

A close-up photograph of medical tubing and a syringe. The tubing is white and curved, with two white plastic clamps. A clear syringe with a needle is attached to the tubing. The background is a gradient of purple and blue.

COP report 2021

Corporate Social Responsibility Report 2021
Communication on Progress (COP)

A letter from the CEO

It is our pleasure to present SP Group A/S' 2021 Corporate Social Responsibility (CSR) Report. The CSR Report covers the period from January 1st to December 31st, 2021.

The 2021 CSR report describes how SP Group is working within the areas of environment and climate, social responsibility, including labor rights and human rights, as well as corporate governance which includes anti-corruption, data accountability, tax and whistleblower programme.

The report serves as our annual Communication on Progress (COP report), as required by the United Nations' Global Compact (UNGC). The report is an extract from SP Groups Annual report 2021 page 44-62, here presented as a stand-alone document. It is based on qualitative and quantitative data from all our business units. All sites have reported data in a systematic manner. Our subsidiary SP Moulding has since 2012 been committed to the United Nations' Global Compact, a practice we are very happy to expand with a full commitment for all SP Group companies.

In SP Group, it is our ambition to contribute to sustainable development while at the same time developing our business. We see a good correlation between behaving responsibly while increasing our internationalization, earning and growth.

To ensure that we live up to our responsibility, we have a well-established CSR policy for SP Group, which reflect our core values: to create the best composite, plastics, and coating solutions for the benefit of both our customers and the surrounding environment. We act as an innovative, reliable, responsible, and competitive partner for our customers and the societies.

We will continue to adjust our capacity, improve efficiency – and pursue new opportunities in the healthcare industry, the cleantech industry (green transition) and food-related industries – and move labour-intensive production to Poland, Slovakia and Latvia as well as make massive investments in people and technology in Europe, USA, and China to enable us to be a global, innovative, reliable, sustainable, and competitive partner for our customers.

We will also continue our focus on minimizing our environmental impact, electricity consumption, water consumption, increasing recycling of by products from our and – in cooperation with our customers – developing and manufacturing more products made from recycled plastics for the benefit of the environment. It is our ambition to purchase all our electricity from renewable energy sources (wind, sun, and water) before 2030, and we will invest in the production of renewable energy.

Together with three partners, we have established the company Juelsmindehalvoens Solar A/S, which will establish a solar cell farm on the Juelsminde peninsula with a capacity of 60 million kWh, corresponding to SP Group's global consumption of electricity. We will purchase 50% of the production and our three partners will purchase the other 50%. When the solar cell plant is put into operation in 2024, it will cover our entire consumption of electricity in Denmark. In Poland and in Finland, we have invested in local solar cell installations on our rooftops. These plants have been put into operation in 2021.



In 2021, we also started purchasing certified green electricity in Poland and will do so in Denmark from the beginning of 2022. By doing so we have reduced our carbon footprint in Scope 2.

Plastics is the material of the future, and only our own lack of creativity sets the limits to the application of plastics in society in future. We want to thank our many good and loyal customers and other business partners. Thank you to shareholders and lenders for backing us up. Also, thank you to our employees for their committed contribution and readiness to change. We will continue to put all our creativity into further improving our solutions for the benefit of our customers, shareholders, employees, and the planet.

Frank Gad
CEO

Corporate Social Responsibility

Our global joint responsibility

SUSTAINABLE DEVELOPMENT GOALS



In 2021, 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.

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 directly and indirectly 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.

This report is SP Group's Statutory report on corporate social responsibility, gender distribution in Management and diversity as well as on data ethics under sections 99a, b and d and 107d of the Danish Financial Statements Act. The report also provides details on our activities in relation to EU's Taxonomy Regulation. It is also our Communication on Progress report to the UN Global Compact.

COMMUNICATION
ON PROGRESS



This is our **Communication on Progress** in implementing the Ten Principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

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 and the transition to circular economy.

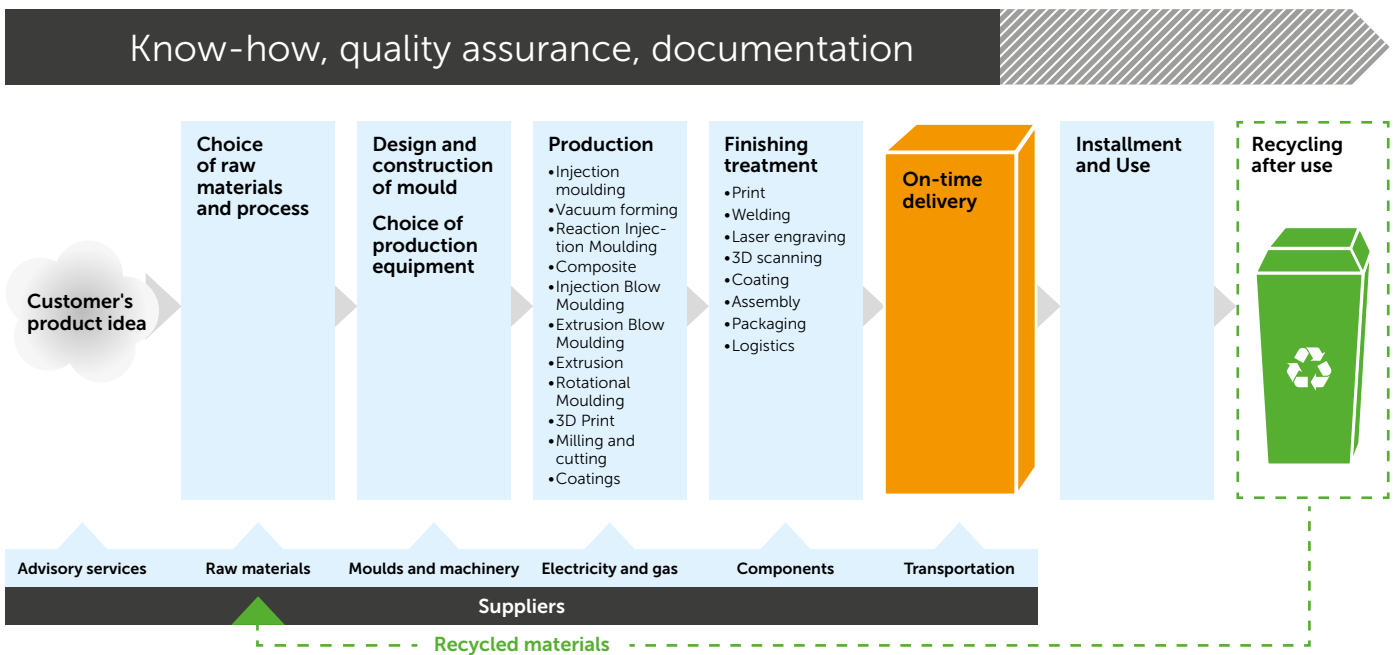
It is also our goal that the Group can contribute financially to the communities of which we are part by being innovative and creating workplaces.

