

TOWARDS 2030

Building on a decade of achievements



Table of contents

ABOUT OUR COMPANY

The Model Company Objective	3
Letter to our stakeholders	4
A year defined by COVID-19	6
A healthy indoor climate	7
Our business is built on sustainability	8
Achieving more together	9

ENERGY AND CLIMATE STRATEGY 2020

Concluding our Energy and Climate Strategy 2020	10
Leading the change	11
Energy and climate	12
People first	13
Towards zero waste	15
Responsible sourcing	16
2020 sustainability highlights	17

SUSTAINABILITY STRATEGY 2030

It's our nature. Towards 2030 and beyond.	19
The strategy house	20
Assessing our impact	21
The UN Sustainable Development Goals	22
Pioneer climate and nature action	23
Capture our historical carbon footprint	25
Reduce our future carbon footprint	27
Show how to build sustainably	29

Innovate sustainable products	30
Innovate digital products for sustainable living	31
Reduce our product carbon footprint	32
Green our packaging	33
Secure a responsible business	34
Ensure diversity and an inclusive culture	35
Increase number of women in management positions	36
Employ people with disabilities	37
Strive for zero accidents	38
Provide healthy workspaces	39
Reduce work-related air travel and switch to zero emission cars	40
Achieve zero waste	41
Share sustainable innovations	42
Promote a circular economy	43
Overview of the strategy house	44
Indicator summary tables	45
Accounting practice	47

The Model Company Objective



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

Our company values and ways of operating are based on the Model Company Objective, formulated by our founder Villum Kann Rasmussen. Looking closely, the Model Company Objective resembles the three pillars of what – 55 years later – we call sustainability: environmental, social and economic responsibility. We strive to develop products useful to society (environmental/social responsibility), treating stakeholders better than most others (social responsibility), while maintaining financial independence (economic responsibility). These inherently sustainable objectives are a direct enabler of our vision and approach towards sustainability and they continue to form the basis for all the VELUX Group's activities.

Letter to our stakeholders

2020 was a year that will go down in history as challenging. In the space of what seemed to be days, COVID-19 radically changed the way we live and work around the world. Although the pandemic affected many aspects of our business, we maintained a focus on sustainability throughout the year. We successfully concluded our Energy and Climate Strategy 2020 and launched the new Sustainability Strategy 2030.

With climate change and the biodiversity crisis becoming ever more urgent, we cannot afford to slow down. More action is needed, and everyone has to do their part – not least businesses.

Protecting our people

By using our values and the Model Company Objective to steer our decision-making, we have been able to act fast and resolutely to achieve our priorities during this difficult year. For the VELUX Management Group these priorities were the health and safety of our people and the continued supply of high-quality products to our customers – in that order.

During the year, everyone in the organisation has demonstrated incredible commitment and dedication despite working in difficult conditions with strict distance and hygiene requirements at our production sites or from home.

Finalising the Energy and Climate Strategy 2020

2020 was also a notable year as it marked the conclusion of our Energy and Climate Strategy 2020, which we started back in 2009. Looking back, our efforts within the five focus areas of the strategy have created some great achievements. The full results of the strategy are outlined in this report and a few are highlighted here.

We have striven to Lead the change towards healthy and sustainable buildings through partnerships, advocacy activities and by demonstrating how to build sustainably in a way that creates optimal comfort, reduces the demand for energy and cares for the environment. Our work in this focus area has shown that indoor environments with plenty of daylight and fresh air positively impact our health and well-being.





By using our values and the Model Company Objective to steer our decision-making, we have been able to act fast and resolutely to achieve our priorities during this difficult year.

David Briggs
CEO, The VELUX Group

Secondly, our efforts within Energy and climate have enabled us to reduce our company carbon footprint by 59% compared to the 2007 baseline. This means we have achieved and exceeded our carbon reduction target by 9%.

Lastly, in the focus area People first we have striven to create a safe working culture where safety is integrated throughout all production and headquarter sites. Our accident frequency is now four times lower than the comparable industry benchmark, and safety continues to be a priority going forward.

This report is the final progress report for the Energy and Climate Strategy 2020, and we can be very proud of everything we have achieved. However, much has changed in the decade since the Energy and Climate Strategy was launched in 2009 and today there is a need for even greater commitment and action.

**Launching 'It's our nature'
– Sustainability Strategy 2030**

Our behaviour and actions over the coming years will determine the future of all life on earth. The world continues to face an increasing number of complex and interconnected challenges, with the climate crisis and loss of biodiversity being the most critical. Against this urgent backdrop, in 2020 we launched our new sustainability strategy. Entitled 'It's our nature', it represents the beginning of an extensive sustainable transformation of the way we do business. With the strategy's 15 targets, we want to 'Pioneer climate and nature action', 'Innovate sustainable products' and 'Secure a responsible business'.

Partnering with World Wide Fund for Nature to become Lifetime Carbon Neutral

The pioneering commitment in the new strategy is to become Lifetime Carbon Neutral by our 100-year anni-

versary in 2041. To do this, we have entered into a 20-year partnership with the World Wide Fund for Nature (WWF). They will help us capture the Group's historical CO₂ emissions, approximately 5.6 million tonnes of CO₂ through forest conservation and biodiversity projects around the world.

At the same time, we will reduce our future carbon footprint following the most ambitious reduction path in the Paris Agreement from 2015. By 2030, we will have become a carbon neutral company and we will have halved our value chain emissions.

This commitment places us among the first companies in the world – and the first company in the construction industry – to take responsibility for both past and future carbon emissions.

We want to do our part to alleviate climate change and support the nature that we – and all life on earth – rely upon. Quite simply, it's our nature.

David Briggs
CEO of the VELUX Group

UN GLOBAL COMPACT
COMMUNICATION ON PROGRESS

This is our **Communication on Progress** in implementing the principles of the **United Nations Global Compact** and supporting broader UN goals.

We welcome feedback on its contents.

A year defined by COVID-19

2020 was a year marked by the global COVID-19 pandemic, which impacted many aspects of the way we do business. The Model Company Objective was used by the VELUX Management Group and the COVID-19 task force to steer decision-making and enable decisive action.

Throughout the year, the COVID-19 task force monitored the situation carefully and ensured full compliance with all authority guidelines, always following a precautionary principle. A number of measures were implemented to safeguard the health and well-being of our employees, secure deliveries to our customers and mitigate the spread of the virus. These measures included a total lockdown of many production companies for a period followed by a slow reopening with strict distance and hygiene requirements, a global company policy that all employees who could work at home should do so and a travel policy that limited business travel for all employees.

During the closure of our production companies, all furloughed employees were guaranteed their base salary. When we gradually reopened, we faced challenging working conditions caused by the need for social distancing and new ways of working. With these dual pressures, VELUX employees have shown great dedication and commitment to ensure we could continue to serve our customers.





A healthy indoor climate

For almost 80 years, the VELUX Group has created better living environments for people around the world; making the most of daylight and fresh air through the roof.

The VELUX product programme includes roof windows and modular skylights, decorative blinds, sun screening products and roller shutters, as well as installation and smart home solutions. These products help to ensure a healthy indoor climate for work and learning, for play and pleasure.

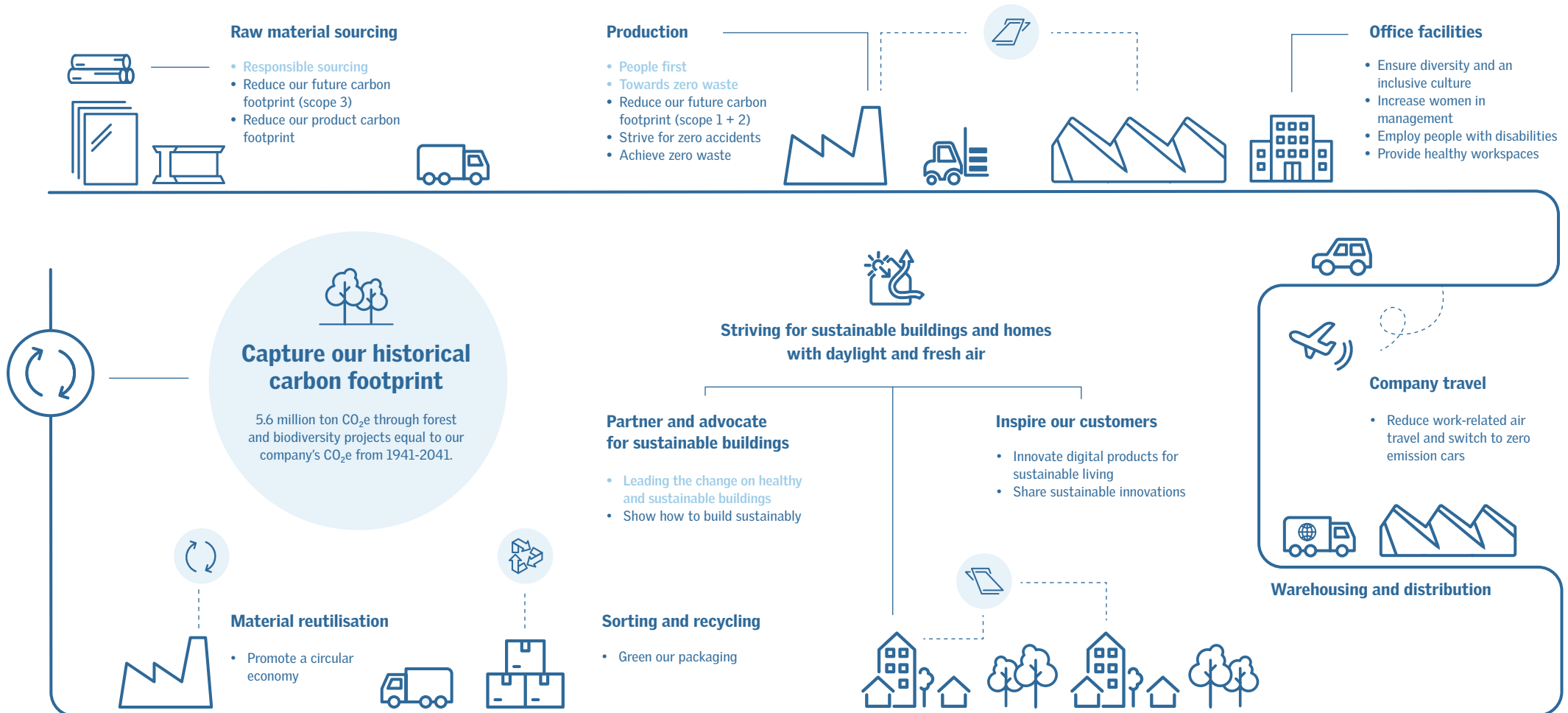
Ownership underpins our sustainability goals

The VELUX Group is wholly owned by VKR Holding A/S, a limited company owned by THE VELUX FOUNDATIONS and family. This ownership structure ensures sustainable, long-term thinking and social responsibility, and that a significant proportion of the company's profits are returned to society through the foundations. The financial results of the VELUX Group are incorporated in VKR Holding's consolidated accounts. In 2020, VKR Holding's revenue amounted to DKK 22.6 billion (EUR 3.0 billion) and net profit for the year came to DKK 3.7 billion (EUR 497 million).

Our business is built on sustainability

We transform our high ambitions for sustainability into tangible actions across our company and value chain. This ensures that sustainability is truly integrated throughout our business from sourcing to production, people and products to sustainable building advocacy and product end-of-life.

- **Energy and Climate Strategy 2020**
– focus area
- **Sustainability strategy 2030**
– target



ORGANISATIONS FOR BUSINESS, NATURE AND CLIMATE

SUSTAINABLE BUILDING PARTNERSHIPS

Achieving more together

The VELUX Group believes in the power of partnerships – not least when it comes to sustainable buildings and ambitious climate goals.

For decades, we have advocated for and inspired sustainable buildings together with businesses, interest organisations, universities and other organisations. Our partners include many different organisations within these categories including the digital transformation company Leapcraft, the technology accelerator programme Urbantech, the international Active House Alliance and the architects 3XN. In addition to being member of several national organisations for sustainable buildings and industry, we are also active participants in a number of international interest groups and climate action forums.

These partnerships and our advocacy work have provided us with valuable learnings and experience that we can use in our work to deliver on the goals towards 2030 and beyond. By partnering with WWF, signing up to the Science Based Targets initiative, RE100 and becoming part of global platforms, we are taking responsibility for our actions and joining the world's corporate climate champions.

