BORGESTAD ASA

Transparency Act

April 2026

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Introduction

The Act relating to enterprises' transparency and work on fundamental human rights and decent working conditions (Transparency Act) came into force July 1, 2022. According to §§2 and 3, Borgestad ASA is covered by the Act. The Transparency Act requires us to carry out due diligence assessments aimed at identifying actual and potential negative impacts on fundamental human rights and decent working conditions, pursuant to §4 letters a–f. According to §5 of the Act, these due diligence assessments must be made publicly available in an annual statement.

This statement has been prepared for Borgestad ASA, including Borgestad Properties AS and Borgestad Industries AS. The main activities in these business units are found in Höganäs Borgestad, organized under Borgestad Industries AS, and Agora Bytom organized under Borgestad Properties AS. Please see Borgestad Group's Annual report for an oversight of the group structure[1], and a summary of the activities under the headline General information.

The purpose of the statement is to provide the public with insight into key findings from the due diligence assessments and to explain which actions have been taken or are planned for coming years.

1) Reports | Borgestad ASA

General information

Borgestad ASA is a Norwegian investment company headquartered at Lysaker. It operates primarily in two business areas:

Borgestad Industries AS

Höganäs Borgestad Group is a leading supplier in the Nordic refractory market, developing, manufacturing, and delivering high-quality refractory products, installation services, and turnkey solutions that are essential for high-temperature industrial processes across the Nordic countries - primarily in the steel, cement, and aluminium industries. Höganäs Borgestad focuses on enhancing energy efficiency and protecting industrial equipment, thereby improving customers' productivity and competitive advantage. Höganäs Borgestad's production facility is located in Bjuv, Sweden, and consists of several companies across the Nordics that together offer complete solutions within the refractory industry.

Borgestad Properties AS

Agora Bytom is a shopping center in Poland and represents Borgestad ASA's largest investment, accounting for more than half of the Borgestad Group's asset value. It offers over 30,000 m² of rental space and includes 820 parking spaces. The center has a strong market presence in the Silesian region and hosts various international and local tenants, along with eight cinema halls, a fitness center, and an extensive selection of cafés.

Borgestad Group's operations through Höganäs Borgestad and Agora Bytom is part of complex value chains. As illustrated to the right, the Group relies on several upstream activities to perform its own operations, as well as being linked to downstream activities. The 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.

For the purpose of sustainability reporting, including the Transparency Act, Borgestad Group is primarily focusing on Höganäs Borgestad Group. The reason for this is that the Group, through its due diligence process and double materiality assessment, has identified the activities relating to this part of the Group as most material in terms of potential ESG-related impacts, risks and opportunities.

Revenue in the reporting year (2025)
1 126 TNOK

Total employees
360[2]

Contact person
Pål Feen Larsen - pal.feen.larsen@borgestad.no

Value chain

2) Average number of employees

Embed responsible business conduct

Borgestad Group's core values related to integrity, openness, innovation and commitment guide how the Group performs its activities.

Integrity

We always act responsibly and maintain high levels of ethical and legal conduct. Sustainability is the foundation in our business strategy, and we are devoted to improving the quality of life for our colleagues and our community.

Openness

Our approach is positive and constructive. We encourage diversity in our workplace, value the capabilities and contribution of each person.

Innovation

"Setting new standards" – innovation provides us a competitive advantage. We are willing to challenge existing solutions, explore ideas and take additional responsibility to meet our colleagues and customers expectations.

Commitment

We are committed to giving our best in everything we do and always strive for higher quality.

It is essential for the Group that its services are offered and delivered in a responsible manner. To support this ambition, systems are established to promote legal compliance across companies. The due diligence process plays an important role in this ongoing work.

Höganäs Borgestad has established policies setting out principles for responsible business conduct, including respect for human and labour rights, ethical conduct, environmental responsibility, and compliance with applicable laws across its own operations and supply chain. These policies define expectations for employees and suppliers, support responsible sourcing and sustainability, and form the basis for Höganäs Borgestad's ongoing efforts to identify, prevent and address adverse impacts.

The objective of Höganäs Borgestad's 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 company employees to develop their potential.

