

# ESG report 2020



# Corporate Social Responsibility

## Our global joint responsibility

### SUSTAINABLE DEVELOPMENT GOALS



In 2020, SP Group focused on our joint responsibility to contribute to a more sustainable world. In co-operation with our customers, we have developed and manufactured products promoting quality of life and resource efficiency for the benefit of the climate, environment and people.

We also took a forward-thinking approach to our operations and production to improve resource consumption and promote sustainable processes. It benefits both our communities and our employees' health and safety.

Internally, our health and safety efforts were also focused on handling COVID-19 and the challenges brought on our production and day-to-day operations by the pandemic during the year.

With our presence in 11 countries and sales in all parts of the world, we are able to provide favourable conditions to the environment, people and animals in many types of communities. Thus, we contribute to meeting all the UN's 17 Sustainable Development Goals. To highlight SP Group's commitment to global sustainability, the Group joined the UN Global Compact in 2020 and thus builds on the efforts of SP Moulding, which has been a member of the Global Compact since 2012.

To best contribute to the green transition, we have set the following strategic goals to be achieved by 2030:

- No negative environmental impact from operations
- Entire global production powered by renewable energy
- Entire Company is carbon neutral in Scope 1 and Scope 2
- Support the transition to a world powered by renewable energy by manufacturing state-of-the-art plastic and composite solutions.



## Our business model integrates sustainability considerations

It is important to SP Group that we can increase the Group's earnings and activities in a responsible manner.

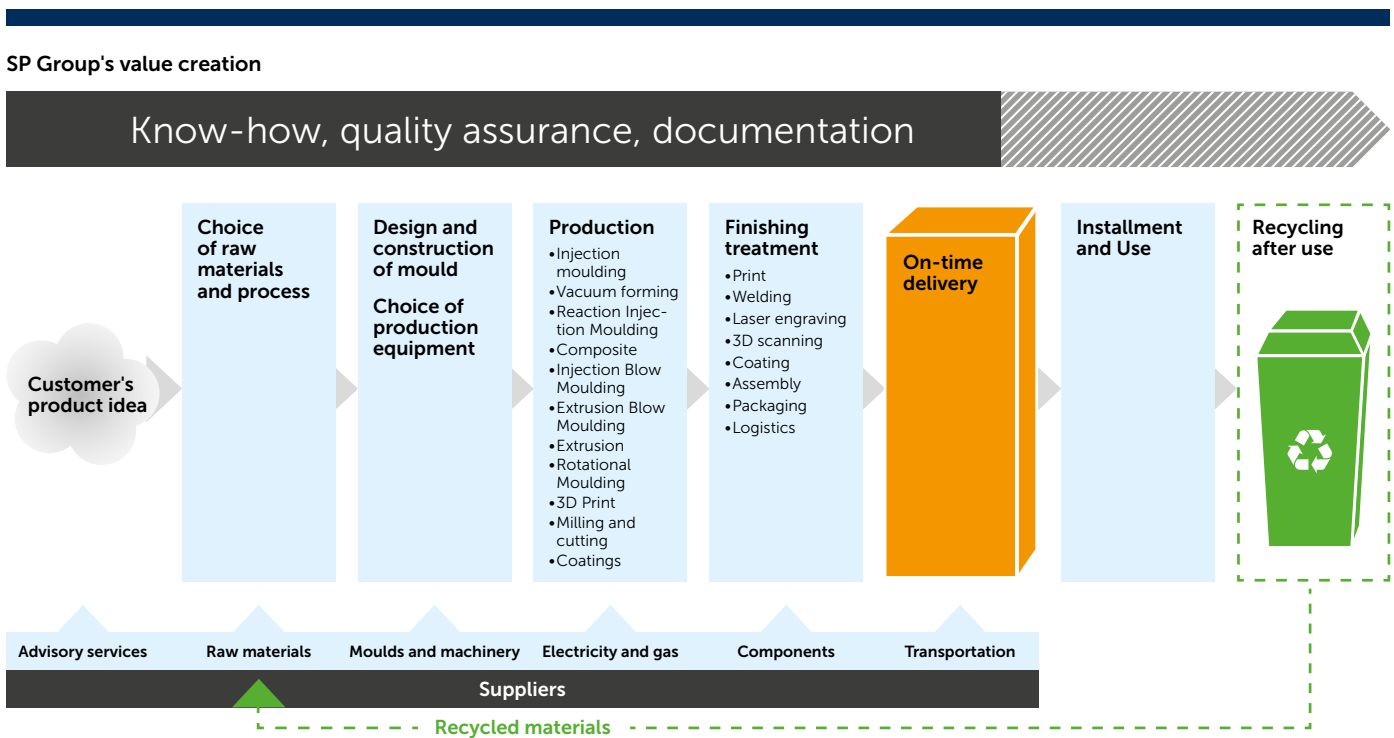
Acknowledging that our products increase the consumption of plastics, we actively assume responsibility for developing our business and production in a manner which increasingly reduces any adverse impact on the environment and contributes to sustainable development.

It is also our goal that the Group can contribute financially to the communities of which we are part by being innovative and creating workplaces.

In the past year, we have strengthened our efforts to integrate sustainability into our business model. In particular, we have focused on adding value by recycling plastic in our production and using both our own excess production materials and recycled plastics and raw materials from external suppliers.

The majority of our production comprises products to be used for cleantech, healthcare and food production. Thus, the cleantech industry accounts for 32% of our revenue as it uses our products to reduce energy consumption, produce renewable energy and effectively treat wastewater and purify waste gas, etc. Revenue from products for the healthcare industry totals 30%, whereas the components manufactured for food production and storage account for 13% of revenue.

Figure 1 – SP Group – Business model



## Our CSR organisation

To ensure that we deliver on our ambition regarding corporate social responsibility, we have established an organisation where roles and responsibilities for our CSR efforts have been determined.

The Board of Directors has the overall responsibility for our CSR efforts. It oversees the overall strategy and approves policies and reports.

In addition, the chair of the Audit Committee is responsible for our whistle blower hotline and for handling any complaints.

In the day-to-day operations, the responsibility for our sustainability efforts has been delegated to the individual plants and sites. Plant Management is responsible for the efforts, which are carried out systematically in accordance with our management systems and in dialogue with working environment and safety organisations.



### Sustainable Development Goal 17 on partnerships

SP Group co-operates and enters into partnerships with educational institutions, researchers, authorities and other players, both as a workplace and as a company. We are happy to share knowledge of our products and processes to contribute to a positive change and sustainable development of our community.

## Internal regulation

Sustainability is integrated in our production and administrative entities by means of internal regulation. We have adopted a CSR policy that reflects SP Group's fundamental value proposition: to create optimum plastic solutions to the benefit of both our customers and society at large. Thus, the CSR policy constitutes a framework for all our activities and our profile as a responsible place to work and business partner.

Also, we have adopted a Supplier Code of Conduct, which forms the basis for positive co-operation with our suppliers with a view to promoting responsibility and sustainability in the supplier chain.

## Management systems

In SP Group, all companies have now organised their management and control of the companies or have active plans in place to do so. The methodology is based on quality, environmental or working environment management systems, collectively referred to as a management system.

The management systems are based on a mapping of the companies' stakeholders, internal and external circumstances and an assessment of the related risks and opportunities.

The management systems comprise preparation and adoption of policies and setting up objectives, goals and action plans and also imply that the companies implement and maintain a management system of procedures and instructions for the most significant activities.

The companies' management systems are inspected and controlled annually by external auditors that represent an independent body, accredited certification agencies that assess the companies' actual performance compared to the procedures in the management systems and the requirements of applied ISO standards. See the overview on page 42 of the annual report.

## Environment and climate

SP Group integrates sustainability and accountability in our products and in the way in which we plan our daily operations.

We are systematically striving to reduce our impact on the environment and promote a higher level of environmental responsibility by working with the factors affecting the climate in a positive and sustainable way. Environmentally friendly technologies and materials are therefore applied using a certified environmental management system.

