

Supply chain

Area, strategic goals and highlights of 2025



1 Digital transformation



Target
9.1

Target

- ◆ Participation in AI transformation – a comprehensive transformation of the Company's business processes and corporate culture through the introduction of artificial intelligence technologies
- ◆ Preparation for the transition to a new ERP system
- ◆ Further development of Process Mining and robotisation
- ◆ Development and implementation of new digital tools

Actual

- ◆ Work underway as part of the Diagnostics of AI Potential in PhosAgro Group project.
- ◆ An intelligent search system developed jointly with the Economic Security Department of Apatit.
- ◆ Work carried out to assess the feasibility of applying AI in procurement procedures.
- ◆ The preparatory stage of the transition to a new ERP system completed.
- ◆ Five new robotic solutions developed, eight robotic solutions transferred to PIX Robotics, a new domestic platform, with changes in the logic.
- ◆ The following tools developed and implemented on the basis of Process Mining: Support Workstation and Incoming Control Department Workstation.

2 Procurement function development



Target
12.5

Target

- ◆ Strengthening long-term relationships with manufacturers and suppliers in Russia
- ◆ Developing direct and alternative supplies of imported equipment and spare parts
- ◆ Development of procurement via online store
- ◆ Further development of category strategies
- ◆ Establishing a counterparty development system
- ◆ Training and professional development of Procurement Department professionals

Actual

- ◆ **40%** +2 p.p. y-o-y of inventory requirements met as part of long-term relationships (as a share of total purchase order lines):
 - ◆ 30% via online store procurement
 - ◆ 10% through price agreements
- ◆ The Reliable Counterparty project is in active implementation. Its goal is to refine the existing counterparty assessment and rating system within the SCOUT 3.0 platform and use it as the foundation for a supplier development system.
- ◆ Procurement Department professionals of Apatit participated in the Functional Experts programme.

- ◆ **10%** rise in procurement using corporate bank cards compared to 2024

- ◆ The category strategies cover:
 - 17 raw material categories**
 - 22 categories of materials** and equipment (with a further 8 new categories under development)
 - 1 service category**

3 ESG evaluation of suppliers



Target
8.5, 12.5, 13.2

Target

- ◆ ESG evaluation coverage of at least 50% of counterparties that participated in the procurement and at least 50% of procurement volume from the evaluated counterparties

Actual

- ◆ Share of suppliers in 2025 that underwent ESG evaluation: **71%** +3 p.p. y-o-y
- ◆ Share of procurement from evaluated suppliers: **63%** unchanged vs 2024



Training materials on engaging with suppliers in sustainable development are available in the Procurement section on PhosAgro's official website

Competitive Procurement Leader 2025

- ◆ PhosAgro Group won the Competitive Procurement Leader professional contest in the Best Supplier Management System category with its Reliable Counterparty project.

The Company is guided by the principles of procurement transparency, objectivity and impartiality in all competitive bidding and tenders, as well as high ethical standards, including anti-corruption measures. Environmental and social responsibility are considered alongside quality, cost, and reliability when selecting suppliers.



Oleg Minnullin
Head of Procurement at Apatit

In building partnerships, the emphasis must be placed on transparency in working with suppliers, integrity, and equal conditions for all procurement participants.

Our goal is to build long-term, trust-based, and mutually beneficial relationships with our partners. We support the development of small and medium-sized businesses, invest in their capabilities, and provide equal access to procurement through our own electronic trading platform and transparent procedures. This approach – grounded in ethics, partnership, and sustainable development – strengthens the efficiency of the entire supply chain.

Strategy

The Group aims to create a sustainable procurement system that balances financial, environmental, and social considerations in the procurement of goods, services, and works. The strategy rests on three pillars:

- continuous operational improvement, encompassing business process

optimisation and the development of suppliers and contractors;

- digital transformation: the integration of digital technologies across all procurement business processes;

- human resources policy: a comprehensive set of measures to build, retain, and develop talent within the Procurement Department.

