

**VELUX®**



Win hearts  
and minds

The VELUX Group

# Code of Conduct and Basic Working Conditions for Suppliers

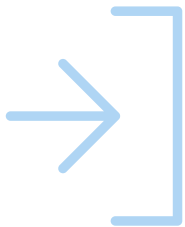




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# Introduction & General Requirements

## Introduction

The purpose of this Code of Conduct for suppliers (hereinafter referred to as "Code of Conduct") is to ensure that all VELUX Group products and services are developed and manufactured in a responsible way. We aim to establish long lasting relationships with our suppliers to our mutual benefit. The Code of Conduct is based on the principles underlying the [United Nations Global Compact](#) and [The United Nations Sustainable Development Goals \(SDGs\)](#) and outlines our expectations to suppliers.

In the VELUX Group we are aware that responsibility goes beyond our own activities, and we take a responsible approach throughout the entire supply chain. It is the VELUX Group's purpose to create products useful to society and to treat our customers, suppliers, employees of all categories and shareholders better than most other companies.

We aspire to conduct a responsible business through more diverse, safe, healthy and innovative ways of working. We aim to innovate sustainable products to create better indoor spaces for people and to care for the environment. We will pioneer climate and nature action to become Lifetime

Carbon Neutral and showcase sustainable buildings and communities. We have launched our Sustainability Strategy 2030 (It's Our Nature) also to promote and encourage all operators in the value chain that we are part of, to support the global efforts to secure a more sustainable future.

## General Requirements

All suppliers must, as a minimum, comply with local laws and regulations in their countries of operation. Should any of the specific provisions of the Code of Conduct legally conflict with national or local laws, the applicable laws should always prevail; in these cases, the VELUX Group should be notified.

The VELUX Group offers to assist suppliers with advice in the process of implementing this Code of Conduct as appropriate. We will have a constructive dialogue with suppliers to improve overall working conditions and minimize environmental impact.

## Information and Data – Confidentiality

All suppliers must keep all confidential and proprietary information in strict confidence, except when authorised to or legally required to disclose it. Suppliers must keep customer, em-

ployee and other data protected and in accordance with local and international law. (We have other documents handling this issue in a more specified way). Unlawful use or disclosure of trade secret is prohibited and can result in civil or criminal penalties. The absence of an NDA does not exempt the supplier from this requirement.

## Privacy

The VELUX Group expects all suppliers to comply with the EU General Data Protection Regulation as well as local Data Protection Laws. Any supplier who is processing personally identifiable data on behalf of any VELUX Group entity can be required to sign and commit to a Data Processing Agreement, outlining the rules and requirements regarding privacy and processing of personal identifiable data.

## Sub-suppliers

The VELUX Group expects our suppliers to communicate and use this Code of Conduct actively in co-operation with their own suppliers for products and services delivered to the VELUX Group, and to ensure compliance with the VELUX Group's Code of Conduct in their supply chain so far as is practically possible.



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# Human Rights and Working Conditions

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# Human Rights and Working Conditions



**Principle 1:** Businesses should support and respect the protection of internationally proclaimed Human Rights

**Principle 2:** make sure they are not complicit in Human Rights abuses

**Principle 3:** Businesses should uphold the freedom of association and the effective recognition of the right to collective bargaining

**Principle 4:** Elimination of all forms of forced and compulsory labour

**Principle 5:** The effective abolition of child labour

**Principle 6:** The elimination of discrimination in respect of employment and occupation





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- Ensure diversity and an inclusive culture
- Increase number of women in management positions
- Employ people with disabilities

### Human Rights

We expect VELUX Group suppliers to comply with basic human rights as defined by the International Bill of Human Rights and the core labour rights set out by the International Labour Organisation as reflected in the Declaration on the Fundamental Principles and Rights at Work. We expect our suppliers to share our commitment to these standards.