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 plastics in our production and using both our own excess production materials and recycled plastics and raw materials from external suppliers.



Figure 1 – SP Group – Business model

SP Group's value creation



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. In 2021, the organisation was expanded by one ESG Manager to ensure that all entities in the Group are more integrated in the CSR efforts.

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 whistleblower 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.

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, employees and society at large. Thus, the CSR policy constitutes a framework for all our activities and our profile as a responsible business partner and place to work.

The CSR policy includes our goals and principles for the work with the environment and climate, social responsibility, including working conditions, diversity and human rights as well as anti-corruption and data ethics.

SP Group has adopted independent policies on female executives, data protection, information security as well as tax.

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.

Aleksandra Kebernik (CNC operator) at Gibo plant in Poland controlling the quality of a transport tray



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.

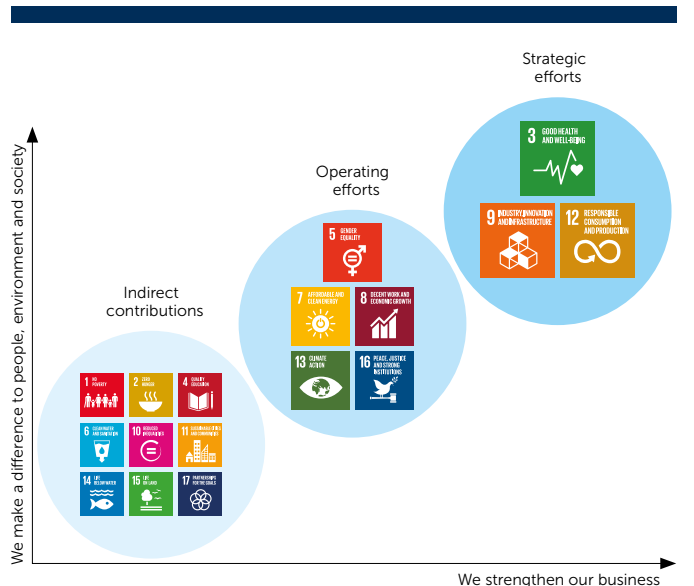
Materiality assessment

Since 2018, SP Group's goal has been to contribute to the Sustainable Development Goals through our products and operations, but also through specific projects, which make a difference locally and globally.

In 2021, we performed a preliminary materiality assessment to identify those Sustainable Development Goals where we have the highest possibility of positively affecting them and those where we can reduce our negative impact. We have also assessed the areas where our efforts can benefit our business as well as society.

We assess that the Sustainable Development Goals where we through our core business can obtain the best possible sustainable societal effect are the Goals 3, 9 and 12. The effect is in particular obtained through the strategic work unfolding in our cooperation with our customers and partners.

Figure 2 – Materiality assessment of the Sustainable Development Goals



Strategic efforts



Sustainable Development Goal 3 on good health and well-being

SP group manufactures several products for the health care industry, comprising Ergomat mats, Accoat coatings, SP Medical medical device equipment and MedioPack pharmaceutical packaging. These products help prevent and cure diseases and at the same time increase the quality of the health care services to which all people have access. The share of health care products accounts for 31.2% of SP Group's total production.

In SP Group we contribute to health and well-being by ensuring and creating work places with sound communication, possibility of personal development and continuous focus on safety i.a. through secure use and disposal of chemicals from our production.

It is important to SP Group that our entities are located geographically in areas where people can thrive both physically and mentally, can take an education and do not live in poverty.



Sustainable Development Goal 9 on industry, innovation and infrastructure

Through the products that SP Group manufactures for the Cleantech industry, we are able to contribute to reducing energy consumption, producing renewable energy, effectively treating waste water and purifying waste gas, etc. This part of our production accounts for 31.8%.

By applying better technological equipment and machines we contribute to less waste of raw materials thereby reducing our impact on the environment and climate. SP Group thus requires that investments are made in energy-efficient equipment and machines which reduce the waste of raw materials.

SP Group is dependent on transport of manufactured goods across continents and that we have electricity, internet and continued access to raw materials. We gladly engage in partnerships that support the development of processes that can contribute to positive changes and a sustainable development of the world.



Sustainable Development Goal 12 on responsible consumption and production

Throughout the entire Group SP Group aspires to reduce waste by measures such as waste sorting in fractions and by repurposing excess materials from our production. Together with our customers we emphasise the manufacturing of products from regenerated materials.

Our point-of-use sorting supports global recycling efforts and transition to circular economy. Thermoplastic industry scrap is thus included in a circular consumption flow by which the waste of natural resources is mitigated.

Efforts are made possible by systematic monitoring and reporting on our consumption of raw materials and by continuously making an effort to

increase the volume of excess materials from our own production as well as industry scrap in the manufacturing of new products.

The share of regenerated materials accounts for 13.5% of the total volume of plastics used for production purposes in 2021.

Operating efforts

A number of the Sustainable Development Goals set the framework and goals for the operation of the SP Group entities. It is important to us that we reduce our energy and electricity consumption and ensure the supply of renewable energy. This forms the basis for fulfilling our goal to become carbon neutral in Scopes 1 and 2 by 2030.

Through our efforts, we also focus on establishing safe and sound working conditions for our employees and to promote the representation of women on the supreme governing bodies and diversity among our employees.

Operating a sustainable business is to us also to operate our entities in accordance with certified management systems for quality and environmental safety, and to observe legislation in general. Through our corporate governance we work on transparency and clear structures to ensure efficiency and responsibility, and we have established avenue for complaint for internal as well as external stakeholders.



Indirect contributions

SP Group contributes to several Sustainable Development Goals through the development of products and methods that promote sustainability. We do that among others together with customers or organisation with particular know-how within a specific area.

SP Group co-operates 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.



ESG Environment and climate

SP Group integrates sustainability and accountability in our products and in the way in which we plan our daily operations. Our work is based on adapting our production and operations to climate changes and to counteract such changes through our activities.

We therefore systematically strive to reduce our impact on the environment and promote a higher level of environmental sustainability. We do so by working with specific efforts that affect the climate positively and sustainably and by reducing and mitigating any adverse effects from our production and operation. 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 plastics – when manufactured and used prudently – are a better choice for the environment. Development takes place together with our customers where we emphasise the manufacturing of products from regenerated materials.

CSR Policy – Environment and climate

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.



Risk

SP Group's primary environmental risk is associated with the consumption of resources, wasted material and carbon emission from our production plants and the waste management, including the accumulation of granulated plastic in nature. Locally, there is a risk of odour and noise to the inconvenience of our surroundings.

