



COMMUNICATION ON PROGRESS 2022

Statement by the CEO to the Stakeholders

Our continued support of Human Rights

Altaterra continues to support the United Nations Global Compact (UNGC) Ten Principles and embraces the positive contribution business can make to create a more prosperous and socially and environmentally sustainable world. We remain fully committed to the Ten Principles of the Compact, and to making a social contribution to our employees and to the local environments they live in. We will strive continually to do our business with respect for the environment, human rights and with the highest standards.

Our commitment to sustainability and the environment

Because we use natural resources in the production of our products, we are very conscious of the impact our activities have on the environment, our carbon footprint and our social responsibilities. As part of this, we have developed a WeCare Sustainability Strategy which defines how we will operate over the course of the next 10 years. The ambitious goal is to be carbon neutral within 8 years (2030). We will be switching to 100% renewable energy for all office premises, striving for zero emissions from company vehicles and reducing our business-related air travel by 30%. We will also continue to operate in line with our Chain of Custody FSC certification.

We are proud to be part of the UN Global Compact and are committed to continue to respect human rights and the environment.



Krzysztof Dudek

Chief Executive Officer, Altaterra Kft.

July 2022



Contents

Altaterra at a Glance	4
Whistle-blower policy	4
Human Rights	5
• Human Rights	5
• Labour Standards	6
• Environment	7
• Anti-Corruption	8
The Environment and Climate Change	8



Altaterra at a Glance

Altaterra manufactures and delivers roof windows and is also a market leader in private label product offers, addressing the middle and low segments. We run over 35 private label brands and we own Dakea & RoofLITE+.

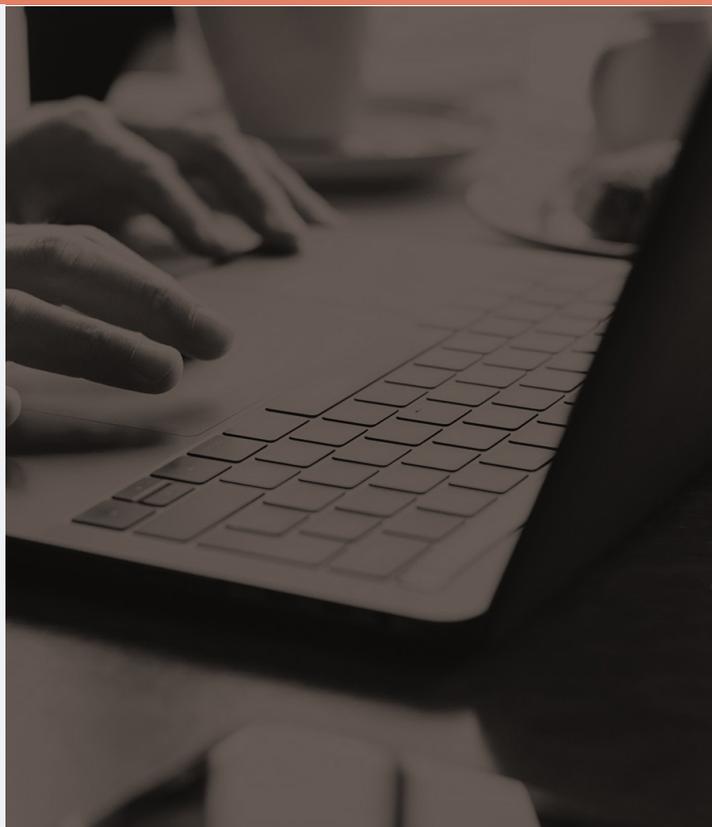
Our mission is to make roof windows affordable and make daylight and fresh air available to everyone, so that more families can enjoy well-being and a healthier life at home. We've been successfully doing so for 20 years.

Altaterra is part of the VELUX Group yet operates as an autonomous entity. The two companies have complementary identities and goals that meet the needs of different market segments. The VELUX Group is owned by VKR Holding A/S, a limited company wholly owned by non-profit, charitable foundations and family with over 80 years' experience in the roof window sector. It is the Group's purpose to establish a number of Model Companies, which cooperate in an exemplary manner. Altaterra is a Model Company.

