

# ASX ANNOUNCEMENT

## ORICA'S SUSTAINABILITY INVESTOR DAY

19 SEPTEMBER 2023

### **Orica accelerates climate change action and reaffirms strong FY2023 business performance**

Melbourne: Orica (ASX: ORI) today announced accelerated climate change targets, including:

- an increased target to reduce net operational Scope 1 and 2 emissions by at least 45 per cent by 2030, from 2019 levels – an uplift from 40 per cent.
- a new short-term target to reduce net operational Scope 1 and 2 emissions by 30 per cent by 2026, from 2019 levels.
- a new ambition to reduce Scope 3 emissions by 25 per cent by 2035, from 2022 baseline levels.

Orica also confirmed the 2023 full-year outlook to be in line with guidance given in the first-half results and the strength of the underlying business performance is expected to continue into the 2024 financial year.

#### **Accelerating Orica's climate change targets and introducing a Scope 3 ambition**

Since 2019, Orica has invested responsibly to deliver significant reductions in net operational Scope 1 and 2 greenhouse gas (GHG) emissions. A forecast 19 per cent emissions reduction from FY2019 levels by the end of FY2023, successful low-emissions technology deployments, coupled with increased policy certainty by the Australian Government, has given the company the confidence to accelerate and expand on its climate change commitments.

The accelerated targets include net operational Scope 1 and 2 emissions under Orica's direct control, including:

- An increased target to reduce net operational Scope 1 and 2 emissions by at least 45 per cent by 2030 from 2019 levels – an uplift from Orica's previous 40 per cent commitment<sup>i</sup>; and
- A new short-term target to reduce net operational Scope 1 and 2 emissions by 30 per cent by 2026 from 2019 levels.

Orica remains committed to its existing renewable electricity targets, to source 60 per cent renewable electricity by 2030 and 100 per cent renewable electricity by 2040<sup>ii</sup>.

Acknowledging that Scope 3 is a material portion of the company's overall emissions profile, Orica has worked to establish confidence in its emissions baseline and broad technology pathways towards value chain decarbonisation. As a result, Orica has introduced a new ambition to reduce Scope 3 emissions by 25 per cent by 2035, from 2022 baseline levels<sup>iii,iv</sup>.

Orica has also expanded the boundary of its 2050 net zero ambition, to include material Scope 3 emissions sources arising from purchased goods and services and the use of Orica's sold products - primarily bulk explosive detonation<sup>v</sup>.

In recognising the importance of accelerating Orica's climate change action, Mr Gandhi said: *"Orica is taking action on climate change and expecting to deliver at least a 19 per cent emissions reduction by the end of FY2023. We are also accelerating our commitments and expanding the scope – building a credible pathway towards achieving our ambition of net zero emissions by latest 2050 while positioning our business for a lower carbon world."*

*"We recognise the challenges of addressing emissions across our value chain and are committed to partnering with our suppliers and customers to work towards these new commitments."*

## Say on Climate

Orica will put forward a 'Say on Climate' resolution at this year's Annual General Meeting in December, offering the opportunity for shareholders to consider Orica's 2023 Climate Action Report.

## Maintaining strong business momentum

Orica has maintained its focus on safely delivering on its strategy and finishing the second half of the financial year 2023 in line with the guidance given in the first-half results.

Reflecting on the continuing momentum in the second half of the financial year 2023, Orica Managing Director and CEO Sanjeev Gandhi said: *"The underlying business performance has remained strong. This is the testament to our people who remain committed to delivering our strategy."*

Orica expects improvements in both trade working capital and operating cash flow in the second half, resulting from reduced inventory valuation and inventory volume optimisation.

Net finance costs in the second half are anticipated to be slightly lower than the first half of the financial year 2023.

Capital expenditure for the full year is expected to be at the upper end of the \$400 million to \$420 million guidance.

Due to the complex operating environment and US sanctions imposed on Venezuela, Orica ceased operations in the country in 2019. Orica has now confirmed its intention to exit Venezuela. Orica is finalising a sale of the legal entities and expects to complete this during September 2023. The estimated loss on sale, including the non-cash impact of reclassifying historical amounts deferred in the Foreign Currency Translation Reserve (FCTR), is currently estimated to be a \$20 million expense (after tax), and will be reported as an individually significant item.

## Financial year 2024 outlook

The strength of the underlying business performance is expected to continue supported by the ongoing execution of the strategy, commercial discipline, strong customer demand, and increased earnings from our blasting and digital technology offerings.

Orica has a significant number of major turnarounds scheduled in the first half of the financial year 2024, which are necessary to maintaining plant utilisation and the company's competitive advantage of supply security for customers. This includes a major turnaround at its Kooragang Island Ammonia plant which occurs every six years.

Orica continues to remain cautious of external challenges from geopolitics, inflationary pressures, and higher energy costs and is committed to continuing ongoing cost-efficiency initiatives to reduce the impact of these external factors.

Commenting on the FY2024 outlook, Mr Gandhi said: *"Our prudent balance sheet positions us well to manage the volatile external environment, supporting further business growth, climate change initiatives and seeking to deliver improved shareholder returns."*

Orica will report its 2023 full-year results on Thursday, 9 November 2023.

## Orica 2023 Sustainability Investor Day Webcast

Orica 2023 Sustainability Investor Day will commence at 9:30am AEST. The briefing will be webcast and presentation materials made available at: <https://www.orica.com/Investor-Centre/sustainability-investor-day>

## ANALYST CONTACT

Delphine Cassidy  
Mobile: +61 419 163 467  
Email: [delphine.cassidy@orica.com](mailto:delphine.cassidy@orica.com)

## MEDIA CONTACT

Andrew Valler  
Mobile: +61 437 829 211  
Email: [andrew.valler@orica.com](mailto:andrew.valler@orica.com)

## ABOUT ORICA

Orica (ASX: ORI) is one of the world's leading mining and infrastructure solutions providers. From the production and supply of explosives, blasting systems, mining chemicals and geotechnical monitoring to our cutting-edge digital solutions and comprehensive range of services, we sustainably mobilise the earth's resources.

Operating for nearly 150 years, today our 12,000+ global workforce supports customers across surface and underground mines, quarry, construction, and oil and gas operations.

Sustainability is integral to our operations. We have set an ambition to achieve net zero emissions by 2050 and are committed to playing our part in achieving the goals of the Paris Agreement.

For more information about Orica, visit: [www.orica.com](http://www.orica.com)

---

<sup>i</sup> Applies to existing operations and covers more than 95% of Scope 1 and Scope 2 GHG emissions. Base year emissions will be recalculated consistent with GHG Protocol emissions accounting standards if structural changes occur such as acquisitions or divestments.

<sup>ii</sup> Target boundary excludes small sites (e.g., single remote offices, depots), markets where total consumption is less than 100 MWh/pa, or countries where credible sourcing options do not exist.

<sup>iii</sup> Coverage includes all categories of Scope 3 emissions deemed relevant for Orica under the GHG Protocol Corporate Value Chain (Scope 3) Standard (excluding categories 8, 13 and 14). Base year emissions will be recalculated consistent with GHG Protocol emissions accounting standards if methodology or structural changes occur such as acquisitions or divestments.

<sup>iv</sup> Achieving the net zero and Scope 3 ambition will require effective government policy frameworks, supportive regulation and financial incentives, meaningful and transparent collaboration across value chains and access to new economically viable low-carbon technologies operating at commercial scale.