

Materiality Determination Process Dehqonobod Potash Plant JSC

1. Purpose and Scope

This section defines the procedure for identifying, assessing, and disclosing material ESG (Environmental, Social, and Governance) topics relevant to Dehqonobod Potash Plant JSC (DKZ). The purpose of the materiality determination process is to ensure that DKZs sustainability priorities reflect both its business strategy and the expectations of key stakeholders. The scope covers all operational units, production facilities, and supporting divisions within DKZ.

2. Key Principles

- Double materiality: assessment of (i) DKZs impacts on the environment and society, and (ii) the impact of ESG issues on the companys financial stability and performance.
- Stakeholder inclusiveness: regular engagement with employees, local communities, suppliers, customers, investors, and regulatory bodies.
- Transparency and comparability: alignment with GRI Standards, SASB/IFRS S1-S2, and TCFD recommendations.
- Regular review: the materiality analysis is updated every two years, or whenever significant operational or regulatory changes occur.

3. Governance and Responsibilities

- Executive Owner: Deputy Chairman of the Management Board (Strategy & ESG).
- Responsible Departments: Environmental Protection Department (E); HR Department and Trade Union Committee (S); Corporate Governance and Legal Department (G); Internal Audit Service (monitoring and validation).
- Approval: Final results are reviewed by the Management Board and approved by the Supervisory Board.

4. Methodology

4.1 Identification of Potential ESG Topics

An initial long-list of ESG topics was compiled based on international frameworks and industry-specific risks.

Typical issues considered include:

Environmental (E): water management, emissions and air quality, energy efficiency, GHG reduction, waste and tailings management, land rehabilitation, biodiversity.

Social (S): occupational health and safety, employee development, diversity and inclusion, labor relations, community engagement, human rights.

Governance (G): anti-corruption, business ethics, data protection, compliance, transparency.

4.2 Evaluation Criteria

Each topic is evaluated on a 1-5 scale against: Environmental/Social Impact, Financial Significance, Regulatory Pressure, Stakeholder Expectations, Reputational Risk.

Weights: Impact - 30%, Financial - 30%, Regulatory - 20%, Stakeholders - 15%, Reputation - 5%. The final materiality score = (weight score).

4.3 Stakeholder Engagement

Engagement through: internal workshops and employee surveys; external interviews with local communities, suppliers, regulators, and customers.

4.4 Prioritization and Materiality Matrix

Results are plotted on a Materiality Matrix: Y-axis (stakeholder importance) vs. X-axis (business significance).

The top-right quadrant indicates most material topics. For DKZ, these include water management, occupational health and safety, emissions control, energy efficiency, waste and tailings management, community engagement, and anti-corruption governance.

4.5 Validation and Approval

Internal Audit reviews data and methodology. The ESG Working Group finalizes and submits for approval to the Management and Supervisory Boards.

5. Results and Outputs

Deliverables: Materiality Matrix, Top 10 topics with KPIs, responsible departments, and timelines; ESG Roadmap defining short-, medium-, and long-term priorities.

6. Disclosure of Results

Documentation: methodology, stakeholder list, scoring tables, and final matrix. Publication: DKZs annual ESG Report and website (ESG Materiality). Alignment with GRI and TCFD frameworks. Updated at least every two years.

7. Example Disclosure Text

"Dehqonobod Potash Plant JSC conducts a comprehensive materiality analysis based on the double materiality approach. Using international ESG standards (GRI, SASB, TCFD), the company identified and prioritized key sustainability topics through stakeholder consultations and impact assessments. Each topic was evaluated based on its importance to DKZs long-term success and its significance to stakeholders. The results were validated by the Internal Audit Service and approved by the Supervisory Board. The most material issues for DKZ include water management, workplace safety, emissions and energy efficiency, waste management, community engagement, and anti-corruption governance. The analysis is updated every two years and published as part of the companys annual sustainability report."