
1 ОТЧЕТНЫЕ МАТЕРИАЛЫ О ДЕЯТЕЛЬНОСТИ ПРЕДПРИЯТИЙ ПАО «ФОСАГРО» В КЛИМАТИЧЕСКОЙ СФЕРЕ В СООТВЕТСТВИИ С АНКЕТОЙ СДР НА АНГЛИЙСКОМ ЯЗЫКЕ

C0. Introduction

C0.1 Give a general description and introduction to your organization.

PhosAgro is a vertically integrated mineral fertilizer producer based in Russia. We are one of the world's most efficient producers of phosphate-based fertilizers and one of the only companies to produce high-grade phosphate rock with a P₂O₅ content of 39% or higher. The main activity is the production of phosphate-based fertilizers, high-grade phosphate raw materials - apatite concentrate, as well as feed phosphates, nitrogen fertilizers, and ammonia.

All mining and production activities are carried out in the Russian Federation at the company's Kirovsk, Cherepovets, Balakovo, and Volkhov facilities. The company has its own resource base and carries out a full cycle of mineral fertilizer production - from the extraction and processing of apatite-nepheline ore to the production of mineral fertilizers, its own research and development department, which ensures maximum quality control of products. The group is the largest European producer of phosphate fertilizers, the world's largest producer of high-grade phosphoric raw materials and the second in the world (excluding China) manufacturer of ammophos and diammonium phosphate (according to Fertecon), the leading European producer of monophosphate (MCP), and also the only manufacturer of nepheline concentrate in Russia. In 2018, PhosAgro became the largest producer of apatite concentrate globally and the second-largest producer of complex mineral fertilizers (NPK) in Europe. The company employs the total of over 17 thousand people (including over 11 thousand employed in the divisions whose GHG emissions are considered in-scope for this report).

PhosAgro delivers fertilizers to more than 100 countries in Asia, Europe, Africa, South, and North America, contributing to higher yields of cultivated crops. The key consumers are producers of agricultural products. More than 70% of produced fertilizers are exported, and the company maintains a network of trading offices in 10 countries, including priority markets in Latin America and Europe. For the purposes of reporting GHG emissions data, activities outside of the Russian Federation are not considered material.

In 2020, the Company's Board of Directors approved the draft Climate Strategy and adopted a low-carbon transition plan.

PhosAgro shares are traded on the Moscow Exchange. Global depositary receipts are traded on the London Stock Exchange (ticker symbol PHOR) and have been included in the MSCI Russia and

MSCI Emerging Markets indices since 1 June 2016. A detailed description of the Company is available at <https://www.phosagro.ru>.

C0.2 State the start and end date of the year for which you are reporting data.

	Start date	End date	Indicate if you are providing emissions data for past reporting years
Reporting year	January 1, 2020	December 31, 2020	No

C0.3 Select the countries/areas for which you will be supplying data.

Russian Federation

C0.4 Select the currency used for all financial information disclosed throughout your response.

USD

C0.5 Select the option that describes the reporting boundary for which climate-related impacts on your business are being reported. Note that this option should align with your chosen approach for consolidating your GHG inventory.

Financial control

C-CH0.7 Which part of the chemicals value chain does your organization operate in?

Row 1

Bulk organic chemicals

Bulk inorganic chemicals

Fertilizers

Nitric acid

Other chemicals

C1. Governance

C1.1 Is there board-level oversight of climate-related issues within your organization?

Yes

C1.1a Identify the position(s) (do not include any names) of the individual(s) on the board with responsibility for climate-related issues.

Position of individual(s)	Please explain
Board Chair	The Board of Directors approves the Company's climate strategy and low-carbon transition plan.
Board-level committee	Sustainable Development Committee carries out context analysis of the climate strategy; analyses the requirements of regulatory authorities, the ratings assigned by ESG rating agencies, and the expectations of investors and other stakeholders; analyses the best practices in regard to climate change actions and climate-related disclosures; and develops the action plan and disclosure recommendations.
Board-level committee	Strategy Committee develops a strategy accounting for sustainable development goals (including climate-related goals) and monitors it semi-annually.
Board-level committee	Risk Management Committee assesses climate risks and updates the risk map, subject to climate strategy approval and implementation; carries out quarterly monitoring.
Board-level committee	Remuneration and Human Resources Committee oversees the current management incentive system, which relies on key performance indicators (KPIs) linked to strategic targets, made another step forward in 2020, covering as many as 277 people from N to N-3 levels, up 2.6 times y-o-y. A notable part of this growth came from the extended scope of KPIs linked to the Company's sustainability targets, including climate goals. In 2020, the Company decided to include climate change KPIs in KPI scorecards for managers in charge of implementing the low-carbon transition plan starting from 2022.
Board-level committee	Environmental, Health and Safety Committee monitors the development, adoption and implementation of actions approved for the low-carbon transition plan; supervises and monitors the established GHG emission targets.

C1.1b Provide further details on the board's oversight of climate-related issues.

Frequency with which climate-related issues are a scheduled agenda item	Governance mechanisms into which climate-related issues are integrated	Please explain

Scheduled – some meetings	<p>Reviewing and guiding strategy</p> <p>Reviewing and guiding major plans of action</p> <p>Overseeing major capital expenditures, acquisitions and divestitures</p> <p>Monitoring and overseeing progress against goals and targets for addressing climate-related issues</p>	<p>The Charter of the Environmental, Health and Safety Committee includes such functions as the assessment of the environmental, social, technological, and industrial impacts of our production activities, promoting efficient use of natural resources and energy efficiency, industrial safety and accident prevention, as well as regulatory compliance.</p> <p>Two to four times a year, the Environmental, Health and Safety Committee of the Board of Directors meets to determine the Company’s key priorities in the sphere of environmental protection, to monitor and analyze negative effects on the environment, to consider draft laws and regulations and assess their potential impact on the Company’s business, to analyze the best practices and the best available techniques in the context of PhosAgro’s compliance with the same, and to analyze the size and evolution of environmental protection spending. If violations of environmental laws occur, the Committee analyses the factors and reasons that led to them and the respective conditions, as well as the action taken to avoid such situations in the future.</p> <p>In his turn, the Chairman of the Committee reports the work done by the Committee to the Board of Directors on a quarterly basis. Furthermore, at least once a year, the Board of Directors separately considers the environmental activities report prepared by the Company’s executive team. In addition, the Board of Directors determines and approves the environmental policy.</p>
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C1.2 Provide the highest management-level position(s) or committee(s) with responsibility for climate-related issues.

Name of the position(s) and/or committee(s)	Responsibility	Frequency of reporting to the board on climate-related issues
Other committee, please specify	Both assessing and managing climate-related risks and opportunities	Half-yearly

Environmental, Health, and Safety Committee	☞ ¹	
Other committee, please specify Human Resources and Social Policy Department	Other, please specify Works out a staff competencies development plan tied to the climate change agenda; develops climate-related KPIs and adds them to the employee incentive system.	Half-yearly
Other committee, please specify Technical Development, Capital Construction and Repair Department (JSC Apatit), NIUIF (Samoilov Research Institute for Fertilizers and Insectofungicides)	Assessing climate-related risks and opportunities ☞ ²	Half-yearly
Other committee, please specify Economics Department (JSC Apatit)	Other, please specify Works out a mechanism for incorporation of the carbon price into the system created to evaluate the efficiency of investment projects.	Half-yearly
Other, please specify Marketing and Development Department, Innovations Centre, NIUIF	Other, please specify Studies and reviews actions adopted as part of the low-carbon transition plan specifically pertaining to the development of technology for releasing and promoting new products; the development and promotion of sustainable farming practices.	Half-yearly
Other committee, please specify Procurement Department (JSC Apatit)	Other, please specify Develops ESG rating procedures for suppliers and contractors, including climate-related criteria, and integrates the same into the contractor selection system; adds ESG criteria to the supplier audit checklist.	Half-yearly
Other, please specify	Managing climate-related risks and opportunities	Half-yearly

Project Implementation and Management Department (JSC Apatit)	☞ ³	
Risk committee ☞ ⁴	Both assessing and managing climate-related risks and opportunities ☞ ⁵	Half-yearly

☞¹Organizes the development of the climate strategy; arranges for the implementation of actions adopted within the low-carbon transition plan.

☞²Studies and reviews technical and organizational actions adopted as part of the low-carbon transition plan and intended to reduce emissions and energy consumption.

☞³Works on matters pertaining to the establishment of a task group on reduction of GHG emissions and of negative climate change effects on the efficiency of management and production processes.

☞⁴Risk Management and Internal Control Department

☞⁵Arranges for identification, assessment, management and monitoring of climate risks, subject to the approval and implementation of the climate strategy.

C1.2a Describe where in the organizational structure this/these position(s) and/or committees lie, what their associated responsibilities are, and how climate-related issues are monitored (do not include the names of individuals).

The responsibility for monitoring and resolving issues related to climate change was assigned to the Environmental, Health, and Safety Committee headed by a member of the Board of Directors and Executive Director of JSC PhosAgro. Other Committee members include the company's Chief Executive Officer and an Independent Director. The Committee includes PhosAgro's senior leadership, including Directors with background in strategy, finance, and audit, as well as chemistry and mining engineering, in addition to a deep understanding of the broad environmental agenda. This means that the Committee has the ability to facilitate making and implementing decisions that impact the entire company.

C1.3 Do you provide incentives for the management of climate-related issues, including the attainment of targets?

	Provide incentives for the management of climate-related issues	Comment
Row 1	No, not currently but we plan to introduce them in the next two years	In 2020, the Company decided to include climate change KPIs on the scorecards for managers responsible for implementing the low-carbon transition plan starting in 2022, and to tie this to compensation (a portion of salary or bonus).

