



DOUBLE MATERIALITY ASSESSMENT REPORT

Flex Films Europa Kft.



INTRODUCTION

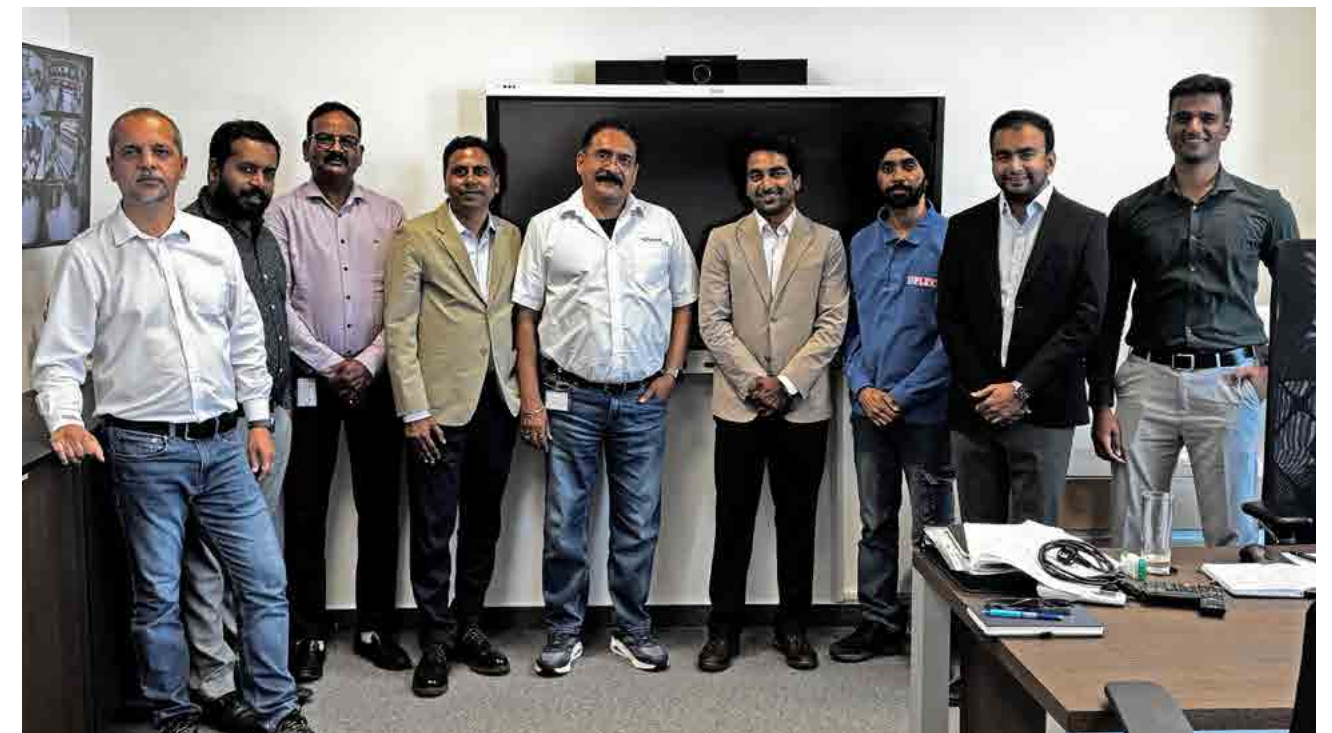
Background & Context

Flex Films Europa Kft. has undertaken a Double Materiality Assessment (DMA) in alignment with the **European Sustainability Reporting Standards (ESRS)**, guided by the **EFRA** Implementation Guidance on Materiality Assessment (May 2024). **ESRS 1** provides the principles for applying double materiality and other reporting concepts, while **ESRS 2** requires disclosure of the assessment process, results, and their integration into governance and strategy.

This exercise is a step towards understanding not only how Flex Films Europa Kft. impacts the environment and society (**impact materiality**) and the financial risks and opportunities arising from sustainability matters (**financial materiality**),

but also how it responds to evolving stakeholder expectations and global disclosure trends.

This DMA report outlines how Flex Films Europa Kft. has identified actual and potential, positive and negative impacts across environmental, social, and governance (ESG) topics including impacts on human rights as well as risks and opportunities that may influence enterprise value. Material topics have been prioritized based on their significance to stakeholders and their magnitude, likelihood, and scope of impact or financial relevance. Stakeholder input was a critical part of this process, ensuring a balanced and inclusive assessment.



Objective of the Assessment

The assessment provides a structured foundation for Flex Films Europa Kft.'s sustainability strategy and reporting by linking material topics to associated risks, opportunities, regulatory requirements, and business priorities. It serves as a tool to strengthen resilience, guide decision-making, and position Flex Films Europa Kft. as a responsible partner in sustainable packaging.

By providing a **robust evidence base**, the DMA enables Flex Films Europa Kft. to guide priority setting, target formulation, governance, risk management, and performance monitoring, while integrating sustainability into the core of its business strategy by embedding these considerations into decision-making.

In line with the European Sustainability Reporting Standards (ESRS), the assessment further aims to align Flex Films Europa Kft.'s approach with **due diligence expectations** under international frameworks and strengthens Flex Films Europa Kft.'s preparedness for evolving regulatory requirements such as the Corporate Sustainability Reporting Directive (CSRD) and ensures alignment with leading international frameworks like GRI and IFRS Sustainability Disclosure Standards (IFRS S1 & S2).

