

A woman with blonde hair in a ponytail, wearing an orange t-shirt and blue jeans, is climbing a white wall. She is using several brown climbing holds. A red fire alarm pull station is visible on the wall below her. The background is a blurred outdoor scene with green foliage.

**VELUX®**

A close-up view of a VELUX skylight on a roof. The skylight is partially open, showing the internal mechanism. The background is a lush green landscape with trees and bushes.

# Sustainability Report 2023

The VELUX Group

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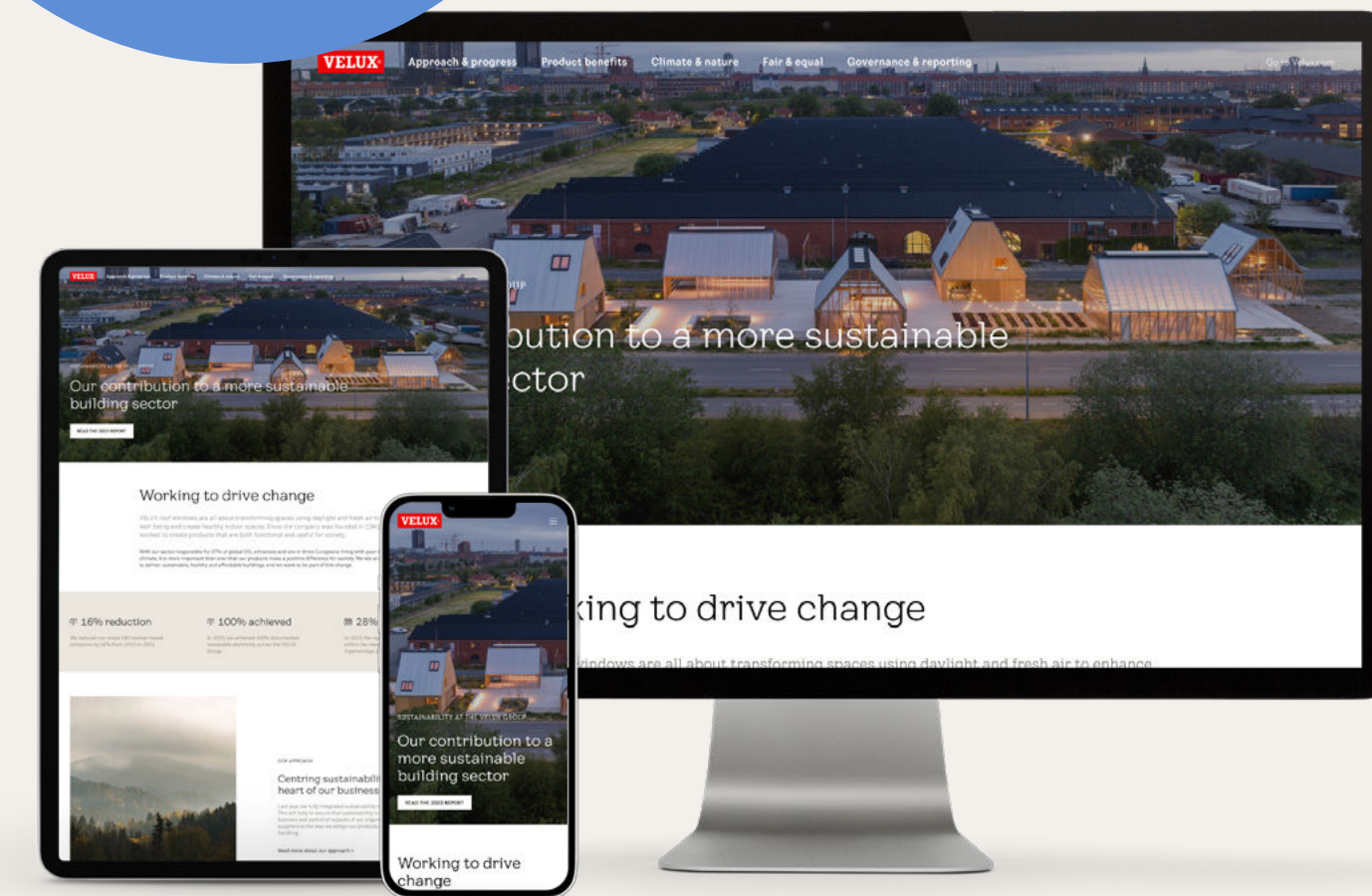


Photo by: Adam Mørk

#### About this report

In 2023 we fully integrated sustainability into our corporate strategy. For transparency, this report shows progress on the targets from our previous sustainability strategy, meaning this is the final year of reporting on these targets. From 2024, we will report on the strategic projects that contribute to sustainability as well as our actions to secure a responsible business (see overview on page 7).

For more information about our strategic priorities, visit [sustainability.velux.com](https://sustainability.velux.com) →

# Taking the next step to integrate sustainability

At the VELUX Group, we strive to lead the way on sustainable business in our sector so we can stay relevant to our customers, partners and other stakeholders.

Our purpose is to create well-being for people and planet by transforming spaces using daylight and fresh air. We deliver on this purpose through our products that bring daylight and natural ventilation into homes, schools and other buildings. At the same time, we are working to transform the sustainability of our business, supply chain and the wider building sector.

In 2023, we took an important step and fully integrated sustainability into our corporate strategy and follow up, rather than working with a separate sustainability strategy. This will help to ensure that sustainability is at the very heart of our business and an integral part of everything we do, from our customer offerings and decisions, to our operations. It is a critical part of ensuring we remain a successful business, and strengthens our intent to be part of the solution to the societal challenges relating to our sector and beyond.

Meeting our ambitious goals will require new perspectives, which makes achieving a diverse and inclusive workplace more important than ever. I am pleased that we are beginning to see progress in this area, with the share of women in management increasing from 26% in 2022 to 28% in 2023.

We continued to make progress towards our goal to reduce scope 1 and 2 emissions by 100%, with a 56% reduction compared with 2020. We also achieved the milestone of 100% documented renewable electricity across the VELUX Group.

Our scope 3 emissions declined significantly by 21% compared with 2022. While this was primarily the result of lower purchase volumes due to lower production, we also achieved a reduction by switching to lower carbon materials. There is still a long way to go to reach our target. However the success of our collection of blinds launched during the year with a high recycled content shows that our customers are interested in products with a lower carbon footprint.

We took the next step in our partnership with WWF – a joint effort to reduce and remove 4.5 million tonnes of CO<sub>2</sub> through forest protection and restoration. So far 700 hectares of degraded forest have been reforested in Uganda and we announced a further two projects in Madagascar and Viet Nam.

During 2023, more than 8,000 professional partners visited our Living Places Copenhagen prototype. This showcase building demonstrates how it is possible to use technologies available today to build desirable, low carbon homes with an optimal indoor climate in an affordable and scalable way.

Despite the growing challenges presented by climate change and nature loss, I remain optimistic. Many of the technologies needed for a low carbon future are already available and now we need to start using them. The shift to a sustainable society is both an enormous economic opportunity and a chance to improve people's lives.



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Looking ahead to 2024 and beyond, we remain committed to being part of the solution.

**Lars Petersson**  
CEO VELUX Group



# 2023 highlights



## Showcasing low carbon buildings

The Living Places housing prototype in Copenhagen was opened as a partner project for the Unesco World Capital of Architecture and the UIA World Congress of Architects. It attracted over 8,000 professional partners and global media attention as a showcase for low carbon homes with optimal indoor climate using existing technologies, and at market price. The concept was developed by VELUX in partnership with EFFEKT architects and Artelia engineers.

For more information visit [sustainability.velux.com](https://sustainability.velux.com)

The first Living Places prototype buildings in Copenhagen, Denmark. Photo by: Adam Mørk

## Recycled materials for a lower carbon footprint

We launched a new collection range of roof window blinds. These are primarily made from recycled materials, which reduces their carbon footprint compared to our conventional blinds. This is the second project developed using the Lighthouse project process to create and test innovative concepts that promote decarbonisation, circularity and automation.

For more information visit [sustainability.velux.com](https://sustainability.velux.com)

## The foundation for an inclusive workplace

We rolled out the VELUX Group DEI (Diversity, Equity and Inclusion) policy, which provides a shared understanding of what DEI means, while assigning clear responsibility for progress. In addition to becoming part of management training, DEI is now being integrated into all stages of the employee's VELUX journey – from attracting new talent, to recruitment, development and offboarding.

For more information visit [sustainability.velux.com](https://sustainability.velux.com)

## The next step to address historical emissions

To achieve our target of reducing and removing 4.5 million tonnes of CO<sub>2</sub>, the equivalent of the VELUX Group's historical carbon emissions from operations between 1941-2041, two additional forest projects were launched to deliver nature-based solutions for climate mitigation. Located in Viet Nam and Madagascar, the new projects are financed by the VELUX Group, and developed and delivered by the World Wide Fund for Nature (WWF).

For more information visit [sustainability.velux.com](https://sustainability.velux.com)

## 16% reduction in scope 1&2 emissions

We made progress on the decarbonisation of our operations and implemented state-of-the-art energy-efficient solutions for key production processes at our major sites in Poland and Denmark. And we achieved 100% documented renewable electricity across the VELUX Group and fulfilled our commitment to the RE100 pledge.

For more information visit [sustainability.velux.com](https://sustainability.velux.com)



# 2023 Performance

To see more performance indicators please see the ESG table on pages 23-24. For details regarding definitions of KPIs please see accounting practices on pages 25-28.



## The VELUX Group's revenue

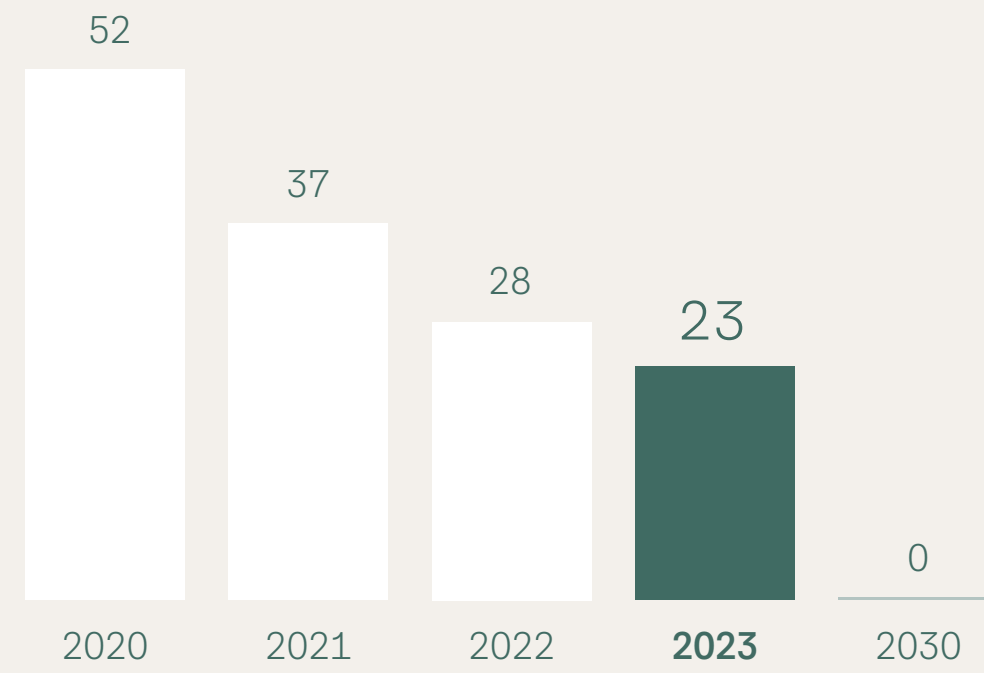
# 21,670 (DKK m)

↓ 2.7% decline from 2022 to 2023

Revenue decreased from a record high in 2022 of 22,272 DKK m to 21,670 DKK m in 2023. This is mainly due to fewer window units sold in major markets.

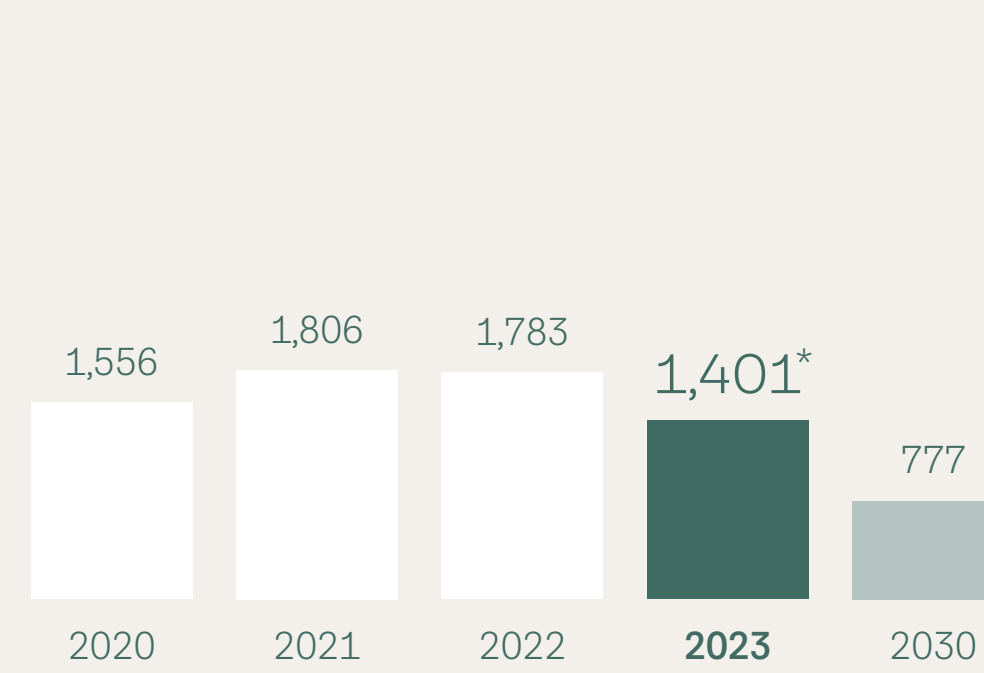
## Introduction

### Scope 1 and scope 2 market-based emissions (KtCO<sub>2</sub>e)



**Target:** By 2030, a 100% reduction in scope 1&2

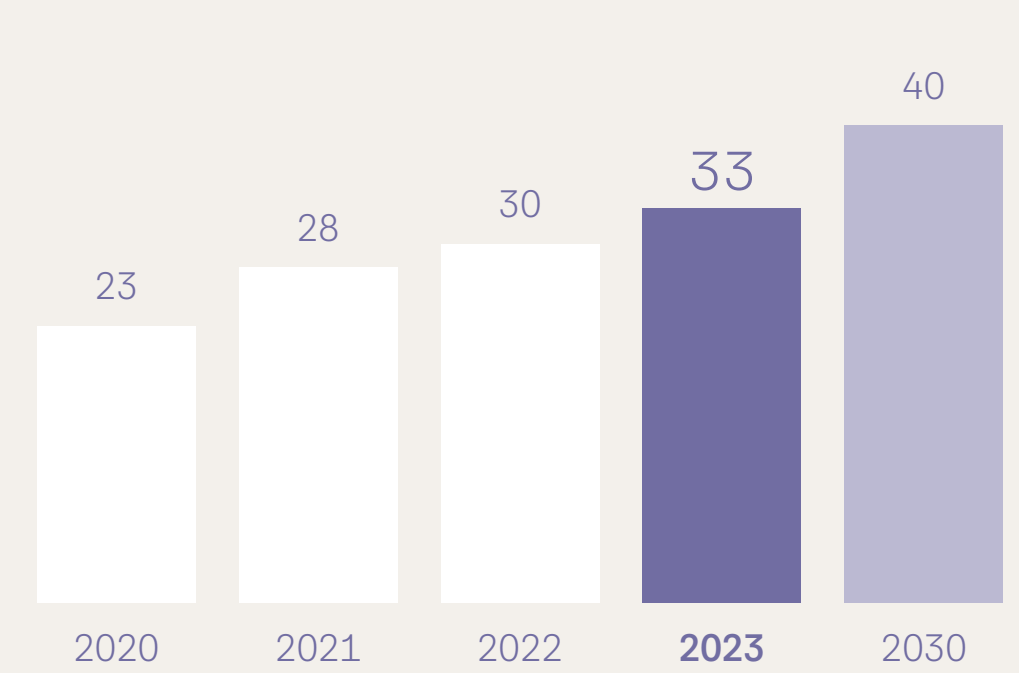
### Scope 3 emissions (KtCO<sub>2</sub>e)



