

The VELUX logo is positioned in the top right corner of the page. It consists of the word "VELUX" in a bold, white, sans-serif font, with a registered trademark symbol (®) to its upper right. The text is set against a solid red rectangular background.

The VELUX Group

Corporate Responsibility Report 2012

Building a Model Company





The VELUX Group Corporate Responsibility Report 2012

Building a Model Company



Our approach

Corporate responsibility at the VELUX Group describes the principles, policies and processes that help us deliver on our objective to be a Model Company.



Citizenship

The long-term success of our company depends on the health and prosperity of the societies where we do business. We take our social responsibilities seriously and aim to use our influence and resources to create value for both our company and society. Each year, a share of the profits is distributed to society by the VELUX Foundations.



Products and services

Through research, innovation and partnership, we are helping to define the sustainable buildings of the future, whilst continually working to improve the performance of our products.



Customer interaction and business partners

The VELUX Group strives for the highest standards of business practices in our interactions with our customers and business partners. We promote responsibility and respect for human rights in our supply chain.



Organisational behaviour

Our values-based approach and focus on creating a workplace built on innovation, teamwork and mutual respect helps us to attract and retain the talent we need. We are systematically working to reduce environmental impacts of our operations and to achieve our goal of zero accidents at work.



Performance

To get the overview of how we have done in selected areas, our performance is measured by the indicators below and progress is tracked against these indicators. You will also find more information about the report and the guidelines we have applied to determine what to include and the contents of the report.

Bringing light to life



Our approach

Corporate responsibility at the VELUX Group describes the principles, policies and processes that help us deliver on our objective to be a Model Company.



A message from our Management



An important aspect of aiming to be a model company is to work with products that are useful to society.

It is our ambition to lead the development of better indoor environments with daylight and fresh air through the roof. This helps to improve comfort and productivity, and reduce health costs in society in general; it even helps to reduce the environmental impact of buildings on the planet. In 2012, we launched our New Generation of roof windows and started a completely new business area – VELUX Modular Skylights for commercial buildings. We have given energy efficiency, daylight and ventilation – that is, a healthy indoor climate – the highest priority. And that is what enables the consumer to make a choice and be part of paving the way for Sustainable Living in Buildings.

These two product families represent the largest investment in our 70-year history. In the long term, they will safeguard our business and ensure our position as market leader.

The unstable global economy and uncertainty in the building sector are challenges we will be facing for some time to come. When a market encounters turbulent times, you have to prioritise what creates value for the business (for example, investment in innovation).

Consequently, we have postponed our investment in CO₂-reduction measures and did not therefore reach our target of reducing the Group's overall CO₂ emissions by 20% by the end of 2012, though we did achieve a commendable 13%. Despite postponing our investments, we will stick to our 2020 goal of halving the 2007 CO₂ emission figures – and we are confident that we will still be able to reach it.

Innovation and development of new products also have other consequences. We introduced many new processes in our organisation during 2012 and we believe this is the source of an unfortunate increase in the number of industrial accidents at our factories and storage facilities. However, we remain convinced in our belief that all accidents can be avoided.

The purpose of this report is to document how we act as a responsible company and how we strive to be a Model Company. That is a quest that will never end. With this report, we give an insight into the activities we initiated in 2012 as part of this quest.

In the picture VELUX Management Group from the left:
 David P. Meyer, COO
 Peter Kragh Knudsen, Logistics
 Klaus Lorentzen, Product Development
 Jørgen Tang-Jensen, CEO
 Michael K. Rasmussen, Brand, Communication & Marketing
 Patrick W. McKenzie, SKY Markets & Strategy
 Niels Espersen, HR & Organisation
 Jacob Schambye, Market & Product Management
 Peter Bang, CFO



The Model Company



Striving to become a Model Company was an important goal for the VELUX Group's founder, Villum Kann Rasmussen, when he worded his Model Company Objective in 1965. The Model Company Objective still forms the bedrock of our way of doing business, and corporate responsibility is very much part of our business strategy and company.

Our foundation consists of the Model Company Objective – our "raison d'être" – and our values – what we stand for. A foundation is built to last. In the same way, the Model Company Objective and our VELUX Values will apply for the whole of our company's lifetime. Our Vision expresses the future we envisage, supported by vivid descriptions of what it will be like to achieve it.

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

VELUX Values

Commitment

We work for VELUX because we want to.

Mutual respect

We treat others as we would like to be treated ourselves.

Improvements

Our future is shaped by our continued ability to improve.

Local initiatives

Local initiatives are essential to achieve our common goals.

Thoroughness

The right effort, in the right place, at the right time.

Our Vision

To lead the development of better living environments with daylight and fresh air through the roof and to be rated as the best in the eyes of our customers.



Explaining our Model Company Objective



Less ▲

Looking at our Model Company Objective, the key elements are working with products useful to society, interaction with customers, suppliers and employees as well as growth and financial independence.

We strive to supply products that bring daylight and fresh air to buildings in order to create healthy and comfortable living environments. That means supplying products that are of high quality and reasonably priced, and carrying out our activities with the least possible impact on the environment and nature's resources.

The basis for all our activities is the needs of our customers; we must ensure that our products stay relevant to them and that they experience good service and value for money.

We base our relationship with suppliers on dialogue and cooperation.

We focus on developing our employees, creating the optimum framework for their activities and motivating them to do the best job.

Ensuring the company's profitability is essential in order to finance further independent development and growth.



VELUX Strategy



The VELUX Group's strategy statement consists of three parts: our common goals, our competitive formula and our strategic focus. Our strategic focus comprises five strategic initiatives, each sponsored by a member of the VELUX Management Group.

Our common goals are to:

1. Ensure relevance of core business (daylight and fresh air through the roof)
2. Retain high market share globally
3. Deliver high profitability

Our Competitive Formula describes our business model, with the following elements:

- Focus on high-volume standard product platforms for the mass market
- Outstanding perceived value of affordable core products and services
- Best cost producer of core products
- Fulfil local customer needs with lean global structures and processes
- The strongest brand in the industry

The VELUX strategy process



Our approach to corporate responsibility



Corporate Responsibility (CR) at the VELUX Group is an inherent part of the way we do business, and managers are responsible for social and environmental issues as part of everyday business activities.

Our Health, Safety & Environment (HS&E) Direction System, which consists of members of the VELUX Management Group, determines our CR strategy and monitors our CR performance. The outcome of our risk management process is presented annually to the Board, including consideration of social, ethical and environmental risks. Our HS&E performance is on the agenda of every Board meeting.

Managers are supported by HS&E, HR, Internal Audit and CR professionals who help to ensure coordination across the Group.



Feedback from the public and our core customers

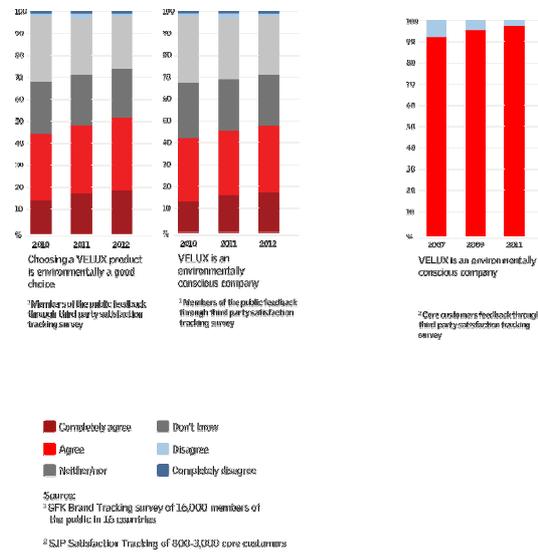


Each year, we survey the perception of the VELUX Group among selected members of the public and our core customers.

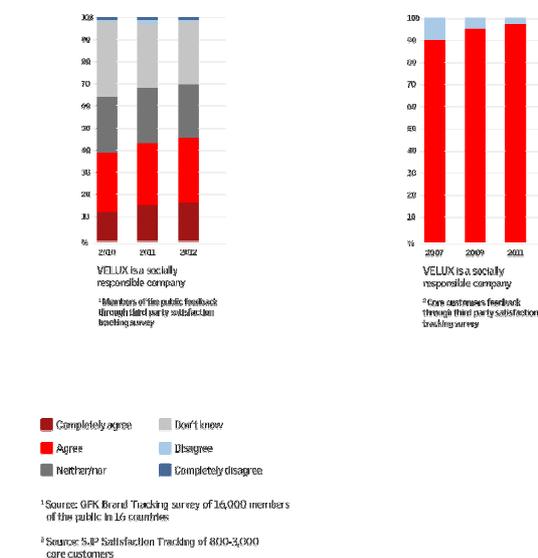
The VELUX Group consistently strives to behave in a manner that will help us maintain a good reputation. Surveys show that the external stakeholders who know us tend to give us positive feedback on issues concerning our Group's performance as a socially responsible company.

The figure "core customers feedback" shows the response of core customers. In the category "members of the public", many respondents have no knowledge of the VELUX Group's performance in terms of social responsibility. The response can be seen in the figure "members of the public feedback". This implies that the VELUX Group still has potential in terms of developing our corporate responsibility activities, ensuring transparency and awareness among the general public.

Perception of the VELUX Group as an environmentally conscious company



Perception of the VELUX Group as a socially responsible company





Stakeholder engagement



Stakeholder engagement is a core element of the way we do business and part of fulfilling our objective to be a Model Company that “treats its customers, suppliers, employees of all categories and shareholders better than most other companies”. It is in our brand character to “discover, engage and influence”. We actively strive to use these elements in our engagement with stakeholders to gain insight into emerging trends and opportunities for growth. In our company this means:

- Discovering stakeholder concerns and needs through research and analyses of trends in society
- Engaging in ongoing dialogue with all stakeholder groups through different forums and platforms
- Influencing our stakeholders to give them better tools and the means to improve the environment and indoor living conditions

In order to continuously ensure that our products are useful to society, we seek knowledge on how to anticipate and respond to changes by conducting trend analyses that focus on specific target groups in our stakeholder wheel. This also helps us to understand what we need to do to meet the Model Company Objective and how we can meet the expectations of our customers, suppliers, employees and owners.

Our stakeholders are individuals or groups with an interest in our company or an influence on the success of our business. We have defined ten key stakeholder groups, shown in our stakeholder wheel.

VELUX stakeholders



About the VELUX Group



The VELUX Group creates better living environments with daylight and fresh air through the roof for life, work and play. The VELUX product programme contains a wide range of roof windows and skylights, along with solutions for flat roofs. The Group also supplies many types of decoration and sun screening, roller shutters, installation products, products for remote control and thermal solar panels for installation in roofs.

The VELUX Group, which has manufacturing companies in 11 countries and sales companies in almost 40 countries, represents one of the strongest brands in the global building materials sector and its products are sold in most parts of the world.

The VELUX Group has about 10,000 employees and is owned by VKR Holding A/S, a limited company wholly owned by foundations and family. The VELUX Group head office is in Hørsholm, north of Copenhagen. For more details, visit www.velux.com.

Organisational structure



The VELUX Group is organised according to the principle of supply chain management and we think of different product areas as one single supply chain towards our customers. The focus is on how to secure expected deliverables in due time and quality to our internal and external customers. In other words, we focus on the flows of raw materials, components and finished goods to the market and the information flow between various functional areas, i.e. products, manufacturing, logistics and market activities.

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Activities in the VELUX Group Supply Chain are monitored by Group Compliance and Support, which consists of functional systems (Finance, IT, HR, HS&E, Communication, Brand and Marketing), and by the VELUX Management Group.

