

**Nurturing**

the **FUTURE OF  
AGRICULTURE**

ANNUAL REVIEW 2023



As a top fertilizer producer, EuroChem is more than just a producer of vital agricultural inputs.

We develop our products through close cooperation with farmers, helping to optimize fertilizer usage and improve crop yield.

2 ZERO HUNGER



EuroChem is focused on contributing to global food security through promoting sustainable and efficient agriculture.

**250**  
million people

received food produced with EuroChem fertilizers

EuroChem sustainably supplies

**4%**

of the international fertilizer market



## STRATEGIC REPORT

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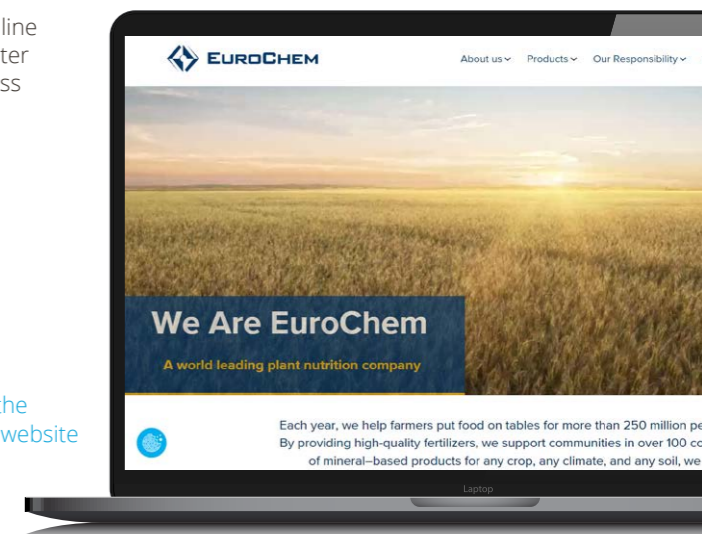
## ADDITIONAL INFORMATION

Contacts	62
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The reporting perimeter is in line with the consolidated perimeter of EuroChem Group AG, unless otherwise specified.



For more information about the Company, see our corporate website [www.eurochemgroup.com](http://www.eurochemgroup.com)





# Our vertically-integrated supply chain helps us 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 32,000 talented people, we can meet the needs of farmers across five continents.

The Group's global distribution assets are located in North and South America, Europe, Russia and CIS, Central and South-East Asia, and Middle East.



**BRAZIL**  
Opening of SAM hub in Sao Paulo  
See p. 42

Serra do Salitre

**Our assets**

- Mining
- Logistics
- Fertilizers
- Trading and distribution



**EUROPE**  
Launch of eco-friendly Entec EVO  
See p. 19

- Kovdorskiy GOK
- EuroChem Northwest
- EuroChem Usolskiy
- Ust-Luga
- Phosphorit
- Novomoskovskiy Azot
- Lifosa
- EuroChem Antwerp
- EuroChem VolgaKaliy
- EuroChem-BMU
- EuroChem Fertilizers
- Nevinnomyskiy Azot
- EuroChem Karatau



**RUSSIA**  
Commission of a new shaft at Volgakaliy  
See p. 12



**KAZAKHSTAN**  
Start of Karatau chemical plant construction  
See p. 14

EuroChem is one of the world's

**Top 5**

mineral fertilizer producers by sales volume

Supplies to

**>100**

countries worldwide

Sales offices and strong distribution network in

**20 countries**

across 5 continents

# Nurturing global food security

**SAMIR BRIKHO,**  
Executive Chairman



**EuroChem's contribution towards the UN sustainable development goal of ending world hunger becomes even more vital, and we are committed to investing in increasing our production capabilities to help achieve this.**

2023 was a year of evolving international turmoil, with escalating conflicts, an ongoing cost of living crisis and the effects of climate change being experienced around the world. Hunger has been one of the top concerns for people around the world for the past two years. The necessity to protect human rights to the safety of those most vulnerable is urgent. We must ensure that communities affected have access to basic human needs including food, water, energy, and shelter.

Commodity prices remained volatile and were down from the peaks we saw in 2022, finally reaching historic averages by the year-end. I am pleased to see that in general, farmer economics and fertilizer application rates improved last year. However, the continued uncertainty discouraged many agriculture input suppliers and farmers from active investments in increasing food production efficiency. According to UN data, over one third of the global population still cannot afford a healthy diet.

EuroChem's contribution towards the UN sustainable development goal of ending world hunger becomes even more vital, and we are committed to investing in increasing our production capabilities to help achieve this. **In 2023, we increased our fertilizer supplies to the world markets to over 20 MMT and supplied 7 MMT of mining and industrial products.**

Moreover, we invested US\$1.8bn in developing our production base including ramping-up our potash mining and processing capabilities in Russia, creating new phosphate production in Brazil where we have recently launched our first phosphate mine and plant complex at Serra do Salitre in Minas Gerais state, as well as developing our phosphate production facilities in Kazakhstan. We are also investing in new technologies and last year launched three new fertilizer products which as well as increasing yields and nutrient efficiency use, also reduce GHG emissions and negative impact on the environment.

We never forget that in EuroChem, people are the heart of our business. In 2023, we continued to nurture the skills, safety and well-being of our employees. We created a center of expertise for phosphate specialists, bringing together experts from different regions of the world, aiming to optimize all stages of phosphate extraction, processing and fertilizer use. We continued to invest in improved health and safety practices across our operations, development programmes for our current and potential employees, and social infrastructure in the regions where we operate.

At EuroChem, it is our purpose to strengthen global food security and eliminate hunger. We will continue to innovate and work closely with farmers around the world, providing them with the quality plant and animal feed nutrients they need to feed the world's growing population, today and for the future.

## Our purpose

**We are a world leading fertilizer producer, enabling farmers to sustainably supply communities with food that is healthy, plentiful, and affordable.**



**In our daily work as a team, we share our values, which help us achieve our mission:**





# Creating long-term value from mine to table

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.



## OUR INPUT

### Access to raw materials and modern production

Our reserve base includes apatite ore, iron ore, potash, as well as natural gas, gas condensate, and oil

**1.1 BMT<sup>1</sup>**  
potash reserves

**119 MMT<sup>2</sup>**  
phosphates reserves

Regular investment  
**>US\$7 bn**  
capital expenditure over the past 5 years

Intellectual capital  
Experience and professionalism of  
**32,000**  
employees

In-house  
research laboratories and partnerships with universities and external R&D

### Stakeholder involvement

Partnerships with farmers, other buyers, industry, and academia, as well as effective cooperation with authorities and local communities

<sup>1</sup> Proved and Probable reserves according to JORC.  
<sup>2</sup> Recalculated as 100% P<sub>2</sub>O<sub>5</sub>.

## OPERATIONAL MODEL

### Mining and production

Our production facilities in Russia, Belgium and Brazil produce a wide range of nitrogen, phosphate, potash and complex fertilizers in the basic and premium categories, as well as organic synthesis products for industrial use.

**6.7 MMT**  
mining and industrial products produced in 2023



**13.2 MMT**  
fertilizers produced in 2023

### Logistics

Own logistics and long-term contracts with key seaports ensure consistent deliveries to our customers.

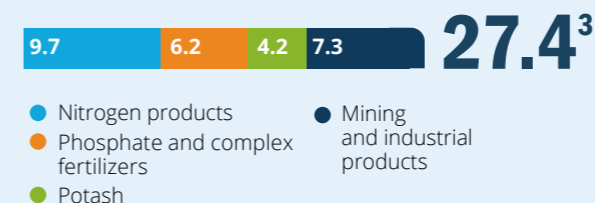
### Distribution and trading

Our extensive worldwide trading and distribution network allows us to work directly with our customers, catering to the needs of farmers in all key regions. To optimize our business model, we purchase additional product volumes from third parties and sell them.

## OUTCOME

### Sales

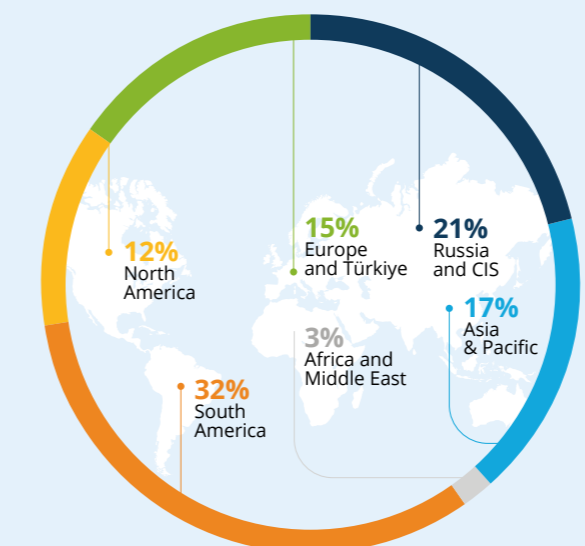
Sales by category in 2023, MMT



<sup>3</sup> Including 7.1 MMT third-party sales.

### Our markets

Sales by region in 2023, MMT



### Customer value

**4%**  
of global fertilizer supply

supporting food production for  
**250 million people**

**30,000** customers  
in 100 countries

### Social impact

**US\$0.9 bn**  
social spendings, including H&S, employees and community, in 2023

### Sustainable development drivers

- Risk management
- Corporate governance & compliance
- Industrial safety
- Environmental security
- Employee development
- Innovation



Helping the world to achieve

# FOOD SECURITY

2 ZERO HUNGER



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 continuing geopolitical tensions have complicated this task considerably — more than 2 billion people still live in food insecurity<sup>1</sup>.

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.

<sup>1</sup> Source: FAO, The State of Food Security and Nutrition 2023.

## 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 intensification<sup>2</sup>.

## EUROCHEM'S RESPONSE

EuroChem supplies fertilizers to farmers in those regions where the need is greatest, including West Africa. We invest in growing the output of high-performance fertilizers that can be applied less frequently, help increase yields and product quality, and reduce nutrient losses.

EuroChem invested **>US\$7 bn** in capacity development over 5 years

**ANTÓNIO GUTERRES,**  
UN Secretary-General<sup>3</sup>

**“Let’s give the fundamental human right to food the investment and urgent action it deserves.”**

## Climate change

In 2022, the 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.

EuroChem products include fertilizers optimized to make plants more resistant to water stress. We develop our fertilizers in a way that reduces their impact on the environment.

UTE<sup>®</sup> ENTEC<sup>®</sup>

**-70%**

of greenhouse gas emissions achieved while applying our innovative fertilizers that significantly improve yields and decrease nutrient losses

## 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.

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. 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.

**400**  
field trials  
worldwide

<sup>2</sup> Source: OECD-FAO Agricultural Outlook 2021-2030.

<sup>3</sup> Source: Human right to food needs ‘massive investment’: Guterres. 23 October 2023. <https://news.un.org/en/story/2023/10/1142717>



# Strengthening leadership

**Our strategy focuses on ensuring sustainable fertilizer supply and profitability through organic growth, acquisitions, new product development, and 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

### Efficiency and cost leadership through vertical integration

We steadily expand our sales capabilities to support increased production. To stay ahead of the competition, we will improve our operational efficiency and digital capabilities.

### Increasing market share

Our growth strategy is predicated on increasing the market share of 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

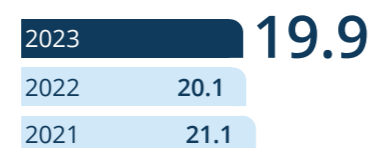
We nurture leadership skills in everyone – from the shop floor to the senior management – and aim to attract and retain the best talent in the industry and beyond.

### 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.

## PERFORMANCE IN 2023

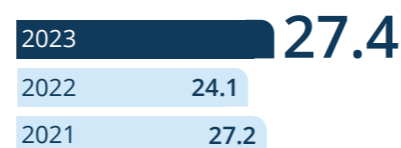
### Production, MMT



Capacity utilization at most assets remained at a high level allowing us to maintain stable production in 2023, with ambitious plans to increase it in 2024.

The focus on operational efficiency helped us to maintain our operations at the bottom of the global cost curve. The annual effect of implementing the Business System exceeded US\$130m.

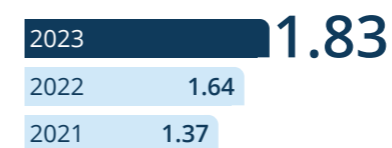
### Sales, MMT



The Group managed to secure significant sales volumes through its extensive sales network.

We continued to enter new markets and launched new products throughout the year.

### LTIFR<sup>1</sup>

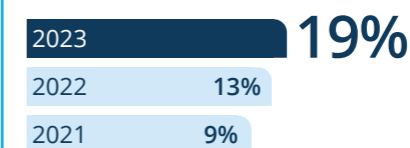


We further developed our injury and incident reporting, implemented new tools for preventing H&S incidents, and increased safety culture level.

We paid attention to increasing the competence levels of managers, including HSE risk management.

We also drove the digitalization of H&S processes to increase the efficiency of control activities and reporting.

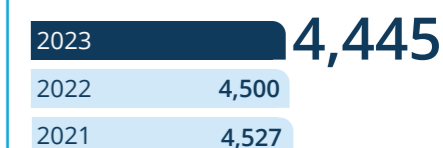
### Staff turnover



2023 turnover reflects staff optimization of a number of administrative functions, the integration of facilities in Brazil and high competition for qualified personnel in the labor market in the Russian regions. Meanwhile, we managed to keep our highly qualified staffing level at 96%.

We also continued staff hiring for newly created facilities, global integration of new assets and expanded employee outreach.

### Energy consumption<sup>2</sup>, million kWh



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

## OUTLOOK

- We will focus on developing and bringing to full capacity our existing assets, ensuring self-sufficiency in raw materials and market presence in all three nutrient groups.
- We will expand EuroChem's Business System to further increase operational efficiency.
- 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 mixes to the 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 further adopt incentive systems aimed at improving safety and remediating safety violations.
- We will keep implementing digital projects to ensure comprehensive industrial safety monitoring at our facilities.
- We will continue to improve working conditions in the Company, 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 carry on introducing the best available technologies and modernizing our facilities to minimize the Company's environmental impact and carbon footprint.
- In 2024, we will start energy efficiency projects based on the results of audits carried out in the previous two years.

