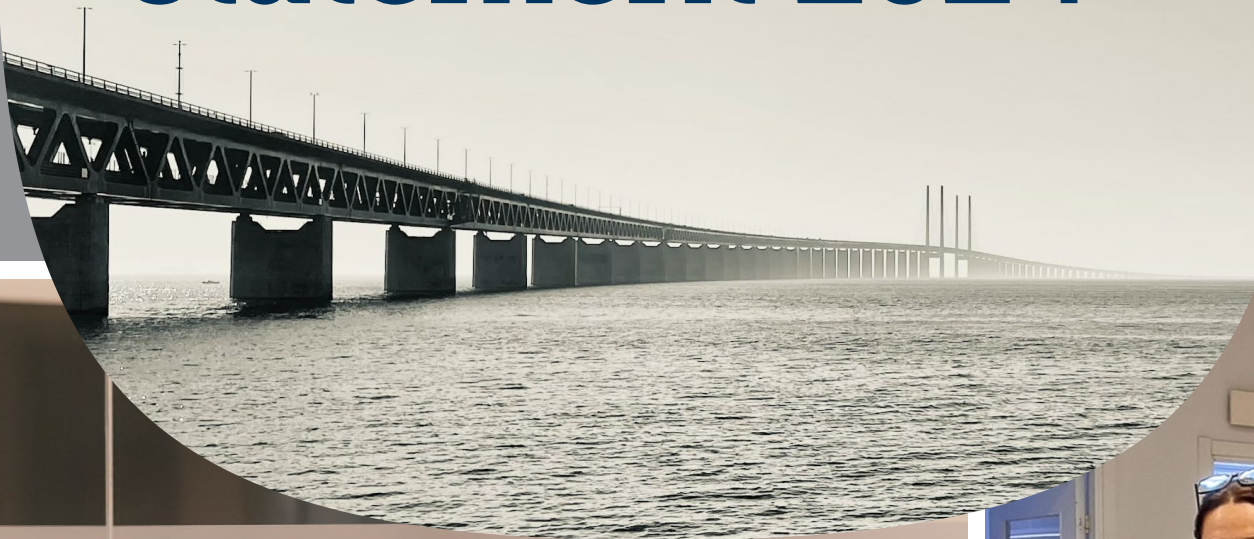




Sustainability statement 2024



Setting new standards



Sustainability statement

Höganäs Borgestad considers sustainability an integrated part of its strategy to achieve long-term profit and market positioning. The Company aims to reduce sustainability-related risks and pursue opportunities through the reduction of its carbon footprint, increased resource efficiency, production of more environmentally friendly products, effective stakeholder dialogue and increased knowledge about its impacts. The sustainability statement presents information regarding Höganäs Borgestad's overall sustainability governance as well as each material topic across the environmental, social and governance dimensions, including key performance indicators.

Basis for preparation

Höganäs Borgestad's sustainability statement for 2024 has been prepared according to the basic and comprehensive modules of EFRAG's voluntary reporting standard for non-listed SMEs (VSME) and the Swedish Accounting Act. At the time of writing, it is unclear whether Höganäs Borgestad will fall within the scope of CSRD. While the Company was originally set to be required to report under CSRD, the European Commission has now submitted proposals which, if approved, would delay or remove Höganäs Borgestad's obligation to comply with CSRD. Höganäs Borgestad is nonetheless committed to high-quality sustainability reporting and has therefore chosen to follow VSME in this report.

Höganäs Borgestad has conducted sustainability work exceeding the requirements in VSME, such as a double materiality assessment and a climate risk assessment, as well as an ongoing nature risk assessment. This report therefore incorporates these assessments as deemed appropriate. Notably, the VSME disclosure requirements relating to water and remuneration have been omitted as these topics were found not to be material in the double materiality assessment. Certain parts of this report have been expanded beyond the scope of VSME where this has been deemed relevant. In such cases, the reporting is inspired by relevant disclosure requirements in the European Sustainability Reporting Standards (ESRS). In particular, this is the case for governance, strategy and the materiality assessment in ESRS 2 and the topics climate change, resource use and circular economy, own workforce and workers in the value chain. This report applies the time horizons defined in ESRS, where short-term refers to the reporting period, medium-term refers to between one and five years and long-term refers to more than five years.

The sustainability report has been prepared on the same consolidated basis as the financial statements. The list of all entities included in the reporting is available in the appendix.







Governance

The board

The Board of Directors is the overall management and supervisory body in Höganäs Borgestad. Key responsibilities include ensuring long-term sustainable growth, risk management and internal controls, developing and implementing the Company's strategy, monitoring results, and protecting and strengthening the Höganäs Borgestad brand. The board has the ultimate responsibility for sustainability-related reporting in accordance with current legislation, and handles sustainability-related impacts, risks and opportunities in strategy, business, and risk management.

The Board of Directors consists of six members, including five men and one women. The board's skills and expertise to oversee sustainability matters is developed through coursing and experience. Several board members serve in boards of listed companies, providing them with general experience on handling sustainability matters from a board perspective.

Management group

The management group is responsible for managing the Company's day-to-day operations and implement business plans in the overall strategy developed by the board. The group manages matters affecting the Company such as monitoring operating and financial results, budgets, new business proposals, marketing, technology development recruitment and retention of employees, salary and remuneration, prioritisation and allocation of resources, and investment and management of the Company's risk profile. The management group is also responsible for implementing decisions made by the board. The management group consists of 9 members, two of which are women.

The CEO of Höganäs Borgestad Holding AB leads the management group and is the highest responsible for sustainability-related matters under the Board of Directors.

Strategy: Business Model and Sustainability

Höganäs Borgestad is an refractory Group that operates the industrial sector. Key operations include offering refractory products and services critical for high-temperature industrial processes across the Nordic countries.

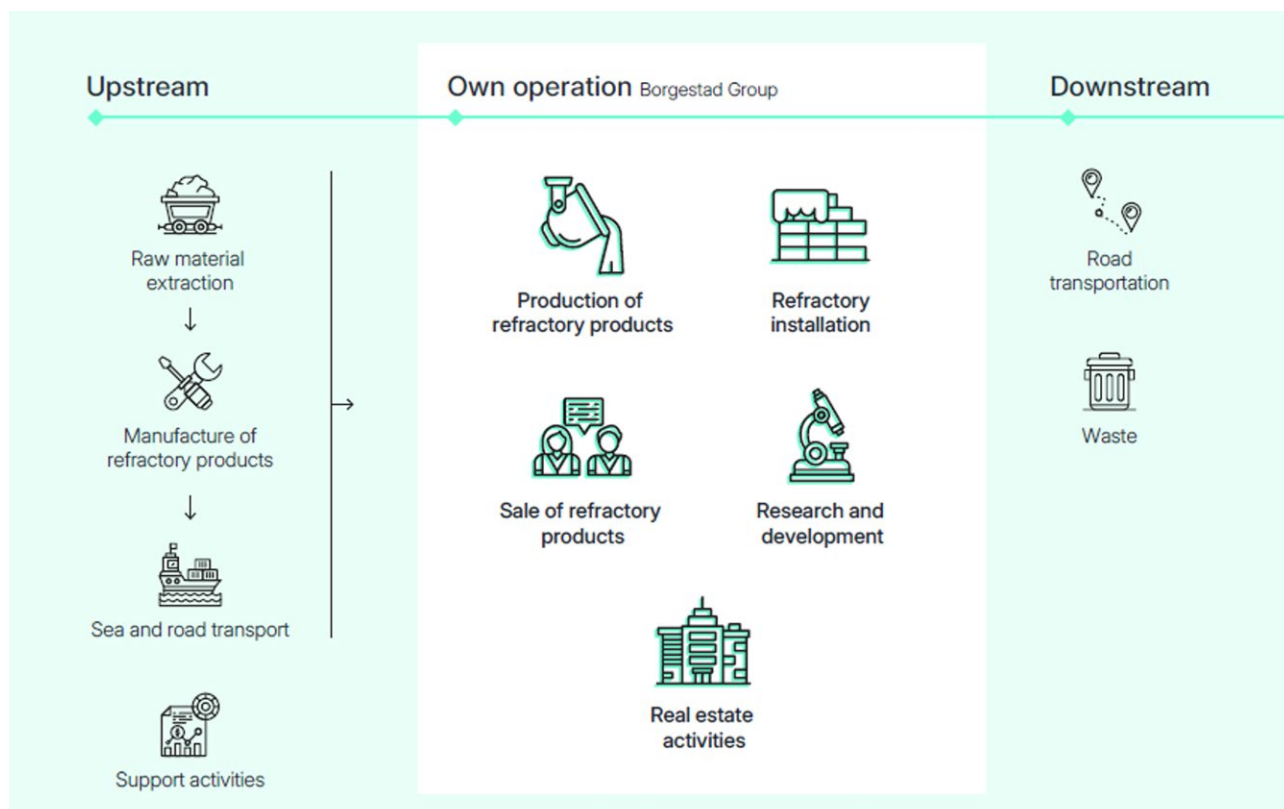
The Groups strategy is to deliver effective high-temperature solutions that enhance customer productivity and competitiveness in key industries in the Nordics and position itself with high quality products that plays an important part in reducing end users' energy consumption, while strengthening market presence, enhancing profitability, and optimising operational efficiency.

