

COMMUNICATION ON PROGRESS

HUMAN RIGHTS
LABOUR STANDARDS
ENVIRONMENT
ANTI-CORRUPTION



2018

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THE DOVISTA GROUP

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

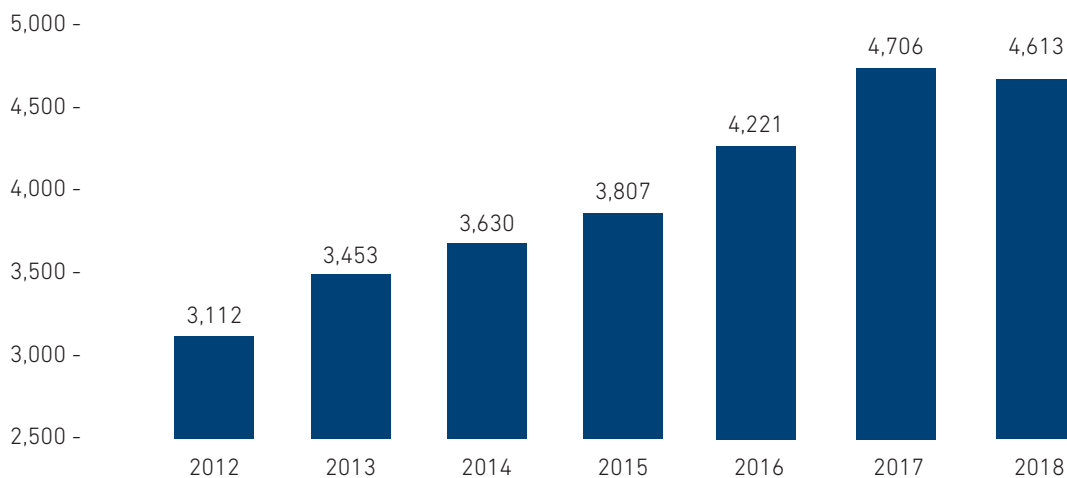
The DOVISTA Group's main impact on society relates to the way we source the raw materials used as inputs to produce our windows and doors, in particular the social and working conditions in our suppliers' production, and the impact related to the environment and climate change. Another important aspect is the working conditions of the employees working for the DOVISTA Group.

DOVISTA joined the UN Global Compact in 2016, making this report its third Communication On Progress (COP). The report has been drafted at DOVISTA Group level on the basis of systematic reporting from the companies and units of the DOVISTA Group. The report covers the period 1 January 2018 to 31 December 2018.

The Group's main activities in Europe



Number of employees



REPORTING STRUCTURE

Under the overarching DOVISTA headline: "Distinctive Brands – Shared Excellence", the companies in the DOVISTA Group do business in their own name and markets, with their own product portfolio and organisational setup. However, all units in the DOVISTA Group operate on the basis of a strong shared set of values, formulated in the objective of being a "Model Company", resting on a strong and deep-rooted focus on social responsibility no matter where the individual company happens to do business.

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 management and covers the entire DOVISTA Group. The report has been compiled on the basis of systematic 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 also used as the follow-up mechanism in relation to the UN Global Compact.

The DOVISTA Group

SVENSKA FÖNSTER
för en ljusare framtid

Lian

(O)H
DOORS & PANELS

Mockfjärds

SNIDEX

natre
VINDUER

rational
drevet af detalien

VELFAC
VINDUER FOR LIVET

UN GLOBAL COMPACT

The UN Global Compact is the world's largest corporate sustainability initiative. More than 12,000 companies and organizations worldwide have joined the initiative, thus committing themselves to aligning their operations and strategies with 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 SUPPORT

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

The products of the DOVISTA Group are produced by human beings. Everywhere in our companies, units and departments, we keep a constant and vigilant eye on health and safety, and on offering optimal opportunities for people's well-being and human activities.