Scope of the assessment

The assessment covers **not only Flex Films Europa Kft.'s own operations but also its upstream and downstream value chain** – and help in building long-term resilience and value creation across its global operations.

Own operations:

For Flex Films Europa Kft.'s own operations, we assessed sustainability-related actual and potential impacts on people and the environment and identified sustainability risks with potential financial implications for the business. The assessment focused on key processes and operations across our packaging film unit in Hungary.

Value chain (Upstream and Downstream)

For value chain assessments, we concentrated on both upstream and downstream activities, especially raw material procurement, supplier practices, and waste management. These assessments were based on internal expertise supplemented by supplier engagement insights and focused primarily on Tier 1 suppliers.

Geographical scope of assessment

The assessment was conducted for Flex Films Europa Kft. operations, covering the Hungarian entity of Uflex Ltd.

Process Steps

Flex Films Europa Kft. has adopted a structured six-step approach to conduct its Double Materiality Assessment, ensuring methodological rigor, stakeholder inclusiveness, and alignment with ESRS requirements.

1. Identification of Topics

A comprehensive benchmarking exercise was conducted to identify the universe of material topics for the plastics and packaging sector, incorporating insights from SASB, MSCI, and ESRS standards, relevant regulatory requirements, peer disclosures, and Flex Films Europa Kft.'s internal risk registers.

2. Stakeholder Engagement & Capacity Building

To strengthen stakeholder understanding and ensure consistency, capacity-building sessions were conducted across geographies – engaging CXOs, senior management, employees, suppliers, customers, research bodies, and industry associations. These sessions explained the concept of double materiality, its relevance to Flex Films Europa Kft., the assessment process, and the methodology for scoring survey responses.

3. Data Collection & Deep Dives

Structured Excel-based surveys were distributed to capture stakeholder views, assessing likelihood and severity for impact materiality, as well as likelihood and magnitude for financial materiality. One-on-one interviews and workshops were also held to clarify responses and capture richer insights into value chain impacts, dependencies, and risks.

4. Prioritization of Material topics

Survey responses were consolidated, and differentiated weightages were applied across stakeholder groups to reflect their level of influence and perspective, with business leadership given the highest weightage due to their role in shaping strategic direction. A structured risk matrix was then developed to evaluate, score, and prioritize topics across both impact and financial materiality dimensions, with a management overlay applied to finalize the matrix.

5. Validation of Results

The outcomes were reviewed and validated through focused discussions with the CSR Committee and the ESG Steering Group (comprising of **Chief Sustainability Officer (CSO)**, Corporate ESG head, ESG Corporate team and Regional ESG leads and Data custodians).

6. Final Approval & Integration

Final approval of the materiality outcomes was obtained from senior leadership (CSO/MD and the Board). The prioritized list of topics was embedded into governance structures, serving as an input for Flex Films Europa Kft.'s ESG roadmap, target-setting, disclosures, and integration into strategic decision-making – as detailed out in this sustainability report.

Tools Used

01

Excel-based surveys

02

Workshops and capacity building

03

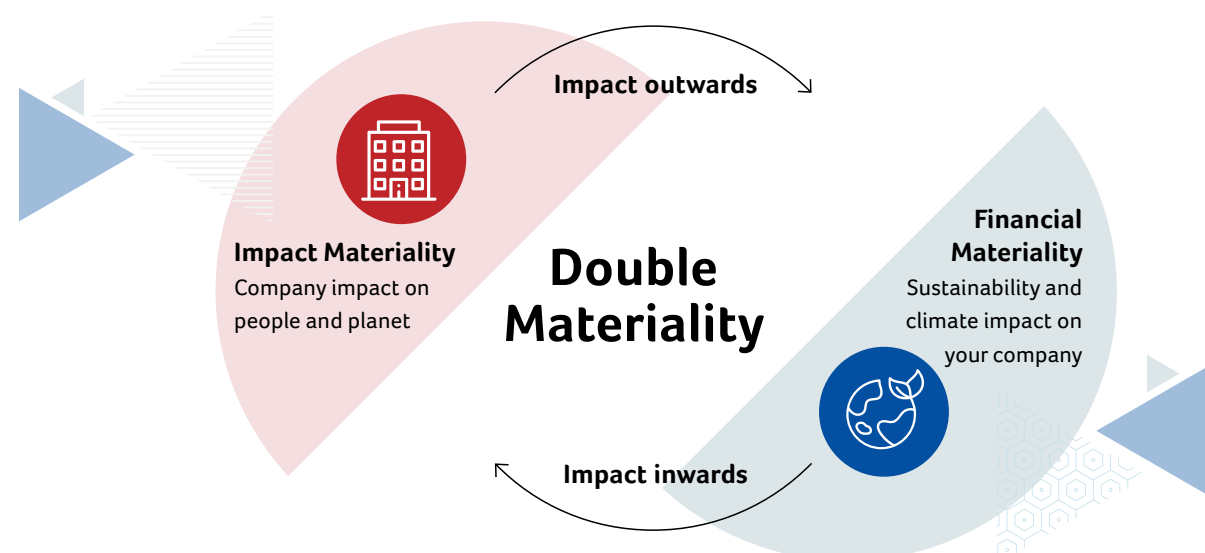
One-on-one interviews with stakeholders

DOUBLE MATERIALITY ASSESSMENT APPROACH

Process for determination of material topics

The process steps for determining the material topics are outlined in the figure below. Flex Films Europa Kft.'s materiality assessment process considers all relevant topical ESRS matters, evaluated through stakeholder dialogue, internal analysis, and value chain mapping. Each topic was assessed for both impact and financial materiality using defined scoring criteria, without examining subtopics or sub-subtopics. Identified impacts are categorized by time horizon in line with ESRS 1: short-term (reporting year), medium-term (1–5 years), and long-term (over 5 years). Further details on scoring, stakeholder input, and value chain analysis are provided in the following sections.