The value chain includes mining and extraction of raw materials such as bauxite, andalusite and chamotte, manufacturing of refractory traded goods, road and sea transportation, support functions such as maintenance, cleaning and IT, refractory production, installations and repairs, real estate activities and waste management. Höganäs Borgestad is a small player in the refractory industry globally and does not own or operate any of the mining and quarrying sites where raw materials are sourced. However, Höganäs Borgestad acknowledges that many of the impacts and risks for the Group are related to its upstream refractory value chain.

The objective of Höganäs Borgestad's stakeholder dialogue is to map the direct and indirect impact the Group has on the stakeholder group or other sustainability-related areas that the stakeholders have particular knowledge about, whether it be climate, nature, customers or suppliers. Höganäs Borgestad also wants to map the risks and opportunities internal and external stakeholders believe are material for Höganäs Borgestad to manage.

Höganäs Borgestad's stakeholder groups are employees, customers, suppliers, workers in the value chain, local communities, nature, loan providers, investors, and the board. The Group engages with its stakeholders through several different channels such as worker representatives, employee satisfaction surveys, supplier due diligence assessments, project collaborations, and meetings.

In 2023 and 2024, Höganäs Borgestad conducted a series of interviews with key stakeholders. Proxy stakeholder reports were reviewed to gain insight into the views and conditions of local communities, workers in the value chain, and nature as Höganäs Borgestad did not engage with these groups directly. The insights gained from stakeholder engagement provided input for the double materiality assessment.



Interests and views of stakeholders

Impact, risk and opportunity management

During 2024 and the beginning of 2025, Höganäs Borgestad conducted a double materiality assessment following EFRAG's guidelines to identify impacts, risks and opportunities (IROs). To operationalise the work to map material IROs for the Company, Höganäs Borgestad has used the following four-step process:

1. Understand

To understand, a mapping of Höganäs Borgestad's activities, operations and business context was conducted. This entailed a value chain description and identification of stakeholders. The insights from this first step defined the scope of the analysis. Through these initial mappings, Höganäs Borgestad got an increased understanding of its activities and operations that are important to assess regarding actual or potential impacts on climate, environment, social or governance related topics.

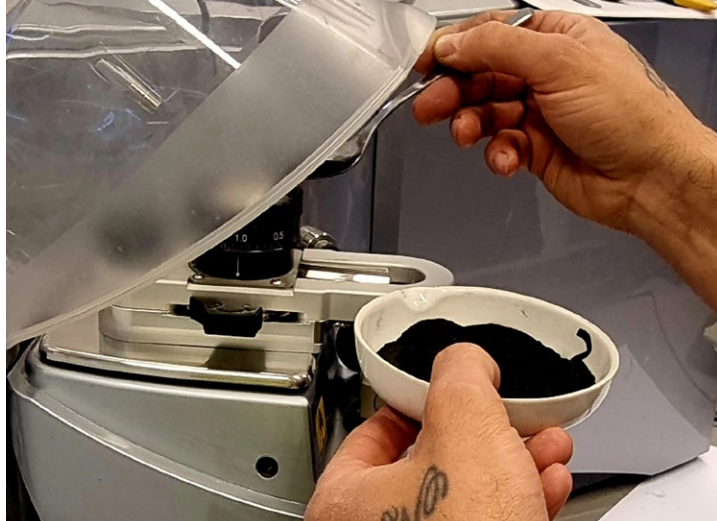
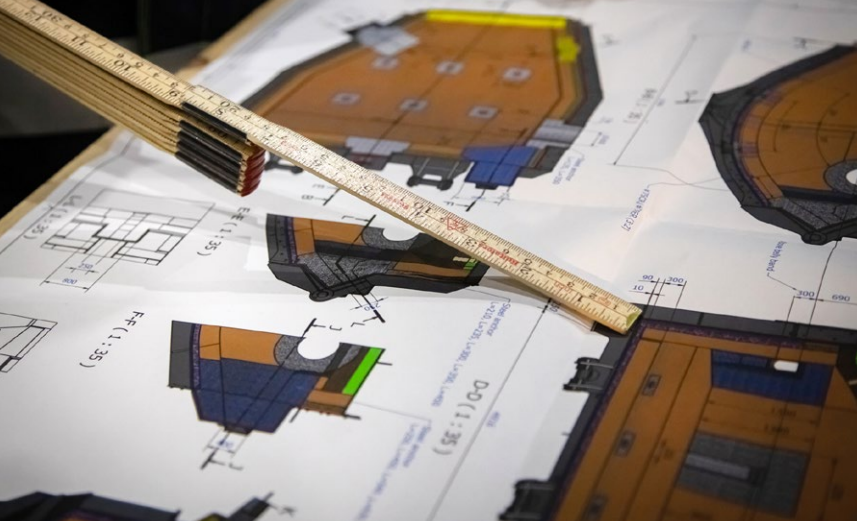
2. Identify

To identify, Höganäs Borgestad mapped concrete IROs related to climate and environment, social and governance topics. The goal of this step was to reach a long-list of IROs which indicate how these originate from Höganäs Borgestad's own operations and business relationships.

Höganäs Borgestad engaged stakeholders and performed internal and external interviews. 12 stakeholders were interviewed, of which eleven internal spanning the board, management, procurement and own employees. Additionally, one client and one bank, with which Höganäs Borgestad has a professional relationship, were interviewed. The interviews were structured around questions regarding the stakeholders' perception of how Höganäs Borgestad creates ESG-related positive and negative impacts, risks and opportunities through its products and services. The interviews were adjusted according to each stakeholder, and they provided perspectives from directly affected parties such as own employees.

In addition to stakeholder dialogue, Höganäs Borgestad has examined internal policies and reports, as well as conducted media searches and benchmarking exercises.





