

VKR HOLDING A/S

# COMMUNICATION ON PROGRESS 2021

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## ABOUT THIS REPORT

This report supplements VKR Holding's 2021 Annual Report. It constitutes VKR Holding's 2021 Communication on Progress to the UN Global Compact and to the VKR Group's statutory report for 2021, cf. the Danish Financial Statements Act, section 99a.

The requirements relating to the Communication on Progress are addressed in the sections entitled, 'Letter To Our Stakeholders' and 'VKR Holding'.

The requirements of the statutory report, cf. section 99a of the Danish Financial Statements Act, are addressed in the sections entitled, 'What We Do' and 'The VKR Group'.

In this report, the name 'VKR Holding' refers exclusively to the parent company of the Group. The term 'business areas' refers to all companies in Roof windows & skylights and in Vertical windows. 'VELUX Group' includes companies within the business area of Roof windows and skylights, and 'DOVISTA Group' includes companies within the business area of Vertical windows. Finally, the name 'VKR Group' refers to both the parent company and the business areas combined.

## FRONTPAGE:

VELUX roof windows on a stone house built with traditional materials. Karst Region, Slovenia. Dekleva Gregorič Architects, Janez Marolt, 2021

# INTRODUCTION

- > 2021 overview
- > Letter to our stakeholders
- > What we do
- > Philanthropy

## CASE STORY

Cottage with Krone Oak windows beautifully situated in the dune landscape on Fanø, Denmark.

> [Link](#)



# 2021 OVERVIEW

## 2021 HIGHLIGHTS



Launch of KOMPAS, an early-stage venture capital fund focused on sustainability and technological innovation in real estate and construction



VKR Holding is committed to increasing the proportion of 'Thematic' investments that particularly focus on sustainability

# 3.1%

The share of 'Classic' investments was significantly reduced from 11.9% in 2020 to 3.1% in 2021. 'Responsible' and 'Sustainable' investments were increased accordingly:

	CLASSIC	RESPONSIBLE	SUSTAINABLE	THEMATIC
2019:	23.4%	38.5%	37.5%	0.6%
2021:	3.1%	57.1%	39.4%	0.4%

## 2021 HIGHLIGHTS



# 30th anniversary

To mark this occasion,

# 45

DKKm

was earmarked to a new grant area, 'Green Areas and Outdoor Life', for exceptional outdoor projects in the vicinity of the VKR Group's locations

# 2021 OVERVIEW (continued)

## 2021 HIGHLIGHTS

**VELUX®**



Power Purchase Agreement programme established to achieve 100% renewable electricity supply by 2023



**78%**

Share of renewable electricity increased from 39% to 78%



First forest project established in Uganda to capture historical carbon footprint and scoping of additional five forest projects around the world that also contribute to protecting and increasing biodiversity initiated

**DOVISTA®**  
windows and doors



**24%**

Reduction in CO2 emissions per unit produced



**37%**

At DOVISTA's largest production facility, work-related accidents fell by 37%



**18%**

Improvement in work-related accidents per one million production hours

# LETTER TO OUR STAKEHOLDERS

In **2021**, the VKR Group's products became even more relevant and VKR Holding established KOMPAS, a new venture capital fund for sustainable innovation.

This year's real-life stress test demonstrated our resilience. In the spirit of the Model Company Objective, we strived to treat our customers, our suppliers, our environment, and each other, better than most.

For the past 80 years, the VKR Group has brought daylight, fresh air and a better environment into people's everyday lives. Supporting the UN Global Compact is thus a natural extension of our business model. We are proud to actively commit to the Compact's Human Rights, Labour, Environment and Anti-Corruption principles, and to its Sustainable Development Goals.

The VELUX Group has probably the most ambitious climate strategy within the construction industry. Last year, the Group committed to becoming carbon neutral by

2030 and, in partnership with the World Wide Fund for Nature, to becoming lifetime carbon neutral by 2041.

This year, the VELUX Group's new 'Win Hearts and Mind' strategy included 'setting the standard in sustainable business' as one of its four main business priorities. This means that the company's growth targets are not deemed successful if its sustainability goals are not met. Building a green future is now everyone's business – from the board member to the employee.

The VELUX Group also leads the way by attempting to meet the Paris Agreement's goal of limiting global warming to 1.5 degrees and by signing up for the Science Based Targets initiative. At COP26, the CEO of the VELUX Group, David Briggs, outlined



Mads Kann-Rasmussen,  
CEO, VKR Holding A/S,  
Simon Klein-Knudsen, 2022

steps that businesses can take for a green transition. Meanwhile, the Group's 2021 'Build for Life' conference invited the industry to share best practices and paved the way for testing innovative solutions.

In 2021, the DOVISTA Group almost doubled in size. After completing two major acquisitions, it has become the largest Vertical window manufacturer in Europe. Now, it is busily calculating its new baseline so that ambitious environmental targets can be set for the new, much larger Group for 2030.

The DOVISTA Group's prospects for a green future are exciting. It is well-positioned to become a market leader on sustainability for Vertical windows and the buildings in which they are placed.

Meanwhile, the DOVISTA Group continued to pursue sustainability this year. Not including the new acquisitions, the original companies reduced CO2 emissions per produced unit and decreased accidents in their largest factory.

It is thanks to our employees and management groups that we achieved growth and made progress on sustainability despite ongoing supply chain challenges. With the world focusing on the need for better health and a better environment, demand for the Group's products continued to increase.

This year, VKR Holding established KOMPAS, an independent venture capital fund. Its pur-

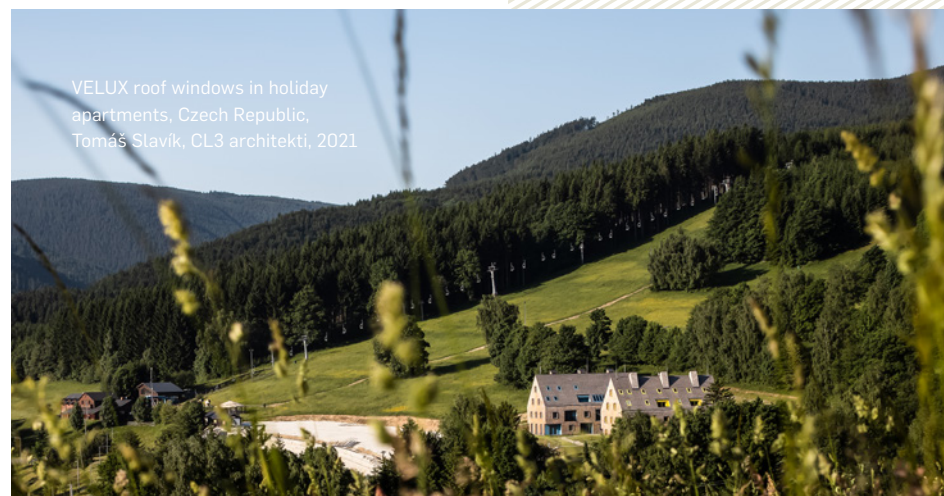
pose is to invest in start-ups that engage in sustainability and technological innovation in real estate and construction. KOMPAS attracted a top partner team in part thanks to the VELUX Group's stellar reputation and ambitious sustainability strategy.

We expect that KOMPAS will contribute greatly to the transition of VKR Holding's financial investment portfolio from 'classic' investments with no specific environmental focus, towards investments that are more green.

So far, 'classic' investments have almost been eliminated, which means that the majority of investments are now 'responsible' and 'sustainable'. This is cause for celebration. By 2025, we are aiming for at least 10% of our financial investments to be 'thematic', that is, with a particular focus on sustainability.

In completing its annual impact assessment, VKR Holding found no significant negative effects on the Sustainable Development Goals. In one piece of great news, this year's employee satisfaction survey confirmed that VKR Holding employees experience equal treatment and equal opportunity regardless of age, race, gender, religion or sexual orientation. Again, this is in alignment with the Model Company Objective.

The VKR Group's ownership and governance structure supports our green transition. As



a family and foundation-owned organisation, the business areas are given operational independence while a large percentage of the profits are returned to society. Such a structure allows the business areas to focus on long-term sustainable and financial returns.

We are aware that acting as a leader and communicating our targets opens up the potential risk of being accused of greenwashing. In the past, the Group tended to pick goals that we knew could be achieved. But now, the VELUX Group is focused on kickstarting its transition to green. As a result, it is publicly announcing targets for which solutions have yet to be invented. To mediate this risk, the VELUX Group has decided that its journey towards sustainability should include

measuring achievements with a similar level of certainty as used in its financial reporting.

At the same time, the VKR Group's ownership and governance structure could potentially generate complacency and lack of urgency. However, as long as we are aware of this risk and actively work to create positive change, we think that the future looks bright in every way. Expanded demand for our products increases our profits and allows us to seriously pursue sustainability. We hope that others will join us. We welcome the challenge.

*Mads Kann-Rasmussen*

Mads Kann-Rasmussen CEO, VKR Holding A/S

# WHAT WE DO

## BUSINESS MODEL

VKR Holding is a holding and investment company with the purpose of *improving living spaces*. The primary mission is to create value through the ownership of companies that bring daylight, fresh air and a better environment into people's everyday lives. It also manages a financial portfolio which follows an increasingly sustainable investment strategy.

**VKR Holding is a holding and investment company with the purpose of improving living spaces.**

In line with its purpose and primary mission, VKR Holding owns companies within the business areas of Roof windows & skylights and of Vertical windows and exterior doors.

VKR Holding also manages a portfolio of financial investments. The portfolio consists of listed shares and bonds as well as illiquid assets such as property, private equity and private debt. In addition, VKR Holding is a cornerstone investor in KOMPAS, an independent venture capital fund.

The VKR Group conducts activities in most of the world. Its largest business area is Roof windows & skylights. This area involves the development, production and sales of windows, and of accessories such as blinds, shutters and active digital products.

The Vertical window business area works with the development, production, and sales of windows and exterior doors in Europe.

VKR Holding engages in active ownership in relation to the business areas through the Model Company Objective, Group policies and its governance structure. Within this given framework, the business areas operate with a high degree of independence.

VKR Holding aims to generate the highest possible risk-adjusted return on investments. In 2021, it reinforced the goal of achieving a higher proportion of responsible investments in its financial portfolio. Specifically, the company committed to reducing 'Classic' investments, with no specific sustainability focus, to a maximum of 5% of the financial portfolio. Additionally, it committed to increasing the investment category of 'Thematic' investments, with a particular focus on climate change and sustainability, to be a minimum of 10% by 2025. In 2021,

the venture capital fund, KOMPAS was launched to aid in this development. To learn more, please visit:

> [www.kompas.vc](http://www.kompas.vc)

VKR Holding A/S has approximately 45 employees and is based in Denmark.

For more information about the responsible investment policy or VKR Holding in general, please visit:

> [www.vkr-holding.com/vkr/csr/](http://www.vkr-holding.com/vkr/csr/)

## THE INVESTMENT SPECTRUM

VKR Holding's investment policy is best illustrated by the 'investment spectrum'. It sets tangible goals for increasing the share of responsible investments over time. As shown in the model below, the investment spectrum has four categories: 'Classic', 'Responsible', 'Sustainable' and 'Thematic'.