We are a part of the VKR Group, which means that the principles of being a Model Company is part of our DNA. In practice, this means that corporate social responsibility and sustainability form an integrated part of our way of working. This goes for all our companies and for all functions and activities in our member companies, no matter where they are situated. All units in the Group have been dedicated to corporate social responsibility in their way of working for many years.

Joining the UN Global Compact in 2016 was therefore a logical next step for us, and we wish to continue to systematize and structure our efforts within corporate social responsibility and sustainability in this context. We also see being part of the UN Global Compact as a chance to share our initiatives and results with the outside world.

The products of the DOVISTA Group are useful to society and have a positive impact on the development in the construction industry and on people's lives. Our products help reduce emissions of greenhouse gases and the need for fossil energy. We are increasingly aware of and focused on the need to optimize people's access to daylight and fresh air, thus helping to provide inspiring and healthy settings for human activities.

As professional advisors, we take part in cross-disciplinary collaboration with architects, engineers and construction companies in order to create buildings that to a greater extent use sustainable passive heating and cooling and at the same time improve energy efficiency in new construction, renovation or maintenance projects. No matter whether it is private housing, institutions or places of work, we are dedicated to creating solutions that are cutting-edge and prepared for the needs and requirements of the future.

It gives me great pleasure to present this year's Communication On Progress. On the following pages, we will describe some of our efforts and initiatives in 2018 in the areas of corporate social responsibility and sustainability, within the framework defined in the UN Global Compact.

Allan Lindhard Jørgensen
CEO
The DOVISTA Group





1.

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

*A company that others would
look up to*

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 up 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.

Ownership

The DOVISTA Group is 100% owned by VKR Holding A/S, which is owned by foundations and family.

The vast majority of the profits made by the companies in the VKR Group are channelled back to society via THE VELUX FOUNDATIONS (VELUX FONDEN and VILLUM FONDEN), which support science, the environment and social and cultural projects in and outside Denmark. The activities of the foundations are independent of VKR Holding A/S and the companies in the VKR Group. In 2018 the total grants awarded by the THE VELUX FOUNDATIONS amounted to DKK 888 million.

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 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.

As a producer of facade windows and doors, our main risk of violating human rights and labour standards stems from the companies' value chain. In particular in relation to working conditions and health and safety at work as well as forced or compulsory labour and child labour.

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.

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 implemented for all suppliers outside Europe, and the process of including European suppliers is well under way.

The Code of Conduct for suppliers demands, among other things, 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 and corruption.


In 2018 DOVISTA has continued its efforts to roll out the Code of Conduct, and we have set up strict criteria for choosing suppliers. Thus in future it will not be possible to be approved as a DOVISTA supplier without signing our Code of Conduct for Suppliers.

It is still the plan to roll out the Code of Conduct for suppliers to all units in the Group, to secure a uniform approach to corporate social responsibility and sustainability for all major suppliers across all units in the Group. The status at the end of 2018 is, just as in 2017, that all existing suppliers outside Europe and 90% of all European suppliers of direct materials to our largest factories have signed the Code of Conduct. We have dedicated the resources required to monitor Code of Conduct compliance for all suppliers outside Europe. We note with satisfaction that the level of the compliance among the most important of the suppliers has increased, more specifically we have seen an annual compliance improvement of 8% on average. The introduction of a scheme for certification of suppliers in 2018 has also helped boost motivation and performance in the area.



Mockfjärds
DIN FÖNSTERMASTARE

Mockfjärds



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.

DOVISTA China has, for example, had a close collaboration with its suppliers over the last 16 years to ensure compliance with our Code of Conduct. The performance of the suppliers is monitored on an ongoing basis with half-yearly appraisals and every two months each supplier is reviewed, in order to ensure an acceptable work environment and to measure progress in labour standards. Suppliers are disqualified in case of non-compliance and lack of progress.

