

Corporate Social Responsibility

Our global co-responsibility

SUSTAINABLE DEVELOPMENT GOALS



In 2022, SP Group has focused on our shared responsibility to contribute to a more sustainable world. In cooperation with our customers, we have developed and manufactured products that promote quality of life and more efficient use of resources – for the benefit of both climate, environment, people and animals.

From an innovative perspective we have taken a look at our operations and manufacturing to optimize resource consumption and promote sustainable processes. It benefits both the world around us and the health and safety of our employees.

With our presence in 12 countries and 32 factories, we have sales of products in all parts of the world and thus the opportunity in several ways to create good conditions for the environment, animals and people in many different types of society. We support the initiative behind the UN's 17 Sustainable Development Goals, to which our efforts contribute directly or indirectly. To underline SP Group's commitment to global sustainability, the Group is a member of the UN Global Compact and builds its sustainability work over 10 years on the principles set out therein.

In order to contribute in the best possible way to the green transition, we have set these strategic goals with 2030 as our horizon:

- No negative environmental impacts from operations
- All global production runs on renewable energy
- The entire company is CO₂ neutral in Scope 1 and Scope 2
- Supporting the transition in a world that runs on renewable energy by producing advanced plastic and composite solutions.

This report constitutes SP Group's report on corporate social responsibility, gender distribution in management and diversity as well as data ethics in accordance with section 99 a, b and d and section 107d of the Danish Financial Statements Act. The report also provides information on our activities in relation to the EU Taxonomy Regulation. The report is also regarded as supplementary documentation for 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.

Considerations of sustainability is incorporated in our business model

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

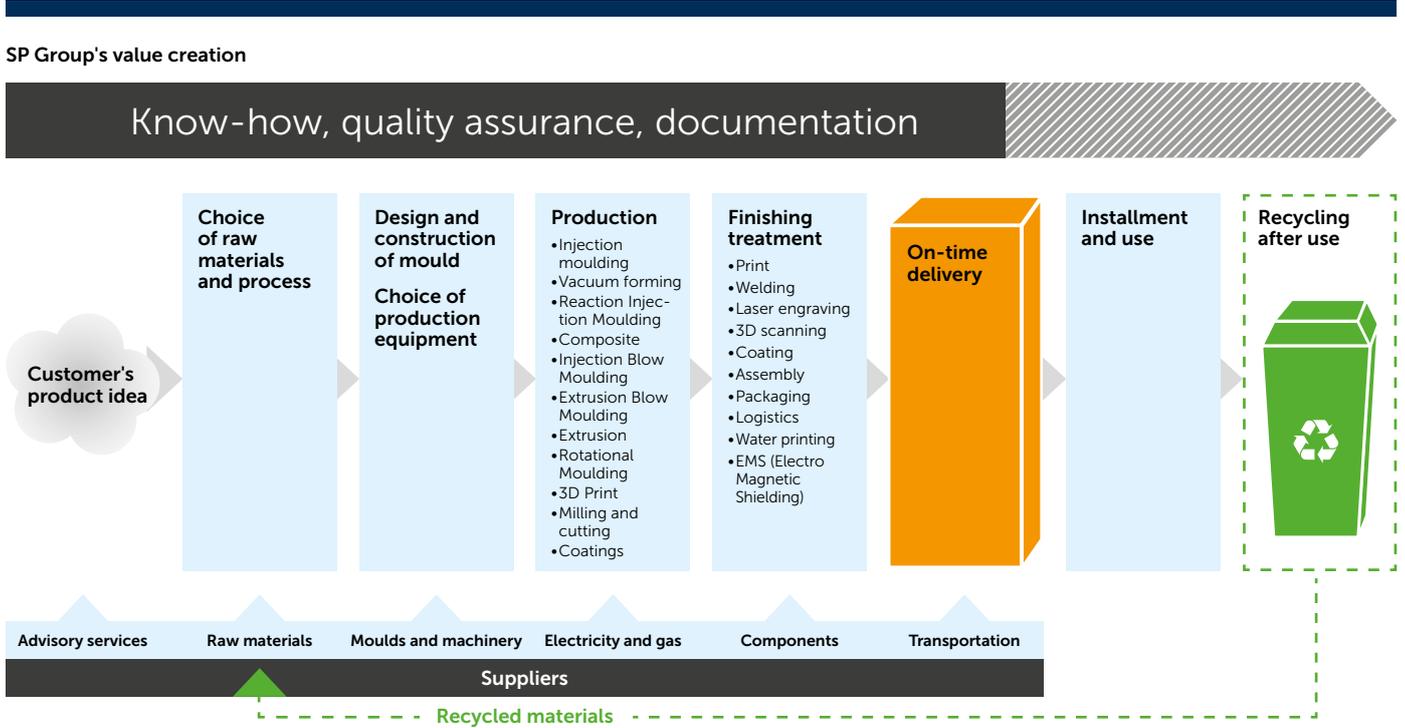
We are aware that our products increase the use of plastics. This is precisely why we take active responsibility for developing our business and production in a way that increasingly reduces negative environmental impact and contributes to sustainable development and the transition to circular economy.

It is also a goal for us that by creating innovation and jobs, the Group contributes financially to the communities we form part of.

Over the past year, we have made further efforts to incorporate sustainability into our business model. In particular, we have focused on value creation through recycling of plastics in our production and utilisation of both our own surplus materials from production and regenerated material and raw material from external suppliers.



Figure 1 – SP Group – Business model



Our CSR organisation

To ensure that we live up to our ambition for responsibility, we have established an organisation where roles and responsibilities for CSR efforts are determined. The work with sustainability is planned and coordinated by an ESG Manager and includes the integration of all companies in the Group's CSR efforts.

The Board of Directors is the overall responsible for our CSR efforts. They both overlook the overall strategy and approve policies and reports. In addition, the chairman of the Audit Committee is responsible for our whistle-blower hotline and handling of any complaints.

In our daily work, responsibility for our sustainability efforts is delegated to the individual factories and sites. The factory management is responsible for the effort, which it carries out systematically in accordance with our management systems and in dialogue with occupational health and safety organisations.

Internal regulation

The integration of sustainability into our production and administrative units takes place through internal regulation. We have adopted a CSR policy which reflects SP Group's fundamental value of creating the best plastic solutions for the benefit of both our customers, employees and the surrounding environment. In this way, the CSR policy forms the framework for all our activities and for our profile as a responsible partner and workplace.

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

SP Group has adopted independent policies on women in management, data protection and information security, and tax.

We have also adopted a Supplier Code of Conduct, which forms the basis for a positive cooperation with our suppliers to promote responsibility and sustainability in the supply chain.

Management systems

In SP Group, all companies today have systematised their management and management of the companies or have active plans to do so. The systematics are based on Quality, Environmental and/or Working Environment Management Systems, collectively known as the Management Systems.

The management systems are based on a mapping of the companies' interests, internal and external conditions and an assessment of the risks and opportunities associated with this.

The management systems comprise the preparation and adoption of policies and setting of target, goals and action plans and also imply that the entities implement and maintain management systems with procedures and instructions for the most important activities.

The entities' management systems are inspected and controlled on an annual basis by external auditors, who represent an independent body, accredited certification agencies, who assess the performance of the entities in relation to the procedures laid down in the management systems and the requirements in the ISO standards applied. See page 46 of the annual report for a list.

External stakeholders' verification of our management systems and sustainability efforts has in 2022 led to an Ecovadis gold medal for Tinby and an Ecovadis silver medal for SP Moulding in Poland. SP Moulding China also received an Environmental Protection Award, and Gibo China received an award for customer satisfaction.

