INTRODUCTION AND CONFORMANCE STATEMENT

Austin Powder (or the “Company”) is a global manufacturer and distributor of industrial explosives, initiating systems, and blasting services serving mining, quarrying, construction, and seismic exploration customers. With operations that include manufacturing facilities, storage sites, transportation fleets, and technical service locations across multiple geographies, the Company plays an essential role in enabling critical infrastructure and resource extraction activities.

This report has been prepared to meet the requirements of California Health & Safety Code § 38533 (SB-261), the Climate-Related Financial Risk Act, and follows the recommendations of the Task Force on Climate-related Financial Disclosures (“TCFD”). All information herein reflects Company activities through November 30, 2025.

Austin Powder is currently expanding its climate-related data collection, internal capabilities, and enterprise risk processes. As part of this broader evolution, the Company is developing new risk-identification processes, enhancing its climate-related governance structure, and evaluating opportunities to improve energy efficiency and emissions management at its largest sites. The Company has completed climate-scenario analysis but has not set climate-related performance targets. These initiatives may be implemented in future years as the Company’s climate program matures.

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GOVERNANCE

a) Board Oversight of Climate-related Risks and Opportunities

The Board of Directors holds ultimate responsibility for overseeing the Company's strategic exposure to material risks, including climate-related financial risks. As part of its quarterly review of Company performance and risk posture, the Board receives updates on relevant environmental incidents, climate-related projects, and SHES matters. These updates provide insight into potential impacts on operations, capital planning, and long-term business resilience.

A process is being developed to inform The Board of the Company's exposure to both physical and transition climate risks when such information becomes relevant for decision-making. This process is intended to help the Board ensure that climate-related risks are appropriately considered within relevant planning efforts.

b) Management's Role in Assessing and Managing Climate-related Risks and Opportunities

Climate-related responsibilities within Austin Powder are distributed across multiple senior management functions, and in coordination with the ESG and SHES working groups. ESG and SHES leadership collaborate closely with Operations, Engineering, Supply Chain, Finance, Product Stewardship, to ensure that climate-related insights are integrated into day-to-day operations and long-term planning.

In 2025, the Global Sustainability Manager position was established to lead the Global Sustainability Team and coordinate cross-functional efforts, improve internal communication channels, and support the development of the Company's Sustainability Operating Agenda, which is a detailed plan to address the main ESG focus areas for the company.

The Company's Double Materiality Assessment was guided by an external consulting group and supported by internal focus groups in 2022. The Global Sustainability Team will continue to play an important role in refining risk-identification processes, establishing new environmental KPIs, and improving environmental management across the organization.

Additionally, several functions have direct accountability for climate-related activities. The Operations team oversees efforts to improve energy efficiency, fuel optimization, and emissions management across facilities and fleets. The SHES team manages environmental and safety metrics, ensures compliance with applicable regulations, conducts site inspections, and delivers annual training programs addressing climate-related hazards. The Engineering group evaluates modernization opportunities such as process improvements, sustainable designs for the new projects and environmental product development. Additionally, risk and insurance functions conduct annual site-level risk assessments, working with third-party specialists to evaluate exposure to natural hazards and other business interruptions.

Through this integrated structure, management ensures that climate-related risks and opportunities are progressively incorporated into operational decisions, capital planning, and the development of the Company's Sustainability roadmap.

STRATEGY

a) Climate-related Risks and Opportunities Identified over Short-, Medium-, and Long-Term

Austin Powder recognizes that its operations may be affected by both acute and chronic physical risks, as well as by transition risks associated with policy, market, and technological developments. These risks have been identified using digital climate-risk software tools as well as internal assessments, site-level insurance reviews and SHES monitoring.

At the same time, Austin Powder sees meaningful opportunities associated with climate-related developments. Efforts to improve energy efficiency, optimize transportation routes, and modernize equipment can reduce operating costs, improve reliability, and strengthen resilience against supply disruptions. There is also increasing interest among customers in technologies that reduce fuel consumption, minimize emissions, or enable more precise blasting performance, which could create opportunities for product innovation and service differentiation.

As part of Austin Powder's broader process for evaluating climate-related issues relevant to the business, we apply both quantitative and qualitative methods to assess the potential impacts of material climate-related risks and opportunities. Much of this analysis is supported by digital climate-risk software tools, which help us model potential future scenarios and understand their implications for our operations.

For the climate-related physical risk and resilience assessment, we evaluated all the Company's most business-critical facilities. This assessment covered both Company-owned and operated locations as well as leased sites, reflecting their essential roles in supporting core functions such as corporate headquarters, manufacturing and packaging operations, and product distribution.

The physical scenario analysis was conducted using a Representative Concentration Pathway (RCP) emissions scenario, a framework developed for the Intergovernmental Panel on Climate Change (IPCC). We selected RCP8.5 to evaluate potential future exposure to physical climate risks. This scenario reflects a high-emissions trajectory in which greenhouse gas emissions continue to rise throughout the century, resulting in more severe physical impacts from climate change.