The collaboration with suppliers in DOVISTA China has been very successful, and great improvements have been achieved. In 2018 one of the suppliers was awarded Code of Conduct certification for its improvements, which include safety measures for operations of machinery, training of employees in safe work procedures, implementation of daily safety inspections etc.

Whistle-blower scheme

In 2017 the management of DOVISTA decided to introduce a whistle-blower scheme to establish a structured procedure for employees and other stakeholders to report illegal behaviour and activities etc. The scheme was set up in 2018 within the framework of relevant rules and regulations and went live according to plan at the end of May 2018.

At the of the calendar year 2018 there has been no reporting under the whistle-blower scheme.

Responsible organizational behaviour

It is our objective to create a motivating, healthy and safe working environment and an organisation that behaves responsibly in all relations and aspects of its business.

As far as the employees of the Group's own companies are concerned, the most important risks relate to health and safety in the workplace, and to retention and development of employees. We continually strive to reduce the risk of accidents at work for our employees, and it is vital for the future success of the DOVISTA Group that we are able to retain, develop and attract the best employees in order to continuously develop new and innovative facade window and door solutions.

The DOVISTA Group has more than 4,600 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. Obviously, 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. To a large extent the individual companies in the Group offer opportunities, guidelines and advice in relation to welfare, physical or social activity.

**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

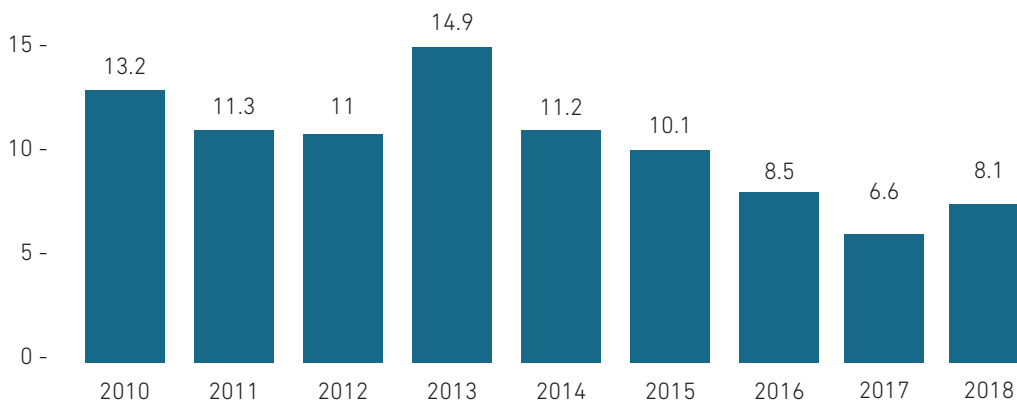
work actively to increase the share of the
underrepresented gender in the top management and in the
companies in general.

Continued focus on the number of work-related accidents

Using our Model Company Objective as a 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. 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 2018 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 2018 all units in the Group have continued to increase 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 lead to a number of specific improvements and preventive initiatives – and it helps generate an improved understanding and increased focus on which conditions and circumstances involve a potential risk.

Objectives and targets for health and safety

We are fundamentally of the conviction that work-related accidents are unacceptable, and our long-term objective is to have no work-related accidents at all. In recent years, while working towards that ultimate objective, we have worked on the basis of an operational target of reducing the number of work-related accidents by 25% year on year. However, despite our constant focus, we note that the results of our efforts since 2013 fall short of our ambitious expectations and targets. Nevertheless, we intend to maintain our long-term ambition of eliminating work-related accidents altogether.

Regrettably, in 2018 we have seen the first increase in the number of work-related accidents (in production) per million hours worked since 2013, from 6.6 to 8.1. It goes without saying that this is most disappointing and unsatisfactory. We have performed an in-depth analysis of the causes of this increase.

The analysis shows that despite the negative overall development, in Poland and Sweden, where 80% of our production employees work, the number of accidents has actually fallen. In other words, the targeted and systematic initiatives we have taken to provide optimal and safe working conditions in our factories in these countries have paid off.

