

CEO MESSAGE

2020 STATE OF THE BUSINESS REPORT



DEAR MOSAIC STAKEHOLDERS:

2020 was a tempestuous year: The Covid-19 pandemic punished every corner of the globe; racial and social tensions erupted in the United States and spread far beyond; and electoral politics strained American society.

But amid the turmoil emerged tremendous resilience—people everywhere determined to persevere, to get through these trials.

I saw this resolve every day among my 12,000 Mosaic colleagues, all around the Earth. Our mission—to help the world grow the food it needs—is also a profound responsibility, and together we took on 2020's challenges and met our myriad commitments.

Foremost among those commitments is employee health and safety. Most of Mosaic's people must go physically to work for each shift—they mine ore, maintain our plants and mines, manufacture phosphate and potash fertilizers and ship millions of tonnes of crucial agricultural inputs all over the world. Keeping people safe—from Covid, and as they go about their work amid Covid restrictions—has been difficult, but we are largely succeeding: Our safety results were near our 2019 records, and we have experienced no material business disruptions due to the pandemic. Our overall performance continues to trend toward our goal of zero injuries and incidents.

We are proud to receive the Robert W. Campbell Award for 2020. The Campbell Award, which is among the most prestigious safety performance awards in all of U.S. industry, recognizes the efficacy of our risk management system and focus on risk reduction.





We bolstered Mosaic’s many other commitments to responsible corporate citizenship in 2020 with the launch of 13 new environmental, social and governance (ESG) performance targets. Our first set of targets, established in 2015, focused on improving environmental performance; now, we’ve established aggressive targets to reduce greenhouse gas emissions and freshwater use by 20 percent per unit of production by 2025. For the first time, we have established targets related to social and governance performance, including increasing indigenous peoples’ participation in our business in Canada and worker wellness programs at all locations. Please view our targets [here](#). While our targets are intended to drive internal improvements, we understand our place in the broader world. Mosaic is a signatory to the United Nations Global Compact, and we routinely assess our impacts in relation to the U.N. Sustainable Development Goals.



**20%
REDUCTION**

in freshwater use per tonne of product



**20%
REDUCTION**

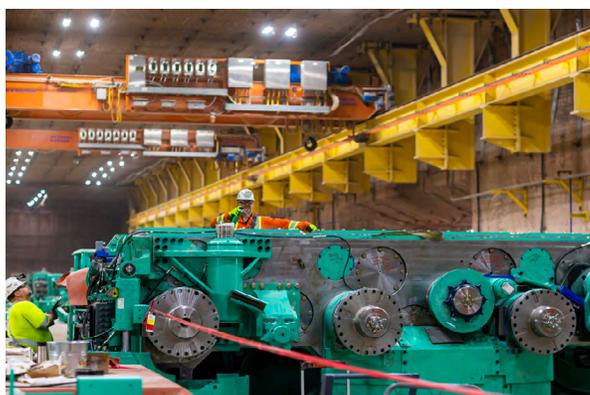
in greenhouse gas emissions per tonne of product



Our targets are not static—we will adapt them as business, market and social conditions change. As a case in point, shortly after we launched our targets, the murder of George Floyd in Minneapolis ignited violent social unrest and caused a deep reexamination of race in America. At Mosaic, we formed a task force of employees to evaluate our culture around diversity and inclusion. I am leading the task force, and we are engaged in a clear-eyed assessment of Mosaic that will lead to action and improvement that will be reflected in our ESG performance targets.



While 2020 brought many challenges for the world, it was a year of major progress and improving business conditions at Mosaic. Global demand for fertilizers strengthened through the year, and have remained very strong in 2021, driving market prices for our products higher. Strong demand was underpinned by a good and improving agriculture business environment in every key region of the world. We expect the favorable business conditions to continue, and our outlook for 2021 financial performance is strongly positive.



Our business is cyclical and subject to impacts from a wide range of forces, including weather, economic trends and geopolitical change. We have built Mosaic to be able to thrive across cycles and to take advantage of opportunities, and we drove further progress in 2020:

- We continued to reduce costs across the business. We realized an additional \$115 million in transformation benefits in our Mosaic Fertilizantes business in Brazil, reduced phosphates fixed costs by \$50 million and significantly lowered brine management and other costs in our potash business. In fact, potash cash costs per tonne were \$56, excluding brine management costs, down by 14 percent compared with 2019.
- Our Esterhazy K3 potash mine ramped up quickly, with now six four-rotor miners operating. We expect to transition all Esterhazy production to K3 by mid-2022, leading to the elimination of brine management spending.

- We received safety certifications for all tailings dams in Brazil, resolving a difficult situation related to rapidly changing dam regulation. An internal center of excellence is assessing all of Mosaic's tailings areas against the 2020 Global Industry Standard on Tailings Management and we are anticipating the release of the accompanying implementation guidelines from the International Council on Mining and Metals.
- Our performance product portfolio and sales continued to grow. MicroEssentials® sales exceeded four million tonnes globally including one million tonnes in Brazil, both new records, and, through a new partnership, we created Sus-Terra™ fertilizer, a bio-boosted phosphate crop nutrient.
- Our phosphates business made a leap toward automation, opening our new NextGEN Integrated Operations Center. The center provides significant opportunity for efficiency and employee safety.
- Mosaic's financial position strengthened, and the company is committed to further fortifying its balance sheet. Our total available liquidity was approximately \$3.4 billion at the end of the year.
- We sought a level competitive playing field by filing petitions seeking countervailing duties on phosphate imports from Morocco and Russia to the U.S. We alleged that competitors in those countries receive unfair government subsidies, such as below-market-value access to raw materials. In February 2021, the U.S. Department of Commerce issued final, affirmative duty determinations, and in March, the U.S. International Trade Commission affirmed that the subsidies caused injury to the U.S. phosphate market. The duties help to ensure the long-term viability of the U.S. phosphate industry—and a reliable supply of U.S. phosphate for American farmers.



We at Mosaic are constantly mindful that we serve many stakeholders, and that society's expectations of companies are high. We, too, have high expectations of ourselves, and we work every day for progress. We are driving strong financial performance and resilience, ensuring the health and safety of our people, innovating to create new products and business growth, working to minimize our environmental impact, providing an appealing culture where people want to work and grow their careers, and responding to social evolution across our geographies.

Today's Mosaic is strong, efficient and responsible. The Mosaic of tomorrow will be better still.

Sincerely,
Joc O'Rourke

A handwritten signature in black ink, appearing to read 'Joc O'Rourke', is positioned below the typed name.

President and CEO