The risks are addressed through our certified efforts and management systems as well as through specific operational and investment-related 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). Therefore, SP Group has decided to invest in a solar park and to purchase energy certificates which this year compensate for our total consumption in Poland, and from 2022 we will also compensate for the Danish consumption (see further details in the section Energy and electricity).

SP Group believes that the Group complies with all current environmental regulations. In 2021, there were no active enforcement orders anywhere in our production.

Environmental management system

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).

Through SP Group's environmental management system we can document the mapping of environmental matters, that environmental matters are managed appropriately and that applicable environmental legislation is complied with. Our efforts to comply with procedures and instructions ensure that we work determinedly and systematically on 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.

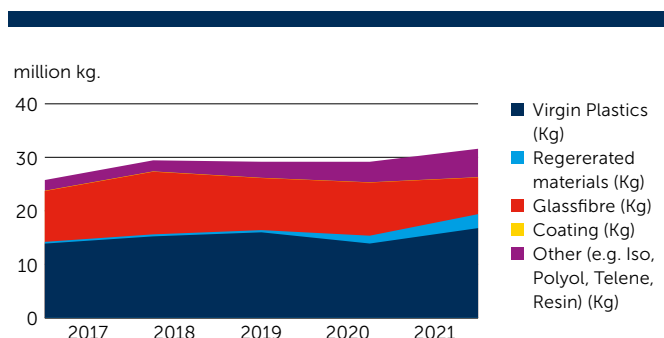
The environmental management systems also contribute to ensuring that all our factories comply with the environmental requirements of legislation and EU directives, including the REACH Directive, the Candidate list of Substances of Very High Concern and the RoHS Directive.

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 2017 thus reflects the development in the purchase of raw materials in the period 2017-2021.

As shown in figure 3, our purchase of raw materials has increased in 2021. In particular the purchase of virgin and regenerated materials as well as coating and other materials increased due to increased production and the acquisition of new factories in 2021. The purchase of glass fibre is the only group of materials that decreased in the past year due to a decreasing demand.

Figure 3 – Purchase of raw materials 2017-2021

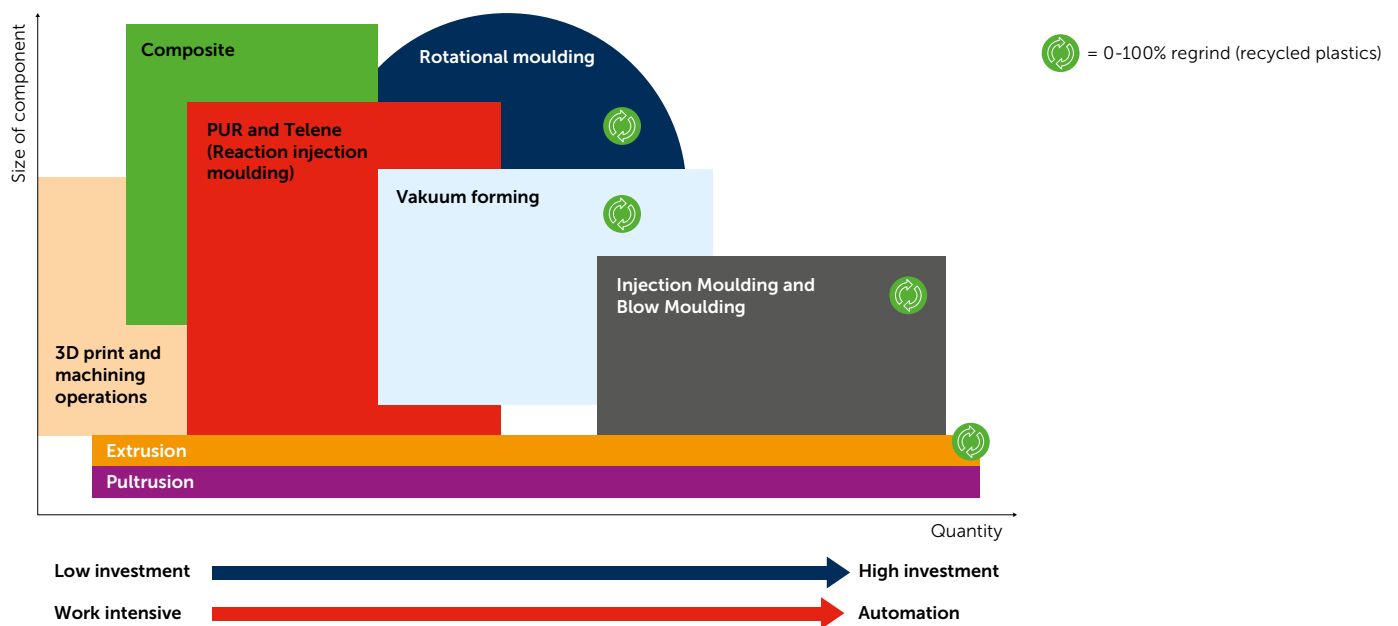


In recent years, SP Group has increased its focus on the use of recycled plastics and regenerated materials when manufacturing plastic components. We have achieved great results both in terms of component type, size, volume and complexity in investments and intensity of work. As illustrated in figure 4, we have succeeded in phasing in regenerated materials 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 bio plastics, 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 4 – 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:



Products and regenerated materials

In 2021, we also worked on developing own products of regenerated materials, for instance Nycopac's pallet lids made from 100% regenerated materials and TPI's wind hoods made from 90% regenerated materials and 10% virgin plastics for UV protection.



Repurposing of plastics

Products made from repurposed plastics are a major focal point to SP Group where sustainability is an integral part of our business model. SP Group's subsidiary, Dan-Hill-Plast, manufactures for SMALLrevolution a beautiful product line in repurposed plastics. The line which, among others, includes stools, vases and wine coolers, is made from repurposed plastic waste of the type PE. The plastic waste is delivered as granulate directly to Dan-Hill-Plast by the customer.





Controlled use of pesticide spray

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 minimise the use of pesticides and thereby protect the environment and the people working and living in the area. The fact that the components of the agricultural sprayer are made of plastics makes it possible to manufacture the machine at lower costs and with more options than would be the case when using metal.

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. 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 de-centralised grinders on all machines to ensure that excess material from the production of each component is grinded 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.

In 2022, our aim is to focus on reducing the volume of by-products deposited and incinerated in the countries that primarily handle their waste in this manner. Moreover, we will work on strengthening our overview of our waste sorting fractions in the entire group.



Plastic waste replaces rainforest wood

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. Among other things, Gibo tests container floor surfaces in CMA CGM containers that are made from household plastic waste. The plastic flooring can replace traditional flooring which is mainly made from plywood from tropical rainforest.



