

BEWI

for a better everyday



Sustainable Finance Framework

BEWI ASA

August 2021

*Protecting people
and goods for a
better everyday*



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BEWI AT A GLANCE

BEWI is a leading international provider of packaging, components, and insulation solutions. Sustainability is integrated throughout the company's value chain, from the production of raw materials and end goods to collection and recycling.

BEWI was listed at the Euronext Growth trading facility at the Oslo Stock Exchange in August 2020 and transferred to the main index in December 2020.

BEWI was founded in 1980 on the island Frøya off the coast of central Norway. The company's strategic priorities are:

- **innovation** in search of more sustainable materials, products, solutions, and production processes
- **a circular economy** aiming at being the most sustainable provider of packaging, components, and insulation solutions, and
- **profitable growth** through organic initiatives and M&A opportunities, strengthening recycling operations, enabling geographic expansion and further strengthening of market positions

BEWI has a vision to protect people and goods for a better everyday. Today, the company's products protect and insulate everything from fish and vegetables to fragile products. Furthermore, BEWI's products are used in walls, roofs, and floors, under streets and roads, and in bridges. BEWI actively works with collection and recycling of material from packaging and insulation solutions and by managing the entire value chain, BEWI aims to close the loop and lead the change towards a circular economy.

Solutions

BEWI operates through three core segments:



RAW
Production of white and grey EPS and BioFoam, which is further developed into end market products

Packaging & Components



Manufacturing standard and customised packaging solutions for many industrial sectors

Insulation



Manufacturing of an extensive range of insulation products for the construction and infrastructure sectors

BEWI delivers its solutions to a wide range of industries, such as food, pharmaceuticals, automotive, residential housing, and thermal insulation. In most cases, BEWI's solutions can contribute to improving the environmental profile of other products and activities.

Food

- The fish farming industry uses boxes made from EPS for transporting fresh fish in unbroken refrigeration chains. The boxes are light, watertight and hygienic. BEWI is one of the largest suppliers of fish boxes to the salmon farming industry in Norway – the world's largest exporting country of fresh salmon – and to the industry for wild-caught fish in Portugal.
- EPS boxes are also used by the dairy and meat industries for packaging and transportation.

Hobby & Leisure

- Several soccer fields are covered with artificial grass. For the artificial turf to have the desired properties, the pitch is filled with granules of recycled car tires or vulcanized industrial rubber. BEWI's BioFoam is an environmentally friendly alternative to artificial grass. It consists of plant-based biopolymers, a completely renewable, and thus CO2-neutral material.

Thermal insulation

- BEWI's insulation products are manufactured primarily from expanded polystyrene (EPS) and extruded polystyrene (XPS). The majority of the products are used for foundations and a smaller part for walls and ceilings. Buildings insulated with EPS reduce energy consumption by up to 90 per cent. EPS is also a key material in infrastructure projects, for example EPS and/or XPS is used in road and rail construction as light filling in road banks to reduce subsidence, increase stability and decrease earth pressure against supporting structures. EPS is also used as insulation to prevent frost damages in the Nordics. BEWI is one of the larger European manufacturers of insulation products from EPS/XPS.

Automotive

- Vehicles carry a large amount of integrated technical components consisting of EPS and expanded polypropylene (EPP).
 - Individual and simple EPP components can often replace complex solutions containing many detailed parts.
 - BEWI supplies the automotive industry by developing and manufacturing technical components from EPP. As of January 2020, 25 per cent of the technical EPP components provided by the company to Volvo's vehicles are made from recycled EPP material.

Residential housing

- Technical components made of EPS and EPP are integrated parts of products for heating, ventilation and air conditioning (HVAC). Technical components from these materials can often replace complex solutions containing many detailed parts with simple, individual EPS or EPP components.

Pharmaceutical

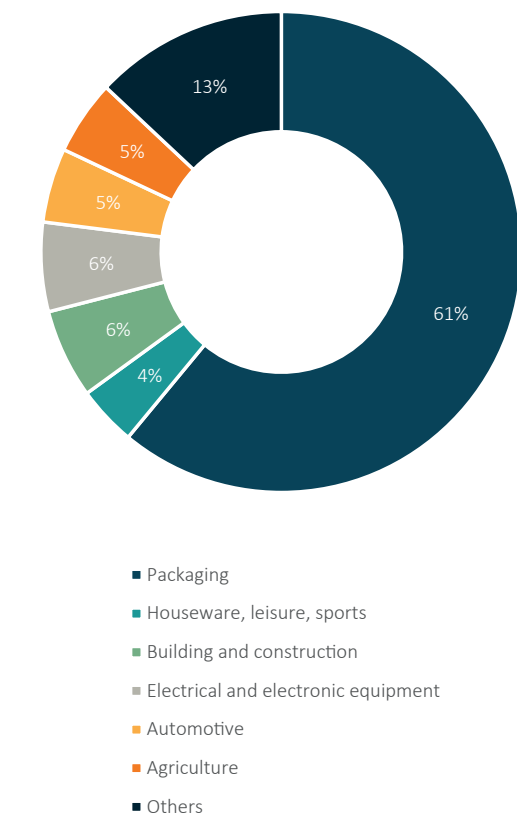
- EPS is a highly functional packaging material for pharmaceuticals. It keeps temperatures stable and is shock-absorbent.