3. Assess

The third step of the DMA entailed assessing the materiality of the identified IROs through a scoring system. The goal of this step was to prioritise IROs and conclude on a shortlist illustrating Höganäs Borgestad's most material IROs across climate and environment, social and governance topics. This work followed the EFRAG recommendations and assessed impact materiality through severity and likelihood, and financial materiality through magnitude of financial effects and likelihood. Höganäs Borgestad considered a five-point scale to assess each relevant parameter for each IRO. Specific assessments of potentially negative impacts on human rights have been conducted to ensure that severity takes precedence over likelihood in such cases.

In the process of prioritising material IROs, multiple workshops with the project group have been conducted to secure commitment to assessments and adjust quantitative scoring where necessary. After the workshops, an overall qualitative assessment of the preliminary shortlist was conducted to ensure that the list gave a reasonable image of Höganäs Borgestad's business.

4. Validate

The fourth and final step entailed validating the results from the DMA. This included a final decision on threshold values concluding that IROs with a materiality score of 3.2 or above would be considered material. The final list of material IROs was approved by Höganäs Borgestad's board.

Höganäs Borgestad has followed the four-step process as described above in its DMA across all sustainability topics. Additionally, a climate risk analysis has been conducted through two climate scenarios, and a nature risk analysis process has been initiated. Annual revisions of the DMA are planned to ensure it stays up to date with the Company's current context, and the IROs will inform Company strategy and ambitions.

Environmental information

Climate Change

Reducing GHG emissions in own operations and in the value chain is a central aspect of Höganäs Borgestad's strategy and is why the Company continuously seeks energy efficient solutions and explores new and innovative ways of producing

refractory products. However, as the results of the double materiality assessment shows, Höganäs Borgestad has material impacts on climate change as a result of its direct and indirect operations.

Impacts	Description	Value chain location	Time horizon
Actual negative impact	Direct emissions from natural gas combustion, heating, and vehicles and machinery in production.	Own operations	Short, medium and long
	Indirect emissions from electricity and district heating.	Own operations	Short, medium and long
	Indirect emissions from mining, transportation and production of refractory traded goods	Upstream	Short, medium and long
	Non-renewable energy consumption from natural gas in Bjuv.	Upstream and own operations	Short, medium and long
Potential positive impact	By supplying high-quality refractory products, Höganäs Borgestad can help improve customers' energy efficiency.	Downstream	Short, medium and long

Risk or opportunity	Description	Value chain location	Time horizon
Physical risk	Heat stress can lead to water shortage and adverse working conditions causing delays in extraction of raw materials, potentially increasing raw material prices.	Upstream	Medium and long
	Heavy rain can cause production disruptions at mining sites potentially increasing raw material prices, and cause production disruptions and/or damages to assets in the Bjuv factory.	Upstream and own operations	Medium and long
	Low water levels in critical areas of transportation routes can increase transportation costs and lead times.	Upstream	Long
Transition risk	Carbon pricing mechanisms such as EU ETS and CBAM can increase operational costs and cost of purchased goods and services	Upstream and own operations	Long
	Increased demand for critical raw materials due to the clean energy transition can increase prices.	Upstream	Long
Opportunity	Installation of solar panels at Agora Bytom can make the mall energy self-sufficient	Own operations	Long

To further investigate the risks and opportunities related to physical climate change and societal transition, Höganäs Borgestad has conducted a climate risk assessment. The assessment included Höganäs Borgestad's own operations, and upstream and downstream value chain. Important locations in the value chain are related to Höganäs Borgestad's own locations, important transportation routes and raw material sourcing sites. As Höganäs Borgestad and the suppliers the Company purchases traded refractory goods from are reliant on a few raw material suppliers that dominate the global market, looking into the upstream value chain for raw material production was particularly important.

Before identifying potential physical and transition risks and opportunities, two scenarios were developed. Höganäs Borgestad decided on the two scenarios from IPCC AR6. SSP1-2.6 Sustainable development was used as the low emission scenario and SSP3-7.0 Regional rivalry as the high emission scenario. The world is already at almost 1.5°C compared to pre-industrial levels. Remaining below 1.5°C warming is becoming more and more unrealistic, and therefore using the Sustainable development (SSP1-2.6) scenario as a low emissions scenario is most realistic to Höganäs Borgestad. After several years of a global pandemic, the war in Ukraine, and an ongoing trade war, Höganäs Borgestad see a world where global cooperation is threatened. This makes the scenario of Regional rivalry (SSP3-7.0) more and more relevant and Höganäs Borgestad therefore decided on this as the high emission scenario.

To identify potential climate-related physical and transition risks and opportunities, a benchmark and desktop research was conducted, guided by the Task Force on Climate-Related Financial Disclosures' (TCFD) framework. Further, Höganäs Borgestad used the system solution Climcycle to screen physical climate risks over the short-, medium- and long-term time horizons for assets and business activities. Climcycle used the data sources proposed in the EU Taxonomy regulations to assess site-specific physical climate risks.

When the long-list of climate-related risks and opportunities was finalised, workshops were conducted to get detailed understanding of the consequences of the risks and opportunities to Höganäs Borgestad, and to assess their likelihood and overall expected financial magnitude in a short-, medium- and long-term time horizon. The likelihood was scored as low, medium or high and the financial magnitude was scored as low (1-3% EBITDA), medium (3-6% EBITDA) or high (more than 6% EBITDA).

The results of the climate risk assessment show that Höganäs Borgestad is vulnerable to both physical climate changes and transition risks in its upstream value chain and own operations, and that there are opportunities related to energy sources.

Policies related to climate change mitigation and adaptation

Höganäs Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address climate change indirectly through a general commitment to protect the environment and reduce negative impacts. Höganäs Borgestad's environmental policy further states that the Company continuously works with increasing resource efficiency and improving energy efficiency.

The Transparency Act statement states that negative environmental impacts shall be reduced in Höganäs Borgestad's own operations and throughout the value chain, and actions shall be implemented to minimise emissions of greenhouse gases. National and international environmental laws and regulations shall be complied with, and relevant emission permits shall be obtained. ISO9001, ISO14001 and ISO45001 certifications form the basis of Höganäs Borgestad's quality, environmental and health & safety management respectively. The Norwegian part of the Company in Skien is also certified as an Eco-Lighthouse.

Practices related to climate change mitigation and adaptation

Höganäs Borgestad does not have a transition plan for climate change mitigation, however, the Company has and will continue to implement several actions to reduce impacts, mitigate risks and seize opportunities. This primarily relates to Höganäs Borgestad's own operations, with a focus on energy management at the refractory plant in Bjuv in the short-term and the construction of a new and more advanced plant in the medium-term. These efforts will contribute to reducing Höganäs Borgestad's negative climate impacts. Additionally, Höganäs Borgestad is considering measures to mitigate risks which were identified through the climate risk assessment.

Energy management plan in Bjuv

Höganäs Borgestad has developed an energy management plan intended to identify actions to increase energy efficiency at its refractory plant in Bjuv over the period from 2023 to 2026. Through the energy management plan, Höganäs Borgestad has switched to a new compressor, updated the service vehicle policy to allow for use of electric and hybrid vehicles, updating purchasing routines to include environmental requirements and updated shutdown routines for press and crush. Additionally, Höganäs Borgestad has commenced a switch to LED lighting which will continue gradually as old lighting is phased out. Höganäs Borgestad also participates in a local energy network for businesses in Skåne, Sweden.

