



Playing a vital role in

FOOD SECURITY

ANNUAL REVIEW 2022



SAMIR BRIKHO,
EuroChem's Executive Chairman

“Thousands of farmers all over the world depend on us to supply them in a timely manner with the crop nutrients they need to get the most out of their land, so that they can feed their communities.”

250 million people

around the world receive food produced with our fertilizers



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2 ZERO HUNGER



As a fertilizer manufacturer, EuroChem plays a vital role in feeding the growing global population, which by 2050, is expected to exceed

9 billion people

EuroChem sustainably supplies

4% of the international fertilizer market



Pdf is available on the corporate website www.eurochemgroup.com



The reporting perimeter is in line with the consolidated perimeter of EuroChem Group AG, unless otherwise specified.

Our vertically-integrated supply chain helps us to deliver fertilizers wherever they are needed

EuroChem is a global fertilizer leader supplying all primary nutrient groups – nitrogen, phosphate and potash – to farmers worldwide. With control of the whole supply chain – from mine to farm, and a team of 30,000 talented people, we can meet the needs of farmers across five continents.



Expanding production and distribution in a key agriculture producing region

See pp. 14-15.

Sales distribution network in

>100

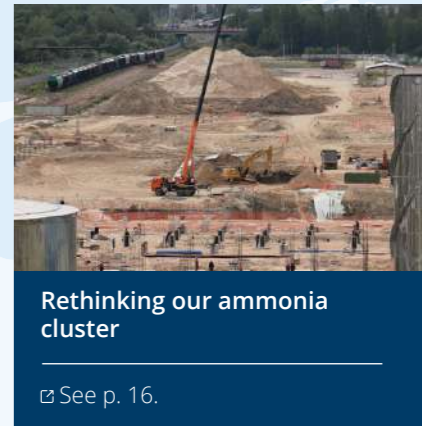
countries worldwide

EuroChem is one of the world's

Top 5

mineral fertilizer producers by sales volume

Serra do Salitre



Rethinking our ammonia cluster

See p. 16.

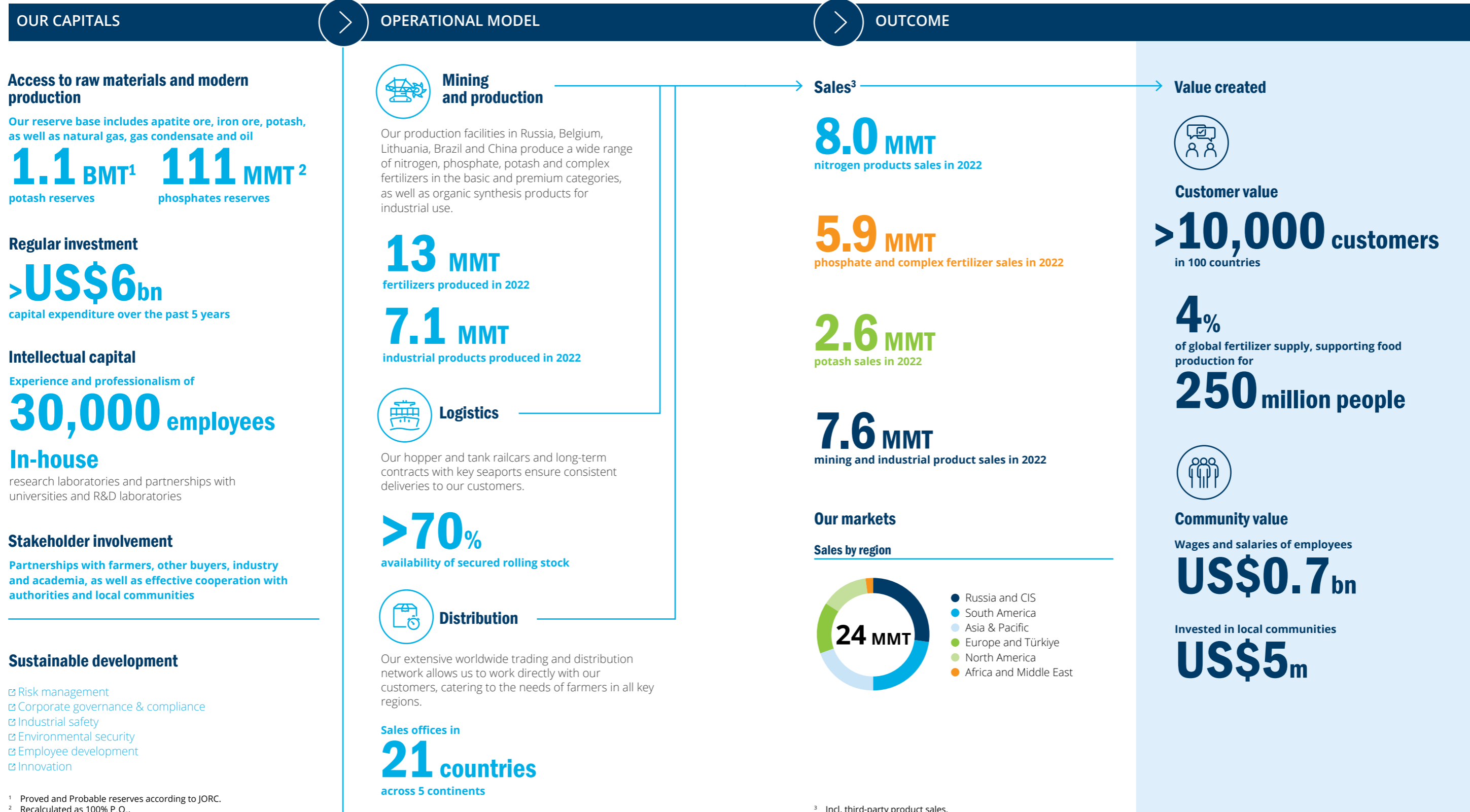
<p>EuroChem Group consists of EuroChem International, including production, logistics and distribution facilities in South America, North America, Europe, Middle East and Africa, and Asia, and EuroChem CIS (MCC EuroChem), comprising production, logistics and trading assets in Russia and Kazakhstan.</p>	<ul style="list-style-type: none"> Mining Fertilizers Logistics¹ Trading and distribution 	
	<p>EuroChem International</p>	<p>South America North America Europe Middle East and Africa Asia</p>
	<p>EuroChem CIS</p>	<p>MCC EuroChem</p>

¹ Murmansk and Tuapse port terminals were divested in December 2020 to SUEK to form a separate logistics business (NTK). They remain our key transshipment hubs in Russia.

Creating long-term value

EuroChem is one of only three companies in the world with in-house production capacity across all three essential plant nutrient groups: nitrogen, phosphate and potash.

Our vertically integrated business model allows us to control all stages of the value chain, from mining to distribution, which reinforces our cost and efficiency leadership and creates value for a wide range of stakeholders.



¹ Proved and Probable reserves according to JORC.
² Recalculated as 100% P₂O₅.

³ Incl. third-party product sales.

Contributing to global food security

This report does not carry enough space for me to name and thank the individuals who have contributed to our business in 2022. All those who have worked tirelessly in a difficult year to ensure that we continue to produce and deliver essential soil and plant nutrients to our thousands of customers, who in turn, feed millions of people in more than 100 countries.

I thank every single one of our 30,000 employees for their hard work and dedication across the full value chain, from mine to farm. You play a vital role in benefitting the lives of families and communities around the world.

“More than 70% of our customers said that they would recommend EuroChem, and more than 50% felt that we outperform the competition.”

The year 2022 will go down in history as one of the most tumultuous in recent times. Followed by the COVID-19 pandemic, the terrible impact of the conflict in Ukraine is sure to be felt for decades to come. As the Executive Chairman, I have expressed my sadness and sympathy for those affected, for the lives lost, for the families permanently displaced. We pray for a speedy end to the conflict.

While we at EuroChem, and the fertilizer industry as a whole, have not been under sanction, like many other organizations, we have nonetheless felt the repercussions, with disruption to our operations experienced throughout the year.

Against this backdrop, the importance of global food security is not, and should not ever be diminished. In 2022, we saw the shortage of raw materials and supply chain disruption drive up the cost of fertilizers and other input materials such as seeds and crop protection.

What this means in real terms is that the cost of food is rising. In 2022, the World Food Programme reported that 345 million people in more than 85 countries are at risk of 'acute food insecurity'. And of course, it is always the poorest countries who suffer the most. In January, the Pan-African Parliament issued a resolution stating that 'diminished access to fertilizers by African farmers, would have catastrophic consequences for Africa in 2023'.

EuroChem's role in food production and global food security has never been more important.

Last year, we supplied more than 16.5 MMT of fertilizers to world markets. This is only 4 MMT below forecast, which is a truly excellent outcome given the challenges. Our operations at Lifosa and Antwerp experienced supply chain issues and more than 1.5 MMT were sadly lost from these plants alone – enough to produce 4.9 MMT of grain able to feed 21 million people.

Despite the innumerable obstacles we experienced in 2022, we continued to serve our customers, 1,400 of whom took the time in our 2022 Customer Satisfaction Survey to tell us how much they value our product quality and reliability. More than 70% of our customers said that they would recommend EuroChem, and more than 50% felt that we outperform the competition. It is imperative that we build on this positive feedback to continue to improve our service to our loyal customers.

We continue to implement industrial safety initiatives. In 2022, we quadrupled the transparency of incident records, trained more than 2,500 managers in industrial safety, conducted more than 8,000 behavioral safety audits, and also recorded an overall increase in employee engagement in creating safe production processes. In 2023, we will continue to improve the level of EuroChem's safety culture by strengthening the awareness that the company provides a safe working environment, and each employee is responsible for their own safety and the safety of their colleagues.

“EuroChem's role in food production and global food security has never been more important.”

We progressed our safety journey in 2022, with initiatives such as the first Safety Day held across our South American operations in Brazil and Argentina in September; a program of Behavioral Safety training for HSE managers with more than 30 already trained in Russia; and a Family Safety Day celebrated at EuroChem Antwerpen to mark 10 years since it was incorporated into the EuroChem fold. Grass-roots initiatives like these will enable us to achieve our 'zero harm' safety vision through 2030.

SAMIR BRIKHO,
Executive Chairman



“I thank every single one of our 30,000 employees for their hard work and dedication across the full value chain, from mine to farm. You play a vital role in benefitting the lives of families and communities around the world.”

Finally, while challenging, the geopolitical situation has also given us an opportunity to review our operating model and ensure that we are fit for the future in how we develop our business, and support our customers with agility. I am pleased to announce that we have recently appointed a Head of Business Development for Africa who will identify investment opportunities which enable us to make an even greater contribution to food security in the African region. We are also looking to grow our Middle East, Africa and Far East customer base by opening a branch in the UAE.

In EuroChem, it is our goal to strengthen global food security and eliminate hunger. We will continue to work with farmers around the world, providing them with the fertilizers they need to feed their growing communities.

This is what we do at EuroChem, and we do it proudly.



ANTÓNIO GUTERRES,
United Nations Secretary-General

“Without fertilizers, shortages will spread from corn and wheat to all staple crops, including rice, with a devastating impact on billions of people.”

Our purpose:

Our fertilizers help feed the world’s ever-increasing population, and enable farmers to grow healthy, affordable food in harmony with the environment.



Helping the world to achieve food security



UN Sustainable Development Goal No. 2 is to eliminate hunger by 2030.

Achieving this goal has always required massive efforts, but the COVID-19 pandemic and the geopolitical tensions of 2022 have complicated this task considerably – more than 2 billion people still live in food insecurity¹.

The Food and Agriculture Organization of the United Nations (FAO) predicts that only 6% of the increase in food production will come from new arable land, while 87% of the increase will come from improved yields and better agricultural management practices.

EuroChem is fully committed to producing fertilizers to help tackle global food insecurity.

¹ Source: FAO, The State of Food Security and Nutrition 2022.



CHALLENGES

Population growth and declining arable land per person

The global population reached 8 billion in 2022 and, according to the UN, will increase by around 2 billion over the next 30 years. At the same time, the amount of arable land per capita is decreasing. The increase in crop yields could be a solution. The difference between actual and potential yields is particularly pronounced in developing countries, which have the greatest need for agricultural intensification².

Climate change

In 2022, FAO adopted Climate Change Strategy 2022-2031 that addresses a wide range of interlinked challenges, including biodiversity loss, desertification, land and environmental degradation, the need for affordable renewable energy, food security and water security.

New technologies

Fertilizer development is greatly impacted by new technologies, from improvements in production processes to innovative methods for monitoring and managing fertilizer use. To get more out of agricultural processes, farmers are actively using digital technology, resulting in better products and improved yields.

EUROCHEM'S RESPONSE

EuroChem supplies fertilizers to farmers in those regions where the need is greatest. Our high-performance fertilizers can be applied less frequently, help increase yields and product quality, and reduce nutrient losses, which increases value along the entire food chain.

250 million people
in 100 countries around the world receive food produced with EuroChem fertilizers

EuroChem products include fertilizers optimized for use in low-water environments. We develop our fertilizers in a way that reduces their impact on the environment.

UTEC® ENTEC®
stabilized nitrogen-containing fertilizers can decrease ammonia and greenhouse gas emissions and nutrient losses by more than 70%, while increasing yields and crop quality

Every year we conduct hundreds of field trials globally to test and demonstrate the performance of our products, and determine the best application strategy for specific regional conditions, minimizing negative environmental impacts and making an important contribution to food security and to the sustainability of agriculture. Additionally, we undertake pot trials and laboratory tests in order to get a deeper understanding of nutrient dynamics, fertilizer-plant-soil interactions, and nutrient loss processes including emissions.

400 field trials
worldwide

BILL GATES,
Co-Chair, Bill & Melinda Gates Foundation³

“Hunger can’t be solved just with humanitarian assistance alone. Investments in agriculture R&D are required.”

² Source: OECD-FAO Agricultural Outlook 2021-2030.

³ Source: <https://www.gatesfoundation.org/goalkeepers/report/2022-report/#BillEssay>.

Strengthening leadership

Our strategy focuses on improving safety and productivity leadership through organic growth, acquisitions, new product development, and increasing profitability through efficient operational processes with sustainability in mind.

Our strategy builds on our competitive advantages:

-  market knowledge
-  vertical integration
-  low-cost position
-  geographic diversity
-  customer focus
-  dedicated workforce

STRATEGIC PRIORITIES

INCREASING MARKET SHARE

Our growth strategy is predicated on increasing market share in our key fertilizer products, developing our distribution network and on introducing new premium products.

BUILDING A ZERO-INCIDENT SAFETY CULTURE

Our aim is to foster a safety culture of zero injuries and accidents, as well as full transparency of incident reporting.

DEVELOPING OUR PEOPLE

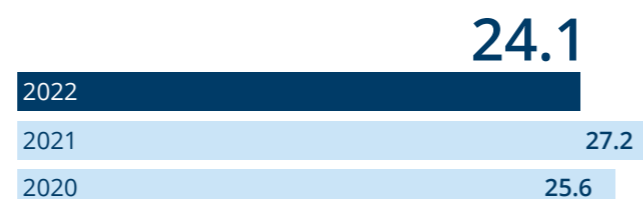
We nurture leadership skills in everyone – from the shop floor to the senior management – and aim to attract and retain the best talent in the industry and beyond.

ALIGNING WITH THE GLOBAL SUSTAINABILITY AGENDA

We are committed to growing our business within sustainable parameters, which means reducing our environmental impact and increasing our social engagement in a transparent and progressive way.

PERFORMANCE IN 2022

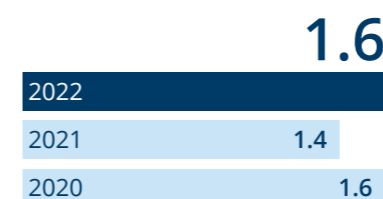
Sales, MMT



We acquired production and distribution assets in Brazil, which will significantly strengthen our position in this key agricultural growth market in the future.

We continued to enter new markets and launched potash deliveries to Indonesia.

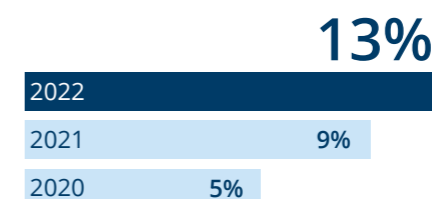
LTIFR¹



We continued to further develop our injury and incident reporting, including for employees and contractors of international assets, and increase safety culture level. Bottom line indicators of the Safety Pyramid (Near misses and Unsafe acts) were included in regular HSE reporting.

We launched safety audits at our newly acquired assets in Brazil.

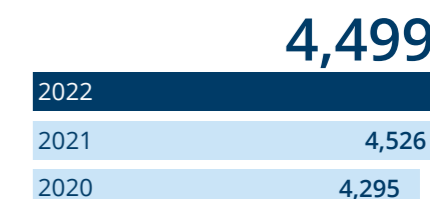
Staff turnover



Despite increased staff turnover and a tense labor market environment, we managed to maintain key personnel and keep highly qualified staffing level at 95%.

We also continued global integration of new facilities and expanded employee outreach.

Energy consumption², million kWh



We continued to implement projects aimed at improving the energy efficiency of our enterprises and, consequently, reducing the carbon footprint, including wider introduction of digital sensors and analytical tools to optimise fuel and electricity consumption.

OUTLOOK

- We will continue our growth by further strengthening our distribution platform, particularly in South America, as well as in the CIS, opening new outlets and expanding our base of local distributors and retailers.
- We will continue recalibrating our product flows according to changes in demand and ease of access to markets; and adjusting product mix to changing needs of our customers as well as regional specifics.

- We will continue to implement new procedures to identify risks in our facilities, including safety audits.
- We will continue to adopt incentive systems aimed at improving safety and remediating safety violations.

