

# DOVISTA®

## COMMUNICATION ON PROGRESS

HUMAN RIGHTS  
LABOUR STANDARDS  
ENVIRONMENT  
ANTI-CORRUPTION



2016

TABLE OF CONTENTS

THE DOVISTA GROUP	
DOVISTA AT A GLANCE	4
REPORTING STRUCTURE	5
THE MANAGEMENT'S STATEMENT OF SUPPORT	7
OUR APPROACH	9
Firmly anchored in the business	
Model Company	
THE GROUP'S INITIATIVES AND RESULTS	
HUMAN RIGHTS AND LABOUR STANDARDS	10
Responsible organizational behaviour	
Employee Foundation	
Code of Conduct, suppliers	
ENVIRONMENT	22
The environment and climate change	
Innovative development and experiments	
ANTI-CORRUPTION	30

# THE DOVISTA GROUP

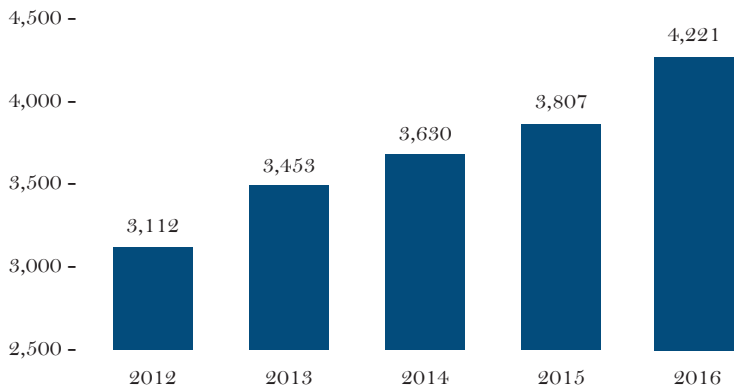
The DOVISTA Group is a group of companies that develop, sell and manufacture windows and doors. DOVISTA itself is part of the VKR Group. DOVISTA has its main activities on the Scandinavian and North European markets and carries out its operations through independent member companies.

DOVISTA joined the UN Global Compact in 2016, making this report its first Communication On Progress (COP). The report has been drafted at the Group level on the basis of systematic reporting from the companies and units of the DOVISTA Group. The report covers the period 1 January 2016 to 31 December 2016.

## The Group’s main activities in Europe



Number of employees



## REPORTING STRUCTURE

The members of the DOVISTA Group all have their separate product portfolios, organisational structure and market strategy, but they are united in operating under the DOVISTA business strategy: "Distinctive Brands – Shared Excellence". The units in the DOVISTA Group also share a cohesive set of values, summed up in the "Model Company Objective", which has a strong focus on Corporate Social Responsibility (CSR), and all member companies have a proven track record of operating on the basis of these values.

The overall responsibility for CSR within the DOVISTA Group lies with the board of directors of DOVISTA A/S, but it is carried out by the DOVISTA board of management through the active ownership of the companies in the Group.

This report has been drafted by the DOVISTA board of management and covers the entire DOVISTA Group. The content of the report was compiled on the basis of reports from all units in the Group on specific quantifiable facts, supplemented by individual descriptions of initiatives and activities demonstrating how CSR works in practice. This systematic reporting on CSR has been the norm for a number of years, and is now used for the first time as the follow-up mechanism in relation to the UN Global Compact.

## The brands of the DOVISTA Group



UN GLOBAL COMPACT

The UN Global Compact is the world’s largest corporate sustainability initiative. About 14,000 companies and organisations worldwide have joined the initiative, thus committing themselves to aligning their operations and strategies with 10 universally accepted principles of human rights, labour, environment and anti-corruption.

The Ten principles of the UN Global Compact

Human rights

Principle 1:

Businesses should support and respect the protection of internationally proclaimed human rights; and

Principle 2:

make sure that they are not complicit in human rights abuses.

Labour

Principle 3:

Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining;

Principle 4:

the elimination of all forms of forced and compulsory labour;

Principle 5:

the effective abolition of child labour; and

Principle 6:

the elimination of discrimination in respect of employment and occupation.