Risk mitigation

As the climate risk assessment indicated, Höganäs Borgestad is exposed to both physical and transitional climate risks. The Company will mitigate such risks through already planned actions such as building a new energy efficient factory in Sweden and increasing the rate of recycled raw materials in refractory products. Höganäs Borgestad will further explore other risk mitigating measures such as diversifying the supplier base, increasing storage for slower moving products, switching to alternative materials in refractory products, and establish access to credible embedded emissions data for Höganäs Borgestad's CBAM goods.

Targets related to climate mitigation and adaptation

Höganäs Borgestad has not yet implemented an overarching science-based emission reduction target and is not excluded from any EU reference benchmarks that are aligned with the Paris Agreement. However, Höganäs Borgestad has developed a set of targets related to its energy management plan. These targets are summarised in the table below.

Target	Target year	Indicator
75% of purchased freight transport to customers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport to customers (%)
50% of purchased freight transport from suppliers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport from suppliers (%)
Höganäs Borgestad must create the conditions for interested employees to participate and contribute to the work of reducing energy use per ton of material produced each year compared to the previous year.	2023-2026	Share of personnel in Bjuv who have undergone internal energy efficiency training (%)

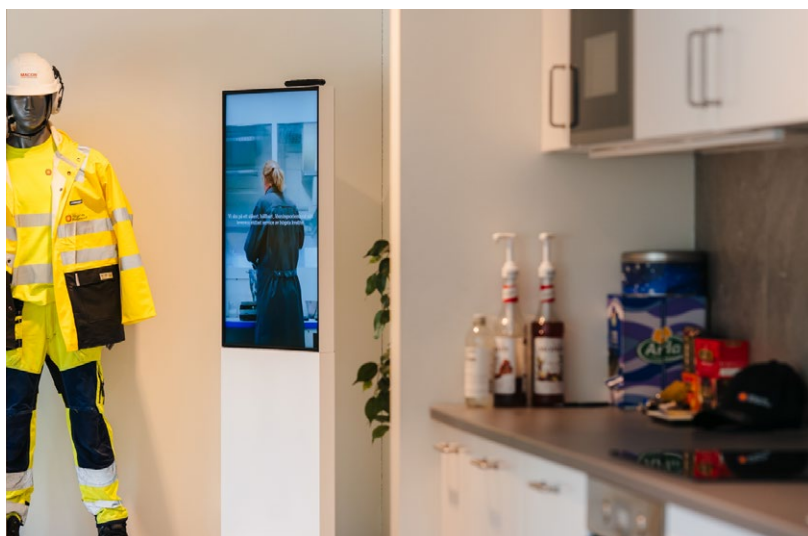
Greenhouse gas emissions

For the 2024 climate account, Höganäs Borgestad has used the SaaS platform Morescope to calculate emissions. The input data was a combination of primary data in the form of activity data and transaction data retrieved through group accounting systems. The tool enables the calculation of transaction-based emissions using an environmentally-extended multi-regional input-output model (EE-MRIO) which estimates emissions resulting from the production and upstream supply chain activities of different sectors and products based on their geographical location. EEIO models are derived by allocating direct sectoral GHG emissions and relate these to the output level in the sector (sectoral intensities or sectoral scope 1 emissions). All sectoral intensities are further interlinked with material and service input and output relations of all sectors in the world. By combining this model with Company business data, the platform provides estimated cradle-to-gate GHG emissions. For the emission activities Höganäs

Borgestad retrieved activity data, the platform ensures that the GHG emissions are captured either with activity data or by the transaction-based method, meaning double counting will not occur.

The consolidation of greenhouse gas (GHG) emissions data is based on the financial consolidation approach and stated in accordance with the GHG Protocol: direct emissions from owned and leased assets (scope 1), indirect emissions from purchased electricity and district heating (scope 2), and value chain emissions (scope 3). The climate account includes all gases covered by the Kyoto Protocol.

GHG emissions are calculated using conversion factors. Primary schemes used for activity-based calculations are Defra (2024), EPA (2024), NVE (2023) and Nowtricity (2024). For transaction-based calculations the platform uses large publicly available datasets from OECD.



Total emissions are reduced by almost 66% from 2023 to 2024. The primary reasons for this change is improved data quality and that for the 2023 climate accounting Höganäs Borgestad included total emissions for its largest supplier in purchased goods and services in scope 3, rather than the emissions allocated to the products purchased by Höganäs Borgestad. This means that the reported emissions in this category were too high last year.

For scope 1 and 2 there has been a 122% increase in emissions from 2023 to 2024. There are several reasons for this increase:

- The reason for this change is that Höganäs Borgestad used an operational control approach for its climate account in 2023 while a financial control approach matching Höganäs Borgestad's financial accounting is used for the 2024 climate account.

- The emission factors used in 2023 and 2024 are not a complete match. In 2023, Höganäs Borgestad had to use emission factors that were publicly available, while for 2024 the Morescope platform provides more correct emission factors related to Höganäs Borgestad activities and locations.
- For 2024, all Höganäs Borgestad's locations are included in the climate account and there is an overall improvement in data quality.
- The emissions covered by EU ETS have increased from 2023 to 2024 due to higher consumption of natural gas. The reason for this is that the main furnace in Bjuv is operating in periods and no longer operate continuously which increase the need for planning. As the products that are dried have different sizes and shapes and the laden of the furnace varies with the product mix, it contributes to the consumption of gas per ton produced material will vary.

	2023	2024	Change 2024/2023 (%)
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO ₂ eq)	1 120	1 104	-1,4%
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	555	815	46,8%
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ eq)	1 215	4 090	236,6%
Gross market-based Scope 2 GHG emissions (tCO ₂ eq)	1 936	4 978	157,1%
Scope 3 GHG emissions			
Total Gross indirect (Scope 3) GHG emissions (tCO ₂ eq)	77 923	21 984	-71,8%
1 Purchased goods and services	75 183	18 967	-74,8%
2 Capital goods	No information	7	100%
3 Fuel and energy-related activities (not included in scope 1 or scope 2)	301	1 243	313%
4 Upstream transportation and distribution	No information	1 371	100%
5 Waste generated in operations	18	23	27,8%
6 Business travelling	317	307	-3,2%
7 Employee commuting	No information	No information	
8 Upstream leased assets	No information	66	100%
9 Downstream transportation and distribution	No information	No information	
12 End-of-life treatment of sold products	No information	No information	
13 Downstream leased assets	2 103	Not applicable	-100%
Total GHG emissions			
Total GHG emissions (location-based) (tCO ₂ eq)	79 279	27 178	-65,7%
Total GHG emissions (market-based) (tCO ₂ eq)	79 639	28 066	-64,8%



Scope 1 and 2

Emissions in scope 1 originate from fuel consumption in Company cars, trucks and lorries and stationary combustion of natural gas and LPG for production purposes. Emissions in scope 2 originate from electricity and district heating consumption in all Höganäs Borgestad locations. 99,4% of the emissions are based on activity data.

Scope 3

6,6% of emissions in scope 3 are based on activity data, and this is applicable to the categories fuel- and energy-related activities, waste, and business travel. All other emissions are based on transaction data.

Höganäs Borgestad's largest source of emissions is related to purchased goods and services. The Company purchases raw materials, refractory products, and refractory-related services for millions of SEK each year which results in high emissions. Further, all the products that are purchased during a reporting year are transported by sea and road, resulting in upstream transportation and distribution being the second largest emission category in scope 3.