Our Whistle-blower System

Altaterra participates in our Group-Wide Whistle-Blower System. In 2019, a group-wide whistle-blower system was implemented for any stakeholder to report infringement of legislation, regulation and VKR Group and company policies. Altaterra joined this system end 2019.

Our employees are informed that they can freely report serious matters such as bribery, extortion, embezzlement, theft, accounting irregularities, etc. in complete anonymity via the VKR Group portal.



Principle 1: Human Rights

Altaterra is fundamentally committed to upholding and advocating Human Rights as a core part of our day-to-day fabric.

Altaterra recognizes the framework provided in the document “Guiding Principles on Business and Human Rights” as a model for our business to learn from and to implement.

It is a basic tenet of our business philosophy to treat our employees, suppliers, customers, and competitors with equal respect and to expect the same level of standards to apply within their own businesses.

We are committed to educating our employees to conduct themselves with decency and dignity, and to respect equally all contacts regardless of gender, race, physical ability, sexuality or age.

Principle 2: Human Rights

Altaterra is committed to ensuring that our supply chain is not tainted by Human Rights violations.

We have “cradle to grave” accountability in our product manufacturing and commit to not acting with any complicity in accepting Human Rights abuses from any suppliers or customers.

Our employees are inducted and must accept the guiding principles of the Altaterra Business Conduct Guide.

Principle 3: Freedom of Association

Altaterra recognises the rights of all employees to form and join trade unions of their choice without fear of intimidation.

We will not discriminate against any employee who exercises these rights, nor will we interfere in any appointed representative while they carry out their legal duties.





Principle 4: Forced Labour

Altaterra absolutely upholds the principles of eliminating all forms of forced and compulsory labour throughout the world.

We do not allow use of physical punishment or other forms of physical, sexual, psychological, or verbal abuse as a method of control in the workplace.

We will never be complicit in or benefit from forced labour.



Principle 5: Child Labour

Altaterra absolutely upholds the principles of the effective abolition of child labour. Altaterra prohibits any use of child labour in our own company and at our suppliers. We will never be complicit in or benefit from child labour.

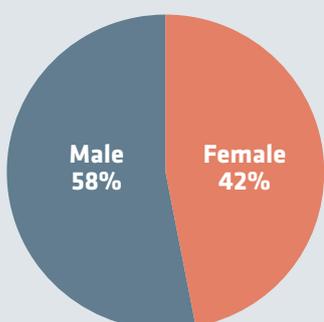


Number of occupational diseases, injuries: **0**

Average sickness rate **2.9%**

Demographics of management:
17% women

Gender of employees



Principle 6: Labour

It is our policy to recruit, hire and promote individuals, as well as administer any and all personnel actions, without regard to race, colour, religion, creed, age, sex, sexual orientation, national origin or ancestry, marital status or status as a qualified individual with a disability, in accordance with applicable laws.

Altaterra encourages a creative, diverse, and supportive work environment. No action is more counter to Altaterra values than discrimination. Altaterra policy prohibits discrimination and harassment. It is the responsibility of all Altaterra employees to conform to this policy. Discrimination, harassment and slurs or jokes based on a person's race, colour, religion, creed, sex, sexual orientation, national origin or ancestry, marital status, status as a disabled or status as a qualified individual with a disability will not be tolerated. This applies to all employees, applicants for employment or others who may be present in the workplace. Any Altaterra employee who feels he or she has been discriminated against or harassed, or feels he or she has witnessed such action, is strongly encouraged to report the incident to any member of the Human Resources Department or to any manager, up to and including the Executive Staff.

Altaterra is committed to working within the defined guidelines of human rights. Reporting processes and response plans are in place within our company handbook to identify and respond to alleged abuse or violence against employees and contractors. We have never identified any instances of Altaterra causing or contributing to any adverse human rights incidents. Altaterra is committed to supporting, developing, and promoting diversity and equality in all its employment practices and activities and aims to establish an inclusive culture free from discrimination and based on the values of fairness, dignity, and respect. We will support and develop staff through providing everyone with access to facilities, personal and career development opportunities, and employment on an equal basis regardless of race, national or ethnic origin, disability, age, gender, sexual orientation, transgender identity or religion/belief.