C2. Risks and opportunities

C2.1 Does your organization have a process for identifying, assessing, and responding to climate-related risks and opportunities?

Yes

C2.1a How does your organization define short-, medium- and long-term time horizons?

	From (years)	To (years)	Comment
Short-term	0	3	
Medium-term	3	10	
Long-term	10	30	

C2.1b How does your organization define substantive financial or strategic impact on your business?

PhosAgro's business impact criteria are defined and normatively set out in the internal regulation 102-2020 (dated 25.09.2020). According to this document, the most significant impact is described as follows: (1) financial - loss of more than 1% of annual revenue; (2) reputation - loss of key customers, sharp decline in the company's attractiveness in the labor market; (3) production - long production halts (more than 10 days), the need to replace and restore key production assets; (4) compliance with the law - prohibition of certain activities, loss / forced liquidation of key assets, and halting production in accordance with the decisions of regulatory authorities; (5) occupational health and safety, as well as social climate.

C2.2 Describe your process(es) for identifying, assessing and responding to climate-related risks and opportunities.

Value chain stage(s) covered

Direct operations

Upstream

Downstream

Risk management process

Integrated into multi-disciplinary company-wide risk management process

Frequency of assessment

More than once a year

Time horizon(s) covered

Short-term

Medium-term

Long-term

Description of process

The company has established a Climate Change Risk Management System (hereinafter - the CRM System) as an integral part of the overall risk management system (RMS). The RMS, in all its elements, is embedded in the current institutional and organizational setup of PJSC "PhosAgro". The RMS was developed in accordance with the Regulations on risk management of JSC "Apatit" internal regulation 102-2020 (approved on 25.09.2020) and other normative and regulatory documents of the company; it implements the provisions of ISO and Russian standards in this area. Functional responsibilities and authorities of bodies and people related to the management of the climate-related risks, within the general RMS, are set out in the relevant organizational and administrative documents of the company. The company a formalized process for identification, assessment, monitoring, and management of climate risks and opportunities as part of the overall risk and opportunity management process.

Description of the process of determining what risks or opportunities may have a significant financial or strategic impact: The designated risk owners are responsible for identifying risks and opportunities that have significant financial or strategic influence. These risks are manifested in the violation of production and management processes of the company and thus, reduce the efficiency of its activities and long-term sustainability. The owners of climate risks perform quarterly monitoring and annual reporting on climate risk management. The Risk Management and Internal Control Directorate of PJSC PhosAgro perform some of the following tasks: general coordination of the climate risk management process, control over the implementation of measures, and preparation of consolidated reports for the company's Board of Directors and executive bodies.

Making decisions on mitigating the transfer, acceptance or control of the identified climate risks and on the use of climate-related opportunities: PhosAgro's climate risk register has been compiled; complete risk statements were developed for key climate risks. These documents define the measures needed to manage and respond to climate risks. This work was performed by climate risk owners with the active participation of subject matter experts, using polling, extended (in-depth) interviews, structured interviewes, the Delphi method, root-cause analysis, and other methodologies. PhosAgro climate risk management strategy is aimed at integrating risks and opportunities generated by climate change factors (physical and transitional) into the overall RMS. The strategy combines regulatory legal, organizational, and administrative measures, as well as a list of climate risk management activities in the overall RMS of the company (including risk transfer, risk management, and risk response).

Application of risk management process to physical risks and opportunities: The climate risk management system has been developed taking into account specific features of management

and production processes of the company, which owns long-lived fixed assets, extensive supply and distribution networks, as well as critically depends on natural resources and fuels the need for long-term investments. Specific physical factors of climate change (chronic and acute) have been identified that form the physical risks and opportunities of PhosAgro PJSC. These risks and opportunities arise primarily in the company's production processes, and are realized primarily in the company's production units. Physical risks and opportunities are formulated in the following accepted categories: operational (design, business processes, environment, health, and safety), production (technology, equipment, energy complex).

Application of the process to transitional risks and opportunities: Specific transitional factors of climate change have been identified (as a set of regulatory measures to limit negative anthropogenic impacts on climate - government regulation, pricing policy, tariff policy, investment and financial mechanisms, public pressure, etc.) which form the transitional risks and opportunities for PhosAgro PJSC. These risks and opportunities are mainly realized in management processes, found in the sphere of competence of the company's structural units. Transitional risks and opportunities are formulated in the following accepted categories: strategic (human resources and social), regulatory (compliance with regulatory requirements), financial (interest, credit, sales, commodities), and reputation.

PhosAgro's Climate Strategy (1) defines forecast parameters for expected trends in climatic risks and opportunities for PhosAgro under selected climatic scenarios (expected warming at 2 degrees C and expected warming at 4 degrees C) for the short, medium, and long term; (2) defines a set of strategic measures to minimize climate risks and maximize opportunities offered by climate change (human resources policy, technology, business processes, financial sector, reputation).

C2.2a Which risk types are considered in your organization's climate-related risk assessments?

	Relevance & inclusion	Please explain
Current regulation	Relevant, sometimes included	PhosAgro is currently subject to the requirements of Russian legislation on greenhouse gas emissions. In accordance with these requirements, PhosAgro reports on GHG1 and GHG2 emissions to government agencies. However, new climate-related regulatory and financial mechanisms are expected to be introduced in the future. To the extent that the application of the existing regulations might adversely impact our operations in a material way, we continue to monitor the risk of regulatory changes. For example, to comply with the Federal energy efficiency legislation first adopted in 2009, we are implementing energy efficiency programs requiring significant investments and resulting in increased capital and operating costs in the short term.

Emerging regulation	Relevant, always included	Currently, at the level of countries and international organizations, there are processes to strengthen climate requirements for manufacturers and suppliers of products that have detrimental climate impacts. Therefore, this risk is always included due to the significant impact of new climate regulations on the overall performance of the company. For example, the implementation of the European Green Deal will significantly increase the company's losses due to its non-compliance with regulatory requirements.
Technology	Relevant, always included	The risk is relevant and is always included due to a significant impact of the fact of compliance with low-carbon production requirements on the company's business reputation and financial stability. In particular, the Company plans to study the production of products with low CO2 emissions by introducing innovative technologies involved in the process of production and consumption (based on the carbonization processes).
Legal	Relevant, sometimes included	The risk is relevant and is included in cases where the consequences of climate change may have lead to legal liability of the company. For example, the Company may be liable for violating contract terms for the supply of finished products due to failures in transportation and logistics caused by climate change.
Market	Relevant, always included	PhosAgro includes market risks as part of its ongoing risk assessment process by monitoring the risks of possible losses associated with adverse changes in market preference and prices for mineral fertilizers and other products. Climate change also has a significant impact on the markets of energy resources, equipment and materials for the Company's needs and on the markets of finished products of the company. Such impacts might cause, for example (1) increase in indirect (operating) costs due to an increase of energy prices and (2) decrease in liquidity of finished products characterized by high climate impact during production and consumption.
Reputation	Relevant, always included	The risk is relevant and always included because of the significant impact of information disclosure in the sphere of decarbonization of the company's activities on its reputation among investors, consumers, government, the public, and political circles. For example, a decrease in the Company's ESG ratings might negatively impact the Company's reputation and lead to reduced presence in the mineral fertilizer markets and financial losses due to the company's ineffective information policy on climate issues.

Acute physical	Relevant, always included	Acute physical risks are reflected in our ongoing risk assessments, including disruption of the production process, technical incidents resulting from extreme weather conditions and leading to increased downtime, disruption or equipment failure, potential accidents, decreases in production volumes, as well as potential increases in the rates of industrial injuries and occupational diseases. For example, the Company's transportation operations (including river and sea) can be disrupted in regions affected by acute climate factors (hurricanes, storms, floods, surge events, etc.).
Chronic physical	Relevant, always included	The risk is relevant and always included due to the significant impact of chronic changes in climatic conditions on the processes of extraction and transportation of raw materials, and the production processes of the company. For example, increased precipitation, especially in the winter, increased intensity and duration of spring floods which caused disruptions in ore extraction and transportation, and increased the time of unscheduled equipment downtime (Kirov branch). Due to the increase of maximum temperatures in the warm season, the shortage of cooling capacity in the production of products becomes more acute (Balakovskiy branch, Cherepovetsky complex).

C2.3 Have you identified any inherent climate-related risks with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.3a Provide details of risks identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Risk 1

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Chronic physical

Other, please specify

Rising mean temperatures, rising sea levels, changes in precipitation patterns

Primary potential financial impact

Increased direct costs

Company-specific description

As a result of equipment overheating, the probability of downtime in production and shipment of products to the customers increases. Increased precipitation and the frequency of temperatures fluctuating around the freezing levels during the winter lead to disruptions in mining and rock transport operations. Rising sea levels and increased storm and surge phenomena can interfere with shipments of products by sea transport and the operation of port facilities.

Time horizon

Long-term

Likelihood

Likely

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

48,400,000

Potential financial impact figure – maximum (currency)

97,000,000

Explanation of financial impact figure

Estimated based on expected revenue loss due to 5-10 days of downtime of fertilizer production facilities during the year.

Cost of response to risk

202,300,000

Description of response and explanation of cost calculation

The cost of modernization and construction of new cooling facilities at the Balakovo, Cherepovets and Volkhov production facilities over seven years.

Comment**Identifier**

Risk 2

Where in the value chain does the risk driver occur?

