

Corporate  
governance and  
remuneration  
report

2023

# Corporate governance and remuneration report

## Proper and decent management

Proper and decent management is a precondition for SP Group being able to create long-term value for its customers, shareholders, employees and other stakeholders. Management sets up clear strategic and financial goals and regularly provides information on goal achievement for all stakeholders to be able to evaluate the development and future of the Group. It is essential to Management that SP Group meets its stakeholders at eye level and that the shareholders can exercise their rights freely.

The Board of Directors and the Executive Board strive to act openly in relation to their work and their approach to management. Management follows the recommendations for corporate governance issued by the Committee on Corporate Governance in December 2020 based on the "comply or explain" principle. At <https://sp-group.dk/investor-relations/corporate-governance/>, the Board of Directors systematically describes "the Company's position on the recommendations on corporate governance of March 2024" in the Corporate governance section. SP Group complies with the majority of the recommendations but has chosen a different practice in some areas that is more suitable for SP Group. The main deviation involves the following:

In a few areas, SP Group has not formalised procedures and policies to the same extent as suggested by the Committee on Corporate Governance. For instance, SP Group has neither introduced an actual stakeholder policy (but a clear attitude to and policies for communication) nor prepared any separate task description for the Chair (instead, this is part of the rules of procedure for the Board of Directors).

The Board of Directors has considered appointing committees under the auspices of the Board of Directors, but found that, due to the size of the Group, SP Group does not need such committees, with the exception of an Audit Committee whose members are the collective Board of Directors, chaired by Hans-Henrik Eriksen.

## Duties of the Board of Directors

In 2023, the Board of Directors held 12 meetings, two of which focused on strategy and budgets, respectively. At the strategy meeting in December, the Board of Directors also discussed business risks and the management of such risks at group level. Once a year, the Board of Directors determines the framework for managing interest rate, credit and currency risks and risks related to raw materials and energy prices, and the Board of Directors follows up on the implementation of this framework on an ongoing basis. Discussion and revision of the rules of procedure are routine at the board meeting in June. All board members attend to the functions of the Audit Committee. Separate meetings in the Audit Committee are held in connection with board meetings.

The Board of Directors regularly assesses the Group's financial position, goals, dividend policy and share structure. The dividend policy is specified in the "Shareholder information" section, and the financial goals are specified in the "Up to 2024 Ambition" section. The Board of Directors assesses that the financial structure is appropriate for the present size and challenges of SP Group, and the Board of Directors targets an equity ratio of 25-45% to ensure an efficient capital structure. It is expected that the equity ratio will have increased to 25-45% by the end of 2024. If the equity ratio increases, excess capital is expected to be paid out to the shareholders unless it is in the interest of the Company to further increase the equity ratio.

The Board of Directors receives a weekly report from the Executive Board that details a number of recurring areas, including cash flows and developments in the business areas. In addition, the Board of Directors receives quarterly and monthly reports, including detailed financial follow-up.

## Composition of the Board of Directors

The board members elected by the shareholders are up for election each year. 4-5 members is an appropriate number, as the Board of Directors can thus work efficiently and gather quickly while at the same time being diverse enough to represent different experiences.

The Board of Directors consists of persons with relevant insight into the plastics industry and management experience from internationally operating production entities. Hans W. Schur is connected to a major shareholder in the Company, but cannot be considered a majority shareholder. Thus, no member of the Board of Directors has any other interest in SP Group than safeguarding the shareholders' interests, and SP Group finds that the current board members possess the qualifications and experience necessary to manage the Group and act as an efficient sounding board vis-à-vis the Executive Board. Of the board members elected by the general meeting, Hans-Henrik Eriksen, Bente Overgaard and Marie Bakholdt Lund are considered independent in accordance with the criteria defined by the Committee on Corporate Governance. The other two board members have been members of the Board of Directors for more than 12 years.

All board members elected by the shareholders are up for election each year. At the annual general meeting in 2023, Marie Bakholdt Lund was newly elected. Marie Bakholdt Lund was elected after a thorough selection process with external professional assistance. Among the selection criteria were: Experience from international sales, knowledge of Medico Tech, experience from listed companies, relevant education and match with the rest of the board.

60% of the members of the Board of Directors are thus independent.

The Board of Directors appointed Hans W. Schur as its chair and Erik P. Holm as its deputy chair after the annual general meeting.