New life to household waste

Since the establishment of the extruder line in 2012, SP Group has manufactured plastic planks from sorted household waste. The recycled plastic is used as planks for product types such as table and bench sets, raised beds and fences, 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 plastic planks replace traditional wood solutions and are distinguished by being maintenance-free solution.

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 and to invest in the production of renewable energy. As part thereof, SP Group and three partners plan to establish a solar park located close to SP Moulding's factory in Juelsminde.

In addition, SP Group has invested in solar cells on the rooftop of our factories in Finland and in Poland to increase the volume of renewable energy used for production purposes. Similar initiatives will still be a focal point going forward and charging points for company cars, customer cars and employee cars are installed at several factories.

We 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 factories in Denmark and in Poland, and we have a minor diesel and petrol consumption for our company cars.

Our electricity consumption increased by more than 6,000 MWh in 2021 which is the highest increase in several years, which again, is attributable to increased production and the acquisition of new factories. We have thus noted an increase in the purchase of raw materials and electricity. The intensity of electricity consumption relative to the consumption of raw materials has also increased as we have manufactured more energy-intensive products.

We noted a modest decrease of our consumption of fuel oil for heating. Given our efforts to reduce the consumption of fuel oil in the past few years, we obtained a reduction of more than 65% since 2018. We will continue to strive to reduce the consumption of fuel oil through electrification and use of alternative heating methods.

In 2021, we saw an increase in our consumption of natural gas due to increased production in rotational moulding and coating and the acquisition of several factories. The ovens used for these production methods are powered by natural gas.

In addition, we have noted an increase in our consumption of diesel and petrol for company cars as the number of cars and kilometres driven have increased.

Figure 5 – Electricity consumption 2017-2021 (kWh)

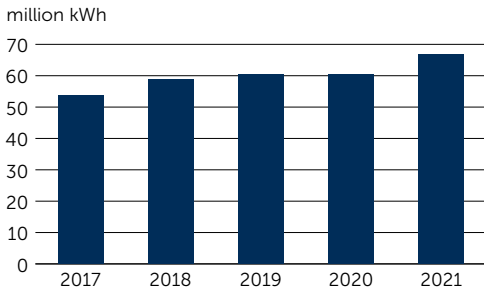


Figure 6 – Electricity consumption (intensity) 2017-2021 (kWh)

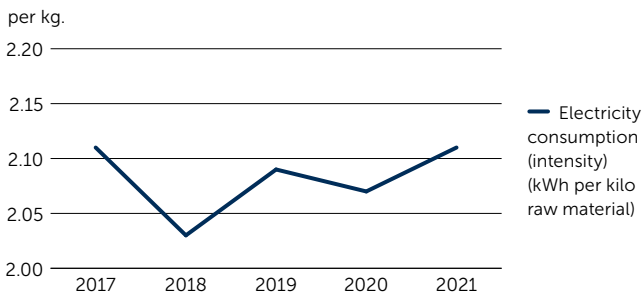
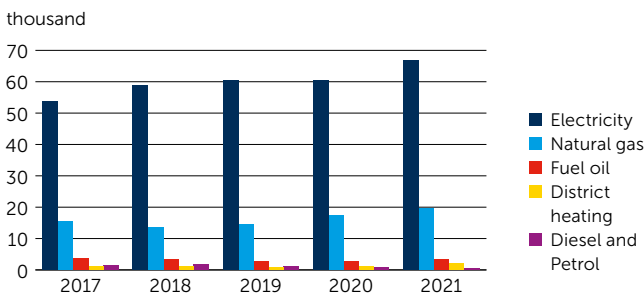


Figure 7 – Total energy consumption 2017-2021 (MWh)



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 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.



Solar park Juelsminde

In 2021, SP Group announced together with the companies Palsgaard A/S, Jual Group A/S and Aarstiderne A/S that together we have established the company Juelsmindehalvøens Solar A/S. Together, we wish to establish and operate a solar park at Juelsmindehalvøen in the municipality of Hedensted.

The park can deliver 60 million kWh a year, which corresponds to the power consumption of more than 15,000 households or the four companies' total power consumption in Denmark.

Together, the four companies represent approx. 1,100 workplaces at Juelsmindehalvøen and the project will thus imply that a large part of the local private workplaces will become carbon neutral through locally produced green power. The project awaits final sign-off by the authorities.



Solar cells and charging points

In 2021, we worked on establishing solar cells on factory rooftops and fronts as well as charging points for our customers' and employees' electric cars. At our factories in Poland and in Finland, we have mounted solar cells which produce electricity which forms part of our electricity consumption for production purposes. In Denmark, we have established charging points at four locations which can be used by our guests and employees with electric cars and plug-in hybrids.



Efficient insulation

SP Group's subsidiary 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.

Carbon emissions

Even though SP Group's direct carbon emissions are modest, we still seek to further the positive environmental impact by purchasing electricity certificates for the power we use and by mounting solar cells at our factories.

This year, we have decided to report two figures for our Scope-2 emissions, market-based and location-based emissions. The figures show the carbon emission level when consuming electricity by including certificates on green power and by excluding the certificates, respectively, from the figures. As we have purchased certificates this year for our consumption of electricity in Poland and plan to do so in future for our consumption in Denmark, we will also report those two figures going forward.

Due to our increased consumption of energy, our carbon emission in Scopes 1 and 2 (location-based) also increased in 2021. The level is, however, lower than in 2019 which is mainly attributable to improved carbon emissions from the energy production in the countries in which we manufacture. As shown in the figure below, our emissions, based on market-based calculations, are lower due to energy certificates on the consumption at our factories in Poland.

In recent years, we have managed to keep the carbon intensity (location-based) relative to raw materials purchased below one kilo emission per kilo raw materials, but noted a slight increase in 2021. The slight increase is attributable to the production of more energy-intensive products. As shown in the figure below, we have for the first time included the intensity based on market-based emissions to show the effect of the energy certificates purchased.