**Target:** By 2030, 50% reduction of CO<sub>2</sub>e from value chain

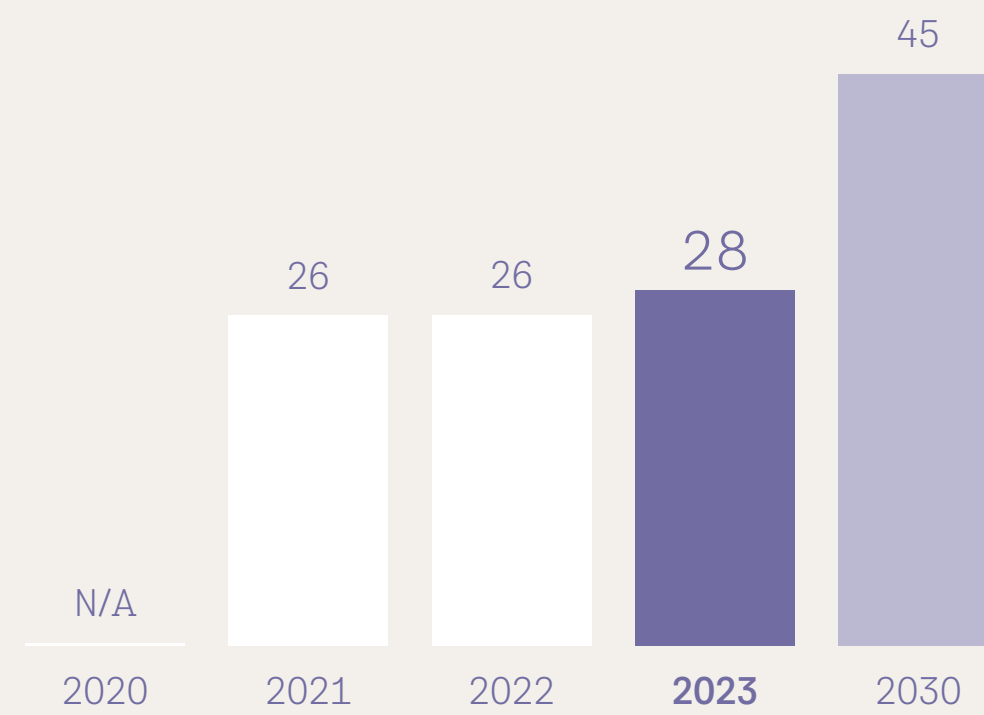
\* The decline relates to lower production volumes leading to lower purchase volumes of materials and switching to lower carbon materials in our products.

### Women in senior management (share %)



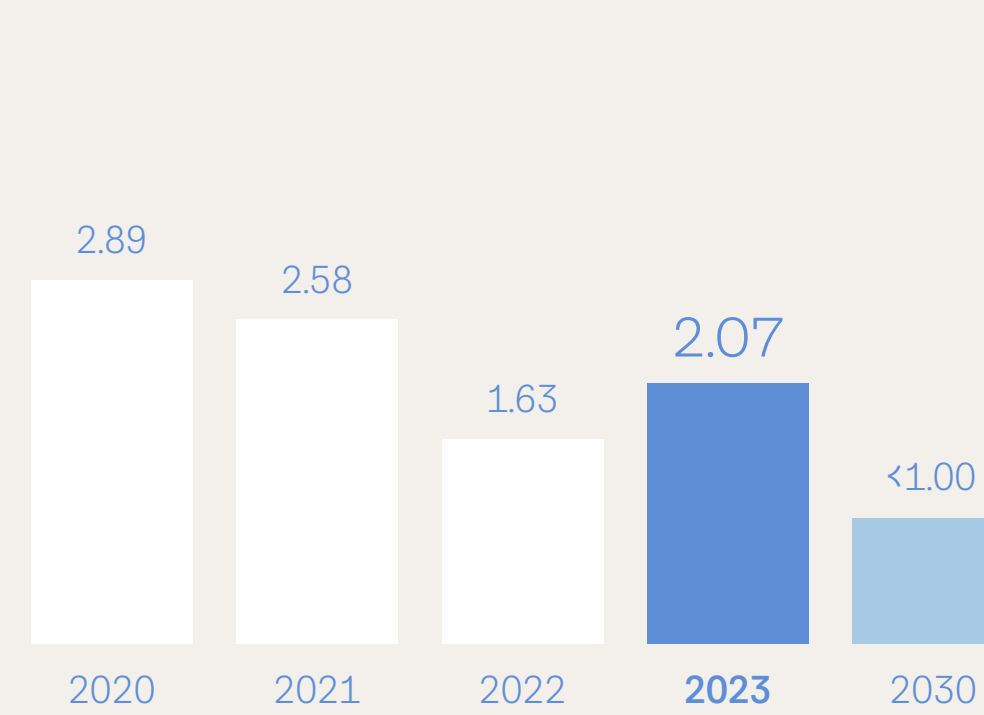
**Target:** By 2030, 40% of senior management positions held by women

### Women in management (share %)



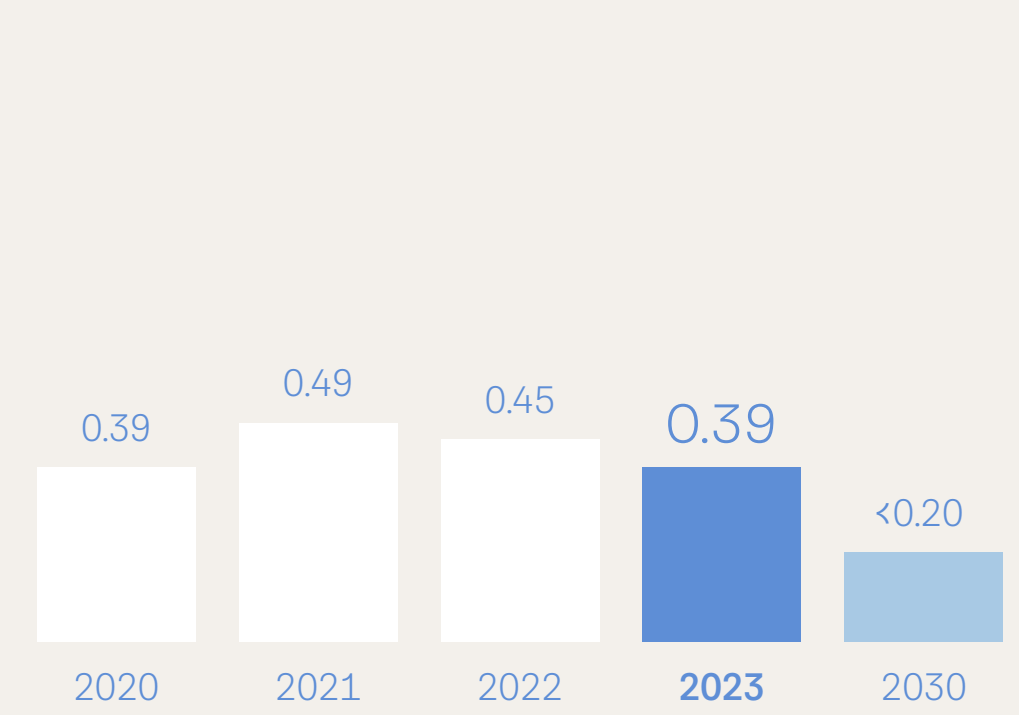
**Target:** By 2030, 45% of all management positions held by women

### Accidents per 1 million working hours (Accidents LWC per 1 mill wh)



**Target:** By 2030, less than 1 accident per 1 million working hours

### Absence hours per 1,000 working hours (Hours of absence per 1,000 wh)



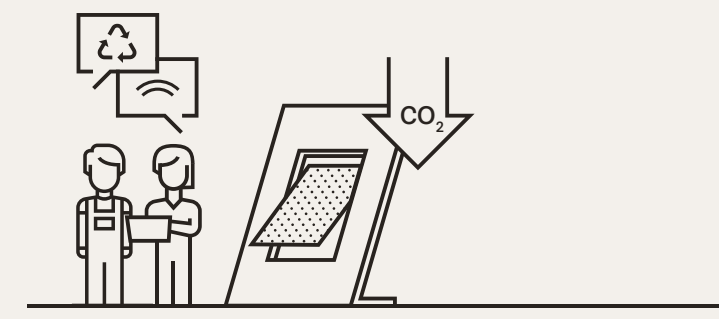
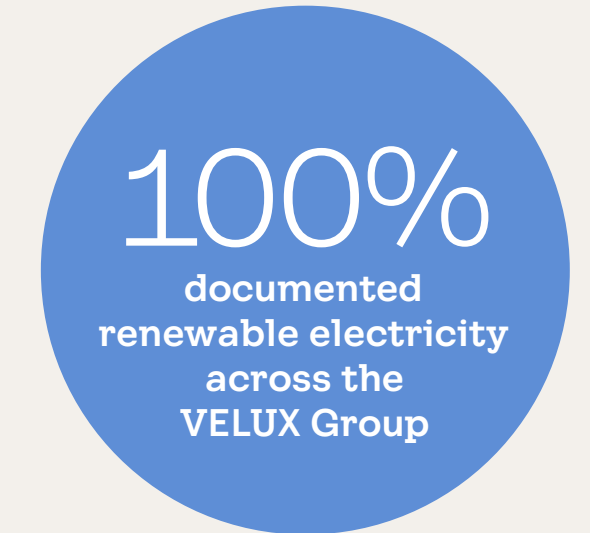
**Target:** By 2030, 0.2 lost working hours per 1,000 working hours.



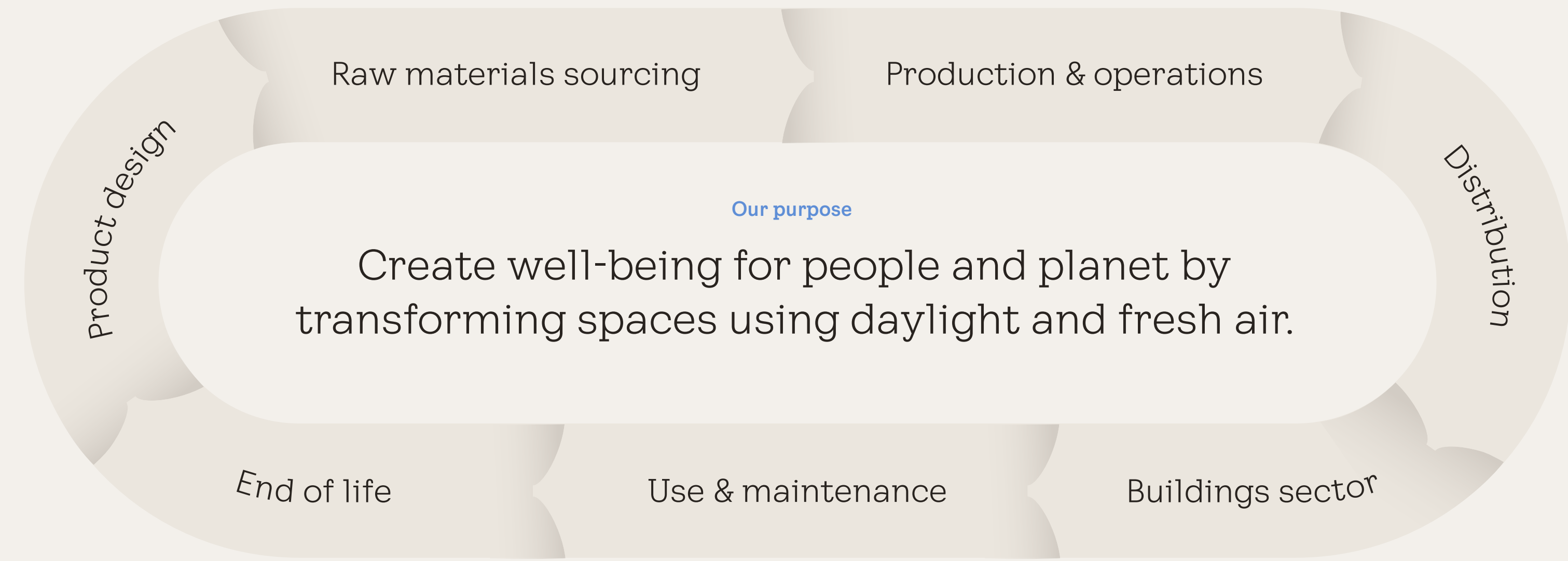
# Our approach across the value chain

We are working to source materials with a lower carbon footprint and increased recycled content. Our Code of Conduct for Suppliers sets out our expectations for suppliers and guides our approach to supply chain due diligence.

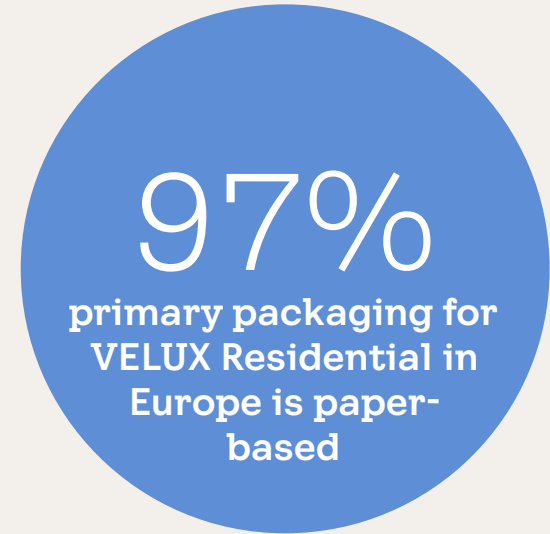
We work continuously to reduce the environmental impact of our manufacturing sites and operations, through investments in renewable energy, waste reduction programmes and in biodiversity initiatives. We also work continually to create a safe, secure and inclusive workplace



We design high quality products that transform spaces with daylight and fresh air. We are focused on reducing our products' embodied carbon footprint, increasing the proportion of recycled materials used in them, and innovating digital products. During 2024 we will expand our emphasis on designing products for the circular economy.



We are working to reduce emissions from product transport, for example by working with suppliers to switch to alternative fuels, optimising deliveries and flows, and improving utilisation rates.