Management approach

GRI 3-3

Supply chain management at the Company is built on transparent, trust-based, and mutually beneficial relationships with

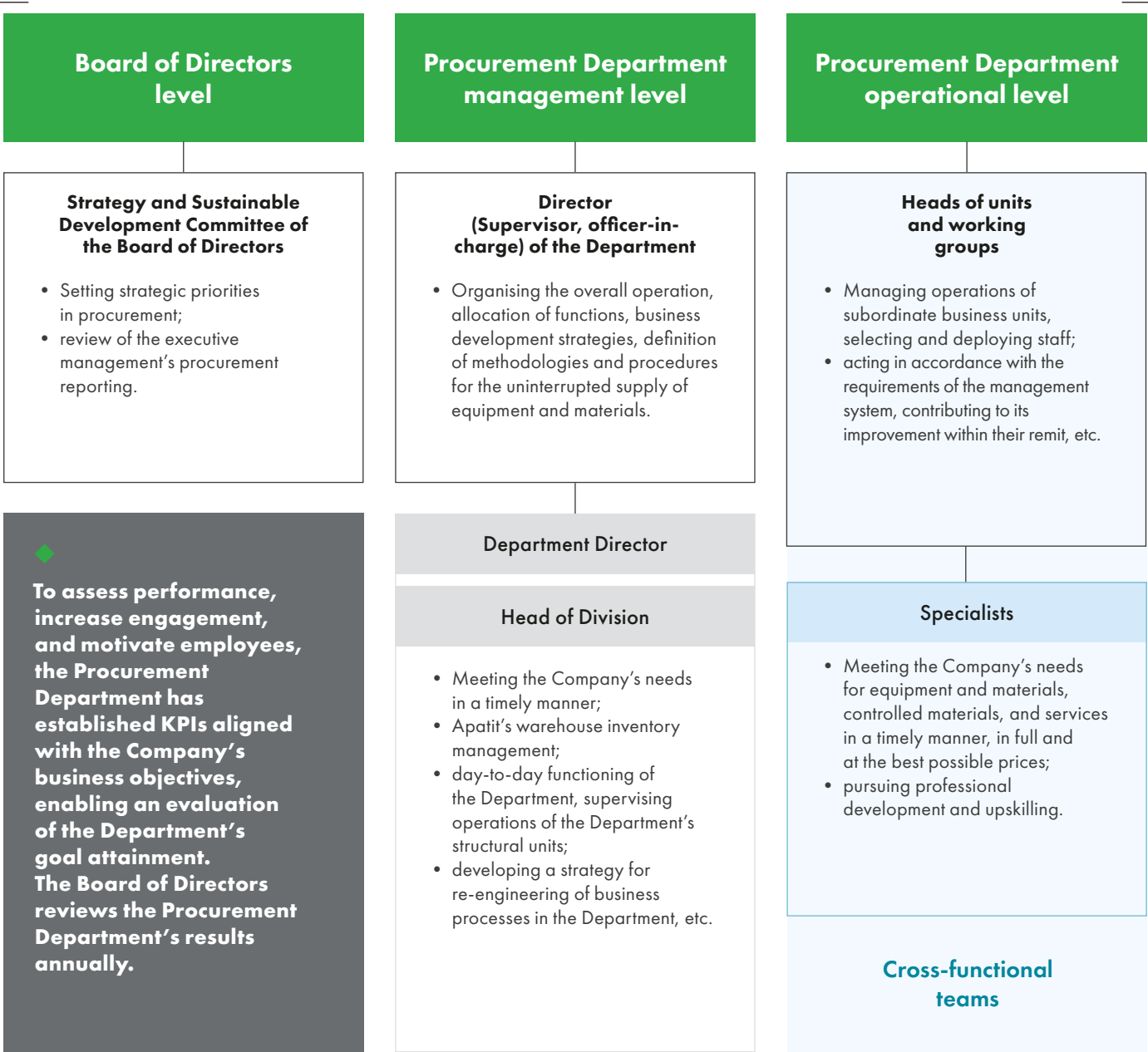
partners, conducted in strict compliance with applicable law and the obligations of both parties. The primary objective of procurement is to ensure the achievement of production

targets via timely, complete, and high-quality procurement, as well as boost the Company's efficiency.

Key documents governing the Company's procurement activities

 Procurement Policy	 Code of Ethics	 Regulations on Trade Secret Requirements of Apatit
 Anti-Fraud and Anti-Corruption Policy of Apatit	 Code of Conduct for Counterparties	
 Anti-Fraud and Anti-Corruption Policy of PhosAgro	 PhosAgro Group's Electronic Bidding Platform (EBP) Regulations	

Procurement governance structure



The Company actively adopts best practices and technologies to achieve stronger outcomes. Through supply chain stability and a culture of continuous improvement,

the Procurement Department reliably supplies the Company's business units with materials, equipment, raw materials, works, and services.

