

Calderys Holding Limited

(formerly California Holding III Limited)

**Strategic Report for the Year Ended 31
December 2024**



Strategic Report for the year ended 31 December 2024

The directors present the Strategic Report for Calderys Holding Limited (formerly California Holding III Limited) (the “Company”) and its subsidiaries for the year ended 31 December 2024. The terms “Calderys Group”, “Calderys” and “the Group” refer to the Company and its subsidiaries.

Principal activity

Calderys is a leading global business specialising in thermal protection equipment. The Group supplies industrial customers with a wide range of refractory products and advanced solutions to enhance steel casting, metallurgical fluxes and moulding processes.

With over 150 years of experience, Calderys has a presence in more than 30 countries, sales in over 100 countries and 50 plants across five continents. This truly global refractory network spanning production plants, local labs, sales offices, engineering centres, external partners and full-time workers on customer sites means Calderys operates in close proximity to customers, meeting the specific needs and challenges of local markets.

Customer centricity is one of the priorities in the Group’s strategy, together with sustainability and innovation. Calderys has grouped its services for customers into four main areas, as follows:

Iron and steel – As a prominent partner to the iron and 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 priorities for Calderys. It has pioneered many new applications such as pitch-free tap-hole clay for blast furnaces and its cutting-edge mould fluxes and is deeply involved in the process transformations needed to produce green steel.

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 moulding sand additives.

Thermal – Thermal industries have entered an era of transition: many companies are striving to increase the productivity of their operations. Calderys offers customised solutions and services for companies facing decarbonisation 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.

Calderys recognises the crucial role it plays in assisting its customers in their own decarbonisation journey. By assessing the sustainability of its products, processes and services, Calderys can develop solutions that promote customer efficiency and assist them in reducing their greenhouse gas emissions. Likewise, through the development of circular solutions, Calderys participates in resource conservation and facilitates its customers in minimising their waste.

Calderys takes part in several studies in partnership with laboratories, universities or other companies, to develop innovative products and initiatives, for instance to tackle the climate impacts that come with hydrogen and natural gas-based applications of its products. The Group’s research and development efforts were also recently showcased with the launch of its fast dry range (CALDE® FD), which accelerates dry-out and allows customers to save up to seventy-two hours on drying time, which is a resource intensive process.

Calderys employs over 5,800 people and contractors worldwide. An international network of experts ensures a tailored service for clients’ end-to-end needs, including design and engineering, installation, maintenance, project management and repair.

Purpose and values

The Calderys Group purpose and values form the cornerstone of the Group’s corporate identity and culture, driving the Company’s commitment to delivering positive global impact through innovative solutions. Calderys’ enduring customer relationships and deep expertise of over 150 years, position the Group at the forefront of supporting industrial customers in their energy transition needs.

Purpose

Calderys is the vital partner of all high temperature industries and supports them building a better world through sustainable solutions.

Values

Calderys is tenacious – Calderys defines itself as determined and resilient problem solvers, committed to goal achievement and continuous improvement, always striving for innovation.

Calderys is accountable – Calderys takes responsibility and ownership very seriously. Calderys is deeply committed to safety and ethics, driven by the pursuit of excellence and respect for others.

Calderys is multicultural – Calderys believes in the strength of diversity, inclusion and cultural richness. This global mindset and sense of respect enhances the Group’s adaptability and effectiveness.

Calderys is authentic – Calderys is attached to trust, integrity and care for people, always aligning actions with words, keeping a humble and collaborative mindset.

Strategic Report for the year ended 31 December 2024 (continued)

Strategy

Calderys' corporate strategy brings together the strengths from the businesses that came together to form the Group.

The corporate strategy is made of three pillars: strengthen the core, expand in high-growth regions and invest in future growth.

The strategy is further supported by three priorities: customer centricity, sustainability and innovation.

This strategy shows the central position sustainability holds in the Calderys business. To deliver on this, Calderys' sustainability teams develop sustainability programmes focusing on three key commitments outlined in the Group's Sustainability Policy:

1) Committed to people and communities

Calderys aims to create a positive impact by fostering inclusion, empowering communities and driving ethical practices throughout the value chain.

2) Improving its own environmental footprint

Calderys strives to achieve carbon reduction, optimise resource usage and embed sustainability at the core of our operations.

3) Supporting customers' energy transition needs

The Group focuses on developing innovative solutions that enable customers to accelerate their energy transition and meet sustainability objectives.

Business review and future developments

The Group's key objectives are to increase revenue and execute value creation plan with ongoing synergies and operational improvements initiatives. The Group's key performance indicators are revenue and earnings before interest, tax, depreciation and amortisation ("EBITDA") (see Note 13 for definition).

The Company was incorporated on 25 July 2022. On 31 January 2023, the Company purchased the High Temperature Solutions Business (the "HTS Business") from Imerys S.A. and, on 16 February 2023, completed the acquisition of HarbisonWalker International Inc. ("HWI"). As a result, the results for 2023 do not contain a full year of trading and so are not directly comparable to 2024. To provide more meaningful comparisons, the Group's pro forma revenue and EBITDA for the full 12 months of the year ended 31 December 2023, as if both the HTS Business and HWI acquisitions had been completed on 1 January 2023 and there were no transaction and acquisition costs, of euro ("€")1,624.4 million and €191.6 million have also been used as comparators.