Figure 8 – Carbon emission (intensity) 2017-2021 (Scopes 1+2)

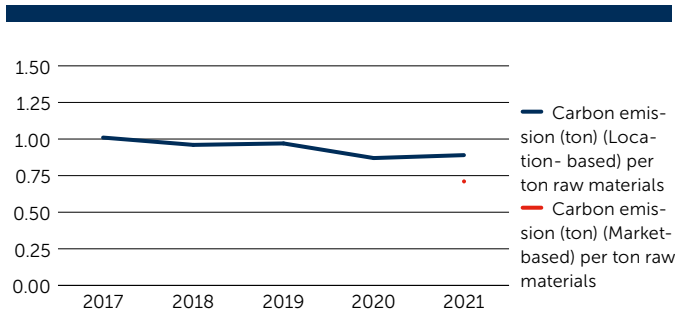
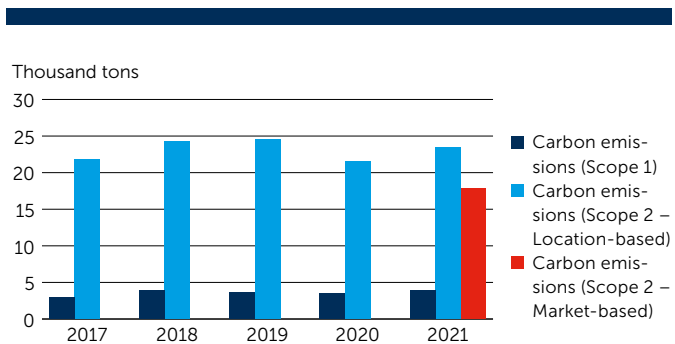


Figure 9 – Carbon emissions 2017-2021



SP Group has set up a strategic goal to be carbon neutral in 2030 in Scopes 1+2, which we will support i.a. by establishing our own solar cells and solar parks, investing in wind turbines and purchasing certificates for renewable energy.



Purchase of green power

To support the renewable energy transition, we have decided to purchase green power for our entire consumption in Poland, and we have a certificate stating that the Danish power used in Denmark going forward comes from renewable energy sources. In Poland, Veolia Energy Contracting Poland is the supplier of the renewable energy on which the certificates base, which guarantee the energy source. The certificates are issued by Poland's Energy Regulatory Office. In Denmark the certificates are administered by Energinet.dk.



Control of sulphuric acid pollution

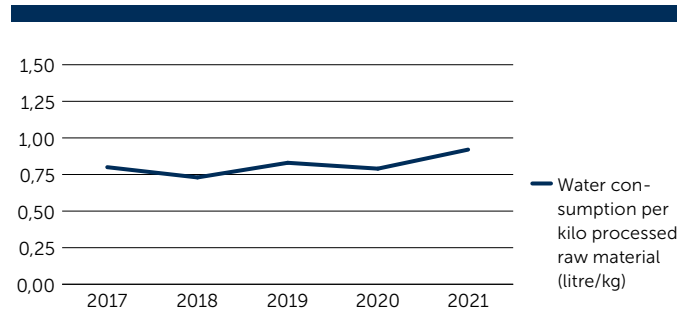
Environment-improving industrial processes can be obtained by using fluoroplastic coatings as corrosion protection, e.g. in waste gas purifying plants at coal-fired power plants. Other coatings of surfaces with fluoroplastics can generate savings on cleaning materials and solvents as well as water.

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

Water

SP Group monitors the water consumption for production and continuously strives to reduce the amount consumed. Again this year, we noted an increase in the water consumption, which resulted in a higher intensity of litre of water per kilo raw materials processed. The increase mainly relates to an increased workforce and the acquisitions of new entities with increased water intensity.

Figure 10 – Water consumption (intensity) 2017-2021



ESG Social responsibility



Clean drinking water in developing countries

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. These products from Vestergaard® ensure clean drinking water and meet 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.



Cleaning of waste water

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



Fighting ocean plastic pollution

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.

SP Medical, SP Moulding, MedicoPack, 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.

Dan-Fender from Dan-Hill-Plast A/S is used to keep afloat nets in connection with the collection of plastic waste in our oceans. (Source: The OceanCleanup)

Working conditions

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. We strive to ensure basic employee rights and safe, respectful and developing working days for the individual employee. We do so because we believe that it creates value for both the individual and our company.

We focus in particular on establishing safe and sound working conditions and providing access to education for our employees. The framework for our efforts is that anyone can take part. Therefore, efforts in respect of diversity and equal opportunities to all groups are especially important to us.

Our efforts also concern the local areas in which we have activities. Through our presence in 11 countries in 3 continents, SP Group creates workplaces and promotes local culture. This enables economic growth and a good standard of living for our employees and their families.

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.

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.

CSR policy – working conditions



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.

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. Accordingly, we always protect our employees against any type of corporal punishment, psychological and/or physical coercion and harassment.



Risk

SP Group's risk in relation to working conditions relate to safety and health in the working environment due to adverse health effects from machines, equipment and chemicals. We manage the risk by only purchasing machines and equipment which are secure.

Our annual risk assessment includes employment, personal development, health and safety and linguistic understanding as more nationalities are working at the same workplace.

Due to our presence in many different countries and cultures, there is also a risk that employees with different nationalities do not speak and understand the same language. Therefore, there is a risk that some employees do not feel included and instructed to be able to perform their work correctly. A risk assessment is therefore performed at every workplace and incidents are mitigated through guidelines, technical aids and hand-out of protective equipment. ISO 45001 certifications and regular training, etc. help ensure a good and sound working environment.

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 live up to our Supplier Code of Conduct, we can immediately terminate the contract with the individual.

SP Group did not receive any information or notifications regarding employment rights violations from external players in 2021. Communications with suppliers and subsuppliers did not uncover any involvement in employment rights violations either.

Working environment management system

SP Group has established a working environment management system, which documents our working environment measures by mapping our working environment conditions and that the working environment conditions are handled adequately. Our efforts to obtain and maintain working environment certifications extend beyond compliance with national legal requirements and international conventions in the working environment area. We thus comply with the requirements of the ISO certification regarding working environment management systems and local legislation regarding responsibilities, education, risk assessment, incident reviews, maintenance and inspections. This also includes the handling of emergency situations, including plan, crisis communication, emergency drills and co-operation with the community.

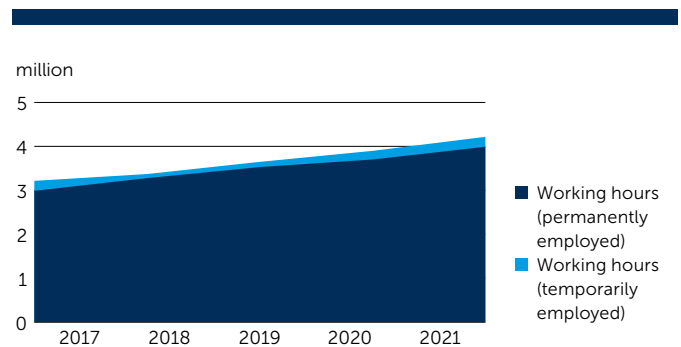
By complying with procedures and instructions on a daily basis, we ensure that we work determinedly and systematically on regularly improving the working environment. A continuous focus on the employees' physical and mental working environment ensures the employees' well-being and safety in the workplace. We aim at reducing the level of absence from work and the number of workplace accidents and support personal and professional training of the individual employee.

