

# Corporate Social Responsibility

## Corporate Social Responsibility

It is important to SP Group that we can increase the Group's earnings and growth in a responsible manner. With our presence in USA, Asia and several countries in Europe, our production and activities impact both people and the environment in various types of society.

We are proud that the Group can contribute financially to the communities of which we are part by being innovative and creating workplaces. However, acknowledging that our products increase the consumption of plastics, we actively assume responsibility for developing our production in a manner which increasingly reduces any adverse impact on the environment and contributes to a sustainable development.

SP Group's overall CSR and sustainability efforts are in line with the 10 principles under the UN Global Compact regarding the environment, human rights, employee rights and anti-corruption. SP Group's largest subsidiary, SP Moulding A/S, adopted Global Compact in 2012 and is making a systematic effort to comply with the 10 principles. Accoat adopted the Global Compact in 2017.

To ensure that we fulfil our responsibility ambition, we have adopted a CSR policy, which reflects SP Group's fundamental value proposition: to come up with optimum plastic solutions to the benefit of both our customers and society at large. In that way, the CSR policy constitutes a framework for all our activities and our profile as a responsible place to work and a responsible business partner.

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

Below, we give an account of SP Group's many efforts and results in 2018. For every area, we have also set targets for the coming year.

## Environment and climate

In SP Group, we are systematically striving to reduce our impact on the environment and promote a higher level of environmental responsibility. In doing so, we make use of environmentally friendly technologies and materials and a certified environmental management system.

SP Group continually focuses on reducing the effects of the Group's activities on the climate by reducing the water, electricity and heating consumption, thus reducing CO<sub>2</sub> emissions and optimising energy consumption.

Our target is to contribute to environmental sustainability through our customers' use of SP Group's products. Thus, 34% of our revenue stems from the cleantech industry, which uses our products to

- reduce energy consumption
- produce renewable energy
- purify smoke from coal-fired power plants and petrochemical plants.

### Risk

SP Group's primary environmental risk is associated with consumption of resources and waste from production.

The production plants are subject to a number of environmental requirements in all countries, and further, a number of environmental and quality assurance systems have been implemented by the plants on a voluntary basis.

SP Group believes that the Group complies with all current environmental regulations and that no enforcement orders remain unsolved anywhere in production.

In spite of extensive safety procedures, the external as well as the working environment may be affected in case of accident.

### Reduction of energy, electricity and water

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

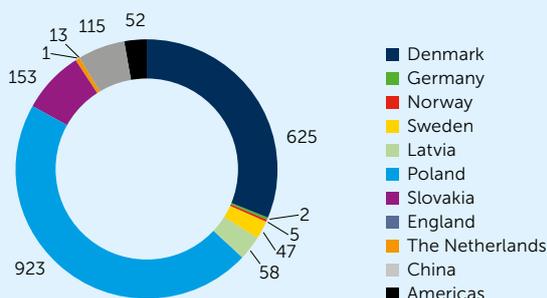
By continuing to invest in energy-saving equipment and closely monitor developments in key consumption indicators at all our plants, we ensure that we can control and reduce consumption of resources and costs on an ongoing basis. By implementing resource-reducing measures, the individual plants contribute to both cost reduction and a positive external environmental impact in their local community. These measures led to a reduction in the consumption of resources in 2018.

Even though SP Group's direct CO<sub>2</sub> emissions are modest, here we seek also to further the positive environmental impact by purchasing a significant portion of the power we use in Denmark from plants that produce renewable energy, primarily from wind turbines.

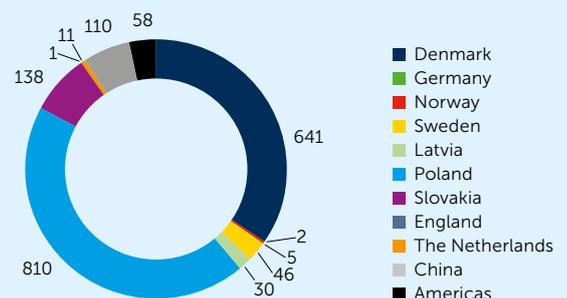
### Less waste, more reuse

The increase in the price of raw materials and waste disposal expenses has made SP Group increase focus on reducing the consumption of raw

Staff breakdown by geography in 2018 (average)



Staff breakdown by geography in 2017 (average)



materials and the waste percentage. Consequently, all plants now focus on producing less waste and increasing reuse of plastic materials.

