WindowMaster®
Fresh Air. Fresh People.

# WindowMaster Sustainability Report 2020

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# Reporting principles

The calendar year 2020 is the reporting period of our sustainability report. With this report, WindowMaster International A/S confirms our continued support to the ten principles stated in the United Nations Global Compact and our support of the Sustainable Development Goals. It entails the measures that we have taken to handle our impact on the planet and society that we are a part of.

As WindowMaster aims for a comprehensive structural approach to sustainability it was a natural choice to follow a more global and structural reporting framework. Thus, our Sustainability Report is inspired by the GRI Standards (Core Option).

WindowMaster is listed on Nasdaq First North Growth Market in Copenhagen. Our voluntary disclosure of non-financial metrics is illustrated on page 42 in a consolidated ESG key overview. We chose what we found were our most important non-financial data to be shown in this overview. Our complete non-financial information is likewise available on Nasdaq's ESG Data Portal.

Photo: Factory Tøyen

# Letter from CEO

2020 has been a challenging year for all of us. Our customers, our business, and all our stakeholders had to face unprecedented challenges that required strength and resilience.

I would like to thank our stakeholders for supporting our business through these tough times as we navigated under extremely uncertain conditions.

Our priority this past year was the health and well-being of our employees, while we put in place procedures to protect the company's financial results. These actions were crucial to ensure pipeline and topline growth that safeguards long-term success.

Despite COVID-19's challenges, our strategic ambitions and priorities remain the same. While we experienced a decline in activity due to the closure of construction sites at the beginning of the pandemic, we have been very fortunate to now be at the same level of activity as before the crisis hit. This meant that we were able to proceed with our listing on the Nasdaq First North Growth market in October 2020. This was an important milestone for us, and the successful listing strengthened our efforts to capture market growth organically complemented by strategic acquisitions.

The current pandemic must not prevent us from tackling and helping to curb the global climate crisis. Together, building and construction are responsible for 39 percent of all carbon emissions in the world, with operating emissions from energy used to heat, cool, and light buildings accounting for 28 percent. The remaining 11 percent comes from embodied carbon emissions, or 'upfront' carbon that is associated with materials and construction processes throughout the whole building lifecycle i.e., the number of greenhouse gases released during the life of the building materials, from the extraction of raw materials, transport, production, construction and use phase to decommissioning and disposal.

> **"I would like to thank our stakeholders for supporting our business through these tough times as we navigated under extremely uncertain conditions."**

Achieving drastic cuts in all carbon emissions over the next decade is critical to keeping global temperature rise to 1.5 degrees Celsius. Addressing upfront carbon is therefore crucial to fighting the climate crisis, as new construction is expected to double the world's building stock by 2060. Therefore, we need to act now.

It is imperative that recovery plans as we see them from the European Union and the US are focused on building back better. The election of President Joe Biden and his special envoy for climate is key for infrastructure and building improvements for our industry.

This leaves me with the strong belief that the built environment is part of the solution – a solution that WindowMaster is strongly committed to. The nature of our business has a strong green mark as we deliver window automation products and services that lower buildings' energy consumption while improving the indoor climate. Being a cleantech company supplying the construction industry with sustainable solutions commits us to prioritize sustainability in our global operations and in the solutions, we deliver, and this journey must be accelerated in 2021. It commits us to prioritize sustainability in our global operations and in the solutions, we deliver, and this journey must be accelerated in 2021. We want our impact on the planet and communities we are part of to be more than positive and an integral part of our company's strategic efforts.

It's an absolute privilege to be the lead of an organization and company that has a strong purpose and meaning for the good of our planet, it's population, and generations to come.

Erik Boyter
Chief Executive Officer

## Financial highlights – Key figures

| DKK'000 | 2020 | 2019 | 2018 | 2017 | 2016 |
|---|---|---|---|---|---|
| Gross profit | 79,064 | 83,348 | 79,845 | 81,503 | 75,367 |
| EBITDA | 12,002 | 14,542 | 14,028 | 9,222 | 4,892 |
| Normalized EBITDA | 14,574 | 14,542 | 14,028 | 9,222 | 4,892 |
| Operating profit/ loss | 3,098 | 4,987 | 4,843 | 1,618 | 9,067 |

**189.454.309**
Revenue DKK 2020

**7.8%** EBITDA margin

# Company Description

WindowMaster International A/S is an international and market-leading cleantech company delivering sustainable indoor climate solutions based on nature's own forces. These solutions automate and control roof and façade openings with intelligence for a safe and healthy indoor climate in coordination with building management systems.

We address safety in the built environment through our patented heat and smoke ventilation solutions. When tested and approved, these solutions can assist in the secure egress of building occupants by naturally venting the smoke.

Today, the company employs cleantech specialists throughout Denmark, Germany, Norway, Great Britain, Switzerland, and the USA, as well as a wide network of certified partners around the world. The global group functions are located at company headquarters north of Copenhagen in Vedbæk, Denmark. The global supply chain function is based in Herford, Germany which services all of our sales subsidiaries and partners around the world. Our production and logistics facility has been ISO 9001 certified since the year 2000. The principles of this quality management standard support our efforts regarding strong customer focus and continuous improvement.

**133 employees**
71.5% men and 28.5% women

WindowMaster sales and operation subsidiaries

Visit our website → **www.windowmaster.com**

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# Our history

WindowMaster was originally founded in 1990 as part of the VELUX Group, but changed ownership in a management buy-in in 2015 with the mission to provide green ventilation solutions to the construction industry and optimize indoor climate. Since the change of ownership, WindowMaster was transferred to a private investor and is now an owner-led company and was successfully listed on Nasdaq First North Growth Market on October 27th, 2020.

## 30 years of growth history

**1990**
- WindowMaster Denmark

**1997**
- Actuators Programmable

**1999**
- WindowMaster Germany

**2002**
- NV Advance® Solution

**2005**
- WindowMaster Germany Acquisition of Isa Industrielektronik

**2009**
- NV Comfort® Control

**2010**
- MotorLink® Technology

**2012**
- WindowMaster United Kingdom
- WindowMaster Germany Production consolidated in Herford
- CompactSmoke™
- WMU 888 Large actuators

**2012**
- WindowMaster Switzerland

**2013**
- FlexiSmoke™

**2015**
- Erik Boyter Management buy-in from VKR Holding

**2016**
- WindowMaster Norway Acquisition of BSI AS

**2018–19**
- WindowMaster USA (CA Office) Acquisition of Focair SA
- IOT solutions
- NV Embedded®
- WMX 813 / 814 Small actuators

**2019**
- WindowMaster Clearline Inc. USA (PA Office) Acquisition of Clearline Inc.

**2020**
- WindowMaster Listing on Nasdaq First North Growth Market
- BlueTooth solutions

**2021**
- WindowMaster Climatic Acquisition of Climatic A/S

**Vision**
To provide people with the best & safest indoor climate in the world in the most intelligent & sustainable way possible.

**Mission**
To create well-designed natural & smoke ventilation products and solutions that improve the indoor climate for the benefit of people, productivity, and the environment.