It is likely that that some of the transactions imported into the SaaS platform related to purchased goods are capital goods or upstream leased assets. A manual review was conducted for the largest transactions to assess whether the transaction is a purchase of

a good or a capital good, or if it is a good that Höganäs Borgestad does not have financial or operational control over. However, with thousands of transactions, it was not feasible to do this exercise for all transactions, and thus, there can be some emissions that should be allocated to category 2 or 8 instead. In coming reporting periods, Höganäs Borgestad will work to tag the transactions with more detail to ensure that the emissions are correctly categorised. Höganäs Borgestad will further collect more activity data for scope 3 to increase emission accuracy.

Relevant categories not included in the climate account

For the scope 3 categories where Höganäs Borgestad has emission activities, but no transactions or activity data have been retrieved due to lack of data availability, the Company will work to make solid estimates in coming reporting periods to ensure a more complete climate account. For commuting, Höganäs Borgestad will conduct a commuting survey for all employees across all countries during 2025.

GHG intensity

Table 1 shows Höganäs Borgestad's GHG emission intensity based on total emissions per net revenue. The main reason for the large decrease in emission intensity is due to overreporting in scope 3 in 2023 as explained above.

GHG intensity per net revenue	2023	2024	% 2024/2023
Total GHG emissions (location-based) per net revenue (tCO ₂ e/mNOK)	69,48	23,35	-66,4%
Total GHG emissions (market-based) per net revenue (tCO ₂ e/mNOK)	69,80	24,01	-65,6%

Tabel 1

Energy consumption

Table 2 shows the energy consumption and energy mix from Höganäs Borgestad's direct scope 1 and indirect scope 2 emission activities in 2023 and 2024. Electricity calculations are based on the location-based method. The reason for the energy increase is mainly due to improved data quality.

Energy consumption and mix	2023	2024
Fuel consumption from coal and coal products (in MWh)	0	0
Fuel consumption from crude oil and petroleum products (in MWh)	2 350	2 063
Fuel consumption from natural gas (in MWh)	2 727	2 730
Fuel consumption from other fossil sources (in MWh)	0	0
Total fossil energy consumption (in MWh)	5 077	4 406
Share of fossil sources in total energy consumption (%)	45%	37%
Consumption from nuclear sources (MWh)	1 093	1 029
Share of consumption from nuclear sources in total energy consumption (%)	10%	9%
Fuel consumption from renewable sources, including biomass (also comprising industrial and municipal waste of biologic origin, biogas, renewable hydrogen, etc) (MWh)	329	305
Consumption of purchased or acquired electricity, heat, steam, and cooling from renewable sources (MWh)	4 647	6 183
The consumption of self-generated non-fuel renewable energy (MWh)	32	59
Total renewable energy consumption (MWh)	5 008	6 547
Share of renewable sources in total energy consumption (%)	45%	54%
Total energy consumption (MWh)	11 178	12 368

Table 2

Pollution

Höganäs Borgestad has identified material pollution-related impacts from mining operations in its upstream value chain. The impacts relate to the emission of non-GHG air pollutants and toxic emission to soil, which could negatively affect both people and nature in proximity to the mining sites.

To identify potential impacts, risks and opportunities related to pollution, Höganäs Borgestad has followed the double materiality assessment process and

supplemented the assessment with findings from the Taskforce on Nature-related Financial Disclosures' (TNFD) ENCORE tool related to mining and quarrying activities in the upstream value chain. Höganäs Borgestad appreciates that more insights into nature-related impacts are necessary and is therefore currently conducting a nature risk assessment in accordance with the TNFD's LEAP framework to identify impacts, dependencies, risks and opportunities covering pollution-, water- and biodiversity-related topics.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Mining operations can cause emissions of non-GHG air pollutants that have negative impacts on nature and people.	Upstream	Short, medium and long
	Dust clouds and mineral deposition from mines can alter soil characteristics making it unsuitable for native vegetation.	Upstream	Short, medium and long

Policies related to pollution

Höganäs Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address pollution indirectly through a general commitment to protect the environment and reduce negative impacts. The Transparency Act statement specifies an obligation to engage with suppliers to reduce negative impacts in the value chain.

Practices related to pollution

Höganäs Borgestad is currently in the process of conducting a nature risk assessment using the Taskforce on Nature-related Financial Disclosures' LEAP framework. This will enhance the Company's understanding of where in its upstream value chain the risk of pollution is greatest, thereby identifying locations for which further data collection is required. Through this process, Höganäs Borgestad will improve its identification of pollution-related impacts, risks and opportunities, and the input obtained from the assessment will help the Company identify relevant actions and metrics in coming periods. The nature risk assessment will be completed in the first half of 2025 and will provide input for the coming annual sustainability report.

Targets related to pollution

Höganäs Borgestad does not currently have any targets relating to pollution in its upstream value chain.

Regarding its own operations, Höganäs Borgestad targets zero breaches of environmental permits relating to air pollution. In recent years no such breaches have been recorded.

Biodiversity

Höganäs Borgestad has identified potential negative impacts in its upstream value chain related to mining operations, including contamination of water, impact on natural landscapes and noise and light pollution impacting migratory species. At the time of publishing this report, Höganäs Borgestad is in the process of conducting a nature risk assessment which will further enhance the Company's understanding of its impacts and risks related to biodiversity.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Dependence on critical non-renewable raw minerals may impact global reserves and access to resources.	Upstream	Long
	Handling of waste from refractory production can impact climate and nature.	Downstream	Short, medium and long
Opportunity	Circular economy practices such as using recycled input materials in refractory products reduce emission costs and meet increasing demand for lower carbon products.	Upstream and own operations	Long
	Höganäs Borgestad can capitalise on demand for low-carbon products by taking back refractory products from customers and use them again	Upstream, own operations and downstream	Long

Policies related to resource use and circular economy

Höganäs Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address resource use and circular economy indirectly through a general commitment to protect the environment and reduce negative impacts. Höganäs Borgestad's environmental policy further states the Company work continuously with increasing resource efficiency.

Practices related to resource use and circular economy

Höganäs Borgestad has developed two key actions intended to manage negative impacts related to resource use and circular economy whilst capitalising on the identified opportunities. These actions will contribute to decreasing dependency on non-renewable raw materials, reduce waste and take advantage of market demand for environmentally friendly products.



Develop recycled products

Höganäs Borgestad aims to develop a range of products based on recycled materials to meet growing customer demand. This effort will refine existing products to meet the high standards of virgin-material alternatives, which are often prequalified and trusted. As recycled materials increasingly become a market requirement, the Company will focus on a targeted range of products selected based on group feedback and customer needs. Höganäs Borgestad will work to define a select product range in the first two quarters, followed by the development of key recycled products until the end of 2025.

Targets related to resource use and circular economy

Improve sustainability by using at least 8% recycled raw materials in 2025

Höganäs Borgestad is committed to achieving a share of at least 8 percent recycled materials in production by end of 2025, up from 6 percent in 2024. This aligns with the growing market demand for environmentally responsible products, as customers increasingly seek sustainable solutions. Reusing materials not only supports sustainability but can also be more cost-efficient, provided the recycled materials maintain the necessary product quality. This strategy offers both environmental and economic benefits, reinforcing Höganäs Borgestad's commitment to the circular economy while meeting customer expectations and regulatory pressures.

For some time, Höganäs Borgestad has been working on a pilot project where the Company has developed a product that is almost entirely based on recycled material. By using innovative manufacturing methods, the Company has succeeded in minimising energy consumption in the manufacturing process. This project is an important step towards a more sustainable future and demonstrates Höganäs Borgestad's commitment to environmentally friendly solutions. The product will be tested at a customer application for proof of concept during 2025.

