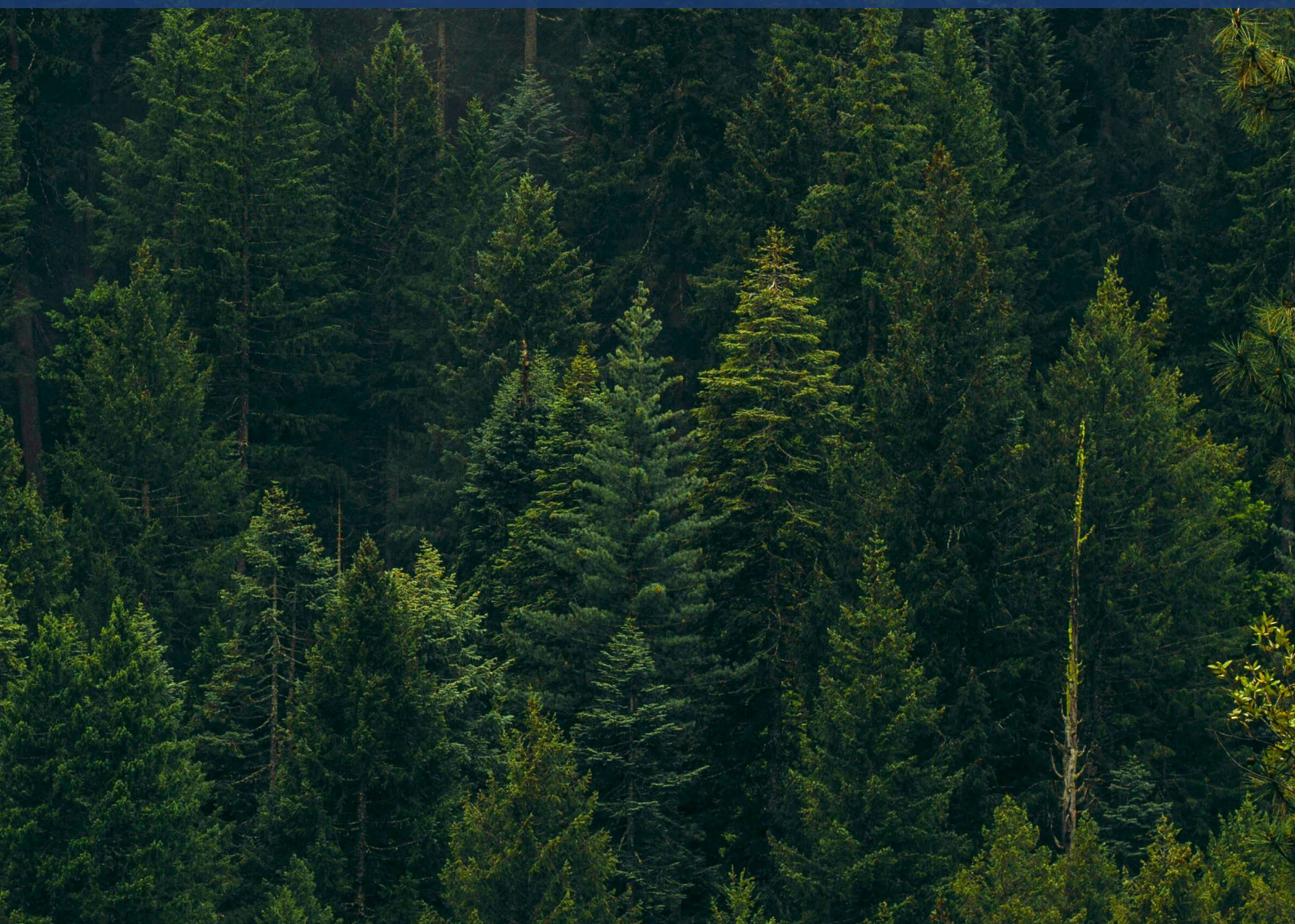


Sustainability statement 2025



Sustainability statement

Höganäs Borgestad Group integrates sustainability and circularity into its strategy to ensure long-term profitability and strengthen market position. The Group works to reduce risks and capture opportunities through measures such as lowering its carbon footprint, improving resource efficiency, developing greener products, engaging stakeholders, and deepening its understanding of environmental and social impacts. This report outlines Höganäs Borgestad Group's approach to sustainability governance and covers the Group's material ESG topics.

Basis for preparation

Höganäs Borgestad Group's 2025 Sustainability Statement has been prepared in accordance with both the basic and comprehensive modules of EFRAG's voluntary reporting standard for non-listed SMEs (VSME) and the Swedish Accounting Act.

The Group's sustainability work extends beyond the formal requirements of the VSME standard. In addition to the core elements, Höganäs Borgestad Group has carried out a double materiality assessment, a climate risk assessment, and a nature risk assessment. Findings from these assessments have been incorporated into the report where relevant.

Certain VSME disclosures, such as water and remuneration, were omitted as they are assessed as non-material in the double materiality assessment. Additionally, Höganäs Borgestad Group has not included information on its material impacts regarding local communities as VSME does not require reporting on this topic. Conversely, some sections have been expanded beyond the VSME for added transparency, drawing on ESRS guidance for governance, strategy, double materiality, and topics including climate change, biodiversity, resource use and circular economy, own workforce, and value chain workers.

The report follows the time horizons defined in ESRS: short-term refers to the reporting period, medium-term to one to five years, and long-term to more than five years. The sustainability report is prepared on the same consolidated basis as the financial statements, and a complete list of reporting entities is provided in the appendix.



Setting new standards

Governance

The board

The Board of Directors serves as Höganäs Borgestad Group's highest governing and supervisory body. Its key responsibilities include ensuring long-term sustainable growth, overseeing risk management and internal controls, developing and implementing the company's strategy, monitoring performance and safeguarding and strengthening the Höganäs Borgestad Group brand.

The Board holds the ultimate responsibility for sustainability-related reporting in line with applicable legislation. It addresses sustainability impacts, risks, and opportunities as an integral part of the company's strategy, operations, and risk management framework.

Höganäs Borgestad Group's Board of Directors consists of six members—five men and one woman. The Board's competence in sustainability matters is strengthened through continuous training and professional experience.

Management

Höganäs Borgestad management group is responsible for the day-to-day operations and for executing the business plans derived from the overall strategy established by the Board of Directors. The management group oversees key operational and strategic areas, including monitoring financial and operational performance, budgeting, evaluating new business opportunities, marketing, technology development, and the recruitment and retention of employees.

The CEO maintains close and continuous dialogue with the local operational representative responsible for the property's daily follow-up. This structure ensures effective monitoring, alignment with the Group's strategic priorities, and consistent operational execution, while reflecting the asset's organizational structure.