Concluding our Energy and Climate Strategy 2020

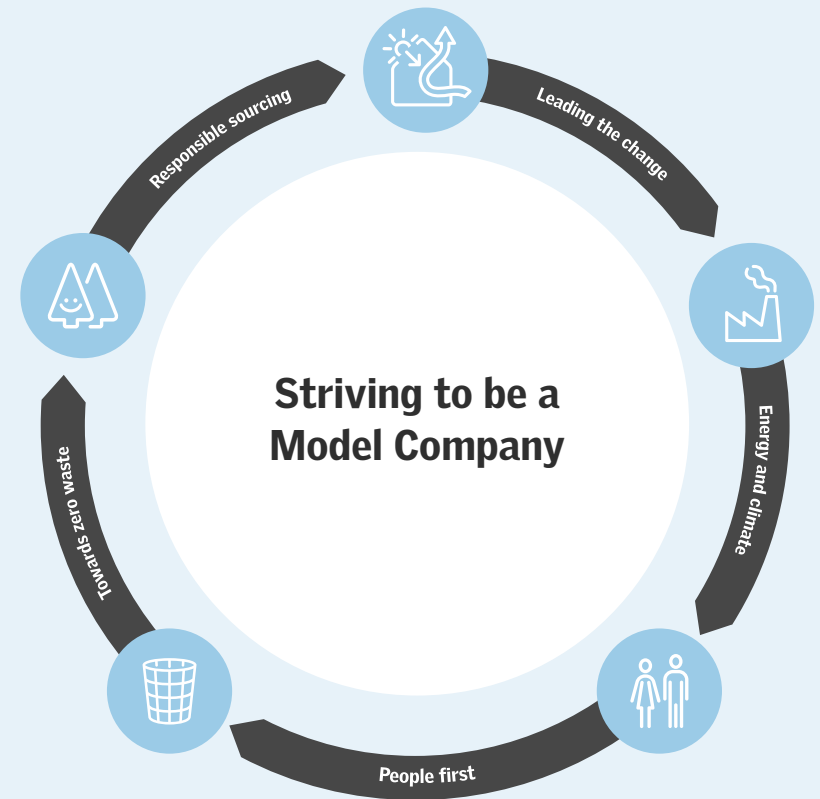
2020 was an exciting year for our work with sustainability. It marked the conclusion of a decade's successful work on our Energy and Climate Strategy 2020.

Looking back at our efforts since 2009, we are pleased to see that we have achieved many of the strategy's aspirations and goals in the five focus areas of sustainable buildings, climate, energy and the environment, people and responsible sourcing.

For example, throughout the decade we have demonstrated that it is possible to create energy-efficient and sustainable buildings and renovation projects designed for people with a minimal impact on the environment. We have put energy and climate issues firmly on the agenda and more than halved the company's carbon emissions. We have created a safe and healthy working

environment, reduced our production waste to almost zero and ensured responsible sourcing.

These achievements have only been possible because of the support, hard work and commitment of the entire organisation. Our efforts to meet our strategy goals have required us to challenge ourselves, come up with innovative solutions and continuously improve our methodologies and ways of working. These highly valuable learnings from the past decade give us a strong foundation and starting point to drive change as we start our journey towards 2030 and our new sustainability strategy 'It's our nature'.



The VELUX Model Company Objective continues to serve as the basis of all the VELUX Group's activities.



Leading the change on healthy and sustainable buildings

Ambition

To lead the change on healthy and sustainable buildings.

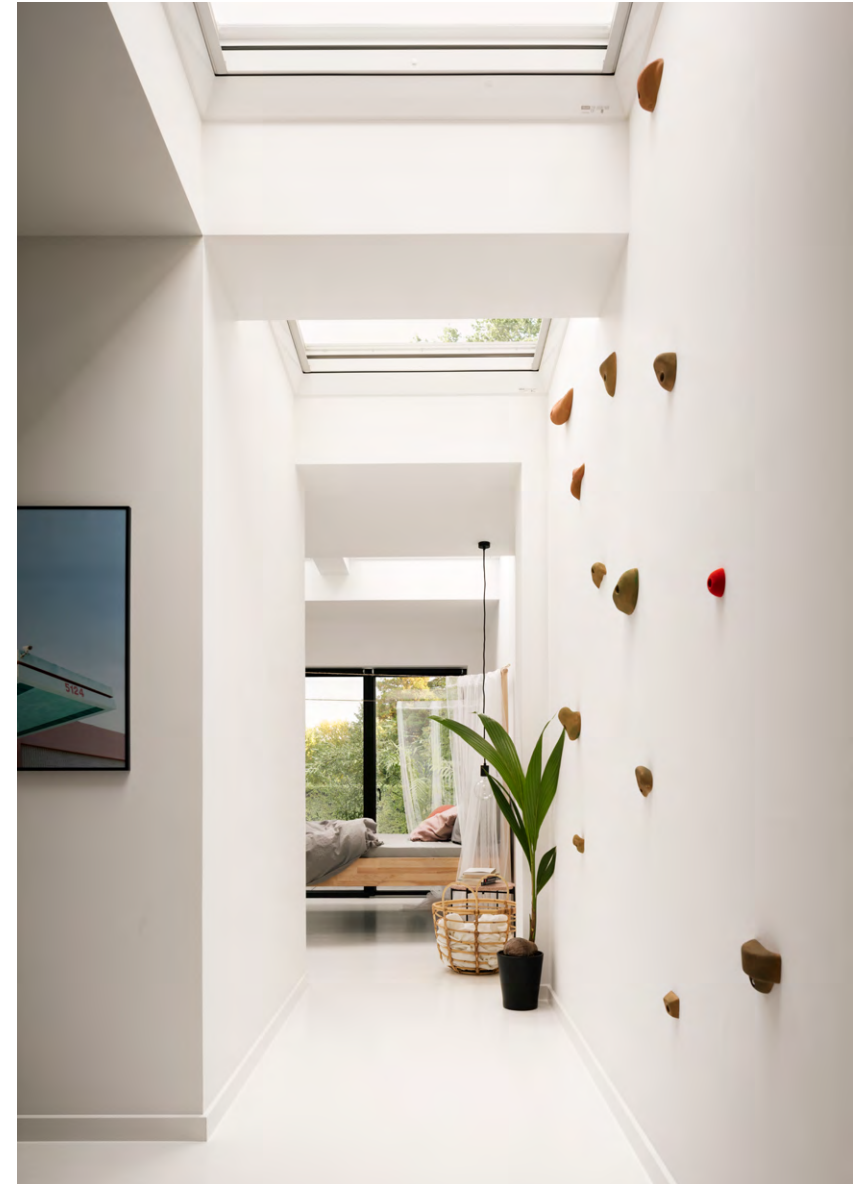
Performance in 2020

- Held the International VELUX Award for Students of Architecture
- Vice-chaired the Danish Government's Climate Partnership for Building and Construction
- Concluded the second year of the innovation accelerator program on sustainable building solutions, Urbantech, with a Demo Day
- Published the Healthy Homes Barometer for the sixth consecutive time.

What we did

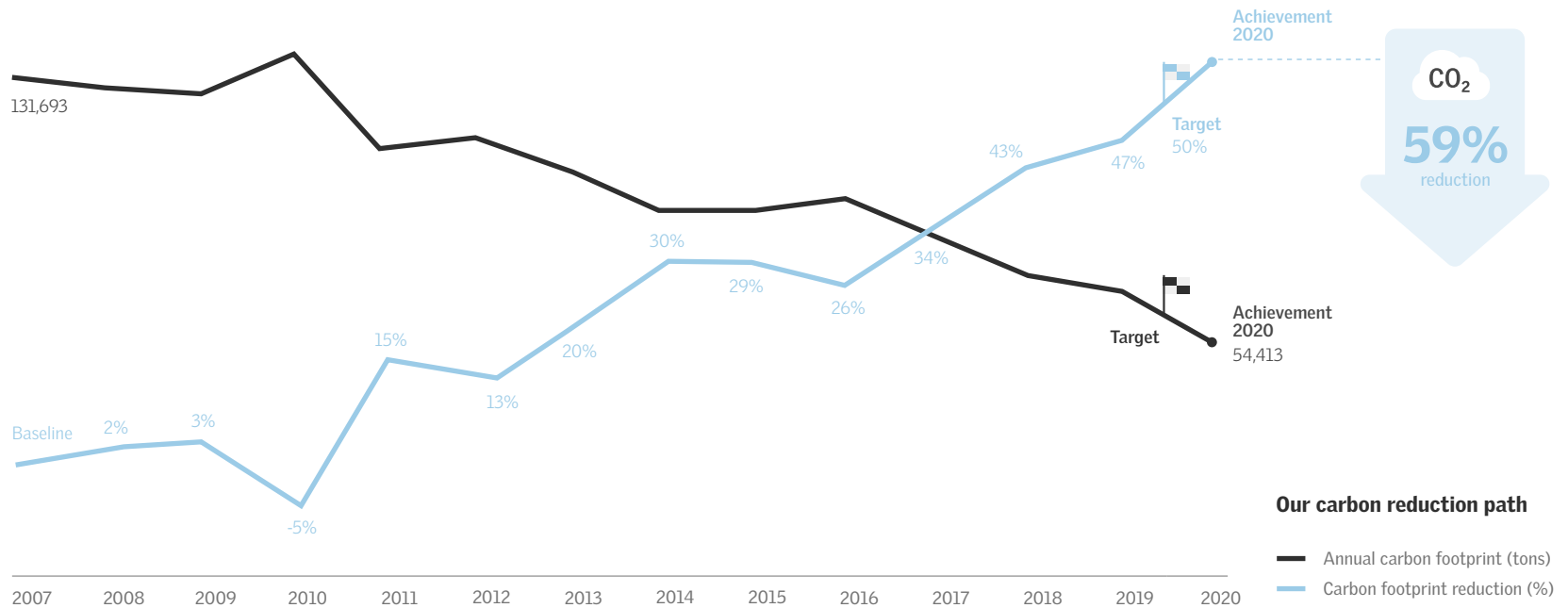
Through our focus and advocacy for healthy buildings, we have demonstrated that sustainability is achievable in new buildings and renovation. In partnerships we have developed 30+ sustainable demonstration buildings, applied the RenovActive building concept to real renovations and supported the development of Active Houses around the world.

Our achievements also include the establishment of leading healthy buildings fora and concepts, such as the Healthy Building Days, the Daylight Symposium, the International VELUX Award for students of architecture, the VELUX Daylight Academic Forum for PhD students, co-founding the Active House Alliance and publication of the Healthy Homes Barometer for six consecutive years (2015-2020).





Energy and Climate



39%

Share of renewable electricity



Ambition

50% reduction in CO₂ emissions by 2020 from 2007 baseline.

Performance in 2020

59% reduction compared to the baseline. This means we achieved and exceeded our reduction target by 9%. The 2020 achievement is a result of our long-term carbon reduction strategy focusing on energy efficiency improvements, increased on-site renewables and purchase of renewable electricity. In 2020, the 16 percentage point increase in green electricity purchases contributed positively to our progress. We also saw the full effect of the energy efficiency investments made in 2019.

Company flight travel, which has been included in our carbon footprint since the start of the Energy and Climate Strategy, declined due to COVID-19, which has had a minor positive effect.

What we did

Since 2009 we have striven to reduce our carbon footprint in two ways: Firstly, we focused on continuous improvement of energy efficiency in all production sites, warehouses and headquarters in Europe through certified ISO 50001 Energy Management. Secondly, we are transitioning from fossil fuels to renewable energy sources for electricity and heating. We have continued our investments in green electricity from off-shore windfarms

with Guarantees of Origin and on-site renewable energy production from solar PVe. We utilise on-site waste wood biomass from FSC/PEFC certified wood used in production to replace fossil fuels for heating.

We also implemented a global energy planning framework and introduced an Energy Screening Tool to help identify the most energy-intensive processes and indicate where the highest CO₂ savings can be made.



People first



0.35

2020

0.4

2019

Absence due to accidents

Hours of absence per 1000 work hours.

Ambition

Maximum 1 accident per 1 million work hours.
Maximum 0.2 hours of absence due to accidents per 1000 work hours.