For the purposes of this disclosure, climate-related risks and opportunities are evaluated across three time horizons:

- **Short-Term**: 0 to 5 years
- **Medium-Term**: 5 to 10 years
- **Long-Term**: 10+ Years

The table below details certain physical and transition risks that Austin Powder has identified as potentially material to its business.

Climate-related Risks		
Category	Description	Applicable Time Frame(s)
Transition Risks		
Policy & Legal	Austin Powder may incur increased costs and compliance obligations due to climate-related regulations, carbon pricing mechanisms, or changes in explosives and chemical handling rules.	• Short-term • Medium-term • Long-term
Market	Demand for products and services may shift as mining and construction customers adopt stricter sustainability requirements or adjust purchasing patterns due to climate-related economic factors.	• Medium-term • Long-term
Technology	The company may need to invest in new or more efficient technologies as the industry transitions toward lower-emission explosives and modernized manufacturing processes.	• Medium-term • Long-term
Reputation	Customer and stakeholder expectations around sustainability performance may affect Austin Powder's competitiveness and access to certain markets if climate-related disclosures or improvements are insufficient.	• Short-term • Medium-term
Physical Risks		
Acute	Severe weather events—such as extreme heat, flooding, wildfires, and intense precipitation—may disrupt operations, damage equipment or facilities, or limit site access.	• Short-term • Medium-term • Long-term
Acute	Weather-driven impacts may cause business continuity issues at manufacturing sites, magazines, depots, or transportation routes.	• Short-term • Medium-term
Chronic	Long-term increases in temperature, heat stress, humidity, or drought may affect cooling needs, material stability, water availability, and long-term operating conditions.	• Medium-term • Long-term

The table below includes climate-related opportunities that Austin Powder has identified.

Climate-related Opportunities		
Category	Description	Applicable Time Frame(s)
Resource Efficiency	Austin Powder may reduce operating costs through improved energy efficiency, upgraded equipment, and optimized manufacturing processes.	• Short-term • Medium-term
Energy Source	Transitioning to lower-carbon or renewable electricity sources may lower long-term operating costs and reduce exposure to carbon pricing.	• Medium-term • Long-term
Products and Services	Customers seeking climate-aligned supply chains may prefer suppliers with strong sustainability practices, opening opportunities for increased market share.	• Short-term • Medium-term
Market	Customers seeking climate-aligned supply chains may prefer suppliers with strong sustainability practices, and opening opportunities for increased market share.	• Medium-term • Long-term
Resilience	Strengthening facility resilience to climate hazards may reduce downtime and operational disruptions, improving long-term continuity and reliability.	• Short-term • Medium-term • Long-term

b) Impact of Climate-related Risks and Opportunities on the Company's Business, Strategy, and Financial Planning

Based on current assessments, Austin Powder does not view climate change as posing high near-term existential risk to its overall operations. However, the Company recognizes several areas where climate-related factors may influence operational continuity, cost structures, and long-term planning. Acute weather events, for example, can delay transportation of raw materials or finished goods, disrupt plant operations, or limit access for employees. Historical disruptions at certain locations have prompted the Company to enhance building resilience, emergency response procedures, and backup systems, and the Company continues to apply lessons learned from these events.

Rising energy prices or new emissions regulations could affect the cost of manufacturing explosives, particularly processes that require natural gas, diesel, or electricity as core inputs. The Company is therefore evaluating a variety of energy-efficiency opportunities, including combustion efficiency upgrades, heat-recovery options, and improvements in fleet utilization. These potential projects are being reviewed for operational benefit, emissions reduction potential, and alignment with the ESG Operating Agenda.

Insurance and risk-financing considerations may also evolve as climate-related hazards become more prominent. The Company's insurance function conducts regular analyses of potential financial impacts associated with facility downtime or damage. These assessments inform decisions related to insurance coverage, maintenance planning, and resiliency investments.

Customer expectations are also beginning to influence product strategy. Some of the Company's largest customers have announced emissions-reduction targets and are increasingly interested in technologies or services that support efficiency improvements or reductions in Scope 1 and Scope 3 emissions. Austin Powder is monitoring these trends as it considers future product innovation, digital solutions, and service offerings that may help customers achieve their environmental goals.

As the Company's Sustainability program matures, the findings of the double materiality assessment will continue to influence the prioritization of climate-related initiatives across operational, commercial, and financial planning processes.

RISK MANAGEMENT

a) Processes for Identifying and Assessing Climate-related Risks

The identification and assessment of climate-related risks form part of the Company's broader risk-management and SHES frameworks. Each manufacturing facility undergoes periodic risk assessments performed by the Company's insurance provider, which include evaluation of physical hazards such as flooding, extreme weather exposure, structural vulnerabilities, and emergency-response capabilities. These assessments help establish baseline risk levels and guide the prioritization of mitigation actions.

