

UN Global Compact, October 2016  
**Communication on  
Progress**



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## Message from the CEO

WindowMaster is proud to be a member of the UN Global Compact, and we strongly support the ten principles with respect to human rights, labor standards, the environment and anti-corruption.

WindowMaster's ownership structure changed in early 2015. This led to a comprehensive strategy process in which we have integrated the values of the UN Global Compact in our corporate strategy and subsequently joined the compact as of Q4 2015. Since then, we have examined how well we comply with the ten principles.

It is important to note, however, that while we have only been a member for one year, corporate social responsibility is in our DNA. Thus, in our gap analysis, we have found that we can drive the greatest change by focusing only a few initiatives with high potential impact. The reason being that we have already incorporated a wide range of standards and procedures that are aligned with most of the ten principles.

In this report, we present our key focus areas for the coming year. The two main initiatives respectively address the transparency of our global supply chain and our total carbon footprint as a company. Both initiatives contain specific and tangible projects launched to specifically address relevant challenges. Furthermore, we introduce targets and key performance indicators for the coming years to enable our stakeholders and ourselves to fairly assess the results as we proceed on this journey.

I wish to emphasize our continued support for the UN Global Compact.

Sincerely,

Erik Boyter  
CEO / President





# About WindowMaster

## **Reducing energy consumption in buildings makes a difference**

Buildings account for 40% of the world's energy consumption. Natural ventilation is one way we can help to change this scenario. When we consume less energy, we conserve our planet's vulnerable resources and help to improve the environment.

## **We create the perfect indoor climate with help from Mother Nature**

All over the world, enormous resources in the form of money, energy and effort, on our indoor climate are spent in an effort to keep everyone safe and satisfied indoors, working in office buildings, companies, shops, and factories, studying at schools and university or working out in the gym. But everyone is different. What is cold for you, might be too hot for your colleague or classmate. And a good solution for one building, can be entirely useless next door.

At WindowMaster, we address these types of challenges every day. Our solutions for indoor climate management, smoke ventilation, and facade and roof automation meet people's need for fresh air and boost quality of life indoors, in addition to a number of other added benefits.

We make technical, intelligent, and discrete solutions with one single purpose: to ensure fresh air for everyone to breathe. We create the perfect indoor climate with help from Mother Nature.

## **WindowMaster in brief**

WindowMaster employs around 150 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.





# Addressing the ten principles

Although WindowMaster has only been a member of the UN Global Compact for one year, we have already incorporated a wide range of standards and procedures that are aligned with most of the ten principles. Corporate social responsibility is part of our DNA and we view it as our license to operate. WindowMaster was founded in 1990 with a mission which explicitly states that we exist for the benefit of people, productivity, and the environment.

On the next page, we have highlighted how we address the ten principles. We have also highlighted which principles we will be paying particular attention to in the coming years.

Due to the nature of WindowMaster's activities and the countries where we operate, some parameters are more relevant, and urgent, to address than others. Consequently, we have chosen to focus on a few initiatives with high impact.

The initiatives primarily address principles in the categories of labor and the environment. On the next page, we will elaborate on the selected initiatives.

## Human Rights

**Principle 1:** Businesses should support and respect the protection of internationally proclaimed human rights; and

**Comment:** We operate only in Europe and North America, and consider this a natural part of our operations.

**Principle 2:** make sure that they are not complicit in human rights abuses.

**Comment:** We operate only in Europe and North America, and consider this a natural part of our operations.

## Labor

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

**Comment:** We permit workers' councils, and acknowledge and respect the freedom of association.

**Principle 4:** the elimination of all forms of forced and compulsory labor;

**Comment:** We will examine and monitor our suppliers closely going forward.

**Principle 5:** the effective abolition of child labor; and

**Comment:** We will examine and monitor our suppliers closely going forward.

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

**Comment:** We do not discriminate in respect of employment and occupation.

## Environment

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

**Comment:** We will launch an initiative to reduce our total carbon footprint.

**Principle 8:** undertake initiatives to promote greater environmental responsibility; and

**Comment:** We will launch an initiative to reduce our total carbon footprint.

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

**Comment:** We invest up to 10% of our revenue in R&D to develop environmentally friendly technologies.

## Anti-corruption

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

**Comment:** We do not tolerate corruption. We are therefore launching a Whistleblower programme to all current and former employees, other stakeholders and board members.



