Dyno Nobel Limited (DNL)

Climate Transition Analysis

Climate Action 100+ Focus Company

Overall Assessment

Dyno Nobel is expected to be on track for a 1.5°C pathway by 2030.

Dyno Nobel's FY2025 marks a material improvement in transition credibility. The divestment of fertilisers and repositioning as a pure-play industrial explosives business reduced the reported emissions footprint by 66% (from 10.9 $MTCO_2e$ to 3.5 $MTCO_2e$) and improved the feasibility of its transition. Moreover, by FY2025, Dyno Nobel delivered a 39% like-for-like reduction in Scope 1 and 2 emissions versus its 2020 baseline, exceeding its original 2030 target several years early. This was achieved through the completion of the Moranbah and LOMO N_2O abatement projects - delivering 750 $KTCO_2e$ of expected annual reductions - materially lowering carbon-pricing exposure and stranded-asset risk. Climate governance is robust, with Board-level oversight and climate-linked executive incentives. The introduction of business-unit Scope 3 targets and deployment of customer-facing solutions, including electric MPUs, DeltaE blasting, and renewable diesel, address a key gap from prior assessments, though disclosure remains insufficient to assess value-chain coverage and aggregate impact. Policy engagement and industry association alignment remain cautious. Although Dyno Nobel has a 50% Scope 1 and 2 reduction target by 2036, it has not yet disclosed details (capital deployment or project sequencing) on how it will deliver that beyond 2030. As a result, it is difficult to assess the credibility of that target, which is dependent on the commercialisation of green ammonia and CCS.

Aligned with 1.5°C

Aligned with +2°C

Aligned with BAU+3°C

Download the Shareholder Engagement Sheet.

Climate Alignment

- Following the divestment of fertilisers, Dyno Nobel's emissions profile is materially simplified, with a 66% lower footprint and strong Scope 1–2 reductions already exceeding its original 2030 targets.
- Revised targets and new Scope 3 goals, supported by a credible abatement pipeline, show a 1.5°C alignment to 2030, though delivery beyond this hinges on uncertain CCS and green ammonia deployment.

Policy and Governance

- The company improved Scope 3 data systems and deployed low-carbon solutions, but its limited impact disclosure, cautious policy advocacy, and continued memberships in associations at odds with climate policy constrain its Paris-aligned influence.
- Climate oversight is embedded across Board committees and executive management, with dedicated climate risk governance, and remuneration-linked incentives for its short and long-term transition goals.

Risk Analysis

- While group-level transition risk has declined post-fertiliser divestment, coal-exposed facilities, (Cheyenne, Moranbah, LOMO) serving 14.4% of explosives revenue, face asset-level stranded risk if coal demand contracts faster than diversification timelines.
- Physical climate risks seem to be actively managed through engineering upgrades and asset divestments, yet the lack of disclosed aggregate value-at-risk limits transparency on the scale of exposure.

Strategy Assessment

- Dyno Nobel has effectively deployed Sustainability Capital into high-impact operational abatement, but lacks a quantified investment plan to support emissions reductions beyond its completed programme.
- Portfolio transformation and early delivery underpin credible 1.5°C alignment to 2030, while post-2030 alignment remains dependent on managing coal exposure and maturing next-generation abatement options.

Further information:
Chris Coggin, Engagement Officer
chris@planet-tracker.org

Company Overview

Dyno Nobel Limited (DNL:AU) is a leading global explosives company with approximately 15% of the global commercial explosives market share, according to Morningstar[1]. Formerly known as Incitec Pivot Ltd (IPL:AU), the company underwent a fundamental restructuring during FY2025, transforming into a global pure-play explosives business by divesting substantially its fertiliser operations.

Going forward the company will operate through three regional explosives business units, namely, Dyno Nobel Americas (**DNA**), Dyno Nobel Asia Pacific (**DNAP**), and Dyno Nobel EMEA & LATAM (**DNEL**). However, for the FY2025 in which Dyno Nobel had a total revenue of AUD 5.3 billion or USD 3.5 billion[2], it still got 40% of its revenue from Fertilisers (**IPF**) (including operations divested by 30 September 2025), as illustrated in Figure 1.

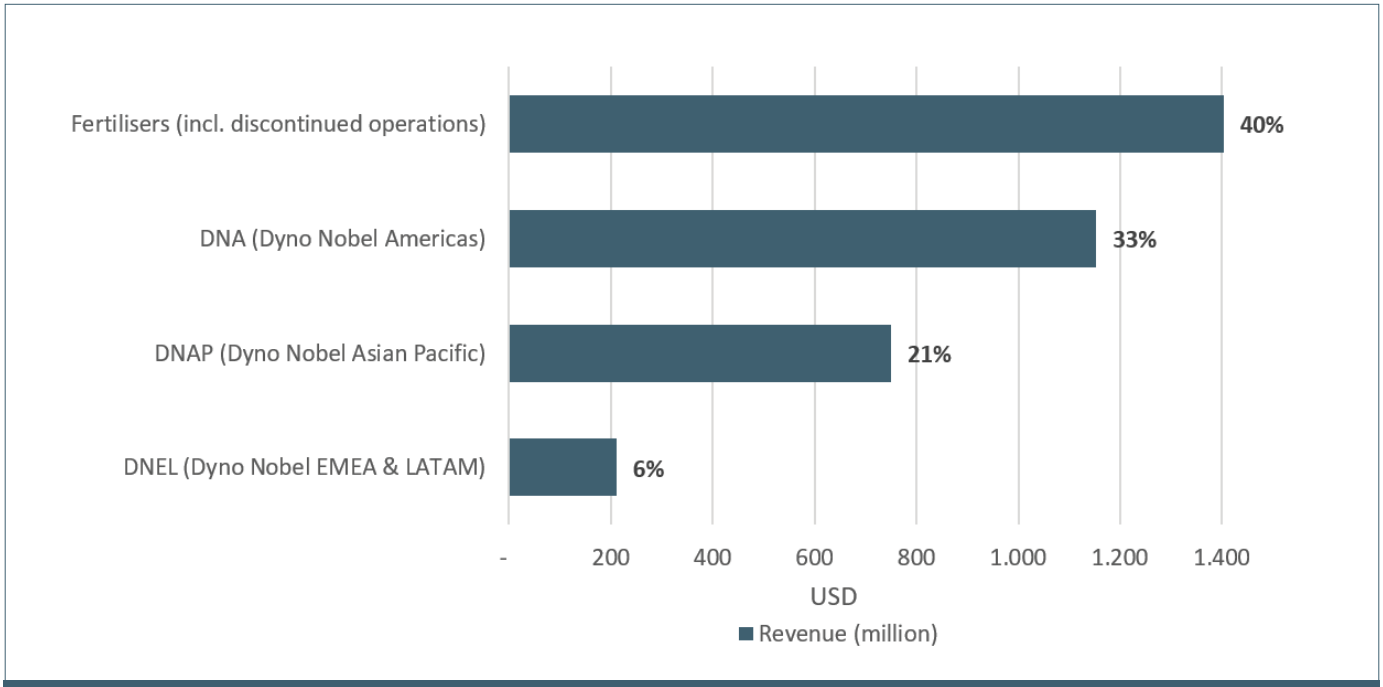


Figure 1: *Revenue (%)- Breakdown by Business Segments (2025). Source: Dyno Nobel Annual Report 2025 & Planet Tracker's calculations.*

1 For more details see: Dyno Nobel Ltd - Morningstar.

2 Based on the company's conversion rate of 0.6577 AUD/USD in 2025. Source: Dyno Nobel Annual report 2025.

Geographically, the majority of its annual revenue in FY2025 was generated in Australia (USD 1.1 billion) and the United States (USD 0.9 billion)[3], as presented in Figure 2.

