour (SK-20/1) (Balakovo)

Project schedule
2024–2025

Investments
RUB **6.2** bln

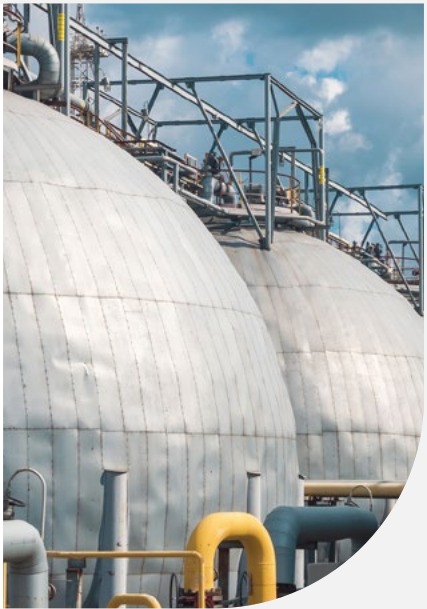
Targets

+750 ktpa
in sulphuric acid production

100% self-sufficiency in sulphuric acid at the Balakovo site

Status

Procurement of materials and equipment is in progress, with contractors selected for key types of work. Earthworks and foundation dismantling, as well as installation of metal structures and core equipment are ongoing.



Capital investments

Progress against 2025 strategic goals of capacity expansion and feedstock self-sufficiency comes on the back of effective planning and the successful implementation of the Company’s investment programme.

A DISCIPLINED APPROACH TO CAPEX

Minimum project IRR: approved discount rate +2% (at least 15%²)

More efficient working capital management

Annual CAPEX budget of up to 50% of EBITDA

Breakdown of CAPEX, RUB bln

	2022 (actual)	2023 (actual)	2024 (plan)	2024 (actual)
Investment projects	24.1	18.8	25.6	26.5
Maintenance	27.0	31.3	34.5	33.9
Non-industrial construction	2.2	3.3	2.8	2.5
Total excluding capitalised repairs	53.2	53.4	62.9	62.9
Total including capitalised repairs	63.0	64.2	75.2	75.2

CAPEX funding in 2022–2024

	2022 (actual)	2023 (actual)	2024 (actual)
CAPEX ³ , RUB bln	53.2	53.4	62.9
Adjusted EBITDA, RUB bln	266.9	168.4	170.6
CAPEX / adjusted EBITDA, %	20	32	37

Details of key investment projects in 2024, RUB bln

Phase 3 of developing the Balakovo branch of Apatit (implementing a flexible MAP, DAP, NPK, and NPS production scheme)	8.4
Stripping and mine development at the Rasvumchorr Plateau (Kirovsk)	4.3
Ramp-up of phosphate rock processing at the dihydrate process WPA production facilities (WPA-2 and WPA-3) (Cherepovets)	3.4
Development of the +10 m level at the Kirovsky mine (Kirovsk)	2.5
Development of the Vostochny mine, a block pillar under the Saami pit, and the Gakman block, and development of ANBP-3 plant (Kirovsk)	2.5
Ramp-up of phosphate rock processing (Volkhov)	1.6
Construction of a phosphogypsum conversion unit (Balakovo)	1.3
Other investment projects ⁴	2.5
Total for investment projects	26.5

¹ Failure to meet the self-sufficiency target for ammonium sulphate is due to the fact that part of the ammonium sulphate output (142 kt in 2024) is sold as a commercial product rather than used for processing into compound mineral fertilizers as per the scenario adopted in the Strategy to 2025.

² The minimum internal rate of return is reviewed from time to time, including by considering the current key interest rate set by the Bank of Russia.

³ CAPEX excluding capitalised repairs.

⁴ Including the following projects: increase in the feed-grade MCP output in Balakovo, and ramp-up of phosphate rock processing at the hemihydrate process WPA production facility (WPA-1) in Cherepovets.

Operating efficiency improvements

At PhosAgro, we are implementing a whole range of projects and initiatives to improve our technologies and organisational approaches and streamline production processes.

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In 2024, PhosAgro successfully completed the project for improving the performance of Apatit's business units and branches in 2024.

In the reporting year, the Group's entities successfully implemented Russian software, including as part of import substitution efforts:

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The Mobile Voice Patrol project powered by an AI technology for speech recognition and generation. The project was partially funded by the government (49.2% of the total budget).