The Group's revenue was €1,565.6 million for the year ended 31 December 2024 (2023: €1,455.9 million), an increase of €109.7 million. Compared to the pro forma revenue, it fell by €58.8 million, or 3.6%. On a constant currency basis, revenue on a pro forma basis decreased by 3.1%, with the price increase pass-through of raw material costs inflation more than offset by lower volumes and adverse mix effect.

The Group's operating profit for the year ended 31 December 2024 was €125.3 million (2023: €6.7 million). EBITDA grew to €195.3 million from €81.0 million in 2023, partly due to no repetition of the transaction costs of €79.3 million incurred in 2023. Compared to the pro forma EBITDA, it increased by €3.7 million, or 1.9%, despite the fall in revenue as a result of the Group continuing to deliver operational improvements and synergies with revenue and costs optimisation initiatives. The Group expects these initiatives to continue to drive EBITDA growth on future years.

The Group's balance sheet remains strong with net assets increasing by €20.2 million from €602.5 million to €622.7 million. Total borrowings increased by €47.1 million to €529.6 million mainly as a result of foreign exchange movements of €31.5 million plus a new loan facility for 4,970 million Indian Rupees (€55 million) to finance the construction of a new site in India, of which €12.0 million had been drawn down as at 31 December 2024.

During the year the Group commenced construction of a new plant in Odisha, India and a new lightweight monolithics production facility in Fulton, Missouri, USA, which will enable the Group to continue to improve its customer service and drive future growth.

Since the year end the Group has announced it is investing in a new innovation centre in Germany which will enable the Group to develop innovative solutions tailored to operations and customers across its Europe and Middle East ("EMEA") region.

Strategic Report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties

The Group's principal risks are:

Risk	Risk description	Mitigation
Supply chain operations	The transformation of raw materials into finished goods can take several months and involve logistics on a global scale, making agility crucial to delivering value to customers. Accurate demand forecasting is essential for optimising production planning, procurement, inventory management and logistics across the Group's global network. Additionally, our operations may be affected by disruptions in specific regions or broader industry-wide challenges.	<ul style="list-style-type: none"> • Ongoing supply chain initiatives focused on specific operational challenges • Geographical diversification of the production network • Global insurance coverage • Minimisation of sole-source materials and strategically increasing inventory levels.
Cyber and information security	The Group's reliance on IT systems and the focus on digitalisation results in a growing exposure to cyber and information security risks. The possible impact of such risks ranges from operational disruptions, a loss of IT assets, compliance issues to reputational impact.	<ul style="list-style-type: none"> • Crisis management simulation exercise held focusing on cyber security • Global information and cyber security policies in line with information security best practices, standards and frameworks • Continuous awareness approach • Regular risk assessment and penetration testing • Network, device and application protection • Email security (phishing and malware protection)
Macroeconomic and geopolitical environment	Shifts in the global economic landscape, geopolitical uncertainties and financial market conditions, including foreign exchange rates, can affect revenue and profitability. Macroeconomic fluctuations that reduce sales volumes may stem from industry-specific factors or broader global challenges, such as economic downturns or disruptions in global logistics. Demand for refractory products is closely tied to steel, cement and non-ferrous metal production, as well as metal and energy prices and the production techniques employed by customers.	<ul style="list-style-type: none"> • Initiatives to enhance the Group's resilience by implementing leaner processes and reducing fixed costs • Diversification of geographies and industries • Close monitoring of production cost fluctuations to ensure costs passed on to customers • Price increase initiatives to pass inflationary costs to customers • Early leading indicators to ensure identification of emerging macroeconomic trends • Ongoing, vigilant monitoring of global trade tensions and global conflicts to ensure potential operational risks are evaluated • Dynamic, experienced and solution-oriented management teams capable of responding swiftly and creatively to challenges
Ability to adapt to changes in the competitive environment	The Group's ability to develop suitable products and services, along with shifting customer preferences toward innovation, may create pressure on demand and margins. The pace of customer demand for environmentally friendly features, digitalisation and services could outstrip our capacity to keep up. Additionally, adapting our technologies to support the circular economy and energy transition - both for our operations and our customers - presents both opportunities and challenges for business sustainability and climate targets.	<ul style="list-style-type: none"> • Continued investment in R&D • Focus development activity on projects aimed at an agile and fast impact on the market • Monitoring of key R&D and innovation metrics • Partnering with third-party innovation leaders
Environmental and climate	The production of refractory products inherently involves controlled emissions and the use of potentially hazardous materials. Failure to meet environmental regulations or prevent uncontrolled emissions at our sites could lead to significant financial losses and liabilities.	<ul style="list-style-type: none"> • Initial carbon footprint assessment completed; energy efficiency programmes initiated • First climate change risk assessment has been done, highlighting three main risk areas, being policy and legal, extreme heat and water stress • Well-established Sustainability Steering Committee to oversee and challenge management's environmental and climate strategy.