THE CHALLENGE: THE FOOTPRINT OF PLASTIC WASTE

The EU currently has a target of reducing emissions from the so called non-ETS¹ sectors by 30 per cent by 2030, against 2005 levels. As of 2018, 3 per cent of GHG emissions within the EU came from waste.

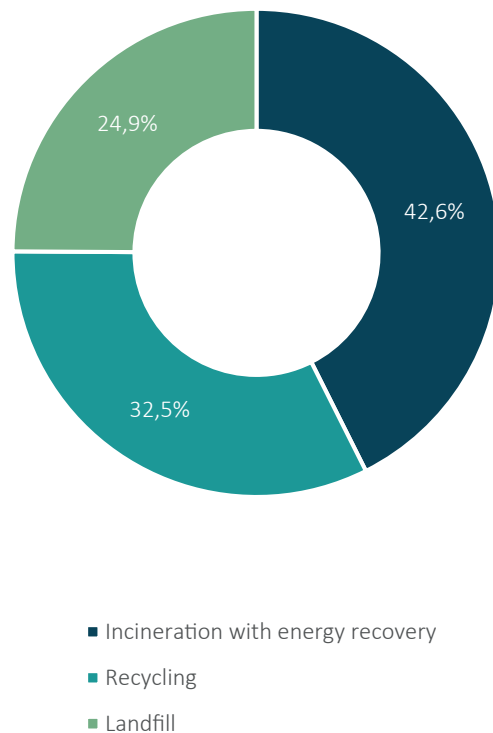
Furthermore, the EU has a target to increase recycling of plastic packaging to 50 per cent by 2025 and 55 per cent by 2030, and to ensure that all plastic packaging on the EU market will be either reusable or recyclable by 2030. As of 2018, 61% of plastic waste came from packaging. Today, plastic waste relies on landfill (25 per cent), incineration (43 per cent) with energy recovery, and recycling (32 per cent)².

Plastic waste generation by sector, 2018



Source: EU action to tackle the issue of plastic waste, review no 4/2020

Share of final treatment of plastic waste, 2018



Source: EU action to tackle the issue of plastic waste, review no 4/2020

The total amount of EPS supplied to the European market annually is 1.8 million tonnes. This is divided into packaging and construction, of which approximately 335 000 tonnes are used for packaging. Of this, 33 per cent is recycled mechanically, 35 per cent energy recovered, and 32 per cent goes to landfills³. The main barriers to increase the share of recycled EPS are the low levels of source separation, mainly because of the lack of facilities/ systems to sort and collect EPS, and high transportation costs. EPS is very lightweight, but it takes up a lot of space, therefore it needs to be compressed prior to transportation to achieve a competitive cost picture. In addition, food residues and odours need to be removed from used EPS.

¹ Sectors not included in the EU Emissions Trading Scheme, being waste, transportation, heating of buildings, agriculture

² https://www.eca.europa.eu/Lists/ECADocuments/RW20_04/RW_Plastic_waste_EN.pdf

³ <https://stybenex.nl/wp-content/uploads/2018/09/2018-EPS-Recycling-in-Europe-2017-EUMEPS-1.pdf>

Although annual EPS volumes used for construction are higher than for packaging, waste volumes are lower, due to the longer lifetime of the products. Most of the collected construction waste is demolition waste, which is often collected in mixed waste streams, resulting in a low recycling rate (approximately 1.3 per cent). Installation waste (clean waste) can be recycled quite well (25 per cent). The overall recycling rate for EPS construction waste is approximately 9 per cent. The energy recovery rate is approximately 59 per cent and landfill 32 per cent⁴. BEWI is one of the partners of PolyStyrene Loop that has developed a recycling process that make it possible to recycled polluted EPS and XPS from the construction industry⁵.

If the industry is going to contribute to the EU's Green Deal of becoming carbon neutral by 2050, it must move from a linear economy towards a circular plastic economy.

BEWI assess that the EPS market for usage of end products with a lifetime less than one year will have a modest growth going forward, while usage of EPS for end products/solutions in the construction and component market will grow more. The assessment is based on recent years market development where BEWI has experienced that EPS for some packaging solutions are subsidised by eg. corrugated cardboard while increasing requirements of energy efficiency in buildings and shortage of houses in regions BEWI operates in drives increasing sales to end markets such as construction and component.

The environmental materiality of BEWI's activities

BEWI is a European leader in the production of EPS raw materials, packaging, components, and insulations solutions. The company has an annual production capacity of approximately 200 000 tonnes of the EPS raw material. Of this, approximately 60 000 tonnes are used in packaging and products with a lifetime of less than one year. The remaining tonnes are used in for example products within the automotive industry, infrastructure, or construction sector with a significantly longer lifetime. Based on this, BEWI has set an annual target of collecting and recycling 60 000 tonnes of EPS, making sure that materials supplied to the market will be part of a circular economy.