Board members

Jens Jørgen Madsen, member of the board since 29 March 2007 and Chairman of the Board since 10 March 2010

- Chairman of the board, VELUX A/S
- Deputy chairman, SANISTÅL A/S and Højgaard Holding A/S
- Board member, Kirk Kapital A/S, MT Højgaard A/S
- Advisory board member, Business and Social Sciences at Aarhus University

Kim Fausing, member of the board since 10 March 2010 and Deputy chairman since 6 June 2011

- Deputy chairman, VELUX A/S
- Chief Operating Officer, Danfoss A/S
- Board member of Hilti AG, Liechtenstein,
- Sauer-Danfoss, USA, Danfoss-Turbocor, USA
- Board member of the Danish-German Chamber of Commerce

Morten Falkenberg, member of the board since 1 October 2008

- President & CEO Nobia A/B

Kent-Åke Ahlgren, member of the board since 25 November 2008

- CEO, Ahlgren Consulting GmbH

Lykke Friis, member of the board since 13 March 2012

- Member of the Danish Parliament (Folketinget)
- President of the Danish Foreign Policy Society
- Member of the European Council of Foreign Relations, International Crisis Group
- Nykredit's Committee of Representatives
- Board member of the Danish-German Chamber of Commerce

Audit Committee



The Audit Committee has two members elected by the Board. One member is designated as chairman. Under the Danish Act on Auditor, all members qualifies as financial experts and one of the members also qualifies as independent.

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The members are:

Jens Jørgen Madsen – chairman of Audit Committee since 2010
Jan Lundsgaard Jensen – member of Audit Committee since 2012, CEO of VKR Holding A/S

The Audit Committee assists the Board with supervision of:

- the external auditor
- the internal audit function
- financial reporting
- the internal control system
- the procedure for handling complaints regarding accounting, internal accounting controls, auditing, or financial reporting issues, and matters of business ethics.



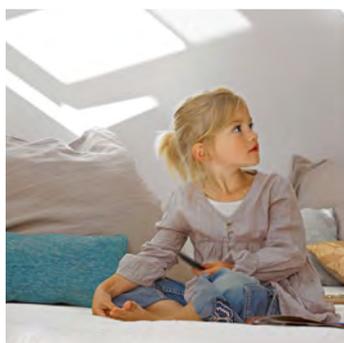
The VELUX Group is represented in almost all markets in the northern hemisphere above the parallel 30° N. In the southern hemisphere, we cover most markets below the parallel 30° S. Those are the climatic areas best suited for VELUX products.

Bringing light to life.



Citizenship

The long-term success of our company depends on the health and prosperity of the societies in which we do business. We take our social responsibilities seriously and aim to use our influence and resources to create value for both our company and society.



Sustainable Living in Buildings



The global population is expected to reach ten billion by 2050. Seven billion are expected to live in cities. This will place demands on the urban environment, and without sustainability such dense populations will not be possible. Living sustainably is one of the greatest challenges facing city dwellers, authorities and politicians today.

Reduction of CO₂ emissions all over the world is paramount to combating global warming. Figures from the EU show that buildings account for 40% of all energy consumption in Europe, so as major energy consumers, buildings can play an important role in reducing the world's energy consumption.

In the quest for energy efficiency, however, we must never lose sight of the well-being of the people who live and work in buildings. In modern society, people spend about 90% of their time indoors, and the indoor climate plays a vital role to people's health and comfort. The current challenge of the building industry is, therefore, to reduce energy consumption and CO₂ emissions at the same time as improving the indoor climate. When scaled up, such initiatives will benefit entire countries and ultimately contribute to a better climate for the whole planet.



The sustainable buildings of tomorrow have already been built



In 2050, more than 90% of existing buildings in Europe will still be in use, and many buildings are due for upgrading and modernisation in the years to come.

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Studies and experiments have already documented that energy savings of 60 to 90% in existing buildings are feasible when available technologies are applied. The potential of sustainable retrofitting is therefore huge, and there is a great need to set ambitious targets that will encourage sustainable solutions in existing buildings. In addition to the obvious climate benefits, there is also a positive effect in terms of job creation. According to a recent study, renovation of the existing building stock at the current pace will create 200,000 jobs annually between 2011 and 2050.



VELUX Sustainable Living in Buildings



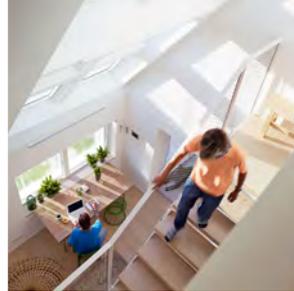
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The VELUX Group believes we can create carbon-free buildings that live up to future building standards *and* improve health and comfort in buildings on a large scale at the same time.

Under the programme VELUX Sustainable Living in Buildings, we aim to inspire the design of buildings with high energy efficiency, optimum indoor climate and renewable energy sources.

Through several full-scale experiments based on the Active House principles, the VELUX Group has demonstrated that we can develop carbon-free buildings with a pleasant indoor climate offering plenty of daylight and fresh air. For instance by placing windows – the access points to the free energy of the sun – strategically to take full advantage of the sunlight and stimulate air flow to create natural ventilation. It can be done, but we must work together to create change on a large scale.

Model Home 2020



The Model Home 2020 demonstration programme was carried out by the VELUX Group to promote Sustainable Living in Buildings. In three years, six houses have been built in close cooperation with local architects and building professionals in five European countries; all are based on the Active House principles of a holistic approach to energy, indoor climate and environment, with a user-centric focus.

[Read more](#)

Sustainia 100



BUILDING THE WORLD
OF TOMORROW

In 2012, the VELUX Group's Model Home 2020 programme was included in Sustainia 100, a global catalogue of the world's 100 most sustainable solutions, to serve as an inspiration for future Sustainable Living in Buildings.

[Read more](#)



Affordable today



It is a widespread belief that sustainability in the building sector comes at a high cost. However, the Model Home 2020 projects conducted by the VELUX Group have demonstrated that sustainable buildings are competitive in terms of the complete life cycle of a building.

Less

A building's life cycle includes every phase from design and construction to long-term operational costs. It turns out that if additional costs occur in the design and construction phases of sustainable buildings, they are outweighed by the energy savings achieved in their daily use, to say nothing about the high level of comfort and well-being for users.

Succeeding with sustainable living is no longer a futuristic dream. Carbon-neutral buildings with plenty of daylight and fresh air can be designed and constructed at competitive prices, using materials, building components and technology already available today. Policy-makers must set ambitious targets and favourable framework conditions for sustainable buildings, finance institutions must invest in future energy savings – and the building industry must take ownership and promote the sustainable solutions of tomorrow, combining high energy efficiency with good indoor climate. Homeowners will always welcome comfort, a healthy indoor climate and low energy costs.



Active House Alliance



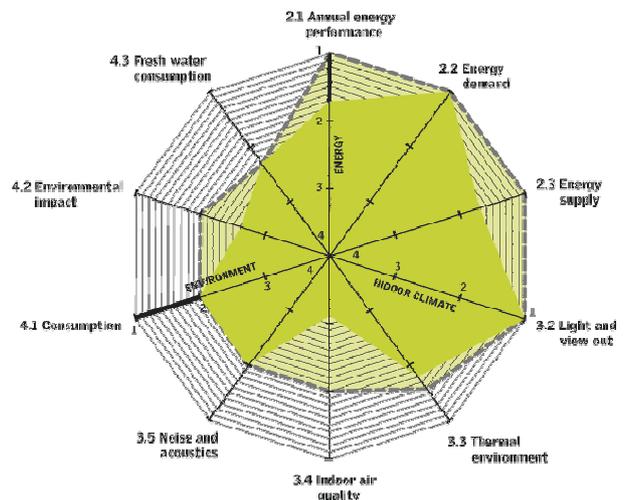
The VELUX Group actively participates in the Active House Alliance. The goal is for Active House to become the future design principle of new buildings and renovation, and an attractive solution to respond to the Nearly Zero Energy Building requirement.

Less

[Read more](#)

In 2012 the VELUX Group calculated Active House Radar diagrams for five Model Home 2020 projects.

Active House Radar diagram for Home for Life.



The house has been evaluated according to the first edition of the Active House Specification from 2011. Data collected and calculated by Esbensen Consulting Engineers based on input from the national project team behind the development of the house.

[Home for Life](#)
[Sunlighthouse](#)
[LichtAktiv Haus](#)
[CarbonLight Homes](#)
[Maison Air et Lumière](#)



International VELUX Award for Students of Architecture



In October 2012, 39 architecture students were celebrated as winners or received honourable mentions in the International VELUX Award 2012 in Oporto in north Portugal. [Less](#)

The 2012 competition was the fifth of its kind since the first took place in 2004. The jury examined a record number of 983 projects before selecting the winners. The award ceremony took place at the Serralves Museum, designed by world-famous architect Álvaro Siza Vieira, who took part in the ceremony himself and spoke about design with daylight exemplified by the Serralves Museum, which is renowned for its unique daylight architecture.

“Light of Tomorrow” is the overall theme of the International VELUX Award. The intention of the award is to strengthen the focus on daylight in architectural education at all schools and universities and to make contact with thousands of students and hundreds of schools and their teachers. These projects give a remarkable status of the current state of thinking at schools of architecture from all over the world by taking the pulse of today’s architectural education.

The award is important for the VELUX Group as we believe future architects all over the world have a responsibility to design healthy and sustainable buildings that meet the challenges of tomorrow.

[Read more](#)



VELUX Daylight Symposium



Every second year since 2005, architects, lighting engineers, researchers, teachers and legislators have met at the VELUX Daylight Symposium to bridge theory and practice and find a common platform for discussing daylight quality in buildings and how to make buildings brighter and healthier. [Less](#)

The VELUX Daylight Symposium was last held in 2011 and will be held again in 2013.

[Read more](#)



Optimising daylight with the Daylight Visualizer



In 2012, there were some 10,500 downloads from the VELUX Daylight Visualizer compared to 8,500 in 2011. [Less](#)

The VELUX Daylight Visualizer helps architects and building professionals optimise daylight conditions in buildings. The tool allows users to quickly generate 3D models and experiment with daylight by arranging roof and facade windows in various locations.

Users gain an accurate picture of daylight conditions in their designs, including the effects of location, orientation, boundary conditions, surface properties, season and time of day. The programme also enables users to import 3D models generated by CAD programmes (including AutoCad, the most commonly used architectural modelling software), making it easy for architects to incorporate the Daylight Visualizer into their work flow. The programme is also available for educational purposes.

[Read more about the VELUX Daylight Visualizer.](#)

To evaluate the performance of single-family homes in terms of energy, ventilation and indoor climate, check out the [VELUX Energy and Indoor Climate Visualizer](#)



Daylight & Architecture



Two issues of the Daylight & Architecture Magazine were published in 2012, with a print run of 50,000.

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Daylight & Architecture is the VELUX Group's magazine for architects, designers, building professionals and everyone else with an interest in daylight and architecture. Our intention with this magazine is to create a platform where we discuss topics that are relevant for architects and to focus on the importance of daylight when creating better living environments for people.

[Read more](#)



Public affairs



The VELUX Group aims to play an active part in the public policy process, using our expertise as a basis for dialogue to ensure that the vision of sustainable living is reflected in legislation.

Our approach is guided by our Public Affairs Policy, which applies to all employees, consultants and advisors involved in VELUX Group public affairs activities.

Public Affairs Policy

It is the overall Public Affairs Policy that the VELUX Group will conduct all lobbying efforts in strict compliance with the terms of applicable national and international legal requirements, wherever the VELUX Group does business.

Behaving in a transparent, trustworthy and professional manner, while also bearing in mind social responsibilities, the VELUX Group believes that public affairs activities is an integrated and legitimate part of the legislative process.



Energy



At the VELUX Group, we strive to improve the energy balance of our windows, improve energy efficiency and develop concrete proposals for both new buildings and renovation.