Due diligence processes

In 2022, SP Group continued to embed the due diligence processes to ensure that we are able to effectively and systematically identify, prevent, mitigate and remedy the most significant actual and potential adverse impacts of the Group's activities on the environment and people.

In practice, the process has been embedded in the requirements and expectations set out in our CSR Policy and Code of Conduct. It included identifying negative impacts of our activities on the environment and people, addressing them through preventive or mitigative measures, including through our security and anti-corruption training programmes. The established management systems have supported the monitoring, and we have communicated about impact and handling in our annual reports.

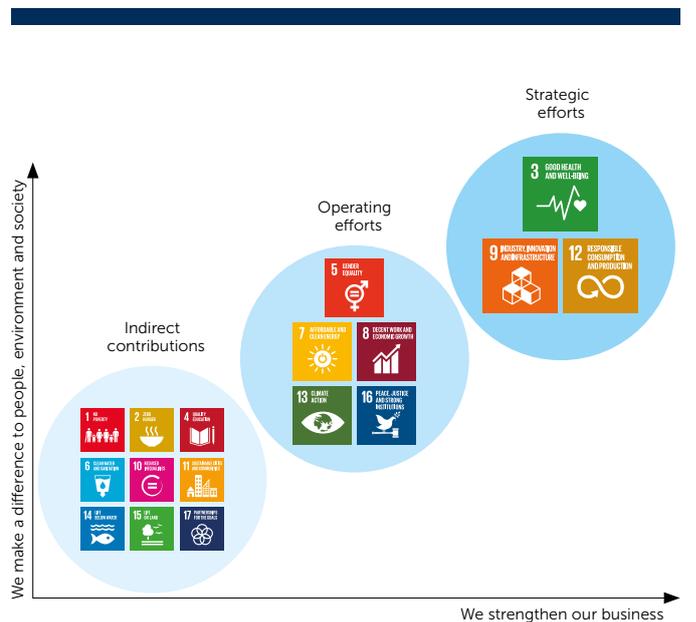
The existing whistle-blower scheme makes it possible for internal and external actors to point out negative effects of our activities on the environment and people.

Assessment of materiality

Since 2018, SP Group has aimed to contribute to the SDGs through our products and operations, but also through concrete projects that make a difference locally or globally.

We continue to assess that the SDGs that we have an impact on through our core business and can best achieve sustainable societal impact on are world goals 3, 9 and 12. The effect is achieved in particular through the business strategy work that unfolds in cooperation with our customers and partners, but also through our many years of internal efforts to ensure healthy, fair and respectful working conditions.

Figure 2 – Materiality assessment of the Sustainable Development Goals



The materiality assessment of the Group's contribution to meeting the sustainable development goals has identified impacts that have been addressed and will be supplemented in 2023 by a study of our actual and potential negative impacts on human rights and labour rights. The survey covers all companies in the Group and will be conducted during 2023. We have also assessed in which areas our products and activities benefit and will be able to increase our positive effect on the environment and people – for the benefit of both our company and society. The work to identify and manage negative as well as positive impacts on the environment and people has been strengthened and better coordinated with the establishment of the Group-wide ESG manager function.

Strategic efforts



Sustainable Development Goal 3 on health and well-being

SP Group manufactures a range of products for the healthcare industry, including Ergomat mats, Accoat coatings, SP Medical medical device equipment, MedicoPack with packaging for pharmaceuticals and Meditec with swabs.

These products help prevent and cure diseases while increasing the quality of healthcare that all people have access to. The share of healthcare products represents 33.8% of SP Group's total revenue.

At SP Group, we contribute to health and well-being by securing and creating workplaces with a healthy dialogue, opportunities for personal development and a constant focus on safety, e.g. through the safe use and disposal of chemicals from our production.

At SP Group, we care that our companies are geographically located, where people have the opportunity to thrive physically and mentally, have the opportunity for education and do not live in poverty.



Sustainable Development Goal 9 on Industry, innovation and infrastructure

Through the products SP Group manufactures for the cleantech industry, we have the opportunity to contribute to reduced energy consumption and to the production of renewable energy, efficient treatment of waste water and flue gas. This part of our revenue accounts for 28.1%.

By using better technological equipment and machines, we contribute to less waste of raw materials and thus less impact on the environment and climate. SP Group therefore requires that investments are made in equipment and machines with efficient energy utilization and less waste of raw materials.

SP Group depends on the goods produced being able to be transported across the world and on electricity, internet and continued access to raw materials. We are eager to enter into partnerships that support the development of processes that can contribute to a positive change and sustainable development of the world.



Sustainable Development Goal 12 on responsible consumption and production

Throughout the Group, SP Group strives to reduce our waste through preventive measures, sorting into waste fractions and by recycling surplus material from our production.

Together with our customers, we therefore have a strong focus on manufacturing products from regenerated materials.

Our source sorting of waste supports the global recycling efforts and transition to a circular economy. Thermoplastic industrial scrap is thus part of a circular use flow, thereby preventing waste of natural resources.

The effort is made possible by systematic monitoring and reporting on our consumption of raw materials and by continuously trying to increase the volume of surplus material from our own production as well as industrial scrap used for manufacturing new products.

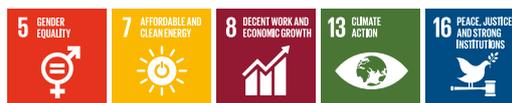
The share of regenerated material represents 15.2% of the total amount of plastic material used for production in 2022.

Operational efforts

A number of SDGs help set the framework and goals for the operation of the companies in SP Group. We are concerned with reducing our energy and electricity consumption and securing supplies of renewable energy. This forms the basis for achieving our goal of being carbon neutral by 2030 on Scope 1 and Scope 2.

Our efforts also focus on creating safe and healthy working conditions for our employees and on promoting representation of women in executive management and diversity among our employees.

For us, running a sustainable business is also linked to running the companies in accordance with certified management systems for quality and environmental safety, and generally by complying with legislation. In our corporate governance, we work with transparency and clear structures to ensure efficiency and accountability and have established access for complaints for both internal and external stakeholders.



Indirect contribution

SP Group contributes to a number of SDGs through the development of products and methods that promote sustainability. We do this together with customers or organizations with special knowledge in a specific area.

We also collaborate with educational institutions, researchers, authorities and other actors, both as a workplace and as a company. We are happy to share knowledge about our products and processes to contribute to a positive change and sustainable development in our society.



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 operation to climate change and to counteract such changes through our activities.

We are therefore systematically striving to reduce our impact on the environment and promote a higher level of environmental sustainability. We do this by working with concrete initiatives that affect the climate in a positive and sustainable direction, and by reducing and mitigating negative impacts from our production and operations. 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. The development takes place in dialogue with our customers, where we have a strong focus on manufacturing products from regenerated materials.

CSR Politik – 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, they have 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 main environmental risks are linked to resource consumption, material waste and carbon dioxide from our production facilities as well as to waste management, including the accumulation of plastic granules in nature. Locally, there is a risk of noise and odours which are of nuisance to the surroundings.

The risk is managed through our certified efforts and management systems as well as concrete operational and investment initiatives that ensure quality and environmental protection in the manufacturing 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 solar cells systems and purchase energy certificates, which this year compensate for the total electricity consumption in Poland, Slovakia and Denmark.

SP Group believes that the Group complies with all current environmental regulations. In 2022, 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 46 for an overview of environmental certifications.

Through SP Group's environmental management systems we can document our environmental matters, that the environmental matters are handled reasonably and that applicable environment legislation is observed. 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.

