

ESG report 2022

Bramming Plast-Industri A/S

CEO LETTER

BPIs key mission is to be a value adding industrial partner – specialising in customer specific solutions in polyurethane. Our vision is to create fully sustainable customer solutions supported by industrial and scalable processes – with focus on the long term business partnerships. We aspire to deliver innovative solutions to our customers – in a stronger and more qualified way than others. Therefore, we invest in the qualification of our team, state of the art equipment and the business processes to realise this ambition.

Leading the way to a circular solution

In BPI, we have the ambition to lead the transition of polyurethane manufacturing to a circular economy in the years to come. We wish to disconnect BPI from the fossil fuel feedstock, and have already taken clear steps to make this a reality in the not so distant future.

In 2022, we took significant steps towards this new future converting both existing products and new developments into sustainable alternatives by applying key R&D resources and by having a proactive approach to the market with this agenda. The launch of Biomass Balanced solutions made significant impact in both industrial and furniture segments, and BPI's newly developed Setex® Post-Consumer offer was well received by the market driving our total share of sustainable materials in our supply chain in the right direction in a rapid pace.

It is BPIs ambition to replace 50% of the fossil fuel feedstock PU materials in our supply chain by 2026, and in 2022 we reached a total level of 18,1%. We are well on the way to reach our target, and continue to push hard to achieve this goal. Clear plans are in place for this transition, making BPI a part of the solution for the future.

Responsible operations and optimised business processes

As we push for developing our industry, we also make it a clear priority to operate our business in a responsible, ethical and effective manner. That means that we work with solutions and products useful to society, and we treat our employees, customers and suppliers better than most other companies.

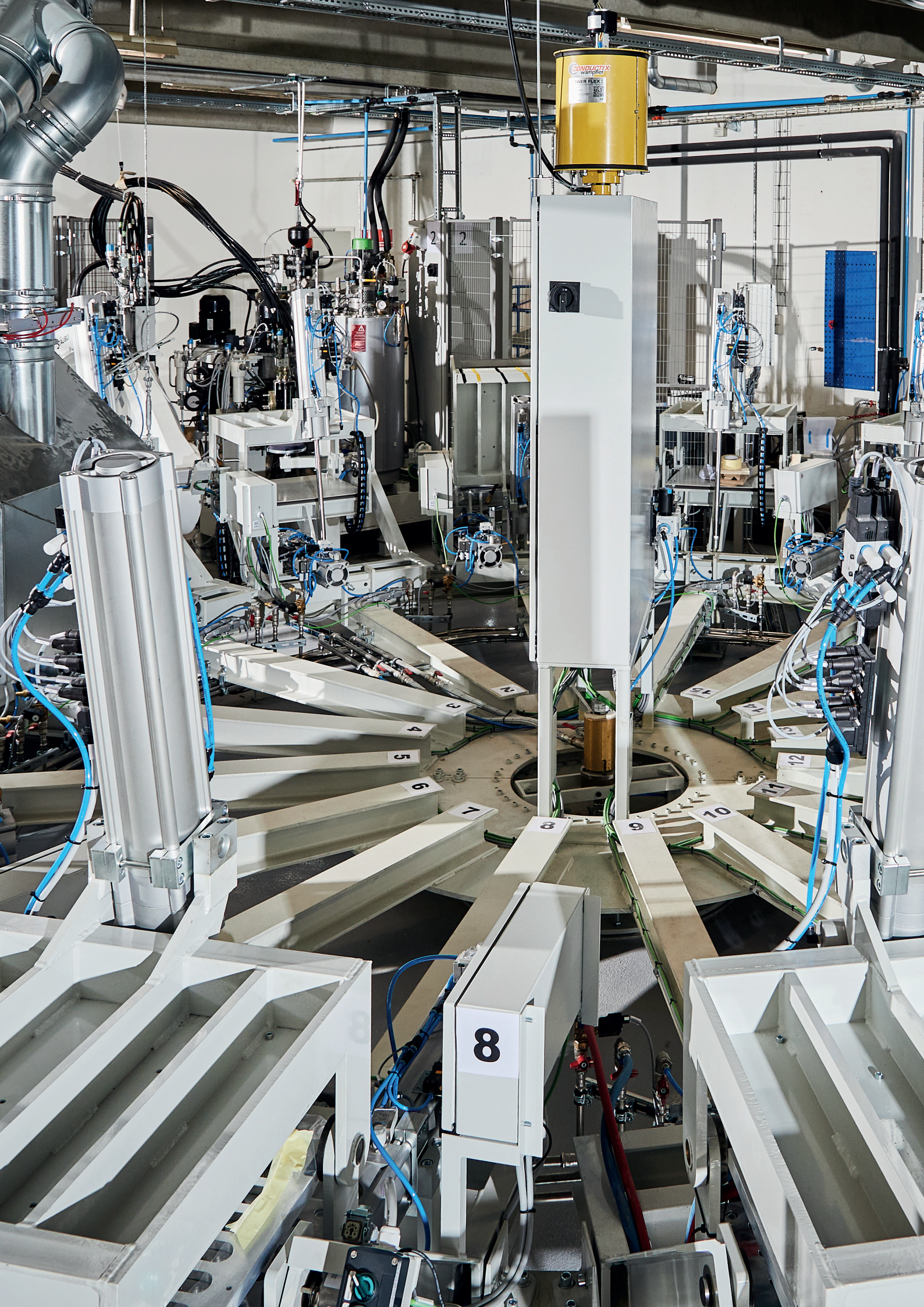
We continue to invest in BPI's supply chain setup and administrative functions with the clear goal to leave a lower footprint in general throughout all our business processes. In 2022, we made significant investments in both manufacturing equipment, buildings, energy supply and process optimisation. This has also lead to a significant reduction in emissions in our facilities in both Denmark and Poland, and driven our scope I and II KPIs in the right direction. A high focus has also been given to waste reduction and reduction in media spending, pushing down the total consumption of water by 19%, gas by 13% and electricity by 10%.