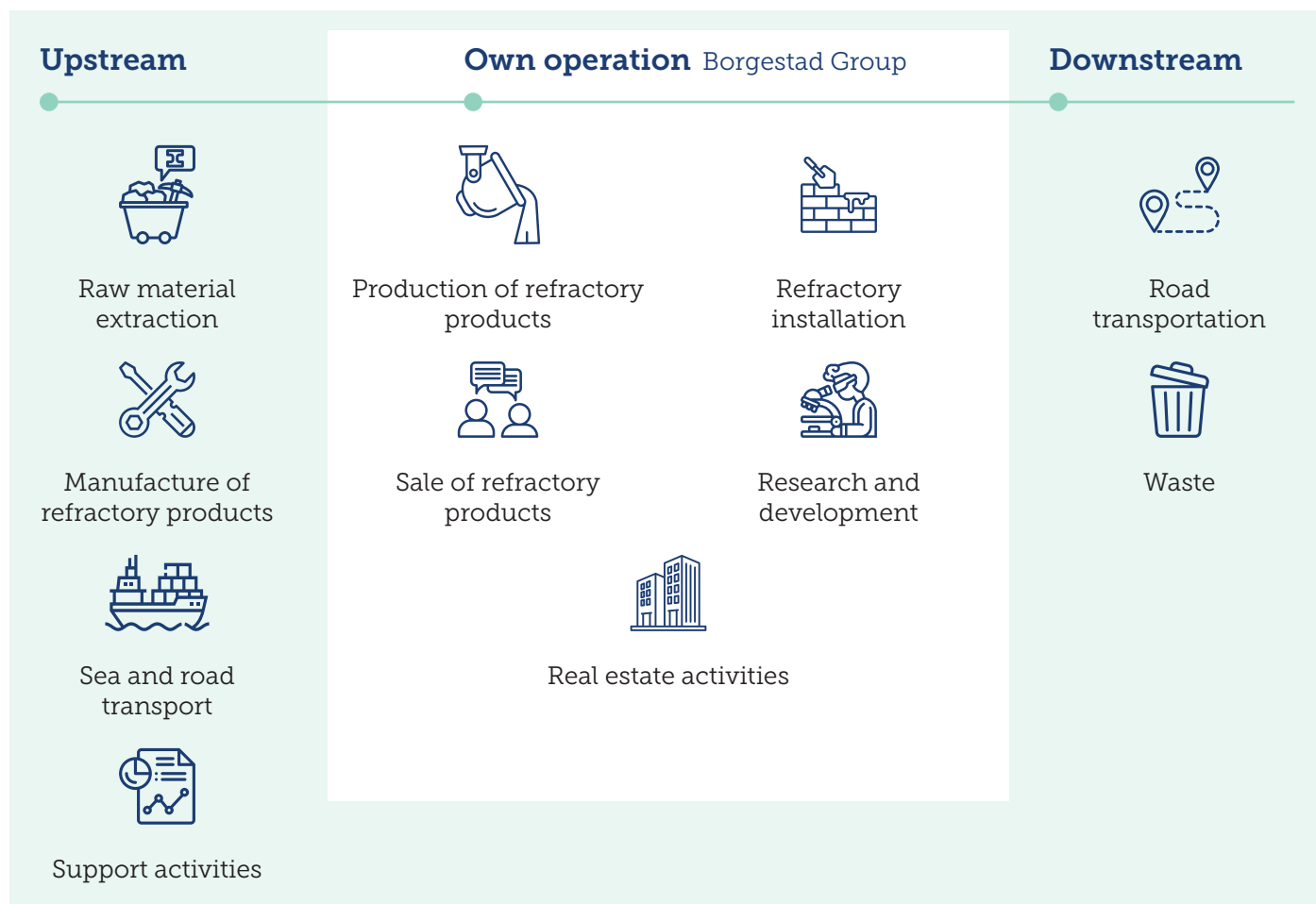
The management further handles matters related to remuneration, prioritisation and allocation of resources, as well as investment decisions and the management of the companies' risk profile. The management is also responsible for implementing the decisions and directives issued by the Board of Directors. The management consists of ten members, out of which two women. The CEO of Höganäs Borgestad Group is the highest responsible for sustainability-related matters under the Board of Directors.

Strategy: Business Model and Sustainability

Höganäs Borgestad Group's is a provider of refractory products and services essential to high-temperature industrial processes across the Nordic region.

The Group's strategy is to deliver effective high-temperature solutions that enhance customer productivity and competitiveness in key industries, while positioning itself as a supplier of high-quality products that contribute to reducing end users' energy consumption. At the same time, the Group aims to strengthen its market presence, improve profitability, and optimize operational efficiency. Höganäs Borgestad Group's value chain encompasses a range of activities, including the 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, installation, and repairs, real estate activities, and waste management.

Although Höganäs Borgestad is a relatively small player in the global refractory industry and does not own or operate any mining or quarrying sites where raw materials are sourced, the Höganäs Borgestad Group recognizes that many of its most significant sustainability impacts and risks are linked to its upstream refractory value chain.



Interests and views of stakeholder

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

Höganäs Borgestad Group'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.

Impact, risk and opportunity management

During 2024 and the beginning of 2025, the Group conducted a double materiality assessment (DMA) following EFRAG's guidelines to identify impacts, risks and opportunities (IROs). The results show that Höganäs Borgestad Group's material IROs relate to climate change and resource use, own workforce, workers in the value chain, affected communities and business conduct. The Group has established targets to manage most of these topics, and details can be found in the [Climate change-](#), [Resource use and Circular economy-](#), [Own workforce-](#), [Workers in the value chain-](#) and [Governance-](#) chapters.

To operationalise the work to map material IROs, Höganäs Borgestad Group has used the four-step process explained below.

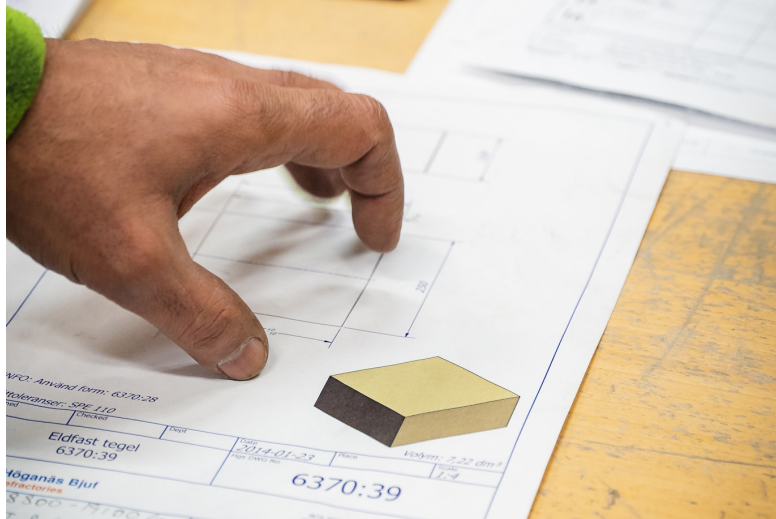
1. Understand

Höganäs Borgestad Group mapped its activities, operations, and business relationships to better understand its context. This included describing the value chain, identifying stakeholders, and defining the scope of analysis. These insights clarified which activities and operations are most relevant for assessing actual or potential impacts on climate, environment, social, and governance topics.