Strategic Report for the year ended 31 December 2024 (continued)

Principal risks and uncertainties (continued)

Risk	Risk description	Mitigation
Health and safety	Employees and contractors may face health and safety (H&S) risks at our plants, where such inherent hazards cannot be fully eliminated. Additionally, our operations and products carry the potential to cause accidents at customer sites. Beyond the impact on individuals, H&S incidents can result in substantial financial penalties, site closures and reputational damage to the Group.	<ul style="list-style-type: none"> • H&S is a core company objective, with performance continuously monitored • The H&S strategy aligns with leading global standards, incorporating regular risk assessments, near miss reporting and root cause analysis • Strong emphasis on collaborating to enhance H&S practices at customer sites • Implementation of specific action plans for employee and contractor H&S incidents • Standardised safety instruction videos globally • Global personal protective equipment (PPE) standards implemented • Lagging and leading H&S KPI (e.g. total injury frequency rate ("TIFR"), inspections, Visible Felt Leadership ("VFL"), safety observational framework for improvements) • H&S software deployed for curative and preventive activities (incidents management, inspections, audits, etc.)
Compliance	The Group is increasingly subject to scrutiny from national authorities seeking to ensure that it abides by recognised compliance standards. The Group operates in some geographies with inherently high compliance risks. We strive to establish a culture of compliance (comprising anti-bribery and corruption, competition law and international sanctions) throughout the organisation. These compliance risks may result in financial losses or operational restrictions. Changes to the compliance landscape could impact the profitability of our operations and require investment to enable the Group to continue to meet its compliance obligations.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics and compliance policies and procedures • Global training, documentation of compliance matters and communication • Whistleblowing channels are available to employees and external parties to report compliance concerns and all reports are followed up by qualified professionals
Ability to strategically set and implement price adjustments	The Group may occasionally face strong increases in variable costs, including raw materials, energy, logistics and labour. To maintain or improve margin targets, it is essential to identify rising costs early through monitoring leading indicators and effectively pass them on to customers. Failure to do so in a timely manner, while balancing customer relationships and market share, could result in financial losses for the Group.	<ul style="list-style-type: none"> • Ongoing monitoring of key leading indicators to identify early signs of externally led cost inflation • Management focused on effectively negotiating price increases with customers without compromising relationships and market share • Mitigation of energy cost increases through energy hedging, alternate fuel supplies and energy supply guarantees
A lack of organisational capacity to execute strategy	The Group's ability to execute its strategy successfully is dependent on its culture, organisational structure and the availability of skilled resources. Failure to attract, retain and develop key talent may hinder strategic objectives, reduce operational effectiveness and impact long-term growth. Additionally, challenges in fostering and maintaining a strong culture of gender, ethnic and generational diversity could weaken innovation, employee engagement and overall business performance.	<ul style="list-style-type: none"> • Emphasis on the Group's culture as a key enabler of performance and driver of strategy execution • Leadership training and initiatives to support the attraction and retention of talent • Developing talent, enhancing diversity and promoting the Group's culture as significant components in the People function

Sustainability-related risks and opportunities

The Group intends to identify assess and manage sustainability-related risks that are considered material to the Group continuously. For further information on how climate risks are identified, assessed, managed and integrated into the overall risk management see the Climate and Task Force on Climate-related Financial Disclosures on pages 5 to 9.

Calderys did not identify sustainability-related opportunities in the risk identification exercises conducted during the year.

Strategic Report for the year ended 31 December 2024 (continued)

Climate

Calderys has worked over the past year to align efforts and structures across the Group and to adopt recommendations from the Task Force on Climate-related Financial Disclosures (“TCFD”) and comply with the Companies (Strategic Report) (Climate-related Financial Disclosure) Regulations 2022 (“CFD”). Key activities have included conducting an in-depth double materiality assessment and climate scenario analysis.

Climate governance

Climate-related governance is a dedicated aspect of Calderys’ broader governance framework. This structure ensures that climate-related risks and opportunities are effectively managed and integrated into the Group’s strategic and operational processes.

Key components of climate-related governance

Board of directors

The board of directors of the Company (the “Board”) is comprised of three directors and oversees the business and key strategic decisions and holds accountability for all matters, including climate. The Board entrusts day-to-day activities, operational matters and decisions to the Executive Committee (“ExCo”), while maintaining oversight over reserved matters and statutory obligations.

Meetings hosted by Calderys’ Chief Financial Officer (CFO) are held quarterly with the Chief Executive Officer (“CEO”) and a director. During these sessions, Calderys’ CEO and CFO share updates, including updates and progress on climate issues.

ExCo

The ExCo adopts a decentralised approach to managing climate topics. While the sustainability team collaborates and consolidates information, various teams take the lead on specific areas, for instance:

- **Operations Team:** Responsible for Scope 1 and Scope 2 emissions calculations and energy efficiency initiatives
- **Innovation and Technology Team:** Leads product sustainability initiatives and life cycle assessments
- **Purchasing Team:** Conducts environmental, social and governance (“ESG”) assessments of suppliers to identify risks in the supply chain, including climate-related risks

Our robust governance structure ensures that Calderys maintains an integrated and thorough approach to managing ESG topics, including climate-related risks, aligning with TCFD’s requirements on governance and ensuring that both financial and non-financial disclosures meet regulatory and stakeholder expectations.

Sustainability Steering Committee

The Sustainability Steering Committee, led by the Global Vice President of Sustainability and Communications (an ExCo member), oversees the climate roadmap as part of the full sustainability roadmap, ensuring alignment with the Group’s overall risk management processes and successful delivery. This committee is made up of all ExCo members. It meets quarterly to approve Group-wide sustainability programmes and monitor progress on objectives. Urgent topics are escalated to the ExCo by the sustainability team during the monthly ExCo meetings.

Risk Committee

The Risk Committee, led by the Group Internal Control and Audit Director (a direct report of an ExCo member), integrates ESG risks, including climate-related risks, into the Group’s overall risk management framework. The Industrial Risks Manager participates in this committee to ensure comprehensive consideration of climate-related risks from operational sites and the Global Sustainability Director is a key member to guarantee that all climate-related risks across business are integrated into the overall risk management system.