We are determined to operate a business model that generates a profit, enabling us to invest and develop BPI and its employees continuously. We do this to ensure that BPI is at the forefront of providing the required solutions for the future.

This report complies with the Danish Financial Statements Act, section 99a, b and d. In addition, BPI is a participant in the UN Global Compact and thereby committed to provide a Communication on Progress. That's why I am pleased to confirm our support of the ten principles of the UN Global Compact as well as our support of the UN Sustainable development Goals.

Thomas Tvedergaard Larsen
CEO at Bramming Plast-Industri A/S





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About Bramming Plast-Industri A/S

Since 1971, BPI has been a leading pioneer of advanced and technology based solutions in polyurethane to a wide range of private and public sector entities including infrastructure, wind, electronics, construction and furniture. The company is located in Denmark and Poland, and has more than 330 specialists to serve our customers in over 20 countries.

In 2022, BPI invested heavily in our ability to develop new and sustainable solutions for both existing and new customers. In the existing customer base, we focus on our ability to convert existing products and solutions into the newly developed sustainable alternatives. And in our cooperation and co-development of new products and solutions, we focus on designing for disassembly and providing the right conditions for our customers to choose the sustainable alternative inside BPI.

To assist this process, BPI built three new laboratories in 2022, helping customers develop their portfolio, and working as a team to solve the fossil fuel disconnection challenge. The new services include firstly a chemical laboratory, where new sustainable raw materials are developed. Secondly, a sound and vibration lab, where sound dampening properties are tailored. And thirdly, an additive manufacturing lab, where new ideas and solutions are built by the means of rapid prototyping and 3D print, ensuring a fast time to market.

Today, BPI services some of the largest industrial companies in Europe. This requires professional intercompany processes and top-end operational performance levels, along with the ability to develop an individual business setup suitable for company integration on a system level. BPI delivers this package in a very solid manner.