- In 2023, we plan to finish our Company-wide employee engagement survey.
- We will continue to build a global corporate culture by expanding information and feedback channels, exchanging experiences between employees from different countries of operation, and rotating personnel.

- We will continue to implement best available technologies and modernize our facilities to minimize the Company's environmental impact and carbon footprint.
- In 2023, we are planning to conduct internal audits of energy consumption across our facilities.

RELATED RISKS

- Market risks
- Regulatory risks
- Production and supply risks

- Health, safety, and environmental risks
- Mining-related risks

- Shortage of skilled labor or labor disputes

- Climate change
- Health, safety and environmental risks

¹ Lost Time Injury Frequency Rate, including contractors.

² The indicator is disclosed in the CIS perimeter, therefore, the data for 2021 and 2020 may differ from those disclosed in previous Annual Reports.

Boosting our presence in South America

EuroChem combines organic growth with carefully considered mergers and acquisitions in order to ensure stable long-term business development in key global markets.

Improving our competitive position in South America has been a natural progression for EuroChem's global strategy. Brazil's impressive transformation into a global breadbasket has driven us to further expand our distribution and production capacities in this region.

Following the successful integration of Fertilizantes Tocantins, the Group continued its search for great opportunities. In 2022, EuroChem acquired a 51.5% stake in Fertilizantes Heringer, a major fertilizer distributor, and 100% of Serra do Salitre, a phosphate mine and plant project at the construction stage.

This new area of operation increases the efficiency of our logistics, reduces costs for customers and contributes to the Company's growth.

US\$300_m
planned CAPEX

for Serra do Salitre ramp-up in 2023-2024



Brazil is the largest exporter of beef, chicken, soybean, sugar, orange juice and coffee.

In 2022, Brazil delivered

40%
of global beef exports

35%
of global poultry exports

57%
of global soybean exports



With Heringer's 14 distribution units, Fertilizantes Tocantins' existing 7 units and Serra do Salitre's one, **our sales network now covers**

90%
of all Brazilian regions

- Fertilizantes Tocantins
- Fertilizantes Heringer

FERTILIZANTES HERINGER

- Provides access to newly uncovered fast-growing agricultural markets in Brazil, close to key hubs
- Diversifies our distribution platform in South America, guaranteeing access to different crops, climate regions, logistic routes and client base

SERRA DO SALITRE

- Construction is at ~50% completion towards full ramp-up, with the open-pit mine and processing plant already generating positive EBITDA
- Phosphate fertilizer production (MAP, NP, SSP, TSP) ramp-up to be completed in 2024

No. 4 distributor in Brazil by capacity

>4 MMTpa

~30 years life of mine

>350 MMT
of phosphate rock reserves

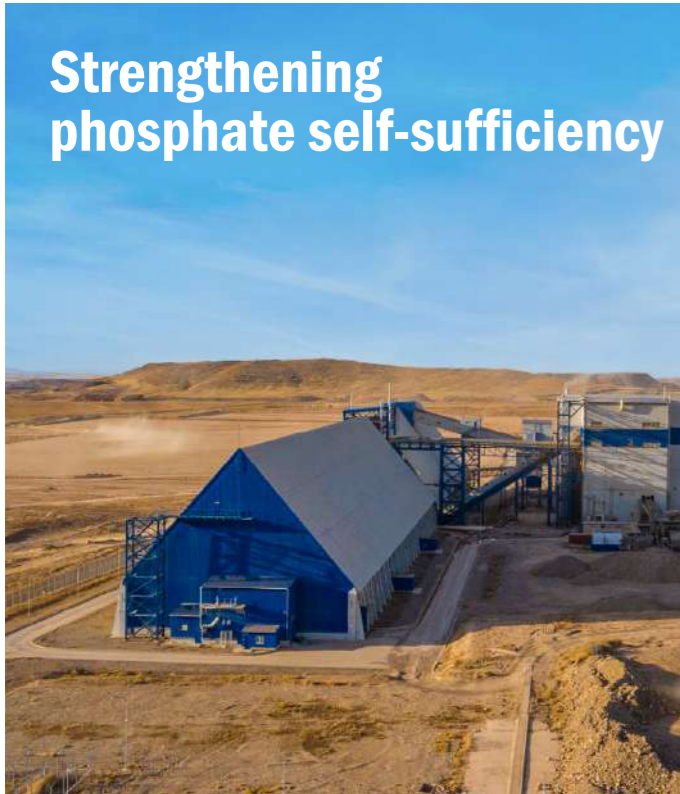
Expected increase in EuroChem's phosphate production by

1 MMTpa

Developing our key assets

Our strategic investments in organic growth enable us to de-bottleneck our vertically-integrated business and strengthen our advantageous 1st quartile cost curve position in all fertilizer segments.

Strengthening phosphate self-sufficiency



EuroChem is increasing phosphate mining and processing capacities in Karatau, a project in Kazakhstan with a prime location to access growth markets in China and Central Asia.

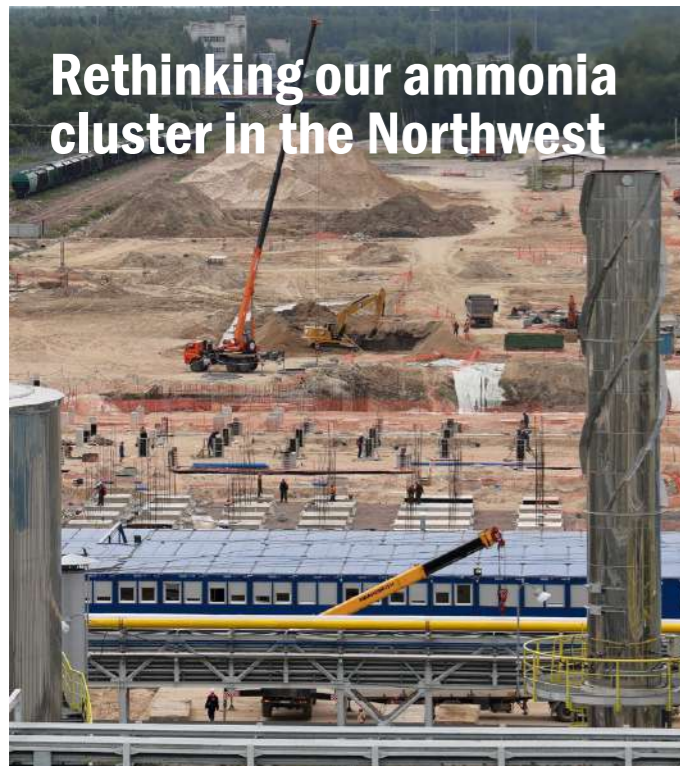
- Strengthening intragroup phosphate rock supplies
- Current expansion of phosphorite flour production from 0.6 MMT to 0.8 MMT in 2023
- Design work in progress for a chemical complex to produce high-quality fertilizers – dicalcium phosphate (DCP), potassium sulfate (SOP), CaCl₂, sulfuric acid (SA) – with project completion in 2026

We are also continuing the upgrade of the mining and processing facilities at our phosphate flagship, Kovdorskiy GOK, in Russia and are ramping up Serra do Salitre phosphate mine and plant in Brazil.

32 MMT ore reserves at Karatau

>40 years life of mine of Karatau project

Rethinking our ammonia cluster in the Northwest



In 2022, EuroChem reconfigured its development plan for the high-tech cluster in the Northwestern Russian town of Kingisepp. The schedule and machinery supply for EuroChem Northwest 2 was revised as a result of a change in the key contractor.

The Board also approved the construction of a liquid ammonia shipment terminal at the nearby port of Ust-Luga, to transship ammonia produced at EuroChem Northwest 1, as well as continuation of the bulk terminal construction to ship products arriving by railcar from NAK Azot, Phosphorit, Usolskiy and third-party cargoes.

The project capacity of EuroChem Northwest 2 will be **1.4 MMT** urea

The project capacity of Ust-Luga bulk terminal will be **8 MMTpa**, incl. 1 MMTpa ammonia

Strong track record of growth and world-class projects completion

>US\$8bn
CAPEX over the next 5 years

Ramping up our potash capacities



EuroChem is gradually expanding its potash mining and processing capacities in the Urals and Southern Russia. The Company supplies standard and granular KCl directly to customers and as part of NPK.

Usolskiy is expanding its Phase 1 facility throughput, on track to deliver a 2.9 MMT capacity plant, we are proceeding with the tailing management expansion and the completion of Shaft No. 3.

At **VolgaKaliy**, we plan to accelerate mining works in 2023, alongside the commissioning of Shaft No. 2. The commissioning of processing line 2 and the compacting line is at the final stage to increase the plant's capacity by 0.5 MMT in 2023.

2.9 MMT KCl produced in 2022

7 MMTpa KCl will be produced after the ramp-up of both projects

Focusing on farmers' needs

Thanks to our regional reach, and our partners, such as distributors, we can closely engage with farmers more directly. We provide a wide range of advisory services in many countries, regularly attend exhibitions, conferences, and trade fairs, and conduct our own meetings.

We are always open for a customer feedback. In 2022, we received almost 800 suggestions, claims, and remarks from our customers and partners. All requests and ideas are taken into account, and every problem undergoes a root cause analysis followed by an improvement plan. Thanks to this, EuroChem is not only able to adapt to customer needs, but also to continuously evolve over time, improving processes and products.

In addition, every year we directly engage with customers globally via our **Annual Customer Satisfaction survey**, measuring their satisfaction and unmet needs in such areas as customer service, order handling, deliveries, product quality, and others, as well as garnering qualitative insights. In 2022, more than 70% of customers were ready to recommend EuroChem, and we are very proud of this appreciation.

By anticipating farmer needs, and driven by the global race for improved nutrient use efficiency and a reduction in negative environmental impacts, we are developing application schemes for our products in the frameworks of precision farming, application rate reduction at sustained productivity, and GHG emission reduction.


ALEXANDER PONOMAREV,
Head of global marketing

“Our proximity to customers helps us to better understand farmer needs, share best practices in fertilizer application, and to ensure we deliver the right product to the right crop at the right time.”


With our ENTEC® fertilizers with nitrification inhibitors, we could again prove in collaboration with customers and research institutes that these enhanced-efficiency fertilizers are an easy-to-apply and efficient tool that not only improves nitrogen use efficiency but also reduces the CO₂-footprint significantly.

We continue our intense development of innovative next-generation inhibitors and nutrient boosters (phosphate, nitrogen) and have already been able to apply for patents for some promising substances. Last but not least, we are also expanding our existing product lines by developing new grades.

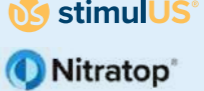
Our **premium fertilizer products** are designed to keep their properties longer, guaranteeing an optimal supply of nutrients to plants throughout all growth phases.

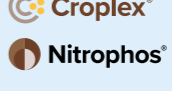
- 

Complex granular SOP- and MOP-based NPKs for balanced plant nutrition
- 

Fully water-soluble straight, complex and inhibited fertilizers for efficient fertigation
- 

Stabilized mineral fertilizers for greater nitrogen efficiency
- 

Higher urea performance with urease inhibitor
- 

Nitrogen-based products with secondary and micronutrients to address its deficiencies
- 

Advanced nitrogen-phosphorus compounds with secondary and micronutrients
- 

Compound nitrogen-potassium fertilizers for high-phosphate soils or P-restricted environments

We also manufacture a full range of most popular basic fertilizers, feed nutrients for animal feed production and industrial products for chemical, construction, food processing and other industries.



See more information at www.eurochemgroup.com



Driving advanced technologies

In 2022, EuroChem was one of the first in the Russian chemical industry to develop a comprehensive digitalization strategy, which aims to help the Company improve productivity, transparency, controllability and, ultimately, profitability through digital technologies.

Over the next five years, EuroChem plans to equip all large-scale production units across the Group globally with guidance systems based on machine learning and artificial intelligence, as well as control systems. As a result, the

units will be able to operate in autopilot mode, for which modes will be set by a system based on artificial intelligence.

Successful application of the digital strategy will not only provide EuroChem with additional profits but will also allow for future cross-plant optimization. Digitalization also enables the automation of production processes, considering which products in the market currently have the highest margins, as predicted by changes in demand from potential customers.

At the same time, automation provides an opportunity to minimize human error and related mistakes that can negatively affect the production process, which will also improve production safety.

In 2022, advisory systems for the nitric acid unit at NAK Azot to increase its yield and ARS/MSAP systems for ammonia units (at NAK Azot and Nevinnomysskiy Azot) were successfully put into operation and will be replicated in the near future. At Usolskiy, we launched an automated equipment diagnostics system SAFE PLANT, which provides automated detection of defects, offers recommendations on their elimination, and makes it possible to generate and approve protocols on the technical condition of equipment in electronic form.


Our plans for 2023 include developing and launching recommender systems for units at ammonia, urea, ammonium nitrate and phosphoric acid production facilities, as well as virtual analyzers for the Group's mining and chemical plants and a print run of SAFE PLANT at VolgaKaliy.


DANIEL NAUMOV,
Head of technological process digitalization


“Global best practice shows that almost any technological process can be made transparent and automated. Today, many foreign production facilities are managed with digital solutions based on ML models in a closed loop to achieve maximum efficiency. In Russia, this is not yet possible at hazardous production facilities for safety reasons. Therefore, to achieve efficiency in safety, we have adopted a strategy that will bring together the best practices from two worlds – digitization and automation.”

The digital strategic plan is designed for five years and will be updated annually.


The key areas for digitalization

 Recommender systems (machine learning-based) for the main production units

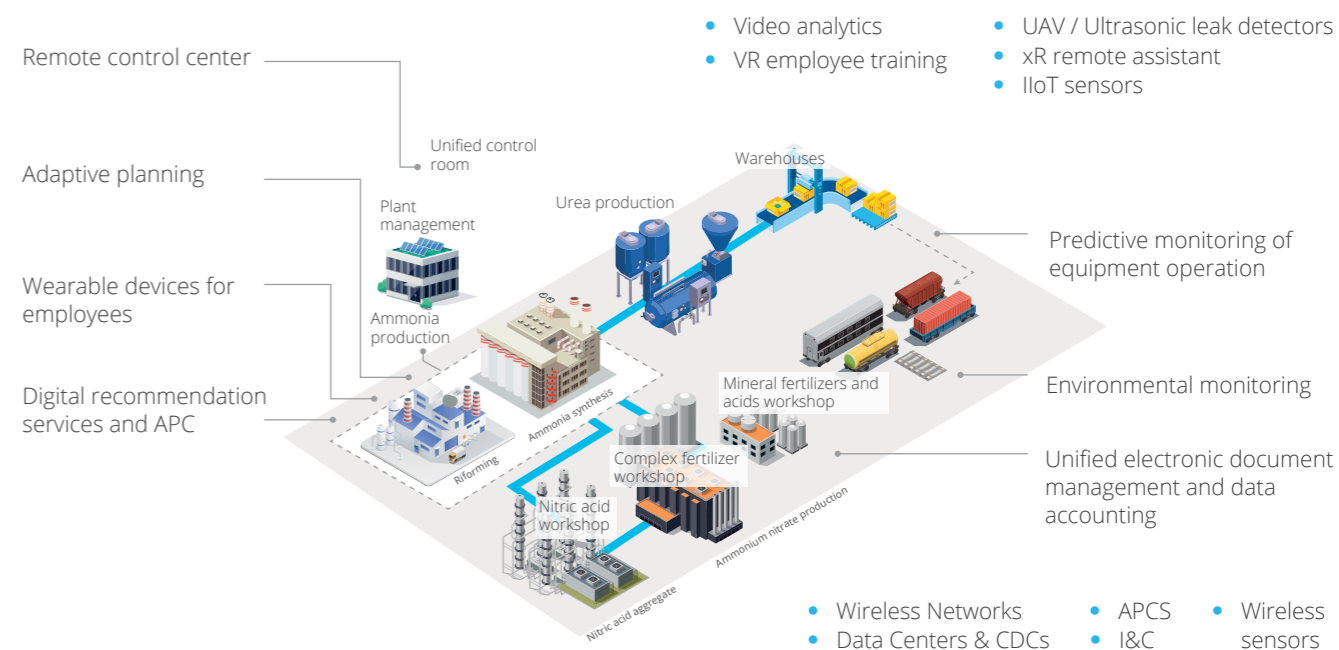
 ARS/APCS (Advanced Process Control Systems, autopilot for the automated process control system, which allows controlling the unit without human intervention)

 Predictive control of equipment

 Virtual analyzers

 Video analytics for industrial safety and quality assessment

Digital chemical plant



Automation at Kovdorskiy GOK to reduce fuel oil consumption

In December 2022, we launched at Kovdorskiy GOK a process to automate the operation of apatite concentrate drying drums. Its main objective is to reduce fuel oil consumption without loss of quality.

Even now, with the program only at the stage of setting up the control loops of the APCS and undergoing pilot operation, it has been confirmed that fuel oil savings of up to 4% can be achieved.

Our digitalization team and their colleagues from the production department collected and analyzed historical data on fuel oil usage and drying drum efficiency, as well as the moisture content of the finished

product. As part of this phase, they identified difficulties in maintaining an optimum air/oil ratio and errors were detected in the moisture meters at the product outlet. As a result of the analysis, the teams started debugging the control loops and adjusting the ratios so that the dryer could operate in automatic mode and did not require manual maintenance of the ratio. In parallel, the selection of new moisture meters was introduced.

After debugging the system, our colleagues will proceed to the next stage – evaluating the economic effect of possible process optimization through the introduction of artificial intelligence.

Delivering a sustainable future

Sustainability is a core driver of a modern business. The UN Sustainable Development Goals provide a crucial measure of accountability and help us to stay on target.