Role of site management

At individual sites, plant managers participate in identifying the climate-related risks and contribute to the business continuity plans. The Industrial Risks Manager leads the climate risk assessment exercise at relevant sites in collaboration with plant managers and key team members and tracks progress as per the approved mitigation plan.

Local site managers also lead key initiatives to improve energy efficiency, mitigate risks or adapt to climate change under the guidance of industrial directors, who report to the ExCo. The ExCo approves the plan to deliver the objectives set in the annual ESG roadmap. Further information on the risk management of climate-related risks can be found in Climate risk management subsection below.

Policies and processes

Calderys has policies and protocols in place to support its governance and management of climate-related topics. For example, these include an Energy and Emission Reporting Protocol, which defines the key components of Scope 1 and 2 emissions and how to calculate these emissions and applies to all operations, including joint ventures and businesses in which Calderys’ holds operational control.

Strategic Report for the year ended 31 December 2024 (continued)

Climate strategy

Applying scenarios to understand future climate impacts

In 2023, Calderys committed to adopting the TCFD recommendations including conducting scenario analysis to identify exposure to climate-related risks. At this stage Calderys prioritised identifying risks over opportunities and so opportunities have not been identified. Following this, Calderys enlisted the support of an external global ESG consultancy, specialising in climate-related risk and opportunities, to undertake scenario analyses and assess the Group's material climate-related risks, aligned with the recommendations of the TCFD.

Scenario analysis allows Calderys to consider possible futures, understand the potential implications for its business and explore the actions it can take to mitigate risks, improve resilience and maximise opportunities. Three different climate scenarios were assessed to explore a range of possible futures, including an optimistic and pessimistic scenario, and offer insights into potential future outcomes. These were:

Shared socioeconomic pathways ("SSP") scenario	Degrees of warming	Assumed outcomes
SSP 1-2.6	<2°C	Climate policy implementation is strong, with a fast phase out of fossil fuels. Physical risks are lower and transition risks are higher
SSP 2-4.5	<3°C	There is initial slow climate action but policy and regulation gains traction in the long term to curb emissions. Physical risks are higher in the short term and transition risk is higher in the long term
SSP 5-8.5	>3°C	A business-as-usual scenario where emissions remain high. Physical risks are higher and transition risks are lower

Recognising that risks may evolve through time, the scenario analysis also considers three time horizons to align with Calderys' financial planning horizons:

- Short-term = 2025-2030 (1-5 years)
- Medium-term = up to 2040
- Long-term = up to 2050

As per TCFD guidance, climate-related risks are categorised into physical and transition risks. Calderys assessed a total of nine physical climate-related risks (coastal flooding, cyclones, drought, extreme cold, extreme heat, extreme rainfall, riverine flooding, water stress and wildfires) and four transition climate-related risks (market, reputation, technology and policy and legal). Of these, Calderys' three principal climate-related risks (based on projected risk scores and impact) were identified and assessed under each climate scenario (summarised in the table Description of principal climate-related risks on page 7). In the analysis, no climate-related opportunities were identified.

Description of all climate-related risks assessed in scenario analyses

Risk	TCFD category	Time horizon ¹	Risk banding ²	Summary of risk
Coastal flooding	Physical acute and chronic	-	Lower-moderate	The flooding of the land surrounding the coast which can be caused by factors such as sea level rise
Riverine flooding	Physical acute	Short, medium, long term	Higher-moderate	The overflowing of rivers that leads to the flooding of surrounding land
Extreme rainfall	Physical acute	-	Moderate	Periods of heavy rainfall that often leads to flooding
Cyclones	Physical acute	Short, medium, long term	Lower-moderate, higher-moderate	Spinning storms that are often characterised by strong winds and large amounts of rainfall
Extreme cold	Physical acute	-	Moderate	Extremely cold temperatures that are below or equal to 0°C
Wildfires	Physical acute	-	Moderate	Uncontrolled fires in natural areas, such as forests
Drought	Physical acute and chronic	-	Moderate	A period of dry conditions, often due to reduced rainfall, results in water shortages
Market	Transition	Long term	Lower-moderate, moderate, higher-moderate	Changes in the supply and demand of Calderys' products, services and commodities during the shift to a lower-carbon economy and as climate-related risks and opportunities become increasingly prevalent
Technology	Transition	Medium, long term	Moderate, higher-moderate	The impact that low-carbon technological innovations and improvements has on Calderys
Reputation	Transition	Medium, long term	Moderate, higher-moderate	The shifts in stakeholders' perceptions of Calderys' role within the shift to a low-carbon economy

¹The time-horizon that each risk is projected to fall within a higher-moderate or higher risk banding.

² See table Climate scenarios used to assess principal climate-related risks on page 7 for banding.