## The launch of two main strategic initiatives

We have decided to establish two internal working groups to effectively take responsibility for setting the direction for the change projects supporting the UN Global Compact. To ensure management support and buy-in, the working group report directly to a steering committee chaired by the CEO.

The two strategic initiatives have a dual purpose as described below.

### **Initiative 1** **Improving transparency of supply chain**

The purpose of the first initiative is to ensure not only that WindowMaster complies with the principles of the UN Global Compact, but that our suppliers also manufacture their parts and components sustainably. Promoting transparency throughout entire supply chain assures customers and other stakeholders that WindowMaster's products are truly sustainable. A secondary purpose of the initiative is to promote overall environmental responsibility in our value chain by focusing on both production and recycling of the product.

### **Initiative 2** **Reducing our total carbon footprint**

Part of WindowMaster's mission is to have a positive impact on the environment. Our cleantech solutions offer customers a green alternative to mechanical ventilation. However, that is not enough. We also take responsibility for significantly minimizing our own carbon footprint. Consequently, the purpose of our second strategic initiative is to optimize our resource consumption within our organization. This further supports a precautionary approach to environmental challenges.

In the following, we will describe these initiatives in more detail and state how the outcome of our efforts will be measured. Lastly, we will define some clear goals.



## Initiative 1

# Improving transparency in our supply chain

This initiative will start us on the journey to ensure that our supply chain complies with the ten principles described above. We are fully aware that this will not be a one-off initiative, but rather a never-ending journey to strive for continuous improvement. In brainstorming sessions, we have identified a variety of areas for improvement, so our idea pipeline is full for several years to come. However, we have decided to progress step by step and to focus on a manageable number of tasks in order to ensure that we not only create sustainable solutions, but also achieve quick wins. The first project examines the packaging of the products we ship to our customers.

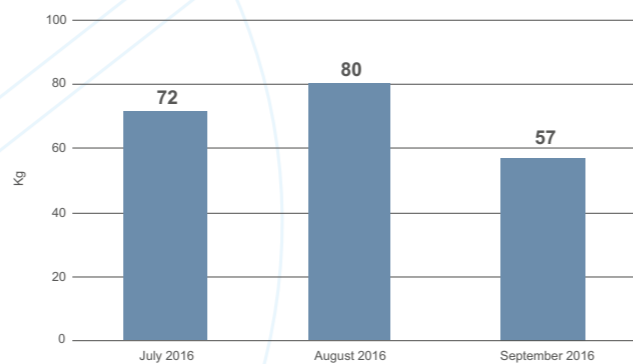
### Reducing plastic packaging

For a large number of our products, we currently use plastic packaging. There were valid reasons to choose this type of packaging in the past, but now it is time to take action initially to reduce our consumption of plastic packaging and ultimately to eliminate it entirely in the future. To track the progress of this project, we have compiled historical data on our consumption and developed a reporting system. The graph to the right shows our monthly consumption.

Of course, our consumption varies from month to month depending on demand fluctuations. However, according to our initiate estimates, we use more than 850 kilograms of plastic packaging per year. Producing this amount of plastic at the initial production stage of the sub-supplier requires double the amount of crude oil than is necessary.

Packaging is not usually used for anything other than wrapping products for shipping from A to B, after which it is thrown out as it generally serves no other use for the buyer. Plastic, as we know it, is petroleum based from heated carbon, and studies<sup>1</sup> show that approximately 45,000 tons of plastic waste end up in the world's oceans every year.