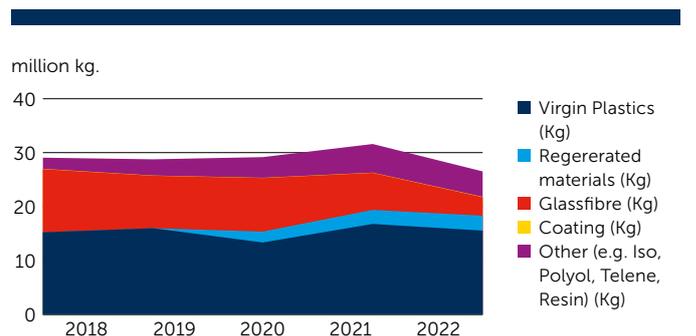
The environmental management systems also help to ensure that all factories comply with all environmental requirements in legislation and EU directives, including the REACH directive, the Candidate list of Substances of Very High Concern and the RoHS directive.

Raw materials

The volume of raw materials purchased depend on the size and number of products that we manufacture for our customers. The decrease in the volume of raw materials purchased in 2022 is due to lower sales of composite products.

As shown in Figure 3, raw material purchases have decreased in 2022. We have had an overall reduction in raw material sourcing of 16%, including 7% on virgin plastic purchased and 50% on fibreglass. At the same time, our purchases of regenerated material have increased by 6%, which replaces previous use of virgin plastic. The decline in fibreglass purchases follows the trend in 2021 of declining demand.

Figure 3 – Purchase of raw materials 2018-2022

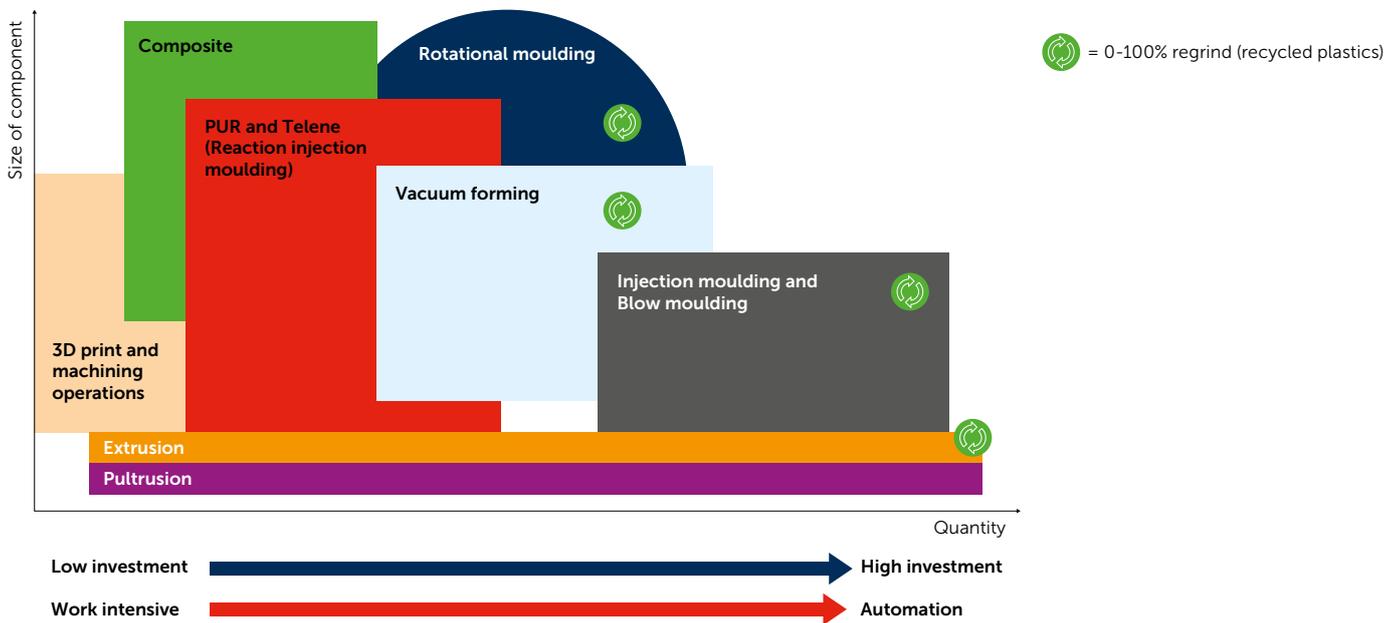


In recent years, SP Group has increased its focus on the use of recycled plastics and regenerated materials when manufacturing plastic components. We have achieved great results both in terms of component type, size, volume and complexity in investments and intensity of work. As illustrated in figure 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 bioplastic, 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 made from Regenerated materials

In 2022, we have continued to develop regenerate material products. Among our own products we still find Nycopac's pallet lids, which are made of 100% regenerated material, as well as TPI's wind hoods, which are produced from 90% regenerated material and 10% virgin material for UV protection.



Recycling of plastics

Products made from recycled plastic have a strong focus in SP Group, where sustainability is an integral part of our business model. SP Group's subsidiary, Dan-Hill-Plast, produces a beautiful product range in recycled plastic for SMALLrevolution. The series that i.a. includes stools, vases and wine coolers, is made from recycled plastic waste of the PE type. The plastic waste is delivered directly from the customer to Dan-Hill-Plast as granules.





Controlled use of pesticides

SP Group's subsidiary, Ulstrup Plast, produces plastic items that are put together into an advanced field sprayer, which is used for spraying and processing of farm land. 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 thus 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.

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 using 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. This practice applies to all SP Group entities. An example of this is 150 tonnes of scrap from MedicoPack's bottle production, which was used by Nyco-pac in 2022 for a high-quality customer product. 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 new waste directive has contributed to an increased focus on waste management and the establishment of up to 19 waste fractions at SP Medical in Poland. In most European locations, sorting into fractions is dependent on local authorities being able to purchase the sorted waste.



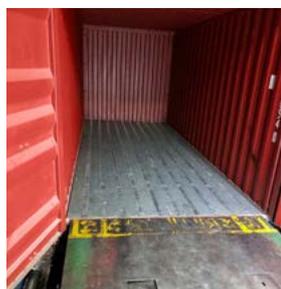
Plastic waste replaces wood from the rain forest

Since 2013, SP Group has been working on developing a production form which replaces wood from rain forests with 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. Gibo tests among other things container floor in CMA CGM containers made from plastics from

Four new waste fractions at Gibo Plast due to the container directive.



Container floor.



household waste. Plastic floors can replace traditional floors, which are primarily made of plywood from tropical rain forests.

Tableware made from bioplastic

SP Group has produced the TAKE series consisting of plates, bowls, mugs and glasses for the Rosendahl brand in 98% bio-based plastic and a breadbasket of the same material for Kähler for Rosendahl Design Group. The products have been tested and approved for food and put into production in 2022.



Energy and electricity

The most considerable impact on the environment occurs when SP Group entities consume energy, particularly power, during production. 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 long-term goal is to increase the share of renewable energy so that our entire electricity consumption is covered by that by 2030 at the latest. To achieve this goal, we will invest in additional energy-saving equipment, solar cells systems and certificates in combination with Power Purchase Agreements (PPAs) in the years to come.

For SP Group, it makes good sense to reduce the consumption of energy and electricity, as well as invest in the production of renewable energy. In the operation of our factories, we therefore focus on energy consumption and in 2022 we have had particular focus on reducing the consumption of natural gas for heating furnaces and premises. At the Danish companies MM Composite, Tinby and Gibo Plast, we have converted to district heating, and at other companies heat pumps have been installed. We are planning similar conversions at several locations in 2023 and are also exploring the possibilities of converting natural gas to LPG gas, primarily to secure deliveries.