Strategic Report for the year ended 31 December 2024 (continued)

Description of principal climate-related risks

Risk	TCFD category	Time horizon ¹	Risk banding ²	Description of risk	Impact
Water stress	Physical acute and chronic	Short, medium, long term	Higher-moderate	Periods in which the demand for water exceeds the volume of water available	As potential water shortages occur, particularly in Calderys' operating sites in Turkey, India, China and France, the cost of the supply of water may increase and, subsequently, adversely impact operating costs. Both through disruptions in production due to water shortages for cooling systems in plants and workers' safety and air quality concerns, Calderys may experience halts in production and, consequently, reduced revenue. Impacts may be felt across the value chain, for example in downstream sites in the United States and India, which are also considered to be particularly vulnerable to water stress.
Extreme heat	Physical chronic	Medium, long term	Moderate, higher-moderate	Extreme temperature events increasing operational costs and capital expenditure	With the projected increase in the frequency and / or intensity of extreme heat events at Calderys' sites, especially prevalent in the United States and India, Calderys may need to improve and conduct maintenance on cooling systems more frequently. As such, it may experience an increase in operating costs. The composition of raw materials that Calderys use in production may also be affected by extreme heat whilst on site, leading to a loss of inventory and increased operating costs.
Policy and legal	Transition	Medium, long term	Lower-moderate, moderate, higher-moderate, higher	Policy and legal burdens placed on Calderys, such as carbon pricing and reporting requirements, may increase operational costs	To reduce emissions and mitigate the impact of carbon-related policies, there will be an increasing need for Calderys to adopt low-carbon technologies. Likewise, there may be impacts due to the implementation of carbon pricing policies and the requirement to comply with climate-related legislation. Calderys' own sites in regions such as the European Union ("EU") and China are projected to be at the highest risk to introduction of such policies. Calderys operates in a carbon-intensive industry, and the Group's upstream operations are likely to be exposed to the introduction of carbon pricing policies / legislation which could lead to increased supply costs for Calderys, especially in regions such as the EU and China. If carbon-related import levies, such as the EU's Carbon Border Adjustment Scheme ("CBAM") are imposed on Calderys products, Calderys may also lose competitive price advantage and experience reduced revenue from decreased demand. Reduced access to finance may also occur if Calderys' investors have a loss of confidence in the Group's ability to decarbonise and mitigate against climate-related risks.

¹The time-horizon that each risk is projected to fall within a higher-moderate or higher risk banding.

² See table Climate scenarios used to assess principal climate-related risks below for banding.

Climate scenarios used to assess principal climate-related risks

Scenario	Short term (2025-2030)			Medium term (2040)			Long term (2050)		
	Net zero (<2°C)	Disorderly transition (<3°C)	Hot house (<3°C)	Net zero (<2°C)	Disorderly transition (<3°C)	Hot house (<3°C)	Net zero (<2°C)	Disorderly transition (<3°C)	Hot house (<3°C)
Water stress	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate
Extreme heat	Moderate	Moderate	Moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate	Higher – moderate
Policy and legal	Moderate	Lower – moderate	Lower – moderate	Higher – moderate	Higher – moderate	Lower – moderate	Higher	Higher	Lower – moderate

Progressing towards a climate strategy

Due to the recent formation of the Group, the Executive Committee ("ExCo") has not yet had an opportunity to assess fully the Group's climate-related risks. However, the comprehensive climate-related risk scenario analysis carried out in 2024 has provided a better understanding of the potential impacts of climate change on the business operations. Calderys will use this information to develop informed plans to mitigate risks during 2025 and 2026.

Calderys' commitment to decarbonisation

Calderys is committed to tackling climate mitigation strategically and adaptation by embedding climate considerations into its core operations and decision making. The Group's approach focuses on aligning with evolving regulatory frameworks, proactively identifying and addressing climate-related risks and opportunities and developing a forward-looking roadmap that prioritises decarbonisation, innovation in sustainable practices and resilience building. By establishing robust processes and systems, Calderys can monitor transparently its current climate impact, manage potential scenarios and ensure long-term value creation.

Strategic Report for the year ended 31 December 2024 (continued)

Increasing resilience through strategy and mitigation

Embedding climate into Calderys' decision making

Calderys is committed to understanding better the potential implications of climate-related risks across its business and strategically tackling climate mitigation and adaptation by embedding climate considerations into its core operations and decision making. This ranges from implications for planning and strategy to site-level actions. The scenario analysis was instigated by the Group but conducted using site-level data (offices, plants, installation workshops, distribution centres and customer sites where Calderys has a permanent presence). As such, it is possible for Calderys to aggregate results to Group-level to inform business planning, as well as identify sites that may benefit from further support to enhance resilience. Calderys' Risk Committee, which considers the need for mitigation actions at site level, is exploring the risk management recommendations from this work. Following Calderys first execution of a scenario analysis exercise, mitigation efforts will continue to advance in the context of the business's growth and to strengthen the Group's resilience. Alongside this, Calderys plans to assess the resilience of its strategy and business model against climate-related risks.

Climate risk management

Identifying and assessing climate-related risks

Calderys enlisted the support of an external ESG consultancy to conduct scenario analysis to identify material climate-related risks under future time horizons. The first step in this process involved gathering site-specific data points, including location and nature of operations. This was combined with climate data, including that from the Intergovernmental Panel on Climate Change ("IPCC") and Network for Greening the Finance System ("NGFS"), to derive climate risk scores, categorised by either physical climate events (such as flooding or storms) or transition indicators (e.g. policy and legal). All Calderys' locations were considered during the scenario analysis, with additionally some upstream and downstream data.

The risk score is based on the likelihood of a risk occurring with a prospective impact rating. Stakeholder engagement sessions allowed insight into internal perceptions of climate-related risks to validate the shortlist of material risks.

The management of climate-related risks and integration into overall risk management

Calderys has developed a global risk management approach that integrates sustainability and climate-related matters, including climate-related risks. The Group intends to identify, assess and manage continually climate-related risks that are considered material to the Group.

