

Calderys UK entities' S172 statements

For the year ended 31 December 2023

California Holding II Limited:

SECTION 172(1) STATEMENT

The directors have had regard to the factors set out in Section 172 (1) in discharging their duties within the Company and its subsidiaries and also the PECH Group's wider purpose.

California Holding Limited:

SECTION 172(1) STATEMENT

The directors have had regard to the factors set out in Section 172 (1) in discharging their duties within the Company and its subsidiaries and also the PECH Group's wider purpose.

PE California Holding III Limited:

SECTION 172(1) STATEMENT

The directors have had regard to the factors set out in Section 172 (1) in discharging their duties within the Company, its subsidiaries and also the PECH Group's wider purpose.

PE California Holding II Limited:

SECTION 172(1) STATEMENT

The directors have had regard to the factors set out in Section 172 (1) in discharging their duties within the Company and its subsidiaries and also the PECH Group's wider purpose.

PE California Holding Limited:

SECTION 172 STATEMENT

Overview

The directors of PE California Holding Limited (the “Company”) consider, both individually and collectively, that in the decisions taken during the financial year ended December 31, 2023 they have complied with their duty to act in the way they consider, in good faith, would be most likely promote the success of the Company for the benefit of its members as a whole, having regard to the stakeholders and matters set out in section 172 of the Companies Act 2006, including:

- the likely consequences of the decision in the long term,
- the interests of employees,
- the need to foster the Company's business relationships with suppliers, customers, and others,
- the impact of the Company's operations on the community and the environment,
- the desire to maintain a reputation for high standards of business conduct,
- the need to act fairly between members.

Governance framework

The board of directors of the Company (the “Board”), comprised of three directors, oversees key strategic decisions, while day-to-day operational matters are entrusted to the Calderys Senior Leadership Team. For instance, decisions related to major investments, mergers, or acquisitions fall within the purview of the Board, whereas routine matters such as production scheduling or supplier negotiations are handled by the Calderys Senior Leadership Team. The Board has entrusted the day-to-day management of the Company and its subsidiaries (the “Calderys Group”, the “Group” or “Calderys”) to the Calderys Senior Leadership Team, while maintaining oversight over reserved matters and statutory obligations. Comprising executives with extensive

industry experience and a deep understanding of the Group's business, the Calderys Senior Leadership Team is both diverse and international, with representation from five different nationalities and a 33% female composition. Tasked with shaping Calderys' strategic direction and ensuring the realization of the Group's ambitious growth objectives, the team plays a pivotal role in driving organizational success.

Given the expansive size and global presence of the Calderys Group, stakeholder engagement primarily occurs at an operational level, reflecting the Group's commitment to efficiency and effectiveness. This approach enables the Group to address environmental, social, and other pertinent issues in a manner that resonates with stakeholders and maximizes positive impact.

The Calderys Senior Leadership Team provides updates to the Board, offering insights into the perspectives and concerns of key stakeholders, thereby informing Board decisions. Below, is a list of stakeholders:

1. **Customers:** Those who purchase Calderys products and services, ranging from small-scale businesses to multinational corporations across various industries such as steel, cement, and petrochemicals.
2. **Suppliers:** Entities providing raw materials, equipment, and services essential to Calderys' manufacturing processes and operations.
3. **Employees:** Individuals comprising the workforce of Calderys, including frontline workers, managers, and executives, whose dedication and expertise drive the Company's success.
4. **Investors:** Shareholders and financial institutions that have invested in Calderys and have a vested interest in the Group's financial performance and strategic direction.
5. **Regulatory Authorities:** Government bodies and agencies responsible for enforcing laws and regulations relevant to Calderys' operations, ensuring compliance with environmental, health, and safety standards.
6. **Local Communities:** Residents and organizations in the vicinity of Calderys facilities, whose well-being and concerns may be impacted by the Group's operations, such as noise levels, emissions, and community development initiatives.
7. **Industry Associations:** Organizations representing the interests of the refractory industry, providing platforms for collaboration, advocacy, and knowledge sharing among industry peers.