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 strives to be an attractive employer.

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 11 – Working hours 2017-2021



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.



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 in peripheral areas bring life to local communities that are otherwise experiencing depopulation. We thus contribute to preserving local communities and reducing urbanisation.

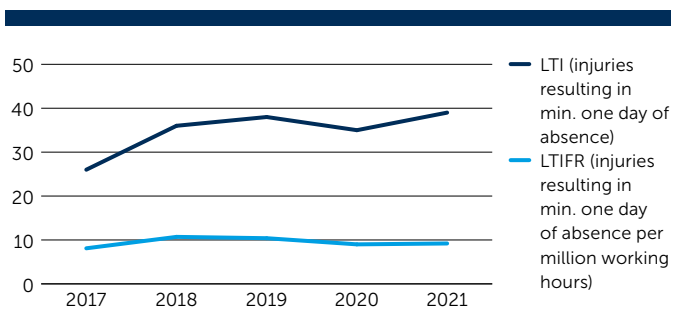
A safe and healthy working environment

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. A risk assessment is performed for all work processes to ensure that the work performed is secure in terms of safety and health. This means i.a. that in case no technical solutions are available, protective equipment is handed out to the employees, e.g. in connection with the use of

chemicals. All transportation of hazardous substances to and from our factories has been outsourced to professional partners.

The development of work-related accidents shows a slight increase from 35 to 39 accidents in 2021. Despite the increase, we have maintained the number of accidents with at least one day's absence per million working hours as the number of working hours has increased by more than 10%. This is among others explained by the acquisition of new factories, which is also reflected in the increased level of production. We have not had any fatal work-related accidents.

Figure 12 – Work-related accidents 2017-2021



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.



LED light 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. The products make expensive electrical solutions redundant and increases employee safety.



Physical health

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.

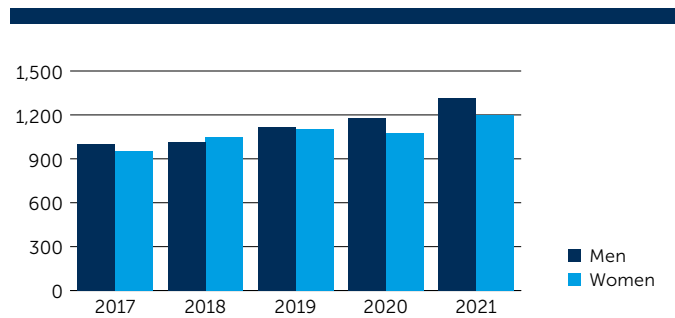
COVID-19

Internally, our health and safety efforts were still also focused on handling COVID-19 and the challenges brought on our production and day-to-day operations by the pandemic during the year. 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. Restrictions still implied a considerable decline in our travelling activities and an increase in the use of on-line meeting activities.

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 2021, we employed almost as many women as men, with a slight over-representation of men.

Figure 13 – Staff composition 2017-2021



Policy on women in management

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.



When it comes to gender equality, SP Group has laid down a policy to increase the number of the underrepresented gender in management. According to the policy, at least one male and one female candidate must be among the top three candidates for new leadership positions.

At year end, the ratio of women in Management (group 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 policy lays down the below target figures:

- The underrepresented gender must account for at least 20% of the Board of Directors. The target figure has been fulfilled as female members made up 25% in 2021.
- The underrepresented gender must account for at least 25% of group management. The target figure has been fulfilled as female members made up 25% in 2021.
- The underrepresented gender must account for at least 25% of the management group. The target figure has been fulfilled as female members made up 30% in 2021.

Diversity

The long-term goal is for SP Group that its employees 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.

To promote diversity in the Board of Directors, Executive Board and other management groups, the Group aims to ensure that each member possesses the qualifications and profiles required to contribute optimally to SP Group's development. The Board of Directors wants everyone to have equal opportunities regardless of gender, age or nationality.

SP Group is actively engaged in counteracting discrimination internally in relation to our employees as well as externally in relation to 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 2021.

Policy on diversity

As an international company, we respect differences in culture and tradition, and our relationships are characterised by mutual trust and respect. 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.

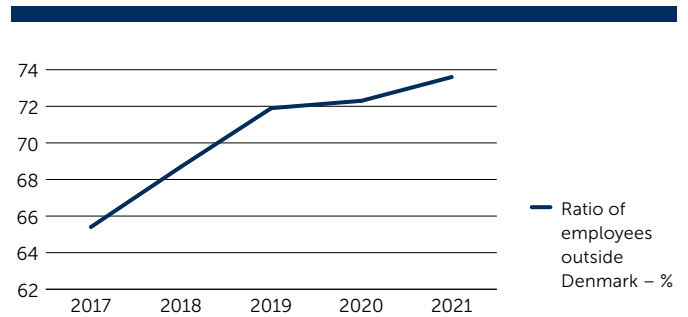


Different nationalities

Globally, the workforce in SP Group increased from 2,214 to 2,380 from 2020-2021, corresponding to an increase of 7.5%. The increase reflects increased activities in Denmark, Finland, Latvia, Poland, China and USA.

At the end of the year, the share of employees in Denmark totalled 628, whereas the share of employees abroad totalled 1,752, corresponding to 26% and 74%, respectively, of the total workforce.

Figure 16 – Ratio of employees outside Denmark in 2017-2021 (average)



Jobs for employees with special needs

SP Group assumes social responsibility in the local areas where our factories are located. We do so by cooperating with municipalities, organisations and job centres on work offers to individuals with special needs. The jobs that we offer are on common terms, but with various adjustments, e.g. reduced working hours and are offered in our production as well as in our administration. In 2021, SP Group secured jobs for 43 employees with special needs.

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.

Figure 14 – Staff breakdown by geography in 2021 (average)

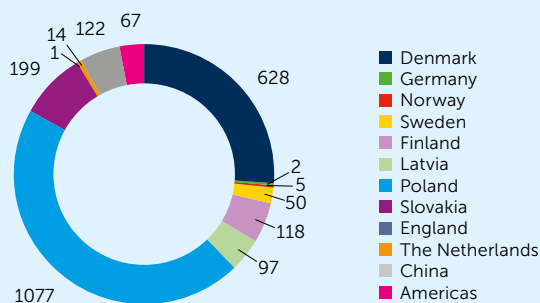
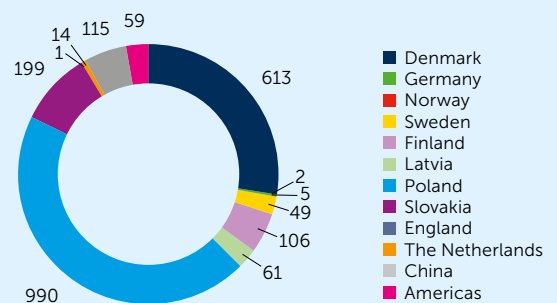


Figure 15 – Staff breakdown by geography in 2020 (average)



At 31 December 2021, SP Group had 38 training programmes distributed on plastics engineers, sales and industry technicians, logistics as well as school and apprentice places. In addition, major training efforts have been made in Poland, Slovakia, Latvia, China, USA, Finland and Sweden.