Environment

Principle 7:

Businesses should support a precautionary approach to environmental challenges;

Principle 8:

undertake initiatives to promote greater environmental responsibility; and

Principle 9:

encourage the development and diffusion of environmentally friendly technologies.

Anti-corruption

Principle 10:

Businesses should work against corruption in all its forms, including extortion and bribery.

THE MANAGEMENT’S STATEMENT OF SUPPPORT

DOVISTA joined the UN Global Compact in 2016, making this Communication On Progress (COP) the first COP for the DOVISTA Group.

A very large, and growing, share of the world’s energy consumption is connected with heating, cooling and lighting of residential, business and public buildings. Due to the design and properties of our products, they are ideally suited to help counter this development.

The products developed, manufactured and sold by the companies in the DOVISTA Group are of a high quality and have a long service life. They are also characterized by being sustainable to a large extent, using reusable or recyclable materials, and production processes with minimum negative environmental impact. During their service life, our products help increase energy efficiency in new buildings and renovations alike, and at the same time they contribute to the wellbeing of the people living or working in them by letting in more daylight and fresh air.

Corporate social responsibility and sustainability form an integrated part of our way of working in DOVISTA, and through our membership of the VKR Group corporate social responsibility and sustainability form the basis of all functions and activities in the member companies. All units in the DOVISTA Group have worked systematically with corporate social responsibility for many years, which made joining the UN Global Compact a natural next step for us, and a welcome opportunity to express our active support for the 10 principles of the UN Global Compact.

We see the UN Global Compact as a way to systematize and structure our efforts even more, as well as a chance to share our initiatives and results with the outside world.

It gives me great pride to present this first Communication On Progress. On the following pages, we will describe our efforts and initiatives in 2016 within the areas of corporate social responsibility and sustainability, and within the framework defined in the UN Global Compact. We look forward to supporting a more sustainable and socially responsible development.

Allan Lindhard Jorgensen  
CEO  
DOVISTA Group







1.

**mod | el com | pa | ny**  
(noun; plural *companies*)

*A company that others look up to  
and wish to imitate*

OUR APPROACH

Firmly anchored in the business

Corporate social responsibility, CSR, comes naturally to us and is an integral part of who we are and the way we work. And it always has been. Back in 1965, it was our founder, Villum Kann Rasmussen, who first formulated the objective of being a “Model Company”, a company that other companies would look up to and wish to imitate. From the very start, DOVISTA’s objective has been to develop and manufacture products that are useful to society, and to always strive to treat our employees, customers, communities and shareholders better than most other companies.

Model Company

The objective of being a Model Company is the foundation that all companies in the DOVISTA Group rest on, and it is the very core of our values. The objective reflects an ambition to behave with integrity, and it is the essence and overall ambition of our approach to corporate social responsibility:

*A Model Company works with products useful to society and treats its customers, suppliers, employees of all categories and shareholders better than most other companies. A Model Company makes a profit which can finance growth and maintain financial independence.*

Villum Kann Rasmussen

Since it was formulated, the Model Company Objective has been followed by a number of principles and guidelines on corporate social responsibility that, taken together, form the framework for the CSR policies of all the companies in the DOVISTA Group.



# THE GROUP'S INITIATIVES AND RESULTS

## HUMAN RIGHTS AND LABOUR STANDARDS

We strive to treat our customers, suppliers, employees, shareholders and other stakeholders in an exemplary manner

The companies in the DOVISTA Group are anchored in partnerships and networks including local as well as international stakeholders, and engaged in continuous dialogue with their customers, suppliers and public authorities. As a Group we are present in many local communities, and all companies in the Group have a duty to behave with integrity and make a positive contribution to the communities and contexts they are part of.

Our behaviour and approach must always reflect our objective of being a Model Company. We set high standards for our relationships with customers and stakeholders, and we demand and promote socially responsible behaviour in all our relationships. It is an explicit expectation from the DOVISTA Group that its member companies and their suppliers never tolerate child labour or other human rights abuses.

Respect for the individual and their human rights are central elements in our corporate culture. We behave with integrity at all levels of the organization and expect all employees to be treated with respect, regardless of gender, age, race or religion.