Set out below are some examples of how the matters set out in section 172(1)(a) to (f) have been taken into account and the impact that has had on the Group's decisions.

1. Promotion of the Company's Success (Section 172(1)(a)):

- Implementing sustainability initiatives to reduce environmental impact and enhance long-term viability.
- Investing in research and development to innovate products and remain competitive in the market.
- Fostering a culture of diversity and inclusion to drive innovation and employee satisfaction.

2. Consideration of Stakeholder Interests (Section 172(1)(b)):

- Engaging with customers to understand their evolving needs and preferences, thereby tailoring products and services accordingly.
- Collaborating with suppliers to ensure fair and ethical sourcing practices while maintaining cost efficiency.
- Prioritizing employee well-being and professional development through training programs and health initiatives.

3. Impact on Community and Environment (Section 172(1)(c)):

- Implementing sustainability measures to reduce carbon emissions, waste generation, and managing water usage.
- Participating in community outreach programs and philanthropic activities to support local communities. For example, DAV Calderys Public School was inaugurated in September 2023 in Gujarat, India for facilitating quality education in the community.

4. Consideration of Long-Term Consequences (Section 172(1)(d)):

- Conducting thorough risk assessments to identify potential long-term risks and opportunities associated with business decisions.
- Investing in technologies and practices that promote long-term sustainability and resilience against market fluctuations.

5. Promotion of Employee Interests (Section 172(1)(e)):

- Ensuring fair remuneration and benefits for employees, aligned with industry standards and organizational performance.

- Providing opportunities for career advancement, skills development, and work-life balance to enhance employee satisfaction and retention.
- Encouraging open communication channels and fostering a supportive work environment to address employee concerns and feedback.

6. Maintenance of High Standards of Business Conduct (Section 172(1)(f)):

- Upholding ethical business practices and integrity in all dealings with customers, suppliers, and other stakeholders.
- Implementing robust compliance programs and internal controls to prevent fraud, corruption, and misconduct.
- Holding management and employees accountable for adhering to company policies and legal requirements, with zero tolerance for unethical behavior.

Employees

Calderys' employees are at the foundation of its past successes and future achievements, and at the center of Group strategy. Following the formation of the Calderys Group, the focus of the Calderys Senior Leadership Team has been to oversee plans for the successful integration of the High Temperature Solutions Business acquired from Imerys S.A. (the "HTS Business") and HarbisonWalker International Inc. ("HWI"). As part of this, a project to define the Calderys Group's purpose and values was undertaken, which involved extensive engagement with employees across the Group, including through interviews and roundtables, and listening to and incorporating their feedback. Calderys Senior Leadership Team regularly updates employees on the Group's performance and on other matters of interest to them, including by quarterly CEO updates, regional management updates, a monthly newsletter for employees and site visits by members of the Calderys Senior Leadership Team. Calderys Senior Leadership Team has had significant contact with unions and works councils representing groups of employees during the year to keep them informed of the Group's integration plans and to ensure alignment going forwards.

In March 2023, Calderys appointed a Group Chief People Officer, who was formerly the Chief People Officer at HWI. Recently, the Group has launched a new global people strategy (with performance reviews considering how employees live the Group's new values), a whistleblower/speak up line (see below – with reports from the speak up line being reviewed quarterly by senior management) and sustainability awards for employees who have undertaken sustainability projects. As Calderys Senior Leadership Team strongly believe that people make the difference, Calderys has also developed Calderys Academy, the Group's in-house learning program to welcome new employees,

develop future leaders and transfer the Group's unique expertise. Next year, Calderys intends to roll out across the Group the HarbisonWalker Employee Experience survey and to develop a Diversity Equity and Inclusion ("DE&I") roadmap for the Group.

Calderys' people are the Group's greatest asset, and their Health & Safety is a priority. Calderys' goal is to achieve zero work-related illnesses and zero accidents. The Group maintains a strong Health & Safety culture across the business, and recently implemented a new SAFE system, with the following four pillars: Safety First; Advancing Communication; Fostering Collaboration and Encouraging Ownership.