These initiatives include, among other things, special demonstration and training facilities in our factories. Using physical setups and demonstration models has made it possible for employees to visualize specific safety risks and see in action specific measures to avoid these risks. This increases risk awareness and demonstrates risk avoidance, and at the same time it trains employees in safe work practices and in spotting potential safety risks in their real-life work environment. The facilities in Poland have been updated in 2018 to include special sound equipment to demonstrate the effect of specific safety measures. The overall objective is to raise awareness of potential risks, improve learning and to promote safe and appropriate behaviour everywhere in the organization. In Sweden, the initiatives have included daily in-depth reviews of all "near-miss incidents", all risks identified as well as all actual accidents. The reviews also include corrective measures just as they establish clearly who is responsible for eliminating the causes identified. In addition, health and safety and work environment is always item number 1 on the agenda at any meeting in the management group.

The analysis leads to the conclusion that the increase in the number of work-related accidents in 2018 is to be found at our relatively small production units in Norway and Denmark. We have already taken steps to follow up and analyse potential causes in order to improve results here, based on the lessons learned and results achieved in Poland and Sweden.



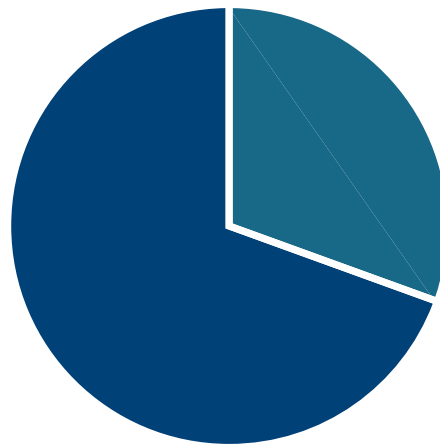
Diversity

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.

Like in 2017, at the end of 2018 there were 17% female executives in the management of the DOVISTA Group. At the executive level reporting to the managing directors in the DOVISTA Group, the share of female executives amounted to 38% at the end of 2018, which is a marked increase on last years' 24%.

Female employees in the DOVISTA Group made up 34% of the workforce at the end of 2018, again an increase on last year's 32%.

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 throughout 2018 to find qualified female candidates for executive vacancies in the DOVISTA Group. However, the decisive factor in recruitment has, as always, been finding the person with the best qualifications required for the specific position in question. However, it is not only in terms of executive and key positions that we have focused on a more balanced workforce. From 2014 onward, DOVISTA has launched



GENDER DISTRIBUTION

- Men 66% (2017: 68%)
- Women 34% (2017: 32%)

a number of initiatives in a number of factories that have made it possible for female employees to carry out the vast majority of job functions in the factories on an equal footing with their male colleagues. This has resulted in a considerable increase in the number of women employed at these factories, also from 2017 to 2018, and overall the number of women employed has increased from 28% in 2014 to 40% in 2018.

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 2018 there was one female board member elected at the AGM on the Board of Directors of DOVISTA A/S. There have not been any changes to the composition of board members elected at the AGM in the Group's other Danish units.

The objective is that the share of female board members elected at the AGM in DOVISTA A/S and in the Group's Danish companies will have increased by the end of 2020.

Election of a female board member 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.

Development of our employees and executives

In recent years and also in 2018, 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 organization, including the consumption of materials and energy, while 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. In addition, executives in the largest units of the Group are offered systematic continuous education, just as employees in production are offered systematic training activities in health and safety at the workplace.

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.

For example there is a summer outing in Poland every year for all employees and their families. Again in 2018 more than 4,000 took part in the event, including retired employees and children from a local children's home.

In DOVISTA's Danish units, there is extensive support for a variety of sports and physical activities, including sponsoring of employees who take part in major 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.

ENVIRONMENT

The environment and climate change

We strive to reduce the DOVISTA Group's CO₂ footprint and our environmental impact in general.