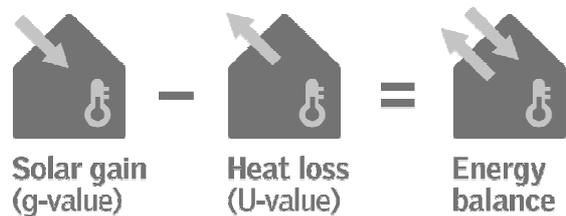
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- Windows are a source of energy due to the solar energy gain which flows freely through the window and gives a positive contribution to the total energy consumption of the building. Unlike other building components, which only focus on limiting the energy loss, the assessment of the energy performance of a window should both take the solar energy gain and the heat loss into account. Together, these two factors constitute the energy balance.

[Read more](#)

- Energy-efficient building components are essential in order to reduce the overall energy consumption and CO₂ emissions of buildings. In our product development, we work constantly with ensuring products with a high energy performance. On the level of the building as a whole, the VELUX Group supports the Active House vision for the buildings of the future, which has a holistic focus on energy, indoor climate and environment.
- The Active House vision is relevant for the house builder as well as for the policy maker. In the EU, all member states are working on the national implementation of the EU's "Energy Performance of Buildings Directive" from 2010, which specifies that all new buildings have to be "Nearly Zero Energy Buildings" by 2020. The Active House vision can also be used when detailing national renovation strategies for existing buildings as required by the EU's "Energy Efficiency Directive" from 2012.

[Read more](#)





Daylight



Ensuring a healthy indoor climate in buildings requires plenty of daylight. Daylight is important for our health, learning ability and productivity. The VELUX Group works to ensure access to adequate daylight in buildings.



- Reduction of energy consumption in buildings must go hand in hand with a better indoor climate, daylight and ventilation.
- National building legislations must set specific requirements for daylight conditions in new buildings and existing buildings undergoing major renovations.



Ventilation



The quality of the indoor air influences our comfort, health and performance. Using the windows, and creating natural ventilation of the building, can help achieving good air quality as well as thermal comfort. The VELUX Group works to ensure good indoor air quality in buildings.



- The possibility of ventilating a building using natural ventilation should be included in building regulations
- It should be recognised that good indoor air quality is an important precondition for preventing illnesses like asthma, especially among children.



Environment and sustainability



By sharing our experience of Sustainable Living in Buildings, we wish to be part of the development towards safeguarding the environment and reducing CO₂-emissions.



- The VELUX Group sees EU and national policy initiatives focusing on sustainability and environment as crucial.
- We wish to engage in dialogue and share our experience of Sustainable Living in Buildings and reduce the environmental impact of the manufacture, use and disposal of our products. As an example, the VELUX Group provides expertise in relation to guidelines for Green Public Procurement in the EU as well as to development of eco-labels for windows.

Benefits to society

- Studies have shown that daylight environments result in more effective learning (1) and companies have recorded an increased productivity of their employees in the region of 15% after moving to a new building with better daylight conditions (2)
- Daylight can reduce the energy consumption for artificial lighting, which is important as electricity for lighting has been estimated to account for as much as 15-20% of global electricity consumption (3)
- Fresh air helps to reduce the risk of allergies. According to the National Institute for Public Health, 1.7 million Danes will have contracted allergies by 2020, some of which are directly attributable to poor indoor climate (4)
- According to a recent study, energy renovation of the existing building stock in Europe at the same pace as now will on average create 200,000 jobs annually in 2011-2050 (5)

(1) Lisa Heschong, ASHRAE Journal 2002/DEIC Basic Book p.18

(2) L. Edwards, P. Torcelli, 2002/DEIC Basic Book p. 18.

(3) C. Dam-Hansen & P.M. Petersen, DTU International Energy Report 2012.

(4) Statens Institut for Folkesundhed, Folkesundhedsrapporten 2007.

(5) Building Sector Guide, s. 47 - "Europe's Buildings Under Microscope", Buildings Performance Institute Europe, 2011.



Fair competition



Since 1996, the VELUX Group has had an extensive Competition Law Compliance Programme in place to prevent anti-competitive behaviour in our business and to ensure that all sales companies are aware of their obligations in terms of competition rules. Our leading position in the market makes this programme critical to our business.

EU competition rules

The EU competition rules in the EC Treaty aim at preventing companies from distorting competition. The EC Treaty contains two main prohibitions – prohibition against anti-competitive agreements, arrangements or concerted practices between companies (art. 101), and prohibition against companies abusing their dominant position (art. 102).



Competition law compliance



The VELUX Group complies with the Competition Law Compliance Policy developed by our owner, VKR Holding A/S. The policy describes our approach in relation to customers, competitors, mergers & acquisitions, and other relevant issues, such as prices and trade conditions.

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Competition Law Compliance Policy

It is the overall competition law compliance policy that all VKR Group companies, at all times, comply with the relevant national and international antitrust and competition law requirements (e.g. EU Competition Law). The General Counsel monitors competition law compliance and continuously assesses compliance procedures.

Tax policy



The VELUX Group acts with integrity and transparency in tax matters. Our approach is guided by our Tax Policy, which applies to employees as well as to our consultants and advisors involved in tax issues.

VELUX Group Tax Policy

In summary, the policy states:

- It is the overall tax policy of the VELUX Group to consider tax as a cost, and therefore the objective will be to minimise the total tax payment of the VELUX Group in order to improve the cash flow with respect to the rules formulated by VELUX A/S.
- The business perspective is always the key driver when making decisions. The VELUX Group will not enter into projects without substance where the only objective is to create tax benefits for the participants.
- The VELUX Group will not register in countries known as tax havens (as listed by OECD), unless there is a sound business reason for doing so.

The Danish VELUX companies are included in the mandatory joint taxation with VKR Holding A/S and the other Danish companies owned by VKR Holding A/S. Corporation tax of the Group's Danish joint taxation income is paid by VKR Holding A/S.



VELUX Foundations



Each year, a share of our Group's profits is returned to society through the VELUX Foundations set up by our founder.

The founder of the VKR Group, Villum Kann Rasmussen, instigated the VILLUM KANN RASMUSSEN FONDEN in 1971 (now VILLUM FOUNDATION), and ten years later the VELUX FOUNDATION

Both foundations – VELUX FOUNDATION and VILLUM FOUNDATION – provide support for larger, non-profit projects with scientific, cultural, artistic or environmental objectives.

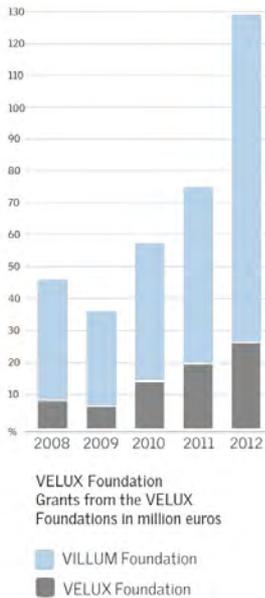
The VELUX FOUNDATION focuses its grants particularly on projects associated with supporting active elderly citizens, gerontological research, ophthalmological research and humanities research projects. The Foundation also supports major projects with cultural, social or artistic purposes.

The VILLUM FOUNDATION targets its grants towards research and dissemination in the fields of natural sciences and technology, as well as to social, environmental and cultural projects. The Foundation has also the special function of awarding the Villum Kann Rasmussen Annual Award for Technical and Scientific Research.

Both the VILLUM FOUNDATION and the VELUX FOUNDATION are non-profit foundations governed by Danish law and subject to the supervision of the Civil Affairs Agency under the Danish Ministry of Justice. The two foundations each have their own independent boards.

In 2012, the two foundations made 438 donations worth a total of 129 million euros. Some examples of projects that have received donations are: the opening of a protected home for youth leaving social care institutions in Bulgaria, a series of training programmes for unemployed and unskilled residents of selected settlements across Greenland and a donation to a research project on advancing the debate on the strategic development of European environmental policy.

[Read more about the VELUX Foundations](#)

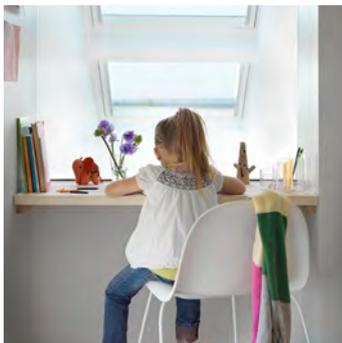


Bringing light to life.



Products and services

It is our vision to lead the development of better living environments with daylight and fresh air. Through research and innovation, we wish to contribute to the sustainable buildings of the future by continually working to improve the performance of our products as a vital part of room quality and building performance.



Sustainable products



We aim continuously to improve the sustainability of our products throughout their whole lifecycle – from raw materials to end-of-life.

Sustainability is an important parameter in our product development. By focusing on products that are useful to society, we ensure that we meet the needs of current and future customers and legislative trends, and continue to make energy-efficient products with a limited environmental footprint.

Our two major product launches in 2012 are sterling examples of this. To provide our customers with innovative and sustainable products, we have invested considerable resources in the development and launch of our new generation of roof windows and a completely new business area, VELUX Modular Skylights.



Energy-efficient installation



Over a period of 70 years, the VELUX Group has developed a unique installation procedure that ensures the best possible connection to the roof and minimum energy loss around the window.

Less

No matter how energy-efficient a building component is, its performance is only as good as its connection to the building. The components, as well as the skills of the installer, are important to the result.

Read more about installer events in connection with the launch of our new window generation in [Customer interaction](#)



Life Cycle Assessment



The VELUX Group is committed to documenting our Life Cycle Assessment (LCA) results, because it is important for us constantly to improve our products and reduce our environmental footprint and use of resources.

Less

LCA is used as a tool in product development, and the results from LCAs are used as inspiration to further improve new products. In 2012, we worked on LCA of all main product categories. These LCAs will be finalised in the spring of 2013.



Reduced energy consumption

In the process of developing a new generation of VELUX INTEGRA®, an LCA workshop was held in 2009. One of the conclusions was a requirement to lower the standby energy consumption of our electrical products. The results became visible in 2012. The VELUX LCA model shows that the new generation VELUX INTEGRA® control unit has reduced standby energy consumption by 80%.



New Generation – for the next generation



In 2012, we launched the New Generation of VELUX roof windows. It is the largest single investment in the history of our company, a major step along the way to achieving our founding philosophy of providing products that are useful to society.

Less ^

The homes of the future can be sustainable, but that places great demands on the components used in their construction in terms of energy efficiency, daylight and comfort. It is these demands that form the basis of our new window generation.



Our New Generation roof windows

The New Generation of roof windows was developed to give more daylight, provide better comfort and use less energy.

We have improved the window's energy balance, which is the relationship between insulating properties and passive solar heating, with the introduction of Thermo Technology™ - our innovative technique using a highly-insulating material and thermal-modified timber, both aiming to minimise heat loss of the window construction. In combination with improved insulation, the increased pane enlarges the daylight area by up to 18%, improving passive heat gain in the cold season, reducing the need for electric light and helping to improve room comfort.

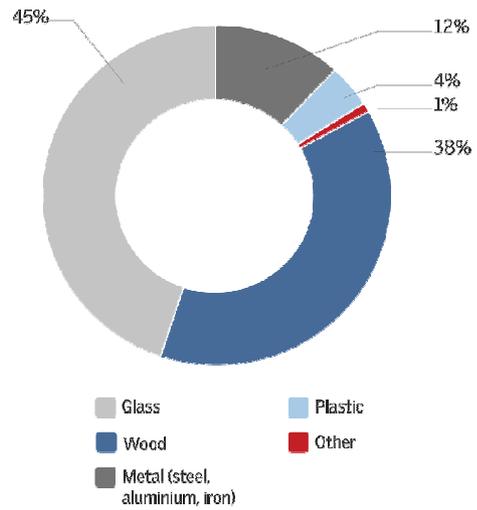
The platform is compatible with our range of blinds and shutters to control light and heat distribution in balance with the season, time of day and user preferences. The unique ventilation flap allows fresh air to enter the room, even when the window is closed, for a better indoor climate.