## Vision & Mission

With climate change at the top of the agenda all over the world, pressure has increased on governments and corporations to consider their carbon footprint and sustainability approach in their daily business. Therefore, sustainability has gone from being a value-add to a value generator and is now a performance indicator for companies in line with financial performance, risk management, etc.

While some stakeholders within the industry may not currently consider their carbon footprint, building air quality, or cost-savings through lower energy consumption, WindowMaster continues to develop sustainable solutions for green-minded early adopters. That's why we've developed a strong and scalable platform to meet the needs of the industry now, and in the quickly approaching future. This platform is primarily for commercial clients with the key segments being office buildings, healthcare, culture, educational institutions, sports facilities, and shopping centers. Our vision is the underlying set of principles and guidelines that make up WindowMaster and sets the fundamental baseline for all of our actions. Our vision statement captures the WindowMaster aspiration: To provide people with the best & safest indoor climate in the world in the most intelligent & sustainable way possible driven by our mission: To create well-designed natural & smoke ventilation products and solutions that improve the indoor climate for the benefit of people, productivity, and the environment.

Today, we spend 90 percent of our lives within man-made structures and have consequently been driven to find methods and technology to provide ourselves with the most comfortable environment possible. Traditionally, we have relied on mechanical ventilation to secure a good indoor climate as these systems allow for prescriptive control of the indoor temperature. However, the downside to a solely mechanical approach is that it doesn't always guarantee good indoor quality, building performance, or occupant comfort. Mechanical systems are sometimes energy intensive, they often recirculate indoor air, and rarely offer zoned personalization in large commercial buildings. While the research indicates that we humans are quite adaptable to temperature variation, we are far less adaptable to variations in air quality, especially where elevated $CO_2$ levels are concerned. Comfort ventilation should apply a holistic approach to the indoor climate, taking air quality into equal account with indoor temperature.

The COVID-19 pandemic has emphasized the importance of "healthy buildings" and the performance of indoor climate solutions when confronted with a serious airborne virus. In this light, the use of innovative and holistic solutions are vital for the health of the global workforce, hospital patients, building occupants, and the global economy.

## Our Solutions

WindowMaster offers solutions that ensure optimal regulation of the indoor climate in buildings based on continuous monitoring of $CO_2$ levels, humidity and temperature that can help increase efficiency and comfort of building users.

**Natural ventilation**
Natural ventilation solutions are activated based on the temperature level, humidity level, and $CO_2$ level in a given room. In short, the system regulates a building's indoor climate by exploiting the natural forces created by temperature differences between the interior and the exterior environment, thermal displacement within the building, and winds around the building.

**Mixed mode ventilation**
Mixed mode ventilation is a combination of natural and mechanical ventilation. In this setup, balanced use of natural and mechanical ventilation occurs so that mechanical ventilation takes over when required by external conditions or when needed in specific areas of the building. In this context, WindowMaster supplies a natural ventilation solution that can be integrated with any mechanical ventilation product or building management system.

**Heat and smoke ventilation**
Heat and smoke ventilation removes smoke and heat from a burning building and keeps escape routes and fire service access areas free of smoke.



# Sustainable Development Goals

We identified the following SDGs to be where WindowMaster and our operations have the greatest impact – both direct and indirect. We went from having a broad approach to the sustainable development goals with a contribution to 10 SDGs to now focusing solely on four direct SDGs (SDG 3, 4, 9 and 12) and one indirect (SDG 11) that are at the core of our business and where we have the greatest direct impact. We want to take this analysis further and identity our current state of contribution to the SDGs by conducting a gap analysis which is set to continue in 2021.

## Direct contribution


### Good health and well-being

**Relevant targets:**
3.4

**How we contribute**
We want to contribute to a healthy and safe indoor climate for all. Our thoroughly designed cleantech solutions can be installed in various building types contributing to a healthy indoor climate for building occupants through fresh air and smoke & heat ventilation in case of fire.


### Quality education

**Relevant targets:**
4A

**How we contribute**
Our solutions create a perfect learning environment in educational institutions through the provision of fresh air. Several scientific studies show that creating a healthy indoor climate increases children's learning and employees' well-being and productivity.

Additionally, we put great pride in collaborating closely with academia. In 2020, regardless of COVID-19, we managed to have a project with DTU students assessing our carbon footprint.


**Relevant targets:**
9.4
9.5

## Industry, innovation and infrastructure

**How we contribute**
WindowMaster holds memberships in several associations on an EU and national level from European technical working groups to industry associations working with eco-design, circular economy, and green building requirements. We find it extremely important to network and participate in the development of policy work towards a sustainable construction industry contributing to more environmentally friendly building regulation and improved health in buildings.

Our Ventilation Institute, who are natural ventilation specialized Building Performance Engineers, educate customers, partners and other stakeholders on the benefits and design methods for incorporating natural and hybrid ventilation in buildings.


**Relevant targets:**
12.4
12.5
12.6
12.7

## Responsible consumption and production

**How we contribute**
We work with enhancing our light-asset production and processes in our value chain on a constant basis e.g., by mapping our environmental footprint and replacing unwanted substances in our solutions. Mapping carbon in our supply chain is an important step towards addressing traceability and being transparent. In 2021, we want to explore the opportunity to introduce circular approaches in our value chain.

Internally we continue to focus on food waste reductions, environmentally friendly and refillable cleaning products and paper-free offices, and recycling of waste.



# Indirect contribution


**Relevant targets:**
11.6

## Sustainable cities and communities

**How we contribute**
Half of the cities of 2025 are not built yet, making it extremely important that new building mass is built energy-efficient and with good materials. Our work within public affairs on an EU and national level is contributing to more environmentally friendly building regulations and improved health in buildings. WindowMaster regularly participates in research projects within this field and can contribute to more energy-efficient and healthy commercial buildings in cities.


Photo: Share Oslo

# Our sustainability journey – getting the baseline

## Environmental impact

WindowMaster strives to provide the best and safest indoor climate solutions to our customers whilst creating value for all our stakeholders. Our cleantech solutions for heat & smoke contribute to the safety of building occupants and natural ventilation contributes to reducing $CO_2e$ emissions throughout the building's lifetime compared to traditional mechanical ventilation solutions. We want to be proactive in our approach to sustainability which for us means integrating sustainability at the very core of our business and corporate strategy. Although we are an SME, we want to be ambitious, and our responsibility towards society, our planet, and stakeholders is crucial for us. In 2020, WindowMaster decided to begin a comprehensive sustainability mapping of the business to create a baseline of our environmental and social impact – both negative and positive as well as mapping our performance with governance.

**Environment**

### We place environmental responsibility at the core of our business

At WindowMaster, we believe that energy consumption can be minimized while improving the indoor climate through access to fresh and clean air with green ventilation technologies.

This is at the heart of our environmental approach which comprises several key areas:

1. Make a global difference in product quality and contribute to greening the construction industry.
2. Inspire the building industry worldwide to explore sustainable alternatives to energy inefficient ventilation systems.
3. Running efficient operations
4. Enabling client sustainability
5. Participate in research, networks and sharing insights to advance sustainability and the circular economy.