2 ZERO HUNGER **Zero hunger**

Fertilizers play an essential role in the food supply chain and help to avoid global food scarcity, as farmers strive to feed ever more people from finite land resources. Our fertilizers make farmers' lives easier, more efficient and more prosperous, while empowering them to fulfil their mission of keeping food on tables around the world, every day, no matter what the circumstances.

3 GOOD HEALTH AND WELL-BEING **Good health and well-being**

EuroChem has been systematically supporting healthcare in towns for many years – equipping hospitals, producing medical oxygen, providing direct support for doctors, and supporting the health of employees and veterans through special programs. In particular, NAK Azot implemented the “Health Days” program (Tula Region) which includes classes for older people in several sports, attracted them to participate in competitions and generally promote a healthy lifestyle. In 2022, EuroChem also launched EuroChem Sport mobile app that helps employees to track progress, read articles and watch videos with experts on physical activity, nutrition and stress resistance.

4 QUALITY EDUCATION **Quality education**

As a growing organization, we view young people as catalysts for positive change at EuroChem. Educational links are therefore important to us, and we have strong working relationships with secondary and tertiary schools and colleges via our established EuroChem students' program. This attracts and supports new recruits through a focus on science, technology, engineering and mathematics education in universities where this program is implemented, as well as in secondary schools and colleges in Russia, Lithuania and Kazakhstan.

5 GENDER EQUALITY **Gender equality**

At EuroChem, we welcome all employees and strive to foster a culture that does not tolerate discrimination on any basis, including gender. As of the end of 2022, 31% of our staff were female. We continue to explore ways to ensure that EuroChem is a place where women choose to work and are empowered to thrive as professionals.

6 CLEAN WATER AND SANITATION **Clean water and sanitation**

The production facilities at EuroChem Northwest 1 operate in a closed-loop water cycle, enabling the reuse of water in the production process without effluents. The system utilizes more than 75% of the wastewater from the adjacent Phosphorit plant. This reduces the impact on the Luga River, making a significant contribution to the environmental protection of the Gulf of Finland and helping to meet Russia's international environmental commitments. The Group's second ammonia plant in Kingisepp, EuroChem Northwest 2, will follow the same principle.

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE **Industry, innovation and infrastructure**

We aim to help farmers to optimize nutrient use, enabling them to increase their yields. We are working on scaling up next generation fertilizer technologies designed to boost the take-up of key nutrients by crops, while dramatically reducing the environmental footprint.

We are also following the initiatives towards regenerative agriculture spearheaded by the largest global food companies.

10 REDUCED INEQUALITIES **Reduced inequalities**

EuroChem's Principles of Corporate Ethics include the requirements that help to reduce inequalities. They are providing an excellent working environment, career development and effective communication mechanisms for employees, applying the highest standards of business ethics, ensuring equal access to Group information, as well as financial transparency.

11 SUSTAINABLE CITIES AND COMMUNITIES **Sustainable cities and communities**

EuroChem recognizes that sustainable cities and communities require investment beyond taxes, which is why we take a holistic approach to support the regions where we operate. Our social projects focus on development of cities' infrastructure according to their masterplans, mainly referring to construction of public parks in the cities where we have a presence. We also promote our cities as cultural centers and tourist destinations to attract additional investment into our regions.

12 RESPONSIBLE CONSUMPTION AND PRODUCTION **Responsible consumption and production**

EuroChem strives to ensure the rational use of natural resources and maximize waste recycling both in-house and with the help of contractors. We are studying the potential uses of phosphogypsum, a by-product, and set up our own R&D lab at Phosphorit to develop new phosphogypsum products.

13 CLIMATE ACTION **Climate action**

EuroChem monitors its carbon footprint and is introducing new energy-efficient technologies to reduce both direct and indirect greenhouse gas emissions.

14 LIFE BELOW WATER **Life below water**

The Company regularly boosts fish stocks in water bodies around its facilities to contribute to river system biodiversity. In 2022, as part of the Company's biodiversity campaign, EuroChem released about 76,000 of juvenile whitefish in waterbodies situated near Company's facilities.

15 LIFE ON LAND **Life on land**

EuroChem runs an ongoing reforestation project as part of land reclamation and carbon offsetting programmes. In 2022, the Company planted over 150,000 forest trees.

16 PEACE, JUSTICE AND STRONG INSTITUTIONS **Peace, justice and strong institutions**

Part of our commitment to fulfill the world's requirement for food and observe human rights compels us to ensure that we are compliant with all relevant laws in all regions at all times. Our stringent internal and external compliance protocols secure that we can continue to operate freely, and thereby continue to meet the high expectations of our various stakeholders.

We strive to uphold the highest ethical standards across all our activities. Our business integrity is underpinned by EuroChem's Code of Conduct, Compliance, Sanction and Anti-Corruption policies.

17 PARTNERSHIPS FOR THE GOALS **Partnerships for the goals**

In 2022, EuroChem's Board and Management actively collaborated with government bodies of different countries and international organizations on food security issues, energy developments, compliance and customs regulations, including participation in COP27.

Market overview

Throughout 2022, geopolitical and economic volatility coupled with weather-based cataclysms in South America, Australia, Pakistan and Europe put global food security and farmer economics under threat, as energy and fertilizer prices rose, with global fertilizer exports down nearly 10% to 209 MMT¹.

	Demand	Supply	Market developments	Regional fertilizer consumption	Average market price																
<p>Nitrogen segment</p> 	<p>In 2022, global nitrogen fertilizer consumption reportedly decreased by 6% y-o-y to 105 MMT N, disrupted by weaker fertilizer affordability amid extreme weather conditions, volatile exchange rates and economic uncertainties, pushing farmers to postpone their fertilizer purchases in hope of lower prices.</p>	<p>Record high natural gas prices in 1H 2022 led to an estimated global decrease of ammonia production by 3% y-o-y. Meanwhile, urea production increased by 2% due to the launch of new capacities in Brunei and Nigeria as well as higher production in import-dependent countries such as India and Brazil.</p>	<p>Despite the increasing fertilizer availability and normalization of energy prices towards the end of the year, N fertilizer use globally is estimated to have slowed by 7 MMT N in 2022 with the largest losses registered in East Asia (rice and palm oil producing countries facing low affordability), South America (on top of extreme weather in Argentina and Brazil) and Eastern Europe (due to a drop in Ukrainian consumption).</p>	 <p>105 MMT N</p>	<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2022</th> <th>2021</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Ammonia (FOB Black Sea)</td> <td>1,057</td> <td>552</td> <td>▲ 92%</td> </tr> <tr> <td>Prilled Urea (FOB Yuzhnyy)</td> <td>566</td> <td>483</td> <td>▲ 17%</td> </tr> <tr> <td>AN (FOB Baltic)</td> <td>511</td> <td>356</td> <td>▲ 43%</td> </tr> </tbody> </table>	US\$/metric tonne	2022	2021	Change	Ammonia (FOB Black Sea)	1,057	552	▲ 92%	Prilled Urea (FOB Yuzhnyy)	566	483	▲ 17%	AN (FOB Baltic)	511	356	▲ 43%
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<p>Phosphate segment</p> 	<p>Global phosphate fertilizer consumption was estimated at 45 MMT P₂O₅ in 2022, down by 8% y-o-y.</p> <p>With phosphate trade and delivery restrictions being the limiting factors on consumption, farmers have been reluctant to purchase high-priced fertilizers even in countries with relatively good demand fundamentals such as India.</p>	<p>Following lower production in 2021, global phosphoric acid production increased by 7% in 2022. As for finished phosphates, China maintained export restrictions to meet its internal demand, while the US production was disrupted by hurricane damage in 4Q 2022.</p>	<p>Higher prices and extreme weather resulted in overall demand destruction. Some farmers delayed or reduced phosphate purchases, giving priority to N over P₂O₅.</p> <p>A third consecutive La Niña year was responsible for extreme drought in South America and catastrophic floods in Pakistan, causing a 5% fall in the traded volumes of MAP/DAP in 2022. India provided significant demand support amid inventory build-up after a depletion of inland supply in 2021.</p>	 <p>45 MMT P₂O₅</p>	<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2022</th> <th>2021</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>MAP (FOB Baltic)</td> <td>827</td> <td>602</td> <td>▲ 37%</td> </tr> <tr> <td>Phosphate Rock (FOB Morocco)</td> <td>265</td> <td>126</td> <td>▲ 110%</td> </tr> <tr> <td>Sulphur (FOB Black Sea)</td> <td>190</td> <td>171</td> <td>▲ 11%</td> </tr> </tbody> </table>	US\$/metric tonne	2022	2021	Change	MAP (FOB Baltic)	827	602	▲ 37%	Phosphate Rock (FOB Morocco)	265	126	▲ 110%	Sulphur (FOB Black Sea)	190	171	▲ 11%
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<p>Potash segment</p> 	<p>Global potash fertilizer consumption was estimated to decline from 41 MMT in 2021 to 38 MMT of K₂O in 2022. Higher fertilizer prices resulted in weaker imports and availability. As a result, farmers reduced their application rates.</p>	<p>Potash supply continued to be the most heavily impacted among fertilizers.</p> <p>Global production in 2022 was 14% lower y-o-y, driven by weaker output in Belarus and Russia. This was somewhat offset by higher production in Canada and Laos, but it was not enough to fully offset the loss of supply.</p>	<p>The threat of severely reduced global supply because of sanctions and disrupted logistics led to a boost in K fertilizer prices, peaking in 1H 2022, which coincided with the typical seasonal upswing in demand in Brazil and SE Asia.</p> <p>In many parts of the world, farmers were limited by their finances or impacted by reduced government support. A combination of higher inventory carry over from 2021 and increased prices caused a decline in consumption in 2022.</p>	 <p>38 MMT K₂O</p>	<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2022</th> <th>2021</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>MOP (FOB Baltic, spot)</td> <td>723</td> <td>379</td> <td>▲ 91%</td> </tr> <tr> <td>gMOP (CFR Brazil)</td> <td>864</td> <td>540</td> <td>▲ 60%</td> </tr> <tr> <td>sMOP (CFR Southeast Asia)</td> <td>774</td> <td>403</td> <td>▲ 92%</td> </tr> </tbody> </table>	US\$/metric tonne	2022	2021	Change	MOP (FOB Baltic, spot)	723	379	▲ 91%	gMOP (CFR Brazil)	864	540	▲ 60%	sMOP (CFR Southeast Asia)	774	403	▲ 92%
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¹ Comprises urea, AN, CAN, UAN, AS, ASN, SSP/TSP, DAP/MAP, MOP, NP/NPK products. Source: GTT, Russian FTS customs statistics, Russian railway statistics.

Sustaining uninterrupted worldwide supplies

In 2022, we were largely able to maintain the smooth operation of our assets and deliver our in-demand products to agricultural producers around the world. This was achieved despite challenges along the entire operational chain inflicted by the geopolitical situation. Timely investments in our own raw material, processing, logistics and distribution assets ensured the stability and flexibility of our business model and supply security for our customers.

Sales

In 2022, EuroChem's sales volume totaled 24.1 MMT. Thanks to our diversified and well-developed global sales and distribution platform we were able to place our products on key markets despite the challenging year for the fertilizer sector.

The 11% drop in volumes was mainly driven by a reduction in our output in Europe, where we were forced to temporarily slow down (Antwerp) or even freeze (Lifosa) our production due to the energy crisis, restrictions on raw materials supply from Russia, and other repercussions of the conflict in Ukraine.

We also had to temporarily decrease the ammonia output of EuroChem Northwest due to logistical challenges for liquid ammonia exports. We faced many other challenges across our value chain: from self-sanctioning of some third parties, which negatively affected our ability to source products and materials, and conduct normal business operations, up to fewer options and increased expenses in freight, logistics. Self-sanctioning of some customers, as well as price regulation and quotas on the Russian market, added further pressure on our operations.

Meanwhile, fertilizer prices across all key segments (N, P, K) were at record highs for the major part of the year, supporting our economics and offsetting the impact of volume losses. In 2022, we prioritized sales of our own products in order to fully support our output, as well as benefit from higher margins.

MMT	2022	2021
Nitrogen products	8.0	9.3
Phosphate products and complex fertilizers	5.9	7.2
• Phosphate fertilizers	2.6	3.1
• Complex fertilizers	3.3	4.1
Potassium fertilizers	2.6	2.5
Total fertilizer sales	16.5	19.2
Mining products	5.9	6.0
Industrial products	1.7	2.0
Total sales	24.1	27.2
incl. third-party product sales	5.3	7.0

DMITRY BOLDYREV,
Chief Commercial Officer

“The whole EuroChem Group team has put in a massive effort to minimize negative effects of sanctions, and, while some challenges remain in certain markets, we have received confirmations from authorities, such as in the US, a few EU countries, the UK, and others, that EuroChem Group is not subject to sanctions. This allowed us to restore a notable share of our production and sales operations back to normal levels; yet, more is to be done in 2023.”



Nitrogen products

Sales volume in the nitrogen segment fell 14% to 8 MMT on the back of logistical restrictions on ammonia exports from Russia.

Urea sales volume was largely flat y-o-y at 3.3 MMT.

The volume of ammonia shipments to external customers decreased from 0.3 to 0.25 MMT due to the suspension of export shipments. This occurred as a result of the closure of European ports for transshipment of Russian cargoes and the lack of ammonia loading terminals in Russia. Some of the export volumes were redirected to Russian buyers.



Phosphate products and complex fertilizers

In phosphates, monoammonium phosphate and diammonium phosphate sales decreased by 30% to 1.8 MMT, as we prioritized sales of our own products and our own MAP and DAP production was lower y-o-y due to Lifosa suspension.

NPK fertilizer sales decreased by 20% to 3.3 MMT due to reduced output at our European plants.



Potash fertilizers

In 2022, the volume of potash fertilizer supplied to the market increased by 4% to 2.6 MMT supported by the gradual commissioning of new potash facilities.

Industrial and mining products

Sales to industrial consumers reached 7.6 MMT. EuroChem reallocated some industrial urea volume toward sales to agricultural producers. Sales of methanol and melamine were limited by reduced consumption in Russia and Belarus. This change was due to restrictions on wood imports from those countries to the EU. Meanwhile, shipments of caustic soda were in stable demand, with prices doubling y-o-y.

Shipments of mining products (iron ore concentrate, baddeleyite and others) amounted to 5.9 MMT, enjoying stable demand, primarily from Chinese buyers, as prices slightly receded from the peak 2021 levels.

We continued to strengthen our sales and distribution platform. From expanding our distribution network in Russia to opening a new trading hub in the UAE, to purchasing a controlling stake in the fourth largest distributor in Brazil – we are committed to growth.

South America

5.5 MMT

In 2022, EuroChem grew bigger and stronger in South America, despite the enduring impact of the COVID-19 pandemic and an international geopolitical crisis that heavily affected the region. EuroChem South America prioritized sales of own products and made strategic acquisitions. EuroChem held on to an 11% market share. Sales reached a total of 4.7 MMT in distribution and 5.5 MMT including wholesale, in Brazil and Argentina and further increased the Premium Products portfolio as our primary focus.

Our growth is based on strategic M&As in Brazil. We completed the purchase of the Salitre mine and plant, our first production unit in the region. The completion of the Salitre Project, scheduled for 2024, will make us a mine-to-farm player in South America. At full capacity, Salitre will add 1 MMT to EuroChem's annual phosphate capacity and will supply around 15% of the domestic demand for phosphate fertilizers. We also purchased the controlling stake in Fertilizantes Heringer, the fourth largest distributor in the country, with an installed capacity of over 4 MMTpa.

Together, EuroChem Fertilizantes Tocantins, Fertilizantes Heringer and EuroChem Emerger Fertilizantes add up to 23 units in South America, which confer extensive geographic coverage of the region and ensure we are present in all states in Brazil and Argentina, expanding our logistics capabilities. We are getting ready to be the market leaders in South America. We have revised our governance structure and implemented changes to become more competitive, promoted integration across all units by standardizing operations, which includes implementing policies,

processes, procedures and systems, while fostering a solid culture of safety. By benchmarking and sharing best practices, we search for joint solutions to become a single team – EuroChem South America.

The outcome of our 2022 Net Promoter Score (NPS), which measures customer satisfaction, shows we are on our way to become a company of excellence in customer relations. We listened to over 800 customers and achieved an overall score of 53 points in Brazil. This puts us in the Quality Zone, up from the Improvement Zone in 2021. The score for our Emerger unit in Argentina was an impressive 65 points.

Africa

0.5 MMT

Customers in Africa had difficulty opening letters of credit/issuing guarantees, which prevented us from increasing supplies to these regions, although the agenda of food security has remained acute there.

Russia & the CIS

6.6 MMT

The fertilizer market in Russia amounted to 13.5 MMT in 2022, increasing by 29% y-o-y. Market growth is expected to slow down in the medium term (forecast CAGR of 4% vs. 9% during the last decade).

In 2022, the Russian fertilizer market became more regulated, with the state introducing export quotas and mandatory fertilizer domestic deliveries under capped prices. Sanctions effects caused reshuffling of traditional supply chains. Competition on the domestic market significantly increased, while price levels for crops and other agricultural production outputs were mainly trending down, negatively affecting purchasing power of farmers across most agricultural tools and inputs, including fertilizers.

Despite this background, thanks to hard and dedicated work of our commercial team, we had a positive year. EuroChem provided record deliveries to Russian farmers, growing 39% in comparison with 2021, with a significant sales increase in phosphate, complex and potash fertilizers.

We continued to efficiently manage and develop our own distribution network, expanding the geography of deliveries and purchasing three new storage facilities. We further enhanced our platform with prompt activation of third-party resources to provide fertilizer storage and handling. Additionally, in 2022 we continued to offer agronomy consultations and tailor-made nutrition plans for our customers, as well as fully modernizing our in-house agricultural laboratory that offers soil and water analysis to our customers.