Höganäs Borgestad's Supplier Code of Conduct upholds the principles of the UN's Universal Declaration of Human Rights and clearly states the business' respect for labour rights relating to child labour avoidance, freely chosen employment, freedom of association and working time, wages, and benefits. The Supplier Code of Conduct also reflects that suppliers should have high integrity and ethical conduct in all aspects of their business. This includes identifying, preventing, mitigating, and accounting for adverse environmental, human rights and governance impacts in own operations. 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.

While Höganäs Borgestad has made significant progress in developing and embedding the above-mentioned policies, the Borgestad Group recognizes the need to further expand these efforts to ensure that the policies encompass all companies within the Group.

Identify and assess adverse impacts

The Borgestad Group's ambition is to perform due diligence in line with OECD Guidelines for Multinational Enterprises on Responsible Business Conduct. This is continuous work performed throughout the whole year. Höganäs Borgestad's purchasing managers who have continuous dialogue with suppliers play a key role in identifying potential risks in Höganäs Borgestad's upstream value chain, and the general managers responsible for operations across Höganäs Borgestad's operations in Norway, Sweden and Finland oversee the internal work on workers- and human rights. The Borgestad Group is working to further integrate and formalize its risk management processes into these functions to enhance its abilities to identify, prevent and mitigate severe human rights risks across the entire value chain.

To support its work to identify and assess potential adverse impacts, open communication regarding compliance with the Supplier Code of Conduct and the Ethical Code of Conduct is encouraged. The Group's independent whistleblowing channel enables employees and external stakeholders to report concerns, and this channel is used as an important source of information in the Group's due diligence work.

In the beginning of 2025, Borgestad Group finalized its double materiality assessment. Through a four-step process, the Group has developed a broader understanding of its operations by identifying sustainability-related impacts, risks and opportunities across its value chain. To identify actual and potential negative impacts on fundamental human rights and decent working conditions, the Group has had an explicit focus on how activities affect employees, value chain workers and local communities. Insights from the double materiality assessment have confirmed the notion that many of the impacts and risks relate to the Group's upstream value chain. However, the Group acknowledges that the industry faces risks closer to its own operations as well. Below is a summary of the key risks identified across own operations and the upstream value chain.

Own operations

Through its due diligence and double materiality assessment, Borgestad Group has identified risks relating to worker rights and HSE for its own workforce.

Amongst the identified risks, Borgestad Group acknowledges that potential insufficient trade union representation and inadequate collective bargaining pose a risk of weakened employee rights. This can limit protection in negotiations, reduce effective representation and negatively impact compensation and benefits for the employees. Additionally, Höganäs Borgestad recognizes that the absence of a dedicated HR-manager over time has limited the prioritization of systematic work on employee welfare and labour rights. While there are no indications of employee conditions being inadequate, the lack of explicit ownership and specialized competence in this area may have heightened the risk of insufficient follow-up and attention to the long-term welfare and protection of workers' interests.

The Borgestad Group has also identified potential negative impacts where inadequate HSE procedures, combined with hard physical labour, can lead to serious accidents and injuries, as well as long-term negative health effects for workers. For 2025, Höganäs Borgestad has collected data from its operations in Norway, Sweden and Finland which accounts for the majority of the 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 number of injuries recorded has remained stable in recent years, and the Group is committed to ensuring a safe working environment.

Upstream supply chain

Through its due diligence process, the Group has identified potential negative impacts on value chain workers, especially related to vulnerable groups like migrant workers, women, young workers and minorities. While the majority of Höganäs Borgestad's suppliers are located in Europe, the raw materials are typically extracted from mines in China and other areas in southern Asia. Mining operations in these areas pose elevated risks related to worker's rights potentially being violated through harassment, child labour and forced labour. This is particularly relevant in small-scale mining areas with high poverty and weaker law enforcement.

The Group has also identified the potential risk of informal employment and restricted unionisation undermining workers' rights by creating job insecurity, increasing the risk of exploitation and limiting workers' ability to engage in collective bargaining or social dialogue.

The Borgestad Group has not identified any actual negative impacts on value chain workers through 2025. Through its due diligence process, the Group has nevertheless identified a need to gradually strengthen its understanding beyond tier one suppliers, including gaining more insight into suppliers' own due diligence practices.

Cease, prevent or mitigate adverse impacts

Borgestad Group has implemented and planned several actions to follow up identified risks. The Group distinguishes between actions relating to its own workforce, and actions aimed at reducing risks in the broader value chain.