Double materiality assessment of:	Sustainability topics included in the assessment drawn from:	Types of impact assessed for each topic:
1. The company's impact on environment and society 2. The impact of outside factors on the company's finances	1. ESRS topics 2. Previous materiality assessment 3. Benchmarking (SASB, MSCI, etc.) 4. Peers' material topics	1. Value chain a. Upstream b. Downstream c. Own operations 2. Negative/positive impact 3. Actual/potential impact 4. Risk/opportunity 5. Time horizon



Stakeholder prioritization and engagement

Flex Films Europa Kft. has used value chain mapping as a core tool to identify and assess the environmental and social impacts connected to our operations—both direct and indirect. This approach focuses on understanding our key risks, opportunities, and dependencies across the entire value chain, from raw material sourcing to product end-of-life. The mapping process helps uncover areas where sustainability challenges may arise, as well as where there are opportunities to integrate responsible practices and innovative solutions that enhance long-term resilience.

our strategic outcomes. Key stakeholder groups include:

1. Board members
2. KMPs
3. Corporate heads
4. Business heads
5. Research and academics
6. Industry associations
7. Customers
8. Suppliers
9. Employees
10. NGOs
11. Investors

By analyzing dependencies and interconnections, Flex Films Europa Kft. can proactively identify vulnerabilities that may amplify environmental or social risks. This insight supports strategic actions aimed at strengthening the sustainability and adaptability of our operations and supply chains.

These stakeholders were engaged through structured sessions and a detailed questionnaire to gather their insights, which were then integrated into the value chain mapping and materiality assessment.

Stakeholder feedback plays a vital role in this process. Stakeholders help assess the significance of impacts by considering the degree of severity or benefit, and evaluate risks and opportunities based on their likelihood and potential financial effect. Flex Films Europa Kft. distinguishes between two key stakeholder groups: **affected stakeholders**, such as suppliers, employees, and the natural environment; and **users of sustainability statements**, which include customers and investors.

Stakeholders were identified in consultation with senior leadership and through a review of those individuals, groups, and organisations either impacted by our activities or influencing



Impact materiality scoring

An ESG topic is material based on the impact of our activities on the environment and people across the value chain. The impacts were evaluated and scored based on their severity and likelihood. Severity is based on scale, scope and irremediable character as defined in ESRS 1. The severity and likelihood of impacts were scored from low (1) to high (3).

Environmental impact scoring

To assess the severity and likelihood of Flex Films Europa Kft.'s positive and negative environmental impacts, we evaluated both our current and potential influence on the environment across our operations and value chain. An environmental aspect is defined as any element of our activities, products, or services that interacts with or affects the environment, while an environmental impact is the consequence of that interaction.

The scale of each impact was assessed based on operational context and Flex Films Europa Kft.'s risk register, serving as a key criterion to determine the magnitude of both actual and potential impacts. The scope was evaluated based on how widespread or pervasive the impact is—such as the global nature of greenhouse gas emissions compared to

more localized environmental effects. Additionally, remediation was considered, referring to the level of difficulty involved in reversing or mitigating the environmental impact once it has occurred. This structured evaluation supports a consistent and transparent approach to identifying and prioritizing Flex Films Europa Kft.'s most significant environmental impacts.

Social impact scoring

To assess the severity of Flex Films Europa Kft.'s positive and negative impacts on people, we developed a scoring framework based on two key factors: the scale of the impact and the size of the affected stakeholder groups. The scale was determined with reference to applicable legal requirements, international standards, and Flex Films Europa Kft.'s specific operational context. In addition, irremediability was evaluated by considering how difficult it would be to reverse or mitigate the impact on individuals or communities. This structured approach ensures a consistent and transparent evaluation of Flex Films Europa Kft.'s social impacts across our value chain. The table below represents the scoring criteria for social impact:

Points/ Score	Scale (How severe are the positive or negative impacts?)	Scope (How widespread are impacts on the environment?)	Irremediability (How difficult is it to remedy the negative impacts?)
3	Irreversible negative impact. Long-lasting impact on people	Impacts present at national level across many countries / affects high number of stakeholders	High environmental/ social impact
2	Moderately difficult to remedy the negative impacts	Localized at the national level of one country / affects moderate number of stakeholders	Moderate environmental/social impact
1	Negative impacts are easy to remedy	Localized at the sub-national level of one country / affects limited number of stakeholders	Minimal environmental/ social impact

Financial materiality scoring

To assess financially material ESG topics, we applied a structured evaluation based on the potential impact on EBITDA and capital investments. An ESG issue is considered **financially material** if it has the potential to influence the current situation, future development, financial position, cash flows, cost of capital, or overall enterprise value of Flex Films Europa Kft. in the short, medium, or long term—regardless of whether such effects are currently reflected in our financial reporting.

Each risk and opportunity were scored based on:

- **Magnitude of impact on EBITDA** - categorized as low, medium, or high, based on the scale of effect on operating profit.
- **Likelihood** – the probability of occurrence.