Direct operations

Risk type & Primary climate-related risk driver

Acute physical

Increased severity and frequency of extreme weather events such as cyclones and floods

Primary potential financial impact

Increased direct costs

Company-specific description

Poor predictability of climate change impacts poses threats to the sustainability and safety of the operation of new and renovated facilities, existing buildings and structures, and technological equipment; it also increases the negative impact on ecosystems, including biodiversity, such as habitats for rare and endangered species.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

13,200,000

Potential financial impact figure – maximum (currency)

52,800,000

Explanation of financial impact figure

The potential financial impact is calculated as a share (from 2% to 8%) of the sum total of capital repair fund, capital construction fund, environmental protection costs, labor protection costs, and the costs of supporting special services.

Cost of response to risk

5,780,000

Description of response and explanation of cost calculation

Tentatively estimated at 10 percent of the potential financial impact, including capital repairs, the costs of environmental protection, labor protection, and supporting services.

Comment**Identifier**

Risk 3

Where in the value chain does the risk driver occur?

Upstream

Risk type & Primary climate-related risk driver

Emerging regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Increased indirect (operating) costs

Company-specific description

The Company expects high costs associated with supplying products to the markets of the European Union under the European Green Deal. It is expected that similar restrictive measures (commitments to transition to a zero carbon balance) will be introduced by other importing countries of the Company's products. Russian Federation is also expected to introduce mechanisms of climate regulation.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

14,000,000

Potential financial impact figure – maximum (currency)

35,000,000

Explanation of financial impact figure

The Company has analyzed the impact of the Carbon Border Adjustment Mechanism on PhosAgro's operating expenses. The new mechanism will cover Russian industrial products,

including, most likely, mineral fertilizers. Given the uncertainties as to the emission scopes the CBAM will apply to, the ability to account for the Company's individual emission levels, and the changing carbon dioxide prices, we have determined the potential ceiling and floor of the mechanism's impact on the Company's financial performance in 2023–2030, based on the projected cost per tonne of CO2 emissions under the European Union Emissions Trading System.

Cost of response to risk

11,800,000

Description of response and explanation of cost calculation

Estimated based on the cost to the Company of purchasing "green" certificates and other measures.

Comment

Identifier

Risk 4

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Reputation

Increased stakeholder concern or negative stakeholder feedback

Primary potential financial impact

Other, please specify

Reduced attractiveness for investors and consumers of products

Company-specific description

Decrease in investment attractiveness (investor interest) and decrease in the Company's market share (consumer demand) due to the high climate footprint of its products (production and consumption). Decrease in the Company's ESG ratings and capitalization.

Time horizon

Long-term

Likelihood

About as likely as not

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

28,200,000

Potential financial impact figure – maximum (currency)

42,300,000

Explanation of financial impact figure

Estimated at 0.8 to 1.2 percent of revenue.

Cost of response to risk

4,230,000

Description of response and explanation of cost calculation

Estimated at 10 percent of the potential financial impact.

Comment**Identifier**

Risk 5

Where in the value chain does the risk driver occur?

Downstream

Risk type & Primary climate-related risk driver

Current regulation

Mandates on and regulation of existing products and services

Primary potential financial impact

Other, please specify

Other financial losses

Company-specific description

Violation of contract terms by buyers, commercial contractors and other counterparties due to (1) unpredictable and significant changes in prices for energy resources, commodities, raw materials, etc. due to climate-related regulations, (2) changes in market conditions and geopolitical factors, (3) increased physical climatic effects on production processes.

Time horizon

Medium-term

Likelihood

Likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

17,650,000

Potential financial impact figure – maximum (currency)

35,300,000

Explanation of financial impact figure

Estimated based on an expected revenue loss of 0.5 to 1 percent.

Cost of response to risk

1,800,000

Description of response and explanation of cost calculation

Based on the following costs: (1) development and implementation of criteria for attributing accounts receivable to the facts caused by climatic changes (transitional and physical), (2) development of strategy and tactics for work with contractors whose financial obligations are exposed to high climatic risks, including the adjustment of payment terms, provision of bank guarantees, use of letters of credit and factoring, etc.

Comment

C2.4 Have you identified any climate-related opportunities with the potential to have a substantive financial or strategic impact on your business?

Yes

C2.4a Provide details of opportunities identified with the potential to have a substantive financial or strategic impact on your business.

Identifier

Opp1

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Products and services

Primary climate-related opportunity driver

Other, please specify

Developing solutions for climate change adaptation, resilience and risk insurance

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

Significant strengthening of the Company's position as an environmentally (and climatically) responsible supplier of goods with positive climate characteristics.

Time horizon

Short-term

Likelihood

Very likely

Magnitude of impact

High

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

28,200,000

Potential financial impact figure – maximum (currency)

42,300,000

Explanation of financial impact figure

Estimated in the range of 0.8 to 1.2 percent of the Company's annual revenue (based on the Regulation on Risk Management of Apatit JSC, approved on December 25, 2018).

Cost to realize opportunity

1,440,000

Strategy to realize opportunity and explanation of cost calculation

The minimum necessary costs are set at approximately 50 percent of the funding for the Company's Information Policy Directorate, due to its significant role in the implementation of this opportunity. The company intends to actively continue to strengthen its position as a climate-responsible supplier.

Comment

Identifier

Opp2

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify

Access to new markets and strengthening competitive positioning in existing markets

Primary potential financial impact

Increased revenues through access to new and emerging markets

Company-specific description

With a warmer climate (shorter freeze-up period and lower ice thickness), the opportunities for shipping and cargo operations in the Volga, Baltic and Barents Sea basins are greatly expanded.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)**Potential financial impact figure – minimum (currency)**

3,530,000

Potential financial impact figure – maximum (currency)

17,650,000

Explanation of financial impact figure

Estimated in the range of 0.1 to 0.5 percent of the Company's annual revenues, according to expert estimates of expected market expansion and transportation cost savings.

Cost to realize opportunity

8,000

Strategy to realize opportunity and explanation of cost calculation

The company intends to maximize the benefits of increased river and sea transportation in a warming climate.

The costs reflect the participation of the Company's top management in the discussion and adoption of regulations on improving conditions for cargo navigation on water systems of the Russian Federation (both river and sea) in a warming climate. The cost is calculated tentatively at the Company's executive compensation for 15 days.

Comment**Identifier**

Opp3

Where in the value chain does the opportunity occur?

Downstream

Opportunity type

Markets

Primary climate-related opportunity driver

Other, please specify

Entering new markets for financial products

Primary potential financial impact

Increased diversification of financial assets

Company-specific description

The emergence of new financial products that open up new sources of attracting cheaper financing for environmentally- and climate-friendly companies (e.g., green bonds). The Company seeks to increase its financial stability through asset diversification and the use of new tools to fulfil its climate responsibility.

Time horizon

Medium-term

Likelihood

About as likely as not

Magnitude of impact

Medium

Are you able to provide a potential financial impact figure?

Yes, an estimated range

Potential financial impact figure (currency)

Potential financial impact figure – minimum (currency)

7,060,000

Potential financial impact figure – maximum (currency)

21,180,000

Explanation of financial impact figure

Estimated, at a minimum level, in the range of 0.2 to 0.6 percent of the Company's annual revenues.

Cost to realize opportunity

50,000

Strategy to realize opportunity and explanation of cost calculation

Estimated at the level of the annual salary of two employees of the Financial Department, which will drive Company's activities around realizing this opportunity. Employees' duties will include monitoring markets of green bonds, as well as financial and economic analysis of opportunities and risks from the use of new financial instruments. This will help enhance the Company's reputation against the backdrop of intensified climate change activity by banks and other financial institutions, in response to requests from responsible businesses and investment actors, under increasing public pressure and measures taken by governments and international organizations.

Comment

C3. Business Strategy

C3.1 Have climate-related risks and opportunities influenced your organization's strategy and/or financial planning?

Yes, and we have developed a low-carbon transition plan

C3.1a Is your organization's low-carbon transition plan a scheduled resolution item at Annual General Meetings (AGMs)?

	Is your low-carbon transition plan a scheduled resolution item at AGMs?	Comment
Row 1	Yes	

C3.2 Does your organization use climate-related scenario analysis to inform its strategy?

Yes, qualitative and quantitative

C3.2a Provide details of your organization's use of climate-related scenario analysis.

Climate-related scenarios and models applied	Details
2DS	<p>Scenario definition: Input data was based on indicators of greenhouse gas emissions, prices for fossil fuels and electricity, and the use of renewable energy. Aspects of policy measures to reduce greenhouse gas emissions and reduce climate warming were considered. Assumptions used included IEA ETP 2017, IEA WEO 2019, and The Future of Petrochemicals towards More Sustainable Plastics and Fertilizers, also by IEA (for industry-specific assumptions relevant to fertilizers production). The scenario was defined based on the expert evaluation and projections of input parameters' influence on risks and opportunities, which were further quantified according to the Company's risk assessment methodology. The following key areas of PhosAgro's activities (and corresponding business processes) were considered as part of the climatic scenario analysis: strategic (human resources and social), operational (design, business processes, environment, health and safety), production (technology, equipment, energy complex), regulatory (compliance with regulatory requirements), financial (interest, credit, sales, raw materials) and reputational.</p> <p>Time periods: Scenario indicators are considered in the short term (0-3 years), medium term (3-10 years) and long term (10-30 years) relevant to PhosAgro PJSC activities. This scenario is particularly relevant in the short and medium-term, where the greatest policy action is expected.</p> <p>Results and impact on business objectives: If this scenario materializes in the short term, the company expects increased risks of non-compliance with regulatory requirements. In the medium term, financial, reputational and personnel risks caused by transitional climatic factors will increase significantly. In this scenario, the company plans to supply the market with goods characterized by high consumer properties and improved climatic characteristics (innovative research and feasibility studies are planned). The forecast parameters of expected trends in risks and opportunities for PhosAgro, due to climate change caused by transitional factors, have been determined based on the scenario.</p> <p>The scenario was used to establish science-based targets of greenhouse gas emission reductions. Based on the results, PhosAgro has also developed a set of strategic measures to minimize climate risks and maximize opportunities offered by climate change (including, for example, improvement of mining and transportation processes of apatite-nepheline ore, improving energy efficiency in ammonia production, and other activities).</p>
RCP 2.6	Scenario definition: Air temperature, precipitation, number of dangerous hydrometeorological phenomena were used as input data. Assumptions