## RELATED RISKS

- Supply interruption risks
- Production risks
- Credit risks
- Regulatory 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

<sup>1</sup> Lost Time Injury Frequency Rate, including contractors.  
<sup>2</sup> The indicator is disclosed in the CIS perimeter, therefore, the data for 2021 may differ from those disclosed in 2021 Annual Report.



# Developing our assets

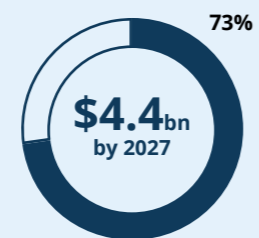
## Ramping-up potash capacity

EuroChem is consistently progressing with the ramp-up of its potash mining and processing capacities in the Urals and Southern Russia. With the first phases operational both at Usolskiy and Volgakaliy, we already produce more than 3 MMT of KCl and are planning to expand output to 7 MMTpa after the full ramp-up of both projects.



### Usolskiy Potash Mine and Plant

The Phase 1 expansion of the Usolskiy potash complex continues, and by the end of 2024 EuroChem plans to increase capacity to 2.9 MMT. The Group has also started the implementation of Phase 2, a flotation plant with a production capacity of 1.8 MMT.



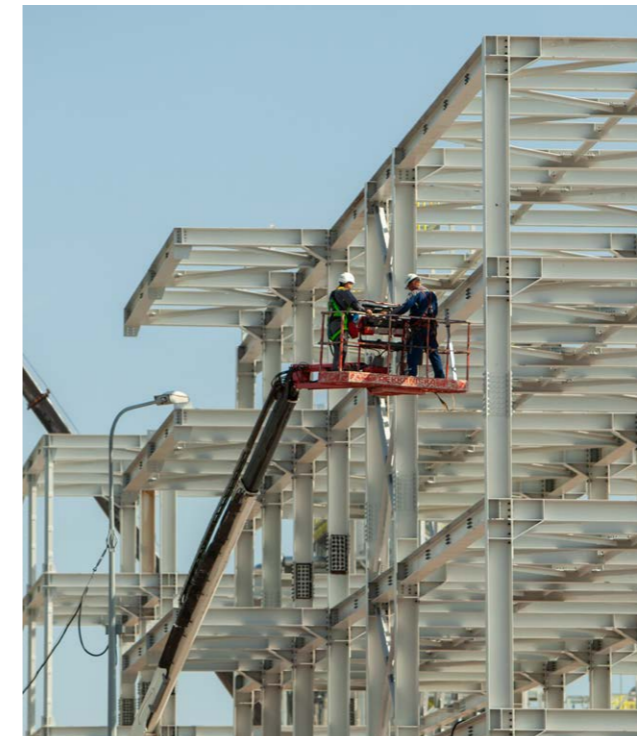
● Capex spent (Phase 1 and Phase 2)

**2.5 MMT**  
KCl produced in 2023

**4.7 MMT**  
target capacity from 2027

## Building up nitrogen capacity and logistics

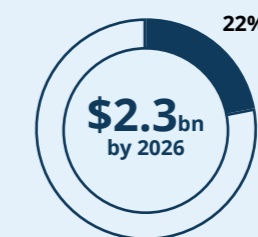
EuroChem continues to develop its high-tech cluster in the Northwestern Russian town of Kingissep, as well as logistics for domestic and export deliveries of liquid and bulk products.



### EuroChem Northwest 2

EuroChem resumed main construction and procurement work on EuroChem Northwest 2 project in 2023.

- Key equipment deliveries are scheduled to be completed over the next 18 months.
- Commissioning and start-up work will begin from the second half of 2025, with the first product expected at the start of 2026.



● Capex spent

**1.4 MMT**  
of urea

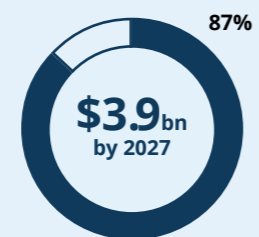
**1 MMT**  
of ammonia

design capacity of EuroChem Northwest 2



### Volgakaliy Potash Mine and Plant

In 2023, MOP production increased by 34% to 0.7 MMT year-on-year due to the commissioning of new Ural shearers and the launch of skip shaft No. 2 in August 2023. EuroChem plans to increase potash production at Volgakaliy to 1.1 MMT in 2024 (including 0.6 MMT of granulated KCl).



● Capex spent (Phase 1)

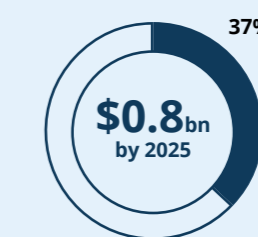
**0.7 MMT**  
KCl produced in 2023

**2 MMT**  
target capacity from 2027



### Ust-Luga Terminal

Work continues on the construction of a terminal at the port of Ust-Luga for the shipment of liquid and bulk products. In 2023, liquid ammonia transshipment was pilot tested, while construction work on the terminal's onshore buildings and facilities is scheduled to be completed in 2025.



● Capex spent

**8 MMT**  
of bulk loads

**1 MMT**  
of ammonia

design capacity of the Ust-Luga terminal

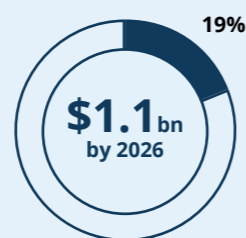


## Ensuring self-sufficiency in phosphates



### EuroChem-Karatau

EuroChem is increasing the phosphate mining and processing capacity at Karatau in Kazakhstan, with its location offering convenient access to growing Asian markets. In 2024, EuroChem plans to increase the capacity of its phosphate rock plant to 0.8 MMTPa (+20%). Additionally, the Group intends to build a sulphuric acid plant with a capacity of 0.8 MMTPa (to be launched in 2026) and is designing a chemical plant to produce complex fertilizers with a capacity of at least 1 MMTPa.



● Capex spent

**41** MMT  
ore reserves

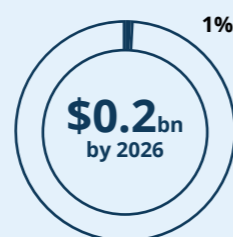
**>40** years  
mining



### Kovdorskiy GOK

EuroChem continues to increase capacity of its flagship phosphate deposit. In 2023, the productivity of processing plants amounted to 24.3 MMTPa.

- According to the development program, by 2027 it's planned to increase P<sub>2</sub>O<sub>5</sub> recovery rate by 10%.
- EuroChem has launched projects to increase production capacity up to 28.7 MMTPa and improve the iron ore concentrate quality from 63.5% to 65%.
- We continue to design and procure key equipment for a project to introduce IPCC (In-Pit Crushing and Conveying) for overburden transportation.



● Capex spent for IPCC project

**5.1** MMT  
IOC produced in 2023

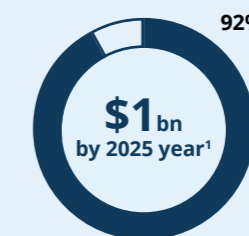
**2.4** MMT  
apatite concentrate produced in 2023



### Serra do Salitre

Our new phosphate mine and plant complex in Brazil will position EuroChem as a full-cycle local player.

- At the end of 2023, Salitre received its license to operate and started to test fertilizer production in January 2024, with ramp-up to full capacity planned by the end of 2024.
- The full launch of Salitre will increase annual phosphate production by 1 MMT.
- From May 2024, we plan to launch a second beneficiation line and introduce an additional working shift at the mine.
- Salitre's commissioning means a significant improvement in EuroChem's competitive position in Brazil and reduces dependence on third-party supplies.



● Capex spent

**>350** MMT  
of phosphate rock reserves

**~30** years  
mine life

<sup>1</sup> Including the amount paid for the purchase of the assets and investments in project ramp-up.



# Nurturing innovation for a sufficient harvest

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. All requests and ideas from our customers and partners 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. After a significant increase in 2022, EuroChem leveled off in 2023 with an NPS (net promoter score) of 61. Meanwhile, 70% of customers were ready to recommend EuroChem, and we are very proud of this appreciation.

By anticipating farmers' 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.

**61**  
EuroChem's NPS score in 2023

**70%**  
of customers  
were ready to recommend EuroChem in 2023



## Our fertilizers

EuroChem focuses on producing premium fertilizers while also manufacturing a full range of the most popular basic fertilizers; feed nutrients for animal feed production and industrial products for the chemical, construction, food processing and other industries.

With our ENTEC® fertilizers with nitrification inhibitors, we again proved, 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 CO<sub>2</sub> 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.



See more information at [www.eurochemgroup.com](http://www.eurochemgroup.com)

	Complex granular SOP- and MOP-based NPKs for balanced plant nutrition
	Fully water-soluble straight, complex and inhibited fertilizers for efficient fertigation
	Mineral fertilizer stabilized with nitrification inhibitor for improved nitrogen use efficiency
	Higher urea performance with urease inhibitor
	Nitrogen-based products with secondary and micronutrients
	Advanced nitrogen-phosphorus compounds with secondary and micronutrients
	Compound nitrogen-potassium fertilizers for high-phosphate soils or P-restricted environments
	Our new premium fertilizer enhanced with humic substances
	NP fertilizers containing sulfur in addition to nitrogen and phosphorus

## INCREASING OUR AGRONOMIC EXPERTISE TO FARMERS

In 2023, EuroChem completed the modernization of the agrochemical laboratory in Belorechensk (Krasnodar), thereby expanding the range of services provided, including comprehensive agrochemical analysis.

This is a big step towards consumers of EuroChem products. Now any client of the Company can receive not

only a comprehensive agrochemical examination, but also a transcript of the results with recommendations from our agronomist on the use of mineral fertilizers for specific crops.

For many years, EuroChem has followed the principle: it is important not only to supply fertilizer to agricultural producers, but also to teach how to use

these products correctly. The Company's new service is aimed at making professional recommendations on the optimal timing, doses, and methods of applying fertilizers available to the widest possible range of consumers.



We work together with farmers to develop and test special blends for different crops, soil types, regions and climate conditions.

In 2023, we upgraded several products with additional micro-nutrients and are continuing to work on next-generation substances.

>100  
fertilizer SKUs

We offer a full range of standard products, advanced compounds, granular NPKs, water-soluble fertilizers, urease and nitrification inhibitors which meet our customers' requirements.

400+  
field trials annually



### ENTEC® EVO™

A nitrogen-sulfur fertilizer that is stabilized by a new nitrification inhibitor. Stabilization delays the conversion of ammonium nitrogen to nitrate nitrogen and adapts it to the plant's needs, improving nitrogen efficiency.

**-71%**

GHG emissions (N<sub>2</sub>O/CO<sub>2</sub>)<sup>1</sup>

#### Effects:

- Helps to secure or increase yields
- Reduces the risk of leaching
- Contributes to an improvement in plant quality (e.g., the protein content like in wheat)
- Fewer greenhouse gases are produced while applying this fertilizer

<sup>1</sup> Compared to standard nitrogen fertilizers.



### Avigo

Avigo is a fertilizer technology developed and produced in Brazil. It contains compounds of natural origin that stimulate root growth and enhance nutrient absorption. This protocol performs well due to the characteristics of the tropical soil and the climatic conditions found in Brazilian regions.

#### Effects:

- Stimulates root growth
- Greater efficiency in the plant's phosphorus and potassium use
- Reduced nutrient loss



### NP-sulfur fertilizer

Produced in Russia, this NP-fertilizer contains sulfur in addition to nitrogen and phosphorus. It is one of the key nutrients for growth, widespread shortage of which has been observed in recent years.

#### Effects:

- Prolonged action, provides plants with sulfur nutrition throughout the growing season
- High agrochemical efficiency verified by field trials



# Driving advanced technologies

In 2023, EuroChem continued to implement its digitalization strategy and introduced new digital technologies across production processes and various corporate functions.

The main focus was to stabilize corporate systems and infrastructure, and protect information. Some key digitalization projects included: the initial rollout of digital systems at production facilities, the modernization of critical head office infrastructure, and the replacement of several vendors' systems.

## Digitalization of corporate functions

### ERP ROLLOUT ACROSS THE GROUP

EuroChem aims to develop its ERP system in alignment with its business expansion.

The ERP system accumulates production, sales, accounting, HR, and finance data for all facilities across the Group, in line with the Group's business planning and accounting architecture. The use of a single platform and data format will ensure the reliability and structuring of operational and financial information and increase the speed and quality of its analysis and decision-making.

While already running a comprehensive ERP system in Switzerland, Spain, and Russia, in 2023, EuroChem continued its rollout across the corporate framework in Brazil, Antwerp, UAE office, and plans to launch it in other European trading offices.

EuroChem is introducing various tools and platforms to: ensure sustainable employee communication, simplify corporate reporting, develop an electronic document management system, and automate the collection and processing of sales and market data.

**16 digital products** implemented in 2023 with a potential impact of



**ANDREY BURLUTSKY,**  
EuroChem Group IT Director

**Digital technologies play a great role in EuroChem's development. By implementing them into all key Company processes, we will increase business efficiency, reduce industrial safety risks, and improve quality management.**

## Digitalization of operational processes

As part of a five-year strategy to digitalize production, among other things, a digital industrial platform (DIP) will be developed and implemented to enhance production management. As well as introducing digital solutions, we will be also upgrading the IT infrastructure and retrofitting equipment to improve control and measurement.

As the basis for digitalized production, DIP reduces both cost and implementation time. The platform improves the quality of production process management by collecting, analyzing and visualizing all production data. The DIP also enables processes to be digitalized, such as: dispatching, formation of material balances, downtime accounting, operational planning, and more.

By the end of 2023, the DIP has already been deployed at Nevinnomyskiy Azot, EuroChem-BMU, Novomoskovskiy Azot, Usolskiy and VolgaKaliy, and is being rolled out across all of the Company's assets.