The final scoring integrates these three dimensions to provide a weighted ranking of all identified risks and opportunities. This allows Flex Films Europa Kft. to prioritize issues that pose a significant financial impact or present strategic advantages, even if they are not yet fully captured in financial disclosures.

The scoring scale for financial materiality is provided in the table below:

Points/ Score	Magnitude (How big of an impact would this risk or opportunity have if it were to materialize)
3	>5% decrease (in case of risk) or increase (in case of opportunity) on EBITDA
2	1% - 5% decrease (in case of risk) or increase (in case of opportunity) on EBITDA
1	Up-to 1% decrease (in case of risk) or increase (in case of opportunity) on EBITDA

Likelihood scoring for impact and financial materiality

For each identified impact, risk and opportunity, Flex Films Europa Kft. evaluates likelihood based on a combination of frequency of occurrence and probability of realization within defined time horizons. Likelihood is rated on a three-point qualitative scale (low, medium, high),

corresponding to a quantitative probability. This dual approach ensures that both historical occurrence patterns and forward-looking projections are considered in determining the probability of a risk or opportunity materializing, thereby strengthening the integrity of the overall financial materiality assessment.

The likelihood scoring scale is represented in the table below:

Points/ Score	Frequency (How often does the (actual or potential) negative or positive impact occur or is expected to occur?)	Probability How likely is it that the (potential) negative or positive impacts will occur?
3	Impact may occur multiple times in a span of 12 months	Almost certain, more than 70%
2	Impact may occur once in 1-3 years	Likely, 41% to 70%
1	Impact may occur once in over 3 years	Unlikely, Below 41%

Thresholds

In line with ESRS guidance, Flex Films Europa Kft. has set the materiality threshold at 'significant'. Accordingly, only those impacts, risks, or opportunities assessed as significant or above are considered material and included in the final list of topics.

Management Overlay

In line with ESRS guidance, while the Double Materiality Assessment is primarily grounded in structured scoring of stakeholder inputs and financial/impact relevance, Flex Films Europa Kft. has also applied a management overlay in a limited and well-governed manner. This allows senior leadership to exercise informed judgement to elevate topics of strategic, forward-looking, or reputational significance — even where they may have scored lower in the structured process — ensuring they are appropriately reflected in

disclosures.

The overlay is designed to complement, not replace, the structured methodology, and all adjustments have been made transparently, without altering underlying scores, and with clear rationale, documentation, and governance oversight. Through this approach, Flex Films Europa Kft. preserves transparency and comparability while providing decision-useful insights that the Board can rely on for prudent capital allocation and long-term resilience.



Results of the double materiality assessment

We have identified our impacts on the environment and society (impact materiality assessment), as well as the sustainability-related risks and opportunities we are exposed to (financial materiality assessment). The outcome is aggregated at the sub-topic level, highlighting that **sustainable product innovation, resource efficiency & circular economy, waste management and recovery, business ethics and corporate culture and climate change mitigation and adaptation** are the most material sustainability matters for Flex Films Europa Kft.—when assessed from both the impact and financial materiality lens.

For Flex Films Europa Kft., the topics identified as **double material**—including Operational Efficiency; Energy Consumption & Self-Generation; Climate Change Mitigation & Adaptation; Resource Inflows; and GHG & Air Emissions—are closely linked to our long-term strategic priorities. Enhancing operational efficiency and transitioning toward cleaner energy sources not only drive productivity and cost competitiveness but also contribute significantly to our climate action objectives. Our ongoing initiatives to optimize resource inflows, reduce process emissions, and integrate renewable energy into production reflect a concerted effort to decouple growth from environmental impact. While these transitions demand sustained capital investment and technological advancement, they represent essential steps in building a low-carbon,

resource-efficient manufacturing model aligned with global sustainability goals.

From a **financial materiality** perspective, Environmental Claims of Products and Capital Expenditure in Improving ESG Performance are pivotal to maintaining market trust and ensuring long-term resilience. As sustainability expectations and regulatory standards evolve, Flex Films Europa Kft. continues to invest strategically in environmentally responsible product innovation, credible sustainability certifications, and ESG-driven operational improvements. These actions enhance brand value, mitigate risk, and strengthen our competitive positioning in global packaging markets.

On the **impact materiality** front, Life Cycle Assessment (LCA) of Products, Employment of Local Workforce, and Human Rights in the Value Chain highlight our commitment to responsible and inclusive growth. By embedding life cycle thinking into product development, we aim to minimize environmental impacts across the value chain. At the same time, our emphasis on local employment and safeguarding human rights reinforces our social responsibility and strengthens community relationships. Together, these impact-driven priorities form the foundation of our approach to sustainable value creation—ensuring that Flex Films Europa Kft.'s growth remains environmentally sound, socially equitable, and economically resilient.