	<p>regarding the climate change parameters originated from the IPCC's Fifth Assessment. The scenario was defined based on the expert evaluation and projections of input parameters' influence on risks and opportunities, which were further quantified according to the Company's risk assessment methodology. The following key areas of PhosAgro's activities (and corresponding business processes) were considered as part of the climatic scenario analysis: strategic (human resources and social), operational (design, business processes, environment, health and safety), production (technology, equipment, energy complex), regulatory (compliance with regulatory requirements), financial (interest, credit, sales, raw materials) and reputational.</p> <p>Time periods: Scenario indicators are considered in the short term (0-3 years), medium term (3-10 years) and long term (10-30 years) relevant to PhosAgro PJSC activities. This scenario is particularly relevant in the short and medium-term, where the greatest policy action is expected.</p> <p>Results and impact on business objectives: Under this scenario, the company expects significant growth in financial, reputational and personnel risks in the medium term due to physical climatic factors. In this scenario, the company plans to supply the market with goods characterized by high consumer properties and improved climatic characteristics (innovation research, feasibility studies).</p> <p>The scenario was used to establish science-based targets of greenhouse gas emission reductions. Based on the results, PhosAgro has also developed a set of strategic measures to minimize climate risks and maximize opportunities offered by climate change (including, for example, improvement of mining and transportation processes of apatite-nepheline ore, improving energy efficiency in ammonia production, and other activities).</p>
RCP 8.5	<p>Scenario definition: Air temperature, precipitation, number of dangerous hydrometeorological phenomena were used as input data. Assumptions regarding the climate change parameters originated from the IPCC's Fifth Assessment. The scenario was defined based on the expert evaluation and projections of input parameters' influence on risks and opportunities, which were further quantified according to the Company's risk assessment methodology. The following key areas of PhosAgro's activities (and corresponding business processes) were considered as part of the climatic scenario analysis: strategic (human resources and social), operational (design, business processes, environment, health and safety), production (technology, equipment, energy complex), regulatory (compliance with regulatory requirements), financial (interest, credit, sales, raw materials) and reputational.</p> <p>Time periods: Scenario indicators are considered in the short term (0-3 years), medium term (3-10 years) and long term (10-30 years) relevant to</p>

	<p>PhosAgro PJSC activities. This scenario is particularly relevant in the short and medium-term, where the greatest policy action is expected.</p> <p>Results and impact on business objectives: Under this scenario, the company expects risks (especially in the long and medium term) to increase due to the impact of physical climatic factors on the company: (1) production processes - a shortage of cooling capacity in fertilizer production due to higher maximum temperatures and prolonged hot periods during the warm season and a significant complication of rock extraction and transportation conditions at apatite-nepheline raw material extraction sites; (2) operational processes - a violation of the raw material and product transportation regime (land and water transportation) caused by more frequent acute climatic factors. At the same time, we forecast real opportunities to expand sales markets by promoting crop production and other activities using the company's products in the northern direction.</p> <p>The scenario was used to establish science-based targets of greenhouse gas emission reductions. Based on the results, PhosAgro has also developed a set of strategic measures to minimize climate risks and maximize opportunities offered by climate change (including, for example, improvement of mining and transportation processes of apatite-nepheline ore, improving energy efficiency in ammonia production, and other activities).</p>
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C3.3 Describe where and how climate-related risks and opportunities have influenced your strategy.

	Have climate-related risks and opportunities influenced your strategy in this area?	Description of influence
Products and services	Evaluation in progress	<p>We recognize that developing low emission goods and services is an opportunity for business and expect the market for these to increase considerably over the medium term. In addition, we are constantly monitoring potential changes in demand in fertilizer markets as a result of both physical and transitional climatic factors that could open up additional marketing opportunities for our products.</p> <p>For example, we plan to estimate the company's costs and revenues from a project to produce and export to the European market urea with urease inhibitors, an advanced low-carbon fertilizer that helps reduce nitrogen losses in the form of N₂O, whose contribution to global warming is almost 300 times higher than that of CO₂. The project has been underway since 2020. We will also look at the</p>

		planned development of specialized impregnation additives and marketing of low-carbon NPK/NP/NS fertilizers. An evaluation on urea with urease inhibitor is planned to be complete in Q4 2021.
Supply chain and/or value chain	Yes	We recognize that in the near term (0-3 years) regulation charges are likely to result in energy prices rises. As a result, we have developed climatic criteria for the selection and evaluation of suppliers, which will become part of the standard procurement procedure.
Investment in R&D	Evaluation in progress	Ensure that climate change factors are taken into account in the industrial design of the Company's new construction and reconstruction projects. The assessment will be complete within 3 months of the adoption of the the Carbon Border Adjustment Mechanism.
Operations	Yes	Climate change risks and opportunities have influenced our business operations strategy in a number of ways. Two examples are as follows: 1) We see being perceived as a sustainable company as a short- and medium-term opportunity to attract a wider talent pool and lead to a more engaged and productive workforce. To support this we are working on integrating climate change considerations into a number of HR policies (recruitment, professional competence enhancement, etc.) and training. 2) In recognition of the risk that climate change could make our chemical manufacturing and storage operations unsafe in the medium to long term, we are planning improvements to our mining and transportation processes of apatite-nepheline ore. In addition, the company analyzed the impact of the Carbon Border Adjustment Mechanism on PhosAgro's operating costs. The new mechanism will apply to Russian industrial products, including, most likely, mineral fertilizers. Given the uncertainty over the volumes of emissions to which the CBAM will apply, the ability to account for individual emission levels, and changes in the price of carbon dioxide, we have identified a potential high and low estimates of the mechanism's financial impact 2023-2030.

C3.4 Describe where and how climate-related risks and opportunities have influenced your financial planning.

	Financial planning elements that have been influenced	Description of influence
Row 1	Direct costs Capital expenditures	<p>Capital Expenditures: As instructed by the Board of Directors, we prepared financial proposals for capital expenditures on technical upgrades and modernization projects included in the low-carbon transition plan and aimed at reducing direct greenhouse gas emissions (Scope 1) for the period from 2020 to 2028. These financial proposals were submitted to the Board for consideration. The projects are ranked by the cost of reducing a ton of direct CO2 equivalent. In order to determine the schedule for financing project implementation, a technical audit will be conducted at the company's facilities in 2022 with the development of measures to reduce direct greenhouse gas emissions to the adopted science-based target level. Currently, the Company is selecting a vendor to conduct the audit.</p> <p>Direct Costs: The Company has estimated the cost of supplying approximately 20 percent of our mining and processing operations with green electricity as part of the agreement signed by the Kirov branch of Apatit OJSC for the purchase of electricity generated by hydropower plants on the Kola Peninsula. The current contract is valid until 30 Oct 2021.</p>

C3.4a Provide any additional information on how climate-related risks and opportunities have influenced your strategy and financial planning (optional).

PhosAgro has published its 2020 TCFD Report. As part of this work, the Company has identified and assessed the impact of climate risks and opportunities on the areas of its activities most sensitive to climate: products, supply chains, climate change adaptation, R&D investments, key operations. It has also planned and is taking necessary steps to reduce climate risks and take climate opportunities in order to improve the efficiency of its climate initiatives and its business in general. Finally, the Company is working to better integrate climate-related issues into operational decision making, financial accounting and planning, and investment processes.

C4. Targets and performance

C4.1 Did you have an emissions target that was active in the reporting year?

Absolute target

C4.1a Provide details of your absolute emissions target(s) and progress made against those targets.

Target reference number

Year target was set

2019

Target coverage

Company-wide

Scope(s) (or Scope 3 category)

Scope 1+2 (location-based)

Base year

2018

Covered emissions in base year (metric tons CO₂e)

5,970,812

Covered emissions in base year as % of total base year emissions in selected Scope(s) (or Scope 3 category)

100

Target year

2028

Targeted reduction from base year (%)

14

Covered emissions in target year (metric tons CO₂e) [auto-calculated]

5,134,898.32

Covered emissions in reporting year (metric tons CO₂e)

5,960,678

% of target achieved [auto-calculated]

1.212326134

Target status in reporting year

New

Is this a science-based target?

Yes, we consider this a science-based target, but it has not been approved by the Science-Based Targets initiative

Target ambition

Well-below 2°C aligned

Please explain (including target coverage)

The calculation methodology is adopted in accordance with SBTi guidelines. Annual monitoring is carried out (since 2015). The data are aggregated by production units (Cherepovets Complex, Balakovo, Volkhov and Kirov branches).

C4.2 Did you have any other climate-related targets that were active in the reporting year?

No other climate-related targets

C4.3 Did you have emissions reduction initiatives that were active within the reporting year? Note that this can include those in the planning and/or implementation phases.

Yes

C4.3a Identify the total number of initiatives at each stage of development, and for those in the implementation stages, the estimated CO2e savings.

	Number of initiatives	Total estimated annual CO2e savings in metric tonnes CO2e (only for rows marked *)
Under investigation	8	
To be implemented*	10	7,807
Implementation commenced*	10	23
Implemented*	2	248,623
Not to be implemented	2	

C4.3b Provide details on the initiatives implemented in the reporting year in the table below.