Our goal is also to contribute to environmental sustainability through our customers' use of SP Group's products. Our products largely replace the use of metals and glass, and by applying more environmentally friendly technologies and materials in our production processes, SP Group aims to prove that plastic – when manufactured and used prudently – is a better choice for the environment.

### Sustainable Development Goals

It is important for SP Group to contribute to the UN's Sustainable Development Goals. Our efforts to reduce negative environmental and climate impact from our production relate to these Sustainable Development Goals:



**Sustainable Development Goal 6** on clean water. Through its products, SP Group contributes to providing access to clean drinking water. The products are particularly used in disaster zones where the water is contaminated and thus hazardous to health.

We support **Sustainable Development Goal 7** on clean energy by reducing the energy consumption in our production and products that manufacture renewable energy forms.

As a manufacturing company, we can best contribute to **Sustainable Development Goal 9** on sustainable industrial processes and innovation through product innovation as well as improvement and optimisation of our production processes.

**Sustainable Development Goal 11** on sustainable cities. Many of our activities contribute to the development of sustainable cities and environments, i.e. by means of sustainable production processes and products.

**Sustainable Development Goal 12** on responsible consumption and production. SP Group supports sustainable consumption and production patterns by developing products locally in neighbouring markets where they are sold and used.

**Sustainable Development Goal 13** on climate action. SP Group generally works with the factors making a positive and sustainable impact. Particularly our products for the cleantech industry help reduce energy consumption, produce alternative energy and purify smoke.

**Sustainable Development Goal 14** on life below water. SP Group contributes to reduce ocean pollution when we coat oil pipes with non-stick coatings. It reduces the need for aggressive chemicals in the marine environment in connection with oil production.

Gibo Plast manufactures bio components for biological cleaning plants so that wastewater does not pollute the oceans.

**Sustainable Development Goal 15** on life on land. By developing products that replace wood, e.g. from rain forests, with plastic from household waste, SP Group contributes to promoting sustainable management of all types of forests.

### CSR policy

We will work systematically to reduce our impact on the environment, fight climate change and promote greater environmental responsibility through our certified environmental management systems. Generally, plastics have a number of unique properties that are essential to our society, and if plastics are manufactured, used and handled prudently, it has a positive impact on the environment. On this basis, we strive to use environmentally friendly materials in our production and development processes, limit our material consumption, waste and refuse and to recycle materials and products to the widest extent possible.

All our factories comply with the environmental requirements of legislation and EU directives, including the REACH Directive, the Candidate list of Substances of Very High Concern and the RoHS Directive.

### Risk

SP Group's primary environmental risk is associated with consumption of resources, wasted material and greenhouse gases from our production plants. The risks are addressed through our certified efforts and management systems as well as other measures that ensure quality and environmental protection in the production processes.

In spite of extensive safety procedures, the external as well as the working environment may be affected in case of accident. In such case, procedures and delegation of responsibilities have been established at the individual sites through our environmental management and management systems.

The risk outlook is affected by the fact that electricity and energy are purchased from suppliers whose circumstances SP Group has no control over (Scope 2).

SP Group believes that the Group complies with all current environmental regulations. In 2020, there were no active enforcement orders anywhere in our production.

### Environmental management systems

It is still SP Group's strategy that all production entities must implement a certifiable environmental management system that ensures use of environmentally friendly products in the production and development processes, minimisation of waste and refuse as well as resource consumption to the widest extent possible and recycling of materials and products. (see page 42 for a list of environmental certifications)

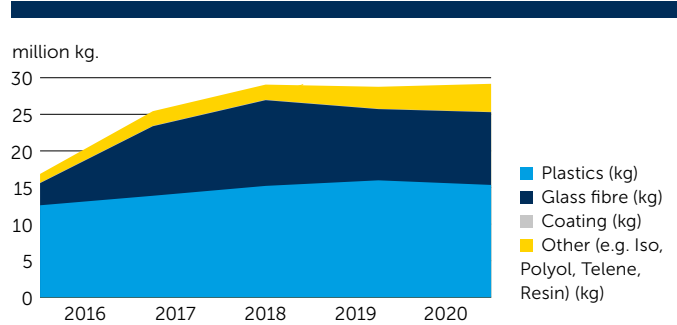
With SP Group's environmental management systems, we can document the mapping of our environmental matters, that environmental matters are handled appropriately and that applicable environmental legislation is complied with. Our effort to comply with procedures and instructions ensure that we work determinedly and systematically on regularly improving our environmental performance, which is monitored and measured on an ongoing basis. Improved environmental performance is achieved by investing in processes, buildings and equipment thus aiming, within given financial limits, to apply cleaner technologies. In addition, the certification also forms the basis for minimising waste and refuse as well as resource consumption and, to the widest extent possible, recycling materials and products.

### Raw materials

The amount of raw materials purchased correlates to the size and number of products that we manufacture for our customers. The Company's growth rate since 2016 thus reflects the development in the purchase of raw materials in the period 2016-2020.

Figure 2 shows that the purchase of plastics and coating decreased from 2019 to 2020, and the purchase of glass fibre and other materials increased slightly. The lower volume of virgin plastic was obtained by, among other things, increasing focus on the possibility of using recycled plastics when possible and with the limitations set by the characteristics of the material.

Figure 2 – Purchase of raw materials 2016-2020



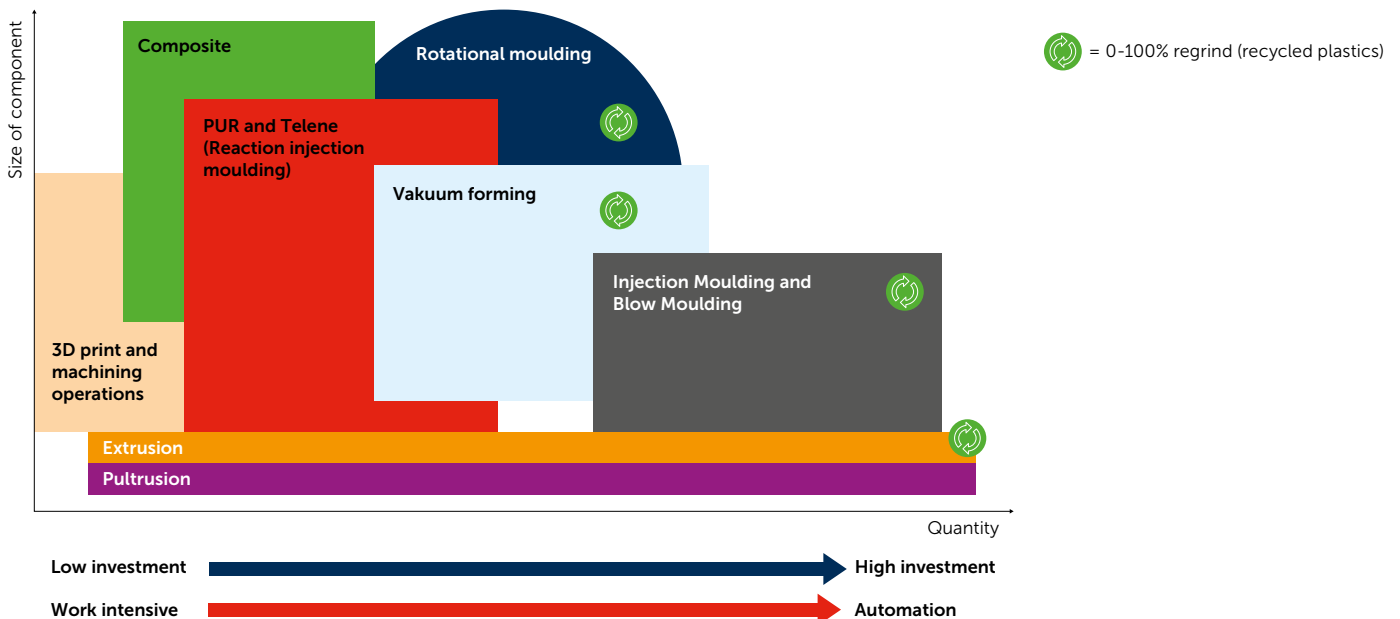
In recent years, SP Group has increased its focus on the use of recycled plastics when manufacturing plastic components. We have achieved great results both in terms of component type, size, volume and complexity in investments and intensity of work. As illustrated in figure 3, we have succeeded in phasing in recycled plastics in our rotational moulding, vacuum forming, injection moulding, blow moulding and extrusion production.