2. Identify

To identify, Höganäs Borgestad Group 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 the Group's own operations and business relationships.

Höganäs Borgestad Group engaged stakeholders and performed internal and external interviews. Thirteen stakeholders were interviewed, of which eleven internal spanning the board, management, procurement and employees. Additionally, one client and one bank, with which Höganäs Borgestad have a professional relationship, were interviewed. The interviews were structured around questions regarding the stakeholders' perception of how Höganäs Borgestad Group 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, internal policies and reports were examined, and media searches and benchmarking exercises were conducted. Relevant industry reports and credible proxy sources were also examined to identify relevant IROs. This was particularly important to gain insights into nature, workers in the value chain and local communities which Höganäs Borgestad Group did not directly engage with. Insights from the Group's climate risk assessment were also incorporated into the assessment.



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 prioritize IROs and conclude on a shortlist illustrating Höganäs Borgestad Group'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 Group 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.

To prioritize material IROs, multiple workshops with a diverse group of internal stakeholders were conducted to ensure commitment and adjust quantitative scoring where needed. After the workshops, an overall qualitative assessment of the preliminary shortlist was conducted to ensure that the list reflected the Group's business activities.

4. Validate

The fourth 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 the board.

Table 1 illustrates Höganäs Borgestad Group's material sustainability topics.

In 2025, Höganäs Borgestad Group also completed its nature risk assessment, providing deeper insight into its impacts, dependencies, risks, and opportunities related to nature. As a result, the initial IROs for **Biodiversity and Ecosystems** were refined to better capture the Group's most significant interactions with nature. Consequently, **Pollution** is no longer a standalone material topic, as its IROs are now fully integrated into **Biodiversity and Ecosystems**.

Sustainability topic	Impact/risk/opportunity	Description	Value chain location	Time horizon
Climate change	Actual negative impact	Direct emissions from natural gas combustion, heating, 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
	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 increase raw material prices, and cause production disruptions and/or damage 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
Biodiversity	Transition risk	Carbon pricing mechanisms such as EU ETS and CBAM can increase operational costs and costs of purchased goods and services	Upstream and own operations	Medium and long
		Increased demand for critical raw materials due to the clean energy transition can increase prices.	Upstream	Long
Biodiversity	Potential negative impact	Mining emits non-GHG air pollutants that can harm ecosystems, damage soil and plants, and potentially harm animals.	Upstream	Long
		Mining operations release toxic pollutants that can contaminate soil and water, degrading ecosystems and harming biodiversity and wildlife.	Upstream	Long
		Sourcing refractory raw materials can negatively affect nature and biodiversity, reducing ecosystem services essential to Höganäs Borgestad's indirect mining and quarrying activities.	Upstream	Long
	Risk	Increased landslide risk from resource extraction may degrade habitats and reduce soil retention, causing production stoppages, raw material shortages, higher costs, and project delays.	Upstream	Long

Sustainability topic	Impact/risk/opportunity	Description	Value chain location	Time horizon
Biodiversity	Risk	Emissions and contamination from mining can degrade local ecosystems, potentially leading to production halts or costly investments by mine operators, driving up raw material prices and delaying supply.	Upstream	Long
		Ecosystem degradation reducing water flow regulation - combined with extreme weather - may cause mine flooding, resulting in stoppages, shortages, higher costs, and delayed customer orders.	Upstream	Long
Resource use and circular economy	Potential negative impact	Dependence on critical non-renewable raw minerals may impact global reserves and access to resources.	Upstream	Long
	Opportunity	Handling waste from refractory production can impact climate and nature.	Downstream	Short, medium and long
		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 capitalize on demand for low-carbon products by taking back refractory products from customers and use them again	Upstream, own operations and downstream	Long
Own workforce Workers in the value chain	Potential negative impact	If there are 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 on the company reputation and perception of workplace safety.	Own operations	Short, medium and long
		If there is insufficient trade union or works council representation it can limit employee protection in negotiations	Own operations	Medium and long
		If there is interference with union activities and there is limited time for representatives it can impact employee representation	Own operations	Medium and long
		If there is inadequate collective bargaining it can affect workers' compensation and benefits	Own operations	Medium and long
	Potential positive impact	Training programs can make employees attractive in fields with few skilled workers.	Own operations	Short, medium and long

Sustainability topic	Impact/risk/opportunity	Description	Value chain location	Time horizon
	Potential positive impact	A diverse workforce enhances integration, inclusion, and diverse perspectives, benefiting team dynamics.	Own operations	Short, medium and long
	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 it 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 marginalize workers' voices.	Upstream	Short, medium and long
		Suppressed unionization can undermine collective bargaining and workers' rights.	Upstream	Short, medium and long
Affected communities	Potential negative impact	Mining can displace communities, disrupt livelihoods, and cause environmental degradation.	Upstream	Short, medium and long
		Free, prior and informed consent violations in mining can cause unrest, with companies bypassing consent, displacing communities and causing environmental degradation.	Upstream	Short, medium and long
Affected communities	Potential negative impact	Governmental suppression of mining opposition may lead to violence against land and human rights defenders.	Upstream	Short, medium and long
Governance	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

Table 1: Höganäs Borgestad Group's material impacts, risks and opportunities

Environmental information

Climate Change

Reducing greenhouse gas (GHG) emissions across Höganäs Borgestad Group's operations and value chain is a central element of the Group's strategy. Höganäs Borgestad Group, through Höganäs Borgestad, continuously pursues energy-efficient

solutions and explores innovative methods for producing refractory products. Nevertheless, as indicated by the results of the double materiality assessment, the Group's activities - both direct and indirect - have material impacts on climate change.

Impact	Description	Value chain location	Time horizon
Actual negative impact	Direct emissions from natural gas combustion, heating, 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

Table 2: Höganäs Borgestad Group's material impacts, risks and opportunities

Höganäs Borgestad Group conducted a comprehensive climate risk assessment to understand physical and transition risks linked to climate change and the shift to a low-carbon economy. The assessment covered Höganäs Borgestad Group's own operations and the value chain, focusing on production sites, transport routes, and raw material sourcing, given Höganäs Borgestad's reliance on few global suppliers.

Two IPCC AR6-based scenarios guided the analysis, reflecting both sustainable development and growing geopolitical tensions. SSP1-2.6 (Sustainable Development) was chosen as the low-emission scenario, as this was considered the most realistic pathway for a low-carbon future despite global temperatures nearing 1.5°C above pre-industrial levels. SSP3-7.0 (Regional Rivalry) served as the high-emission scenario, as it is viewed to be increasingly relevant given weakened international cooperation following events such as the COVID-19 pandemic, the war in Ukraine, and ongoing trade tensions.

Climate-related risks and opportunities were identified using the TCFD framework. A combination of benchmarking, research, and stakeholder interviews was conducted, supplemented by using Climcycle, a system-based solution for identifying site-specific hazards across short-, medium and long-term time-horizons.