North America

3.4 MMT

While a record order book for 1Q 2022 was executed, after February 24 new sales were dramatically slowed due to concerns from

customers around potential sanction and geopolitical risks. With OFAC confirming later in the year that EuroChem North America and EuroChem Group were not under any sanctions and are free to conduct business as normal, a massive effort was started to stabilize the business.

This was successfully accomplished, with over 95% of the pre-crisis customer base now returning to business. The supply of third-party products has also been stabilized and we plan to regrow it back to and above 2021 levels over the next several years.

The distribution system that has been built in the US, Canada, and Mexico, continues to provide downstream access for EuroChem across all N, P, K, and specialty products. We continue to expand our footprint, focusing on advantaged logistics and consistent access to customers, which has proven very valuable in times of market volatility.

The sales team in North America has built strong customer relationships and continues to focus on offering best-in-class service by providing fertilizer to the end users via all modes of delivery (truck, barge, railcar, vessel, container, and bagged material).

In an extremely volatile and geopolitically challenging year, the 2022 results in North America were above expectations, and we continue to move towards the goal of being the market leader of imported material in the region.

Europe

3.4 MMT

The first quarter of 2022 started off to plan with strong sales and a positive future outlook. In March, the effects of sanctions imposed due to the geopolitical situation in Ukraine quickly led to major disruptions of our distribution and production entities in Europe.

Due to our loyal customer's flexibility and our dedicated European operational team, we were able to continue partial supply of much

needed fertilizer products in extremely challenging situations. Our vertical integration and access to non-European production helped to offset the negative effects of the European energy crisis on the Nitrogen market.

While we managed to bring back operational sales to more than 80% of normal activity since August, at the end of 2022 sales in many of the European distribution markets were still impacted by restrictions and lack of clarity from local regulators and overcompliance from banks. We are continuing to work on eliminating those obstacles to maintain sustainable business.

Asia-Pacific

4.7 MMT

In 2022, the fertilizer import demand in the Asia-Pacific region reached a resilient 65.7 MMT volume, a slight 0.7% increase y-o-y, mainly driven by food security and fertilizer shortage concerns.

Against this background, EuroChem's volumes remained flat, with growth impeded by elevated price levels on global markets which decreased the buying power of farmers in several Asian regions, damaging the demand.

Amidst the challenging economic and geopolitical backdrop and banking disruptions, we have maintained the vast majority of our customer base. As a result of solid business relationships built over time, EuroChem has been able to trade with payment terms that do not rely on trade financing.

To secure our future growth in 2023 and beyond, EuroChem has further strengthened the partnership with our core buyers by introducing financing, and extended regional warehousing activities, including China and Malaysia, to enable us to better react to market adjustments with product in proximity to our customers and markets.

Production

In 2022, EuroChem Group produced 20.1 MMT of commercial products, including 13 MMT of fertilizers and 7.1 MMT of industrial and mining products. Capacity utilization at most facilities remained at a high level. Lower production at our European facilities, caused by disruptions in raw material supplies, was partially offset by higher output at most of our Russian facilities.

We have been actively searching for new suppliers, and supply routes for spare parts, amid the refusal of Western manufacturers to supply equipment and engineering support to Russian enterprise. This was done to make sure that EuroChem has uninterrupted production and is able to fulfill its obligations.

MMT	2022	2021
Nitrogen products	6.8	7.2
Phosphate fertilizers and NPK	3.5	4.6
Potash fertilizers	2.7	2.2
Mining products	6.0	5.9
Industrial products	1.1	1.2
Total	20.1	21.1

Although the development of greenfield projects with long returns on investment was delayed and some project schedules and technologies were revised, we proceeded with key investments in increasing operational efficiency for our core assets.

Focusing on sustaining production at our European plants



EuroChem Antwerpen, located in Belgium, comprises nitric acid plants, NPK and AN/CAN units, and a nitrophosphoric acid plant, as well as a marine terminal.

In 2022, the plant produced 1.5 MMT of fertilizers, 66% of the planned output for the year, as the facility reduced operations in March-May facing suspension of cooperation with some contracting parties and banks as the plant waited for sanction clearance. It was also facing difficulties with raw materials supplies as a result of suspension of Russian-origin raw materials and a sharp decline in local supplies of European-produced ammonia caused by peak gas prices.

As the Group received clearance confirming its non-sanctioned status from Belgian regulators in May and June, agreed ammonia supplies from local producers and restarted phosphate supplies from the Group's facilities, by the end of the year, EuroChem Antwerpen returned to over 85% utilization rate.



Lifosa, based in the Lithuanian city of Kėdainiai, is one of the largest and most modern phosphate fertilizer manufacturers in Europe. The plant has been under the control of a temporary administrator since the end of May 2022. With production halted due to the lack of critical raw materials, in 2022, Lifosa produced only 0.3 MMT of fertilizers, 30% of the planned output.

Cooperative work with the administrator resulted in the lifting of some supply restrictions, allowing for a reduced-capacity restart in December providing that sourcing can be secured immediately.

EuroChem is eager to cooperate and for the plant to resume full operations. When low-impurity phosphate raw materials are provided to Lifosa by EuroChem, the plant is able to meet the strictest cadmium limits proposed by the EU commission.

EuroChem Group supported the decision to restart, and is ready to meet important social responsibility commitments to its workforce of over 1,000. The Group also seeks to support the wider Kėdainiai community, which it supplies with heating via the facility.

Nitrogen products

Nitrogen product output in 2022 decreased by 6% to 6.8 MMT, due to the absence of ammonia export opportunities from March 2022.

We increased nitrogen fertilizer output at Russian facilities as a result of improved operational efficiency and the execution of investment projects. These included monitoring hourly productivity, reducing the number and duration of stoppages and unloading of the production process stages. We also succeeded in completing the construction of a new liquefied carbon dioxide unit at Novomoskovskiy Azot, with an annual capacity of up to 32,000 MT of finished product and the project CAPEX totaling US\$15m. In 4Q 2022, Novomoskovskiy Azot acquired the Novomoskovskiy gas-fired power plant to achieve synergy in energy supply.

EuroChem Northwest produced 0.6 MMT of ammonia, 40% lower than planned due to our inability to export the liquefied product. EuroChem supplied 46% of its output to intragroup facilities, with the remainder going to third-party customers in Russia. We upgraded our loading facilities at the plant to transport ammonia in tank containers by road and rail.

In 2023, the Company plans to continue implementing a number of promising projects, including:

- Construction of a new potassium nitrate production facility (NOP) in Nevinnomysskiy Azot to produce water-soluble fertilizers and their components with a design capacity of up to 70,000 tons per year (standard or premium grade), including for NPK production at the EuroChem-BMU.
- Increasing acetylene and vinyl acetate production at Nevinnomysskiy Azot and developing polyvinyl alcohol production.

Phosphate products

Phosphate concentrate production in 2022 was 3.3 MMT, up 10% from 2021, driven by the acquisition of the Serra do Salitre project in Brazil that produced 0.4 MMT of concentrate. Kovdorskiy GOK performed consistently with output of 2.4 MMT of apatite

concentrate. EuroChem Fertilizers (Kazakhstan) produced 0.6 MMT of phosphorite flour.

EuroChem's phosphate fertilizer plants, Phosphorit and BMU, reached historical production highs (more than 1.8 MMT of saleable product) due to our de-bottlenecking and overhaul programs.

Potash fertilizers

In line with its strategy to become self-sufficient in potash, EuroChem increased its potash production to 2.9 MMT in 2022, including 2.7 MMT of commercial product and 0.2 MMT for intragroup use.

The Usolskiy potash plant (UKK) produced 2.5 MMT of MOP. This 4% increase over 2021 was due to higher ore processing volumes and a higher potassium chloride/KCl content (>28.5%). Nearly half of the output was refined into granular MOP, a premium product that can be placed in premium markets.

VolgaKaliy, an actively developing investment project in the Saratov region, has almost doubled production above 0.4 MMT of MOP with the gradual ramp-up of the beneficiation plant.

Industrial and mining products

EuroChem obtains certain industrial products during its mining and production activities, which help expand the Company's product mix and create additional value for customers.

Production of iron ore concentrate at Kovdorskiy GOK was steady at over 5.5 MMT and with baddeleyite (zirconium) at 6,000 MT.

In 2022, EuroChem continued to introduce new premium quality products to the market. For example, we launched production of calcium chloride (CaCl₂) at Novomoskovskiy Chlor. Meanwhile in 2023, we are planning to start developing a large-scale project with Chinese partners to launch sodium chlorate and hydrogen peroxyde at Novomoskovskiy Chlor.

VolgaKaliy launches granular MOP production

VolgaKaliy launched a gMOP granulated product production line in test operation in 2022.

Granulation improves potash fertilizer efficiency as it slows down the dissolution of nutrients in the soil and prolongs the effect of the mineral fertilizer. In addition, using potassium chloride in granular form reduces consumption when applied to the soil.

The design capacity of one granulation line will be 0.65 MMT of gMOP per year.

OLEG SHIRYAEV,
Deputy CEO, Russia and CIS

“We faced an incredibly challenging task, as there have been no projects like our plant in Russia’s recent history. Launching the granulation line will expand our product line and provide access to new markets.”

Operational efficiency

EuroChem Business System (ECBS) is a combination of operational efficiency tools, goal-setting approaches, result controls and measures to improve corporate culture and employee behavior. It is aimed at sustainable long-term improvement of company performance and customer satisfaction.

Aims for our Business System:

- ✓ Identifying the maximum potential for operational improvements
- ✓ Helping the business achieve optimal results

Key elements of EuroChem Business System



Operational performance

- Bottleneck model
- Overall equipment efficiency
- Shift analysis
- Standardization (Standard Operating Procedure, SMED)
- 5S
- Improvement idea generation



Performance management

- KPIs (cascading, decomposition)
- Target setting
- Visualization
- Motivation (financial, informal)



Mindset and behavior

- Communication
- Capability building
- Talent pool
- Mentorship
- Behavior model
- Production competition

Following the successful implementation of a pilot project in the Mining Division in 2019, the ECBS is now operating across all divisions. This enables us to significantly increase production volumes, save considerable amount of money, get more value from each of our facilities and ensure maximum benefits for employees and customers.

Key areas of Business System development in 2023:

- Unleashing a new level of potential in existing facilities
- Implementing advanced BS tools, including digitalization and AI
- Ensuring long-term sustainability of results and adopting a system of continuous improvement
- Increasing the engagement of staff at EuroChem's plants

One of the priorities of ECBS is digitalization. Its key components are:

- Unified digital platform
- Complex digital transformation
- Digital capability building program for workers and management

➔ See details on pp. 20-21.

Effect of EuroChem's business system in 2022

US\$203_m



Committed to ESG development



We are operating our business in a responsible, transparent manner that takes into consideration the needs and expectations of our stakeholders.

The UN Sustainable Development Goals (SDGs) provide a crucial measure of accountability and help us to stay on target. EuroChem's commitment to these goals underpins our sustainability strategy to achieve a better and more sustainable future for all. We support 14 of the 17 SDGs and are most involved with the following:



EuroChem's sustainability efforts span every aspect of its operations, including stewardship of natural, human and economic resources, innovation in production technology, safety, and supplier relationships alongside engagement with stakeholders and regulators.

Our approach to sustainability and ESG disclosure is guided by key international principles and standards, including:

- UN Global Compact
- ISO 26000 (Guidance on Social Responsibility)
- Global Reporting Initiative (GRI) Standards
- Social Charter of Russian Business

Sustainability governance framework

ESG strategy

HSE Committee of the Board of Directors

oversees our ESG strategy and the achievement of our sustainable development goals



CEO

holds responsibility for the development and implementation of the ESG strategy



Department for Special Projects and Sustainable Development, Environmental Department

develop, update and implement EuroChem's ESG strategy, while also monitor the achievement of the strategy's goals

See details on our actions to achieve these goals on pp. 22-23.

Sustainability risk management

EuroChem identifies, assesses and mitigates risks across all its business operations, including sustainability. The most significant risks identified concern the health and safety of its personnel, the environment and climate change.

EuroChem follows the 'zero harm' goal, investing significantly in protective equipment, training and more to drive down injury rates. This is part of a wider program to foster a lasting safety culture and reduce the risk of workplace injuries.

We are also aware of the risk of climate change. We monitor how it may affect demand and lead to market, legislation and technology changes. Meanwhile we minimize the environmental and climate impact of our activities. We design and manufacture high-efficiency, gradual-release fertilizer products that reduce possible nutrient loss, nitrogen leaching and water pollution, as well as GHG emissions.

We continue to implement measures to improve energy efficiency and reduce GHG emissions across our operations.

We invest in improving water conservation and efficiency across our plants, monitoring air quality and sharing data with relevant authorities and communities. Our risk management strategy includes developing procedures to identify environmental risks and a risk register for corrective actions. We developed a permit register with validity monitoring, a procedure for environmental audits and industrial environmental monitoring.

Stakeholder engagement

All of our stakeholders have a hand in our success, contributing directly to it or deriving benefit from our activities through the communities around us. Thus we actively build relationships with our stakeholders through open dialog, consultation and collaboration.

We intend to be transparent on current material issues with our stakeholders. We identify **material topics** during the reporting period by conducting a survey among external and internal stakeholders. Based on the survey results, we select those that have the most impact in the opinion of stakeholders.

Key policies governing our stakeholder relations:

- ✓ Code of Conduct
- ✓ Compliance Policy
- ✓ Anti-Corruption Policy



Our policies are available at the corporate website

How we engage	Material topics 2022	2022 engagement highlights
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Farmers

We engage with farmers directly and through partners, such as distributors.

We participate in, and conduct, our own customer events.

We measure customer satisfaction via annual global survey.

We collect and register all incoming feedback, from claims, to suggestions.

We provide a wide range of agricultural advisory services in certain markets.

- Product quality and innovation
- Timely delivery and reliable logistics
- Payment infrastructure and its security
- Compliance with sanctions
- Environmentally optimal practices and techniques

Through our 2022 annual customer survey, we received more than 1,400 answers from customers in Russia and the CIS, Europe, South and North Americas, as well as Asia-Pacific, and are developing an internal action plan following the information received.

Our people

Our HR team provides training courses, development opportunities and mentoring, as well as undertaking performance reviews.

We are transparent with information, giving employees regular opportunities to ask executives about ongoing projects and plans, alongside dedicated feedback channels.

- Incident prevention and HSE practices
- Hiring and retention policies
- Personal and professional development opportunities

We launched weekly CEO updates for employees, monthly industrial safety newsletters, and held an open line with the management at the end of the year.

We started a staff engagement survey to get feedback from personnel.

How we engage	Material topics 2022	2022 engagement highlights
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Suppliers

We regularly participate in exhibitions and hold business meetings.

- Payment infrastructure and its security
- Sanction compliance

We provided our suppliers with an extended pack of information on sanctions compliance, business continuity, and adjusted payment infrastructure.

Investors

We disclose the Company's data transparently and regularly to improve investor confidence.

- Sanction compliance
- Payment infrastructure and its security
- Financial, operational and ESG performance

We significantly increased the communications with bondholders, and other debt investors, which allowed the Company to restructure its debt obligations and avoid default in the face of difficulties with the payment infrastructure due to geopolitical tensions.

We maintain a dialog with our debt investors and key rating agencies.

We also held conference calls with representatives of Russian rating agencies, as a result of which they affirmed our credit and ESG ratings at a high level.

Government and local communities

We are a major taxpayer in the regions where we operate.

We make significant investments in the communities around our plants and facilities.

We build constructive relations with local stakeholders, including government bodies, other employers, infrastructure owners, residents and schools.

- Employment opportunities and economic well-being of regions where we are present
- Education, healthcare and infrastructure investments
- Environmental stewardship

EuroChem signed an agreement with the Government of the Perm region to join efforts in the implementation of investment projects, and promotion of cooperation between vocational institutions and businesses.

Our Executive Chairman participated in the Global Forum for Food and Agriculture, where around 2,000 international guests from governments and businesses discussed short- and long-term agricultural policy approaches to overcoming the multiple crises.

Media and NGOs

Aside from regular activities like results announcements, annual report publications and public events, we engage proactively with the media and NGOs both in-person and online.

We provide expert commentary and analysis, publish media releases and attend conferences, as well as host visits to inspect progress at key locations.

- Transparency and openness
- Public dialog with members of stakeholder groups

Our top management provided regular comments to the media and spoke at international conferences.

Environmental stewardship



Environmental stewardship is a core value at EuroChem. Business success should not come at a cost to the environment, and we are working hard to reduce our environmental impact.

2022 priorities

Ensuring compliance with all relevant legislation at all sites, including new environmental regulations

Developing new products with reduced environmental impact

Incorporating best available technologies during the engineering and design phase of new facilities to ensure environmental good practice

2022 highlights¹

-9%
water discharged y-o-y

-12%
waste generated y-o-y

>60%
of production facilities of EuroChem Group are certificated in accordance with ISO 14001

Relevant SDG targets



6. Clean water and sanitation

6.3 By 2030, improve water quality by reducing pollution, eliminating dumping and minimizing release of hazardous chemicals and materials, halving the proportion of untreated wastewater and substantially increasing recycling and safe reuse globally



14. Life below water

14.2 By 2020, sustainably manage and protect marine and coastal ecosystems to avoid significant adverse impacts, including by strengthening their resilience, and take action for their restoration in order to achieve healthy and productive oceans



13. Climate action

13.2 Integrate climate change measures into national policies, strategies and planning



15. Life on land

15.3 By 2030, combat desertification, restore degraded land and soil, including land affected by desertification, drought and floods, and strive to achieve a land degradation-neutral world

Our regulatory frameworks

- Environmental laws and regulations of countries of EuroChem's presence
- ISO 14001 standards

- UN Global Compact
- EuroChem HSE Policy

Our approach

Accountability starts from our CEO and goes to the Head of Environmental Department and dedicated managers at each facility that ensure day-to-day duties are performed in line with environmental requirements.