Double Materiality Matrix

Fig 1: Final List of Material Topics

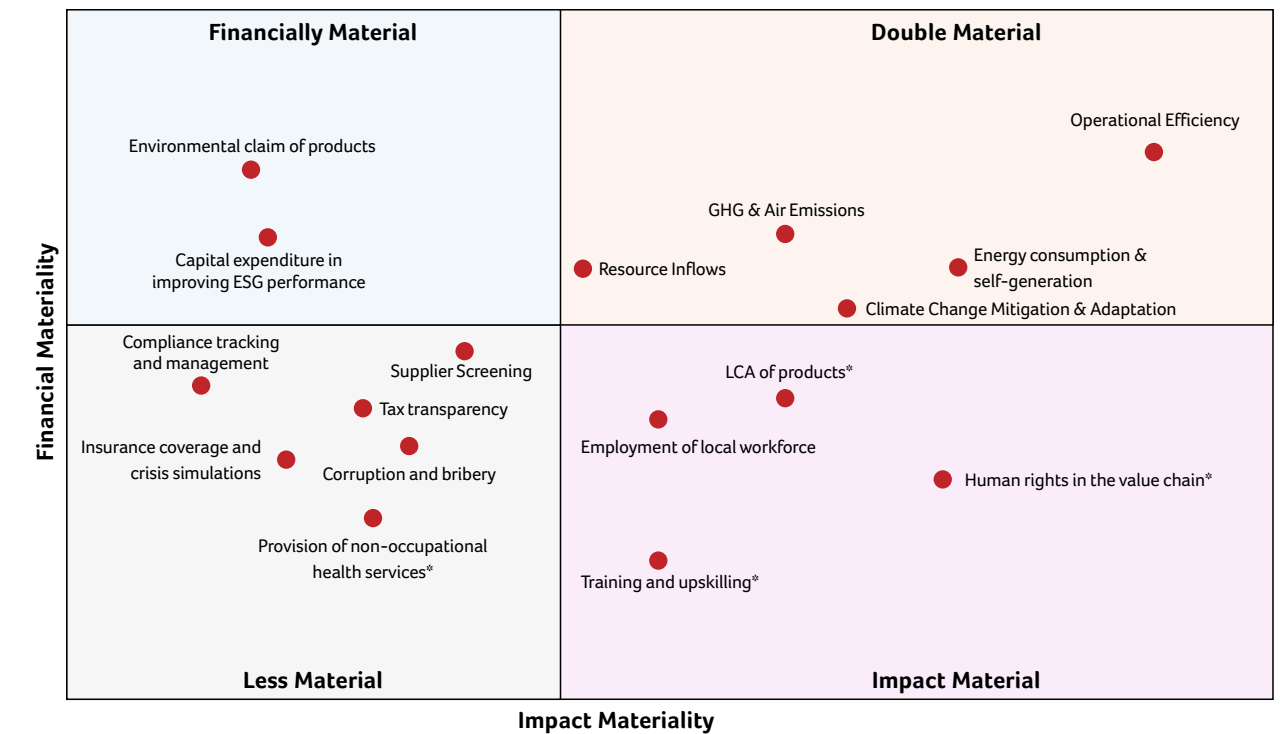


Table 1: Final List of Material Topics

S.No.	Topic	Category
1.	Operational Efficiency	Double Material
2.	Energy consumption & self-generation	
3.	Climate Change Mitigation & Adaptation	
4.	Resource Inflows	
5.	GHG & Air Emissions	
6.	Environmental claim of products	Financially Material
7.	Capital expenditure in improving ESG performance	
8.	LCA of products	Impact Material
9.	Employment of local workforce	
10.	Human rights in the value chain	
11.	Training and upskilling	
12.	Supplier screening	Less Material
13.	Compliance tracking and management	
14.	Tax transparency	
15.	Insurance coverage and crisis simulations	
16.	Corruption and bribery	
16.	Provision of non-occupational health services	

Key Impacts, Risks, and Opportunities:

The following tables list the sustainability-related impacts, risks and opportunities we have identified and assessed as material as a result of our double materiality assessment process. As shown in the matrix above, **seventeen** out of the **forty-nine** sub- topics are material to Flex Films Europa Kft.

For each topic, we distinguish whether the impacts, risks and opportunities arise primarily within our **own operations** or extend across our **value chain**. We also identify whether these impacts are **positive or negative** and specify where relevant whether they are **actual impacts already occurring or potential future impacts**.

ESRS E1- Climate Change

Sub-topic: Climate change mitigation & adaptation

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact	✓	✓	✓	Actual & Potential	Short to long term	Decarbonization actions are already underway at Flex Films Europa Kft. such as renewable power procurement for film plants via captive/third-party arrangements (e.g., renewable power agreement), energy-efficiency programs, and product innovations that cut lifecycle footprint (e.g., Asclepius™ PCR films with markedly lower CO ₂ e than virgin BOPET). Upstream benefits via recycled feedstock demand; downstream benefits as customers reduce packaging-related emissions.
Negative Impact		✓	✓	Actual	Short to long term	Residual GHG from energy-intensive film production (electricity/process heat) and refrigerants; upstream emissions from PET/PP resin and chemicals; downstream converting/transport and end-of-life where collection is limited. Despite circularity initiatives (Project Plastic Fix), total value-chain (Scope 3) remains material.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Risk		✓	✓	Potential	Medium to long term	Flex Films Europa Kft. faces a multi-dimensional climate transition risk profile. Rising regulatory stringency (e.g., carbon pricing, extended producer responsibility, and potential import carbon border measures) could increase operating costs and compliance burdens. Power and fuel price volatility, coupled with EU's evolving grid emission factor, may heighten cost and emissions exposure across energy-intensive film operations. Customers in FMCG and consumer goods are setting aggressive Scope 3 and recycled-content mandates, creating pressure to accelerate low-carbon and circular packaging solutions. On the supply side, constrained availability of post-consumer recycled feedstock and renewable energy infrastructure poses risks to scalability.
Opportunity	✓	✓	✓	Potential	Medium to long term	Growing demand for low-carbon and circular packaging opens avenues for Flex Films Europa Kft. to strengthen market leadership through bio-based films, recycled content integration, and energy-efficient operations. Scaling renewable energy procurement and process electrification can reduce cost volatility over time, while aligning with customer decarbonization targets enhances value-chain partnerships. Early alignment with global disclosure regimes (CSRD, CDP, SBTi) also positions Flex Films Europa Kft. as a preferred supplier for multinational FMCG clients, improving revenue resilience and capital access.