Hans-Henrik Eriksen continued as chair of the Audit Committee.

All five board members accept renomination at the annual general meeting in 2024.

Provided that the Board of Directors is re-elected at the annual general meeting in 2024, its composition and structure will remain unchanged.

At the annual general meeting in 2020, Niels Kristian Agner retired after 25 years' committed and competent effort as board member, of which 23 years as chair.

At the annual general meeting in 2009, the two employee representatives on the Board of Directors resigned as their term of office expired. No new representatives have been elected in accordance with the rules of election of group representatives for SP Group's Board of Directors. In the coming year, the Board of Directors will therefore only consist of the members elected by the shareholders.

At the end of April 2020, CFO Jørgen Nielsen resigned after 33 years' committed and competent effort.

The Board of Directors appointed Søren Ulstrup and Lars Ravn Bering as executive vice presidents and Tilde Kejlhof as Group CFO.

As from 1 May 2020, Group Management comprises Frank Gad, CEO, Søren Ulstrup, Executive Vice President, Lars Ravn Bering, Executive Vice President, and Tilde Kejlhof, Group CFO.

## Remuneration of Management

The Company's remuneration policy has been approved by the general meeting, most recently in 2020. The Board of Directors present a new remuneration policy at the general meeting in 2024. At <https://sp-group.dk/investor-relations/vederlagspolitik-og-vederlagsrapport/> the remuneration policy is described.

The Board of Directors has no incentive programmes but receives ordinary remuneration determined by the annual general meeting. As announced at the annual general meeting in 2023, the Board of Directors will propose that the remuneration for 2023 remains unchanged. DKK 600,000 to the chair, DKK 350,000 to the deputy chair and DKK 300,000 to the other board members. Moreover, it is proposed that the chair of the Audit Committee should receive a separate fee of DKK 50,000 in addition to the directors' remuneration. The members of the Board of Directors will not receive any remuneration for ad hoc tasks, but will be reimbursed for travelling expenses in connection with meetings, etc.

For 2024, it is proposed to maintain the remuneration at DKK 600,000 to the chair, DKK 350,000 to the deputy chair and DKK 300,000 to other board members. The separate fee for the chair of the Audit Committee will remain DKK 50,000.

Remuneration of the Executive Board is negotiated by the chair and adopted by the Board of Directors. Remuneration comprises a basic rate and usual services such as company-paid telephone, company car, etc. Remuneration of the Executive Board totalled DKK 12.7 million in 2023 against DKK 12.0 million the year before. Members of the Executive Board make pension contributions themselves.

The Company must give at least 24 months' notice of dismissal to CEO Frank Gad and at least 12 months' notice to Executive Vice President Søren Ulstrup and Executive Vice President Lars Ravn Bering. If the members of the Executive Board are dismissed, the Company is not obligated to pay special severance pay.

The Executive Board has short-term incentive schemes, and the Executive Board received bonus in 2018, 2019, 2021 and 2022. No bonus was paid to the Executive Board in 2020.

In 2023, bonus to the Executive Board was paid out based on the performance obtained in 2022. The Board of Directors' assessment was based on SP Group's financial performance, ESG performance, strategic positioning for the future, development in claims and disputes and an assessment of the quality of management actions and dispositions.

The Board of Directors has not yet completed the evaluation of whether to pay bonuses for 2023 in 2024 and will complete its evaluation thereof in Q2 once the Annual Report has been approved.

SP Group has also set up long-term incentive schemes.

In 2018, the Board of Directors issued 41,500 warrants to the Executive Board and executive officers in the Group. Frank Gad received 3,000 warrants, and Jørgen Nielsen received 2,000 warrants. The remaining 36,500 warrants were distributed between 41 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2021 – 31 March 2024; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 1,250 based on the listed price immediately before the publication of the annual report on 22 March 2018. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2018 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2018 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year end 2023, 18,129 warrants under the 2018 programme were outstanding, corresponding to 90,645 shares after the share split. All warrants are hedged by means of treasury shares.

Due to the 1:5 share split in May 2018, each existing warrant issued before May 2018 will be entitled to subscription for 5 shares at 20% of the original exercise price.

