

APPROVED

by Resolution of the Board of Directors
of PJSC PhosAgro dd. 14 April 2021
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Directors w/No, dd. _ April 2021)

External Auditor Selection and Cooperation Policy of PJSC PhosAgro

This document regulates the grounds and procedure for: (i) selecting an external auditor of PJSC PhosAgro (hereinafter referred to as PJSC PhosAgro or the Company) consolidated IFRS financial statements (the External IFRS Auditor), (ii) the maximum term of Auditor's services, (iii) lead audit partner rotation rules, as well as (iv) the maximum share of non-audit services in the total scope of services provided by an External IFRS Auditor.

I. External Auditor Selection

1.1. The contract with an external auditor shall be made for the period from one to three years.

1.2. The Chairman of the Audit Committee of the Company`s Board of Directors (hereinafter referred to as the Chairman) shall assess the independence, integrity, and absence of conflicts of interest with external auditors of PJSC PhosAgro, including assessment of auditor candidates, development of proposals to the relevant management bodies of PJSC PhosAgro relating to appointment, re-election, and dismissal of external auditors, payment for their services and the terms and conditions of their engagement.

1.3. Deputy CEO for Finance and International Projects of PJSC PhosAgro shall submit a preliminary list of candidates for an audit contract to the Chairman, ensure drafting the terms of reference for the services, collection of proposals, and creation of a competitive list on the basis of such proposals.

1.4. Each time an external auditor is selected, the number of candidates may not be less than 3 (three).

1.5. The Chairman shall ensure that the final recommendations of the Audit Committee of the Company`s Board of Directors regarding the selection of an external auditor and the service price are prepared by December of the year preceding the year of the external audit.

1.6. The key factors in making up the candidate list and subsequent selection of an external auditor include:

- experience and skills to ensure that the audit of the financial statements is performed within the deadlines acceptable for the Company and with adequate quality, including experience in performing audits of entities with subsidiaries; at least 10 in-house experts with valid qualification certificates for the right to carry out audit activities in the field of general audit and audit of exchanges, off-budget funds, and investment institutions, duly issued by the Ministry of Finance of the Russian Federation;



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- auditor independence as determined, i.a., by: adopted ethical and independence policies and compliance procedures; risk management systems, internal accountability, audit independence controls, including audit team rotation, and workplace values development procedures;
- duration of continuous provision of audit services to PJSC PhosAgro by the same external auditor;
- professional training of employees by the auditor;
- use of special software by the auditor to perform relevant checks;
- share of services relating to general audit and audit of exchanges, off-budget funds, and investment institutions in the auditor's revenue, which may not be less than 50% for each of the 3 years preceding the year of the audit;
- duration of the auditor's business on the audit services market, which should be at least 5 years;
- external auditor's experience in auditing listed companies.

II. The maximum term of an external auditor's services

As a rule, the duration of continuous provision of audit services by the same external auditor may not exceed 15 years provided that a competitive tender for external auditor selection is arranged not later than after 5 years of service.

III. Lead audit partner rotation rules

3.1. The tenure of lead audit partner on the audit of PJSC PhosAgro consolidated IFRS financial statements should normally not exceed 5 (five) years.

3.2. The five year period from date of appointment should be counted based on the number of annual audit engagements that the lead audit partner has participated in, in the role as signatory of the audit opinion and not based upon calendar years since starting participation in the audit engagement in the lead audit partner role. In circumstances where a degree of flexibility over the timing of rotation is necessary to safeguard the quality of the audit the lead audit partner may continue in this position for an additional period of up to 2 (two) years, subject to approval of the Audit Committee.

3.3. Lead audit partner should not be engaged in the audit of the Company for more than 7 (seven) years.

IV. Non-audit services provided by an external IFRS auditor

4.1. The Company aims to keep a level of total fee for permitted non-audit related services provided by an external IFRS auditor at 70 (seventy) percent of the average of the fees for the audit and equivalent services for the last three consecutive years. For this ratio the services provided by the external auditor (including its affiliates and network firms) to the Company and the companies within the same group shall be taken into account.

4.2. Non-audit services that are required by mandatory legislation or regulatory requirements to be performed exclusively by the current IFRS auditor are not subject to this fee cap.

4.3. Any permitted non-audit services provided by an external auditor to PJSC PhosAgro with a fee above US\$ 25,000 as well as any services in excess of 70% fee cap should be pre-approved by the Chairman of Audit Committee prior to entering into an agreement or contract for the provision of

such services between PJSC PhosAgro and the external auditor. The permissible non-audit services with a fee below US\$ 25,000 require approval of Deputy CEO for Finance and International Projects of PJSC PhosAgro.

4.4. Information on the nature and fee for all non-audit services provided by an external auditor are reported to the Audit Committee of the Company's Board of Directors on regular basis.