EuroChem also actively implements new technologies and masters unmanned vehicles. At potash facilities (Perm and Volgograd regions), we are testing drones to create models of mines, and in Kazakhstan we use them to monitor the construction of new production plant. We use video and audio analytics as well: for example, thermal imaging cameras installed on self-propelled cars in one of the Company's mines allow us to increase the speed of the car in dusty conditions; at Phosphorite, a special camera with built-in audio sensors detects vacuum leaks that negatively affect the production of phosphoric acid.

### Key areas:

#### INCREASING OPERATIONAL EFFICIENCY

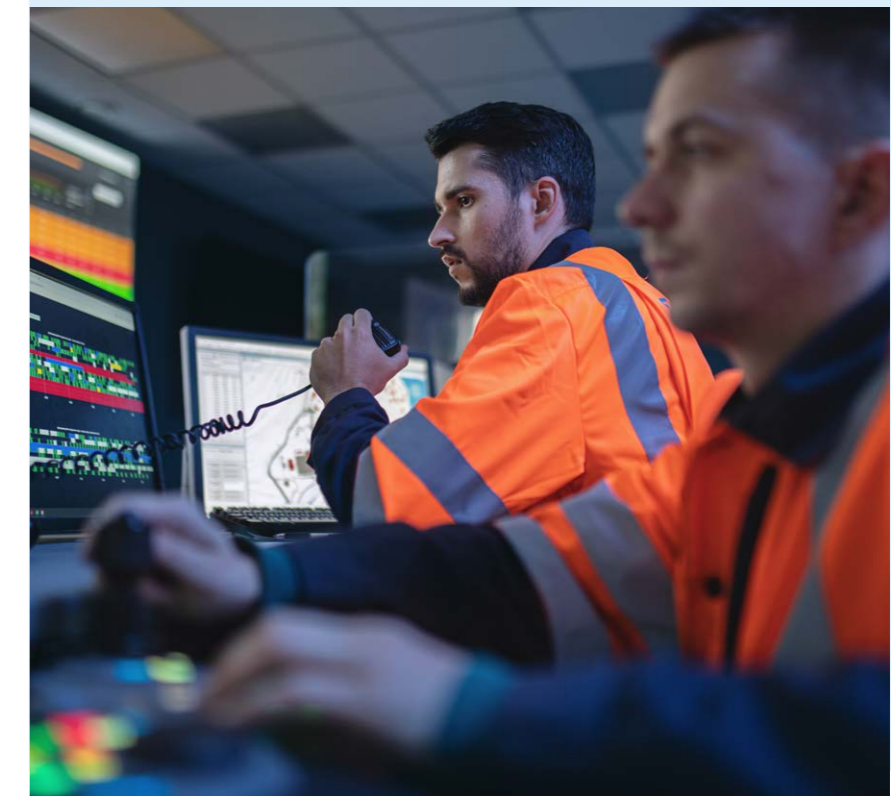
Digital solutions for reducing raw material and energy consumption, increasing nitrogen production chain output, and automating the business process of accounting for downtime of critical production equipment

#### IMPROVING INDUSTRIAL AND ENVIRONMENTAL SAFETY

Launching rapid testing terminals, a process safety monitoring system for ammonia and urea operations, a reliability management system, IoT-based online monitoring of exhaust fans, etc.

#### UPGRADING IT

Infrastructure and communications to digitally transform production sites





# 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

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

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 Brazil, during 2023, we donated around 300 pieces of equipment and materials to a municipal hospital, expanding the supply of public health services, including vital emergency care, as well as clinical and surgical procedures.

## 4 QUALITY EDUCATION

As a growing organization, we view young people as catalysts for positive change. 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. We aim to attract and support new recruits through a focus on science, technology, engineering and mathematics education in universities that are implementing the program.

## 5 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 2023, 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

EuroChem Northwest 1 operates 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 produced by the adjacent Phosphorit plant. This reduces the impact on the Luga River, significantly contributing to the Gulf of Finland's environmental protection and helping Russia meet its international sustainability commitments. The Group's second ammonia plant in Kingisepp, EuroChem Northwest 2, will follow the same principle.

## 9 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 exploring regenerative agriculture initiatives similar to those being rolled out by the world's largest food companies.



## 10 REDUCED INEQUALITIES

EuroChem's Principles of Corporate Ethics include a requirement to help reduce inequalities. The principles help provide an excellent working environment, career development and effective communication mechanisms for employees, while applying the highest standards of business ethics, ensuring equal access to Group information, as well as financial transparency.

## 11 SUSTAINABLE CITIES AND COMMUNITIES

EuroChem recognizes that sustainable cities and communities require more investment beyond revenues generated by taxes, which is why we holistically support regions in which we operate. Our social projects focus on development of cities' infrastructure according to their masterplans, particularly the 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

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

## 13 CLIMATE ACTION

EuroChem monitors its carbon footprint and is introducing new energy-efficient technologies to reduce both direct and indirect greenhouse gas emissions. We launched public climate reporting and we use CO<sub>2</sub> in production cycles.

## 14 LIFE BELOW WATER

The Company regularly boosts fish stocks in water bodies around its facilities to contribute to river system biodiversity. In 2023, as part of the Company's biodiversity campaign, EuroChem released about 130,000 of juvenile whitefish in waterbodies situated near Company's facilities.

## 15 LIFE ON LAND

EuroChem runs an ongoing reforestation project as part of land reclamation and carbon offsetting programmes. To contribute to the planting of tree seedlings in Brazil, EuroChem Salitre built a native Forest Nursery within the unit, with total focus on the production of native seedlings to the region. It has already recovered more than 384 hectares of green areas, planting more than 135 thousand tree seedlings.

## 16 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

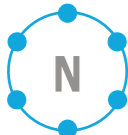
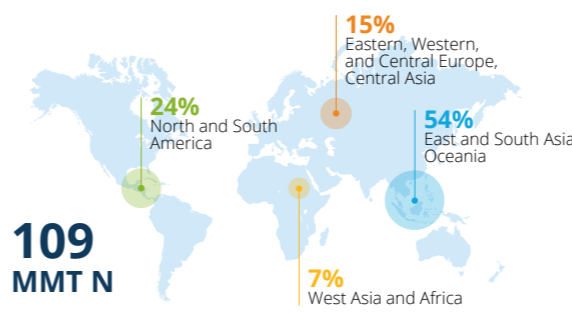

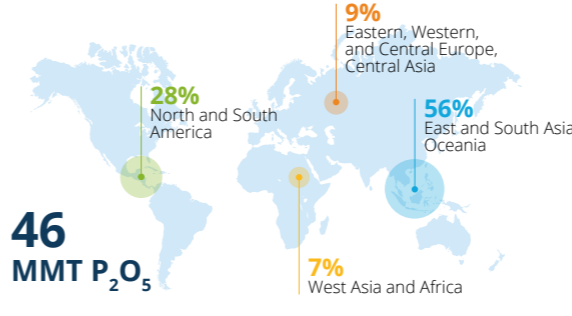
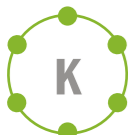
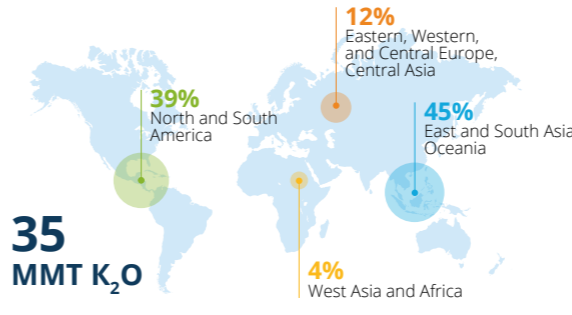
In 2023, EuroChem's Board and Management actively collaborated with government bodies of different countries and international organizations on food security issues, compliance and customs regulations, climate agenda, including participation in COP28.



# Market overview

Global fertilizer exports are estimated to have increased by approximately 3% to 213<sup>1</sup> MMT in 2023 (by nutrient content). Price depreciation towards historical average in all segments attracted some import demand, which was destroyed during the 2022 price rally.

Trading was hampered by export restrictions for N and P in China and tight phosphate supplies. Farmer economics remained robust overall, as fertilizer prices declined faster than grains and oilseed values did.

	Demand	Supply	Market developments	Regional fertilizer consumption	Average market price																
<p><b>Nitrogen segment</b></p> 	<p>In 2023, global nitrogen fertilizer consumption recovered by 2.2% y-o-y to 109.7 MMT N as prices corrected downwards closer to their historical averages.</p> <p>Demand was driven by record corn acreage in the USA and increased consumption in China, in both the agricultural and industrial sectors.</p>	<p>Global urea production increased by 3.6% y-o-y to 190 MMT of product in 2023. The rise was prompted by India (+14% y-o-y to 31 MMT, on the back of new capacity), Russia (+11% y-o-y to 10 MMT), and China (+8% to 62 MMT, on lower coal costs).</p>	<p>Due to the downtrend market through 3Q 2023, buyers postponed demand in hopes of locking in lower values at a later stage amidst a high-interest rate environment. Lower natural gas and coal prices also put pressure on prices.</p> <p>Prices bottomed in 4Q 2023 due to pent-up deferred demand, Indian tenders, and the heightened export restrictions in China.</p>		<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2023</th> <th>2022</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>Ammonia (FOB Baltic)</td> <td>413</td> <td>1,065</td> <td>▼ -61%</td> </tr> <tr> <td>Prilled Urea (FOB Black Sea)</td> <td>305</td> <td>566</td> <td>▼ -46%</td> </tr> <tr> <td>AN (FOB Baltic)</td> <td>223</td> <td>511</td> <td>▼ -56%</td> </tr> </tbody> </table>	US\$/metric tonne	2023	2022	Change	Ammonia (FOB Baltic)	413	1,065	▼ -61%	Prilled Urea (FOB Black Sea)	305	566	▼ -46%	AN (FOB Baltic)	223	511	▼ -56%
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<p><b>Phosphate segment</b></p> 	<p>Driven by better affordability, global P<sub>2</sub>O<sub>5</sub> consumption rebounded by 2% y-o-y to 45.8 MMT P, after a 9% decline in 2022.</p> <p>Most of the recovery occurred in North and Latin America and Africa, as fertilizer application rates recovered due to better affordability.</p>	<p>Global production of P<sub>2</sub>O<sub>5</sub> saw a mild 1% decline, mainly due to lower Moroccan MAP output.</p> <p>In 1H 2023 supplies elevated from Russia, China, and Morocco. 2H 2023 supplies declined as China tightened export controls to keep local prices in check.</p>	<p>As fertilizer prices declined from the highs of 2022, phosphate values faced a milder drop than nitrogen and potash.</p> <p>Phosphate prices were supported by the uncertainty on the US CVD ruling, relatively tight supplies from Morocco, Saudi Arabia, and China, and low US stocks.</p>		<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2023</th> <th>2022</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>MAP (FOB Baltic)</td> <td>525</td> <td>851</td> <td>▼ -38%</td> </tr> <tr> <td>Phosphate Rock (FOB Morocco)</td> <td>220</td> <td>256</td> <td>▼ -14%</td> </tr> <tr> <td>Sulphur (CFR Brazil contract)</td> <td>139</td> <td>284</td> <td>▼ -51%</td> </tr> </tbody> </table>	US\$/metric tonne	2023	2022	Change	MAP (FOB Baltic)	525	851	▼ -38%	Phosphate Rock (FOB Morocco)	220	256	▼ -14%	Sulphur (CFR Brazil contract)	139	284	▼ -51%
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<p><b>Potash segment</b></p> 	<p>Global K<sub>2</sub>O consumption was flat at 35.2 MMT K, following an 11% decline in 2022.</p> <p>Region-wise, increases in North and Latin America, driven by a recovery in application rates, were offset by declines in South Asia, which faced financial distress and affordability issues.</p>	<p>Potash production rebounded by 5% in 2023, reaching 64.5 MMT of MOP, driven by increased production in CIS and Russia and new capacities from Laos.</p> <p>While port strikes in Canada slowed down export flows in 3Q 2023, the consistent rebound in output from CIS throughout the year was key in bringing the market to a comfortable situation by 4Q 2023.</p>	<p>In 1H 2023, buyers deferred demand in the expectation of lower prices. Confirming the downtrend was the Chinese agreement at US\$307/tonne CFR, followed by the renegotiation of the Indian contract to US\$319/tonne from US\$422/tonne.</p> <p>Despite steady demand from Brazil and the US, prices continued to drift lower throughout the year due to higher supplies and resulting high stocks, especially in China and Brazil.</p> <p>By the end of 2023, K became the cheaper nutrient compared to N and P.</p>		<table border="1"> <thead> <tr> <th>US\$/metric tonne</th> <th>2023</th> <th>2022</th> <th>Change</th> </tr> </thead> <tbody> <tr> <td>MOP (FOB Baltic, spot)</td> <td>329</td> <td>723</td> <td>▼ -54%</td> </tr> <tr> <td>gMOP (CFR Brazil)</td> <td>394</td> <td>864</td> <td>▼ -54%</td> </tr> <tr> <td>sMOP (CFR Southeast Asia)</td> <td>392</td> <td>774</td> <td>▼ -49%</td> </tr> </tbody> </table>	US\$/metric tonne	2023	2022	Change	MOP (FOB Baltic, spot)	329	723	▼ -54%	gMOP (CFR Brazil)	394	864	▼ -54%	sMOP (CFR Southeast Asia)	392	774	▼ -49%
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<sup>1</sup> Comprises urea, AN, CAN, UAN, AS, ASN, SSP/TSP, DAP/MAP, MOP, NP/NPK products. Source: GTT, Russian FTS customs statistics, Russian railway statistics.



# Ensuring consistent deliveries worldwide

We continued to operate our assets and supply in-demand products to farmers around the world in 2023. Through timely investments in our own raw materials, processing, logistics and distribution assets and the flexibility of our business model, we ensured security of supply for our customers.

## Sales

In 2023, EuroChem's total sales volume increased to 27.4 MMT.