In 2019, the Board of Directors issued 240,000 warrants to the Executive Board and executive officers in the Group. Frank Gad received 15,000 warrants, and Jørgen Nielsen received 15,000 warrants. The remaining 210,000 warrants were distributed between 42 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2022 – 31 March 2025; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 210.00 based on the listed price immediately before the publication of the annual report on 27 March 2019. Moreover, an addition of 7.5% p.a. is added calculated from 1 April 2019 and until the warrants are exercised. The programme will not represent a value to the executives until the shareholders have ascertained increasing share

(continued on page 7)

Quality control at MedicoPack.



Cleanroom production at MedicoPack.



## Management remuneration

DKK'000	Remuneration	Remuneration, committee members	Bonus	Company-paid car <sup>*)</sup>	Pension <sup>**)</sup>	Share-based payment <sup>***)</sup>	Total
<b>2023</b>							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Marie Bakholdt Lund	200	0	0	0	0	0	200
Frank Gad	4,325	0	1,000	98	0	327	5,750
Søren Ulstrup	2,535	0	600	35	0	327	3,497
Lars Ravn Bering	2,400	0	600	111	0	327	3,438
	<b>11,010</b>	<b>50</b>	<b>2,200</b>	<b>244</b>	<b>0</b>	<b>981</b>	<b>14,485</b>
<b>2022</b>							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Frank Gad	4,200	0	1,000	191	0	226	5,617
Søren Ulstrup	2,220	0	600	138	0	226	3,184
Lars Ravn Bering	2,220	0	600	135	0	226	3,181
	<b>10,190</b>	<b>50</b>	<b>2,200</b>	<b>464</b>	<b>0</b>	<b>678</b>	<b>13,582</b>
<b>2021</b>							
Hans Wilhelm Schur	600	0	0	0	0	0	600
Erik Preben Holm	350	0	0	0	0	0	350
Hans-Henrik Eriksen	300	50	0	0	0	0	350
Bente Overgaard	300	0	0	0	0	0	300
Frank Gad	4,200	0	1,000	198	0	110	5,508
Søren Ulstrup	2,040	0	500	127	0	110	2,777
Lars Ravn Bering	2,040	0	500	131	0	110	2,781
	<b>9,830</b>	<b>50</b>	<b>2,000</b>	<b>456</b>	<b>0</b>	<b>330</b>	<b>12,666</b>
<b>2020</b>							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	188	0	0	0	0	0	188
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,200	0	0	197	0	0	4,397
Jørgen Hønnerup Nielsen 1 January - 30 April 2020	567	0	0	22	0	0	589
Søren Ulstrup 1 May - 31 December 2020	1,280	0	0	99	0	0	1,379
Lars Ravn Bering 1 May - 31 December 2020	1,280	0	0	87	0	0	1,367
	<b>8,690</b>	<b>50</b>	<b>0</b>	<b>405</b>	<b>0</b>	<b>0</b>	<b>9,145</b>
<b>2019</b>							
Hans Wilhelm Schur	450	0	0	0	0	0	450
Erik Preben Holm	275	0	0	0	0	0	275
Niels Kristian Agner	225	0	0	0	0	0	225
Hans-Henrik Eriksen	225	50	0	0	0	0	275
Bente Overgaard	225	0	0	0	0	0	225
Frank Gad	4,200	0	1,000	126	0	0	5,326
Jørgen Hønnerup Nielsen	1,700	0	200	77	0	0	1,977
	<b>7,300</b>	<b>50</b>	<b>1,200</b>	<b>203</b>	<b>0</b>	<b>0</b>	<b>8,753</b>

<sup>\*)</sup> Frank Gad and Søren Ulstrup have only had a company car for part of 2023 and incur the expenses themselves

<sup>\*\*)</sup> Members of the Executive Board make pension contributions themselves

<sup>\*\*\*)</sup> The Executive Board decided to purchase its warrants in cash up to and including 2019

CEO pay ratio is described further on page 74.