Production site

Cherepovets, Kirovsk, Balakovo, Volkhov

Project schedule
January–December 2024

Key project initiatives

- Higher volumes of phosphate rock processing and MAP production
- Reduction in end-to-end phosphate rock losses
- Improvement in phosphate rock recovery rates

Economic effect in 2024

RUB 1,425 mln

Production site

All production sites

Project schedule
October 2023 – November 2024

Key project initiatives

- Introduction of a voice data input solution for registering the processes and results of technical and commercial rolling stock inspections
- Standardisation and expansion of recorded rolling stock failure parameters

2024 highlights

A more than fivefold reduction in the time required to transmit and process technical inspection data

Creation of a statistical rolling stock failure database for predicting changes in the technical condition of rolling stock by using AI technologies

With the project proving to be a success, the Company's business analysts and IT experts have started exploring the scalability of AI-based speech recognition and generation technologies to other business processes of PhosAgro Group.



Introduction of a manufacturing execution system (automated enterprise management system) for a major holding company in the chemical sector, the first implementation of Russian-made software of this kind in the industry.

The project was included in the list of high-priority projects under the IT import substitution programme of the Russian Government and co-funded by the state.



Target 8.3. Maintaining and developing existing operations and creating innovative facilities.

Production site

Cherepovets chemical facilities of Apatit

Project schedule
December 2022 – February 2025

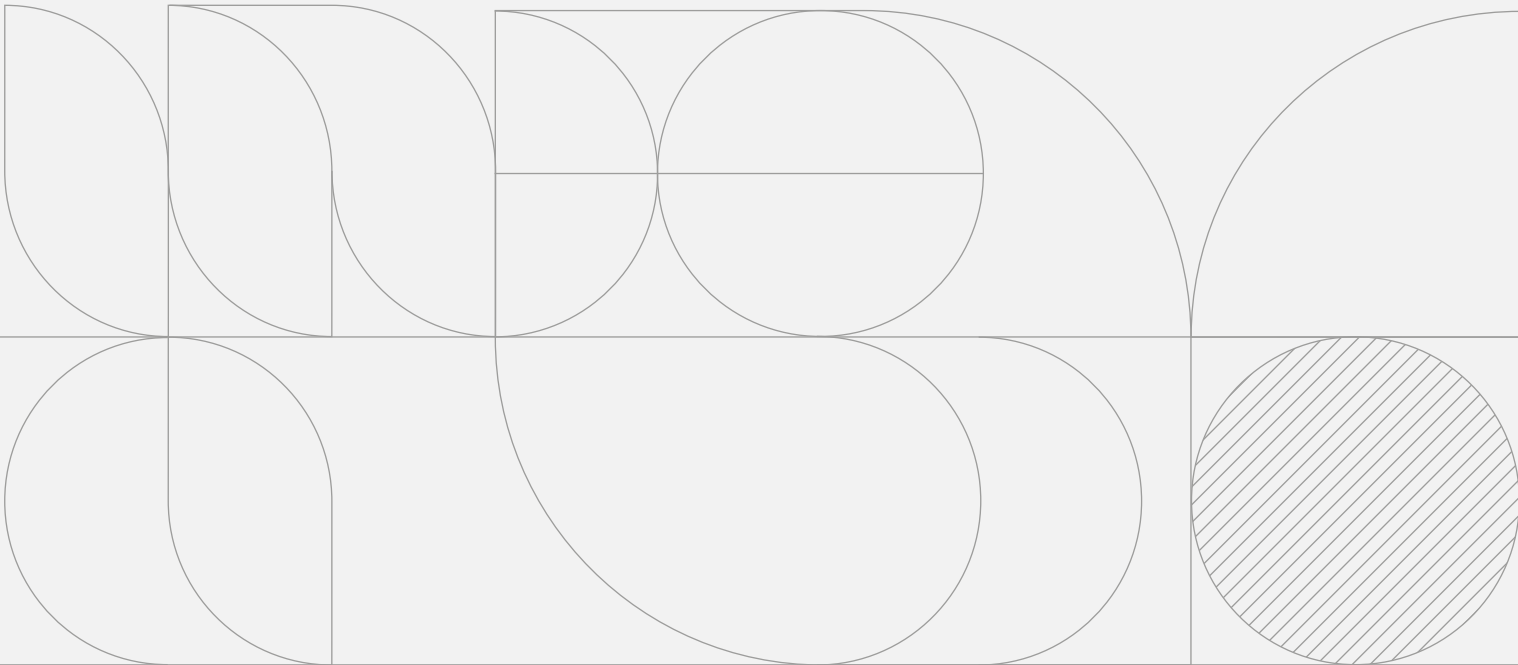
Key project initiatives

- Import substitution of foreign software for managing and controlling production processes: replacement of PI System by AVEVA (the company exited the Russian market) with the domestic ZIIoT Platform from Tsifra Group