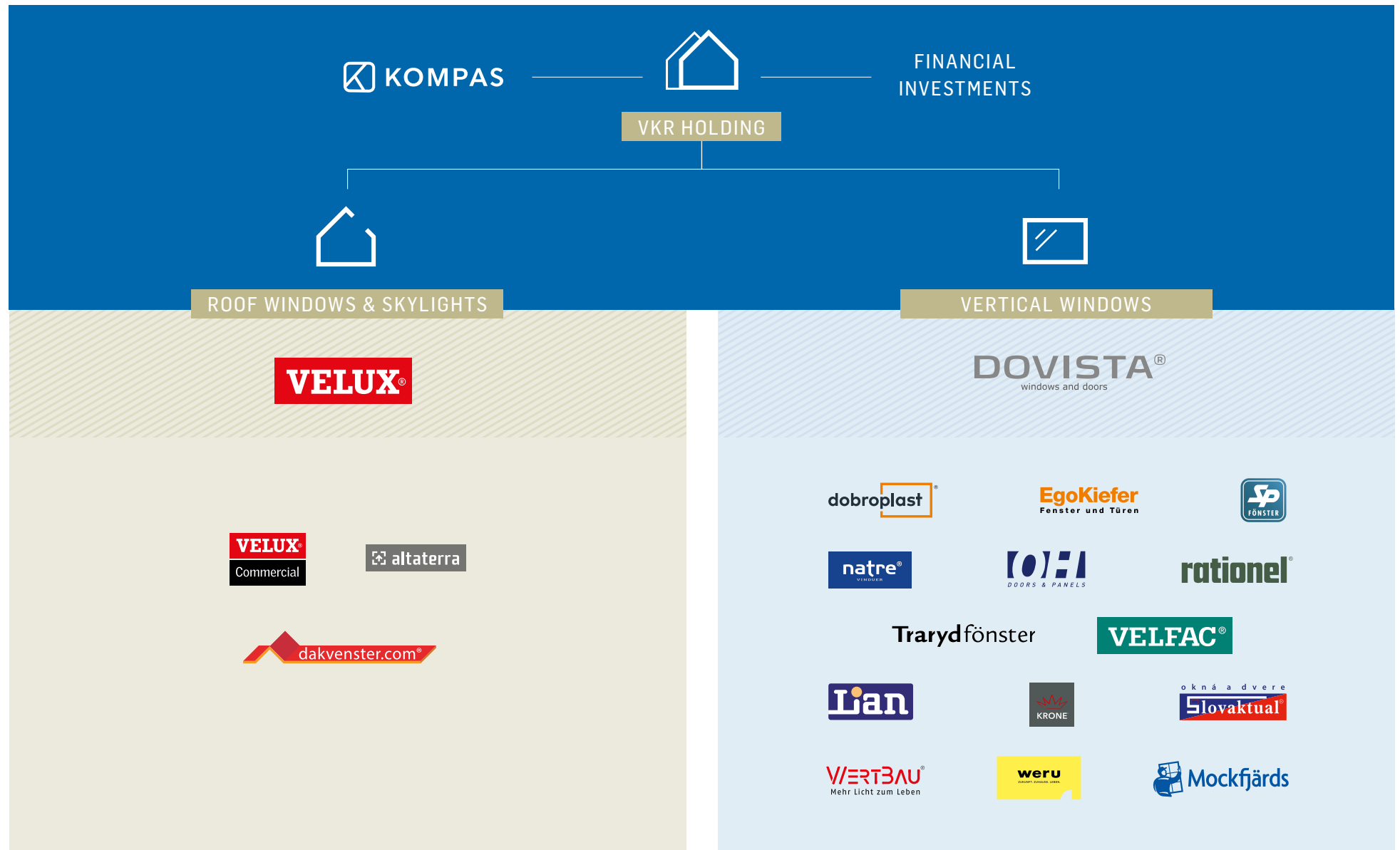
The primary purpose of investments in the 'Classic' category is to generate an attractive risk-adjusted return without a

specific focus on ESG factors. Investments in the categories further to the right, on the other hand, increasingly take ESG factors into account. While the 'Responsible' category employs ESG factors to minimise risk exposure, the 'Sustainable' category uses ESG factors to increase positive value. Finally, the 'Thematic' category includes investments with a particular focus on climate change and environmental sustainability.





# THE VKR GROUP AS OF 31 DECEMBER 2021



# SUSTAINABILITY MODEL

## MODEL COMPANY OBJECTIVE

The VKR Group strives to be a Model Company as envisioned by its founder, Villum Kann Rasmussen in 1965. The Model Company Objective guides the business activities and business strategies of all companies in the Group

## HIGHLIGHTED TARGETS



### VKR HOLDING

2025

'Classic' investment share, max. 5%

'Thematic' investment share, min. 10%

Min. 40% of employees reporting to a member of Management to be women



### ROOF WINDOWS & SKYLIGHTS

2030

Carbon neutrality (Scope 1 and 2)

50% reduction in the carbon emissions of the supply chain (Scope 3)

40% of senior management to be women

2041

Lifetime carbon neutrality (Scope 1 and 2)



### VERTICAL WINDOWS

2022

1st or 2nd market position in sustainability documentation and transparency

2023

100% recyclable packaging

Continued reduction of carbon footprint

The VKR Group's sustainability commitment is illustrated in the model above and is elaborated throughout this report.

As described in the model, the founder's Model Company Objective remains the guiding vision of the VKR Group. It should inform all decisions and initiatives. VKR Holding and the business areas are required to comply with legislation and regulation, as well as with VKR Group policy.

Within this model, the business areas have a high degree of independence to prioritise and direct their sustainability efforts appropriately. Selected targets of the two business areas are highlighted in the model.

In 2022, the VELUX Group and the DOVISTA Group will once again publish their own COP reports.

## GROUP-WIDE WHISTLE-BLOWER SYSTEM

In 2018, a group-wide whistle-blower system was implemented for any stakeholder to report infringement of legislation, regulation and VKR Group policies

## LEGISLATION, REGULATION & INTERNAL GROUP POLICIES

The companies of the VKR Group are obliged to comply with legislation and regulations, and adhere to VKR Group policies

# MODEL COMPANY OBJECTIVE

**Corporate Social Responsibility (CSR)** has been an integral part of the VKR Group's business strategy and business activities since the company's founding in 1941.

"The **purpose** of the VKR Group is to establish a number of **model companies**, which cooperate in an **exemplary manner**.

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 also **finance growth** and maintain financial independence."

The Group's CSR ambition was incorporated into the Model Company Objective by the company's founder, Villum Kann Rasmussen, in 1965. Since then, CSR has been the cornerstone of the values upon which all companies in the VKR Group are expected to act.

VKR Holding's mission is to own and develop companies that bring daylight, fresh air and a better environment into people's everyday lives. This mission makes sustainability a natural and important driver for all companies in the Group.

VKR Group's founder Villum Kann Rasmussen formulated the Model Company Objective, which has since served as a beacon for the VKR Group.  
VKR Company Archives, 1929

Villum Kann Rasmussen, 1965

# PHILANTHROPY

**Villum Kann Rasmussen** wanted to contribute to society. That's why he, and later his descendants established a family of philanthropic foundations. All of the foundations are directly or indirectly funded by the VKR Group. Each year, they return almost 90% of the dividends paid by VKR Holding back to society.

At the 30-year anniversary of the VKR Group in 1971, Villum Kann Rasmussen established the philanthropic foundation, VILLUM FONDEN, thus making it the majority shareholder of VKR Holding. Since then, Villum and his descendants established several other philanthropic foundations in Denmark and abroad. VILLUM FONDEN distributes the profits generated by VKR Group employees to the other foundations at times. This was the case in 2021.

Therefore, 2021 is not only the 80th anniversary of the VKR Group, but also the year in which VILLUM FONDEN celebrated its 50th anniversary, VELUX FONDEN its 40th, and the Employee Foundation and V. Kann Rasmussen Foundation their 30th. To mark this truly special year, the foundations, along with VELUX Stiftung in Switzerland and the

KR Foundation in Copenhagen, collaborated on several projects. The foundations and the descendants of the founding family agreed that sustainability and the environment should have a special place in the celebrations.

Because of the strong results in 2020, the VKR Group paid out an extraordinary dividend in March 2021. This made possible grants of a total value of almost DKK 2 billion for many great projects identified by the family of philanthropic foundations to commemorate the anniversaries.

In one of the many activities during the 2021 festivities, VELUX FONDEN funded a think tank dedicated to promoting a healthy maritime environment.

VELUX FONDEN's anniversary project 'Senior citizens with impaired vision' will generate new knowledge and networks to promote an active life for senior citizens with impaired vision.  
Shutterstock, Inside Creative House, 2020



THE VELUX FOUNDATIONS are comprised of Danish based VILLUM FONDEN and VELUX FONDEN. VILLUM FONDEN is the majority shareholder of VKR Holding. VILLUM FONDEN was founded in 1971, while VELUX FONDEN was founded in 1981. Since then, the foundations have granted approximately DKK 15 billion for scientific, environmental, social and cultural purposes in Denmark and abroad.

Read about the selected contributions of the Family of philanthropic foundations related to the VKR Group on the following pages. For further information about these foundations, as well as their sister foundations, please visit:

> [www.vkr-holding.com/fonde/](http://www.vkr-holding.com/fonde/)

## THE LARS KANN-RASMUSSEN AWARD GRANTED FOR THE FIRST TIME

To mark a long-standing collaboration with Lars Kann-Rasmussen, The Niels Bohr International Academy has established the Lars Kann-Rasmussen Award, which is given to a promising researcher.

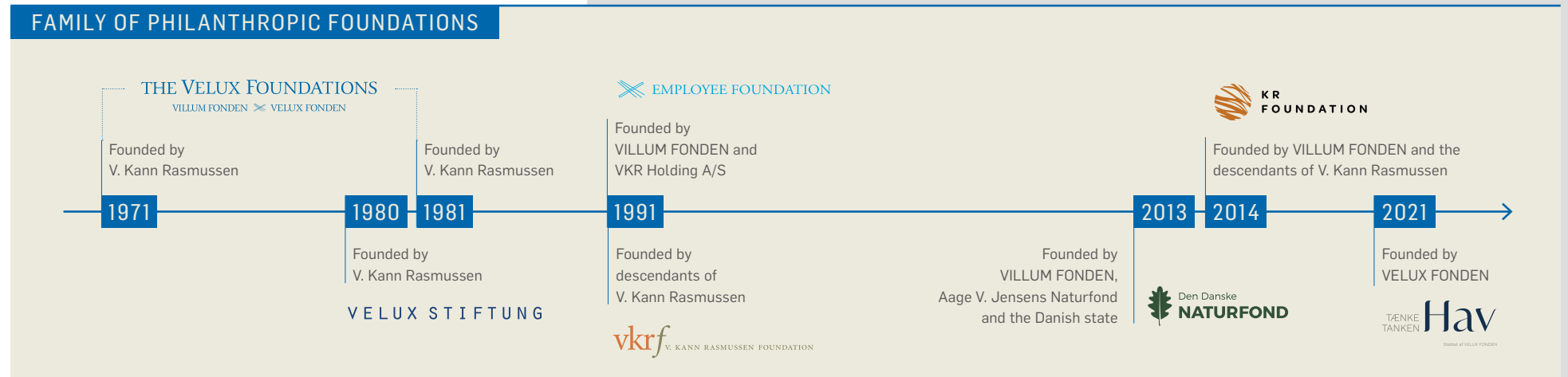
The first award was presented on Thursday, 2 December 2021, at the Niels Bohr Institute in Copenhagen and the recipient was the physicist Amin Doostmohammadi.

In connection with the award ceremony, a portrait of Lars Kann-Rasmussen was unveiled. The portrait is by the artist Mikael Melbye and is placed at the institute.



Lars Kann-Rasmussen at the Niels Bohr Institute in Copenhagen, Denmark, 2021

### FAMILY OF PHILANTHROPIC FOUNDATIONS



## CASE STORY

THE VELUX FOUNDATIONS  
VILLUM FONDEN × VELUX FONDEN

# VELUX FONDEN FUNDED THE MARITIME THINK TANK “TÆNKETANKEN HAV”

The maritime think tank, “Tænketanken Hav”, will serve as a focal point for work towards a clean, healthy sea and the sustainable use of its resources. Specifically, the think tank will gather knowledge and promote cooperation between businesses, citizens and decision-makers to restore the sea back to health.



Maria Reumert Gjerding, Chair of  
the Board of Tænketanken Hav,  
Christoffer Marott, 2021

**Maria Reumert Gjerding, Chair of the think tank, commented:**

If you dive just a little below the surface, you find that our sea is currently experiencing a deep environmental crisis. Eels and cod have gone from being some of the most common fish in Denmark to being critically endangered. Eelgrass and other plants are rapidly disappearing. We need to take action to avoid our sea ending up like an underwater desert.

There is fortunately strong awareness of the need for a green transition on land. But sadly, the crisis in the marine environment, which covers 70% of the earth's surface, is very much overlooked. That is why we need a think tank that puts all its efforts into the sea, and shows how we can get a blue transition underway.

We all have a lot to gain by taking better care of the sea. The sea serves as the blue

lungs of the earth, which can absorb huge amounts of CO2 if there is rich animal and plant life. A healthy sea means more fish and a better food supply in the future. Sustainable use of the sea holds huge potential for the business sector. And we can ensure that our children and grandchildren are also able to bathe and catch sticklebacks in a clean sea.

That is why we need a think tank that puts all its **efforts into the sea**, and shows how we can get a **blue transition** underway.