## Directorships in Danish and foreign companies, etc., at 1 March 2024



	<b>Hans Wilhelm Schur</b>	<b>Erik Preben Holm</b>	<b>Hans-Henrik Eriksen</b>	<b>Bente Overgaard</b>	<b>Marie Bakholdt Lund</b>
<b>Title</b>	CEO	MSc Economics & Business Administration, CEO	MSc Economics & Business Administration, CEO	MSc Political Science	MSc Economics & Business Administration, Vice President
<b>Member of the Board of Directors</b>	Member of the Board of Directors since 1999 and chairman since April 2018.	Member of the Board of Directors since 1997, Deputy Chairman.	Member of the Board of Directors since 2013. Chair of the Audit Committee	Member of the Board of Directors since 2017	Member of the Board of Directors since 2023
<b>Residence and year of birth</b>	Horsens, born 1951	Hellerup, born 1960	Risskov, born 1960	Hellerup, born 1964	Hellerup, born 1981
<b>Gender and nationality</b>	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen	Female, Danish citizen
<b>Independency</b>	Not independent	Not independent	Independent	Independent	Independent
<b>Other directorships</b>	Danmarks Industrimuseum (BF), Konsul Axel Schur og Hustrus Fond (BF), Konsul Axel Schur og Hustrus Mindefond (BF), Schurs Støttefond (BF), Schur Finance a/s (EB and BM), AXRU Invest a/s (BF), Schur International Holding a/s (BM), Schur International a/s (BF), Schur Pack Denmark a/s (BF), Schur Pack Sweden AB (BF), Schur Pack Norway AS (BF), Schur Pack Germany GmbH (BF), Schur Technology a/s (BF), Schur Star Systems GmbH (BF), Schur Star Systems Inc. (BF), Schur Star Systems Australia Pty. Ltd. (BF), Schur Conference Center (D and BM), Schur Labels a/s (BF), Sarepta a/s (BF).	ScanCom International A/S (BF), Hotel Koldingfjord A/S (BF), Norr11 International ApS (BF), Norr11 Holding ApS (BF), CR EL & TEKNIK A/S (BF), Arvid Nielse'ss Fond (NF), AO Invest A/S (NF), Brødrene A & O Johansen A/S (NF), Miluda Invest ApS (BM), Dragsholm Slot P/S (BM), Hotellselskabet af 8. februar 2018 K/S (BM), Tokyo Topco Ltd. (BM), Erik Holm Holding ApS (D), JU-CH Holding ApS (D).	Bagger-Sørensen & Co. A/S (D), Bagger-Sørensen Fonden (D) (BM), Bagger-Sørensen Real Estate A/S (D), Vecata Ejendomme A/S (D), BSF Ejendomme ApS (D), Ovenvande Skanderborg ApS (BF), Dandy Business Park Holding ApS (BF), Dandy Business Park Ejendomme ApS (BF), Dandy Business Park Innovation Hub ApS (BF), Arcedi Biotech ApS (BM), Claonaig Estate Ltd. (BM), Liplasome Pharma ApS (BM og D), J-Flight ApS (D), Gumlink A/S (D + BM), Okono A/S (D + BM), Okono Holding ApS (D), Chew Invest ApS (D), CCC3 Holding (D), Bagger-Sørensen Equity A/S (BM), Tablet 1 ApS (BM), Tablet 2 ApS (BM), Tablet 3 ApS (BM), Tablet 4 ApS (BM), Tablet 5 ApS (BM), Tablet 6 ApS (BM), Tablet 7 ApS (BM), Tablet 8 ApS (BM), Idecra ApS (D), SoLoCa ApS (D), Vissing Fonden (BF), Vissing Holding A/S (BF), Vikan A/S (NF), Jabo Ejendomme A/S (BM), Jabo Development A/S (BF), Bricks Ejendomme A/S (BM), Ejendomsselskabet SF44 A/S (NF), Nicolinehus A/S (BM), Jamabi ApS (BM), Anpartsselskabet af 11/1 2024 ApS (BF).	Arbejdsmarkedets Erhvervs-sikring (BF), Den Danske Naturfond (NF), Johannes Fogs Fond (NF), Domea.dk (NF), Jyske Bank A/S (BM), Fellowmind Denmark A/B (BM), Programdirektør CBS Bestyrelsesuddannelserne, Bestyrelsesforeningen (D), Overgaard Advisory (D).	Vice President, International Sales, Demant A/S.
<b>Special skills</b>	Comprehensive management and board experience in international businesses within the plastics and packaging industries.	Comprehensive management and board experience in international businesses within various industries and from listed Danish companies. Comprehensive experience with acquisition and disposal of entities.	Broad experience in finance and accounting practice as well as auditing and investments. State Authorised Public Accountant.	Managerial background and comprehensive experience from the finance sector in connection with financial, HR and IT matters as well as ESG.	Considerable international management experience with sale, marketing and organisational development. Industry experience from the MedTech-industry and within other industries.
<b>Attendance</b>	100%	100%	100%	100%	87.50%
<b>Number of shares</b>	0 shares personally owned and related parties 1,997,163 (+54,240)	64,160 personally owned (0) and 17,220 through his own company (+11,506).	17,500 personally owned (0) and 4,279 through his own company (0).	6,465 personally owned (0), 1,461 through his own company (0) and 113 through related parties (0).	None