Throughout the year, all key segments (N, P, K) saw a significant price correction from record highs in 2022 to historical averages (see Market Outlook on pages 24–25). Despite this, EuroChem remained committed to its mission — to contribute to global food security — and delivered stable fertilizer volumes to international markets.

Sales volumes grew by 3.3 MMT or 14% year-on-year, with:

- 1.5 MMT (8%) increase in sales volumes of Company-produced products, mainly due to production growth of potash fertilizers and sales of stocks from warehouses
- 1.8 MMT (34%) increase in third-party product sales driven by the development of the granular potash market and UREA G&P

## Sales by region

### South America 9 MMT

South American sales increased by 60% in line with our strategic focus on development in this region. Working with large customers, providing agronomic expertise to farmers, and improving business management efficiency resulted in the Company becoming one of the key fertilizer suppliers in the region.

MMT	2023	2022
Total fertilizer sales	20.1	16.5
• Nitrogen fertilizers	9.7	8.0
• Phosphate products and complex fertilizers	6.2	5.9
• Potash fertilizers	4.2	2.6
Mining and industrial products	7.3	7.6
<b>Total sales</b>	<b>27.4</b>	<b>24.1</b>
Including sales of third-party products	7.1	5.3

### North America 3.2 MMT

We continued to work closely with traditional customers in the US. In addition, the US market has become a significant UAN sales channel for the Group.

### Africa 0.6 MMT

Although customers in Africa continued to experience difficulties in opening letters of credit and issuing guarantees, we were able to increase shipments to the region, particularly to areas most in need of higher yields to feed local populations. Fertilizers were sold to 20 countries in varying lot sizes. The top destinations included the region of Côte d'Ivoire, Mali and Burkina Faso (23%), South Africa (22%), and Morocco (15%).

### Europe 4.2 MMT

The recovery of business in the core markets of France and Italy, combined with the expansion of storage and distribution capacity in Belgium, Germany, and Slovenia, created opportunities for better market access, particularly in Eastern Germany and Central Eastern Europe, for nitrogen products from our plants.

### Russia and CIS 5.8 MMT

The Russian fertilizer market continued to be regulated in 2023, with state export quotas and fixed domestic prices. Significant fertilizer surpluses generated in 2022 carried over into 2023, creating a larger market surplus and lower demand. Our Russian sales strategy enabled us to maintain sustainable deliveries in the face of external regulatory. Despite the challenges, we managed to maintain balance in the fertilizer market and meet the needs of both Russian and international customers.

### Asia-Pacific region 4.7 MMT

Sales to Southeast Asia demonstrated significant growth (+60% over 2022). The major growth was due to an increase in potash sales due to the development of the distribution network. In addition, the opening of new markets increased sales of industrial products (urea and ammonium nitrate) to 0.15 MMT. Traditionally, sales of iron ore concentrate accounted for a significant share of sales to Asia-Pacific.

## Sales by product

### Nitrogen products

Sales in the nitrogen segment increased by 21% to 9.7 MMT.

#### Ammonia

Ammonia shipments to external customers amounted to 0.3 MMT, while the rest of the produced volume was consumed within the Group.

#### CAN

- Due to reduced CAN consumption in Europe, EuroChem redirected supply to customers in Russia, Brazil and Africa.
- Optimization of the distribution chain ensured 100% production utilization during 2023.

#### Urea

Sales grew by 0.5 MMT to 4.2 MMT.

- In 1Q 2023, due to limited capacity in the European market, supplies were split between two available markets (Russia and the USA).
- In 2Q 2023, we resumed operations in the French market.

#### AN

Due to the substitution of Russian nitrate with more affordable Chinese sulphate in the Brazilian market, the released product volume was reoriented to the market of industrial nitrate, which is characterized by a premium compared to agricultural nitrate. One of the important markets for industrial nitrate was the African region.

### Phosphate products

Diammonium phosphate (DAP) sales remained flat at 2022 levels, while monoammonium phosphate (MAP) sales increased by 47% to 2.1 MMT, with the majority of sales coming from proprietary products.

- The Company fully utilized MAP production capacity in 2023, focusing on optimizing the performance of the Phosphorit plant. Given its geographical location in close proximity to ports, the Company directed approximately 90% of its MAP production to export markets.
- Amid the challenges of countervailing duties and restrictive measures in a number of markets, the Company redirected a significant portion of its own MAP production to Brazil.

### Complex fertilizers

Complex fertilizer sales decreased by 33% to 2.2 MMT, due to the continued downtime of the Lifosa plant in Lithuania and lower demand in Europe.

- The downward price trend throughout the year in all NPK segments, due to the volatility in the natural gas market and other external factors, resulted in distributors and farmers in all premium fertilizer segments delaying purchases in anticipation of further price reductions.
- The Company worked continuously to optimize its NPK product line to ensure full production utilization at the Antwerp plant.
- The production of NPK MOP grades, which are in demand in the markets of Myanmar, Thailand and Vietnam, ensured product liquidity and contributed to the overall margin contribution in 2023.

### Potash fertilizers

Potash sales increased 62% to 4.2 MMT in 2023 as potash capacity ramped up.

- Amid the decline in global potash prices, demand was lower as buyers anticipated further price reductions.
- To ensure uninterrupted plants utilization, products were sent to external warehouses, mainly in Southeast Asia, which were then sold as demand increased.

### Industrial products and mining products

Sales to industrial and mining customers were slightly lower at 7.3 MMT in 2023, compared to 7.6 MMT in 2022.

The decrease in iron ore concentrate shipments was due to lower production volumes on the back of lower iron content in processed ore.

## Production

EuroChem Group produced 19.9 MMT of commercial products in 2023, including 13.1 MMT of fertilizers and 6.8 MMT of industrial and mining products. Capacity utilization at most assets remained at a high level.

Fertilizer production increased by 1%, mainly driven by higher production of CAN and complex fertilizers

at the Antwerp plant (+22%) due to improved raw material supply and market conditions, and higher potash production (+9%). The increase in production at these assets was partially offset by lower methanol production at NAK and minimal production at the Lifosa plant in Lithuania due to unresolved raw material supply issues.

MMT	2023	2022
Nitrogen products	6.7	6.8
Phosphate products and complex fertilizers	3.5	3.5
Potash fertilizers	2.9	2.7
Mining products	5.7	6.0
Industrial products	1.1	1.1
<b>Total production of commercial products</b>	<b>19.9</b>	<b>20.1</b>





### Nitrogen products

Nitrogen products output in 2023 decreased by 1% to 6.7 MMT mainly due to logistical restrictions on ammonia export shipments in 1H 2023 prior to the start of transshipment through the Ust-Luga terminal.

EuroChem Northwest produced 0.6 MMT of ammonia and supplied 66% of it to Russian facilities, including increased deliveries to BMU and NAK Azot and third-party customers in Russia, with the remainder exported.



### Phosphate and complex group (NPK)

In 2023, production of NPK fertilizers remained at 2022 levels.

Kovdorskiy GOK increased apatite concentrate output by 2% y-o-y to 2.4 MMT due to increased productivity and reduced process downtime, as well as improved ore feed quality. Measures are being implemented to increase P<sub>2</sub>O<sub>5</sub> recovery and apatite output to 2.6 MMTpa.

Phosphate flour production at Karatau (Kazakhstan) in 2023 totaled 0.7 MMT, up 14% from 2022 due to changes in the crushing scheme and modernization of certain parts of the processing plant.

The main focus of phosphate rock concentrate production at the Salitre mine in Brazil was to increase stockpiles from 0.3 to 0.4 MMT to ensure the start-up and stable operation of the chemical complex in 2024.

EuroChem increased complex fertilizer production by 9% to 1.9 MMT in 2023 by recovering capacity utilization at the Antwerp (Belgium) plant, which was offloaded in 2022 due to problems with the supply of ammonia from EuroChem Northwest (Russia). EuroChem continues to develop its range of premium watersoluble fertilizers. In 2024, we plan to launch production of potassium nitrate at Nevinnomysskiy.



### Potash fertilizers

EuroChem increased potash production to 3.2 MMT in 2023, including 2.9 MMT of commercial product and 0.3 MMT for internal use for NPK production.

The ambitious potash production plan at Usolskiy was achieved in full, totaling 2.5 MMT. The project to modernize the flotation concentrator entered the active implementation stage, which will increase its capacity from 2.5 to 2.9 MMTpa of finished product. A project for the construction of a second phase with improved productivity and cost parameters has also been approved.

EuroChem-VolgaKaliy almost doubled production (0.7 MMT of potash). In 2023, skip shaft No. 2 was commissioned and the fleet of harvesters was increased. A second process line was also commissioned at the plant, which increased ore processing capacity from 400 to 650 t/h.



### Industrial and mining products

Through its mining and production activities, EuroChem obtains certain industrial products, expanding the Company's product portfolio and creating additional value for customers.

Mining product output was down by 5% at 5.6 MMT, mainly because of lower production of iron ore concentrate (down 8% to 5.1 MMT) due to lower magnetic iron content in ore processed.

The output of industrial products remained stable at 1.1 MMT.

## Operational efficiency

EuroChem Business System (ECBS) is a combination of operational efficiency tools, including digital tools, goal-setting approaches, result controls and measures to improve corporate culture and employee behavior. Its aim is sustainable long-term improvement of the Company's performance and increased customer satisfaction.

Our Business System aims to:

- Identify the maximum potential for operational improvements
- Help the Company to maximize its results
- Create a governance system focused on continuous improvement

### Key elements of the EuroChem Business System



#### OPERATIONAL PERFORMANCE

- Bottleneck model
- Overall equipment efficiency
- Standardization (Standard Operating Procedure, SMED)
- Shift analysis
- 5S
- 'Idea Factory'



#### PERFORMANCE MANAGEMENT

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



#### MINDEST AND BEHAVIOR

- Communication
- Skills development
- Talent pool
- Mentorship
- Behavior model
- Production competition



### Business System 2023 results:

The total economic benefit from operational efficiency initiatives exceeded

**US\$130m**

We developed and launched a portfolio of initiatives with a net impact of more than

**US\$300m**

### Key development areas for Business System in 2024:

- Discovering new levels of potential in existing assets
- Gaining economic benefits through the implementation of advanced tools, including digitalization and artificial intelligence
- Production management system standardization

See more about EuroChem's digitalization strategy on pp. 20–21



Nurturing

# RESPONSIBLE DEVELOPMENT

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

EuroChem’s sustainability efforts span every aspect of our operations, including stewardship of natural, human and economic resources, innovation in production technology, safety, and supplier relationships, as well as continuous engagement with stakeholders and regulators.

The United Nations 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 UN SDGs and are most actively involved with the following:



See more about our contribution to other UN SDGs on pp. 22–23

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)
- Social Charter of Russian Business
- Global Reporting Initiative (GRI) Standards

## Sustainability governance framework

### COMMITTEES OF THE BOARD OF DIRECTORS

Oversee Company’s ESG strategy and the achievement of our sustainable development goals

### GROUP CEO

Holds responsibility for the development and implementation of the ESG strategy

### HSE DIRECTORATE, HR AND PR DEPARTMENTS

Develops, updates and implements EuroChem’s ESG strategy, while also monitoring the progress of the achievement of our strategic goals



## 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 other measures to drive down injury rates. This is part of a wider program to foster an overarching safety culture and reduce the risk of workplace injuries.

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 approach 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.

We are also aware of the risks posed by climate change. We monitor how it may affect demand and lead to changes in the market, legislation, and technology. 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.




## Stakeholder engagement

All of our stakeholders around the world have played a part in our success, either contributing directly to it or deriving benefit from our

activities in the communities around us. Which is why we actively build relationships with our stakeholders through open dialog and collaboration.

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

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 2023	2023 engagement highlights
<b>Farmers and other customers</b>		
<p>We engage with farmers directly and through partners, such as distributors.</p> <p>We participate in and conduct our own customer events.</p> <p>We measure customer satisfaction via our annual global survey.</p> <p>We collect and register all incoming feedback – both claims and suggestions.</p> <p>We provide a wide range of agricultural advisory services in certain markets.</p>	<ul style="list-style-type: none"> <li>• Product quality and innovation</li> <li>• Timely delivery and reliable logistics</li> <li>• Payment infrastructure and related security</li> <li>• Sanction compliance</li> <li>• Environmentally optimal practices and techniques</li> </ul>	<p>Through our 2023 annual Customer Satisfaction survey, we received more than 1,900 answers from customers across the globe and are developing an internal action plan based on the feedback received.</p> <p>We worked together with our customers to develop, test and launch new products in Germany and Brazil.</p> <p>Our customers from France and Spain visited EuroChem Antwerpen to see how our operational processes are organized with a strong commitment to best sustainable practices while ensuring premium product quality.</p> <p>We regularly participated in agro-industrial exhibitions around the world, presenting our new products and holding dedicated workshops. We consider these events an excellent platform on which to host an open dialogue with end consumers, allowing us to keep our finger on the market pulse, better understand their needs and offer highly effective solutions.</p>