The rise in energy prices has also led to changes in the use of machinery and premises. For a period of time, Neptun Plast has introduced daily decisions on the use of machines based on the daily price of electricity and has chosen to concentrate production on selected machines for the weekend, where the price of electricity is lower.

The total consumption of energy and electricity is shown in Figure 5. The volume of purchased power decreased by 2% in 2022, but due to a change in product mix, we had a higher consumption of electricity per kg of raw material than in previous years, see Figure 7.

Through conversion to other forms of energy, our consumption of natural gas decreased by 10% in 2022. Our consumption of heating oil for heating is already limited, but was further reduced by 39% in 2022. As a result of our efforts to reduce the consumption of heating oil in recent years, we have achieved a decrease of more than 80% since 2018.

The transition to more environmentally friendly operations also includes our car fleet, which we expanded to 11 electric cars in 2022. We support this development by creating access to charging stations for employees and guests at our factories.

An important part of the transition includes the use of renewable energy, which we achieve partly through the establishment of solar cells systems in our factories and partly through the purchase of certificates. With the investment in solar cells systems on the roofs of our factories in Finland and Poland, we have thus increased the share of solar energy in our total energy consumption. These plants produced almost 300,000 kWh in 2022. Overall, these efforts mean that approximately 79% of our electricity consumption in 2022 was based on green energy, see Figure 6.

We have initiated an expansion of solar energy production in Finland, where Coreplast has purchased 18,200 sqm of land in front of the factory in Finland from Laitila municipality to establish a small solar park on the site. In Slovakia, we will place solar cells on our roofs in 2023. In Denmark, SP Group and three local partners are cooperating to establish a solar park located near SP Moulding's factory in Juelsminde.

Figure 5.a – Total energy consumption 2018-2022 (MWh)

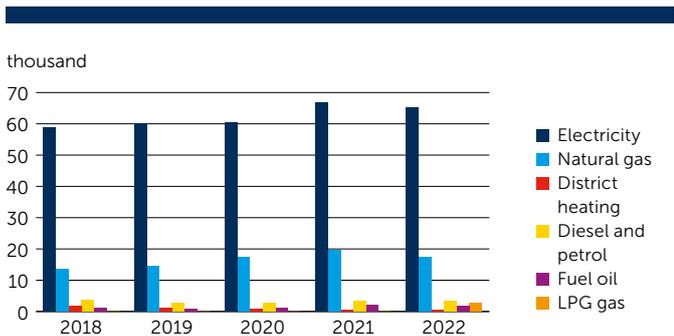


Figure 5.b – Relative distribution of energy consumption 2018-2022 (%)

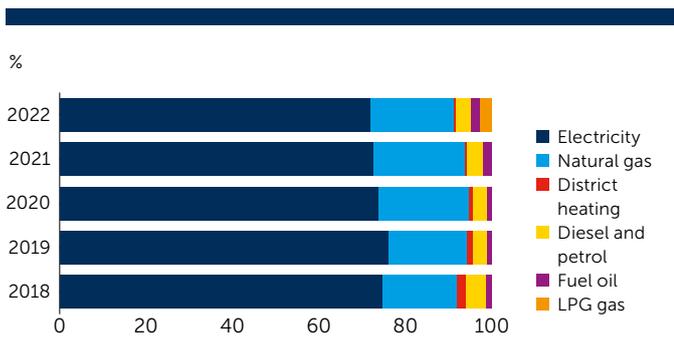


Figure 6 – Electricity consumption 2018-2022 (kWh)

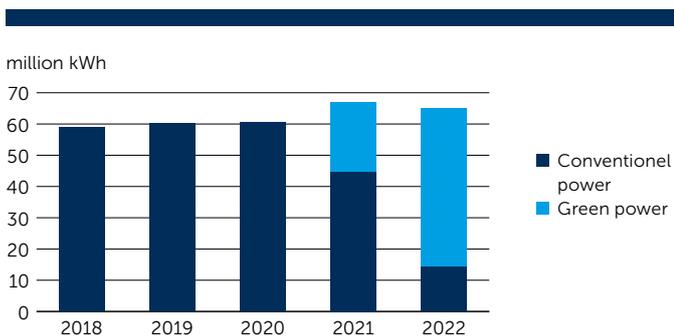
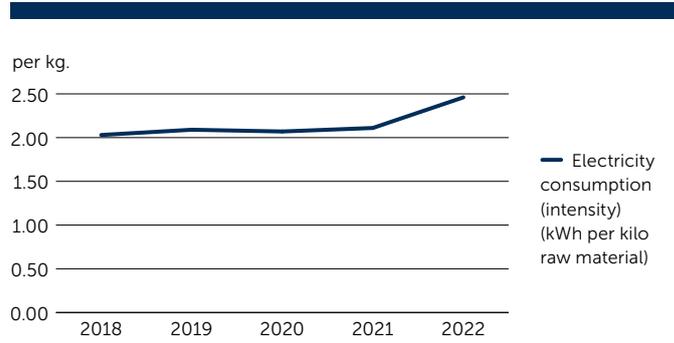


Figure 7 – Electricity consumption (intensity) 2018-2022 (kWh)



Solar park Juelsminde

In cooperation with the companies Palsgaard A/S, Jual Group A/S and Aarstiderne A/S, SP Group has founded the company Juelsmind-ehalvøens Solar A/S. Together we want to establish and operate a solar park on the Juelsmindehalvøen in Hedensted municipality. The plant will be able to supply 60 GWh per year, which corresponds to the power consumption of more than 15,000 households or the four companies' aggregated power consumption in Denmark.

Together, the four companies represent approx. 1,100 jobs on the Juelsmindehalvøen, and the project will thus imply that a large share of the local private jobs will become CO₂ neutral using locally produced green power.

The planned solar park will also create green recreational areas for residents and visitors in the immediate area. The plant will be positioned in such a way as to be a little visible as possible and planting on the brink will be established to promote biodiversity. The other areas will be used as rangeland for ecological sheep from Barritskov Landbrug. The project still awaits approval by the authorities.

Electric cars

2022 was the year we supplemented our fleet with 6 electric cars, bringing it to 11 electric cars, and expanded the possibilities of charging electric cars at our factories. At our locations in Europe, China and the USA, there are now charging stations at 15 locations that can be used by guests and employees with electric cars or plug-in hybrids. Our fleet also consists of 10 hybrid cars, 8 of which are 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.

CO₂e emissions

Although SP Group's direct CO₂e emissions are modest, here too we seek to further influence the positive environmental effect by purchasing certificates on the electricity we use and by installing solar cells in our factories.

The achieved reduction in our total energy consumption in 2022 is reflected in lower carbon emissions in both Scope 1 and 2 (Location-based). Figure 8 also shows that our emissions according to market-based calculations have been reduced by means of energy certificates for consumption at our factories in Denmark, Poland and Slovakia.

In recent years, we have managed to keep the amount of CO₂e emissions (Location-based) below 1 kg CO₂e per kg of raw materials, but have a slight increase in 2022. This is due to a decrease in raw material consumption in the production and process mix associated with the different manufacturing methods. The intensity of our market-based emissions, on the other hand, has been reduced by 45% and shows the effect of the energy certificates purchased in Denmark, Slovenia and Poland. See Figure 9.

SP Group has set a strategic goal of being carbon neutral by 2030 in Scope 1 and 2, which we will support by, among other things, setting up our own solar cells, establishing a solar park, investing in wind turbines and purchasing certificates for energy from renewable sources.