The goal for 2022 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. In addition, we will continue to offer various sorts of apprentice places.



Access for pupils and students

SP Group 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.

Human rights

SP Group's products are part of the solution to promoting the right of access to healthcare treatment by assuring access to high-quality healthcare services all over the world. We contribute i.a. 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.


In addition, we are proud to contribute to better food safety, together with our customers, in all parts of the world where products manufactured by SP Group are being used.

CSR policy – human rights

SP Group wants to contribute to the protection of human rights in the countries in which we operate.

We aspire 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.

Through our products we are able to contribute to improving the protection of human rights locally and globally. The effect is mainly obtained through health products, which contribute to the quality in the healthcare sector and products that improve food safety.



Risk

Increased internationalisation increases SP Group's risk of being involved in activities in countries which do not live up to the international human rights conventions or with cooperative partners who do not act responsibly. SP Group is therefore 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 these 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 2021. Communications with suppliers and sub-suppliers did not uncover any involvement in human rights violations either.

We will initiate a new risk assessment in 2022 of the activities of the Group that relate to suppliers.

Health promotion

The right of access to good-quality healthcare treatments is an aim for every society. SP Group's products contribute thereto by improving the tools used in healthcare treatment. SP Group's products are thus used in hospitals in connection with operations and as aids in everyday life for people with disabilities or illnesses. Consequently, they form part of the solution in ensuring quality in healthcare treatment all over the world.

A number of ergonomic solutions from Ergomat prevent physical wearing-down by 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 31.2% of the Group's product portfolio in 2021, and we expect an increase in 2022.



Medico equipment contributes to disease control

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.



Access to disposable products for medical use

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.



Secure use of medicine

MedicoPack develops and manufactures pharmaceutical packaging and 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 or contamination as opposed to multiple-use products.



Green recreational areas

The planned solar park at Juelsminde will create green recreational areas for citizens and visitors in the area. The park will be placed to look as little as possible in the area. The other areas will be used as pasture for eco sheeps from Barritskov Landbrug.

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.

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.

Products for improved food production and storage are expected to account for an increasing part of revenue in 2022.



Improvement of food safety

SP Group contributes to this goal through our products that promote food safety and sustainable agricultural production. Accoat makes non-stick, low-friction coatings on machinery for food production and pharmaceuticals and thus ensures more efficient production and reduction of refuse.

ESG Corporate Governance

To SP Group, the operation of a sound business assumes corporate governance. To us this is closely related to requirements of responsibility, ethics and decency. As part of our work with sustainability and corporate social responsibility, we focus on integrating standards for anti-corruption, data liability and payment of taxes in the entire Group. We have also established a whistle-blower programme, which allows internal as well as external stakeholders to address irregularities in our activities.

It is essential to SP Group's customers', cooperative partners', employees' and stakeholders' confidence that our efforts are integrated in our daily actions and is displayed in our interaction with them. Therefore, we have laid down policies that set the goals and framework for our measures, and which allocate roles and responsibility for putting the principles into practice.

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 sometimes met with requests for secret commission or the like.

In 2022, 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.

The risk outlook in relation to data liability relates in particular to the current threat from cybercriminals who wants to place ransomware on our IT systems. We manage the risk by systematic monitoring of the IT systems that we use and by educating our employees in IT security and protection of personal data.

Anti 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.

CSR policy – Anti-corruption

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.



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 2021.

Data liability

It is important to SP Group that we apply our IT systems and personal data in a responsible manner. 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 and IT security requirements. Due to our ethical business practice requirements we also include data ethical principles when we initiate new data processing.

The purpose of the IT and personal data security function in SP Group is to strengthen and validate our efforts in the 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. Once a year, an overall status report is prepared for SP Group's Board of Directors.

Policy on data ethics

SP Group ensures controlled use of IT systems and personal data through efficient personal data protection, robust IT systems and data ethical considerations in respect of the use of data.

Our work with data ethics is based on five data ethical principles and the approach taken is that human beings are in the centre of things and should experience that they control their data, that the use of personal data is transparent and that data processing is performed in a responsible manner and contributes to the respect for dignity and equality.



All subsidiaries and IT networks in the SP Group have been examined by the IT security manager in 2021 to ensure compliance with our IT security policy. Action plans are drawn up in case any deviations are noted. The data protection policy is implemented locally – in cooperation with local advisers, if required.

No IT security breaches or data breaches were registered with the Danish Data Protection Agency in 2021.

Tax

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. Our 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.

Tax policy

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 in accordance with the below principles:



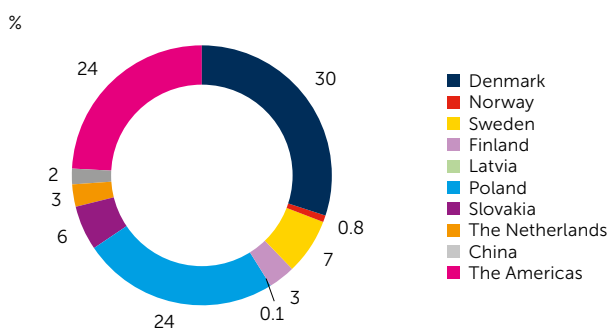
- A) Tax and duties matters are managed proactively by means of a clear internal management structure, robust business models, controls and processes and open dialogue with the tax authorities
- B) The Group's tax and duties statements are reported correctly to the tax authorities in accordance with 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 2021 is specified by country and is included in note 13 to the consolidated financial statements.

The total tax charge for the employees in SP Group amounted to approx. DKK 168.5 million in 2021. SP Group's payment of corporate income tax in the individual countries is shown in figure 17.

Figure 17 – Corporate income tax 2021 (%)



Whistle-blower programme

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

In accordance with legislation, the Company has established a whistle-blower programme 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 programme 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 programme 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 programme from either internal or external players in 2021.

Reporting principles

SP Group's overall CSR and sustainability efforts are based on the UN Sustainable Development Goals and the UN Global Compact principles on human rights, employee rights, climate and environment as well as anti-corruption.

When the SP Group joined FN Global Compact in 2020, the entire Group became subject to the reporting requirements and thus builds on the efforts with the Global Compact principles, which the subsidiaries SP Moulding and Accoat initiated in 2012 and 2017, respectively.