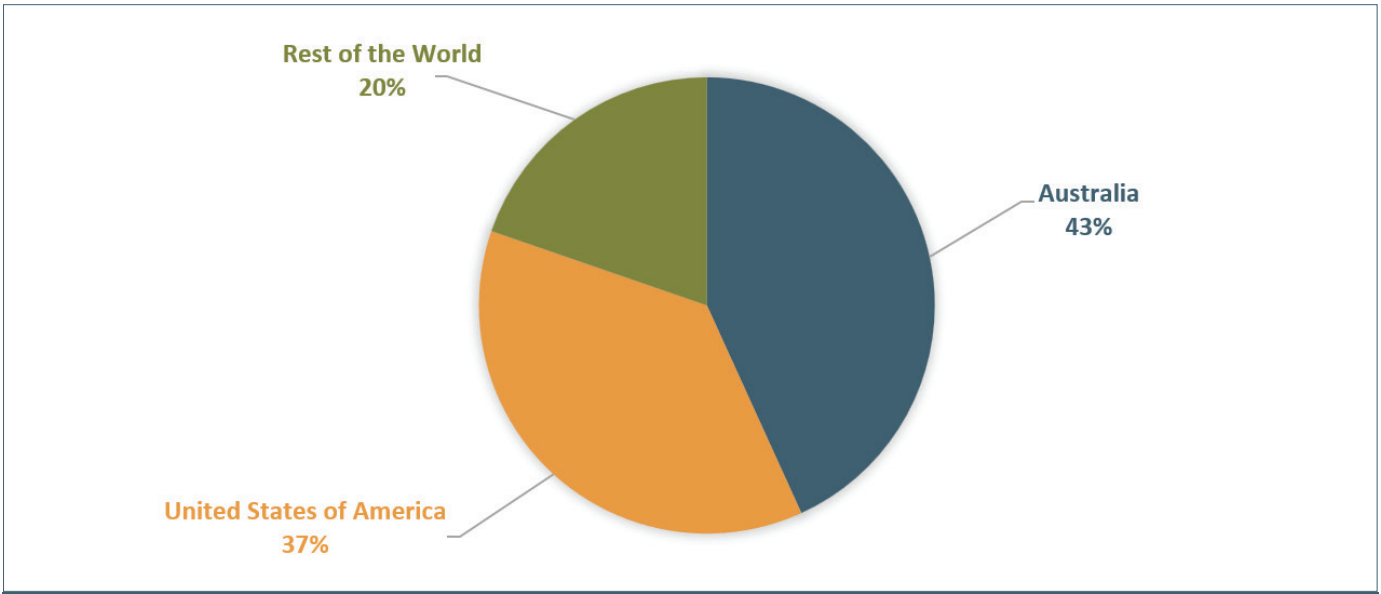


Figure 2: *Revenue (%) - Breakdown by Geography (2025). Source: Dyno Nobel Annual Report 2025 & Planet Tracker's calculations.*

Similarly, 89% of Dyno Nobel's non-current assets are concentrated in these two countries, highlighting their strategic importance, as shown in Figure 3.

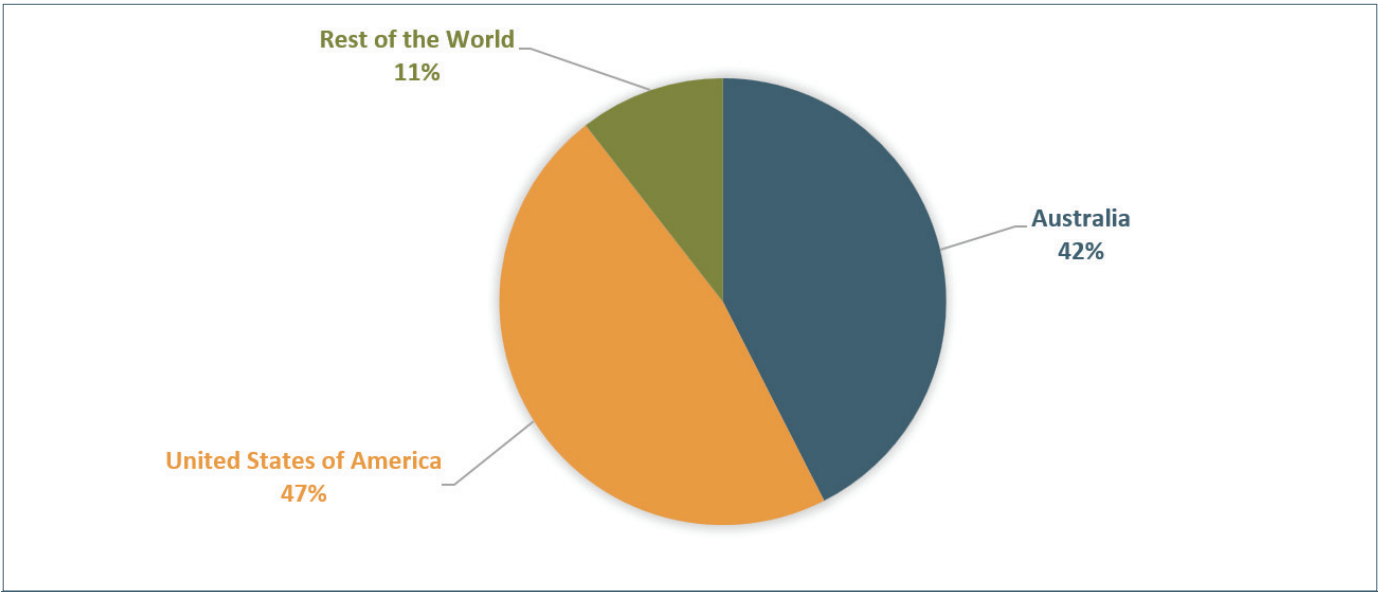


Figure 3: *Non-current assets (%) - Breakdown by Geography (2025). Source: Dyno Nobel Annual Report 2025 & Planet Tracker's calculations.*

3 Idem 2.

Climate Alignment

EMISSIONS INVENTORY

In its latest greenhouse gas (GHG) emissions disclosures[4], Dyno Nobel reported a total footprint of 10,310 $KTCO_2e$ (a 5.6% year on year decline). A breakdown of the company's 2025 emissions reveals that Scope 1 contributed 14.8% of the total, with Scope 2 accounting for 1.7%. The majority of emissions, 83.5%, originated from Scope 3 activities. Within this category, 42.7% of total emissions can be attributed to upstream activities, while downstream activities accounted for 40.8% of the total footprint. However, the shift to a pure-play explosives business fundamentally alters its emissions profile. Excluding the fertilisers division operated during the year, Dyno Nobel total footprint would be 3,526 $KTCO_2e$ (a 66% difference). According to the company's disclosure, post-divestments, its Scope 1 and 2 (combined) would represent 28.4% of its total emissions, with Scope 3 accounting for the remaining 71.6%, as presented in Figure 4. As a pure-play explosives business, Dyno Nobel's Scope 3 emissions are now dominated by upstream emissions with 69% of Scope 3 (and 49% of total) emissions, as shown in Figures 4 and 5.

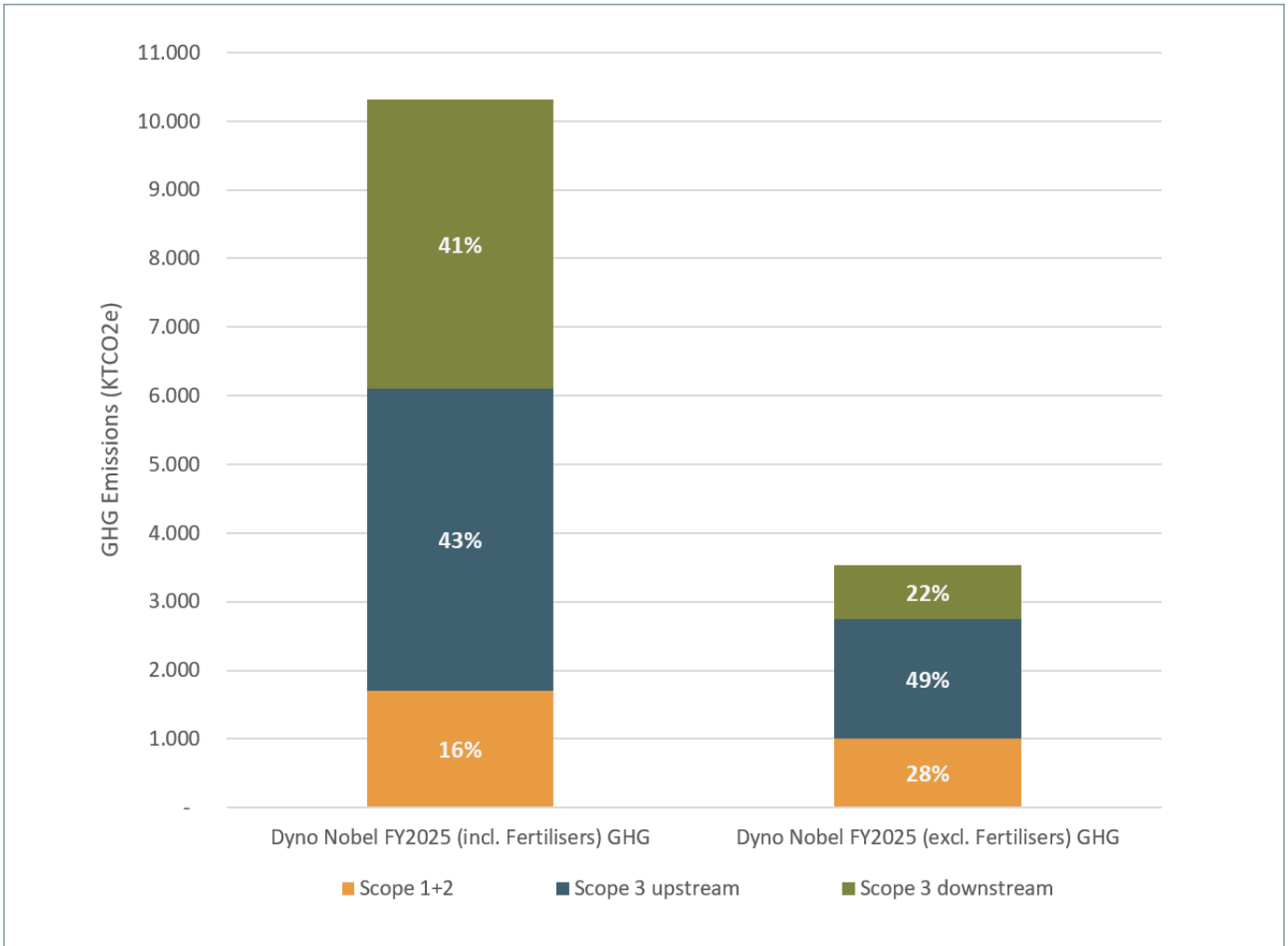


Figure 4: *GHG Emissions Footprint (FY2025) - Percentage Breakdown by Scope.*
Source: Dyno Nobel's Climate Change Report 2025 & Planet Tracker Calculations.

