

Materiality Assessment

BEWI ASA
October 2022



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Background

Position Green Advisory (PGA) assisted BEWI in assessing its impact on the environment, society and economy. PGA also considered how issues related to Environment, Social and Governance (ESG) impact BEWI's enterprise value. The assessment took place from August - October 2022 and included a materiality assessment which was developed according to best practice.

What is materiality?

Leading ESG reporting frameworks, such as the Global Reporting Initiative (GRI), require reporting organisations to undertake an assessment of their impacts on the economy, environment and/or society to determine which of these impacts contribute (in a positive or negative way) to sustainable development. Impacts with the highest significance are considered "material". These should be prioritized for annual/sustainability reporting, risk management, resource allocation and strategy development.

The EU Corporate Sustainability Reporting Directive (CSRD) and the proposed European Sustainability Reporting Standard (ESRS) also requires undertakings to identify and assess how changing market conditions can cause ESG issues to impact their enterprise value (internal impact).

This assessment uses both definitions and recommends prioritizing topics with *double materiality*, i.e., topics that both have an external and internal impact (see figure 1 below).



Figure 1: The Concept of Double Materiality

Process description

PGA conducted this materiality assessment according to the GRI standard (Annex 1), as described in figure 2 below.



Figure 2: Materiality Assessment Process

In step 1 “Desktop Research”, actual and potential impacts for BEWI were identified. The list of identified topics was reviewed by the Company and discussed with stakeholders.

As for the interviews, five were carried out with stakeholders selected by BEWI. These were:

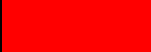


- Board of directors
- Raw material supplier
- Peers
- Shareholder
- European Plastic Pact - WRAP

The same list of identified actual and potential impacts for BEWI was included in the employee survey (step 3). The survey was used to gather input from the employees, and to secure engagement and internal awareness.

Methodology

The stakeholders were asked to consider BEWI's impact on climate, the environment, society and the economy (external impact). Additionally, they were asked to consider how changes to the market conditions caused by ESG issues can impact BEWI's enterprise value (internal impact). To ensure that other stakeholders' views were included in the analyses the findings from the interviews were subsequently presented and calibrated in a workshop with BEWI's Director of Sustainability, HR Director and Legal Counsel.

The significance (likelihood and severity) of each impact is indicated in a standard colour code system:

	High
	Medium
	Low

High and medium significance is considered material.

Material Topics (Results)

The following topics are considered material to BEWI. As many of the impacts are interrelated, they have been grouped together as *topics* in the column to the left to ease integration into strategy and reporting. The impacts in **bold**, are material for BEWI both as external impacts and impacts on enterprise value (**double materiality**).

For a more detailed overview see BEWI's materiality matrix on page 8.

ENVIRONMENT

Climate Change Mitigation	GHG emissions from key components (petrochemicals)
	GHG emissions from transportation of goods
	Direct GHG emissions from manufacturing
Climate Change Adaptation	Climate-related risks
Resource Use and Circularity	Recycling
	Energy scarcity
	Resource consumption
Biodiversity & Ecosystems	Discarded plastic goods and microplastics (environment)
	Spills of hazardous chemicals

SOCIAL

Working Conditions	Occupational health and safety on manufacturing sites
	Talent attraction and retention
	Diversity in workplace
	Employee work-life balance
Human Rights	Violation of human rights (value chain)
Local Community	Plastic pollution in communities
	Noise pollution/disturbance originating from manufacturing facilities

GOVERNANCE

Ethical Business Conduct	Anti-competitive practices
	Corruption in own operation
	Unethical business conduct (supply chain)

Key takeaways from stakeholders

BEWI is considered a trusted industry actor

BEWI has a transparent ownership structure and good corporate governance processes in place. BEWI's risk for unethical business practices are considered small and the company is regarded as a solid business partner and investor object. However, its ambitious growth strategy requires attention to anti-competitive behaviour and sustainability-related risk management.

BEWI is exposed to the reputational risks of the industry

As a plastic producer, BEWI needs to bear in mind that reputational risks to the industry applies to them regardless of their actual impact. This is particularly relevant for potential health effects that consumption of microplastic may have, as well as environmental and social impacts of plastic waste. BEWI's stakeholders appreciate the company's progressive approach to circularity, as it is seen as a solution to many of the negative impacts associated with the Company and the industry in general.