Resource inflows

Höganäs Borgestad's own operations and upstream value chain utilise various resources, including raw materials essential for the refractory production processes. Höganäs Borgestad primarily uses andalusite, bauxite, mullite, chamotte and clay in its production process. The inflow of these materials is listed in table 3. The table does not include finished products for refractory operations or other types of products. Höganäs Borgestad used 634 tonnes of secondary materials, accounting for 10,3 percent of total resource inflows in 2024.

Table 3: Resource inflows

Resource category	Total weight (tonnes)
Total	6 143
Technical materials	5 872
Andalusite	964
Bauxite	1 503
Mullite	1 400
Chamotte	1 732
Clay	273
Biological Materials	271

Resource outflows

Höganäs Borgestad produces refractory products, including refractory bricks which can be recycled. The process of recycling refractory bricks involves sorting and cleaning, crushing and grinding, stabilisation and passivation, and processing to final specifications. The recycled material can be used in refractory monolithics and bricks.

In the design of refractory products, focus areas include durability, extending product life in the final application, and increasing use of recycled raw materials in the products. Some products are also based on reused materials from other industries and products. For refractory bricks an additional focus area is to lower the temperature that the bricks are fired in and other actions which could reduce the amount of energy used in the brick production.

Refractory products cannot be repaired, but the design of the refractory lining and the quality used can make the lining last longer. Reducing the wear of the refractory lining reduces the need for changing it, which in turn results in a decrease in raw materials consumed.

Waste

For 2024, Höganäs Borgestad collected waste management data reports for Höganäs Borgestad's operations in Bjuv, Skien, Mosjøen, Tampere, Nurmijärvi, Trollhättan, Gävle and Luleå. This is an improvement from last year, when only Bjuv was included. Some waste management companies provide information about waste treatment, while for others, Höganäs Borgestad has made assumption about the waste treatment methods.

The table below outlines the types of waste generated, along with details on diversion, recovery operations, and disposal methods, highlighting both hazardous and non-hazardous waste categories.

Category	Total (Tonnes)	Hazardous	Non-Hazardous
Total Waste Generated	1 020.55	1.70	1 018.55
Diverted Recycle or Reuse	726.05	0	726.05
Preparation for Reuse	0	0	0
Recycling	726.05	0	726.05
Directed to Disposal	294.51	1.70	292.81



Social information



Own workforce

The people of Höganäs Borgestad are the foundation of the Group's success and the ones who deliver on customer promises. Höganäs Borgestad's ambition is to ensure that people thrive at work by providing a safe and inspiring workplace. This is underpinned by a commitment to respecting human and labour rights.

Höganäs Borgestad employs hundreds of people in the Nordics. The team includes office-based professionals, and production and installation workers. In addition to own employees, Höganäs Borgestad also relies on an extended workforce of third-party contracted labour (non-employee workers) who are not directly employed by Höganäs Borgestad but work on installation projects.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	If there is insufficient trade union or works council representation it can limit employee protection in negotiations	Own operations	Long
	If there is interference with union activities and there is limited time for representatives it can impact employee representation	Medium and long	Short, medium and long
	If there is inadequate collective bargaining it can affect workers' compensation and benefits	Own operations	Medium and long
	If there is inadequate HSE procedures it can lead to serious accidents and injuries.	Own operations	Short, medium and long
	Hard physical labour can have a long-term negative impact on worker's health	Own operations	Long
	If there is occurrence of violence and harassment it can impact the Company reputation and perception of workplace safety.	Own operations	Short, medium and long
Opportunity	Training programs can make employees attractive in fields with few skilled workers.	Own operations	Short, medium and long
	A diverse workforce enhances integration, inclusion, and diverse perspectives, benefiting team dynamics.	Own operations	Short, medium and long

Policies related to own workforce

Höganäs Borgestad's Ethical Code of Conduct and Transparency Act for Sustainable Business Practices statement both address topics related to the Company's own workforce. The Transparency Act statement specifies a commitment to map and reduce negative impacts on people, whereas the Ethical Code of Conduct specifies relevant human and labour rights. Höganäs Borgestad's Ethical Code of Conduct upholds the principles of the UN's Universal Declaration of Human Rights and the ILO Convention relating to child labour, freely chosen employment, freedom of association and working time, wages, and benefits.

The objective of the policies is to provide a safe, fair, and inclusive working environment free from any form of discrimination and abuse and to support Company employees to develop their potential. Höganäs Borgestad shall comply with the highest standards and laws related to human rights and health and safety in the countries where the Company operates.

Practices related to own workforce

Höganäs Borgestad has developed key actions which aims to manage potential negative impacts on its own workforce. Strict safety measures as well as internal training is put in place to reduce the chance and severity of accidents at Höganäs Borgestad's sites. In 2025, Höganäs Borgestad has engaged an HR manager, who will be tasked with overseeing issues related to its own workforce, thereby working to reduce negative impacts and enhance positive impacts. Finally, Höganäs Borgestad has a whistleblower channel through which employees can raise concerns.

Accident prevention

There are injury and accident risks related to Höganäs Borgestad's production and installation operations. The Company's preventive work is

structured and carried out by the management, administration, and workers in cooperation with trade unions and regulatory authorities. At Höganäs Borgestad, safety rounds and internal courses are held throughout the year, and employees are responsible for following safety regulations and minimising the risk of injuries to themselves and their colleagues. Any risks identified must be reported. Höganäs Borgestad also operates in an industry where physical overload and subsequent wear-and-tear injuries are a risk. In the event of injuries, employees receive follow-up with a doctor, physiotherapy, and rest. The responsible manager follows up with the employees in accordance with standards and requirements from the relevant authority.

Hire HR Manager

To strengthen its commitment to health, safety, and a positive work environment, Höganäs Borgestad has in 2025 engaged EcoVadi an HR Manager as a global resource for the group, preferably based in Sweden. This position will oversee Health, Safety, and Environment (HSE) issues, management training, foster a strong workplace culture across all locations, and improve internal communication. By focusing on employee well-being and organizational cohesion, this role will play a pivotal part in ensuring a healthy and productive work environment for all team members.

Whistleblower channel

Höganäs Borgestad has a channel for raising concerns through Höganäs Borgestad's independent whistle-blower channel that is available for own workers on the intranet. When a concern is raised through the whistle-blower channel, the whistle-blower has the opportunity to stay anonymous. The concern is sent to the CEO for handling and is further reported to the chairman of the board.



Targets related to own workforce

Ensure zero injuries

Höganäs Borgestad is committed to ensuring zero workplace injuries. The number of injuries recorded has remained stable in recent years, with eight injuries with absence, none of which defined as serious incidents, recorded in Norway and Sweden in 2024.

Reduce sick leave rates to 3% or below

Höganäs Borgestad has established a target of reducing sick leave rates to 3% or below. Sick leave rates saw a significant rise during the COVID-19 pandemic and have yet to return to pre-pandemic levels. In 2023, the sick leave rate was 6,0%, whereas in 2019, the last year before the pandemic, the sick leave rate was 2,1%. Höganäs Borgestad is planning to conduct a detailed analysis of sick leave across different worker groups, including project-based operations, blue-collar, and white-collar employees. This will help the Company better understand the underlying causes and implement targeted actions tailored to the needs of each group.

Characteristics of own workforce

The majority of Höganäs Borgestad's employees are located in Sweden, with smaller operations in Norway and Finland as well as an office in Malaysia. Höganäs Borgestad employs significantly more men than women and this is common in the industry. The distribution by age group is reasonably well distributed, with roughly half of all employees being between 30 and 50 years old, approx. a quarter younger than 30 and approx. a quarter older than 50. Höganäs Borgestad's workforce is relatively diverse with regards to nationality, with two thirds of all employees coming from abroad. In 2024, 15 employees left the Company, representing a turnover rate of 2.3%. All metrics related to number of employees are compiled on a head-count basis unless otherwise stated.