Principle 7: Environment

SUSTAINABLE SOURCING

Our Group develops and manufactures products. We constantly seek to maximise the use of sustainable materials in our products and we carefully manage our use of hazardous substances.

SOURCING OF SUSTAINABLE AND CERTIFIED WOOD

In 2019, 100% of the wood for our products in Europe was sourced from certified, sustainable forests. By comparison, only about 30% of the wood sold globally comes from sustainable and certified forests.

POLICY AND GOALS

We recognise the importance of sustainable forest management as part of our effort to protect the environment, ensure biodiversity, tackle climate change, and protect the rights of local communities in forested areas.

All our windows are manufactured at our own Group factories. All factories in Europe are certified according to FSC (Forest Stewardship Council) and/or PEFC (Programme for the Endorsement of Forest Certification). All our windows produced in Europe for the European market fulfil the requirements of the EU Timber Regulation.

ACTIVITIES

We source wood as close to our factories as possible. Our wood is sourced from Norway, Sweden, Finland, Estonia, Russia, Poland and France. All wood cut-offs and wood chips from our production sites are used for recycling or heating purposes.

Principle 8: Environment

Our Environmental Policy comprises six guiding principles:

- We design our products so that the environmental impact during manufacture, use and disposal is reduced
- Our use of raw materials, water and energy is highly efficient
- We constantly work to minimize emissions, waste, and discharges from our activities
- We maintain high safety standards for our employees
- We cooperate with our suppliers, customers, and other business partners to improve environmental standards
- We constantly seek ways to make our products and manufacturing methods more environment friendly than what is generally expected.

Principle 9: Environment

Our Environmental policy is one we share with that of our sister company VELUX, in that we are part of their supply chain and subject to the same policies.

We are therefore subject to Life Cycle Assessment. LCAs are the first step towards Environmental Product Declaration of windows and accessories. VELUX Environmental Product Assessments have been developed based on the international standard methodology for assessment of LCA (ISO 14040) in cooperation with the Danish FORCE Technology Institute, which specializes in Life Cycle Assessment. VELUX Environmental Product Assessments are designed to comply with the methodology of the European Standard EN15804 (Environmental Product Declaration for Building Products and Materials). We control and document the use of chemicals in our production and in our finished products. We continuously improve our documentation procedures through a systematic approach to mapping of chemical substances and through close dialogue with our suppliers. In close cooperation with our logistics partners, we continuously search for ways to optimize the loading of trucks and reduce the environmental impact of transportation. All cardboard used for packaging can be recycled.



Principle 10: Anti-corruption

Altaterra Kft. has a zero tolerance for corruption and an expectation that anyone who acts on behalf of the Corporation adheres to all applicable anti-corruption laws. We know that operating with integrity secures our customers' trust and enables us to win business around Europe. We would rather lose business than operate in a manner contrary to our core values. Corruption creates unfair competition, increases costs, and jeopardizes our products' and services' reputation for quality and capability. Our employees are required to echo the company values in their day-to-day activities by accepting the "Altaterra Business Conduct Guide." In the induction process we make clear that we have high business standards and that disregard of those standards is unacceptable.

We have signed the UN Anti-Corruption call to action document.



The Environment and Climate Change...