**Our approach** at VELUX FONDEN is always to create change through **dialogue** and **collaboration** between stakeholders and experts **across disciplines.**

### **BOARD WITH REPRESENTATIVES FROM BUSINESS, NGOS AND RESEARCH**

The board of the think tank is broadly composed. In addition to Maria Reumert Gjerding, marine scientist Katherine Richardson and Vice Chair Thomas Thune Andersen, who is also Chair of the Boards of Directors of Ørsted A/S and VKR Holding A/S, are also members. The think tank also aims to contribute to knowledge about business oppor-

tunities in the blue transition. It will be headed by Liselotte Hohwy Stokholm, a former director of Copenhagen Business Hub.

### **Chair of VELUX FONDEN, Lykke Ogstrup Lunde, commented:**

Our approach at VELUX FONDEN is always to create change through dialogue and collaboration between stakeholders and experts

across disciplines. We believe that the sea also urgently needs this. That is why we have taken the initiative to launch Tænketanken Hav, to serve as the voice of the sea and promote close cooperation between businesses, decision-makers and civil society in relation to the blue transition.

The idea behind the new think tank is one great example of ideas developed in the

interplay between foundations affiliated with VKR Group and with members of the founding family as one of the several anniversary projects. VELUX FONDEN allocated DKK 75 million to support the think tank for a period of at least five years.

# THE EMPLOYEE FOUNDATION

## GREEN AREAS AND OUTDOOR LIFE

In 2021, the VKR Group's Employee Foundation celebrated its 30th anniversary. To mark this occasion, DKK 45 million was earmarked for a new grant area, 'Green Areas and Outdoor Life'. The grants will be used for exceptional outdoor projects in the vicinity of the VKR Group's locations.

The goal is to allow employees, their families and local communities to spend more time outdoors so that they can enjoy nature and the innovative ideas showcased by the projects.

Enthusiastic employees and local organisations submitted 54 proposals to the new grant area. By the end of 2021, 16 projects were selected, representing 12 countries. Nearly 11,000 employees who work nearby will potentially benefit from the projects.

Next year, the new projects will be launched, ultimately benefitting many people, and bringing together employees and communities.

## HEALTHY HABITS CAMPAIGN

On 14 October, WHO's World Sight Day, the Employee Foundation commenced its annual proactive campaign, 'Healthy Habits'.

The focus was on eyesight, the sense organ with the most impact on quality of life. The campaign featured a digital vision test and relevant articles available on the website [www.eye-sight.org](http://www.eye-sight.org)

It also included grants related to eye health. For example, employees could receive a year of financial support to buy glasses for children whose eyesight is measured at a minimum of +/- 3.0.

### ABOUT THE VKR GROUP'S EMPLOYEE FOUNDATION

The VKR Group's Employee Foundation was founded in 1991. It provides grants to employees facing unfortunate life circumstances, for the education and training of employees' children, and for community projects located near VKR Group companies. In 2021, the Employee Foundation donated DKK 16.7 million in total to employees, their families, and non-profit community projects.

Enjoying 'Green Areas and Outdoor Life'.  
Daniel Jensen Visuals, 2021





## CASE STORY



# KR FOUNDATION SUPPORTS 'MAKE MY MONEY MATTER'

## How can people use their pensions to address climate change?

That is the question the UK-based organisation, Make My Money Matter (MMMM), wants you to contemplate. Supported by the KR Foundation, MMMM are calling for the trillions of pounds of UK citizens' pension funds to be invested in a way that addresses the climate crisis.

There is currently GBP 3.5 trillion allocated to UK pensions. A lot of this money is still invested in fossil fuels and is therefore actively inflaming the global climate crisis. But the British people want to change this: 68% of pension holders want their investments to actively help solve the climate crisis rather than to make it worse.

An analysis carried out for MMMM found that investments made by UK pension schemes enable the release of 330 million tonnes of carbon annually. That is more than the country's entire carbon footprint. It means that changing pension schemes is one of the most impactful actions an individual can take.

For the past five years, KR Foundation has supported a broad array of organisations such as WWF, 350.org, and Carbon Tracker, all of which work to make pension funds align their investments with the objectives of the Paris Agreement.

The newest addition to the foundation's grant portfolio, MMMM brings a strong people-centered approach to the table. With co-founder and film director, Richard Curtis ('Notting Hill', 'Love Actually'), and several experienced environmental campaigners on staff, MMMM has made much progress.

Put your money where you want **the world** to go. It's as simple and as **powerful** as that.

**Christiana Figueres,**  
Former Executive Secretary UNFCCC

Over 70 leading companies and organisations, including IKEA, WWF, Tesco, and Ernst & Young have committed to greening their pensions to ensure that their money supports sustainability.

Since MMMM's launch in June 2020, more than GBP 1 trillion in UK pension funds have been committed to carbon neutral targets.

For 2021-2022, KR Foundations is supporting MMMM with a grant of DKK 1.2 million.

### ABOUT KR FOUNDATION

The KR Foundation was established in December 2014 by VILLUM FONDEN and the descendants of Villum Kann Rasmussen.

Although based in Copenhagen, Denmark, the foundation works internationally and collaborates closely with THE VELUX FOUNDATIONS and the V. Kann Rasmussen Foundation.

The foundation's mission is to address the root causes of climate change and environmental degradation. Each year, approximately DKK 100 million is granted to projects that support this mission.



### 2022 TARGETS:

The focus will be on holding pension schemes accountable to their commitments. Campaign objectives include:

- Ensuring that leading UK Pension Funds begin to implement their commitment to be Net Zero
- Increasing consumer awareness and engagement on making money matter
- Mainstreaming Net Zero pensions as a core element of corporate sustainability

# VKR HOLDING A/S

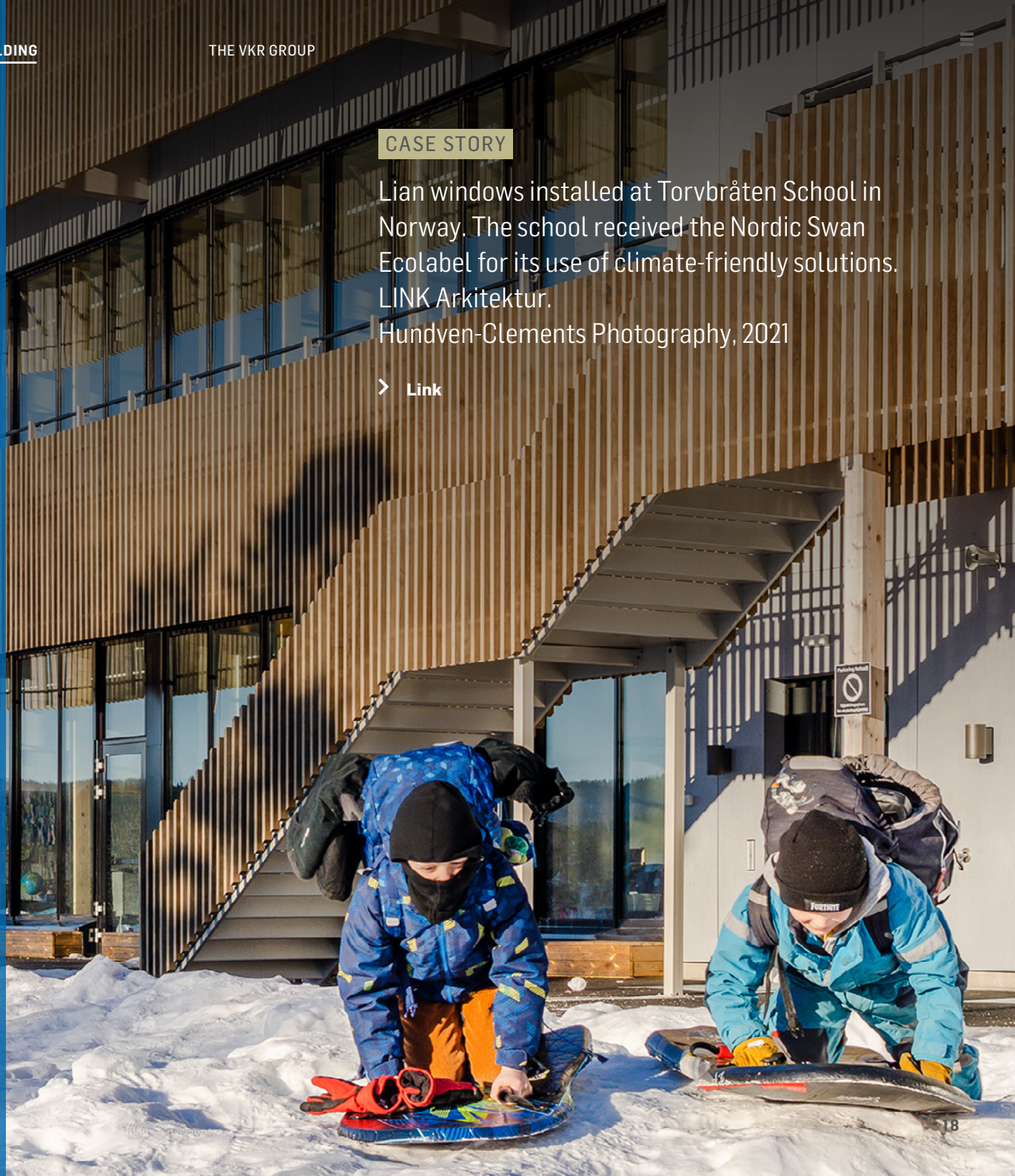
- > Human rights and labour
- > The environment
- > Anti-corruption

## CASE STORY

Lian windows installed at Torvbråten School in Norway. The school received the Nordic Swan Ecolabel for its use of climate-friendly solutions. LINK Arkitektur.

Hundven-Clements Photography, 2021

> [Link](#)



# VKR HOLDING UPHOLDS THE 10 PRINCIPLES

At VKR Holding's head office, all employees can glimpse the outdoors from their office window. Once outside, they can hold a walk and talk, sit down and take notes, or watch a local community member make honey near the apple orchard. This is one small way the company puts its commitments into action.

VKR Holding is an active participant in the UN Global Compact and is proud to contribute to its initiatives. The company is dedicated to upholding the Ten Principles embodied in the four issue areas of human rights, labour, the environment and anti-corruption, and it continuously strives to realise the Sustainable Development Goals.

The VKR Group has a major impact on fulfilling the Ten Principles. This is achieved by producing and selling products useful

to society in accordance with the Group's Model Company Objective. All business is governed by CSR principles and by the holding company's group-wide policies (see Appendix 1 for a full list).

VKR Holding also conducts a structured impact assessment of its own business activities in all four issue areas. This year, no significant direct negative impacts or risks were identified. This may be because, as a holding company, it has no sales or produc-

tion activities. The company continues to identify potential fields of improvement on an ongoing and regular basis.

In 2021, VKR Holding established KOMPAS, an independent venture capital fund that invests in start-ups engaged in sustainability and technological innovation in real estate and construction. It is expected that KOMPAS will help expedite the transition of the holding company's financial investment portfolio from 'classic' investments with no specific sustainability focus towards 'thematic' investments that particularly focus on sustainability.

Since it began implementing its responsible investment policy last year, VKR Holding has all but eliminated 'classic' investments. But it takes time to increase the percentage of 'thematic' investments which particularly focus on sustainability. At the moment, the majority of investments are categorised as 'responsible' or 'sustainable'. VKR Holding

The VKR Group has a major impact on fulfilling the **Ten Principles**. This is achieved by producing and selling products **useful to society** in accordance with the Group's Model Company Objective.

strives for the best possible return given the framework set by the board. But at the same time, VKR Holding strives to be a responsible investor. This means that it takes sustainability factors into account.

Also in 2021, the holding company further enhanced its human rights profile. For example, the VKR Holding Board of Directors approved a Data Privacy and Ethics policy for the entire Group.

VKR Holding continuously aspires to be transparent. All of its policies can be found on this webpage:

➤ [www.vkr-holding.com/governance/](http://www.vkr-holding.com/governance/)

In the table below key ESG figures for VKR Holding are included together with 2025 targets.