An industrial partner

BPI is an industrial partner, specialising in professional value-adding partnerships and the execution of high performance patterns. We build scalable manufacturing processes to ensure stability, and enable our customers to grow in a safe and controlled manner – with a clear focus on a long-term partnership. Our core competence is knowledge, and our ability to deliver industrial products, processes and logistical services at the agreed time in the agreed quality.

The backbone of BPI is constituted in well defined core values, embedded into the culture over the last 50 years:

We add value



BPI aspires to deliver innovative and value adding solutions to our customers – in a stronger and more qualified way than others. Therefore we invest in the qualification of our team, state of the art equipment and the business processes to realize this ambition.

We are determined



We display commitment, responsibility and respect for the needs and tasks we meet in our work and pursue all projects to the stakeholders full satisfaction.

We are trustworthy



BPI is built on honesty, reliability and integrity, through more than 50 years of close business partnerships. We promote transparency and address issues quickly, ensuring the best possible conditions for long term partnerships.

We are action-minded



In BPI we are agile, solution oriented and pro-active. We seek solutions with a hands-on approach and thrive in an environment where different areas of expertise and cultures come together.

We are small enough to care, but big enough to cope.

We invest in people

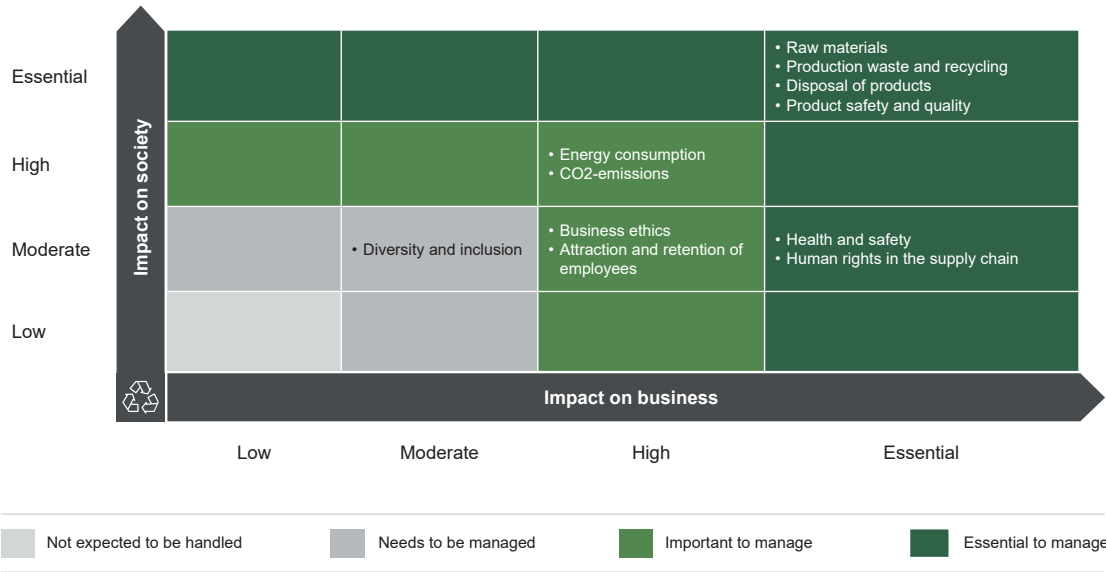


In BPI we believe in great teamwork and a winning culture. We have an open and honest culture with a clear, straightforward and informal tone.

Although our tasks and responsibilities differ, nobody feels above others or over-qualified to help where necessary.

Materiality

The topics chosen for this report are based on a high-level assessment of our impacts. Based on double materiality, BPI has assessed impacts on society as well as the impacts that sustainability topics may have on our business.



Sustainability strategy

In the polyurethane industry there are concrete challenges to be solved in the near future. Creating the technical solutions to achieve circularity is one challenge and creating the culture change in the society and an infrastructure setup necessary to handle disposal and recycling is another. In BPI, we believe that a much greater cooperation between all stakeholders will be necessary going forward, in order to achieve the desired result. That is why BPI is working closely with key partners and municipalities, trying to solve circularity issues and create useful products utilising post-consumer waste material.