Safety First – employees are encouraged to take the time to do things properly and halt operations if safety conditions do not meet Group standards and protocols. Leaders actively engage and visibly demonstrate their commitment to an incident- and injury-free culture.

Advancing Communication – employees are encouraged to continuously improve in the areas of in-depth understanding of protocols, clear communication, the scrupulous application of best practices and a serious approach to all incidents.

Fostering collaboration – everyone is encouraged to treat safety as a collective effort, stepping in if they see a high-risk situation – for themselves and their teammates.

Encouraging Ownership – employees are encouraged to understand the impact of their individual responsibilities towards themselves, colleagues, contractors, and clients – both inside and outside of Calderys.

Further details are included on the health and safety page of the Calderys website.

Customers

Leveraging over a century of experience, a global presence, and a truly diverse team, the Group works closely with customers and suppliers to turn its unique process insights into industrial solutions. Calderys is continuously looking to improve and innovate. Combining the HTS Business and HWI creates additional scale and increased value for customers. Calderys has a truly global refractory network spanning production plants, local labs, sales offices, engineering centers, external partners, and full-time workers on customer sites. Its presence in over 30 countries and sales in more than 100 countries, means that the Group operates in proximity to customers, to meet the specific needs and challenges of local markets. Customer centricity is one of the pillars of the Group's strategy, together with sustainability and innovation. Calderys has grouped its services for customers into four main areas, as follows (with further details are available on the Your Industries pages of the Calderys website):

Iron and steel - As a prominent partner to the iron & steel industry, Calderys has steadily enlarged its service solutions from ironmaking, liquid steel processing, continuous casting and reheat furnaces and other equipment. Innovation and sustainability are core values for Calderys and has pioneered many new applications such as pitch-free tap-hole clay for blast furnaces and its cutting-edge mold fluxes.

Foundry - As experts in both ferrous and non-ferrous foundries, Calderys offers an array of turnkey solutions for foundry refractories, as well as core and molding sand additives.

Thermal - Thermal industries have entered an era of transition: many companies are striving to increase the productivity of their operations. Calderys offers customized solutions and services for companies facing decarbonization challenges.

Services - Calderys offers a full range of services, tied in closely with its world-leading high temperature solutions product lines. Calderys is continually upgrading its services and equipment to ensure that its products are easy and safe to use.

Impact on the community and the environment

Calderys pays particular attention to its industry's impact on the environment from the raw materials that it sources and uses in its products to the high temperature processes they serve. Calderys takes a sustainable business approach that is built on three key features: helping customers with their energy transition needs, improving Calderys' own environmental footprint and being committed to employees and local communities.

- *Customers' energy transition needs*

Calderys aims to deliver new products and services to drive change across the industry. It plays an important role in helping customers with high quality, efficient, and sustainable solutions. Key areas of development focus on energy efficiency measures to reduce drying times and improve the insulating properties of its solutions, as well as new technologies to support the adoption of hydrogen as a fuel for energy intensive industries.

- *Improving the Calderys environmental footprint*

Calderys drives industry change by rethinking the way it uses resources — always striving to increase recycling and reuse materials in its formulas. By focusing on circularity, Calderys contributes to a more efficient industry that benefits clients, as well as the planet.

Prior to its acquisition by the Company, the HTS Business had energy efficiency action plans in place for its manufacturing sites for each year (with certain operations in

France and Germany being ISO 5001 certified). These local plans were developed following workshops/assessments to identify actions to reduce energy usage and key performance indicators (“KPIs”) were used to measure and track progress, with results being subject to internal and sometimes external audit/assurance.

Other ways in which the HTS Business assessed and monitored its environmental impact was through internal environmental health and safety audits of its manufacturing sites every three years to check compliance with local laws. Calderys is also currently in the process of implementing a new compliance tool (Red on line and SAI 360) to help check local compliance at the individual site level. Calderys is in the process of developing a new Group-wide approach, building on the HTS Business approach.