Our ongoing commitment to international best practice includes applying best available technologies and ISO 14001 environmental management systems (11 facilities of the Group have ISO 14001 certification). We comply with all aspects of national and international environmental legislation, including Regulation (EU) 2019/1009 of the European Parliament and of the Council.

¹ All environmental data are presented in the CIS perimeter.

We design our new projects with sustainability in mind. New capacities in forthcoming years, such as our new EuroChem Northwest 2 ammonia and urea plant in Kingisepp, will include carbon-abatement facilities designed to reduce our environmental impact. EuroChem Northwest 2 will use the CO₂ by-product from the adjacent EuroChem Northwest 1 plant in its own production cycle.

As part of our continuous efforts to improve our environmental stewardship¹, we review how each new investment project can incorporate the latest environmental management processes. These include recycling wastewater, reusing excavation waste and capturing CO₂ as a by-product for sale to other industries.

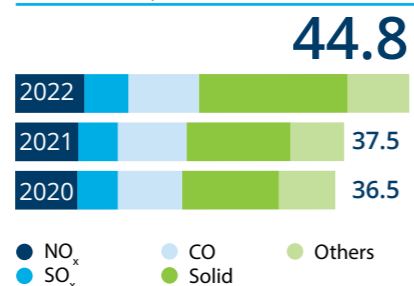
Air emissions

Our operations, including mineral extraction, manufacturing and distribution, invariably generate various atmospheric emissions, that are mostly sulphur oxides, carbon monoxide, nitrogen oxides, ammonia, particulates and hydrocarbons. The Company has developed a system that enables continuous monitoring of air quality around our production facilities, sharing data with regulatory authorities and local communities. Our fertilizer production and mining facilities are equipped with a gas treatment system that capture up to 99% of pollutants.

Our key projects to reduce key air emissions are reconstruction of the sulfuric acid plant, that allowing us to reduce sulfur dioxide emissions, and which is in line with the best available technologies; and implementation of measures to reduce dust at the VolgaKaliy facilities.

In 2022, the reported emissions of solid substance increased y-o-y because of regulatory changes in the methodology for calculating emissions, including from the salt dumps.

Air emissions, kMT



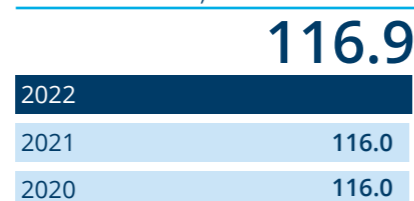
Water use

In order to produce fertilizers, the consumption of large quantities of water is required. There is no shortage of water sources in the regions where our facilities are based. According to the Water Risk Atlas and Water Risk Filter, all EuroChem's production sites are located in areas with low or moderate fresh water scarcity.

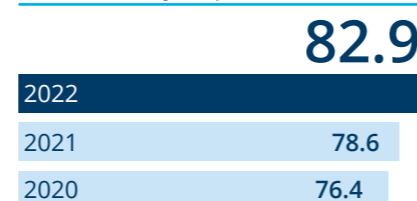
However, we strive to optimize our water usage. Thus, EuroChem invests in water conservation and efficiency measures across its plants, in line with international best practice. At six of our plants in Russia, state-of-the-art conservation and treatment technologies have been established to reduce water consumption.

In 2022, the increase in water consumption is associated with a growth in the production of saleable products at Russian plants and the temporary intake of fresh water from Lake Kovdor instead of a settling pond, while carrying out works to reinstall closed water cycle.

Water withdrawal², million m³



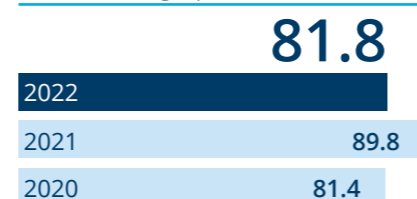
Water consumption, million m³



Effluent

We are focused on improving effluent management by focusing on maximum reuse of water through closed-loop water circulation systems and better treatment of effluents discharged into water bodies. A closed water system is in place at BMU that helps to create 'zero water waste' cycle. We implement projects to improve the quality of wastewater discharged at NAK Azot, NEV Azot, and also develop design solutions to improve the quality of wastewater discharged at our production in Kingisepp.

Water discharged, million m³



Biodiversity conservation

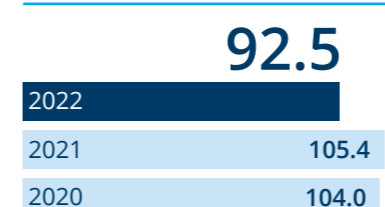
EuroChem takes care of the flora and fauna of the territories in which it operates and tries to conserve and maintain local biodiversity. In order to maintain aquatic biological resources, the company regularly releases various fish species into local water bodies. About 76,000 juvenile fish were released into Lake Ladoga near the Ust-Luga Terminal project, Kuban river and other water bodies In 2022.

Waste management

Our operations generate a range of inert wastes. In particular, our manufacturing activities results in large volumes of two by-products: phosphogypsum from phosphate fertilizer production, and overburden and concentration tailings from mining operations. In 2022, the amount of waste generated decreased due to a to less mining activity.

We strive to minimize any environmental impact arising from the storage and disposal of waste and utilize it. EuroChem runs several projects to involve phosphogypsum in economic activities, for example, in agriculture, as a building material for creating dams, and it can also be used to create a reclamation agent, which is confirmed by the regulator. To approach the model of non-waste production, we also use overburden rocks for own needs in accordance with the approved technical design of the facilities.

Waste generated³, MMT



Climate change

Reducing GHG emissions is a focus of our work in order to continue meeting our ever-evolving responsibility towards the industry, governments, communities, investors, and, of course, our people and customers.

In 2022, EuroChem conducted an inventory of GHG emissions (Scope 1 and 2), regulated internal processes for inventorying and preparing carbon reporting in accordance with the requirements of Russian legislation. We also took part in the Russian benchmarking of specific GHG emissions for key products of the chemical industry, which confirmed our high competitiveness in the sector.

As part of our contribution to the industry's efforts to fight climate change, we constantly seek innovations that we can implement throughout our business to improve energy efficiency and reduce GHG emissions.

- ✓ All major EuroChem sites use waste heat from technological processes to generate electricity and heat, including for external consumers.
- ✓ In 2022, we launched a carbon dioxide capture and liquid carbon dioxide production unit with a capacity of 4 ton/h at NAK Azot. Thanks to the commissioning of this plant, EuroChem reduces the direct emissions of GHG in the amount of more than 32,000 tons of CO₂ per year.
- ✓ At Lifosa we implemented a project associated with an alternative source of electricity – a solar power plant – which gives us an inexhaustible source of energy and meets all the principles of the European Union's green agenda. A solar power plant with a capacity of 1 MW was launched at our enterprise, providing an additional 1 GWh of electricity per year.

EuroChem also pays great attention to working with stakeholders and aligning with the global climate agenda. In 2022, Company representatives took part in the COP 27 event in Egypt to better understand the priorities of all stakeholders and build even more effective communication.

EuroChem continued working on the ESG strategy. In 2023, we plan to submit carbon reporting for the first time in accordance with new legislative and methodological requirements, as well as continue to work on reducing GHG emissions. We also expect to implement a voluntary climate project, conduct validation and verification, and, based on the results, issue carbon units within the national infrastructure.

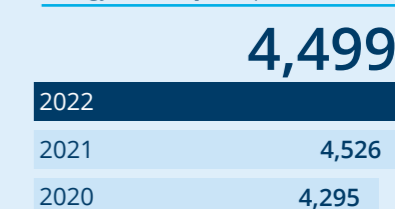
Energy consumption

EuroChem also carefully manages energy consumption, which both directly and indirectly affects CO₂ emissions. In order to save electricity and heat, at Lifosa, BMU and Phosphorit we introduced heat recovery technology that limits water vapor emissions and allows the plants to reuse the thermal energy generated during the production of sulfuric acid for heating.

In 2022, we started audits at a number of facilities in order to:

- Check data on consumed energy and scenarios for their inefficient use
- Update corporate programs of aimed to improve energy efficiency and evaluate their cost

Energy consumption⁴, million kWh



¹ The fee for negative impact, including all fines, for 2022 amounted to US\$133.5 thousand.

² The indicator is disclosed partially in accordance with GRI 303-3. Third-party water is not included.

³ The indicator is disclosed partially in accordance with GRI 306-3.

⁴ The indicator is disclosed in the CIS perimeter, therefore the data for 2021 and 2020 may differ from those disclosed in previous Annual reports.

Social responsibility



We place great emphasis on our social responsibility and strive to be a good corporate citizen in all areas of our activity.

2022 priorities

Setting up a reporting system to achieve full transparency when recording injuries and incidents

Attracting and retaining top talent at every level of our organization

Promoting community engagement

2022 highlights

1.6
LTIFR¹

5.6
FAR¹

29,800
full-time equivalent employees

US\$848_m
social investments²

Relevant SDG targets



3. Good health and well-being

3.9 By 2030, substantially reduce the number of deaths and illnesses from hazardous chemicals and air, water and soil pollution and contamination



5. Gender equality

5.5 Ensure women's full and effective participation and equal opportunities for leadership at all levels of decision-making in political, economic and public life



4. Quality education

4.4 By 2030, substantially increase the number of youth and adults who have relevant skills, including technical and vocational skills, for employment, decent jobs and entrepreneurship



11. Sustainable cities and communities

11.6 By 2030, reduce the adverse per capita environmental impact of cities, including by paying special attention to air quality and municipal and other waste management

Our regulatory frameworks

EuroChem HSE Policy

EuroChem Code of Conduct

ISO 45001 standard

UN Global Compact

Safety

At EuroChem, safety means such things as keeping our employees safe from harm in the workplace, ensuring the environment around us is kept safe from damage, the communities in which we operate are safe spaces to live and work in, and our customers have safe, effective and efficient products that improve their farming output.

To achieve our safety goal, we run a unified HSE Management System with a common and consistent framework that focuses on engagement and leadership, risk and behavior management, and awareness of the value of our employees' life and health.

Our safety vision is to achieve zero fatalities and severe injuries, ensure transparency and a reduction in safety incidents and minimize the risk to employees and the Company.

At EuroChem, safety culture starts from the top, reiterated and strengthened by the Board of Directors, the HSE Committee and the CEO, and cascading from there throughout the organization.

¹ Including contractors.
² Including H&S, employees and communities expenses.



EuroChem-BMU and Usolskiy conduct behavioral safety audits

BMU is the leader of the EuroChem Group in terms of the number of behavioral safety audits, with 2,570 events conducted in the second half of 2022. Managers and specialists of all levels act as auditors — in accordance with behavioral audit methodology, they conduct observations and conversations on actions when employees perform production operations. Depending on the specifics of production,

the number of workers in the work area and the complexity of the operation being performed, the observation can last from 10 to 60 minutes. Audits are interactive; the results are documented.

Behavioral safety audits are also conducted at the Usolskiy potash plant. The company is scaling up this practice with the help of internal trainers who are trained according to the approved program for all engineering and

technical workers. Mastering the skills of conducting behavioral safety audits will allow managers to prevent dangerous behavior, as well as to identify and eliminate high-risk situations in a timely manner.

In total, in 2022, we educated 136 specialists who in turn, trained 1,726 engineering and technical workers in audits methodology.

One of our focus in the reporting year was rolling out EuroChem Golden Rules of Safety across the Group. These rules establish a list of requirements and prohibitions, the violation of which creates a real threat of an accident, and aim to remind employees about the importance of behaving safely.

We are constantly improving the training and development system so every employee knows how to keep themselves and others safe. In addition to regular training on H&S issues, 10% of employees, including senior and site managers, underwent advanced H&S training in the reporting year.

We are also improving the risk management system so we can avoid incidents before they occur. We are extending the implementation of Hazard and Operability studies (HAZOP) and Hazard Identification (HAZID), which are instrumental to our risk assessment progress. If the incidents do occur, we thoroughly investigate them focusing on identifying and analyzing the root cause of each one. We monitor the implementation of corrective actions, share lessons learnt and ensure there are processes in place to prevent the risk of repeated incidents.

In 2022, we started regular special behavioral safety audits for two reasons: they are a tool to reduce injuries by promoting safe behavior and working conditions, and such audits prevent the occurrence of dangerous actions and conditions.

Transparency is a key aspect of our target, because we can only improve our systems and processes if we know what is not working. Our goal is to instil a consequence-free reporting environment, with frictionless communications from site to management, and we are using a number of tools and mechanisms to achieve this. In 2022, we continued to expand functionality and number of users of our 'Insight' system in which we share incident reports and all statistics, monitor the implementation of corrective actions, etc.

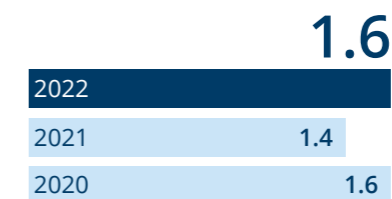
We also consider it highly important to develop communications on H&S issues not only for dedicated specialists, but for all employees. To this end, in 2022 we launched a monthly newsletter in which we share key projects implemented, key directions of work, our achievements, as well as other highlights in this field.

Safety performance¹

We are sad to report, that in 2022 we had 83 lost time accidents and three fatalities. The LTIFR was at 1.6 and FAR was at 5.6. Mostly, we attribute the increase in these indicators to ongoing efforts to be highly transparent in incident reporting across the facilities and the acquisition of new assets in Brazil that have a lower safety culture level than EuroChem's facilities.

The main risks in our operations concern working: at height; with safety protected machinery and equipment; with hazardous chemicals; with energized equipment; and in confined spaces. So our key activities are aimed at preventing them.

LTIFR¹



¹ The H&S data include contractors.

Employees

To achieve EuroChem's strategic goals, our team needs the industry's best-qualified, highest-performing and most motivated people, and we have prioritized attracting and retaining top talent at every level of our organization.

EuroChem's HR function has overall responsibility for the Group's HR strategy, objectives and policy, and has shared responsibility with managers in divisions and business units. Key responsibilities include: defining required standards of behavior; attracting the best talent; creating and delivering comprehensive and effective training and development tools; and devising reward and motivation systems to drive commitment and loyalty.

It is important that we keep channels of communication between all levels of the organization open and positive. This transparent environment helps to support an atmosphere of trust and encourages a 'speak up' culture where employees feel able to convey their concerns to senior managers.

Performance

As of 31 December 2022 we employed 29,800 people across the Group in more than 40 countries. The gender balance in the Company is currently 69% male and 31% female. The difference is largely explained by the predominance in mining and industrial production of men in positions that require physical labor.

We comply with all relevant employment laws and codes on the rights of employees, including international conventions. The Group respects all human rights guaranteed by the relevant laws and conventions of the countries where it does business, in relation to forced, child or agency labor.

Our remuneration policy specifies appropriate salary increases in line with global industry best practice. We base salary levels on the industry norms where we operate and by analyzing international compensation data. In 2022, total costs for personnel remuneration and development amounted to more than US\$0.7bn.

Social support

EuroChem always treats its employees with care and we understand how important it is to fulfil our voluntary obligations. EuroChem's extensive social program includes health services, therapeutic resorts and treatment centers for employees and their children. In addition, we promote the improvement of living conditions, support employees during hardship, run incentive and acknowledgment programs and other activities to increase employee prosperity, and support their chosen charities and publicly significant projects.

Focus on new talent

As a growing organization, we view young people as catalysts for positive change at EuroChem. About 30% of our employees are under 30 and we consider them as a key asset.

We have strong working relationships with secondary and tertiary schools contributing to improving the quality of vocational education. This attracts and supports new recruits through a focus on science, technology, engineering and mathematics (STEM) education at Russian, European and American universities, as well as in secondary schools and colleges. In 2022, we continued this cooperation and a systematic graduate recruitment program.

We also have launched several initiatives aimed at attracting young professionals and transferring the knowledge and experience from senior colleagues. In order to popularize the EuroChem employer brand, the project "Marathon of working professions" was launched involving almost 500 students of vocational educational institutions. EuroChem has also become the general partner of the "CASE-IN" engineering championship in Mining and Mining Machines and Equipment. More than 300 students from 10 Russian universities took part in the competition, which addressed issues at the intersection of chemistry, geology, mining and mineral processing.

Young Professionals development

EuroChem's Young Professionals development program includes a major event open to recent graduates at the Company to present own project that can enhance the Company's operations. In 2022, the event was held virtually 9 regions, 14 enterprises, more than 150 projects and more than 200 young specialists took part in the conference, with the goal of getting their project through three stages of selection.

While at the meeting, the Young Professionals have the opportunity to pose questions to Company leaders at a business forum and take part in a training program, which sets the participants a range of challenges to enhance their project and leadership skills.

The Young Professionals ecosystem builds natural leaders out of talented employees, who must pull together and manage project teams to execute their plans. In this way EuroChem nurtures its young talent to become the leaders of tomorrow.

Training and career

We give all employees numerous opportunities to improve their abilities and experience. Our training function helps them to refine skills for their current jobs, qualify for roles in other parts of the business and progress to more senior positions.

We provide various on-the-job training placements and secondments, plus coaching and other formal programs that build knowledge, skills and abilities. We give qualified employees a clear route into professional or management careers.