⁴ <https://stybenex.nl/wp-content/uploads/2018/09/2018-EPS-Recycling-in-Europe-2017-EUMEPS-1.pdf>

⁵ Previously HBCD was a chemical used in flame retardant material which needs to be separated in the recycling process to be able to reuse the EPS again. HBCD is today a prohibited chemical but a problem in old houses that are demolished. For more information, please visit

BEWI IS COMMITTED TO CLOSING THE LOOP

BEWI's main impact comes from the use of fossil-based raw materials (styrene). To reduce the environmental footprint, the company needs to increase the content of recycled materials in its production. The main challenge today is to ensure large enough volumes of recycled raw materials and to keep them in the loop for as long as possible.

There are large volumes of used EPS on the market, but current estimates⁶ indicate that around 75 per cent is not sorted for recycling. There is a huge potential for increased sorting, especially at the source where the waste is being produced. Therefore, BEWI supports an introduction of taxes favouring circular solutions (e.g., taxes on incineration and landfill).

A lack of market regulations supporting material recycling is one of the reasons for the low recycling rates, and why virgin raw materials (styrene) make up the major share in new products. BEWI has initiated activities to improve resource efficiency, transition to more non-fossil energy sources and to improve circularity by focusing on reuse, collection, and recycling to close the loop. By doing so, BEWI aim to lead the change towards a circular economy, which is a vital component of net-zero emissions societies.

For BEWI, the circular economy offers a framework to achieve a more sustainable production and consumption and includes:

- Utilising resources as optimally as possible
- Transition to non-fossil energy sources
- Keeping the value of products and materials in the loop for as long as possible, through models of reuse
- Ensuring that materials are collected for recycling – thereby closing the loop

BEWI is committed to exploring new opportunities to find better and more efficient production methods, to reduce consumption, and to improve the quality of its raw materials, ensuring that materials are kept in use for as long as possible. This is a vital part of BEWI's sustainability strategy, where also the transition to renewable energy, respect for biodiversity, and social inclusion are important elements, ensuring the company contributes to a more sustainable use of resources while contributing to value creation and economic growth.



BEWI recycles EPS waste from its own production facilities, customers and nearby communities

⁶<https://stybenex.nl/wp-content/uploads/2018/09/2018-EPS-Recycling-in-Europe-2017-EUMEPS-1.pdf>

SUSTAINABILITY STRATEGY 2030

In March 2021, BEWI launched its sustainability strategy, with ambitious goals for the company's sustainability work. The strategy covers the entire value chain with ambitions leading to 2030.

BEWI's sustainability strategy is integrated into the company's business model, and the targets are supported by policies, procedures, and action plans. Sustainability is anchored in the company's board, executive management, and in the local management teams. The executive management reviews and discusses the company's sustainability strategy, policies, performance, and reporting, while the local management teams follow up on sustainability KPIs monthly.

BEWI's strategic approach to sustainability is based on three pillars:

1. *Becoming circular*

To be a circular business built on renewable energy. This will be done by focusing on three main aspects:

Lean, is about classic economic efficiency. Focusing on making more out of less, using renewable energy.

Keep, is about keeping the resources in the economy for as long as possible. This means giving products a longer life, either because the product itself lasts longer or because the components can be repaired, upgraded, or reused in new products.

Close, is about moving from the current approach of "take-make-waste", to a more sustainable approach of "borrow-use-return". This includes designing products that can easily be recycled, and to ensure that the products are collected and recycled after its lifetime.

By 2030 BEWI is committed to:

Lean

- 50 per cent recycled or non-fossil raw materials
- 50 per cent non-fossil energy sources (scope 1 and 2)
- 50 per cent of transport based on non-fossil fuel (scope 1 and 3)
- 100 per cent of production units ISO 14001 certified

Keep

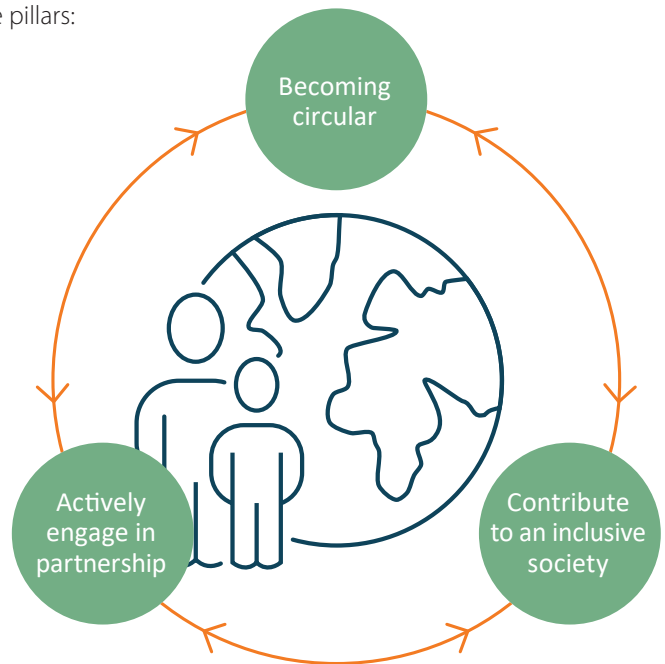
- 100 per cent of products produced and/or traded are recyclable
- Engage with customers to explore and identify products with potential to improve circularity through models of reuse

Close

- Collect the equal quantity of raw materials, that is supplied to the market each year (with a lifetime less than one year), meaning that BEWI currently have an annual target to collect 60 000 tonnes of materials for recycling
- Zero waste from production
- Reduce waste generation and sort 80 per cent of waste for material recycling

2. *Actively engage in partnerships*

Being an active and responsible partner so that BEWI together with its stakeholders can achieve a circular economy, operating within planetary boundaries.