- *Being committed to people and communities*

Calderys’ approach is ethical and compliant. It encourages inclusivity and respects diversity. The result is a corporate culture of transparency that reflects customers' expectations and aligns the objectives and interests of all stakeholders. Calderys strives to operate close to its customers and to meet the specific needs and challenges of its local markets. Calderys is committed to playing a positive role in its host communities, to help them thrive by creating shared value and long-lasting benefits. Calderys supports education, infrastructure, and training programs throughout its growth regions.

Further details are included on the sustainability page of the Calderys website and in its Sustainability Policy (also available on the website).

High standards of business conduct

Calderys Group's commitment to high ethical and compliance standards is driven by respect for law, for ethics and for all stakeholders, both internal and external. This includes:

- assuring the health and safety of all employees and of all those with whom the Group works,
- demonstrating compliance with all applicable laws and regulations,
- ensuring that Calderys’ practices reflect the highest standards of integrity, responsibility, and respect of its partners,
- respecting human rights,

- encouraging employees to develop their talent, expertise, and know-how to the fullest expression,
- fostering diversity and inclusion,
- supporting the development of the countries in which Calderys operates,
- committing to the highest international standards of environmental protection and taking actions for sustainable development.

Calderys' Code of Business Conduct and Ethics (available on the website) outlines the principles of business ethics and professional conduct that everyone within the Calderys Group should respect, whatever their role and wherever they work, including contractors. Calderys believes that high standards for social and environmental behavior in all of its businesses are essential.

In line with its culture of transparency and integrity, Calderys has a dedicated platform to report wrongdoings or violations of the Code of Business Conduct and Ethics within the Group. It is available 24 hours a day, 7 days a week in several languages. The possibility of issuing an alert in complete confidentiality and anonymously is a right for all Calderys Group stakeholders: employees, apprentices, temporary workers, service providers and suppliers. Using this tool ensures that issues raised will be investigated and handled carefully with respect for the rights of all involved individuals.

Suppliers

In its partnerships with suppliers, Calderys holds them to the same high standards that the Group upholds internally. Calderys views suppliers as integral business partners, and expects them to align with Calderys' values and commitments. These expectations are articulated in the Calderys Supplier Environmental, Social & Governance ("ESG") Standards, which serve as a framework for ethical conduct and sustainability practices. These standards, publicly available on the website, outline Calderys' expectations regarding environmental responsibility, social impact, and corporate governance. By adhering to these principles, suppliers contribute to the realization of Calderys' sustainability ambitions, fostering a collective commitment to responsible business practices throughout the supply chain.

Engagement with stakeholders

Below are set out key stakeholders and how Calderys engages with them.

Employees – Employees are critical to the business achieving its full potential. Employees are able to interact in a safe, welcoming, and diverse workspace. Calderys provides a fast and dynamic way to keep everyone included and up to date and aims to contribute to the productivity of the business by providing employees opportunities for learning and development.

Customers – The customer base is central to the success of Calderys' business. Calderys engages with customers in a number of ways ranging from face-to-face through to virtual interactions. Customers advise what products they want and what Calderys is doing well. During the year Calderys has continued to adjust its product offerings to customers.

Suppliers – Suppliers are crucial to ensuring Calderys meets the needs of customers. As with customers, Calderys' engagement with suppliers ranges from -face-to-face through to virtual interactions. During the year the information provided by suppliers has informed the Group's decisions made regarding its supply chain.

Investors – Delivering to investors is key to long term success. Investors interact with Calderys on various levels. These include decision making at a strategic level through to regular debate on an operational level. The activity in the year in this regard is considered in detail below.

Key decisions in the financial year

During the year, the Board met several times to review the business performance to ensure that Calderys is operating in line with its strategy. The Board also considered the risks affecting the Group including those affecting employees of the Group and the wider environment.

- *Acquisition of the HTS Business*

On November 11, 2022, Imerys S.A., as vendor, and Calderys Holding Limited (formerly California Holding III Limited), as purchaser, entered into a sale and purchase agreement (as amended on January 31, 2023, March 30, 2023, and June 30, 2023) relating to the purchase of the HTS Business of Imerys which closed on January 31, 2023.