## DOVISTA EXPECTS ALL THE GROUP'S COMPANIES TO

—

never tolerate child labour or any other  
human rights abuses

always treat all their employees with  
respect, regardless of gender, age, race  
or religion

### Responsible organizational behaviour

It is our objective to create a motivating and safe working environment and to promote socially responsible behaviour at all levels in the organization. The DOVISTA Group has more than 4,000 employees, and it is an inherent part of DOVISTA's way of working and culture to ensure that all the Group's employees develop their potential through continuous education and dialogue. Internally, we wish to facilitate a motivating and learning working environment. All executives in the DOVISTA Group have a responsibility to take into account and integrate important social and environmental challenges. We seek to constantly develop and motivate our employees and to make sure that they have the necessary tools to navigate in a changeable environment, internally as well as externally.

Across the companies in the DOVISTA Group, we take active steps to provide a safe and healthy work environment. We comply with all current rules and regulations and strive to eliminate work-related accidents through preventive action. In addition, we are committed to offering our employees opportunities for social activities. The individual companies in the Group are to a large extent free to decide which welfare, physical or social activity opportunities they wish to offer.



DOVISTA EXPECTS  
ALL THE GROUP’S  
COMPANIES TO

make a targeted effort to continuously improve  
health and safety at their workplaces

set up a framework offering opportunities for their  
employees’ personal and professional development

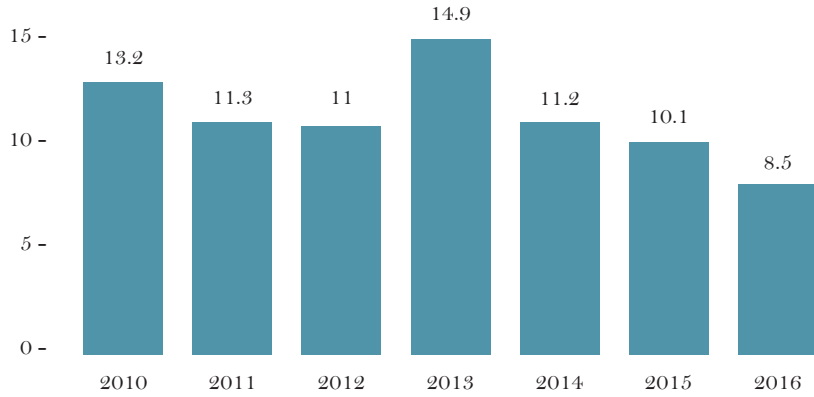
work actively to increase the share of the  
underrepresented gender in the top management and in the  
companies in general

Continued reduction in work-related accidents

Using our Model Company Objective as our starting point, we are working – systematically and determinedly – to develop and maintain a safe and healthy working environment, and to promote a strong safety culture in all business units in the DOVISTA Group. This work is based on the fundamental principle that ultimately and unequivocally the management is responsible for preventing accidents and injuries; but at the same time it is the responsibility of all employees to ensure their own and their colleagues’ safety at work by complying with the rules and regulations on safety that apply to working in our workplaces. We want to make sure that all employees are involved in and committed to health and safety, and it is the responsibility of the operational management in the individual units to ensure that they have the required training and competences to do so. However, in addition the Group has drafted and implemented a common policy on ”Work Health and Safety” that applies to all the companies in the DOVISTA Group.

The overall tool to follow up on health and safety is a monthly meeting reviewing all incidents in the workplace, one by one, small and serious incidents alike. Both the management of individual business units and representatives of the senior management of the DOVISTA Group participate in these meetings. The seriousness and causes of all incidents are reviewed and corrective actions discussed, to make sure that a similar incident does not occur again.

Business units that show a negative trend compared to the year before and/or the overall objective will be subjected to a detailed follow-up review.



WORK-RELATED ACCIDENTS PER MILLION HOURS WORKED (PRODUCTION)

In 2016 we have continued our unrelenting efforts to live up to our approach to health and safety: that one work-related accident is one too many. In addition to actual accidents leading to absence from work, we also register minor incidents which might have led to a real accident.

In 2016 all units in the Group have increased their focus on registering such ”near-miss incidents”, because they offer important lessons on how to reduce the risk of real accidents.