**100% wind energy**
at headquarters

$CO_2$ compensated

## Materiality

We started analyzing and mapping sustainability topics that are material to WindowMaster. We are going to continuously revise the analysis and expand the scope of respondents. The most pressing material topics identified such as $CO_2e$ emissions in our value chain have high priority and the aim is to focus on these topics in our sustainability strategy by introducing initiatives and clear targets. The topics identified as a medium priority are going to be monitored and reported on partially. This journey is not complete and will be an ongoing process integrated into the daily business of WindowMaster. This report entails our most pressing material topics and will be updated as we are progressing in our materiality assessment.

# Carbon accounting

As a company delivering cleantech solutions we find it within our nature to ensure that our contribution on the planet and society is positive. Therefore, a deep dive into our environmental footprint throughout our value chain from raw materials to end-of-life was and still is a necessity.

The aim for the reporting year 2019-2020 was to create a baseline assessment of the WindowMaster $CO_2e$ footprint. Calculating our environmental footprint had its beginnings in a project with the Danish Technical University (DTU). Students and their professor worked with WindowMaster employees and established a $CO_2e$ report with the baseline year being January 1, 2019 to December 31, 2019. After the project ended, WindowMaster added to the report as data became available. Since WindowMaster has a 100 percent equity interest in all subsidiaries, our accounting of emissions includes 100 percent of emission data from WindowMaster parent company and its subsidiaries. By creating a baseline assessment, we have been able to make important first steps to scrutinize our activities and their impact on the environment. The evaluation has also given us great insight into our sphere of influence over these activities.

The assessment of our carbon footprint followed the scope-methodology of dividing emissions in scope 1-3 along our value chain in 2019. Please see the explanation of scopes in table 1 and the scopes illustrated in our value chain in figure 1. By monitoring our emissions, and constantly improving our data input, we can work towards reducing our negative impact. Sources not included in the carbon emission assessment for 2019 may still play an important part in our overall level of sustainability. These sources will therefore potentially be evaluated further to make our baseline assumption even more representative of our company's $CO_2e$ footprint.

**100% renewable energy** for electricity at production site

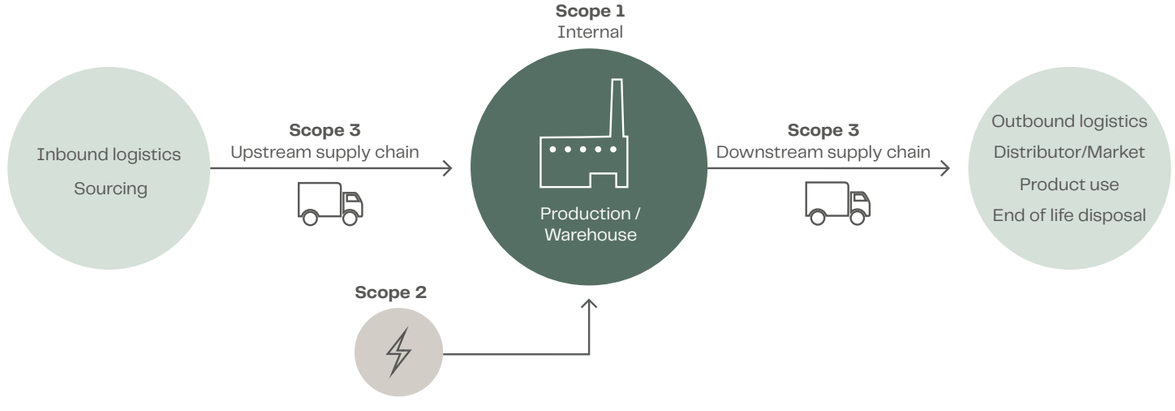
$CO_2$ compensated



**Table 1: Explanation of scopes according to the Greenhouse Gas Protocol, 2016**

| Scope 1 | Scope 2 | Scope 3 |
|---|---|---|
| Scope 1 are direct GHG emissions that occur from sources that are owned or controlled by the company.<br><br>Ex. emissions from combustion in owned or controlled vehicles, and heating (natural gas) | Scope 2 accounts for GHG emissions from the generation of purchased electricity consumed by the company ex. light, energy for production etc.<br><br>Purchased electricity is defined as electricity that is purchased or otherwise brought into the organizational boundary of the company.<br><br>Scope 2 emissions physically occur at the facility where electricity is generated. | Scope 3 is an optional reporting category that allows for the treatment of all other indirect emissions.<br><br>Scope 3 emissions are a consequence of the activities of the company but occur from sources not owned or controlled by the company.<br><br>Ex. are extraction and production of purchased materials; transportation of purchased fuels; and use of sold products and services & business travel. |

**Figure 1: Categorization of scopes in our value chain**



While having excellent results in scope 2 due to the purchase of renewable energy at our production site and Danish offices, our scope 3 tells a different story. Our main source of emission is derived from our value chain, in scope 3, which is a familiar picture in relation to our peers and businesses in general. This scope is likely to increase significantly when data is available for the use phase and, in particular, end-of -life disposal of our products. Unfortunately, scope 3 is the most difficult to calculate as emissions are generated external to our organization in our value chain. Receiving data can be difficult and improvements require collaboration that can slow down improvements. Nevertheless, we see this as being essential to developing a full baseline-picture and put our best efforts into calculating the emissions in every scope.

The WindowMaster carbon footprint in scope 1-3 was 545.8 tons of $CO_2e$ whereas our carbon footprint in 2020 amounted to approximately 467.7 tons of $CO_2e$.

The distribution of our carbon footprint in the three scopes is as illustrated in figure 2 to the right. Whereas scope 1 and 3 switch percentage in 2020. Thus, scope 1 now equals 52 percent and scope 3 amounts to 44 percent. The reason being a significant reduction of business travel during 2020 which puts into question whether our carbon footprint in 2020 is representative and realistic compared to normal conditions. This is part of our evaluation and analysis of possible reduction measures that are brought forward this year.

**Figure 2: Scope 1-3 distribution in 2019**

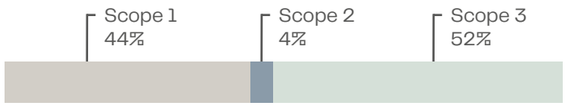
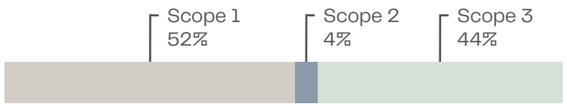



**Figure 3: Scope 1-3 distribution in 2020**




Below an illustration of our scope 3 breakdown in 2019 and 2020. Our main sources of emissions were our business travel and upstream transportation, meaning sourcing of materials, and the transport to our production site in Herford, Germany. Upstream transportation amounts to approximately 50 percent of scope 3 emissions in both 2019 and 2020.

