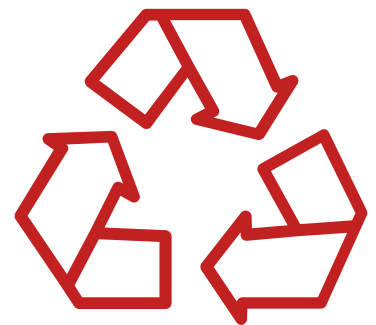


# 6 steps to kickstart your ESG strategy

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Want to initiate your ESG strategy  
but don't know where to start?



**ESG stands for Environment, Social and Governance – and it is expected that from 2024, companies will need to report on sustainability matters alongside their yearly financial report.**

At BPI, we already kickstarted our ESG journey. And we want to inspire you on how you can transform your ESG goals and ambitions into an actionable plan that will create an impact.

BPI's ambition is to lead PU manufacturing towards a circular economy while operating our business in a responsible, ethical and effective manner. And we want to be fully transparent in this process to share the journey with our

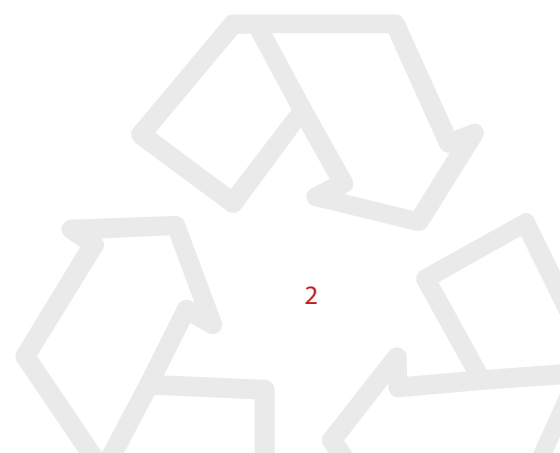
customers, employees, and business partners and inspire others to follow.

This guide is a description of how we have chosen to approach our ESG responsibilities, attempting to combine our business strategy and our ESG strategy and build a strong executable plan with clear goals and gameplans. The guide helps you establish a clear path to make your ESG agenda an integral part of your organisation and achieve strong results quickly.

So, thank you for downloading our guide and we hope that you will enjoy it and become inspired by it!

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# The foundation for the burning platform

One of the most important things to ensure a strong ESG performance is top management engagement and ambition. Without it, it is very difficult to create the necessary burning platform and engage and motivate the managers and leaders in the organisation.

Top management has to ensure a thorough integration of the ESG strategy into the overall business plan, and it must be made clear that ESG performance KPIs are just as critical as any other financial performance parameter.

Understanding and seeing the long-term business perspectives of the ESG initiatives are crucial – gaining the financial commitment to investment and resource allocation through the realisation that it is good business to pursue these targets.

Once everyone is on the same page about the necessity for change, that's when you can start getting in motion. Here is a 6-step guide that provides insight into how you can approach the ESG agenda.



# Analyse the “where we are” situation - understand the business potential of ESG

The first step in our ESG journey was to establish an understanding of “where we are” – both as a company but also as a sector and our role in the value chain - to get a better sense of our ability to affect our impact. This is vital in order to set targets for yourself later in the process.

Basically, the drivers of the ESG agenda can be split into 3 subcategories.

1. Regulative drivers
2. Financial drivers
3. Market drivers

For each one of these drivers, you should aim to understand which elements will have the greatest impact on your business in the time to come. You will probably have to split this into your market segments as they tend to differ in importance depending on your value propositions and your part in the value chain.

In our case, we noticed that some segments were heavily influenced by market drivers but very little by regulative drivers – and this typically led to a faster ESG pace in these particular markets. And we also noted that this pace

could be utilised internally in BPI – to develop solutions for other segments that were still in their infancy of ESG development.

Afterwards, we looked at ESG dynamics over time. There is a range of ESG topics that are financially material to a business but also material to the environment and the society in which the business operates. Because these ESG issues are rooted in society and the environment, they are dynamic in nature and their importance changes over time.