Following the initial identification phase, workshops were held to deepen the understanding of potential consequences and to evaluate each identified risk and opportunity in terms of likelihood and expected financial impact. Likelihood was classified as low, medium, or high, while financial magnitude was assessed as low (1–3% of EBITDA), medium (3–6% of EBITDA), or high (above 6% of EBITDA).

Results show exposure to physical and transition risks in operations and upstream supply chain, plus one energy-related opportunity. Additional opportunities for recycled materials are addressed under Resource Use and Circular Economy.

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 increase 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 costs of purchased goods and services	Upstream and own operations	Medium and long
	Increased demand for critical raw materials due to the clean energy transition can increase prices.	Upstream	Long

Table 3: Höganäs Borgestad Group's material impacts, risks and opportunities

Policies related to climate change mitigation and adaptation

Höganäs Borgestad's Ethical Code of Conduct indirectly addresses climate change through a general commitment to protect the environment and minimize negative impacts. Further, Höganäs Borgestad's environmental policy emphasizes continuous improvement in resource and energy efficiency across operations.

The Höganäs Borgestad Group complies with all applicable national and international environmental laws and regulations and ensures that relevant emission permits are obtained. Höganäs Borgestad's management systems are certified according to ISO 9001, ISO 14001, and ISO 45001,

1. Intergovernmental Panel on Climate Change's Sixth Assessment Report
2. Task Force on Climate-related Financial Disclosures

providing a structured framework for environmental and climate-related performance. Höganäs Borgestad's Norwegian operations in Skien are also certified as an Eco-Lighthouse, further supporting systematic environmental management and improvement.

Practices related to climate change mitigation and adaptation

Höganäs Borgestad Group does not yet have a formal transition plan for climate change mitigation. However, the Group has implemented, and will continue to implement, several measures to reduce emissions, mitigate risks, and capture opportunities related to the low-carbon transition.

Energy management

In its own operations, Höganäs Borgestad Group, through Höganäs Borgestad, focuses on improving energy efficiency and reducing fossil fuel use. At Höganäs Borgestad's refractory plant in Bjuv, energy management efforts include operating the smaller, more energy-efficient kiln more frequently than the larger one, updating shutdown routines for press and crush and switching to LED lighting. Höganäs Borgestad will also explore the potential to replace diesel with HVO fuel in its vehicle fleet, and switch to electric vehicles when current vehicles have reached end-of-life.

To prepare for the implementation of the revised Energy Efficiency Directive in Sweden, Höganäs Borgestad is also taking a structured approach to deepen its understanding of energy consumption. Höganäs Borgestad maps areas where energy use can be measured to prioritize the most relevant metrics. This approach will enable Höganäs Borgestad to collect accurate data and identify opportunities for improvement.

Within the value chain, Höganäs Borgestad works continuously to select transport suppliers that can use rail where feasible. A recent example is

the transportation of refractory bricks for a large customer from Spain to Kiruna, where a significant portion of the transport is carried out by train - resulting in lower emissions compared to equivalent road transport.

Höganäs Borgestad has invested in a new drying unit to be installed and operational in Bjuv in early 2026. This will enable Höganäs Borgestad to increase the share of recycled materials in its products as secondary materials can be dried directly onsite. As part of this initiative, Höganäs Borgestad conducted a project in 2025 to map and calculate the emission intensity of all products produced in Bjuv. This provides a solid foundation for assessing how material composition and rate of recycled material impact the environmental footprint of the different products.

Risk mitigation

Following the climate risk assessment, Höganäs Borgestad has integrated climate-related considerations into its supplier screening and selection processes. Höganäs Borgestad also seeks to diversify its supplier portfolio to reduce exposure to physical climate risks and strengthen overall supply chain resilience. Increasing the use of recycled materials is another key measure that mitigates vulnerability to value chain disruptions identified in the climate risk assessment. Going forward, Höganäs Borgestad will further explore additional risk mitigation measures, including broadening its supplier base, increasing storage capacity for slower-moving products, evaluating alternative raw materials for refractory production, and establishing access to credible embedded emissions data for its CBAM-related goods

Targets related to climate mitigation and adaptation

Höganäs Borgestad Group 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. During 2026, Höganäs Borgestad will set an absolute emission reduction target

- 1. EU/2023/1791
- 2. Read more in Circular Economy and Resource Use
- 3. Read more in Circular Economy and Resource Use

related to its scope 1 and 2 emissions, as well as transportation, and set a separate target for the emission intensity from produced products in Bjuv.

Höganäs Borgestad has developed a set of targets related to its energy management plan. These targets are summarized in the table below.

Target	Target year	Indicator	Progress
75% of purchased freight transport to customers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport to customers (%)	Achieved
50% of purchased freight transport from suppliers must be environmentally classified (EURO 5,6)	2025	Share of purchased freight transport from suppliers (%)	Achieved
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	1. Share of personnel in Bjuv who have undergone internal energy efficiency training (%) 2. Share of personnel in Bjuv who have undergone internal energy efficiency training (%)	In progress

Table 4: Climate change mitigation and adaptation targets



Greenhouse gas emissions

For the 2024 and 2025 climate accounts, Höganäs Borgestad Group used the SaaS platform Morescope to calculate greenhouse gas emissions. The calculations are based on a combination of primary activity data and transaction data retrieved from group accounting systems.

Transaction-based emissions are calculated using an environmentally extended multi-regional input-output (EE-MRIO) model, which estimates cradle-to-gate emissions across global supply chains based on sector and geographic location. The platform ensures that emissions are calculated using either activity data or transaction data, preventing double counting.

Emissions are consolidated according to the financial consolidation approach and reported in line with the GHG Protocol, covering scope 1, scope 2, and scope 3 emissions, and all gases included in the Kyoto Protocol. Conversion factors are primarily sourced from Defra (2025), EPA (2024), NVE (2024), Nowtricity (2024), and OECD datasets for transaction-based calculations.

Scope 1 and 2

Emissions in scope 1 originate from fuel consumption in Group vehicles 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 Group locations. 98,1% of the emissions are based on activity data.

Total emissions have increased by 2,6% from 2024 to 2025. The primary reasons for this are that gas consumption has increased for both Höganäs Borgestad AS and Höganäs Borgestad Production AB and there is improved data quality for activities such as fuel consumption, waste and business travel for most companies in the Group. Further, there have been updates and changes to the Morescope model, impacting Höganäs Borgestad Group's spend-based emissions related to purchased goods and services, capital goods and upstream leased assets. Compared to 2024, the model is now able to distinguish between operating expenses and capital expenses when transaction data is imported into Morescope, resulting in an improved allocation for emissions related to purchased goods and services, capital goods and upstream leased assets. The model can also more accurately identify the most appropriate sector for each supplier, resulting in higher emissions for some suppliers. These changes have thus resulted in a new allocation between scope 3.1, 3.2 and 3.8 and higher total emissions for the categories even though the transaction amounts have not increased from 2024 to 2025.