## ESG KEY FIGURES FOR VKR HOLDING

VKR Holding	Unit	2019	2020	2021	Target 2025
<b>Environment</b>					
Energy consumption	GJ	2,108	1,895	2,369	1,800
<b>Social</b>					
Gender diversity, percentage of women in the workforce	%	43	50	49	min. 40
Gender diversity, percentage of female employees reporting to a member of Management	%	40	38	38	min. 40
Absence due to sickness	%	4	2	2	max. 2
<b>Governance</b>					
Gender diversity, percentage of women on the Board	%	20	33	40	min. 40
Board meeting attendance rate	%	100	100	100	100
<b>Financial investments</b>					
External fund managers signed UNPRI rate, weighted	%	93	95	96	min. 95
Classic investment share	%	23.4	11.9	3.1	max. 5
Thematic investment share	%	0.6	0.5	0.4	min. 10

## EMPLOYEE SATISFACTION SURVEY



The 2021 employee satisfaction survey confirmed that employees experience equal treatment and equal opportunity regardless of age, race, gender, religion or sexual orientation. These results were identical regardless of the gender of the respondent.

## CASE STORY

VELUX Glazing Panels bring daylight to an 18th century Cornish jail to support the transformation into a luxury hotel.

> [Link](#)

# HUMAN RIGHTS & LABOUR

## POTENTIAL CHALLENGES

VKR Holding places a high priority on keeping its employees healthy and happy. This is only natural. Not only does the company want to attract and retain a talented workforce, it also depends on its employees to achieve company goals.

Further inspired by the Model Company Objective, VKR Holding strives to treat its employees – and the world – better than most. This year's comprehensive impact assessment did not reveal any negative impacts or significant risks related to human rights and labour.

## OWNER PRINCIPLES

VKR Holding believes that human rights must always be respected, including during times of crises. Accordingly, it has formulated the following owner principles that apply to the entire Group:

- Maintain zero tolerance for universal human rights violations.
- Operate under a code of conduct, including with suppliers, when relevant.

Part of the founder's vision is to treat employees of all categories better than most other companies. Towards this end, VKR Holding has formulated the following principles that apply to the entire VKR Group:

- Maintain zero tolerance of child labour.
- Continuously improve occupational health and safety.
- Create conditions and opportunities conducive to the personal and professional development of all employees.

VKR Holding supplies employees with a handbook addressing employee rights and responsibilities. Every employee is invited to an annual year-end discussion with their manager. In addition, it is VKR Holding's policy to provide comprehensive health insurance to every employee.

**This year, employment satisfaction was on par with comparable top performers once again.**

## 2021 OUTCOMES

VKR Holding strives to maintain a healthy and happy workforce. To help combat the effects of the corona virus pandemic, it expanded insurance coverage. One new addition is a well-being hotline with access to easy and quick personal advice. Employees were also trained in first aid.

The holding company continuously strives to maintain an excellent work environment and regularly conducts employee satisfaction surveys to monitor performance. This year, employment satisfaction was on par with comparable top performers once again. In one piece of great news, the 2021 employee satisfaction survey confirmed that employees experience equal treatment and equal opportunity regardless of age, race, gender, religion or sexual orientation. These results were identical regardless of the gender of the respondent.

The company once again reached its goal of a 100% participation rate in its employee satisfaction survey. Meanwhile, sick leave remained low, at 2% for the second year in a row.

To better face the corona virus pandemic, employees focused on improving their home offices. In 2021, the holding company offered to pay for relevant office & IT equipment.

VKR Holding is committed to putting human rights before profit. Its launch of the Data Privacy & Ethics policy has strengthened its

commitment. This year, VKR Holding's Board of Directors approved the Group Policy on Data Privacy & Ethics. The policy applies both a legal and ethical perspective of data processing in order to protect an individual's fundamental rights. Its overall policy is to comply with all national and international data protection regulations, including, but not limited to, the General Data Protection Regulation.

The following four data processing principles are addressed in the policy: accountability, full transparency, reporting and responsibility. For more information about the Data Privacy & Ethics Policy, please visit:

➤ [www.vkr-holding.com/governance/](http://www.vkr-holding.com/governance/)

## 2025 TARGETS

VKR Holding has set 2025 targets regarding gender equality which are shown in the table on page 20. It mandates that more than 40% of employees are women and that women reporting to management represent more than 40%. Moreover, the percentage of women on the board should be more than 40%.

In 2021, the percentage of women in the organisation was 50% and the percentage of women on the board was 40%, thereby fulfilling the targets. The percentage of women reporting to management is still to be fulfilled as it was 38% in 2021.

# THE ENVIRONMENT

## POTENTIAL CHALLENGES

The building and real estate sectors comprise the largest single contributor of carbon emissions in the world. Even though the VKR Group's products are carbon positive over their lifetimes, the Group is obligated to address its own impact. The business and the planet depend on it.

VKR Holding is doing its part by transitioning its financial investment portfolio to have a particular focus on sustainability. In 2021, the comprehensive impact assessment of the VKR Holding business activities did not reveal any negative impacts or significant risks related to the environment.

## OWNER PRINCIPLES

The VKR Group brings daylight, fresh air and a better environment into people's everyday lives. Environmental sustainability is thus a natural extension of the Group's business model. Towards this end, VKR Holding defined the following internal principles that apply to all of its companies:

- Evaluate and, if possible, reduce the environmental impacts of products using a lifecycle approach.



KOMPAS employees at the new dome of the Natural History Museum of Denmark. From the left: Summit Rosenberg, Nick Gosen, Talia Rafaeli, Sebastian Peck, Christian Bækgaard and Meg George. Carsten Andersen, 2022

- Minimise waste of raw materials in production and improve energy and water efficiency to reduce negative environmental impacts.
- Increase the usage of renewable natural resources in new products.

In addition, the VKR Group companies are expected to use their position and unique knowledge to influence external relations by:

- Endorsing relevant standards and environmental certification systems.
- Working systematically on environmental issues in the construction sector.
- Committing to improving the energy efficiency of buildings.
- Forming strategic partnerships which contribute to the development of new standards in eco-friendly construction and which influence the environmental agenda in general.

For its part, VKR Holding manages a significant financial portfolio. In March 2020, VKR Holding's Board of Directors approved its responsible investment policy. The policy sets tangible goals for gradually transitioning from 'classic' investments, which do not take sustainability into account, into investments that particularly focus on environmental sustainability.

The company monitors its progress by ensuring independent and professional external screening of the financial portfolio twice a year. VKR Holding's responsible

investment policy is available at the web site

> [www.vkr-holding.com/governance/](http://www.vkr-holding.com/governance/)

### 2021 OUTCOMES

In 2021, VKR Holding blew past a major target set for its responsible investment policy. The company nearly eliminated 'classic' investments with no sustainability focus. Today, 'classic' investments comprise only 3.1% of the total financial portfolio, while 'responsible' and 'sustainable' investments increased to 57.1% and 39.4%, respectively. This means that the vast majority of investments are evaluated according to ESG factors. The holding company's external fund managers are also committed to this transition and the managers representing 96% of the portfolio have signed the UNPRI.

This year, the holding company also launched KOMPAS, an independent venture capital fund that finances start-ups engaged in sustainability and technological innovation in the real estate and construction industries. The fund is positioned to invest DKK one billion over ten years in Europe, Israel and the United States.

It is expected that KOMPAS will contribute greatly to VKR Holding's transition towards 'thematic' investments that particularly focus on sustainability.

KOMPAS is one of a growing number of venture capital funds to support start-ups that are discovering, testing and industrialising

sustainable solutions in the building and real estate sectors. As a result, VKR Holding is not only in the business of reducing carbon emissions, it is also actively involved in finding solutions that support the green transition for the wider building industry.

In one small additional initiative, the holding company installed electric charging stations for cars at its head office.

### 2025 TARGETS

VKR Holding is fully committed to moving towards investments that particularly focus on sustainability. Its 2025 targets are to maintain 'classic' investments at a maximum of 5% and to increase 'thematic' investments to a minimum of 10%.

This year, the holding company also launched **KOMPAS**, an independent **venture capital fund** that finances **start-ups** engaged in **sustainability** and **technological innovation** in the real estate and **construction industries**.



# ANTI-CORRUPTION

## POTENTIAL CHALLENGES

The VKR Group owns and invests in goods, services and assets worldwide. All its business activities are subject to laws, regulations and contractual obligations, which can expose the company to the risk of misconduct. To mitigate this exposure, standard processes and guidelines are put in place to enable the entire VKR Group to identify risks and to promptly initiate corrective actions.

VKR Holding has a sizeable portfolio of financial investments and potential risks for bribery are effectively addressed by VKR Holding's established control mechanisms. Moreover, VKR Holding carefully reviews planned financial investments to ensure that they do not directly take place in countries which are on the EU list of non-cooperative countries (EU blacklist).

In 2021, VKR Holding's impact assessment of its own activities did not reveal any significant risks or any negative impacts related to anti-corruption.

## POLICIES

To comply with OECD Guidelines for Multi-national Enterprises, all Group companies and their business partners are expected to

regularly identify and prevent or mitigate the potentially adverse impacts of competition, corruption and money laundering. In case of an incident, the appropriate authorities must be informed.

To avoid corruption, the VKR Group has embedded a compliance culture within the entire organisation. All employees are bound by the VKR Group Anti-Corruption Policy, the VKR Group Legal Policy, the VKR Group Tax Policy and the VKR Group Competition Law Compliance Policy. These policies require all Group companies, to comply with all relevant international and/or national competition and anti-trust laws. The policies also contain guidelines for best practices to be applied in situations that can potentially violate anti-corruption legislation, regulation and policies.

Furthermore, compliance programs have been implemented, including e-learning programs, instructions and guidelines. To monitor compliance and to avoid illegalities, including cases of bribery, whistleblower systems have been set up in the VKR Group.

VKR Group CSR Policy covers all VKR Group companies. This year, the VKR Holding's

**In 2021, VKR Holding's impact assessment of its own activities did not reveal any significant risks or any negative impacts related to anti-corruption.**

Board of Directors reaffirmed its CSR policy, which it does regularly, and at least every three years.

## 2021 OUTCOMES

In 2021, VKR Holding launched its Sanctions Compliance project. The project affirms the VKR Group's commitment to comply with all applicable sanctions and export control regulations relevant to its global business operations.

Led by a newly-appointed Sanctions Compliance Officer, the project aims to map awareness and risk exposure, and later, to the extent relevant, to translate the Group's Sanctions Compliance policy into practical guidelines and training for its business operations.

Towards this end, a risk assessment was conducted to examine all business activities that are affected by sanctions compliance. Questionnaires were supplemented by interviews of relevant managers, employees and stakeholders.

The risk assessment process also raised awareness of sanctions compliance within the VKR Group as did Management Commitment Statements.

## 2022 TARGETS

Next year, VKR Holding plans to further implement the Sanctions Compliance Program. Among other actions, the holding company will draft guidelines and provide training to ensure future compliance.

# THE VKR GROUP

- > The VELUX Group
- > The DOVISTA Group

## CASE STORY



An interior designer shares how she **transformed** her home office from a gloomy cabin into a **light-filled haven**, with the clever addition of a **VELUX roof window**.

> [Link](#)



Abigail Ahern, interior designer at Vogue UK

# THE VKR GROUP'S AMBITIOUS PLAN TO SUPPORT THE SDG'S

**Due to VKR Holding's small size** and narrow scope, the opportunity to directly influence the SDGs is limited. The negative impacts are also relatively minor. On the other hand, the entire VKR Group has the opportunity, the obligation and the ambition to make a difference. The Group seeks to contribute to achieving the SDGs and to mitigating any negative impact.

In 2020, the VELUX Group launched an ambitious sustainability strategy for 2030 and beyond. The strategy, 'It's our nature', aims to be carbon neutral by 2030 and to be lifetime carbon neutral by 2041.

In 2021, the VELUX Group's new four-year business strategy, 'Win Hearts and Minds', made sustainability one of the four main business priorities. This means that the

company's growth targets are not deemed successful if its sustainability goals are not met.

After acquiring two large Vertical window companies in 2021, the DOVISTA Group nearly doubled in size. It is now the largest Vertical window manufacturer in Europe. Currently, the DOVISTA Group is on a journey to integrate the newly-acquired companies

and is busily calculating its baseline so that it can set ambitious green targets for 2030.

The VKR Group addresses climate-related risks and opportunities as an integral part of daily business. This is directly linked to its vision of bringing daylight, fresh air and a better environment into people's everyday lives. The Group seeks to capitalise on climate-related opportunities through the production of green products that showcase sustainable buildings and communities. At the same time, it seeks to reduce climate-related risks. For example, the Group is developing and implementing innovative technologies with lower carbon intensity to reduce the carbon footprint of the production process. The VKR Group also takes extreme weather conditions and other relevant factors into account when designing and constructing its facilities.