4 Presented in its Climate Change Report 2025.

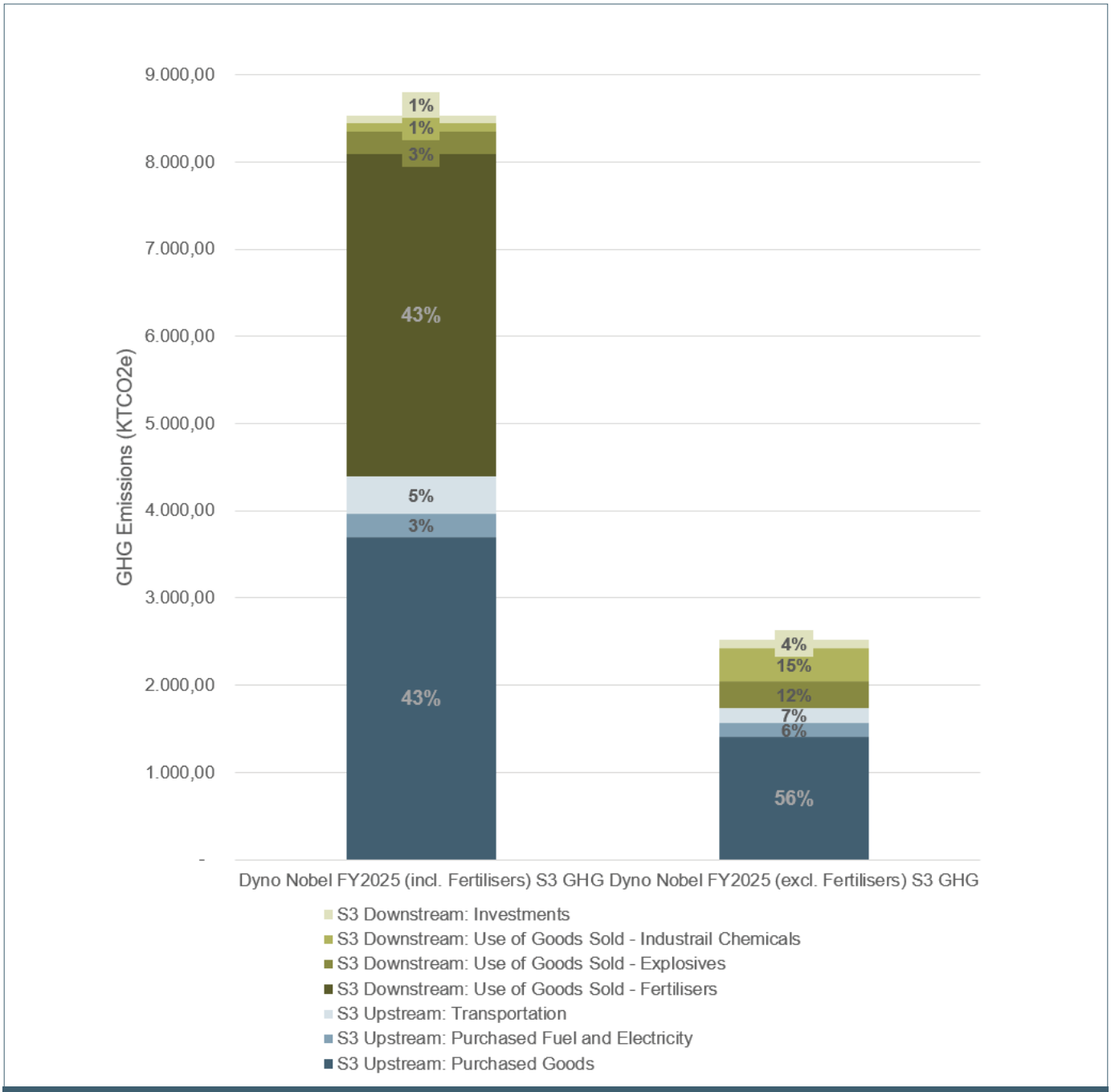
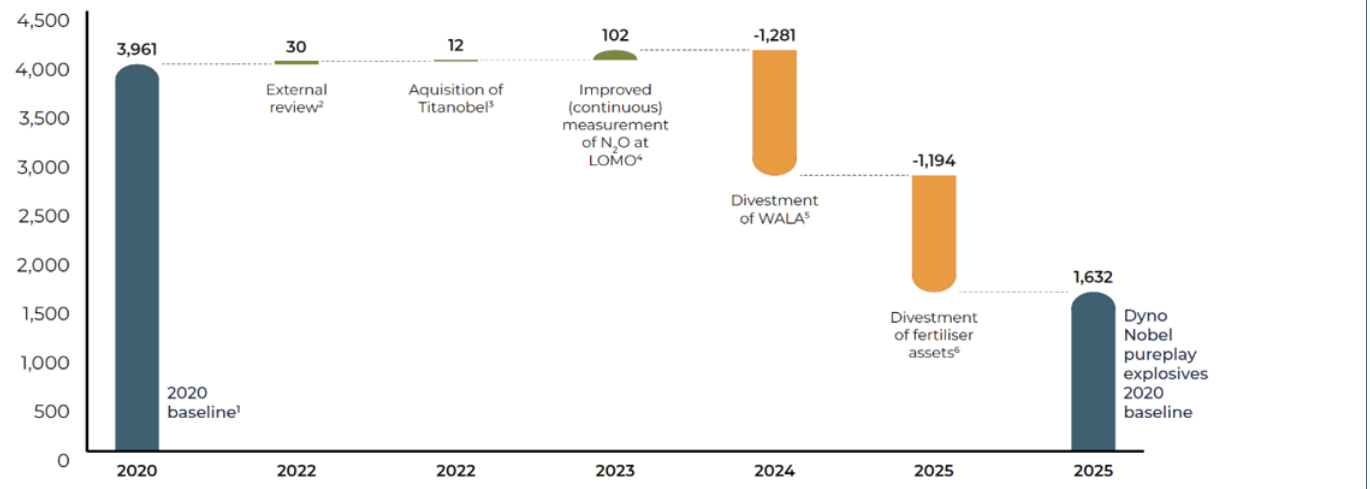


Figure 5: *Scope 3 GHG Footprint (FY2025) - Percentage Breakdown by Category.*
Source: Dyno Nobel's Climate Change Report 2025 & Planet Tracker Calculations.

EMISSIONS TRENDS AND TARGETS

Dyno Nobel (excl. fertilisers) achieved a 39% reduction in Scope 1 and 2 emissions from the divestment-adjusted 2020 baseline of 1,632 $KTCO_2e$ to FY2025 actuals of 1,000 $KTCO_2e$, substantially exceeding both the original 5% target for 2025 and the 25% target originally set for 2030. For context the baseline adjustment is described in Figure 6.



1. 2020 baseline as announced in 2021 with short and medium term targets.
2. External review of our global GHG data calculations by an expert third party against the GHG protocol, including application of the AR5 N2O GWP to process emissions of N_2O.
3. Aquisition of Titanobel and associated small global sites.
4. Restatement of scope 1 emissions using 12 months data from improved N_2O measurement technologies installed at Louisiana, Missouri.
5. Divestment of WALA in December 2023 (during the Dyno Nobel FY24).
6. Divestment of IPF fertiliser business and St Helens, Oregon, and closure or intended divestment of remaining fertiliser manufacturing assets. See the Company's ASX releases dated 12 May 2025 and 1 October 2025.

Figure 6: *Dyno Nobel history of 2020 baseline adjustments ($KTCO_2e$). Source: Dyno Nobel's Climate Change Report 2025.*

As shown in Figure 7, this reduction (excluding the divested emissions and the cessation of natural gas-based manufacturing at Gibson Island - fertilisers) was driven by:

1. Moranbah Tertiary N_2O Abatement (completed April 2024): ~ 205 $KTCO_2e$ annual reduction, representing a 12.6% reduction against the explosives business 2020 baseline;

2. Louisiana, Missouri (LOMO) Tertiary N_2O Abatement (completed January 2025): ~ 233 $KTCO_2e$ annual reduction, representing a 14.3% reduction against the 2020 baseline, with a potential annual reduction of ~ 550 $KTCO_2e$ when fully operational;

3. Renewable energy installations and energy efficiency improvements: ~ 184 $KTCO_2e$ annual reduction, representing a 11.3% reduction against the explosives business 2020 baseline.