3. Contribute to an inclusive society

To create a positive social impact for everyone across the BEWI value chain. The employees shall grow and engage, and never compromise on safety. BEWI will provide equal opportunities for all and also engage in its local communities. BEWI expects its partners to comply with its ethics, labour, and human rights requirements.

Additional information on BEWI's ambitions and commitments can be found in the company's Sustainability Strategy ⁷.

Concrete actions

BEWI Circular was established as a separate business unit in 2018 and is responsible for the group's collection and recycling activities. As of June 2020, BEWI has a collection and recycling capacity of approximately 20 000 tonnes of EPS.

BEWI has announced a target of collecting 60 000 tonnes of used EPS per year. The number corresponds to the average annual volume of EPS with a lifetime of less than one year that BEWI has been delivering to the end market in recent years, which is approximately one-third of BEWI's total annual production of EPS raw material. The other two-thirds of the volume are used in products with a lifetime of more than one year, such as insulation in buildings, car components, and bike helmets. With today's volumes, a collection of 60 000 tonnes of used EPS to be recycled, means that BEWI would be able to increase the share of recycled content in their products to approximately 30 per cent.

Launch of world's first 100 per cent recycled EPS

In 2020, BEWI launched its new product range GreenLine, including a full range of sustainable building insulation solutions, from boards to foundation systems. Since 2020, all GreenLine products carry the company's Recycled Inside label, meaning that the EPS is made from up to 100 per cent recycled material.

BEWI has established an initiative called Use-ReUse, aiming at raising awareness and knowledge about the importance of sorting and collecting used EPS, and to spread the word that "EPS is 100 per cent recyclable". In addition, BEWI has entered several partnerships with municipalities and customers to improve the sorting and collection of EPS.

The capacity was significantly strengthened during 2020, following completion of a greenfield project in Portugal, acquisition of an extruder for recycling in Denmark and several acquisitions. During the first quarter of 2021, production at the new recycling facility in Portugal ramped up according to plan, providing a positive development for the Circular business. In addition, in March, BEWI announced its acquisition of a 34 per cent interest of the Czech recycling company Inoplast, adding another 5 000 to 6 000 tonnes to the company's recycling capacity.

In 2020, BEWI Circular was one of three finalists in the category Innovator of the Year, waste, and recycling at The Swedish Recycling Awards. "BEWI has made it possible to create a closed-loop for expanded polystyrene, EPS. EPS waste can now be collected, compressed, and delivered for extrusion and finally production of new EPS," the jury wrote.

Transparency on sustainability

BEWI started to map its carbon footprint according to the GHG protocol methodology in 2020 and will start reporting on emissions accounting in the upcoming Sustainability Report. This enables the group to take informed decisions to reduce its carbon footprint and to evaluate its performance over time. BEWI will report its sustainability progress in line with the Global Reporting Initiative (GRI) for 2021. This will ensure comparability and enable transparency and accountability. BEWI's ESG reporting is included in the group's Sustainability Report for 2020.

Climate change and climate policies are important premises for the business community. BEWI is in the process of mapping the company's exposures to climate risks and how to handle the various consequences that climate change may have for the company. BEWI will in the coming years conduct climate risk assessments on a regular basis to ensure that the company's climate risk management is in line with the Task Force on Climate-related Financial Disclosures (TCFD).

BEWI's commitment to be a responsible actor in the market is reflected in the company's Sustainability Policy. A large share of BEWI's facilities are certified according to ISO 14001 (Environmental Management) and/or ISO 9001 (Quality Management), and the remaining facilities are currently working on implementing these standards. BEWI further has a Code of Conduct that applies throughout its operations, based on the UN Global Compact's ten principles.

⁷ <https://bewi.com/wp-content/uploads/2021/03/BEWI-Sustainability-Strategy.pdf>

Sustainable Finance at BEWI

BEWI recognises that the company has an important role in developing circular processes for its industry and thereby promote a low carbon society. Sustainability is a top priority in BEWI with emphasis on reducing the environmental footprint of its operations and to increase the content of recycled materials in products. This will require capital investments. By establishing a Sustainable Finance Framework (the “Framework”), including both Green and Sustainability-Linked features, BEWI enables financing of green projects and assets, in addition to supporting the company’s commitments to its sustainability strategy and agenda.

This Framework has been established to support the issuance of Green Finance Instruments, including Green Bonds and Loans, and Sustainability-Linked Finance Instruments, including Sustainability-Linked Bonds and Loans, or a combination thereof. This Framework has been developed in alignment with the International Capital Market Association (ICMA) Green Bond Principles 2021, the Loan Market Association (LMA)/Asia Pacific Loan Market Association (APLMA)/ Loan Syndications and Trading Association (LSTA) Green Loan Principles 2021, the ICMA Sustainability-Linked Bond Principles 2020, and the LMA/APLMA/LSTA Sustainability-Linked Loan Principles 2021.