Overall, the $CO_2e$ from the elimination of waste amounts to -68.92 tons in 2020 as composting and recycling

**Figure 4: Scope 3 breakdown**

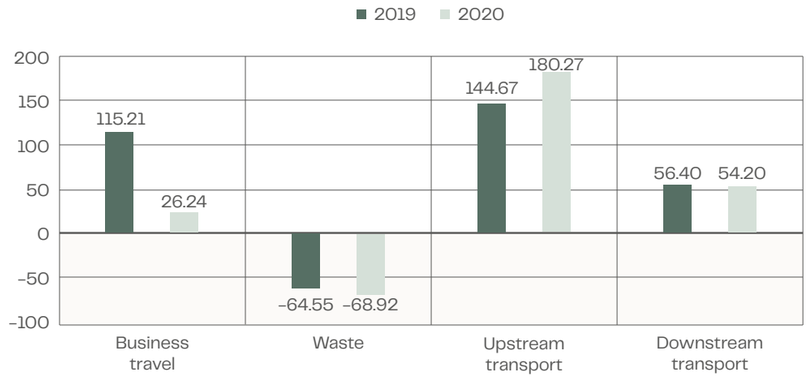
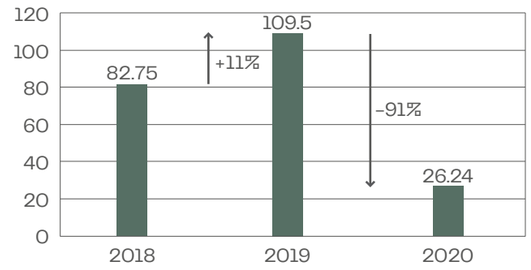





**Figure 5: Variance in Yearly Travel**




**3.62 $CO_2e$ tons**
per FTE in 2020

are the dominating methods of disposal. Waste is mainly generated in our production site. The data availability from our offices is mostly limited to data on residential waste. However, seeing as most of our waste is generated in production, the data will still provide a fairly reliable estimate of our total waste generation and disposal.

We have calculated the emissions from business travel for the years 2018, 2019 and 2020. For obvious reasons, the year 2020 shows a much-improved carbon footprint in business travel as we lowered travel emissions by 91 percent compared to 2019 for WindowMaster International. However, digitalization has long been a priority in WindowMaster. We embrace digitalization in our operational infrastructure as it is a necessity to become more sustainable and transparent. It helps to streamline our business processes and strengthens our green agenda by reducing the need for business travel. This has resulted in increased usage of online conference calls and fewer flights between offices and different markets. We aim to use this technology whenever possible also post-COVID-19. However, we cannot disregard the importance of sometimes meeting clients face-to-face, especially because we have a physical product that is better grasped when shown 'offline'.

WindowMaster strives to keep emissions from our vehicles to an absolute minimum. Therefore, for company travel in scope 1, we continue our target from 2019 where we instituted new abatement levers that will allow us to shift to low-emission mobility:

- By 2025, our entire vehicle fleet will be non-fossil fuel powered.

**By 2025, our entire vehicle fleet will be non-fossil fuel powered**

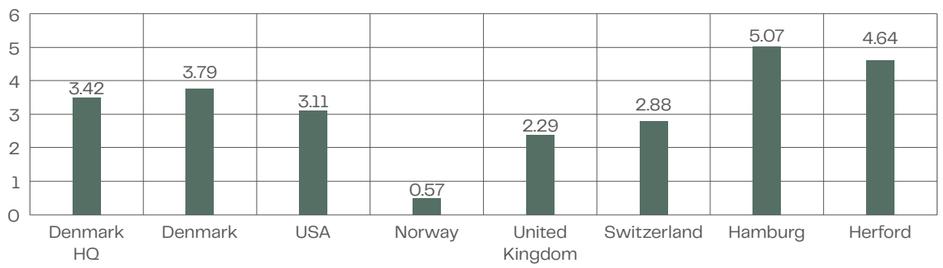
Photo: Swiss Prime Site

When looking at our emissions per FTE's employees at our German subsidiary, our sales office in Hamburg and production site in Herford are emitting the most. The emission in Herford is related to the production of our products while the high level of emissions, 5.07 per FTE in Germany, are related to the company vehicles and yearly mileage as well as the source of energy at the Hamburg office.

Although we have come a long way in calculating our carbon footprint for the years 2019 and 2020, we want to continue and improve this process. Therefore, the next step is to generate data, measure and analyze our environmental impact in our value chain with the base year being 2018 to have adequate baseline data for assessing sustainability targets.

Additionally, we want to expand the scope methodology to also include the environmental footprint of our product range starting with the carbon embedded in the raw materials that make up our products. Although this is complex to assess it would be of utmost importance to generate a full picture of our environmental impact on society and the planet.

**Figure 6: $CO_2e$ emissions per FTE in 2019 in WindowMaster markets**






# Winner of the Initiative Prize from the Federation of Danish Industry – Capital Region

We are very honored to have won this prize in competition with +7000 companies. We won due to our strong focus on sustainability and intention to contribute to the green transitions with our natural ventilation solutions and our high degree of digitalization in both business processes and platforms. Not surprisingly this was beneficial in current global circumstances.

"WindowMaster, Erik Boyter and the entire team behind it have shown that where there is a will, there is a way. Turning decommissioning into progress has required major changes and major investments. The business has been rethought and the international breakthrough has become a reality despite the crisis. It deserves honor ", says Peter Lanng Nielsen, Chairman of DI Hovedstaden.

– WindowMaster is one of the companies that will help lift us further when the world markets reopen. Investments in the green transition will be key when we need to get the economy moving after the corona crisis. And then WindowMaster only has to change the size of their innovative solutions for natural ventilation, says Peter Lanng Nielsen.

## Facts about Initiative Prize 2020

Each year, DI's 18 regional associations award an initiative prize to one of the area's small or medium-sized businesses. The award is a tribute to the companies in DI's member base that have shown initiative, growth and enthusiasm to a special degree.

The award recipients are companies that can be highlighted for good growth initiatives and appear as inspiring role models for other companies.

The 18 winners compete to win the nationwide Initiative Prize, which is awarded at DI's annual SME Day in March 2021.

**WindowMaster went public on Nasdaq First North Growth Market in October 2020**

# Responsible business

## Strengthen our governance within non-financial information

In 2020, WindowMaster has established a sustainability team dedicated to drive the integration of increasingly having sustainability as a business parameter.
This is part of having the agenda anchored in the organization. Key resources are provided by employees in standardization and product regulation and our Ventilation Institute to have competencies throughout the company. The team is informing Executive Management and the Board of Directors on the progress on a continuing basis.

As mentioned, WindowMaster went public on Nasdaq First North Growth Market in October 2020. This leaves us to be as transparent as possible towards our investors in everything we do. To strengthen our external communication of environmental, social and governance impact we chose – to the extent possible to us – to comply with section 99a of the Danish Financial Statements Act of publishing non-financial information although not mandatory to us. Our ESG key figure overview is illustrated on page 42. In addition, we have an ESG Data Portal hosted by Nasdaq where interested investors and other stakeholders can obtain non-financial information of WindowMaster International.