### Equal Opportunities, Discrimination & Diversity

We expect our Suppliers to provide a workplace that is free of harassment and unlawful discrimination. Suppliers shall not engage in discrimination based on race, colour, age, gender, sexual orientation, ethnicity, disability, pregnancy, religion, political affiliation, union membership, or civil status in hiring and employment practices such as promotions, rewards, and access to training. In order to achieve this, we expect our Suppliers to systematically review their policies, practices, procedures, and messages in order to identify and remove any barriers to inclusion.

At VELUX, Diversity & Inclusion is a critical element in our 2030 Sustainability Strategy. The following three targets have been set in relation to securing a responsible business.

- Ensure diversity and an inclusive culture
- Increase number of women in management positions
- Employ people with disabilities

Read about each target in the 2030 Sustainability Strategy: We encourage our Suppliers to set targets and take deliberate action within their own contexts in order to proactively promote Diversity & Inclusion.

### Child labour, forced labour and human trafficking

The VELUX Group will not conduct business with suppliers that are associated with child labour, forced labour or any form of human trafficking. This includes work on a forced contract, slavery and other forms of work that is done against a worker's will or choice. The VELUX Group believes that all children have the right to a childhood and an education.

- Suppliers must ensure that no person is employed at an age younger than 16 years unless completing a work-based educational course or apprenticeship.

### Working Conditions

Employees must comply with the applicable national or local laws regarding employment. We expect our suppliers to ensure:

- Working conditions, hours, rest periods, leave and wages should be in accordance with local regulations and industry practice and should be at a level that enables a decent living standard according to local conditions. The normal work week must not exceed 48 hours or comply with local law. Overtime work should be on a voluntary basis and at the discretion of the employee.
- In companies where an organised labour union exists, working hours should be defined through the collective bargaining process, where applicable.
- Wages may not be withheld as a disciplinary sanction.
- Suppliers must comply with all applicable wage laws, including those relating to minimum wages, overtime hours and locally mandated benefits. Where no wage law exists, workers must be paid at least the minimum local industry standard.

### Freedom of Associative and Collective Bargaining

The supplier must respect its employees' right to organise themselves and negotiate collective wage agreements. If independent trade unions are either obstructed or restricted, the supplier shall enable workers to gather independently to discuss work-related issues (in compliance with local laws and regulations).





### Employment Practices

Suppliers shall not threaten workers with or subject them to harsh or inhumane treatment, including but not limited to sexual harassment, sexual abuse, corporal punishment, mental coercion, physical coercion, verbal abuse, or unreasonable restrictions on entering or exiting company-provided facilities.

Suppliers shall not traffic persons or use any form of slave, forced, bonded, indentured, or prison labour. This includes the transportation, harbouring, recruitment, transfer, or receipt of persons by means of threat, force, coercion, abduction, fraud, or payments to any person having control over another person for the purpose of exploitation.

Work must not be performed against the employees will and workers shall

be free to leave work or terminate their employment with reasonable notice. Workers must not be required to surrender any government issued identification, passports, or work permits as a condition of employment.

Suppliers shall ensure that third-party agencies providing workers are compliant with the provisions of this Code of Conduct and the laws of the sending and receiving countries, whichever is more stringent in its protection of workers. Suppliers shall ensure that contracts for both direct and contract workers clearly convey the conditions of employment in a language understood by the worker.