Energy efficiency and indoor climate control have been made easier with VELUX INTEGRA®, which consists of a range of electrically-powered products and an intelligent control unit that operates the roof window and associated sun screening equipment.

[See real-time examples of energy balance for our products here](#)

[Also see the VELUX Livability cartoon here](#)

95% of roof window GGL in our New Generation platform consists of the standard materials wood, glass and metal.



Design award for VELUX Integra®

In November 2012, VELUX Integra® was awarded with the Design Award in the Danish trade magazine Ingeniøren's award "Ingeniørens Produktpris 2012" because it has become an active component in controlling the home's energy bill and provides the residents with automatic and controlled air circulation.



Red dot design award for new roller shutter

Our new roller shutter was awarded the red dot design award "honourable mention 2012" among 4,515 products.



reddot design award
best of the best 2010



VELUX Modular Skylights



VELUX Modular Skylights was launched in 2012 as a new modular window system for bringing daylight and fresh air into commercial buildings such as offices, schools, hospitals and shopping malls.

Less ^



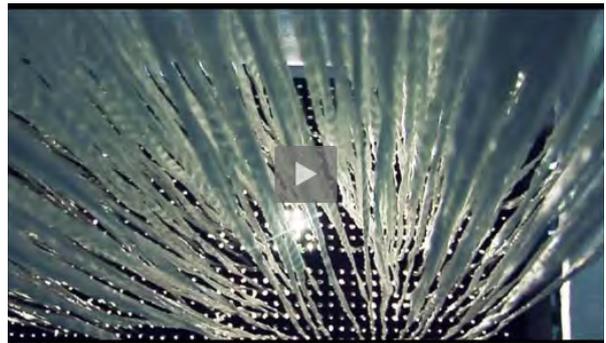
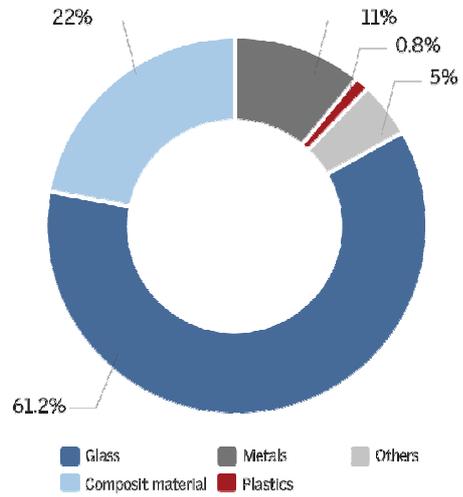
VELUX Modular Skylights is an energy-efficient solution that makes a positive contribution to the total energy performance of the building: generous amounts of daylight reduce the need for electrical lighting, natural ventilation reduces the need for mechanical ventilation, solar shading reduces the need for cooling, and the intelligent modules control the solar shading and natural ventilation by way of a Building Management System (BMS).

The high insulation performance comes from the use of low-energy panes and the fact that the newly developed frame material offers high insulation properties.

VELUX Modular Skylights is a standard solution, yet flexible to work with, assembled with prefabricated modules that are delivered on site ready to install.

VELUX Modular Skylights was launched in Denmark, Sweden and the UK in 2012. In 2013 it will be launched in Belgium, Holland, Germany and France.

Skylights



Documenting use of chemicals



The VELUX Group controls and documents the use of chemicals in its production and finished products.

Less ^

Throughout 2012, we have expanded and strengthened our documentation procedure by implementing a more systematic approach to mapping chemical substances. The procedure also includes a closer dialogue with our suppliers about chemical compounds in the components used in our products. This will result in an easier and more transparent process when documenting the use of chemicals in our products.

French indoor air quality labelling

In 2012, a labelling system for emissions of Volatile Organic Compounds (VOCs) entered into force in France. All VELUX products contained internally of the vapour barrier in the window are marked with the French label.

The labelling system consist of four classes (A+, A, B and C), where each class corresponds to a certain limit value. All tested VELUX products (VELUX roof windows, VELUX flat-roof windows, VELUX Modular Skylights and VELUX sun tunnel) have obtained A+, which is the best category. The labelling system does not include sun screening products.



Energy and climate impacts



Less ^

Our environmental life-cycle assessments show that the most significant impact of our products on the environment lies in the time they are in use in the roof. Consequently, optimised energy balance is a key factor.

Our windows are designed to keep heat loss to a minimum, to make the most of solar thermal gain and to let in daylight and fresh air.

The window is the only part of the building envelope that can produce energy. Therefore we take a holistic approach, using energy balance as a measure of the energy performance of our windows, because it represents more accurately a window's actual energy contribution than does looking solely at heat loss (U-value).

While the U-value calculation method only considers heat loss, energy balance also takes into consideration the heat contribution (solar energy gain or g-value) of daylight through the window. Energy balance is calculated by subtracting the heat loss from the solar energy gain. If the level of solar energy gain is higher than the heat loss, the energy balance of the window is positive.

Heating season



In winter, the energy balance should be greater than zero and as high as possible to reduce energy loss and optimise gains from passive solar energy.

Ensuring the optimal energy performance of a window is a technical challenge that requires a balanced approach to minimising heat loss and optimising solar gain. On one hand, the insulation performance can be improved by adding a layer of low-emission coating to the pane, but on the other hand, that would reduce the solar gain.

Cooling season



In summer, the energy balance should be as close to zero as possible, reducing the risk of overheating and avoiding the use of fossil energy for cooling. In buildings where the indoor temperature is expected often to exceed 26°C, specific panes or solar protection such as shutters and blinds and ventilative cooling can be used to provide a comfortable indoor climate.

venticool
the european platform for ventilative cooling

Ventilative cooling

Ventilative cooling refers to the use of natural or mechanical ventilation to cool indoor spaces. This effective use of outside air reduces the energy consumption of cooling systems while maintaining thermal comfort. The most common technique is the use of increased ventilation airflow rates and night ventilation, but other technologies may be considered as well.

The VELUX Group is striving to realise the large - yet hitherto untapped - potential of ventilative cooling to reduce or eliminate the energy needs for cooling buildings in the warm periods of the year. We are conducting several research projects and support PhD projects for the development of ventilative cooling and were a founding member of venticool, the European platform for ventilative cooling.

More info: www.venticool.eu



Support for energy labelling



Less ^

The VELUX Group supports a European energy-labelling scheme for windows, which can help consumers choose windows that save energy and reduce CO₂ in buildings.

We encourage the development of energy labelling by playing an active part in discussions with trade organisations, authorities and legislators. We have also initiated technical studies at the following academic institutions to contribute to the body of scientific research that will inform the development of a common European energy-labelling scheme for windows:

- National Energy Conservation Agency (NAPE) in Poland
- Ingenieur Büro Hauser (IBH) in Germany
- Technical University of Denmark (DTU)
- Mines ParisTech in France
- The Belgian Building Research Institute (BBRI)

These studies all conclude that it is possible to develop an accurate and fair European energy-labelling scheme that can guide the user to making choices that save energy and reduce CO₂.

The VELUX Group's position on energy labelling of windows

The VELUX Group has the following suggestions to the EU Energy Label that is expected to be developed and adopted by 2016:

1. An energy label should be based on the overall energy balance of the window, which is the most accurate measurement of the window's effect on climate, energy savings, health and comfort.
2. A window's overall energy efficiency is highly dependent on the relative pane area. The calculation of energy performance should be based on specific data of the relative pane area of a window. This makes the labelling more accurate and supports product development towards a better energy balance.
3. The label should ensure a regional approach based on climate zones, which makes it possible to take differences in geography and climatic conditions across Europe into account.
4. Roof windows should constitute a specific scheme to account for the characteristics of roof windows compared to facade windows.
5. Shading should be included in the overall measurement of a window's energy performance. A dynamic climate envelope obtained by the use of shading is an affordable and effective way of optimising the energy performance of a window.
6. The labelling scheme should differentiate between northern- and southern European climatic conditions. In the north, the label should be based on energy balance of the heating season, as this reflects the actual energy consumption of the building. In the south, the label should be based on annual energy balance, which includes both the heating and cooling season – both of which are important in a southern climate.
7. The labelling should be based on the ISO/CD 18 292 Rating System for Fenestration Systems. This standard describes how to calculate the energy potential of a fenestration system in a heating and cooling situation.
8. The labelling should be based on product data from the mandatory CE-labelling of windows (product standard EN 14351-1).

The EU has initiated two processes with focus on improving the energy efficiency of products: energy labelling and ecodesign.

The aim of energy labelling is to guide end users and professionals towards energy efficient products when e.g. replacing windows in existing buildings; the aim of ecodesign requirements is to cut the least energy efficient products out of the market.

In 2010, the EU decided to expand the energy labelling procedure for household products with the A-G rating to include other relevant energy-related products such as windows.

There is a wide-spread consent in the window industry that the energy labelling for windows should be based on energy balance, but this is to be agreed among relevant actors in the ecodesign process. The calculation method and classification also has to be developed. Energy labelling for windows is expected to enter into force in 2016/2017.

Ecodesign

In December 2012, the European Commission published its eco-design work plan 2012-2014; windows are on the prioritised list. This means that eco-design requirements (minimum energy efficiency level) and/or energy labelling requirements for windows are to be developed.

In 2012, we monitored the progress of the eco-design work plan and developed a dialogue with industry, interest organisations and authorities so that the VELUX Group could be ready to participate actively in the development of the concrete European energy label for windows and eco-design requirements for windows.



Packaging



Together with our product transport suppliers, we seek ways to use packaging that optimises loading of trucks, thus helping to reduce journeys and their environmental impact.

Less ^

We have almost completely phased out wooden pallets on inbound transport, which means that empty but bulky pallets do not need to be transported back to the supplier. Using our Cube packaging system, windows are wrapped with stretch foil and stacked vertically in the trucks, enabling more windows to fit in each load.

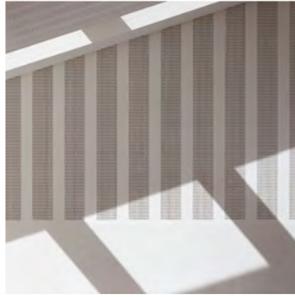
Approximately 80% of our cardboard packaging is recycled cardboard, a material that can be easily recycled. The window travels from the production site to the point-of-use in the same packaging, with only the stretch foil wrapping being discarded.



Improved packaging

A new packaging solution has been developed for our New Generation windows. The new packaging offers better protection of the products during transport, and the process of unpacking prior to installation has been made easier for installers, as a new opening system has been developed that does not require the use of a knife.

When the window has been unpacked, the packaging serves as a protective surface under the window while it is prepared for installation. The packaging also offers easy access to installation guides without the installer having to lift the window.



VELUX product categories



The VELUX product programme contains a wide range of roof windows and skylights, along with systems for flat roofs.



The VELUX Group also supplies many types of decoration and sun screening, roller shutters, installation products, products for remote control and thermal solar panels for installation in roofs.



Roof windows

VELUX roof windows improve the indoor climate by supplying large amounts of daylight. As they are located at the top of the building, they provide efficient ventilation and fresh air for the occupants. They also help regulate the temperature and ensure efficient cooling of the building at night. Almost all our roof windows have highly efficient, gas-filled, coated glazing units that minimise heat loss and optimise solar energy gain. Intelligent controls enable windows to be opened and closed automatically at pre-set times and a built-in rain sensor closes the windows at the first drop of rain.