Austin Powder also analyzes regulatory developments that may introduce new compliance requirements or reporting obligations related to emissions, hazardous materials, or energy consumption. Climate-related risks, including policy changes, technological shifts, and energy-price volatility, are considered as part of the risk-identification process. Additionally, the double materiality assessment process that was completed, has broadened the company's understanding of how climate risks may influence both financial performance and environmental impact.

Climate-related risks, like all other risks identified by the Company, are assessed for their potential impacts—including financial implications and possible operational disruptions—and are reviewed at the Board level. While not every risk emerging from our assessment process is expected to have a significant effect on the business, each requires thoughtful management. The Company recognizes that climate-related risks may pose meaningful challenges, and these considerations are incorporated into our broader business planning. This includes ongoing investments aimed at reducing energy consumption, water use, and greenhouse gas emissions.

b) Processes for Managing Climate-related Risks

Austin Powder manages climate-related risks through a combination of SHES controls, engineering safeguards, operational procedures, and continuous improvement initiatives. The Company is actively developing an Environmental Management Program that will define minimum standards and establish consistent procedures across all sites for air-emissions oversight, energy management, water stewardship, and waste handling. This system is intended to strengthen environmental performance while improving the Company's ability to monitor and respond to climate-related risks.

Employee training is a core component of risk management. Annual SHES trainings address emergency response, hazardous materials handling, and preparedness for certain weather-related incidents. Facilities maintain crisis-management plans that are reviewed and updated regularly to reflect evolving physical risks. After severe weather events that previously caused operational disruptions, the Company has invested in improving structural resilience, adjusting site access plans, and enhancing critical infrastructure to reduce the likelihood or severity of future impacts.

Finally, we actively assess and routinely update our emergency and crisis management processes to reflect evolving physical climate risk exposures at each facility. Through this continual improvement, we aim to reduce the potential impacts of climate-related risks on our operations, workforce, supply chain, and the customers we serve.

c) Integration Into Overall Risk Management

Climate-related considerations are in the process of being integrated into Austin Powder's risk-management processes through the Company's environmental monitoring systems, and site-level assessments. Risk ownership is shared among Operations, SHES, and the emerging Global Sustainability Team. As the ESG Operating Agenda is finalized, the Company will further advance the integration of climate-related risks into strategic planning, operational management, capital allocation, and enterprise risk oversight.

METRICS AND TARGETS

a) Metrics Used for Assessing Climate-related Risks and Opportunities

Austin Powder tracks a range of operational and environmental metrics that are relevant to climate-related risk assessment.

As part of its Sustainability Strategy, Austin Powder is in the process of expanding and standardizing the tracking of sustainability-related KPIs across all major sites. This effort will improve data reliability and help identify opportunities for cost savings, efficiency improvements, and emissions reductions.

Certain metrics that are currently tracked are included in the table below.

Manufacturing Facility Climate-related Metrics		
Metric	**Unit**	**Description**
Energy Metrics		
Electricity Usage	Kilowatt-hour (kwh)	Total electricity usage
Energy Usage	Kilowatt-hour (kwh)	Total energy usage
Energy Intensity	kwh / Metric tons of production	Energy intensity of our production process
Energy Spend Intensity	$ USD of energy spend / Metric tons of production	Energy costs per unit of production
Waste		
Total Waste	Metric tons	Total waste produced by our facilities
Waste Intensity	Metric tons of waste / Metric tons of production	Waste intensity of our production process
Recycle and Reuse of waste generated	Metric tons	Total waste that is reused or recycled
Water		
Water Withdrawn	Cubic meters	Total water withdrawn by our facilities
Water Intensity	Cubic meters water withdrawn / Metric Tons of production	Water intensity of our production process

b) Scope 1, 2, and 3 GHG Emissions and Related Risks

Austin Powder tracks Scope 1 and 2 GHG Emissions in-line with the GHG Protocol.

CY 2024 GHG Emissions	
Scope	**Figure (mt CO_2e)**
Scope 1	384,010
Scope 2	40,805

The information in this report has been provided for the sole purpose of disclosure under the California Health & Safety Code § 38533 (SB-261), the Climate-Related Financial Risk Act, and follows the recommendations of the Task Force on Climate-related Financial Disclosures ("TCFD"). The information in this report is subject to change without notice and the statements contained herein do not guarantee future performance and involve certain risks, uncertainties and assumptions that are difficult to predict. This report is not warranted to be error-free, nor subject to any other warranties or conditions, whether expressed or implied in law, including implied warranties of fitness for a particular purpose or merchantability. The Company disclaims any liability with respect to this report, and no contractual obligations or rights are formed either directly or indirectly. This report may not be reproduced or transmitted in any form or by any means, electronic or mechanical, for any purpose, without the Company's prior written permission