The main risks that the Group is exposed to in terms of having a negative impact on the environment and climate change relate to materials consumption, handling of materials - including waste handling and recycling - and the energy consumption and CO₂ emissions connected with production and transport. In addition, a considerable part of our impact on climate change relates to our customers' use of our solutions for facade windows and doors. As can be seen, the Group's impact on the environment and climate change is related to both our own production, to the impact of our suppliers, and to the impact of the finished products on the environment and climate change in the use phase. That is why the companies in the DOVISTA Group work determinedly with the environmental impact of our products throughout their life cycle.

- The total number of units produced increased by approx. 43% in the period 2010 to 2018, and from 2017 to 2018 by 2%.
- The amount of CO₂ emitted per unit produced has been reduced by about 32% since 2010.
- 44% of the total energy consumption of the DOVISTA Group in 2018 was covered by wood waste from our own production; in other words, 44% of the DOVISTA Group's energy consumption is carbon neutral.
- In the last 5 years, more than 91% of our total amount of waste has been reused or recycled.
- It should be noted that the figure for CO₂ emissions in 2018 has been affected positively by the geographic distribution of electricity procurement, which has increased the amount of carbon neutral energy considerably.

Buildings account for a major share of energy and resource 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 sustainable building and construction.

Windows and doors 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, the use phase and on recycling or disposal. And that is why we constantly 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 training 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.

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.

DOVISTA EXPECTS ALL
THE GROUP'S
COMPANIES TO:



work systematically with environmental issues

adopt standards and environmental certifications when
doing so adds value.

In recent years, DOVISTA has prioritized efficiency improvements in our distribution system, recognizing this as an area where we are able to make a substantial contribution towards reducing energy consumption and CO₂ emissions. Optimal logistics solutions remain high on our agenda, and we strive to continuously optimize our entire transport and distribution chain. Therefore VELFAC has established a structure that makes it possible to compact and consolidate products from different factories before making a delivery to the same customer. This consolidation reduces both internal transport to the distribution centres and the final distribution to the customers, thus reducing transport volume as well as fuel consumption. Regrettably we did not manage to achieve the planned saving, but we expect to achieve a 7% saving in 2019.

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 sheets, waste reduction, reuse and recycling are bound to become the new environmental performance targets in the long-term socially responsible operations of companies.

During the planning and construction phases of the DOVISTA Group's new factory in Lithuania, which started production in 2018, we worked according to a clear energy strategy implying that the factory would only use energy from renewable energy sources.