The continuous systematic reporting and follow-up on both accidents and "near-miss incidents" throughout the year have led to a number of specific improvements and preventive initiatives – and it has helped generate an improved understanding and increased focus on which conditions and circumstances involve a potential risk. We appreciate that overall the results of our efforts in 2016 do not quite meet our expectations and objective, but we are determined to pursue our long-term ambition of further reducing the number of work-related accidents and incidents towards the ultimate goal of zero.

**Significant improvements in health and safety at the factories in Poland**

In 2016 our factories in Poland have experienced a strong and positive development in the number of accidents per million hours worked, from 6.1 in 2015 to 4.3 in 2016. This development is the result of a number of continued systematic efforts: all new employees must complete a health and safety course before they start working; every new shift begins with a brief meeting focusing on safety. The factories' production equipment, safety equipment and protective clothing are being improved on an ongoing basis; drivers of forklift trucks must complete a special safety workshop; in cooperation with the University of Gdansk a number of operations have been made safer etc. All in all, the targeted and continued focus on safety in Poland in 2016 has resulted in a reduction of the number of work-related accidents by 24%, which should be seen in the context of an improvement of 43% in the previous year.

**More organizational initiatives and employee involvement in reducing work-related accidents in Sweden**

Our largest Swedish factories have massively increased their focus on reducing work-related accidents in 2016, supported by a large number of initiatives such as daily reviews of all near-miss incidents to identify risks, investigation of all accidents, leading to corrective measures. Health and safety is always Item No. 1 on the agenda at all meetings in the management group. Benchmarking has been introduced, along with inspirational visits to other companies, both in and outside the DOVISTA Group.

The increased health and safety focus has led to a reduction in work-related accidents in the DOVISTA Group: the total number of work-related accidents per million hours worked amounted to 8.5 in 2016, compared to 10.1 in 2015.





Diversity

It is the objective of the DOVISTA Group that the underrepresented gender should be better represented in the DOVISTA Group’s senior management and at all other management levels.

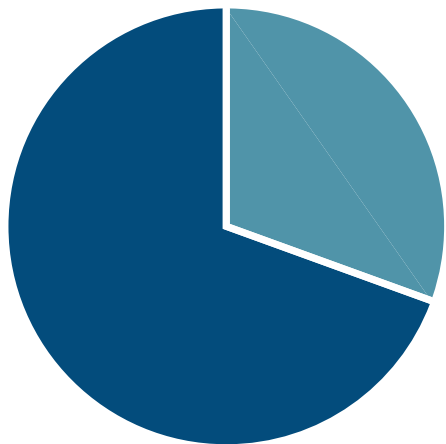
It is also the DOVISTA Group’s objective that we should strive to increase the share of female employees at all levels, as a more equal gender distribution contributes to a better working environment, just as it often encourages economic development in the local community.

At the end of 2016 there were no female directors on the board of DOVISTA A/S, whereas the share of female CEOs in the companies of the DOVISTA Group was 10%.

At the executive level reporting to the CEO, the share of female executives amounted to 25% at the end of 2016.

Female employees in the DOVISTA Group made up 30% of the workforce at the end of 2016.

It is the overall policy and objective of the DOVISTA Group to increase the share of women in executive and key positions in the Group’s units. Efforts have been made in 2016 to find qualified female candidates for executive vacancies in the DOVISTA Group; however, it is and always has been our policy that decisions on recruitment and promotion are made on merit only; that is, on the basis of the qualifications required for the specific position in question.



GENDER DISTRIBUTION

- Men 70%
- Women 30%

In recent years the DOVISTA Group has taken initiatives to increase the share of female employees. Our Polish factories have for example launched a number of initiatives to adjust work stations so that they comply with specific health and safety requirements for female employees, for instance in connection with heavy lifts, in order to remove physical barriers preventing female employees from carrying out some job functions in the company, thus enabling women to perform the vast majority of the functions in the factory on an equal footing with men. The

Polish factories have also arranged transport opportunities to the factory, to accommodate employees who have no means of transport of their own. As a result, the share of female employees at these factories has grown from 28% in 2014 to 36% in 2016.

Targets for diversity

DOVISTA A/S and the companies in the Group always select employees and board members on merit and qualifications. At the end of 2016 there were no female members elected at the AGM serving on the Board of Directors of DOVISTA A/S. Neither were there any female members elected at the AGM on the boards of directors of any of the other Danish companies in the DOVISTA Group.