How we engage	Material topics 2023	2023 engagement highlights
<b>Our people</b>		
<p>Our HR team provides training courses, development opportunities and mentoring, and also conducts performance reviews.</p> <p>We are transparent with information, giving employees regular opportunities to ask executives about ongoing projects and plans, alongside other dedicated feedback channels.</p>	<ul style="list-style-type: none"> <li>• Incident prevention and HSE practices</li> <li>• Hiring and retention policies</li> <li>• Personal and professional development opportunities</li> </ul>	<p>We provide regular updates for employees via management newsletters, video interviews, global and local newsletters.</p> <p>We held two global townhalls to update employees about strategic developments, the results and targets for upcoming quarters, and introduced our global corporate values.</p> <p>We conducted our regular staff engagement survey to get feedback from personnel and track the process of improvements.</p> <p>Our employees also submit their concerns via the hotline, which are later reviewed and settled by the relevant departments.</p>
<b>Suppliers</b>		
<p>We regularly participate in exhibitions and hold business meetings.</p>	<ul style="list-style-type: none"> <li>• Payment infrastructure and related security</li> <li>• Sanction compliance</li> </ul>	<p>We provided our suppliers with an extended pack of information on sanctions compliance, business continuity, and adjusted payment infrastructure.</p> <p>Some of our partners from Asia visited EuroChem's operational sites.</p>
<b>Investors</b>		
<p>We disclose the Company's data in line with the regulatory requirements.</p> <p>We maintain a constant open dialog with our debt investors and key rating agencies, providing all necessary information for their regular assessments of the Group's credibility.</p>	<ul style="list-style-type: none"> <li>• Sanction compliance</li> <li>• Payment infrastructure and related security</li> <li>• Financial, operational and ESG performance</li> </ul>	<p>We held communications with bondholders and other financial institutions, which allowed the Company to restructure its debt obligations and ensure comfortable liquidity and a solid financial infrastructure.</p> <p>We held conference calls with analysts of rating agencies, as a result of which they reaffirmed our high-level credit ratings.</p>
<b>Government and local communities</b>		
<p>We make significant investments in the communities around our plants and facilities.</p> <p>We build constructive relations with local stakeholders, including government bodies, other employers, infrastructure owners, residents, and schools.</p>	<ul style="list-style-type: none"> <li>• Employment opportunities and economic well-being of regions where we are present</li> <li>• Education, healthcare and infrastructure investments</li> <li>• Environmental stewardship</li> </ul>	<p>As we prepared for the launch of Salitre complex in Brazil, we held meetings and consultations with all relevant government bodies, obtaining the license to operate and all other necessary approvals, while presenting detailed information about EuroChem's operations in Brazil and globally.</p> <p>EuroChem signed a number of agreements with state bodies on joint efforts to implement investment projects, and promote cooperation between vocational institutions and businesses.</p>
<b>Media and NGOs</b>		
<p>Aside from regular activities such as annual report publications and public events, we engage proactively with the media and NGOs both in-person and virtually online.</p> <p>We provide expert commentary and analysis, publish media releases and attend conferences, as well as host inspection visits to monitor progress at key locations.</p>	<ul style="list-style-type: none"> <li>• Transparency and openness</li> <li>• Public dialog with members of stakeholder groups</li> </ul>	<p>Our senior management provided regular comments to the media and spoke at international conferences.</p>



# Caring ABOUT NATURE

We are committed to sustainable environmental management. Conscious environmental stewardship is one of EuroChem's key priorities, ensuring the fundamental right to a favorable environment in every region where we operate.

## 2023 priorities

Ensuring compliance with relevant legislation across all assets

Improving the environmental management system and enhancing corporate environmental culture

Application of the best available technologies in the development and design of new assets

## 2023 results

**-5%**  
fewer air emissions compared to 2022<sup>1</sup>

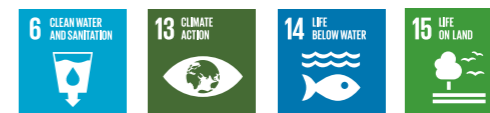
**US\$27m**  
EuroChem Group's environmental CAPEX

**>60%**  
of EuroChem Group's production assets are ISO 14001 certified

### Regulatory basis

- Environmental legislation applicable in the countries where EuroChem operates
- ISO 14001
- EuroChem's Environmental Policy
- UN Global Compact

<sup>1</sup> All environmental data is presented in the perimeter of Russia and CIS, unless otherwise specified.



### Our approach

We are committed to global best practices, including the application of the best available technologies and ISO 14001 environmental management systems (11 EuroChem Group companies currently hold the relevant certificate). We comply with all national and international environmental legislation, including the European Union's regulations on the control of cadmium and other pollutants in all fertilizers (Regulation (EU) 2019/1009 of the European Parliament and of the Council).

When developing new projects, we focus on the principles of sustainable development and strive to continually improve our environmental management, analyzing which modern environmental practices we can incorporate. These include wastewater recycling, waste reuse and CO<sub>2</sub> capture and utilization in the production cycle. For example, Novomoskovskiy Azot has been capturing and processing CO<sub>2</sub> into liquified food additives since 2022.

We also believe that fertilizers with nitrification inhibitors are effective in significantly reducing fertilizer-induced emissions during the usage phase. Our ENTEC® products contain nitrification inhibitors that reduce greenhouse gas emissions by up to 70% compared to untreated fertilizers, while our UTEC® product reduces ammonia emissions by up to 80% compared to untreated urea.

### Air emissions

Our mining, chemical and fertilizer production and distribution activities result in a variety of air emissions, including sulfur oxides, carbon monoxide, nitrogen oxides, ammonia, particulate matter, and hydrocarbons.

We continuously monitor air quality at our production facilities and share these observations with regulators and

local communities. EuroChem's fertilizer production facilities are equipped with gas treatment plants that capture up to 99% of pollutants. At NAK Azot, for example, we are in the process of installing an automatic emission control system in the nitric acid department, which will provide real-time information on pollutant emissions.

We are taking action to improve our dust control measures throughout the operating cycle. In 2023, EuroChem's Antwerp implemented large projects to install a new scrubber at the NPK plant and a screw unloader to minimize air emissions and dust which made up a major part of Group CAPEX. Kovdorskiy GOK is implementing a project to launch cyclic-flow stripping technology: the use of overburden conveyance will reduce exhaust emissions, dust from dump trucks and the volume of waste generated. Starting in 2024, we also plan to treat technical roads with a special reagent instead of water.

### Air emissions, thousand tonnes

2023	42.8
2022	44.9
2021	37.5

### Biodiversity conservation

EuroChem cares for the flora and fauna native to the areas in which it operates and endeavors to preserve and maintain local biodiversity. To preserve aquatic bioresources, EuroChem regularly releases various species of fish into local water bodies. About 130,000 juvenile whitefish were released in 2023.

EuroChem also plants trees and shrubs to reclaim land and offset CO<sub>2</sub> emissions.



## RUNNING A ZERO-WASTE MODEL AT SALITRE IN BRAZIL

The new phosphate Salitre Complex is an outstanding example of wastewater reuse and a zero-waste model.



The Complex is equipped with a completely closed water circuit with low water consumption, which allows the unit to reuse more than 99% to the mineral process and almost 80% to chemical plant, once there's water reuse and treatment from the tailing dam. The facility also operates with a clean energy production system using its own steam, capable of generating 40% of the energy of the entire plant. In addition, up to 77% of waste produced is sent to recycling, reusing or transforming to energy.

Salitre also monitors air quality at the production facilities whose are equipped with sleeve filters, gas scrubbers and others gas treatment system. At the sulfuric plant an automatic emission control system is installed, which will provide real-time information on

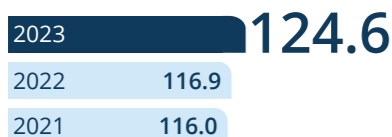
pollutant emissions. In the mine area, dust is controlled by using water trucks, which collect water from the tailings dam to humidify the internal roads.

Eurochem Salitre cares about the biodiversity conservation, carrying out special monitoring of fauna which helps to evaluate the fishes' health and catalog the occurrences of species in the waterbody located near the facility. It also monitors threatened species and trains dedicated employees to catch the animals entering the production area, and release them into the environment. In addition, Salitre contributes to the planting of tree seedlings in the unit's green areas saving and preserving native flora.

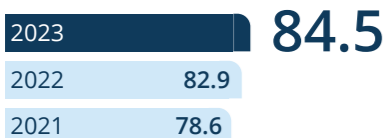
## Water management

EuroChem's production sites are all located in areas of low-to-moderate freshwater scarcity. Nevertheless, as fertilizer production requires large quantities of water, we strive to optimize the use of water in our operations wherever possible.

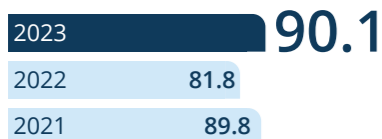
### Water intake, million m<sup>3</sup>



### Fresh water consumption, million m<sup>3</sup>



### Water discharge, million m<sup>3</sup>



Thus, some of our plants operate in a closed-loop water cycle, which allows water to be used in the operational process repeatedly and without waste. EuroChem also invests in measures to reduce the amount of water used per tonne of product.

The increase in 2023 was mainly due to the temporary technological need to increase the intake and consumption of fresh water from surface sources for the period of modernization of technological wells at one of the production sites.

We are continuously improving our wastewater management process, reusing water through closed-loop circulation systems and improving the treatment of wastewater discharged into water bodies. At the facilities where we discharge water, we operate treatment plants and continuously monitor quality of discharged water.

We are implementing projects to improve the quality of wastewater discharged from our facilities in Novomoskovsk, Nevinnomyssk, and Kingisepp. At Kovdorskiy GOK, we are investigating the use of an integrated acoustic system and phytoextraction for this purpose.

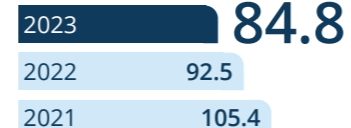
## Waste

We strive to minimize the environmental impact generated by the storage and disposal of waste, aiming to recycle wherever possible.

Thus, our operations produce a variety of inert materials during production, we are looking for opportunities to involve them in economic circulation. For example, we transfer phosphogypsum (from phosphate fertilizer production) for use in agriculture, as an ameliorant (to improve soil) and reclamation agent (to restore soil topography), and we use overburden rocks after mining for our own needs – reclamation, construction and strengthening of technical roads and production sites, construction of tailings dams.

In 2023, the waste generated decreased due to a decrease in the volume of overburden due to a change in the direction of mining operations at one of the sites.

### Waste generated, million tonnes



## Climate Agenda

We are focused on reducing greenhouse gas emissions from the manufacture, transport and use of our products. We are dedicated to fulfilling our increasing commitments to the industry, government authorities, communities, investors and, of course, our employees and customers.

During 2023, EuroChem regulated its internal inventory and carbon reporting processes to comply with Russian legislation. In addition, we participated in the benchmarking of specific greenhouse gas emissions for key chemical products across Russia, which confirmed our strong competitiveness in the industry.

In accordance with new legislative and methodological requirements, we provided carbon reporting for the first time in 2023 and continued to work on reducing greenhouse gas emissions.

### Greenhouse gas emissions (scope 1), tonnes of CO<sub>2</sub>e<sup>1</sup>



To contribute to the industry's efforts to combat climate change, we are constantly looking for operational innovations that we can implement to improve the energy efficiency of our facilities and reduce greenhouse gas emissions.

We launched a CO<sub>2</sub> capture, and liquid CO<sub>2</sub> production unit with a capacity of four tonnes per hour, at Novomoskovskiy Azot in 2022 and officially registered the related voluntary climate project in 2023. The project was then validated, confirming the reduction of greenhouse gas emissions over the plant's lifetime by 0.58 million tonnes of CO<sub>2</sub>e, i.e., 30,000 tonnes of CO<sub>2</sub> per year. Verification of the plant's performance results during the first six months allowed for the release of more than 12,000 carbon units onto the Russian Registry of Carbon Units.

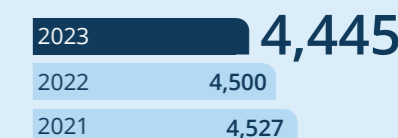
EuroChem places great emphasis on stakeholder engagement and integration into the global climate agenda. In 2023, Company representatives attended the 28<sup>th</sup> session of the UN Climate Change Conference (COP28) in the UAE to better understand the priorities of all stakeholders and build even more effective communication.

## Energy consumption

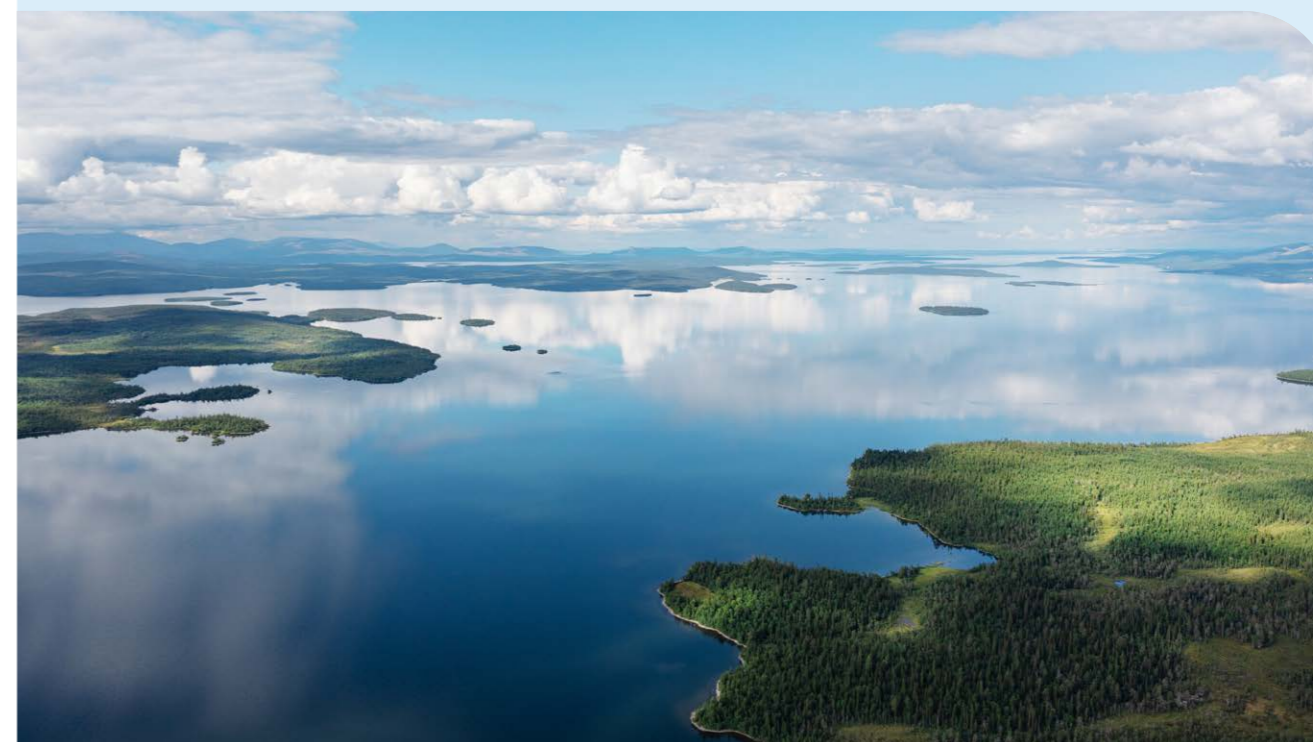
EuroChem carefully manages its energy consumption, which directly and indirectly affects CO<sub>2</sub> emissions. All major EuroChem sites utilize process waste heat recovery to generate heat and electricity, including for external customers.