Engagement with suppliers and contractors

PhosAgro engages with both potential and existing suppliers and contractors, focusing on procurement transparency, fair competition, and ensuring equal terms for all counterparties.

The Company operates a convenient open system for the procurement of goods and services. Procurement procedures are competitive, and information on the needs for materials, equipment, and services is published on PhosAgro's electronic bidding platform (EBP). Registration and participation in tenders on the ETP trading are free of charge for all counterparties and contractors. Supplier evaluation and selection follow the Company's procedures.



For the link to the registration form, main regulations, the EBP registration instructions and step-by-step guide, see the Procurement section of the Company's official website

PhosAgro Group upholds the principles of ethical business conduct and zero tolerance for corruption. The Company seeks to build and maintain business relationships with partners who conduct business with integrity, and reserves the right to refuse cooperation with any counterparty involved in corruption or other unlawful activities.

The Company operates a hotline for counterparties and other stakeholders to report on potential violations.

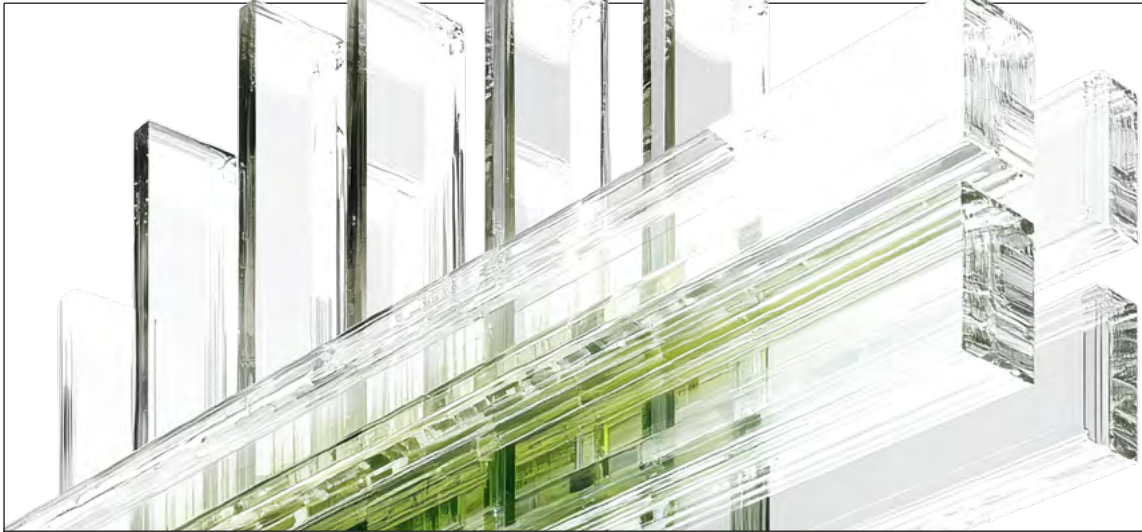


Hotline Regulations

For more information on the Company's engagement with local and SME suppliers

p. 154



		
Risks and opportunities The following strategic risks affect our procurement objectives 14 Corruption risk 18 Commodity risk 20 Sanctions risk		
For more information, see the Strategic Risks section		p. 72
Procurement-specific risks:		
◆ Suppliers' failure to perform, changes in the product range or late delivery of materials and equipment, including as a result of geopolitical factors	◆ Violations of ESG principles by suppliers, including breach of human rights, use of child and forced labour, non-compliance of products with environmental standards, etc.	◆ Quality of raw materials, commodities, and equipment, dissatisfaction of the internal customer
To mitigate these risks, PhosAgro Group implements corrective measures and leverages emerging opportunities, as described below, including:	• deployment of digital procurement tools, including AI-based solutions; • development of relationships with domestic manufacturers, including local suppliers, and securing alternative supplies of imported equipment and spare parts; • enhancement of the procurement efficiency and the quality of procured materials and equipment through continued development of the procurement function and supplier evaluation, incorporating ESG criteria.	