BF = Chair of the Board D = Director NF = Deputy Chair BM = Board member MI = Member of investment committee

## Executive Board and Group Management



	<b>Frank Gad</b>	<b>Søren Ulstrup</b>	<b>Lars Ravn Bering</b>	<b>Tilde Kejlhof</b>
<b>Title</b>	CEO	Director	Director	Group CFO
<b>Education</b>	MSc Economics & Business Administration	Plastic engineer	MSc Engineering and B.Com.in Supply Chain	Master of Economics
<b>Employed since</b>	Frank Gad took up the position as CEO in November 2004 and is also chair of the board for the most significant subsidiaries in SP Group.	2015 – was appointed to the Executive Board in 2020. Also CEO of SP Moulding and Ulstrup Plast, and from 1 April 2023 also CEO of Neptun Plast A/S and Atlantic Floats Denmark A/S. Also chair of the board in Coreplast, Meditec and Bovil. Member of other boards of directors in the subsidiaries.	2008 – was appointed to the Executive Board in 2020. Also Managing Director of Gibo Plast A/S and Dan-Hill-Plast A/S and responsible for Group IT. Member of other boards of directors in the subsidiaries.	In SP Group since 2016 - CFO since 2020. Employed with the subsidiary MedicoPack from 2009-2019 as CFO.
<b>Residence and year of birth</b>	Frederiksberg, born 1960	Holte, born 1966	Silkeborg, born 1976	Odense, born 1978
<b>Gender and nationality</b>	Male, Danish citizen	Male, Danish citizen	Male, Danish citizen	Female, Danish citizen
<b>External directorships</b>	Director of Frank Gad ApS, Gadinvest A/S, Gadplast ApS and Gadmol ApS. Investeringselskabet Damhaven A/S (BF).	Chair of the Danish Plastics Federation in Denmark, Chair of Ad-Client A/S, chair of Ulstrup Invest ApS, member of the Executive Committee of DI, member of the Governing Body of DI, board member of DI Produktion, board member of Roll-o-matic A/S, board member of LBT ejendomme and Lynge Uggeløse Brugsforening – also director of Søren Ulstrup Invest ApS.	None.	None.
<b>Previous employment</b>	CEO of FLSmidth A/S (1999-2004), CEO of Mærsk Container Industri A/S (1996-1999) and employment at Odense Staalskibsværft A/S (1985-1999), Executive Vice President at the time of resignation.	CEO of Ulstrup Plast A/S from 1993.	Nilfisk: 2016-2017, Gibo Plast: 2011-2016, Vestas: 2011, Gibo Plast 2007-2011, Dansac: 2004-2007.	Harald Halberg Holding 2006-2009. Employed with the subsidiary MedicoPack from 2009-2019 as CFO.
<b>Attendance</b>	100%	100%	100%	100%
<b>Number of warrants</b>	22,500	22,500	22,500	17,500
<b>Number of shares</b>	No. of shares 173,289 personally owned (+39,459) and 279 (0) through his own company. Related parties 1,359,670 (+35,100).*	Shares in SP Group: 24,831 personally owned (0) and 172,094 through related parties (0).	Shares in SP Group: 16,725 shares personally owned (0) and related parties 5,405 (0).	6,500 personally owned (+1,000)

\*Frank Gad's shares (personally owned and related parties) account for 12.3% of the shares issued in SP Group. If warrants are included, the holding accounts for 12.5% of the shares issued.