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

Since 2013, SP Group has been working on developing a product that replaces wood from rain forests by plastics from sorted household waste.

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

#### **Environmentally friendly technologies**

By using environmentally friendly technologies, SP Group seeks to show that plastics – when produced and used with care – is an environmentally better choice.

In environmental life cycle analyses, plastics rank higher than most alternative materials in several ways, being for instance more light and flexible than metal. When, for instance, plastic is used instead of metal on the exterior parts of rolling stock such as agricultural machinery, tractors, combine harvesters, buses and cars, the life of the equipment is prolonged. In addition, the capacity of transport equipment is increased, reducing fuel consumption.

Thanks to its insulating properties, polyurethane can contribute to reducing waste of heat and ensuring efficient ventilating systems. Also, environmental effects can be obtained by using fluoroplastic coatings as corrosion protection, e.g. in flue gas purifying plants at coal-fired power plants to avoid acid rainwater. Other coatings of surfaces with fluoroplastics can generate considerable savings on cleaning materials and solvents as well as water.

#### **Environmental management system**

It is still SP Group's strategy that all production entities must implement a certifiable environmental management system that ensures use of environment-friendly products in the production and development processes, minimisation of waste and refuse as well as resource consumption to the widest extent possible and reuse of materials and products. Moreover, it must ensure a satisfactory working environment for the employees, prioritising safety and environmental impacts.

## **Human rights**

#### **CSR policy**

We wish to support and respect the protection of human rights internationally. 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.

As SP Group wants to contribute to the protection of human rights in the countries in which we operate, we try to promote measures that have a

positive impact on human rights and seek to mitigate any adverse impact on human rights in our value chain and at our sub-suppliers.

Our efforts are based on international human rights conventions and, in the EU, also on the fundamental rights laid down in the EU Treaty.

#### **Risk**

SP Group is aware of the current and potential risks that our production, activities and business partners may cause in relation to human rights.

#### **Profit/loss**

To the best of our belief, SP Group was not involved in and did not experience human rights abuse in the Group or at sub-suppliers in 2018.

#### **Privacy**

SP Group makes sure that personal data regarding our employees and customers are treated in a way that meets the statutory requirements in relation to privacy and personal data protection. For instance, we have taken security measures to protect personal data from being misused, leaked or destroyed. In 2018, SP Group completed a project to ensure that the Group complies with the EU's General Data Protection Regulation by reviewing all entities' use and storage of personal data and ensuring that it takes place in accordance with the Regulation. Moreover, the Group's IT systems are reviewed in terms of security and access to personal data.

#### **Discrimination**

SP Group makes an active effort to discourage discrimination, both internally in relation to our employees and externally in our supplier chain. In this connection, we also focus on equal treatment and equal opportunities for everyone.

#### **Trade payables**

Our suppliers are obligated to comply with a Supplier Code according to which they must, among other things, promote the protection of human rights.

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

## **Employees**

#### **CSR policy**

We acknowledge our employees' rights in respect of freedom of association and collective bargaining.

We want to ensure that our employees enjoy good conditions of employment in a secure and healthy working environment. We will strive to ensure that our employees are offered development opportunities at work, e.g. through continuing education and training.

We strongly disapprove of forced labour and child labour. If we engage youth workers aged 15-18, they are not allowed to perform dangerous work or night work.

We respect differences in cultures and traditions and will not discriminate against anyone at the workplace on account of his or her age, sex, race,

complexion, disability, religion or faith, national or social origin, union membership or any other cause of discrimination.

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

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

#### Risk

SP Group is investigating on an ongoing basis if, in our production or via suppliers, we have a current or potential risk of becoming involved in child labour or forced labour.

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

#### Profit/loss

To the best of our belief, SP Group was not involved in or experienced any adverse impact on employee rights in the Group or at suppliers in 2018.

#### Staff composition

On average, SP Group's staff outside Denmark increased by approx. 13.0% to 1,369 employees in 2018. The average number of employees in Denmark decreased from 638 to 625.

Globally, SP Group's staff increased from 1,934 at the beginning of the year to 2,068 at year end. On average, SP Group had 1,994 employees in 2018. At year end, 30.9% of the staff was employed in Denmark, and 69.1% was employed outside Denmark.

The year saw a shift of 3.3 percentage points as part of the increased internationalisation of the business and the acquisition of Nycopac AB and Kodaň Plast s.r.o. Going forward, growth is expected to be generated primarily in Eastern Europe, Asia and USA.