Table 4. Employee head count by gender

Gender	Number of employees
Male	550
Female	68
Total employees	618

Table 5.
Employee head count by country/region

Gender	Number of employees
Norway	65
Sweden	448
Finland	81
Poland	14
Malaysia	10

Table 6.
Employees by contract type, broken down by gender (head count)

Female	Male	Total
Number of employees		
68	550	618
Number of permanent employees		
54	243	297
Number of temporary employees		
5	107	112
Number of non-guaranteed hours employees		
9	200	209
Number of full-time employees		
58	182	240
Number of part-time employees		
10	368	378

Health and safety

Höganäs Borgestad has identified potential negative impacts where inadequate HSE procedures can lead to serious accidents and injuries and hard physical labour can impact workers' health. For 2024, Höganäs Borgestad has collected data from its operations in Norway and Sweden, which accounts for the majority of its employees. A total of eight work-related injuries with absence, accounting for 3,5 injuries per 100 employees, were recorded in 2024. No work-related fatalities were recorded.

Table 7. Health and safety

Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related injuries with absence	8
Rate of recordable work-related injuries with absence per 100 full-time workers per year	3,5
Number of days lost to work-related injuries and fatalities from work-related accidents and work-related ill health	85*

*Only data from Norway available

Collective bargaining

In 2024, between 60 and 79 percent of Höganäs Borgestad's employees in Norway and between 80 and 100 percent in Sweden were covered by collective bargaining agreements. Höganäs Borgestad is not allowed to collect this type of data in Finland.

Training

Höganäs Borgestad employees, both workers and non-employee workers, are able to go through different trainings and certifications related to refractory production and installations. Many customers set

strict certification requirements for installation workers to be allowed on the premises. For Höganäs Borgestad to provide such projects to customers, the Company must ensure that the project employees receive the necessary training and certification before project start up. The more training and certifications the employees have, the more attractive they are for other installation projects in a market where the supply of refractory installation workers is limited.

Höganäs Borgestad is currently not able to retrieve metrics for training and skills development, however, this will be a focus towards the next reporting period.

Human rights

Höganäs Borgestad has an ethical code of conduct which covers child labour, forced labour and human trafficking, but does not explicitly cover discrimination or accident prevention. A stakeholder reporting channel is available for reporting breaches of the ethical code of conduct.

During 2024, two incidents of harassment were reported, both of which were filed through Höganäs Borgestad's channel for raising concerns. In accordance with internal policies, we conducted conversations with those involved, and issued a written warning for harassment, in which we informed about the consequences if future recurrence. Höganäs Borgestad practices zero-tolerance for harassment.

No confirmed incidents of child labour, forced labour, human trafficking or discrimination were recorded in 2024. Höganäs Borgestad received no fines or penalties for human rights incidents during the reporting period. Höganäs Borgestad is not aware of confirmed human rights incidents involving workers in the value chain, affected communities, consumers or end-users.



Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Harassment and disregard for workers' rights may occur in less regulated mining areas	Upstream	Short, medium and long
	Child labour may occur, with higher risk in small-scale mining in areas with high poverty and weaker law enforcement.	Upstream	Short, medium and long
	Forced labour may occur in mining and transport sectors with weak oversight.	Upstream	Short, medium and long
	If there is inadequate clean water access in remote mining production areas can cause health issues for workers and locals.	Upstream	Short, medium and long
	Informal mining and transport jobs can lead to unstable employment, financial insecurity, and vulnerability to exploitation and layoffs.	Upstream	Short, medium and long
	Limited social dialogue can marginalise workers' voices.	Upstream	Short, medium and long
	Suppressed unionisation can undermine collective bargaining and workers' rights.	Upstream	Short, medium and long

Workers in the value chain

Höganäs Borgestad's purchased and produced products involve a diverse range of workers across the value chain, particularly those in upstream activities such as mining and extraction of minerals, refining, manufacturing, and logistics. Certain workers within these categories can be especially vulnerable such as migrant workers, women, young workers, minorities, or those in potentially unsafe work conditions. It is therefore a priority for Höganäs Borgestad to get more value chain insights and use the influence the Company has to ensure a safe and inclusive working environment for all workers in the value chain.

Policies related to workers in the value chain

As reflected in the Höganäs Borgestad's Ethical Code of Conduct, the suppliers shall have high integrity and ethical conduct in all aspects of its business. This includes identifying, preventing, mitigating, and accounting for adverse environmental, human rights and governance impacts in own operations, and the Company expects the same commitment from suppliers.

In the Company's business endeavours, Höganäs Borgestad strives to uphold the UN's Universal Declaration of Human Rights. This includes treating employees fairly, with dignity and respect, and avoiding causing or contributing to abuse of human and labour rights. Suppliers must work to prevent child labour and forced labor, respect employees' freedom of association, and comply with relevant legal requirements for working time, wages and benefits. Suppliers shall further make adequate provision for the health and safety of their employees.

Any minerals supplied to Höganäs Borgestad shall not directly or indirectly contribute to conflicts or human rights violations, and suppliers shall ensure that products supplied to Höganäs Borgestad to not contain minerals originating from Conflict Affected and High-Risk Areas (CAHRAs) that directly or indirectly finance or benefit armed groups and cause or foster human rights abuses.



Practices related to workers in the value chain

For several years, Höganäs Borgestad has been following the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct to integrate due diligence into procurement and to guide risk assessments of Company activities. This process is further explained in the Company Transparency Act reporting. Through this risk-based approach suppliers operating in high-impact or risk areas are prioritised. Such prioritisations allow Höganäs Borgestad to implement mitigating actions where they have the most effect. This supports Höganäs Borgestad's commitment for responsible business practices and sustainable growth.

In line with Company commitment to uphold the highest standards of ethical conduct and integrity across operations and supply chains, Höganäs Borgestad encourages open communication

regarding compliance with the Supplier Code of Conduct and the Höganäs Borgestad Ethical Code of Conduct. Höganäs Borgestad has a channel for raising concerns through Höganäs Borgestad's independent whistleblower channel that is available for workers in the value chain on the Company web page.

To further ensure supply chain transparency for own operations, Höganäs Borgestad reports among others to the sustainability reporting Company Ecovadis and was awarded a silver rating in 2023.

Targets related to workers in the value chain

Höganäs Borgestad has a 2027 target of investigating whether the Company's high-risk suppliers have systems in place to follow up the principles according to Höganäs Borgestad's Supplier Code of Conduct.

Governance information

Höganäs Borgestad operates in a complex environment that relies on global supply chains and has identified material potential negative impacts related to corruption and bribery through the double materiality assessment. The Company works to ensure compliance with relevant laws, regulations, and responsible business conducts, with a heightened focus in countries and jurisdictions with greater exposure to ethical business and human rights breaches.

Policies related to governance

Höganäs Borgestad is committed to the highest standards of ethical conduct and integrity. This commitment is embodied in the Company Ethical Code of Conduct, which applies to all employees and Board of Directors. The business operations adhere to applicable laws and regulations, and they are underpinned by a dedication to ethical, sustainable, and socially responsible practices.

Practices related to corruption and bribery

Höganäs Borgestad's actions related to governance are intended to manage its potential negative impacts. These particularly focus on measures to avoid incidents of corruption and bribery, as well as ensuring sufficient whistleblower protection.