Going forward, SP Group will continue, in close co-operation with our customers, to examine how recycled plastics and recycling of own products can be included in production at advantage. Focus is also maintained on reducing or replacing the other raw materials used today with more sustainable alternatives.

Figure 3 – Use of recycled plastics



The choice of production technology depends, among other things, on the size of the component and the number to be produced:



## Energy and electricity

The most considerable impact on the environment occurs when SP Group entities consume energy, particularly power, during production. To SP Group, it therefore makes sense to reduce the consumption of energy and electricity.

We therefore focus on the energy consumption when operating our factories. We primarily use natural gas to heat ovens and premises and only use oil to a very limited extent, and we never use coal. The production processes are powered by electricity and gas. Moreover, we use district heating at two factories in Denmark and one in Poland, and we have a minor diesel and petrol consumption for our company cars.

The level of electricity consumption has remained largely unchanged since 2018 regardless of the volume of raw materials consumed in the same period. Consequently, we have obtained improved intensity in the electricity consumption relative to processed raw materials, however, with a minor increase from 2018 to 2019 and a minor decrease from 2019 to 2020.

In 2020, we also worked on reducing our consumption of fuel oil for heating, which resulted in a decrease of more than 35% since 2019 and more than 60% since 2018. We will continue to strive to reduce the consumption of fuel oil through electrification and use of alternative heating methods.

In 2020, we also saw an increase in our consumption of natural gas due to increased production in rotational moulding and coating and the acquisition of a factory. The ovens used for these production methods are powered by natural gas, and as we plan to construct more factories carrying out rotational moulding and coating in 2021, the consumption will increase.

Figure 4 – Electricity consumption 2016-2020 (kWh)

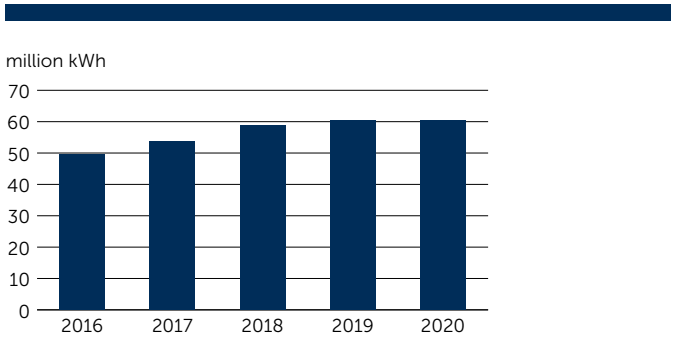


Figure 5 – Electricity consumption (intensity) 2016-2020 (kWh)

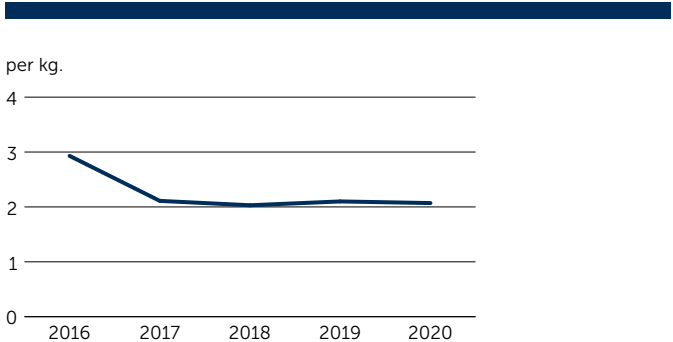
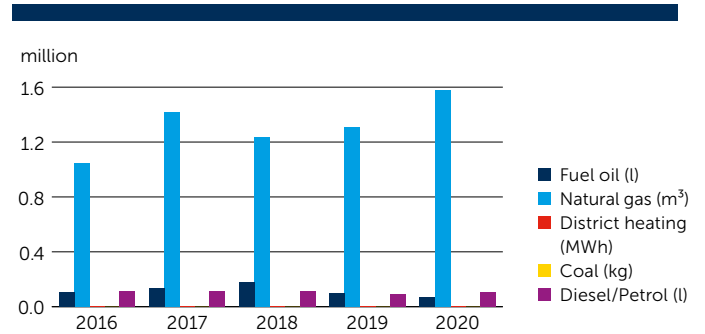


Figure 6 – Energy consumption 2016-2020



We monitor developments in key consumption indicators at all our plants and thus ensure that we can control and reduce resource consumption and costs on an ongoing basis. By implementing resource-reducing measures, the individual plants contribute to both cost reduction and a positive external environmental impact in their local community.

Our goal is to increase the share of renewable energy so that our entire electricity consumption is covered by renewable energy by 2030 at the latest. We will also invest in energy-saving equipment.

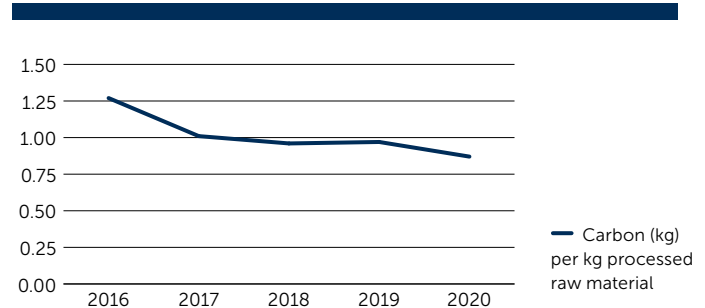
## Carbon emissions

Even though SP Group's direct carbon emissions are modest, we still seek to further the positive environmental impact by purchasing a significant portion of the power we use in Denmark from plants that produce renewable energy, primarily from wind turbines.

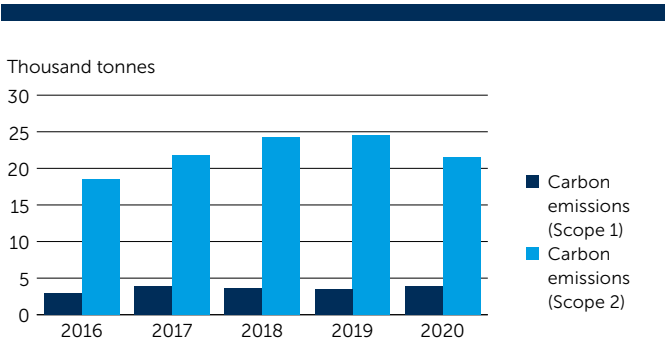
Our carbon emissions have been reduced by more than 2000 tonnes since 2019, which is primarily attributable to the fact that electricity production is increasingly based on renewable energy in the countries in which we operate.

In recent years, we have also succeeded in reducing our carbon intensity in terms of processed raw materials. Despite a slight increase in 2019, we achieved a decrease in 2020, and thus, the intensity was kept below one kilo of carbon for each kilo of processed raw material.

Figure 7 – Carbon emissions (intensity) 2016-2020



**Figure 8 – Carbon emissions 2016-2020**



SP Group has set a strategic goal to become carbon neutral in Scopes 1 and 2 by 2030. In 2021, we will examine the possibility of converting to locally produced renewable energy in the areas where our production facilities are located. This will have a positive effect on carbon emissions and carbon intensity.