Initiative category & Initiative type

Energy efficiency in production processes

Cooling technology

Estimated annual CO2e savings (metric tonnes CO2e)

248,622.91

Scope(s)

Scope 1

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

142,432

Payback period

>25 years

Estimated lifetime of the initiative

21-30 years

Comment

A new system at Apatit is planned to produce steam for utilization at the cogeneration plant in the amount of 175 t/hour. This will allow to reduce natural gas consumption by about 15.7 t.m3/hour and 135000 t.m3/year with no impact on power generation (installed capacity was not added). This will result in the reduction of overflows on the communication lines of the cogeneration plant and will minimize the downtime at the cogeneration plan during repair works on communication lines.

Initiative category & Initiative type

Energy efficiency in buildings

Lighting

Estimated annual CO2e savings (metric tonnes CO2e)

0.22

Scope(s)

Scope 2 (location-based)

Voluntary/Mandatory

Voluntary

Annual monetary savings (unit currency – as specified in C0.4)

Investment required (unit currency – as specified in C0.4)

1,097

Payback period

>25 years

Estimated lifetime of the initiative

21-30 years

Comment

Conversion of Apatit facilities (Cherepovets) to LED lighting.

C4.3c What methods do you use to drive investment in emissions reduction activities?

Method	Comment
Compliance with regulatory requirements/standards	PhosAgro allocates the necessary capital investments in order to comply with the requirements of current legislation and other regulatory requirements, such as the the federal law "On Energy Conservation and Improving Energy Efficiency, and Introducing Amendments to Certain Legislative Acts of the Russian Federation," adopted on Nov. 23, 2009 (the "Energy Efficiency Law").
Financial optimization calculations	Charters for energy efficiency programs consider financial implications, such as operational savings.

C4.5 Do you classify any of your existing goods and/or services as low-carbon products or do they enable a third party to avoid GHG emissions?

No

C5. Emissions methodology

C5.1 Provide your base year and base year emissions (Scopes 1 and 2).

Scope 1

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO₂e)

4,855,258

Comment

Scope 2 (location-based)

Base year start

January 1, 2018

Base year end

December 31, 2018

Base year emissions (metric tons CO2e)

1,115,556

Comment

Scope 2 emissions for 2018 have been adjusted to reflect the use of purchased thermal energy from coal combustion (previously, natural gas was listed as fuel).

Scope 2 (market-based)

Base year start

Base year end

Base year emissions (metric tons CO2e)

Comment

C5.2 Select the name of the standard, protocol, or methodology you have used to collect activity data and calculate emissions.

IPCC Guidelines for National Greenhouse Gas Inventories, 2006

The Greenhouse Gas Protocol: Scope 2 Guidance

C6. Emissions data

C6.1 What were your organization's gross global Scope 1 emissions in metric tons CO2e?

Reporting year

Gross global Scope 1 emissions (metric tons CO2e)

4,739,368

Comment

C6.2 Describe your organization's approach to reporting Scope 2 emissions.

Row 1

Scope 2, location-based

We are reporting a Scope 2, location-based figure

Scope 2, market-based

We have no operations where we are able to access electricity supplier emission factors or residual emissions factors and are unable to report a Scope 2, market-based figure

Comment

C6.3 What were your organization's gross global Scope 2 emissions in metric tons CO2e?

Reporting year**Scope 2, location-based**

1,221,310

Comment

C6.4 Are there any sources (e.g. facilities, specific GHGs, activities, geographies, etc.) of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure?

Yes

C6.4a Provide details of the sources of Scope 1 and Scope 2 emissions that are within your selected reporting boundary which are not included in your disclosure.

Source

PhosAgro has its own sales network in Russia, as well as sales offices in priority export markets in Latin America and Europe (10 sales offices worldwide).

Relevance of Scope 1 emissions from this source

Emissions are not relevant

Relevance of location-based Scope 2 emissions from this source

Emissions are not relevant

Relevance of market-based Scope 2 emissions from this source (if applicable)**Explain why this source is excluded**

Emissions from the activities of sales offices are not significant (less than 5% of the total carbon footprint of the company).

C6.5 Account for your organization's gross global Scope 3 emissions, disclosing and explaining any exclusions.

Purchased goods and services**Evaluation status**

Relevant, calculated

Metric tonnes CO2e

3,251,678

Emissions calculation methodology

2.74% of greenhouse gas emissions in this category are calculated using suppliers' data on greenhouse gas emissions per unit of product supplied. 83.5% of the greenhouse gas emissions in this category are calculated using the greenhouse gas emissions per unit of supply from the publicly available database <https://www.bilans-ges.ademe.fr/en/basecarbone/donnees-consulter>. 13.76% of the greenhouse gas emissions in this category are calculated using the online calculator at <https://quantis-suite.com/Scope-3-Evaluator/>. This calculator estimates greenhouse gas emissions by using greenhouse gas emissions per unit cost of goods and services (from the World Input-Output Database (WIOD) and the Open IO database).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

2.74

Please explain

Capital goods

Evaluation status

Relevant, calculated

Metric tonnes CO2e

41,847

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated by using environmental input-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The initial flow volume was in the form of a purchase volume at a base price.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Fuel-and-energy-related activities (not included in Scope 1 or 2)

Evaluation status

Relevant, calculated

Metric tonnes CO2e

1,429,104

Emissions calculation methodology

The category includes indicators of greenhouse gas emissions from the production of fuel resources purchased by the company (gasoline, fuel oil, diesel fuel natural gas). Greenhouse gas emissions are calculated based on the volume of fuel resources purchased by the company and greenhouse gas emission factors in the production of fuel resources from publicly available databases <https://www.bilans-ges.ademe.fr/en/basecarbone/donnees-consulter> and <https://naei.beis.gov.uk/data/ef-all-results?q=135856>.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

791,099

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated by using environmental cost-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The original flow volume was in the form of dollar costs for third-party transportation and warehousing operations.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Waste generated in operations

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

58,634

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated by multiplying the OpenIO emissions data set for waste management by the cost of waste management.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Business travel

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

1,890

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated by using environmental cost-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The baseline flow volume was presented in the form of a baseline price in U.S. dollars by mode of transport.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Employee commuting

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

20,400

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using Quantis' online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated based on the assumption that the average worker emits 1,700 kg CO₂eq/year.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Upstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

The activity is not material.

Downstream transportation and distribution

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

208,765

Emissions calculation methodology

Greenhouse Gas Protocol Area 3 Calculation Guide (using Quantis' online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). Greenhouse gas emissions are estimated by multiplying the OpenIO emissions data set by the total transportation and distribution costs down the value chain.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

Please explain

Processing of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

846,362

Emissions calculation methodology

This category includes greenhouse gas emissions from the processing of apatite concentrate sold by PhosAgro to other fertilizer producers. The calculation is made using data on sales volumes of apatite concentrate and greenhouse gas emissions per 1 tonne of apatite concentrate (based on consumer data and from the https://www.bilans-ges.ademe.fr/fr/accueil/contenu/index/page/telecharger_donnees/siGras/0 database).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

3.76

Please explain

Use of sold products

Evaluation status

Relevant, calculated

Metric tonnes CO₂e

9,879,287

Emissions calculation methodology

The calculation of greenhouse gas emissions for this category follows the methodology presented in Chapter 11, "N₂O Emissions from Managed Soils and CO₂ Emissions from Lime and Urea Applications. Volume 4: Agriculture, Forestry, and Other Land Uses. Guidelines for National Greenhouse Gas Inventories, IPCC, 2006.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

End of life treatment of sold products

Evaluation status

Not relevant, calculated

Metric tonnes CO₂e

324

Emissions calculation methodology

Greenhouse Gas Protocol Scope 3 Calculation Guide (using Quantis' online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>). For products sold and related material groups, the calculator uses USEPA landfill emission factors (USEPA). This assumption of 100% landfill is an overestimate, given that some of the waste is incinerated. All units sold (as weight or mass) are the original flow values.

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain

Downstream leased assets

Evaluation status

Not relevant, explanation provided

Please explain

The activity is not material.

Franchises**Evaluation status**

Not relevant, explanation provided

Please explain

The activity is not material.

Investments**Evaluation status**

Not relevant, calculated

Metric tonnes CO₂e

1,050

Emissions calculation methodology

Greenhouse Gas Protocol Scope 3 Calculation Guide (using Quantis' online calculator: <https://quantis-suite.com/Scope-3-Evaluator/>).

Percentage of emissions calculated using data obtained from suppliers or value chain partners

0

Please explain**Other (upstream)****Evaluation status**

Not relevant, explanation provided

Please explain

The activity is not material.

Other (downstream)**Evaluation status**

Not relevant, explanation provided

Please explain

The activity is not material.

C6.7 Are carbon dioxide emissions from biogenic carbon relevant to your organization?

No

C6.10 Describe your gross global combined Scope 1 and 2 emissions for the reporting year in metric tons CO2e per unit currency total revenue and provide any additional intensity metrics that are appropriate to your business operations.

Intensity figure

0.001003

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

5,960,678

Metric denominator

unit total revenue

Metric denominator: Unit total

5,940,000,000

Scope 2 figure used

Location-based

% change from previous year

42.3

Direction of change

Decreased

Reason for change

The main reason for the increase in the intensity of emissions is the depreciation of the ruble against the U.S. dollar, which led to a decrease in profits in U.S. dollar terms (without regard to exchange rate differences).