In accordance with the Model Company Objective, the VKR Group believes it is of utmost importance to reduce what is taken from the planet, to protect the environment and to treat all stakeholders better than most. It is also important for the success of the business areas to keep their lead positions in the building sector in terms of brand and reputation, and to attract and retain talented people.

## POTENTIAL CHALLENGES

The business areas face more or less the same challenges because they all operate in the built environment. Improving the indoor environment is very important. This is because people in the developed world spend most of their time indoors. Studies show that indoor air can be five times more polluted than outdoor air. For those living in damp and mouldy buildings, the risk of asthma and other respiratory diseases increases by 40%. As a direct consequence, approximately 2.2 million people in Europe alone, are diagnosed with asthma.

*Bringing daylight and fresh air into people's everyday lives*

A person's general well-being is improved by bringing fresh air and daylight into their lives. The risks of premature mortality from non-communicable diseases are reduced and so are deaths and illnesses linked to household pollution.

Through its products and solutions, the VKR Group has a significant positive impact on good health and well-being (SDG 3) and on sustainable cities and communities (SDG 11).

The Group is committed to these goals. It will continue to advocate for and to develop



VELUX employees Magnus Vølund and Carsten L. Bach, Østbirk, Denmark. Jesper Edvardsen, 2022

sustainable buildings through its business areas of Roof windows & skylights and of Vertical windows.

#### *Better environment and climate action*

The VKR Group has both a positive and a negative impact on affordable and clean energy (SDG 7) and on climate action (SDG 13). On the positive side, the VELUX Group and the DOVISTA Group provide energy-efficient solutions that reduce energy consumption in buildings. This is especially the case when older windows are replaced by the Group's modern and energy efficient products and solutions.

On the negative side, the business areas engage in manufacturing, which impacts the climate and the environment. Therefore, the Group continuously and actively strives to reduce its CO2 emissions.

#### *Safe and motivating working conditions*

The biggest threats to decent work and economic growth (SDG 8) are the risks of workplace accidents and of poor working conditions among suppliers. However, the VKR Group believes that only a minor potential risk exists in the area of forced labour and human rights. This is due to the Group's focus on respecting the fundamental rights of employees internally, as well as externally among its suppliers.

#### *Sustainable sourcing and waste management*

In order to support responsible consumption and production (SDG 12), the VKR Group targets three areas. These are the potentially unsustainable sourcing of raw materials, the inefficient use of raw materials/waste in production, and the use of substances that are hazardous to employees, consumers and the environment.

#### *Fair competition*

The VKR Group's impact on peace, justice and strong institutions (SDG 16) primarily relates to the risk of participation – also involuntarily – in corruption and bribery by suppliers.

One of the Group's many initiatives is that suppliers are required to sign a Code of Conduct that e.g. prohibits corruption and bribery.

To ensure justice and fair competition, the VKR Group has embedded a compliance culture within the entire organisation. All employees are bound by the following VKR Group policies: the Anti-Corruption Policy, the Legal Policy, and the Competition Law Compliance Policy. Furthermore, compliance programs have been implemented, including e-learning programs, instructions and guidelines – and to monitor compliance and to avoid illegality and cases of bribery, etc., the VKR Group has set up whistleblower system.

For the VELUX Group, specifically, there is an increased risk in relation to competition law. This is because the VELUX Group maintains a leading market position on several markets in the Roof windows industry. Compliance is enforced through several initiatives, including the requirement that all relevant general and sales managers sign an annual competition law compliance declaration. The declaration states whether there have been any issues of non-compliance to the signatories' knowledge. The signatories also declare that they have familiarised themselves with, and know the content of, the competition law compliance policy and the above-mentioned compliance program. A Group competition law compliance officer, the Head of Competition Law Policy & Compliance, reporting directly to the Group General Counsel, regularly assesses the program and its procedures.

The Head of Competition Law Policy & Compliance monitors and identifies potentially significant competition law issues in relation to company business activities. The Head advises on competition law matters, informs the VKR Group companies of significant changes in competition law legislation, and performs compliance reviews. The Head also trains directors, general managers, sales managers, and other relevant employees on competition law issues on an ongoing basis.

The VKR Group is a worldwide taxpayer. It believes that a responsible approach to taxes is vital. The VKR Group's commitment to the timely payment of all direct and indirect taxes supports several of the SDG's (including SDG 1 'No poverty' and SDG 4 'Quality education'). For several years, VKR Holding has voluntarily enrolled in a tax governance scheme with the Danish Tax authorities. Its goal is to increase transparency and knowledge sharing.

**2021 OUTCOMES**

The following sections highlight the VKR Group's 2021 performance according to selected SDGs for the VELUX Group and for the DOVISTA Group, respectively. This is supplemented by case stories which further detail the VKR Group's accomplishments.

More information will be available in the business areas' own Communications on Progress. Their reports will include Key Performance Indicators and other relevant results. The business areas report separately due to differences in priorities and impacts in relation to the SDGs.

For more information about the SDGs and underlying targets, please visit:

> [www.sdgs.un.org/goals](http://www.sdgs.un.org/goals)

**SDG IMPACT**



**THE VELUX GROUP'S SUSTAINABILITY STRATEGY MAINLY IMPACTS SDG 3, 11 AND 13**







**SDG IMPACT**



**THE DOVISTA GROUP'S SUSTAINABILITY STRATEGY MAINLY IMPACTS SDG 3, 7, 12 AND 13**











David Briggs, CEO,  
the VELUX Group.  
Christian Geisnaes, 2021

**VELUX®**

# THE VELUX GROUP

## THE VELUX GROUP CEO STATEMENT:

At VELUX, we know that working with others is key to reversing the climate crisis and we have established numerous partnerships to support our ambitious sustainability goals. We took the first steps towards reducing our scope 1 and 2 emissions through a Renewable Power Purchase Agreement programme that provides a long-term supply of renewable electricity with a high degree of additionality. This is part of our wider goal of achieving a zero carbon footprint – in our own operations. Added to this, we are working towards a 50% reduction in our value chain by 2030 and have made progress with key suppliers keen to do their part. We also started our carbon capture project with WWF that will capture the equivalent of the total carbon footprint of our company's operations between 1941 and 2041. To promote the development of sustainable buildings, we launched our 'Build for Life' concept. This is also done in partnerships and gives architects, builders and construction professionals a common language and framework to build sustainably for the benefit of people and communities everywhere.

**THE SUSTAINABLE DEVELOPMENT GOALS**

The UN Sustainable Development Goals (SDGs) outline a broad spectrum of global challenges, which companies can contribute to solving. To assess the impact of the VELUX Group's Sustainability Strategy 2030 on the SDGs, the VELUX Group mapped out the correlation between its targets and the SDG framework. This revealed that the VELUX Group contributes to 11 out of 17 SDGs. Of these 11 SDGs, the VELUX Group contributions to SDGs 3, 11 and 13 and their specific indicators are the most significant. That is why the VELUX Group has chosen to prioritise them in its sustainability strategy.

We are working towards a **50% reduction** in our **value chain** by 2030 and have made **progress** with **key suppliers** keen to do their part.

David Briggs, CEO

2021 HIGHLIGHTS



Power Purchase Agreement programme established to achieve 100% renewable electricity supply by 2023



**78%**

Share of renewable electricity increased from 39% to 78%



First forest project established in Uganda to capture historical carbon footprint and scoping of additional five forest projects around the world that also contribute to protecting and increasing biodiversity initiated



Illustration from the Build for Life Conference in 2021, where the VELUX vision for a more sustainable future for the built environment was discussed with more than 90 experts from around the world. Living Places Copenhagen will be the first practical example and showcase of the Build for Life concept. VELUX, 2021

# BRINGING DAYLIGHT AND FRESH AIR INTO PEOPLE'S EVERYDAY LIVES

By 2030, renovation projects are expected to double in order to meet the political ambitions in the Paris Agreement. Younger generations are increasingly driving this trend in their pursuit of sustainable and healthy living. The VELUX Group wants to be part of these projects – advising homeowners, optimising conditions for their well-being and helping them transform indoor spaces into favourite places.

The new VELUX Group strategy continues to express the most important value the VELUX Group delivers to its customers, 'daylight and fresh air'. What is new is that the VELUX Group intends to lead the way by setting the standards on sustainable business and that it has also altered its purpose to better reflect its role in society.



**2021 OUTCOMES**

In May 2021, the VELUX Group initially presented the 'Build for Life' concept at the Architecture Biennale in Venice, under the theme 'How Will We Live Together', in partnership with EFFEKT architects. Six months later, the VELUX Group held a 'Build for Life' conference in Copenhagen, where the VELUX Group officially launched 'Build for Life' and the 'Living Places' concept. VELUX 'Living Places' are communities that showcase the 'Build for Life' concept in full scale and provide inspiration and momentum for the development of sustainable buildings and solutions.

The fully digital 'Build for Life' conference was free, open to all and featured two stages, the Daylight Symposium and the Compass stage. The conference broadcasted from Copenhagen, London, Shanghai and Harvard, with more than 90 expert

VELUX Group is working with **stakeholders** throughout the **industry** to **expand** and **share knowledge**.

speakers from around the world, bringing together over 24,000 industry professionals to discuss how to leverage buildings to benefit the environment and improve quality of life.

Partnerships are key to achieving this target and, therefore, the VELUX Group is working with stakeholders throughout the industry to expand and share knowledge. One result of the partnership approach is Compass, a set of seven dimensions that inform and inspire building design processes through open conversations across the industry.

2021 STRATEGY STATEMENT

VELUX PURPOSE

Create **well-being** for people and planet by transforming spaces using **daylight** and **fresh air**



David Briggs and Ingrid Reumert from VELUX at COP26 in Glasgow, Scotland, 2021

## CASE STORY

## VELUX®

# 'BUILD FOR LIFE' IS A COMMITMENT TO IMPROVE WELL-BEING FOR PEOPLE AND PLANET THROUGH SUSTAINABLE BUILDING DESIGN

**What if we could live more sustainably**, with a greater sense of community and a stronger focus on health? These are some of the fundamental questions that the VELUX Group's new 'Build for Life' concept works to address.

'Build for Life' is both part of the VELUX Sustainability Strategy 2030 and an ambitious commitment to sustainability. It is founded on the understanding that the way we build today has an enormous impact on people and communities, as well as on the ecosystems that will sustain us tomorrow.

The new concept proposes design principles in the form of a compass for designers, city planners and building professionals along with suggestions for how to meet some of today's most pressing dilemmas. For example, buildings alone are responsible for around 37% of global CO<sub>2</sub>-e emissions (UN Global Building Alliance 2021) and 40% of the world's population need new homes (UNEP, 2015). At the same time, this

demand for new homes needs to be reconciled with the urgent goal to reach net-zero emissions before 2050 to curb the climate crisis.

## A COMMON LANGUAGE AND FRAMEWORK

These are some of the environmental dilemmas that the 'Build for Life' Compass aims to address. It gives architects, engineers and professional house builders a common language and framework they can use when approaching building design and construction.

In November 2021, VELUX held a 'Build for Life' Conference in Copenhagen to accelerate the vision of more sustainable strategies for the building industry. Over three days,

more than 90 speakers and participants from around the world came together to discuss how building design can incorporate greater flexibility, quality, affordability and can benefit the environment, local communities, and human health and well-being.

## MORE THAN A DESIGN CONCEPT

Referring to the new concept, Lone Feifer, Director of Sustainable Buildings at VELUX Group said, "Homes and communities should be centred around healthy and regenerative design principles in order to be optimal for both people and planet. 'Build for Life' is more than a design concept, it is a way of thinking and living."

## SDG IMPACT



### SDG 3

To ensure healthy lives and promote well-being for all at all ages



### SDG 11

To advocate for and demonstrate sustainable buildings

# BETTER ENVIRONMENT AND NEED FOR CLIMATE ACTION

In 2020, the VELUX Group launched an ambitious sustainability strategy, 'It's our nature'. The goal is to be carbon neutral by 2030 (scope 1 and 2) and lifetime carbon neutral in scope 1 and 2 by 2041. Furthermore, the Group will halve the carbon emissions from its supply chain (scope 3) by

2030. To deliver on these goals and in support of the Paris Agreement to limit global warming to 1.5 degrees Celsius, the VELUX Group has partnered with World Wide Fund for Nature (WWF) and signed up to the Science Based Targets initiative.