### Health and Safety

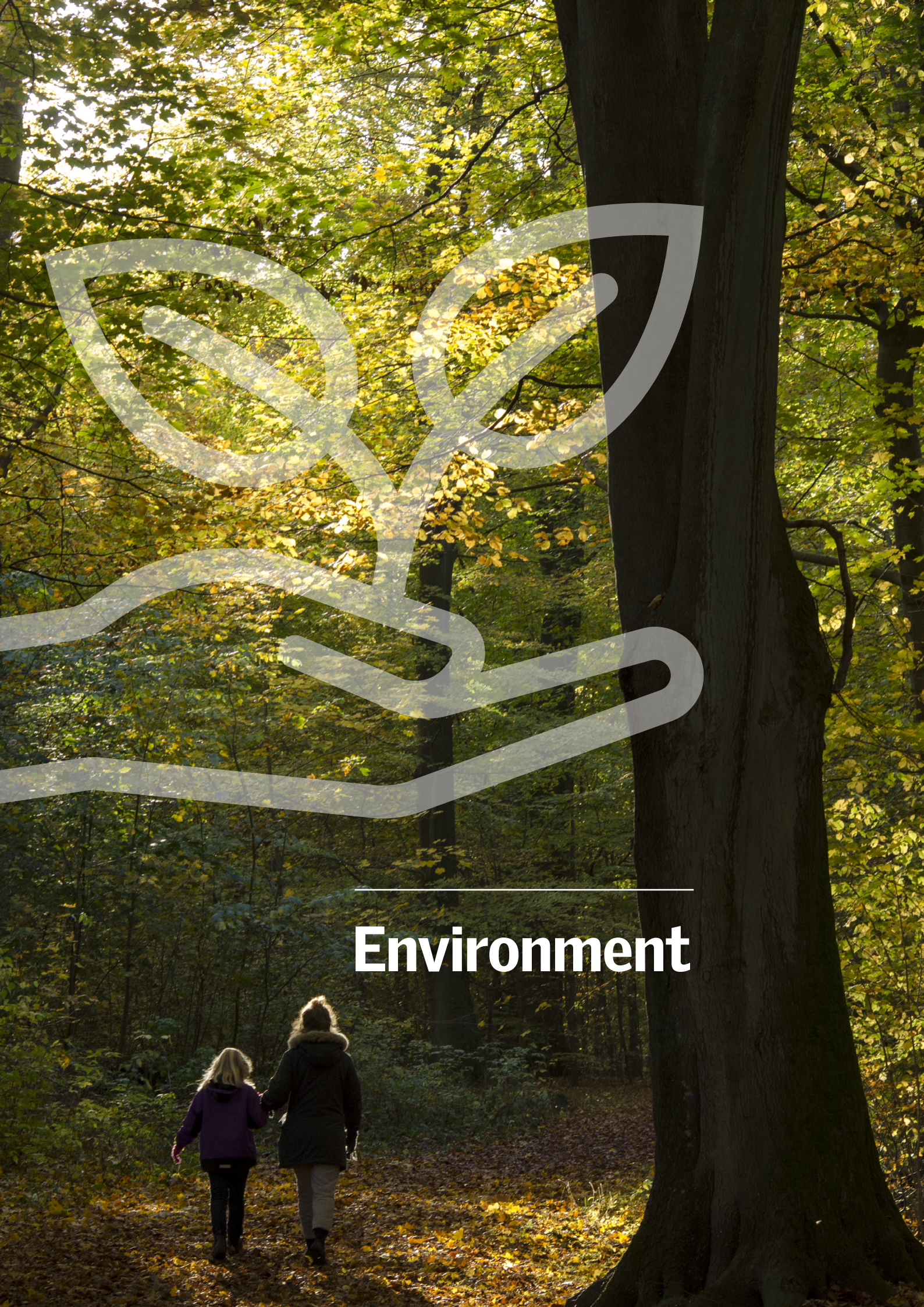
Suppliers must provide a healthy and safe working environment for all employees:

- We require suppliers to follow all applicable local laws and regulations pertaining to Health & Safety in the workplace.
- We expect suppliers to protect employees from work-related hazards and to work to continuously reduce workplace-related hazards, accidents and injuries.
- We expect suppliers to have a documented and active Health & Safety Management System (e.g. ISO45001), defining management responsibilities, identifying and mitigating risks, setting targets and conducting training.

### Right to privacy

We expect our suppliers to respect employees' right to privacy when gathering or keeping personal information or implementing employee-monitoring practices.