Intensity figure

508

Metric numerator (Gross global combined Scope 1 and 2 emissions, metric tons CO2e)

5,960,678

Metric denominator

full time equivalent (FTE) employee

Metric denominator: Unit total

11,739

Scope 2 figure used

Location-based

% change from previous year

4

Direction of change

Decreased

Reason for change

The main reasons for the reduction in emissions intensity are the cumulative impact of heat capture/cogeneration and various energy efficiency measures implemented in previous years as well as in 2020, as well as an increase in the number of employees from 10.98 thousand in 2018 to 11.74 thousand in 2020.

C7. Emissions breakdowns

C7.1 Does your organization break down its Scope 1 emissions by greenhouse gas type?

Yes

C7.1a Break down your total gross global Scope 1 emissions by greenhouse gas type and provide the source of each used greenhouse warming potential (GWP).

Greenhouse gas	Scope 1 emissions (metric tons of CO2e)	GWP Reference
CO2	4,424,626	IPCC Fifth Assessment Report (AR5 – 100 year)
CH4	1,388	IPCC Fifth Assessment Report (AR5 – 100 year)
N2O	313,354	IPCC Fifth Assessment Report (AR5 – 100 year)

C7.2 Break down your total gross global Scope 1 emissions by country/region.

Country/Region	Scope 1 emissions (metric tons CO2e)
Russian Federation	4,739,368

C7.3 Indicate which gross global Scope 1 emissions breakdowns you are able to provide.

By business division

By activity

C7.3a Break down your total gross global Scope 1 emissions by business division.

Business division	Scope 1 emissions (metric ton CO2e)
JSC Apatit (Cherepovets)	3,811,534
Kirovsk branch of JSC Apatit	646,395
Balakovo branch of JSC Apatit	170,024
Volkhov branch of JSC Apatit	111,415

C7.3c Break down your total gross global Scope 1 emissions by business activity.

Activity	Scope 1 emissions (metric tons CO2e)
1A2 Manufacturing Industries and Construction	1,629,827
1A2c Chemicals	1,164,070
1A2i Mining (excluding fuels) and Quarrying	465,757
1A3 Transport	196,309
1A3b Road Transportation	15,857
1A3c Railways	8,484
1A3e Other Transportation	171,967
2B1 Ammonia Production	2,618,322
2B2 Nitric Acid Production	294,910

C-CE7.4/C-CH7.4/C-CO7.4/C-EU7.4/C-MM7.4/C-OG7.4/C-ST7.4/C-TO7.4/C-TS7.4 Break down your organization's total gross global Scope 1 emissions by sector production activity in metric tons CO2e.

	Gross Scope 1 emissions, metric tons CO2e	Comment
Chemicals production activities	4,543,059	This figure does not include greenhouse gas emissions from transportation activities that are not directly related to the production of chemicals.

C7.5 Break down your total gross global Scope 2 emissions by country/region.

Country/Region	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)	Purchased and consumed electricity, heat, steam or cooling (MWh)	Purchased and consumed low-carbon electricity, heat, steam or cooling accounted for in Scope 2 market-based approach (MWh)
Russian Federation	1,221,310		2,736,374	

C7.6 Indicate which gross global Scope 2 emissions breakdowns you are able to provide.

By business division

By facility

C7.6a Break down your total gross global Scope 2 emissions by business division.

Business division	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
JSC Apatit (Cherepovets)	228,028	
Kirovsk branch of JSC Apatit	856,317	
Balakovo branch of JSC Apatit	61,455	
Volkhov branch of JSC Apatit	75,510	

C7.6b Break down your total gross global Scope 2 emissions by business facility.

Facility	Scope 2, location-based (metric tons CO2e)	Scope 2, market-based (metric tons CO2e)
JSC Apatit (Cherepovets) - Phosphates Complex	78,725	
JSC Apatit (Cherepovets) - Nitrogen Complex	149,304	
Kirovsk branch of JSC Apatit - Kirovsky mine	168,300	

Kirovsk branch of JSC Apatit - Rasvumchorsky mine	41,325	
Kirovsk branch of JSC Apatit - Vostochny mine	55,139	
Kirovsk branch of JSC Apatit - ANBP-2	183,620	
Kirovsk branch of JSC Apatit - ANBP-3	344,728	
Kirovsk branch of JSC Apatit - other auxiliary facilities	63,205	
Balakovo branch of JSC Apatit - Sulphuric acid production	21,029	
Balakovo branch of JSC Apatit - Wet-process phosphoric acid production	17,425	
Balakovo branch of JSC Apatit - Mineral salts production	2,685	
Balakovo branch of JSC Apatit - Phosphate fertilizers production	12,117	
Balakovo branch of JSC Apatit - Other auxiliary facilities	8,200	
Volkhov branch of JSC Apatit - Mineral fertilizers production	9,839	
Volkhov branch of JSC Apatit - Phosphoric acid and polyphosphates production	29,454	
Volkhov branch of JSC Apatit - Sulfuric acid production	8,587	
Volkhov branch of JSC Apatit - Other auxiliary facilities	27,630	

*C-CE7.7/C-CH7.7/C-CO7.7/C-MM7.7/C-OG7.7/C-ST7.7/C-TO7.7/C-TS7.7
Break down your organization's total gross global Scope 2 emissions
by sector production activity in metric tons CO2e.*

	Scope 2, location-based, metric tons CO2e	Scope 2, market- based (if applicable), metric tons CO2e	Comment
Chemicals production activities	1,136,413		This figure includes only GHG emissions from energy

			consumption directly related to chemical production activities.
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C-CH7.8 Disclose the percentage of your organization's Scope 3, Category 1 emissions by purchased chemical feedstock.

Purchased feedstock	Percentage of Scope 3, Category 1 tCO₂e from purchased feedstock	Explain calculation methodology
Soda ash	1.16	Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: https://quantis-suite.com/Scope-3-Evaluator/). Greenhouse gas emissions are estimated by using environmental input-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The initial flow volume was in the form of a purchase volume at a base price.
Other base chemicals	89.3	Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: https://quantis-suite.com/Scope-3-Evaluator/). Greenhouse gas emissions are estimated by using environmental input-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The initial flow volume was in the form of a purchase volume at a base price.
Natural gas	0.2	Greenhouse Gas Protocol Area 3 Calculation Guide (using the Quantis online calculator: https://quantis-suite.com/Scope-3-Evaluator/). Greenhouse gas emissions are estimated by using environmental input-output datasets based on the World Input-Output Database (WIOD) and the Open IO database. The initial flow volume was in the form of a purchase volume at a base price.

C-CH7.8a Disclose sales of products that are greenhouse gases.

	Sales, metric tons	Comment
Carbon dioxide (CO ₂)	0	
Methane (CH ₄)	0	
Nitrous oxide (N ₂ O)	0	
Hydrofluorocarbons (HFC)	0	
Perfluorocarbons (PFC)	0	
Sulphur hexafluoride (SF ₆)	0	

Nitrogen trifluoride (NF3)	0	
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C7.9 How do your gross global emissions (Scope 1 and 2 combined) for the reporting year compare to those of the previous reporting year?

Increased

C7.9a Identify the reasons for any change in your gross global emissions (Scope 1 and 2 combined), and for each of them specify how your emissions compare to the previous year.

	Change in emissions (metric tons CO2e)	Direction of change	Emissions value (percentage)	Please explain calculation
Change in renewable energy consumption				
Other emissions reduction activities	248,623	Decreased	0.04	Total annual emission reductions for all energy efficiency initiatives implemented at PhosAgro in 2020. (described in C4.3b), divided by the total 2019 emission value.
Divestment				
Acquisitions				
Mergers				
Change in output	361,561	Increased	0.06	The increase in GHG emissions is due to the growth in production between 2019 and 2020. The calculation is based on comparing the 2020 emission level to the 2019 level.
Change in methodology				
Change in boundary				

Change in physical operating conditions				
Unidentified				
Other				

C7.9b Are your emissions performance calculations in C7.9 and C7.9a based on a location-based Scope 2 emissions figure or a market-based Scope 2 emissions figure?

Location-based

C8. Energy

C8.1 What percentage of your total operational spend in the reporting year was on energy?

More than 10% but less than or equal to 15%

C8.2 Select which energy-related activities your organization has undertaken.

	Indicate whether your organization undertook this energy-related activity in the reporting year
Consumption of fuel (excluding feedstocks)	Yes
Consumption of purchased or acquired electricity	Yes
Consumption of purchased or acquired heat	Yes
Consumption of purchased or acquired steam	Yes
Consumption of purchased or acquired cooling	No
Generation of electricity, heat, steam, or cooling	Yes

C8.2a Report your organization's energy consumption totals (excluding feedstocks) in MWh.

	Heating value	MWh from renewable sources	MWh from non-renewable sources	Total (renewable and non-renewable) MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)		9,307,134	9,307,134
Consumption of purchased or acquired electricity			2,300,775	2,300,775
Consumption of purchased or acquired heat			217,624	217,624
Consumption of purchased or acquired steam			217,975	217,975
Consumption of self-generated non-fuel renewable energy				0
Total energy consumption			12,043,508	12,043,508

C-CH8.2a Report your organization's energy consumption totals (excluding feedstocks) for chemical production activities in MWh.

	Heating value	Total MWh
Consumption of fuel (excluding feedstock)	LHV (lower heating value)	3,248,291
Consumption of purchased or acquired electricity		2,244,849
Consumption of purchased or acquired heat		0
Consumption of purchased or acquired steam		183,626
Consumption of self-generated non-fuel renewable energy		0
Total energy consumption		5,676,402

C8.2b Select the applications of your organization's consumption of fuel.