## CAPTURING HISTORICAL CO2

The VELUX Group works with WWF to capture our historical CO<sub>2</sub> through forest conservation



### 2021 OUTCOMES

*Reduce future carbon footprint*

The VELUX Group has launched two key programmes to reduce its scope 1 and 2 emissions. The Group's Renewable Power Purchase Agreement programme provides a long-term supply of renewable power with a high degree of additionality. In addition, the Energy Excellence programme focuses on global energy monitoring, increased energy efficiency in production companies, and on-site renewable energy production. The VELUX Group will take a fast-track approach by starting to apply the Energy Excellence programme to its factories with the highest energy consumption and emissions.

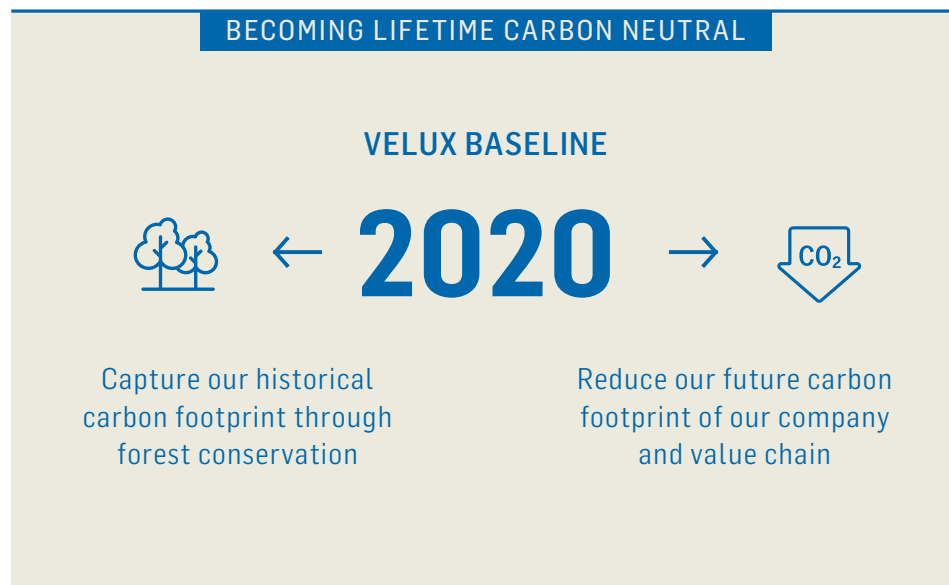
In 2021, two sub-programmes were also introduced. 'Design for Zero' aims to design new zero carbon equipment, processes and

facilities for VELUX Group's production companies. 'Buildings for Zero' focuses on reducing carbon emissions in and around new and existing premises and office buildings.

VELUX Group's carbon neutral target has a well-established governance structure for production companies. The next step is to introduce the structure to smaller VELUX sites.

In the VELUX Group, 94% of emissions are scope 3, of which 61% comes from direct purchased materials and 20% from indirect goods and services. The top four emission-producing materials are aluminium at 41%, metal at 13%, glass at 12% and electronics at 10%. In 2021, scope 3 emissions amounted to 2.1 million tonnes CO<sub>2</sub>e.

These estimates are currently based on industry standard carbon equivalents. Where



possible, they will be replaced by supplier-specific data. To date, the VELUX Group is working with 134 of its suppliers selected based on size and risk, to understand and document their carbon footprints in order to more accurately calculate the Group's scope 3 emissions.

During 2021, the VELUX Group identified opportunities for reducing emissions from product design and material choices and the potential reductions that can be achieved working with suppliers. The Group used the Carbon Footprint Calculation Tool to understand and reduce carbon in direct purchasing and involved its Advanced Material Technology department in identifying materials and solutions with lower CO2 emissions.

**CO2e (SCOPE 1 AND 2)**

Tonnes	2021	2020
<b>Scope 1:</b>	28.5	24.3
<b>Scope 2:<sup>1</sup></b>	45.0	42.1
<b>Scope 2:<sup>2</sup></b>	8.6	27.8

- 1. Location based
- 2. Market based

Scope 1 emissions have increased due to organic growth plus more complete energy data, including the addition of new energy types (propane and diesel for internal logistics).

Scope 2 emissions from our locations have increased slightly due to organic growth, whereas market based scope 2 emissions have decreased due to the additional purchase of renewable energy electricity certificates in Europe and North America. In total, scope 1 and 2 emissions decreased in 2021 compared to 2020.

*Capture historical carbon footprint*

In 2021, the focus of our 20-year partnership with World Wide Fund for Nature (WWF) has been to continue establishing a robust portfolio of a total of five high-impact forest and biodiversity projects in some of the world's most biodiverse landscapes.

Combined, the forest projects will be designed to capture approximately 5.6 million tonnes of CO2 – or the equivalent of the total carbon footprint of our company's operations between 1941 and 2041 (historical scope 1 and 2 CO2e emissions), including a 25% safety buffer.

This is in addition to our commitment to reduce CO2e emissions from our operations (scope 1 and 2) to zero and to halve emissions from our value chain (scope 3) by 2030. The first project is in Uganda and it moved into the early stages of the implementation phase during 2021. This phase includes third party validation of the project according to internationally recognised standards – Verified Carbon Standard and Climate, Community and Biodiversity Stan-



David Briggs alongside Maja Jakobsen, WWF Senior Advisor. Via & Co, 2020

dard (VCS & CCB), developed and managed by the organisation Verra<sup>3</sup>. This process will be completed in 2022, and it is expected that the Uganda project will deliver the first carbon capture results in the second half of 2022.

Initial work to commence a forest project in Myanmar was put on hold in 2021 due to the military coup in the country that made it impossible to proceed. In 2021, the scoping of an additional six forest projects across

three continents was initiated. These projects will follow WWF's new Blueprint for High-Quality Intervention<sup>4</sup> that Work for People, Nature and Climate. During 2022, three or four of the six projects will be selected for implementation, depending on whether the situation in Myanmar allows for the project to continue or not, thereby completing the planned project portfolio.

- 3 > [www.verra.org](http://www.verra.org)
- 4 > [wwf.panda.org](http://wwf.panda.org)

CASE STORY **VELUX®**

# GOING GREEN MEANS MOVING FULL SPEED AHEAD ON RENEWABLE ENERGY

The **VELUX Group** is working with Schneider Electric, a global leader in the digital transformation of energy management and automation, to source the equivalent of 100% renewable electricity by 2023.

It is also developing a global decarbonisation programme with zero-carbon action plans for each of the VELUX Group's factory sites to successfully reduce their energy use and to scale renewable capacity.

The global decarbonisation programme includes:

- Energy assessment of all VELUX Group factory sites resulting in the development and implementation of zero-carbon action plans
- Support for the VELUX Group's Energy Excellence programme in accordance with ISO50001, improving energy effi-

ciency activities, and expanding onsite renewable heating and electricity capacity to phase out fossil fuels

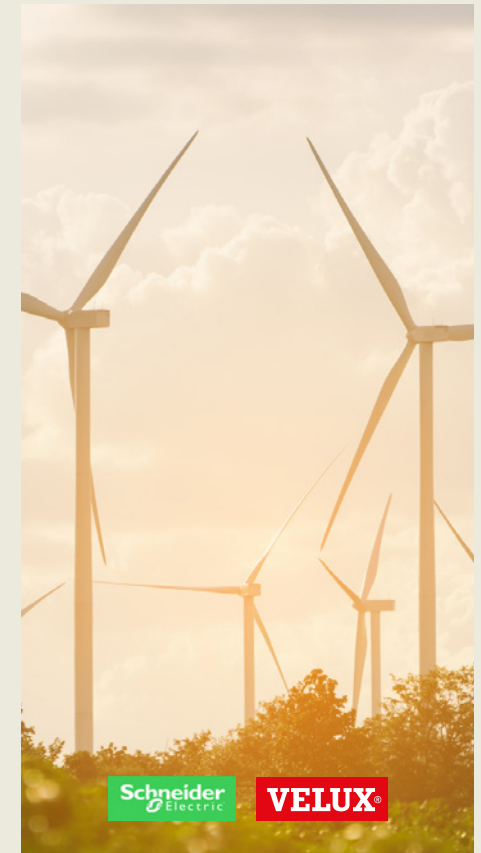
- Implementation of a global monitoring system to measure and analyse energy usage

### ENERGY EFFICIENCY IN PRODUCTION

The VELUX Group is piloting the zero-carbon action plan at two of the company's top energy-consuming plants. These plants account for approximately 25% of all energy used in VELUX production. Significant investments will be made at these sites to convert to renewable heating sources by installing heat pumps powered by green electricity and

using wood waste from certified (FSC/PEFC) forests produced on site. The Group is also investing in on-site solar photovoltaic energy installations and will continue to improve the plants' overall energy efficiency.

The VELUX Group is removing operational barriers to increase and prioritise our climate strategy and ambitions. This will enable the VELUX Group's ambition to be carbon neutral (scope 1 and 2) by 2030 and Lifetime Carbon Neutral by the Group's 100-year anniversary in 2041.



**SDG IMPACT**



**SDG 13**

Take urgent action to combat climate change and its impacts

# SAFE AND MOTIVATING WORKING CONDITIONS

The VELUX Group is striving for zero accidents by 2030. The Group has always prioritised safety. This is reflected in its outstanding safety record of being amongst the best companies within the industry.

The VELUX Group is determined to create and maintain a safe working environment. Progress is driven by its safety principles and values. For many years, the VELUX Group intensely focused on building and promoting a strong safety culture in its manufacturing plants and successfully reduced accident frequency. In other parts of the organisation, such as sales offices, the VELUX Group has launched a focused safety journey.

The VELUX Group believes time invested in safety has significant business benefits. This includes increased employee welfare and morale, cost reduction through the elimination of accidents, and improved productivity, work quality and delivery.

## 2021 OUTCOMES

In September 2021, the VELUX Group generated a consolidated safety performance report with data from 2019 through June

2021. This report establishes the baseline for its new target of zero accidents and identifies where the Group should focus for the coming two to three years.

The VELUX Group has integrated safety protocols into daily work processes through its initiative 'VELUX Vision Zero' and through the ISO 45001 standard.

### ACCIDENTS PER ONE MILLION WORK HOURS



In 2021, accidents per one million work hours was 2.6 compared to 3.1 in 2020. The scope in 2020 does not include Sales & Marketing employees in VELUX Residential because of insufficient documentation. Accidents in 2021 resulted in 0.50 hours of absence per 1,000 work hours compared to 0.41 hours in 2020. The minor increase is due to significant production ramp-up in 2021 alongside a steep employee increase.



Process operator Morten Bundgaard at VELUX in Østbirk, Denmark. Søren Solkær, 2021

In addition, the VELUX Group requires suppliers to sign the VELUX Code of Conduct for suppliers. The code represents a commitment to join the Group in respecting human and labour rights. Among other things, it prohibits all forms of child labour and all

forms of forced labour. It also safeguards employees' rights to the freedom of association and to collective bargaining, and requires suppliers to operate with care for and minimal negative impact on the environment.

CASE STORY



# CAPTURING OUR HISTORICAL CARBON FOOTPRINT

The first of five forest conservation and restoration projects in our 20-year commitment with World Wide Fund for Nature (WWF) is underway.

The 'Natural Forest Regeneration for Enhanced Carbon Stocks in the Albertine Rift' in Uganda will capture around one million tonnes of CO2. The project is the first step on the path to capture the historical carbon footprint of the VELUX Group's operations (scope 1 and 2 emissions) from 1941-2041, totalling 4.5 million tonnes of CO2, or 5.6 million tonnes of CO2 with a buffer included.

## PROTECTING AND ENHANCING BIODIVERSITY

The project spans 28,000 hectares in the Albertine Rift in Uganda, a biodiversity hotspot with tropical moist forests boasting thousands of plant and animal species. Despite most of Uganda's protected areas being concentrated here, agriculture, illegal timber logging and human settlement have led to significant forest degradation in recent decades. In the period from 2002 to 2020, the total area of humid primary forest in Uganda decreased by 13%; and the deforestation rates in the districts in which the Uganda project is located are even higher<sup>1</sup>.

