

The VELUX Group Statement on Modern Slavery and Human Trafficking 2018

Introduction

In compliance with Modern Slavery Act 2015, the VELUX Group provides the following policy statement in relation to the prevention of slavery and human trafficking in our own business as well as in our supply chain. This statement is made pursuant to section 54(1) of the Modern Slavery Act 2015 and constitutes our Group's slavery and human trafficking statement for the fiscal year ending 2018.

Our business

The VELUX Group operates a global sales, service and manufacturing network with sales companies in 40 countries and production facilities in nine countries. With such an extensive supply and distribution network we are making our products easily accessible to wholesalers and end-customers. Our product portfolio includes roof windows and skylights, modular skylights for commercial buildings, flat-roof windows and sun tunnels, blinds and roller shutters, flashings and installation products and active (digital) products. Globally, we employ around 10,000 highly-skilled and dedicated employees who help us to provide our customers with the products and services they need.

The VELUX 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.

Our commitment to the UN Global Compact

The VELUX Group considers our responsibility to implement policies and take actions that address the risk of human rights violations and human trafficking in our supply chain.

Therefore, the VELUX Group have since 2016 been committed to fulfilling the requirements of the UN Global Compact. The UN Global Compact consists of ten principles on human rights, labor rights, the environment and anti-corruption. By signing the UN Global Compact, the VELUX Group commits to respecting the human rights as defined by the International Bill of Human Rights, and the core labour rights set out by the International Labour Organization's Declaration on Fundamental Principles and Rights at Work. In other words, we fully

acknowledge our independent responsibility to respect human rights, i.e. to avoid infringing the rights of individuals, groups and communities throughout our business activities and relationships in our entire supply chain.

Assessment of risks in our value chain

Reflecting our commitment to the UN Global Compact, we consciously acknowledge the risks related to modern slavery and human trafficking in our company, at our suppliers and our sub-suppliers. We find that being aware of such risks is a prerequisite to determining the risk areas of our organization. Accepting this prerequisite, 2017 was the year where we updated our relevant policies to correspond to the challenges we may face now and in the future. 2017 therefore became the starting point for assessing where we have the greatest risks in our entire value chain.

Policies

As a first step in this process, our internal policies were updated in 2017 to reflect the issues that might occur in our value chain.

The policies are:

- CSR & Sustainability Policies
- Code of Conduct for suppliers
- Code of Conduct for employees

They build on the ten principles of the UN Global Compact and outlines our responsibility to respect the international human rights, including the principles set forth in the International Bill of Human Rights and the core labour conventions of the ILO. The policies are publicly available on our homepage to demonstrate the high expectations we set for ourselves, our suppliers and our employees.

What our policies cover

The VELUX Group CSR & Sustainability Policies provide high-level guidance on how we conduct business. The main content of our group policies related to CSR & Sustainability are incorporated in this document and specifically includes the areas of modern slavery and human trafficking. Through our policy, we take a clear stance against forced labour, human trafficking and child labour in and beyond our value chain. Also through our policy, we acknowledge our responsibility to respect the freedom of association and collective bargaining and to ensure proper working conditions, non-discrimination and diversity in our

entire organization. Current employees have been made aware of the updated policies while new employees will be introduced to them in the onboarding phase.

The Code of Conduct for suppliers was introduced to ensure that all VELUX Group products and services are developed and manufactured in a responsible way throughout our value chain including at sub-suppliers. Like the high standards we set for ourselves, we expect our suppliers to share the commitment to these standards. The Code of Conduct for suppliers therefore includes the areas of forced labour, human trafficking and child labour and how we expect our suppliers to respect the 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 is a prerequisite for our collaboration with suppliers, that they have signed the Code of Conduct for suppliers.

The VELUX Group reserves the right to monitor and audit, as appropriate, our suppliers' sub-contractors to assess their compliance with the VELUX Group's Code of Conduct for suppliers. The VELUX Group can request adequate action plans to correct monitoring findings and undertake follow-up visits to ensure that improvements are made. If requested improvements do not progress in an acceptable manner, the VELUX Group reserves the rights to bring the cooperation with the supplier in question to an end. However, The VELUX Group offers to assist suppliers with advice in the process of implementing this Code of Conduct as appropriate and we will enter into a constructive dialogue with suppliers to improve the overall conditions. In 2017, 99% of our suppliers had signed the Code of Conduct.

Our Code of Conduct for employees describes the main principles of ethical behaviour and our expectations to all VELUX Group employees in relation to Climate & Environment, Human and Labour Rights, Health & Safety and Anti-corruption & Business Ethics. The Code of Conduct for employees is available to all VELUX Group employees.

A new whistle-blower system

If incidents occur where our Codes of Conduct is breached there needs to be a reporting system in place. In February 2018, the VELUX Group introduced the new whistle-blower system Speak Up!. The whistle-blower system can be used by employees, business partners, suppliers, customers and any other stakeholder to report serious concerns in a secure and confidential way. All reports will be fully investigated and appropriate remedial actions taken.

Our future process

Our commitment to the UN Global Compact and the Model Company Objective will continue to be an integral way of how we do business in the VELUX Group. Updating our policies to build on the UN Global Compact was a natural and positive step for the VELUX Group. Taking this step sustains our efforts to mitigate and prevent the challenges we may face in relation to the infringement of human rights, slavery and human trafficking in our value chain. The new whistle-blower system supports our efforts in this matter. Through the system we are also aligned with the expectations to us as a large company.

In the coming future, the VELUX Group will continue our journey to assess where we may have risks in our value chain related to each of the five CSR areas (human rights, climate, environmental, social and anti-corruption). With regard to the risk assessment on human rights it should among others specifically focus on forced labour and human trafficking. The risk assessment will include the entire value chain of the VELUX Group and will enable the VELUX Group to disclose, prevent and mitigate risks related to the infringement of human and labour rights in our entire value chain.

Furthermore, the VELUX Group plans to investigate how we can integrate the risk assessment into a recurring due diligence process, which will help us to implement adequate procedures to prevent and mitigate any negative impacts of our business to society.

A handwritten signature in blue ink, appearing to read "Peter Bang", is written over a horizontal line. The signature is stylized and cursive.

Peter Bang
Executive Director & CFO