Digital transformation

1

◆ In 2025, the Company was actively working to develop and implement digital tools in various procurement areas. The Procurement Department is also strongly involved in the process of integrating artificial intelligence into business operations.



The Procurement Department led the conceptual work for an AI-powered intelligent search system for retrieving information from corporate systems, delivered jointly with the Economic Security Department.



The potential for applying predictive analytics in procurement procedures was explored.



In 2025, the Procurement Department of Apatit joined the Diagnostics of AI Potential in PhosAgro Group project. The work included upskilling in the AI field and assessing ideas and proposals from product teams, prioritising them by expected impact. The most promising initiatives will be presented to Apaptit's management for implementation.



As part of the ERP system import substitution programme, the preparatory stage for transitioning to a new Procurement/Supply ERP system was completed: all current business processes in the designated areas were audited, and the principal requirements for the new ERP system were formulated and documented.



Development of robotic solutions for procurement continued to advance. The Procurement Department now runs 47 robotic solutions, with six more in development. Five new solutions were introduced in 2025 to reduce manual workload across processes, including warehouse stock management, tender submission preparation on PhosAgro's EBP, approved tender result uploads, error reduction in manual processing, and quality performance assurance.



The following tools were developed and implemented on the Process Mining platform:

• Support Workstation – a structured work plan for support professionals to monitor deliveries, arrange passes, and ensure timely approval of contractual documents;

• Incoming Control Department Workstation – a tool for prioritising items for incoming control based on the customer's required delivery date or payment deadline.



150

151

Procurement function development2

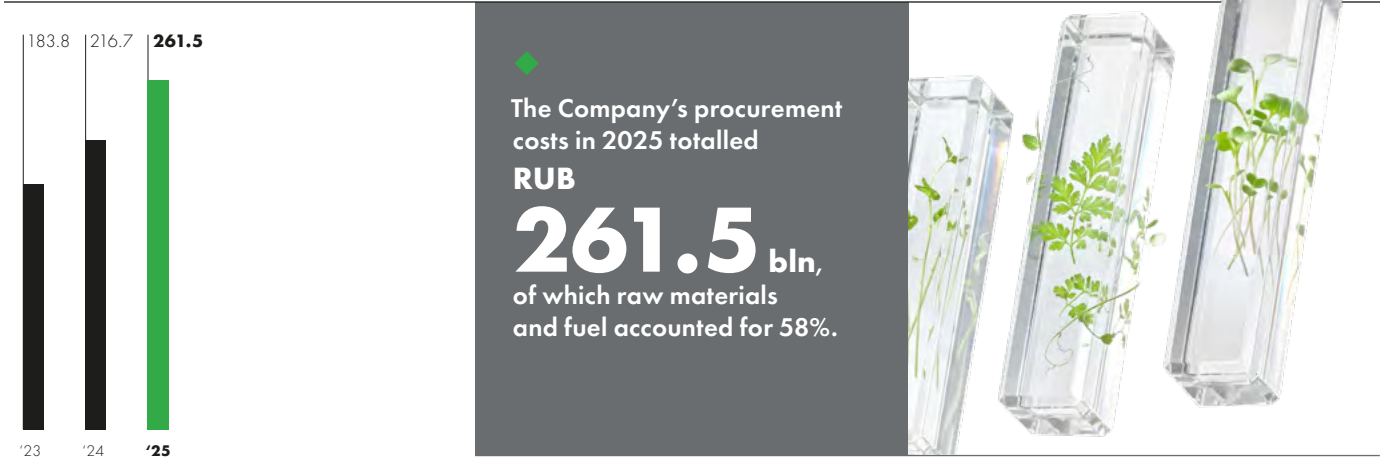
Shifting technological standards, a changing external economic environment, and rising expectations for business resilience require the Company to be agile, responsive, and strategic in its approach. PhosAgro Group continues to intensify engagement with

domestic manufacturers. Joint work has already resulted in numerous pilot industrial tests and the signing of long-term cooperation agreements. Special emphasis is placed on adapting and upgrading domestic equipment to Apatit's specific requirements