Transitioning to a sustainable society also requires being a responsible company respecting human rights and conducting business in an ethical manner. Therefore, it is also a priority for BPI to be an attractive employer as well as ensuring high standards on business ethics.

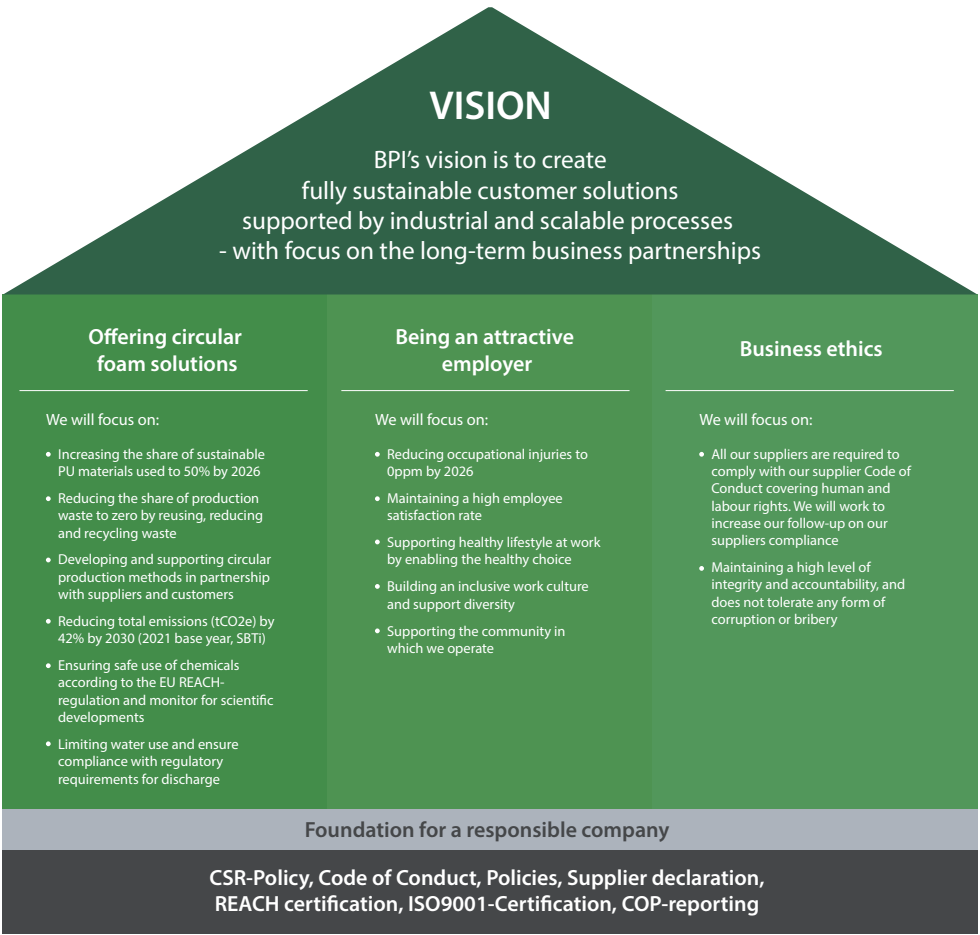
On the following pages we have described risks, targets, efforts, and challenges in realising the priorities of our sustainability strategy.

Strategy implementation – linking business strategy and ESG

The key to a successful track record on the ESG agenda is creating a strong integration between the business strategy and the ESG ambitions and plans, creating commercial opportunities for the entire value chain by seeing the long term perspectives in sustainable solutions.

BPI operates a strong and efficient CBI system, where all business projects are implemented in a 90 days execution pattern. Every 90 days, roughly 100 projects are completed. BPIs ESG strategy is an integrated part of this process, which ensures the appropriate focus and prioritisation – and clearly visualises the full business potential of each ESG project and its part in the overall company strategy.