The target was to have one female board member in DOVISTA A/S and in the Group’s Danish companies before 2017; this target was not achieved. The target now is to achieve it by the end of 2017. Election of a female director can happen by replacing a board member or by expanding the number of members on the board. Such a replacement/expansion will take place when and if the best qualified candidate for a seat on the board is a woman, and if and when such a replacement or expansion is considered useful and appropriate.

Board members are elected for one year at a time. There is an increased focus on identifying potential suitable female candidates in DOVISTA A/S as well as in the companies in the Group.

Development of our employees and executives

In recent years, a large number of the employees and executives in the Group’s largest units have completed an extensive internal educational programme. The objective of this programme has been to promote a systematic improvement culture dedicated to reducing waste and improving efficiency broadly defined across the entire organisation, including the consumption of materials and energy, thus at the same time reducing our negative impact on the environment. As a result of this programme, we have been able to identify and reduce waste and energy consumption every year.

Health and well-being

In the units of the DOVISTA Group, various local and company-specific surveys on the social working environment are carried out. These surveys have resulted in a number of good initiatives in the individual business units and in the DOVISTA Group as a whole. One of our Swedish units has for instance established gyms in most of their locations, just as our Danish units support a variety of physical activity initiatives, including promoting participation in running and other sports events.

The Employee Foundation

Via the Employee Foundation, which is common to all companies in the VKR Group, we strive to make a difference for each individual employee. The Foundation offers support to employees in a number of areas, primarily in connection with unfortunate events, support for children’s education and charitable purposes in the local communities of the companies.



**Code of Conduct, suppliers**

Sourcing of raw materials and cooperation with sub-suppliers account for an important part of the business activities in the DOVISTA Group.

For several years, DOVISTA has had a Code of Conduct that suppliers to the largest units in the Group have had to comply with. This Code of Conduct has been revised and updated in 2016 to make sure that its requirements are up to date. The revised Code of Conduct has been implemented in 2016 for all suppliers outside Europe, and the process of including European suppliers as well has started.

The Code of Conduct for suppliers among other things demands that they respect human rights and the right to collective bargaining, and it includes a ban on ever using forced or compulsory labour, child labour as well as a ban on any form of discrimination.

The plan is to roll out the 2017 Code of Conduct to all units in the Group to secure a uniform approach to corporate social responsibility and sustainability for suppliers across all units in the Group. Targets for the number of suppliers who have signed our Code of Conduct will be monitored from 2017.

**Whistleblower scheme**

The management of DOVISTA has decided to introduce a whistleblower scheme to establish a structured procedure for employees and other stakeholders to report illegal behaviour and activities etc.

The scheme will be established in compliance with the relevant rules and regulations. The plan is to have the contents, scope and practicalities in place sometime during 2017, so that the scheme can become effective in 2018.





THE ENVIRONMENT

The environment and climate change

To reduce our CO2 footprint and other negative environmental impact, the companies in the DOVISTA Group make a point of always taking into account the environmental impact of their products throughout their life cycle.

- The total number of units produced increased by approx. 31% in the period 2010 to 2016.
- The amount of CO2 emitted per unit produced has been reduced by about 15% since 2010.
- 46% of the total energy consumption of the DOVISTA Group is covered by wood waste from our own production.
- In the last 3 years, on average more than 95% of our total amount of waste has been reused or recycled.

Buildings account for a major share of energy consumption in many countries. The trend towards more and more energy-friendly housing continues, and DOVISTA feels a strong obligation to offer solutions that reduce energy consumption in buildings. We do so by prioritizing development of energy-efficient solutions and by participating in relevant forums that aim to develop new standards for eco-friendly buildings.

Windows from companies in the DOVISTA Group have all the energy and indoor environment certificates required on the markets where they are sold. However, having the required certificates is not enough for us. To achieve a positive impact on the environment and climate change, it is essential that we develop and manufacture windows of high quality with a high utility value and a long service life, while at the same time focusing on energy and resource consumption during production, product use and on recycling or disposal. And therefore we continue to develop our products, never forgetting this overall objective.