We are switching to a single material, plastic-free, recyclable solution for our packaging made from responsibly sourced paper and cardboard. Our products are handled as part of municipal waste management. With our renewed focus on the circular economy, we will define our role in increasing recycling rates of our products.

Our products transform the indoor spaces where they are used. We are committed to offering energy efficient products that are long-lasting and we offer service options for up to 25 years after the purchase of our windows and sun tunnels.

We want to influence the building industry to design and transform buildings so they are healthier for people and planet. We do this through the Living Places concept and by advocating for requirements on energy efficiency, lifetime carbon in buildings and indoor climate.





# Integration of sustainability

## Overview of strategic projects and themes

Ever since our founding, the VELUX Group has been shaped by our Model Company Objective. We have worked systematically with sustainability ever since, and in 2023 we revised our corporate strategy to further embed and integrate our sustainability commitments.





This integration reflects the importance of sustainability in all aspects of our business. It also means that our standalone sustainability strategy has been retired and we have integrated the targets and ambitions as strategic projects in our corporate strategy. This page shows an overview of the strategic projects and themes that contribute to sustainability, as well as the focus areas needed to secure a responsible business.

We have maintained and increased the ambition level of our previous sustainability strategy. However to reduce complexity and ensure we achieve the greatest impact with our work, we have revised and combined some of our targets. For example, the target 'Reduce product carbon footprint' will become part of 'Reduce our carbon footprint scope 3', and our three targets within diversity, equity and inclusion (DEI) will be replaced by the strategic project 'Drive engagement in DEI'.

Within the theme 'Climate and nature', we have launched a new strategic project to further support biodiversity. With this project, we will work to improve biodiversity on our sites and work with suppliers to reduce the impact of our value chain on biodiversity.




### Customer solutions

We develop products that maximise the benefits of daylight and fresh air. We advocate for sustainable buildings and communities, and support the transition to a circular economy.

-  Build for Life
-  Electrification and digitisation
-  Promote a circular business
-  Ensure 100% recyclable, zero plastic packaging


### Climate and nature

We have approved science-based targets validated by SBTi to limit global warming to 1.5°C. By 2030, we will reduce operational emissions by 100% and emissions from our value chain by 50%. We support biodiversity and have committed to reduce and remove the equivalent of our historical carbon emissions from operations.

-  Reduce and remove the equivalent of our historical carbon footprint
-  Reduce our carbon footprint (scope 1&2)
-  Reduce our carbon footprint (scope 3)
-  Support biodiversity





### Inclusive workplace

We aim to foster a diverse, equitable and inclusive (DEI) workplace that enables everyone to thrive. Building a more diverse and inclusive company will accelerate innovation and entrepreneurship and enable us to meet our goals.

-  Drive engagement in DEI

### Responsible business

If we are to inspire others with our approach to sustainability in the built environment, we must run all aspects of our business in an ethical and responsible way. To this end, we have a number of policies and practices. These include:

-  Strive for zero accidents
-  Respect for human rights
-  Responsible sourcing
-  Ethical business conduct



# Double materiality assessment

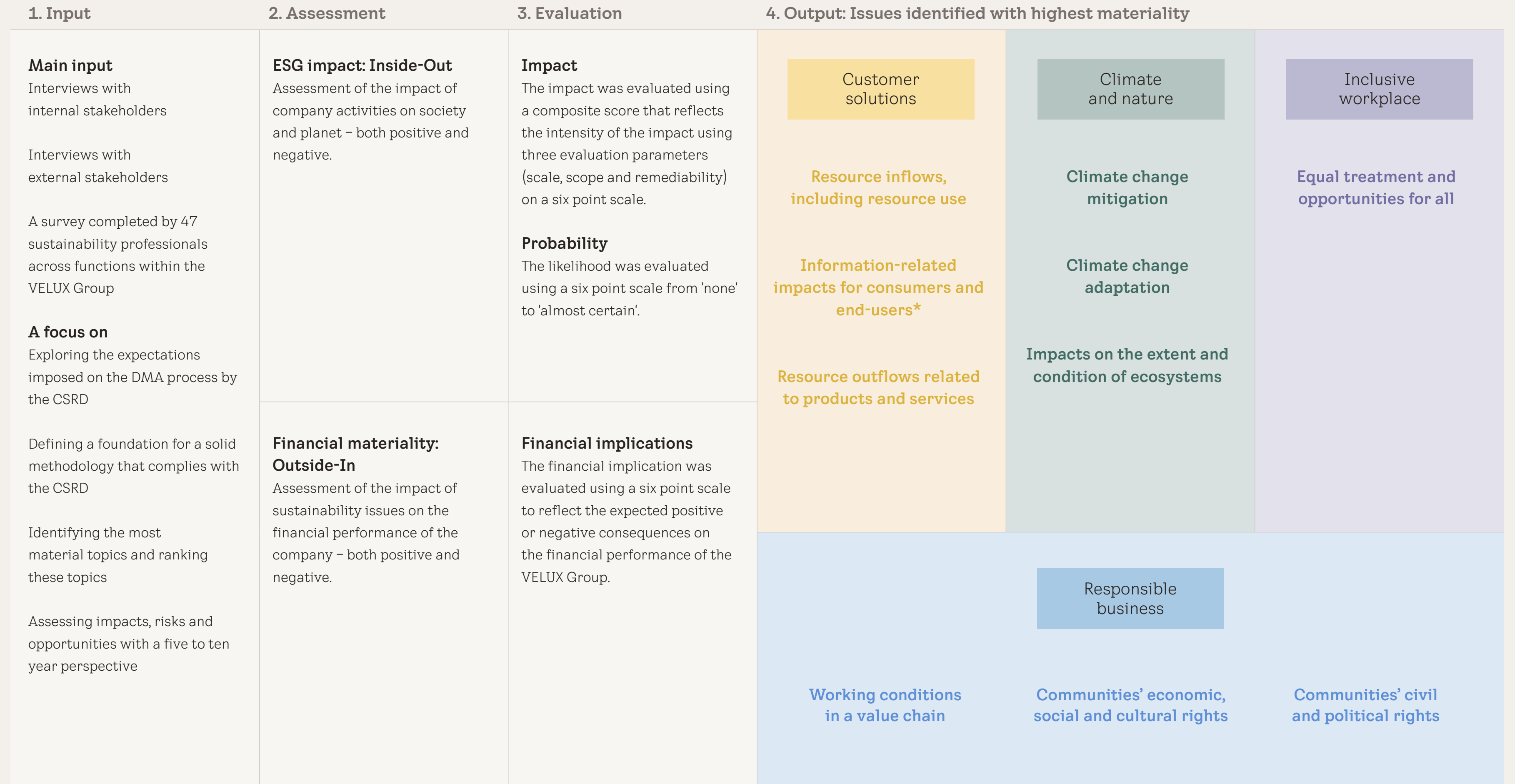
In preparation for the EU Corporate Sustainability Reporting Directive (CSRD), in 2023 the VELUX Group carried out a preliminary double materiality assessment (DMA). It builds on the previous materiality assessments and creates a basis for the next iteration of the DMA in 2024.

During the assessment process, we interviewed key internal stakeholders to identify the sustainability issues most relevant for the VELUX Group. The findings from these interviews were validated through external stakeholder interviews, insight surveys and comparison with relevant external reports and standards.

The result is an updated overview of material topics that considers both their sustainability impact, as well as their financial materiality over the time horizon. The outcomes were approved by Executive Group Management. Many of the topics are already an integrated part of our strategy and ESG reporting. Others are new and in the coming year, we will develop and explore these new areas.

The DMAs from the VELUX Group and other sister companies will form the basis for the DMA carried out by VKR Holding. They will all be updated regularly.

VKR Holding, as the VELUX Group's parent company, will disclose according to the CSRD on behalf of the VELUX Group.



\* i.e. relating to digital products and the theme of data security and cyber risks



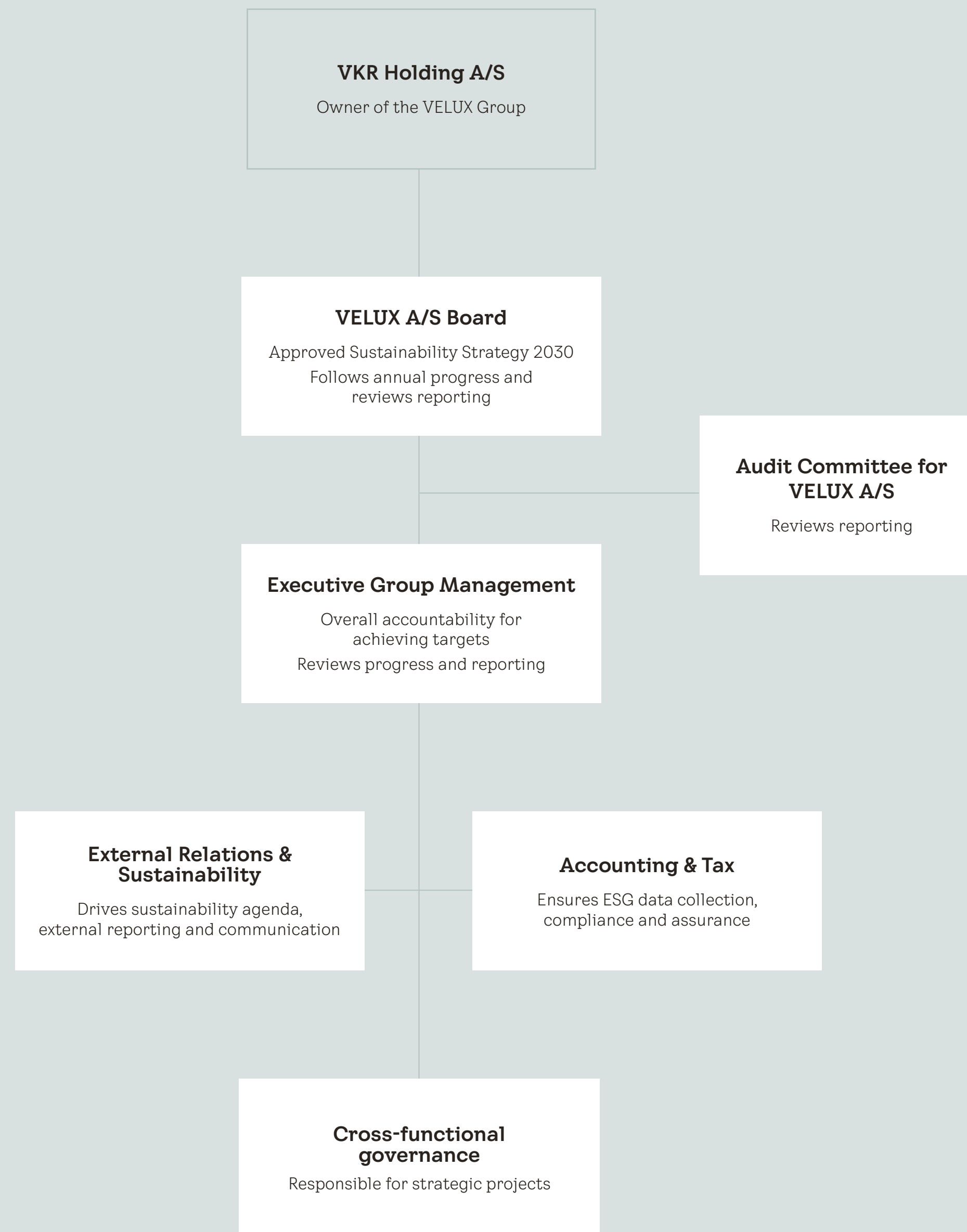
# Governance structure and accountability

Our governance structure follows the principles of good governance and operates across all organisational levels of the VELUX Group. A clear reporting structure is in place and the Sustainability and Finance teams facilitate quarterly reporting on progress to the VELUX Executive Group Management (EGM).

Each of the strategic sustainability projects is owned by a senior manager and assigned to a member of the EGM. Alongside strategic projects, the VELUX Group has defined a number of 'running indicators' that are measured as part of being a responsible business. These are externally verified and included in our ESG reporting.

Sustainability goals are included in functional incentive structures across the business, including at Executive Group Management (EGM) level. During 2023, EGM members, including our CEO, were given two ESG-linked bonus KPIs: "Increase the share of women in senior management positions" (2023 target: 31.1% women with bonus threshold of 30.5%); and "Decrease scope 1&2 GHG emissions" (2023 target: 24,500 tonnes with a bonus threshold of 28,500 tonnes). Each of these KPIs is weighted with 10% of the overall bonus.

During the year, the EGM group increased by three members. However, their incentive schemes were not changed in this process. From 2024 scope 1&2 emissions and an inclusion index will be part of incentive structures for all members of EGM, including the CEO.





# 2023 progress reporting

In 2020 we launched a 2030 sustainability strategy with 15 targets. As sustainability has been fully integrated into our corporate strategy, 2023 is the final year of reporting on these 15 targets. From 2024, we will report on the strategic projects that contribute to sustainability, as well as our actions to secure a responsible business (see overview on page 7). For more information about our strategic priorities, visit [sustainability.velux.com](https://sustainability.velux.com).