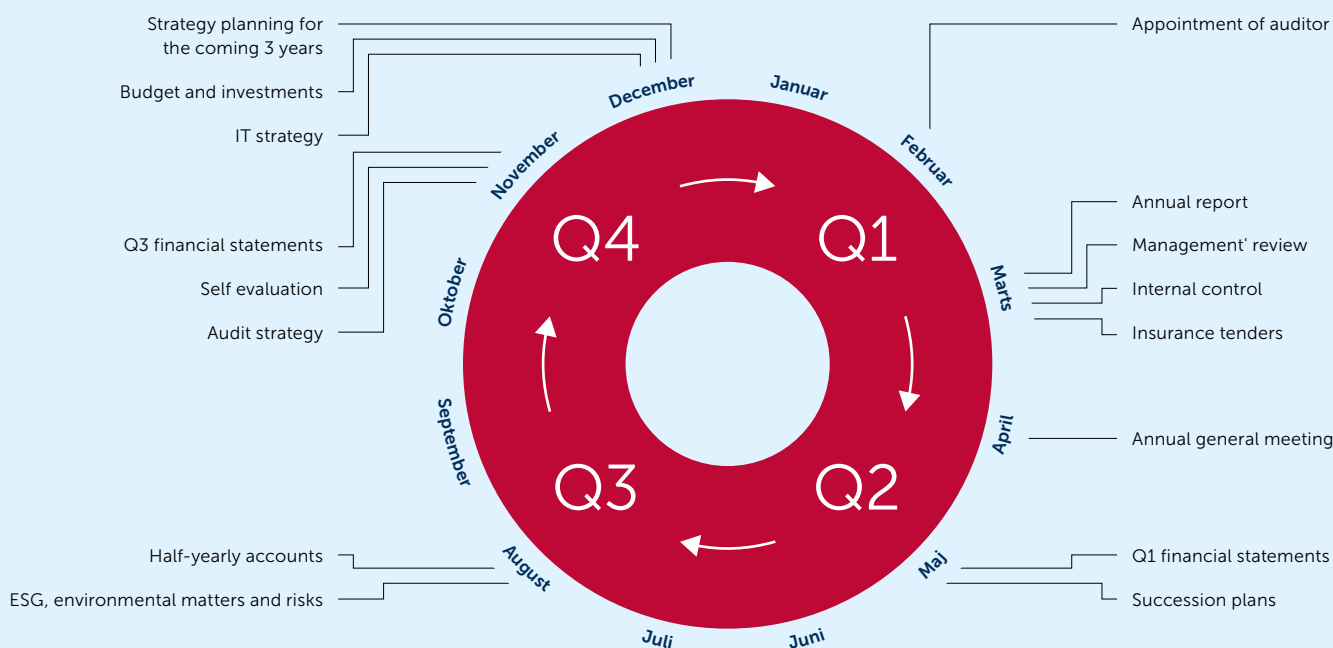
## Other executives in SP Group

**Claus Lendal**, CEO of Ergomat A/S  
**Susie-Ann Spiegelhauer**, CEO, Acccoat A/S  
**Michael Vinbeck Therkelsen**, CEO, Tinby A/S and MM Composite A/S  
**Loïc van der Heijden**, Managing Director, TPI Polytechniek B.V., the Netherlands  
**David Bourghardt**, Managing Director, Brdr. Bourghardt AB, Sweden  
**Torben Bruhn**, Managing Director in MedicoPack A/S  
**Arild S. Johnsen**, CEO in Plexx AS, Norway  
**Andreas Lagestig**, CEO in Opido AB and Nycopac AB, Sweden  
**Mikko Toivonen**, Managing Director in Coreplast Laitila Oy, Finland  
**Anders Vestermark Hansen**, Group Chief Accountant, SP Group A/S  
**Mia Mørk**, Executive Assistant, SP Group A/S  
**Mogens Laigaard**, Director, SP Medical A/S  
**Jan R. Sørensen**, Managing Director, SP Group's Chinese companies  
**Jens Birklund Andersen**, Director, SP Moulding A/S and Sander Tech ApS  
**Rafal Szefer**, Managing Director, SP Medical Sp. z o.o., Poland  
**Anie Simard**, Vice President, Ergomat Inc., USA  
**Monika Karczewska**, Managing Director, SP Moulding Sp. z o.o., Poland  
**April Zhu**, Supply Chain Manager, Tinby Co. Ltd., China  
**Martin Baca**, Managing Director, Ulstrup Plast s.r.o., Slovakia  
**Przemysław Tuzikiewicz**, Managing Director, Tinby Sp. z o.o., Poland (until 30 September 2023)