Following the identification of Calderys' most material climate-related risks, a climate change risk assessment plan has been developed to assess Calderys' resilience to its most material physical risks and develop local mitigation actions against them. The plan involves a range of key stakeholders, such as plant managers and regional management teams to determine a risk owner and expert for each identified risk, the development of a risk register and a mitigation plan for each risk at the assessed plants. This plan is managed by the Industrial Risks Manager who will then integrate the relevant information to the overall risk register of the Group.

As part of this process, local risk assessments will take place across Calderys' operating regions. The assessment of eight sites will take place in 2025 and will cover a further eight sites in 2026 across Asia Pacific, EMEA and the Americas. These sites were selected by cross-referencing two key factors: their classification within Calderys' class A and B site list (based on revenue, gross profit and production capacity) and their climate risk level, as identified in the climate scenario exercise. Once assessed, each site will develop a business continuity plan including an incident response plan using Calderys' crisis management process, a recovery and restoration plan and clearly define roles and responsibilities. Within this strategy, plant managers and risk owners will be responsible for managing the identified risks. This project, which is an example of how the Group's risk framework translates at regional or local levels, is part of Calderys' overall industrial risks project.

Following the scenario analysis, Calderys did an initial assessment regarding the resilience of sites identified as being highly exposed to physical climate-related risks. For example, water use at higher risk sites has been assessed to gauge the potential impact if the risk were to manifest. Likewise, those sites at higher risk to extreme heat have been assessed to ensure they have the relevant measures in place. This can be seen in practice, for example, South Point, Ohio (USA) was identified at high risk to extreme heat events. Following assessment by Calderys, it was found to have existing mitigation measures in place, such as efficient cooling capacity in its electrical cabinets, which enhances the site's resilience to this hazard.

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Metrics and targets

In 2024 Calderys completed its first Greenhouse Gas (“GHG”) inventory of its Scope 1 and 2 emissions following its internal methodology. This foot printing paves the way to reduce its carbon footprint. In 2025, the aim is to progress towards also measuring Scope 3 emissions with Scope 1, 2 and 3 in line with the GHG Protocol.

2024 climate-related metrics

Category	Metrics	2024
Energy consumption	Total energy consumption (million kWh)	682.6
	Energy consumption per tonne of product produced net saleable plus volume crushed (kWh / tonne)	420.3
Scope 1 emissions	Process CO ₂ emissions (tonnes)	10,521
	Energy CO ₂ emissions (tonnes)	111,792
Scope 2 emissions	Purchased energy CO ₂ emissions (tonnes, location based and market based)	57,049
Total GHG emissions	Global GHG emissions (tonnes CO ₂ e)	179,362
	GHG emissions per revenue (tonnes CO ₂ e / €million revenue)	114.6
Waste management	Waste disposal (tonnes)	13,103
	Waste sent to landfill (tonnes)	7,359
	Waste recycled or reused (percentage)	44%
	Non-hazardous waste management (tonnes)	12,598
	Hazardous waste management (tonnes)	505
Water management	Water consumption (million cubic metres)	0.66
	Water intensity (cubic metres per tonne of product)	0.43
	Wastewater treated (metre ³)	26,955

Calderys does not currently have climate-related targets in place, however, in line with the Group’s commitment to transparency and sustainability it intends to develop a transition plan which will encompass targets.

Calderys will perform a risk assessment at its high-risk A class and B class sites by 2026, as detailed in the Climate risk management subsection above. To further Calderys’ understanding of the potential impact of climate-related risk on the business, and its voluntary alignment with the recommendations of TCFD, Calderys is working towards establishing a quantified financial risk assessment, including the impact of climate-related physical and transition risks on asset values, revenue and cost.

Strategic Report for the year ended 31 December 2024 (continued)

Resource efficiency and circular economy

In line with the Group's efforts to strengthen its resource efficiency and circular economy, Calderys has a system in place internally, whose aim is to reintroduce second-hand raw materials in formulations to save virgin raw materials. Besides, Calderys tries to reintroduce its own waste generated during the production of finished goods, decreasing the need for virgin raw materials too. In addition, Calderys has started to make efforts to reclaim raw materials from its customers. To achieve higher levels of reclaimed raw material use, Calderys is exploring partnership opportunities that could further unlock the potential of buyback schemes.

Responsible supply chains

To progress successfully in its efforts towards greater resource efficiency and circular economy, Calderys needs to ensure its suppliers meet the required ESG standards and are aligned in their efforts for more responsible resource consumption and management.

Calderys vision for sustainable procurement is to cultivate a robust, responsible and resilient supply chain ecosystem, forging partnerships with suppliers who share its commitment to delivering consistent, high-quality products and services. By integrating sustainable practices across its supply chain, Calderys strives to create sustainable growth for all its stakeholders.

Supplier EcoVadis assessment for risk identification and mitigation

During 2024, Calderys signed a contract with EcoVadis, to assess how the key suppliers (by spend) in its portfolio align with the Group's sustainability goals and its Code of Business Conduct and Ethics. This comprehensive evaluation assesses suppliers across four ESG themes: environment, labour and human rights, ethics and sustainable procurement. The process for assessing risk associated with our supply chain states:

- All suppliers must review, adhere to and declare their compliance with the Calderys ESG standards during onboarding
- Critical supplier assessment is done by each region to ensure that business critical suppliers are selected to be assessed on their ESG performance
- Selected critical suppliers are requested to share their ESG scorecards (EcoVadis or other equivalent). If neither is available, they are required to undergo EcoVadis assessment and share their scorecard
- High and medium risk suppliers are then required to formulate corrective actions and share progress within the next three years

Calderys intends to engage with medium and high-risk suppliers through collective action and support with the implementation of corrective actions. However, if critical suppliers' practices fail to adhere to Calderys' Code of Business Conduct and Ethics and ESG standards and disregard corrective actions formulation, alternative suppliers will be investigated.