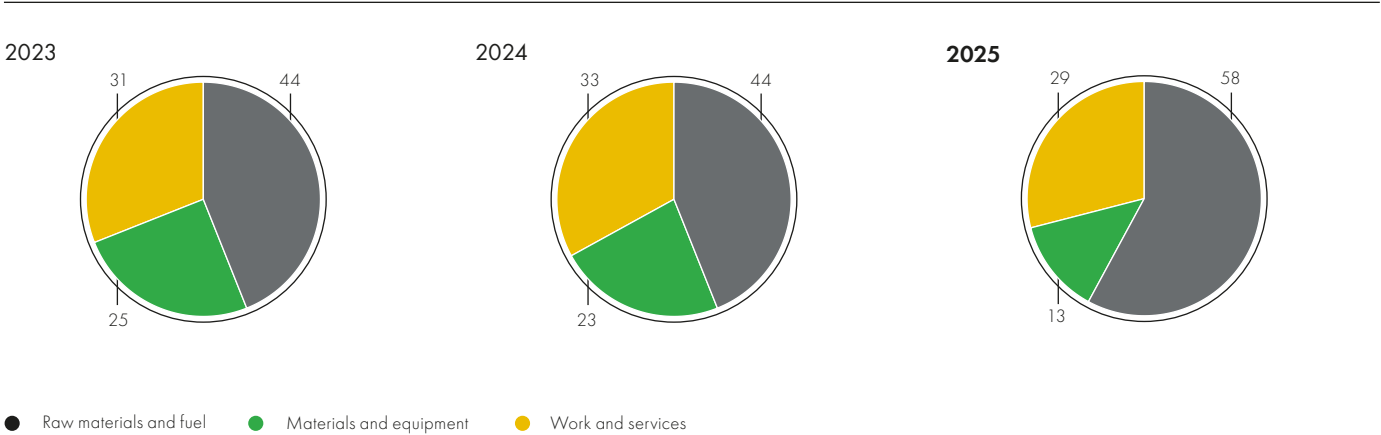
(covering pumps, filtering materials, and stainless steel, and more) as well as on securing supplies of spare parts, self-propelled underground machinery, and automation and control equipment.

Procurement highlights in 2025

Apatit procurement costs, RUB bln



Breakdown of Apatit procurement costs, %



Key performance indicators

Service procurement in 2025

KPI	Performance level			Actual
	Threshold	Target	Stretch	2025
Average number of tender participants in the reporting period	3	5	7	7
Tender price reduction in the reporting period, %	20	30	35	36
Holding tenders on time, %	90	95	100	100

Commodity procurement in 2025, %

KPI	Performance level			Actual
	Threshold	Target	Stretch	2025
Timeliness of procurement (integrated)	87	90	93	97
Reject rate at incoming control	5	3	2	2

Raw materials procurement in 2025

KPI	Performance level			Actual
	Threshold	Target	Stretch	2025
Raw materials procurement index	1.05	1	0.95	1



Performance improvement

A project to procure low-value goods through the Marketplace online platform was implemented, generating 456 order lines across eight materials and equipment categories. Next steps include broadening the range of categories and items, and evaluating delivery quality, lead times, and service levels.

As part of the Procurement Department's business process optimisation, 35 initiatives were implemented. Key measures included the introduction of configurators – parameter sets for generating item names in the stock item catalogue – and a 10-calendar-day reduction in average procurement procedure duration compared with 2024.

The transition to purchasing electrical products via the Elektrotechmontazh (ETM) online store is actively progressing, enabling shorter delivery times and purchases at prices averaging 28% below market rates. By year-end 2025, products from 149 manufacturers were available for purchase through the online store.

The Reliable Counterparty project is in its active implementation phase. Aimed at creating a supplier development system, it is designed to:

- inform counterparties about how their rating is calculated and how they can influence it;
- identify a pool of counterparties classified as Reliable and meeting Apatit's requirements;
- create incentives for counterparties to pursue the Reliable status;
- ensure stable operations by building partnerships with responsible companies.

Engagement with local suppliers

◆ **PhosAgro Group actively supports local suppliers and contributes to the development of small and medium-sized businesses by:**

- ◆ participating in the project of the Vologda region government and the Vologda Region Union of Industrialists and Entrepreneurs titled “Cluster Model for the Development of the Vologda Region Economy”, which aims to build investment projects and cooperative supply chains involving SMEs based on long-term orders from large businesses;
- ◆ holding regular Supplier Day and Contractor Day events with representatives of local businesses;
- ◆ participating in exhibitions, forums, conferences, and strategic sessions;
- ◆ holding meetings with self-regulatory organisations (SROs).