We apply the indicators from Global Reporting Initiative Standards to measure performance and progress. The overview on page 61 shows the coherence between the applied GRI indicators and NASDAQ's ESG criteria.

We have applied market-based as well as location-based accounting methods for our Scope 2 carbon emission calculations. Both methods are used under the GRI Standards og Greenhouse Gas Protocol. We do so to provide the most true and fair figures in our report on SP Group's carbon emissions both in relation to the energy mix that we receive from providers and when we purchase certificates for renewable energy.

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. The emission factors applied when calculating the electricity consumption under the location-based method are issued by the European Environment Agency for the European countries and the Association of Issuing Bodies (AIB) for Norway, United States Environmental Protection Agency for USA and Climate Transparency for China. The market-based method rely on emission factors from AIB and Climate Transparency.

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.

Certificates have been acquired on electricity from renewable energy sources for our factories in Poland through Veolia Energy Contracting Poland, who guarantees energy from renewable sources. The certificate is issued by Poland's Energy Regulatory Office 3-5 months after the end of the year, which means that we are unable to present it in this report.

Consumption figures for diesel and petrol have been estimated for 2017-2018. 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 2017-2018.

Payroll tax was initially computed for 2020.

EU taxonomy regulation

The main part of SP Group's production is based on purchased raw materials that include plastic, coating, glass fibre and other products. Our use of regenerated materials and own plastic waste for new production is on the increase, but still accounts for a minor part of total production.

Therefore, SP Group assesses that the Group's activities are not subject to the EU taxonomy regulation as they are not included in the activities described in the delegated regulation from December 2021, in particular item 3.17.

We assess that the scope of our business activities and expenses related to our ongoing process to increase the share of recycled plastic has not yet reached the level that contributes considerably to fulfilling the environmental goals 1 and 2 on counteracting and adjusting climate change in the financial statements for 2021.

Theme overview and international standards

Category	Theme	UNGC principle	UN SDGS	GRI standard	ESG NASDAQ	Page
The Entity	Business model	-	-	102	-	45
	Management systems	-	-	102	E7+E8+E9	46, 48, 54
	Internal regulation (Supplier Code of Conduct)	-	-	102	G5	46
	Materiality assessment	-	-	102	-	46
	Risk assessments	-	-	102	-	48, 54, 57, 58
Environment and climate	Raw materials	7+8	12	301	-	48
	Waste and recycling	7+8	12	306	-	50
	Energy and electricity	7+8	7	302	E3+E4+E5	50
	Carbon emissions	7+8	13	305	E1+E2	52
	Water	7+8	6	303	E6	52
Corporate social responsibility – Wage and working conditions	Working conditions	4+5+6	8	401	S5+S9	54
	Freedom of unionisation	3	8	407	G4	54
	Health and security	1+2	8	403	S7+S8	54
	COVID-19	-	3	403	-	55
	Gender equality	6	5	405	S4	55
	Diversity	6	10	405	-	55
	Access to education	1+2	4	404	-	56
Corporate social responsibility – human rights	Health promotion	1+2	3	403	S8	57
	Food safety	1+2	2	-	-	58
Management	Anti corruption	10	16	205	G6	59
	Data liability	1+2	16	-	G7	59
	Reporting principles	-	12	102	G9	60
	Tax	-	16	206	G6	59
	Whistle-blower programme	-	16	102	G6	60

ESG data

ESG	Category	Indicator	Unit	2017	2018	2019	2020	2021	
E	Raw materials	Virgin plastic	Kg	13,869,164	15,220,931	15,978,078	15,347,852	16,764,678	
		Regenerated materials	Kg	323,685	373,913	412,941	1,465,875	2,609,507	
		Glass fibre	Kg	9,499,238	11,711,282	9,730,540	9,937,401	6,860,301	
		Coating	Kg	58,554	61,419	47,375	43,751	50,675	
		Other (e.g. Iso, Polyol, Telene, Resin)	Kg	2,001,116	2,068,629	3,003,466	3,837,398	5,314,525	
	Energy	Fuel oil	Litre	132,020	178,109	101,865	65,673	57,444	
		Natural gas	m ³	1,418,164	1,235,688	1,309,242	1,574,322	1,773,101	
		District heating	MWh	3,569	3,575	2,692	2,616	3,404	
		Coal	Kg	0	0	0	0	0	
		Diesel/petrol	Litre	112,876	112,876	88,235	108,379	196,085	
		Electricity	kWh	53,615,065	58,893,152	60,395,863	60,372,241	66,753,410	
		Electricity intensity (Processed raw materials)	kWh/kg	2.11	2.03	2.09	2.07	2.11	
	CO ₂ e	Carbon emissions (Scope 1)	Tonne	3,854	3,560	3,437	3,921	4,567	
		Carbon emission (Scope 2) Location-based	Tonne	21,842	24,247	24,467	21,490	23,438	
		Carbon emission (Scope 2) Market-based	Tonne	-	-	-	-	17,897	
		Carbon intensity (Location-based) (Processed raw materials)	Kg/kg	1.01	0.95	0.97	0.87	0.89	
	Water	Water consumption	m ³	20,324	21,109	23,800	22,960	28,982	
		Water consumption intensity (raw material)	L/Kg	0.80	0.73	0.83	0.79	0.92	
	S	Working hours	Working hours (permanently employed)	Hours	2,987,869	3,277,211	3,528,715	3,700,898	3,991,107
			Working hours (temporarily employed)	Hours	226,578	92,734	118,235	196,892	226,044
Working hours incurred (total)			Hours	3,214,447	3,369,945	3,646,950	3,897,790	4,217,151	
Industrial accidents		Fatal accidents	Number	0	0	0	0	0	
		LTI (accidents resulting in min. one day of absence)	Number	26	36	38	35	39	
		LTIFR (accidents per million working hours)	Number	8.1	10.7	10.4	9.0	9.2	
Gender ratio		Women	Number	951	1,048	1,105	1,078	1,196	
		Men	Number	999	1,012	1,116	1,181	1,313	
		Women/Men	%	48.8/51.2	50.9/49.1	49.8/50.2	47.7/52.3	47.7/52.3	
		Female executives	%	18	17	24	25	32	
G	Diversity in the Board of Directors	Women/Men	W/M	1/4	1/4	1/4	1/3	1/3	
	Independence of Board of Directors	Number of individual independent %	%	40	40	40	50	50	
	Diversity in group management	No. of executives	W/M	0/2	0/2	0/2	1/3	1/3	
	CEO pay ratio	CEO remuneration/average employee salary in the Group	Ratio	18.7	19.9	20.7	16.9	19.7	
	Tax	Employees	DKKm	-	-	-	147.3	168.5	
	Whistleblower	Incident reports	Number	-	-	0	0	0	

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