	Indicate whether your organization undertakes this fuel application
--	--

Consumption of fuel for the generation of electricity	Yes
Consumption of fuel for the generation of heat	Yes
Consumption of fuel for the generation of steam	Yes
Consumption of fuel for the generation of cooling	No
Consumption of fuel for co-generation or tri-generation	No

C8.2c State how much fuel in MWh your organization has consumed (excluding feedstocks) by fuel type.

Fuels (excluding feedstocks)

Natural Gas

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

4,841,734

MWh fuel consumed for self-generation of electricity

1,754,760

MWh fuel consumed for self-generation of heat

256,493

MWh fuel consumed for self-generation of steam

2,834,632

Emission factor

54.4

Unit

kg CO2 per GJ

Emissions factor source

National report on the inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases at Montreal Protocol regulated sites for 1990-2017, 2019.

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 1

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

577,589

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

0

MWh fuel consumed for self-generation of steam

577,589

Emission factor

77.4

Unit

kg CO2 per GJ

Emissions factor source

National report on the inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases at Montreal Protocol regulated sites for 1990-2017, 2019.

Comment

Fuels (excluding feedstocks)

Fuel Oil Number 2

Heating value

LHV (lower heating value)

Total fuel MWh consumed by the organization

8,572

MWh fuel consumed for self-generation of electricity

0

MWh fuel consumed for self-generation of heat

8,572

MWh fuel consumed for self-generation of steam

0

Emission factor

77.4

Unit**Emissions factor source**

National report on the inventory of anthropogenic emissions by sources and removals by sinks of greenhouse gases at Montreal Protocol regulated sites for 1990-2017, 2019.

Comment

C8.2d Provide details on the electricity, heat, steam, and cooling your organization has generated and consumed in the reporting year.

	Total Gross generation (MWh)	Generation that is consumed by the organization (MWh)	Gross generation from renewable sources (MWh)	Generation from renewable sources that is consumed by the organization (MWh)
Electricity	1,522,478	1,522,478	0	0
Heat	521,769	462,603	0	0
Steam	11,398,020	10,954,276	0	0
Cooling	0	0	0	0

C-CH8.2d Provide details on electricity, heat, steam, and cooling your organization has generated and consumed for chemical production activities.

	Total gross generation (MWh) inside chemicals sector boundary	Generation that is consumed (MWh) inside chemicals sector boundary
Electricity	1,308,899	1,308,899
Heat	0	0
Steam	10,151,905	10,151,905
Cooling	0	0

C-CH8.3 Does your organization consume fuels as feedstocks for chemical production activities?

Yes

C-CH8.3a Disclose details on your organization's consumption of fuels as feedstocks for chemical production activities.

Fuels used as feedstocks

Natural gas

Total consumption

2,702,163

Total consumption unit

thousand cubic metres

Inherent carbon dioxide emission factor of feedstock, metric tons CO2 per consumption unit

1.84

Heating value of feedstock, MWh per consumption unit

9.4

Heating value

LHV

Comment

C-CH8.3b State the percentage, by mass, of primary resource from which your chemical feedstocks derive.

	Percentage of total chemical feedstock (%)
Oil	0
Natural Gas	100
Coal	0
Biomass	0
Waste (non-biomass)	0
Fossil fuel (where coal, gas, oil cannot be distinguished)	0
Unknown source or unable to disaggregate	0

C9. Additional metrics

C9.1 Provide any additional climate-related metrics relevant to your business.

C-CH9.3a Provide details on your organization's chemical products.

Output product

Ammonia

Production (metric tons)

1,970,333

Capacity (metric tons)

1,970,333

Direct emissions intensity (metric tons CO2e per metric ton of product)

1.329

Electricity intensity (MWh per metric ton of product)

0.142

Steam intensity (MWh per metric ton of product)

0.357

Steam/ heat recovered (MWh per metric ton of product)

0

Comment

Output product

Other, please specify

Sulfuric acid

Production (metric tons)

6,815,645

Capacity (metric tons)

6,815,645

Direct emissions intensity (metric tons CO2e per metric ton of product)

0.001

Electricity intensity (MWh per metric ton of product)

0.064

Steam intensity (MWh per metric ton of product)

0.106

Steam/ heat recovered (MWh per metric ton of product)

1.405

Comment

Output product

Other, please specify
Phosphoric acid and polyphosphates

Production (metric tons)

2,811,815

Capacity (metric tons)

2,811,815

Direct emissions intensity (metric tons CO2e per metric ton of product)

0.028

Electricity intensity (MWh per metric ton of product)

0.137

Steam intensity (MWh per metric ton of product)

1.002

Steam/ heat recovered (MWh per metric ton of product)

0

Comment

Output product

Other, please specify
Aluminum fluoride

Production (metric tons)

57,618

Capacity (metric tons)

10,000

Direct emissions intensity (metric tons CO2e per metric ton of product)

0.261

Electricity intensity (MWh per metric ton of product)

0.319

Steam intensity (MWh per metric ton of product)

1.036

Steam/ heat recovered (MWh per metric ton of product)

0

Comment

Output product

Other, please specify

Mineral fertilizers

Production (metric tons)

9,588,057

Capacity (metric tons)

9,588,057

Direct emissions intensity (metric tons CO₂e per metric ton of product)

0.024

Electricity intensity (MWh per metric ton of product)

0.062

Steam intensity (MWh per metric ton of product)

0.242

Steam/ heat recovered (MWh per metric ton of product)

0

Comment

C-CE9.6/C-CG9.6/C-CH9.6/C-CN9.6/C-CO9.6/C-EU9.6/C-MM9.6/C-OG9.6/C-RE9.6/C-ST9.6/C-TO9.6/C-TS9.6 Does your organization invest in research and development (R&D) of low-carbon products or services related to your sector activities?

	Investment in low-carbon R&D	Comment
Row 1	Yes	

C-CH9.6a Provide details of your organization's investments in low-carbon R&D for chemical production activities over the last three years.

Technology area	Stage of development in the reporting year	Average % of total R&D investment over the last 3 years	R&D investment figure in the reporting year (optional)	Comment
Waste heat recovery	Large scale commercial deployment	81 - 100%	135,000,000	PhosAgro continuously invests in equipment that allows it to independently generate electricity using

				<p>waste heat generated during the production process, known as cogeneration. Recent cogeneration capital investment programs include assets put into operation in the course of deploying a new sulphuric acid production technology system and overhauling production equipment between 2018 and 2020. These facilities use waste heat from the combustion of sulfuric acid in phosphate fertilizer production, which provides 100% of the electricity consumed by the respective production facilities, and another 10%-15% is sold to local grids or other consumers.</p>
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C10. Verification

C10.1 Indicate the verification/assurance status that applies to your reported emissions.

	Verification/assurance status
Scope 1	Third-party verification or assurance process in place
Scope 2 (location-based or market-based)	Third-party verification or assurance process in place
Scope 3	No third-party verification or assurance

C10.1a Provide further details of the verification/assurance undertaken for your Scope 1 emissions, and attach the relevant statements.

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 PhosAgro Integrated Report 2020.pdf

Page/ section reference

Confirmation of GRI 302 and 305 and ISAE 3000 audit standard assurance is in PwC's Limited Assurance Report (assurance) on pages 328-331 of the 2020 Integrated Report.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

100

C10.1b Provide further details of the verification/assurance undertaken for your Scope 2 emissions and attach the relevant statements.

Scope 2 approach

Scope 2 location-based

Verification or assurance cycle in place

Annual process

Status in the current reporting year

Complete

Type of verification or assurance

Limited assurance

Attach the statement

 PhosAgro Integrated Report 2020.pdf

Page/ section reference

Confirmation of GRI 302 and 305 and ISAE 3000 audit standard assurance is in PwC's Limited Assurance Report (assurance) on pages 328-331 of the 2020 Integrated Report.

Relevant standard

ISAE3000

Proportion of reported emissions verified (%)

C10.2 Do you verify any climate-related information reported in your CDP disclosure other than the emissions figures reported in C6.1, C6.3, and C6.5?

Yes

C10.2a Which data points within your CDP disclosure have been verified, and which verification standards were used?

Disclosure module verification relates to	Data verified	Verification standard	Please explain
C7. Emissions breakdown	Year on year change in emissions (Scope 1)	ISAE3000	Confirmation of GRI 302 and 305 and ISAE 3000 audit standard assurance is in PwC's Limited Assurance Report (assurance) on pages 328-331 of the 2020 Integrated Report.
C7. Emissions breakdown	Year on year change in emissions (Scope 2)	ISAE3000	Confirmation of GRI 302 and 305 and ISAE 3000 audit standard assurance is in PwC's Limited Assurance Report (assurance) on pages 328-331 of the 2020 Integrated Report.
C8. Energy	Energy consumption	ISAE3000	Confirmation of GRI 302 and 305 and ISAE 3000 audit standard assurance is in PwC's Limited Assurance Report (assurance) on pages 328-331 of the 2020 Integrated Report.

C11. Carbon pricing

C11.1 Are any of your operations or activities regulated by a carbon pricing system (i.e. ETS, Cap & Trade or Carbon Tax)?

No, but we anticipate being regulated in the next three years

C11.1d What is your strategy for complying with the systems you are regulated by or anticipate being regulated by?

The Federal Law of "On Limiting Greenhouse Gas Emissions," which comes into force in December 2021, establishes mandatory reporting on greenhouse gas emissions and also regulates the accounting regime for greenhouse gas sequestration. These standards are not currently defined and the draft law is currently undergoing regulatory impact assessment. However, we are actively

working with government agencies and industry associations to identify the next steps that need to be taken.