Instruments issued under this Framework should in their transaction specific documentation refer to this Framework.

Green Finance Framework

USE OF PROCEEDS

An amount equal to the net proceeds of the Green Finance Instruments raised by BEWI will be used to finance or refinance Eligible Assets and Projects that have been evaluated and selected by BEWI in accordance with this Green Finance Framework. Refinancing of eligible operating expenditures will have a look-back period of no more than three years from the time of issuance. Eligible assets shall qualify without a specific look-back period provided that at the time of issuance they follow the eligibility criteria listed below.

BEWI is fully committed to transparency and best market practices. For the avoidance of doubt, Green Finance Instruments will not be used to finance or refinance investments related to fossil energy production nor fossil fuel machinery and/or equipment.

Eligible Assets and Projects

Eligible Assets and Projects include both assets and expenditures, aimed at contributing to a low carbon and circular economy, within the following categories. The Use of Proceeds is described for each Green Bond category.

1. Eco-efficient and/or circular economy adapted products, production technologies and processes
2. Energy efficiency
3. Renewable energy
4. Clean transportation

The likely distribution of green finance proceeds between these project categories is 75 per cent of allocations towards category one, and the remaining share distributed to the other three categories.

⁸ <https://bewi.com/wp-content/uploads/2021/04/BEWI-ASA-Sustainability-ENG.pdf>

⁹ https://bewi.com/wp-content/uploads/2021/02/BEWi-ASA-Code-of-Conduct-21-September-2020_updated-new-logo.pdf

PROCESS FOR PROJECT EVALUATION AND SELECTION

BEWI has designed and implemented a process to ensure that only assets and projects aligned with the criteria set out above, will be financed by Green Finance Instruments. To oversee this process, a Green Finance Committee has been established including the CFO, Director of Sustainability, and the Chief Operating Officer. The Green Finance Committee will meet at least on an annual basis and the sustainability representative holds a veto.

The Green Finance Committee follows the below process when evaluating and selecting assets and projects for inclusion in the portfolio of Eligible Assets and Projects.

- The Chief Operating Officer proposes potential eligible assets and projects to the Director of Sustainability
- The Director of Sustainability evaluates the eligibility of the proposals according to the eligibility criteria specified in the above table and removes assets and projects that do not meet the criteria
- The formal approval and registration of Eligible Assets and Projects are made by the Green Finance Committee

The Green Finance Committee holds the right to exclude any Eligible Assets and Projects already funded by Green Finance Instruments if they find those assets and projects no longer to be aligned with the criteria of this Framework. Such assets and projects will if necessary be replaced by other Eligible Assets and Projects as soon as practically possible.

MANAGEMENT OF PROCEEDS

BEWI will establish a Green Finance Register in relation to Green Finance Instruments issued by BEWI for the purpose of monitoring the Eligible Assets and Projects and the allocation of an amount equal to the net proceeds to Eligible Assets and Projects.

BEWI will over the duration of the outstanding Green Finance Instruments build up and maintain an aggregate value of Eligible Asset and Projects in the Green Finance Register that is at least equal to the aggregate net proceeds of BEWI's outstanding Green Finance Instruments.

There may be periods when the total outstanding net proceeds of Green Finance Instruments exceed the value of the Eligible Assets and Projects in the Green Finance Register. Any such portion will be held in accordance with BEWI's normal liquidity management policy. This excludes investments in oil and gas resource extraction as well as electricity production from fossil fuels.

The Green Finance Register will form the basis for the impact and allocation reporting.

REPORTING

BEWI will annually publish a publicly available report on the allocation and impact of the Eligible Assets and Projects financed by Green Finance Instruments issued under this Green Finance Framework. Where relevant, BEWI will seek to align the reporting with the latest standards and practices as identified by ICMA and the guidelines in the Nordic Public Sector Issuer's Position Paper on Green Bond Impact Reporting. The impact report will, to the extent feasible, also include a section methodology, baselines and assumptions used in impact calculations.

Allocation Report

The allocation report will, to the extent feasible, include the following components:

- Amounts invested in each category as defined in the Use of Proceeds section and the relative share of new financing versus refinancing
- Descriptions of selected Eligible Assets and Projects financed
- The share of allocated and non-allocated proceeds
- Nominal amount of outstanding Green Finance Instruments, divided into Green Bonds and Green Loans

Impact Report

BEWI will strive to report on the actual environmental impact of the investments financed by its Green Finance Instruments. If the actual impact for some reason is not observable, or unreasonably difficult to calculate, estimated impact will be reported.

The impact indicators may vary with investment categories, as defined in this Green Finance Framework. The impact metrics selected may include the following:

- Eco-efficient and/or circular economy adapted products, production technologies and processes
 - » Collected plastic waste, type and amounts (tonnes)
 - » Extruded raw material based on recycled plastic waste, type and amounts (tonnes)
 - » Type and amount of R&D expenditures (EUR million)
- Energy efficiency
 - » Annual energy efficiency improvements (scope 1 + 2, MWh/tonne)
- Renewable energy
 - » Annual renewable energy generation, MWh
 - » Annual GHG emissions reduced/avoided by phasing out natural gas (tCO₂e)
- Clean transportation
 - » Number and type of non-fossil cars and vehicles procured
 - » Annual GHG emissions reduced due to phasing in non-fossil cars and vehicles (tCO₂e)

The allocation and impact reports will be made publicly available on BEWI's website. The allocation reports will be subject to statutory annual audit of governance by BEWI's external auditors.