**Anna Szymczak**, CFO, SP Group's Polish companies  
**Izabela Filipiak**, Plant Director, Ergomat Sp. z o.o., Poland  
**Peter Fejfer**, Managing Director, MM Composite Inc., USA  
**Jens Møller** and **Peder Hyldegaard**, Managing Directors, Kodaň Plast s.r.o., Slovakia  
**Li Chao**, Plant Manager, Gibo Plast Co., Ltd., China  
**Heine Andersen**, IT Safety Director, SP Group A/S  
**Lotte Burmølle Andersen**, ESG Manager, SP Group A/S  
**Aimo Jollman**, CEO, Jollmax Coating Oy, Finland (until 31 August 2023)  
**Markus Oilshin**, CEO, Jollmax Coating Oy, Finland (from 1 February 2023)  
**Cecilie Ertman Lundsgaard**, Manager, Neptun Plast A/S and Atlantic Floats Denmark A/S (until 31 March 2023)  
**Ole Lykke Jensen**, CEO, DAVINCI 3D A/S  
**Steen Vilsoe Nielsen**, CEO, Bovil ApS  
**Thomas Bo Iversen**, CEO, Meditec A/S  
**Madars Slezis**, Site Manager, SEA Radomes Co. Ltd., Thailand  
**Ugis Eihvalds**, Production Manager, Baltic Rim SIA, Latvia  
**John Gu**, Finance Manager, SP Group's Chinese companies  
**Vichy Dong**, HR and Supply Chain Manager, SP Moulding Co. Ltd., China

## SP Group's annual wheel

The Board of Directors in SP Group A/S is responsible for strategic management focusing on ensuring value creation in the Company



### Ownership interests at mid-March 2024:

Board of Directors and Group Management:	Private	Own company	Related parties	Total	% of share capital
Hans Wilhelm Schur			1,997,163	1,997,163	16.0
Erik Preben Holm	64,160	17,220		81,380	0.7
Hans-Henrik Eriksen	17,500	4,279		21,779	0.2
Bente Overgaard	6,465	1,461	113	8,039	0.1
Marie Bakholdt Lund	0	0	0	0	0
Frank Gad	173,289	279	1,359,670	1,533,238	12.3
Søren Ulstrup	24,831	172,094		196,925	1.6
Lars Bering	16,725		5,405	22,130	0.2
Tilde Kejlhof	6,500			6,500	0.1
	<b>309,470</b>	<b>195,333</b>	<b>3,362,351</b>	<b>3,867,154</b>	<b>31.0</b>

prices. The grant in 2019 was made based on the mandate granted to the Board of Directors by the company in general meeting on 28 April 2016. At year end 2023, 137,221 warrants under the 2019 programme were outstanding. All warrants are hedged by means of treasury shares.

The Board of Directors issued no warrants in 2020.

In 2021, the Board of Directors issued 108,750 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank Gad, Søren Ulstrup and Lars Ravn Bering received 7,500 warrants each. The remaining 86,250 warrants were distributed between 41 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2024 – 31 March 2027; however, exercise can only take place dur-

ing the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 400.00 nominally. DKK 2 share plus 7.5% p.a., calculated from 1 April 2021 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 25 March 2021. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2021 was made based on the mandate granted to the Board of Directors by the company in general meeting on 29 April 2019.

In 2022, the Board of Directors issued 115,000 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank Gad, Søren Ulstrup and Lars Ravn Bering received 7,500 warrants each. The remaining 92,500 warrants were distributed between 39 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2025 – 31 March 2028; however, exercise can only take place during the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 400.00 nominally. DKK 2 share plus 7.5% p.a., calculated from 1 April 2022 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 24 March 2022. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2022 was made based on the mandate granted to the Board of Directors by the company in general meeting on 29 April 2019.

In 2023, the Board of Directors issued 120,000 warrants to the Executive Board and executive officers in the Group. Of the warrants issued, Frank Gad, Søren Ulstrup and Lars Ravn Bering received 7,500 warrants each. The remaining 97,500 warrants were distributed between 41 executives. The warrants issued can be exercised to subscribe for shares in the period 1 April 2026 – 31 March 2029; however, exercise can only take place dur-

ing the first two weeks in those periods where Management is allowed to trade the Company's shares in accordance with the Company's internal rules. The exercise price is fixed at DKK 260.00 nominally. DKK 2 share plus 7.5% p.a., calculated from 1 April 2023 and until the warrants are in fact exercised. The exercise price is fixed based on market conditions on 23 March 2023. The programme will not represent a value to the executives until the shareholders have ascertained increasing share prices. The grant in 2023 was made based on the mandate granted to the Board of Directors by the company in general meeting on 29 April 2019.