**Product case: Purification of waste gas**

Environmental effects can be obtained by using fluoroplastic coatings as corrosion protection, e.g. in waste gas purifying plants at coal-fired power plants. Other coatings of surfaces with fluoroplastics can generate considerable savings on cleaning materials and solvents as well as water.

SP Group’s subsidiary Acccoat contributes to this by coating components used to control sulphuric acid pollution from the burning of coal in power plants. In addition, Acccoat, Gibo Plast, Dan-Hill-Plast, SP Moulding, Brdr. Bourghardt, Tinby and MM Composite manufacture components for the cleantech industry.

**Product case: Insulation**

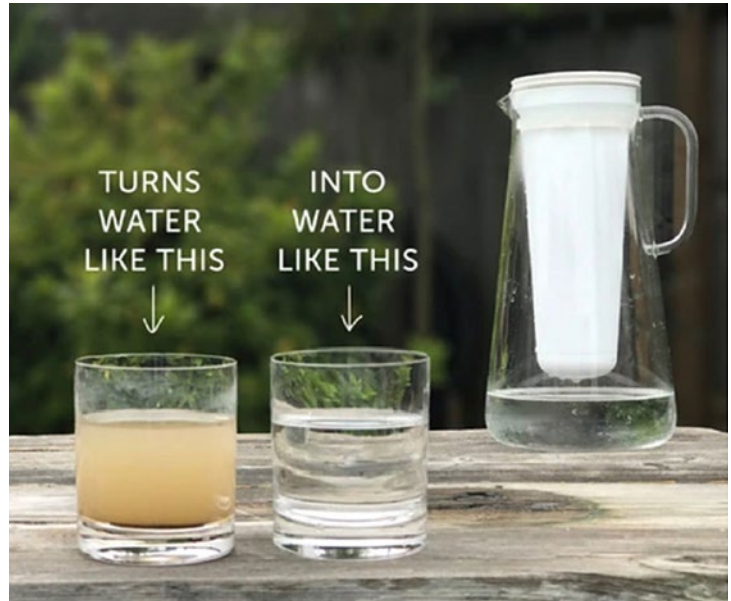
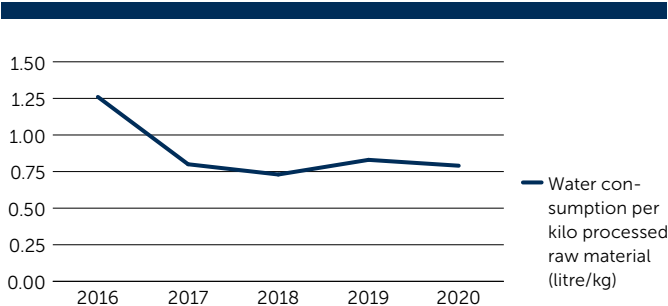
Tinby manufactures PUR and PIR insulation material for buildings and vehicles with extremely good Lambda values. This ensures more effective insulation and, consequently, lower energy consumption.

**Water**

SP Group monitors the water consumption for production and continuously strives to reduce the amount of water. Since 2016, we have obtained a significant reduction of the water consumption per kilo processed raw material and have maintained a low level for the past three years with a small increase in 2019 and a minor decrease in 2020.

We aim to reduce the intensity of our water consumption further in the coming years.

**Figure 9 – Water consumption (intensity) 2016-2020**



**Product case: Access to clean water**

At SP Moulding’s factory in China, we manufacture various water purification products that people in developing countries use to clean filthy water from rivers and lakes.

One of these products is plastic components for this pitcher from Vester-gaard®, which ensures clean drinking water and meets the NSF’s requirements. For each pitcher sold, LifeStraw’s Give Back Program provides a child in need with clean drinking water for one year.

**Waste and recycling**

The increase in the price of raw materials and waste disposal expenses has made SP Group increase its focus on reducing the consumption of raw materials and the waste volume. Consequently, all plants now focus on producing less waste and increasing recycling of plastic materials.

Gibo’s container floors in CMA CGM containers are made from household plastic waste and are currently being tested in containers around the world. Plastic floors can replace traditional floors, which are primarily made of plywood, including wood from tropical rain forests





Collected household waste can be used for new fences

Similarly, we seek to repurpose other waste or excess materials from our production, including glass fibre, cardboard and metal.

At SP Moulding's and Ulstrup Plast's factories, this is done by use of decentralised grinders on all machines to ensure that excess material from the production of each component is ground immediately and led down a closed system together with the plastic material for the next component. Gibo Plast, MedicoPack, PlexxOpido and SP Medical use central grinders to ensure reuse of excess material in other product components. Tinby and Ergomat have also enhanced process efficiency so that the extent of use has increased and the amount of waste has gone down.

The recycled plastics can be used for selected product types, thus contributing to a distinctive reduction of the environmental impact – both in the production phase and in connection with the customer's subsequent use and disposal of the product.

The goal for 2021 is an increased focus on recycling and use of recycled plastics in products where it is possible. We will also focus on reducing the volume of by-products deposited and incinerated in the countries that primarily handle their waste in this manner.

#### Product case: Recycling of plastic waste

Since 2013, SP Group has been working on developing a production form that replaces wood from rain forests by plastics from sorted household waste. The recycled plastics can be used for selected product types, thus contributing to a distinctive reduction of the environmental impact – both in the production phase and in connection with the customer's subsequent use and disposal of the product.

In 2020, we also worked on developing other products of reground plastic waste, for instance Nycopac's pallet lids made from 100% recycled plastics and TPI's wind hoods made from 90% recycled plastics and 10% virgin plastics for UV protection.

#### Fighting ocean plastic pollution

SP Medical, Gibo Plast and Ulstrup Plast have signed up for Operation Clean Sweep, which is an international initiative developed by The Society of the Plastics Industry and The American Chemistry Council. The objective of Operation Clean Sweep is to fight plastic waste in our oceans.

## Human rights

It is important for SP Group to carry on its activities in a responsible manner regardless of where in the world our business activities are located. Our efforts in terms of respecting human rights are centred on the areas where we can best affect human rights in a positive manner.

We also want to promote those of our activities that can contribute positively to strengthening gender equality and non-discrimination. Currently, it is also natural to strengthen the protection of personal data. In addition to internal efforts, we are happy that we, together with our customers, can contribute to improved health and food safety in all parts of the world.



### Sustainable Development Goals

SP Group's efforts to protect human rights are based on the UN Sustainable Development Goals. Our initiatives, both internally and in the supplier chain, relate to:

**Sustainable Development Goal 1** on ending poverty. We contribute to the goal through our disposable products for medical purposes in developing countries. The price and availability of the products bring new possibilities to persons exposed due to poverty.

**Sustainable Development Goal 2** on ending hunger. SP Group contributes to this goal through products promoting food safety and sustainable agricultural production.

**Sustainable Development Goal 3** on good health and well-being. Our products are part of the solution to promoting health and well-being by assuring the quality of healthcare treatment around the world.

**Sustainable Development Goal 10** on reduced inequality through available products in all parts of the world providing better living conditions, health and well-being.

**Sustainable Development Goal 16** on strong institutions. By ensuring a high level of data protection and information security, we promote the protection of the right to respect the privacy of our customers and employees.

### CSR policy (abstract)

As SP Group wants to contribute to the protection of human rights in the countries in which we operate, we strive to promote measures that have a positive impact on human rights.

In countries where there is a risk of human rights abuse, we will strive to prevent any human rights abuse and take remedial action should we encounter such abuse.

### Risk

SP Group is aware of the current and potential risks that our production, activities and business partners in more than 100 countries around the world may pose in relation to human rights.

Our efforts to prevent and mitigate risks are dependent on the co-operation with customers regarding development of products and with our suppliers regarding use and handling of raw materials. All suppliers are therefore obligated to comply with a Supplier Code requiring them to respect human rights.



To ensure that the requirements are met, we co-operate and communicate with our suppliers on a current basis, while at the same time monitoring that they assume responsibility in this area. If a supplier does not meet the requirements of our Supplier Code of Conduct, we can terminate our agreement with the supplier with immediate effect.