Consumption of plastic packaging at WindowMaster



Consumption of plastic packaging at WindowMaster



In the search for alternatives to plastic packaging, the quest for sustainable solutions from a host of bio-based innovators has slowly but steadily increased in awareness and priority among companies in all industries. At WindowMaster, this focus is no different than for the rest of world. The working group initially set out to search for alternatives to plastic or no plastic at all. The alternatives proved somewhat more complicated than originally hoped.

Outside pressure from the general population, with their growing purchase power, and demands for compliance with official commitment programs have forced companies to take an active stand in an effort to save the planet. And one of the more obvious products to start with is the elimination of plastic in packaging.

Although the search has been underway for more than two decades, results have yet to be seen. WindowMaster is committed to the cause, but not because there is an underlying implied pressure from outside, but rather because we truly want to make a difference and do our part to make the world a better place. Even the so-called

greener plastic alternatives are not without problems, because the chemical blend used to produce 'fake' plastic makes it nearly impossible to recycle.

The fossil-free plastic alternatives that are available today include polymers based on feedstocks, where the fermentation process in the compostable stage is tailored to the chemical composition of the feedstock, allowing decomposition of the material and making it a biodegradable alternative solution. The biodegradable plastics market is estimated at USD 4.65 billion<sup>2</sup> and commands 45% of the European market, strongly indicating that the concept is here to stay.

WindowMaster will take steps to eliminate plastic packaging, concentrating all efforts on cardboard instead, as we believe that the recycled components of cardboard are more sustainable in the recycling process and often come from recycled material to begin with.

Some of the alternative materials are of varying quality and comply poorly with, for instance, water-related requirements. However, some work quite nicely and

1. <http://www.metabolix.com/Innovation/Sustainability>

2. <http://blog.nacd.net/packaging-trends-to-look-for-in-2016>

3. <http://info.rodongroup.com/top-trends-for-plastics-manufacturing-in-2016-and-beyond>

the future is looking bright. Bio-based plastics are not dependent on fossil fuels, and for this reason, among others, WindowMaster is joining the search for alternative solutions<sup>3</sup> and will be keeping an eye on the progress toward achieving a 100% biodegradable material. We are currently searching for the perfect match among suppliers of alternative plastic manufacturers, as well as investigating our options for not using any plastic-like materials. It is our hope that progress will be made in this area sooner rather than later.

**WindowMaster's future packaging**

In simple terms, our future packaging plan is to remove plastic covers from the original stage of pre-packing and to use only cardboard packaging. As explained above, the choice to use cardboard instead of plastic is based on the fact that cardboard is, in most instances, already made from recycled material. However, this will be a step by step approach depending on the product, as some of our current product designs are quite sizeable and will therefore require some packaging adjustments.

Today, a larger bulk of our portfolio is shipped in plastic wrapping as seen below.

In the past, this was the best option as plastic protected electronic components from rain and dirt in case of storage outdoors with other building materials on the construction site. However, this argument seems rather

vague, as electronic equipment purchases are rarely if ever left outside in the rain; so why should the case be any different for our window actuators?

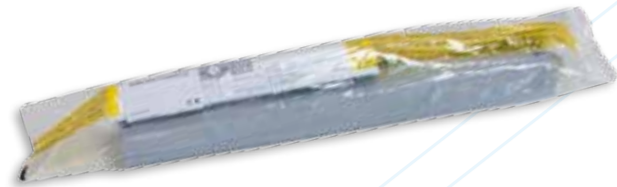
In the future, steps will be taken to ensure that products shipped from WindowMaster will no longer be wrapped in plastic first, but only packed in cardboard boxes.

The necessary actions required in production are currently being evaluated, and packaging suppliers are being notified and tested for quality and certifications. Furthermore, the eco-status of our suppliers is also being evaluated, and preference will fall upon a combination of best all-around and green profile.