The Board of Directors believes that share-based arrangements are necessary to ensure that SP Group will be able to attract and retain qualified executive officers and other key personnel. The Board of Directors wishes to tie the executive officers closer to the Group, reward them for their contribution to the long-term value creation and establish that executive officers and shareholders have a common interest in increasing share prices, which helps support the Company's long-term earnings ambition as described in the "Up to 2024 Ambition" section on page 14.

SP Group's programmes so far have all been multi-annual programmes to promote long-term and value-adding conduct among the executive officers, and as a result of the annual interest surcharge, the exercise price has been higher than the share price at the grant date. These principles will also apply going forward. The Company's remuneration policy was presented at the annual general meeting in 2020. A new remuneration policy will be presented at the annual general meeting in 2024.

## Key elements in the Group's internal control and risk management systems in connection with the financial reporting

### Financial reporting process

The Board of Directors and the Executive Board have the overall responsibility for the Group's control and risk management in connection with the financial reporting process, including compliance with relevant legislation and other adjustments in connection with the financial reporting. The Group's control and risk management systems can provide reasonable but not absolute assurance that fraudulent use of assets, losses and/or material errors and omissions in connection with the financial reporting are avoided.

### Control environment

At least once a year, the Board of Directors assesses the Group's organisational structure, the risk of fraud and the existence of internal rules and guidelines.

The Board of Directors and the Executive Board lay down and approve overall policies, procedures and controls in significant areas in connection with the financial reporting process, including business procedures and internal controls, budget and budget follow-up procedures, procedures for the preparation of monthly financial statements and controlling in this connection and procedures for reporting to the Board of Directors.

The Board of Directors may set up committees in relation to special tasks. For further information, see the section "Proper and decent management".

The Executive Board regularly monitors compliance with relevant legislation and other regulations and provisions in connection with the financial reporting and reports to the Board of Directors on an ongoing basis.

### Whistle-blower scheme

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



SP Moulding in Stoholm.

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

Matters can be reported to the whistle-blower scheme by sending an e-mail to [hhe@sp-group.dk](mailto:hhe@sp-group.dk). The e-mail is sent directly to Hans-Henrik Eriksen, who is chair of SP Group's Audit Committee and independent member of SP Group's Board of Directors elected by the general meeting. Executives and employees in SP Group do not have access to this e-mail.

Guidance on how to use SP Group's whistle-blower scheme has been communicated to all employees in local languages.

The whistle-blower scheme is also described on the Company's website.

No matters were reported by stakeholders in 2023.

### Risk assessment

At least once a year, the Board of Directors makes an overall assessment of risks relating to the financial reporting process. As part of the risk management, the Board of Directors considers the risk of fraud and the measures to be taken in order to reduce and/or eliminate such risks. In this connection, Management's incentive/motive, if any, for fraudulent financial reporting or other fraud is discussed.

### Audit Committee

The duties of the Audit Committee are attended to by all members of the Board of Directors. Hans-Henrik Eriksen, who is an independent member, possesses accounting and audit qualifications. Hans-Henrik Eriksen is chair of the Audit Committee and state authorised public accountant. Bente Overgaard and Marie Bakholdt Lund are also independent members. The Audit Committee has its own rules of procedure.

### Audit

To perform the audit, an audit firm of state authorised public accountants is appointed at the annual general meeting upon the Board of Directors' recommendation. The auditor is a representative of the general public. The auditor prepares long-form audit reports to the collective Board of Directors at least twice a year and also immediately after identifying any matters that the Board of Directors should address. The auditor participates in the meetings of the Board of Directors in connection with the presentation of long-form audit reports to the Board of Directors. Prior to the recommendation for appointment at the annual general meeting, the Board of Directors makes an assessment, in consultation with the Executive Board, of the auditor's independence, competences, etc.

Most of subsidiaries are audited by the Parent Company's auditor or by their foreign business partners.

At the annual general meeting in 2024, the Board of Directors will suggest the appointment of a sustainability auditor.



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