Trainings and controls have been implemented to prevent and detect corruption and bribery throughout Company operations. Every individual representing Höganäs Borgestad is entrusted with the responsibility to ensure that their actions are in full compliance with both legal standards and internal ethical requirements as detailed in the Ethical Code of Conduct. Non-compliance is treated as a serious violation and disciplinary matter.

Höganäs Borgestad relies on several suppliers of critical raw materials, many of whom operate in countries where the risk of corruption and bribery incidents is high. Höganäs Borgestad has a whistleblower service, and all employees, including external stakeholders, have a right and duty to report any violations of the principles of the Ethical Code of Conduct. Employees are encouraged to express fears or draw attention to actions with possible ethical implications.

Targets related to corruption and bribery

Höganäs Borgestad has zero tolerance for any form of corruption and bribery, without exception, and there were no such incidents reported during 2024.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Corruption and bribery can affect economic systems and lead to fines and criminal prosecution.	Upstream, own operations and downstream	Short, medium and long
	Insufficient whistleblower protection can harm whistleblowers and deter incident reporting.	Own operations	Short, medium and long



Appendix

VSME* Description

Page number

General information

B1	Basis for preparation	2
B2	Practices, policies and future initiatives for transitioning towards a more sustainable economy	10
C1	Strategy: Business Model and Sustainability – Related initiatives	5
C2	Description of practices, policies and future initiatives for transitioning towards a more sustainable economy	15

Environmental metrics

B3	Energy and greenhouse gas emissions	11
B4	Pollution of air, water and soil.....	14-15
B5	Biodiversity	15
B6	Water.....	Not material
B7	Resource use, circular economy and waste management	15
C3	GHG reduction targets and climate transition	8
C4	Climate risks	9

Social metrics

B8	Workforce – General characteristics	18-20
B9	Workforce – Health and safety	21
B10	Workforce – Remuneration, collective bargaining and training.....	21
C5	Additional (general) workforce characteristics.....	18-20
C6	Additional own workforce information – Human rights policies and processes.....	21
C7	Severe negative human rights incidents.....	21

Governance metrics

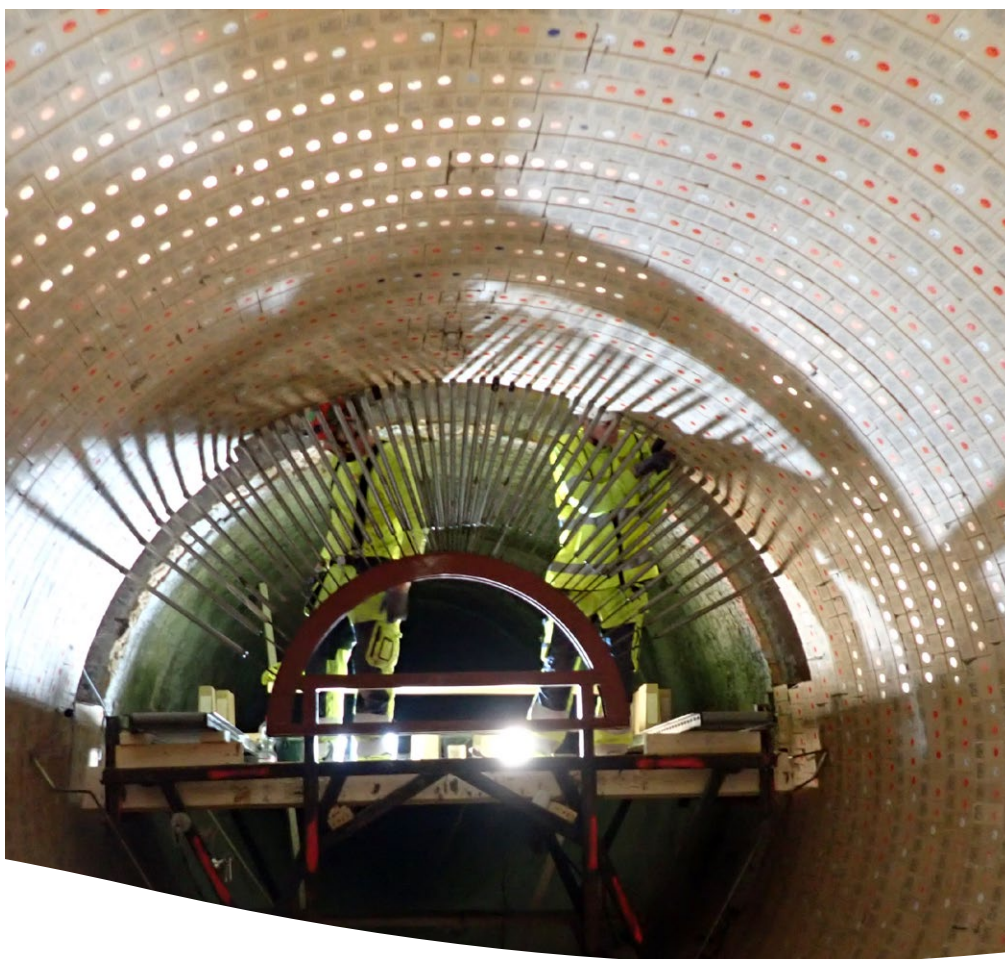
B11	Convictions and fines for corruption and bribery.....	24
C8	Revenues from certain sectors and exclusion from EU reference benchmarks.....	24
C9	Gender diversity ratio in the governance body	24

*Disclosure requirement for VSME

	Legal form	NACE code	Balance sheet (KEUR)	Turnover (KEUR)	Employees (headcount)
Höganäs Borgestad AB	Private limited liability undertaking	70	15 577	26 872	85
Höganäs Borgestad OY	Private limited liability undertaking	33	3 855	15 874	118
Höganäs Borgestad Energi & Ugnsteknik AB	Private limited liability undertaking	33	1 320	9 198	78
Macon AB	Private limited liability undertaking	33	8 507	25 268	234
Höganäs Bjuf Fastighet AB	Private limited liability undertaking	68	1	1 205	

Sites owned, leased or operated by Höganäs Borgestad

Sites	Address	Postal Code	City	Country	Coordinates
Office, storage, workshop	Borgestadbakken 2	3712	Skien	Norway	59.16104, 9.64368
Office, storage, workshop, sewing room	Havnegata 43	8663	Mosjøen	Norway	65.84806, 13.19473
Factory, office, storage	Södra Storgatan 12	267 31	Bjuv	Sweden	56.08275, 12.91653
Office	Terminalgatan 20	235 39	Vellinge	Sweden	55.45800, 13.01914
Office, storage, workshop	Polunmäenkatu 31	33720	Tampere	Finland	61.45100, 23.89467
Office, storage, workshop	Jokisentie 167	05200	Nurmijärvi	Finland	60.55030, 24.76469
Office, storage, workshop	Ersbogatan 6	802 93	Gävle	Sweden	60.63755, 17.13264
Office, storage, workshop	Hammarvägen 1	683 33	Hagfors	Sweden	60.01281, 13.66955
Office, storage, workshop	Kardanvägen 65	461 38	Trollhättan	Sweden	58.29562, 12.34834
Office, storage, workshop	Industrivägen 16	972 54	Luleå	Sweden	65.57283, 22.08403
Office	A-1-1, Seri Gembira Avenue, 6 Jalan Senang Ria, Taman Gembira	58200	Kuala Lumpur	Malaysia	3.07899, 101.68640



HEAD OFFICE:

Höganäs Borgestad Holding AB
Ersbogatan 6
802 93 Gävle
Sweden
Phone: +46 26 12 01 00