Flat-roof windows

VELUX flat-roof windows are designed to optimise daylight and comfort in buildings with flat roofs.



Sun tunnels

VELUX sun tunnels improve interior spaces and the well-being of people by bringing bright and natural daylight to places with no direct outlook.



VELUX Modular Skylights

VELUX Modular Skylights is a new modular window system for bringing daylight and fresh air into commercial buildings such as schools, hospitals and shopping malls.

They provide excellent insulation performance due to low-energy panes and a newly developed high-insulation frame material.



VELUX blinds and roller shutters help to control daylight, heat intake and heat loss. They can reduce heat loss by up to 34% by providing insulation during cold winter nights. Our roller shutters, which are fitted on the exterior of the window, block up to 95% of the heat from outside, reducing overheating in hot conditions.

Blinds and shutters can be set to open and close automatically to maintain the optimal indoor climate. Our solar-powered blinds and shutters require no external power supply.



Thermal solar energy

VELUX thermal solar energy systems use the sun's energy to provide hot water, meeting up to 70% of occupier requirements.



Product quality



Quality is the cornerstone of our business. We never compromise on quality. It is the most important element of our three supply priorities: quality, delivery and cost. Our quality processes span the whole length of the VELUX value chain, from purchasing through development and production to after sales service. We set out our approach to quality in the VELUX Group Quality Policy and ensure compliance through our quality management system.



Purchasing



In 2012, we initiated a global process for qualifying new suppliers. Before contracting with a company supplying essential materials for our products, we carefully screen potential suppliers.

Less ^

This stage of screening includes supplier self-assessment, auditing their quality processes and testing of the materials they will supply. The purpose is to ensure they are capable of meeting our expectations and requirements in terms of quality and logistics. Risk assessment is also an inherent part of the supplier selection process.

In 2013, we are improving our part qualification process globally to ensure that the processes and quality setup are at the relevant level to ensure reliable quality to our production sites.



Development



During development, we test our windows exhaustively to ensure they can withstand any relevant climatic condition, no matter where they are installed in the world.

Less ^

Examples of tests include:

- Wind tunnel tests where the windows and the connection to the roof are tested in full scale and exposed to some of the world's most severe rain and wind tests
- Climate tests for exposure to extreme temperature changes from very hot to very cold, as well as exposure to snow and ice and exposure to high humidity
- Solar tests that simulate intensified sun impact and its effect on windows and accessories
- Mechanical tests of strength, durability for wind load and heavy snow load or long-term use of windows, such as 25,000 times opening and closing test
- Technical features of great importance in terms of CO₂ reduction are also tested, such as U-value, air permeability and ventilation



Production



Our wide range of products is brought to life at lean and lead production sites in eleven countries. This is where our strategies and innovative ideas are implemented in tangible products and solutions.

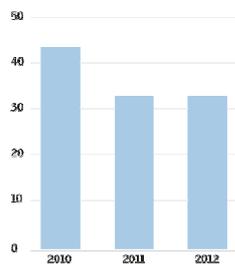
Less ^

All VELUX Group production sites are certified to the ISO 9001 quality standard, which means they are regularly assessed by an independent third party.

Our global quality team audits production sites at least once a year to ensure that windows leaving a VELUX Group production site meet the required specifications and our quality standards. We conducted 32 quality audits in 2012. The production sites regularly send materials, components and finished products to the VELUX Group quality lab to ensure that quality is being maintained throughout the life of a product.

Process controls built into production equipment or performed by operators, combined with inspection and testing of finished products, ensure that products leaving a VELUX Group factory are of the highest standard.

Quality audits in the last 3 years



Bringing light to life.



Installation and use



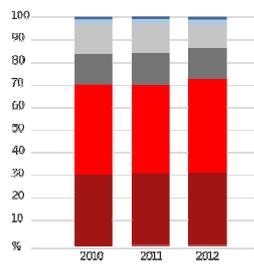
Our goal is to prevent any inconvenience for installers and customers by making products that are easy to install and use, and that function without any problems for many years.

Less ^

Our focus on quality means that only around 0.25% of VELUX roof windows result in service calls within three years of the product being sold. We have an extensive service support network and customers can call us to arrange for a service representative to come and deal with repairs and faults. Striving for an outstanding service network is an important part of our commitment to treat our customers better than most other companies, as stated in our Model Company Objective.

In 2012, special focus was placed on our new window generation and its market launch in Scandinavia. In close cooperation with customers, the products have been monitored extensively in the time following market introduction.

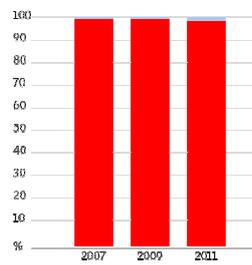
Perception of VELUX product quality and service



VELUX equals high quality
¹ Members of public feedback through third party satisfaction tracking survey



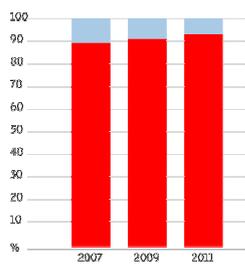
¹ GFK brand tracking survey of 35,000 members of the public in 16 countries



VELUX offers reliable products of high quality
² Customer feedback through third party survey of customers



² JUP Satisfaction Tracking survey of 800-1,000 core customers



The VELUX after sales service meets the required needs
³ Customer feedback through third party survey of customers



³ JUP Satisfaction Tracking survey of 1,000-1,500 core customers



If things go wrong



We always aim to get things right first time, but if things go wrong we take our responsibilities seriously and try to minimise any problems for our customers.

Less

In 2011, we issued a product warning to inform owners of certain small windows that there was a risk of glass breakage. Data from our Service Registration System showed that under exceptional conditions, particularly large temperature variations, there was a small risk of the glass breaking spontaneously in 8-14-year old panes with a width of 39 cm or smaller.

We set up dedicated websites and call centres in all 19 European countries where the affected panes had been sold and encouraged customers to contact us so that we could send a free replacement pane and a voucher to cover the installation cost. This product warning will continue, and so far we have replaced more than 50,000 panes.

In 2012 we had no new product warnings or recalls.

Recalls and warnings

Year	Recalls	Warnings	Comments
2010	0	0	
2011	0	1	Small risk of the glass breaking spontaneously in 8 to 14 year old panes with a width of 39 cm or smaller. We issued a product warning to inform owners of these windows of the risk in the 19 countries in Europe where the affected panes had been sold.
2012	0	0	



Customer interaction and business partners

It is our vision to be perceived as the best by our customers. Therefore we strive for the highest standards of business practices in our interactions with our customers and business partners and we promote responsibility and respect for human rights in our supply chain.



Customer interaction



The VELUX Group continuously enters into dialogue with our customers and shares our knowledge to provide reliable products, relevant information and unsurpassed service and support.



Specifiers

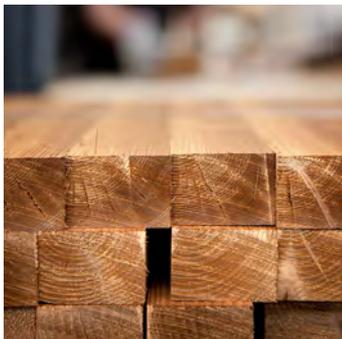


Less

The specifier - whether an architect, builder, developer or engineer - is decisive for the use of roof windows to provide daylight. Specifiers push the development in our category and help us build up the market while providing better living environments, with daylight and fresh air, for their clients.

The VELUX Group provides specifiers with information about Active House specifications, daylight, indoor climate and energy, and provides tools like VELUX CAD (Computer Aided Design), the VELUX Daylight Visualizer, the VELUX Energy and Indoor Climate Visualizer and technical documentation. Read more about the [VELUX Daylight Visualizer](#), and about the [VELUX Energy and Indoor Climate Visualizer](#).

We are keen to support innovation and knowledge sharing in architecture with daylight and fresh air. So we take part in research projects and demonstration houses all over the world and we present reference cases and provide inspiration in the Daylight & Architecture magazine and on the Daylight website. In addition, we host two biennial events: The Daylight Symposium and The International VELUX Award.



Supply Chain



The VELUX Group wants to work with suppliers who share our commitment to responsible business practices. We form long-term partnerships, communicate our requirements through our Code of Conduct for Suppliers and monitor compliance through audits and assessments.

Supporting high labour and environmental standards is an essential part of maintaining the efficiency of our supply chain and the quality of our products. We focus our efforts based on risk and where we can have the most impact on improving standards. All our wood is sourced from certified or controlled sources, [read more](#).



Distributors



The VELUX Group has an extensive distribution network, making our products easily accessible.

Less

Distributors are essential to us as they have direct interaction with the consumer and thus a great influence on the final choice of roof window brand. They are offered product training to become familiar with the VELUX product ranges and features, and we provide logistics services that make products easily available either in stock or at the building site.

VELUX Satisfaction Tracking 2012 shows that 73% of the distributors we interact with would recommend VELUX products to colleagues or customers.

Accelerating Sales Effectiveness (ASE)

One way of improving customer relations is to have a single transparent picture of our customers, providing a systematic basis for dialogue with them so that we become more effective in understanding and meeting the needs of individual customers.

The aim of the ASE project was to collate and distil the best working methods and practices from our sales companies across Europe into a global model for sales processes in the VELUX Group. These best practices from our local companies were identified and documented at several workshops with the sales companies. The findings resulted in the creation of "the VELUX Sales Process Model" that describes, for example, how we segment customers, run effective campaigns and prepare, execute and follow up on visits to customers.

To support this initiative, 2012 saw the introduction of an improved Customer Relationship Management (CRM) system. It allows sales companies to collect all relevant data about customers and sales activities in one place to enable sales staff quickly and easily to find all necessary information before contacting a customer.

The new CRM system has now been introduced in Belgium, France, Holland, Poland and the UK, and by the end of 2012 680 users were using the ASE system; more countries will follow in 2013.



End users



We aim to give end users a positive experience before, during and after their purchase of a VELUX product. Making a hole in your roof and carrying out an installation that must last for 40 years or more is a matter of trust in terms of quality, innovation and sustainability; at the end of the day, we want our customers to feel they get more than they pay for.

Less

The main purpose of our marketing activities is to analyse our customers, meet their expectations by providing them with relevant products and services and make our products known and preferred by end users.

We offer after-sales service and support, guidance in the inspiration and decision phase with architectural show cases and advice, as well as a number of recommended installers to put the products in place. And after purchase, our service technicians are there to assist, repair and service the products in the cases where something goes wrong. In addition, we offer spare parts for our products for 25 years.



Installers



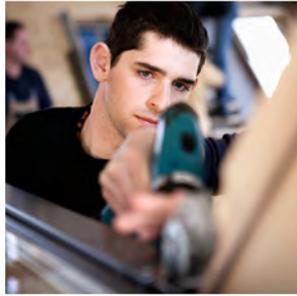
Installers are important stakeholders for us as the perceived quality of our products depends on the quality of the installation.

Less ^

The installer is often the primary adviser on the choice of roof window solution and brand. The VELUX Group supplies reliable high-quality products that are easy to install. We offer training, on-site support, installation instructions and videos.

In 2012, more than 6,000 installers from all over Europe participated in installer training.

VELUX Satisfaction Tracking 2012 shows that 82% of the installers we interact with would recommend VELUX products to colleagues or customers.



Installation tests of the New Generation roof windows

Before and after presentation of the New Generation of VELUX roof windows in January 2012, thorough and comprehensive installation tests and follow-up have been carried out.

1. Guidance and workshops on product installation took place using videos to identify possible installation issues.
2. Field tests were performed by installers to test the New Generation in real life.
3. Since the introduction, we have visited over 100 building sites to get important feedback from installers.