Sub-topic: Energy consumption and self-generation

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact		✓		Short to long term	Actual	Positive environmental contribution through ongoing decarbonization actions, including renewable power procurement for film plants through captive and third-party arrangements, and implementation of energy-efficiency programs. These initiatives collectively reduce dependency on fossil fuels, lower Scope 2 emissions, and enhance overall energy resilience at Flex Films Europa Kft.
Negative Impact		✓		short to long term	Actual	Energy consumption associated with Flex Films Europa Kft.'s operations has a direct impact on local and regional environments and communities in Hungary. The energy-intensive nature of film manufacturing contributes to actual environmental pressures, including increased demand on regional energy infrastructure, localized air emissions, and associated ecological impacts. These effects extend to nearby communities, influencing local air quality and resource availability.
Risk	✓	✓		Medium to long term	Potential	Flex Films Europa Kft. faces potential risks arising from volatile energy costs, both directly incurred and indirectly passed on through its value chain partners. Such volatility may stem from energy supply constraints or the growing frequency of natural

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
						disasters, potentially leading to significant pressure on operational costs and profit margins. Additionally, the company is exposed to capital investment risks associated with the development of renewable energy infrastructure, where projects—such as solar rooftop installations in low-radiation regions—may not deliver the anticipated financial or operational returns. These factors collectively underscore the importance of strategic energy management, robust risk assessment, and diversification of renewable energy investments to safeguard business resilience.
Opportunity		✓		Long term	Potential	Flex Films Europa Kft. identifies a potential opportunity in achieving long-term cost savings and enhanced energy security through the development of its own renewable energy supply, thereby reducing exposure to energy price volatility. Additionally, by innovating and offering packaging products that enable customers to lower overall energy consumption in their processes or applications, the company can create differentiated value propositions, open new market segments, and drive net new revenue growth aligned with sustainability-focused customer demand.

ESRS E2- Pollution

Sub-topic: GHG and air emissions

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Negative Impact	✓	✓	✓	Short to long term	Actual	Flex Films Europa Kft.'s operations, along with its upstream and downstream value chain activities, have a direct environmental impact through Scope 1 and Scope 2 greenhouse gas (GHG) emissions from fuel combustion and electricity consumption, as well as indirect emissions across the supply chain. Additionally, emissions of volatile organic compounds (VOCs), nitrogen oxides (NOx), sulfur oxides (SOx), and particulate matter (PM) from manufacturing processes contribute to localized air pollution. These emissions collectively result in measurable impacts on surrounding communities and ecosystems in Hungary, including adverse health effects and environmental degradation. Recognizing these actual impacts across its value chain, Flex Films Europa Kft. is advancing emission-reduction initiatives, promoting cleaner energy use, and working with suppliers and customers to lower the overall carbon and pollution footprint of its products and operations.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Risk		✓	✓	Medium to long term	Actual	Flex Films Europa Kft. is exposed to regulatory and market risks arising from evolving carbon pricing mechanisms, emissions trading schemes, and mandatory GHG reduction targets, particularly in jurisdictions such as the EU where the Carbon Border Adjustment Mechanism (CBAM) may apply to imported goods. These developments could lead to increased compliance costs, operational adjustments, and potential financial penalties. In addition, tightening air quality regulations pose the risk of operational disruptions and heightened scrutiny, while community and stakeholder concerns over health and environmental impacts may result in reputational risks if expectations are not adequately managed.
Opportunity	✓	✓	✓	Medium to long term	Potential	Flex Films Europa Kft. has the opportunity to develop lower-carbon products, such as bio-based and recyclable materials, that reduce emissions across the value chain and help customers achieve their sustainability goals. By enhancing operational efficiency and driving product innovation through the adoption of cleaner technologies and low-emission materials, the company can access environmentally regulated markets, differentiate its offerings, and strengthen its brand positioning as a leader in sustainable packaging solutions.

ESRS E5- Circular Economy

Sub-topic: Resource inflows

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Negative Impact		✓	✓	Short to long term	Actual and potential	Flex Films Europa Kft.'s intensive use of raw materials—including plastics, chemicals, and metals—has both actual and potential environmental impacts. The direct consumption of these resources contributes to resource depletion, environmental degradation, and ecosystem stress through unsustainable extraction and usage patterns. In addition, the limited incorporation of recyclable materials in products and insufficient guidance provided to customers on end-of-life disposal exacerbate waste management challenges, increasing the burden on municipal systems and creating downstream environmental impacts. These factors highlight the need for circular design, improved material efficiency, and enhanced stakeholder engagement to reduce the company's overall resource footprint.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Risk		✓	✓	Medium to long term	Potential	Flex Films Europa Kft. faces potential financial risks arising from the scarcity, supply chain disruptions, and rising costs of non-renewable raw materials. Additionally, transitioning to circular product designs to meet evolving consumer preferences may increase production costs, impacting margins and requiring strategic investment to balance sustainability objectives with financial performance.
Opportunity		✓	✓	Medium to long term	Potential	Flex Films Europa Kft. has a potential opportunity to develop circular operations and product models that increase the use of scrap materials and implement product takeback programs from customers. These initiatives can reduce dependence on virgin raw materials, lower overall material costs, and create more sustainable supply chains, while simultaneously enhancing customer engagement and supporting the company's long-term circular economy objectives.