Looking at the current ESG project pipeline in the project base, BPI has a very strong pipeline for execution in the coming period and has the potential within it to realise BPI’s ambitions in the time to come. A clear roadmap has been drawn to a future, where BPI is disconnected from the fossil fuel feedstock – and solutions are found in circular alternatives.



ENVIRONMENTAL

Bramming Plast-Industri A/S wants to lead the way towards a circular solution. In the following, you can read about BPI's actions to minimise its impact on the environment, including:

- Resource use (energy, water etc.)
- GHG emissions
- Waste management
- Contribution to a circular economy



Offering circular foam solutions

BPI sees the challenges related to sustainability within the polyurethane industry as one of the biggest opportunities in the marketplace. The fact that this mega trend is consumer driven and top-of-mind in a global perspective gives us the best chances of success, and we have the agility to move faster than most other companies.

The most material risks of causing a negative impact on environment and climate are related to the use of fossil-fuel materials. Polyurethane is the best material for the products we manufacture, and the products we create in our supply chain are critical to vital areas of the society. Today, BPI is a key supplier to the medical and healthcare sector and we are on the forefront delivering solutions to the renewable energy sector.

That is why we want to lead the transition of polyurethane foam manufacturing to a circular economy and eliminate the use of fossil-based polyurethane materials. We will do it by pioneering and developing technologies for recycling polyurethane and work in partnership with stakeholders to advance recycling opportunities.

Closing the materials loop & reducing emissions

KPI	Target
Increase the share of sustainable PU materials used in BPI	50% by 2026
Increase mechanical recycling and create circularity (post-consumer waste)	1,000 tons by 2026
Reduce total emissions (tCO2e), scope 1 & 2 (operational emissions)	-42% by 2030
Eliminate all non-recycled waste from own production	0 tons by 2030

In order to close the materials loop and become fully circular, we continually develop and implement the use renewable materials for the products we make as well as eliminating the waste created from our production processes.

Increase the share of sustainable PU materials used in BPI

In 2022, BPI launched two new sustainable product systems to the market – PurFlex® Bio-mass Balance and Setex® Post-Consumer.

PurFlex® Biomass Balance is a new revolutionary product portfolio based on 100% organic waste as feedstock, and very suitable for both comfort and technical applications. This system has been used to convert several of BPIs supply chain lines, and provide a quite significant impact on our KPI related to feedstock conversion. (See data table)

Setex® Post-Consumer is a completely new portfolio in BPI – where end-of-life PU-waste materials are collected and reused to create new raw materials for a wide variety of business segments. This new portfolio is the main driver of the significant increase in the circularity KPI seen in the data table.

Increase mechanical recycling and create circularity

BPI is already one of the leading mechanical recyclers of polyurethane and has the capability to manufacture mechanically recycled soft foam in a wide spectrum. In this manner, we can return scrapped materials to the process and bring new life to otherwise lost materials. In 2023, BPI needs to push for further conversion into Setex® Post-Consumer, creating further circularity and developing more solutions. This includes the Biomass Balance approach for the remaining product portfolio and material variants to achieve a total sustainable content of 50% before 2026. This is an ambitious target, but it is within reach and a solid plan is in place.

Reduce total emissions (tCO2e), scope 1 & 2

As a manufacturer of goods, the energy used for production is also material to BPI's environmental impact. BPI works to minimise energy usage and has the ambition to reduce energy consumption by 42% by 2030. With the initiatives taken at this time, it is feasible that our progress will be significantly better than this ambition in the year to come.

In 2022, the total energy consumption in BPI dropped quite significantly - or by 11% on total energy consumption (mwh) to be exact, contributing to a lowering of the total emissions from 2554tCO2e (2021) to 2186tCO2e (2022). This is a reduction of 368tCO2e or -15%.