In 2023, we conducted internal audits at several sites to verify data on energy consumed, identify scenarios of inefficient utilization and update corporate energy efficiency programs.

### Energy consumption, million kWh



<sup>1</sup> This information uses methodological recommendations on the calculation of greenhouse gas emissions approved in the Russian Federation and global warming potential (GWP) coefficients.





# Nurturing SOCIAL WELL-BEING

We place great emphasis on social responsibility and strive to be a good corporate citizen.

## 2023 priorities

**Unifying organizational approach to HSE and implementing H&S compliance controls**

**Recruiting and retaining talent at all levels of our organization**

**Fostering increased employee engagement across the Group's operating assets**

### Our regulatory frameworks

- 📄 EuroChem H&S Policy
- 📄 EuroChem Code of Conduct
- 📄 EuroChem Occupational Safety Risk Management Procedure
- 📄 EuroChem Third-party Supplier HSE policy
- 📄 ISO 45001 standard
- 📄 UN Global Compact

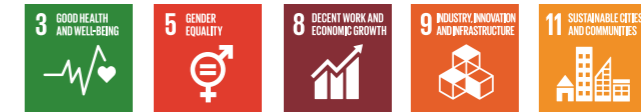
## 2023 highlights

**1.83**  
LTIFR

**11.00**  
FAR

**32,053**  
full-time equivalent employees

**US\$0.9bn**  
social investments, including H&S, employees, and community spendings



## Safety

**Our ultimate safety goal is to achieve zero production-related injuries.**

At EuroChem, we strive for a culture where every employee consciously observes safety rules and responds to violations; teams are constantly ready to localize and eliminate possible consequences from natural and man-made emergencies while ensuring transparent incident reporting and risk mitigation.

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

We implement, audit and continuously improve the industrial safety management system, with a special focus on:

- Managing occupational health and safety risks
- Creating safe and comfortable working conditions
- Developing competencies of conscious safe behavior
- Enforcing compliance with safety rules and defining responsibility for violations
- H&S training and implementing best practices
- Openly discussing safety issues, and involving everyone in decision-making
- Automating H&S processes and their digitalization
- Strengthening contractor H&S management

If incidents occur, we investigate them thoroughly, focusing on identifying and analyzing the root cause of each. We monitor the implementation of corrective actions, review past mistakes and draw conclusions to prevent the risk of recurrence.

In 2023, we continued to improve our risk management system using tools and procedures such as 'Employee Refusal to Perform Dangerous Work', 'Risk Hunting', and 'Standard Operating Procedures'.

We also intensified our recently introduced behavioral safety audits. This tool reduces injuries by promoting safe behavior in the workplace, helping to prevent the preconditions for dangerous actions from arising.

In 2023, in addition to mandatory H&S training, the Company provided training on behavioral safety audits to 1,175 managers and specialists. Additional training courses provided include:

- Risk Hunting (145 managers)
- Five-minute Safety meetings (372 employees)
- Insight System training (996 employees)
- Golden Safety Rules (8,750 employees)

We developed communication materials on H&S issues, not only for dedicated specialists, but for all employees. Every month, we publish a monthly HSE newsletter for all employees, highlighting projects implemented across the Group, key areas of work, our achievements and other important HSE-related activities.

In 2023, we also introduced the HSE Rating, calculating units with the best safety performance. The rating is generated automatically in the InSight information system, which is designed to automate business functions and provide information support for health, safety and environment processes including fire and industrial safety.

**US\$31m**

**industrial safety expenditures in 2023**



## Safety performance

In 2023, we recorded 94 temporary lost time accidents and, sadly recorded six fatalities, resulting in a LITFR of 1.83 and FAR of 11.00. The main injury factors were: rock fall; falls from height; collision/jamming/being hit by objects/being struck by objects, crossing in an unauthorized place; exposure to harmful/hazardous substances; visual impairment.

The Company investigated each case, identifying the systemic causes to develop a 'Lessons Learned from Accidents' manual that help implement measures to prevent similar accidents. We also reinforced Golden Safety Rules and behavioral safety audits.

LITFR<sup>1</sup>

2023	1.83
2022	1.64
2021	1.37

### IMPROVING CONTRACTOR SAFETY AND SECURITY

Contractor organizations are an integral part of any large production facility. Therefore, our main priority is to establish uniform safety rules for interaction with external and internal contractors, taking into account the specifics of their work.

In 2023, EuroChem developed, approved, and began to implement its Regulation on Interaction with Contractors, to ensure that our contractors comply with all the Group's industrial safety requirements when performing work/services.

## 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.

### Our approach

EuroChem's HR team is responsible for the Group's HR strategy, goals and policies, while the heads of divisions and business units implement them on the ground. Key responsibilities include defining required standards of behavior, recruiting talent, creating and delivering

comprehensive and effective training and development tools, and designing reward and incentive systems to support employee commitment loyalty.

We keep the channels of communication open between all levels. A transparent environment helps maintain an atmosphere of trust and encourages a culture of individual opinions, where employees feel able to convey their ideas freely to their senior managers.

### Overview

As of 31 December 2023, the Group's employees, including corporate offices and business units located in more than 40 countries, numbered 32,053. The turnover rate in 2023 rose to 19% reflecting staff optimization of a number of administrative functions, the

integration of facilities in Brazil and high competition for qualified personnel in the labor market in the Russian regions. Meanwhile, we managed to maintain key personnel and keep our highly qualified staffing level at 96%.

The percentage of men and women in the gender balance is 69% and 31%, respectively. The difference is largely due to the predominance of men in positions requiring physical labor in mining and industrial production. We comply with all relevant labor laws and employee rights, codes, including international conventions in the countries where we operate. 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.

EuroChem's remuneration policy is to set competitive salary levels based on industry metrics and market best practice. In the regions where we operate, we set salaries in line with industry norms and with regularly updated compensation levels. In 2023, we continued our active investment in the development of our employees, with personnel expenses totaling US\$0.8bn.

### Social support

EuroChem is committed to a high level of social responsibility, complying with all necessary requirements to create comfortable working conditions and financial support for its employees.

Social support programs for our employees, which are implemented throughout the year, include:

- Rehabilitation, resort treatment, and recuperation treatment for employees and their children in sanatoriums
- Financial support to retiring employees (certain categories)
- Material assistance in connection with certain employee life events
- Provision of housing and improvement in living conditions in certain regions where the Company operates

### Focus on new talent

As a growing Company, we consider young people to be a catalyst for positive changes at EuroChem.

We have strong working relationships with secondary and tertiary schools, helping to improve the quality of vocational education. This attracts and supports new employees through a focus on science, technology, engineering and math (STEM) at Russian, European and American universities, as well as secondary schools and colleges in Russia and Kazakhstan. In 2023, we continued to cooperate with educational institutions and systematically recruit graduates to work for the Company.

To promote our brand as an employer, EuroChem runs the Marathon of Working Professions, which helps to immerse students from specialized secondary educational institutions in jobs related to fertilizer production, and motivate them. The program involves about 500 young people annually.

EuroChem also became a general partner of the CASE-IN engineering championship in Mining Engineering and Mining Machinery and Equipment. Over 300 students from 10 Russian universities took part in the competition in 2023. The championship addressed issues at the intersection of chemistry, geology, mining engineering, and mineral processing.

EuroChem Classes is another important joint educational project of the Company and Russian schools in the regions where EuroChem operates. The project offers high school students a high-quality education with a natural sciences and mathematical basis and early professional orientation. After successful completion of their Classes, students are eligible to join EuroChem.

### Youth professional development

EuroChem is transforming the young specialists outreach system, focusing on engaging and retaining young people and identifying a pool of promising young engineering leaders.

### Our key goals for youth talent development include the following:

- We strive to create an environment that stimulates the development of professional skills and corporate management competencies among young employees
- We encourage and empower them to create ideas that will transform our production and reduce business losses

### Our transformation framework includes:

- Modernizing our three-year young professional development program to enhance expertise during every training stage
- Centralizing the activities of Youth Councils with a focus on:
  - More peer-to-peer training to be conducted across youth and student development programs, supported by internal assets and corporate leadership programs, career guidance and other trainings
  - Fostering a culture of ideation to improve efficiency (e.g., Idea Factory) and development of safety culture (e.g., PAB, industrial safety weeks, etc.)
  - Introducing volunteering programs to develop cities where the Company operates
- Stimulating innovative thinking to help optimize production. One example is the annual Youth Forum, which showcases the work of young professional across the Group

### As a result, at the end of 2023 the following trends were observed:

- A reduction in the outflow of young specialists in their first year of employment
- Increased involvement of young specialists in development projects in the cities where the Company operates
- An increase in the quality and quantity of projects submitted by young specialists to the annual Youth Forum and other idea generation programs, such as the 'Idea Factory'

### DIGITALIZING H&S PROCESSES

In 2023, we continued the digitalization of H&S accounting, monitoring, and forecasting of preconditions for critical situations and notification of responsible personnel:

- We expanded the user base of our **Insight** H&S data accounting system, and added environmental modules and associated dashboards
- We further developed the **Industrial Safety Control System** that enables remote

operational monitoring, identification and notification of deviations from the regulatory norms of the technological process, systems, and equipment

- At BMU, we launched the **Industrial Vision** project, which enables us to monitor shift workers' compliance with H&S requirements in real time, record and archive violations of HSE requirements (use of PPE, travel route, being in hazardous areas, etc.), and signal cases of fire



<sup>1</sup> Including contractors.



## Training and career

We offer all EuroChem employees the opportunity to progress their career by not only developing their current professional skills but in addition providing valuable experience in other areas of the Company.

In 2023, we launched comprehensive leadership programs to train members of the Talent Pool, mentors and develop the experience of project teams.

EuroChem also has the Corporate University which unites seven licensed training centers, and in 2023, launched a special program to increase labor productivity through the development of key competencies.

## Mentoring reboot

Mentoring has been undergoing a major reset at EuroChem since 2023. At each facility we nominate office workers, engineering and technical specialists for mentor training and development programs relevant to their designated work sectors or categories. During new mentor training program we use such tools as a mentoring algorithm based on the Training Within Industry (TWI) method, algorithms for corrective and developmental feedback, as well as communication skills with the mentee to maximize his involvement in the learning process and involvement in the profession.

## Talent pool

EuroChem's Talent Pool was formed in 2023 with the purpose of developing human resources' potential, ensuring the succession of managers and employees with a high level of professional and technical expertise.

HR committees within each division of the Company approve employees for membership of the Talent Pool, and develop advanced training programs for the selected members. Such programs are aimed at training managers to work effectively in modern market conditions and respond flexibly to internal and external changes.

In 2023, various divisions introduced programs to improve a range of skills, including: project investment portfolios, change management, as well as 'Perspective 2.0' — a program created to help project teams solve real business challenges, while developing innovative and systemic thinkings, among others.

The Talent Pool is a priority fast-track program to management-level appointments. By the end of 2023, 735 employees were enrolled in the Talent Pool, and the average appointment rate from the Pool was 29%.

## Community outreach

We believe that we have a strong responsibility to our local communities. We see ourselves as an active part of our communities, connecting with local authorities and encouraging people to set up and participate in a range of social 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.

# US\$30<sub>m</sub>

invested by EuroChem in local communities in 2023<sup>1</sup>

## Building collaborative regional development

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 foster mutually beneficial conversations around issues of common concern, including the environment and sustainable stewardship. In 2023, we concluded a number of important agreements on socio-economic cooperation with the regional governments in Russia, as well as in Brazil before the opening of the Salitre complex and receiving our license to operate.

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.

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



EuroChem also contributes to the socioeconomic development of local communities through workforce training. For instance, in Brazil, in partnership with the National Industrial Learning Service (Senai) and municipal governments in the region, we offer

free technical-level qualification courses in Chemical Process Operations. The first group has already completed training, with around 70% of participants hired by the Company, and we plan continue this program in 2024.

EuroChem contributes to the socio-economic development of local communities in the following ways:

- The **royalties and taxes** paid by the Company add economic value
- While carrying out business operations that **bring economic value** to communities, we stick to the policies of **inclusive procurement**, local hiring and support for local suppliers
- We participate in **long-term socio-economic development projects** in collaboration with local partners, creating and strengthening a sustainable local economy



## OPENING OF SAM HUB IN SAO PAULO

In 2023, EuroChem opened its new office hub in Sao Paulo in Brazil, which will act as the Company's regional center.

An important milestone in EuroChem's South American growth story, the office's strategic location will facilitate the integration of the Company's production and trading teams and help to establish closer relationships with partners and customers.

<sup>1</sup> Includes charity and expenses on other social projects.



# Risk-based decision making

EuroChem adopts a risk-based approach to 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, which ensures the direct involvement of the Board of Directors and collegial bodies. The risk management system is integrated within the Group's corporate strategy and business processes.

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

### 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.

## Risk management model

EuroChem aligns its approach to risk management with the ISO 31000 and the COSO ERM framework, a Basel Committee requirement.

Comprehensive risk assessment is an integral part of any major Group business decision and is a prerequisite for 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 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.

In addition, the Risk Directorate and specialized units for the control of relevant risks constantly organize training and workshops for business functions aimed at developing a risk culture, while increasing awareness of methods and approaches in the Company's risk management activities. As an example, financial risks, health, safety, environmental risks, and information security risks are covered by ongoing training initiatives. In addition, the Risk Directorate continuously provides methodological support to all key risk-owning departments.