Scope 3

9,1% of emissions in scope 3 are based on activity data, an increase from 6,6% in 2024. The main reason for this is that Höganäs Borgestad AS has collected activity data for several of the companies it purchases transportation services from, and more data will be collected 2026. Other categories that mainly consist of activity data are fuel- and energy-related activities, waste, and business travel.

Höganäs Borgestad Group's largest source of emissions is related to purchased goods and services and capital goods. The Group purchases raw materials and refractory products for millions of NOK each year which results in high emissions.

	2024	2025	Change 2024/2025 (%)
Scope 1 GHG emissions			
Gross Scope 1 GHG emissions (tCO ₂ e)	1,087	1,438	32,2 %
Percentage of Scope 1 GHG emissions from regulated emission trading schemes (%)	74,9 %	46,9 %	
Scope 2 GHG emissions			
Gross location-based Scope 2 GHG emissions (tCO ₂ e)	153	206	34,6 %
Gross market-based Scope 2 GHG emissions (tCO ₂ e)	520	805	54,8 %
Scope 3 GHG emissions			
Total gross indirect (Scope 3) GHG emissions (tCO ₂ e)	20,485	20,627	0,7 %
1 Purchased goods and services	18,446	14,055	-23,8 %
2 Capital goods	7	4,385	62542,9 %
3 Fuel and energy-related activities (not included in Scope 1 or 2)	276	348	26,2 %
4 Upstream transportation and distribution	1,371	1,059	-22,7 %
5 Waste generated in operations	15	47	225,2 %
6 Business travel	305	634	107,9 %
7 Employee commuting	No information	No information	
8 Upstream leased assets	66	98	49,2 %
9 Downstream transportation and distribution	No information	No information	
12 End-of-life treatment of sold products	No information	No information	
Total GHG emissions			
Total GHG emissions (location-based) (tCO ₂ e)	21 725	22 271	2,5 %
Total GHG emissions (market-based) (tCO ₂ e)	22 092	22 870	3,5 %

Table 5: Climate account 2024-2025

Relevant categories not included in the climate account

For the scope 3 categories where Höganäs Borgestad Group has emission activities, but no transactions or activity data have been retrieved due to lack of data availability, the Group will work to make solid estimates in coming reporting periods to ensure a more complete climate account.

GHG intensity

Table 6 shows Höganäs Borgestad Group's GHG emission intensity based on total emissions per turnover. The reasons for the increase from 2024 to 2024 are that emissions have slightly increased while the turnover is reduced by approx. 3,7%.

GHG intensity per turnover	2024	2024	Change 2024/2025 (%)
Total GHG emissions (location-based) per turnover (tCO ₂ e/tSEK)	18,58	22,69	22,1 %
Total GHG emissions (market-based) per turnover (tCO ₂ e/tSEK)	18,90	23,30	23,3 %

Table 6: Energy intensity 2024-2025

Energy consumption

Table 7 shows the consumption of different energy sources originating from Höganäs Borgestad Group's direct scope 1 and indirect scope 2 energy-related activities in 2024 and 2025. Electricity consumption per energy source is calculated based on the

location-based grid mixes in the different countries where Höganäs Borgestad Group operates. The increase in energy consumption is the result of increased activity from 2024 to 2025.

Energy consumption and mix	2024	2025	Change 2024/2025 (%)
Fuel consumption from coal and coal products (MWh)	-	-	-
Fuel consumption from crude oil and petroleum products (MWh)	2 063	2 424	17,5 %
Fuel consumption from natural gas (MWh)	2 730	3 555	30,2 %
Fuel consumption from other fossil sources (MWh)	-	-	-
Consumption of purchased or acquired electricity, heat, steam and cooling from fossil sources (MWh)	59	91	54,7 %
Total fossil energy consumption (MWh)	4 852	6 070	25,1 %
Share of fossil sources in total energy consumption	47%	50%	-
Consumption from nuclear sources (MWh)	1 029	1 126	9,4 %
Share of consumption from nuclear sources in total energy consumption (%)	10%	9%	-
Fuel consumption from renewable sources (MWh)	305	346	13,4 %
Consumption of purchased or acquired electricity, heat, steam and cooling from renewable sources (MWh)	4,100	4 588	11,9 %
Consumption of self-generated non-fuel renewable energy (MWh)	0	0	-
Total renewable energy consumption (MWh)	4 405	4 934	12,0 %
Share of renewable sources in total energy consumption (%)	43%	41%	-
Total energy consumption (MWh)	10 285	12 130	17,9 %

Table 7: Energy consumption and mix 2024-2025

Biodiversity and ecosystems

During the first half of 2025, Höganäs Borgestad Group conducted its first nature risk assessment following the LEAP (Locate, Evaluate, Assess, Prepare) approach recommended by the TNFD. The

results indicate that the Group, through Höganäs Borgestad, has potential negative impacts on nature and biodiversity, is dependent on ecosystem services and is exposed to nature-related risks.

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	Mining emits non-GHG air pollutants that can harm ecosystems, damage soil and plants, and potentially harm animals.	Upstream	Long
	Mining operations release toxic pollutants that can contaminate soil and water, degrading ecosystems and harming biodiversity and wildlife.	Upstream	Long
	Sourcing refractory raw materials can negatively affect nature and biodiversity, reducing ecosystem services essential to Borgestad's mining and quarrying activities	Upstream	Long
Risk	Increased landslide risk from resource extraction may degrade habitats and reduce soil retention, causing production stoppages, raw material shortages, higher costs, and project delays.	Upstream	Long
	Emissions and contamination from mining can degrade local ecosystems, potentially leading to production halts or costly investments by mine operators, driving up raw material prices and delaying supply.	Upstream	Long
	Ecosystem degradation reducing water flow regulation - combined with extreme weather - may cause mine flooding, resulting in stoppages, shortages, higher costs, and delayed customer orders.	Upstream	Long

Table 8: Impact, risks and opportunities of biodiversity and ecosystems.

The LEAP approach provided the Group with a structured framework to identify, assess and respond to nature-related issues. The focus of the assessment was on the Locate, Evaluate and Assess phases. The Prepare phase is still in development as Höganäs Borgestad is yet to develop clear actions, targets and KPIs for nature and biodiversity.

Locate – Identify interfaces with nature

Höganäs Borgestad Group started the assessment by mapping business activities across the value chain to identify activities with significant impact or dependency on nature using the ENCORE tool developed by Global Canopy and the UN Environment Programme. Further, the Group prioritized geographies and activities. The outcome provided a clear scope of priority locations and activities for further analysis.

Evaluate – Understand dependencies and impacts

In the Evaluate phase, each of the impacts and dependencies for the prioritized activities were measured using a set of quantitative indicators and thresholds. The indicators used were retrieved from open sources such as WWF's Water and Biodiversity Risk Filters and through additional desktop research where relevant indicators were not available. The outcome was a quantitative rating of impacts, dependencies and geographic locations, where the material impacts and dependencies were used as input for the Assess phase.