Sub-topic: Environmental claims of products

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Negative Impact		✓		Short to long term	Potential	Flex Films Europa Kft. faces a potential negative impact if environmental claims are misleading or exaggerated. Such practices could misinform consumers, result in regulatory penalties, damage public trust, and undermine genuine environmental progress, ultimately affecting the company's reputation and market credibility.
Positive Impact		✓		Medium to long term	Actual	Flex Films Europa Kft.'s accurate environmental claims—such as “100% recyclable,” “biodegradable,” or “low carbon footprint”—have a positive actual impact by enabling consumers to make informed, eco-friendly choices. This supports a broader shift toward a more sustainable economy and helps reduce the overall environmental footprint of products across the value chain.
Risk		✓		Short to long term	Potential	Flex Films Europa Kft. faces a potential risk from false or unverified environmental claims, which could lead to legal action under consumer protection laws, regulatory fines, and reputational damage. This risk is particularly significant in key markets such as the EU, USA, and India, where regulations on green claims are becoming increasingly stringent.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Opportunity		✓	✓	Medium to long term	Potential	Flex Films Europa Kft. has a potential opportunity to leverage authentic, verified environmental claims to differentiate its products, access eco-conscious markets, command premium pricing, and secure contracts with major brands seeking to green their supply chains. This approach can enhance brand reputation while driving growth aligned with sustainability goals.

Sub-topic: Operational efficiency

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact		✓		Short to long term	Actual	At Flex Films Europa Kft., improving operational efficiency has a positive actual impact by reducing resource consumption, minimizing waste, and lowering environmental footprints. Through the optimization of production processes and supply chain management, the company has been able to decrease energy use, greenhouse gas emissions, and material waste, contributing directly to environmental protection and societal well-being. These efficiencies also support the sustainable use of resources, reinforcing Flex Films Europa Kft.'s commitment to a circular and resource-efficient economy.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Opportunity		✓	✓	Medium to long term	Potential	Focusing on operational efficiency can result in cost savings through reduced energy consumption, less waste, and improved resource utilization. By adopting sustainable practices and technologies, Flex Films Europa Kft. can enhance its bottom line while aligning with global sustainability trends. Moreover, optimized operations contribute to higher productivity, improved quality control, and greater resilience in supply chains, which can enhance Flex Films Europa Kft.'s competitive edge in the marketplace.

Sub-topic: Life cycle assessment of major products

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact	✓	✓	✓	Short to long term	Actual	Life Cycle Assessment (LCA) of Flex Films Europa Kft.'s major products, especially plastic packaging solutions, helps evaluate the environmental footprint from raw material extraction, production, usage, and disposal. This enables Flex Films Europa Kft. to identify opportunities for reducing material

	Up-stream	Own op-erations	Down-stream	Time Horizon	Actual/Potential	Description
						consumption, minimizing waste, and optimizing energy use throughout the product lifecycle. For example, LCA can highlight the carbon footprint of plastic packaging and identify ways to reduce emissions by improving product design, material sourcing, and recycling rates. This directly benefits local communities by reducing environmental pollution, particularly in regions where Flex Films Europa Kft. operates and sources raw materials.
Opportunity		v	✓	Medium to long term	Potential	Implementing LCA provides Flex Films Europa Kft. with an opportunity to develop eco-friendly packaging solutions, such as using recyclable or biodegradable materials, which could cater to the rising consumer demand for sustainable products. By optimizing products for the circular economy, Flex Films Europa Kft. can reduce material costs, improve resource efficiency, and lower waste management expenses. LCA also opens avenues for Flex Films Europa Kft. to align with sustainability standards and certifications, enhancing the company's reputation and creating a competitive edge in markets that prioritize green products. Moreover, LCA-driven innovation can lead to new product offerings, tapping into emerging sustainable markets.

ESRS S1- Own workforce

Sub-topic: Training and upskilling

	Up-stream	Own op-erations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact		✓		Short to long term	Actual	At Flex Films Europa Kft., training and skills development programs have a positive actual impact by enhancing employees' career advancement opportunities, strengthening their resumes, and enabling the acquisition of new skills. These initiatives contribute to greater job satisfaction, personal fulfillment, and long-term professional growth, reinforcing a motivated and capable workforce.
Risk		✓		Medium to long term	Actual	At Flex Films Europa Kft., the lack or ineffectiveness of training and skills development initiatives poses an actual risk of reduced operational efficiency, increased recruitment and retention costs, and diminished innovation capacity, potentially impacting the company's long-term competitiveness and workforce resilience.



	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Opportunity		✓		Short to long term	Actual	At Flex Films Europa Kft., training and upskilling initiatives present a potential opportunity to generate significant financial and operational benefits. By enhancing workforce productivity, improving operational efficiency, and fostering innovation, a well-trained workforce can reduce errors, optimize processes, and strengthen quality control, resulting in cost savings. Furthermore, upskilling employees in emerging technologies and sustainable practices enables the company to stay ahead of industry trends, mitigate compliance risks, and enhance brand reputation.

ESRS S2- Workers in the value chain

Sub-topic: Employment of local workforce

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact		✓		Short to long term	Actual	At Flex Films Europa Kft., promoting local employment through its operations has a positive actual impact by supporting community development, reducing regional economic disparities, and enhancing social inclusion. These initiatives contribute directly to the well-being and economic resilience of the communities surrounding the company's facilities in Hungary.