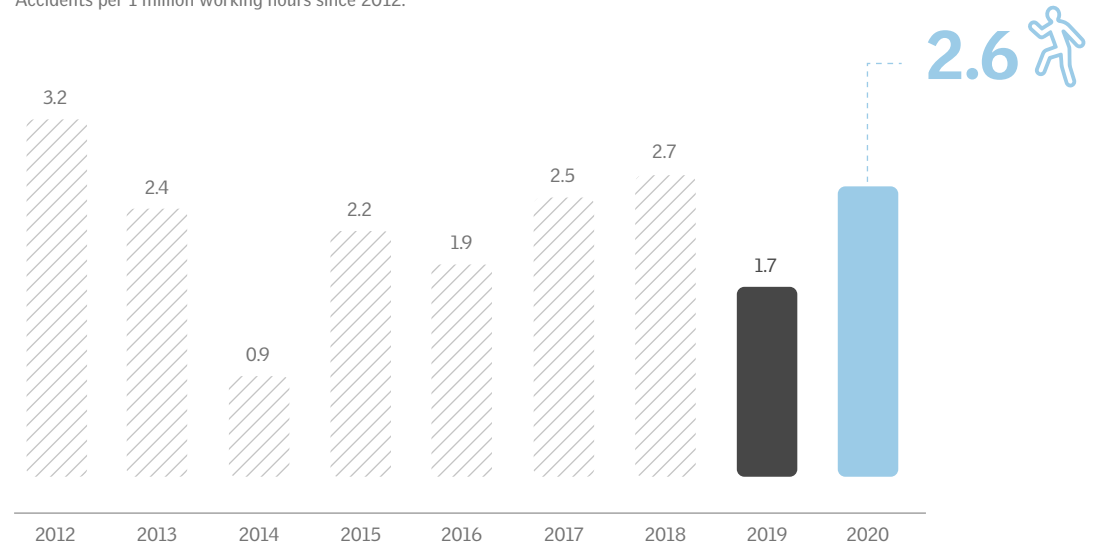
Performance in 2020

Our accident frequency was 2.6 accidents per 1 million work hours. Absence due to accidents was 0.35 hours per 1000 work hours.

Compared to 2019, the accident frequency in 2020 has risen. This was due to the many changes in operations, workloads, new tasks and production work routines caused by COVID-19. However, absence due to accidents

Accident frequency

Accidents per 1 million working hours since 2012.



decreased showing that in spite of more accidents, they were less severe. We will continue our focus on reducing accidents through the VELUX Vision Zero and our ISO 45001 certification.

What we did

For several years, we have worked intensely to build and promote a strong safety culture and reduce accident frequency.

Our safety efforts have been driven by the initiative 'VELUX Vision Zero' and ISO 45001, which integrated safety throughout our Supply organisation and in our work with accountability from shop floor to top management.

Although we did not continuously meet our ambition of maximum 1 accident since 2014, the integration of safety in our daily work has ensured a significant reduction of accidents over time and that our accident rate is four times lower than the comparable industry benchmark¹.

¹ <https://www.da.dk/statistik/ulykkesstatistik/ulykkesstatistik-2019/>



Gender diversity in the VELUX Group

Over the years we have worked to improve gender balance by encouraging recruitment of more female managers and a more diverse workforce in general.

In 2020 23% of our senior managers were female. Which is an increase of 7 percentage points compared to 2019. This is due to a new definition of senior managers that has come out of an organisational restructuring.

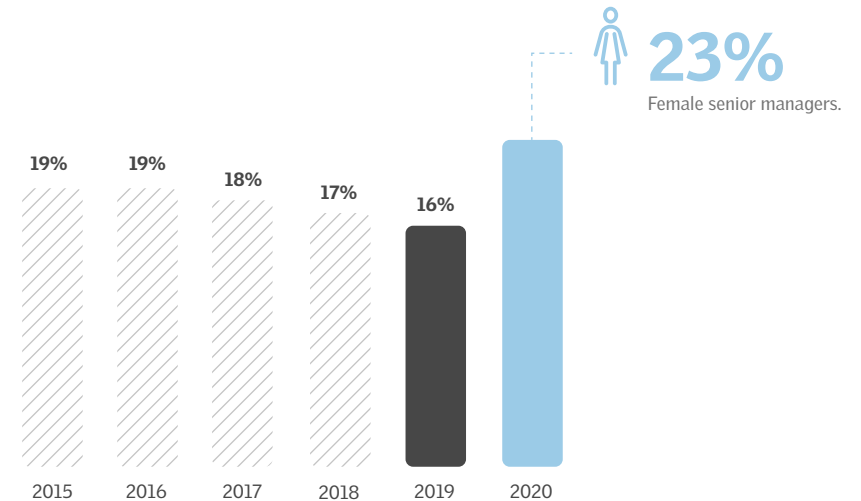
The new definition expands the population of senior managers, which includes more women.

We have set new targets for diversity as part of our new sustainability strategy 'It's our nature.'

Read more

- [Ensure diversity and an inclusive culture](#)
- [Increase number of women in management positions](#)

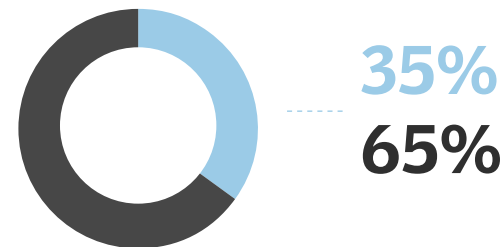
Women in management



Gender diversity in the company

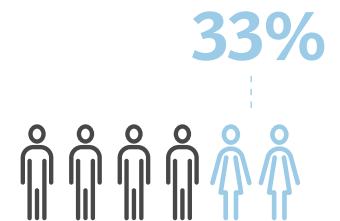
Share of men and women in the VELUX Group.

— Men — Women



Female representation on the VELUX Board of Directors

Two out of six members of our board, or 33%, were female in 2020. This is the same as in 2019.





Towards zero waste

Ambition

Zero waste from production sites.

Performance in 2020

97.8% of production waste is reutilised.

What we did

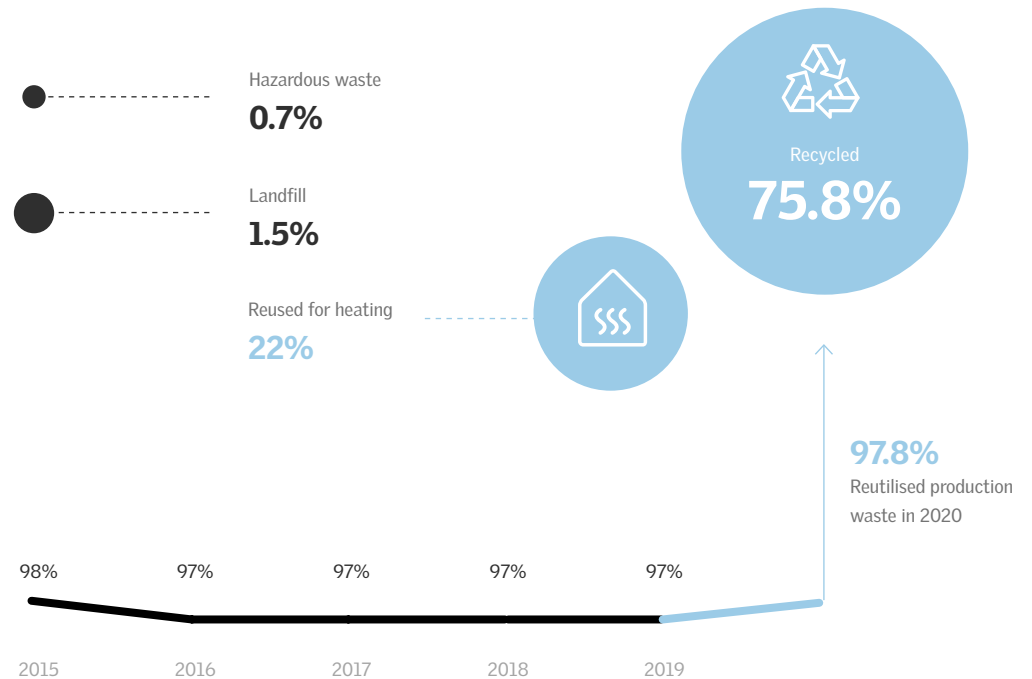
Over the last ten years, we have focused on eliminating waste from our production by applying a reduce, reuse and recycle mindset. We have come a long way and achieved a 97.8% reutilisation rate through ISO14001:2015 certification at all VELUX production sites. This waste is recycled

as new materials or reused as an energy source for heat generation. Waste reutilised for heat generation is on-site waste wood biomass from FSC/PEFC certified wood used in production.

To achieve our vision of zero waste, we optimised material efficiency and the use of raw materials in production processes. At the same time, we increased the use of recycled materials and prioritised global waste reduction initiatives with a strong focus on knowledge sharing to increase our positive impact.



Production waste reutilisation





Responsible sourcing

Ambition

100% certified wood in European window products by 2021.

Performance in 2020

99.6% FSC or PEFC certified wood in European windows.

What we did

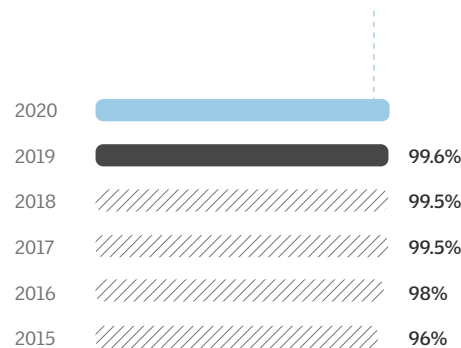
By working closely with our suppliers, we have reached a high level of FSC and PEFC certified wood. Currently, the total volume of certified wood for windows produced at our European production sites is 99.6%. When adding US-based production to this figure our global certifica-

tion rate is close to 95%. We continue to work with our European suppliers to reach our target of 100% certified wood and are looking into opportunities to include US-based suppliers in the 100% goal in the coming years. Our Chinese-based production solely sources 100% certified wood from our European production sites.



Rate of certified wood

We have incrementally increased the share of certified wood in European products over the years.



Compliance

Anti-corruption

In 2020, 86% of employees for whom it was relevant had completed the anti-corruption course.

Code of conduct for suppliers

100% of our suppliers had signed the code of conduct for suppliers.

Supplier quality audits

We conducted 80 supplier quality audits.

2020 sustainability highlights

Responsible sourcing

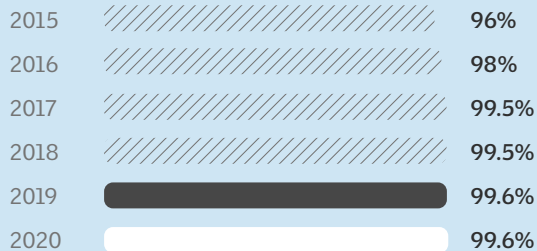
100%

Supplier Code of Conduct signatures

We insist that all suppliers comply with the high standards in our code of conduct.

Wood certification

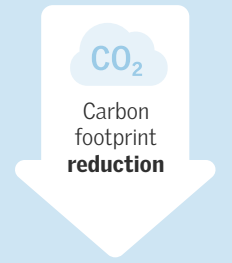
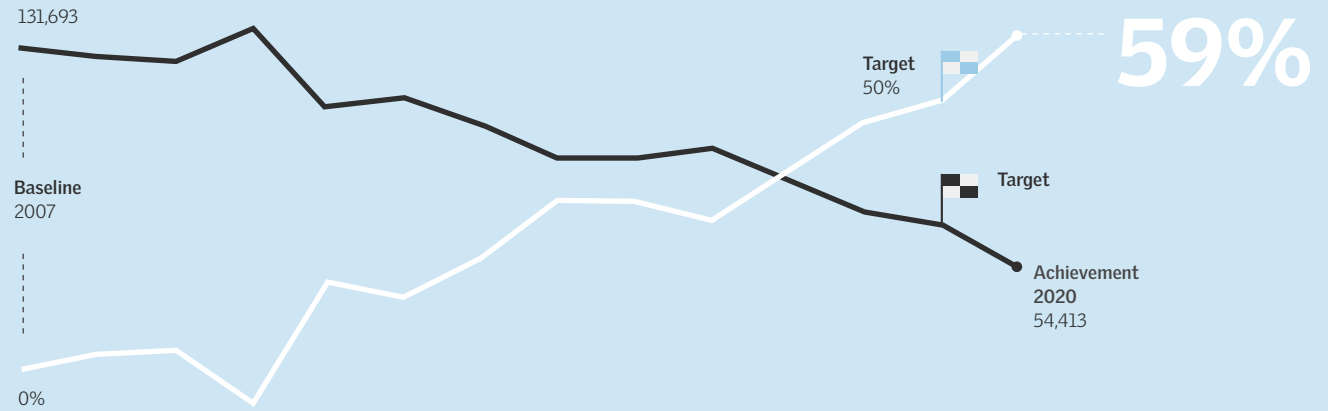
The proportion of FSC or PEFC certified wood used in European production was 99.6%.