We observe and endorse both national and European environmental legislation, and we allocate the resources necessary in the form of continuous education and dialogue to make sure that our employees constantly strive to reduce waste in the broadest sense of the word.

Our R&D departments continuously strive to improve the functionality, design, insulation and other properties of our products. Development always takes its starting point in existing legal requirements, but with an ambition to meet even the strictest insulation performance requirements.

DOVISTA EXPECTS ALL  
THE GROUP'S  
COMPANIES TO

work systematically with environmental issues

adopt standards and environmental certification when  
doing so adds value



The products of the DOVISTA Group are manufactured in up-to-date factories that continuously assess and optimize their processes to identify and reduce any unnecessary waste and energy consumption. The share of the waste that cannot be recycled directly in our own production is sorted and sold for reuse or recycling elsewhere. The few remains that cannot be used at all are disposed of in an environmentally safe and responsible way.

In recent years, DOVISTA has prioritized efficiency improvements in our distribution system, having identified this as an area where we are able to make a substantial contribution towards reducing energy consumption and CO<sub>2</sub> emissions. Consequently, optimal logistics solutions remain high on our agenda, and we strive to continuously optimize our entire transport and distribution chain.

The companies of the DOVISTA Group constantly strive to further develop our products and production processes to reduce the negative environmental impact throughout the products' life cycle. Climate change is one of the most serious problems of our time, and in the process towards a more sustainable development using the world's resources as efficiently as possible plays a central role. Concepts like sustainable building, environmental product data, waste reduction, reuse and recycling are bound to become the new environmental performance targets in socially responsible business operations.

In 2016 DOVISTA has focused on environmental data and waste separation at product level. We have analyzed those of our products that are most frequently used in sustainable building, which confirmed that their basic construction is simple and well-suited for separation into pure materials fractions. This means that more than 93% of a VELFAC 200 E window can be immediately reused.

DOVISTA supports all types of sustainable building, not least the widespread use of DGNB-certified building projects in Denmark. In 2016, as the first manufacturer of facade windows in Denmark, we developed a DGNB service package for architects, engineers and construction companies who develop and issue certification for sustainable building projects. The package contains all the necessary product information, which makes it easy for project advisers and consultants to consider and include VELFAC products in all phases of a DGNB-certified building project.

Product separation and the DGNB service package have been the backbone of our information and marketing campaigns in 2016, which have earned us a lot of attention and recognition, and firmly established VELFAC and DOVISTA as the most preferred supplier of sustainable facade window solutions on the Danish market.

## DOVISTA EXPECTS ALL THE GROUP'S COMPANIES TO

increase their focus on a product's entire  
life cycle – from production to disposal  
or reuse/recycling

use raw materials, water and  
energy ever more efficiently to  
reduce the negative impact on the  
environment



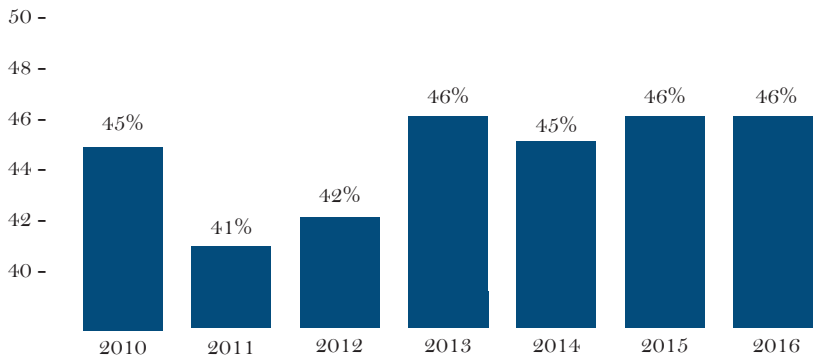


CO<sub>2</sub>

The total number of units produced by the DOVISTA Group has increased by 31% since 2010. In the same period the total emission of CO<sub>2</sub> has increased by only 11%. The amount of CO<sub>2</sub> emitted per unit produced has been reduced by approx. 15% since 2010. In 2016 the DOVISTA Group emitted a total of approx. 25,800 tons of CO<sub>2</sub>.