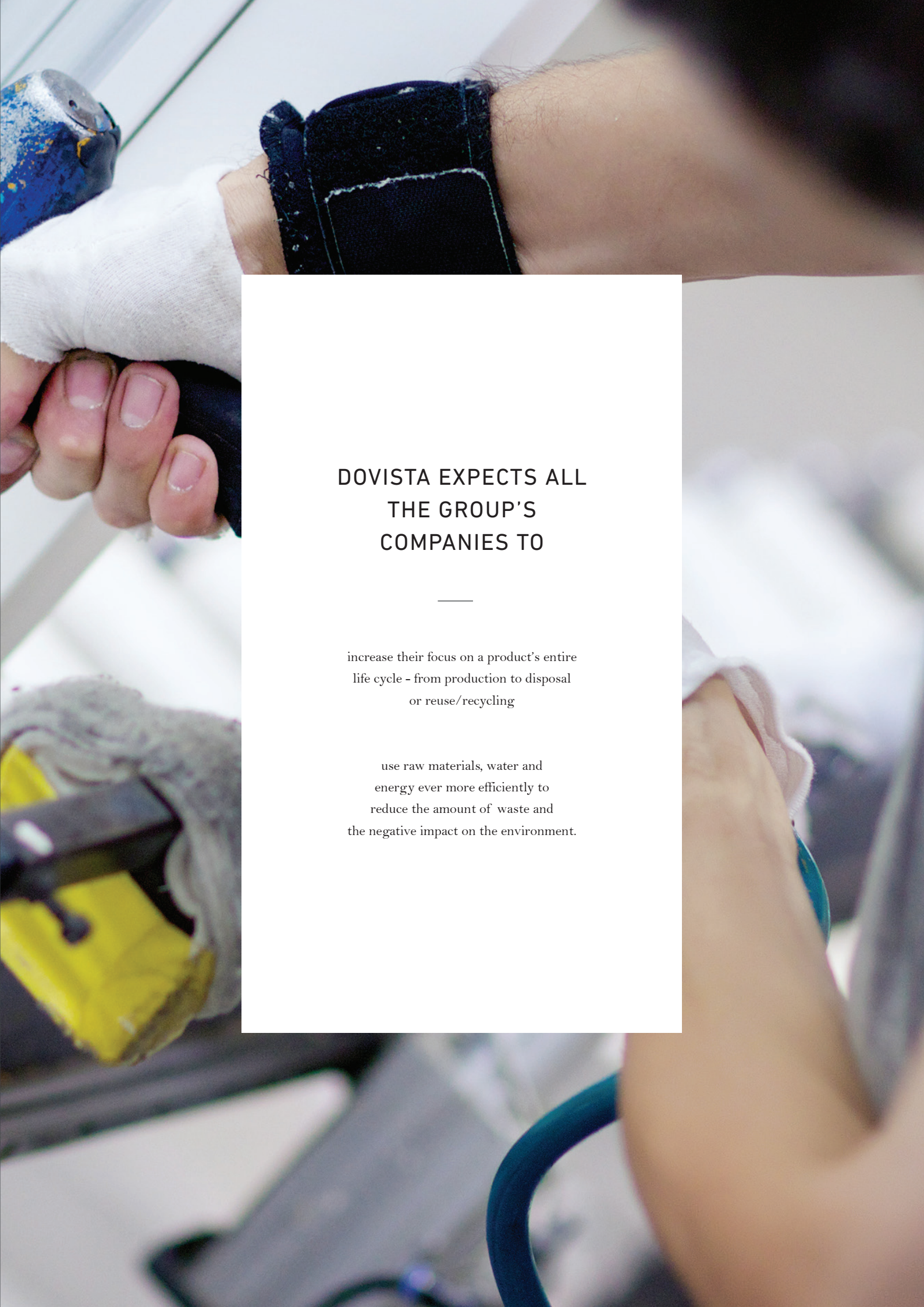
Information and documentation of environmental impact

As the threats to the environment and impact of climate change loom ever larger in people's awareness, a market potential in offering solutions to counter these problems is emerging. However, there has also been a strong increase in the marketing of products and services claiming to have special environmentally positive properties. Often the claims lack any evidence, or they are not sufficiently documented, and are therefore often dismissed as greenwash. In the last couple of years, DOVISTA has decided to act as a good role model for the industry and has taken the initiative to introduce industry EPDs (environmental product declarations), put the spotlight on Design for Disassembly, and most recently drafted and offered to building owners, consultants and construction companies complete documentation packages that make certification in accordance with DGNB, the Danish Green Building rules, easy to comply with. The construction industry has welcomed this DOVISTA documentation initiative, and throughout 2018 especially VELFAC has been pointed out in articles, at seminars and conferences as an inspiration and a model worth imitating.

Sustainability and indoor climate are product strategic focus areas

In 2018 we have continued working with our main product strategic focus areas, including sustainability and indoor climate. In Denmark, 2018 has seen a collaboration between two of the Group's largest companies and DOVISTA Innovation Centre to lay down the future product strategy for VELFAC and Rationel. The strategy has 5 main focus areas, two of which are sustainability and indoor climate. Within both areas, ambitious targets have been defined and the practical realization of them has started. One of the initiatives is a greater focus on chemicals, identification of unwanted or harmful substances, and a more systematic and easily accessible handling of sustainability data in general. The sales companies in DOVISTA have increased their focus on the ingredient substances of their products, resources have been dedicated at several stages in the Corporate Supply Chain to take the first steps towards a much simpler and safer documentation of the ingredient substances of our products. In the course of 2019, the work with documentation is expected to translate into recommendations as well as presentation of a strategy for our future handling of sustainability data.