Energy and climate

We have worked to reduce our carbon footprint by being more energy-efficient in our ways of working and by transitioning from fossil fuels to green and renewable sources of energy.

— Annual carbon footprint (tons)
— Carbon footprint reduction (%)



59%

People first

Safety is an integrated part of our daily work and today our accident rate is around four times lower than the comparable industry benchmark.

2.6

Accidents per 1 million working hours.

Towards zero waste

Our strong focus on eliminating waste from our production has resulted in 97.8% of our production waste being reutilised either as new materials or as an energy source to generate heat.

97.8%

Production waste reutilised.

Leading the change on healthy and sustainable buildings

We are behind a number of programs, publications, demonstration buildings, partnerships and events – all of which advocate for healthy and sustainable buildings.



Advocating for sustainable buildings.



SUSTAINABILITY
STRATEGY 2030

**It's our
nature**

It's our nature. Towards 2030 and beyond

Time's up. It's time to act. We are all aware of the climate crisis and the devastating consequences of global warming. However, what is often lost in this debate is the impact on biodiversity, also known as the 'hidden crisis'.

A direct response to an urgent need for action

The year 2020 marks the start of the Decade of Action and the acceleration of solutions to address global challenges, as defined in the United Nations Sustainable Development Goals (SDGs). At the VELUX Group, we recognise that we all have a responsibility to support this development and limit the consequences of climate change. We are fortunate in that our ownership structure gives us the privilege of being able to do more than most.

Our new sustainability strategy will allow us to make the biggest environmental contribution in the history of the company. It builds on its predecessor, the Energy and Climate Strategy 2020 but has a wider scope impacting all parts of the organisation.

We call our new strategy 'It's our nature' and its meaning is two-fold: Firstly, it is 'our' nature to have sustainability at the heart of our business and secondly, we want do our part

to alleviate climate change and support the nature that we – and all life on earth – rely upon.

'It's our nature' will be our roadmap for the decade to come. Its launch marked the start of an extensive sustainable transformation of the way we organise our business and of the products and solutions we bring to market. As the strategy period begins in January 2021, this report outlines the targets set for 2030 while subsequent reports will detail progress.

Created with the hearts and minds of our people

Our new strategy 'It's our nature' is homegrown and deeply anchored in our business. Over the course of two years, we have involved a wide range of internal stakeholders – from the VELUX Management Group and the VELUX Board to more than 100 employees from different parts of the organisation.



This report outlines the targets set for 2030 while subsequent reports will detail progress.

Using internal resources to develop the strategy has created strong commitment and ownership. The strategy is embedded within the functional areas of the organisation and our business strategy. At the highest level, the VELUX Management Group has overall responsibility for achieving the strategic goals and each member of the management group has taken ownership of at least one sustainability target.

**It's our
nature**

**Pioneer climate and
nature action**

To become Lifetime Carbon Neutral and showcase sustainable buildings and communities.

Innovate sustainable products

To create better indoor spaces for people and to care for the environment.

Secure a responsible business

For more diverse, inclusive, safe, healthy, and innovative ways of working. We must keep our own house in order and live up to our Model Company Objective.

The strategy house

Our new strategy has three main themes and is built in the form of a house with a pitched roof. The foundation covers targets that **Secure a responsible business** for more diverse, inclusive, safe, healthy and innovative ways of working.

The core of the strategy house is to **Innovate sustainable products** to create better indoor spaces for people and to care for the environment. The targets at the top of the house reflect our commitment to **Pioneer climate and nature action** by taking responsibility for past and future carbon emissions and by showcasing sustainable buildings and communities.

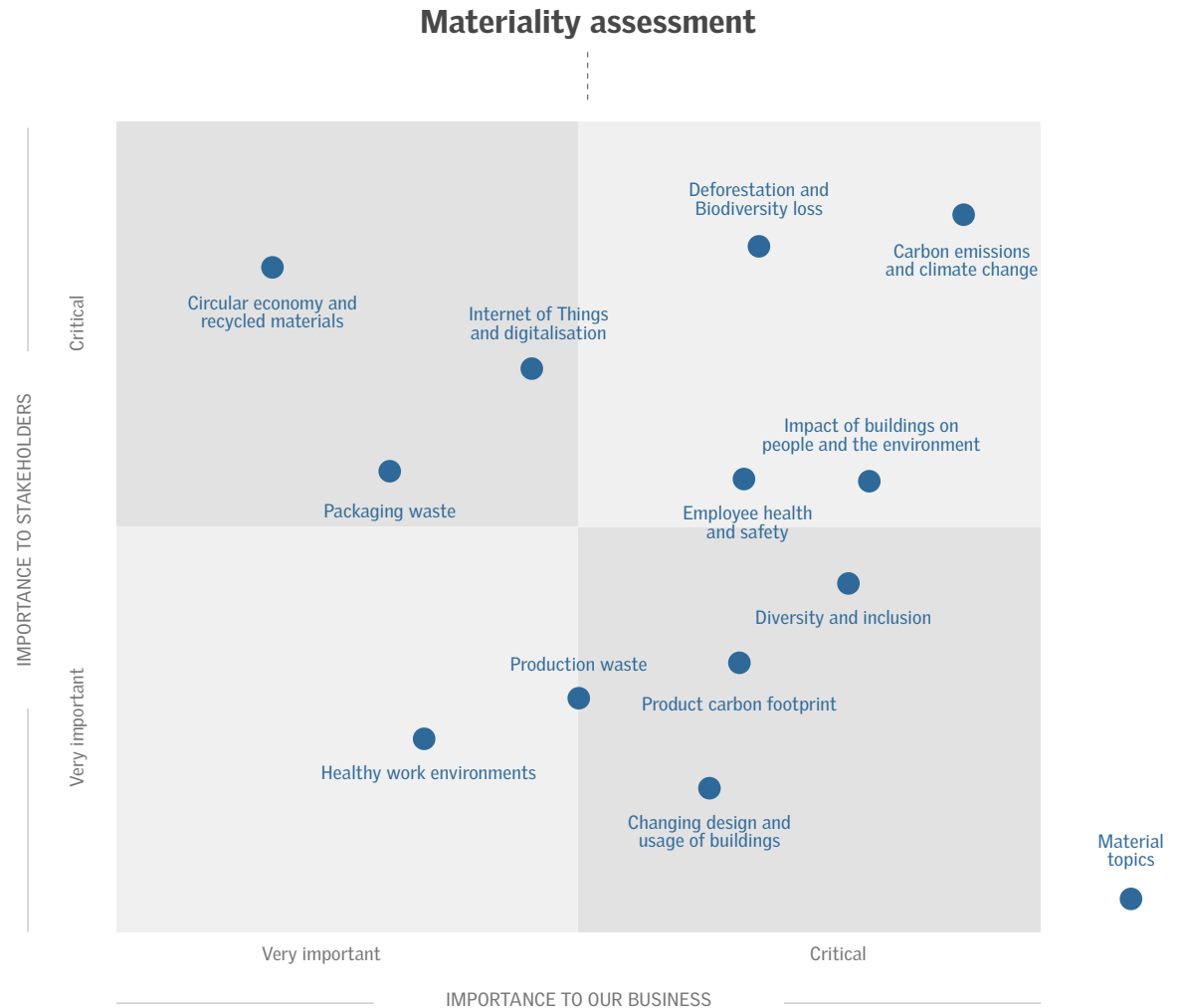
Assessing our impact

The targets of the new strategy have been selected based on input and insights from a variety of internal and external stakeholders.

Their views, combined with research data, have allowed us to understand the most important social and environmental impacts of our operations and value chain and create a materiality assessment with prioritised focus areas correlated with the UN Sustainable Development Goals.

The first step to creating the materiality assessment was to interview stakeholders individually to identify all potential topics they considered important. This step of the process was supported by desk research on sustainability risks and trends. Stakeholders subsequently received a questionnaire asking them to rank and assess the topics across various dimensions. Finally, senior representatives from key functions attended a materiality workshop to discuss and evaluate the material topics. Related material topics were consolidated and adjusted for coherence with the strategy based on the information and input that arose during this process.

Work on our materiality assessment started in 2018 and the materiality matrix shows the results of this process. The assessment is dynamic and reflects what our stakeholders expect from us and important topics for our business throughout the strategy period.



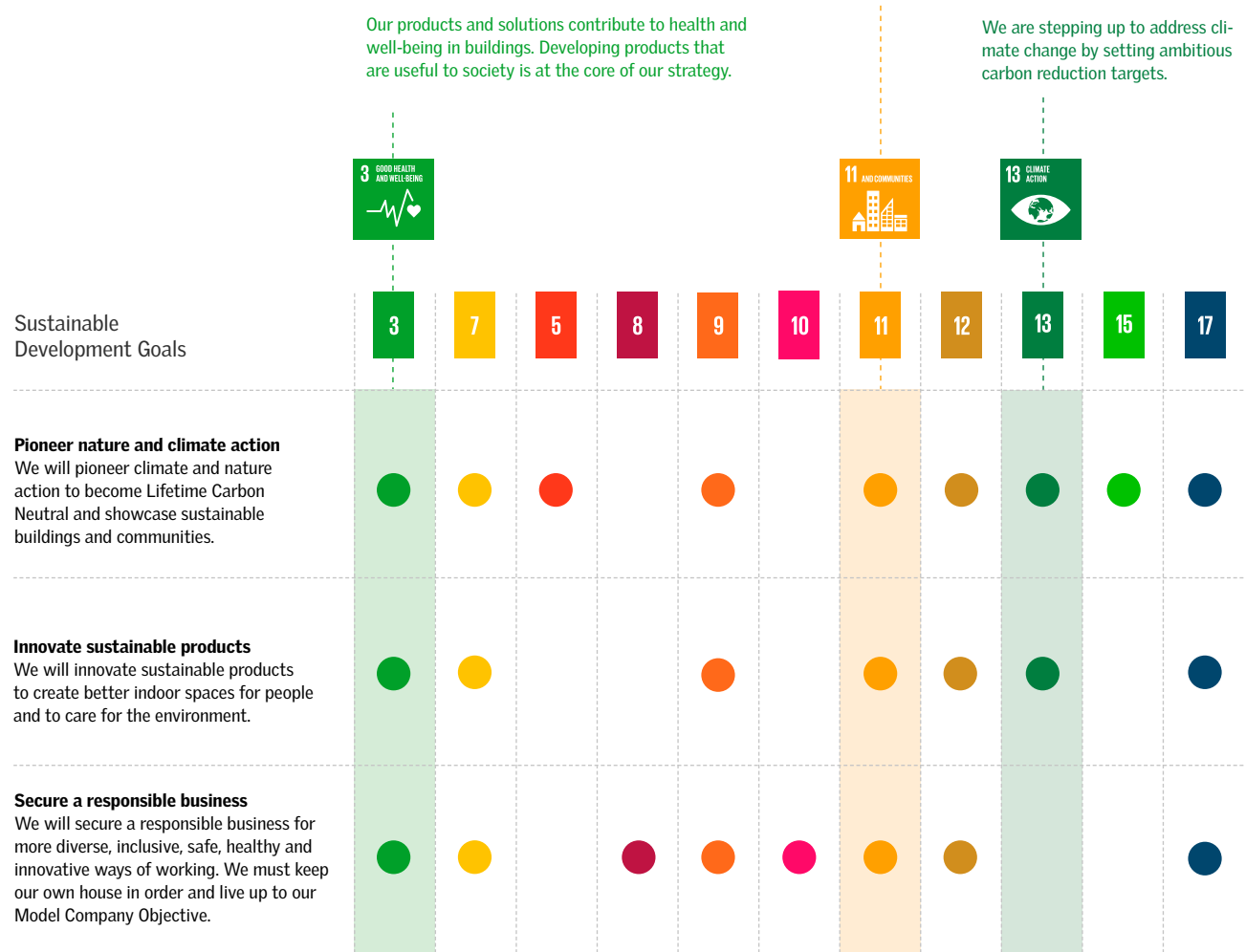
The UN Sustainable Development Goals

The UN Sustainable Development Goals (SDGs) outline a broad spectrum of global challenges which companies can contribute to solving. To assess the impact of our strategy on the SDGs, we mapped out the correlation between our targets and the SDG framework. This revealed that we contribute to 11 out of 17 SDGs. Of these 11 SDGs, our contribution to SDGs 3, 11 and 13 and their specific indicators is the most significant. That is why we have chosen to prioritise them in our sustainability strategy.