Wood waste for heating

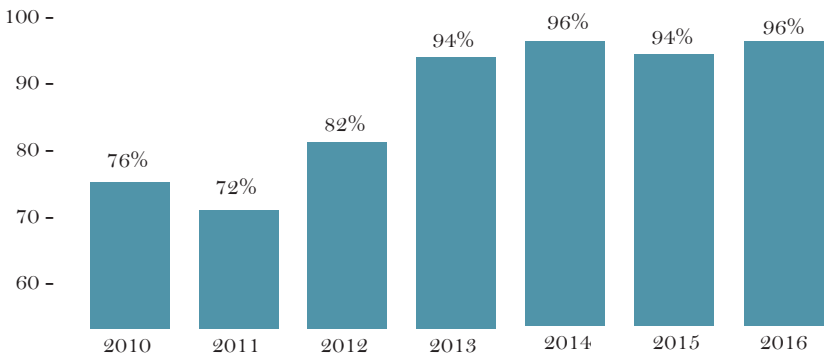
As far as at all possible, the units in the DOVISTA Group use wood waste from production to heat their premises. If more wood waste than required for their own heating is generated, the surplus is sold either as surplus heat or as wood waste to local heating plants.



SHARE OF ENERGY CONSUMPTION FROM WOOD WASTE FROM OWN PRODUCTION

Waste for reuse/recycling

Keeping our negative environmental impact from waste and surplus production as low as possible is something we consider very important, which is why we make sure that as much of it as possible is reused or recycled. The share of waste that is recycled or reused has been about 95% in recent years.



SHARE OF WASTE THAT IS REUSED/RECYCLED

Wood sourced from certified suppliers

It is the objective of all companies in the DOVISTA Group that as far as at all possible wood must be sourced from certified suppliers. The total share of wood from certified suppliers amounted to 93% in 2016, compared to 91% in 2015 and 88% in 2014. For several units in the Group the share is 100%.

Innovative development and experiments

In DOVISTA we constantly focus on optimizing the beneficial properties of our products. By investing in innovation and by experimenting we gain new knowledge and insights, which is the foundation that the product development of the companies in the DOVISTA Group rests on, and which ultimately secures our continued growth.

Our research and development is based on an approach and methods that stem from Villum Kann Rasmussen’s statement that “one experiment is better than a thousand expert views”. To challenge ourselves, we are always involved in a number of ambitious development and experimental building projects, either initiated by ourselves or by leading research institutions.

Our products are developed and tested in a continuous cooperation between the business units and the DOVISTA Innovation Centre. The knowledge thus accumulated is shared across the DOVISTA Group to make sure that new knowledge is turned into practical application wherever it will contribute to better solutions in the building sector.

LIVINGlab by DOVISTA is the DOVISTA Group’s independent knowledge and development unit, whose primary function is to explore ideas and create new knowledge for the buildings of today and of the future. In cooperation with the frontrunners of the building industry and educational institutions, LIVINGlab explores the scope of windows and their use under real-life conditions. We share our knowledge with all parties who are interested in energy issues - for instance through our extensive course activities.





## DOVISTA EXPECTS ALL THE GROUP'S COMPANIES TO

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invest in experiments that promote innovation  
and contribute new knowledge to the buildings  
of the future

develop new products and solutions and  
improve existing ones on an ongoing basis

implement new business processes, methods and systems



ANTI-CORRUPTION

In the light of the DOVISTA Group’s values and our Model Company Objective, it is of paramount importance to us that employees and executives at all levels in the Group’s companies understand and act in accordance with the ethical and moral guidelines that form the basis of the way we do business, within the framework thus defined.

To avoid all forms of corruption and bribery and to support our employees’ understanding of the kind of behaviour we demand and expect of them, we have drafted an Anti-corruption Policy that comprises all forms of corruption, including extortion and bribery. This policy has been explicitly communicated and implemented in all companies in the DOVISTA Group – and is subject to regular follow-up – to make sure that this policy as well as all other important policies in the DOVISTA Group is understood and complied with.



DOVISTA EXPECTS ALL  
THE GROUP'S  
COMPANIES TO

comply with the Anti-corruption  
Policy of the DOVISTA Group





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

We welcome feedback on its contents.

**DOVISTA®**