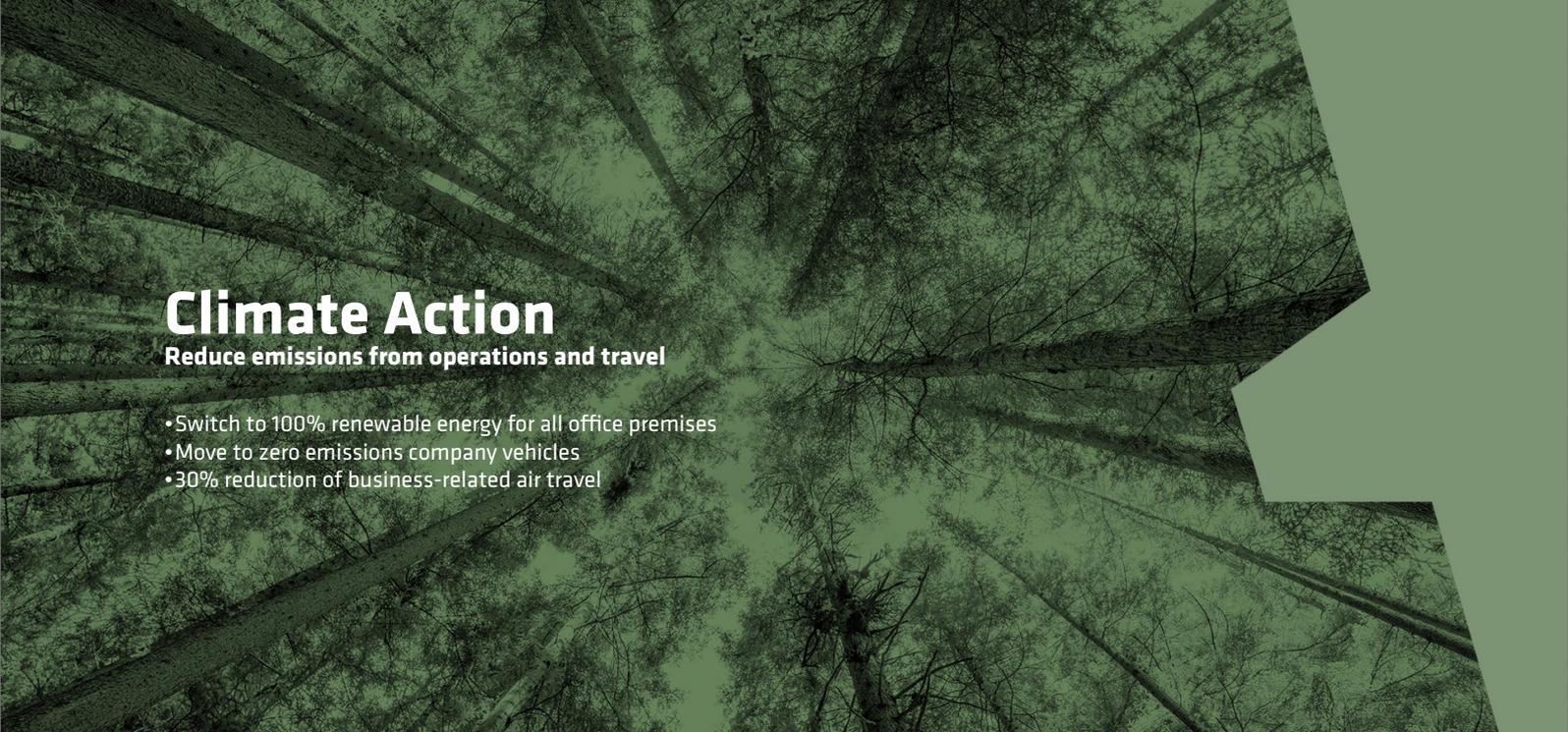
Our mission is both to deliver products of outstanding quality and a stellar experience but also to continually monitor, develop and improve our environmental and social impact. We care about the impact our activities have on the environment, as well as our carbon footprint and our social responsibilities.

As part of that, it is our intention to create a sustainable business that is carbon neutral by 2030*. Therefore, in partnership with VELUX, we are working in line with the Science Based Target Initiative to transform the way we organize our business. We will be doing this across the three central areas, namely our operations, our products and our business practices.

We are committed to reducing our operational emissions by 100% and reducing emissions from product development by 50% by 2030.

We have set ourselves some specific targets in order to ensure we achieve our overall goal:





Climate Action

Reduce emissions from operations and travel

- Switch to 100% renewable energy for all office premises
- Move to zero emissions company vehicles
- 30% reduction of business-related air travel



Sustainable products:

Reduce our product carbon footprint | Green our packaging | Achieve zero waste

- 50% reduction of product carbon footprint
- Ensure single material packaging | 100% recyclable | zero plastic
- 50% reduction in average non-utilized waste per produced window



Responsible business:

Adopt sustainable business practices and engage stakeholders

- 50% reduction of paper use in offices
- Only FSC certified paper use for print marketing materials
- Eliminate use of non-recycled plastic in marketing merchandise
- Employee engagement towards becoming sustainability catalysts
- Engage & support customers and partners in reaching their sustainability targets