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Opportunity		✓		Medium to long term	Potential	At Flex Films Europa Kft., prioritizing the employment of the local workforce presents a potential opportunity to strengthen the company's social license to operate, build goodwill with local stakeholders, and ensure access to a stable labor pool. Aligning with government incentives or local sourcing requirements can further enhance operational resilience, foster community trust, and support long-term sustainable growth.

Sub-topic: Human rights in the value chain

	Up-stream	Own operations	Down-stream	Time Horizon	Actual/Potential	Description
Negative Impact		✓		Short to long term	Potential	At Flex Films Europa Kft., human rights violations within its value chain—such as forced labor, poor working conditions, discrimination, or restricted freedom of association—pose a potential negative impact. These violations can cause direct harm to workers and local communities, perpetuate systemic inequality, and undermine social well-being, justice, and the company's reputation.

	Up-stream	Own op-erations	Down-stream	Time Horizon	Actual/Potential	Description
Risk		✓		Short to long term	Potential	At Flex Films Europa Kft., failure to uphold human rights standards across the value chain presents a potential risk of reputational damage, regulatory sanctions, and exclusion from global supply chains. It may also lead to loss of customer trust, increased scrutiny from investors and NGOs, and potential financial losses or operational disruptions.
Opportunity		✓		Medium to long term	Potential	At Flex Films Europa Kft., proactively embedding robust human rights due diligence and responsible sourcing practices presents a potential opportunity to differentiate the company as a trusted partner, strengthen supplier relationships, attract socially responsible investors, and enhance brand value. These actions can create competitive advantages in global markets while reinforcing the company's commitment to ethical and sustainable business practices.



ESRS G1- Business conduct

Sub-topic: Training and upskilling

	Up-stream	Own op-erations	Down-stream	Time Horizon	Actual/Potential	Description
Positive Impact		✓		Long term	Potential	At Flex Films Europa Kft., strategic capital investments in ESG initiatives—such as renewable energy projects, waste reduction programs, and water conservation efforts—present a positive potential impact. These investments can reduce the company's carbon footprint, conserve critical resources, and promote social well-being in the communities where it operates, while supporting long-term sustainable growth.
Risk		✓		Short term	Potential	At Flex Films Europa Kft., high upfront capital investments in ESG-related technologies and infrastructure—such as renewable energy systems, waste management upgrades, or sustainable product development—pose a potential risk. If not carefully managed, these investments could strain cash flow and impact short-term profitability, underscoring the need for strategic planning and risk mitigation.
Opportunity		✓		Long term	Potential	At Flex Films Europa Kft., there is a potential opportunity to achieve long-term cost savings through energy efficiency, waste reduction, and supply chain optimization. Enhanced ESG performance can also attract sustainable investors, foster customer loyalty, and unlock government incentives such as tax benefits or green certifications, supporting both financial performance and sustainable growth.

INTEGRATION WITH STRATEGY & REPORTING

The DMA helps Flex Films Europa Kft. connect its business goals with today’s sustainability priorities. It translates regulatory requirements, stakeholder expectations, and industry trends into clear actions that guide the company’s long-term strategy. By considering both business impacts and financial risks, the DMA supports better decision-making, risk management, and opportunity capture.

The findings shape Flex Films Europa Kft.’s ESG roadmap—driving initiatives in decarbonization, resource efficiency, circular economy, and sustainable product innovation, while setting measurable targets and building accountability. Issues such as human rights, fair labor, employee well-being, diversity, and product responsibility are directly linked to strategic priorities.



The DMA also prepares Flex Films Europa Kft. for new regulations like CSRD and ESRS, strengthens internal capacity, and aligns efforts with global goals such as the UN SDGs. More than a reporting exercise, it is a practical tool that helps Flex Films Europa Kft. improve performance, build resilience, and earn stakeholder trust while ensuring that growth and sustainability move forward together.

In alignment with ESRS expectations the company’s Sustainability Report provides further disclosure on how these topics are being addressed. This includes references to existing policies, the actions undertaken, and the targets set to advance progress against the identified material topics.

ANNEXURE

Acronyms

This Annex presents all the acronyms found in the DMA report for Flex Films Europa Kft. Ltd.

CDP	CDP
CSR	Corporate Social Responsibility
CSRD	Corporate Sustainability Reporting Directive
CSO	Chief Sustainability Officer
DMA	Double Materiality Assessment
EBITDA	Earnings Before Interest, Taxes, Depreciation, and Amortization
EFRAG	European Financial Reporting Advisory Group
ESG	Environment, Social, Governance
ESRS	European Sustainability Reporting Standard
FMCG	Fast-Moving Consumer Goods
FDA	Food and Drug Administration
FSSAI	Food Safety and Standards Authority of India
GRI	Global Reporting Initiative
IFRS	International Financial Reporting Standards
KMPs	Key Managerial Personnel
LCA	Life Cycle Assessment
LED	Light Emitting Diode
MLP	Multi-Layered Packaging
MSCI	Morgan Stanley Capital International
NGO	Non-Governmental Organization
PAT	Perform, Achieve & Trade
PCF	Product carbon footprint
PCR	Post -Consumer Recycled
PET	Polyethylene Terephthalate
POSH	Prevention of Sexual Harassment
SASB	Sustainability Accounting Standards Board
SBTi	Science Based Targets Initiative
UN SDG	United Nations Sustainable Development Goals
WTE	Waste-to-Energy