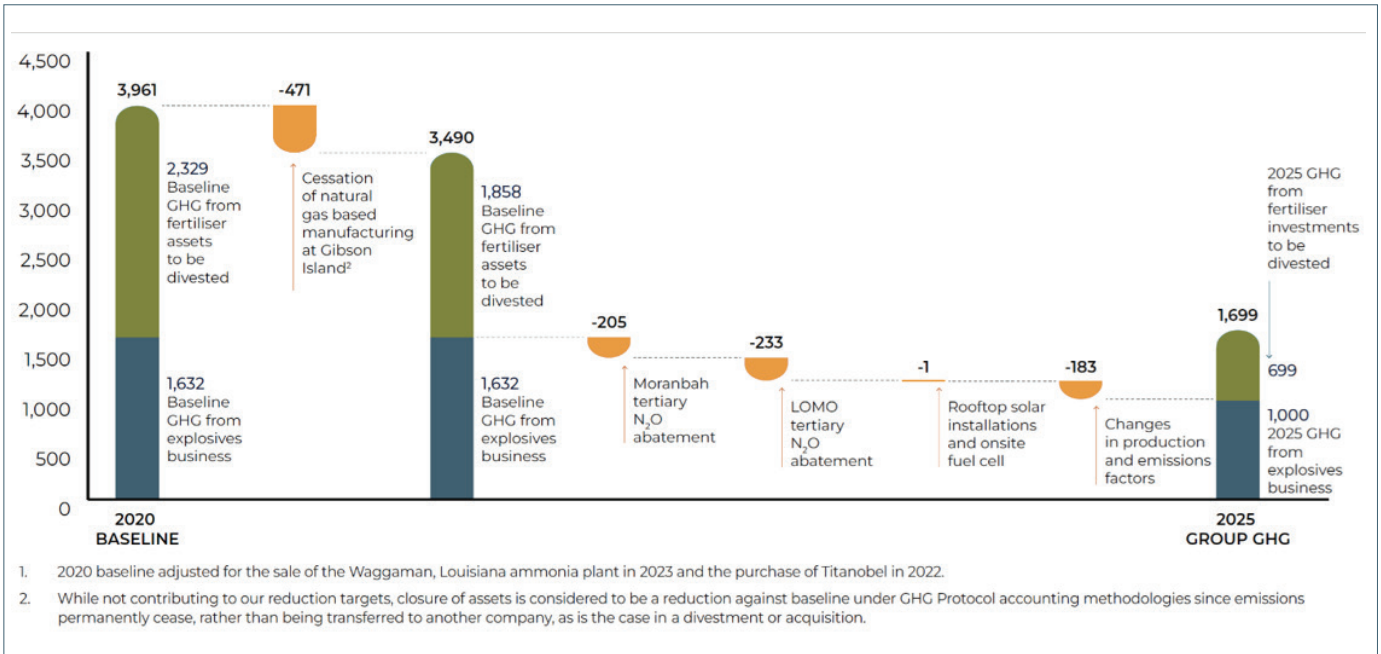


Figure 7: *2025 Scope 1 and 2 evolution against baseline1 ($KTCO_2e$). Source: Dyno Nobel's Climate Change Report 2025.*

Given the substantial progress achieved, Dyno Nobel revised its target structure and announced an updated target framework in October 2025, as described in Table 1. Notably, the 2030 target didn't change, per se, but it is brought forward.

Table 1: *Dyno Nobel Scope 1 and 2 Updated Targets. Source: Dyno Nobel's 2025 Climate Change Report*

Target Timeframe	Previous Target	Updated Target (2025)	Coverage	Status
Short-term	-5% by 2025	-25% by 2030	Explosives business Scope 1+2	Target brought forward; original 2025 target achieved
Medium-term	-25% by 2030	-50% by 2036	Explosives business Scope 1+2	New target announced
Long-term	Net Zero by 2050	Net Zero by 2050	All scopes	Unchanged ambition

Moreover, the company established Scope 3 targets for the first time addressing a significant gap from the prior assessment. More specifically, Dyno Nobel announced business unit-level Scope 3 targets for its **DNAP** and **DNA** segments:

- **DNAP**: 25% reduction in upstream Scope 3 per tonne of Ammonium Nitrate purchased by 2030 (vs 2020 baseline), covering ~77% of DNAP's total Scope 3 and expected to equate to ~25% absolute reduction in upstream Scope 3 for DNAP[5].
- **DNA**: 40% reduction in downstream Scope 3 per tonne of bulk product sold by 2030 (vs 2020 baseline[6]), covering 25% of DNA's total Scope 3 and expected to equate to ~40% absolute reduction in downstream Scope 3 for DNA[7].

5 Absolute 2020 baseline: 1,420 $KTCO_2e$.
6 Adjusted for the sale of the Waggaman, Louisiana ammonia plant and the St Helens, Oregon fertiliser manufacturing plant.
7 Absolute 2020 baseline: 1,660 $KTCO_2e$.

MITIGATION APPROACH

Dyno Nobel's potential operational GHG transition pathway is summarised in Figure 8.

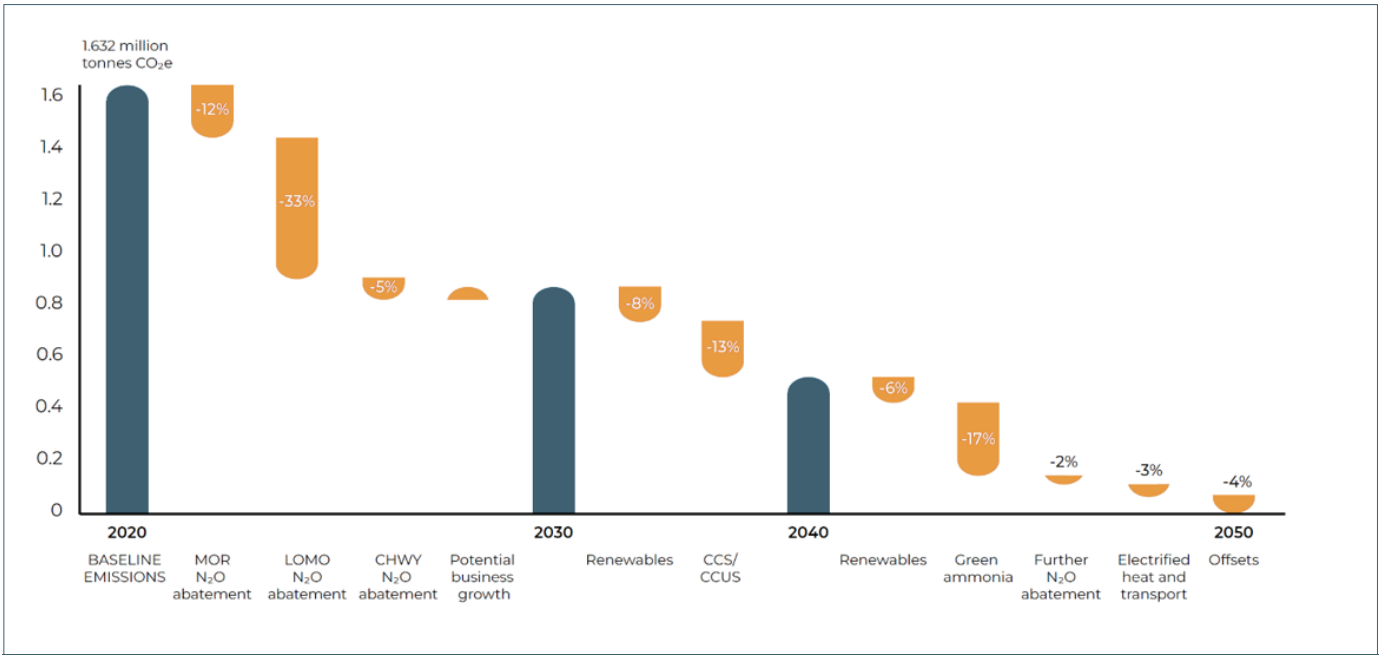


Figure 8: *Potential Dyno Nobel operational GHG transition pathway. Source: Dyno Nobel's Climate Change Report 2025.*

Furthermore, the company discloses three key pipeline projects. First, at its Cheyenne facility in Wyoming, Dyno Nobel plans to implement an enhanced nitrous oxide (N_2O) abatement system through a catalyst upgrade. Construction is expected to begin in early 2026, with the project estimated to reduce emissions by around 30 $KTCO_2e$ per year once operational.

Second, the company is assessing options to displace natural gas used for on-site power generation. This work is currently at the feasibility stage and covers several potential technical solutions. If implemented, the project could deliver a further emissions reduction of approximately 30 $KTCO_2e$ annually.

Third, and last, Dyno Nobel is also exploring the use of carbon capture and storage (CCS) for emissions from ammonia manufacturing. This investigation builds on experience from the previously divested Waggaman WALA CCS project, which was transferred at the front-end engineering design stage. Any future CCS deployment would depend on the availability of suitable geological storage near the company's production sites.

In short, Dyno Nobel's track record in delivering decarbonisation projects, alongside a defined project pipeline and updated targets, supports its continued alignment with a 1.5°C pathway through to 2030. Emissions reductions achieved to date are above earlier projections and original targets, pointing to strong delivery momentum. That said, meeting the longer-term ambition of a 50% reduction by 2036 will depend on the successful roll-out of newer technologies, such as green ammonia and CCS, which remain exposed to commercial and policy uncertainty beyond 2030.