Own operations and workforce actions

Borgestad Group seeks to facilitate employee representation and dialogue through workplace surveys and performance reviews. In Höganäs Borgestad, workplace surveys are conducted on an annual basis, with more frequent surveys being performed in Sweden. Through these surveys, Höganäs Borgestad measures employee well-being relating to meaningfulness at work and perceived opportunities for development, satisfaction with leadership, role descriptions and communication and incidents of harassment and/or other negative experiences at work. This serves as a crucial point of communication with the employees, and the management receives valuable feedback that is used to inform future decisions on workplace organization and performance.

The employees in Agora Bytom are offered performance reviews one or two times per year, and management seeks to maintain close communication with the employees on a regular basis.

To mitigate the above-mentioned risks related to HSE, Borgestad Group performs preventive work and implements mitigating actions in case of actual injuries. 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, and Höganäs Borgestad has established structural procedures to follow up any issues related to quality and HSE throughout all operations.

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 or physiotherapy. The manager responsible follows up with the employees in accordance with standards and requirements from the relevant authority.

To strengthen its commitment to health, safety, and a positive work environment, Höganäs Borgestad has incentivised its efforts to appoint a designated HR lead and has decided to employ a director for organizational development and HR that will join the company in April 2026. This position will oversee 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 employees of Höganäs Borgestad.

Supply chain actions

Through Höganäs Borgestad, the Group operates in a sector that is exposed to several human rights risks throughout the value chain. Höganäs Borgestad, and the rest of the refractory industry, is 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 sufficient documentation from suppliers and partners to ensure that informed decisions are made with regards 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 identified for each supplier. This might relate to the suppliers' self-reporting or the lack of such reporting. These observations feed into an annual review process, where each supplier is evaluated to determine whether to prolong the relationship. Corrective actions are implemented on a case by case basis when non conformities are identified, with the aim of supporting supplier alignment with Höganäs Borgestad's expectations for reliability, sustainability, and ethical conduct.

Through 2025, Höganäs Borgestad has conducted 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 and hopes to make a longer trip to China by the end of 2027 to onboard a new supplier and combine this with audits of existing Chinese suppliers.

Looking ahead, Höganäs Borgestad will work to further develop its due diligence processes by refining its processes for supplier follow-up. Considering that most suppliers now are assessed to an overall low risk grade, it can be challenging to prioritize further follow-ups. By structuring information on inherent risks, based geography, industry or operations, and combining this with supplier-specific information gathered through Höganäs Borgestad's purchasing practices, we aim to strengthen our capabilities to map the most salient risks and develop tailored actions.

Track implementation and results

Borgestad Group strives to systematically evaluate implemented actions. The Group has established several targets and processes to monitor its progress.

To monitor risks related to own workforce, Höganäs Borgestad has established a target to keep its annual sick leave rates at a maximum of 3 percent and as of 2025, injury statistics were formally integrated into Höganäs Borgestad's internal reporting to strengthen its follow-up of health and safety. As a result of this, all injuries, including work-related injuries leading to sick leave, are monitored and reported to management monthly.

For the supply chain risks, Höganäs Borgestad has established a 2027 target of investigating whether the Höganäs Borgestad Group's high-risk suppliers have systems in place to follow up the principles according to the Supplier Code of Conduct.

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

Communicate how impacts are addressed

Borgestad Group seeks good communication with its business partners, suppliers and society at the whole. The statement in accordance with the Transparency Act is publicly available on the Company website, where the annual sustainability report also can be found. Höganäs Borgestad's policies are accessible to all employees via information screens, the Quality Management System and the intranet. In addition, Höganäs Borgestad's Code of Conduct and the Corporate Social Responsibility statement is available on the website.

Provide for or cooperate in remediation

The Borgestad Group has not established a policy for remediation, and as of 2025, no specific routines that specify how to act in cases where compensation or other types of remediation may be necessary are in place. Going forward, the Company will strengthen its preparedness and compliance with the OECD Guidelines for Multinational Enterprises on Responsible Business Conduct by formalizing procedures for compensation, communication with affected stakeholders and supplier follow-up in cases where remediation is needed.

Lysaker, April 29, 2026
Board of Directors, Borgestad ASA

Glen Ole Rødland
Chairman

Helene Bryde Steen
Board Member

Jacob Andreas Møller
Board Member

Wenche Kjølås
Board Member

Jan Erik Sivertsen
Board Member

Pål Feen Larsen
CEO

The document is electronically signed.

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