#### Diversity

The long-term goal is for SP Group to reflect society at large and, in particular, our customers, both in terms of gender, nationality and ethnicity. This reflection of society should contribute positively to the Company being perceived as an attractive choice for both customers and current and future employees. In order for the Group to be able to fulfil its business goals in the long term, we see diversity as an important contribution.

#### Female leaders

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 posts based on the qualifications needed, while at the same time increasing the ratio of women where possible.

At year end, the ratio of women in Management (Executive Board and management team) was 17%. SP Group still aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

The Board of Directors has set a target for the ratio of the underrepresented gender among board members elected by the company in general meeting of 20% by 2017. The Board of Directors consists of five members elected by the general meeting.

This target was set based on a time horizon of three years. At the annual general meeting in 2017, Bente Overgaard was elected. The target is maintained.

#### Wage and working conditions

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

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

#### A safe and healthy working environment

SP Group creates a safe and healthy working environment for our employees, partly through the working environment organisation and partly through policies and targeted efforts to ensure safety and health in everyday life. For instance, we always make sure that our employees get the protective equipment and the training needed to perform their work in a safe manner.

#### Access to education

All employees in SP Group are allowed to improve their qualifications through continuing and further education.

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.

The target set for 2019 is to continue the current skills development of employees, allowing them to attend to several different tasks. This will increase flexibility in production and make the working day more varied for the employees.

Ratio of employees outside Denmark in 2014-2018 (average)





Injection-moulding machines at SP Moulding's new factory in Poland.

#### 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. At the production units outside Denmark, systems have been established allowing the employees to appoint spokespersons for negotiations with Management.

### Fight against corruption

#### CSR policy

We wish in all of our external relations to maintain a high level of integrity and responsibility, and we do not engage in corruption or bribery. 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 or accepting any kind of bribes ourselves.

Our agents, intermediaries, consultants or other persons acting on our behalf are subject to the obligation not to engage in corruption or bribery.

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.

#### Risk

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

#### Profit/loss

As SP Group does not engage in corruption or bribery, we have drawn up an anti-corruption policy that instructs all employees in how to mitigate corruption.

# SUSTAINABLE DEVELOPMENT GOALS



## Our global joint responsibility

In 2018, SP Group focused on our joint responsibility to contribute to a more sustainable world. In co-operation with our customers, we have developed and manufactured products promoting quality of life and resource efficiency for the benefit of the climate, environment and people.

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

With our presence in 11 countries and sales in all parts of the world, we are able to provide favourable conditions to people globally. Thus, we contribute to meeting the UN's 17 sustainable development goals.

## Environment and climate

In the entire SP Group, we systematically strive to reduce our impact on the environment and promote a higher level of environmental responsibility. Our products largely replace the use of metals, and we apply more environmentally friendly technologies and materials in our production processes.

### Efforts



**Clean drinking water** is critical to ensure a decent standard of living and health all over the world. Through its products, SP Group contributes to providing access to clean drinking water.

At SP Moulding's factory in China, we manufacture various water purification products that people in developing countries use to clean contaminated water from rivers and lakes. We have been involved since the launch of the products and have delivered the products to all parts of the world. The cleaning process itself is carried out without

any energy consumption. The products can be used everywhere, but are particularly used in disaster zones and areas where the water is contaminated and thus hazardous to health. The products have been approved under the American EPA Drinking Water Standards.

The quality of pipes and tanks for circulation of drinking water is also critical to water purity.

Accoat manufactures coatings that are approved for food contact to ensure drinking water quality.

We use water in our production and thus monitor our water consumption.

Figure 1 – Water consumption

Water consumption	2018	2017	2016
Water (m <sup>3</sup> )	21,109	20,324	21,263
Water consumption per kilo processed raw materials (m <sup>3</sup> )	0.73	0.80	1.26



Reduction of energy consumption and access to **renewable energy** are fuelled by SP Group's products.

SP Group manufactures plastic and composite components for wind turbines that make the turbines better and cheaper, thus making electricity generated by the turbines cheaper. We have a large number of customers within green energy who by means of their products and equipment have a positive impact on our planet.

Our coatings of biogas applications enable production of degassed manure. They contribute to reducing the use of chemicals in the production process and minimise energy consumption. Together with our customers, we have a positive impact on the environment in the form of reduced emission of pesticides in creeks, lakes, other waterways and the oceans.