One of our main goals for training in 2022 was to increase the level of professional competence and motivation of employees within the commercial function. The program was aimed at changing the focus of managers relating to priority client segments, taking into consideration the change in sales policy. Additionally, the program consisted of providing and testing algorithms, the use of technologies and tools for active sales and negotiations. Lastly, it provided training on working with key customers and improving customer satisfaction through better service. A total of 85 employees took part in this training program.

In 2022, the duration of training per employee was 69 hours.

Talent retention

We recognize that attracting and retaining qualified and motivated specialists with technical, managerial and communication skills requires consistent effort. Special development programs are launched across the Company, taking into account the production specifics and business objectives of each division.

In 2022, a 1.5-year modular program was launched for 250 mining executives. The program is aimed at unifying applied practices, improving the quality of management and the skills of top and middle management. This program also includes the exchange of experience in organizing production processes.

For chemical enterprises, particular attention is paid to the regular practices of managers. Emphasis is placed on improving the skills related to project management, change management and communication within teams. Such programs allow us to develop a wide talent pool, resulting in 80% of engineering vacancies being filled in 2022.

Training Belgian firefighters

At the request of the Belgian Fertilizer Association, in November 2022, firefighters from all over the country received special training on how to deal with serious fertilizer incidents at our Antwerp plant.

According to Belgian regulations, each province of the country must have at least one fire brigade with special experience in responding to fires with the presence of hazardous substances (for the port of Antwerp, two teams).

FILIP DEJONGH
Managing Director of EuroChem Antwerpen

“EuroChem Antwerpen was delighted to offer its expertise to contribute to improving public safety across the country. Safety is a concern for everyone, not just EuroChem.”

Government relations

Engaging with government stakeholders allows EuroChem to operate effectively and be a driving force in the movement to promote sustainability. Transparent, meaningful dialog allows us to build a picture of the concerns and opinions of those who interact with us.

This engagement is vital for a company with large-scale, long-life assets such as EuroChem. Our geographical reach means we must remain aware and involved in local and regional issues of importance, with a close eye on how to embed sustainability across all our operations.

We meet regularly with national government figures in the countries where we operate, and attend international trade fairs, exhibitions and conferences. We stage open days for local government officials, regulators and other stakeholders to tour our facilities and gain a better understanding of what we do and how. We take part in regular discussions with local authorities to build mutually beneficial dialogs on issues of common concern, including the environment and sustainable stewardship.

Our systematic approach ensures that we are adequately informed about the concerns of lawmakers and regulators, enabling us to foresee and respond in a timely manner.

Community outreach

We believe that we have a strong responsibility to our local communities. Our business benefits when these communities are healthy, stable and sustainable, with a direct positive impact on our employees' performance at work. We see ourselves as an active part of our communities, connecting with local authorities and encouraging people to set up and participate in local, regional and federal programs.

Our Board oversees all investments that we make in projects and infrastructure close to our sites. Our corporate and plant management teams, who know and understand local communities well, guide these decisions based on their understanding of local needs.

This is particularly important in more remote regions, where our plants are often major local employers and contributors to regional economies. We normally co-create and co-finance our investments in partnership with local government or NGOs.

The social outcome of investing in sustainable growth is an engaged community that is supported by and supports EuroChem's growth. When we invest in projects, we ensure the contribution will directly benefit those within that community.

EuroChem spent over US\$5m on charity projects in 2022.

Our focus is on improving the practical environment within our communities:

-  Master-planning
-  City improvement
-  Healthcare and education infrastructure
-  Cultural development
-  Sports



IGOR NECHAEV
Chairman of the Board of Directors of MCC EuroChem

“Our know-how is that we have built a full cycle of specialist training – from early motivation in schools to our corporate university.”

EuroChem supports vocational education

EuroChem consistently promotes projects related to professional education, with a focus on training engineers for the chemical industry.

Cooperating with federal and regional authorities, EuroChem has already launched centers for child scientific and engineering creativity in Nevinnomyssk, Novomoskovsk and Kingisepp.

In 2022, with EuroChem’s support, vocational secondary educational institutions in the cities where we operate participated in the “Professionalism” federal project carried out by the Russian Ministry of Education. This project is designed to integrate colleges and businesses through the creation of educational and production clusters, as well as to facilitate the introduction of new educational programs.

Kovdor Polytechnic College (Murmansk Region) and Novomoskovsk Polytechnic College (Tula region) were among the “Professionalism” winners. In close cooperation with EuroChem’s Kovdorskiy GOK and NAK Azot, these vocational schools will create modern educational centers, and their students will undergo internship at our operational sites.

Both institutions will receive US\$1.5m each from the federal and regional budget to create educational and production clusters. In addition, EuroChem will provide them with another US\$0.3m each.

Risk-based decision making

EuroChem adopts a risk-based approach to its decision making in order to meet its key objectives. This enables us to add value over the long term, while keeping pace with internal and external changes.

Risk management structure

EuroChem Group is committed to a multi-tiered risk management structure, ensuring direct involvement of the Board of Directors and collegial bodies. The risk management system is integrated with the Group’s corporate strategy and business processes.

The risk management system is centralized, with responsibility allocated to the Group’s key business areas and business units for the purposes of operational risk management.

Key roles in the Group’s risk management system are concentrated at several levels:

The Board of Directors oversees the risk management system and analyzes its performance, determining the main directions of strategic development and risk appetite.

Management monitors the effectiveness of the risk function, ensuring that all necessary employees are involved in the decision-making process, while also considering the level of risk.

The Risk Directorate is responsible for the development of general risk management approaches. It monitors and analyzes the level of material risks and the aggregate risk level of the Group. The Directorate also supervizes other units which are assigned the role of controlling any material risk.

Risk management model

EuroChem has made progress in aligning our approach to risk management with the ISO 31000 and the COSO ERM framework, a Basel Committee requirement.

Risk comprehensive assessment is an integral part of any major Group business decision. Risk assessment is necessary while conducting business, endorsing any initiative or transaction, or approving any budget. We use a range of quantitative and qualitative risk analysis methods to assess the level of uncertainty and ensure that all responsible parties are fully engaged. EuroChem determines its risk tolerance so that it is able to maintain a safety cushion against unforeseen events, while ensuring that profitability targets are met and external contracts are complied with.

We are constantly reviewing and improving our risk management methods and approaches in light of external and internal changes, as well as global best practices.

The Group adheres to the concept of three lines of defense:

1st line

Operations

Accepts risk

- ➔ Risk-based decision making
- ➔ Risk management and initial risk identification
- ➔ Implementing measures aimed at reducing the Group’s risk level
- ➔ Compliance with adopted risk management approaches and established controls

2nd line

Risk Directorate

Supervizes risk management

- ➔ Coordinates the risk management process at Group level and develops risk management approaches
- ➔ Monitors and controls the Group’s risk level
- ➔ Assesses and sets limits on risks that are material to the Group

3rd line

Internal Audit

Conducts audit

- ➔ Independent assessment of the 1st and 2nd lines of defense for compliance with established requirements and risk management approaches

Principal risks

The events of 2022 triggered global changes for EuroChem. Following the imposition of sanctions against the former CEO of JSC MCC EuroChem and the former sole discretionary beneficiary of Firstline Trust being also a former non-executive director of EuroChem Group AG, the Group

was forced to adapt to this new reality. Many changes were required, including searching for additional markets, changing supply chains and payment routes, and searching for new partners.

In 2022, logistics and liquidity risks were exposed, while some production facilities were also

shut down and subsequently restarted. For each of the risks that materialized, the Group intensified the application of protective mechanisms. As an example, in order to stabilize payment flows, EuroChem increased control over processing and is currently implementing a new, stricter credit policy.

Financial risks

Description of risk	Mitigation
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Credit risks

EuroChem is exposed to credit risks related to timely payment by customers for products delivered under deferred payment terms.

2022 dynamics

As the Group entered new markets and amid difficulties in settling export contracts caused by the geopolitical situation in 2022, the Group's overdue accounts receivable increased.

- Credit risk is monitored daily and managed by business units and dedicated risk professionals in line with EuroChem's policy and procedures. Regular credit risk reporting is available to support decision-making.
- We consider credit limits based on CVaR models and set credit limits for counterparties and financial institutions.
- EuroChem's geographically diversified portfolio reduces the overall credit risk.

Foreign exchange and interest rate risks

The Group manufactures and sells its products to various markets across the world, creating exposure to foreign exchange fluctuations both from a revenue and cost point of view. Changes in currency exchange rates and interest rates can have a negative impact on EuroChem's financial performance, the level of debt burden and the fair value of financial instruments on the balance sheet.

2022 dynamics

Foreign exchange risks increased due to the growing ruble appreciation and reduced hedging opportunities.

Interest rate risk decreased due to active repayment of loans.

- EuroChem has a well-balanced portfolio of fixed and floating rate loans, which acts as a natural hedge against the risk of interest costs growing due to rising market rates.
- EuroChem has access to approved short-term and mid-term credit lines, at an agreed fixed rate, which minimizes the risk of critical rise in the cost of our financing.
- The currency risk management system includes certain currency risk limits and standardized tools for measuring its level.

Financial liquidity risks

It may be difficult or expensive to refinance maturing loans or establish new finance. Adverse financial market conditions could lead to higher funding costs and the postponement of EuroChem projects.

2022 dynamics

The risk increased as a result of the sanction risks – the temporary freeze of some free cash on accounts in counteragent banks and technical difficulties in the payment of coupons on issued bonds.

- The Group maintains an adequate level of liquidity through careful planning and access to revolving lines of committed credit.
- It reduces refinancing risks by basing its long-term funding on a variety of sources to avoid overdependence on individual markets and maturity periods.

Non-financial risks and risks associated with production activities

Description of risk	Mitigation
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Market risks

EuroChem operates in an environment of intense price competition around the world, including with state-subsidized producers. The Group's competitive position may deteriorate due to further consolidation in the fertilizer industry.

2022 dynamics

2022 saw a number of regulatory and sanction-related restrictions of Russian-originated fertilizer supplies to the EU and US, enabling potash supplies to the EU within quotas.

- At EuroChem, we strengthen our competitive advantages within the vertically integrated business model through economies of scale, the development of logistics infrastructure, and market positions in the most important agricultural regions of the world.
- We can rapidly flex productivity in response to changing market conditions.

Regulatory risks

Government policies could change in an adverse way to the business, for example, in case of an increase in existing trade barriers or the imposition of new ones on the Group's products.

2022 dynamics

Following international sanctions imposed on some types of products, legal entities and the former sole discretionary beneficiary of Firstline Trust being also a former non-executive director of EuroChem Group AG, EuroChem Group was forced to adapt purchases and sales processes for of equipment and raw materials, services geography and payment infrastructure to international settlements.

- EuroChem continuously monitors changes in trade laws, policies and other initiatives that could potentially affect the business. We are building strong business relationships with federal, regional, and local government bodies, confirming our responsible attitude to the economies of the regions where we operate.
- In 2022, EuroChem strengthened its compliance in sanctions regulation and anti-corruption legislation.

Availability of raw materials and price fluctuations

EuroChem's business depends on the availability, and/or price fluctuations, of raw materials such as natural gas, ammonia, apatite, sulphur as well as the supply of mining and processing equipment.

2022 dynamics

Given the sanctions, the supply of raw materials and equipment for the Group's European plants and European equipment for Russian enterprises has become more difficult.

- EuroChem develops its own sources of raw materials, maintains long-term relationships with key suppliers of equipment and services.
- In 2022, a pool of alternative suppliers helped to adapt the supply chain for raw materials, equipment and services as a number of suppliers refused due to the geopolitical situation to continue cooperation.

OLGA KOTINA,
Risk Management Director

“One of EuroChem’s 2023 key challenges will be a potential decline in the market value of fertilizers, alongside a further escalation of sanctions risks. These challenges are likely to be related to the unwillingness or inability of some counterparties to work with products of Russian origin. In turn, EuroChem will continue to provide in-depth monitoring of the situation. Additionally, the Group will keep developing its anti-crisis approaches and tools, which were introduced in 2022.”

Description of risk	Mitigation
Mining-related risks	
<p>EuroChem's mining operations are subject to the hazards and risks normally associated with the exploration for and extraction of natural resources. Any of these could have an impact, including:</p> <ul style="list-style-type: none"> • Material damage to mineral properties or facilities, personal injury or death • Damage to environmental and natural resources, delays in mining operations and possible legal liability <p>These risks could have a material adverse effect on the Group's business, financial standing, results of operations and prospects.</p> <p>2022 dynamics No change.</p>	<ul style="list-style-type: none"> • The mining-related risks that EuroChem faces are due mostly to geotechnical issues and rock mechanics. • EuroChem conducts backfill work to prevent soil subsidence and monitors the condition of the chamber and pillar system using deformation sensors and other monitoring and measuring equipment. • The information we obtain allows us to clarify the context of any risk and, if necessary, change mining plans, including the placement of trunks and chambers.
Production risks	
<p>EuroChem's operations may be affected by equipment failures, including the risk of extraordinary losses due to unanticipated events such as fires, explosions, and adverse weather conditions. The Group's manufacturing processes rely on critical pieces of equipment, which may break down or otherwise be out of service due to scheduled or unscheduled maintenance or repairs. This could result in prolonged suspension of relevant operations and cause a reduction in production.</p> <p>2022 dynamics No change.</p>	<ul style="list-style-type: none"> • EuroChem implements standards using best practices in industrial safety, maintenance and overhaul. • We closely monitor the condition of critical equipment and record equipment failures. • We conduct in-depth risk communications with employees, industrial safety, plus productivity audits and a weekly root cause analysis of incidents and take measures to minimize the consequences and prevent recurrence. • The Group has comprehensive insurance policies in place.
Health, safety, environmental and security risks	
<p>EuroChem's operations are subject to the safety, health, security and environmental risks inherent in mining, manufacturing, transportation, storage and distribution. These factors could result in injuries, fatalities or loss of property. They could also affect the biodiversity, water resources and related ecosystems near our facilities, affecting our operations, financial performance and reputation.</p> <p>2022 dynamics No change.</p>	<ul style="list-style-type: none"> • The health and safety of our people and environmental protection are EuroChem's overriding priorities. • EuroChem has implemented 'zero harm' goals and invests significantly in areas such as personal protective equipment, training and assessment, medical examinations, compliance checks, and more to drive down the injury rate across the organization. • To develop more effective measures aimed at reducing injuries and incidents, all accidents and significant incidents are investigated using root-cause analysis.

Description of risk	Mitigation
Climate change	
<p>Climate change is a significant risk for EuroChem because agriculture and the other sectors in which it operates are influenced by weather conditions. Climate change affects demand and could lead to new market preferences, legislation and technology.</p> <p>2022 dynamics No change.</p>	<ul style="list-style-type: none"> • EuroChem produces advanced mineral fertilizers, the application of which reduces NO₂ emissions and nitrate leaching. • We continue improving energy efficiency and reducing greenhouse gas emissions at all of our facilities. • We invest in rational and efficient water use at all our facilities; monitor air quality around our production sites; share information with regulators and local communities; and implement integrated environmental programs.
Human resource risks	
<p>The demand for qualified engineering and technical specialists, chemists, miners and construction workers, and specialized equipment operators continues to grow, reflecting the significant needs of other industries and government infrastructure projects.</p> <p>2022 dynamics The risk increased slightly due to the introduction of partial mobilization in the Russian Federation.</p>	<ul style="list-style-type: none"> • EuroChem focuses on attracting and retaining qualified and motivated professionals. We offer competitive salaries, social packages and attractive working conditions. Our Company cooperates with specialized secondary and higher educational institutions and implements a succession pool program.
Cyber risks	
<p>Cyber attacks, breaches of EuroChem's systems or exposure to potential computer viruses could lead to disrupted operations, loss of data, the unintended disclosure of confidential information and damage to products and property. These may result in business disruption, reputational damage, personal injury, and third-party claims, any of which could affect the Group's operations, performance and reputation.</p> <p>2022 dynamics In 2022, there was a steady increase in the number of cyber attacks targeting industrial enterprises. In addition, regulatory risks increased significantly due to changes in the law. In November 2022, the Phosphorit plant underwent regulatory scrutiny for Critical Information Infrastructure Protection.</p>	<ul style="list-style-type: none"> • EuroChem has strong Group IT capabilities and infrastructure for monitoring and addressing cyber security threats. We upgrade IT infrastructure in a timely manner and bring it in line with global best practices. In addition, we educate users on information security issues. • Updating internal security standards and monitoring compliance has made it possible to mitigate risks even under high load conditions.

Our approach to corporate governance



Our principles

EuroChem's corporate governance system is based on the following principles:

- Treating our stakeholders fairly
- Recognizing and protecting their rights
- Operating an effective system of internal control and audit
- Ensuring access to Group information, as well as financial transparency
- Applying the highest levels of business ethics
- Providing an excellent working environment, career progression and effective communication mechanisms for employees

JUERG SEILER,
Lead Independent Director,
Chairman of the Audit Committee

“In 2022, we focused on increased compliance, strengthening our corporate structure and management team, and adjusting the corporate strategy to ensure long-term business viability and profitability for all stakeholders.”

EuroChem's corporate governance system is designed to ensure we carry out effective, responsible business, and create value for all of our stakeholders.

Legal and regulatory environment

The EuroChem Group comprises the parent entity, EuroChem Group AG, and its subsidiaries. The EuroChem Group AG was incorporated under the laws of Switzerland on 17 July 2014 and has its registered office at 37 Baarerstrasse, Zug, 6300, Switzerland.

We have introduced the principles recommended by the UK Corporate Governance Code and apply recognized international best practice, including the following:

- Board members are elected and the Board's performance is regularly assessed
- The Board has a majority of independent and non-executive directors
- The independence of individual members is verified by the Board annually
- Individual Board members avoid potential conflicts of interest when making decisions

Leading by example

The Board establishes the Group's purpose, values and strategy, and makes sure that these and its culture are aligned. All our directors act with integrity, lead by example and promote the desired culture. The Chairman of the Board oversees and steers its deliberations, ensuring its effectiveness by enabling open communication and cultivating an atmosphere of mutual respect and constructive debate.