Figure 8 – CO₂e emission from energy consumption 2018-2022 (Scopes 1 and 2)

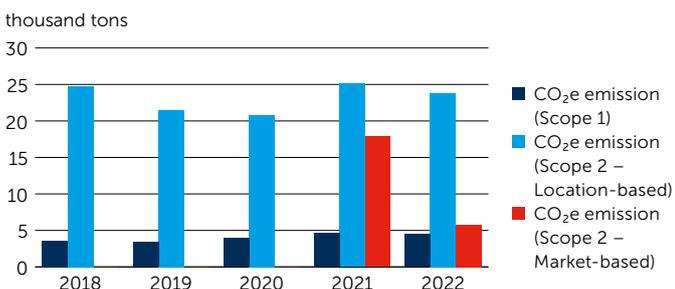
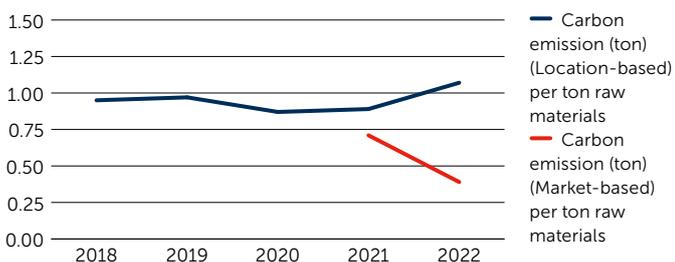


Figure 9 – CO₂e emission from energy consumption (intensity) 2018-2022 (Scopes 1 and 2)



Purchase of green power

To support the transition to renewable energy, our entire consumption in Poland was covered by certificates in 2021. This practice has been expanded for companies in Denmark and for Ulstrup Plast in Slovakia in 2022, where we have received a certificate documenting that the power comes from renewable energy sources. In Poland, the renewable energy certificate provider is based on Veolia Energy Contracting Poland, which guarantees the energy source, and the certificate is issued by Poland's Energy Regulatory Office. In Slovakia, the certificate is guaranteed by ÚRSO and OKTEI. In Denmark, certificates are managed by Energinet.dk.



Fighting sulphuric acid pollution

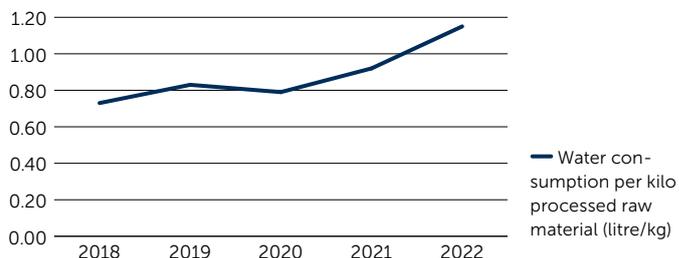
Environmentally improving industrial processes can be achieved by using fluorinated coatings as corrosion protection, e.g. in flue gas cleaning plants in coal-fired power plants. Here, the acidic rainwater can be avoided, while other surface coatings with fluoroplastics can contribute to savings on the consumption of detergents 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, Bröderna Bourghardt, Tinby and MM Composite manufacture parts for the cleantech industry.

Water consumption

SP Group monitors the water consumption for production and continuously strives to reduce it. This year, we have noted an increase in our consumption of water. The intensity of litres of water per kg of processed raw material has increased due to the decrease in the sale of composite materials, see Figure 10.

Figure 10 – Water consumption (intensity) 2018-2022





Sewage treatment

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

Fighting ocean plastic pollution

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.

Fenders from Dan-Hill-Plast A/S are used to keep afloat nets in connection with the collection of plastic waste in our oceans.
Source: The Ocean Cleanup



ESG Social responsibility

Working conditions

It is important for SP Group to carry on our 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 this because we believe that it creates value both for the individual and for our company.

We have a special focus on ensuring healthy working conditions and access to education for all our employees. The framework for the effort is that everyone can participate. Active efforts for diversity and equal opportunities for all groups are therefore very important to us.

Our social efforts also reach out to the local areas where we have activities. Through our presence in 12 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.

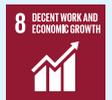
CSR Policy - working conditions

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 ensure our employees good employment conditions, e.g. by following current legislation and collective agreements in our areas in relation to salary and other terms of employment. 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. That is why we provide our employees with protective equipment and training so that they are able – and will be obliged – to perform their work tasks safely.

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. Moreover, we 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 is related to the safety and health of the working environment as a result of harmful effects from machinery, equipment and chemicals. We handle the risk by only purchasing machinery and equipment that is safe.

Our annual risk assessment covers employment conditions, personal development, health & safety and language understanding due to several nationalities in the same workplace.

Because of our presence in many countries and cultures, there is also a risk that employees of different nationalities do not speak and understand the same language. This creates a risk that some employees do not feel included and instructed to be able to do the job correctly. All workplaces are therefore risk assessed and incidents are prevented by means of guidance, technical aids and the provision of personal protective equipment. ISO 45001 certifications as well as ongoing training and post-employment laws and collective agreements as well as rules on working hours, etc. and strives to be an attractive employer.

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. All kinds of discrimination whether in working or employment relations are forbidden.

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 2022. Communications with suppliers and sub-suppliers did not uncover any involvement in employment rights violations either.

Occupational health and safety management systems

SP Group has established an occupational health and safety management system which documents our efforts in respect of working environment by mapping the working environment and that the environment is handled responsibly. 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 meet the requirements of ISO certification regarding occupational health and safety management systems and local legislation regarding liability, training, risk assessment, incident investigations, maintenance and inspections. This also includes emergency management, including plan, crisis communication, emergency drills and cooperation with the surrounding community.

By complying with procedures and instructions, we ensure that we work determinedly and systematically on regularly improving the working environment. There is a constant focus on the employees' physical and mental working environment as well as their well-being and safety at work. With our efforts, we aim to reduce sick leave and occupational injuries as well as ensure personal and professional development of the individual employee.

Wage and working conditions

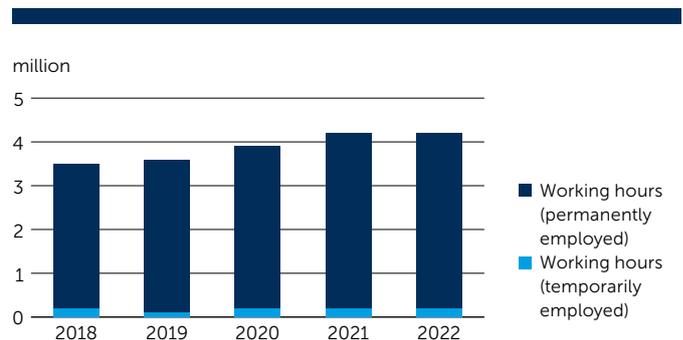
In Denmark, wage and working conditions in our companies are determined in collective agreements resulting from local negotiations. In foreign jurisdictions, employee conditions and rights are primarily laid down

in legislation, codes and regulations. As an employer SP Group observes as a minimum national legislation and collective agreements as well as rules on 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.

The total number of working hours in the Group amounted to 4.2 million hours in 2022 and is thus at the same level as in 2021. The proportion of hours for temporary workers has also been maintained. See Figure 11.

Figure 11 – Working hours 2018-2022



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 work

An essential element in our work with social responsibility is to create access to work in the countries where we have companies. In Poland, Slovakia, Sweden, Latvia, the 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.

As part of our efforts to create access to jobs, the SP Group companies have made great efforts in 2022 to give refugees from Ukraine access to work. Meditec, SP Moulding and Ulstrup Plast in Denmark and Slovakia as well as our companies in Poland have employed several Ukrainian employees in production. As part of the recruitment process, we have contributed to obtaining work and residence permits for all new workers.