We also focus on our energy consumption when operating our factories. We do not use coal, primarily use natural gas to heat ovens and premises and use electricity to drive the production processes.

In Denmark, 54% of electricity in 2018 came from wind, water and solar energy, 3% from nuclear power, 18% from waste, biogas and biomass, 7% from natural gas, 1% from oil and 17% from coal and brown coal according to Energinet's declaration.

**Figure 2 – Energy consumption**

Energy consumption	2018	2017	2016
Coal (kg)	0	0	0
Fuel oil (litre)	178,109	132,020	102,321
Natural gas (m <sup>3</sup> )	1,235,688	1,418,164	1,043,639
Electricity (kWh)	58,893,152	53,615,065	49,447,302
Electricity consumption (kWh) per DKK million in revenue	29,971	28,458	32,553
Electricity consumption (kWh) per kilo processed raw materials	2.03	2.11	2.93



As an industrial company, we can best promote **sustainable industrial processes and innovation** through our own day-to-day practice.

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

In general, we constantly seek to innovate and make our production processes more efficient for the benefit of both employees and customers.



Many of our activities contribute to the development of **sustainable cities and environments**. Sustainable types of production and products are important to our future, and we would like to play a part in making changes with positive impacts.

SP Group's subsidiary Tinby Skumplast A/S supplies foam sheets in PUR for both new construction and renovation. PUR is used in sandwich structures for façade and building components and is one of the most efficient insulation material in the world. PUR provides high thermal performance with minimum insulation thickness, thus significantly improving the energy efficiency of buildings and reducing CO<sub>2</sub> emissions. With lambda values (thermal conductivity) as low as 0.022 W/mK, insulation proper-

ties (expressed in U values) as high as the insulation properties obtained when using ordinary insulation materials can be obtained even though a considerably thinner layer of PUR insulation is used. Today, the building and construction sector accounts for 40% of the EU's total energy consumption and for the largest share (36%) of the EU's CO<sub>2</sub> emissions. Consequently, there is a large unused potential for cost-effective energy savings when using PUR as an alternative to other insulation materials.

Wastewater from households contains phosphorus. Phosphorus is an element found in nature in limited amounts. Phosphorus recovery from wastewater will therefore become an important resource in cities of the future. Our non-stick coatings are used to counteract the build-up of sludge in recovery plants and make plants more efficient.

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



SP Group supports **sustainable consumption and production patterns** by means of local development in the neighbouring markets where the products that we supply components for are used and sold.

SP Group's subsidiary MM Composite is working on many different composite solutions, e.g. we cooperate with our customers to find solutions to increase the life of wind turbine wings. The co-operation includes various re-powering projects, where customised components are fitted to the wind turbine wings, which increases their life and output.

The amount of chemicals used for cleaning can be reduced by means of slip agents such as silicone, etc. By using Accoat's products with non-stick coatings for many different products, a positive impact on the environment can be obtained. In addition, it contributes to an improved working environment for people working within cleaning.

Other products are developed for the purpose of longer life. Ergomat's relief mats are a sustainable solution that also provide specific ergonomic benefits. The life of Ergomat's mats is typically five to seven times longer than that of similar mats, and thus, savings are made on raw materials and waste and energy consumption in production are reduced.

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

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

The amount of raw materials purchased correlates to the size and number of products that we manufacture for our customers. Figure 3 on the next page shows that purchase of glass fibre increased significantly in 2017 and 2018, which is also the case for other raw materials such as Iso, Polyol, Telene and Resin.

Figure 3 – Purchase of raw materials

Purchase of raw materials	2018	2017	2016
Plastics (kg)	15,220,931	13,871,181	12,567,104
Glass fibre (kg)	11,711,282	9,499,238	3,021,810
Coatings (kg)	61,419	58,554	58,742
Other (e.g. Iso, Polyol, Telene, Resin)	2,068,629	2,001,116	1,202,849



SP Group generally works with the factors impacting **climate** in a positive and sustainable way.

Our target is to contribute to **climate sustainability** through our customers' use of SP Group's products. More than 33% of our revenue thus stems from the cleantech industry, which uses our products to reduce energy consumption, produce alternative energy and purify smoke from coal-fired power plants and petrochemical plants.

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

In internal operations, SP Group continually focuses on reducing the effects of the Group's activities on the climate by reducing the water, electricity and heating consumption, thus reducing CO<sub>2</sub> emissions and optimising energy consumption. The use of greenhouse gases in cooling systems has been significantly reduced since 2015 due to the installation of cooling systems that cool using water and air instead of coolant fluids.