In 2024, 50% of suppliers (by spend) shared their ESG performance scorecard. For 2025, Calderys plans to review 65% of its key suppliers and cover its critical suppliers in the assessment.

Strategic Report for the year ended 31 December 2024 (continued)

Employees

Calderys' employees are at the foundation of its past successes and future achievements, and at the centre of Group strategy. The ExCo 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, intranet updates and site visits by members of the ExCo. The ExCo and senior People leaders have continued to have regular contact with unions and works councils representing groups of employees during the year to keep them informed of the Group's plans.

During the year the Group has continued to develop Calderys Academy, the Group's in-house learning programme, including adding a new language training solution. Since its launch, Calderys Academy has become an essential learning tool for employees across the organisation, helping them develop their skills. With over 6,500 courses, videos, books and articles consumed, Calderys Academy continues to evolve to meet employees' needs.

Health and safety

Calderys' people are the Group's greatest asset and their health and safety is a priority. Calderys' goal is to achieve zero work-related illnesses and zero accidents. Decisions regarding health and safety ("H&S") strategy are addressed by the ExCo. H&S policies are defined at a corporate level.

Health and safety-related risk management, as well as the deployment of health and safety programmes, is led and managed at site level, with support from regional level, which in turn is supported by the corporate level to deploy H&S programmes.

Calderys' four safety pillars are:

- **Safety first** - ensuring people know, understand and apply Calderys' health and safety protocols, take the time to do things properly, stop the job if safety conditions do not meet Calderys' standards
- **Advancing communication** - communicating regularly and transparently about health and safety at all levels, reporting incidents in full trust
- **Fostering collaboration** - safety is a shared commitment and collective effort. Collaborating with peers and teams to achieve the goal of zero work-related illnesses and zero accidents
- **Encouraging ownership** - Taking ownership and demonstrating commitment as everyone is accountable for workplace health and safety, whatever their role.

Policies and processes

Calderys has a comprehensive set of policies, processes and continual training covering health and safety. These include seven critical safety protocols (the serious 7 - S7 protocols), linked to Calderys critical risks: lockout tagout tryout ("LoToTo"), electrical safety, machine guarding and conveyor safety, mobile equipment including traffic management, working at height, forklift safety and lifting operations and suspended loads. Calderys also has a number of other health and safety protocols including one for suppliers which requires suppliers to commit to stringent environment, health and safety standards aligned with Calderys as well as completing a supplier safety questionnaire as part of Calderys' bidding requirements.

2024 progress

During 2024, Calderys implemented measures to improve health and safety, including activities such as S7 protocol inspections, safety observations for improvements raised by Operations, and VFL safety interactions from supervisors and managers.

Across Calderys, a global programme of health and safety audits was introduced in 2024. It refreshed and rolled out updated S7 protocols (those linked with Calderys critical risks), launched a B-Safe programme for middle management and delivered a programme from the Safety Culture Improvement Team (SCIT).

Calderys also launched a global health and safety system, Evotix360, and organised its second Company-wide safe day on the theme of shared vigilance.

Three Calderys sites won accolades at the PRE Safety Awards, including a Gold Award for Sézanne (France), for the plant's innovative new solution to improve safety and communication between truck and forklift drivers. Haznedar (Turkey) was presented with a Silver Award and Oosterhout (Netherlands) won a Bronze honour.

2025 focus areas

Calderys health and safety priority areas for 2025 include the following commitments:

- Aim to maintain continuity of VFL
- Aim to optimise health and safety tools including the safety culture maturity matrix, occupational health assessments and gap analysis protocols
- Run the third Calderys safe day
- Embed Calderys' safety programme throughout the organisation, focusing on risk awareness, induction, middle management training, S7 inspections and empowering leadership through VFL

Strategic Report for the year ended 31 December 2024 (continued)

Business conduct

Business conduct governance and risk management

Business conduct risks are managed and integrated into the risk management framework. Similarly, Calderys' Group Compliance legal counsel, who leads on business conduct matters, is part of the Risk Committee and manages the ethics and compliance.

Anti-bribery and corruption

Calderys has several safeguard measures in place to mitigate its business conduct risks.

Calderys' Code of Business Conduct and Ethics aims to empower its employees, customers and stakeholders by outlining expected and appropriate business conduct and ethical behaviour, by which it seeks to ensure Company representatives behave with the highest level of integrity. During the year, the Code of Business Conduct and Ethics was amended to prohibit explicitly the making of facilitation payments. Additionally, to support with the implementation of the Business Conduct and Ethics, employee training programmes on ethics and compliance were conducted.

A Whistleblowing Policy and mechanism is also in place and was updated in 2024 to include new guidelines for the conduct of whistleblowing investigations. A whistleblowing helpdesk called Speak Up is part of this mechanism. Operated by a third-party provider, it allows full confidentiality of the reporter.

Progress

Other actions taken in 2024 include the launch of Calderys' first conflict of interest declaration campaign, along with an update of its Conflict of Interest Procedure.