EXTERNAL REVIEW

Second Party Opinion

BEWI has obtained a Second Party Opinion from Sustainalytics. Amongst other things, it confirms the alignment of this Framework with the Green Bond Principles published by ICMA 2021 and the Green Loan Principles set out by APLMA, LMA and LSTA in 2021.

Sustainability-Linked Finance Framework

SELECTION OF KEY PERFORMANCE INDICATOR (KPI)

Selection of a material, relevant and core sustainability topic for BEWI

BEWI provides both EPS raw materials and end products and recognises the climate impact the company has within the industry when it comes to the use of fossil-based raw materials (styrene) and the supply of EPS in the economy. Today, there is limited infrastructure to collect and recycle EPS and large volumes of used EPS go to incineration and landfill. Plastic waste is a widespread challenge across the world, and BEWI is committed to mitigating this challenge by increasing the content of recycled materials in its production. The first step to achieving this is by securing the collection of plastic waste collected for recycling.

Currently, BEWI is the only EPS producer with recycling facilities in the Nordics. In addition to increased use of recycled material in its products, the recycling contributes to decreased carbon emissions from waste handling.

Key performance indicator selected

Collection of used EPS is the first step in ensuring increased recycling rates and creating a circular economy approach, and BEWI has therefore selected the following KPI.

KPI: Annually collected expanded polystyrene (EPS) for recycling, measured in tonnes.

The calculation of the KPI includes all collection taken place across the entities that by each year-end are part of the BEWI Group.

Description of materials included in the KPI

EPS - Consists of 98 per cent air and 2 per cent polystyrene. The air sealed in the plastic cells gives EPS its excellent insulating ability. EPS has a high moisture resistance and provides good protection against cold, wind, damp and mold, in addition to providing excellent high impact protection. Areas of application: Insulation material in buildings, construction material for facilities such as roads, bridges and viaducts, packaging for food, electronics, medicines and more.

CALIBRATION OF SUSTAINABILITY PERFORMANCE TARGETS (SPTs)

By 2030, BEWI is targeting to annually collect a quantity of used EPS corresponding to the quantity of new EPS raw materials with a lifetime of less than one year that BEWI puts into the end market. This would close the loop for EPS supplied by BEWI that would otherwise within one year become waste. Currently, BEWI is supplying 60 000 tonnes of EPS to the market annually and has a collection capacity of around 20 000 tonnes. Based on the company's strategic 2030 target, the following SPTs have been defined.

SPT 1: Collected EPS for recycling to be 45 000 tonnes by end of 2024

SPT 2: Collected EPS for recycling to be 60 000 tonnes by end of 2026

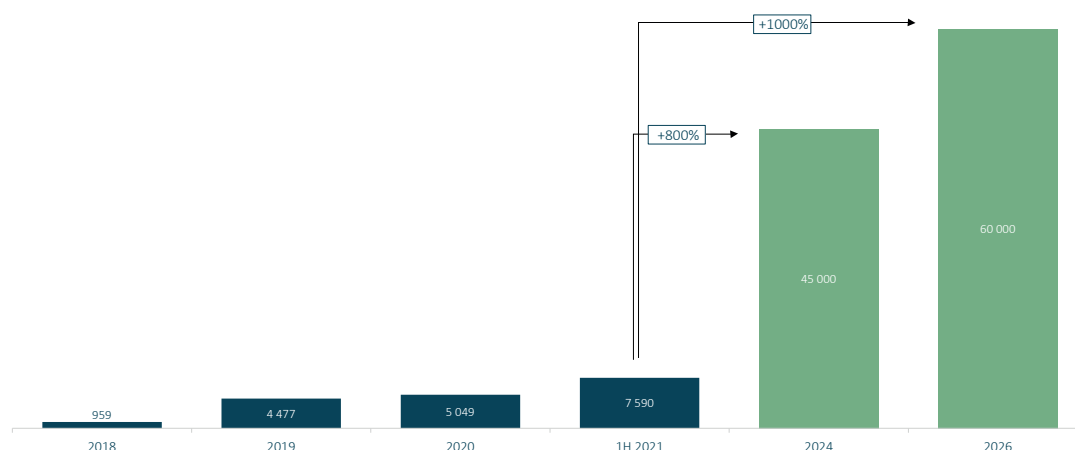
Each Sustainability-Linked Finance Instrument issued under this Framework will in their transaction specific documentation refer to dates at which compliance with the SPT will be assessed (Target Observation Date(s)).

Historical performance

In 2018, BEWI launched BEWI Circular, an initiative to collect and recycle EPS. The initiative was born out of the knowledge that there was no systematic collection of EPS and hence, limited recycling in the market.