Visit our investor page → **www.windowmaster.dk/om-os/investor**



## Labour standards in internal workforce and among suppliers

At WindowMaster, we promote sustained, inclusive, and sustainable economic growth, full and productive employment, and decent work for all. Our strong commitment to supporting labor standards is an integral part of our relationship both with the internal workforce and external suppliers. Standards include workers' councils, freedom of association, elimination of forced, compulsory and child labor, and elimination of discrimination. Non-discrimination and equal opportunities are rudiments of promoting diversity both in terms of nationality, gender, and cultural background.

With components sourced from developing countries, we acknowledge that a thorough assessment must be carried out to identify potential and actual adverse human rights impacts that our collaboration can potentially cause, contribute to, or be directly linked to. To ensure environmental and socially responsible business conduct throughout our supply chain, WindowMaster set in place a Code of Conduct. It expresses our principles and guidelines to stress compliance with labor standards, environmental stewardship, consumer protection, among others. Thus, the purpose of the code of conduct is to make sure that all our products are manufactured in a way that characterizes us as a company acting responsibly in relation to all our stakeholders.

WindowMaster recognizes the Universal Declaration of Human Rights (1948) as well as the core labor conventions of the International Labour Organization as reflected in the Declaration on the Fundamental Principles of Rights at Work (1998). These international standards form the basis of our code of conduct, and we expect our suppliers to share our commitment to these standards. WindowMaster also endorses the guidelines and recommendations of the World Trade Organization (WTO) and will, therefore, other things being equal, prefer suppliers from member countries as well as members of UN Global Compact.

We aim to establish long-lasting relationships with our suppliers to our mutual benefit. Our aspirations are to implement further supplier screenings and map them according to geographical risk factors such as countries where good and safe working conditions are not secured through general regulation. In that way, we can increase our influence and encouragement of upholding the highest possible labor and environmental standards and secure human rights.

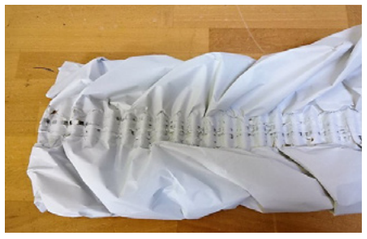
## Employee engagement in organizational sustainability

WindowMaster strives to spread knowledge and engagement about sustainability throughout the organization because it is essential to become truly sustainable and we want everyone on board. Our CEO is giving updates on the subject regularly which already amounted to changes in our outbound packaging from our production site in Herford, Germany.

The employees presented a business case for changing the filling material currently made from soda kraft paper with a certified recycled filling material that is 100 percent recyclable and 60 percent less water and energy-intensive to produce. Additionally, tape made from plastic (the box with the red sticker) was swopped with paper tape.

Our colleagues in production showed how small changes and ideas from people on the ground can contribute to a more environmentally friendly approach when supported by management. We look forward to fostering this spirit.

**We are now using certified recycled filling material that is 100 percent recyclable and 60 percent less water and energy-intensive to produce**









## Employee Training and Development

We value our employees highly and WindowMaster is committed to investing in our workforce by providing the opportunity to advance in their careers and deliver high-quality work to our clients. Employee training programs aim to upgrade the skills and capabilities of people working in WindowMaster. Development-oriented policies equip them with the best of resources to strive in a changing working environment. A skill that the current pandemic has put to the test. However, we are glad to have engaged employees that managed well during turbulent times.

The numbers illustrate a decrease in capital expenditures for training and development for reasons related to the COVID-19 as WindowMaster had to halt all investments that could wait to a later point in time as well as the practical issue of attention courses etc. Additionally, the annual employee satisfaction and motivation survey has been postponed to 2021 due to the pandemic. However, performance development and expectations are part of an annual dialog with managers.

In 2020, we invested 171.776 DKK in employee training across all our different markets and functions. Due to COVID-19 and last year's intensive training, we have downscaled our training capacity in our Supporting Departments. Instead, we increased training in our North American market to ensure a full integration of our employees from the acquisition of Clearline Inc in September 2019.

Next to placing great efforts in talent development and retention, we find it important to contribute to lowering youth unemployment and give them the skills they need to strive. Therefore, we established a graduate program in 2020 with the candidate being exposed to different

**171.776 DKK invested** in education and training of employees

**Table 2:** Capital expenditures for training and development

| Market/function | 2017 | 2018 | 2019 | 2020 |
|---|---|---|---|---|
| **Nordic** | 111.794 | 81.507 | 57.087 | 43.842 |
| **DE & AT** | 8.160 | 411 | 820 | - |
| **UK & IE** | 2.816 | 1.431 | 6.536 | 12.933 |
| **CH** | 17.422 | 13.549 | 14.218 | - |
| **North America** | 45.026 | 1.485 | 8.563 | 33.946 |
| **Support Departments** | 295.495 | 83.745 | 177.873 | 81.055 |
| **Production** | 6.389 | 15.112 | - | - |
| **Total** | **487.102** | **197.240** | **265.096** | **171.776** |
| **Average per FTE** | **3.805** | **1.541** | **2.071** | **1.431** |

areas of the company and management, a program we plan to continue in 2021. Additionally, due to the nature of our company and deep involvement in regulatory and standardization work, we aim at having a close collaboration with academia and scientific research. In 2020 this resulted in a great project with DTU students that chose us as a company for carbon accounting.

In 2020, WindowMaster had three office trainees – one enrolled this year while the other graduated from her two-year program with a full-time position in the company.

WindowMaster has a mandatory onboarding program of new employees called WindowMaster Academy. This program aims at providing employees with adequate knowledge to 1) ensure that they have a good start in their employment with us, and 2) to gain familiarity with our products, global offices and their daily work tasks.

This also goes for our global partner network. Partners around the world are regularly trained in our products and solutions to give our customers the best service and strengthen the collaboration with our trusted partners. The training also entails getting familiar with our Manual on Business Ethics and Whistleblower Protection Policy to ensure governance and employee protection.