2024 highlights

Successful implementation of the software with a warranty and technical support

The project ensured continuity in production processes through the use of Russian application software. Its success enables us to further enhance capabilities and roll the solution out to other facilities of the Company.



S172 STATEMENT

According to Section 172 “Duty to promote the success of the company” of the UK Companies Act 2006, PhosAgro’s Board of Directors acts in good faith for the benefit of the Company to promote its success, taking into account possible long-term consequences of its decisions for the society and the environment, as well as the interests of the Company’s employees and other stakeholders.

For the members of PhosAgro’s Board of Directors, these standards mean that the Company’s stakeholders should be interacted with responsibly and that their interests should be respected to the maximum extent possible.

At least once a year, the Strategy and Sustainable Development Committee (until 2022, the Sustainable Development Committee)

of the Board of Directors reviews feedback from stakeholders on aspects of the Company’s operations that are material to them.

Such feedback is used to identify topics and indicators to be disclosed in PhosAgro’s non-financial reporting and to determine interaction priorities and mechanisms for engagement with the Company’s stakeholders, including at the Board level.

In the reporting year, the Board of Directors continued to hold on-site meetings at the Company’s production facilities. These meetings help the Board reach a completely new level in engaging with the whole range of stakeholders, including regional and municipal governments, key management of PhosAgro’s subsidiaries, production teams, and local communities. In 2024, the meetings were held at the Cherepovets and Kirovsk

production sites. The Board members explored the industrial assets, held meetings with key employees, and visited social facilities.

On-site meetings and other Board activities at the Company’s production facilities are a vital element of feedback collection, which helps the Board of Directors gain a thorough understanding of the Company’s economic, social, and environmental impact.

Furthermore, in February 2024 the Chairman of the Board of Directors acted as the head of PhosAgro’s delegation during meetings with the leadership of the UN Food and Agriculture Organisation (FAO) and the UN Educational, Scientific and Cultural Organisation (UNESCO). These are the two organisations with which the Company has been partnering for a long time to deliver a wide range of joint projects.

PROSPECTS

PhosAgro Group’s development scenarios are reviewed by the Board of Directors when approving its Strategy. The strategic planning cycle adopted by the Company is five years.

Since 2019, the Board of Directors has been considering a contingency plan to prepare for critical changes in the external operating environment such as possible restrictions on our supplies to key markets.

In 2024, countervailing duties and the export quota system remained in force. The restrictions caused by international sanctions and supply chain disruptions still made it difficult for the Company to deliver its products to its traditional markets. The expected introduction of additional tariffs on mineral fertilizers supplied to the EU in 2025 will present another challenge for PhosAgro Group, requiring that we adopt new management techniques, approaches, and solutions.

In 2024, similarly to the previous two years, the Company was adversely affected by the termination of operations in Russia by some Western suppliers of equipment, services, and technology, as well as by difficulties in making payments.

The Board of Directors weighed the associated strategic risks when approving the Strategy to 2025 and continues to review them semi-annually as part of the strategy implementation monitoring. Each risk has a dedicated risk management map, containing a detailed description along with mitigants and probability, materiality and risk appetite estimates. All of the above parameters are updated on an annual basis.

Despite unprecedented materialisation of these risks, the Company continues to maintain uninterrupted operations across all its production sites, ensure timely supply of fertilizers, and support the well-being of its employees and their families. PhosAgro Group’s team manages to address new challenges swiftly, maintaining business stability and advancing to new heights.

Based on the foregoing, the Board of Directors finds it reasonable to believe that the Company will, without any reservations, be able to continue its operations and meet all its obligations as they fall due both during the implementation of the Strategy to 2025 and through to 2030.

For more information on the Company’s strategic risks, see the Strategic Report section on

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