Our internal processes are designed according to ISO 14001, and we use our certification as a basis for using environmentally friendly products in our production and development processes, minimising waste and re-use as well as resource consumption and, to the widest extent possible, recycling materials and products.

Figure 4 – Greenhouse gases

Greenhouse gases	2018	2017	2016
Replenishment of refrigerating units (coolant fluids in kg)	37	43	70



Reduction of **pollution** of oceans is an important step towards ensuring a sustainable marine environment. SP Group contributes to this reduction when we coat oil pipes on the ocean floor with non-stick coatings, thus reducing the need to use aggressive chemicals in the marine environment in connection with oil production.

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

Risk

SP Group's primary environmental and climate risks are associated with consumption of resources and waste from production. The risks are addressed through our ISO 14001 efforts and other measures that can ensure quality and environmental protection in the production processes.

SP Group believes that the Group complies with all current environmental regulations. In 2018, we received an enforcement order that we comply with.

Employees

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

Efforts



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.

The target set for 2019 is to continue the skills development of employees, allowing them to attend to several different tasks. This will increase flexibility in production and make the working day more varied for the employees.

At 31 December 2018, the factories in Denmark had 20 trainees (plastics engineer trainees, automatic control technician trainees, industrial technician trainees and logistics trainees).

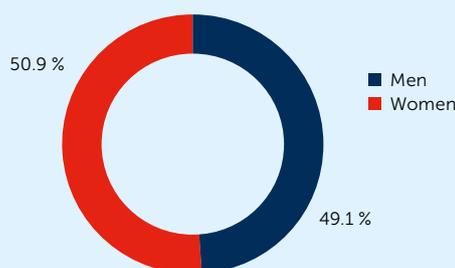
In Eastern Europe, we have hired and trained 156 new employees, net.

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



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

Figure 5 – Staff composition – gender 2018



where they are located. In 2018, we employed almost as many women as men.

**Figure 5 – Staff composition – gender 2018**

Staff composition	2018	2017	2016
Number of men	1,012	999	881
Number of women	1,048	951	825

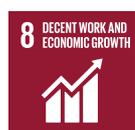
**Figure 5b – Staff composition – gender, per cent**

Staff composition (%)	2018	2017	2016
Number of men	49.1%	51.2%	51.6%
Number of women	50.9%	48.8%	48.4%

The efforts regarding gender equality also comprise women in Management. In 2014, the Board of Directors set a target of 20% for the ratio of the underrepresented gender among board members elected by the company in general meeting in 2017. This target was met at the annual general meeting in 2017.

SP Group A/S has adopted a policy with the purpose of increasing the ratio of the underrepresented gender at all levels of management. At year end, the ratio of women in Management (Executive Board and management team) was 17%. SP Group still aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

The long-term goal is for SP Group to reflect society at large, both in terms of gender ratio, age, nationality and ethnicity. This makes us an attractive choice for both customers and employees and help give everyone, regardless of background, the possibility to enter the labour market.



We consider our employees a significant player in realising sound financial performance and continuously strive to ensure good working conditions and working environment for all employees in SP Group companies.

With our local presence, we create workplaces and promote local culture and products. This enables economic growth and a good standard of living for our employees and their families.

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

SP Group creates a safe and healthy **working environment** for our employees, partly through the working environment organisation and partly through policies and targeted efforts to ensure safety and health in the workplace. For instance, we always make sure that our employees get the protective equipment and the training needed to perform their work in

a safe manner. We did not have any fatal industrial accidents in 2018 and focused on reducing the number of accidents.

Tinby's and Gibo's factories in Denmark and Poland and SP Moulding's factory in China are certified under ISO 18001.

**Figure 6 – Industrial accidents**

Industrial accidents	2018	2017	2016
Deaths	0	0	0
LTI (injuries resulting in min. one day of absence)	36	26	27
LTI (injuries resulting in min. one day of absence per million working hours)	10.7	8.1	9.6

In SP Group, there is freedom of unionisation for all. Employees of the Danish entities appoint representatives for joint consultation committees and working environment committees where they are in dialogue with local management. At the production units in Poland and China, systems have been established allowing employees to appoint spokespersons for negotiations with Management.

#### Risk

SP Group is regularly investigating 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 non-observance of basic employee rights.

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

In 2018, SP Group was not involved in or experienced any adverse impact on employee rights in the Group or at sub-suppliers.