This positive development was achieved by a series of investments including new processing machinery, LED lighting, ventilation optimisation, compressed air optimisation, intelligent heat control systems, building insulation initiatives and heatpumps and several other areas of focus. The introduction of the BPI energy saving programme also played a vital role in this result, creating a stronger awareness for the importance of energy savings and a higher visibility of the impact that can be achieved by the individual employee.

Eliminate all non-recycled waste from own production

At BPI, we want to eliminate all waste generated from our production by 2030. We will do it by reusing, reducing, and recycling waste. Whilst we are already reusing scrap from production in our mechanical recycled soft-foams, we will also need to increase the recycling coverage of our remaining waste streams in order to meet our ambition. Currently, the infrastructure and recycling technologies available to increase recycling to the required levels are not adequate, however we are taking a proactive approach to solve this by partnering up with key stakeholders such as waste handlers, customers, and municipalities in order to identify and develop solutions across sectors.

Going forward, BPI expects to continue this positive development and has projects in the pipeline to support this progress. It is our clear ambition to reduce the total energy consumption even though BPI's growth pace is quite significant.

SOCIAL

At Bramming Plast-Industri A/S, we want to contribute to society. In the below you can read about how we treat employees, suppliers, customers and the local community, including:

- Work environment
- Employee relations
- Community relations
- Safety



Being an attractive employer

In general, human and labor rights risks are considered low as BPI operates in countries with a mature regulatory environment. Ensuring good and inclusive work environment is also crucial to retain and attract talent to BPI.

As a manufacturing company, providing a healthy and safe work environment for employees is a core value to BPI, and BPI supports and respects the Universal Declaration of Human Rights. Promoting human rights standards internally and throughout all our business is in line with our leadership style and values.

That is why, at BPI, we are straightforward and have an informal tone, and we treat each other with the same level of respect independent of position or role. We seek to foster an open and honest culture with a clear and straightforward way of communicating. Furthermore, it is important to BPI to have an inclusive company culture, in which tasks and responsibilities may differ in size across the organisation, but where no one is over-qualified to help where necessary.

Employee safety

KPI	2021	2022	Target
Lost time injury rate (injuries per 1m wh)	34	16	0 ppm

In general, operational work in BPI is relatively low risk compared to other industries, and BPI has never had a fatal workplace injury. The most common workplace injury is smaller incidents involving hand tools, and employees are trained in safety and first aid.

This year, BPI made significant progress on safety through a intensive effort on both “Accidents”, “Nearby accidents” and the newly established “Potential accident” programme where employees are highly involved in improving both processes and the working environment in the workspaces.

Investments have been made in both safety equipment and process conditions, and intensive training has taken place on both processes and chemical handling.

Going forward, BPI will strengthen the efforts on employee safety even further – implementing PDCA systems and engaging blue collar workings in local safety groups to create better learnings and routines.

A healthy work environment

Target: 80(DK) / 60(PL) score on our annual well-being survey.

BPI wants to support a healthy work environment for employees, and therefore BPI provides different options to make healthy choices as easy as possible for employees. At our sites, BPI provides physiotherapy and company sports activities such as running, spinning, padel tennis and golfing.

Our annual well-being score has a high response rate at 87% in DK and 80% in PL with an overall positive performance at rate 80% (DK) and 65% (PL) respectively - exceeding our target for the year.

Gender distribution in management

KPI	2021	2022	Target
Share of female managers	25%	16%	30% by 2030

BPI believes that diversity among employees in managerial positions, leads to better innovation, performance, and decisions. That is why we prohibit any kind of discrimination or harassment of employees due to e.g., their gender, age, ethnic origin, religious belief, marital status, sexual orientation, disability, or physical characteristics. In 2022, there was a decrease in the share of female managers due to a restructuring process between the plants in Denmark and Poland which regrettably triggered this short term development. In 2023, BPI therefore also chose to intensify its efforts in this area to increase the number of female managers, as BPI aims to have at least one of each gender among candidates in the final interview stage.