Our products and solutions are part of a broad context in cities and communities. With our strategy, we will continue to advocate for and demonstrate sustainable buildings.

Our products and solutions contribute to health and well-being in buildings. Developing products that are useful to society is at the core of our strategy.

We are stepping up to address climate change by setting ambitious carbon reduction targets.



**It's our
nature**

Pioneer climate and nature action



**Capture our historical
carbon footprint**



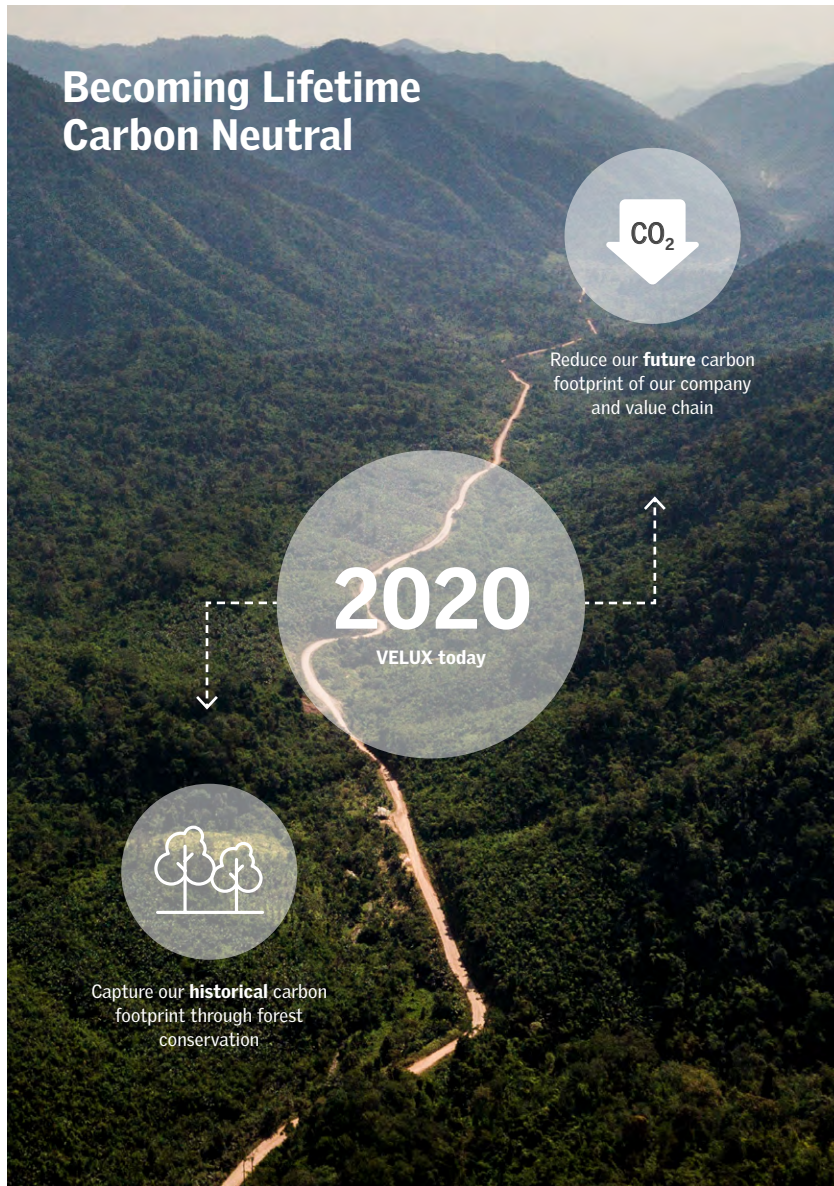
**Reduce our future
carbon footprint**



**Show how to
build sustainably**

Innovate sustainable products

Secure a responsible business



Pioneer climate and nature action

As part of the new strategy, the VELUX Group has made a pioneering commitment to become Lifetime Carbon Neutral by 2041.

This commitment means taking responsibility for our company's historical carbon emissions (scope 1 and 2), while also taking responsibility for our future emissions in line with climate science (scope 1, 2 and 3).

Capturing the VELUX Group's entire historical carbon footprint

The first part of the Lifetime Carbon Neutral Commitment is to capture the VELUX Group's historical carbon emissions since our foundation in 1941 until our 100-year anniversary in 2041.

To do this, the VELUX Group is working with the World Wide Fund for Nature (WWF) on forest conservation projects around the world. By protecting and restoring forests in some of the most carbon-rich environments, the projects will help prevent habitat loss and preserve biodiversity.

Reducing future carbon emissions from our operations and value chain

The second part of the Lifetime Carbon Neutral Commitment is to take responsibility for the Group's own

emissions and those of our value chain. By 2030, we will become a carbon neutral company, and we will have halved carbon emissions from our value chain. This will be done in accordance with the most ambitious reduction path in the Paris Agreement, with carbon reduction targets based on the globally recognised method of the Science Based Targets initiative (SBTi). By joining this initiative, we commit to reducing our carbon emissions in line with what climate science says is necessary to limit global warming to 1.5°C above pre-industrial levels.

See the film

[VELUX commits to becoming Lifetime Carbon Neutral](#)

Read more

- [Capture our historical carbon footprint](#)
- [Reduce our future carbon footprint](#)



2041 target

5.6 million tonnes CO₂ captured through forest and biodiversity projects equal to our company's carbon emissions from 1941 to 2041

Capture our historical carbon footprint

Over the coming years, we will capture our company's historical carbon footprint through forest and biodiversity projects to make us Lifetime Carbon Neutral by our 100-year anniversary in 2041. Forest conservation projects around the world will capture approximately 5.6 million tonnes of CO₂e, or the equivalent of the total carbon footprint of our company's operations between 1941 and 2041 (scope 1 and 2), including a 25% safety buffer.

By partnering with World Wide Fund for Nature (WWF), we are taking a unique approach to protecting and restoring forests in some of the most carbon-rich environments in the world. WWF will develop and manage a robust 20-year programme for carbon storage with a portfolio of selected forest and biodiversity projects around the world to be developed exclusively for VELUX. The first two projects have already started in Myanmar and Uganda. All forest projects will conserve and restore forest cover of an estimated 200,000 Ha of high biodiversity value tropical forests.



WWF is proud to have launched the partnership with The VELUX Group in 2020. The company's Lifetime Carbon Neutral journey is aligned with our goal for a climate and nature positive world. We applaud the company's ambition to reduce emissions and halt habitat and biodiversity loss; we encourage more companies to follow suit.

Marco Lambertini,
Director General of WWF International

The VELUX Group works with WWF to capture our historical CO₂ through forest conservation



Read more

- [Carbon capture with trees](#)
- [Forest projects](#)

From words to actions

What we said in 2019

- Launch new and ambitious sustainability targets.

What we did in 2020

- Launched 'It's our nature' and the WWF partnership.
- Fast track of two forest projects in Myanmar and Uganda to ensure a quick start to the carbon capture.

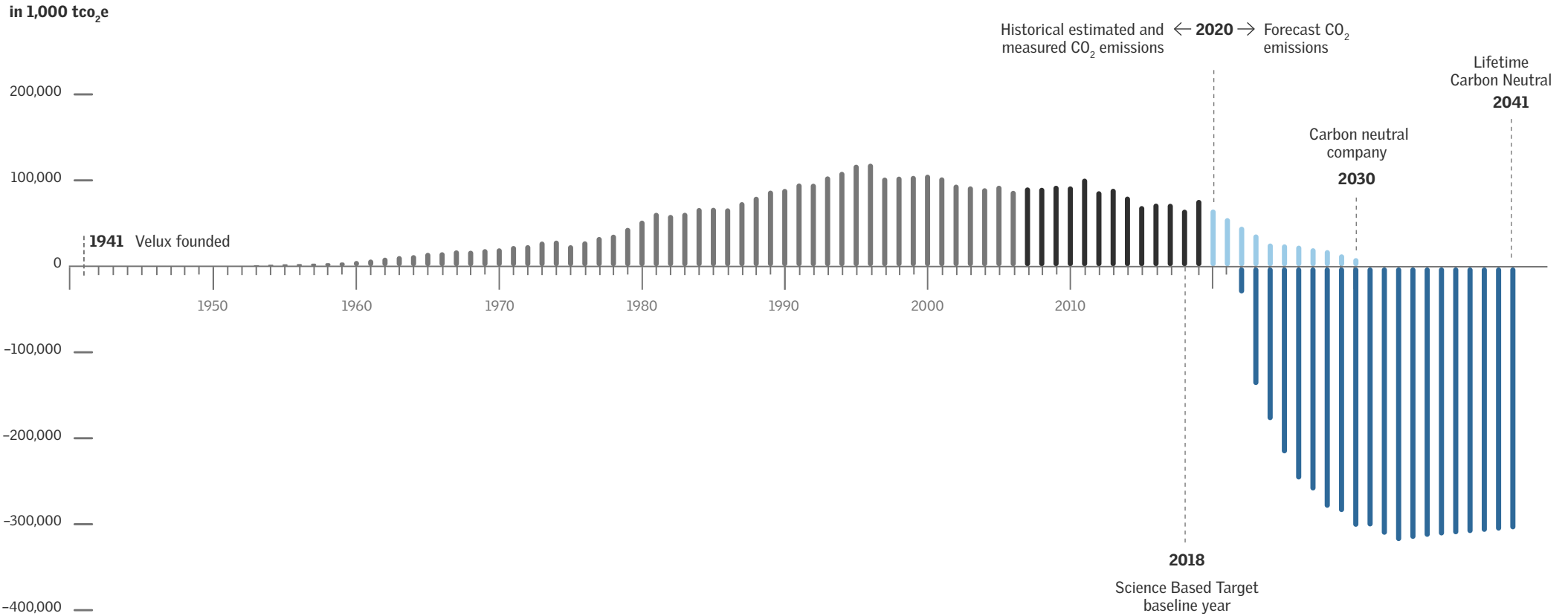
What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Scoping of more forest projects.
- Preparing basis for validation and subsequent future third party verification of progress (following verified Carbon Standard process or similar).
- Follow estimated progress of the forest projects in Myanmar and Uganda.

The VELUX Group's annual CO₂ emissions and CO₂ capture

- Historical annual CO₂e emissions (Scope I & II) — Estimated
- Historical annual CO₂e emissions (Scope I & II) — Measured
- Future annual CO₂e emissions (Scope I & II) — Forecast
- Annual carbon capture — Estimate

Towards 2041 and the goal of being Lifetime Carbon Neutral.





2030 targets

- Most ambitious path from Paris Agreement (1.5°C)
- 100% carbon neutral company
- 50% reduction of CO₂ from value chain

Reduce our future carbon footprint

To achieve this target, we have two focus areas. Firstly, we are committed to become a 100 percent carbon neutral company with regard to emissions from scope 1 and 2. This will build on the results achieved from a decade of work with the Energy and Climate Strategy 2020 where we cut emissions by 59%. Secondly, we are committed to halve scope 3 carbon emissions across our value chain by 2030.

Becoming company carbon neutral by eliminating scope 1 and 2 emissions

The core of our activities to eliminate scope 1 and 2 emissions are two energy programs and a move to zero emission company cars. The Energy Excellence Program is a continuation of the program for our Climate and Energy Strategy 2020, while the Renewable Power Purchase Program is new.

The Energy Excellence Program focuses on increased energy efficiency and on-site renewable energy production, such as solar PVE and biomass in addition to existing ISO 50001 certification for energy management at our sites. The Renewable Power Purchase Program demonstrates our commitment to 100% renewable energy by 2023 by undertaking long-term power purchase agreements with a high degree of additionality. As part of this commitment, the VELUX Group has signed up to RE100, a global corporate renewable energy initiative.

Global governance for scope 1 and 2 reductions

To ensure that these programs are implemented throughout the VELUX Group at all production, sales and other sites,



76,986 tonnes

Scope 1 and 2

1.25 M tonnes

Scope 3

From words to actions

What we said in 2019

- Implement partnership with energy saving consultancy to further identify critical energy uses and potential saving measures at all production sites.
- Launch new even more ambitious targets focusing on reducing our carbon footprint as part of our Sustainability Strategy 2030.