The CEO and management are responsible for the day-to-day management and operations of EuroChem. The Management Board comprises key managers with responsibility for daily operations, finance and accounting, fertilizer production, mining, sales and marketing, as well as implementation of large capital projects.

Statement of compliance with Swiss Code and UK Corporate Governance Code

EuroChem is subject to the laws of Switzerland. We apply the Swiss Code of Best Practice for Corporate Governance, as well as the principles recommended by the UK Corporate Governance Code. EuroChem is committed to robust corporate governance through compliance with all applicable laws, rules and regulations wherever we operate.

We strive to uphold the highest ethical standards across all our activities, in line with EuroChem's values, goals and objectives. The Board and senior management drive the corporate culture and set the 'tone at the top', both of which are underpinned by our Code of Conduct. Our Code of Conduct defines clear expectations for how we work at EuroChem. It applies to all EuroChem employees and members of the Board.



The Code of Conduct is accessible via the Corporate Governance section of the corporate website at www.eurochemgroup.com.

How we apply the UK Corporate Governance Code

Board leadership and company purpose

- 1 A successful company is led by an effective and entrepreneurial board, whose role is to promote the long-term sustainable success of the company, generating value for shareholders and contributing to wider society.
- 2 The board should establish the company's purpose, values and strategy, and satisfy itself that these and its culture are aligned. All directors must act with integrity, lead by example and promote the desired culture.
- 3 The board should ensure that the necessary resources are in place for the company to meet its objectives and measure performance against them. The board should also establish a framework of prudent and effective controls, which enable risk to be assessed and managed.
- 4 In order for the company to meet its responsibilities to shareholders and stakeholders, the board should ensure effective engagement with, and encourage participation from, these parties.
- 5 The board should ensure that workforce policies and practices are consistent with the company's values and support its long-term sustainable success. The workforce should be able to raise any matters of concern.

EuroChem's business activity is driven by the world's increasing need for food, and our objective is simple: to help farmers around the world to improve crop yield and quality.

EuroChem's Board is focused on building a successful business of fertilizer production that is strategically progressive, culturally inclusive and sustainably proactive.

To achieve this goal, the Board has regular meetings to discuss the strategic direction of the Group, and ensures sufficient resources are allocated to meet these objectives. Our risks and controls are detailed on pp. 47-51.

We engage with our stakeholders and shareholders regularly, more details of Board stakeholder engagement can be found on page 61.

The nature of our business means it is essential to encourage and embed a safety culture that runs throughout the business, and there are a raft of measures that underpin the safe working practices that our employees can rely on. More details can be found on pp. 41-42.

We are committed to foster a culture that encourages employees to speak up about issues or conduct that concerns them. We provide trusted ways and support for those who want to raise concerns. Our whistleblowing hotline is one of these avenues. More details can be found on page 58.

Division of responsibilities

- 1 The chair leads the board and is responsible for its overall effectiveness in directing the company. They should demonstrate objective judgement throughout their tenure and promote a culture of openness and debate. In addition, the chair facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.
- 2 The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, such that no one individual or small group of individuals dominates the board's decision-making. There should be a clear division of responsibilities between the leadership of the board and the executive leadership of the company's business.
- 3 Non-executive directors should have sufficient time to meet their board responsibilities. They should provide constructive challenge, strategic guidance, offer specialist advice and hold management to account.
- 4 The board, supported by the company secretary, should ensure that it has the policies, processes, information, time and resources it needs in order to function effectively and efficiently.

Mr. Samir Brikho, Executive Chairman of the Board, has extensive experience in board-level leadership roles across his previous and current executive and non-executive positions. He uses his experience to facilitate discussion and debate during Board meetings, and get the best from each Board member according to their skills and knowledge.

The Board undergoes an annual assessment to identify its strengths and weaknesses, and as a result of this assessment, the effectiveness of the Board is addressed. In December 2022, the Board conducted the evaluation of its roles and responsibilities via self-assessment.

EuroChem's Board is tilted in favor of independent directors in order to bring objectivity, focus and an external perspective to strategic discussions, as well as to improve the Board's credibility both internally and externally. See the Board composition on page 59.

Executive and non-executive directors have distinct roles as defined in the internal regulations (Board Regulations and Organizational Regulations) of the Company.

Individual Board members are responsible for the initial consideration of certain projects or processes. This allows the specific issues that require more in-depth review to be considered prior to full Board discussions of key strategic projects or functions.

EuroChem's non-executive directors are engaged and proactive in their challenge and support, and overall the Board regularly reviews the policies and processes in place to function efficiently and effectively.



See Mr. Samir Brikho's biography at www.eurochemgroup.com.

Composition, succession and evaluation

- 1 Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board and senior management. Both appointments and succession plans should be based on merit and objective criteria and, within this context, should promote diversity of gender, social and ethnic backgrounds, cognitive and personal strengths.
- 2 The board and its committees should have a combination of skills, experience and knowledge. Consideration should be given to the length of service of the board as a whole and membership regularly refreshed.
- 3 Annual evaluation of the board should consider its composition, diversity and how effectively members work together to achieve objectives. Individual evaluation should demonstrate whether each director continues to contribute effectively.

The EuroChem's Board of Directors regularly discusses succession planning to ensure that it reflects changes in the internal and external environment of the Company, the progress of strategy implementation, and other factors in order to ensure the suitability of the plans. See pp. 62-65 for the Committee report.

The composition of the Board is considered during the Board assessments, and there is a wide range of experience and skills amongst the current Board members. Their tenure is also considered a fair balance of newcomers and longer-term Board members, with appointments ranging from 2015 to 2022.

The annual Board assessment identifies areas of improvement as well as areas that already deliver the highest standards of corporate governance and oversight. The assessment works on both a Board level and an individual level, and members of the Board are able to access training and development where needed.



See Board biographies at www.eurochemgroup.com

Audit, risk and internal control

- 1 The board should establish formal and transparent policies and procedures to ensure the independence and effectiveness of internal and external audit functions and satisfy itself on the integrity of financial and narrative statements. During 2022, the Board, through its Audit Committee, constantly reviewed the effectiveness of the internal Audit Function.
The Audit Committee considered the key findings resulting from the audits, and management's responses to these findings, and oversaw the implementation of the recommendations. More details can be found in the Audit Committee report on page 65.
- 2 The board should present a fair, balanced and understandable assessment of the company's position and prospects. The Board reviews the financial statements and the narrative to ensure they are easy to understand and convey a fair and balanced assessment of the Company.
The Audit Committee carries out a review of the comprehensive risk management framework as a regular item, and focuses in-depth on monitoring the Risk Function's priority projects implementation.
- 3 The board should establish procedures to manage risk, oversee the internal control framework, and determine the nature and extent of the principal risks the company is willing to take in order to achieve its long-term strategic objectives.

Remuneration

- 1 Remuneration policies and practices should be designed to support strategy and promote long-term sustainable success. Executive remuneration should be aligned to company purpose and values, and be clearly linked to the successful delivery of the company's long-term strategy. The Board, with the guidance of the Nomination, Remuneration and Corporate Governance Committee, ensures that executive remuneration is aligned with the long-term goals of the Company. The key performance indicators linked to short- or long-term incentive plans are selected to encourage and reflect the corporate strategy.
- 2 Directors should exercise independent judgement and discretion when authorizing remuneration outcomes, taking account of company and individual performance, and wider circumstances. The members of the Company's Board of Directors for the period of their official duty are entitled to remuneration and compensation of expenses related to performance of their official duties. The amount of such remunerations and compensations are determined by the EuroChem Remuneration Regulations.
- 3 A formal and transparent procedure for developing policy on executive remuneration and determining director and senior management remuneration should be established. No director should be involved in deciding their own remuneration outcome. The Nomination, Remuneration and Corporate Governance Committee conducts regular comprehensive discussion of the performance of key Company personnel, taking into account their personal contribution to the achievement of EuroChem goals. EuroChem governance practices to support a board's executive pay decisions assist the diligent and independent oversight that directors bring to these decisions.

Corporate governance system

Governance structure

EuroChem's highest-ranking corporate governance body is the General Meeting of Shareholders (GM). The Board of Directors is elected by – and reports directly to – the GM. The Board of Directors appoints the Chief Executive Officer (CEO) and determines the length of their mandates. The CEO reports directly to the Board of Directors.

The following key documents define EuroChem's approach to corporate governance:

- 📄 Articles of Association
- 📄 Code of Conduct
- 📄 Regulations on the Board of Directors
- 📄 Organizational Regulations
- 📄 Audit Committee Regulations
- 📄 Nomination, Remuneration and Corporate Governance Committee Regulations
- 📄 Strategy Committee Regulations
- 📄 Health, Safety and Environment Committee Regulations



See documents on the corporate website www.eurochemgroup.com.

The role of the Board and Committees

The Board's overall role is to steer, support and oversee EuroChem's business and strategies in a manner that secures a sustained increase in shareholder and stakeholder value. The Board members act as a resource and offer their expertise and experience for the benefit of the Group.

The Board also ensures that EuroChem adopts and maintains international standards and best practices. It monitors the Group's accounting function, risk management processes, internal controls and governance framework. Its activities are aligned with the principles set out in the Articles of Association and the Regulations on the Board of Directors. Each member of the Board is expected to have a good understanding of the business and the industry in which it operates. Directors develop relationships with the management team, enabling them to readily obtain information on key issues as well as strategy implementation and risk management.

The Board's principal activities include:

- Developing and setting the Group's overall strategy
- Overseeing EuroChem's borrowings and treasury policy

- Reviewing and deciding on material acquisitions, contracts, major capital expenditure projects and budgets (supported by the Strategy Committee)
- Overseeing risk management and internal controls (supported by the Audit Committee)
- Reviewing and deciding on succession planning and appointments, overseeing corporate governance (supported by the Nomination, Remuneration and Corporate Governance Committee)
- Overseeing the regulatory landscape and compliance issues (supported by the Audit Committee)
- Instilling a safety culture while ensuring sustainable business practices through the HSE Committee
- Reviewing and endorsing corporate policies

The Board has four standing Committees, some of which have roles that are prescribed under the UK Corporate Governance Code, with the aim of supporting the Board in fulfilling its responsibilities. These are: the Strategy Committee; the Audit Committee; the Nomination, Remuneration and Corporate Governance Committee; the Health, Safety and Environment Committee.

Committees' principle functions
Strategy Committee

Assists the Board in overseeing the Group's strategic direction, evaluating strategies regarding growth opportunities, sales, marketing and operations, as well as assessing new business proposals, including acquisitions and joint ventures.

Nomination, Remuneration and Corporate Governance Committee

Assists the Board in relation to remuneration and incentive programs, and succession planning for directors and other senior executives with a view to the challenges and opportunities facing EuroChem, and the skills and expertise the Board will need in future.

Health, Safety and Environment Committee

Assists the Board in ensuring that the Group's policies, procedures and working practices regarding health, safety and environmental protection meet or exceed any legal obligations, with the object of promoting the well-being and safety of EuroChem's employees, its customers and others who may be affected by its activities, as well as the appropriate protection of the environment.

Audit Committee

Assists the Board in overseeing the reliability and integrity of financial reporting, accounting policies and disclosure practice.

Reviews the adequacy and effectiveness of the management reporting and control systems to manage risks and ensure compliance.

🔗 See pp. 62-65 for the Committees' reports.

Share capital and shareholder structure

As at December 31, 2022, the nominal registered amount of the Company's issued share capital in Swiss Francs (CHF) was CHF100,000. The total authorized number of ordinary shares is 1,000 shares with a par value of CHF100 per share.

AIM Capital LTD owns 90% of EuroChem Group AG. Linea (CY) LTD, registered in the Republic of Cyprus, owns 99.38% in the issued share capital of AIM Capital LTD. Linea (CY) LTD is majority owned by Linetrust PTC LTD as a trustee of a discretionary trust named Firstline Trust. Linetrust PTC LTD is governed by renowned professional directors, including ex-Interpol Secretary General Ronald Noble and ex-Minister of Industry and Commerce and ex-Foreign Minister of Cyprus Yiorgos Lillikas, who ensure sanctions compliance and the fact that no sanctioned persons have any control over the Group's operations.

The sole current discretionary beneficiary of the Firstline Trust is Mrs. Melnichenko who, as discretionary beneficiary, does not possess any control and ownership rights over the trust. At present, Mrs. Melnichenko is restricted in receiving financial or other economic benefits from the trust.

Compliance

Global presence of EuroChem, together with increasingly stringent regulatory requirements, forces a robust compliance system for risks monitoring. The Board regularly examines status reports of compliance programs, including an overview of existing control systems and development of compliance system.

In 2022, the major focus was sanctions compliance. The Board and management reviewed our governance and compliance systems in all jurisdictions where EuroChem is operating and launched an independent sanctions compliance audit. To ensure business continuity, EuroChem approached relevant

sanctioning authorities and regulators in Belgium, Switzerland, the UK, Germany and other affected jurisdictions to obtain confirmations regarding its non-sanctioned status. As at the end of 2022, such confirmations were obtained from the competent authorities in Belgium, Germany, Switzerland, the UK and the US and confirmation from the relevant authorities in France also followed in 1Q 2023.

EuroChem also continued focus on anti-bribery compliance. We are committed to a zero-tolerance policy regarding any form of bribery or corruption. The Company's management has the ultimate responsibility to guarantee that Company's Anti-Corruption Policy is communicated properly to all employees, and to demonstrate that adequate systems and controls are designed and operated in a right manner. During the reporting period, no cases of corruption were detected.

The Group's compliance team consistently ensures that all employees are provided with timely and relevant information, adequate education on compliance-related topics. In 2022, the team organised relevant regular trainings and increased communications on issues related to sanction compliance.

Whistleblowing

We promote a 'zero tolerance of non-compliance' culture. This encourages dialog and openness, including through the established whistleblower system.

Our employees who wish to raise any issues of concern relating to the Group's activities can do so on a confidential basis by contacting a hotline. All reports are investigated by the centralized function with support from relevant functions within the business. Incidents and their outcomes are reported to the Audit Committee and the Board. In 2022, a number of calls were made to the external hotline and management action was taken where appropriate. No issues were raised that required any direct action from the Board.

EuroChem conducting independent audit of sanctions compliance

EuroChem engaged Advolis and Ofris, a French advisory, to make an external audit of the Group's sanctions compliance policies.

Based on the results of the pilot external compliance audit of EuroChem Antwerpen NV, the consulting company concluded that EuroChem Group has developed an adequate set of policies and procedures to prevent any access of sanctioned persons or businesses to funds or economic resources of the Company.

The auditors also concluded that such policies and procedures, are followed with significant commitment from the Company's management and employees.

In 2023, Advolis has been proceeding with the external sanctions compliance audit of the Group's other operations in Europe, revising key documents and interviewing key personnel.

THE OFFICE OF FOREIGN ASSETS CONTROL ('OFAC') of the US Department of the Treasury

“EuroChem Group AG is not owned 50% or more by blocked persons.”

Board of Directors

Board composition in 2022

The Board members offer their expertise and experience for the benefit of the Group. Our Board comprises a mix of experience, age and nationality.

At the end of the reporting year, the Board had five Board members: Samir Brikho, Juerg Seiler, Stepan Solzhenitsyn, Paul Nuber, Michael Hogan.

In 2022, Samir Brikho was appointed as CEO of the Company, combining this role with that of the Chairman of the Board. To ensure adequate control mechanisms and appropriate checks and balances, the role of Lead Independent Director was introduced in the Company in September 2022.

In April 2022, EuroChem was pleased to welcome Paul Nuber to the Board. Paul has brought to the Company an exceptional knowledge base of banking, finance, compliance, lean management, M&A, procurement and logistics. In March 2022, Andrey Melnichenko, Vladimir Rashevskiy and Steve Packebush resigned from their positions on the EuroChem Board and no longer hold any roles within the EuroChem Group.

Board sector experience



SAMIR BRIKHO,
Executive Chairman of the Board

Board members
biographies can be found
on the corporate website



“Our Board is composed of high-level business people from inside and outside our industry. It is important that we are guided by the best minds from our business, but we also benefit from the perspective of leaders in other fields to decide which practices to import and help us think ‘outside the box’.”

Induction process

Following the announcement of a new director's appointment to the Board, a structured and wide-ranging induction program is compiled. Each new director is given a clear and comprehensive picture of EuroChem and its operations. This formal induction process includes a series of meetings with key managers from across the Group. It also requires a director to become familiar with the regulations relating to Board procedures and standing items on the Board's forward agenda. New directors also have the opportunity to visit EuroChem facilities to obtain a first-hand understanding of the Group's operations.

Decision-making

To fulfill its function, the Board receives up-to-date, comprehensive information in a timely manner. Directors receive occasional updates in addition to materials prepared for scheduled quarterly meetings. These include management reports, updates on health, safety and environment (HSE) matters, media coverage summaries, and details of corporate events, strategic investment projects and major legal proceedings.

The management team advises directors of all significant corporate events at the earliest opportunity. This communication process, which is defined in the Information Policy and its associated procedures, enables the Board to make balanced and informed assessments of the Group's performance, position and prospects.

The Board makes full use of each director's unique experience and perspective, ensuring that each individual has ample opportunity to freely express their opinion.

Additionally, the Board members may participate in separate deep-dive technical sessions and Q&A discussions with the CEO, senior management team and facilities management experts which are present on EuroChem sites.