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# Environment



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# Environment



**Principle 7:** Businesses should support a precautionary approach to environmental challenges

**Principle 8:** Undertake initiatives to promote greater environmental responsibility

**Principle 9:** Encourage the development and diffusion of environmentally friendly technologies





We expect our suppliers to use natural resources in an efficient and sustainable way



### Climate & Environment

We expect VELUX Group suppliers to carry out operations with care for the environment and strive to minimise adverse impacts.

All suppliers must comply with local and international (for products moving across borders) environmental law. This includes, but is not limited to, compliance with REACH (Registration, Evaluation and Authorisation of Chemicals) and RoHS (Restriction of Hazardous Substances) Directives where appropriate.

All suppliers must have a written environmental policy or statement that is appropriate for the size and type of operation.

We expect our suppliers to use natural resources in an efficient and sustainable way. Suppliers should consider the use of sustainable resources and renewable energies in their supply chains whenever possible.

We encourage our suppliers to:

- a) reduce greenhouse gas emissions
- b) responsibly manage water use – quantity and quality
- c) improve energy and resource efficiency
- d) reduce waste.

### Product Safety & Material Compliance (incl. hazardous materials and Conflict Minerals)

Suppliers shall:

- Ensure that all goods delivered to VELUX comply with all applicable laws and regulations regarding safety, including that materials used and the manufacture of goods meet agreed specifications and the high quality requirement of VELUX;
- Ensure that all goods delivered to VELUX comply with all applicable laws and regulations regarding the prohibition and restriction of substances, including hazardous materials and conflict minerals and – if relevant – comply with VELUX Restricted Substances Management Standard (VRSMS); and
- Upon request and in due time provide to VELUX relevant and reasonable information about the substances in and used during the production of delivered goods (via designated/specific platforms specified by VELUX).





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# **Anti-Corruption, Sanctions and Business Integrity**



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# Anti-Corruption, Sanctions and Business Integrity



**Principle 10:** Businesses should work against corruption in all its forms including extortion and bribery





The VELUX Group works against corruption in all its forms, including bribery and facilitation payments.

- We expect that our suppliers do not engage in any form of corrupt practices, including bribery, extortion, money laundering and illegal campaign contributions, whether directly or indirectly. Suppliers shall also refrain from offering expensive gifts or extravagant entertainment to VELUX employees which could be seen as an attempt to influence business decisions.
- All suppliers must act in compliance with national and international competition legislation and regulations.
- We expect suppliers to maintain adequate procedures for preventing employees, suppliers etc. from undertaking any illegal behaviour regarding corruption.

### **Sanctions and Embargoes and Export Control**

International trade laws prohibiting or restricting trade with certain countries that are subject to embargoes or sanctions, as well as with certain individuals and organizations (e.g., entities that have ties to actual or suspected terrorists or drug traffickers) will be taken into account at the earliest possible opportunity. The VELUX Group expects that all Suppliers comply with the applicable export control and customs regulations, as well as applicable national and international sanctions against certain countries, companies and persons.

Any instances of the Supplier, its banks, shareholders, affiliates, directors, officers or employees appearing on an individual, organizational or country sanction or embargo list must be declared to VELUX. We reserve the discretionary right to take appropriate action and investigation prior to entering any business transaction.

### **Conflict of Interests**

A conflict of interest can occur when a supplier's business or private interests influence or have the potential to influence the business relationship with VELUX. Suppliers, their employees, or their families cannot receive improper benefits through the relationship with VELUX or allow other activities to interfere with acting in the best interests of either party. Any and all conflicts of interest in any business dealing with VELUX, of which either party is aware, must be declared to allow VELUX the opportunity to take appropriate action.

### **No Improper Advantage**

Suppliers shall not offer or solicit inappropriate gifts, gratuities or entertainment which could influence or appear to influence a business decision or be used to gain competitive advantage. Payments of cash, loans, or any credit devices are prohibited. Small, low value gifts or merchandising are commonly exchanged as part of a business relationship and these are acceptable but should not be of a substantive value such as they could influence a business decision.