Policy and Governance

ENGAGEMENT AND INFLUENCE

Suppliers' Engagement

Dyno Nobel states that it has strengthened its approach to upstream Scope 3 mitigation through a combination of improved data infrastructure and more targeted supplier engagement. According to the company, it has completed comprehensive supplier mapping across its procurement processes, enabling the integration of Scope 3 considerations into purchasing decisions. This has been supported by the redesign of supplier GHG questionnaires, now incorporating embedded calculation templates, which have been distributed to major global suppliers.

Furthermore, Dyno Nobel disclosed that it is transitioning from industry-average cradle-to-gate emission factors to supplier-specific emission factors, supported by the deployment of a new global GHG data management platform with a dedicated Scope 3 module. Beyond data collection, the company reports collaboration with selected suppliers on lower-carbon solutions, including the integration of green hydrogen and CCS technologies into upstream supply chains.

However, despite these structural improvements, disclosure remains somewhat limited on execution depth and coverage. The company does not quantify the proportion of purchased goods emissions covered by active supplier engagement, nor provide timelines for full rollout. While newly announced business unit-level Scope 3 targets offer some clarity, investors currently lack visibility on how much of the supplier base is on a defined decarbonisation pathway and how engagement efforts translate into expected emissions reductions.

Customers' Engagement

Dyno Nobel has shown some progress in developing and deploying customer-facing decarbonisation solutions aimed at reducing downstream Scope 3 emissions from the use of sold products. Key initiatives span equipment electrification, product innovation, and operational optimisation.

The company delivered the world's first electric Mobile Processing Unit (MPU) to a customer mine site in 2025, supported by on-site renewable charging infrastructure. The unit incorporates a high-capacity onboard battery, rapid recharging enabled by regenerative braking, and has been recognised through industry award shortlisting. This represents a material step towards electrifying explosives delivery and reducing customer reliance on diesel-powered equipment.

Dyno Nobel has also advanced the scale-up of its DeltaE blasting technology. Independently assured trials demonstrated a 7% GHG reduction relative to the customer's baseline, and up to 25% compared with standard ANFO (94% Ammonium Nitrate / 6% Fuel Oil). The technology has since been extended beyond mining into quarrying and construction, delivering emissions reductions alongside co-benefits including lower NOx, dust, vibration, noise, and improved safety and productivity.

In addition, full-scale testing of 100% renewable diesel in explosives applications has been completed at Port Hedland, achieving performance parity with conventional fuels. Commercialisation is planned for 2026, with the company estimating potential customer Scope 2 savings of approximately 0.15 TCO_2e per tonne of explosives detonated. If deployed across 50% to 80% of the company's 1.3 million tonne annual ammonium nitrate production[8], this initiative could deliver between 97.5 $KTCO_2e$ and 156 $KTCO_2e$ in annual reductions, representing 2.8% to 4.4% of total explosives business emissions. This positions renewable diesel as a key technology for achieving DNA's 40% downstream Scope 3 reduction target by 2030.

Overall, Dyno Nobel is moving beyond pilot concepts and is starting to demonstrate credible execution in customer-facing decarbonisation technologies. However, a quantification gap persists. The company does not disclose the aggregate impact of these initiatives on downstream Scope 3 emissions in absolute terms, nor attribute expected reductions to specific products or solutions. While business unit-level targets, such as DNA's 40% downstream reduction per tonne by 2030, provide high-level ambition, greater transparency is needed to assess the contribution of individual initiatives and the likelihood of delivery at scale.

Influence on Policymakers

A. Climate Policy Engagement

Dyno Nobel's public stance on climate policy is broadly supportive at a high level, but evidence of sustained, transparent engagement with specific climate policy instruments remains limited. The company's March 2025 Climate Change Policy expresses support for the Paris Agreement and relevant Nationally Determined Contributions, and indicates conditional support for carbon pricing. However, its position on complementary regulatory measures critical to delivering near-term emissions reductions is not clearly articulated.

Beyond top-line statements, direct engagement with climate policy appears sporadic. In its September 2022 submission on Australia's Safeguard Mechanism reforms, Dyno Nobel supported the development of an economy-wide transition plan but simultaneously advocated for regulatory flexibilities, including extending multi-year monitoring periods to 10–15 years. While framed as supporting operational certainty, such measures risk delaying emissions reductions beyond 2030, weakening near-term policy ambition.

Overall, Dyno Nobel demonstrates alignment with climate objectives in principle, but limited transparency and ambition in its engagement with specific, science-aligned policy mechanisms.

8 Source: Annual Report 2025

B. Energy Transition Positioning and Industry Associations

Dyno Nobel's public positioning on the energy transition remains cautious and limited. Where articulated, it emphasises economic and competitiveness concerns, particularly around the feasibility and cost of reducing reliance on fossil gas. While these considerations are relevant for heavy industry, the absence of a clear policy-enabled transition narrative constrains the company's perceived leadership on climate policy.

The company has disclosed a review of its alignment with industry associations, identifying partial misalignment with several organisations, including Manufacturing Australia, the Minerals Council of Australia, the National Mining Association, and the Queensland Resources Council. Despite this, Dyno Nobel has largely retained these memberships. Moreover, the review appears to omit its membership of the Chamber of Minerals and Energy of Western Australia, which has consistently advocated for a prolonged role for fossil gas and opposed elements of science-aligned climate policy.

Dyno Nobel shows high-level support for international climate goals but limited evidence of proactive, science-aligned policy influence. Continued membership in associations with oppositional policy positions, combined with cautious transition messaging, weakens its climate commitments leadership. Greater transparency, clearer support for near-term policy mechanisms, and stronger governance of industry association memberships would be required to demonstrate credible influence aligned with the energy transition.

GOVERNANCE STRUCTURE & MANAGEMENT ALIGNMENT

Sustainability Targets Oversight

A. The Board

Dyno Nobel's Board of Directors holds ultimate responsibility for oversight of the company's climate strategy, governance, and performance. The Board's role is to ensure that climate-related risks and opportunities are systematically integrated into corporate decision-making, including strategy development, capital allocation, and enterprise risk management. Key elements of the Board's oversight include:

- **Strategic Integration**: According to the company, climate considerations are embedded into corporate strategy, major capital expenditure decisions, and merger and acquisition activity. The Board maintains direct oversight of sustainability-related capital allocation, including major decarbonisation projects within the explosives business.
- **Risk Oversight**: The Audit and Risk Management Committee (ARMC), acting on behalf of the Board, reviews climate risk scenarios on a three-year cycle. The most recent assessment, completed in 2024, applied bespoke 1.5°C, 1.8°C, 2.7°C and >4°C scenarios. In 2025, Dyno Nobel strengthened its risk governance by establishing a dedicated climate-change risk category within the enterprise risk register, enhancing the visibility of climate-related risks and opportunities at Board level.
- **Sustainability Governance**: The Safety and Sustainability Committee, whose name and charter were updated in 2025, provides focused oversight of climate-related issues affecting people, communities, and the environment. The committee reviews the company's climate transition plan and supports the Board in approving the annual Sustainability Review and Climate Change Report.
- **Incentive Alignment**: The People and Remuneration Committee oversees the integration of climate-related performance metrics into executive remuneration, reviewing and approving climate KPIs within both short- and long-term incentive plans to reinforce accountability for delivery.

Overall, Dyno Nobel's Board demonstrates an active role in overseeing climate strategy and governance. Climate considerations seem to be embedded across strategy, risk management, capital allocation, and executive incentives, providing a structured framework for Board-level accountability. The formalisation of committee mandates and the introduction of a dedicated climate risk category in 2025 further strengthen the governance architecture supporting the company's climate transition objectives.