This extensive 20-year forest restoration and conservation project, led by WWF-Uganda in partnership with Uganda's National Forestry Authority (NFA), will play a significant role in supporting the Ugandan government's efforts to return its natural landscapes back to 1990 levels. The project will contribute to the Government of Uganda's conditional Nationally Determined Contributions (NDCs). It includes planting trees to support natural forest restoration and addresses the causes of deforestation.

The carbon credits generated by the project will be immediately retired and donated to the Government of Uganda in support of Uganda's contribution to the Paris Agreement. This means that the carbon credits generated by the project cannot be used for off-setting of neither VELUX carbon emissions nor of any other organisations' emissions.

## ENSURING RESULTS

Developed through a participatory approach with relevant stakeholders on the ground, and in accordance with internationally recognised standards, the project will likewise be implemented in close collaboration with local authorities, civil society and communities. This will ensure ownership and buy-in from those stakeholders who are the custodians of the conserved and restored forests.

WWF Uganda will continuously oversee and monitor the landscape to ensure long-term sustainability of project interventions and adjustments, where needed, up until 2041. WWF Uganda will also determine the impacts of the project on carbon, biodiversity, local communities and individual households in the area, in accordance with the VCS & CCB standards. The development and continuous refinement of sustainability and exit strategies will ensure long-lasting benefits of the project beyond project closure.

1 > [Global Forest Watch](#)



VELUX & WWF Forest Conservation Project, Uganda, WWF Denmark - Jonas Lysholdt Eiderskov, 2021

## SDG IMPACT



### SDG 13

Take urgent action to combat climate change and its impacts

# SUSTAINABLE SOURCING AND WASTE MANAGEMENT

The VELUX Group's 2030 target is to achieve zero waste. The Group strives to improve material efficiency, bearing in mind its vision of zero production waste.

The VELUX Group's approach to sustainable sourcing and its expectations of suppliers are described in the VELUX Restricted Substances Management Standard (VRSMS) and the Code of Conduct for suppliers.

## 2021 OUTCOMES

The VELUX Group worked on defining a long-term waste reduction plan. The purpose is to enable even more sustainable waste management with a special focus on reducing non-utilised waste. Based on the current state of production, the plan will establish a system for global waste reduction.

In co-operation with relevant stakeholders, the VELUX Group also aimed to develop common sustainable solutions for waste minimalisation. It collected information about new waste handling methods and identified additional recycling opportunities.

Alongside these initiatives, the Group worked on the process by which it will consoli-

date data on waste handling. This is needed to ensure accurate data and to identify areas with the greatest potential. For example, while some production sites use data from invoices, others weigh waste before removal.

To enable better governance, the VELUX Group is investigating how to consolidate the greatly differing data formats and data measurement frequencies that are used throughout VELUX.

In 2021, 98% of waste from the Group's production processes was recycled or used as an energy source for heat generation.

Wood is a major component in VELUX products. During 2021, the VELUX Group conducted 76 supplier quality audits and 100% of all wood suppliers have signed the Group's Code of Conduct for suppliers.

In 2021, the VELUX Group maintained its high percentage of certified wood with 96% and continues to convince its suppliers to shift to FSC and PEFC standards.



VELUX Sonneborn, Germany.  
Jesper Westley, 2020





Allan Lindhard Jørgensen,  
CEO, the DOVISTA Group.  
Steffen Stamp, 2021.

DOVISTA®  
windows and doors

# THE DOVISTA GROUP

## THE DOVISTA GROUP CEO STATEMENT:

Our focus on sustainability is increasingly mirroring what we see in society. As sustainable window and door people, our work actively contributes to achieving sustainable impact and the United Nations Sustainable Development Goals. Good health and well-being are supported by our purpose of bringing daylight, fresh air and well-being into people's everyday lives. Our products provide the opportunity to capitalise on sustainable passive energy while ensuring energy efficiency in new and renovated buildings. Our strategic approach to sustainability also ensures sustainable consumption and production and contributes to climate action by setting important CO2 reduction targets to limit global temperature increases.

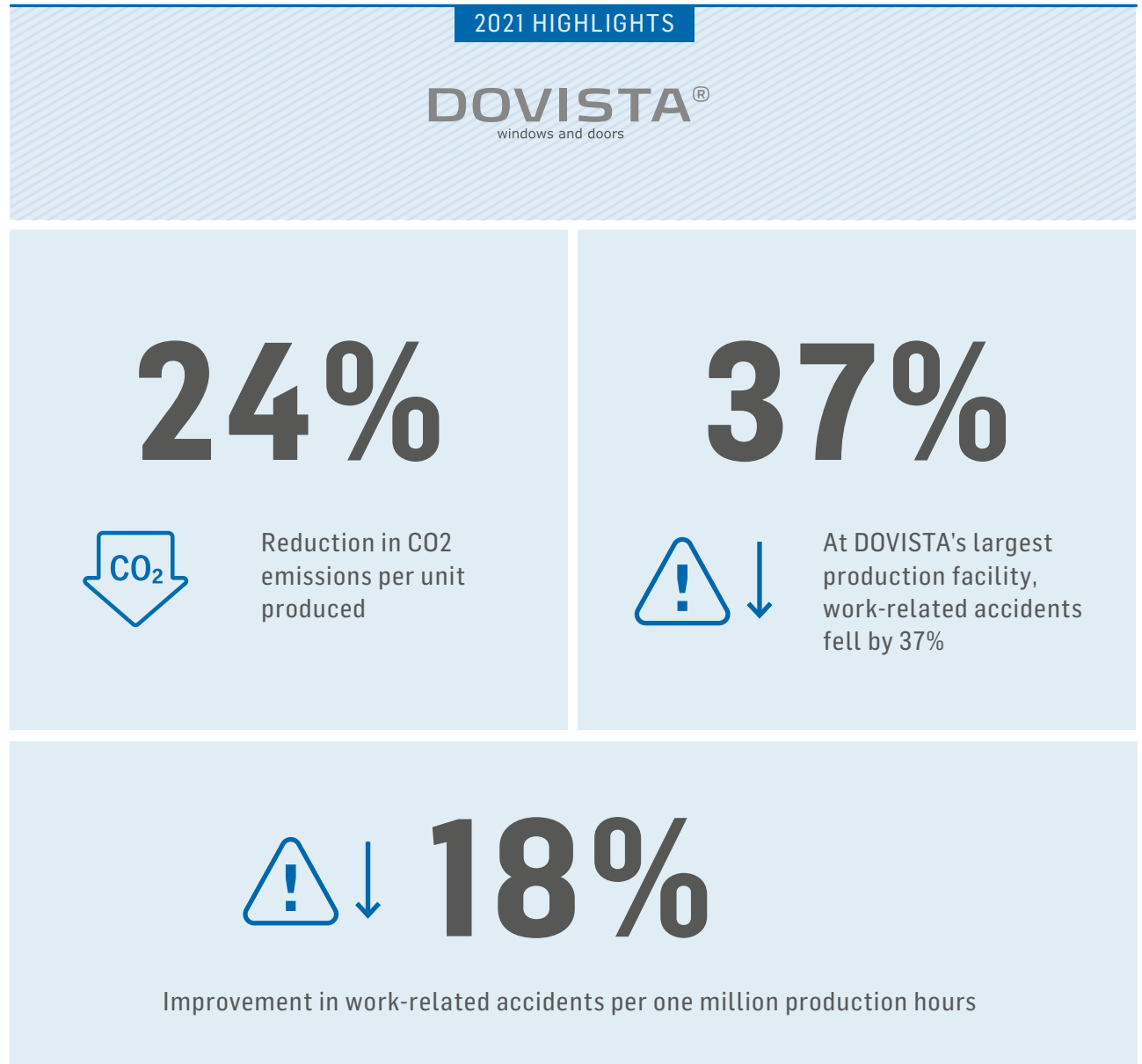
### THE SUSTAINABLE DEVELOPMENT GOALS

The UN Sustainable Development Goals (SDGs) provide a common platform to address pressing global challenges, and a blueprint for companies who want to take action and contribute to a more sustainable future for all. To assess our impact on the SDGs, the DOVISTA Group conducted a screening to identify how our activity most significantly contributes to these Global Goals for sustainability. Results show that we can most positively impact 13 out of 17 SDGs. Of these 13 Goals, our contributions to SDG 3, 7, 12 and 13, and their related Targets, are the most significant. These primary goals can also be identified in many of the projects that the DOVISTA Group is currently engaged in.

*NOTE: This section includes all brands and companies that were part of the DOVISTA Group before September 1, 2021. The Group is now in the process of aligning its goals and expectations within its extended organization. Through this alignment process, the DOVISTA Group will establish a new baseline and set new goals for 2023.*

As **sustainable** window and door people, our work **actively** contributes to achieving **sustainable impact** and the **UN SDG's**.

Allan Lindhard Jørgensen, CEO



# BRINGING DAYLIGHT AND FRESH AIR INTO PEOPLE'S EVERYDAY LIVES

The DOVISTA Group has always worked with products and solutions that live up to the mission of 'bringing more daylight, fresh air and a better environment into people's everyday lives'.

As a European market leader in the production and sale of Vertical windows and exterior doors, we are very aware of our responsibility to offer socially beneficial solutions. Our consultancy provides the foundation for a healthy indoor climate and lower energy consumption for both new and renovated buildings. We see it as a clear commitment to be our customers' most trusted partner in creating sustainable solutions.

## 2021 OUTCOMES

In 2021, the DOVISTA Group collaborated in the renovation of a historically preserved building in Denmark. The result was a better indoor climate for the residents and a more energy efficient building (please see the case story 'Energy Efficiency at Holsedore 18').

## CASE STORY DOVISTA®

windows and doors



A listed building from 1850 in Odense, Denmark. VELFAC, 2020

# ENERGY EFFICIENCY AT HOLSEDORE 18

A listed building in Odense, Denmark underwent an extreme renovation from an old school to modern apartments. Thanks to the use of VELFAC Classic windows, the building's style was preserved and the original expression of the building was taken into account. In fact, the renovation of the building's exterior is nearly invisible to the naked eye. Plus, the windows ensure a healthy indoor climate and robust energy efficiency.

CASE STORY **DOVISTA®**  
windows and doors

Holsedore 18 is a beautiful building from 1850. From the outside, it looks pretty much the way it always has. But inside, the story is quite different.

**CLASSIC WINDOWS MAKE THE EXTERIOR RENOVATION SEAMLESS AND ENERGY EFFICIENT**

The former girls' school was acquired by KC Byg in 2016. Because it is a listed building, the exterior appearance could not be altered. Therefore, great care was taken to retain the original expression of the building.

Although the external alterations are not immediately apparent, the renovation was extensive. Inside, 35 new apartments were built with unique details using sustainable materials. This also meant that strict requirements were set for the building's windows. The new windows had to preserve the building's style as well as provide a healthy indoor climate and enhanced energy efficiency.

VELFAC Classic windows met all the criteria. Produced with aluminium and certified wood, VELFAC windows use sustainable materials of the highest quality, which ensures responsible sourcing and low maintenance. The new windows also increase insulation. This reduces window condensation and noise from the surrounding area, thus promoting a healthy indoor climate for residents.



In fact, the VELFAC windows contribute to a total energy savings of 204 MWh per year. This is a savings equivalent to the average annual household heating consumption of 11 families in Denmark. Meanwhile, the total carbon emissions savings is 400 tonnes CO2 over a building lifetime of 25 years.

SDG IMPACT



**SDG 3**  
To ensure healthy lives and promote well-being for all at all ages



**SDG 7**  
Double the improvement in energy efficiency

# SUSTAINABLE SOURCING AND WASTE MANAGEMENT

The DOVISTA Group is dedicated to working on its strategic goal of conducting a responsible business. To support this the DOVISTA Group has an ambition of zero unutilised waste.

Moreover, through its Code of Conduct certification initiative, the Group ensures a healthy and sustainable supply chain in close collaboration with its suppliers.

In 2022, the Group aims to have 100% of its direct material suppliers sign its Supplier Code of Conduct.

## 2021 OUTCOMES

In 2021, the DOVISTA Group continued to work on minimising waste from production. It achieved the target of a 10% reduction in unutilised waste primarily due to limiting the packaging of finished products as well as reducing the amount of disposable packaging within the production process.

Moreover, the DOVISTA Group sourced 85% of its wood from certified suppliers in 2021, down from 90% in 2020. The Group plans to increase the share in the future.