Assess – Identify risks and opportunities

Building on the prior phase, Höganäs Borgestad Group assessed how the material impacts and dependencies translate into risks and opportunities. As recommended by TNFD, the Group used two scenarios to understand potential future states. The Group decided to explore the Ahead of the game and Sand in the gears scenarios as they are sufficiently diverse and are comparable to the climate scenarios used in the climate risk assessment. Through interviews, workshops and desktop research, a long list of nature-related risks and opportunities was identified. Each nature-related issue was scored across likelihood and financial magnitude, and the outcome of the assessment was a shortlist of material risks that could significantly affect Höganäs Borgestad Group's, through Höganäs Borgestad, business performance.

Policies, practices and targets related to biodiversity

Höganäs Borgestad is in the early stages of developing a structured approach to biodiversity. A key finding is that nature-related risks largely overlap with climate risks, especially regarding raw material production stoppages relevant to Höganäs Borgestad. Measures already in place, such as integrating climate considerations into supplier screening, will consequently also help mitigate nature-related risks.

Höganäs Borgestad Group aims to strengthen governance on nature by continuing to develop supplier policies, especially for raw material producers. Over time, this will include integrating nature-related considerations into procurement requirements and establishing more formalized practices and targets to manage biodiversity-related risks and opportunities.

Sites in or near biodiversity-sensitive areas

Höganäs Borgestad Group has screened all sites owned, leased or managed through the World Database on Protected Areas to identify any sites located in or near biodiversity-sensitive areas. As per VSME, near is defined as an area that is (partially) overlapping or adjacent to a biodiversity sensitive area. Höganäs Borgestad's warehouse in Luleå, measuring 0,2 hectares, is located adjacent to the Kallaxheden Nature Reserve, which is a forest area with rich wildlife. No other sites are located in or near biodiversity-sensitive areas as defined by the World Database on Protected Areas.

Resource use and circular economy

Höganäs Borgestad Group, through Höganäs Borgestad, has identified negative impacts from upstream extraction of non-renewable raw materials and downstream waste handling. At the same time, opportunities exist to reduce emission costs and capitalizing the demand for low-carbon products.

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 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
	Borgestad can capitalize 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 addresses resource use and circular economy indirectly through a general commitment to protect the environment and reduce negative impacts. The environmental policy further states that Höganäs Borgestad work continuously with increasing resource efficiency.

Practices related to resource use and circular economy

Höganäs Borgestad Group, through Höganäs Borgestad, has developed three key actions intended to manage negative impacts related to resource use and circular economy whilst capitalizing 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.

In 2025, Höganäs Borgestad invested in a new drying unit that significantly improves the ability to reuse and recycle materials in production, thereby supporting its mission to develop a range of products based on recycled materials. Previously, Höganäs Borgestad relied on sourcing pre-dried materials from external suppliers, which limited flexibility and increased dependency on third parties. With the new installation, Höganäs Borgestad can process and dry materials internally, thereby broadening access to a wider range of recycled inputs and reducing exposure to market fluctuations in the availability of recycled materials.

This investment delivers both environmental and economic benefits. By facilitating greater integration of recycled materials into production, Höganäs Borgestad reduces its dependence on virgin resources, contributing to a lower carbon footprint and improved resource efficiency. At the same time, internal drying capabilities help reduce costs and improve product offering in a market where demand for recycled materials continues to grow. Furthermore, companies that supply materials for recycling through Höganäs Borgestad will benefit from reduced Scope 3 emissions, reinforcing shared sustainability objectives across the value chain.

Norsk Ildfast Gjenvinning

As a further step in increasing Höganäs Borgestad's focus on circular production, Höganäs Borgestad acquired Norsk Ildfast Gjenvinning - a company with over 30 years of experience in recycling refractory materials. The company is located in Mo i Rana, Norway, and will strengthen Höganäs Borgestad's opportunities for improving the lifecycle impact of its products. With Norsk Ildfast Gjenvinning's well-established setup, Höganäs Borgestad gains the capability to recycle short-travelled refractory materials in the northern parts of the Nordic. This will bring Höganäs Borgestad closer to achieving its sustainability goals and strengthen its circular offering.

Mapping of product composition

In 2025, Höganäs Borgestad launched a project to map the environmental footprint of its products by analysing material composition and related emissions. This includes detailed data on raw materials, transportation, and manufacturing processes, supplemented by third-party databases where supplier data is unavailable. By applying this mapping to all raw materials over one metric ton per product, and kiln-processed products, the company gains precise climate data at the product level.

These insights open opportunities to redesign products for greater circularity, such as substituting virgin materials with recycled alternatives, optimizing material compositions to reduce emissions, and improving durability for extended product life. Over time, this supports principles like resource efficiency, waste reduction, and closed-loop material flows. At the same time, this knowledge strengthens Höganäs Borgestad's competitiveness in a market driven by transparency and sustainability, guiding strategic decisions, reinforcing its position in the circular economy, and meeting growing stakeholder expectations for climate accountability.

Partnerships for recycled materials

Höganäs Borgestad targets the establishment of multiple small scale production facilities for recycled products, strategically located at or near customer facilities to minimize transportation costs and environmental impact. These units, especially requested by several steel industry players, will handle specific volumes and product ranges, supported by the main production site. This approach offers low investment with solid returns and potential for installation services. Höganäs Borgestad will continue targeting new partnerships in 2026 and 2027.



Targets related to resource use and circular economy

Target	Target year	Indicator	Progress
15% of recycled materials in production	2028	Share of recycled materials in production	In progress

Aligned with growing market demand for environmentally responsible products, Höganäs Borgestad Group, through Höganäs Borgestad, is committed to increase its share of recycled materials in production. Per 2025, Höganäs Borgestad has achieved approximately 7,5 percent of recycled materials in production.

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 Group's commitment to the circular economy while meeting customer expectations and regulatory pressures.

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 9. The table does not include finished products for refractory operations or other types of products.

Resource category	Total weight (tonnes)
Total	11,112
Technical materials	5,867
Andalusite	984
Bauxite	1,539
Mullite	1,311
Chamotte	1,497
Clay	536
Biological material	228
Recycled Material	833

Table 9: Resource inflow 2025

Of the 228 tonnes of biological materials used during the reporting period, Höganäs Borgestad sourced 213 tonnes - corresponding to 93,4 percent - from verified sustainable sources. All wooden pallets used for manufactured products are procured in accordance with recognized international forestry standards, including the Programme for the Endorsement of Forest Certification (PEFC) and the Forest Stewardship Council (FSC).

Resource outflows

Höganäs Borgestad Group, through 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, stabilization and passivation, and processing to final specifications. The recycled material can be used in refractory monolithic castables and bricks.

In the design of refractory products, durability, longer product life and increased use of recycled raw materials are in focus. For refractory bricks, efforts also target lowering firing temperatures and reducing energy consumption in 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 replacing it, which in turn results in a decrease in raw materials consumed.