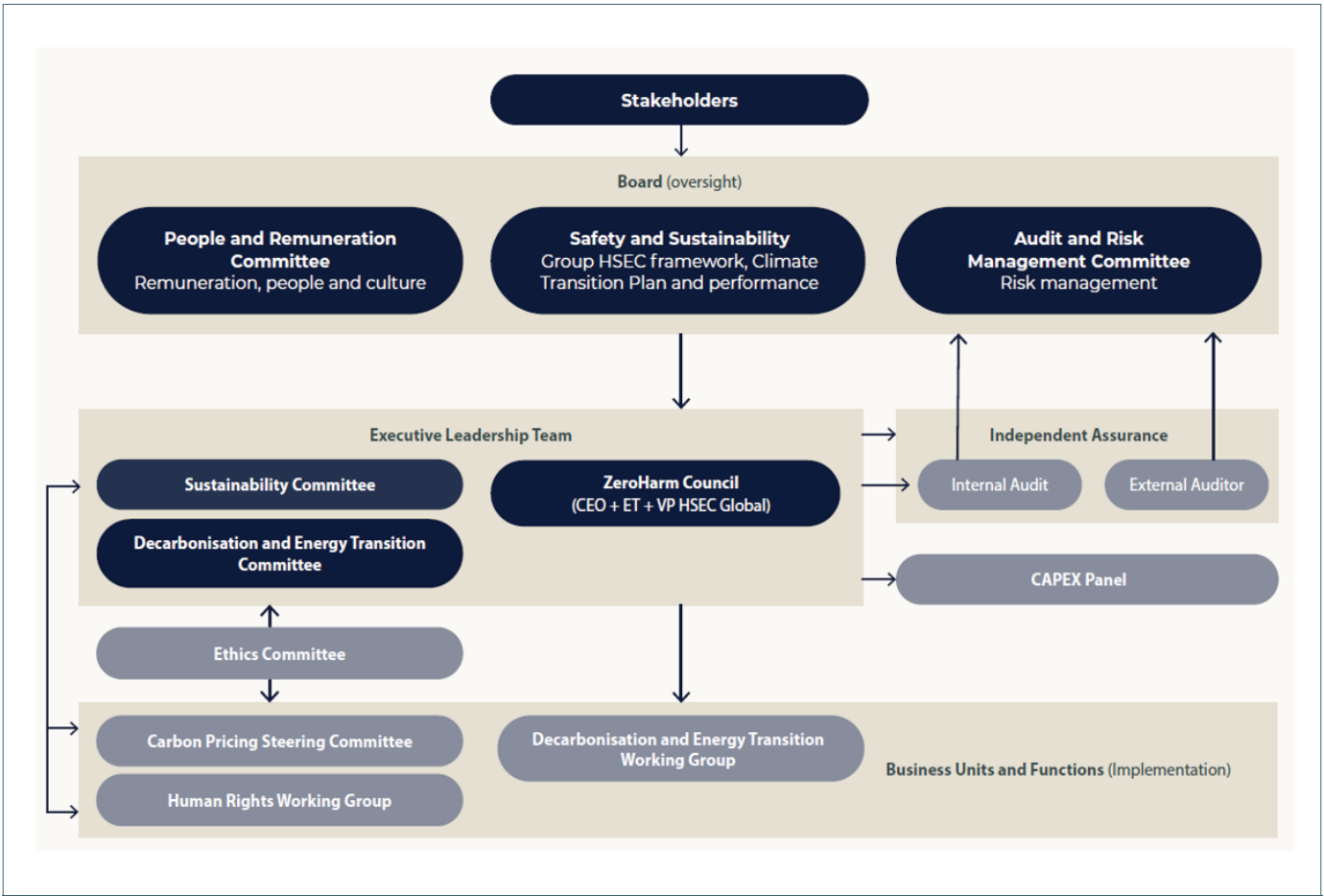


Figure 9: *Dyno Nobel's governance of climate change related risks and opportunities. Source: Dyno Nobel's Climate Change Report 2025.*

B. The Management

At management level, the Chief Executive Officer (CEO) holds overall responsibility for the delivery of the climate strategy, supported by the Chief Financial Officer, who oversees climate-related capital allocation, internal carbon pricing, and integration into enterprise risk management. The Chief Development and Sustainability Officer is responsible for the net zero pathway and embedding climate risks and opportunities into business unit strategies, while regional presidents are accountable for climate-related performance within their respective explosives operations.

Cross-functional coordination is supported through several executive forums. The CEO-chaired Decarbonisation and Energy Transition Committee, which met three times in 2025, brings together the full Executive Leadership Team alongside sustainability and strategic project development leads. Additional oversight is provided through an Executive Leadership Team sustainability forum and a Carbon Pricing Steering Committee, which monitors facility-level emissions performance against baselines and regulatory requirements.

Management Compensation

Dyno Nobel links executive remuneration to climate-related performance, reflecting the company's stated focus on emissions reduction, transition execution, and the management of climate-related risks and opportunities. Climate metrics are embedded within both short-term and long-term incentive frameworks and are overseen by the Board's People and Remuneration Committee.

1. Short-Term Incentive (STI) Plan: Climate-Focused KPIs (10% weighting)

In FY2025, 10% of the short-term incentive for Executive Key Management Personnel was linked to climate change and sustainability objectives. These KPIs focused on the delivery of near-term abatement outcomes and the advancement of enabling transition initiatives, including:

- **Major Abatement Projects**: Completion and commissioning of the Moranbah and Louisiana, Missouri (LOMO) tertiary N_2O abatement projects, which together delivered material reductions in Scope 1 emissions.
- **Low-Carbon Technologies**: Progress in the development and deployment of customer-facing decarbonisation solutions, including electric Mobile Processing Units and renewable diesel applications for explosives.
- **Scope 3 Management**: Advancing supplier and customer engagement strategies to integrate Scope 3 emissions considerations into procurement and product use.
- **Green Ammonia Development**: Progression of green ammonia activities, including advancement of the Gibson Island project through the front-end engineering design stage under the CQ-H2 programme.

2. Long-Term Incentive (LTI) Plan: Climate Change Performance Condition (10% weighting)

The long-term incentive framework includes a dedicated climate change performance condition, accounting for 10% of total LTI outcomes under the 2022–25 performance rights plan. This condition is designed to reward sustained progress against the company's emissions reduction pathway and longer-dated transition initiatives. Projects assessed under this framework included:

- **Tertiary N_2O Abatement**: Successful delivery of the Moranbah project and completion of the LOMO abatement installation in 2025.
- **Carbon Capture and Storage**: Advancement of CCS initiatives, including development activities up to the point of asset divestment at Waggaman.
- **Green Ammonia**: Progression of low-carbon ammonia opportunities, including the Gibson Island project, which advanced to FEED stage but did not proceed to Final Investment Decision following partner withdrawal.

Despite the discontinuation of certain projects, the Board determined that climate-related LTI conditions were substantially met, reflecting the successful execution of core abatement initiatives and overall progress on the decarbonisation pathway.

The inclusion of climate-related metrics in both STI and LTI plans provides a clear incentive signal linking executive remuneration to transition delivery. The balanced focus on near-term emissions reductions and longer-term pathway development supports alignment between management incentives and Dyno Nobel's stated climate objectives. Continued credibility will depend on maintaining ambitious performance conditions and strengthening disclosure on how incentive outcomes translate into measurable emissions reductions over time.

Risk Analysis & Management

Dyno Nobel states it refreshed its climate risk and opportunity assessment in 2024 using a scenario-based framework designed to capture both transition and physical risks across relevant time horizons. The assessment applies four bespoke scenarios aligned with IPCC pathways and external energy outlooks, i.e.:

- **Fast Action (1.5°C)** scenario characterised by rapid, coordinated decarbonisation;
- **Forecast Policy (1.8°C)** scenario reflecting delayed but accelerated post-2030 action;
- **Current Trajectory (2.7°C)** scenario where Paris-aligned targets are missed; and
- **Disrupted State (>4°C)** scenario marked by minimal mitigation and severe physical impacts.

According to the company, the methodology combines quantitative inputs such as energy mix evolution, commodity prices, and technology uptake, with qualitative assessments of policy, regulatory, and market dynamics. Risks are assessed over near-term (2030) and mid-term (2050) horizons; and, materiality thresholds are defined as risks with potential EBIT impacts exceeding approximately AUD 20 million (2.8% of FY2025 EBIT) or those with potentially fatal health and safety consequences.

TRANSITION RISKS

Thermal Coal Demand Decline

Thermal coal exposure (by supplying explosives to coal mining industry) remains an identifiable transition risk, though it has declined materially. In FY2025, thermal coal-related activities accounted for approximately 4.6% of explosives revenue, with higher concentration at specific assets, most notably the Cheyenne, Wyoming facility due to its proximity to the Powder River Basin. Under both the 1.5°C and 1.8°C scenarios, global thermal coal demand is projected to fall sharply, with near-complete phase-out in developed markets by around 2040.

Management has responded through diversification into base and precious metals, expansion in quarry and construction markets, geographic exposure to copper and critical minerals, and product diversification at Cheyenne, including Diesel Exhaust Fluid manufacturing. While these strategies appear credible and thermal coal exposure is no longer material at group level, asset-level concentration risks persist and remain execution-dependent.

In short, declining exposure reduces group-level risk, but specific facilities, particularly Cheyenne, remain sensitive under accelerated transition scenarios.

Carbon Pricing and Regulatory Risk

Dyno Nobel states that carbon pricing represents a material transition risk, and it is actively managed through both operational abatement and internal pricing mechanisms. Based on the company's internal carbon price assumption of USD 91 per TCO_2e by 2030 and FY2025 operational emissions, potential annual exposure could reach approximately USD 91 million if no further reductions were achieved (or approximately AUD 138 million[9]). This would be the equivalent to 19% of FY2025 EBIT. However, in practice, substantial abatement investments, most notably the Moranbah and LOMO N_2O projects, have already reduced exposure by approximately 750 $KTCO_2e$ annually. Additional pipeline projects could deliver further reductions. Under the company's revised 50% reduction target trajectory, estimated exposure declines materially despite higher projected carbon prices beyond 2030.

The company has also benefited financially from carbon regulation, earning Safeguard Mechanism Credits at Moranbah, and declared it applies internal carbon pricing to capital allocation decisions.

Metallurgical Coal Transition

Based on company's disclosures, metallurgical (MET) coal exposure represents a medium-term transition risk for Dyno Nobel. It accounts for approximately 9% of explosives revenue, with concentration at the Moranbah facility. Scenario analysis indicates declining global MET coal demand across all pathways, though at a slower pace than thermal coal, particularly under less aggressive transition scenarios.