Employees' considerations

Recycling of materials used in production and *Direct GHG emission from energy consumption in production* were the impacts selected by the employees that were consulted as those of most strategic importance for BEWI. They were considered to be the main impacts that the company should focus on moving forward. Moreover, these impacts are considered areas where BEWI could improve the most, together with *Talent attraction and retention* and *Work-life balance*.

The Petro-dilemma

BEWI's products are based on petrochemicals, which contribute significantly to the company's emissions. One of the most viable alternatives are bio-based products. However, these alternatives raise new environmental concerns related to biodiversity which should be managed holistically.

Health and safety - the most important issue

For an industrial actor, health and safety management is considered a licence to operate, and there are high expectations from stakeholders for BEWI to act accordingly.

Human rights impact is becoming material

BEWI is exposed to Human Rights issues due to having a global supply chain. This is considered a rising concern due to the increasing amount of new legislation on the topic at both the international and national level, and it is therefore considered a legal issue for enterprise value.

BEWI's Materiality Matrix 2022

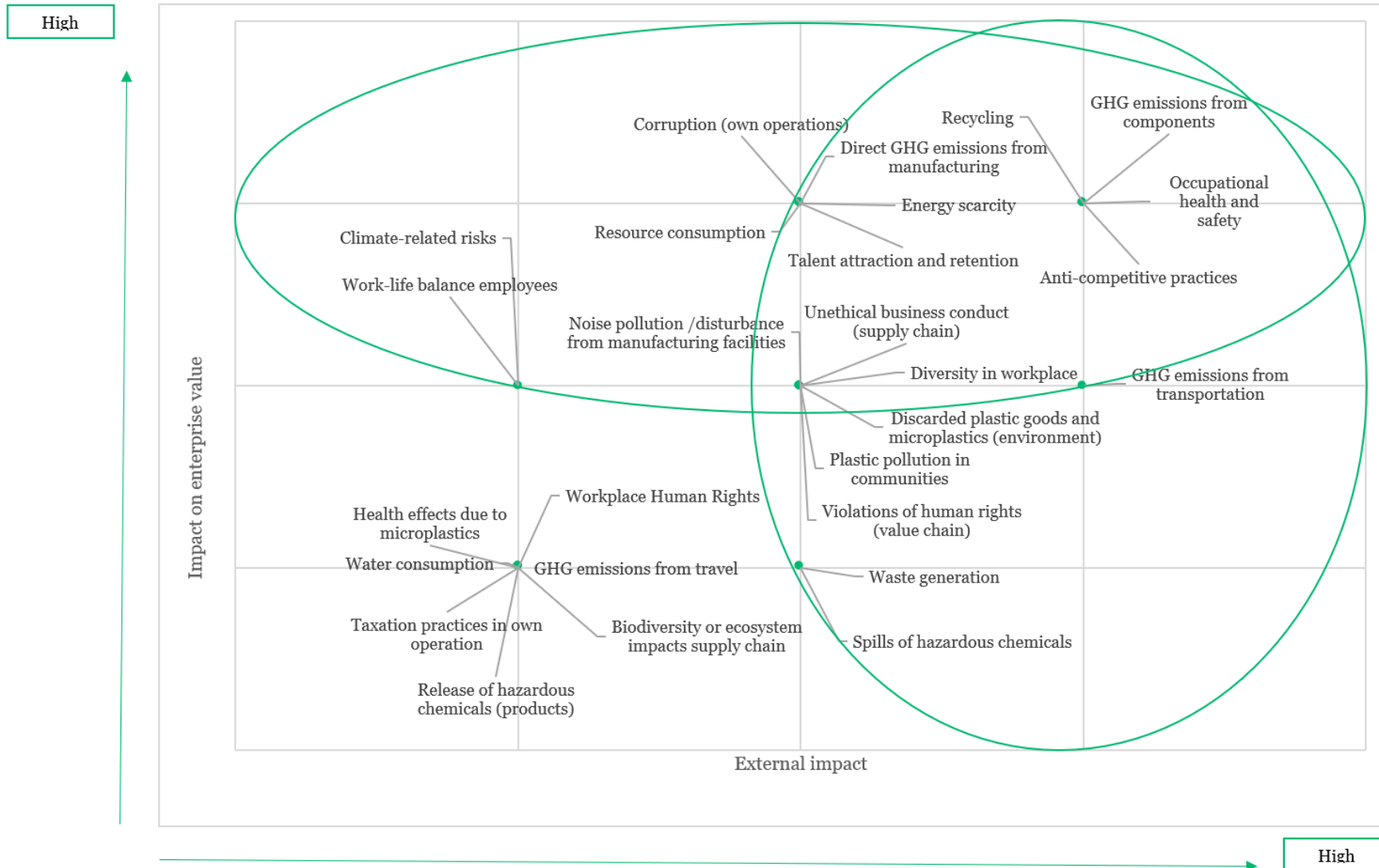


Figure 3: Materiality Matrix

Analysis

BEWI's impacts on climate and environment:

		Management	Stakeholders	Calibration
Climate mitigation	GHG emissions from travel	Green	Green	Green
	GHG emissions from transportation of goods and supplies	Red	Yellow	Red
	Direct GHG emissions from manufacturing from energy consumption	Red	Yellow	Yellow
	GHG emissions from key components sourced ie petrochemicals	Red	Red	Red
Pollution	Spills of hazardous chemicals in production phase	Yellow	Green	Yellow
	Release of hazardous chemicals through discarded plastic goods	Green	Green	Green
Water and marine resources	Discarded plastic goods and microplastics that can harm wildlife and seep into the food chain	Yellow	Yellow	Yellow
	Water consumption	Green	Green	Green
Biodiversity and ecosystems	Sourcing of components or materials that harm biodiversity or ecosystem	Green	Yellow	Green
Circular economy	Waste generation	Yellow	Yellow	Yellow
	Resource consumption	Yellow	Yellow	Yellow

	Recycling			
	Energy scarcity			

Environmental issues considered material to BEWI's enterprise value:

		Management	Stakeholders	Calibration
Climate mitigation	GHG emissions from travel			
	GHG emissions from transportation of goods and supplies			
	Direct GHG emissions from manufacturing from energy consumption			
	GHG emissions from key components sourced ie petrochemicals			
Climate change adaption	Climate-related risks			
Pollution	Spills of hazardous chemicals in production phase			
	Release of hazardous chemicals through discarded plastic goods			
Water and marine resources	Discarded plastic goods and microplastics that can harm wildlife and seep into the food chain.			
	Water consumption			
Biodiversity and ecosystems	Sourcing of components or materials that harm biodiversity or ecosystem			

Circular economy	Waste generation	Green	Yellow	Green
	Resource consumption	Yellow	Yellow	Red
	Recycling	Red	Yellow	Red
	Energy scarcity	White	Red	Red

BEWI's impacts on society:

This section will be complemented in the human rights saliency assessment.

		Management	Stakeholders	Calibration
Own workforce	Talent attraction and retention, Professional growth amongst employees	Green	Yellow	Yellow
	Occupational health and safety	Yellow	Red	Red
	Diversity in workplace	Green	Yellow	Yellow
	Work-life balance employees	Green	Yellow	Green
	Workplace Human Rights i.e. Privacy, discrimination	Green	Green	Green
Workers in value chain	Violations of human rights i.e. Forced labour, child labour, rights of indigenous peoples etc.	Yellow	Yellow	Yellow
Affected communities	Noise pollution and or other disturbance from manufacturing facilities	Green	Yellow	Yellow

	Plastic pollution in communities			
Consumers / End-users	Health effects due to primary and secondary microplastics			

Social issues considered material to BEWI's enterprise value:

		Management	Stakeholders	Calibration
Own workforce	Talent attraction and retention, Professional growth amongst employees			
	Occupational health and safety			
	Diversity in workplace			
	Work-life balance employees			
	Workplace Human Rights i.e. Privacy, discrimination			
Workers in value chain	Violations of human rights i.e. Forced labour, child labour, rights of indigenous peoples etc.			
Affected communities	Noise pollution and or other disturbance from manufacturing facilities			
	Plastic pollution in communities			

Consumers / End-users	Health effects due to primary and secondary microplastics			
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BEWI's impact on economy:

		Management	Stakeholders	Calibration
Economy	Taxation practices in own operation, i.e., Transparent ownership structure and procedures			
	Unethical business conduct in supply chain, i.e., corruption, bribery, and money laundering			
	Corruption in own operations			
Market	Anti-competitive practices			

Economy issues considered material to BEWI's enterprise value:

		Management	Stakeholders	Calibration
Economy	Taxation practices in own operation, i.e., Transparent ownership structure and procedures			
	Unethical business conduct in supply chain, i.e., corruption, bribery, and money laundering			
	Corruption in own operations			
Market	Anti-competitive practices			

Appendix

GRI Materiality assessment methodology