Also the field of indoor climate has seen developments in 2018. In the preliminary work for the voluntary sustainability scheme, DOVISTA has helped draw politicians' attention to the problem of environmental noise or sound pollution – a problem that is on the increase but also a problem that can be solved relatively easily and with relatively few resources. In a market perspective, DOVISTA has acquired knowledge and manufacturing capacities that in the course of 2018 turned us into market leaders when it comes to handling traffic noise in housing.



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

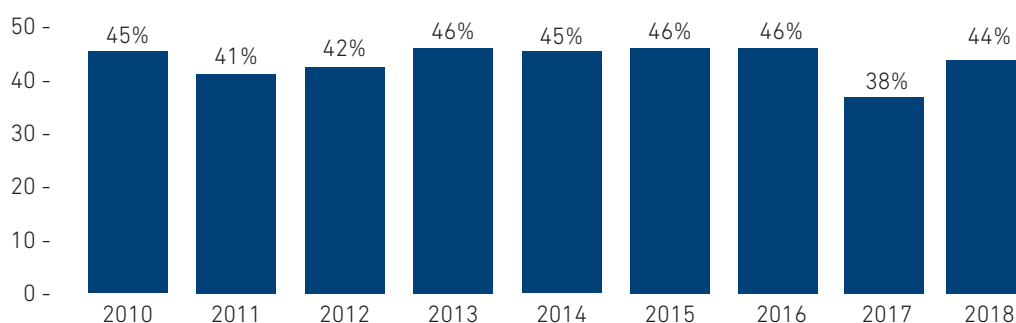
use raw materials, water and
energy ever more efficiently to
reduce the amount of waste and
the negative impact on the environment.

CO₂

The total number of units produced by the DOVISTA Group has increased by 43% since 2010. In the same period the total emission of CO₂ has fallen by about 3%. The amount of CO₂ emitted per unit produced has been reduced by approx. 32% since 2010. In 2018 the DOVISTA Group emitted a total of approx. 22,542 tons of CO₂. It is our objective to reduce the amount of CO₂ emitted per unit produced even further in the coming years.

Wood waste for heating

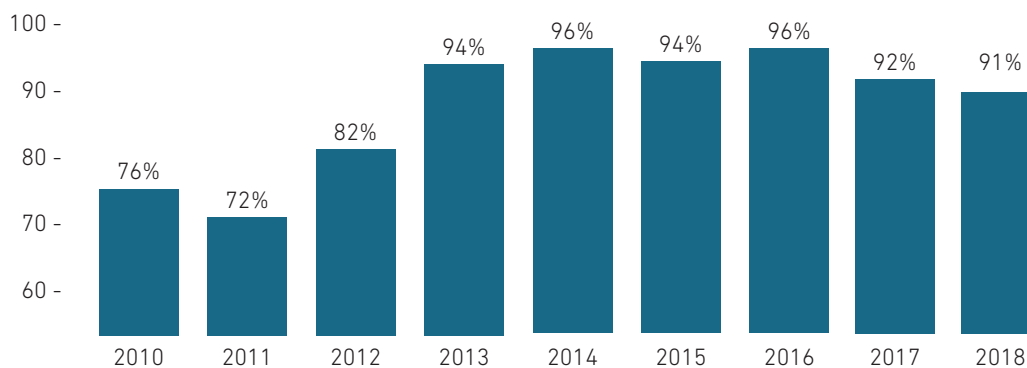
As far as at all possible, the units in the DOVISTA Group use wood waste from production to heat their premises. If more wood waste than required for their own heating is generated, the surplus is sold either as surplus heat or as wood waste to local heating plants. The share of the total energy consumption used for heating coming from wood waste from own production can vary from year to year, depending among other things on weather conditions. We have continued our efforts to increase the use of wood waste for heating and in 2018 reuse of wood waste amounted to 44 %.