BPI aims for its Board of Directors to consist of the best qualified individuals. In addition to this, BPI has set the goal that board members elected by the general meeting are at least to account for 20% of the underrepresented gender before 2026. With 0 out of 4 members being female, BPI does not currently have an equal gender representation among the Board of Directors.

An active community member

Respecting local cultures, regulations and customs is important to BPI. BPI wants to contribute to the local communities in which the company operates. Either through donations or involving local NGOs. Every month, BPI selects different initiatives to support. A team consisting of local employees in Poland and Denmark have been selected to appoint the best donation opportunities at any given time, and choses freely based on locally decided criteria set by the team. All donations are published on BPI’s intranet.

Covid-19

BPI does not consider that the Covid-19 pandemic poses a material risk to non-financial matters, which is why no policy or actions have been developed in relation to this.



GOVERNANCE

Bramming Plast-Industri A/S adopts to govern itself and meet the needs of stakeholders. In the following, you can read more about BPI's processes for decision-making and reporting. This includes:

- Internal control systems
- Practices and procedures



Business ethics

Acting respectfully towards people and local customs is fundamental to BPI. In line with our values, BPI supports human and labour rights and works against corruption in all its forms. BPI has good control of own operations and maintains high standards on human and labor rights. Mismanaging business ethics may pose risks to BPI's reputation. For example, suppliers may not have the same high standards on human and labor rights and BPI is aware that it may be different when it comes to suppliers. That is why, all our suppliers are required to comply with our supplier Code of Conduct covering human and labour rights.

Anti-corruption

BPI is determined to meet all our customers, suppliers, and shareholders as representatives of a responsible company with high ethical standards and integrity.

BPI's position on corruption is clear: We prohibit bribery or any other form of corrupt behavior, whether conducted by a BPI employee or any business partner acting on behalf of BPI.

As such, the BPI consider risks of anti-corruption relatively low since BPI's sales activities are within the EU and BPI has limited sales activities through third parties. In 2022, there has not been identified any cases of corruption or bribery.

It is also BPI's clear expectation that the initiatives and business directives governing the company will prevent any potential future incidents from taking place.

Nonetheless, BPI emphasises on briefing new employees on our position on corruption as well as our general standards on business ethics including human and labour rights.

Responsible procurement

In line with BPI's values, BPI expects supplier to adhere to the ten principles contained in the UN Global Compact, including the Universal Declaration of Human Rights, the International Labor Organization's Declaration on Fundamental Principles and Rights at Work.

This year, BPI has developed a Code of Conduct for supplier detailing our expectations and requirements. The purpose of this Code of Conduct is to ensure that our suppliers operate in accordance with internationally recognized minimum standards on human rights, labor rights, the environment and anti-corruption. This Code of Conduct sets forth BPI's fundamental minimum requirements to suppliers and is available on bpi.dk. In 2022, there has not been identified any cases of violation of human and labour rights. Further, we have focused on communicating our Code of Conduct to our suppliers and going forward we will work to increase our follow-up on our suppliers' compliance.

Expectations for the future is a strengthening of BPI's governance structure in general, and a continuation of the good track record we see today, where human rights violations are fully absent.

Data ethics

Our policy for data ethics behaviour is to have a responsible use of data at all times, as well as to create transparency in the company's data collection, data management and data development. Our data ethics behaviour must contribute positively to the customer's security based on the fact that the data the customer surrenders to the company is the customer's own and processed within the applicable legal framework.

We ensure that employees contribute to an ethical and responsible data processing of personal data and other data. Therefore, the company continuously works with the training of all employees, ensuring that employees are well informed about data ethics, data security and proper handling of personal data and other data, just as employees who access customers' personal data have signed a declaration of confidentiality and confidentiality clause. In 2023, there will continue to be a strong focus on continuous training of employees and control of data processing.

Our work with data ethics is anchored in the department responsible for information security. The responsibility for integrating data ethics into day-to-day operations lies with the managers of the relevant business units, which is done by establishing relevant business processes and processes for its implementation in the responsible departments.



