

Corporate social responsibility

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SP Group acknowledges the Group's responsibility to contribute to a sustainable development, and SP Group recognises the correlation between acting responsibly on the one hand and increasing the Group's earnings and growth on the other.

The basis of SP Group's work with social responsibility is the UN Global Compact – the ten principles of human rights, employee rights, environment and anti-corruption according to which the UN has listed guidelines for companies' work to ensure a more sustainable development. SP Group follows the 10 principles set out in the UN Global Compact and gives an account of the four areas in the following.

At the beginning of 2012, SP Group's largest subsidiary, SP Moulding A/S, joined the Global Compact.

Environment and climate

In accordance with the UN Global Compact, SP Group takes initiatives to promote greater environmental responsibility and reduce the Group's impact on the internal and external environment, and SP Group also seeks to promote the use of more environmentally friendly technologies and materials.

It is SP Group's strategy that all production companies must implement a certifiable environmental management system which ensures:

- use of environment-friendly products in the production and development processes
- minimisation of waste and refuse as well as resource consumption
- recycling of materials and products to the widest extent possible
- a satisfactory working environment for the employees, prioritising safety and environmental impacts

With the current energy and raw material prices and the increasing waste disposal expenses, it is financially sound to reduce energy and raw material consumption and reduce the waste percentage. Therefore, all plants focus on these efforts. SP Moulding's, and Ulstrup Plast's factories have introduced decentralised grinders on all machines to replace the central grinders. This ensures that the remaining material from the production of each component is grinded immediately and led down a closed system together with the plastic material for the next component. Gibo Plast and SP Medical use central grinders to ensure reuse of surplus material i other products. In this way, more of the plastic material can be put into use. Tinby and Ergomat have also improved their processes so that materials are now fed more efficiently, which increases the rate of use and reduces waste.

Every month, SP Group measures a number of key figures relating to consumption of energy, heating, water and raw materials in all its factories. The measurement results are used for internal benchmarking and for wide implementation of initiatives which, at some plants, have proved to lower resource consumption. If the Danish indirect tax system is changed, a greater part of the excess waste heat can be used for heating. During the year, substantial amounts were invested in energy-saving equipment.

In the period 2013-2015, SP Group carried out tests using recycled plastics for selected products (Plastic Wood Compound). The tests are expected to result in commercial production during 2016. Thus, SP Group will contribute to dramatically reduce not only its own, but also others' environmental impact. The goal is to replace wood from rain forests with plastics from sorted household waste.

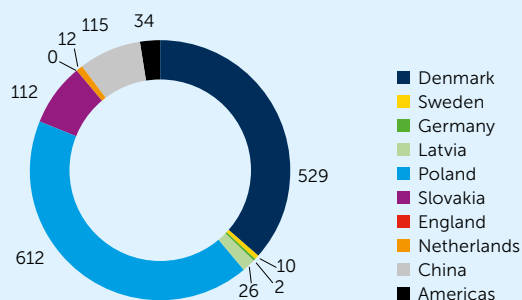
The most considerable impact on the environment occurs when the entities in the SP Group consume energy (particularly power) and raw materials during production and divert waste from production. The direct CO2 emission from the group entities is limited, but CO2 indirectly impacts the environment when power plants produce power and when products are transported from SP Group. SP Group has no direct impact on the power plants' energy production, but a substantial part of the power is purchased in Denmark from plants producing power from renewable energy, primarily wind turbines. In respect of transportation, SP Group selects partners with modern and environmentally friendly equipment.

Plastics produced and used with care have a positive impact on the environment. In environmental life cycle analyses, plastics generally rank higher than most alternative materials. Therefore, increased use of plastics will reduce the total impact on the environment.

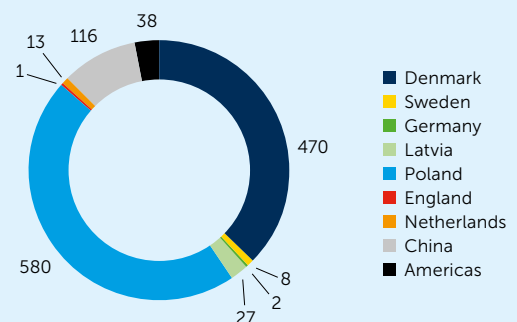
Acid gasses, however, are produced during production of fluoroplastic coatings, but they are removed in a flue gas scrubber before being led out through the chimney and are therefore not a nuisance to the surroundings. The use of fluoroplastic coatings is very beneficial to the environment in many respects. They are, for example, used as corrosion protection in flue gas purifying plants at coal-fired power plants to avoid acid rainwater. At the same time, coatings of surfaces with fluoroplastics generate considerable savings on cleaning materials and solvents as well as water.

Generally, plastics are lighter than metal, and the lower weight can be used to increase the capacity of transport equipment and, thus, reduce fuel consumption, thus benefiting the environment. Obvious examples include rolling stock such as agricultural machinery, tractors, combine harvesters, buses and cars where the exterior parts can be manufactured

Distribution of employees by geographical area in 2015 (average)



Distribution of employees by geographical area in 2014 (average)



in plastic instead of metal, and the plastic lasts for many years – even when used outdoors – without corroding.

The unique insulation properties of polyurethane are used to reduce waste of heat, for example, and to ensure environmentally friendly and efficient district ventilating systems.

Health and safety have been taken into account in the production processes at the individual plants. SP Group believes it complies with all current environmental regulations and that no enforcement orders remain unsolved anywhere in production. SP Group continually focuses on reducing the effects of the Group's activities on the climate by reducing the water, electricity and heating consumption and reducing CO2 emissions and optimising energy consumption. The goal is to create value for our customers, employees and the local communities in which we operate.

