VKR Group
Risk Management
Policy

Approved by the Board of Directors
of VKR Holding A/S on 18.12.2024

The VKR Group Risk Management Policy outlines the general
principles governing our approach to risk management in the VKR
Group. It applies to VKR Holding A/S and all companies ultimately
controlled by VKR Holding A/S (the "VKR Group").

Connecting
buildings
with nature

VKR

VKR Group Risk Management Policy

1. Introduction

Our Model Company Objective, which serves as the compass for our actions, is the foundation of our culture. It sets the overall ambition for all VKR Group Companies to operate responsibly and achieve financial returns for continued growth.

This Policy governs our approach to risk management. It calls for a proactive and systematic methodology to risk management, ensuring that all relevant risks are thoroughly identified, evaluated, and mitigated.

It is our overall policy to systematically identify, evaluate, and manage risks that could adversely affect the strategic objectives or values of the VKR Group.

This Policy applies to VKR Holding A/S and all companies ultimately controlled by VKR Holding A/S (the "VKR Group").

2. Risk Management Principles

We define "risk" as any event, development, act or omission that could potentially prevent the VKR Group or any part of it from achieving its objectives, including the Model Company Objective. Risks also encompass missed business opportunities.

The Risk Management Process shall be cyclical and comprise:

- systematic, ongoing identification of risks
- analysis of risk impacts
- qualified decision-making on the proper mitigation of identified risks (determining which are acceptable, which can be internally mitigated, which must be transferred and/or externally financed, and which should be avoided)
- reporting of major risks

This Policy encompasses all risk domains, including:

- commercial and Financial Risks, including foreign currency and cash management risks
- operational and IT Risks, mainly focusing on cybersecurity and system reliability
- legal and Compliance Risks, including risks of non-compliance with competition law and other regulatory requirements
- insurable Risk, outlining strategies for risk transfer and risk financing through insurance mechanisms
- reputational Risks and Crisis Management, including the devising of communication strategies and ensuring corporate security

In the context of Mergers & Acquisitions (M&A), which present significant risks (commercial, reputational, financial, etc.), early involvement of VKR Corporate Strategy in any potential M&A activities is mandatory. Financing of acquisitions may only be performed via VKR Holding, and the use of the valuation model established by VKR Holding is thus mandatory.

3. Roles and responsibilities

Ultimate accountability for this Policy rests with the boards of directors of VKR Holding and the respective Business Areas[1], while responsibility for policy implementation and compliance lies with the respective Executive Managements. These responsibilities may be delegated to one or more functional leaders as needed.

Each Business Areas is required to:

- develop and implement risk management strategies that support their strategic and operational requirements

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[1] A group of operating companies under the control of VKR Holding, such as the VELUX Group or DOVISTA Group

- report regularly (at least annually, as part of the annual plan for the Audit Committees and Board of Directors) on the management of all major risks. These reports must include information on major current and emerging risks identified by management, any new risk management strategies and policies addressing these risks, and insights from the implementation of such strategies and policies

4. Supplementary Policies, Guidelines, and Instructions

Each Business Area shall issue its own risk management policy, compliant with this policy. VKR Holding A/S and each Business Area are authorized to issue supplementary sub-policies, guidelines and instructions, subject to compliance with this Policy.