Data tables

Environmental

KPI	Unit	2018	2019	2020	2021	2022
Total emissions	tCO2e	2,993	2,595	2,358	2,554	2,186
- Scope 1	tCO2e	609	546	542	651	517
- Scope 2 (Location-based)	tCO2e	2,384	2,050	1,816	1,903	1,669
- Scope 2 (market-based)	tCO2e	2,971	2,589	2,302	2,436	2,263
Total energy consumption	Mwh	6,944	6,534	6,168	6,939	6,181
Increase the share of sustainable materials used in BPI	%	5,4%	10,0 %	14,3 %	13,3 %	18,1 %
Increase mechanical recycling and create circularity (post-consumer waste)	Tons	0	0	0	2,4	108
Waste not recycled	Tons	1019	1122	1204	812	747
Water consumption	M3	18,348	13,978	4,609	5,287	4,280

Social

KPI	Unit	2018	2019	2020	2021	2022
Employees	FTE or head-count	491	431	431	412	330
Gender distribution in management	W M	22% 78%	22% 78%	22% 78%	25% 75%	16% 84%
Gender diversity among all employees	W M	39% 61%	40% 60%	40% 60%	40% 60%	43% 57%
Lost time injury	Rate	13	24	24	34	18

Governance

KPI	Unit	2018	2019	2020	2021	2022
Gender split in Board of Directors	W M	0% 100%	0% 100%	0% 100%	0% 100%	0% 100%
Participation in Board meetings	%	100%	100%	100%	100%	100%

Accounting practice

KPI	Accounting practice
Total emissions	Sum of scope 1 and 2 according the GHG protocol. For the scope 2 emissions, the market-based approach is used.
- Scope 1	Total amount of emissions from natural gas and fuel used for company owned or leased cars. Emission factors applied are from Defra and Energistyrelsen.
- Scope 2 (Location-based)	Total amount of emissions from electricity. mission factors applied are from Association of Issuing Bodies.
- Scope 2 (market-based)	Total amount of emissions from electricity. Emission factors applied are from Association of Issuing Bodies.
Total energy consumption	Total purchased energy from natural gas, fuels and electricity from sites in Denmark and Poland
Renewable energy	Share of total renewable energy used
Sustainable materials	Sustainable materials are materials used throughout consumer and industrial economy that can be produced in required volumes without depleting non-renewable resources and without disrupting the established steady-state equilibrium of the environment and key natural resource systems.
Waste	Generated waste from production, offices and canteens including landfill, incineration and scrap.
Water	Water used for production
Employees	Total number of Full Time Equivalent employees at 31st December. Including part-time, students and hourly paid employees. Excluding temporary workers.
Gender diversity in management	Total number of women and men in senior management based on headcount at 31st December of the particular year.
Gender diversity among all employees	Total number of women and men employed based on headcount at 31st December of the particular year.
Lost time injury	Total injuries divided by overall number of hours worked during the reporting period multiplied by 1,000,000.
Supplier Code of Conduct	Percentage of suppliers who have signed the code of conduct, based on supplier spend volume.
- Gender split in Board of Directors	Total number of women and men in Board of Directors based on headcount at 31st December of the previous year.
Managerial positions	A managerial positions is a position defined by having at least 1 physical employee in its reference.

BRAMMING PLAST-INDUSTRI A/S

- A value-adding industrial partner

Since 1971, Bramming Plast-Industri A/S has been a leading pioneer in developing advanced, technology-based solutions from polyurethane.

We are an industrial partner that specialises in establishing professional and valueadding partnerships with our customers, and we produce high-performance solutions. We support and build scalable production processes to ensure stability and enable our customers to grow with a reliable, certified supplier.

Our core expertise is our strong knowledge and ability to deliver industrial solutions, processes, and logistical services by the agreed time and of the appropriate quality.

Mission

BPI aspires to be a value-adding industrial partner – specialising in customer-specific solutions in polyurethane.

Vision

Our vision is to create fully sustainable customer solutions supported by industrial and scalable processes – with a focus on long-term business partnerships.