SP Group did not receive any information or notifications regarding human rights violations from external players in 2020. Communications with suppliers and sub-suppliers did not uncover any involvement in human rights violations either.

In 2021, we will initiate a new risk assessment of the countries in which the Group has activities in the form of production facilities and sales offices.

#### Product case: Controlled use of pesticides

SP Group's subsidiary Ulstrup Plast manufactures plastic components that are assembled to an advanced agricultural sprayer used for spraying and treatment of farmland. By controlling the amount of pesticides, it is possible only to spray where it is needed. This helps farmers increase their yield from the soil and thus their crop. At the same time, it helps protect the environment and the people working and living in the area. The fact that the components of the agricultural sprayer are made of plastic makes it possible to manufacture the machine at lower costs and with more options than would be the case when using metal.

## Equality and non-discrimination

SP Group takes active measures to discourage discrimination, both internally in relation to our employees and externally in our supplier chain. In this connection, we also focus on non-discrimination and equal opportunities for everyone.

We did not receive any complaints about discrimination from employees or external players in 2020.

As part of our precautionary measures to avoid discrimination, in 2021, we will assess whether it is necessary to draw up a policy against sexism and other behaviours preventing equal opportunities for women and men.

#### Product case: Access to disposable medical products

As a company, we contribute to the global efforts to promote health through equality and equal opportunities by popularising our disposable products for medical use in developing countries. The products are cheap and can easily be made available to populations in countries where hunger and disease entail inequality and exposure to poverty and bad health.

## Food-related products

Food safety is one of the most significant factors in the efforts to end hunger and to promote health and well-being. SP Group strives to contribute to these efforts through several of our products that promote effective food production systems through coatings and components for cooling products.

Products for improved food production and cooling are expected to account for an increasing part of revenue in 2021.

#### Product case: Improved production and storage

Accoat makes non-stick, low-friction coatings on machinery for food production and pharmaceuticals and thus ensures more efficient production and reduction of refuse.

Several of SP Group's subsidiaries manufacture components included in finished cooling products for storing food and pharmaceuticals in the

entire value chain in an energy-efficient manner, thus improving food shelf-life and reducing food waste.

## Healthcare

Health promotion is an objective for people in all societies. Our products contribute to improving the tools used in healthcare treatment and are part of the solution in terms of assuring quality healthcare treatment worldwide.

SP Group's products are used in hospitals in connection with operations and as aids in everyday life for people with disabilities or other illnesses.

A number of ergonomic solutions from Ergomat prevent physical wearing-down through mats in the working environment that are shock-absorbent and protect the body from vibration. At the same time, the mats stimulate muscle activity and improve blood circulation and thus help reduce tiredness.

These products accounted for 30% of the Group's product portfolio in 2020, and we expect an increase in 2021.

#### Product case: Medical equipment

Accoat and SP Medical coat instruments used for operations in hospitals. We thus contribute to ensuring quality of treatment and better survival prospects. SP Medical also manufactures medical devices that contribute to disease control.

MedicoPack develops and manufactures pharmaceutical packaging and single-use equipment in the area of injection and infusion therapy for the pharmaceutical industry and hospitals. Through constant optimisation and focus on innovation, we help support safe use of medicine for the purpose of preventing and curing diseases and thus improving health globally. The products are disposable, which reduces the risk of infection

#### Donation of protective equipment in Poland

At the outset of the corona pandemic in the beginning of 2020, Gibo Plast in Poland manufactured face shields that were donated to local hospitals and fire departments as face shields were in short supply in the public sector in Poland.

The local authorities were grateful for our initiative, and the employees were happy to receive the face shields



or contamination as opposed to multiple-use products. This is particularly important in low-income countries.

## Privacy and protection of personal data

Protection of personal data regarding employees and customers builds confidence in us as a workplace and supplier. We therefore ensure that all companies in SP Group process personal data regarding employees and customers in accordance with applicable legislation on the protection of personal data.

In 2018, SP Group set up a central IT and personal data security function to strengthen and validate the efforts in this area. This relates to both SP Group's own companies and IT networks and to future acquisitions. General policies have been drawn up describing how subsidiaries are to act in relation to the protection of personal data and IT security.

All subsidiaries and IT networks in SP Group are reviewed at least once a year by the IT Security Officer in relation to these policies, and in case of deviations, action plans with specific deadlines are prepared. Once a year, an overall status report is prepared for SP Group's Board of Directors.

In 2021, we will assess whether it is relevant for SP Group to work with data ethics and adopting a policy in this respect going forward.

## Staff matters

SP Group makes targeted efforts to ensure basic employee rights and a safe, respectful and developing working day for each individual employee because we believe that it creates value for both the individual and our company.

Aiming at running all SP Group entities as sound entities and attractive workplaces, we make targeted efforts to ensure basic employee rights and a safe, respectful and stimulating working day for each individual employee.

We base our efforts on national and international rules and rights for employees and locally take the measures that are needed to put the requirements into practice.

As an industrial company, we can best promote sustainable industrial processes and innovation through our own day-to-day practice. In general, we constantly seek to innovate and make our production processes more efficient for the benefit of both employees and customers but also to develop new products contributing to improved working conditions, e.g. ergonomic mats, marking stripes and social distancing signs.

### Sustainable Development Goals

It is important for SP Group that our workplaces help promote continued and sustainable economic growth in the societies that we are part of. Thus, we contribute to the following Sustainable Development Goals:



**Sustainable Development Goal 4** on quality education; we contribute through our continuing education offers to employees and our traineeships.

**Sustainable Development Goal 5** on gender equality; we promote the goal through efforts to increase the number of female executives.

**Sustainable Development Goal 8** on decent work and economic growth; through our presence in 11 countries in 3 continents, SP Group creates workplaces and promotes local culture and products. This enables economic growth and a good standard of living for our employees and their families.

**Sustainable Development Goal 10** on reduced inequalities; we contribute by ensuring equal pay for equal work and by paying a fair salary to all employees regardless of where they are located.

### CSR policy (abstract)

In SP Group, we always provide our employees with healthy and safe workplaces, and we respect their right to equal and fair working conditions in accordance with the principles of the UN Global Compact.

We comply with both national and local legislation and thus also acknowledge our employees' right to freedom of association, collective bargaining, rest and time off, equal pay for women and men, anti-discrimination, maternity/paternity leave and equal employment and career opportunities.

We provide our employees with favourable employment terms, among other things by complying with applicable legislation and collective agreements in our areas in terms of salary and other employment terms. In addition, we strive to ensure that our employees are offered development opportunities at work, e.g. through continuing education and training. We strive to ensure a safe and healthy working environment for our employees. Therefore, we provide our employees with protective gear and training so that they are able – and obligated – to perform their work in a safe manner.

Moreover, we do not tolerate forced or child labour in any type or form. If we engage youth workers aged 15-18, they are not allowed to perform dangerous work or night work.

As an international company, we respect differences in culture and tradition, and our relationships are characterised by mutual trust and respect. Accordingly, we always strive to protect our employees against any type of corporal punishment, psychological and/or physical coercion and harassment. We do not discriminate based on age, gender, race, colour, disability, religion or faith, language, national extraction or social origin, union membership, political opinion or any other discriminatory basis acknowledged by international conventions. We make decisions on employment, employment terms, promotions and remuneration solely based on relevant and objective criteria.

### Risk

SP Group regularly investigates whether, in our production or via suppliers, we have a current or potential risk of becoming involved in child labour or forced labour or other types of disregard of basic employee rights.

To minimise such risk, we do not employ minors in the Group. Any kind of discrimination in working and employment conditions is prohibited as well.

As part of our co-operation with suppliers, we communicate with them on a current basis, while at the same time monitoring that they assume

responsibility for respecting employment rights. If a supplier does not meet the requirements of our Supplier Code of Conduct, we can terminate our agreement with the supplier with immediate effect.