Queensland's Bowen Basin hosts premium, low-impurity coking coal, which is expected to be more resilient to demand erosion than lower-quality alternatives. This provides Moranbah with a degree of competitive insulation. However, longer-term risks remain from structural shifts in steelmaking, including scrap-based electric arc furnaces and hydrogen-based processes.

In other words, MET coal risk is less immediate but structurally unavoidable over time. While product quality and diversification offer mitigation, Moranbah remains exposed in more ambitious decarbonisation scenarios.

9 Based on the company's conversion rate of 0.6577 AUD/USD in 2025.

Stranded Asset Risk

Stranded asset risk is assessed as low probability but high impact by Dyno Nobel, particularly under delayed-then-rapid transition scenarios. Cheyenne presents the highest relative exposure due to thermal coal adjacency, while Moranbah faces longer-dated MET coal risk. LOMO shows minimal stranded asset exposure due to market positioning and recent decarbonisation.

The company does not publicly disclose facility-level asset values, preventing precise quantification of stranded asset exposure as a percentage of total assets or enterprise value. However:

- Cheyenne (Wyoming) presents the highest relative risk due to direct thermal coal market adjacency (Powder River Basin), as it is serving customers that generated 5.3% of FY2025 explosives revenue.
- Moranbah (Queensland) faces longer-dated metallurgical coal transition risk, serving the Bowen Basin where met coal customers represented 9.1% of FY2025 explosives revenue.
- While, LOMO (Missouri) shows lower relative exposure despite serving Illinois Basin and Appalachian coal markets, as it is supported by diversified customer base and recent AUD 12 million decarbonisation investment.

Overall, combined coal-exposed revenues (thermal and metallurgical) represent 14.4% of total explosives revenue, and thus, operational decarbonisation investments reduce stranded asset risk by lowering carbon intensity and maintaining competitiveness under rising carbon prices. However, abrupt policy or market shifts, particularly affecting Cheyenne, remain a residual vulnerability. Decarbonisation investments function as effective risk mitigation, though optionality and diversification remain critical under late-transition scenarios.

PHYSICAL RISKS

Physical Risks

According to the company, Dyno Nobel faces both acute and chronic physical climate risks across several sites, with demonstrated financial impacts. Acute risks include extreme weather events, such as flooding, cyclones, heatwaves, and heavy rainfall, leading to operational disruptions, environmental incidents, and safety risks. Weather-related losses totalled AUD 18.7 million (USD 12.3 million) in 2024, following AUD 4.0 million (USD 2.7 million) in 2022[10].

Chronic risks include increasing heat stress affecting workforce productivity and safety, rising baseline water stress in parts of Queensland, and heightened rainfall intensity increasing pond overflow risks at certain facilities.

Management responses include targeted engineering solutions (e.g. additional storage capacity, water management upgrades), enhanced operational procedures (fatigue and heat stress management, contingency planning), and strategic divestments of high-risk assets, including Phosphate Hill, Gibson Island, and Geelong.

Nevertheless, while site-level management appears proactive, the absence of disclosed aggregate financial value-at-risk across scenarios limits investor understanding of enterprise-wide exposure.

10 Based on average exchange rates of 0.6598 and 0.6644 respectively.

Strategic Assessment

CAPITAL ALIGNMENT

Dyno Nobel has embedded decarbonisation investment within its Capital Allocation Framework through the creation of "Sustainability Capital" in 2022, positioned alongside sustenance capital, growth capital, shareholder returns, and balance sheet resilience, as shown in Figure 10. This framing intends to signal that emissions reduction is treated as a strategic allocation priority rather than discretionary expenditure.

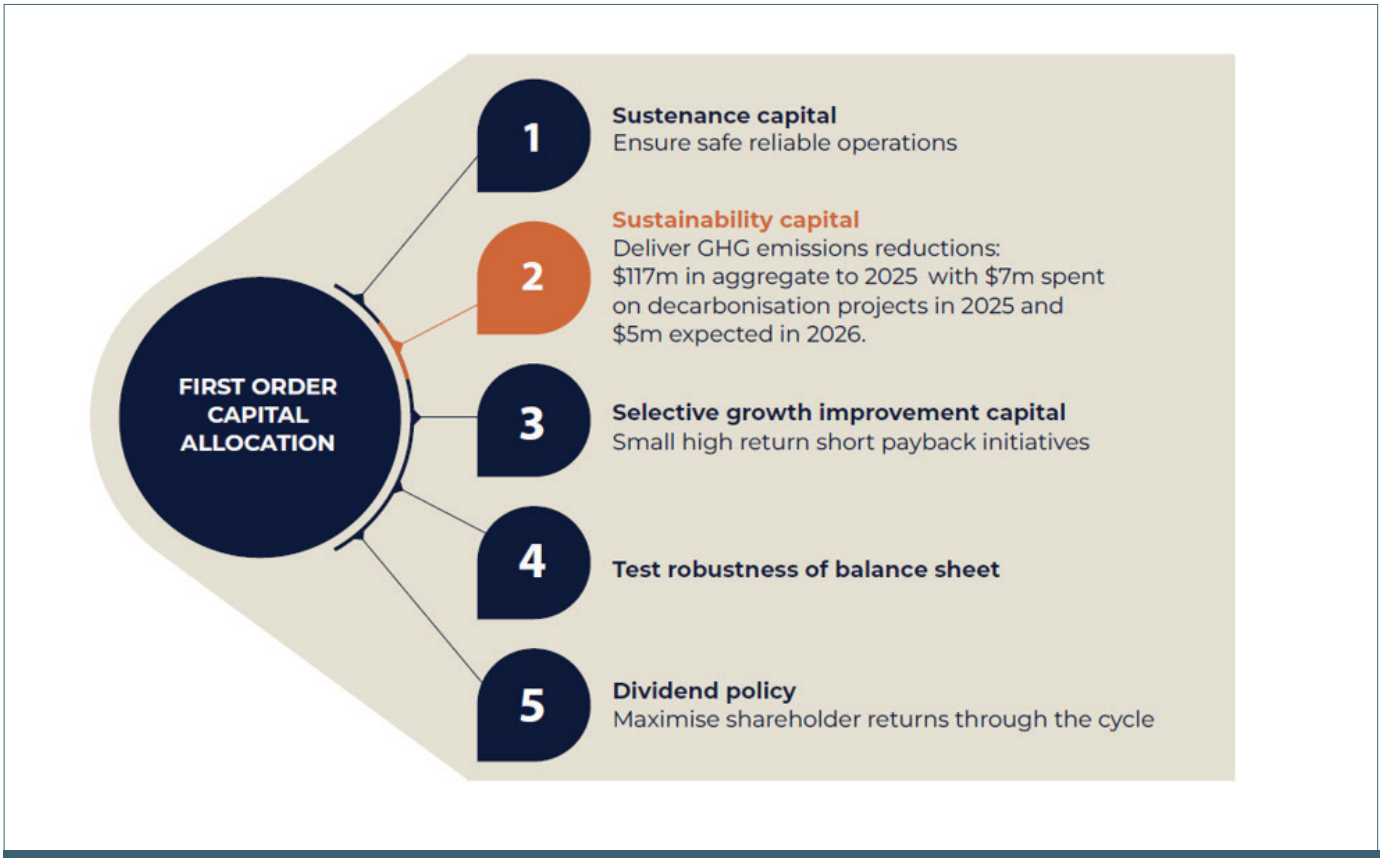


Figure 10: *Dyno Nobel Capital Allocation Framework. Source: Dyno Nobel's Climate Change Report 2025.*

Cumulative Sustainability Capital investment totalled **AUD 117 million (or USD 77 million) through FY2025**[11], with annual spend declining from AUD 50 million (FY2023) to AUD 24 million (FY2024) and AUD 7 million (FY2025), alongside a planned AUD 5 million in FY2026. On a cumulative basis, the AUD 117 million represents a material commitment relative to earnings (~16% of FY2025 EBIT). However, sustainability capital allocation has declined from a peak of 10.2% of total capex (FY2023) to just 1.4% (FY2025) as shown on Figure 11, indicating that major decarbonisation capital deployment phase might have largely concluded. Therefore, future climate action would depend on operational performance of installed assets and potential new technologies.