What we did in 2020

- Set up global energy governance structure for new scope 1 and 2 targets and rolled out integration of new VELUX Energy Programs in line management.
- Signed up to RE100 to purchase 100% renewable electricity by 2023.
- Identified suppliers who contribute 85% of our scope 3 emissions.
- Worked with suppliers to disclose their specific carbon emissions.
- Started development of our infrastructure to capture data related to the carbon factors of our products in scope 3.
- Aligned our carbon targets with the 1.5°C scenario in the Paris Agreement and had them approved by Science-Based Targets Initiative (SBTI).

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Roll out global energy monitoring and reporting management systems for scope 1 and 2.
- Work with remaining suppliers to prepare their carbon emission data for scope 3.
- Analysis of the most carbon intensive suppliers to create the foundation for work and collaboration on how to reduce the emissions.
- Use suppliers' emission data to start replacing the industry standard data in our model.

we have established a Company Carbon Neutral Steering Group with cross-functional participation from all parts of the organisation. This enables a coordinated global roll out of the carbon reduction programs.

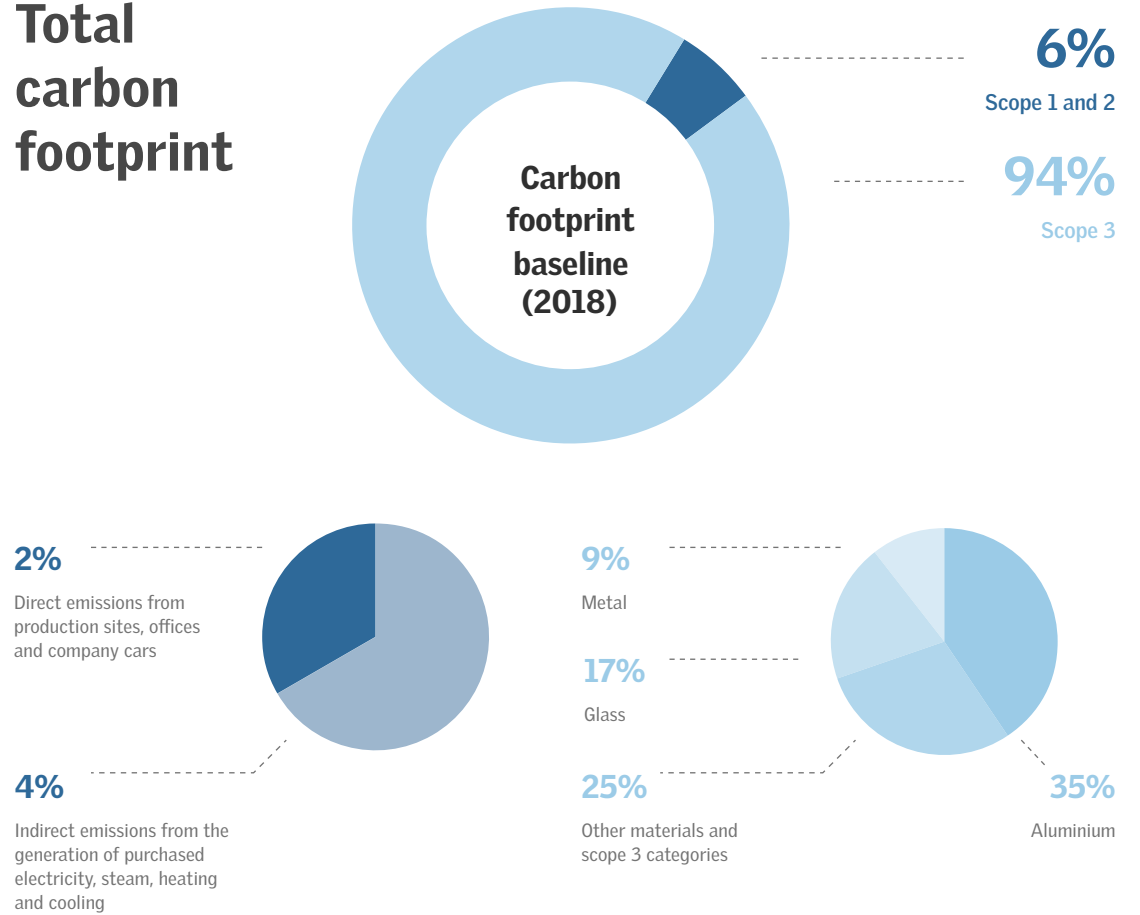
Halving our emissions from the value chain

For many companies, especially production companies, the majority of carbon emissions originate from the value chain. This is also true for the VELUX Group. For this reason, to achieve our goal of reducing our scope 3 carbon emissions by 50 percent, we will need to work with our suppliers and make substantial changes to the way we specify and purchase our materials. An analysis of our carbon footprint shows that fewer than 100 of our suppliers account for approximately 85% of our value chain emissions. Some of these suppliers report company-specific carbon data whereas it has been necessary to use industry standard emission factors to estimate the carbon footprint for others. We are working with the remaining suppliers to enable them to switch to company-specific data. This means, that the scope 3 baseline is calculated using industry standard carbon equivalents. These will be replaced with specific material supplier data to increase the accuracy of our baseline towards and after our final SBTi baseline submission.

Science Based Target Initiative

Business has a critical role to play in limiting global warming to 1.5°C and reversing nature loss. According to climate science, to reach the 1.5°C target of the Paris Agreement and net-zero by 2050, emissions need to be cut by 50 percent in the next decade. For our future carbon reductions, we are aligning our targets with climate science – the so-called Science Based Targets Initiative.

Total carbon footprint



Scope 1 and 2 emissions account for 6% of the Group's total carbon footprint, while scope 3 emissions account for 94%. Raw materials for our products account for 75% of total scope 3 emissions. Aluminium accounts for the largest contribution to our scope 3 emissions with 35%,

glass accounts for 17% and metal accounts for 9%. These estimates are currently based on industry standard carbon equivalents and will be replaced by actual supplier-specific data where possible over the coming years.



2030 target

Advocate for sustainable buildings and communities to leverage the green transition and quality of life

Show how to build sustainably



For more than two decades, we have worked with sustainable buildings by inspiring the construction industry and our customers to create and demand sustainable buildings and communities. We are continuing this work to positively impact the buildings of tomorrow and to contribute to a more sustainable building sector.

Providing inspiration and advocating for sustainable buildings and communities is a strong lever for a green transition and improved quality of life. This focus is a continuation of our efforts over the past two decades and is part of the ambition 'Leading the change on healthy and sustainable buildings' in the Energy and Climate Strategy 2020.

Read more

- [Urbantech](#)
- [The Climate Partnership for Buildings and Construction](#) (in Danish)
- [International VELUX Award for Students of Architecture](#)
- [Daylight Symposium and Healthy Buildings Day](#)
- [Healthy Homes Barometer](#)
- [Demonstration buildings](#)
- [RenovActive](#)
- [Active House](#)

From words to actions

What we said in 2019

- Continue our advocacy activities on healthy and sustainable buildings.

What we did in 2020

- How to build sustainably included at the top level of our Sustainability Strategy.
- Held International VELUX Award for Architecture Students.
- Concluded the second year of the Urbantech program with a Demo Day.
- Vice-chaired the Danish Climate Partnership for Building and Construction.

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Continue our advocacy activities on healthy and sustainable buildings.

**It's our
nature**

Pioneer climate and nature action

Innovate sustainable products



**Innovate digital products
for sustainable living**



**Reduce our product
carbon footprint**



**Green our
packaging**

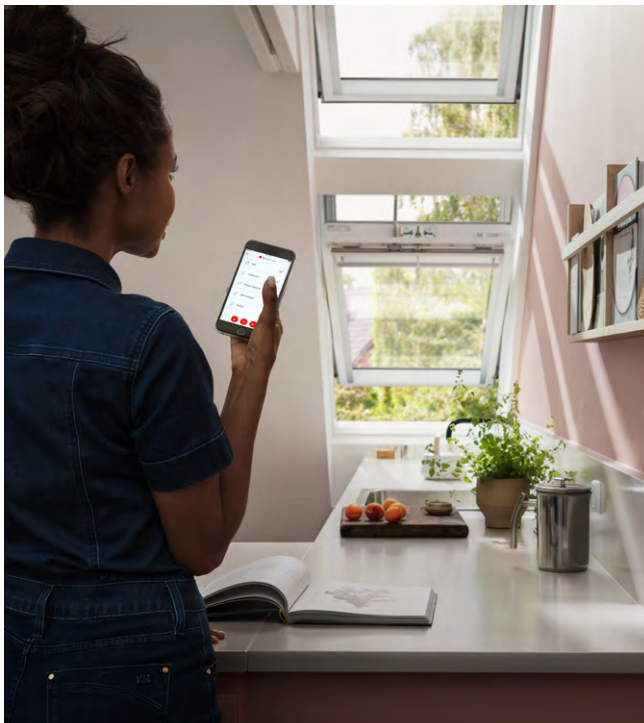
Secure a responsible business



2030 target

30% windows with sensor-driven automation to bring daylight and fresh air into buildings

Innovate digital products for sustainable living



Energy efficiency, comfort and a low environmental impact are important components when creating sustainable buildings and a healthy indoor climate. These are also factors that we have worked with for decades. Our recent digital product innovations with VELUX Active have increased opportunities for our customers to achieve a healthy indoor climate by automatically ensuring the right level of ventilation and light control.

Going forward, we see digitalisation as an important enabler for better indoor environments. Our target is that by 2030, 30% of our sold windows have software that enables sensor-driven automation. By 2030, we want all our electric and solar powered windows to have VELUX Active, or similar functionality, built in.

Read more [Our definition of a sustainable home](#)

What is a digital product?

A digital product contains software which enables digital operation, such as an app or voice control. A digital product can contain automation features and/or artificial intelligence.

From words to actions

What we said in 2019

- Continue work on sustainable product development.

What we did in 2020

- Set ambitious target for digital products for sustainable living.
- Looked into key factors and activities that would contribute to achieving 2030 target.
- Analysed user benefits from automation.

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Development of new features in digital products with customer benefits and indoor climate improvement.



2030 target

50% reduction of product carbon footprint

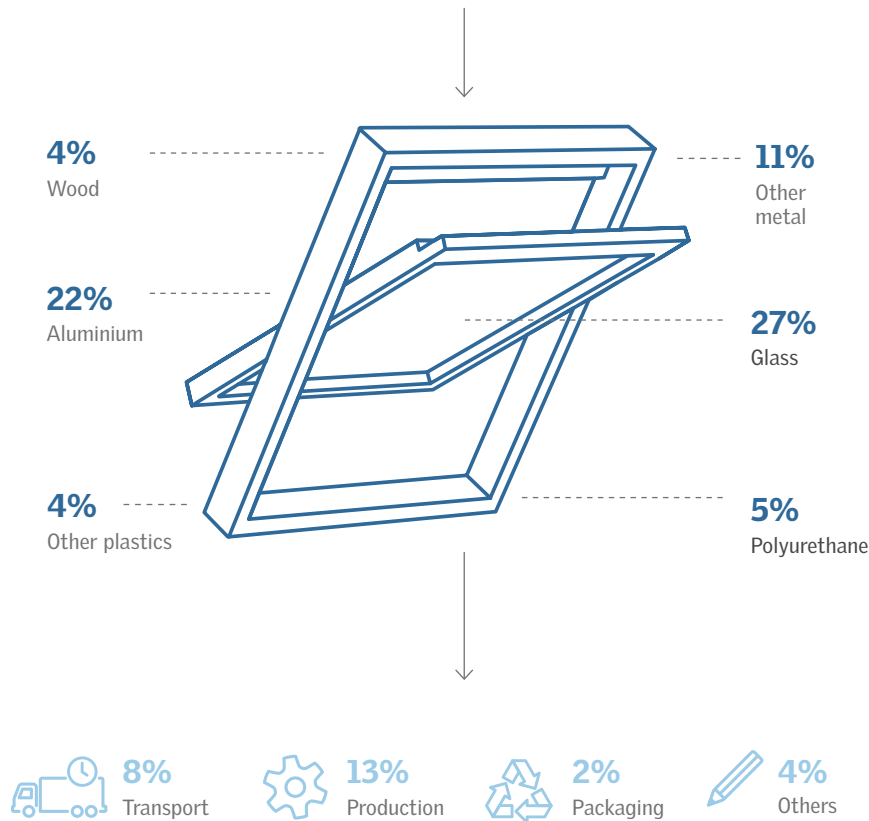
Reduce our product carbon footprint

Our target is to reduce our products' carbon footprint by 50% and thereby reduce the environmental impact of our windows. This target is directly linked to our overall CO₂ reduction ambitions, our commitment to Science Based Targets and to becoming Lifetime Carbon Neutral as product materials account for most of our scope 3 emissions.