SP Group did not receive any information or notifications regarding employment rights violations from external players in 2020. Communications with suppliers and sub-suppliers did not uncover any involvement in employment rights violations either.

In 2021, SP Group will update the assessment of employment rights risks in the countries in which the Group has activities in the form of production facilities and sales offices.

### Freedom of unionisation

All employees in SP Group have the right to freely unionise, express their opinions and participate in or elect people to participate in collective bodies. Employees of the Danish entities appoint representatives for joint consultation committees and working environment committees where they meet with local management.

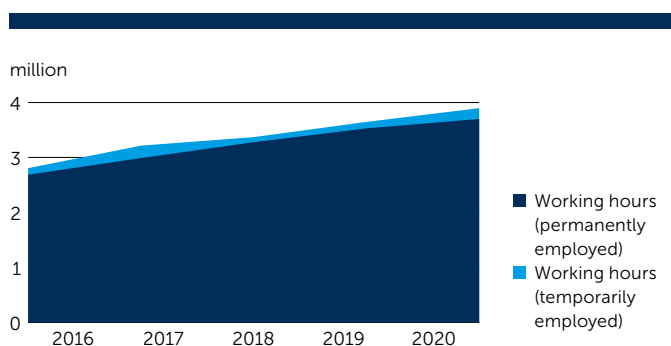
If independent trade unions are either banned or recommended against in a country, we will facilitate systems where employees can appoint spokespersons for negotiations with Management. We focus in particular on high-risk countries where we ensure that these rights are communicated to all employees in local languages.

### Wage and working conditions

In Denmark, wage and working conditions are determined in collective agreements resulting from local negotiations. In foreign jurisdictions, employee conditions and rights are primarily laid down in legislation, codes and regulations. As an employer, SP Group observes, as a minimum, national legislation and collective agreements as well as rules governing working hours, etc., and also strives to provide additional benefits.

In connection with comprehensive rounds of job cuts, SP Group not only complies with the rules of notice and negotiations with employees, but also seeks to ease the consequences for the employees affected.

Figure 10 – Working hours 2016-2020



### A safe and healthy working environment

SP Group creates a safe and healthy working environment for our employees, partly through the working environment organisation, partly through policies and targeted efforts to ensure safety and health in the

workplace and partly through working environment management systems. We always make sure that our employees get the protective gear and the training needed to perform their work in a safe manner.

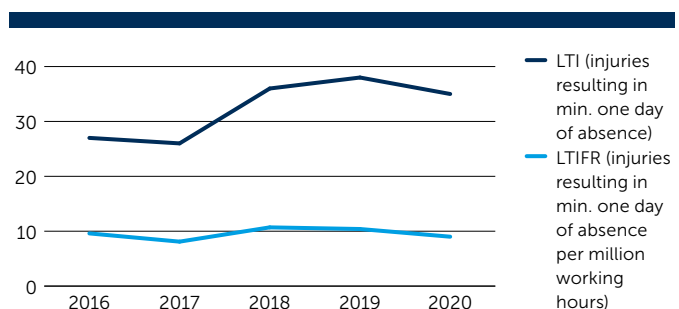
We thus comply with the requirements of ISO regarding working environment management systems and local legislation regarding responsibilities, education, risk assessment, incident reviews, maintenance and inspections. This also includes emergency situations, including plan, crisis communication, emergency drills and co-operation with the community.

Moreover, all transportation of hazardous substances to and from our factories has been outsourced to professional partners.

Our working environment management system means that we can document the mapping of working environment matters and that these matters are handled appropriately. Our efforts to obtain and maintain working environment certifications extend beyond compliance with national legal requirements and international conventions in the working environment area. By complying with procedures and instructions, we ensure that we work determinedly and systematically on regularly improving the working environment. A continuous focus on employees' physical and psychological working environment ensures employees' well-being and safety in the workplace, which aims to reduce absence due to illness and work-related accidents and to ensure personal and professional development of the individual employees.

Developments in the number of work-related accidents show a decline since 2019 from 38 to 35 accidents. Compared to the number of injuries in 2016 resulting in min. one day of absence per million working hours, we reduced the number of injuries by 0.6. We did not have any fatal work-related accidents from 2016 to 2020.

Figure 11 – Work-related accidents 2016-2020



With a strengthened focus on work-related injuries throughout the Group, it is our goal to reduce the number of injuries (LTI) to 0. We will achieve our goal through targeted training and new safety measures.

#### Product case: LED and acoustics improve safety

SP Group's subsidiary Ergomat is market leading within safety and optimisation of internal infrastructure in large companies by using kinetic contact technology. The technology activates blinking LED signs and acoustic warnings to distant areas of, for instance, a production hall. It makes expensive electrical solutions redundant and increases employee safety.

**Product case: Health in the workplace**

Ergomat offers a wide range of groundbreaking products that improve people's working day and increase quality of life. Ergomat's ergonomic mats protect joints, muscles and bones and thus prevent shock and vibration injuries. The combination of protecting and stimulating joints, muscles and bones makes the mats a physical high-performance platform for employees with standing work.

**Society case: Access to workplaces**

A significant element in sustainable cities is citizens' access to workplaces. In Poland, Slovakia, Sweden, Latvia, USA, Finland and Denmark, our workplaces bring life to local communities that are otherwise experiencing depopulation. We thus contribute to preserving local communities and reducing urbanisation.

**COVID-19**

SP Group has maintained its production level throughout the pandemic but has adjusted working conditions and routines to comply with the recommendations from the health authorities.

We have delimited production to a bubble and provided information in this respect through signs and communication on rules of conduct.

The restrictions meant a significant decline in travelling and moved our meeting activities to online platforms.



Ergomat manufactures social distancing signs for COVID-19-related communication. The signs are sold worldwide

**Gender equality**

At SP Group, we want to play a part in promoting gender equality and reducing inequality. We therefore ensure equal pay for equal work and pay a fair salary to all our employees regardless of where they are located. In 2020, we employed almost as many women as men.

The Board of Directors of SP Group A/S has adopted a policy with the purpose of increasing the ratio of the underrepresented gender at all levels of management and promoting diversity in general. The goal is still to fill managerial positions based on the qualifications needed, while at the same time increasing the ratio of women where possible.

At year end, the ratio of women in Management (Executive Board and management team) was 25%. SP Group still aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

The Board of Directors comprises four members elected by the general meeting of whom one is a woman. The Board of Directors has set a minimum target for the ratio of the underrepresented gender among board members elected by the general meeting of at least 20% in 2021.

**Diversity**

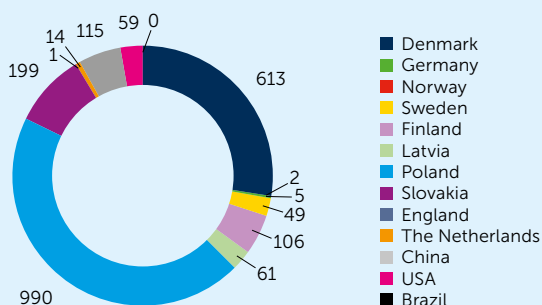
The long-term goal is for SP Group to reflect society at large, both in terms of gender ratio, age, nationality and ethnicity. This makes us an attractive choice for both customers and employees and helps give everyone, regardless of background, the possibility to enter the labour market. In order for the Group to be able to fulfil its business goals in the long term, we see diversity as an important contribution.

On average, SP Group's staff outside Denmark increased by approx. 5.3% to 1,601 employees in 2020. The average number of employees in Denmark increased from 593 to 613.