### **Business Integrity**

We require our Suppliers to maintain the highest standards of corporate ethics and integrity and to comply with all applicable federal, provincial, state, and local laws and regulations. These include but are not limited to any form of bribery, corruption, extortion, embezzlement, money laundering, terrorist financing, facilitation of tax evasion, fraud or falsification, which are prohibited.

### **Fair Competition and Anti-trust legislation**

We require our Suppliers to comply with all applicable National and International competition and antitrust legislation.

### **Brand and Trademarks**

We expect our suppliers to conduct themselves at all times in ways that reinforce and strengthen the VELUX trademarks and brands. Suppliers' use of the VELUX trademark and other registered or unregistered trademarks or brands of VELUX or its affiliated companies is not permitted without



express written permission of the Global External Relations and Sustainability Department at VELUX. Under no circumstances are suppliers allowed to display, register or otherwise use any registered or unregistered trademarks or brands of VELUX or any of its affiliated businesses. If a Supplier requires permission to use the VELUX brand, please contact our Purchasing Department and/or Global Media Relations, External Relations & Sustainability for approval.

**Timely, Accurate and Complete Business Records**

Suppliers are required to maintain reasonable, complete and accurate documents and records, including producing timely, accurate, and complete business records for all VELUX transactions. This includes preparing accurate invoices and other financial records that are in accordance with professional accounting standards, applicable legal requirements and contractual terms and obligations. When submitting business records to VELUX, compliance with reporting standards as set by regional regulators must also be taken into account. Suppliers must create, retain, and dispose of business records in full accordance with applicable legal and contractual requirements. VELUX reserves the right to monitor and evaluate Supplier documents and records at our discretion as they pertain to work being performed for VELUX.





# Compliance

The VELUX Group reserves the right to monitor and audit suppliers and their facilities to ensure compliance with this Code of Conduct. In order to verify the supplier's compliance with the Code of Conduct, our suppliers shall be prepared to provide the VELUX Group access to relevant and reasonably requested information and documentation during an audit.

The VELUX Group also reserves the right to monitor and audit, as appropriate, our suppliers' sub-contractors to assess their compliance with this Code of Conduct.

The VELUX Group can request adequate action plans to correct monitor-

ing findings and undertake follow-up visits to ensure that improvements are made. If requested improvements do not progress in an acceptable manner, the VELUX Group reserves the rights to bring the cooperation with the supplier in question to an end.

## **Reporting & Statement on Business Conduct (Contact person for non-conformity)**

Suppliers, their employees, or their sub-suppliers must report any fraudulent or illegal activity or any suspected violations of this Supplier Code of Conduct by any party. To report any suspected violations please see the Whistleblower section below.



# Additional ambitions

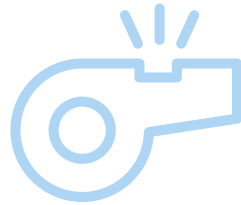


In addition to the expectations and requirements listed above, it is VELUX's ambition that suppliers also promote and support these UN Sustainable Development Goals

## **Social Performance**

Through the VELUX foundations, we believe in supporting and investing in the communities where our employees live and work. As part of

our continuing commitment in these communities, we encourage Suppliers to promote development of sub-suppliers through capacity building by developing and strengthening skills and abilities and providing resources that communities, organizations, and people need. This approach both stimulates local economic development and creates long-lasting benefits to communities.



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# Whistleblower System

In the VELUX Group, we promote ethical behaviour in all business relationships. Our whistleblower system "Speak Up!" allows supplier representatives and other individuals not directly employed by VELUX Group to report illegal or unethical practices and violations of this Code of Conduct. Concerns can be reported at VELUX. [whistleblownetwork.net](https://whistleblownetwork.net). All reports done in good faith will be investigated, and the VELUX Group ensures anonymity and confidentiality to everyone involved in the investigation without fear of retaliation.

Jörn Neubert  
Senior Vice President, Supply

A handwritten signature in black ink, appearing to read "J. Neubert".



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