This carbon reduction target will require a fundamental change of the way we specify and develop our products. This is needed if we are to reduce the carbon footprint of the products while still delivering products and features that customers demand. As an example, if customers demand windows with higher insulation value, we must be able to supply this without adding to the products' carbon footprint going forward.

During 2020 we have worked on building up knowledge of our products' environmental footprint so we can take well-informed decisions going forward. An internal database will be set up to allow traceable tracking of the carbon footprint over time. This will start in 2021.

How much do materials contribute to a generic window carbon footprint?



From words to actions

What we said in 2019

- Continue work on sustainable product development.

What we did in 2020

- Set ambitious target for product carbon footprint reduction.
- Developed our knowledge on the environmental footprint of our products.
- Developed carbon reduction tools that are useful when selecting materials and developing design.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- Train all VELUX engineers/designers in development of more sustainable products.
- Integrate carbon targets in development of new products.
- Start tracking carbon footprint of products.



2030 targets

- Ensure single material packaging
- 100% recyclable
- Zero plastic

Green our packaging



We define 'green packaging' as packaging consisting of cardboard and bio-fiber based materials without plastic, plastic foils and EPS as the main packaging materials. Moving forward, we will also take glue, tape, clamps and ink into consideration.

With an increased awareness of the environmental consequences of using plastics and large amounts of packaging, we aim to reduce the amount of waste caused by our packaging.

Our target is to green our product packaging and make the transition to single material, 100% recyclable packaging by 2030, with a mid-term target of zero plastics. We will adjust our product packaging from a mix of paper and cardboard-based materials and plastic to solely paper and cardboard. This enables the packaging to be disposed of and recycled in one process without the need for sorting and separation. The product packaging target covers packaging for all our products, including windows, flashings, installation products and accessories.

From words to actions

What we said in 2019

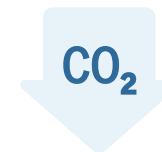
- Continue work on sustainable product development.

What we did in 2020

- Set ambitious targets for green packaging.
- Developed new packaging solutions.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- New product packaging launches planned with greener packaging.



Effects

Initial tests carried out in 2020 showed that removing plastic cuts costs and significantly reduces the packaging's carbon footprint.



**It's our
nature**

**Pioneer climate
and nature action**

Innovate sustainable products

Secure a responsible business



**Ensure diversity and
an inclusive culture**



**Strive for
zero accidents**



**Achieve
zero waste**



**Increase number of women
in management positions**



**Provide healthy
workspaces**



**Share sustainable
innovations**



**Employ people
with disabilities**



**Reduce work-related air
travel and switch to zero
emission cars**



**Promote a circular
economy**



2030 target

Max. 70% of senior management team members have same educational background, gender, age group and/or nationality

Ensure diversity and an inclusive culture

By bringing together people from different backgrounds, with different experiences and working styles, a company benefits from diverse views. This is likely to foster a more creative and innovative workforce and can prepare the ground for better decisions and in this way drive a high-performance culture.

A score of 1 (or 100) in the Similarity Index indicates absolute homogeneity, i.e. all members of the management team are alike on the parameters. Conversely, a score of 0 indicates that each member of the group is unique across the four parameters.

Measuring diversity through the Similarity Index

To ensure diversity in our senior management teams, we use a Similarity Index that focuses on four parameters: educational background, gender, age group and/or nationality.



Our leaders play a crucial role when it comes to creating a culture that embraces diversity and inclusion (D&I). Focusing on our senior managers automatically requires us to focus on the diversity of the entire organisation and build a strong internal pipeline of diverse people for recruitment.

From words to actions

What we said in 2019

- Define cornerstones for people sustainability targets related to our people.
- Conduct best practice study and seek external D&I inspiration.
- Draft and finalise people sustainability targets and accounting practice.

What we did in 2020

- Launched three 2030 targets for D&I.
- Reviewed and refined people targets.
- Initiated work on baseline methodology with more parameters for D&I.

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Deliver local/regional/functional baselines where possible to scope and target relevant D&I initiatives.
- Establish people sustainability board coordinating and qualifying D&I initiatives.
- Kick off D&I initiatives.



2030 targets

- 45% of all management positions held by women
- 40% of senior management positions held by women

Increase number of women in management positions



As part of our ambition to secure diverse thinking styles in top management, we have set a specific gender balance target for more women in management and more women in senior management.

Having a diverse workforce, especially in our senior management teams, requires that we focus on the diversity of the entire organisation and build a strong internal pipeline of potential recruits. Recruiting women into management is a central part of this.

From words to actions

What we said in 2019

- Commit to improving the overall gender balance in our company.
- Define cornerstones for people sustainability targets related to our people.
- Conduct best practice study and seek external diversity and inclusion (D&I) inspiration.
- Draft and finalise people sustainability targets and accounting practices.

What we did in 2020

- Launched three new targets for D&I.
- Initiated work on baseline methodology for women in management and senior management.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- Deliver local/regional/functional baselines where possible to scope and target relevant D&I initiatives.
- Establish people sustainability board coordinating and qualifying D&I initiatives.
- Kick off D&I initiatives.



2030 target

3% of the workforce have disabilities

Employ people with disabilities

As an employer with a social responsibility, we strive to employ a diverse workforce including people with disabilities. We have therefore set a target of 3% of employees with disabilities by 2030. This diversity makes good business sense as a workforce comprised of people with different backgrounds leads to multiple perspectives and better decision-making. At the same time, creating a culture of inclusivity with people from different backgrounds fosters a sense of belonging that boosts motivation and productivity.

Because of differences in local legislation, GDPR and the challenges of defining a disability, this target is difficult to measure. During 2020 we have been working on assessing how this can be done and mapping the issues involved in developing a resilient baseline.



A workforce comprised of people with different backgrounds leads to multiple perspectives and better decision-making.

From words to actions

What we said in 2019

- Offer a motivating work experience in a diverse and value-based culture.
- Define cornerstones for people targets in the sustainability strategy.
- Conduct best practice study and seek external diversity and inclusion (D&I) inspiration.

What we did in 2020

- Researched and assessed challenges and possibilities to develop a baseline for employees with disabilities.
- Initiated work on baseline methodology and mapped issues related to baseline development.

What's next?

- Investigate opportunities to do a pilot for Employee Resource Groups (ERGs) in VELUX.
- Deliver local/regional/functional baselines where possible to scope and target relevant D&I initiatives.
- Establish people sustainability board to coordinate and qualify D&I initiatives.
- Kick off D&I initiatives.



2030 targets

- 1 accident per 1 million working hours
- 0.2 lost working hours per 1,000 working hours

Strive for zero accidents



For more than ten years, we have reported on safety with a specific focus on VELUX production sites and employees in headquarter functions. Today safety is integrated throughout our Supply organisation and in our work with accountability from shop floor to top management.

Having worked with safety separately in our commercial and residential division, with the 2030 target we want to expand our current safety efforts to include the entire Group and our sales companies around the world in a consolidated safety and accident prevention framework. To meet our ambitious targets, an integrated global safety governance structure will apply throughout the Group.

From words to actions

What we said in 2019

- Strengthen our focus on continuous improvements to reduce our accident frequency and earn the World Class Safety Label.
- Improve knowledge of accidents and our health and safety efforts by consolidating aspects of ergonomics, noise and stress in our workplace risk assessment and mitigation portfolio.

What we did in 2020

- Enabled reporting of safety data through existing business and control system for VELUX Commercial.
- Continued global safety improvement programs at production sites.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- Investigate a global governance and reporting setup for safety including sales companies.
- Kick off D&I initiatives.



2030 target

Good daylight conditions and fresh air in all new builds and renovations

Provide healthy workspaces

Sustainable buildings are fundamental for our company. That is why we have set a target to ensure our employees' workspaces become healthier with daylight and fresh air, either when we renovate or build new workspaces. After our homes, we spend the next largest part of our lives at work. By setting new and ambitious targets for our employees' health and well-being we want to do even better in ensuring that our employees have the proper working conditions to perform, also in the long run.

In a new build, a healthy workspace is defined as having good daylight conditions of 300 lux according to the European Standard for daylight in buildings EN 17037, as well as fresh air and no overheating. Although this European standard is a voluntary standard and generally exceeds legal requirements in each country, we strive to apply it to the renovation of our own buildings.

From words to actions

What we said in 2019

- Launch new and ambitious targets as part of the new sustainability strategy.

What we did in 2020

- Initiated measuring activities in representative buildings.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- Evaluate measurements done over several seasons of a year.





2030 targets

- 30% reduction in flights
- 100% zero emission cars

Reduce work-related air travel and switch to zero emission cars

We have set a 2030 target to reduce the number of miles travelled by plane by 30%.

For this to be effective, it must be supported by enhanced digital workspace facilities for virtual meetings, digital collaboration tools and training to reduce air travel. This is an area where we can become more efficient, create a better work-life-balance for our employees – and most importantly, have a positive impact on the planet.

Company car transportation is another emitter of carbon and we are determined to eliminate these emissions as part of becoming 100% company carbon neutral. To do so we have set a target to switch to zero emission company cars throughout our company. The initial mapping in 2020 showed that less than 1% of our current car fleet consists of zero-emission vehicles. We will now start investigating how we can optimise our purchasing and leasing set-up for company cars towards 2030.



Transport is responsible for around 25% of the world's carbon emissions and reduction of work-related air travel and switching to zero emission cars are part of ensuring a responsible business.

From words to actions

What we said in 2019

- Launch new and ambitious targets as part of 'It's our nature'.

What we did in 2020

- Mapped our total flight mileage as the foundation for future reductions.
- Developed the definition for zero emission cars and mapped number of zero emission cars in our fleet.

What's next?

- Strategy period and progress reporting starts for our 2030 targets.
- Initiate work on project plans and outline important milestones to achieve targets.



2030 target

50% reduction in average non-utilised waste per produced window

Achieve zero waste

Increasing amounts of waste and waste materials are putting a growing pressure on the environment and our cities and pose a significant risk to human health and well-being. Waste in the VELUX Group mainly originates from production of windows and accessories at our factory or warehouse sites.

With this new target, we want to build on the results achieved by the Energy and Climate Strategy 2020 and the Waste Vision Zero initiative where we have achieved a 97.8% reutilisation rate. We plan to strengthen our

efforts and reduce the non-utilised waste per produced window by 50% with an increased focus on eliminating the final "hard to get-rid-off" hazardous waste and waste that would normally go to landfill.

Hazardous waste accounts for a third of the non-utilised waste. This waste originates mainly from maintenance operations and empty packaging containers. Through our ISO14001:2015 certification, we are working with continuous improvements and we expect to see a further reduction in the future.

Types of waste



Recycled

All waste materials produced on factory sites which can be recycled for the same originally intended usage.



Reused

All waste materials on factory sites, such as on-site produced certified waste wood utilised for renewable heating or purposes that substitute other materials.



Non-utilised

Hazardous waste or waste going to landfill because it cannot be reused or recycled.

From words to actions

What we said in 2019

- New ambitions and initiatives to eliminate waste as part of our Sustainability Strategy 2030.
- Continue to uphold ISO certification.

What we did in 2020

- Reutilised 97.8% of production waste.
- Initiated work on global waste program.

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- Mobilisation and kick-off of non-utilised waste reduction program for global production.
- Initiate local production site waste handling assessments and non-utilised waste reduction plans.



2030 target

Innovate and work with partners for more sustainable products and solutions

Share sustainable innovations

Innovation in sustainability is often more successful with the involvement of a variety of stakeholders. With this target we want to make sustainability tangible for our customers, learn and experiment with external partners, and create inspiration for future products, packaging or other features. We have set a goal for at least five sustainable innovations by 2030, which will support an innovative mindset within our organisation.

A sustainable innovation is defined by the following characteristics:

- It is executed with a sustainability focus and approach.
- It focuses on support for the existing portfolio and markets.
- It supports one or more of the sustainability targets in the core of our sustainability house 'Innovate sustainable products'.
- It can be a test launch project with limited start up volume, but with potential for later scaling.

From words to actions

What we said in 2019

- Continue work on sustainable product development.

What we did in 2020

- Set a target to share 5 sustainable innovations until 2030.
- Applied selection criteria to first projects and selected first lighthouse to be shared.

What's next?