Waste

For 2025, Höganäs Borgestad Group collected waste management data reports for operations in Bjuv, Skien, Mosjøen, Tampere, Rajamäki, Trollhättan, Gävle, Luleå. Some waste management companies provide information about waste treatment, while for others, the Group has made assumption about the waste treatment methods.

Table 10 outlines the types of waste generated, along with details on diversion, recovery operations, and disposal methods, highlighting both hazardous and non-hazardous waste categories. The waste directed to disposal is mostly for energy recovery.

	Total (tonnes)	Hazardous	Non-hazardous
Total waste generated	769,50	24,04	745,47
Diverted to recycle or reuse	466,61	0,82	465,79
<i>Preparation for reuse</i>	-	-	-
<i>Recycling</i>	466,61	0,82	465,79
Directed to disposal	302,89	23,21	279,68

Table 10: Waste and disposal figures.



Social information



Own workforce

The people of Höganäs Borgestad Group are the foundation of the Group's success and the ones who deliver on customer promises. Höganäs Borgestad Group'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 rights and labour rights.

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

Impact, risk or opportunity	Description	Value chain location	Time horizon
Potential negative impact	If there are 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 on the company reputation and perception of workplace safety.	Own operations	Short, medium and long
	If there is insufficient trade union or works council representation it can limit employee protection in negotiations	Own operations	Medium and long
	If there is interference with union activities and there is limited time for representatives it can impact employee representation	Own operations	Medium and long
	If there is inadequate collective bargaining it can affect workers' compensation and benefits	Own operations	Medium and long
Potential positive impact	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 specifies relevant human and labour rights. It 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 Ethical Code of Conduct is to provide a safe, fair, and inclusive working environment free from any form of discrimination and abuse and to support employees to develop their potential. Höganäs Borgestad Group shall comply with the highest standards and laws related to human rights and health and safety in the countries where the Group operates.

Practices related to own workforce

Höganäs Borgestad Group has developed three actions which aim to manage the Group's material impacts on its own workforce. Strict safety measures as well as internal training are put in place to reduce the chance and severity of accidents at Group sites, and the Höganäs Borgestad has implemented targeted actions to reduce overall sick leave.

Höganäs Borgestad has further identified a need to strengthen its HR governance, and through 2025 the Höganäs Borgestad has continued its assessment of appropriate solutions. No timeline has been set for appointing HR lead, and different options are still being explored. A collaboration with an HR consultant is in place in Norway, and similar support is being considered for the Swedish operations. The long-term goal is to ensure adequate HR capacity aligned with organizational needs.

Accident prevention

There are injury and accident risks related to Höganäs Borgestad's production and installation operations. The 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 minimizing 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 and physiotherapy. The manager responsible follows up with the employees in accordance with standards and requirements from the relevant authority.

Reduce sick leave

From 2024 onwards, Höganäs Borgestad initiated targeted efforts to reduce sick leave, particularly in areas with historically high absence rates. Actions included closer collaboration with public health services, improved follow-up of affected employees, and increased use of adapted work agreements. These measures have contributed to a downward trend in overall sick leave. Additionally, Höganäs Borgestad facilities accommodations for employees with long-term health challenges.

Whistleblower channel

Höganäs Borgestad Group has a channel for raising concerns through Höganäs Borgestad's independent whistle-blower channel that is available for own workers and external stakeholders. When a concern is raised through the whistle-blower channel, the whistle-blower can 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

Target	Progress
≤ 3 % sick leave rate	3,1 %

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 percent, whereas in 2019, the last year before the pandemic, the sick leave rate was 2,1 percent. As a result of targeted efforts to reduce sick leave, Höganäs Borgestad is experiencing a downward trend and is on track to stabilize sick leave rates at approximately 3 percent.

Ensure zero injuries

Höganäs Borgestad Group is committed to ensuring zero workplace injuries. The number of injuries recorded has remained stable in recent years, with six injuries with absence, none of which defined as severe incidents, recorded in Norway, Sweden and Finland in 2025.

Characteristics of own workforce

The majority of the Höganäs Borgestad Group's employees are in Sweden, with smaller operations in Norway, Finland and Poland as well as an office in Malaysia which is currently undergoing dissolution proceedings. The Group employs significantly more men than women, and this is common in the refractory industry. All metrics related to number of employees are compiled on a head-count basis unless otherwise stated.

	2024	2025
Gender	Number of employees (headcount)	Number of employees (headcount)
Male	488	524
Female	69	60
Total	546	584

Table 11: Employee headcount by gender

	2024	2025
Country	Number of employees (headcount)	Number of employees (headcount)
Norway	60	158
Sweden	389	359
Finland	87	67
Other	13	0

Table 12: Employee headcount by country

	Type of contract	2025
Type of contract	Permanent employees	Number of employees (headcount)
Permanent employees	Temporary employees	294
Temporary employees	Non-guaranteed hours employees	290
Non-guaranteed hours employees	Full-time employees	273
Full-time employees	Part-time employees	275
Part-time employees	Total employees	36
Total employees		584

Table 13: Employee headcount by contract type

In 2025, 42 permanent employees left the Group, representing a turnover rate of 14,3 percent.

Health and safety

Höganäs Borgestad Group, through 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 2025, Höganäs Borgestad has collected data from its operations in Norway, Sweden and Finland which

accounts for most of the Höganäs Borgestad Group's employees. A total of six work-related injuries with absence, accounting for 1,01 injuries per 100 employees, were recorded in 2025. No work-related fatalities were recorded. The table below illustrates the complete statistics, with comparative numbers from 2024.

Health and safety	Health and safety	Total 2025
Number of fatalities as a result of work-related injuries and work-related ill health	Number of fatalities as a result of work-related injuries and work-related ill health	0
Number of recordable work-related injuries with absence	Number of recordable work-related injuries with absence	9
Rate of recordable work-related injuries with absence per 100 full-time workers per year	Rate of recordable work-related injuries with absence per 100 full-time workers per year	2,41
Number of days lost to work-related injuries and fatalities from work-related accidents and work-related ill health	Number of days lost to work-related injuries and fatalities from work-related accidents and work-related ill health	53

Table 14: Health and safety metrics

Collective bargaining

In 2025, approximately 78 percent of Höganäs Borgestad Group's total workforce were covered by a collective bargaining agreement. The table below illustrates the split between the Group's employees across countries. Comparative figures for 2024 cannot be disclosed due to incomplete historical numbers. The Höganäs Borgestad Group will start reporting comparative figures from 2025 onwards.

	2025
Country	Coverage of collective bargaining (percent)
Norway	41
Sweden	99
Finland	100

Table 15: Collective bargaining coverage across countries

Training

Höganäs Borgestad employees, both workers and non-employee workers, 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, it 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.

In 2025, Höganäs Borgestad Group improved its processes for tracking and monitoring metrics for training and skills development across the Group. During the reporting period, female employees completed an average of 6,7 hours of training, while male employees completed an average of 0,95 hours of training. Höganäs Borgestad Group's overall average training hours per employee is 1,6 hours of training.