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="103 628 216 741" data-label="Image"> </div> <p data-bbox="259 634 726 665"><b>Electrification and digitisation*</b></p> <p data-bbox="259 679 693 709">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="113 776 1112 834"><b>Target:</b> By 2030 30% of windows to include sensor-driven automation to bring daylight and fresh air into buildings compared with baseline year 2020</p> <p data-bbox="113 870 1086 960">With digital products, the benefits of daylight and fresh air can be scheduled or automated throughout the day and over the seasons. This can enhance energy-efficiency, convenience and comfort in the home.</p> <p data-bbox="113 996 1102 1086">Progress on this target has been impacted by the economic situation and stagnation in the construction industry, as a high proportion of VELUX digital products are installed in the new build segment.</p> <p data-bbox="113 1121 932 1144">* In Sustainability Report 2022 reported as Innovate digital products for sustainable living.</p>	<ul data-bbox="1156 634 2149 975" style="list-style-type: none"> <li>• We launched a new product training platform and materials to support our commercial teams in communicating the value of digital and electrical products for indoor climate and well-being.</li> <li>• We conducted a successful pilot in Great Britain and Ireland offering customers a free app and VELUX Gateway (for controlling VELUX products using a mobile phone) when they bought an electric roof window.</li> <li>• The VELUX Touch in-room control was launched to improve the user experience by enabling control of multiple products from one device.</li> </ul>	<ul data-bbox="2199 634 2682 1046" style="list-style-type: none"> <li>• Continuously improve the user experience of the VELUX Active and App Control solutions</li> <li>• Launch technical training courses explaining how to set-up and use our digital solutions, and promote digital product benefits to installers</li> <li>• Further expand our offerings to enhance the attractiveness of our electrical offerings</li> </ul>	<p data-bbox="2718 634 3198 724">The sales share of VELUX Residential electric roof windows in Europe remained roughly flat compared with 2022.</p>
<div data-bbox="103 1221 216 1333" data-label="Image"> </div> <p data-bbox="259 1226 686 1258"><b>Promote a circular business*</b></p> <p data-bbox="259 1271 693 1301">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="113 1369 693 1399"><b>Target:</b> Decouple resource use from value creation</p> <p data-bbox="113 1435 1092 1525">Shifting to a circular economy is a prerequisite to achieving decarbonisation of the built environment and reducing impacts associated with extraction and processing of materials.</p> <p data-bbox="113 1560 1112 1650">In 2023 we agreed on a strategic framework and governance to address opportunities and impacts across four focus areas: sourcing, product design, potential customer offerings and our position in the building industry.</p> <p data-bbox="113 1686 766 1709">* In Sustainability Report 2022 reported as Promote a circular economy.</p>	<ul data-bbox="1156 1226 2149 1534" style="list-style-type: none"> <li>• We implemented a new governance and strategic framework that takes a holistic view of the value chain and the business. This framework forms the foundation of our work with circularity.</li> <li>• We identified circular business opportunities relating to customer product offerings, for example by extending the lifetime of installed products and by taking responsibility for the product end-of-life.</li> <li>• We sourced materials with a lower carbon footprint from recycled content.</li> </ul>	<ul data-bbox="2199 1226 2682 1765" style="list-style-type: none"> <li>• Establish project management office with dedicated resources to assess, qualify and support piloting of relevant circular opportunities</li> <li>• Facilitate the first pilot project to test relevant opportunities within circularity</li> <li>• Establish actions and internal capabilities relating to designing products for increased circularity</li> <li>• Continue to expand the share of recycled materials in our products to deliver on our scope 3 reduction target</li> </ul>	<p data-bbox="2718 1226 3185 1256">Quantitative targets under development</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="103 489 216 596"> </div> <p data-bbox="259 495 543 527"><b>Achieve zero waste</b></p> <p data-bbox="259 540 693 568">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="103 635 1069 695"><b>Target:</b> By 2030 50% reduction in average non-utilised waste per produced window compared with baseline year 2020</p> <p data-bbox="103 731 1116 821">As part of our ambition to increase circularity in our business, we are working to actively reduce production waste that ends up in landfill, as well as the amount of hazardous waste generated.</p> <p data-bbox="103 855 1102 977">Reduced production in 2023 affected progress because some waste, e.g. the waste caused by machine maintenance, does not directly correlate with production amounts, and the current denominator is the number of windows produced. Going forward the denominator for reporting waste will change to be CSRD compliant.</p>	<ul data-bbox="1159 495 2152 799" style="list-style-type: none"> <li>• Waste handling at the VELUX Group is now aligned according to the EU waste directive and local reporters have been trained.</li> <li>• Local conditions in some markets negatively impacted landfilled waste reduction, e.g. in the Czech Republic where incineration was not available.</li> <li>• We implemented waste reduction initiatives and shared knowledge across countries, which gave good results, in particular in the USA where less waste is now sent to landfill.</li> </ul>	<ul data-bbox="2202 495 2678 1071" style="list-style-type: none"> <li>• Implement new reduction initiatives and source alternative recycling for hazardous waste</li> <li>• From 2024, report monthly on waste handling to ensure more updated data to guide decision-making and actions</li> <li>• Implement best practice from the leading Production Companies and proactively engage with EU leading waste distributors to plan sufficient improvements to reach 2030 target</li> <li>• Track our work to achieve zero waste as part of our strategic project to promote a circular business</li> </ul>	<p data-bbox="2725 495 3202 585">0.47 kg non-utilised VELUX Residential production waste per produced window, a 7.84% decrease compared with 2022</p>
<div data-bbox="103 1264 216 1371"> </div> <p data-bbox="259 1264 969 1300"><b>Ensure 100% recyclable, zero plastic packaging*</b></p> <p data-bbox="259 1311 693 1339">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="103 1407 1026 1435"><b>Target:</b> By 2030 ensure single material packaging. Zero plastic. 100% recyclable</p> <p data-bbox="103 1468 1116 1590">At VELUX Group, we have high ambitions for both the quality and performance of our packaging. We are transitioning to single material, recyclable, plastic-free packaging that does not compromise on protection and enables installers to dispose of all packaging in one waste stream.</p> <p data-bbox="103 1624 693 1652">* In Sustainability Report 2022 reported as Green our packaging.</p>	<ul data-bbox="1159 1270 2135 1540" style="list-style-type: none"> <li>• We launched paper-based, zero plastic packaging for flashings in all European countries.</li> <li>• In the USA, we implemented paper-based packaging for the main flashings and started work on converting the packaging of other products.</li> <li>• Our new collection of blinds made from a higher proportion of recycled aluminium and textiles was launched in paper-based packaging.</li> </ul>	<ul data-bbox="2202 1270 2678 1572" style="list-style-type: none"> <li>• Continue the global switch to paper-based, zero plastic packaging with a specific focus on Altaterra and plans for the Chinese market</li> <li>• Use learnings from our new collection of blinds to develop plans to implement paper-based packaging in the VELUX accessory range</li> </ul>	<p data-bbox="2725 1270 3178 1391">97.03% recyclable zero plastic in all VELUX Residential primary packaging in Europe, a 0.57% point overall increase compared with 2022</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="109 489 219 596"> </div> <div data-bbox="259 495 693 570"> <p><b>Build for Life*</b>  <a href="https://sustainability.velux.com">Read more on sustainability.velux.com</a> →</p> </div> <p><b>Target:</b> Advocate for sustainable buildings and communities to leverage the green transition and quality of life</p> <p>We want to influence the building industry to scale the design and transformation of buildings to be healthier for people and for the planet.</p> <p>The Living Places concept is a point of proof for our advocacy work. It showcases how it is possible to use technologies available today to build low carbon homes with an optimal indoor climate in an affordable and scalable way.</p> <p>The concept holds three times lower carbon footprint than the Danish building regulations with only 3.85 kg CO<sub>2</sub>e/m<sup>2</sup>/y. The lifecycle calculation is third party verified by the BUILD department at Aalborg University in Denmark.</p> <p><small>* In Sustainability Report 2022 reported as Show how to build sustainably.</small></p>	<ul style="list-style-type: none"> <li>• The first Living Places prototype buildings opened as part of World Architecture Capital 2023 in Copenhagen and served as a platform for exchange and dialogue for global building industry stakeholders.</li> <li>• More than 8,000 professional partners visited Living Places Copenhagen through tours and onsite events and it generated international media coverage.</li> <li>• We established the first Living Places partnership with a house builder in the Netherlands.</li> <li>• Construction of the VELUX LKR Innovation House* started with a focus on reusing as many existing materials as possible while carefully considering the choice of new materials to minimise the building's carbon footprint.</li> </ul> <p><small>* Our new innovation centre currently under construction in Østbirk, Denmark. This will be our future hub for research and development</small></p>	<ul style="list-style-type: none"> <li>• Realise the first Living Places community in the Greater Copenhagen area</li> <li>• Scale Living Places concept across the regions and develop principles to include home improvements</li> <li>• Use LKR Innovation House to gain learnings on lifecycle assessments in transformation projects</li> <li>• Further develop and test the Living Places principles and concept for renovation and transformation and showcase in a pilot project in France</li> </ul>	<p>Qualitative target</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="99 487 216 600" data-label="Image"> </div> <p data-bbox="249 493 766 572">Reduce and remove the equivalent of our historical carbon footprint*</p> <p data-bbox="249 577 693 609">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="99 641 1109 707"><b>Target:</b> By 2041, 4.5 million tonnes CO<sub>2</sub> reduced and removed through forest and biodiversity projects equivalent to our company's carbon emissions from 1941-2041**</p> <p data-bbox="99 735 1119 894">We have entered a 20-year partnership with the World Wide Fund for Nature (WWF) in which VELUX finances forest protection and restoration projects in some of the world's most biodiverse landscapes where forests are most under pressure. The three forest projects are developed and managed by WWF offices in each country, and implemented in partnership with local authorities, communities, and civil society organisations.</p> <p data-bbox="99 922 493 956">Read more on <a href="https://www.panda.org">wwf.panda.org</a> →</p> <p data-bbox="99 984 1092 1078">Each project will deliver Nature-based Solutions (NbS) for climate mitigation aligned with WWF's Blueprint for High Quality Interventions that Work for People, Nature and Climate.</p> <p data-bbox="99 1110 1119 1270">The carbon emissions reduced and removed by the forest projects will be verified every third year by a third party. Any emission reduction and removal credits will be immediately retired and are expected to be donated as a contribution to the host countries' national climate target under the Paris Agreement. The credits will not be used to offset the carbon emissions of the VELUX Group or any other organisation.</p> <p data-bbox="99 1290 859 1316">* In Sustainability Report 2022 reported as Capture our historical carbon footprint</p> <p data-bbox="99 1318 839 1373">** The projects are designed to include a 25% buffer bringing the total potential emission reductions and removals to approximately 5.6 million tonnes of CO<sub>2</sub>.</p>	<ul data-bbox="1142 493 2159 1046" style="list-style-type: none"> <li>• Two additional forest projects launched in Viet Nam and Madagascar.</li> <li>• Forest restoration: In Uganda, 700 ha degraded forest have been replanted in Kagombe Central Forest Reserve (CFR). Seedling dispersal, planting, and maintenance activities were all carried out according to the plan for 2023.</li> <li>• Forest protection: In Uganda, the boundaries of Kitechura and Ibambaro CFRs were resurveyed and marked with concrete pillars and live markers (trees were used to indicate the forest boundary line). The boundaries are now clearly defined and visible to community members.</li> <li>• The draft Uganda Project Design Document (PDD) is being updated according to Verra's new 'Consolidated REDD methodology'. The process was delayed due to Verra's delay in launching the new methodology. This is also why we were not able to disclose initial unverified carbon impact figures in 2023, as the project's baseline is yet to be developed according to the new methodology.</li> </ul>	<ul data-bbox="2185 493 2682 1253" style="list-style-type: none"> <li>• The PDDs for the Madagascar and Viet Nam projects will be prepared following Verra's methodologies and will, pending availability of new baselines, potentially be submitted for third-party validation along with the Uganda PDD.</li> <li>• In Uganda the forest protection and restoration activities will be continued in the four Central Forest Reserves. More community forest groups and new Village Saving and Loan Associations will also be established and strengthened in their operations. Finally, the different livelihood activities will continue and be replicated in more communities.</li> <li>• Forest protection, restoration and livelihood activities will be planned and initiated in the Madagascar and Viet Nam projects.</li> </ul>	<p data-bbox="2705 493 3198 662">We plan to be able to disclose the first third-party verified carbon impact figures from Uganda in our 2025 Sustainability Report covering the period 2022 – 2024</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="103 489 216 596"> </div> <p data-bbox="259 495 669 570"><b>Reduce our carbon footprint scope 1&amp;2*</b></p> <p data-bbox="259 583 686 607"><a href="#">Read more on sustainability.velux.com</a> →</p> <p data-bbox="103 645 1059 673"><b>Target:</b> By 2030 a 100% reduction in scope 1&amp;2 compared with baseline year 2020</p> <p data-bbox="103 709 1089 802">We have committed to a 100% reduction in scope 1&amp;2 by 2030. In the past five years we have already decreased our scope 1&amp;2 emissions by two thirds, from 70 kt CO<sub>2</sub>e in 2019 to 23 kt CO<sub>2</sub>e in 2023 and are on track to achieve near zero emissions by 2030.</p> <p data-bbox="103 834 1102 1052">Three years ago, we set a target aligned to the Science-based target initiative (SBTi), committing to reducing our own emissions by 100% by 2030, by switching to renewable energy and becoming more energy efficient. Since launching the target in 2020, it is apparent that a 100% reduction is not technically possible as the switch to two of the low carbon energy sources (using waste wood to generate heat on site, and district heating) still result in a small amount of emissions. This will enable us to reach near zero emissions rather than absolute zero emissions by 2030.</p> <p data-bbox="103 1084 1109 1271">We are constantly looking for new ways to enhance energy efficiency and decarbonise our operations. We do this by focusing on our production sites which are the most energy consuming. Furthermore, to secure renewable electricity we have power purchase agreements on two photovoltaic (PV) plants in Spain. Once connected to the grid, the new solar farms will generate enough additional renewable electricity to cover all VELUX Group's European operations.</p> <p data-bbox="103 1303 926 1328">* In Sustainability Report 2022 reported as Reduce our future carbon footprint (scope 1+2)</p>	<ul data-bbox="1159 495 2159 1084" style="list-style-type: none"> <li>• We achieved 100% documented renewable electricity across the VELUX Group through “Bridging Guarantee of Origin certificates” via our solar PV renewable power purchase agreements, onsite solar PV plants and the purchase of renewable electricity certificates to cover our remaining consumption outside Europe. We thereby fulfilled our commitment to the RE100 pledge.</li> <li>• We implemented energy-efficient solutions for key production processes at three major sites, resulting in an expected CO<sub>2</sub>e reduction of 2,300 tonnes per year.</li> <li>• As part of our Fuel Switch to Renewable Programme, we invested in two new renewable heating projects for our production sites, and further seven are in the process of being projected or implemented. Once all the currently planned renewable fuel switch projects become operational in 2027, they are expected to save about 10,000 tonnes of CO<sub>2</sub>e.</li> <li>• To increase accountability, progress on reducing our scope 1&amp;2 emissions became linked to executive compensation.</li> </ul>	<ul data-bbox="2205 495 2678 1221" style="list-style-type: none"> <li>• Continue implementation of project portfolio for renewable heating through bioboilers, heat pumps and district heating</li> <li>• Initiate Fossil Fuel Switch on remaining three accessories production sites</li> <li>• Start implementing emission reduction projects at minor VELUX sites</li> <li>• Implement global energy monitoring system across all factories</li> <li>• The first solar PVe plant in Southern Spain, enabled by power purchase agreement with BayWa r.e.*, is expected to become operational in 2024. The second solar PV plant in Spain is expected to be operational in 2025 following bureaucratic delays.</li> </ul> <p data-bbox="2205 1258 2658 1339">* BayWa r.e. is a global renewable energy developer, service provider, distributor and energy solutions provider</p>	<p data-bbox="2725 495 3198 559">23 kt CO<sub>2</sub>e emissions in scope 1&amp;2, a 16% decrease compared with 2022</p> <p data-bbox="2725 589 3178 652">100 % renewable electricity, a 2% point increase compared with 2022</p>
<div data-bbox="103 1382 216 1489"> </div> <p data-bbox="259 1382 693 1420"><b>Switch to zero emission cars*</b></p> <p data-bbox="259 1433 686 1457"><a href="#">Read more on sustainability.velux.com</a> →</p> <p data-bbox="103 1527 586 1555"><b>Target:</b> By 2030 100% zero emission cars</p> <p data-bbox="103 1590 1079 1654">To reach near zero emissions in our own operations, we are replacing combustion engine vehicles with electric vehicles (EV).</p> <p data-bbox="103 1686 1109 1780">Current data and plans show that we are on track to achieve 100% electric cars by 2030. However, progress will be made in phases, as we have an average of four years on all leasing contracts.</p> <p data-bbox="103 1812 1069 1836">* In Sustainability Report 2022 reported as Reduce workrelated air travel and switch to zero emission cars</p>	<ul data-bbox="1159 1388 2145 1624" style="list-style-type: none"> <li>• Improvements in charging infrastructure have allowed the EV policy to be updated and the majority of exemptions to switching to an electric vehicle have been removed. This update now applies to Germany, Denmark, UK, France, Netherlands, Belgium, Austria, Switzerland, Norway and Sweden.</li> <li>• Further improvements in the VELUX Group charging infrastructure were made and there are now 160 charger stations installed at 15 of our locations.</li> </ul>	<ul data-bbox="2205 1388 2678 1797" style="list-style-type: none"> <li>• Pilot project to assess switch to electric vans</li> <li>• Continue to assess feasibility of the transition to electric vehicles to determine timing of policy roll out in all remaining countries</li> <li>• Manage and track work to switch to electric vehicles as part of our strategic project to reduce our carbon footprint from scope 1 and 2.</li> </ul>	<p data-bbox="2725 1388 3178 1476">9.12% zero emission cars, a 6.94% point increase in zero emission cars as part of total car fleet compared with 2022</p>