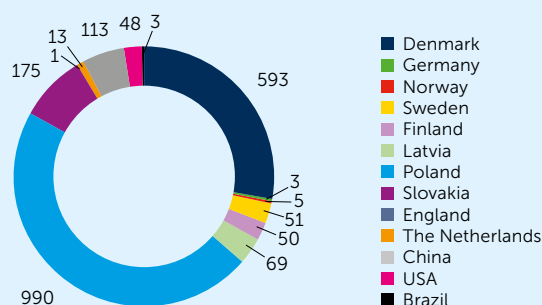
Globally, SP Group's staff increased from 2,181 at the beginning of the year to 2,260 at year end. On average, SP Group had 2,214 employees in 2020. At year end, 28.2% of the staff was employed in Denmark, and 71.8% was employed outside Denmark.

The year saw a shift of 1.1 percentage point due to the acquisition of Dan-Hill-Plast, which solely has employees in Denmark, and a generally increased internationalisation of the business. Going forward, growth is expected to be generated primarily in Eastern Europe, Asia and USA.

**Staff breakdown by geography in 2020 (average)**

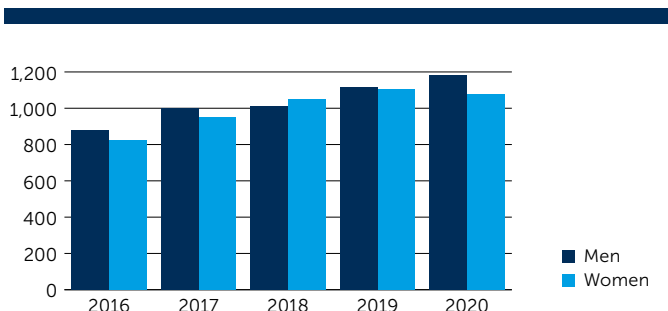


**Staff breakdown by geography in 2019 (average)**



At 31 December 2020, the factories in Denmark had 22 trainees; plastics engineer trainees, automatic control technician trainees, industrial technician trainees and logistics trainees.

Figure 12 – Staff composition 2016-2020



In December 2020, SP Moulding's factory in Juelsminde received a diploma from the municipality of Hedensted for its social efforts in the local community. The diploma is called "Code of Care" and is awarded to businesses that make special efforts for people in job training, flexible job and/or working as trainees. In short: We take social responsibility.

In November 2020, SP Moulding's factory in Juelsminde was awarded DI Horsens' Traineeship Award. The factory has trainees in all categories within the industry.

### Access to education

All employees in SP Group have the opportunity to improve their qualifications through continuing and further education. At SP Group, access to continuing education is very important to our employees' job satisfaction and continued development. We therefore offer our employees the opportunity to upskill themselves – also during work hours.

SP Group also applies systematic roll-out of Lean processes to the Group's plants to enable the employees to influence their own working situation as well as processes and workflows.

All employees participate in annual performance and development reviews (MUS) to discuss opportunities and set individual employee goals for training and education and to evaluate the past year.

The goal for 2021 is to continue the current skills development of employees, allowing them to attend to various different tasks. This will increase flexibility in production and make the working day more varied for the employees.

### Access for pupils and students

SP Group are is very aware of training young people and ensuring adequate skills and quality through well-educated employees. Therefore, we receive visits from students at all stages of education – from primary school pupils to university students. We regularly have students participating in production as part of projects to improve process efficiency or students writing their thesis on a subject in SP Group. It is a win-win situation for all parties.

### Fight against corruption

SP Group carries on its activities in a responsible manner and with high integrity, which means that we have zero tolerance for all types of corruption and bribery, both internally and at our suppliers.

Our precautionary measures are therefore targeted at our employees, who we guide and support in handling corruption through regulation and training. In terms of our external relations who act as representatives of SP Group or are included in our business activities as suppliers, customers or other business partners, we emphasise our approach to corruption through our code of conduct, contracts and dialogue.

### Sustainable Development Goals



SP Group's efforts to fight corruption and bribery contribute to creating responsible businesses and supporting peaceful and inclusive societies. Our efforts thus contribute to meeting Sustainable Development Goal 16 on justice and strong institutions

### CSR policy (abstract)

We want to maintain a high level of integrity and responsibility in all our external relations, and we do not engage in any type of corruption, including extortion, bribery, embezzlement, fraud, facilitating payments, nepotism, cartel formation or conflict of interest. We refrain from offering, promising or giving any kind of bribes in order to wrongfully influence public-sector employees, judges or business relations. We also refrain from taking, accepting or engaging in any kind of bribes ourselves. Thus, we ensure compliance with relevant international standards and conventions.

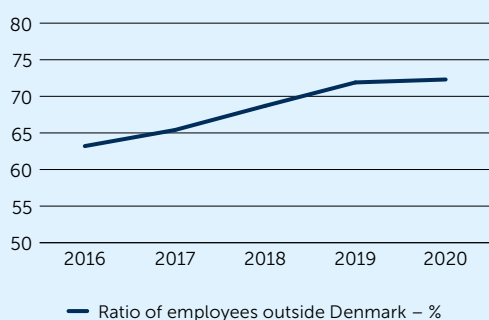
Moreover, we always observe applicable international trade embargoes. We do not accept anti-competitive practices, and all relevant financial information is published and validated in accordance with Danish legislation. Our agents, intermediaries, consultants or other persons acting on our behalf are also subject to the obligation not to engage in any type of corruption or bribery.

The obligation to abstain from engaging in corruption or bribery also applies to our suppliers and other parties acting on behalf of SP Group.

### Risk

SP Group carries on activities in parts of the world where corruption and bribery attempts are an everyday occurrence. For instance, parts of the Group are often met with requests for secret commission or the like.

Ratio of employees outside Denmark in 2016-2020 (average)



In 2021, SP Group will update the assessment of corruption risks in the countries in which the Group has activities in the form of production facilities and sales representation.

### Obligations for suppliers and employees

To reduce the occurrence of corruption and bribery, all suppliers commit to comply with the Group's anti-corruption requirements when entering into contracts.

Employees in all parts of the Group are obligated to comply with our anti-corruption policy, which instructs all employees in countering corruption and guides them on how to handle situations involving corruption.

To ensure that our employees and other persons representing SP Group do not engage in corruption, we have developed a learning programme. The programme contributes to ensuring a high knowledge level in respect of bribery, receipt of gifts, events, etc., and provides our employees with insight into the rules on anti-corruption. It further helps them understand when they are at risk of becoming engaged in corruption and what their scope for action is.

SP Group did not receive any reporting on corruption and bribery incidents in 2020.

### Taxation

As a company and a workplace, SP Group considers itself a significant player in society being able to affect the communities that we are a part of and contribute to their development. We do this through efforts that benefit both our business and society.

SP Group pays income tax in all the countries in which we operate and thus contributes to the preservation and further development of the communities and markets that we are a part of.

SP Group's tax policy reflects the Group's general code of ethics and demonstrates that we, as a listed company, are obligated to contribute to the community in which we are included within the legal framework.

The Group's approach is to manage the Group's global tax matters in a way that is in accordance with the Group's long-standing values and code of ethics, and the management is planned as follows:

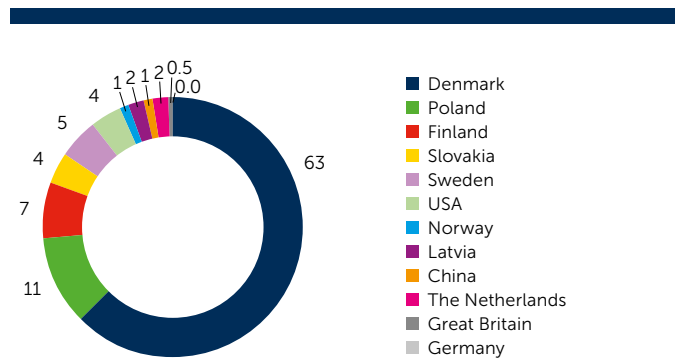
- A) Tax and duties matters are managed proactively by means of a clear internal management structure, robust business models, controls and processes and open dialogue with the tax authorities
- B) The Group's tax and duties statements are reported correctly to the tax authorities in accordance with legislation and are paid on time
- C) All tax planning is based on commercial activities
- D) Statements are always obtained from professional, well-reputed and independent external advisers if the treatment of tax and duties is uncertain or if the tax amount is significant.