The framework of Board activities and principal agenda items are planned a year in advance, taking into account the optimal cycle for reviewing recurrent issues such as budgets, financial reporting and strategies. The timing, expectations and goals of these reviews are well understood by the directors and the management team alike. They include detailed updates on core operational areas, investment projects and strategy.

Directors' independence

We apply the UK Corporate Governance Code's definition of 'independent' director. A key criterion is that the individual is free from any conflicts of interest. Should actual or potential conflicts arise, independent directors are notified and required to act appropriately.

All directors are required to inform EuroChem of any events that could compromise their independent status. New directors must declare any conflicts of interest and sign up to the Group's Board Regulations. These require them to refrain from taking any action that could lead to any conflict, with an obligation to inform the Chairman at the earliest opportunity should such a situation arise.

At the end of 2022, three of the five Board's directors were fully independent of the Group's executives, affiliates and major counterparties. Their status as 'independent' is confirmed after each election or re-election to the Board. The non-executive directors exercise independent, objective judgement regarding Board decisions, and scrutinize and challenge management.

In 2022, Jürg Seiler was appointed as the Lead independent director. The role of Lead independent director is to provide leadership and advice to directors, without detracting from the authority of the Executive Chairman, when the Executive Chairman has a conflict of interest.

Effectiveness

At its meetings towards the end of the year, the Board reviews its activities over the previous 12 months and discusses how it can improve its overall performance.

The Board annually undertakes a rigorous evaluation process by completing a self-assessment questionnaire, followed by interviews with the Chairman. The self-assessment questionnaires are designed to provide directors with an opportunity to examine how well the Board is operating and to make suggestions for improvement. The board self-assessment was conducted in December 2022.

60%
Directors of the Board are independent



The Conflict of Interest Policy is accessible via the Corporate Governance section of EuroChem's website at www.eurochemgroup.com.

Board and Committee meetings and attendance in 2022

The schedule for Board meetings for the year includes as a rule six joint-presence meetings covering issues that require substantive Board discussion. The Board and its Committees also meet on ad hoc basis to address any significant matters that may arise during the year.

In 2022, Board held 21 meetings. The meetings were held in person (eight meetings), via video conferencing (four meetings), and nine meetings were held in absentee.

The following table shows the directors' attendance at Board and Committee meetings during the period between 1 January and 31 December 2022.

	Board	Strategy Committee	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	HSE Committee
Total number of meetings¹	21	6	9	5	6
Samir Brikho	21/21	6/6	8/9	5/5	6/6
Juerg Seiler	21/21	6/6	9/9	5/5	6/6
Michael Hogan	20/21	6/6	6/9	5/5	6/6
Stepan Solzhenitsyn	21/21	4/6	6/9	5/5	4/6
Paul Nuber ²	15/21	5/6	7/9	4/5	5/6

¹ The numbers in the table present attended meetings/possible meetings.

² Paul Nuber joined the Board in April 2022.

Board stakeholder engagement

Listening to our stakeholders, and making a meaningful response, is crucial for continued success.

Key stakeholder groups	How the Board is kept informed
 Our people	Our aim is to ensure the occupational health and safety of employees. The Board (and its relevant Committees) regularly receives and discusses information on our people, health and safety, including lost time injuries to employees and contractors, accidents, incidents and medical treatment cases. This enables the Board to have effective oversight of any concerns relating to staff.
 Farmers and suppliers	The Board (and its relevant Committees) regularly receives and discusses information on the Group's performance, client net flows, client engagement activities and related risks. This enables the Board to have effective oversight of the experience and service levels received by our customers and identify any issues of concern. In 2022, the Board members visited EuroChem's Antwerpen plant, met with the management of the plant's major partner and officials of the city of Atwerp to ensure business continuity for the interests of all stakeholders. The Board also received regular feedback from the executive directors on customer engagement activities throughout the year.
 Government	EuroChem complies with the applicable laws, all relevant requirements and regulations provided by authorities. In 2022, the Board actively collaborated with government bodies of different countries and international organizations on food security issues, energy developments, compliance and customs regulations.
 Investors	The Board (and its relevant Committees) regularly receives and discusses information on overall business performance, including financial results and internal forecasts. This enables the Board to have effective oversight of the business's overall financial performance, stability and value-creation potential, and to identify any possible areas of concern for shareholders.
 Local communities	The Board (and its relevant Committees) regularly receives and discusses information on wider business activities beyond what is covered above, including details on our wider stakeholder engagement, policy obligations, risk assessments and regulatory developments and requirements. This enables the Board to have effective oversight of the overall positioning of the business relative to the expectations of various important stakeholders encompassing our local communities and the wider world. In 2022, the Board members met with the Lithuanian authorities to discuss the management of the Group's Lifosa plant, employment issues and heat supplies to local communities.
 Media and NGOs	The Board maintains a regular dialog with NGOs and engages through policy work, partnerships on common issues, and membership of business and industry associations. In 2022, the Executive Chairman was interviewed by several newspapers in Belgium and Switzerland on the Group's business continuity, sanction compliance and global food security.

Strategy Committee

COMPOSITION

→ **MR. SAMIR BRIKHO**
CHAIRMAN

MR. MICHAEL HOGAN

Committee responsibilities

The Strategy Committee assists the Board in overseeing the Group's strategic direction, in particular:

- Evaluating strategies regarding growth opportunities, sales, marketing and operations

- Assessing new business proposals, including acquisitions and joint ventures
- Protecting the interest of EuroChem's shareholders by monitoring strategic development

2022 activities

Strategic projects and progress of M&A activities

The Committee overviewed the transactions related to the key strategic investments in Brazil at Heringer and Salitre. It monitored the integration of the Heringer distribution business.

Reviewing development strategies and key strategic projects

The Committee streamlined the early-stage development of a broad range of projects, from R&D to CAPEX and M&A, including the following projects:

- ECNW-2 ammonia and urea plant and ECNW-3 methanol plant in Kingisepp
- Kovdorskiy GOK, for construction of an Apatite-Staffelite Ore Plant and expansion of the Magnetite-Apatite Ore processing plant capacity
- EuroChem Karatau
- Nevnomyskiy Azot development
- Usolskiy Potash Complex for the construction of the hydraulic backfilling complex and sludge storage

Taking into account even greater risk awareness, some of the projects were reconfigured (ECNW-2; ECNW-3, South-1 and South-2). The maintenance program for the other projects was optimized, shifting some of the events to a later date due to longer equipment delivery timeframes and sanction limitations.

Focusing on ESG strategy development

The Committee constantly addressed environmental, climate, social and governance issues. ESG matters and sustainability were key areas of focus for the Committee in 2022. It particularly noted the importance of steps taken by management to deliver on the sustainability of the EuroChem business.

Budget and investment program

The Committee monitored the budget and investment program execution and planning during the reporting year, taking into account wider risk range.

Methodologies and Policies

The Committee considered and approved the proposed methodology for the forecasting of key macroeconomic and price indicators.

The product strategy for Iron Ore Concentrate was developed and approved in 2022.

Priorities for 2023

Overseeing the implementation and execution of EuroChem Development Strategies

The Committee will continue to monitor the implementation of existing projects including, but not limited to:

- Ust-Luga commercial seaport
- ECNW-2 ammonia and urea plant
- EuroChem-Usolskiy Potash project
- South-1 and South-2 ammonia and urea plants at Nevnomyskiy Azot
- VolgaKaliy Potash Plant

The product strategy for Phosphates will be also reviewed in 2023.

Capex Organizational Concept and Governance Model supervision

In 2020, 'Development of the Investment Management Process Model' was launched. The project defines the key investment project management processes, verifying the primary solutions and assigning responsibility for decision-making. It also develops the feedback system and an effective KPI/incentivization system. The project aims to standardize and unify the exiting investment management processes and enhance their efficiency. The Committee will review the overall project status and its achieved results in the coming year.

ESG strategy development

In 2022, Management continued to work on the Group's ESG strategy, taking into account developments in the carbon regulations. The ESG strategy will be presented for the Committee's approval in 2023.

Nomination, Remuneration and Corporate Governance Committee

COMPOSITION

→ **MR. SAMIR BRIKHO**
CHAIRMAN

MR. JUERG SEILER
MR. MICHAEL HOGAN

Committee responsibilities

The Committee assists the Board in fulfilling its responsibilities relating to remuneration and nomination matters, in particular:

- Identifying necessary skills and attributes for Board appointments and where applicable, ensuring the independence of directors
- Succession planning for both Board and key management positions

- Establishing the Group's overall remuneration and incentive framework as well as strategic human resources policies
- Ensuring the proper governance frameworks are in place at various organizational levels

The Committee takes a holistic view of the functions of the Group's organizations, reviewing the strategies of each part to ensure they align with wider corporate interests and governance policies and procedures.

2022 activities

Revising the short-term incentive program

The Committee oversaw the revisions of the short-term incentive program based on the correlation between value creation levers and key performance indicators. These revisions are part of the process of building an effective incentive system, one with a standardized approach of personnel motivation for better performance.

Overseeing the Corporate Housing Policy

Corporate Housing Policy is one of the key priorities of our Social Policy. It aims to meet the Group's need for cost-effective types of labor by creating opportunities for attracting qualified personnel in the regions of operation.

Reviewing the HR budget for 2023

The Committee reviewed the 2023 HR budget, broken down by function levels.

Overseeing talent development, succession planning and the Group's overall human capital strategy

- The Committee monitored the development of a precise succession plan, aimed at keeping critical talent in the pipeline
- Reviewed leadership needs and training programs
- Focused on the development of educational programs and other elements of human capital management
- Supervised new appointments in key management positions

Priorities for 2023

Organization of the recruitment process

- Overseeing development of a more effective and targeted recruitment process, identifying key skills and experiences required
- Focusing on Board succession planning and recruitment
- Overseeing the candidate due diligence reviews and the overall selection process

Social policy development

- Overseeing development of social programs in order to achieve or maintain support for the Group's operations from surrounding communities
- Ensuring processes are in place to identify any potential adverse human rights impacts as a result of company activities, and address any such impacts

Global staff mobility

- Engaging in the development of a clear global workforce vision and strategy
- Overseeing creation of relevant infrastructure and guidelines

Continued focus on corporate governance

- Ensuring that proper governance framework is in place at various levels of the Group. These include decision-making authorities and organizational bodies, which define and clarify roles, responsibilities, organizational design and reporting structures

HSE Committee

COMPOSITION

→ **MR. MICHAEL HOGAN**
CHAIRMAN

MR. SAMIR BRIKHO

MR. STEPAN SOLZHENITSYN

Committee responsibilities

The HSE Committee ensures safeguarding of compliance with HSE policies, rules and regulations and assists the Board in the following areas:

- Establishing long-term HSE strategies and goals and evaluating EuroChem's progress against them
- Reviewing the implementation of HSE improvements

- Monitoring the Group's HSE risk management processes, paying particular attention to risk management plans

The Committee includes sustainability considerations in its strategic decision-making, overseeing the environmental impact of EuroChem's operations and its actions to limit this impact.

2022 activities	Priorities for 2023
<p>Reviewing the HSE functional strategy implementation</p> <p>The Board's health and safety focus during 2022 was on the continued roll out of an effective safety management system, ensuring uniform and consistent standards and procedures throughout the organization.</p> <p>The Committee reviewed the following issues:</p> <ul style="list-style-type: none"> • Further implementing a functional strategy action plan • Developing a uniform occupational safety management system • Improving the HSE risk management system • Enhancing competencies of HSE specialists • Developing and implementing the Occupational Safety Training program for employees • Developing the requirements for contractors in terms of process safety • Rolling out EuroChem Golden Rules of Safety across the Group 	<p>Reviewing the implementation of HSE function strategy measures, including</p> <ul style="list-style-type: none"> • Development of additional tools for sharing practice and discussing HSE issues across the Group. These will involve the participation of Heads of HSE Departments of different business and production units <p>Reviewing HSE regulatory developments and compliance issues</p> <ul style="list-style-type: none"> • Supervising compliance with HSE regulations and permit requirements, alongside regular monitoring of HSE legislation • Controlling improvements in the HSE reporting system, which implies the inclusion of all recordable incidents as part of regular reporting
<p>Reviewing the approach for the HSE indicator application and calculation</p> <p>The Committee approved the approach for the safety indicator application and its calculation methodology across the Group for 2023.</p>	
<p>Reviewing the concept of the HSE management system</p> <p>The Committee reviewed the InSight IMS implementation plan and the implementation of HAZID-HAZOP practices in industrial risk management.</p>	
<p>Overseeing and reviewing HSE cases as well as their outcomes and actions</p> <p>The Committee members regularly reviewed HSE performance reports and reports on major HSE cases. Members considered in detail the causes and circumstances, as well as the corrective actions taken as a result of major HSE cases.</p> <p>The Committee focused on increasing transparency in the reporting of accidents.</p>	
<p>Focusing on environmental protection</p> <p>The Committee considered the development of:</p> <ul style="list-style-type: none"> • Procedures for assessing and managing environmental risks within the Company's key risks matrix • Methodology to assess support and monitoring procedures during supervisory inspections of assets by state authorities 	

Audit Committee

COMPOSITION

→ **MR. JUERG SEILER**
CHAIRMAN

MR. PAUL NUBER

Committee responsibilities

The Audit Committee assists the Board in the following areas:

- Ensuring the reliability and integrity of financial reporting, accounting policies and disclosure practices
- Overseeing the selection and work of the external auditor

- Reviewing the effectiveness of the internal audit function, internal financial controls and the systems of internal control and risk management

Transparency is part of EuroChem's ethos and to this end the Audit Committee ensures effective communication with the Board, internal and external auditors and other relevant stakeholders.

2022 activities	Priorities for 2023
<p>Overseeing internal control and risk management</p> <p>The Committee sharpened focus on internal controls over financial reporting and reviewed the effectiveness of the internal audit function.</p> <p>The Committee increased focus on the compliance function, in particular dealing with top compliance risks. These included sanctions compliance, hotline operation and compliance system development plans.</p> <p>The Committee oversaw a broader range of risks, including financial and legal/regulatory compliance risks, as well as health and safety and more.</p> <ul style="list-style-type: none"> • Reviewing the Group's risk map, risk management framework and strategy • Assessing the Group's insurance policy, alongside the Directors and Officers liability insurance (D&O) • Reviewing the quality and integrity of financial and non-financial data • Regularly monitoring and assessing internal audit effectiveness • Assessing the adequacy of the internal audit function resourcing • Assessing internal audit findings, and reviewing the breadth and depth of internal audit reports <p>The Committee oversaw the development of a performance assessment and reporting system. This included reporting on operational efficiency and functional performance, an overview of SAP ERP implementation status.</p> <p>The Committee reviewed the Maintenance and Reliability function, alongside the reorganization of EuroChem's procurement process model.</p>	<p>Ongoing focus on internal processes, effective internal controls and our risk management environment</p> <ul style="list-style-type: none"> • Helping define priorities related to internal control, and to the assessment methodology, testing and documentation • Continuously overseeing disclosure filings, including on climate and ESG disclosure • Further monitoring of SAP ERP implementation • Ongoing focus on the implementation of the Group's CapEx Organization concept and governance model <p>Monitoring the compliance</p> <ul style="list-style-type: none"> • Ensuring that regulatory compliance and monitoring programs are up to date and cover all our assets globally • Monitoring the functioning of whistleblower reporting channels and investigation processes <p>Overseeing development of the risk management model</p> <ul style="list-style-type: none"> • Overseeing the development of risk management • Ensuring adequate access to liquidity, efficient capital allocation and effective management of financial risks • Finalizing the organizational structure of the compliance function <p>Internal and external audit function monitoring</p> <ul style="list-style-type: none"> • Reinforcing audit quality and setting clear expectations for the functions • Ensuring the internal audit is focused on the Company's critical risks
<p>Overseeing the work of the independent auditor and the external audit process</p> <ul style="list-style-type: none"> • Overseeing the tender process for the selection of a new external auditor • Reviewing the auditor's work plan and performance • Reviewing the auditor's performance (their independence and effectiveness) 	
<p>Financial reporting oversight</p> <ul style="list-style-type: none"> • Making recommendations to the Board on approval of the consolidated financial statements • Monitoring the evolution of accounting standards and expected changes in relevant legislation 	

Forward-looking statements

This Annual Report has been prepared by EuroChem Group AG ('EuroChem' or the 'Company') for informational purposes, and may include forward-looking statements or projections. These forward-looking statements or projections include matters that are not historical facts or statements and reflect the Company's intentions, beliefs or current expectations concerning, among other things, the Company's results of operations, financial condition, liquidity, performance, prospects, growth, strategies and the industry in which the Company operates. By their nature, forwarding-looking statements and projections involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. The Company cautions you that forward-looking statements and projections are not guarantees of future performance and that the actual results of operations, financial condition and liquidity of the Company and the development of the industry in which the Company operates may differ materially from those made in or suggested by the forward-looking statements or projections contained in this publication. Factors that could cause the actual results to differ materially from those contained in forward-looking statements or projections in this publication may include, among other things, general economic conditions in the markets in which the Company operates, the competitive environment in, and risks associated with operating in, such markets, market change in the fertilizer and related industries, as well as many other risks affecting the Company and its operations. In addition, even if the Company's results of operations, financial condition and liquidity and the development of the industry in which the Company operates are consistent with the forward-looking statements or projections contained in this publication, those results or developments may not be indicative of results or developments in future periods. The Company does not undertake any obligation to review or confirm expectations or estimates or to update any forward-looking statements or projections to reflect events that occur or circumstances that arise after the date of this publication.

Statements regarding competitive position

Statements referring to EuroChem's competitive position are based on the Company's belief and, in some cases, rely on a range of sources, including investment analysts' reports, independent market studies and EuroChem's internal assessments of market share based on publicly available information about the financial results and performance of market participants.

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