- Strategy period and progress reporting starts in 2021 for our 2030 targets.
- First sustainable innovation launched 2021.



Sustainable innovations

These are 'Project Lighthouses' that support one or more of the other product sustainability targets while supporting our existing portfolio and markets.

Read more

- [Reduce our product carbon footprint](#)
- [Green our packaging](#)
- [Innovate digital products](#)
- [Promote circular economy](#)



2030 targets

- Increase reuse and end of life recycling of products
- Set 2030 quantitative target by 2021

Promote a circular economy

Promoting a circular economy is important throughout our society and not least within the building industry. The environmental impact of construction is significant and accounts for 30% of all waste. We want to take responsibility as a building component manufacturer and contribute to its reduction.

Our target for promoting a circular economy is explorative and focuses on defining circularity indicators for our products and solutions. By 2021 we will set a quantitative 2030 target that could lead to the promotion of renewable materials, like wood, or exploratory work on how to bring materials back into the product life cycle, i.e. reduce, reuse and recycle.

No European standard currently exists for calculating circularity for building products. Therefore, we are sharing knowledge on the circular economy with our collaboration partners and organisations.

From words to actions

What we said in 2019

- Continue work on sustainable product development.

What we did in 2020

- Integrated circularity into the strategy.

What's next?

- Launch target for circular economy.
- Determine best possible contribution to a circular economy by setting clear targets.
- Start learning how we can increase reuse and end-of-life recycling of products.



It's our nature

Pioneer climate and nature action

Capture our historical carbon footprint

5.6 m tonnes CO₂ captured through forest and biodiversity projects equal to our carbon emissions from 1941 to 2041.

Reduce our future carbon footprint

Most ambitious path from Paris Agreement. 100% carbon neutral (company). 50% reduction of CO₂ from value chain.

Show how to build sustainably

Advocate for sustainable buildings and communities to leverage the green transition and quality of life.

Innovate sustainable products

Innovate digital products for sustainable living

30% of windows with sensor-driven automation to bring daylight and fresh air into buildings.

Reduce our product carbon footprint

50% reduction of product carbon footprint.

Green our packaging

Ensure single material packaging. Zero plastic. 100% recyclable.

Secure a responsible business

Ensure diversity and an inclusive culture

Max 70% of senior management team members have same education, age group, gender and/or nationality.

Strive for zero accidents

1 accident per 1 m working hours. 0.2 lost working hours per 1,000 working hours.

Achieve zero waste

50% reduction in average non-utilised waste per produced window.

Increase number of women in management positions

40% of senior management positions, and 45% of all management positions held by women.

Provide healthy workspaces

Good daylight conditions and fresh air in all new build and renovations.

Share sustainable innovations

Innovate and work with partners for more sustainable products and solutions.

Employ people with disabilities

3% of the workforce have disabilities.

Reduce work-related air travel and switch to zero emission cars

30% reduction in flights. 100% zero emission cars.

Promote a circular economy

Increase reuse and end of life recycling of products. Set 2030 quantitative target by 2021.

Overview of the strategy house

With our new strategy, every single aspect of our business, our products and our people will be involved in our sustainability work. Its targets will guide our actions and behaviour over the next decade.

We look forward to sharing the results with you each year in our sustainability reports.

Indicator summary table

Energy and Climate Strategy 2020

Indicator	Value	2020	2019	Comment	
Environmental	Total scope 1 & 2 emissions + emissions from flights (scope 3)	Tonnes CO ₂	54,413	69,811	The reduction is a result of the long term 2020 strategy with on-site energy efficiency improvements, increased on-site renewables and purchase of renewable electricity.
	CO ₂ emission reductions (compared to 2007 baseline)	%	59	47	Same as above.
	Share of renewable electricity	%	39	23	The increase compared to 2019 is due to increased purchase of Guarantees of Origin certificates for renewable electricity produced by Ørsted offshore wind farms.
	Eliminating production waste	Recycling rate in %	97.8	97	
	Share of certified wood	%	99.6	99.6	
Social	FTE	Full-time Equivalent	11160	11344	The reduction is due to a strategic reorganisation of parts of our business.
	Turnover ratio	%	8	10	
	Age distribution	%			
		29 and under	15	18	
		30 – 39	25	25	
		40 – 49	30	29	
		50 – 59	24	21	
	60 and over	6	7		
	Accidents	Accidents pr. 1 mill. work hours	2.6	1.7	In 2020 COVID-19 significantly affected normal ways of working, especially in production. Many changes in operation, workloads and engaging employees in new tasks and work routines challenged our safety performance and resulted in increased accident frequency.
	Sickness absence due to accidents	Hours of absenteeism per 1000 wh	0.35	0.4	The indicator did not increase, which shows that despite more accidents these were of a lower severity e.g. sliding, tripping and falling. Minor injuries constituted about 40% of all accidents in 2020.
Gender diversity					
Female board members	%	33	33		
Female senior managers	%	23	16	The increase is due to a new definition of senior management based on a larger strategic organisational restructuring. The definition expands the population of senior managers, which includes more women.	
Women in total	%	35	35		
Governance	Code of conduct for supplier signatures	%	100	99.5	
	Anti-corruption e-learning completion	%	86	89	
	Supplier quality audits	#	80	87	The target is adjusted yearly according to a supplier risk assessment. The target for 2020 was 80, which means the target is reached.

Accounting practice

The report covers the period 1 January 2020 – 31 December 2020. The accounting principles cover disclosures made in relation to the Energy and Climate Strategy 2020, i.e. Environmental, Social and Governance (ESG) disclosures in table 1 on page 47. The VELUX Group is working to implement a single scope for reporting across indicators as part of the new sustainability strategy 'It's our nature'.

Carbon footprint

Scope: The VELUX Group.

Total scope 1 and 2 emissions are from the VELUX Group and CO₂ from extraction of used fuel/energy (electricity, gas, oil and company flight travel) (GHG scope III). CO₂, N₂O and CH₄ are included as greenhouse gases with global warming potentials over a 100-year time horizon according to IPCC.

The calculation is based on internal energy consumption input data from our Business Planning and Controls system from Production Companies, consumption from VELUX A/S sites and Commercial sites. Calculated energy consumption from Sales Companies based on key figures of energy consumptions per m² are included. All heat-related data are degree day corrected with reference to baseline year

2007. Location-based electricity carbon footprints are deducted purchased Guarantee of Origin certificates (renewable electricity). CO₂ from extraction of used fuel/energy (electricity, gas, oil and company flight travel) is also included. The methodology used since 2007 does not fully follow the GHG protocol. Carbon footprint calculations in the new Sustainability Strategy 2030 'It's our nature' are fully aligned with GHG protocol and SBTi requirements.

Share of renewable electricity

Scope: The VELUX Group.

The indicator includes all renewable electricity produced at own locations from solar cells and purchased renewable energy certificates.

Eliminating production waste

Scope: VELUX Residential Production companies.

The indicator shows the reutilisation rate of production waste. 'Reutilised waste' is recycled and reused waste. 'Recycled waste' is defined as waste materials produced on factory sites which can be recycled for the same originally intended usage. 'Reused waste' is defined as all waste materials on factory sites that is utilised for purposes that substitute other materials, e.g. on-site produced certified waste wood utilised for heat generation.

(workers that are contracted via a third party e.g. a temp agency, consultancy or the like) or via direct billing are not included. An employee's FTE is calculated by dividing an employee's scheduled weekly hours against the full-time equivalent hours given in their contract and location. The FTE is based on contractual rather than actual hours, and will thus not vary as an effect of employee's absence or holiday. FTE is the aggregate of full-time equivalent positions at VELUX at a given time. FTE is calculated by dividing a worker's scheduled weekly hours by the default working hours for an FTE in the given location.

Share of certified wood

Scope: VELUX Residential branded products in Europe.

Certified wood is wood sourced for window production for VELUX Residential branded products sold in Europe, defined as sourced wood certified according to PEFC or FSC. When including sourcing for US-based production, the share of certified wood is 96% globally, as the US accounts for less than 5% of total sourced wood. Production in China sources wood from our Hungarian production company, which delivers 100% certified wood.

Turnover ratio

Scope: The VELUX Group.

The term 'employee turnover rate' refers to the percentage of employees who leave the organisation during a certain period of time. Only workers registered as regular employees in Workday are counted towards the rate - i.e. contingent workers, temporary workers, students and interns are excluded. Eight contingent workers registered in France are not included. The turnover rate includes regular employees who leave the VELUX Group for any reason. The measure is further broken down into (a) voluntary rate, (b) involuntary rate and (c) pension rate. The calculation is a sum of termination (12 months) divided by average headcount (12 months).

Full Time Equivalents

Scope: The VELUX Group.

Temporary workers employed directly by VELUX are included in the FTE calculation. Contingent workers

Age distribution

Scope: The VELUX Group.

Temporary workers employed directly by VELUX are included. Contingent workers are not included in the FTE calculation. Temporary workers employed via a third party (e.g. a staffing agency) are not included. Data is extracted from the human resource management system and the count is based on headcount.

Safety

Accidents

Scope: VELUX Residential Production and VELUX A/S employees.

An accident is an undesired work-related event that results in personal injury, ill health or fatality. Accidents having only a medical origin and occupational diseases (attrition) are excluded. Accidents, fatal accidents (FA) and lost workday cases (LWC) with more than one full day of absence are included. Fatal Accident (FA) is a work related accident that leads to death. We did not have any fatal accidents. Lost Workday Case (LWC) is an accident occurring to employee with more than one full workday of absence, e.g. in case of an accident where the employee is absent for the rest of the day and the workday after the accident as a minimum. Accidents are reported via common incident database and data is reported on a monthly basis via our Business Planning and Controls system.

When including Commercial in the accident statistics, the accident frequency is 2.9.

Absence due to accidents

Scope: VELUX Residential Production and VELUX A/S employees.

The lost production hours due to Lost Workday Cases are included, i.e. accidents with more than one full day of absence. Hours of absence caused by accidents in the current year and hours of absence in the current year caused by accidents the year before current are included. Absence older than 12 months is not included.

When including Commercial in the absence statistic the rate is 0.43

Gender diversity

Scope: The VELUX Group.

Women in the board

This applies to board members elected at general meetings including the chairman of the board, excluding employee selected board members. The indicator shows the share of female board members out of all board members.

Women among senior managers

All managers with leadership responsibilities are included. Senior Management is defined as N-3 positions. Core employee master data is collected in Work-day which has records of manager status and gender information.

Women in company

Share of women among all employees excluding contingent workers in the VELUX Group.

Code of conduct for suppliers

Scope: The VELUX Group excluding VELUX Commercial.

This indicator includes all suppliers of direct materials for locations that produce VELUX Residential products, the VELUX Modular Skylights product range and Wasco products. Excluding JET and Vitral. Direct material suppliers are defined as those delivering materials and components to our production: i.e. wood, glass, pack-aging, electronics, chemicals, aluminium, and metal parts. Data is collected through integrated, automated reporting from SAP and the contract repository.

Anti-corruption

Scope: The VELUX Group excluding VELUX Commercial.

The figure relates to completion rate of anti-corruption training for employees in Direct Purchasing, employees in Non-Product Related Purchasing, employees responsible for non-product related purchasing at production locations and all Public Affairs employees. In 2020, senior managers on the VELUX 'Global 100' list were included. This list will be replaced by a new structure and definition for senior managers. The indicator is the rate of completion of the training by scoped employees on our e-learning platform Cornerstone. The number is based on a status for the reporting year 1 December. It is calculated as follows: (Number of completed anti-corruption e-learning courses / by total number of employees in scope) * 100. The VELUX Group is working to integrate the entire business in the indicator in 2021.

Supplier quality audits

Scope: Suppliers of direct materials for VELUX Residential Production companies.

The Supplier Evaluation and Approval Process (SEAP) is applied to all new suppliers for direct materials while existing suppliers undergo periodical self-assessments and physical audits. All new suppliers must undergo an on-site audit before approval. Due to the corona virus situation suppliers must as an interim approval process complete a self-assessment. Suppliers approved using this method will need to undergo an on-site audit within 12 months for final approval. The ongoing controls in place to monitor suppliers during their relationship with Velux are described in the framework for global audit process. The VELUX Audit System provides the total number of audits and self-assessments conducted during the year for reporting.



Find us here



Read more

velux.com/what-we-do/sustainability
velux.com
press.velux.com

Photographers

Adam Mørk
Hkun Lat / WWF-US
WWF - Myanmar / Hkun Lat