A significant number of SP Group's products (accounting for 25.5% of revenue) are sold to the cleantech industry, which uses the products for:

- reduction of energy consumption
- production of alternative energy
- purification of smoke from coal-fired power plants and petrochemical plants.

Employees

On average, SP Group's staff outside Denmark increased by approx. 17.6% to 923 employees in 2015. The number of employees in Denmark decreased from 470 to 529. Globally, SP Group's staff increased from 1,255 at the beginning of the year to 1,498 at year-end. On average, there were 1,452 employees in SP Group in 2015. At year-end, 36.0% of the staff was employed in Denmark, and 64.0% was employed outside Denmark. The year saw a shift of approx. 1.7 percentage points as part of the increased internationalisation of the business. Going forward, growth is expected to take place primarily in Eastern Europe, Asia and USA.

SP Group adheres to the principles of the International Labor Organisation's convention and the UN Declaration on Human Rights (UNDHR). This means that the Group will not tolerate child labour or forced labour, will not employ minors and that any kind of discrimination in working and employment conditions is prohibited. SP Group solely recruits, appoints and promotes employees on the basis of their qualifications and experience. The employees have the right to freely unionise, express their opinions and participate in or elect people to participate in collective bodies. Employees of the group entities appoint representatives for joint consultation committees and working environment committees where they meet with local management. At the production units in Poland and China, systems have been established allowing the employees to appoint spokesmen for negotiations with management.

The Group has not witnessed any violation of human rights.

In Denmark, wages and salaries and working conditions are determined in collective agreements resulting from local negotiations. In Poland and China, the employees' 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. Moreover, SP Group seeks to offer employees additional benefits.

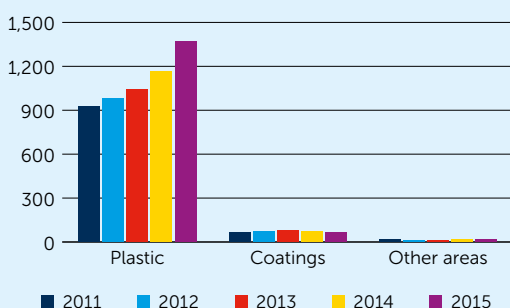
In recent years, SP Group has closed down a number of Danish plants and discharged employees. Such measures are regrettable but necessary to strengthen competitiveness. In connection with comprehensive dismissals, SP Group complies with the rules of notice and negotiations with employees, but SP Group also seeks to ease the consequences for the affected employees by taking extra measures.

Furthermore, SP Group seeks to improve the employees' qualifications through supplementary training and continuing education. The goal is to improve the qualifications of the employees to enable them to handle different tasks, which increases production flexibility and provides varied workdays for the individual employee. SP Group also applies the systematic roll-out of Lean processes to the plants to enable the employees to influence their own working situation as well as processes and workflow.

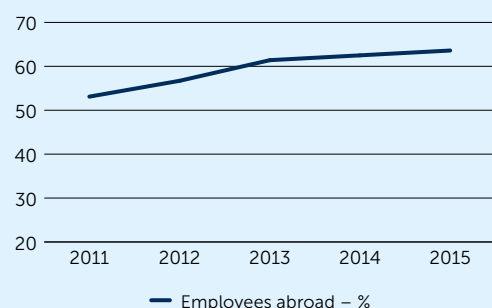
The Board of Directors has set up a goal for the ratio of the underrepresented gender among board members elected by the company in general meeting of 20% by 2017. The goal has been set up with a time frame of three years, and at year-end, the share of women on the Board of Directors was 0%. No new members were elected for the Board of Directors in 2015.

The Board of Directors of SP Group A/S has prepared a policy in order to increase the ratio of the underrepresented gender at all levels of management and to promote diversity in general. The goal is still to fill managerial posts based on the qualifications required, but to promote diversity when possible. The long-term goal is for the Company to reflect society and, in particular, the Company's customers, both in terms of gender and in terms of nationality and ethnicity. This reflection of society should contribute positively to the Company as an attractive company for both customers and current and future employees so that the Company will be able to fulfil its business goals in the long term. At year-end, the ratio of women in the general management (Executive Board and management team) was 21%. Reference is made the overview on page 29. SP Group aims to ensure that at least one male and one female candidate are among the top three candidates for new leadership positions.

Distribution of employees (average) 2011-2015



Distribution of employees abroad (average) 2011-2015



Globally, SP Group will support and comply with international human rights and seek to remedy any violations of these rights. In 2015, SP Group was not involved in or experienced violations of human rights in the Group or at sub-suppliers.

Anti-corruption

SP Group does not engage in corruption or bribery. Unfortunately, we are often met with requests for secret commission or the like, which we naturally turn down.

Continued CSR efforts

SP Group complies with the ten principles of the UN Global Compact in word and action and will sign the Global Compact charter. At the beginning of 2012, SP Group's largest subsidiary, SP Moulding A/S, joined the Global Compact. The Group will still focus on further promotion of the use of environmentally friendly technologies and materials and seek to disseminate knowledge of the unique properties of plastics.

At present, SP Group has no plans to perform extensive systematic CSR control at the Group's suppliers of material, as the majority of these are large, well-reputed international groups that give a detailed account of their CSR efforts in information material made available to the public. SP Group performs CSR control at the Group's mould suppliers.

Ergomat's innovative new product incorporated LED technology into the Deluxe family of ergonomic mats has been very well received in by customers, particularly in the automotive and aviation sector where the up-lighting provided by this solution improves assembly efficiency, Quality Assurance and maintenance and repair services.