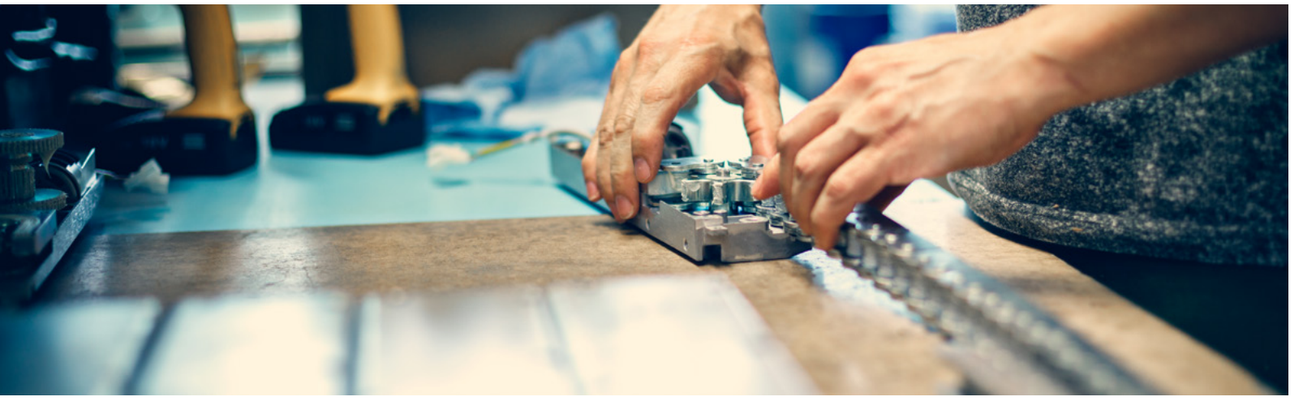


**Anti-corruption**

## Transparent governance is key to our business

At WindowMaster we have both preventive and reactive measures in place to inhibit corruption. We adhere to international and regional legal frameworks concerned with anti-corruption and have a zero-tolerance policy for corruption, bribery, and extortion. Our Manual on Business Ethics policy shows our consistent and uncompromising adherence to strong moral and ethical principles and values in our pursuit to deliver competitive results. All employees and business partners who act on behalf of WindowMaster are subject to the policy. We have a whistleblower program in place and follow-up mechanisms for reporting fraud, corruption, or other corporate wrongdoing. Internationally, we have maintained a solid check and balance system over transactions. Records and transactions are checked and controlled by finance and administration.


Photo: Musikkens Hus

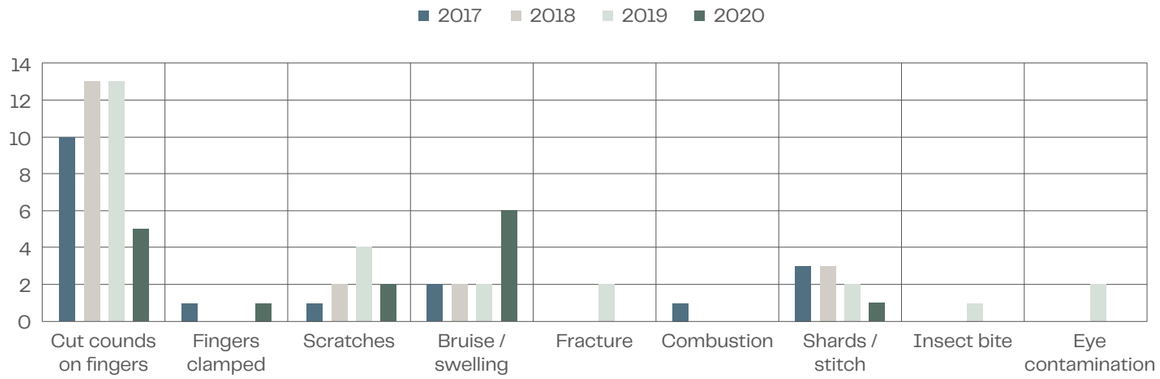


## Working environment and health & safety

A safe working environment and having healthy working conditions is a key concern to WindowMaster. We want our people to be both mentally and physically healthy. The global pandemic has put especially the mental well-being of people to the test – something that we are very aware of and try to navigate as best as possible. The well-being of our workforce is important for both employees but will also affect our customers to some extent. In 2020, no major incidents of occupational injuries were reported.

Our production site in Germany reported no major incident in 2020 but had two fractures in 2019 leading to a total of 25 days of absence compared to only two in 2020. The figure below sums up small incidents as cuts and bruises from 2017–2020. We will keep monitoring and reporting this going forward.

**Figure 7: Injuries at our production site**






## Diverse workforce

As the supplier to the construction industry, we navigate in an industry that traditionally has a majority of male employees. We aim to foster a workforce where all are treated respectfully and fairly with equal access to opportunities and resources. Although we are committed to creating a diversified work environment, it can be difficult to uphold. In 2020, the gender diversity across all markets decreased to have 28.57 percent women while the percentage of women in mid-level management amounts to 15 percent. However, we believe and put great value in a diverse and highly qualified workforce on all levels and wanted it to be mirrored in our Board of Directors by setting a goal of 20 percent female representation in 2020. This target has been fulfilled and a new target of having 33.33–40 percent of the underrepresented gender on our Board in 2022 has been set.

In 2020, over half of our workforce across markets has been part of the company for more than 4 years.

**Figure 8: Gender distribution in mid-level management in 2020**


**Figure 9: Gender distribution across all markets in 2020**

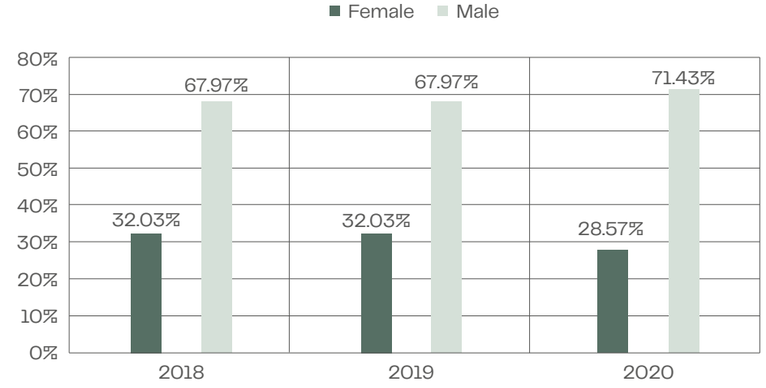
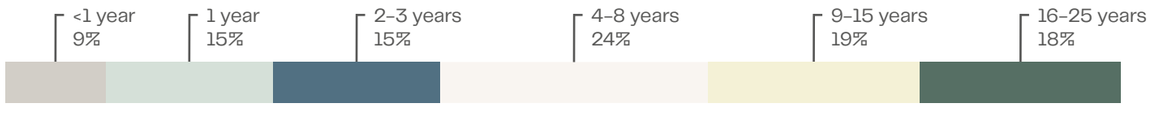



**Figure 10: Seniority in 2020**



# Contributing to client sustainability

## Clayton Heights Community Centre

Designed to achieve Passive House certification, the Clayton Heights Community Centre is on track to become the first community center to achieve Passive House in North America.

It will also be Canada's largest Passive House facility to date. This makes the project significant for the Passive House movement, which emphasizes reducing heating and cooling expenses in the built environment without compromising the indoor climate.

**Natural ventilation helped achieve Passive House energy use requirements**
Because of the higher occupancy levels and internal loads, the design team had to get creative in order to meet Passive House energy use requirements.

They found that a natural ventilation strategy was the only way to meet these requirements. Automated windows in the facade and clerestories allow the building to ventilate when the conditions are right. The building also takes advantage of night flushing.

In total, the natural ventilation strategy allows up to a 65 percent reduction in cooling energy.

**The space and design team**
The new 76,000 sq ft community center will house visual and performing arts, plus a 13,000 sq ft neighborhood library, indoor basketball, volleyball and badminton courts, full gymnasium, fitness center and outdoor recreation spaces.