In addition, the *Carbon Border Adjustment Mechanism (CBA)*, part of the European Green Deal, is likely to be implemented, which could lead to increased costs associated with selling our products on European markets through the need to pay additional fees.

Preparing for possible regulatory changes is an important element in developing PhosAgro's overall climate strategy. We believe that raising general awareness of our carbon footprint and climate risks is the main prerequisite for success in this area. In addition, we intend to introduce domestic carbon payments in the coming years and participate in prestigious international and domestic initiatives as well as projects in this area. We are closely monitoring the potential future impact of proposed legislative and regulatory changes on our operations, operating costs, and capital resources.

C11.2 Has your organization originated or purchased any project-based carbon credits within the reporting period?

No

C11.3 Does your organization use an internal price on carbon?

No, but we anticipate doing so in the next two years

C12. Engagement

C12.1 Do you engage with your value chain on climate-related issues?

Yes, our suppliers

Yes, other partners in the value chain

C12.1a Provide details of your climate-related supplier engagement strategy.

Type of engagement

Information collection (understanding supplier behavior)

Details of engagement

Collect climate change and carbon information at least annually from suppliers

% of suppliers by number

0.46

% total procurement spend (direct and indirect)

1.82

% of supplier-related Scope 3 emissions as reported in C6.5

2.18

Rationale for the coverage of your engagement

PhosAgro is implementing a Value Chain Engagement Plan as part of its Climate Strategy, which was approved by the Board of Directors in December 2020. According to the Plan, we work sequentially with key groups of suppliers: (1) suppliers of energy and fuels and lubricants, (2) suppliers of packaging for product transportation, (3) suppliers of equipment for reconstruction and new construction, rock mining, pipeline construction, (4) suppliers of raw materials, etc., as well as suppliers of transportation services for the Company's production needs.

The Company annually requests suppliers to provide data on greenhouse gas emissions per unit of products supplied to the Company.

Impact of engagement, including measures of success

The Company plans to intensify its requests for climate data from suppliers of goods and services. It is planned that in case of evasion of the answer, the supplier will receive a corresponding negative status. In 2020, we did not receive answers from suppliers to all of our requests: 16% of the requests were answered.

Comment

Type of engagement

Compliance & onboarding

Details of engagement

Included climate change in supplier selection / management mechanism

Climate change is integrated into supplier evaluation processes

% of suppliers by number

4

% total procurement spend (direct and indirect)

15.8

% of supplier-related Scope 3 emissions as reported in C6.5

18.9

Rationale for the coverage of your engagement

The Company has serious intentions to identify the greenhouse gas emission indicators of its suppliers. Therefore, in 2020, the Company developed and implemented climate criteria for selecting and evaluating suppliers; these criteria have been approved and are used to select suppliers. Beginning in 2020, relevant amendments were introduced to the bidding procedures. In general, according to these requirements, suppliers who cannot provide data on greenhouse

gas emissions significantly lose the chance of being awarded a contract for the supply of goods and services.

The new, climate-related supplier evaluation criteria include: (1) the availability of published reporting on greenhouse gas emissions, (2) the availability of strategic and planning documents in the climate sphere, including: targets for GHG emissions, measures to reduce GHG emissions, etc., (3) data on GHG emissions¹ and GHG² emissions per unit of delivered products (services), which are the subject of the tender, (4) information about the origin of products (services), which are the subject of the tender.

Impact of engagement, including measures of success

In 2020, 4 percent of suppliers were evaluated in the manual test mode. Currently the Company is completing the transfer of this tool to the electronic trading platform. Testing is underway. Once the system is fully operational, the questionnaire will be mandatory for all suppliers.

Comment

C12.1d Give details of your climate-related engagement strategy with other partners in the value chain.

Stakeholder engagement includes the Company's participation in international initiatives aimed at mitigating negative climate impacts and increasing adaptation to climate change. Examples include the Soil Laboratory Network (RESOLAN), implemented jointly with FAO (Food and Agriculture Organization of the United Nations) and participation in the UN Global Compact. PhosAgro is a member of the The Russian Union of Industrialists and Entrepreneurs (a lobbying group) on climate policy and carbon regulation. The company actively participates in domestic (Russian) and international programs aimed at mitigating the effects of climate change.

C12.3 Do you engage in activities that could either directly or indirectly influence public policy on climate-related issues through any of the following?

Direct engagement with policy makers

Trade associations

Funding research organizations

Other

C12.3a On what issues have you been engaging directly with policy makers?

Focus of legislation	Corporate position	Details of engagement	Proposed legislative solution
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<p>Other, please specify</p> <p>Emissions limits and over-limit payments</p>	<p>Support</p>	<p>PhosAgro participates in discussions of the draft law "On Limiting Greenhouse Gas Emissions" and related regulations in the following working groups:</p> <ul style="list-style-type: none"> - Working group on the implementation of the "regulatory guillotine" mechanism in the sphere of ecology and environmental management - The Russian Union of Industrialists and Entrepreneurs Committee on Climate Policy and Carbon Regulation. 	<p>Supported the adoption of the draft federal law "On Limiting Greenhouse Gas Emissions" due to increased climate risks (physical and transitional).</p> <p>Support for adjusting the methodology used in Russia to calculate greenhouse gas emissions in accordance with international examples, in order to avoid double reporting by companies.</p> <p>Participation in the discussion around the timing of the introduction of carbon pricing.</p>
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C12.3b Are you on the board of any trade associations or do you provide funding beyond membership?

Yes

C12.3c Enter the details of those trade associations that are likely to take a position on climate change legislation.

Trade association

Russian Association of Fertilizer Producers

Is your position on climate change consistent with theirs?

Unknown

Please explain the trade association's position

The Association's official position on climate change is to be further defined.

How have you influenced, or are you attempting to influence their position?

As the Chair of the association, PhosAgro's CEO, A.A. Guriev, affects the overall direction of its activities. In addition, PhosAgro provides funding to continue the work of the association in order to determine its position with respect to climate topics in general and climate change legislation in particular.

Trade association

International Fertilizer Industry Association

Is your position on climate change consistent with theirs?

Consistent

Please explain the trade association's position

Per IFA's website: "Fertilizers play an important role in combating climate change. The agricultural sector is one of the most vulnerable to climate change, and its negative effects (such as extreme weather events, rising temperatures, declining availability of water and other resources) have begun to seriously affect the livelihoods of agriculture in many regions.

When considering greenhouse gas emissions from fertilizer use, the focus should be on relative emissions of crops grown with fertilizer. Zero emissions are not achievable, given that we are dealing with natural biological processes.

GHG emissions associated with fertilizer production account for about 1% of the total GHG emissions in the world. This can be considered a small amount, given that global agricultural production will be reduced by 50% without the use of mineral fertilizers. But the industry is also committed to reducing greenhouse gas emissions associated with production."

How have you influenced, or are you attempting to influence their position?

PhosAgro supports the IFA position by providing them with energy efficiency and CO2 emissions data. IFA members are regularly invited to participate in IFA benchmarks to track their energy efficiency and GHG emissions. This information is included in the IFA Energy Efficiency and CO2 Emissions Report and the IFA Environmental Report.

C12.3d Do you publicly disclose a list of all research organizations that you fund?

No

C12.3e Provide details of the other engagement activities that you undertake.

Information on the financial support of research organizations is open and disclosed by PhosAgro PJSC as part of the general information about the Company. The primary research funded is the Green Energy for Life scheme run in conjunction with UNESCO. PhosAgro's involvement is clearly stated on the corporate website (see <https://www.phosagro.com/about/greenchemistry/>). The scheme provides financial and academic support to promising chemists doing research in environmental protection, healthcare, food production, energy efficiency and sustainable use of natural resources.

PhosAgro is a member of the UN Global Compact at the LEAD level and a member of the Global Compact Climate Ambition platform. The Company's representatives are members of working and expert groups on issues related to climate change and sustainable development, and actively participate in discussions of relevant issues on the international agenda.

C12.3f What processes do you have in place to ensure that all of your direct and indirect activities that influence policy are consistent with your overall climate change strategy?

Approaches and activities that affect the policy are consistent with (1) PhosAgro's Climate Strategy; (2) the Environmental Policy; and (3) the company's Development Strategy to 2025. In implementing the Climatic Strategy, we rely on existing corporate governance processes to ensure that the public position of PhosAgro goes through appropriate levels of approval and is ultimately approved by the Board of Directors or relevant corporate officers.

C12.4 Have you published information about your organization's response to climate change and GHG emissions performance for this reporting year in places other than in your CDP response? If so, please attach the publication(s).

Publication

In mainstream reports

Status

Complete

Attach the document

 PhosAgro Integrated Report 2020.pdf

Page/Section reference

Climate risk management: 79, 162, 203, 238

GHG emissions and climate strategy: 160-163

Content elements

Strategy

Risks & opportunities

Emissions figures

Comment

Publication

Other, please specify

2020 TCFD Report

Status

Complete

Attach the document

 PhosAgro 2020 TCFD Report.pdf

Page/Section reference

Governance/Board of Directors: 10

Strategy: 15

Climate risk management: 33

Metrics and targets: 37

Content elements

Governance

Risks & opportunities

Emissions figures

Emission targets

Comment**C15. Signoff**

C-FI Use this field to provide any additional information or context that you feel is relevant to your organization's response. Please note that this field is optional and is not scored.

C15.1 Provide details for the person that has signed off (approved) your CDP climate change response.

	Job title	Corresponding job category
Row 1	Head of the Department of Ecology and Environmental Management	Environment/Sustainability manager

Submit your response

In which language are you submitting your response?

English

Please confirm how your response should be handled by CDP

	I am submitting to	Public or Non-Public Submission
I am submitting my response	Investors	Public