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 whistle-blower channel is available for reporting breaches of the Ethical Code of Conduct. However, there were no confirmed incidents of child labour, forced labour, human trafficking, discrimination, or harassment recorded in 2025 and Höganäs Borgestad Group did not receive any fines or penalties for human rights incidents during the reporting period.

Höganäs Borgestad Group 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, it 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 marginalize workers' voices.	Upstream	Short, medium and long
	Suppressed unionization can undermine collective bargaining and workers' rights.	Upstream	Short, medium and long

Workers in the value chain

Höganäs Borgestad Group's 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. Through its double materiality assessment, supplemented by ongoing due diligence processes, Höganäs Borgestad Group has identified potential negative impacts on value chain workers. These impacts especially relate to vulnerable groups like migrant workers, women, young workers and minorities.

Policies related to workers in the value chain

As reflected in Höganäs Borgestad's Ethical Code of Conduct, 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.

In Höganäs Borgestad Group's business endeavour's, the Group 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 labour, 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 do 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 Group 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 Group activities. Through a risk-based approach, suppliers operating in high-impact or risk areas are prioritized. Such prioritization allows Höganäs Borgestad Group to implement mitigating actions where they have the most effect. This supports the Group's commitment to responsible business practices and sustainable growth.

Through Höganäs Borgestad, Höganäs Borgestad Group operates in a sector dependent on raw materials extracted from mines in e.g. South America, South Africa, China and other areas in southern Asia. Through these activities, the Group is exposed to several human rights risks throughout its value chain. Höganäs Borgestad, and the rest of the refractory industry, are dependent on this supply chain and a market dominated by few actors. For certain raw materials in particular, the industry has limited alternatives to choose from. Therefore, it is a key priority for Höganäs Borgestad to uphold the continuous work of obtaining additional documentation from suppliers and partners to ensure that informed decisions are made with regard to responsible purchasing practices.

When Höganäs Borgestad assesses whether to engage a new supplier, the process begins with an assessment of the relevant raw materials to ensure that the supplier can provide Höganäs Borgestad with qualified material. In this initial phase, Höganäs Borgestad focuses on the broader context in which the suppliers operate, considering geopolitical and strategic factors such as political stability, potential trade conflicts, tariffs, transportation routes and climate risk. Availability of raw materials and ease of access are also key considerations. Once a supplier

passes the initial screening, Höganäs Borgestad collects more detailed information through a supplier questionnaire. This questionnaire includes confirmation of ISO-certifications and other standards related to workforce practices. Suppliers must also commit to Höganäs Borgestad Supplier Code of Conduct or provide an equivalent policy that meets the same requirements. The supplier must also consent to audits by Höganäs Borgestad or third-party.

Höganäs Borgestad continues its risk management processes after onboarding suppliers by logging any deviations for each supplier. These observations feed into an annual review process, where each supplier is evaluated to determine whether to prolong the relationship. Corrective actions are implemented whenever non-conformities are identified, ensuring that suppliers align with Höganäs Borgestad's standards for reliability, sustainability, and ethical practices.

Through 2025, Höganäs Borgestad has executed two supplier audits in Italy to follow up on their responses to the Supplier Questionnaire. No remarks or deviations were identified through the audit. Höganäs Borgestad is planning a similar audit for one Spanish raw material supplier in 2026. In line with the Höganäs Borgestad's commitment to uphold the highest standards of ethical conduct and integrity across operations and supply chains, open communication regarding compliance with the Supplier Code of Conduct and the Ethical Code of Conduct is encouraged, and any concerns can be raised through Höganäs Borgestad's whistleblower channel.

To further ensure supply chain transparency for own operations, Höganäs Borgestad reports to the sustainability reporting Company Ecovadis and was awarded silver and bronze ratings in 2025.

Targets related to workers in the value chain

Target	Target year	Indicator	Progress
Investigate high-risk suppliers' systems for following up Höganäs Borgestad's Supplier Code of Conduct	2027	Number of high-risk suppliers subject to a formal assessment	In progress

Governance information

Höganäs Borgestad Group 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 Group works to ensure

compliance with relevant laws, regulations, and responsible business conduct, with a heightened focus in countries and jurisdictions with greater exposure to ethical business and human rights breaches.

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

Policies related to governance

Höganäs Borgestad Group is committed to the highest standards of ethical conduct and integrity. This commitment is embodied in Höganäs Borgestad's 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.

Policies related to governance

Höganäs Borgestad Group'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 Group operations. Every individual representing Höganäs Borgestad Group 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 Group, through 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 whistle-blower channel, and all employees have a right and duty to report any violations of the principles of the Ethical Code of Conduct. Employees are encouraged to express concerns or draw attention to actions with possible ethical implications.

Targets related to corruption and bribery

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Appendix

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List of subsidiaries included in the consolidated reporting

	Legal form	NACE code	Balance sheet (KEUR)	Turnover (KEUR)	Employees (headcount)
Höganäs Borgestad AS	Private limited liability undertaking	33	8 626	27 457	159
Höganäs Borgestad Holding AB	Private limited liability undertaking	82	37 234	0	4
Höganäs Borgestad Production AB	Private limited liability undertaking	70	16 305	27 801	70
Höganäs Borgestad OY	Private limited liability undertaking	33	5 260	17 215	67
Höganäs Borgestad Energi & Ugnsteknik AB	Private limited liability undertaking	33	1 068	7 399	65
Höganäs Borgestad Eldfast Service AB	Private limited liability undertaking	33	4 931	23 725	216
Emcotech AB	Private limited liability undertaking	33	1 532	1 522	4
Höganäs Bjuf Fastighet AB	Private limited liability undertaking	68	1 180	115	

Sites owned, leased or operated by Borgestad

Company	Sites	Address	Postal Code	City	Country	Coordinates
Höganäs Borgestad AS	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
Höganäs Borgestad Holding AB	Office	Ersbogatan 6	802 93	Gävle	Sweden	60.63755, 17.13264
Höganäs Borgestad Production AB	Factory, office, storage	Södra Storgatan 12	267 31	Bjuv	Sweden	56.08275, 12.91653
	Office, storage	Terminalgatan 20	235 39	Vellinge	Sweden	55.45800, 13.01914
Höganäs Borgestad Eldfast Service AB	Office, storage, workshop	Kardanvägen 65	461 38	Trollhättan	Sweden	58.29562, 12.34834
	Office, storage, workshop	Ersbogatan 6	802 93	Gävle	Sweden	60.63755, 17.13264
	Office, storage, workshop	Karlsviksvägen 81b	975 94	Luleå	Sweden	65.60636, 22.06229
Höganäs Borgestad OY	Office, storage, workshop	Polunmäenkatu 31	33720	Tampere	Finland	61.45100, 23.89467
	Office, storage, workshop	Jokisentie 167	05200	Nurmijärvi	Finland	60.55030, 24.76469
Höganäs Borgestad Energi & Ugnsteknik AB	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
Emcotech AB	Office	Stora Badhusgatan 18	411 21	Göteborg	Sweden	57.704127, 11957160



**Höganäs
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