11 Based on the company's conversion rate of 0.6577 AUD/USD in 2025.

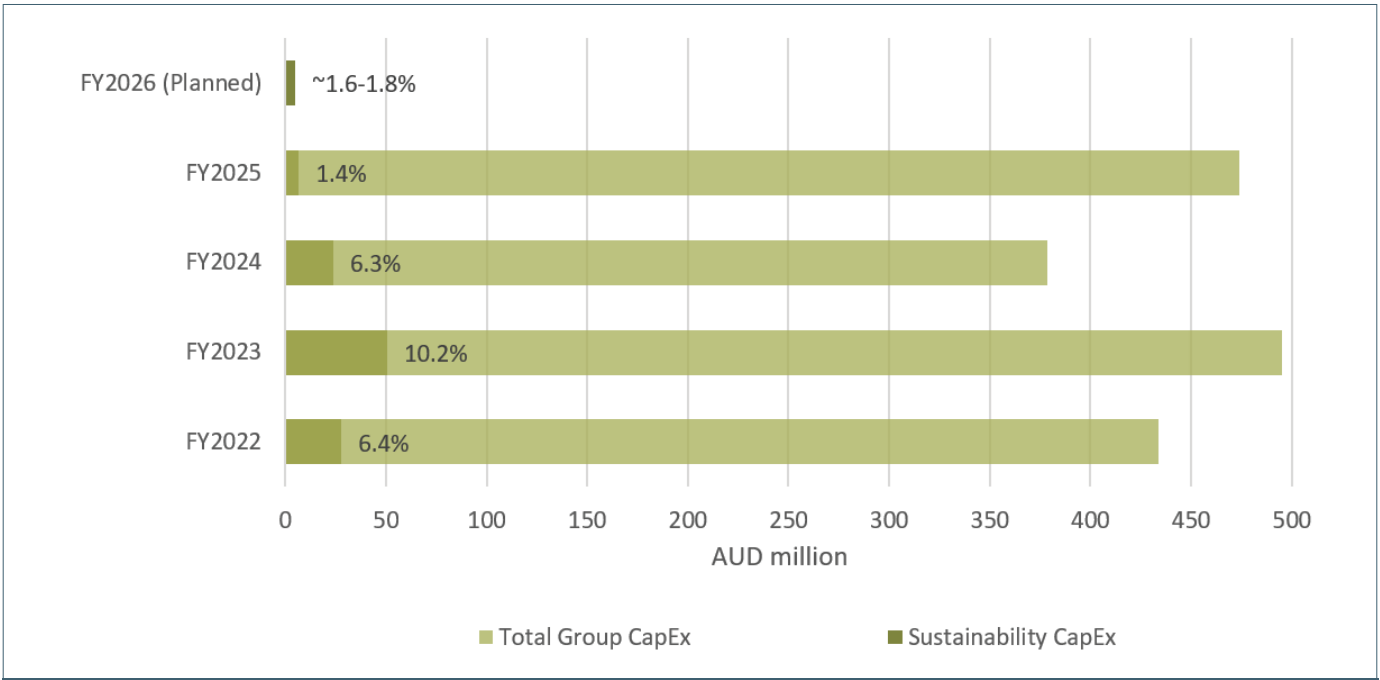


Figure 11: *Dyno Nobel's Sustainability Capex vs Total Capex. Source: Dyno Nobel's Annual Reports 2022-2025.*

Execution to date has been anchored in large, high-impact abatement projects. The Moranbah and LOMO tertiary N_2O abatement initiatives were delivered on schedule and are estimated to deliver **~750 KTCO$_2$e of annual reductions** combined, materially reducing operational emissions and exposure to carbon pricing. The company has also advanced, but not ultimately commercialised, longer-dated options including green ammonia (Gibson Island) and CCS (Waggaman), both of which reached FEED-stage before being discontinued or transferred following portfolio changes.

Dyno Nobel has also leveraged public co-funding with a cumulative government support of AUD 51.7 million (or USD 34 million) equivalent to roughly 44% of total Sustainability Capital invested through FY2025 (noting that a portion related to fertilisers prior to divestment).

Summarising, the Sustainability Capital framework and delivery record indicate a credible, execution-led approach to decarbonisation, with capital deployed into measurable operational reductions rather than primarily offset reliance. However, the company's forward-looking capital requirements remain unclear.

In other words, Dyno Nobel does not disclose the total capital required to meet its updated emissions reduction trajectory through 2030 and beyond, including the pathway to a 50% reduction by 2036. The original "earmarked" commitment through 2025 has already been exceeded, but no revised capex envelope, project cost ranges, or sequencing has been provided.

In addition, following the discontinuation of the Gibson Island green ammonia pathway, Dyno Nobel has not disclosed updated cost estimates for alternative green ammonia approaches or other low-carbon feedstock strategies. CCS/CCUS opportunities are referenced as under investigation, but without disclosed timelines, investment ranges, or decision gates. Therefore, the lack of forward capex disclosure limits investor ability to assess financial feasibility and capital efficiency of the revised targets.

12 Idem 11

TRANSITION APPRAISAL

Dyno Nobel's FY2025 performance strengthens its climate transition credibility and supports continued alignment with a 1.5°C pathway through 2030. The completion of a major portfolio transformation into a pure-play explosives business has reshaped the company's emissions profile, reducing its reported footprint by approximately two-thirds and materially reducing the scope of operational decarbonisation.

This structural shift removes a large, hard-to-abate downstream emissions category, simplifies the regulatory and risk landscape, and concentrates capital deployment on emissions sources where abatement is technically proven and commercially viable. At the same time, it increases exposure to mining cycles and coal-linked customer segments, increasing the importance of ongoing diversification and asset-level transition management, particularly at sites such as Cheyenne and Moranbah.

When it comes to its operations, Dyno Nobel achieved a 39% reduction in Scope 1 and 2 emissions versus its 2020 baseline by FY2025, exceeding original targets several years early. The on-time completion of large-scale N_2O abatement projects, delivering approximately 750 $KTCO_2e$ of expected annual reductions, demonstrates strong execution capability and reduces exposure to carbon pricing and stranded-asset risk. These outcomes are reinforced by a robust governance, including Board-level oversight of its climate strategy, incentive-linked climate performance, and early assurance of emissions data.

Progress on Scope 3 emissions targets addresses a key weakness from prior assessments. Newly introduced business-unit targets, alongside customer-facing solutions such as electric mobile processing units, DeltaE blasting technology, and renewable diesel, indicate a shift from pilot activity towards deployable mitigation options. However, disclosure remains insufficient to fully assess scale, coverage, and aggregate emissions impact across the value chain.

Looking beyond 2030, transition credibility becomes more conditional. While the company's scenario analysis seems methodologically sound and decarbonisation investments reduce downside risk, Dyno Nobel has not disclosed a revised capital deployment to support its 50% reduction target by 2036. The discontinuation of certain green ammonia and CCS pathways, without updated alternatives or cost ranges, limits visibility on the feasibility of the longer-term Net Zero ambition and increases reliance on policy and technology developments outside management's direct control.

Overall, Dyno Nobel presents a credible, execution-led transition profile in the short to medium term, supported by decisive portfolio change, early emissions reductions, and disciplined capital deployment. Confidence beyond 2030 will depend on improved forward-looking capital transparency, clearer articulation of post-2030 decarbonisation pathways, and sustained management of residual coal exposure. Summarising, the company remains on track for a 1.5°C-aligned pathway through 2030, with medium- and long-term alignment contingent on the timely maturation of next-generation abatement solutions.

Planet Tracker concludes that Dyno Nobel is on track for a 1.5°C pathway scenario by 2030[13].

13 Based on the data accessed by Planet Tracker until December 2025.

DISCLAIMER

As an initiative of Tracker Group Ltd., Planet Tracker's reports are impersonal and do not provide individualised advice or recommendations for any specific reader or portfolio. Tracker Group Ltd. is not an investment adviser and makes no recommendations regarding the advisability of investing in any particular company, investment fund or other vehicle. The information contained in this research report does not constitute an offer to sell securities or the solicitation of an offer to buy, or recommendation for investment in, any securities within any jurisdiction. The information is not intended as financial advice.

The information used to compile this report has been collected from several sources in the public domain and from Tracker Group Ltd. licensors. While Tracker Group Ltd. and its partners have information believed to be reliable, none of them shall be liable for any claims or losses of any nature in connection with the information contained in this document, including but not limited to, lost profits or punitive or consequential damages. This research report provides general information only. The information and opinions constitute a judgment as at the date indicated and are subject to change without notice. The information may therefore not be accurate or current. The information and opinions contained in this report have been compiled or arrived at from sources believed to be reliable and in good faith, but no representation or warranty, express or implied, is made by Tracker Group Ltd. as to their accuracy, completeness or correctness and Tracker Group Ltd. also does not warrant that the information is up-to-date.

ABOUT PLANET TRACKER

Planet Tracker is a non-profit financial think tank producing analytics and reports to align capital markets with planetary boundaries. We aim to create a significant and irreversible transformation of global financial activities by 2030. By informing, enabling and mobilising the transformative power of capital markets we aim to deliver a financial system that is fully aligned with a net-zero, nature-positive economy. Planet Tracker proactively engages with financial institutions to drive change in their investment strategies. We ensure they know exactly what risk is built into their investments and identify opportunities from funding the systems transformations we advocate.

PLANET TRACKER'S CLIMATE TRANSITION ANALYSIS

As part of its Petchems programme, Planet Tracker is examining the transition plans of chemical companies covered by the Climate Action 100+ list (https://www.climateaction100.org/whos-involved/companies). Our goal is to provide investors with the key information and analysis they need to be able to hold leading chemical companies to account for the quality of their climate transition plans and their execution against those plans. We also encourage investors to use this information to engage effectively with these companies with the ultimate aim of driving the sustainable transformation of the chemical industry.

ACKNOWLEDGEMENTS

Lead Author: Ion Visinovschi, Senior Research Analyst, Planet Tracker
Collaborator: Niall Considine, Director of Research, Tracker Group

Suggested citation:

Visinovschi I., Dyno Nobel Limited Climate Transition Analysis, Planet Tracker (2026)

For further information please contact: Chris Coggin, Engagement Officer, Planet Tracker
chris@planet-tracker.org