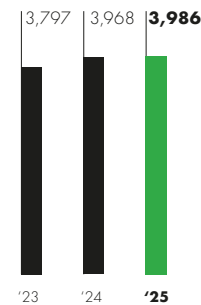
In September 2025, the annual Apatit Supplier Day was held, organised jointly with the Urban Development Agency in Cherepovets and the Cherepovets branch of the Regional Association of Employers – the Vologda Region Union of Industrialists and Entrepreneurs. Over 60 representatives of Vologda region businesses attended in person, with more than 90 SME representatives from other regions joining online. The discussions centred on key matters of engagement with Apatit.

In November 2025, the Apatit Contractor Day online conference brought together more than 150 contractor organisations.

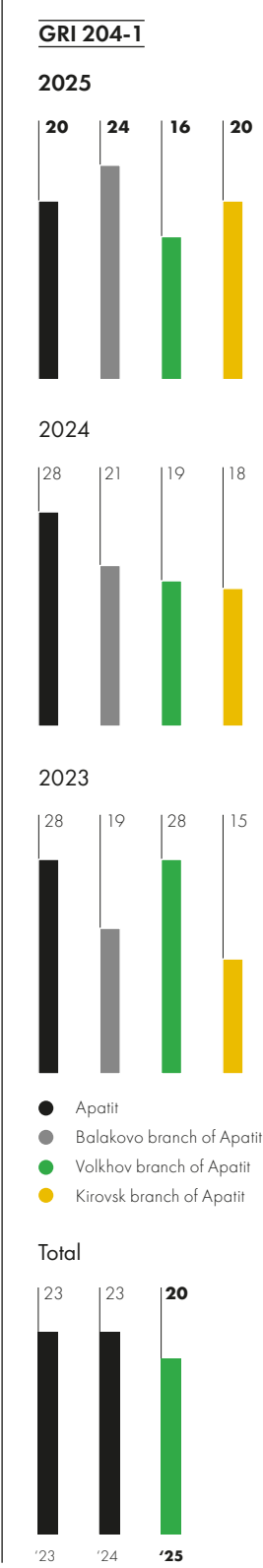
We actively seek feedback from our partners. Events of this kind serve not only to share updates but also to address questions in real time. Following each event, participants receive materials summarising the topics discussed.

- To attract local contractors to tenders during 2025, the Company:
- presented its 2025 work plan to contractor organisations and SROs of the Murmansk region at Contractor Day conferences in Murmansk;
 - presented the investment project for the development of the Volkhov branch of Apatit to contractors and SRO representatives from the Leningrad region;
 - participated in the ICID-2025 forum on industrial construction and design, organised by the Ural Association of Builders SRO;
 - presented its 2026 work plan at the Cooperation Economy: Prospects and Opportunities conference, organised by the Urban Development Agency in Cherepovets for contractors and SRO representatives from the Vologda region.

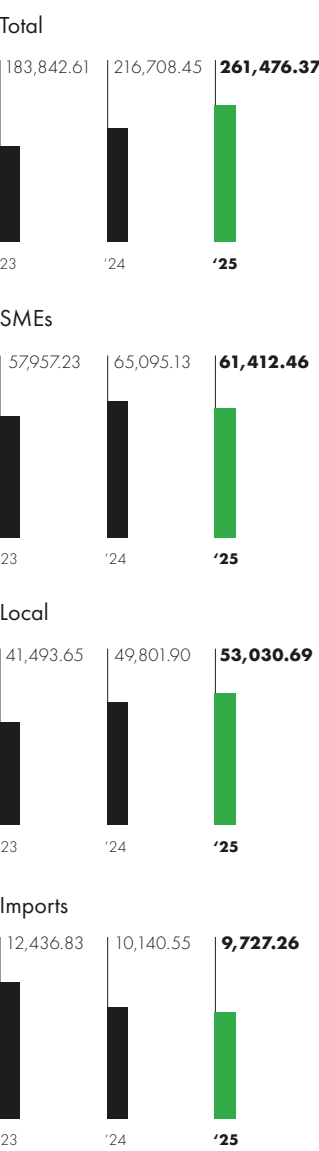
Number of suppliers in procurement



Share of local procurement, %
(of total volume of products and services procured)



Procurement value, RUB mln



SME procurement accounted for

23.5%

of total procurement volume in 2025

ESG evaluation of suppliers

3

In 2025, the total number of counterparties that underwent ESG evaluation based on the Sustainable Procurement Indicators checklist reached

19,009

Since 2020, PhosAgro Group has assessed suppliers against ESG criteria using its Sustainable Procurement Indicators checklist. This enables us to assess our suppliers’ environmental, social and governance performance.