Jobs to employees with special needs

SP Group takes social responsibility in the local areas where our factories are located. We do this by collaborating with municipalities, organisations and the job centre on job offers for people with special protection needs.

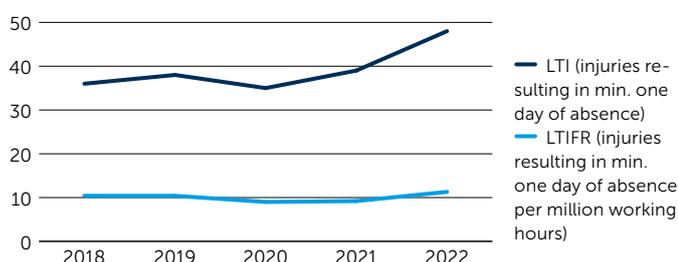
The jobs we offer are on ordinary terms, but with different adaptations, e.g. reduced time, and are located both in production and administration. In 2022, SP Group secured jobs for 40 employees with special needs.

A safe and healthy working environment

SP Group creates a safe and healthy working environment for our employees. This is done partly through the working environment organisation, partly through policies and concrete initiatives for safety and health at work and partly through occupational health and safety management systems. All work processes are risk assessed to ensure that the work is carried out safely and health-wise. This means, among other things, that where technical solutions do not exist, personal protective equipment is provided to employees, e.g. when using chemicals. Transportation of hazardous substances to and from our factories has been outsourced to professional partners.

The development in accidents at work is shown in Figure 12 and shows an increase from 39 to 48 accidents in 2022. We have not had fatal accidents at work. There has also been a slight increase in the number of injuries, with at least one day's absence per million working hours. Means of preventing accidents going forward are occupational health and safety certifications as well as implementing safety improvements and conducting targeted micro-campaigns to increase employee awareness of safety.

Figure 12 – Work-related accidents 2018-2022



Physical health

Ergomat offers a wide range of ground-breaking 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 vibra-

Employee at Gibo Plast on a mat from Ergomat.



tion 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 in China

Throughout 2022, our locations in China have been subject to COVID-19 restrictions as the only country. Consequently, our factories have temporarily been shut down and employees have been quarantined at home in accordance with the authorities' instructions.

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 employed at our companies.

In order to maintain focus on increasing the proportion of women in management, SP Group has a policy to increase the proportion 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.

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.

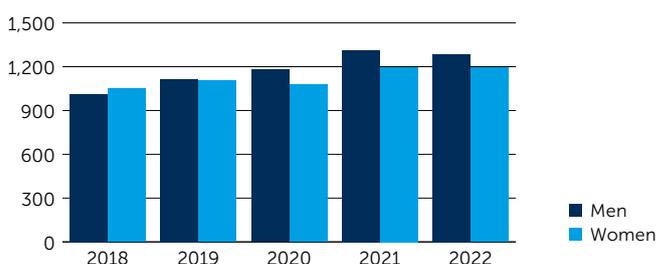


In 2022, we have employed approximately equal numbers of women and men, with a slight overrepresentation of men, which corresponds to the distribution in 2021, see Figure 13.

With 1 woman and 3 men in Group Management, the representation of women was 25%. In the other management levels, there were 26 men and 9 women, corresponding to 26% women. See the distribution for the other management layers on page 41. The proportion of women on the board is 1 in four people and thus 25%. The targets set in our policy on women in management have thus been met in 2022.

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.

Figure 13 – Staff composition (end of) 2018-2022



Diversity

SP Group's long-term goal is that the company and its employees reflect the surrounding society in terms of gender distribution, 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.

In order to best promote diversity in the Board of Directors, the Executive Board and the rest of the management team, we strive to ensure that the members each have the competencies and profiles required for them to contribute optimally to SP Group's development. The Board of Directors wants everyone, regardless of gender, age and nationality, to have equal opportunities.

In order to strengthen future recruitment to the management layers, SP Group offers regular training and skill development of our employees.

SP Group makes an active effort to counteract discrimination. This applies both internally in relation to our employees and externally in our supply 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 2022.

Policy on diversity

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



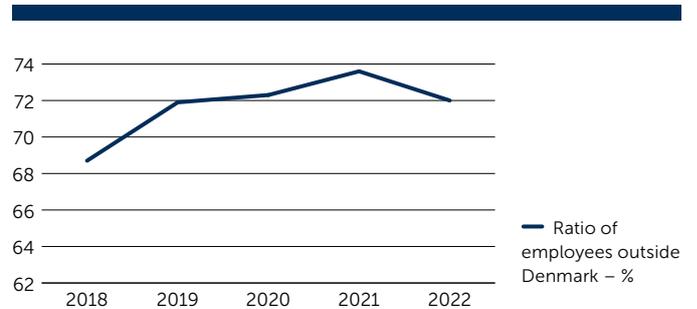
Different nationalities

Globally, SP Group's workforce increased from 2,380 to 2,485 from 2021-2022, representing an increase of 4.4%. The composition of employees at our companies reflects local demographics, for example at MedicoPack we employ employees with 10 different nationalities. See the table in Figures 15 and 16.

As can be seen from Figure 14, the proportion of employees employed in Denmark during the reporting period has risen to 692, while the number

of workers employed abroad have risen to 1,793 and now make up 72% of the total labour force. The increase in the number of Danish employees is primarily due to the acquisition of Meditec, Bovil and DAVINCI 3D.

Figure 14 – Employees working abroad (avg.) 2018-2022



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 period.

As of 31 December 2022, SP Group had a total of 40 trainees divided into plastics makers, sales and industrial technicians, logistics as well as school and student internships.

In 2023, we will continue the skills development of employees, allowing them to attend to several different tasks. It both increases the flexibility of production and enables employees to develop and make everyday life more varied for the individual. In addition, we will continue to offer apprenticeship, study and internships.

Figure 15 – Staff breakdown by geography in 2022 (average)

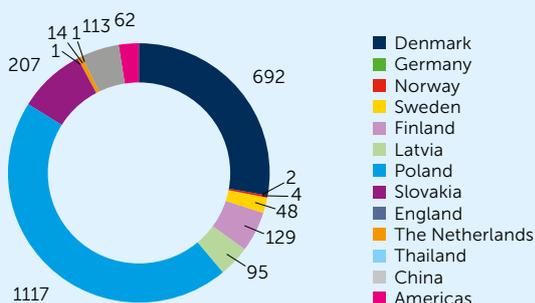
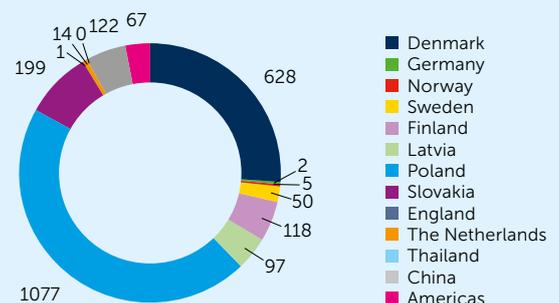


Figure 16 – Staff breakdown by geography in 2021 (average)





April Zhu and Vicky Dong after completing the MBA exam.



Visit at Gibo Plast from HHX upper secondary school in Skjern.



Robert Jaworski from Gibo in Poland training at Dan-Hill-Plast in Denmark.



Access to education

Two of our concrete efforts in 2022 included process and plastics technology training at Gibo Plast for our customers' engineers as well as training of employees from Poland at Dan-Hill Plast in order to start up the rotational moulding process in Poland. In China, two of our internal employees have obtained master's degrees in business administration alongside their daily jobs.