On the human rights front, the Group issued a Human Rights Statement while also submitting its report to the Canadian Government on steps taken to avoid the use of forced and child labour in its supply chains.

Our 2025 focus areas

Heading into 2025, Calderys aims to focus on the following commitments that build upon its existing efforts around business ethics, compliance and human rights in the supply chain:

- Complete the ethics and compliance classroom training for colleagues who did not undergo it in 2024
- Roll out of code of business ethics e-learning module
- Launch 2025 conflict of interest declaration campaign
- Roll out of new Donations and Sponsorship Policy
- Review and (where necessary) update legal compliance policies to ensure that they meet current compliance standards

Strategic Report for the year ended 31 December 2024 (continued)

Group non-financial and sustainability information statement

This section constitutes the Group's non-financial information statement (NFIS), produced to comply with sections 414CA and 414CB of the Companies Act 2006. The information presented below is incorporated by cross-reference. The principal activity together with the Group's purpose and values on page 1 form the Group's business model. The Group's principal risks and how it manages them is on pages 3 and 4. The Group's climate-related financial disclosures are on pages 5 to 9. The Group's Code of Business Conduct and Ethics underpins the Group's business activities while providing our stakeholders with clear guidance on expected behaviours, actions and compliance requirements covering each of the below areas:

	Reporting requirement	Policies	Further information (including metrics where available)
Environmental matters	The Group's environmental policies set out its commitment to tackling climate mitigation strategically and adaptation by embedding climate considerations into its core operations and decision making.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics • Sustainability Policy • EHSQ Policy 	<ul style="list-style-type: none"> • Climate pages 5 to 9 • Resource efficiency and circular economy page 10
Employees	Calderys is committed to fostering a supportive, inclusive and empowering workplace. Through open and transparent communication, teamwork, innovation and a shared vision, the Group's employees shape the future of the Company and ensure every individual has the opportunity to thrive. The Group is building a culture where talent is nurtured, potential is unlocked, and success is achieved – both personally and as a team.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics • EHSQ Policy • Whistleblowing Policy 	<ul style="list-style-type: none"> • Employees page 11 • Business conduct page 12
Social matters	By applying the principles of Code of Business Conduct and Ethics, the Group demonstrates its respect for the world in which it operates. It is committed to its role in society and to meeting its obligations to the countries and to the communities in which it does business.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics • Supplier Environmental, Social & Governance Standards • Whistleblowing Policy 	<ul style="list-style-type: none"> • Resource efficiency and circular economy page 10
Human rights	Calderys considers its entire value chain when looking at human rights, including its own operations, suppliers and customers.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics • Human Rights Statement • Supplier Environmental, Social & Governance Standards • Modern Slavery Statement • Whistleblowing Policy 	<ul style="list-style-type: none"> • Business conduct page 12
Anti-corruption and anti-bribery	Calderys has a zero tolerance approach to bribery and corruption. Its policies support the Group with compliance with various laws relating to anti-corruption and anti-bribery.	<ul style="list-style-type: none"> • Code of Business Conduct and Ethics • Supplier Environmental, Social & Governance Standards • Whistleblowing Policy • Group Antibribery Policy • Intermediaries Compliance Due Diligence • Conflict of Interest • Gifts and Hospitality Procedure 	<ul style="list-style-type: none"> • Business conduct page 12

Strategic Report for the year ended 31 December 2024 (continued)

Section 172 statement

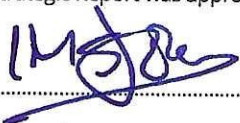
The directors of the Company consider, both individually and collectively, that they have acted in the way they consider, in good faith, would be most likely promote the success of the Company for the benefit of stakeholders as a whole. In doing so, they have had regard to matters including:

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

Some examples of how the directors have had regard to these matters are:

- a. the likely consequences of decisions in the long term
 - Receiving reports on and approving the Group's double materiality assessment and scenario analysis work to determine the Group's material climate-related risks and how to mitigate them – pages 5 to 9
 - Encouraging spend on capital expenditure and other non-recurring operating expenditure to enable the Group to achieve its target operating model
- b. the interests of employees
 - Approving a comprehensive set of policies, processes and continual training covering health and safety – page 11
 - Ensuring fair remuneration and benefits for employees, aligned with industry standards and organisational performance
- c. the need to foster the Company's business relationships with suppliers, customers and others
 - Encouraging management to work closely with customers and suppliers to meet customers' end-to-end needs, assist in their decarbonisation journey and strengthen its resource efficiency and circular economy – pages 1 and 10
- d. the impact of the Company's operations on the community and the environment
 - Receiving reports on and approving the Group's double materiality assessment and scenario analysis work to determine the Group's material climate-related risks and how to mitigate them – pages 5 to 9
 - Encouraging the Group to continue to participate in community outreach programmes and philanthropic activities to support local communities
- e. the desire to maintain a reputation for high standards of business conduct
 - Approving management's launch of Calderys' first conflict of interest declaration campaign and the update of its Conflict of Interest Procedure – page 12
 - Issuing a Human Rights Statement – page 12
- f. the need to act fairly between members
 - Enabling the Group to work towards its commitments to people and communities and driving ethical practices in its value chain, while improving its own environmental footprint and supporting customers' energy transition needs – page 2.

The Strategic Report was approved by the Board on 31st March 2025 and signed on its behalf by:



I.M. S. Downie

Director