Working with ESG is a lens through which you future-proof your business strategy – by assessing what may be of importance to society, now and in the future.

As an example, today, anti-corruption is institutionalised in our part of the world. But going back in time, this all started with a stakeholder response that developed into an industry response – and ended up as a natural part of business. This journey will be the same for climate change topics, plastics and biodiversity – it is just a matter of “when”.

Consider this for your own industry – and create an opinion about this pace for yourself since this will be vital for how you set your targets later.

As the next natural step, we engaged an external partner – and performed an external assessment of BPI while focusing on ESG:

- How are we performing on key parameters?
- How are we working with continuous ESG performance improvement compared to others?

This was an important question to get an answer to – in order to assess the business potential and the competitive advantage that could be gained.

Five key factors were assessed:

1. GHG emissions and energy management
2. Product innovation and life cycle management
3. Employee health, safety and working conditions
4. Supply chain management
5. Business ethics

The main purpose is to better understand the business potential of ESG. And generating ideas for actionable initiatives and gathering information about what others are doing to push ESG forward. You will discover that this exercise is quite healthy in terms of energising your organisation and pushing for a strong business plan in the coming period. Everyone wants to win – and this is a good way of making a scoreboard.





## Assess materiality and prioritise – how can you create the largest impact?

Creating compatibility between your business plan and the impact said plan will have on society is the next step.

But why is this important?

It's the only way to ensure that you create a strong strategy and game plan for your ESG agenda that will be carried out. Knowing that winning on the ESG agenda can be good business is probably one of the most important things as this motivates funding and prioritisation in the daily operations of

the company.

Practically speaking, you can do this by making a double materiality assessment to identify and prioritise the most critical ESG challenges ahead of you. The topics in BPI's ESG report are based on a high-level assessment of our impacts and clearly shows that our key focus needs to be on raw materials, waste and the ability to recycle post-consumer waste.

Why?

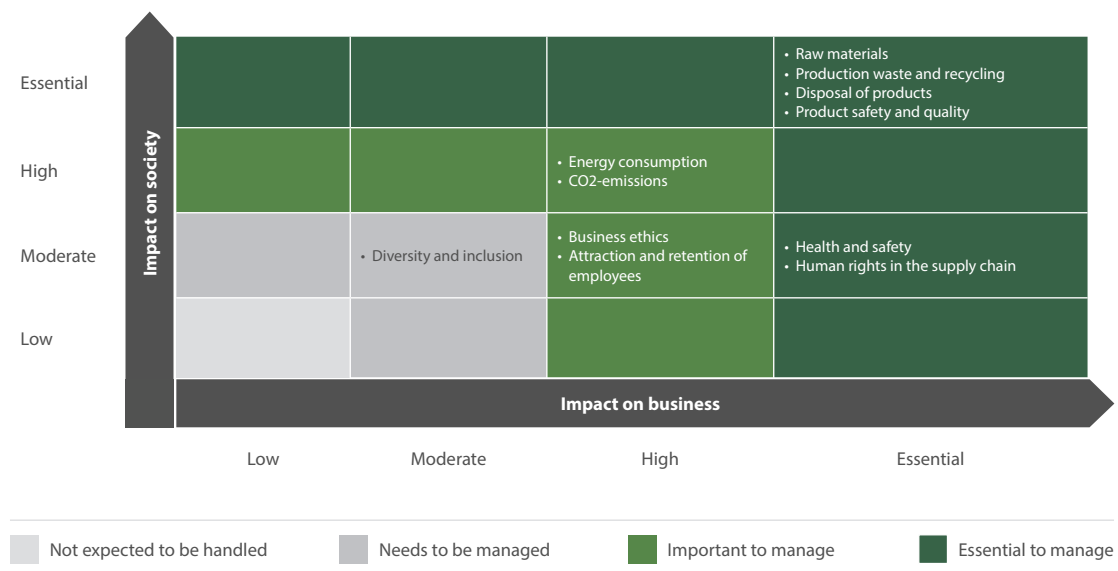


Because the industry we operate within is still largely crude-oil based, meaning the carbon footprint generated in the products and materials far outweigh the carbon footprint generated in the supply chain we control.