Access for pupils and students

In 2022, DAVINCI 3D participated in a networking day in collaboration with Billund Erhvervsfremme, where 120 engineering students participated in a study day. Our presence on the study day gave us an opportunity to show them our production process and inspire them to apply for internships or work in the development departments of SP Group and our customers.

We have also had visits from school pupils and students at our factories, where we tell them about educational and work opportunities, thus bridging the gap between theory and practice.

Human rights

SP Group's products are part of the solution to promote the right of access to health care by ensuring access to high-quality health care anywhere in the world. We contribute i.a. to the goal through our disposable products for medical purposes in developing countries. The price for and availability of the products bring new possibilities to persons exposed due to poverty.

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

Risk

With increased internationalisation in SP Group, the risk of being involved in activities in countries that do not live up to international human rights conventions or with partners who do not behave responsibly increases. SP Group is thus 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 respect for human rights.

Our efforts to prevent and mitigate these risks are dependent on the cooperation 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. This process has been strengthened by the establishment of the ESG function, which can follow up on all entities in the Group and their cooperative partners.

SP Group did not receive any information or notifications regarding human rights violations from external players in 2022. Communications with suppliers and subsuppliers did not uncover any involvement in human rights violations either.

At the end of 2022, we initiated a renewed risk assessment of the Group's activities linked to suppliers. The assessment will be carried out in 2023 on the basis of questionnaires and visits to our factories.

Health promotion

The right to access good quality health care is a goal in all societies. SP Group's products contribute to this by improving the tools used in health care. SP Group's products are thus used in hospitals in connection with operations and as aids in everyday life for people with disabilities or other illnesses. These products are thus part of the solution in ensuring quality in health care treatment all over the world.

A range of ergonomic solutions with mats from Ergomat prevent physical employee attrition in working environments. The mats absorb shocks and protect the body from vibration. At the same time, the mats stimulate muscle activity and improve blood circulation and thus help reduce tiredness.

Health care products accounted for 33.8% of the Group's product portfolio in 2022, and we expect an increase in 2023.

CSR Policy – human rights

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

Therefore, we strive to promote initiatives that positively affect 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.

With our products, we are able to contribute to improving the protection of human rights locally and globally.

The impact is mainly achieved through health products that contribute to the quality of health care and products that improve food safety.



ESG Corporate Governance



Fighting diseases

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 product 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 pharmaceuticals

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 or contamination as opposed to multiple-use products.

Swabs increase patient safety

At Meditec, swabs are manufactured that contribute to great patient safety during testing. The swab was developed within seven months after the first corona lockdown in March 2020. Now that the need for swabs for corona testing is decreasing, the product is being upgraded to a generic sampling kit that can be used for respiratory and venereal diseases, for example.

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 seeks to contribute to this through several of our products. These are products which help to promote efficient food production systems through coatings and components for refrigerating and freezing food.

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 cooling are expected to account for an increasing part of revenue in 2023.



Improvement of food safety

Through our products, SP Group contributes to promoting food security 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.

For SP Group, the operation of a healthy business requires good corporate governance. For us, this is closely linked to requirements for accountability, ethics and decency. As part of our work with sustainability and corporate social responsibility, we focus on integrating standards for anti-corruption, data accountability and tax payment throughout the Group. We have also established a whistle-blower scheme that creates access to point out irregularities in our activities for both internal and external stakeholders.

It is crucial for the trust in SP Group among our customers, partners, employees and other stakeholders that our efforts are anchored in everyday life and are embedded in our interaction with them. We have therefore adopted policies that set goals and frameworks for the initiatives, and place roles and responsibilities 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 now and then met with requests for secret commission or the like.

Based on maturity analysis of corporate governance conducted among 28 respondents in 2022, we will focus in 2023 on fully implementing our whistle-blower scheme, CSR policy and Code of Conduct and implementing anti-corruption training programme. We are also strengthening our corporate due diligence process to make ESG maturity sustainable.

The risk picture in relation to data responsibility is particularly affected by the current threat from cybercriminals of placing ransom ware on our IT systems. We manage the risk by systematically monitoring the IT systems we use and by training employees in IT security and personal data protection.

Production of swabs at Meditec.



Anti-corruption

SP Group operates responsibly and with high integrity. This means that we have zero tolerance for all forms of corruption and bribery, both at home 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

In all our external relations, we wish to maintain a high level of integrity and accountability, and we do not engage in any form of corruption, including extortion, bribery, embezzlement, fraud, lubrication, nepotism, cartelization or conflict of interests. 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. Thus, we ensure compliance with relevant international standards and conventions.

Moreover, we always observe applicable international trade embargoes. We do not condone anti-competitive behaviour and all relevant financial information is disclosed 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 2022.

Data responsibility

To SP Group it is very important that our application of IT systems and personal data is made in a responsible way. 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. Our requirements for business practice means that we include principles of data ethics, when we initiate new data processing.

The IT and personal data security function in SP Group aims at strengthening and validating the 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 responsible use of IT systems and personal data through effective personal data protection, robust IT systems and data ethical considerations regarding data use.

The work with data ethics is based on five data ethical principles, which are based on the approach that people must be put at the centre and experience that they have control over their data, that the use of personal data must be transparent, and that data processing must be carried out responsibly and contribute to respect for dignity and equality.



All subsidiaries and IT networks in SP Group have been reviewed by the IT Security Manager to ensure compliance with the IT Security Policy, and action plans have been prepared in case any deviations are identified. The protection of personal data and data ethics policy is implemented locally, possibly in collaboration with local advisers.

In 2022, no business-critical IT security breaches or data breaches have been registered that have been reported to the Danish Data Protection Agency.

Tax authorities

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.

The Group's tax payment for 2022 is specified by country and is included in note 13 to the consolidated financial statements. In 2022, SP Group paid a total of DKK 49.6 million in corporation tax. Payment of corporation tax in the individual countries is disclosed in Figure 17.

The total tax charge for the employees in SP Group amounted to approx. DKK 171.9 million in 2022.

Policy on tax

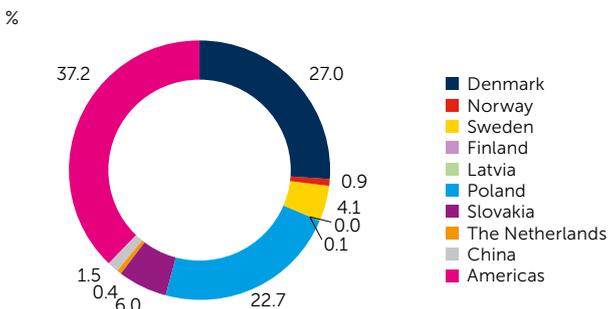
The Group's approach is to manage the Group's global tax matters in a way that is in accordance with the Group's long-standing values and code of ethics. Management should be planned in accordance with the below principles:



- A) Questions relating to tax and VAT are handled proactively by having a clear structure for internal, robust business models, controls and processes and an 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 from professional reputed and independent external advisers are obtained in case the treatment of taxes and VAT is subject to uncertainty or 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.

Figure 17 – Corporation tax 2022 (%)



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.

In accordance with legislation, 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 2022.

Reporting principles

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

Given SP Group's accession to the UN Global Compact in 2020, the entire Group was covered by reporting and thus builds on the work with the Global Compact principles initiated by the subsidiaries SP Moulding and Accoat in 2012 and 2017, respectively.

We use the indicators from Global Reporting Initiative Standards to measure and state the results obtained for the year and progress made. The overview on page 65 shows the coherence between the applied GRI indicators and NASDAQ's ESG criteria.

The consumption of green power is based on the share of the total consumption of power, which covers wind and solar energy produced from our own power plants as well as certificates in Denmark, Poland and Slovakia.