Continues >



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="109 489 219 602" data-label="Image"> </div> <p data-bbox="259 499 669 570"><b>Reduce our carbon footprint scope 3*</b></p> <p data-bbox="259 583 686 609"><a href="#">Read more on sustainability.velux.com</a> →</p> <p data-bbox="109 645 1099 705"><b>Target:</b> By 2030 50% reduction of CO<sub>2</sub>e from value chain compared with baseline year 2020</p> <p data-bbox="109 741 1069 831">In the VELUX Group, 98% of our carbon footprint relates to scope 3 emissions and comes from outside our own operations, the majority from the materials used in our products.</p> <p data-bbox="109 866 1112 986">Our scope 3 emissions declined significantly during 2023, compared with the previous year. The majority of this decline relates to lower production volumes leading to lower purchase volumes of materials. We also achieved a reduction by switching to lower carbon materials in our products.</p> <p data-bbox="109 1022 1112 1330">Our ambition is to strengthen the reporting procedures applied to emission calculations across all categories applicable to the VELUX Group. We are continuously increasing the robustness of applied models and expanding contextual data. We have increased the share of primary data used in calculations. This primary data comes directly from suppliers based on activities relating to our cooperation. A higher share of primary data equips us with the VELUX-specific insights necessary for the successful decarbonisation of our value chain. We have assigned relevant financial accounts to scope 3 categories at a more detailed level, and applied emissions factors accordingly. This triggered revisions of and updates to some of the data points disclosed in previous years but our reduction target approved by the SBTi remains unchanged.</p> <p data-bbox="109 1365 902 1391">* In Sustainability Report 2022 reported as Reduce our future carbon footprint (scope 3)</p>	<ul data-bbox="1152 499 2155 1391" style="list-style-type: none"> <li>• We started using new alloys with high post-consumer recycled content in window claddings and installation products. Furthermore, we started using different types of low carbon recycled steel in our product components</li> <li>• We established a new co-operation for low-carbon steel.</li> <li>• To support our scope 3 programme management, we created a new model to forecast our carbon footprint until 2030. This will help to efficiently drive our decarbonisation work in different business contexts.</li> <li>• We improved the accuracy of the data we collect and fine-tuned the carbon estimates applied to direct and indirect purchases.</li> <li>• We worked further on optimisation of our logistics setup, including the use of electric delivery vehicles in the US, signing a transport agreement to transport by Hydrotreated Vegetable Oil (HVO) fueled trucks, and fewer but larger volume deliveries in France, Great Britain, Netherlands, Belgium, Poland and Hungary.</li> <li>• Our Procurement Excellence &amp; PMO team, in cooperation with the Indirect Tax Team, created the first version of a model that can be used to report on new carbon taxes in 2024 and be ready to comply with the new Carbon Border Adjustment Mechanism (CBAM) from January 2026.</li> <li>• We introduced greater accountability by giving each category team individual targets to meet. On the design side, we took the first steps to initiate target setting on product development.</li> </ul>	<ul data-bbox="2195 499 2672 977" style="list-style-type: none"> <li>• Scope new partnerships within glass</li> <li>• Formulate and communicate new VELUX expectations to the suppliers we are directly conducting business with</li> <li>• Strengthen our way of working with carbon targets to ensure they can be assigned on lever and organisational level</li> <li>• Activate further levers and initiatives related to product design and procurement of indirect materials and services</li> </ul>	<p data-bbox="2718 499 3225 559">1,401 kt CO<sub>2</sub>e emissions in scope 3, a 21% decrease compared with 2022</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="103 489 216 596"> </div> <p data-bbox="259 499 549 570"><b>Reduce our product carbon footprint</b></p> <p data-bbox="259 583 693 609"><a href="#">Read more on sustainability.velux.com</a></p> <p data-bbox="103 645 1069 705"><b>Target:</b> By 2030 50% reduction of product carbon footprint compared with baseline year 2020</p> <p data-bbox="103 741 1112 861">We are working to reduce the embodied carbon footprint of our most common product, the VELUX residential sloped roof window. To give an indication of progress we follow up by calculating the cradle-to-gate emissions for an average of our most sold European Residential sloped roof window types.</p> <p data-bbox="103 896 1112 1110">Our work to decarbonise our products is a joint effort between our product development and procurement teams. Our procurement team works to source lower carbon materials, which are then implemented in our products by the product development teams. We are also working on a new product platform and identifying other opportunities for decarbonisation. This is a complex task as we want to develop more digital and automated products, which have a greater carbon footprint but which can improve indoor climate and energy efficiency.</p>	<ul data-bbox="1159 499 2159 870" style="list-style-type: none"> <li>• A new heat-strengthened laminated glass was introduced in the production of panes. This glass is more resistant thereby preventing damage to the glass in the production process, which results in better use of materials and less waste.</li> <li>• All the lower carbon materials that we source are continually implemented in our products.</li> <li>• Our product design teams and experts within the VELUX Group joined forces to identify potential carbon footprint reductions for our new product platform in the design phase. Several opportunities were identified and are being further validated and qualified.</li> </ul>	<ul data-bbox="2202 499 2682 1183" style="list-style-type: none"> <li>• Prioritise and activate the reduction potential identified in the concept phase of the new product platform in projects during 2024</li> <li>• Include work with reduction pathways in our product innovation roadmaps as part of the PCT (Product category team) annual cycle</li> <li>• Manage and report work to reduce our product carbon footprint as part of our strategic project to reduce our carbon footprint scope 3</li> <li>• The most sold US residential sloped roof windows (Skylight series) will be included when calculating the product carbon footprint to make the calculation more representative.</li> </ul>	<p data-bbox="2722 499 3165 559">111 kg CO<sub>2</sub>e emissions per window, an 8% decrease compared with 2022</p>
<div data-bbox="103 1236 216 1343"> </div> <p data-bbox="259 1245 726 1275"><b>Reduce work-related air travel*</b></p> <p data-bbox="259 1288 693 1315"><a href="#">Read more on sustainability.velux.com</a></p> <p data-bbox="103 1384 1092 1444"><b>Target:</b> By 2030 30% reduction in flights (air travel distance) compared with baseline year 2019**</p> <p data-bbox="103 1480 1102 1566">One of the levers for reducing our scope 3 emissions is to reduce our flight activity. However, data shows an increase in flights. A new approach has been taken to manage and guide policy in this area to reduce emissions in the years to come.</p> <p data-bbox="103 1602 1069 1652">* In Sustainability report 2022 reported as Reduce workrelated air travel and switch to zero emission cars ** 2019 is used as baseline year due to limited air travelling in 2020.</p>	<ul data-bbox="1159 1245 2159 1408" style="list-style-type: none"> <li>• We worked on creating a new cross-functional governance structure and revising the global travel policy in order to reduce flights.</li> <li>• We continued to search for an appropriate solution to track all Group travel activities as approximately 20% of travel activity is estimated.</li> </ul>	<ul data-bbox="2202 1245 2682 1686" style="list-style-type: none"> <li>• Implement revised travel policy and use cross-functional governance structure to activate all parts of the organisation to reduce flight activity</li> <li>• Promote behavioural change to reduce air travel through active use of our data insights</li> <li>• Manage and track work to reduce work-related air travel as part of our strategic project to reduce our carbon footprint from scope 3</li> </ul>	<p data-bbox="2722 1245 3192 1331">Index 54% in air travel distance compared to base year 2019 (index 100%), an 11% point increase compared with 2022</p>





# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="109 489 219 596"> </div> <p data-bbox="259 495 703 527"><b>Diversity, Equity and Inclusion</b></p> <p data-bbox="259 540 693 568">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="109 639 679 664"><b>Target: Ensure diversity and an inclusive culture</b></p> <p data-bbox="109 669 1086 727">Increase representation of underrepresented groups with an emphasis on leadership and increase equity and inclusion in our business practices</p> <p data-bbox="109 765 826 789"><b>Target: Increase number of women in management positions</b></p> <p data-bbox="109 795 1076 853">By 2030 40% of senior management positions and 45% of all management positions are held by women</p> <p data-bbox="109 891 569 915"><b>Target: Employ people with disabilities</b></p> <p data-bbox="109 921 1109 979">Increase representation of employees with visible and non-visible disabilities including through greater accessibility in physical and virtual working environments</p> <p data-bbox="109 1016 1109 1168">We aim to foster a diverse, equitable and inclusive (DEI) workplace that enables everyone to thrive. We believe everyone has the right to be treated fairly and equally regardless of their background, culture and experience. Building a more diverse and inclusive company will accelerate innovation and entrepreneurship and enable us to meet our goals.</p> <p data-bbox="109 1206 1096 1320">In 2023 we launched and rolled out the VELUX Group DEI policy. This provides the foundation of our work and assigns clear responsibility for progress. It also provides a shared understanding of what DEI means that we can use to guide our decisions and actions.</p> <p data-bbox="109 1358 1119 1572">During the year, the share of women in management increased from 26% at the start of the year to 28% at year end. The share of women in senior management increased from 30% to 33% due to a change in the operating model of the company. As part of this change, the Executive Group Management team was expanded with three new members, which also had the effect of bringing more women in their business units into senior management. The calculation methodology remained the same during the year for both data points.</p>	<ul data-bbox="1142 495 2185 1703" style="list-style-type: none"> <li>• DEI is now part of the Leadership Competency Framework. By end of 2023, 96% of all Managers, Project Managers, HR Business Partners and Recruitment Partners completed the first part of the Unconscious Bias training to create a clear understanding and a common language to talk about biases.</li> <li>• DEI is being integrated into all stages of the employee VELUX journey – from attraction, recruitment and onboarding to development, performance and offboarding. To reduce biases in recruitment advertising the Develop Diverse software was used on 200 job descriptions.</li> <li>• A questionnaire for Recruitment Managers was integrated in the recruitment process to create awareness of unconscious biases.</li> <li>• DEI questions were included in the Global Employee Survey, which is carried out every second year. This provides valuable data and insights we can use to take more strategic DEI decisions and actions.</li> <li>• We collected the first data from the Global Employee Survey on minority group self-identification. This is now used to understand how we can support minorities. We facilitated dialogues around the findings with senior management across functions.</li> <li>• A setup for Employee Resource Groups to create an inclusive work environment was established. Employee participation in these groups is voluntary but the groups are financed and supported by the VELUX Group.</li> <li>• To increase accountability, we implemented a short-term incentive that links progress on increasing the number of women in senior management positions to executive compensation.</li> <li>• We formed a working group to improve accessibility at our LKR Innovation House currently under construction.</li> <li>• Work started to form a global policy for hybrid work. This includes flexibility for employees to plan their work to match their living situation, reduce time for commute and create better options for focused work when required.</li> </ul>	<ul data-bbox="2185 495 2708 1183" style="list-style-type: none"> <li>• Pilot and scale up the Employee Resource Group programme</li> <li>• Prepare and roll out a practitioner programme for selected management groups working on own unconscious biases (second part)</li> <li>• Prepare and roll out Unconscious Bias training for all employees</li> <li>• Identify and activate relevant initiatives based on qualitative analysis from Global Employee Survey data, including Psychological Safety</li> <li>• The work to ensure diversity, equity and an inclusive culture will continue under the strategic project "Drive engagement in DEI"</li> </ul>	<p data-bbox="2708 495 3248 553">33% women in senior management, a 3% point increase compared with 2022</p> <p data-bbox="2708 590 3248 649">28% women in management, a 2% point increase compared with 2022</p> <p data-bbox="2708 686 3248 744">35% women in total, a 1% point decrease compared with 2022</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="103 489 216 596"> </div> <p data-bbox="259 499 616 527"><b>Strive for zero accidents</b></p> <p data-bbox="259 545 693 568">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="103 639 1059 695"><b>Target:</b> By 2030 less than 1 accident per 1 million working hours. Less than 0.2 lost working hours per 1,000 working hours</p> <p data-bbox="103 733 1112 789">The VELUX Group's safety vision is to have zero accidents. Achieving this vision is driven by our safety principles and our safety values.</p> <p data-bbox="103 827 1112 949">We work to raise awareness and promote a cultural change towards greater safety in all our workplaces. At the same time, we are working on improving our accident reporting systems so we can work systematically with our data to take action, gain knowhow and drive preventive initiatives, all with the aim of reinforcing our safety performance.</p> <p data-bbox="103 986 1112 1071">During the year, there was a predicted increase in our lost workday case rate, which could be explained by our increased focus on accident reporting. We take this increase seriously and are working to fully understand the causes and take action to reduce it.</p>	<ul data-bbox="1142 499 2135 1043" style="list-style-type: none"> <li>• We established a VELUX Groupwide Safety Decision Board to ensure uniform safety governance across all business units.</li> <li>• We strengthened our HSE (Health, Safety, Environment) setup and updated the monthly reporting functionality.</li> <li>• For white-collar workers, safety training is now part of the onboarding process. This means that new employees in all roles undergo safety training as part of their onboarding.</li> <li>• The global HSE team started a new and improved safety training programme for all new HSE managers, as well as repeating the Safety Leadership Training, which was completed by more than 95% of managers in production.</li> <li>• Safe driving was actively promoted on all VELUX Group sites, including compulsory reverse parking.</li> </ul>	<ul data-bbox="2185 499 2678 1005" style="list-style-type: none"> <li>• Launch and pilot testing of reporting system with real-time dashboards for Residential supply division in 2024 and the rest of the business in 2025</li> <li>• Expand the Safety Leadership trainings to non-production managers</li> <li>• Continue working to create groupwide safety standards</li> <li>• Implement a new safety audit programme, including an assessment of the current level of safety culture within the organisation</li> </ul>	<p data-bbox="2705 499 3202 583">2.07 accidents (LWC) per 1 mill wh, a 0.43 increase in the number of accidents (LWC) per 1 mill wh compared with 2022</p> <p data-bbox="2705 620 3202 705">0.39 hours of absence per 1,000 wh, a 0.06 decrease in hours of absence per 1,000 wh compared with 2022</p>
<div data-bbox="103 1136 216 1243"> </div> <p data-bbox="259 1140 669 1168"><b>Provide healthy workspaces</b></p> <p data-bbox="259 1187 693 1210">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> →</p> <p data-bbox="103 1281 1009 1303"><b>Target:</b> Good daylight conditions and fresh air in all new build and renovations</p> <p data-bbox="103 1341 1112 1425">We strive to create a healthy indoor climate that supports the health and well-being of people working in all of our facilities. This is a key driver in all new builds and renovations.</p> <p data-bbox="103 1463 1112 1585">We are working on energy optimisation and workplace updates based on assessments and learnings from our sites, and indoor climate data. Furthermore, work on our flagship LKR Innovation House is bringing together all VELUX research, development and best practices for inspirational workplaces with a good indoor climate.</p>	<ul data-bbox="1142 1140 2125 1303" style="list-style-type: none"> <li>• A working group was established to plan the interior of the LKR Innovation House that will showcase innovative design in working environments.</li> <li>• We created long-term plans for renovations starting with our buildings in greatest need.</li> </ul>	<ul data-bbox="2185 1140 2678 1512" style="list-style-type: none"> <li>• Continue implementing interior design solutions in the LKR innovation house</li> <li>• Execute long-term renovation plan under the guidance of the Facility Management Team</li> <li>• The work to provide healthy workspaces will no longer be tracked as a strategic target, and will be executed as part of the long-term renovation plan</li> </ul>	<p data-bbox="2705 1140 2928 1163">Qualitative target</p>



# 2023 progress reporting

Strategic target	2023 in brief	What's next	Data and progress
<div data-bbox="109 489 219 596" data-label="Image"> </div> <p data-bbox="259 499 703 527"><b>Share sustainable innovations</b></p> <p data-bbox="259 545 693 568">Read more on <a href="https://sustainability.velux.com">sustainability.velux.com</a> </p> <p data-bbox="109 639 1092 662"><b>Target:</b> Innovate and work with partners for more sustainable products and solutions</p> <p data-bbox="109 705 1112 821">To promote innovation and the development of products and solutions that will support our overall sustainability goals, we have launched two Lighthouse projects. These projects have created learnings around how we can use innovation to reduce carbon emissions and increase circularity in product development.</p> <p data-bbox="109 859 1092 915">In the future, we will continue to work with these two themes, as well as digital products, to support a better indoor climate.</p>	<ul data-bbox="1159 499 2135 662" style="list-style-type: none"> <li>• The second Lighthouse project, a new collection of blinds was launched. This collection consists of roof window blinds primarily made from recycled materials with a reduced carbon footprint compared to our standard blinds.</li> <li>• Our new collection of blinds are for sale in 31 markets.</li> </ul>	<ul data-bbox="2202 499 2678 836" style="list-style-type: none"> <li>• Continue to use the Lighthouse development process to create and test innovative concepts that promote decarbonisation, circularity and digital automation.</li> <li>• Share sustainable innovations will not continue as a strategic project but this work will continue in our product development and innovation teams</li> </ul>	<p data-bbox="2722 499 2935 521">Qualitative target</p>



# Responsible business conduct

## Our commitment to human rights

The VELUX Group is committed to respecting human rights in line with the UN Guiding Principles for Business and Human Rights, both in our own operations and our value chain.