So this is where we have placed the majority of our efforts – but how does

this balance look for your company? And your sector in general?

We have included our double materiality assessment below so you can familiarise yourself with the form and analysis method:



Later in the process – when you’re building the actual gameplans - you can use this overall priority to align resource allocation and build your time-lines. It is vital to break the plans down into sub-targets, and make a plan that bridges your “current state” with your “future ambition”.

In BPI’s case, we did this by setting specific targets for our ability to recycle post-consumers waste, recycle waste fractions, switching away from fossil feedstock, etc. – drawing a KPI timeline from today, all the way to completion. This allows you to follow up on your progress, adjust plans and get smarter along the way.

# Define your focus and vision – engage your organisation

Revision your ESG strategy and agenda. Look very closely at your materiality assessment – try to extract the essence of your priority and link this to your existing business strategy.

What do your newly established ESG goals add to your business ambitions, and how can you ensure that you link the financial business ambitions to your ESG agenda?

In BPI, we ended up prioritising the following three focus points:

- Offering circular solutions
- Being an attractive employer
- Business ethics





Through this, we built our ESG strategy house and defined the key actions that take us to the next level. In this process, it is important to set ambitious but achievable targets – and create buy-in from the entire organisation. Having a common vision of what “the future company” looks like is essential and having faith in the ability to win the ESG battle is a must.

Perhaps you will have to re-visit this list of targets later in the process – as you will only get a true picture of how achievable the targets are when you start building your gameplans and calculating the potential effects year after year.

It was true in our case as we found it fairly easy to hit the proposed targets on post-consumer recycling but slightly harder to reduce process emissions.

This meant that we were able to move faster than we thought on fossil fuel reduction on a product level and were able to be even more ambitious than we initially thought.

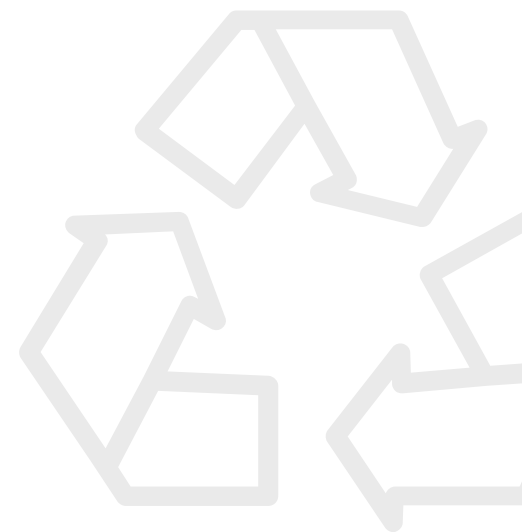
So, the best advice is to:

- Make a draft “strategy house”,
- Create a plan

And then go back and revise the target KPIs later in the process.

In this way, you create strong alignment between what you communicate and what you actually implement.

And remember; you can’t over-communicate strategy. So put great effort into communicating your strategy and your ambitions as it will strengthen the team spirit around the projects and engage the organisation.



## Assess risks and opportunities – find your improvement projects

Engaging a wide part of your organisation in an idea generation process is probably one of the best ways to fuel your ESG strategy and game plan. There are many ways to approach this, but a simple series of brainstorming sessions can be sufficient if you have all the right stakeholders on board and master data is readily available.

In BPI's case, we decided to run such a session – but we decided to supplement this with an outside-in view, engaging an external agency in the process. However, we started with the internal process to be well-prepared for the sparring.

An outside-in view is worth recommending as it adds an extra dimension to the discussions – and allows you to

compare to other sectors, countries and peers.