Consumption figures for diesel and petrol have been estimated for 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.

For our Scope 2 CO₂e calculations, both market and location-based calculation methods have been used. Both methods are used within GRI Standards and Greenhouse Gas Protocol. This approach is used to report the most accurate figures for SP Group's CO₂e emissions, both when it comes to the energy mix that we receive from the 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 used to translate electricity consumption by the location-based method have been published for European countries by the European Environment Agency (EEA), for Norway by the Association of Issuing Bodies (AIB), for the United States by the United States Environmental Protection Agency (EPA), for China by Climate Transparency, and for Thailand and Brazil by OurWorldinData. In the market-based method, the emission factors are taken from AIB and Climate Transparency. The majority of location-based and market-based factors is thus based on data from 2021 as this is the most recent date.

The emission factors for fuel oil, natural gas, district heating and LPG diesel/petrol are based on the Danish standard emission factors for 2022 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 number of employees is calculated in two different ways: for gender equality, the number of employees at the end of the financial year is used and for the geographical distribution of employees, an average consideration is used.

Payroll tax was initially computed for 2020.

The whistle-blower scheme was established in 2019.

EU Taxonomy Regulation

The majority of SP Group's production is based on purchased raw materials that include plastics, coatings, fibreglass and other products. The use of regenerated material and own plastic residual waste for new production is increasing, but still does not constitute a significant part of total production.

It is therefore SP Group's assessment that the Group's activities are not covered by the EU Taxonomy Regulation, as they are not covered by the activities described in the delegated act of December 2021, in particular point 3.17.

We assesses that the business activities and related capital expenditures associated with our ongoing process to increase the share of recycled plastics are not yet on a scale that contributes significantly to obtaining environmental goals 1 and 2 on climate change mitigation and adaptation in the financial year 2022.

Figure 18 – EU Taxonomy Reporting 2022

	Revenue	OpEx	CapEx
Percentage of activities that are eligible under the Taxonomy	0%	0%	0%
Percentage of activities that are not eligible under the Taxonomy	100%	100%	100%
Total	100%	100%	100%

Furthermore, it is our assessment that SP Group's other assets and processes associated with significant capital expenditures and operating expenses are not covered by the Taxonomy's reporting requirements.

We have therefore refrained from using the schematic structure specified in the additional rules to the Taxonomy Regulation (Delegated Act 2021/2178).

Theme overview and international standards

Category	Theme	UNGC Principle	UN SDGS	GRI standard	ESG NASDAQ	Page
Company	Business model	-	-	102	-	49
	Management systems	-	-	102	E7+E8+E9	50, 52, 58
	Internal regulation (Supplier Code of Conduct)	-	-	102	G5	50
	Materiality assessment	-	-	102	-	50
	Risk assessments	-	-	102	-	52, 58, 61, 62
Environment and climate	Raw materials	7+8	12	301	-	52
	Waste and recycling	7+8	12	306	-	54
	Energy and electricity	7+8	7	302	E3+E4+E5	54
	CO ₂ e emissions	7+8	13	305	E1+E2	56
	Water	7+8	6	303	E6	56
Social responsibility – working conditions	Wages/salaries and terms and conditions for employment	4+5+6	8	401	S5+S9	58
	Freedom of unionisation	3	8	407	G4	58
	Health and security	1-2	8	403	S7+S8	59
	COVID-19	-	3	403	-	59
	Gender equality	6	5	405	S4	59
	Diversity	6	10	405	-	60
	Access to education	1+2	4	404	-	60
Social responsibility – human rights	Health promotion	1+2	3	403	S8	61
	Food safety	1+2	2	403	-	62
Corporate Governance	Anti-corruption	10	16	205	G6	63
	Data responsibility	1+2	16	-	G7	63
	Reporting principles	-	12	102	G9	64
	Tax	-	16	206	G6	63
	Whistle-blower scheme	-	16	102	G6	64

ESG data

ESG	Category	Indicator	Unit	2018	2019	2020	2021	2022	
E	Raw materials	Virgin plastic	Kg	15,220,931	15,978,078	15,347,852	16,764,678	15,522,512	
		Regenerated materials	Kg	373,913	412,941	1,465,875	2,609,507	2,774,306	
		Glassfibre	Kg	11,711,282	9,730,540	9,937,401	6,860,301	3,428,861	
		Coating	Kg	61,419	47,375	43,751	50,675	75,872	
		Other (e.g. Iso, Polyol, Telene, Resin) Kilo	Kg	2,068,629	3,003,466	3,837,398	5,314,525	4,710,722	
	Energy	Fuel oil	Litre	178,109	101,865	65,673	57,444	35,188	
		Natural gas	m ³	1,235,688	1,309,242	1,574,322	1,773,101	1,591,138	
		District heating 10,190	MWh	3,575	2,692	2,616	3,404	3,194	
		Coal	Kg	0	0	0	0	0	
		Diesel/Petrol	Litre	112,876	88,235	108,379	196,085	195,274	
		LPG gas	Kg	0	0	0	0	118,097	
		Electricity	kWh	58,893,152	60,395,863	60,372,241	66,753,410	65,201,596	
		Electricity intensity (processed raw material)	kWh/kg	2.03	2.09	2.07	2.11	2.46	
	CO ₂ e	CO ₂ e emission (Scope 1)	Tonne	3,560	3,437	3,921	4,567	4,517	
		CO ₂ e emission (Scope 2) Location-based	Tonne	24,247	24,467	21,490	23,438	23,777	
		CO ₂ e emission (Scope 2) Market-based	Tonne	-	-	-	17,897	5,814	
		CO ₂ e intensity (Location-based) (Processed raw material)	Kg/kg	0.95	0.97	0.87	0.89	1.07	
		CO ₂ e intensity (Market-based) (Processed raw material)	Kg/kg	-	-	-	0.71	0.39	
	Water	Water consumption	m ³	21,109	23,800	22,960	28,982	30,534	
		Water consumption intensity (Raw material)	L/kg	0.73	0.83	0.79	0.92	1.15	
	S	Working hours	Working hours (permanently employed)	Hours	3,277,211	3,528,715	3,700,898	3,991,107	3,996,388
			Working hours (temporarily employed)	Hours	92,734	118,235	196,892	226,044	234,042
Working hours incurred (total)			Hours	3,369,945	3,646,950	3,897,790	4,217,151	4,230,431	
Occupational accidents		Fatal accidents	Number	0	0	0	0	0	
		LTI (accidents with at least on day of absence)	Number	36	38	35	39	48	
		LTI-FR (accidents per million working hours)	Number	10.7	10.4	9	9.2	11.3	
Gender distribution		Women	Number	1,048	1,105	1,078	1,196	1,195	
		Men	Number	1,012	1,116	1,181	1,313	1,285	
		Women/Men	%	50.9/49.1	49.8/50.2	47.8/52.2	47.7/52.3	48.2/51.8	
		Women in management	%	17	24	25	32	26	
G	Diversity in the Board of Directors	Women/Men	W/M	1/4	1/4	1/3	1/3	1/3	
	Independency of Board of Directors	Independent members	%	40	40	50	50	50	
	Diversity in Group Management	Number of managers	W/M	0/2	0/2	1/3	1/3	1/3	
	CEO pay ratio	CEO pay/average pay of the Group	Ratio	19.9	20.7	16.9	19.7	19.7	
	Tax	Employees	Mio. DKK	-	-	147.3	168.5	171.9	
		Corporation tax	Mio. DKK	35.5	30.0	40.5	50.0	49.1	
	Whistle-blower	Reportings	Number	-	0	0	0	0	