We take a clear stance against forced labour, human trafficking and child labour in and beyond our value chain. We also acknowledge our responsibility to respect freedom of association and collective bargaining and to ensure proper working conditions, non-discrimination and diversity in our entire organisation.

### Policies guiding us

A number of VELUX Group policies set out our position and requirements connected to human rights and working conditions. These policies are developed based on the principles set forth in the International Bill of Human Rights and the core labour conventions of the ILO and with reference to the principles of the UN Global Compact and the UN Sustainable Development Goals.

The VELUX Group Code of Conduct for Employees complements the Sustainability policy and outlines the main principles of ethical behaviour for employees with respect for both human and labour rights. It builds on the ten principles of the UN Global Compact. Our diversity, equity and inclusion (DEI) policy outlines our vision for DEI and serves as a guiding principle to foster a diverse, equitable and inclusive company culture that enables everyone to thrive.

The VELUX Group Code of Conduct for Suppliers outlines our expectations to suppliers and is based on the principles underlying the United Nations Global Compact and the United Nations Sustainable Development Goals (SDGs). The Code of Conduct for Suppliers includes: our standpoint against forced labour, human trafficking and child labour; how we expect our suppliers to respect freedom of association and collective bargaining; and how

we expect them to ensure proper working conditions, non-discrimination against employees and their employees' right to privacy. It was updated in January 2023 and will be revised annually to comply with new legislation and best practice.

### Supply chain due diligence

The Code of Conduct for Suppliers sets out our expectations for suppliers and guides our approach to supply chain due diligence. All direct materials suppliers and indirect suppliers with a contract are obliged to sign our Supplier Code of Conduct. Compliance is monitored for VELUX Residential suppliers through scheduled re-evaluation activities and non-compliance is categorised in terms of severity ("major" or "minor"). Where non-compliance is identified, we request corrective action plans, and we undertake follow-up visits to ensure that improvements are made.

The Supplier Evaluation and Approval Process (SEAP) is applied to all new VELUX Residential suppliers for direct materials. The process has been updated during 2023 and this process will take effect from 2024. Before a new supplier for direct materials is approved, the supplier must undertake a self-assessment which includes elements of our Code of Conduct for Suppliers. Following this an on-site audit is conducted, which includes confirmatory checks of our Code of Conduct for Suppliers. The VELUX Group also reserves the right to monitor and audit, as appropriate, our suppliers' subcontractors to assess their compliance with our Code of Conduct for Suppliers.

### Human rights risk management

We work to continuously strengthen our approach to risk assessment and screening, in line with upcoming EU mandatory due diligence directives. As part of this work, our risk mitigation assessment for human rights violations was updated in 2023, namely our supplier audit program. This now covers aspects of the UN Guiding Principles.

To work more proactively with sustainability (including human rights) risk management, we have started using new risk management tools, including an AI platform. With the insights this provides, we will be able to monitor risk across our supply chain and support our suppliers to drive change. In 2023, we established new governance and compliance procedures around the platform so it is ready for use in 2024.

## Fair competition

The VELUX Group Legal Policy and the VELUX Group Competition Law Compliance Policy laid down by our owner, VKR Holding A/S, describe our approach to customers and competitors and also address our approach to mergers, acquisitions and other relevant cases. The Group General Counsel issues sub-policies to the Competition Law Compliance Policy when necessary.

Furthermore, the VELUX Group runs a comprehensive Competition law compliance programme to ensure that all our companies adhere to international and national regulations to prevent any form of anti-competitive behaviour. Our leading position in the market makes this programme critical to our business.

All relevant general and sales managers sign a declaration annually to confirm that all necessary measures to secure full compliance with competition laws applicable to the VELUX Group have been duly implemented. For example, the measures include informing all relevant employees of the content of the Competition law compliance policy and the above compliance programme.

The Head of Competition, Marketing & ESG, reporting directly to the Group General Counsel, monitors compliance and identifies potential significant competition law issues in relation to the business activities of the VELUX Group. The Head of Competition, Marketing & ESG advises on competition law matters, informs

the VKR Group companies of significant changes in competition law legislation, and performs compliance reviews. The Head of Competition, Marketing & ESG also trains directors, general managers, sales managers, and other relevant employees of the VELUX Group, and informs them of relevant changes to competition law in order to ensure compliance with the VELUX Group Competition Law Compliance Policy on an ongoing basis.

## Complying with international trade sanctions

In 2022 the VELUX Group decided to permanently close our operations in Russia and Belarus due to Russia's invasion of Ukraine.

As part of our commitment to comply with EU, UN and US sanctions, and to support our decision to discontinue trade in these two countries, we cannot accept that dealers resell our products to Russia or Belarus, or to companies or persons who might be sanctioned. To follow up on this we require all our dealers in certain geographical areas to sign a Sanctions Compliance Declaration. We have also started a process to monitor sales numbers in countries bordering Russia and Belarus as well as other countries that are known to have close trading relations with the two countries.

## Sustainability memberships and alliances

Meeting our ambitious sustainability goals cannot be achieved alone. We need to work with like-minded partners. Our memberships of various sustainability-focused alliances and networks

## Responsible business conduct

help us to drive progress, increase our impact, learn and collaborate. Below is a selection of our sustainability-related memberships and alliances in alphabetical order.

- Corporate Leaders Group Europe and UK
- Global Alliance for Buildings and Construction (GlobalABC, hosted by the United Nations Environment Programme)
- RE100
- Science Based Targets Initiative (SBTi)
- UN Global Compact (UNGC)
- World Business Council for Sustainability Development (WBCSD)
- World Economic Forum

### Tax

The VELUX Group acts with integrity and transparency in tax matters. We follow the VELUX Tax Guidelines and the Group Policy, which applies to employees as well as consultants and advisors involved in tax issues.

We are committed to respecting both the wording and spirit of tax legislation and we are also committed to properly reflecting our commercial and organisational reality in the tax we pay. We do not engage in artificial non-business driven transactions or business structures solely for the purpose of reducing tax. Our cooperation and communication with the tax authorities is timely, honest and appropriate.

### Policies

Our policies are key to delivering on our sustainability promises. They guide our daily activities and ensure that we and our suppliers do business based on respect and integrity.

#### Sustainability policy

The VELUX Group is committed to visibly lead the way on sustainability for both our own operations and throughout the entire value chain. Our sustainability policy provides high-level

guidance on how we conduct a responsible and sustainable business. It builds on the ten principles of the UN Global Compact and the UN Sustainable Development Goals.

#### Anti-corruption

We apply a zero-tolerance approach to corruption and we provide training in the VELUX Anti-corruption policy for managers and employees who may be exposed to the risk of bribery due to their role. This policy guides employees in their everyday work and requires management to ensure that bribery does not occur by formulating local guidelines concerning the receipt of gifts, entertainment and the avoidance of facilitation payments.

#### Code of Conduct and basic working condition for suppliers

The Code of Conduct and basic working conditions for suppliers outlines our expectations to our suppliers. The document incorporates the UN Global Compact and the UN Sustainable Development Goals and was updated in 2023.

#### Substance compliance for suppliers

The VELUX Restricted substance management standard ensures that we and our suppliers meet the legal requirements regarding substances used in our products. It informs our suppliers of the substances we must exclude from our products altogether and the threshold values regarding other chemicals or materials.

#### Code of Conduct for Employees

We are firmly committed to conducting our business lawfully and ethically. Therefore, we have developed the VELUX Code of Conduct for employees. It is our compass to show the way in situations where we are in doubt about our own, our managers' or our colleagues' actions, and it describes the main principles of ethical behaviour and our expectations towards all VELUX employees.

#### Modern Slavery Act

We are committed to respecting human rights and preventing any form of modern slavery, forced labour, child labour and human trafficking in our own business, as well as in our supply chain. We take great care to avoid infringing the rights of indi-

viduals, groups and communities through our business activities and relationships. We communicate our preventive actions in the annual Modern slavery act statement.

#### Diversity, Equity and Inclusion (DEI)

We are committed to fostering a diverse, equitable, and inclusive workplace that enables everyone to thrive. The VELUX Group DEI policy provides high-level guidance for how we approach DEI at the VELUX Group, outlines our vision, and serves as a guiding principle for our company culture together with the VELUX Code of Conduct for Employees and Sustainability policy. The policy is built on the principles of the UN Global Compact and the UN Sustainable Development Goals.

#### Respecting privacy

The VELUX Group respects and protects individuals' privacy and handles personal data with care. The VELUX Privacy policy describes how we treat data provided on or collected via our digital platforms. Our policy complies with the EU General Data Protection Regulation 2016/679 ('GDPR') and Danish law.

#### Whistleblower policy

Within the VELUX Group, we encourage an open dialogue on all compliance issues related to VELUX business methods, Code of Conduct, internal policies, laws and regulations. The whistleblower programme is for everyone to voice their concern if they become aware of illegal or unethical business conduct or of serious violation of internal rules and policies. We are committed to using the information gathered from concerns raised to take appropriate actions and make necessary improvements.



To read our  
policies visit

[sustainability.velux.com](https://sustainability.velux.com)





# ESG data and CSRD implementation

Sustainability is integral to the VELUX Group's strategy. As part of being a model company, the VELUX Group decided in 2020 that all ESG-related figures and statements are to be verified by an independent external assurance services provider.

In an assurance engagement, the level of risk is reduced by the auditor examining the indicator, taking samples and assessing VELUX's internal controls. Reasonable assurance offers the highest level of assurance with extensive sampling and testing of controls. Our end goal is for our sustainability data to be subject to the same level of scrutiny as our financial data.

To achieve this goal, the KPIs in the ESG table are subject to the level of assurance appropriate for the maturity of the underlying data. Since 2022, we have had reasonable assurance on six indicators in the ESG table and limited assurance on a further ten indicators. In 2023 we maintained this level of assurance in anticipation of the expanded ESG reporting mandated by the CSRD. The Audit Committee continuously discusses the progress of the ESG assurance journey.

In 2023, ESG data was included in our reporting to Executive Group Management and the Board of Directors on a quarterly basis. The indicators are increasingly part of how we measure progress in the VELUX Group.

## Implementation of the EU CSRD

The EU Corporate Sustainability Reporting Directive (CSRD) strengthens and expands the existing rules defined in the NFRD (Non-Financial Reporting Directive) and increases the number of companies that must report on ESG matters. VKR Holding, the VELUX Group's parent company, will be obliged to implement this new directive from 2026 when reporting on the financial year 2025.

As a subsidiary to VKR Holding, the VELUX Group will play an important role in collecting data for VKR Holding's CSRD reporting. The VELUX Group has made good progress on meeting the directive's requirements for sustainability reporting, such as a preliminary double materiality assessment, including sustainability information in management reporting, assessing the gaps to CSRD compliance, and achieving independent third-party verification of selected sustainability KPIs (see the diagram on the right).

In 2024, the VELUX Group will continue closing the gaps identified by our gap assessment and work towards CSRD reporting in collaboration with VKR Holding.

## The journey from internal reporting to reasonable assurance



### Internal reporting

No external assurance

- Compilation of relevant data information on a frequent basis.
- Reporting to communicate and inform people in the organisation.



### Limited assurance

Limited degree of external assurance

- Key verification procedures performed: Analytical procedures and inquiries, interviews with data owners.
- The objective is for the auditor to conclude that nothing came to attention that could lead to the conclusion that the information in the ESG accounting table on pages 23-24, marked with a "Limited Assurance Icon" has not been prepared, in all material respects, in accordance with VELUX accounting practices.



### Combined assurance

High degree of external assurance related to some KPIs and limited degree of assurance related to others

- Combined assurance is a combination of limited assurance for some KPIs and reasonable assurance for others.
- The conclusion is two-fold: One conclusion regards figures subject to reasonable assurance and one conclusion regards figures subject to limited assurance.



### Reasonable assurance

Highest degree of external assurance

- Verification procedures performed: Substantive procedures, including interviews with data owners, site visits and sample testing
- The objective is for the auditor to conclude that the information in the ESG accounting table on pages 23-24, marked with a "Reasonable Assurance Icon" has, in all material respects, been prepared in accordance with VELUX accounting practices.