External launch of our New Generation to installers

Austria was one of the markets where our new window platform was launched externally in 2012. Following an internal kick-off in January, a large project team has prepared the external launch, working with technical and sales aspects, training and communication.

At four local events, several hundred installers were introduced to New Generation. Every event was like a small trade fair and included five "stations" where product managers and technicians explained the details of the new products. The events were highly successful and the participants were delighted with all the innovation in New Generation.



Indirect suppliers



Around half of our procurement expenditure is with suppliers of non-product related (indirect) materials and services.

Less ^

The majority of our indirect suppliers are based in Western Europe and supply a wide range of goods and services ranging from machine spare parts to office equipment and marketing services.

There is a clause in our contracts stating that all new agreements with indirect suppliers must contain a requirement to sign our Code of Conduct. In 2013 we will continue our efforts in this area.



VELUX Apps



In 2012, three different apps have been launched to reach our customers wherever they are and to offer them relevant and inspiring visual content on our daylight solutions.

Less ^

We have developed three different apps for smartphones and tablets: the VELUX Experience App for end-users, the VELUX Installer App for installers and the VELUX Presenter App for our own sales representatives.

These apps can be downloaded on an iPhone by searching for VELUX in the App Store and on an Android phone from Android Store/Google Play.

[Get VELUX Installer App here](#)



[Get VELUX Experience App here](#)



Fair treatment of suppliers



The VELUX Group aims to treat its suppliers better than most other companies.

Less ^

Our procurement principles define our interaction with suppliers. As a Model Company we:

- co-operate with our suppliers in a way that will be beneficial in the short and long term for both parties
- work with our suppliers to ensure continuous improvement of the procurement process and business methods
- deal fairly and honestly with all suppliers in all aspects of the procurement process
- keep negotiations between the supplier and us strictly confidential and we do not divulge prices or quotations received from suppliers, whether written or verbal
- make requests for quotations as clear and precise as possible and not open to misinterpretation
- respond promptly to supplier correspondence and inquiries
- seek suppliers who can deliver consistently high-quality goods and services in line with the VELUX Group standards with respect to environment, sustainability and safe production methods.





Code of Conduct for Suppliers

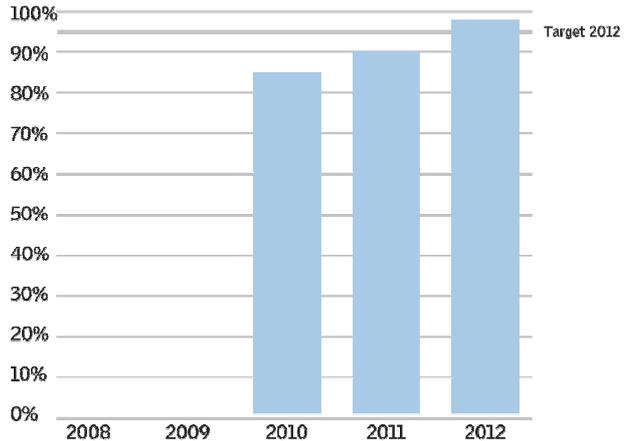


Less ^

All of our product-related direct suppliers are required to sign our Code of Conduct for Suppliers, which is based on the Universal Declaration of Human Rights and the core labour conventions of the International Labour Organization.

At the end of 2012, 97% of our direct suppliers had signed our Code of Conduct ([See our Code of Conduct here](#)), while the remaining 3% were in the process of doing so. The Code of Conduct for Suppliers is also an integrated part of our approval process when we contract with new suppliers. The proportion of suppliers who have signed the Code of Conduct is a key performance indicator for our senior management.

Product-related suppliers that have signed our Code of Conduct for Suppliers



We focus our efforts on our tier-one, product-related (direct) suppliers as this is where we have the most influence. The VELUX Group carries out a large part of its production itself – from hinges to window panes. This means we source the majority of our product-related materials from raw materials suppliers far up the value chain rather than buying finished components from manufacturing and assembly companies, where there can be a higher risk of poor labour and environmental standards.

However, we recognise that there are risks of non-compliance in the lower tiers of our supply chain. Our Code of Conduct for Suppliers requires tier-one suppliers to communicate and use the Code of Conduct with their own suppliers for materials and components delivered to the VELUX Group. We reserve the right to audit sub-suppliers to assess compliance with the code.

Scope of Code of Conduct for Suppliers

The VELUX Group's Code of Conduct for Suppliers concerns three main issues:

- Employee conditions: specific requirements such as standards for healthy working environment, treatment of workers within applicable legal and non-discrimination policies
- Environment: all suppliers must have a written environmental policy or statement
- Monitoring: the VELUX Group reserves the right to monitor our suppliers to assess their compliance with our Code of Conduct

[Read more](#)



Monitoring



Less ^

We have an audit programme that helps us monitor suppliers' compliance with our Code of Conduct, while also helping supplier companies to improve their processes and management systems.

In 2012, the VELUX Group expanded our audit programme to include all new suppliers and we continued our random audits at suppliers in China, Russia and Poland.

We conducted 45 audits in 2012 (11 in China, 32 in Poland and 2 in Russia) compared to 18 in 2011. All suppliers in these countries are audited at least once every two years. Half the audits in China were conducted by a third party commissioned by the VELUX Group. Using a third party enables us to learn from the approach of specialist local auditors.

If we discover non-compliance with our Code of Conduct, we take corrective actions and issue deadlines for making the required improvements. In case of more serious non-compliance, we require immediate action. We check on completion of the corrective actions through an unannounced follow-up audit.

In 2012, we found 61 cases of non-compliance with our Code of Conduct. The majority of findings related to:

- Health and safety at the production site
- Production facilities
- Environmental protection issues
- Working hours

We issued 61 corrective actions, 51 of which were resolved by the end of 2012.

We want to help our suppliers succeed and we offer support and advice to help them improve their performance. However, we will terminate a relationship with a supplier that fails to complete the necessary corrective actions. Since the launch of our Code of Conduct in 2001, we have not yet terminated a relationship due to non-compliance issues.

Number of audits

	2008	2009	2010	2011	2012
China	15	2	22	5	11
Poland	-	-	-	7	32
Russia	-	-	-	6	2
Total	15	2	22	18	45

In 2012 32 audits were carried out among wood suppliers in Poland. We have thus been able to achieve our internal goal of auditing all 43 Polish wood suppliers in the course of two years. In Russia, we conducted two new audits in 2012; all other suppliers in Russia were audited in 2011.



Wood certification



The VELUX Group recognises the importance of sustainable forest management as part of our efforts to protect the environment, ensure biodiversity, tackle climate change and protect the rights of communities living around forests.

Our aim for 2012 was to continue to source a minimum of 90% of our wood from forests certified to the FSC (Forest Stewardship Council) or PEFC (Programme for the Endorsement of Forest Certification) international standards. We met our goal in 2012 by sourcing 95% from certified sources. The remaining 5% is from wood defined as "controlled" by the FSC or PEFC international standards, meaning the origin of the wood is known and comes from non-controversial sources.

To ensure a high standard of control and to guarantee chronological documentation of the certification of products, we own all the window producing factories - while every process of the value chain is separately inspected. FSC and PEFC track our certified wood from forest to consumer to ensure credibility and verification.

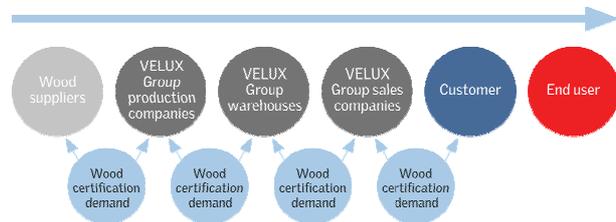
Our goal for 2013 is to maintain 95% certification and to phase out non-certified suppliers during the first six months of 2013.

The wood we use is primarily Pinus Sylvestris, also known as Scots Pine or Redwood, from Boreal, Hemic boreal and Temperate forest types. We typically source wood from Sweden, Finland, Poland and Russia, and to a lesser extent from the USA, France and Norway. We do not use tropical hardwood.

Sources of purchased wood

	2008	2009	2010	2011	2012
Proportion of wood from certified sources (%)	82	88	89	90	95
Proportion of wood from controlled sources (%)	18	12	11	10	5
Proportion of wood from non-controlled sources (%)	0	0	0	0	0

Wood certification chain of custody





Human rights



The VELUX Group is committed to upholding the UN Universal Declaration of Human Rights, and the core labour standards set out by the International Labour Organization.

We believe that states have the responsibility to protect their citizens against human rights abuses. We fully acknowledge our corporate responsibility to respect human rights and to avoid infringing the rights of individuals and communities through our business activities and relationships. Respect for the individual is central to the way we work and part of the Model Company Objective defined by our founder.



Human rights in our supply chain



We take a risk-based approach to respecting human rights in our supply chain, directing our supplier audit programme at the risk of non-compliance with our Code of Conduct. By risk-based approach, we mean that we focus on the areas in which we consider the risk of violation to be highest.

Less

Our [Code of Conduct for Suppliers](#) is based on the Universal Declaration of Human Rights and the core labour conventions of the International Labour Organization. Product-related suppliers must communicate the Code of Conduct requirements to their suppliers.

In order to ensure that our business partners are capable of meeting the provisions of the Code of Conduct, the VELUX Group offers them counselling and other forms of assistance, [read more](#).

We recognise that poor forestry practices can infringe the rights of local communities. 95% of the wood we buy comes from forests certified to the FSC or PEFC international standards, the rest from controlled sources. Forests certified to these standards undergo an independent assessment that includes human rights aspects.



Protect, respect and remedy



The VELUX Group supports the UN "Protect, Respect and Remedy" Framework for Business and Human Rights. In 2012 we began mapping the potential risk areas – elements of the business activity where human rights violations might occur.

Less

To this end, the supply chain has been analysed with the objective of identifying typical risks.

Various situations were rated according to the likelihood of the occurrence and the seriousness of the violation. It must be emphasised that these are hypothetical risks that indicate where actual infringements might occur. This work will be used to increase our understanding of the implications of the "Protect, Respect and Remedy" Framework for our business and to help identify future activities.

[Read more](#) about the "Protect, Respect and Remedy" Framework for Business and Human Rights.

We are a member of the Danish Business Network for Human Rights, a network of multinational companies based in Denmark, facilitated by KPMG and the Institute of Human Rights and Business.



Anti-corruption



Striving for the highest standards of business behaviour is a key part of our efforts to be a Model Company. We take a zero-tolerance approach to corruption, whether it involves VELUX Group employees or others acting on our behalf.

Our Group has a long history of commitment to responsible business practices, guided by our values and continuous focus on maintaining trust with our business partners. The VELUX anti-corruption policy provides further guidance to employees about what is considered appropriate in various business situations. The policy requires management in our operating companies to ensure that bribery does not occur and to formulate local guidelines for avoiding facilitation payments and for restrictions on gifts and entertainment.



Training and survey



In 2012, 88% of our approximately 130 senior managers completed the VELUX anti-corruption e-learning course. The objective of the course is to ensure that the policy is understood and to facilitate reflection on how the issues in the policy relate to day-to-day situations.

Less 

The course uses fictional scenarios involving ethical issues to show how the policy works in practice.

During 2012, VELUX Group senior managers were also surveyed to understand how they communicate and implement the policy in their own organisation. The survey shows that the policy has been widely communicated in the organisation, but also that there is a need for guidance on how to develop local guidelines.

In 2013 we will use the findings of the survey to improve implementation of the policy by developing tools and internal communication.

Bringing light to life.



Organisational behaviour

Our values-based approach and focus on creating a workplace built on innovation, teamwork and mutual respect helps us to attract and retain the talent we need. We are systematically working to reduce the environmental impact of our operations and achieve our goal of zero accidents at work.