Historical collection of EPS since the launch of BEWI Circular

Year	Collected EPS in tonnes	Estimated EPS products with a lifetime with less than one year in tonnes (approx.)
2021H1	7 590	60 000
2020	5 049	60 000
2019	4 477	60 000
2018	959	60 000



Availability of waste materials for collection in the market

The waste generation of EPS is spread out all-over Europe with an estimated market of slightly below 500 000 tonnes annually (2017). Even if the total annual waste generation is larger than BEWI's collection targets, the generation is spread and scattered all over Europe, making it difficult to access large volumes. On average, a European country generates approximately 25 000 tonnes of waste annually (2017).

Peer comparison

There are 13 large actors in the market when it comes to collection and recycling of EPS. The largest one is Soprema with a capacity to collect and extrude 25 000 tonnes of EPS. BEWI Circular is currently the second largest actor with a collection and extrusion capacity of 20 000 tonnes while the rest lies within a capacity range of 1 000 – 10 000 tonnes.

Strategy to achieve the two SPTs

BEWI is continuously working to increase the company's collection capacity through investments and through collaborations with customers and partners, securing that products are sorted for collection and material recycling.

Key steps to achieve the two SPTs are:

- Use Reuse – an initiative to raise awareness and knowledge about the importance of sorting and collecting used EPS
- Investments in, and establishment of, collection hubs in areas where there is currently no systems in place for the collection of EPS
- Cooperation with customers to secure sorting and collection through investments in compression machines located at the customers
- Cooperation with municipal and private solid waste companies across Europe
- Cooperation with fish processing companies to wash and compress fish boxes
- Cooperation with construction companies to offer solutions to sort out and collect EPS from construction sites
- Investment in green fields
- M&A of existing collection and recycling companies

Risks to achieving the SPTs

There are large volumes of used EPS on the market. However, much of the EPS is not sorted for recycling. A large share of the EPS waste therefore goes into the mixed waste streams and is sent to incineration. The challenge for BEWI, as an individual company, is to manage the logistics of used EPS. BEWI needs large volumes of used EPS to be able to handle the waste efficiently and a risk to achieve the SPTs are the availability of large enough volumes. There is a huge potential for increased sorting, especially at the source where the waste is being produced. BEWI would favour from authorities launching clear requirements and regulations to increase the content of recycled materials in EPS. Currently, it is more expensive to collect and recycle plastics waste than using virgin (fossil based) raw materials and send it to incineration.

FINANCIAL CHARACTERISTICS

Characteristics outlined in this Framework are applicable to all Sustainability-Linked Finance Instruments issued under it. The proceeds from Sustainability-Linked Finance Instruments will be used for general corporate purposes.

Depending on BEWI's KPI performance versus the applicable SPT(s) as per the applicable Target Observation Date(s) as set out in the security specific documentation, the financial characteristics of the Sustainability-Linked Finance Instrument will change. This may include, but is not limited to, coupon or margin adjustments, or adjustments to the redemption price. Regardless of financial characteristic selected, the scale of the impact aims at being meaningful and commensurate. The financial characteristic selected for each financial instrument will be specified in the transaction specific documentation.

In addition, should BEWI fail to provide the relevant reporting and verification, in line with this Framework, the financial characteristics of the Sustainability-Linked Finance Instrument will change as outlined in the transaction specific documentation.

The KPIs and SPTs set out in this Framework will remain applicable throughout the tenor of any security issued under the Framework, regardless of any changes to BEWI's sustainability strategy or business. This includes any changes relating to the company's general sustainability targets and ambitions or changes in applicable benchmarks or industry standards as well as M&A, divestment or any other types of restructuring activities. Any new or updated Sustainable Finance Framework, in relation with any subsequent securities issuance, shall not have any implications on the securities issued under this Framework.

REPORTING

To ensure investors and other stakeholders have updated and adequate information about BEWI's sustainability strategy and the progress of the KPI in relation to the respective SPTs, a Sustainability-Linked Finance Progress Report will be made publicly available on an annual basis for as long as there are Sustainability-Linked Finance Instruments outstanding. The Sustainability-Linked Finance Progress Report will be published on BEWI's web page.

The Sustainability-Linked Finance Progress Report will contain the relevant information for assessing whether the applicable SPT has been met for the applicable Target Observation Date. The Sustainability-Linked Finance Progress Report will include the following reporting points.

- The performance of the KPI versus the SPTs, as per the relevant reporting period and when applicable, as per the Target Observation Date including the calculation methodology and baselines when relevant (to be verified by an external verifier as detailed below under "Verification"),
- Information on any relevant updates to BEWI's sustainability strategy surrounding recycling and collection of EPS, and
- A list of Sustainability-Linked Finance Instruments outstanding.

Where feasible and possible the Sustainability-Linked Finance Progress Report will also include:

- Qualitative and/or quantitative explanations of the contribution of the main factors, including M&A and/or other restructuring activities, behind the evolution of the performance of the SPT on an annual basis,
- Illustration of the positive sustainability impacts of the performance improvement
- Updates on new or proposed regulations from regulatory bodies relevant to the KPI and the SPT

In the case BEWI would have other financial instruments than bonds outstanding, the company may choose to provide the Sustainability-Linked Finance Progress Report in relation to other finance instruments than bonds, directly and non-publicly, to the lenders or counterparts.

Failure to provide the Sustainability-Linked Finance Progress Report by the dates defined in the transaction specific documentation will result in an automatic adjustment in the financial characteristics, also as outlined in the transaction specific documentation.