# ESG accounting table

● Limited assurance
● Reasonable assurance

Note	Environmental	Unit	Target <sup>a</sup>	Assurance level	2023	2022	2021 <sup>b</sup>	2020 <sup>a</sup>
	<b>Reduce our future carbon footprint:</b>							
1.1	Scope 1 emissions	000 t CO <sub>2</sub> e	100% reduction (2030)	●	22	26	28	24
1.1a	Biobased emissions (outside scope)	000 t CO <sub>2</sub>		●	17	16	14	16
1.2	<b>Scope 2 emissions:</b>							
	Scope 2 emissions (location-based)	000 t CO <sub>2</sub> e		●	37	41	45	42
	Scope 2 emissions (market-based)	000 t CO <sub>2</sub> e	100% reduction (2030)	●	1	2	9	28
1.3	<b>Scope 3 emissions (total):</b>	000 t CO <sub>2</sub> e	50% reduction (2030)	●	1,401	1,783 <sup>c</sup>	1,806 <sup>c</sup>	1,556 <sup>c</sup>
	Category 1a: Purchased goods and services (product)	000 t CO <sub>2</sub> e		●	774	1,046 <sup>c</sup>	1,139 <sup>c</sup>	946 <sup>c</sup>
	Category 1b: Purchased goods and services (non-product)	000 t CO <sub>2</sub> e		●	137	140 <sup>c</sup>	132 <sup>c</sup>	118 <sup>c</sup>
	Category 2: Capital goods	000 t CO <sub>2</sub> e		●	44	38 <sup>c</sup>	23 <sup>c</sup>	25 <sup>c</sup>
	Category 3: Fuel and energy-related activities	000 t CO <sub>2</sub> e		●	16	21	16	13
	Category 4: Upstream transportation	000 t CO <sub>2</sub> e		●	193	224 <sup>c</sup>	240 <sup>c</sup>	203 <sup>c</sup>
	Category 5: Waste generated in operations	000 t CO <sub>2</sub> e		●	2	2	3	2
	Category 6: Business travel	000 t CO <sub>2</sub> e		●	70	75	36	47
	Category 7: Employee commuting	000 t CO <sub>2</sub> e		●	8	12	12	10
	Category 8: Upstream leased assets	000 t CO <sub>2</sub> e		●	2	2 <sup>c</sup>	2 <sup>c</sup>	2 <sup>c</sup>
	Category 9: Downstream transportation	000 t CO <sub>2</sub> e		●	10	12	12	12
	Category 11: Use of sold products	000 t CO <sub>2</sub> e		●	18	31	19	21
	Category 12: End of life treatment of sold products	000 t CO <sub>2</sub> e		●	127	180	172	157
1.4	<b>Share of renewable electricity</b>	%	100% (2030)	●	100	98	78	39
1.5	<b>Reduce our product carbon footprint</b>	Kg CO <sub>2</sub> e per window	50% reduction (2030)	●	111	120	119	117
1.6	<b>Switch to zero emission cars</b>	%	100% (2030)	●	9.12	2.19	2.23	0.26
1.7	<b>Share of certified wood</b>	%	100% (2030)	●	100	96	96	95

Figures in the ESG table are rounded, while figures elsewhere in the report are calculated using the unrounded figures.

a These figures have not been subject to assurance.

b Subject to limited assurance procedures, in accordance with the Independent Assurance Report 2021 included in the VELUX Sustainability Report 2021.

c Restated, see details in the accounting practice.

Continues >



## ESG accounting table

Limited assurance
 Reasonable assurance

Note	Social	Unit	Target <sup>a</sup>	Assurance level	2023	2022	2021 <sup>b</sup>	2020 <sup>a</sup>
2.1	<b>Full-time equivalent (FTE)</b>	FTE		●	11,409	12,608	12,211	11,160
2.2	<b>Headcount (HC)</b>	HC		●	11,641	12,861	12,493	11,511
2.3	<b>Employee turnover</b>	% HC		●	<b>17</b>	<b>15</b>	<b>13</b>	<b>8</b>
2.4	<b>Age distribution:</b>			●				
	<30 years	% HC		●	13	15	17	15
	30-50 years	% HC		●	54	54	53	55
	>50 years	% HC		●	33	31	30	30
2.5	<b>Increase number of women in management positions:</b>							
	Women in senior management	f %	40% (2030)	●	33	30	28	23
	Women in management	f %	45% (2030)	●	28	26	26	-
	Women in total	f %		●	35	36	35	35
2.6	<b>Strive for zero accidents:</b>							
	Work-related accidents	Accidents (LWC) per 1 mill wh	<1.00 (2030)	◐	2.07	1.63	2.58	2.89
	Accident-related absence hours	Hours of absence per 1000 wh	<0.20 (2030)	◐	0.39	0.45	0.49	0.39
Note	<b>Governance</b>							
3.1	<b>Gender diversity in board of directors</b>	f % / m %		●	<b>29/71</b>	<b>33/67</b>	<b>29/71</b>	<b>33/67</b>
3.2	<b>Supplier quality audits completed at year-end</b>	# completed audits		◐	<b>69</b>	<b>71</b>	<b>76</b>	<b>80</b>
3.3	<b>Code of conduct for suppliers signatures</b>	%		◐	<b>100</b>	<b>98</b>	<b>100<sup>c</sup></b>	<b>100<sup>c</sup></b>
3.4	<b>Anti-corruption e-learning completion</b>	%		◐	<b>89</b>	<b>77</b>	<b>76</b>	<b>86</b>

Figures in the ESG table are rounded, while figures elsewhere in the report are calculated using the unrounded figures.

a These figures have not been subject to assurance.

b Subject to limited assurance procedures, in accordance with the Independent Assurance Report 2021 included in the VELUX Sustainability Report 2021.

c The figure does not include the supplier segment with low criticality and annual spend.





# Accounting practices

## About this report

This sustainability report covers the period 1 January – 31 December 2023, following the calendar year-end aligned with our financial reporting. The ESG figures can be either consumption or year-end at 31 December 2023, which is stated under each indicator.

The strategic indicators cover the issues identified as material to the VELUX Group, in terms of importance to our business and to stakeholders. In addition, we report on our ‘running indicators’, which are important measures that we track continuously. For an overview of our ESG indicators and 2023 progress, please see the ESG table. At the current time, some of the 15 strategic targets described in the report are not easily quantifiable or measurable. For this reason, they have not been included in this year’s ESG table. All the strategic and running indicators that are quantitative and computationally mature are in the ESG table and the calculation methods are described in the specific accounting practice, see the note reference in the ESG table.

All figures in the ESG table have been examined by external auditors, and have been given either limited or reasonable assurance for 2023. The two different assurance levels are marked by different icons.

Maturing our data collection process and going from limited to reasonable assurance means that some of our ESG figures need to be restated. These restatements reflect improvements in data, scope and quantification methods. We refer to the specific accounting practices for further details regarding data that has been restated. In 2023, restatements have been implemented in scope 3 categories 1a, 1b, 2, 4a and 8.

## Organisational scope

Unless otherwise stated, indicators consist of data from all of VELUX i.e. both Residential and Commercial divisions as well as

administration, warehouses, and sales & marketing offices under operational control. Operational control is interpreted as having the authority to de facto implement changes to i.e. energy-related operations, e.g. implement a change of energy sources or implement energy efficiency measures. Residential refers to products primarily sold to private households, while Commercial refers to customised products such as VELUX Modular Skylights (VMS) sold to large clients, including companies and public institutions.

## Environmental

### 1.1 Scope 1

Organisational scope: VELUX Group

Assurance level: Limited

Scope 1 emissions in our operations result from the combustion of energy, i.e. natural gas, gas oil, propane, fuel for company cars and biomass. Biobased CO<sub>2</sub> emission from biomass, and the share of biobased fuel in diesel and petrol are not included in scope 1 and reported separately. See also ‘1.1.a Biobased emissions (outside scope)’. Energy consumption is based on invoices and/or meter readings and is registered in our SAP Business Planning and Consolidation system (BPC) and covers consumption from material activities within operational control, i.e. production, warehousing, administration and sales & marketing. Emission factors for the respective energy types are the most recent (2023) from DEFRA, sourced from the Department for Energy Security & Net Zero (DESNZ) - previously from the Department for Environment, Food & Rural Affairs (DEFRA) and the Department for Business, Energy & Industrial Strategy (BEIS).

#### 1.1.a Biobased emissions (outside scope)

In line with the Greenhouse Gas Protocol (GHG), direct CO<sub>2</sub> emissions resulting from the combustion of biobased fuels are

reported separately. This includes wood chips (a by-product of the production) used in our bioboilers and the share of biobased fuel found in petrol and diesel. The share of biobased emissions are accounted for by assigning relevant emission factors from DEFRA(2023) to the three fuel types. While other greenhouse gas emissions covered by the Kyoto Protocol are included under scope 1 emissions, only CO<sub>2</sub> emissions are accounted for as out of scope. Hence, the unit used for reporting is CO<sub>2</sub> and not CO<sub>2</sub>e.

### 1.2 Scope 2

Organisational scope: VELUX Group

Assurance level: Limited

Scope 2 emissions are based on purchased energy, i.e. electricity and district heating, and reported according to both location- and market-based methods in line with the Greenhouse Gas Protocol. Location-based emissions are calculated based on the International Energy Agency’s (IEA) most recent emission factors (2023), while market based electricity emission factors are assigned using the following hierarchy: supplier specific data (incl. certificates), residual mix data (AIB, 2023 or USA Green e, 2023), and location based data (IEA, 2023).

### 1.3 Scope 3

Organisational scope: VELUX Group

Assurance level: Limited

The majority of the data consists of supplier-specific data or spend data from the VELUX SAP Solution. To report a total VELUX Group figure, data from the parts of the business where we currently cannot integrate data from other ERP systems is extrapolated based on net sales. During the coming years, we will be working on obtaining more activity data from our suppliers.

Where emissions are calculated by spend, an Extended Environmental Input-Output (EEIO) emission factor database is used.

The database takes cradle-to-gate emissions through to consumer impacts, in kg CO<sub>2</sub>e per spend. The database is provided through Carbon Trust and is adjusted yearly to account for inflation, global decarbonisation and the transition of the global economy towards a services-oriented model.

Quantifications of VELUX value chain emissions are based on the calculation methods from the GHG, except for sub-category C9 which is extrapolated from C4 based on a fixed percentage rate. The scope 3 inventory is divided into 15 subcategories (C1-C15). 11 of these categories are determined as applicable to the VELUX business model and activities; see next sections. The four excluded categories are: C10: Processing of sold products, C13: Downstream leased assets, C14: Franchises and C15: Investments. C10 and C13 are excluded due to irrelevance, as VELUX does not sell any partially finished products that need further processing and does not act as a lessor. C14 and C15 are excluded as VELUX neither has franchises nor substantial financial investments.

## Improved scope 3 data accuracy

In 2023, we implemented the following changes to improve the accuracy of our scope 3 reporting:

- Increased the share of primary data instead of industry averages, giving a more specific picture of emissions in category 1a and 4a.
- Created a more detailed categorisation of costs used for categories to better reflect the actual indirect emissions.
- Applied emissions factors at a more granular level on categories 1b, 2 and 8.

Accounting for these changes, scope 3 emissions in categories 1a, 1b, 2, 4a and 8 have been recalculated and restated for 2020,



## Accounting practices

2021 and 2022. This results in decreased scope 3 emissions of 337 tCO<sub>2</sub>e in 2020, 18% lower than previously stated. For 2021, this results in a decrease of 249 tCO<sub>2</sub>e, 12% lower than previously stated. For 2022, this results in a decrease of 209 tCO<sub>2</sub>e, 10% lower than previously stated.

### Scope 3 categories

Emissions from the scope 3 categories which apply to the VELUX Group are quantified as follows:

**C1** Purchased goods and services are separated into:

**1a** Emissions from purchased goods and services (product-related emissions, e.g. from raw materials) are calculated using a mass-based approach: Mass of purchased material multiplied by product subgroup mass-specific emission factors. Where available, supplier-specific emission factors are applied; if not, industry average emission factors collected from the ecoinvent database (version 3.9) are applied.

**1b** Emissions from purchased goods and services (non-product related emissions, e.g. services) are calculated based on spend data multiplied by product-specific emission factors from EEIO (2022).

**C2** Capital goods emissions are calculated by multiplying spend data with product-specific spend emission factors. Emission factors used are EEIO (2022).

**C3** Fuel and energy-related activities (not included in scope 1 or scope 2): The activity data from scope 1 and 2 are multiplied by well-to-tank (WTT) and transmission and distribution (T&D) emission factors. Emission factors used are from IEA (2023) and DEFRA (2023).

**C4** Upstream transportation and distribution emissions are calculated by financial spend and a distance-based approach:

**4a** Product-related (PR) emissions are calculated based on weight and distance for purchased materials multiplied by relevant emission factors by major transport type. Emission factors are from DEFRA (2022).

**4b** Emissions from non-product related transport and distribution are primarily calculated based on financial spend data multiplied by transport-specific EEIO (2023) emission factors. A minor part is calculated based on warehouse activity data multiplied by relevant emission factors from GLEC (2023).

**C5** Emissions from waste generated in operations are calculated using waste produced annually per waste type multiplied by specific waste handling emission factors from DEFRA (2023) and the ecoinvent database (version 3). Only waste from Residential and Commercial production companies are in scope.

**C6** Business travel emissions are calculated by allocating the spend data by road, air and rail transport multiplied by transport-specific emission factors from EEIO (2022).

**C7** Employee commuting emissions are calculated using the number of employees in each country multiplied by transport-specific emission factors. Emission factors are from DEFRA (2023) and based on specific country and specific commuting assumptions from Carbon Trust\*.

**C8** Upstream leased assets are all emissions related to the embedded carbon footprint from the lease of assets and not included in scope 1 and 2. It is calculated by financial spend data multiplied by product-specific spend emission factors EEIO (2022).

**C9** Downstream transport and distribution emissions are estimated as a percentage of category 4 – upstream transport and distribution emissions. As VELUX has no access to actual data for the downstream emissions, this percentage, which in 2023 was 5%, is determined based on experience from Carbon Trust and verified by a VELUX estimation.

**C11** Use of sold product emissions are calculated by multiplying the number of grid-powered motors released to the market by the estimated annual average energy consumption of the motors, and then multiplied by the average world energy grid mix emission factor from IEA (2023). Assumptions on motor capacity (active and standby), energy usage per day and final estimated lifetime of motors are based on internally developed environmental product declarations (EPDs). Note that the lifetime does not take into account customers who may choose to replace motors and thus extend the lifetime of the product.

**C12** Emissions from the end of life treatment of sold products are calculated by multiplying the number of European residential sloped roof windows sold (excluding e.g. flat roof windows and the American Skylight windows) by a specific window end of life emission factor. The related non-window product emissions are calculated by extrapolating from net sales. Emission factors are based on the most recent internally developed EPDs and cover deconstruction, downstream transport, waste processing and disposal.

### 1.4 Share of renewable electricity

Organisational scope: VELUX Group

Assurance level: Limited

The indicator includes all renewable electricity produced at own solar cells (photo-voltaic (PV)), Energy Attribute Certificates (EAC) or a signed letter of intent assuring the allocation and retirement is present at the time of reporting. The European, New

Zealand, Australian, and Chinese markets are covered by EACs. Signed letters of intent covers the North American and Japanese markets. Note that electricity produced from own solar cells which are not used by VELUX but sold to the grid, are not included in the share of renewable electricity.

### 1.5 Reduce our product carbon footprint

Organisational scope: VELUX Residential

Assurance level: Limited

To keep track of production efficiency, while still working to reduce our carbon footprint, we track our product carbon footprint, which is calculated as kg CO<sub>2</sub> equivalents per average window. Due to the major product deviations across Residential and Commercial products in terms of size and material composition, the VELUX Group reports on our product carbon footprint relative to an average residential roof window. The average is based on a weighted average of the four most sold European residential sloped roof window types (GGL, GPL, GGU and GPU), with a weighted average pane from all sold units. The indicator is based on a cradle to gate approach, i.e. selected scope 1 and 2 emissions (energy consumption from production in 2022) and scope 3 categories (mainly cradle to gate emissions from supplied raw materials represented by the industry standard carbon footprint, unless specific supplier carbon footprint information in line with SBTi principles is available).