For this project, mechanical engineering firm, Integral Group in Vancouver, BC incorporated automated natural ventilation as part of the overall ventilation strategy. They developed the controls sequences and handled integration of the window actuators to the building management system in collaboration with the mechanical contractors.

According to the architects, the building is designed in a unique compact form which serves the building's functions, as well as minimizing the surface area of the floor, walls, and roof to reduce the heating and cooling demands.

Renderings were provided by the architects on the project, HCMA Architecture + Design Business also of Vancouver, BC.



**Designing with a mixed-mode approach**
In order to ensure occupancy comfort, the design team chose a few different strategies to supplement the natural ventilation. Low speed, high volume fans in areas with higher loads circulate the outside air to keep the spaces cool. The building also features radiant ceiling panels for low-energy heating and cooling.

**Highly intelligent actuators**
WindowMaster delivered window actuators and MotorControllers designed to provide 2-way communication between the actuators and BMS for a high level of control of the buildings' windows. This WindowMaster patented technology, MotorLink®, also enables the window actuators to open with genuine synchronization for a smooth and coordinated facade aesthetic. The technology ensures that the BMS knows the position and opening width of the automated windows. It also allows the BMS to send commands directly to the actuators.

# Minnewaska State Park Preserve Visitors Center

Photo: BKSK Architects

In October 2020, Governor Andrew M. Cuomo announced the opening of a new visitor center at the Minnewaska State Park Preserve. In a public-private partnership with the Open Space Institute, the goal was to create a modern facility that would coexist with and highlight the park's natural environment while reducing environmental impact.

The Visitor Center will welcome visitors to the 24,000-Acre Preserve as well as offer educational exhibits about the park and house its caretakers. The goal of the building's design was to create a dynamic environment that can evolve over time and will frame visitors' experience of the outdoors.

**Natural ventilation for a highly sustainable center**
Natural ventilation is among the several sustainable strategies present in the building. An automated natural ventilation solution from WindowMaster was chosen to regulate the temperature and optimize the indoor air quality. The benefits of this are the reduced energy demand offered by this solution and therefore reduced carbon emissions.

The center also features bird-friendly glass, a rain garden for stormwater management, and a passive solar design to keep the building warm in the winter.

**Wood windows and window automation**
WindowMaster supplied the actuators that were then concealed in the wooden windows from Bildau & Bussman. To control their automation, the center has a KNX-based NV Comfort system that opens and closes the windows based on indoor temperature and $CO_2$ levels, as well as the external conditions.

Photo: BKSK Architects



Photo: Fotomedie Moesgaard, Rógvi N. Johansen

# Promoting sustainable building practices

## Public Affairs: International and national level

**Building level**
In line with global sustainability trends, the political landscape has influenced the construction industry by imposing a variety of sustainability initiatives. These initiatives have materialized in a range of regulations and directives on buildings e.g., the “Clean Energy for All Europeans package”. This package represents a strategy by the EU commission, which amongst other things, includes measures to decrease $CO_2$ emissions by (i) renovating existing, old housing, and (ii) using sustainable products and solutions in new construction projects. These regulations thus promote a greener and more sustainable outlook, which is likely to gradually shift the industry stakeholders’ focus towards greener solutions like natural ventilation and hybrid ventilation.

WindowMaster is actively working to promote industry initiatives in the form of common guidelines for social, environmental, and economic practices on an international level. The goal of streamlining processes for designing buildings with natural ventilation is to make it easier for building owners, contractors, architects, engineers, and other stakeholders to understand and choose natural- or hybrid ventilation as a green ventilation solution. Equal importance is to make sure that the quality of natural- and hybrid ventilation solutions meets minimum standards that enhance building performance, lower energy consumption, and foster healthy indoor environments.

Work items relevant to natural ventilation proposed in the European Committee for Standardization (CEN) and International Organization for Standardization (ISO) with scopes of making descriptive documents focusing on design aspects of ventilation systems and design processes of natural ventilation. Some of the current activities are highlighted in the table below.

**Table 3:** **Work items proposed in the European Committee for Standardization (CEN) and International Organization for Standardization (ISO)**

| Technical Bodies | Reference | Residential (R) Non-residential (NR) | Indoor Air Quality (IAQ) Thermal Comfort (TC) |
|---|---|---|---|
| CEN/TC 156/WG 1 | Terminology | – | – |
| CEN/TC 156/WG 2 | Revision of EN 15665:2009 & CEN/TR 14788:2006 | R | IAQ |
| CEN/TC 156/WG20 | Technical Specification on Natural- and hybrid ventilation | NR | IAQ |
| CEN/TC 156/WG21 | Technical Specification on Ventilative Cooling | R & NR | TC |
| ISO/TC 205/WG 2 | Design process of natural ventilation for reducing cooling demand | NR | TC |



On a national level, WindowMaster strives to improve the national sets of requirements for the indoor climate while pushing towards sustainable design. The key focus is our A-markets, however, due to the outreach of our solutions, we typically have to expand. The current focus has been towards Denmark, UK and the US as these are about to or have recently updated their national building code with relation to the ventilation and indoor climate. An example is the Danish Building Code with is currently updating the ventilation chapter and where we have been active and succeeded in changing the code to open up for innovative solutions like natural- and hybrid ventilation solutions.

**Product level**
WindowMaster is also actively participating in standardization and influencing product legislation in sustainability, circular economy and eco-design. Both regulations and trends are looking into product durability, repairability, upgradeability and recyclability. Much of the national and EU legislation is changing, and WindowMaster is dedicating resources to participate actively in this transition.

WindowMaster is a member of CENELEC TC 111x Environment and several of the working groups within the Technical Committee. TC 111x handles standardization regarding environmental issues, hazardous substances in electronics (RoHS), legislation on electronic waste (WEEE) and eco-design. The committee is also in direct contact with EU Commission desk officers and in several coordinating boards handling environmental and circular economy questions.

Photo: Hufton+Crow

# Sustainable Building Frameworks

Today there are many local and global organizations with frameworks and certifications of sustainability for the construction industry. These frameworks exist with the objective to reduce the impact that the industry has on the planet. They also typically include criteria to evaluate the impact of the built environment on people and the local community.

The benefits these frameworks can bring to the industry and global community are growing in significancy. For example, in Denmark, 16 percent of all commercial buildings constructed (>30mDKK) in 2019 were DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) certified. The Green Building Council Denmark expected this number to reach 20–25 percent in 2020, but due to COVID-19, many building projects were delayed to 2021.

As specialists in natural, hybrid, and smoke ventilation, we can help our clients achieve their sustainable and healthy building objectives, as well as contributing positively to the total Life Cycle Assessment (LCA) of the construction.

**Our solutions can help earn points in the different frameworks by responding to criteria addressing:**

1. Thermal comfort
2. Indoor air quality
3. Climate personalization for occupants
4. Indoor climate inclusivity
5. Safety
6. Productivity and overall wellness



Photo: Nicholas Hare Architects ©Alan Williams Photography


Photo: Dansk Industri

# Membership of associations

WindowMaster is part of several councils, associations, and networks to promote and influence the development of sustainable building practices – both on a national and EU level.