EXTERNAL REVIEW

To ensure alignment with the ICMA Sustainability-Linked Bond Principles and the LMA/APLMA/LSTA Sustainability-Linked Loan Principles as well as best market practice, BEWI will obtain the external reviews listed below. This Framework and the below reports will be published on our website.

Verification

BEWI will ensure an external and independent verification of its actual KPI performance relative to the SPTs on an annual basis and in relation to any Target Observation Date(s). The verification shall be conducted by a reviewer with relevant expertise with limited assurance by the reviewer. The verification will be made public together with the Sustainability-Linked Finance Progress Report as outlined in the transaction specific documentation.

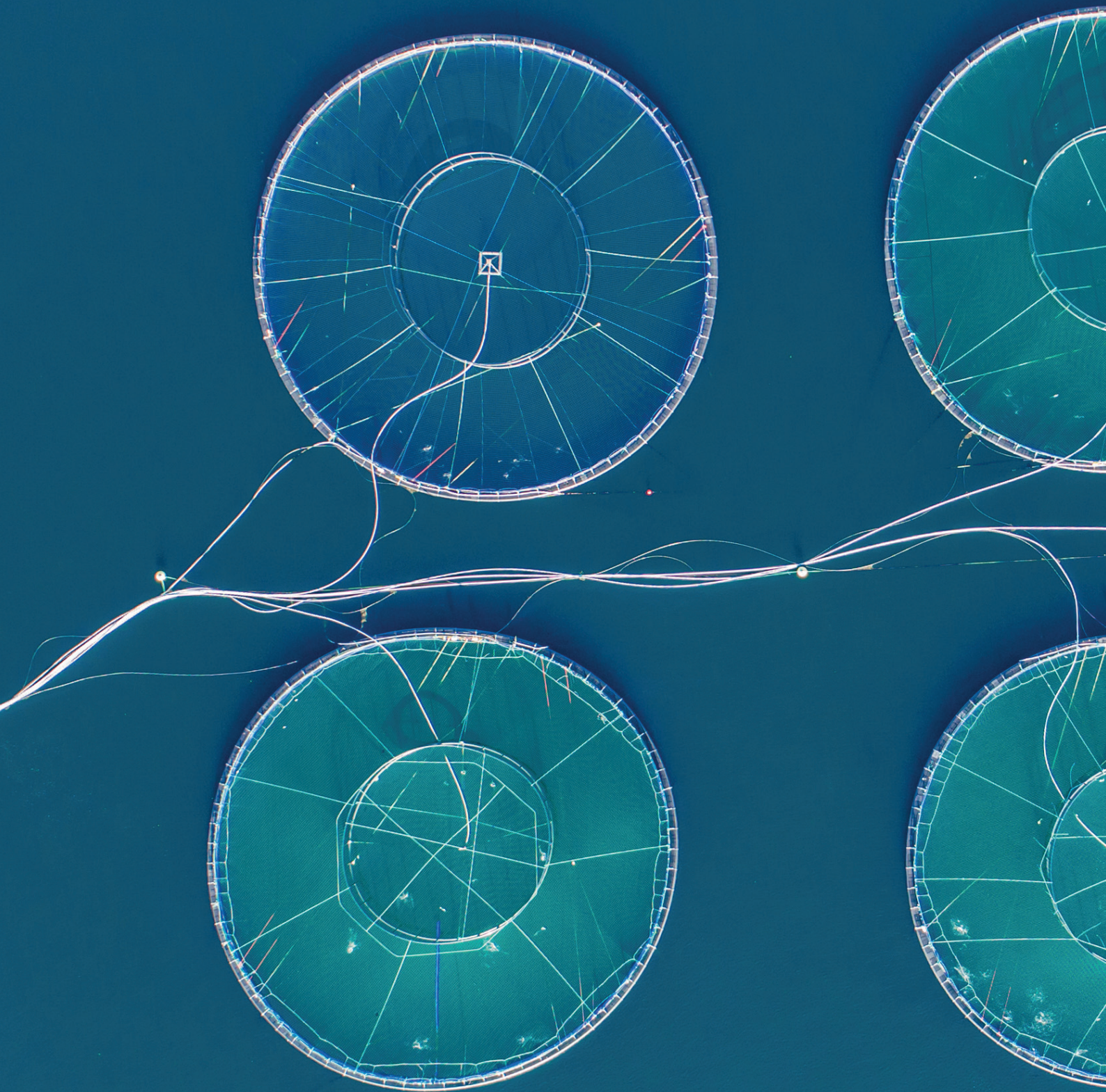
Failure to provide the annual verification by the dates defined in the transaction specific documentation will result in an automatic adjustment in the financial characteristics, also as outlined in the security specific documentation.

Second party opinion

BEWI has obtained a Second Party Opinion from Sustainalytics. Amongst other things, it confirms the alignment of this Framework with Sustainability-Linked Bond Principles published in June 2020 by ICMA and the Sustainability-Linked Loan Principles published in June 2021 by the LMA, APLMA and LSTA. The Second Party Opinion concludes that the KPIs are meaningful and relevant in the context of BEWI's broader sustainability and business strategy and that the SPTs represent a material improvement over a predefined timeline.

BEWI

for a better everyday



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