### 1.6 Switch to zero emission cars

Organisational scope: VELUX Group

Assurance level: Limited

This indicator tracks progress towards the target of achieving a 100% electric car fleet by 2030 and reports the share of zero emission cars out of the total number of company cars owned or leased by VELUX. Zero emission cars only include fully electric vehicles such as cars and vans. Hybrid cars are not considered

\* Commuting assumptions are divided into country classification (high income to middle income) and the following types of transport: car, train, metro, bus, motorcycle, and walking/cycling, where the latter is considered zero emission transport.



# Accounting practices

to be zero emission cars. Trucks, forklifts, and other electric vehicles used in on-site operations, are currently not included in the calculation. Data is based on a global internal biannual survey, combined with statements from leasing companies and extracts of leased assets and owned assets from SAP.

## 1.7 Share of certified wood

Organisational scope: VELUX Group

Assurance level: Reasonable

Certified wood is defined as sourced wood for products certified according to the 'Program for the Endorsement of Forest Certification' (PEFC) or 'Forest Stewardship Council' (FSC).

Data for the sourcing of certified wood at European production sites for European Residential products is based on data collected in the VELUX SAP solution when receiving the wood, while data for the US based production is collected manually. Wood used in Chinese production is sourced from our Hungarian factory. Commercial products do not contain wood, but all VELUX Group companies are included in the reporting for completeness.

## Social

### 2.1 Full-time equivalents (FTE)

Organisational scope: VELUX Group

Assurance level: Reasonable

Full-time equivalents (FTE) is measured at year-end. The number of FTE is a measure of the 'number of scheduled contractual working hours' divided by 'the full-time equivalent number of default working hours according to local legislation'. Both scheduled weekly hours and default weekly hours are maintained in VELUX Workday, which is the VELUX global Human Resources (HR) system.

Employees include: regular, temporary and seasonal employees, as well as interns, apprentices and students. Temporary and sea-

sonal workers are employees who have a fixed-term contract. All expatriates are included as regular workers.

Employees that are excluded in the figures are those on long term leave >12 months, garden leave and contingent workers. Contingent workers are freelancers, independent contractors or other outsourced workers.

### 2.2 Headcount

Organisational scope: VELUX Group

Assurance level: Reasonable

The headcount at year-end reflects the number of employees in VELUX who have the employee type: 'Employee' in the VELUX global HR system Workday. Headcount is the count of the unique Employee IDs and reflects the total number of people employed. This includes regular, temporary and seasonal employees, as well as interns, apprentices and students. All expatriates are included as regular workers. Employees that are excluded in the headcount are those on long term leave >12 months, garden leave and contingent workers.

#### Headcount average

The average headcount is the average of how many employees have been working over a 12-month period. The calculation is based on end-month headcount figures for 12 months. This figure is used in the turnover calculation.

### 2.3 Employee turnover

Organisational scope: VELUX Group

Assurance level: Reasonable

The term 'employee turnover rate' refers to the percentage share of employees who leave the organisation during the calendar year relative to the average headcount over the same 12 months. The turnover rate thereby includes employees who leave the VELUX Group both voluntarily and involuntarily and employees who retire. All data are stored in VELUX Workday.

### 2.4 Age distribution

Organisational scope: VELUX Group

Assurance level: Reasonable

The age distribution of VELUX employees is based on the headcount figure (see definition above) and reported in percentages. Our age distribution categories are aligned with Global Reporting Initiatives (GRI) disclosure 401-1: Employment (2021). Data is extracted from VELUX Workday and calculated based on the employees' date of birth and the headcount at year-end.

### 2.5 Increase number of women in management positions

Organisational scope: VELUX Group

Assurance level: Reasonable

This indicator seeks to ensure diversity and equal opportunity at work at all levels in the organisation. The indicator focuses on having increased representation of women in management and senior management positions. All core employee master data are stored in VELUX Workday. Data on gender are recorded in VELUX Workday upon hiring and are voluntarily self-declared by employees. The reporting figures are at year-end.

#### Women in senior management

Senior management are the supervisory organisational levels 1-3 and managing at least one person, which is recorded in VELUX Workday. Level one covers those that report directly to the CEO.

#### Women in management

A manager is defined as a person who supervises at least one person. In VELUX Workday, all managers registered are included in this indicator.

#### Women in total

This figure is the number of women employees in the VELUX Group, including temporary, expatriate, interns, apprentices and students, but excluding contingent workers, those on garden leave and on long-term leave >12 months.

### 2.6 Strive for zero accidents

Organisational scope: VELUX Group

Assurance level: Limited

This indicator tracks the accident frequency across VELUX operations for VELUX employees. Only accidents with absence are included. Accidents that result in a full workday of absence are tracked. A full workday depends on the country specific hours. A Lost Workday Case (LWC) is defined as a work-related accident resulting in injury or illness, where the employee is required to take at least one full day of absence. Work-related illnesses (attrition) are currently excluded because privacy policies/internal data protection and national regulations make it difficult to collect data globally.

Working hours are calculated as the sum of working hours for the total headcount of VELUX Group employees. This excludes overtime.

Accidents are recorded locally by all VELUX Group companies and reported monthly via our BPC system.

#### Accident-related absence hours

Hours of absence per 1,000 working hours

Absence hours include the total hours lost due to lost workday cases (LWC). Accidents and absence hours are reported in the same calendar year the accident took place. If absence is related to an accident that continues into a new calendar year/financial period, the absence hours will be included in the new financial period, and the actual accident will not be carried forward. For



# Accounting practices

any single LWC, only the first 12 months of absence are included in the calculation, with any subsequent months excluded.

Absence hours are recorded locally by all VELUX Group companies and reported monthly via the VELUX BPC system. Working hours are calculated as the sum of working hours for the total headcount of VELUX Group employees. This excludes overtime.

## Governance

### 3.1 Gender diversity in board of directors

Organisational scope: VELUX A/S

Assurance level: Reasonable

This indicator tracks the gender diversity in the board of directors, excluding all employee-elected board members. The indicator shows the share of female and male board members, respectively, at year-end. This indicator only includes the board of directors in VELUX A/S.

### 3.2 Supplier quality audits completed at year-end

Organisational scope: VELUX Residential

Assurance level: Limited

The Supplier Evaluation and Approval Process (SEAP) is applied to all new suppliers for direct materials. All new suppliers must undergo an on-site audit before approval. Existing suppliers from before 1 January 2022 undergo periodic onsite audits and self-assessments in line with the VELUX Global Audit Execution Process. Direct material suppliers are defined as those delivering materials and components to our production, i.e. wood, glass, packaging, electronics, chemicals, aluminium and metal parts, which are part of VELUX Group's SAP Bill of Material (BOM).

VELUX Group's audit System VAS is part of VELUX Group's QHSE Management System. It provides the total number of on-site

audits and self-assessments conducted by VELUX during the year. On-site audits are conducted by VELUX whereas self-assessments are written responses provided by the supplier followed by a review by VELUX. On-site audits and self-assessments are equally counted and the total number of completed audits are reported at year-end. The reported figure consists of suppliers that provide goods for Residential suppliers, including those suppliers who also provide to Commercial.

### 3.3 Code of conduct for supplier signatures

Organisational scope: VELUX Residential

Assurance level: Limited

This indicator includes all suppliers of direct materials for locations that produce VELUX Residential products. Direct material suppliers are defined as those delivering materials and components to our production, i.e. wood, glass, packaging, electronics, chemicals, aluminium and metal parts. All Commercial suppliers are excluded, as they have a separate process, which is currently being aligned.

Data is processed and collected through the VELUX SAP Ariba procurement platform. All suppliers in scope must sign the Code of conduct, but there may be exceptions in cases where suppliers have similar or more thorough codes of conduct in place. All exceptions are documented, and verified by the VKR Legal team.

### 3.4 Anti-corruption e-learning completion

Organisational scope: VELUX Group

Assurance level: Limited

This indicator is part of VELUX communication and training about anti-corruption policies and procedures. The percentage relates to the completion rate of anti-corruption training for selected employees based on their risk of exposure to corruption and bribery. The training is administered in VELUX Workday.



# Management statement

The Board of Directors and the Executive Board of VELUX A/S including affiliates (hereafter the VELUX Group) have considered and adopted the Sustainability Report of the VELUX Group for the period 1 January to 31 December 2023.

The Sustainability Report 2023 has been prepared in accordance with the accounting practices and the sustainability governance. In our opinion, the Sustainability Report provides a true and fair view of the VELUX Group's impact on society for the period 1 January to 31 December 2023. Further, in our opinion, the accounting principles applied are appropriate and the information given in the Sustainability Report is consistent with these accounting policies.

4 April, 2024

## Management

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**Lars Petersson**  
CEO

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**Anders Götzsche**  
Executive Vice President, CFO

## Board of Directors

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**Jørgen Jensen**  
Chair of the board

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**Henrik Lange**  
Vice Chair of the board

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**Karina Deacon**  
Member of the board and Chair  
of the Audit Committee

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**Jean-Marc Lechêne**  
Member of the board

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**Eva Birgitte Bisgaard**  
Member of the board

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**Mads Kann-Rasmussen**  
Member of the board

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**Hans Jürgen Kalmbach**  
Member of the board

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**Jimmy B. Laursen**  
Employee board member

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**Kurt Emil Eriksen**  
Employee board member

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**Finn W. Christiansen**  
Employee board member



# Independent Auditor's Assurance Report

## To the stakeholders of VELUX A/S

As agreed, we have performed an examination with a combined reasonable and limited assurance, as defined by the International Standards on Assurance Engagements, on the ESG accounting table in VELUX A/S' Sustainability Report 2023 (the 'Sustainability Report') for the period from 1 January to 31 December 2023.

Specifically, we are to conclude on the marked Key Performance Indicators in the ESG accounting table on pages 23-24 in the Sustainability Report 2023 (the 'ESG accounting table'):

- Reasonable assurance over the Key Performance Indicators identified in the ESG accounting table for 2023 on pages 23-24, marked with a "Reasonable Assurance Icon".
- Limited assurance over the Key Performance Indicators identified in the ESG accounting table for 2023 on pages 23-24, marked with a "Limited Assurance Icon".

In preparing the ESG accounting table, VELUX applied the Accounting practices described on pages 25-28. The ESG accounting table needs to be read and understood together with the Accounting practices, which management is solely responsible for selecting and applying. The absence of an established practice on which to derive, evaluate and measure the ESG accounting table allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Other than as described in the preceding paragraph, which sets out the scope of our engagement, we did not perform assurance procedures on the remaining information included in the Sustainability Report, and accordingly, we do not express an opinion on this information.

## Management's responsibilities

VELUX A/S Management is responsible for selecting the Accounting practices, and for presenting the ESG accounting table in accordance with the Accounting practices, in all material respects. This responsibility includes establishing and maintaining internal controls, maintaining adequate records, and making estimates that are relevant to the preparation of the ESG accounting table, such that it is free from material misstatement, whether due to fraud or error.

## Auditor's responsibilities

Our responsibility is to express a conclusion based on our examinations of the presentation of the ESG accounting table in accordance with the scope defined above.

We conducted our examinations in accordance with ISAE 3000 Assurance Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish audit regulation to obtain assurance for the purposes of our conclusion.

EY Godkendt Revisionspartnerselskab applies International Standard on Quality Management 1, ISQM1, which requires the firm to design, implement and operate a system of quality management including policies or procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements.

We have complied with the independence and other ethical requirements of the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour as well as ethical requirements applicable in Denmark.

## Description of procedures performed

In obtaining reasonable assurance over the Key Performance Indicators identified in the ESG accounting table on pages 23-24, marked with a "Reasonable Assurance Icon", our objective was to perform such procedures and to obtain such evidence which we consider necessary in order to provide us with sufficient appropriate evidence to express an opinion with reasonable assurance.

In obtaining limited assurance over the Key Performance Indicators identified in the ESG accounting table on pages 23-24, marked with a "Limited Assurance Icon", our objective was to perform such procedures as to obtain information and explanations which we consider necessary in order to provide us with sufficient appropriate evidence to express a conclusion with limited assurance. The procedures performed in connection with our limited assurance engagement are less than those performed in connection with a reasonable assurance engagement. Consequently, the degree of assurance for our conclusion is substantially less than the assurance which would be obtained had we performed a reasonable assurance engagement.

As part of our examination, we performed the below procedures:

- Interviewed those in charge of the ESG accounting table to develop an understanding of the process for the preparation of the Sustainability Report and for carrying out internal control procedures.
- Performed analytical review of the data and trends to identify areas of the ESG accounting table with a significant risk of misleading or unbalanced information or material misstatements and obtained an understanding of any explanations provided for significant variances.
- Based on inquiries we evaluated the appropriateness of Accounting practices used, their consistent application and re-

lated disclosures in the ESG accounting table. This includes the reasonableness of estimates made by management.

- Designed and performed further procedures responsive to those risks and obtained evidence that is sufficient and appropriate to provide a basis for our conclusion.
- In connection with our procedures, we read the other sustainability information in the Sustainability Report of VELUX and, in doing so, considered whether the other sustainability information is materially inconsistent with the ESG accounting table or our knowledge obtained in the review or otherwise appear to be materially misstated.

In addition to the above we performed the following procedures for the Key Performance Indicators identified in the ESG accounting table subject to reasonable assurance:

- Agreed key items and representative samples based on generally accepted sampling methodology to source information to check accuracy and completeness of the data.
- Site visits to conduct walkthroughs of data gathering, calculation and consolidation processes related to the reasonable assurance of metrics.

In our opinion, the examinations performed provide a sufficient basis for our conclusion.

# Independent Auditor's Assurance Report

## Conclusion

In our opinion, the Key Performance Indicators identified in the ESG accounting table on pages 23-24, marked with a "Reasonable Assurance Icon" in VELUX A/S' Sustainability Report for the period from 1 January to 31 December 2023 which has been subject to our reasonable assurance procedures have, in all material respects, been prepared in accordance with the Accounting practices on pages 25-28.

Based on the limited assurance examinations and the evidence obtained, nothing has come to our attention that causes us to believe that Key Performance Indicators identified in the ESG accounting table on pages 23-24, marked with a "Limited Assurance Icon" in VELUX's Sustainability Report for the period 1 January to 31 December 2023 subject to our limited assurance procedures, have not been prepared, in all material respects, in accordance with the Accounting practices described on pages 25-28.

Copenhagen, 4 April 2024

EY Godkendt Revisionspartnerselskab  
CVR no. 30 70 02 28

Morten Østergaard Koch  
State Authorised Public Accountant  
mne35420

Lars Fermann  
State Authorised Public Accountant  
mne45879





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It is the group's purpose to establish a number of Model Companies, which cooperate in an exemplary manner. By Model Company we mean a company working with products useful to society, which 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.

**Villum Kann Rasmussen, 1965**

Founder of the VELUX Group





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VELUX roof windows have been bringing daylight and fresh air into peoples' homes around the world for more than 80 years, creating better living environments. We offer a range of products including roof windows and modular skylights, decorative blinds, sun screening products, and roller shutters, as well as installation and smart home solutions. They help create bright, healthy, and energy-efficient places for people who live, work, learn, and play under the roof. We work globally - with sales and manufacturing operations in 37 countries and around 11,600 employees worldwide.

The VELUX Group is owned by VKR Holding A/S, a limited company wholly owned by VILLUM FONDEN and the Kann Rasmussen family.



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