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

### 1<sup>st</sup> line OPERATIONS

#### Accepts risk

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

### 2<sup>nd</sup> line RISK DIRECTORATE

#### Supervises risk management

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

### 3<sup>rd</sup> line INTERNAL AUDIT

#### Conducts audit

- Independent assessment of the first and second lines of defense for compliance with established requirements and risk management approaches

## Principal risks

In 2023, the Company continued actions to optimize supply chains, and the challenges posed by geopolitical tensions to operational and payment infrastructure, aiming to improve business sustainability and the reliability of operations.

In particular, credit risk management tools were improved and structured, and credit policy was tightened. A large number of changes have been implemented to minimize logistical risks and stabilize new sales and supply channels.

Production, health, safety and environmental risks continued to remain relevant. The Company has implemented a large number of changes to ensure business continuity and safety and continues to develop processes.

## Financial risks

Description of risk	Mitigation
<b>Credit risks</b>	
<p>EuroChem is exposed to credit risks related to timely payment by customers for products delivered under deferred payment terms.</p> <p><b>2023 dynamics:</b> The Group has adapted its policies and procedures to the new economic context, ensuring the stability of its credit risk level.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• We consider credit limits based on CVaR models and set credit limits for counterparties and financial institutions.</li> <li>• EuroChem's geographically diversified portfolio reduces the overall credit risk.</li> </ul>
<b>Foreign exchange and interest rate risks</b>	
<p>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.</p> <p><b>2023 dynamics:</b> Due to the high volatility of the ruble and ongoing restrictions on hedging, part of the foreign exchange position remains subject to increased risks, while the remaining portion maintains an acceptable level of risk. The interest rate risk increased due to an increase in the key ruble rate.</p>	<ul style="list-style-type: none"> <li>• 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.</li> <li>• EuroChem has access to approved short-term and medium-term credit lines, at an agreed fixed rate, which minimizes the risk of a critical rise in the cost of our financing.</li> <li>• The currency risk management system includes certain currency risk limits and standardized tools for measuring its level.</li> </ul>
<b>Financial liquidity risks</b>	
<p>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.</p> <p><b>2023 dynamics:</b> The Group managed to stabilize the situation with frozen account balances as a result of sanctions restrictions and adapt its procedures to the new conditions, which allowed it to reduce liquidity risks compared to 2022 levels.</p>	<ul style="list-style-type: none"> <li>• The Group maintains an adequate level of liquidity through careful planning and access to revolving lines of committed credit.</li> <li>• It reduces refinancing risks by basing its long-term funding on a variety of sources to avoid overdependence on individual markets and maturity periods.</li> </ul>



## Non-financial risks and risks associated with production activities

Description of risk	Mitigation
<b>Market risks</b>	
<p>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.</p> <p><b>2023 dynamics:</b> The risk remains relevant for the Company against the background of growing competition and the imposed regulatory restrictions and sanction pressure.</p>	<ul style="list-style-type: none"> <li>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.</li> <li>We can rapidly adjust productivity in response to changing market conditions.</li> </ul>
<b>Regulatory risks</b>	
<p>Government policies could change and adversely affect the business; for example, an increase in existing trade barriers or the imposition of new ones on the Group's products.</p> <p><b>2023 dynamics:</b> By decree of the Government of the Russian Federation in 2023, until the end of 2024, increased rates of export customs were introduced on all types of fertilizers, which are differentiated depending on the exchange rate of the Russian ruble to the dollar that affects EuroChem.</p>	<ul style="list-style-type: none"> <li>EuroChem continuously monitors changes in trade laws, policies and other initiatives that could potentially affect the business and enhances its sanctions and anticorruption compliance programs accordingly.</li> </ul>
<b>Availability of raw materials and price fluctuations</b>	
<p>EuroChem's business depends on the availability, and/or price fluctuations, of raw materials such as natural gas, ammonia, apatite, and sulfur, as well as the supply of mining and processing equipment.</p> <p><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>EuroChem develops its own sources of raw materials, and maintains long-term relationships with key suppliers of equipment and services.</li> </ul>
<b>Mining-related risks</b>	
<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"> <li>Material damage to mineral properties or facilities, personal injury or death</li> <li>Damage to environmental and natural resources, delays in mining operations and possible legal liability</li> </ul> <p><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>The mining-related risks that EuroChem faces are mostly due to geotechnical issues and rock mechanics.</li> <li>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.</li> <li>The information we obtain allows us to clarify the context of any risk and, if necessary, change mining plans.</li> </ul>
<b>Cyber risks</b>	
<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.</p> <p><b>2023 dynamics:</b> In the context of a tense geopolitical situation, the level of attacks on critical information infrastructure facilities increased compared to 2022. The level of phishing attacks on the corporate perimeter also remains consistently high.</p>	<ul style="list-style-type: none"> <li>We established a separate Information Security Department to quickly implement the necessary security measures at EuroChem facilities.</li> <li>We upgrade IT infrastructure in a timely manner to align with global best practices. In addition, we educate users on information security issues.</li> <li>Updating internal security standards and monitoring compliance has made it possible to mitigate risks even under high-load conditions.</li> </ul>

Description of risk	Mitigation
<b>Production risks</b>	
<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><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>EuroChem implements standards using best practices in industrial safety, maintenance, and overhaul.</li> <li>We closely monitor the condition of critical equipment and record equipment failures.</li> <li>We conduct in-depth risk communications with employees, industrial safety reviews, plus productivity audits and a weekly root cause analysis of incidents, and take measures to minimize the consequences and prevent recurrence.</li> <li>The Group has comprehensive insurance policies in place.</li> </ul>
<b>Health, safety, environmental and security risks</b>	
<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><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>The health and safety of our people and environmental protection are EuroChem's overriding priorities.</li> <li>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 minimize the injury rate and risk of other production incidents across the Group.</li> <li>To develop more effective measures aimed at reducing injuries and incidents, all accidents and significant incidents are investigated using root-cause analysis.</li> <li>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.</li> </ul>
<b>Climate change</b>	
<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><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>We closely monitor carbon legislation in the countries where the Company operates in order to be able to quickly adopt to changes and take the necessary corporate actions.</li> <li>EuroChem develops advanced mineral fertilizers, the application of which leads to fewer GHG production (N<sub>2</sub>O and CO<sub>2</sub>).</li> <li>We capture CO<sub>2</sub> for further use in the production of liquid CO<sub>2</sub>.</li> <li>We optimize the energy consumption of our facilities.</li> </ul>
<b>Human resource risks</b>	
<p>The demand for qualified engineering and technical specialists, chemists, miners, construction workers and specialized equipment operators continues to grow, reflecting the significant needs of other industries and government infrastructure projects.</p> <p><b>2023 dynamics:</b> No change.</p>	<ul style="list-style-type: none"> <li>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.</li> </ul>



# Committed to EFFECTIVE GOVERNANCE AND COMPLIANCE

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

## 2023 highlights

**60%**  
of directors  
are independent

**3**  
anti-corruption  
initiatives  
started this year

**16**  
Board meetings held  
in 2023

**0** reported cases of  
corruption or bribery

## Our approach to corporate governance

### 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 Swiss Code of Best Practice and UK Corporate Governance Code and apply recognized international best practices, 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 annually verified by the Board
- 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 are aligned with its culture. 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 (Chief Executive Officer) and senior management are responsible for the day-to-day management and operations of EuroChem. The Company's key managers have the relevant education, skills and experience to support its strategy. They are responsible for daily operations, finance and accounting, fertilizer production, mining, sales and marketing, as well as the implementation of large capital projects.

## 2023 priorities

Overseeing compliance with international and national requirements

Effectively managing the Group's risks and opportunities

Listening to our stakeholders and engaging meaningfully on material issues



# Statement of compliance with Swiss Code and UK Corporate Governance Code

The key principles and regulations regarding Corporate Governance at EuroChem are defined in the Articles of Association of the Company as well as in the Board and Organizational Regulations. The Board of Directors check these documents on a regular basis. The key principles regarding Corporate Governance are based on the recommendations set out in the Swiss Code of Best Practice for Corporate Governance published by Economiesuisse 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 on the corporate website](#)

## How we apply the applicable Corporate Governance Codes

### Board leadership and company purpose

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.

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.

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.

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.

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 through an established mechanism.

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 fertilizer production business 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. 44–46.

We engage with our stakeholders and shareholders regularly; more details of Board stakeholder engagement can be found on p. 57.

The nature of our business means it is essential to encourage and embed a safety culture that runs throughout the business, and there is a raft of measures that underpin safe working practices that our employees can rely on. More details can be found on pp. 39–40.

We are committed to fostering 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 p. 55.

### Division of responsibilities

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.

The board should include an appropriate combination of executive and non-executive (and, in particular, independent non-executive) directors, so 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.

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.

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 gained across his previous and current executive and non-executive roles. 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 considered. In March 2023, the Board conducted the evaluation of its roles and responsibilities via self-assessment.

EuroChem's Board is tilted in favor of independent directors 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 p. 55.

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 on the corporate website](#)

### Composition, succession, and evaluation

Appointments to the board should be subject to a formal, rigorous and transparent procedure, and an effective succession plan should be maintained for board members 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, and cognitive and personal strengths.

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.

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.

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 to ensure the suitability of the plans. See pp. 58–61 for the Committees' reports.

EuroChem's Board has been increasingly focused on improving diversity for several years, specifically, with respect to specific knowledge, skills, and abilities that would enhance Board's ability to oversee the management of the Company.

The annual Board assessment identifies areas of improvement as well as areas in which it is delivering 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 can access and development if needed.

This process identified the operating experience in the chemical industry and strong leadership skills as elements important to prioritize for overall board composition.



[See the Board's biographies on the corporate website](#)



**Audit, risk, and internal control**

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 as to the integrity of financial and narrative statements.

The board should present a fair, balanced and understandable assessment of the company's position and prospects.

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.

The Board receives regular updates on Risk Management performance. In 2023, the Board reviewed and approved the Risk Management blueprint and the target design of the Risk Management and Internal Controls Framework. Special attention was paid to close cooperation with the Internal Audit function and greater involvement in business processes.

The Board, through its Audit Committee, reviews the effectiveness of the Internal Audit Function against the set KPIs, including the quantitative performance appraisal, functional development, operational efficiency, and qualitative appraisal.

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. The Board focused on the completeness and quality of the Internal Audit's recommendations and subsequent implementation of corrective action plans, as well as how effectively the Function follows up on, and monitors, activities that rectify issues and reduce risks. More details can be found in the Audit Committee report on p. 61.

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.

**Remuneration**

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.

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.

Directors should exercise independent judgement and discretion when authorizing remuneration outcomes, taking account of company and individual performance, and wider circumstances.

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.

The approach for KPI-setting is based on the value creation trees by the key divisions/business areas. A comprehensive methodological update of the trees (and key drivers of value creation under the current conditions of business operation) is regularly performed. This year, KPIs focused on the operational efficiency, boost in production volumes, and optimization of production costs.

The members of the Company's Board of Directors, for the period of their official duties, are entitled to remuneration and compensation of expenses related to the performance of their roles. The amount of such remunerations and compensations are determined by the EuroChem Remuneration Regulations.

The Nomination, Remuneration and Corporate Governance Committee conducts regular comprehensive performance reviews of key Company personnel, considering their personal contribution to the achievement of EuroChem's goals. EuroChem governance practices in support of the 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 CEO, determines the length of his mandate. 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
- Committees' Regulations



[See the documents on the corporate website](#)

## 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 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, and 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 with the aim of supporting the Board in fulfilling its responsibilities:

<p><b>STRATEGY COMMITTEE</b></p> <p>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.</p>	<p><b>NOMINATION, REMUNERATION AND CORPORATE GOVERNANCE COMMITTEE</b></p> <p>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 future skills and expertise needed by the Board.</p>
<p><b>HEALTH, SAFETY AND ENVIRONMENT COMMITTEE</b></p> <p>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.</p>	<p><b>AUDIT COMMITTEE</b></p> <p>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.</p>



## Share capital and shareholder structure

As of 31 December, 2023, 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% of 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. The directors of Linetrust PTC LTD are solely responsible for the administration of Firstline Trust and the management of its assets with the consent of the protector of Firstline Trust, where applicable. There is no single ultimate controlling party of the Group.

The sole discretionary beneficiary of Firstline Trust is Mrs. Melnichenko who, as a discretionary beneficiary, does not possess any ownership or control rights over the trust. At present, Mrs. Melnichenko is restricted in receiving financial or other economic benefits from Firstline Trust. None of the persons exercising control over assets held in Firstline Trust is related to Mrs. Melnichenko.

## Compliance

The Global presence of EuroChem, as well as increasingly stringent regulatory developments, requires a robust compliance system in place in order to monitor risks. The Board regularly reviews reports

on the status of compliance programs, including a review of existing control systems and the development of the compliance system.

During the reporting year, we kept our focus on maintaining an effective system to oversee compliance with international and national requirements while carrying out international trade activities. EuroChem received confirmation of its non-sanctioned status from the relevant government authorities in a number of countries with jurisdiction over EuroChem Group companies to ensure business continuity.

Additionally, in 2023, the independent auditor Advolis issued an opinion confirming that:

- EuroChem Group has an appropriate set of policies and procedures in place to regulate the operations of the Group's entities
- The principles set out in the policies and procedures are effectively applied at all levels of EuroChem Group and are supported by management and employees

The audit team conducts regular monitoring of EuroChem Group's operations to verify the implementation and follow-up of the recommendations previously made. As part of addressing these recommendations and improving the reliability and objectivity of sanctions due diligence, in 2023, the Company optimized the process of automated (without the influence of human factors) counterparty verification and transaction approvals.

The Compliance team consistently ensures that all employees are provided with timely and relevant information as well as adequate training on compliance-related topics. In 2023, the team organized regular training sessions and intensified communications on sanctions compliance issues.

## Anti-corruption

We have a zero tolerance policy towards any form of bribery and corruption. Management is responsible for ensuring that the Company's Anti-Corruption Policy is properly communicated to all employees and for demonstrating that adequate systems and controls are designed and operated correctly.