### Human rights

SP Group respects the international human rights and supports the UN's sustainable development goals to fight poverty and hunger and promote good health and well-being.

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

#### Efforts



**As a company, we can contribute to the global efforts to fight poverty** by popularising our disposable products for medical use in developing countries. The products are cheap and can easily be made available to populations in countries where hunger and disease make people vulnerable to poverty.

In 2018, the employees of SP Medical Poland participated enthusiastically in local charity events for the poor and provided financial aid to children's hospitals in Poland.



**Food safety** and promotion of sustainable agricultural production are material factors in the efforts to end hunger. We contribute to these factors by means of several of our products.

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

Several of SP Group's subsidiaries manufacture components included in finished cooling products for storing food in the entire value chain in an energy-efficient manner, thus improving food conservability and reducing food waste.

SP Group's subsidiary Ulstrup Plast manufactures plastic components that are assembled to an advanced agricultural sprayer used for spraying and treatment of agricultural 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. Moreover, it helps protect the environment as land is only spray where necessary and where plants can fully absorb the amount sprayed. The fact that all the components of the agricultural sprayer are made of plastic makes it possible to manufacture the machine at lower costs and with more options that would be the case when only using metal.



**Health promotion** is an objective for people in all societies. Our products are part of the solution because they ensure quality in health care treatment all over the world.

Accoat and SP Medical coat instruments used for operations in hospitals. We thus contribute to ensuring quality of treatment and better possibilities for survival. Accoat also coats medical devices, which contributes to disease control.

MedicoPack A/S 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.

Ergomat offers a wide range of groundbreaking products that improve people's working day and increase quality of life, for instance ergonomic mats protecting joints and bones.

SP Medical develops and manufactures medical devices that contribute to improved health and well-being in the world population. Some products are used for operations, and other products are used as aids in everyday life for people with disabilities or other illnesses.

The products are primarily disposable, which reduces the risk of infection or contamination as opposed to multiple-use products. This is particularly important in developing countries.

**Protection of personal data** regarding customers and employees 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 protection of personal data. In 2018, we prepared to comply with EU's General Data Protection Regulation regarding protection of personal data and security

of processing and consequently adopted a personal data policy and a number of internal procedures regarding data processing and security.

SP Group makes an active effort to discourage discrimination, both internally in relation to our employees and externally in our supplier chain. In this connection, we also focus on equal treatment and equal opportunities for everyone.

#### Risk

SP Group is aware of the current and potential risks that our production, activities and business partners may pose in relation to human rights. We strive to prevent and mitigate these risks through dialogue with business partners and monitoring of whether they comply with our Supplier Code of Conduct.

In 2018, SP Group was not involved in or experienced human rights abuse in the Group or at suppliers.

### Fight against corruption

In all of our external relations, we wish to maintain a high level of integrity and responsibility, and we do not engage in 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.



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.

#### Risk

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

As SP Group does not engage in corruption or bribery, we have drawn up an anti-corruption policy that instructs all employees in how to mitigate corruption.

### Social efforts

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 contribute to the preservation and further development of the communities and markets that we are a part of.

In addition to acceding to the **UN Global Compact**, SP Moulding, the largest subsidiary in SP Group has committed itself to the global network and thus contributes to supporting sustainable development of people and the environment.

# Statement by Management on the annual report

The Board of Directors and the Executive Board have today discussed and approved the annual report of SP Group A/S for 2018.

The annual report has been prepared in accordance with International Financial Reporting Standards as adopted by the EU and additional requirements of the Danish Financial Statements Act.

In our opinion, the consolidated financial statements and the parent company financial statements give a true and fair view of the financial position of the Group and the Parent Company at 31 December 2018 and of the results of the Group's and the Parent Company's operations and cash flows for the financial year 1 January – 31 December 2018.

Further, in our opinion, the Management's review gives a fair review of the development in the Group's and the Parent Company's activities and financial matters, results of operations, cash flows and financial position as well as a description of material risks and uncertainties that the Group and the Parent Company face.

We recommend that the annual report be approved at the annual general meeting.

Søndersø, 27 March 2019

## Executive Board



Frank Gad  
CEO



Jørgen Hønerup Nielsen  
CFO

## Board of Directors



Hans Wilhelm Schur  
Chairman



Erik Preben Holm  
Deputy Chairman



Niels Kristian Agner



Hans-Henrik Eriksen



Bente Overgaard