Among others we are participating in the following councils, associations, and networks:

**Green Building Council Denmark**

**U.S. Green Building Council**

**State of Green – Denmark**

**SYNERGI (a member of the board)**

**Confederation of Danish Industry**
- Federation of Danish Building Industries
- DI Chemical network
- DI Circular Economy network
- DI Eco-design network (founding member)
- DI Digital (follow activities)
- Orgalim (access through DI)
- Construction Products Europe CPE (access through DI)

**Other organizations**
- VELTEK
- CIBSE Natural Ventilation Group
- FORCE Technology EMC Club
- Smoke Control Association UK
- Verein für Fensterautomation und Entrauchung (Germany)
- Minergie Switzerland

Confederation of Danish Industry

vvs- og eltekniske leverandørers brancheforening

## Our newest membership: SYNERGI

SYNERGI is an interest organization that works towards a smarter and more efficient use of energy in Denmark and EU. “Fueled by a belief that the key to the green transition is to nurture the synergies that lie between energy efficiency, renewables, and electrification, we work to firmly establish energy efficiency on the Danish political agenda.”

SYNERGI was founded in 2018 by Danfoss, Grundfos, ROCKWOOL, and VELUX – large Danish companies with a strong focus on energy-efficient solutions.

WindowMaster and SYNERGI joined forces to increase political focus and engagement in energy efficiency on a national and European basis. Denmark is known to be a frontrunner in renewable energy but lags behind in setting energy efficiency targets as part of the transition to a low carbon economy. Our CEO, Erik Boyter entered the Board of Directors and we look forward to an interesting collaboration.

# Reporting of Environmental, Social and Governance data

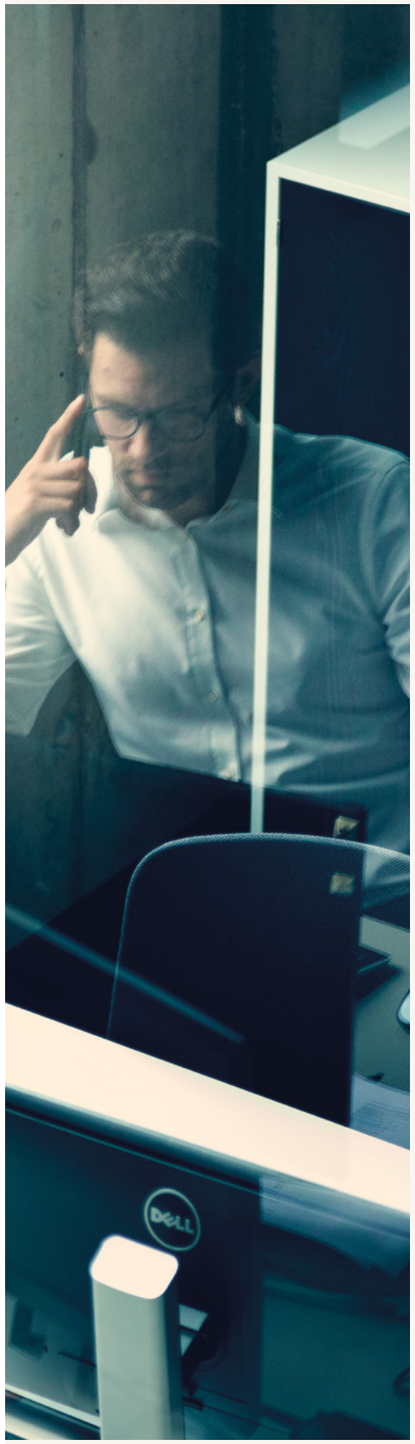
Companies engaged in sustainability have long known that the value of a company is not solely measured in financial information. This is why frameworks and standards such as UNGC and Carbon Disclosure Project for disclosing sustainability and SGD contribution have been part of corporate reporting for a while. Now, this kind of information is often – especially in the financial sphere – referred to as ESG data (Environmental, Social & Governance).

ESG data is used as a supplement to the traditional financial data as investors and analysts are increasingly engaging in ESG data in their assessment of companies' value creation and in the analysis of the company's long-term growth opportunities. The proposal for the ESG key and key figures overview has been prepared in collaboration between Finansforeningen / CFA Society Denmark, FSR – Danish auditors and Nasdaq Copenhagen with assistance from the Center for ESG Research in an attempt to evolve the professionalization of ESG data.

As mentioned, WindowMaster was listed on Nasdaq's First North Growth Market on October 27th, 2020 which is a non-regulated and small exchange. Although not obligated to disclose our ESG data in our annual report, we chose to become a Nasdaq ESG Transparency partner to inform about our impact on the environment, climate, social conditions, and company management data. Key figures are included in the overview below while much more information can be found on Nasdaq's ESG data portal. We strive to continuously improve the data quality, standardization, and comparability, so that the usability of our non-financial data is of the same quality and importance to our stakeholders as traditional financial metrics.

**Table 4:** **ESG key figure overview**

| | Unit | Target | 2020 | 2019 | 2018 |
|---|---|---|---|---|---|
| **Environmental data** | | | | | |
| **$CO_2e$, Scope 1** | Metric tonnes | tbc | 279.8 | 261.82 | |
| **$CO_2e$, Scope 2** | Metric tonnes | tbc | 21.14 | 23.14 | |
| **Energy Consumption** | GJ | | 2982 | 2718 | |
| **Renewable Energy Share** | % | | 30.6 | 33 | |
| **Water Consumption** | $m^3$ | | | | |
| **Social data** | | | | | |
| **Full-Time Workforce** | FTE | | 129 | 134 | 126 |
| **Gender Diversity** | % | | 28 | 32 | 32 |
| **Gender Diversity, management** | % | | 0 | 0 | 0 |
| **Gender Pay Ratio** | Time | | | | |
| **Sickness Absence** | Days per FTE | | 2.08 | 2.34 | 2.08 |
| **Customer Retention Ratio** | % | | 59 | 49 | 53 |
| **Governance data** | | | | | |
| **Gender Diversity, Board** | % | | 20 | 0 | 0 |
| **Board Meeting Attendance Rate** | % | | 100 | 100 | 100 |
| **CEO Pay Ratio** | Times | | | | |



WindowMaster aspires to protect people and the environment by creating a healthy and safe indoor climate, automatically ventilating spaces with fresh air through facade and roof windows in buildings. We offer the construction industry foresighted, flexible and intelligent window actuators and control systems for natural ventilation, mixed mode ventilation, and smoke ventilation – of the highest quality.

WindowMaster employs highly experienced cleantech specialists in Denmark, Norway, Germany, United Kingdom, Ireland, Switzerland, and the United States of America. In addition, we work with a vast network of certified partners. With our extensive expertise built up since 1990, WindowMaster is ready to help the construction industry meet its green obligations and achieve their architectural and technical ambitions.

windowmaster.com

WINDOW Master®
Fresh Air. Fresh People.