To put the principles of the Anti-Corruption Policy into practice, in 2023, EuroChem introduced a procedure for the management of conflicts of interest, which provides for ongoing mechanisms to identify and prevent situations where the personal interest of EuroChem employee may affect the proper and impartial performance. In terms of conflict of interest declaration campaign, in 2023, we covered the top management of the Company, which allowed us to collect and process data on potential risks of conflict of interest impacting the Company's operations to a greater extent.

In order to prevent corrupt practices against civil servants, as well as to eliminate the possibility of commercial bribery of EuroChem employees, in 2023, the Company introduced a procedure for exchanging gifts and signs of business hospitality, which established the principle of complete rejection of the use of gifts for the purpose of illegally influencing the activities of government bodies and defines clear criteria for the admissibility of gifts solely for the purpose of observing generally accepted norms of courtesy and lawful advertising.

## Whistleblowing

By encouraging dialog and openness, including through the established whistleblower system, as well as continuous training and communication, we promote our 'zero tolerance of non-compliance' culture.

Our employees, contractors, and local staff 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. The Whistleblowing system provides access to various reporting tools, including Hotline, as well as direct contact with compliance officers. All reports are investigated by the centralized function with support from relevant functions within the business.

The main topics raised during the reporting period were related to labor law issues, HSE, and application of corporate ethics. No human rights violations as well as cases of corruption and bribery were identified. Early warning and timely measures prevented any occurrences of potential regulatory risks related to more than 50 issues. Incidents and their outcomes are reported to the Audit Committee and the Board.

# Board of Directors

## Board composition in 2023

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

At the end of the reporting year, the Board had five Board members: Samir Brikho, Juerg Seiler, Stepan Solzhenitsyn, Paul Nuber, and Michael Hogan. In 2023, Samir Brikho continued serving as CEO of the Company, combining this role with that of the Chairman of the Board. Mr Juerg Seiler serves as the Lead Independent Director.

### Board sector experience



## Induction process

Following the announcement of a new director's appointment to the Board, he or she undergoes a structured and wide-ranging induction program. 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 can visit EuroChem facilities to obtain a first-hand understanding of the Group's operations.

In 2023, the Board approved an updated Induction Policy to reflect the current environment in which the Company operates and serve the actual needs of the Board members.



Board members biographies can be found on the corporate website



## 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 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 who work directly at EuroChem sites.

The framework of Board activities and principal agenda items are planned a year in advance, considering 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 Swiss Code of Best Practice for Corporate Governance's and 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 2023, three of the five Board's directors were fully independent of the Group's executives, affiliates and major counterparties: Mr Juerg Seiler, Mr Michael Hogan, and Mr Paul Nuber. 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.

Juerg Seiler is the Lead independent director who provides leadership and advice to directors, without detracting from the authority of the Executive Chairman, when the Executive Chairman has a conflict of interest.

## Effectiveness

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 March 2023.

In 2023, discussion focused on the quality and distribution timing of materials for the Board, as well as the prioritization of agenda items and communication between Board members and the management team.

**60%**  
directors of the Board are independent



The Conflict of Interest Policy is accessible on the corporate website

## Board and Committee meetings and attendance in 2023

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

In 2023, the Board held 16 meetings. The meetings were held in person (5 meetings), via video conferencing (2 meetings), and in absentia (9 meetings).

The following table shows the Directors' attendance at the Board and Committee meetings during the period between 1 January and 31 December 2023.

	Board	Strategy Committee	Audit Committee	Nomination, Remuneration and Corporate Governance Committee	HSE Committee
<b>Total number of meetings</b>	<b>16</b>	<b>5</b>	<b>7</b>	<b>5</b>	<b>5</b>
Samir Brikho	16/16	5/5		5/5	5/5
Juerg Seiler	16/16		7/7	5/5	
Michael Hogan	15/16 <sup>1</sup>	5/5		5/5	5/5
Stepan Solzhenitsyn	15/16 <sup>2</sup>				5/5
Paul Nuber	16/16		7/7		

## 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
<b>Our people</b> 	Our aim is to ensure the occupational health and safety of employees. The Board (and its relevant Committees) regularly receives and discusses information regarding health and safety, including lost time injuries of employees and contractors, accidents, incidents and medical treatment cases. This enables the Board to have effective oversight of any concerns relating to staff.
<b>Government</b> 	EuroChem complies with the applicable laws, all relevant requirements and regulations provided by authorities. In 2023, the Board actively collaborated with government bodies of different countries and international organizations on food security issues, energy developments, compliance and customs regulations.
<b>Investors</b> 	The Board (and its relevant Committees) regularly receives and discusses information related to 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.
<b>Local communities</b> 	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 key stakeholders from our local communities and the wider world. One of the most important issues for the Board in 2023 was meeting with the Lithuanian authorities to discuss the management of the Group's Lifosa plant, employment issues and heat supplies to local communities.
<b>Media and NGOs</b> 	The Board maintains a regular dialog with NGOs and engages with them through policy work, partnerships on common issues, and membership of business and industry associations. In 2023, the Executive Chairman was interviewed by several European and Middle Eastern media outlets on the Group's business continuity, sanction compliance, and global food security.

<sup>1</sup> Mr Michael Hogan refrained from participation owing to a conflict of interest.  
<sup>2</sup> Mr Stepan Solzhenitsyn was unable to attend for a good reason.



# 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, with a particular focus on:

- 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

### 2023 activities

#### Ongoing focus on investment program

- The Committee received regular updates on the development progress of key strategic projects, with details on financing (cash flow), materials and technology procurement, commercial and contracting terms, legal, etc., including:
  - Usolskiy potash expansion project and construction of Skip and Cage Shaft No. 3. As part of this item, the Board received an overview of the KCl market that suggested the main commercial prerequisites for the Usolskiy expansion
  - ECNW-2 ammonia and urea plant
  - Phosphate projects, including EuroChem Karatau and Kovdorskiy GOK development
  - Ust-Luga Terminal construction
  - Salitre phosphate complex construction
- The Committee reviewed the Phosphates Development Concept for EuroChem's key phosphate assets, including options for monetizing the phosphate rock surplus with the highest added value
- The Committee monitored the budget and investment program execution and planning during the reporting year

#### Decision on mothballing the Lifosa production site

The Committee was regularly updated on the relevant developments at Lifosa, since the decision to mothball the plant was made in June 2023.

### Priorities for 2024

#### Ongoing focus on key strategic projects development

- The Committee will continue overseeing the implementation of key projects, taking into account new and emerging strategic priorities
- The Committee will continue its focus on reframing business strategy to mitigate risks taking into account changing external circumstances


#### Budget and investment program


The Committee will continue to oversee the planning and budgeting processes, with proper prioritization given while aligning investments with strategic priorities.

# 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, with a particular focus on:

- 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
- Ensuring the proper governance frameworks are in place at various organizational levels

- Establishing the Group's remuneration and incentive framework as well as strategic human resources policies

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

### 2023 activities

#### Oversight of the incentive programs

- The Committee continued to oversee implementation of the short-term incentive program, based on the previously approved approach
- The Committee reviewed and endorsed project incentive systems, including list of participants, set of KPIs, their weights and calculation principles (Salitre Project)

#### Oversight of the Group's target organizational structure

The Committee reviewed and endorsed the target top-level structure to enhance corporate governance, while strengthening functional links, and ensuring the continuity of operations and product supplies to customers.

#### Overseeing the fulfillment of the Group's human capital needs

The Committee:

- Supervised new appointments for key management positions
- Reviewed the implementation of the labor market monitoring system to ensure that the Company can attract the required personnel in a cost-effective manner

#### Overseeing Corporate Housing Policy implementation

The Committee kept under review the key principles of the Policy's implementation to meet the Company's needs for qualified personnel in regions where it operates in a cost-effective manner.

### Priorities for 2024

#### Ongoing monitoring of the incentive programs

- The Committee will continue to monitor short-term incentive performance targets and bonus payments for key personnel
- The Committee will keep under review the relevant project incentive plans and make corresponding recommendations to the Board

#### Continued focus on the Group's governance and organizational structure

- The Committee will continue to review the leadership's needs and organizational structure in support of both internal and external ongoing developments
- It will focus on ensuring that the proper governance framework is in place at various levels across the Group

#### Organization of the recruitment process

The Committee will continue to focus on:

- Effective recruitment processes for the key management personnel, identifying key skills and experiences required
- The Board succession planning and recruitment




#### Social policy development

The Committee will continue to monitor the development of social programs in order to achieve, and/or maintain support for the Group's operations from communities in which it operates.



# HSE Committee

## COMPOSITION

-  **MR. MICHAEL HOGAN**  
CHAIRMAN
-  **MR. SAMIR BRIKHO**
-  **MR. STEPAN SOLZHENITSYN**

## Committee responsibilities

The HSE Committee ensures the 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 in meeting 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.

2023 activities	Priorities for 2024
<b>Implementation of the HSE functional strategy</b> <ul style="list-style-type: none"> <li>• The Committee monitored the development of the HSE management system, ensuring uniform and consistent standards and procedures throughout the organization</li> <li>• It endorsed the HSE Corporate Training Development Concept, aiming to achieve the required level of HSE knowledge at all levels, practical skills for safe performance, and a system for continuous HSE knowledge development built into HR processes</li> </ul>	<b>Ongoing monitoring of the HSE functional strategy implementation</b> <p>The Committee will keep reviewing and evaluating the key HSE performance results.</p>
<b>Control of contractor HSE performance</b> <ul style="list-style-type: none"> <li>• The Committee monitored the HSE performance of contractors</li> <li>• It endorsed the Policy for interacting with contractors, which provides control standards for contractors integrated into the existing procurement procedures</li> </ul>	<b>Continued focus on interaction with contractors on HSE</b> <p>The Committee will continue to oversee the procedures to ensure full HSE compliance and enhance HSE performance by contractors.</p>
<b>Review of the HSE indicator</b> <p>On a regular basis, the Committee reviewed the existing approach to the safety indicator application and its calculation methodology across the Group.</p>	<b>Further development of HSE management</b> <ul style="list-style-type: none"> <li>• HSE leadership and accountability of local management at the facilities</li> <li>• Development of the Safety Recognition Program, including incentives for frontline employees</li> <li>• Strengthening of HSE communication at all Group sites</li> </ul>
<b>Review of the HSE IT platform concept</b> <p>The Committee regularly reviewed the rollout process of the InSight HSE IT platform.</p>	<b>Ongoing focus on increased digitalization of the HSE function</b> <p>The Committee will continue to foster a more digital-first approach towards HSE, including wider adoption of the InSight IMS platform across the Group.</p>
<b>Review of major HSE cases</b> <p>The Committee reviewed HSE performance reports and major HSE cases on a regular basis.</p> <p>The causes and circumstances, as well as the corrective actions taken because of major HSE cases, were investigated in-depth.</p>	<b>Ongoing focus on promoting HSE learning and best practices</b> <p>The Committee will continue to promote learning and best practices by reviewing major HSE cases within the Group.</p>
<b>Ensuring the appropriate level of environmental protection</b> <ul style="list-style-type: none"> <li>• The Committee observed procedures for assessing and managing environmental risks within the Company</li> <li>• The Committee reviewed the climate agenda-related projects, including one that achieved registration of carbon units</li> </ul>	<b>Continued focus on environmental protection</b> <p>The Committee will continue to focus on developing practices, policies, and regulations to minimize the environmental impact of the Group's operations.</p>

# 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

2023 activities	Priorities for 2024
<b>Oversight of internal control and risk management, including IT</b> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• Oversaw the internal controls over financial reporting and reviewed the effectiveness of the internal audit function</li> <li>• Increased focus on the compliance function, in particular on major compliance risks, including sanctions compliance</li> <li>• Reviewed the Group's risk management framework and strategy</li> <li>• Assessed the Group's insurance policy, alongside D&amp;O insurance</li> <li>• Assessed internal audit findings, and reviewed the depth of internal audit reports, as well as the Internal Audit work plan for the next year</li> <li>• Evaluated the effectiveness of IT controls against reporting</li> </ul>	<b>Ongoing focus on internal processes, effective internal controls and risk management</b> <p>The Committee will:</p> <ul style="list-style-type: none"> <li>• Continue to help define priorities related to internal control, and assessment methodology, testing, and documentation</li> <li>• Continue to re-evaluate disclosures related to the impact of various external developments on the business, including the continued global economic uncertainty; climate and other ESG factors; and evolving geopolitical developments</li> <li>• Focus on building more resilience against low-likelihood and high-impact risks, including the ability to rapidly restore business operations</li> <li>• Keep monitoring the development and implementation of measures to enhance risk management</li> <li>• Focus on regulatory compliance and monitoring programs</li> <li>• Monitor the functioning of whistleblower reporting channels and related investigations</li> <li>• Oversee the compliance function's organizational structure</li> </ul>
<b>Oversight of the independent auditor's performance and the external audit process</b> <ul style="list-style-type: none"> <li>• Oversight of the tender process for the selection of the external auditor</li> <li>• Review of the auditor's work plan and performance (independence and effectiveness)</li> </ul>	<b>Continuous monitoring of the internal and external audit function</b> <ul style="list-style-type: none"> <li>• The Committee will continue to review the quality of the audit functions, while setting clear expectations</li> <li>• The Committee will continue guiding the internal audit function to ensure it is focused on the Company's critical risks</li> </ul>
<b>Oversight of financial reporting</b> <p>The Committee:</p> <ul style="list-style-type: none"> <li>• Regularly reviewed the operating performance of the Group against the budget</li> <li>• Reviewed the consolidated financial statements</li> <li>• Monitored the evolution of accounting standards and expected changes in relevant legislation</li> <li>• Received regular reporting updates on operational efficiency and functional performance, including the IT Function and ERP implementation status</li> </ul>	<b>Continuous oversight of the financial reporting and audit quality</b> <p>The Committee will continue its focus on the leading accounting issues and maintain high-quality financial reporting, as well as any related internal control frameworks and risk management</p>



## 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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