In 2021, 80% of direct material suppliers signed the Supplier Code of Conduct and the Forbidden Substance List. In addition, 12% of Direct Material suppliers underwent a CSR Audit.

Over the past year, the DOVISTA Group has been integrating sustainability into its procurement process. In May of 2021, the Group aimed for 90% of its direct material suppliers to sign the Supplier Code of Conduct.

In 2021, the DOVISTA Group significantly changed its baseline and the size and breadth of procurement by targeting all direct suppliers, which expanded from 70 to 200 suppliers.

By September 2021, the DOVISTA Group almost doubled in size after finalising two major acquisitions. The Group is now in the process of aligning its goals and expectations within its extended organisation. Through this alignment process, the DOVISTA Group will establish a new baseline and set new goals for 2023.



Window Village, Poland, 2021

CASE STORY **DOVISTA®**  
windows and doors

# LEADING STAR HARMONISATION PROJECT

The DOVISTA Group is a business that achieved its market position through organic growth and the acquisition of local window companies in Europe. Because of this acquisition strategy, its product portfolio and supply chain have grown in complexity, even though customer needs are similar across countries. Thus, there is great potential for increasing sustainability by reducing the amount of resources required. This can be accomplished by streamlining processes and harmonising products to as simple a level as possible - always with local legal requirements, building traditions and climate conditions in mind. The work of realising this potential was initiated through a comprehensive harmonisation project called 'Leading Star'.

The ambition is to work with both back-end and front-end initiatives by creating commercial window variants based on a smart

and common product architecture that can be provided within a modern supply chain. The methodology is simple: simplification supports optimisation. The process is built around the modularisation of our product platforms, greatly reducing non-value-adding complexity. With less complexity, we move towards a higher level of standardisation, and in so doing, we support our common industrialisation journey. This approach will also allow us to more easily measure and align with sustainability specifications and certifications.

When the 'Leading Star' program is up and running, our aim is to positively impact several areas. With a significant reduction in the number of platforms, the simplification of product architecture will mean more resource efficiency and less resource waste. This work will also ensure a reduction in the quantity of materials required, while at

the same time increasing quality. In addition to reducing resources throughout production, a more flexible supply chain will mean optimisations with relation to both cost and the opportunity to work more robustly with sustainability.



EgoKiefer windows in house near Murtensee, Switzerland. Damian Poffet, 2020

**SDG IMPACT**

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

**SDG 12**

Ensure sustainable consumption and production patterns

# BETTER ENVIRONMENT AND NEED FOR CLIMATE ACTION

The DOVISTA Group is dedicated to reducing its CO2 emissions. In 2020, the Group changed its accounting practice in line with the GHG Protocol. This means that in calculating CO2 per unit produced, the Group now includes all production, offices and transportation fleets, and uses a location-based emissions factor. This new baseline resulted in an increase from 14.1 to 18.2 kg of CO2 per unit produced in 2020 compared to reported numbers in last year's report.

## 2021 OUTCOMES

In 2021, the DOVISTA Group began collaborating with Schneider Electric in order to reorganise all reporting processes in accordance with the Greenhouse Gas Protocol. The Group is working towards achieving the Paris Agreement's goal of being a net zero provider by 2050.

In the first half of 2022, the DOVISTA Group will focus on creating a new baseline for energy consumption and emissions. It will include the two large European window divisions acquired in 2021, which has nearly doubled the number of employees, product platforms, production sites and market coverage. The Group will use this period as

an opportunity to reassess its objectives and to connect them to a series of specific short and long term goals.

The comprehensive update of the DOVISTA Group's baselines also will enable target setting for a number of other climate and environment activities including waste management, packaging, resource consumption and water consumption.

## CO2e (SCOPE 1 AND 2)

Tonnes	2021	2020
Scope 1:	4.1	3.4
Scope 2: <sup>1</sup>	15.8	20.7
Scope 2: <sup>2</sup>	25.4	24.5

- 1. Location based
- 2. Market based

In 2021, the DOVISTA Group realised a satisfactory result in reducing CO2 emissions per unit produced by 24% to 13.9 kg per unit produced, down from 18.2 kg per unit produced in 2020.



VELFAC windows in refurbished summer house in Denmark. Inhouse Studios, 2020

CASE STORY **DOVISTA®**  
windows and doors

# CO2 REDUCTION: FROM ROAD TO RAILROAD

**SDG IMPACT**



**SDG 13**  
Take urgent action to combat climate change and its impacts



### TRANSPORTATION WITH TRUCKS

Previously, glass produced in Poland was transported by trucks. In addition to being CO2 intensive, this transportation method resulted in broken glass, spills and delayed deliveries to customers.



### COOPERATION WITH LOGISTICS SUPPLIER

Natre reached out to and established collaboration with their logistics supplier. Together they realized a method for transporting glass by train instead of using trucks.

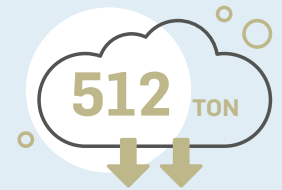
### INCREASED PREDICTABILITY

Transport by train has resulted in more predictable delivery times and thus improved production planning.



### CO2 REDUCTION

The solution that they settled on after testing involved glass being transported by train for the majority of the route, giving a 512 Ton CO2 reduction in 2021.



### BETTER WORK CONDITIONS

The improved predictability has consequently given the team in Natre better working conditions and less overtime.



### COST REDUCTIONS

Natre has experienced a 3 % cost reduction through the transition from trucks to train.

They have also started to use the logistics supplier as a transport partner for finished products, increasing capacity utilization.

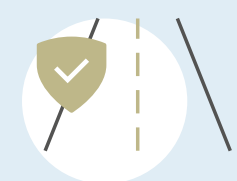
### WHAT NOW?

Natre and their logistics supplier will continue collaborating to find greener solutions for Natre's transportation needs.



### RESOURCE REDUCTION AND SAFER ROADS

By reducing glass breakage and removing thousands of trucks from the road each year, the new transport method will also result in a resource reduction and safer roads.





# SAFE AND MOTIVATING WORKING CONDITIONS

The DOVISTA Group has formulated and implemented a 'Work Health and Safety' policy. The Group's efforts to provide healthy and safe workplaces emanates from its goal of being a responsible business and from the Model Company Objective. A high priority is to reduce work-related accidents.

## 2021 OUTCOMES

In 2021, there was a 18% improvement in work-related accidents per one million working hours in the DOVISTA Group as compared to 2020 and the largest production facility went from 19 to 12 accidents in the past year, an improvement of 37%.

### ACCIDENTS PER ONE MILLION WORK HOURS IN PRODUCTION:



In 2021, work-related accidents led to 0.70 hours of absence per 1,000 production hours down from 0.83 hours in 2020.

To help implement its long-term objective of zero accidents, the DOVISTA Group established a central Health, Safety and Environment (HSE) function. Its purpose is to facilitate on-site responsibility by securing data reliability and transparency, while at the same time helping to coordinate the sharing of valuable information across the entire DOVISTA Group.

Such coordination is a high priority because the Group is also in the process of welcoming many new colleagues. The HSE and Quality departments therefore joined forces to create a central QHSE function capitalising on the strengths of the Quality organisation.

Since accident prevention is a key goal, the DOVISTA Group will systematise communication after every accident and relay this information to all relevant sites. The purpose is to raise awareness and to trigger preventative actions through a best practice approach.

To support managers and secure data transparency, the DOVISTA Group developed HSE Cockpit, a tool for the efficient monitoring of all reported accidents and their subsequent actions.

The Group is formulating a clear medium-term strategy to further its objective of having zero accidents. This will ensure both continuous health and safety improvement in response to pre-existing working conditions, as well as provide the right investment support for preventative measures.

This journey began with the DOVISTA Group's largest production facility where a 2025 strategy to reduce accidents is in place. The ability of the supply chain operations to adhere to HSE policy was further assessed in Denmark, Norway, Sweden, Lithuania and Poland. This led to an improved plan which is being rolled out and will be reviewed periodically within the HSE organisation.



# APPENDIX

- Appendix 1: List of VKR Group policies
- Appendix 2: Reporting principles



VELUX 2in1 roof windows, Atlanta, USA,  
MoMo Productions, 2020

# APPENDIX 1: LIST OF VKR GROUP POLICIES:

The following 17 Group Policies, and 1 sub-policy, apply to the VKR Group. These policies cover areas that are important or critical to the entire VKR Group. The policies apply to all companies ultimately owned or controlled by VKR Holding. Some of the policies, including the CSR Policy, also extend to business connections of the VKR Group.

- Anti-Corruption Policy
- Cash Management Policy
- Communication Policy
- Competition Law Compliance Policy
- Crisis Management Policy
- CSR Policy
- Data Privacy & Ethics
- Dividend Policy
- Financial Information Policy
- Foreign Currency Exposures Policy
- Insurance Policy
- IPR Policy
- Legal Policy
- Risk Management Policy
- Sanctions Compliance Policy
- Tax Policy
- Transfer Pricing Policy
- Policy on the Prevention of Facilitation of Tax Evasion (sub-policy of the Tax Policy)

The Group Policies support the economic sustainability of the Group, the Ten Principles of the UN Global Compact initiative and the UN's Sustainable Development Goals.

In 2020, the board of VKR Holding decided to make the above-mentioned policies public. They can be found at this webpage:

> [www.vkr-holding.com/governance/](http://www.vkr-holding.com/governance/)

## APPENDIX 2: REPORTING PRINCIPLES:

The report covers the period 1 January 2021 – 31 December 2021.

### Environment:

*KPI: Energy consumption (GJ)*

Quantities consumed in the production process and in other areas. Energy is measured as fuel consumption converted into Giga Joule (GJ), based on applied standards. Reported number should correspond with what is consumed during the reporting period.

*KPI: Greenhouse gas emissions CO<sub>2</sub>e (tonnes)*

Scope 1: Direct emissions from owned or controlled sources.

Scope 2: Indirect emissions from the generation of purchased energy. Location based emissions are calculated as average emissions factors that relates to the grid on which energy consumption occurs. Market based emissions are calculated as residual mix emission factors taking into account the purchase of Renewable Electricity Certificates or Renewable Energy Guarantees of Origin.

Scope 3: Includes all other indirect emissions that occur in a company's value chain. The VELUX Group reports on 11 out of the 15 defined scope 3 categories defined in the Green

House Gas Protocol. The four omitted categories have been deemed to lack relevance for the VELUX Group. The four omitted categories are processing of sold products, downstream leased assets, franchises and investments.

*KPI: Consumption of certified wood as a percentage of total consumption of wood*  
Certified wood is defined as sourced wood certified according to PEFC or FSC standards. That means how much of the wood comes from forest managed by replanting to make sure, that what is cut down is being replanted.

*KPI: Total waste recycled (%)*  
Share of production waste recycled or reused. Recycled quantities are those sent to a certified service provider for recycling.

### Social:

*KPI: Accidents per one million work hours*  
A work-related accident is only included if the employee was required to take at least one full day of absence.

*KPI: Numbers of hours of absence per one million work hours*  
The numbers of hours of absence are related to accidents. Hours of absence are only included if the accident implied that the employee

was absent for more than one additional day than the day the accident occurred.

For the VELUX Group, all accidents and work hours are included (white- and blue-collar). For the DOVISTA Group only production (blue-collar) accidents and production hours are included.

*KPI: Percentage of women in the workforce*  
The ratio between total number of female employees compared to the total number of employees.

*KPI: Percentage of female employees reporting to a member of Management*  
The ratio between total number of female employees reporting to a member of the management compared to total number of employees reporting to a member of the management.

*KPI: Absence due to sickness*  
Number of days employees are absent from work due to sickness.

### Governance:

*KPI: Percentage of women on the Board*  
The ratio between total number of female board members compared to the total number of members on the Board of Directors.

*KPI: Board meeting attendance rate*  
The ratio between the number of attended Board meeting by all Board members compared to the total number of Board meetings during the year.

### Financial Investments:

*KPI: UNPRI-signed external fund managers (%)*  
The ratio between externally managed assets for which the UNPRI agreement has been signed compared to total externally managed assets.

*KPI: Classic investment share*  
The ratio between assets managed in investments without a specific focus on ESG factors compared to total assets under management.

*KPI: Thematic investment share*  
The ratio between assets managed in investments with a particular focus on climate change and environmental sustainability compared to total assets under management.



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