Employees



Maintaining our market leadership depends on our ability to attract and retain the best people. Our aim is to provide a safe and healthy work environment where people are treated with respect and where employees can develop their skills and enjoy challenging careers.

Our emphasis on local needs means that we focus on giving managers the knowledge and resources to lead by example. Our corporate policies and programmes set the direction for operating companies.

This decentralised approach means that we do not at the moment have Group-wide data for all employment issues.



Management principles



In the VELUX Group, we have chosen five management principles that support our organisational concept and express the essence of what we expect of our managers.

Less

The VELUX Group's five management principles:

- We have a holistic business focus
- We communicate strategies, goals and frameworks
- We involve and delegate
- We build good relations
- We create opportunities for development.



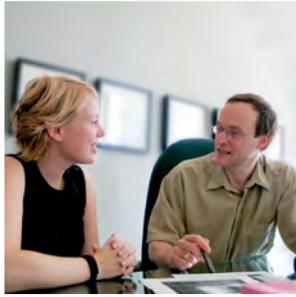
Employee turnover



In 2012, we recorded a decline in the turnover of production workers compared to last year and thus reached a level similar to that of 2009 and 2010. The turnover of non-production workers was within the normal fluctuations that we have seen over the last years.

Less

	2009	2010	2011	2012
Production workers	16.8%	15.1%	19.3%	15.3%
Non-production workers	12.0%	8.2%	9.4%	10.2%



Annual dialogue



Each year, we aim for all employees across the Group to go through our annual dialogue process, although ensuring 100% participation remains a challenge.

Less ^

In a survey of Danish employees, 87% of respondents said that they had an annual dialogue within the last 12 months. The purpose of the process is for all employees, together with their manager, to identify tasks and individual development goals for the coming year and to discuss their performance for the past year. The dialogue process also includes salary discussions.

The dialogue is concluded in writing and signed by both the manager and the employee.



Employee development



We offer training and development opportunities in order for our people to have the personal and professional skills to succeed in their careers and to adjust to changing business requirements.

Less ^

Our approach includes on-the-job training, internal and external training programmes, workshops, e-learning and job rotation.

In 2012, 1,420 internal courses were completed at VELUX Learning Centre, our corporate portal for training courses. We do not collect data on on-the-job training or training courses developed and run by our operating companies.

	Number of completed courses
Product related courses	146
Commercial training	40
Management training	155
Project management	208
E-learning (various topics)	871
Total	1,420



Developing future leaders



VELUX LUMOS™ is our graduate programme designed to attract the next generation of VELUX Group managers.

Less ^

In 2012 we recruited nine high-potential candidates from Denmark, Hungary, Poland, Russia and Slovakia who will go through three international job rotations in 18 months, as well as take a series of courses together. The candidates were selected because of their professional competence and potential, but also for their social intelligence, a prerequisite to be able to walk into an organisation and be effective from day one.



Women in management positions



In 2012, 16% of our senior managers were female. We recognise that women are underrepresented at senior levels in the company.

Less ^

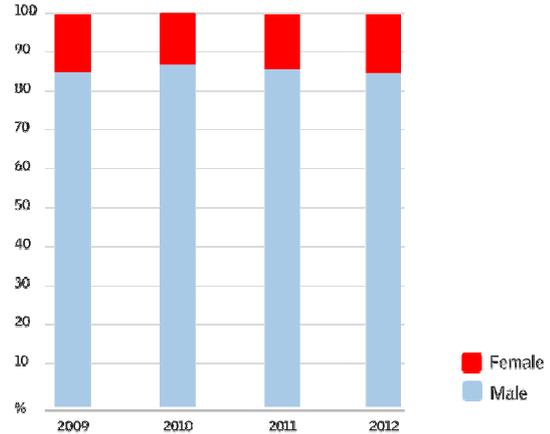
When we are recruiting new managers, we request the external search company to present relevant female candidates.

In our internal talent and graduate programme, VELUX LUMOS™, we aim for an even participation of females and males. In 2012, 33% of recruited graduates were female.

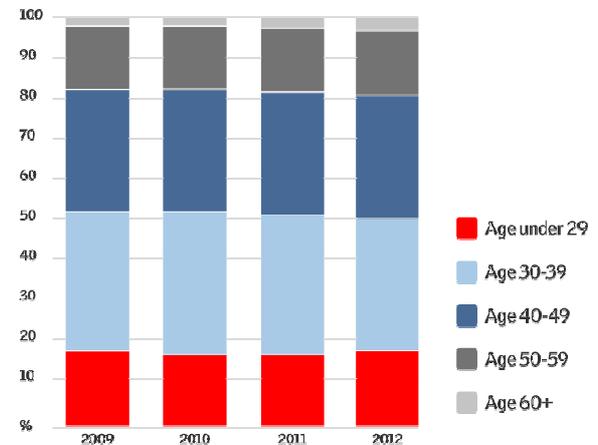
[Read more.](#)

We do not track gender distribution across all employees, nor - for legal reasons - do we collect data on ethnicity.

Gender distribution, senior managers



Age-distribution, all employees



The Villum Kann Rasmussen Award



In 2012, six VELUX Group employees received the Villum Kann Rasmussen Award, which recognises people for their significant contribution to meeting the Model Company Objective.

Less ^

The six employees were:

Janus Schönberg Andersen, BT Components A/S

Christian Bækgaard, VELUX A/S

Nicola Dicotteo, VELUX Company Ltd.

Bernhard Fitz, SIG Sonneborn Bauzubehör - Industriegesellschaft mbH

Olivo Gallon, VELUX Italia s.p.a.

Li Shuyin, VELUX (China) Co., Ltd.

[Read more](#) about the award recipients.



A stronger global structure



We are establishing global organisation of processes and functions in order to achieve greater cohesion and reduce our Group's operating expenses with the objective of improving and investing in our long-term competitiveness.

Less

The VELUX Group has a successful history of managing our Group as the sum of numerous local legal entities with a strong entrepreneurial spirit. Yet, state-of-the-art technologies are shrinking the world of business. The capabilities provided by the technologies make geographical distances less important: we are increasingly cooperating across national borders.

In 2012, we started optimising our business model to achieve greater efficiency, both in terms of costs and cross-border processes. A part of the new business model is to reorganise a number of business support functions on a global basis to attain a more transparent and scalable organisation. By transferring a series of processes from local to global ownership, we avoid the same job being done at several places in the Group.

During the globalisation process we will be looking at the opportunity for taking advantage of economies of scale, transfer of functions to low-cost areas and global process ownership.

The first step in the process was the establishment of a global VELUX Finance Organisation, including the outsourcing of a number of functions from the Group Finance Centre in Kolding to India in the autumn 2012.

To many of the employees in the more unified global organisation, the changes mean more empowered responsibilities and competencies, increased career possibilities and also a more interesting job with cross-border collaboration.



The Employee Foundation of the VKR Group

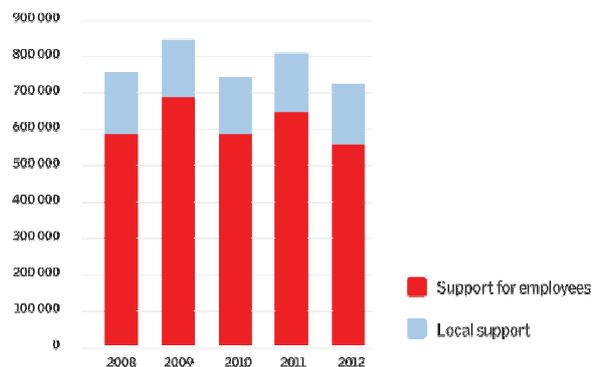


The Employee Foundation of the VKR Group was established in 1991 to support present and retired employees of the VKR Group and their immediate families.

Less

The foundation provides grants for educational purposes and to support people in unfortunate circumstances. Between 1992 and 2012, more than 2,400 people received financial support from the foundation, either for themselves or for their families.

The Employee Foundation of the VKR Group, annual support (EUR)





Health and safety



In 2012, safety training of employees has been a key point towards further improvement of safety at our manufacturing sites.

Through our OHSAS 18001 management system, covering all production sites, we are working systematically to improve health and safety performance in our business.

We believe that time invested in safety has significant business benefits, including improved employee welfare and morale, cost reduction through the elimination of accidents, and increased operational discipline, improving productivity, quality and delivery.



Safety walks



Less

In 2012, we introduced safety walks at eight sites. Safety Walks are a way of engaging with employees on workplace safety and identifying safety risks and unsafe behaviour that may have been overlooked by departments.

The overall purpose of safety walks is to prevent any injuries by proactively eliminating unsafe actions and unsafe conditions. This is achieved by establishing an ongoing programme at all sites for regular safety walks to ensure open, honest, positive and constructive communications about safety issues. Managers drive and participate in the programme and thereby actively demonstrate personal safety leadership, mentoring and coaching.

In 2013 the remaining 16 sites will implement safety walks.

Safety is everyone's responsibility

Safety walks have proven to be an effective part of our safety excellence programme as described by General Manager Zoltán Vincze from the FERBAU factory in Hungary:

"At the moment, safety walks are performed by our line managers – but the aim is for the employees to conduct the walks too. It's an excellent tool for implementing and sustaining a good safety culture and for making everyone feel involved and listened to. Before we implemented the programme, the perception was that 'safety is the responsibility of the safety personnel – not me'. Today everybody knows it is everyone's responsibility. Our managers are more or less conducting safety walks all the time in production. It is embedded in our culture and is a natural, unconscious thing. We believe focus on safety will bring better quality and higher efficiency to production."



Safety training for managers and employees



Less

In 2012 a total of more than 3,500 employees and 300 managers from VELUX Manufacturing were trained in Safety Excellence.

Feedback from the employees has been extremely positive: the participants rated the training as 4.5 on a scale where 5 is excellent. Another 3,000 employees and 200 managers are expected to finish training by the end of August 2013.

Safety training makes a difference

Axnix Adrián, employee at the FERBAU factory, was one of 3,500 employees who participated in safety training. He says:

"My whole attitude has changed by the training, as everything I've learnt today affects not only my job but also my private life. I've realised how important it is that before I begin working, I think about what I want to achieve, what I should do to ensure that, what kind of safety equipment I need and what safety steps I should follow to reach my goal."



Health and safety performance



Since 2001, we have reduced accidents by 89% and lost hours due to accidents by 72% by improving technical specifications, increasing management focus and changing organisational behaviour.

Less ^

In 2012, we continued to implement the VELUX Safety Excellence Programme, a three-year initiative that focuses on the safety management framework and on specific focus areas identified by **safety cultural assessments**. Our ambition is a continued focus on improving behaviour and embedding a safety mindset in the organisation so that we can achieve our ambitious long-term goal of zero accidents.

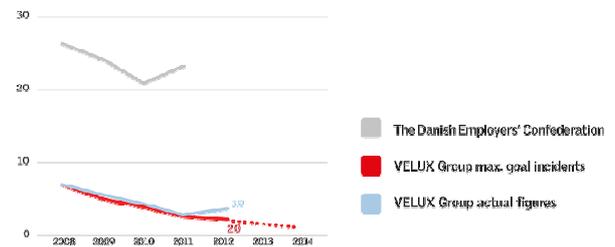
In 2012, there were 0.8 lost hours per 1,000 hours worked. This is above our goal of 0.6. We also recorded an increase in accidents from last year's 2.8 to 3.9 industrial accidents per one million working hours at our factories as a whole. The goal was max. 2.0 accidents per one million working hours, so 2012 was not a satisfactory year.