Following the Calderys acquisition, Calderys Iberica and Laviosa Promasa, joint ventures within the HTS Business, were subject to pre-emption rights that expired on June 30, 2023.

The pre-emption rights in respect of Calderys Iberica were not exercised prior to the deadline, therefore, Calderys Iberica is part of Calderys Group as a joint venture.

In respect of Laviosa Promasa, Imerys' joint venture partners exercised their pre-emption rights, subject to agreeing to a purchase price. Therefore, Laviosa Promasa is not part of the HTS Business acquired.

Calderys Algérie, another joint venture within Calderys, was expected to be transferred to the Company after the restructuring of Calderys Algérie's share capital had been completed. Such restructuring is needed under Algerian law before the transfer can occur. The long stop date to complete the restructuring and the transfer of the Calderys Algérie shares was set at December 31, 2023. As of December 31, 2023, the transfer had not occurred and is not expected to happen for the foreseeable future.

Calderys Refrakter Sanayi ve Ticaret A.Ş. was expected to be transferred to the Group after (i) its share ledger had been re-issued, (ii) the sole shareholding of Mircal had been registered in the Ankara trade registry and (iii) its directors had been duly re-appointed. The long stop date to complete these formalities and transfer Calderys Refrakter Sanayi ve Ticaret A.Ş. was set at December 31, 2023. As of December 31, 2023, the transfer had not occurred and is not expected to happen for the foreseeable future.

The impacts of the Calderys acquisition on the Group's financial statements are presented in Note 5 – Business combinations.

- *Acquisition of HarbisonWalker International*

The HWI acquisition closed on February 16, 2023. The impacts of this business combination on the Group's financial statements are presented in Note 5 – Business combinations.

- *Bond Issue*

In May 2023, certain entities of the Group refinanced long-term debt and restructured the Group's capital structure. As part of this refinancing, on May 24, 2023, Calderys Financing, LLC, a wholly owned subsidiary of the Company, issued \$550 million of Senior secured notes (the "Notes") due on June 1, 2028, with a 11.25% per annum interest rate. This issuance was part of a placement on the United States market governed by the provisions of Rule 144A/Regulations S of the 1933 US Securities Act. The Notes are listed on The International Stock Exchange.

The Group used the proceeds from the Notes to repay the bridge capital and financing that were used to make the Calderys and HWI acquisitions and which were provided by those investment vehicles of certain private investment funds sponsored by Platinum Equity, LLC (such investment vehicles, collectively, "Platinum") which formed the Company, as well as to repay the outstanding existing debt, including any accrued and unpaid interest and applicable premiums.

The impacts of the Notes issuance on the Group's financial statements are presented in Note 30 – Borrowings.

- *Revolving Credit Agreement*

On May 24, 2023, (the "Issue Date"), certain entities of the Group entered into a Revolving Credit Agreement in connection with an asset-based revolving credit facility in an aggregate principal amount of \$200 million (the "New ABL Credit Facility"). JPMorgan Chase Bank, N.A. is acting as administrative agent and collateral agent in connection with the New ABL Credit Facility. The New ABL Credit Facility will mature on the earlier of (i) five years after the Issue Date, or (ii) 91 days prior to the maturity of the Notes.

Borrowings under the New ABL Credit Facility may be used for working capital needs and general corporate purposes (including permitted acquisitions and other permitted investments) or issuances of letters of credit.

The impact of the New ABL Credit Facility on the Group's financial statements is presented in Note 30 – Borrowings.

- *Loans with related parties*

In January and February 2023, Platinum funded the Group through interest-free loans for an aggregate amount of \$491 million (of which \$31 million have been repaid as of December 31, 2023).

The impact of the loans with related parties on the Group's financial statements is presented in Note 30 – Borrowings.

- *Subline loan*

In January and February 2023, the Group drew on an interest-bearing subline bank loan facility that Platinum has with a consortium of banks for an aggregate amount of \$574 million (of which \$278.1 million have been repaid as of December 31, 2023).

The impact of the subline loan on the Group's financial statements is presented in Note 30 – Borrowings.

Group non-financial and sustainability information statement

- *Climate-related financial disclosures*