The checklist addresses environmental practices, social responsibility, and quality management, with each supplier receiving an individual rating based on the assessment results.

We believe that making counterparties aware of the Company’s system of values contributes to a more responsible and sustainable business culture in the long run.

To ensure reliable and predictable cooperation, the Company conducts technical audits of suppliers, covering environmental and social impact requirements. In 2025, we held 40 technical audits of Russian and foreign manufacturers, with three suppliers ultimately not recommended for cooperation.



Training materials on engaging with suppliers in sustainable development are available in the Procurement section on PhosAgro’s official website

Key ESG evaluation indicators

Item	2023	2024	2025
Number of rated suppliers with existing checklists, at the end of the reporting period	11,191	14,885	19,009
Number of suppliers in the reporting year	3,797	3,968	3,986
Number of rated suppliers in the reporting year	2,418	2,685	2,826
Share of rated suppliers in the reporting year, %	64	68	71
Total supplies, RUB bln	183.8	216.7	261.5
Supplies from rated counterparties in the total volume of supplies in the reporting year, RUB bln	108	137	165.6
Share of supplies from rated counterparties in the total volume of supplies in the reporting year, %	59	63	63
Average supplier rating, %	65	65	64

Supplier environmental assessment

GRI 308-1, 308-2

PhosAgro Group is committed to applying safe and environmentally sound technologies,

reducing greenhouse gas emissions, and using natural resources responsibly across the entire product life cycle – from ore to food. In line with this commitment, the Company assesses the environmental performance of its suppliers. Among the 957 suppliers producing raw materials, fuel, energy, and commodities,

32% have a certified environmental management system in place, meeting ISO 14001 or an equivalent standard.

Supplier environmental assessment

Item	2023	2024	2025
Total number of rated suppliers	2,418	2,685	2,826
Number of rated suppliers producing raw materials, fuel, energy, and commodities	908	949	957
Number of rated suppliers producing raw materials, fuel, energy, and commodities with an environmental management system certified to ISO 14001 or a similar standard	310	322	308
Share of rated suppliers producing raw materials, fuel, energy, and commodities with an environmental management system certified to ISO 14001 or a similar standard, %	34	34	32

Supplier social assessment

GRI 414-1, 414-2

PhosAgro Group is committed to a working environment free from discrimination based

on nationality, gender, age, religion, or any other grounds. The Company does not tolerate disrespectful behaviour towards employees and prohibits child labour. These principles are shared by the Company’s counterparties, as evidenced by social assessment results

showing that suppliers and contractors operate in line with corporate responsibility and ethical business standards.

Supplier social assessment

Item	2023	2024	2025
Total number of rated suppliers	2,418	2,685	2,826
Number of rated suppliers that adopted a zero-tolerance policy on child labour	1,511	1,852	1,853
Share of rated suppliers that adopted a zero-tolerance policy on child labour, %	62	66	66
Number of rated suppliers in the categories “Producers of raw materials, fuel, energy”, “Commodity producers and intermediaries”, “Logistics services”, “Construction and installation, repairs”	1,926	2,129	2,197
Number of rated suppliers in the above categories that adopted a zero-tolerance policy on discrimination	1,151	1,382	1,382
Share of rated suppliers in the above categories that adopted a zero-tolerance policy on discrimination, %	60	63	63
Number of rated suppliers in the above categories that adopted a zero-tolerance policy on forced labour	1,171	1,403	1,403
Share of rated suppliers in the above categories that adopted a zero-tolerance policy on forced labour, %	61	64	64
Number of rated suppliers in the categories “Producers of raw materials, fuel, energy, and commodities”, “Logistics services”, “Construction and installation, repairs”	1,303	1,362	1,392
Number of rated suppliers in the above categories with an occupational health and safety management system certified to OHSAS 18001 or a similar standard	518	543	543
Share of rated suppliers in the above categories with an occupational health and safety management system certified to OHSAS 18001 or a similar standard, %	40	39	39

156

157