Development of the two new product platforms – our New Generation of roof windows and VELUX Modular Skylights – has meant new production equipment. That has seen the introduction of many new processes in our organisation and has led to losing a little of our otherwise very sharp focus on safety. The result has been an increase in the number of industrial accidents at our factories and storage facilities.

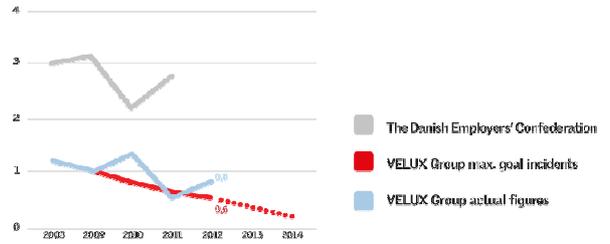
Ten out of 22 VELUX Group factories and warehouse facilities had no accidents in 2012; that is a very good result and shows that our ambitious goals are achievable.

In 2013, the VELUX Safety Excellence Programme will run at full speed at the factories and warehouses. Our target for 2013 is to bring accidents per 1 million working hours below 1.75 and lost hours due to accidents down to 0.5.

Accidents per 1 million working hours (production workers)



working hours (production workers)



Policy, principles and standards

Our safety policy contains five guiding principles:

- Working safely is a condition of employment
- Management is accountable for preventing accidents and injuries
- We always take time to ensure safety at work
- We are all responsible for our own safety and for ensuring the safety of our colleagues
- We will ensure that all employees are involved, trained and competent in safety.

Our key safety risk areas have been identified to be: working at heights, working with forklifts and isolation of machinery.

In 2012, we continued implementation of our safety policy and corporate standards across our production sites.



VELUX Safety Cultural Assessment



VELUX Safety Cultural Assessments started in 2012 with 26 VELUX safety assessors now supporting sites with an assessment programme giving the sites important insights in strengths and improvement opportunities for targeting their safety efforts.

A safety culture can be described by assessing 12 cultural elements in a system, with the main categories being Leadership, Structure and Processes & Actions. The safety assessments support knowledge sharing and provide internal site support by recommending and identifying areas where improvement must be made. The scores are used as benchmarks and KPIs are set for ensuring continuous improvement at corporate level.

In 2013, many more safety cultural assessments will be performed.



Environment



The VELUX Group is committed to help protecting the environment and we work systematically to reduce our impacts. Tackling climate change is a high priority in the society and we have set ambitious CO₂ emission reduction goals for the VELUX Group.



Environmental management



We operate an environmental management system that ensures we stay focused on reducing our environmental footprint.

Less

Since 1997, the environmental management system has been certified to the international environmental standard ISO 14001, which focuses on environmental management and its continuous improvement. All our manufacturing sites have achieved this certification.

The VELUX Group Environmental Policy

We will:

- design our products so that their environmental impact during manufacture, use and disposal is diminished.
- use raw materials, water and energy efficiently in order to diminish our effect on the environment.
- reduce emissions, waste and discharges from our activities.
- maintain high standards of safety at work for our employees and encourage sound attitudes toward the environment in our field of activities.
- cooperate with our suppliers, customers and other business partners to achieve higher environmental standards.
- remain alert to new opportunities to enhance the environmental soundness of our products and manufacturing methods beyond what is generally expected.



Waste



We are continuously working to reduce resource use and waste. Where waste cannot be avoided, our goal is to recycle as much as possible.

Less

Around 97% of our waste are recycled or incinerated to produce energy. Most of our production waste is wood, steel, aluminium and glass and in 2012 we achieved a recycling rate of around 69% of all waste.

Around 0.5% of our waste contains varnish and is classified as hazardous waste and sent for special waste treatment. The remaining 2.5% of waste is sent to landfill.

Bringing light to life.



Carbon emissions performance



Less ^

The greatest contribution we make regarding climate change is through our products. While helping our customers to reduce their impacts, we have set challenging targets to reduce CO₂ emissions from our own operations.

Our goal is to:

- Reduce our CO₂ emissions to 80,000 tons by 2012, a 20% reduction from a 2007 baseline
- Reduce our CO₂ emissions to 50,000 tons by 2020, a 50% reduction from a 2007 baseline

The reduction targets are consistent with the advice of the Intergovernmental Panel on Climate Change (IPCC) on the required scale of global CO₂ emissions reductions. We have allocated 54 million euros to achieve these reductions by improving energy efficiency in production, where the majority of our emissions occurs.

In 2012, we emitted 85,400 tonnes of CO₂, which is below the level in 2011. Compared to our 2007 baseline, we have reduced CO₂ emissions by 14,400 tons, corresponding to 14%.

Our goal was to reduce our CO₂ emissions by 20% by 2012, but this goal was not reached.

In 2012, we invested around 1 million euros and saved 2,300 tonnes of CO₂. The target was to invest around 3.3 million euros in 2012, with a planned CO₂ saving of 4,000 tonnes, in line with our target.

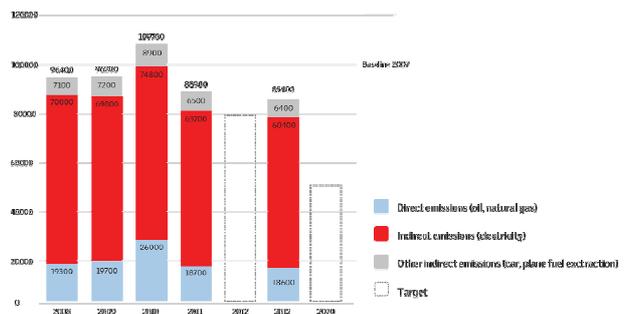
In the last part of 2011 and in 2012 we postponed CO₂ reduction investments in favour of the preparations for the New Generation roof windows being launched in 2012 and 2013. Consequently, we did not reach the objective of reducing our CO₂ emissions by 20% by 2012. Investment plans for CO₂ reduction will continue to be on hold in 2013.

We strive to be self-sufficient in energy; instead of using gas or oil, we use timber waste from production as our bio-fuel, and that is far more environment friendly. This is an important part of reaching our CO₂ target for 2020.

Our CO₂ inventory is based on detailed energy accounts from our production sites. We choose not to disclose energy data externally as we consider this to be competitively sensitive information.



CO₂ emissions inventory (tons CO₂ equivalent)



In the spring of 2010, VELUX Greenwood Inc. (V-G) set about planning and budgeting for site specific improvements to reduce CO₂ emissions by 20% for the 2012 calendar year, relative to 2007. In depth analysis revealed V-G's greatest investment opportunities lay in HVAC (heating, ventilation, and air conditioning) management, high-efficiency lighting replacements, dust collection, flow management and consolidation of compressed air plants.

Implementation of these projects took all of 2011 and cost more than 648,000 euros. In conjunction with widespread training and support of simple, often free, best management practices, these efforts allowed V-G to reduce actual energy consumption by more than 19%.

Further capitalising on conversion improvements by V-G's utility providers, this reduction in consumption related to more than 30% reduction in V-G's CO₂ emissions. Total project payback will be 4.3 years, thanks to an incentive of 122,000 euros received from local utility providers, for reducing consumption. *"This great result will go a long way towards reducing the company's environmental impact in the United States,"* says John W. Pillman, V-G President.



Water



Only one of our production sites uses water in its daily processes. This site uses 8,300 m³ of water each year. The water is recycled four times before it is treated in our waste water treatment facility and discharged.

Less 

The remainder of our water use is for sanitary purposes in washrooms.



Performance

To get the overview of how we have done in selected areas, our performance is measured by the indicators below and progress is tracked against these indicators. You will also find more information about the report and the guidelines we have applied to determine what to include and the contents of the report.

Citizenship	Key indicator	Our performance 2010	Our performance 2011	Our performance 2012	Target	
Sustainable Living in Buildings	Demonstration buildings with Active House Radar Diagram	-	-	5	5 in 2012	●
Fair competition	Management compliance with Annual Management Declaration (annual signature confirmation)	100%	100%	100%	100%	●
Public affairs	EU member states which has either national legislation or energy labeling on windows based on Energy Balance	11%	15%	15%	100% (long-term target)	●
	EU member states which have daylight factor requirements in their national legislation or guidelines	26%	30%	30%	100% (long-term target)	●

Product and services	Key indicator	Our performance 2010	Our performance 2011	Our performance 2012	Target	
Product quality	Production sites certified according to ISO 9001	100%	100%	100%	100%	●
	Product recalls or warnings	0	1 warning	0	0	●

● Target reached ● Target ongoing ● Target not reached

Customer and business partners	Key indicator	Our performance 2010	Our performance 2011	Our performance 2012	Target	
Customer interaction	Reputation on RepTrak™ Pulse Score (Reputation amongst our customers)	76	78	77	> 75	●
Supply chain	Product related suppliers signing our Code of Conduct for Suppliers	85%	90%	97%	95% in 2012	●
	Sourced wood from FSC or PEFC certification	89%	90%	95%	95% in 2012	●
Anti-corruption	Level 1 managers completing the VELUX Anti-corruption e-learning course	-	-	88%	95% in 2012	●

Organisational behaviour	Key indicator	Our performance 2010	Our performance 2011	Our performance 2012	Target	
Employees	Gender distribution of our internal talent and graduate programmes (percentage, females)	-	-	33%	50%	●
Health and safety	Accidents per 1 million working hours (production workers)	4.5	2.8	3.9	2.0 in 2012	●
	Lost hours due to accidents per 1000 working hours in 2012 (production workers)	1.3	0.6	0.8	0.6 in 2012	●
	Production sites certified according to OHSAS 18001	100%	100%	100%	100%	●
Environment	CO ₂ emissions in tons	109,700	88,900	85,400	80,000 tons in 2012	●
	Production sites certified according to ISO14001	100%	100%	100%	100%	●

● Target reached ● Target ongoing ● Target not reached



About the report



This is the VELUX Group's second annual Corporate Responsibility Report.

Purpose of the report

The purpose of the VELUX Corporate Responsibility Report is to provide stakeholders with an overall transparent, fair and balanced picture of the VELUX Group as a Model Company – which forms the foundation of how we work with Corporate Responsibility. Corporate Responsibility reporting is a journey and we believe we are making good progress towards achieving the purpose of the report.

Target groups

The Corporate Responsibility Report is aimed at our customers, business partners, suppliers, opinion formers, politicians as well as current and potential employees.

Scope

Unless otherwise noted, the data and reporting includes the entire VELUX Group, i.e. production sites, distribution centres, administration, sales and representative offices. Suppliers and other third parties are included only with regard to the specific reporting on business partners. Data was compiled for the calendar year 2012.

Reporting principles

The report was compiled to the principles of the Global Reporting Initiative (GRI), guidelines for the compilation of sustainability reports.

Stakeholder analysis

The topics, which are important for us to report on to our audience, were identified through a number of activities. Most of these are part of daily operations and therefore reflect an understanding of and response to stakeholder concerns. This is again firmly anchored in the dialogue between the internal issue owners and the stakeholders. Other activities were conducted with the purpose of developing our Corporate Responsibility reporting.

Defining key issues

To define our most important areas in corporate responsibility, we identified the issues that significantly impact the success on our business and are of great importance to our stakeholders. This involves risk management, legal and market prediction, as well as an assessment of corporate responsibility in relation to our business strategy. We also have a stakeholder engagement process that keeps us informed about stakeholder concerns.

Data processing

The environmental, health and safety data in the report was collected, compiled and validated by the VELUX Group's HS&E function, the HR data by the VELUX Group's HR function. The environmental, health and safety data and HR data is collected annually in accordance with a fixed reporting procedure.

Perspective 2013

We strive continuously to improve our reporting. For the 2013 report, we will focus on refining our approach to identifying topics to be reported on and how we demonstrate that the VELUX Group works constantly to be a Model Company.

Bringing light to life.