The Group's intra-group cross-border revenue is significant. Intra-group transactions are made on an arm's length basis so that income is recognised where earnings are made. Consequently, the Group has prepared a Transfer Pricing Defence File.

The Group's tax payment for 2020 is specified by country and is included in note 13 to the consolidated financial statements.

The total tax charge and contributions for the employees in SP Group amounted to approx. DKK 147.3 million in 2020. The distribution reflects the number of employees in the individual countries and local tax matters.

Figure 13 – Payroll tax 2020 (%)



### Whistle blower scheme

SP Group and all subsidiaries and group entities strive for a business environment that promotes and upholds a high degree of integrity and responsibility.

Accordingly, the Company has established a whistle blower scheme that allows anyone with affiliations to SP Group to safely report suspected non-compliance with SP Group's policies and guidelines, laws and regulations as well as other serious irregularities.

Reporting of matters to the whistle blower scheme is made directly to the chair of SP Group's Audit Committee, who is an independent member of SP Group's Board of Directors elected by the general meeting. Executives and employees of SP Group do not have access to the incident reporting.

Guidance on how to use SP Group's whistle blower scheme has been communicated to all employees in local languages and is available on the Group's website.

SP Group did not receive any incident reports under the whistle blower scheme from either internal or external players in 2020.

## Reporting principles

SP Group's overall CSR and sustainability efforts support the UN Sustainable Development Goals and the UN Global Compact principles on human rights, employee rights, climate and environment as well as anti-corruption. SP Group's largest subsidiary, SP Moulding, joined the Global Compact in 2012 and works systematically to comply with the 10 principles. Accoat joined in 2017 and SP Group in 2020.

We apply the Global Reporting Initiative Standards to determine the indicators based on which we measure performance and progress. The overview below shows the coherence between the applied GRI indicators and NASDAQ's ESG criteria. Our carbon calculations are based on national conversion factors from the European Environment Agency, the Danish Energy Agency's official standard emission factors, data from Enerdata and regional data from the United States Environmental Protection Agency.

Consumption figures for diesel and petrol have been estimated for 2016-2018. Waste volumes, handling and disposal have been omitted due to

inaccurate data material. The volume of cooling agents used is very limited and therefore not included in the reporting.

The whistle blower hotline was not available in the period 2016-2018. Payroll tax was initially computed for 2020.

The calculation of carbon emissions is based on emission factors published by relevant governmental organisations and the EU as well as internationally recognised energy reports. For the European countries, emission factors used to convert the electricity consumption to carbon emissions are published by the European Environment Agency, for USA by the United States Environmental Protection Agency and for China by Enerdata. The emission factors for fuel oil, natural gas, district heating and diesel/petrol are based on the Danish standard emission factors published annually by the Danish Energy Agency. Carbon emissions from diesel and petrol are calculated based on the total consumption figures as the majority of the vehicles are powered by diesel. The location-based accounting method has been used for calculating Scope 2 emissions.

## Overview and international standards

Category	Theme	UNGC principle	UN SDGS	GRI standard	ESG NASDAQ	Page
<b>The Company</b>	Business model	-	-	102	-	45
	Reporting principles	-	12	102	G9	57
	Management systems	-	-	102	E7+E8+E9	46
<b>Environment and climate</b>	Raw materials	7+8	12	301	-	47
	Energy and electricity	7+8	7	302	E3+E4+E5	48
	Carbon emissions	7+8	13	305	E1+E2	48
	Water	7+8	6	303	E6	49
	Waste	7+8	12	306	-	49
<b>Human rights</b>	Equality and non-discrimination	1+2	10	406	S6+S10	51
	Privacy and protection of personal data	1+2	16	418	S10+G7	52
<b>Staff matters</b>	Freedom of unionisation	3+4	16	407	G4	53
	Wage and working conditions	4+5+6	8	401	S5+S9	53
	Working environment	-	8	403	S7+S8	53
	COVID-19	-	3	403	-	54
	Gender equality	6	5	405	S4	54
	Diversity	6	10	405	-	54
	Access to education	-	4	404	-	55
<b>Fight against corruption</b>	Obligations for suppliers and employees	10	16	204+205	G6	56
	Taxation	10	16	206	G6	56
	Whistle blower scheme	10	16	102	G6	56

## ESG-data

ESG	Category	Item	Unit	2016	2017	2018	2019	2020
E	Energy	Fuel oil	Liter	102,321	132,020	178,109	101,865	65,673
		Natural gas	M3	1,043,639	1,418,164	1,235,688	1,309,242	1,574,322
		District heating	MWh	3,480	3,569	3,575	2,692	2,616
		Coal	Kg	0	0	0	0	0
		Diesel/petrol	L	112,876	112,876	112,876	88,235	108,379
		Electricity	kWh	49,447,302	53,615,065	58,893,152	60,395,863	60,372,241
		Electricity intensity (processed raw material)	kWh/kg	2.93	2.11	2.03	2.1	2.1
	Water	Water consumption	M3	21,263	20,324	21,109	23,800	22,960
		Water consumption intensity (processed raw material)	L/Kg	1.26	0.80	0.73	0.83	0.79
	GHG	Carbon emissions (Scope 1)	Tons	2,930	3,854	3,560	3,437	3,921
		Carbon emissions (Scope 2)	Tons	18,671	21,842	24,247	24,467	21,490
		Carbon intensity (processed raw material)	Kg/Kg	1.28	1.01	0.95	0.97	0.87
	Raw materials	Plastics	Kg	12,565,088	13,869,164	15,220,931	15,978,078	15,347,852
		Glass fibre	Kg	3,021,810	9,499,238	11,711,282	9,730,540	9,937,401
Coating		Kg	58,742	58,554	61,419	47,375	43,751	
Other (e.g. Iso, Polyol, Telene, Resin)		Kg	1,202,849	2,001,116	2,068,629	3,003,466	3,837,398	
S	Accidents	Fatal accidents	Number	0	0	0	0	0
		LTI (accidents resulting in min. one day of absence)	Number	27	26	36	38	35
		LTIFR (accidents per million working hours)	Number	9.6	8.1	10.7	10.4	9.0
	Working hours	Working hours	Hours	2,685,516	2,987,869	3,277,211	3,528,715	3,700,898
		Working hours (temporarily employed)	Hours	118,551	226,578	92,734	118,235	196,892
		Working hours incurred (total)	Hours	2,804,067	3,214,447	3,369,945	3,646,950	3,897,790
	Gender ratio	Men	Number	881	999	1,012	1,116	1,181
		Women	Number	825	951	1,048	1,105	1,078
		Men/women	%	51.6/48.4	51.2/48.8	49.1/50.9	50.2/49.8	52.3/47.7
		Female executives	%	21	18	17	24	25
G	Diversity on the Board of Directors	Men/women	M/W	5/0	4/1	4/1	4/1	3/1
	Board independence	Independent members	%	20	40	40	40	50
	Diversity in Group Management	No. of executives	M/W	2/0	2/0	2/0	2/0	3/1
	CEO pay ratio	CEO remuneration/average employee salary in the Group	Ratio	16.2	18.7	19.9	20.7	16.9
	Whistle blower hotline	Incident reports	Number	-	-	-	0	0
	Taxation	Employees	DKK	-	-	-	-	147,304,928



# By 2030

Entire global  
production  
powered by  
renewable energy



## **SP Group A/S**

Snavevej 6-10  
DK-5471 Søndersø  
Phone: +45 70 23 23 79  
Fax: +45 70 23 23 52

Website: [www.sp-group.dk](http://www.sp-group.dk)  
E-mail: [info@sp-group.dk](mailto:info@sp-group.dk)

CVR-no.: 15 70 13 15