SHARE OF TOTAL ENERGY CONSUMPTION FROM WOOD WASTE FROM OWN PRODUCTION FOR HEATING

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. Also in 2018 we have managed to secure a high reuse percentage. The share of waste that is recycled or reused has been more than 90% in recent years, and in 2018 the reuse/recycling amounted to 91%. We are trying to change the slightly falling trend, but take comfort in the fact that it has remained higher than 90% for 6 years running.



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. In 2018 the total share of wood from certified suppliers amounted to 88%, compared to 87% in 2017. For several units in the Group the share is 100%.

It is our objective that the share of wood from certified suppliers will grow in the coming years.

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.

Circle House

A substantial part of the world's consumption of resources and energy, waste production and negative environmental impact comes from buildings and building activities. Therefore the building industry must come up with new processes and business models to reduce its negative impact on Earth. One way of doing so is by working toward circularity in construction. Circle House is the world's first social housing project built on the principles of circularity. This means, among other things, that after 50-75 years of use, it will be possible to take apart the building and reuse up to a targeted 90% of the original materials, with very little reduction in their value. One of the primary objectives of the Circle House project is to develop and spread knowledge about circular building principles in the building industry, which is why more than 30 different companies across the entire value chain have agreed to work together. The DOVISTA Group is represented by VELFAC as a project partner. The objective of this project is to build a beacon based on circular principles, but also on market terms. Circular principles must be implemented in all aspects of the building, and the Circle House project is to serve as inspiration and motivation for others to start embracing to a much larger extent building and construction based on circularity and sustainability. A demonstration house of the world's first circular social housing building project was opened in late 2018 in Valby, in the Copenhagen area.

Creating and sharing knowledge - sustainable and eco-friendly building

To succeed in creating a building sector that has a less negative impact on the environment, it is all-important that we establish ambitious networks that are able to create, spread and share knowledge, inspire others and show the way towards sustainable, environmentally friendly and climate-conscious housing and construction practices. As DOVISTA has a lot of knowledge in these areas, it is only natural that we participate in a number of networks dedicated to doing exactly that. At the moment DOVISTA participates in the following Danish networks:

- Green Building Council - Komponent- og materialeudvalg (components and materials)
- Dansk Industri - Specialudvalg for Affald og Ressourcer (waste and resources)
- Dansk Industri Byg - Bæredygtighed (sustainability)
- Dansk Industris netværk for Cirkulær Økonomi (circular economy)
- Statens Byggeforskningsinstitut, følgegruppe, Forslag til Frivillig Bæredygtighedsklasse i BR (voluntary sustainability classification)



DOVISTA EXPECTS ALL
THE GROUP'S
COMPANIES TO

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.

A business like the DOVISTA Group, operating in many different countries and sourcing from a large number of suppliers, is inevitably at risk of involuntarily being complicit or used in corruption, bribery or other kinds of unethical behaviour. Therefore anti-corruption is an important aspect of our Code of Conduct for suppliers. In 2018 we have intensified our efforts regarding supplier compliance and introduced a scheme of monitoring and certification of suppliers.

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.

In 2018 we have in addition implemented a Whistle-blower Scheme that enables employees and other stakeholders to report suspicion of unethical behaviour anonymously.

A hand is shown holding a wooden peg against a background of a wooden building under construction. The building's structure is made of light-colored wood, with various beams and supports visible. The scene is brightly lit, suggesting a sunny day. The hand is positioned at the top center, with the thumb and index finger gripping the peg. The peg is a simple, rectangular wooden piece. The background is slightly out of focus, emphasizing the hand and the peg.

**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[®]