As a toolbox, BPI applied the same risk and opportunity tool that is applied in the yearly ISO9001 review. The tool allows for risks and opportunities to be rated both in likeliness and severity, and it provides a ranking that can be used for prioritisation. Furthermore, the tool also includes a mitigation module, allowing for idea generation and impact assessment of each initiative. In this way, it becomes a great support tool for the project generation phase.



## Consider the sustainability drivers - establish compatibility between strategy and ESG initiatives

Examine which sustainability drivers are essential to your key customers – and you will gain insight into how there can be significant variation in these interests across your target audiences. Looking at your customers' sustainability drivers, they differ across business areas and sectors – and this can provide guidance in how you prioritise your projects and which timeline you apply to each initiative.

The key drivers to analyse per segment and key customer groups are as follows:

- The risk of legal requirements rendering the current setup obsolete
- The risk of losing market shares due to product portfolio weakness
- Lack of ability to adapt processes and materials to sustainability
- Innovation strategy out of sync with sustainability development
- Poor business ethics leading to critical non-conformity and business loss
- Business strategy not in line with consumer mega trend
- Poor sustainability performance affecting owners and shareholders

The key here is to put yourself in your customers' shoes and complete the analysis to identify where you have the ability to improve their situation with ESG initiatives at your end of the value chain. Or, in other words, identify the areas where you need to act and the areas where you have limited influence.

Next, use the analysis to create your own opinion about the timeline. Which of your customers are under the most pressure on the ESG agenda? What will they require?

And is there alignment between your customer segments in terms of what their future needs are and where the pressure is coming from. When this is complete, ensure that your strategy and gameplans are synchronised with these facts and adjust where it's required.

## Make an ESG strategy - execute it

While it is important to integrate ESG into your business strategy, you need to be willing to invest in sustainability, have the urgency to act now, and the willingness to compete. It is absolutely crucial that you:

1. Align goals - integrate your ESG ambitions into your business strategy
2. Demonstrate financial commitment
3. Make a burning platform and ensure outward communication
4. Build a strong performance culture with transparency
5. Follow up on KPIs and execute actions

By ensuring these five actions very early in the process, you secure management engagement, motivation and transparency and a secure process.

The execution of the ESG strategy can be done in many ways. At BPI, we operate a state of the art Continuous Business Improvement (CBI) system, where projects are implemented in a 90 day pattern with monthly follow-ups on both financial and sustainability performance KPIs.

All projects are consolidated in both departmental and group level game-plans and integrated in a live effect plan system where we can track our progress on environmental, social and governance KPIs. As an example, we have the ability to give a three year prognosis of our improvement levels on CO2 emissions and carbon footprint – based on the projects we are currently running and the projects we have planned for the coming year. This means we can predict our GHG scope 1, 2 and 3 improvement levels over time and act if our current plans are not aligned with our ambitions.

We work actively in our ESG war room, continuously adjusting our plan as we gain new knowledge and findings along the way. This war room provides the right settings for internal monthly meetings to secure a strong pipeline of projects to bridge the gap between our current state and our targets for the coming year.



## Curious about our insights and how we manage to lead the PU industry when it comes to sustainability and quality?

Then book a meeting and hear more about our ESG ambitions and how we reach them, again and again.

Book an ESG meeting





# About Bramming Plast-Industri A/S

At Bramming Plast-Industri A/S, we have clear ambitions and accurate ESG reporting. So you can enjoy foam of the highest quality for your industrial specifications without having to worry about undisclosed emissions or substandard working conditions.

We strive to be a value-adding industrial partner while being the frontrunner for sustainability and the circular economy in our industry.

And you can rest assured that we're going to keep pushing for greener alternatives and more equitable work environments within the polyurethane industry as the market leader for short time-to-market and stable deliverables.

And we'd be more than happy to share our experience about ESG reporting and initiatives with you.

Would you like to peek behind the curtains of our ESG war room and see our sustainability pipeline?

Then feel free to contact us and we can look at how you can support your ESG profile with an industrial partner that can provide sustainable and circular alternatives – while continuing to offer high quality customised solutions.