Alternatives to plastic will remain on the radar, as there are advantages to using plastic in packaging for certain products. However, given that the quality of the materials currently available is as yet too unreliable and that more research is required, the aim at this stage will be to reduce our annual consumption of current plastic packaging by 30% by Q4 2018. We believe this to be feasible and obtainable within the measurement parameters, as future reports will undoubtedly reflect.

**Certifying suppliers**

The purpose of the second project under this initiative is to establish a framework for communicating the requirements of the ten UN Global Compact principles



**Goal 2018**  
Reduce our annual consumption of current plastic packaging by 30%



to our suppliers, assessing the current situation and implementing a process to ensure continuous improvement towards increased compliance.

We already have a process in place to assess our suppliers. This refers to our procedures for ensuring compliance of our suppliers with Directive 2011/65/EU (RoHS) and EC Regulation (EC) no. 1907/2006 (REACH) of the European Parliament and of the Council. The RoHS directive restricts the use of hazardous substances in electrical and electronic equipment, while the REACH regulation aims to improve the protection of human health and the environment through improved and earlier identification of the intrinsic properties of chemical substances. With this process, we can identify issues in our supply chain and develop and implement measures to eliminate the risk.

In a document formalizing these requirements, we want our suppliers to adhere to a Code of Conduct and hereby

comply with the UN Global Compact. However, our evaluation of the current situation shows that we have so far only communicated our requirements to a small portion of our suppliers and obtained their written commitment.

After investigating the current situation, we have decided to rework and consolidate our activities regarding supplier evaluation. We will continue the process of collecting and reviewing the statements of our suppliers regarding REACH and RoHS. We will also make that part of our supplier audit form, which we are currently developing. Furthermore, we will harmonize our existing Code of Conduct with the ten principles of the UN Global Compact. We will then evaluate the status of our suppliers by means of specific questions in our audit form. We will also ask if the suppliers have joined the UN Global Compact as well. If not, we will encourage them to sign up. Our target is to have an on-site conversation about our requirements and an audit of our top 15 suppliers by the end of 2018.

## Initiative 2

# Reducing our carbon footprint

At WindowMaster, we develop, manufacture, and sell cleantech solutions for the building and construction industry. Hence, we help our clients with green solutions that reduce the total energy consumption in their buildings. Our second initiative addresses how we can effectively take our own medicine and reduce our own carbon footprint.

### Reducing energy consumption at our premises

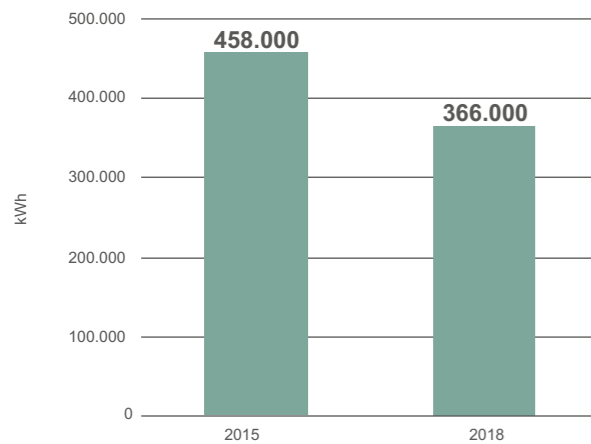
WindowMaster has sales offices in Denmark, the UK, the US, Norway, Germany, and Switzerland. We also have a factory located in Germany. Due to the structure of our business model, the energy consumed at our premises represents the lion's share of our total carbon footprint.

Consequently, we have analyzed the combined kWh (kilowatt hours) used at our premises in 2015 by reaching

out to the property owners and utility companies. The graph below shows WindowMaster's accumulated kW consumption. In addition, we have inserted our target and a downward trend line showing our ambition to reduce our total energy consumption at our premises by 20% in 2018 compared to 2015.

To meet our ambitious target, we have formed a working group comprising representatives from all of our premises. This group has been tasked with developing an idea catalogue of ways to reduce our energy consumption. Furthermore, we have invited energy consultants to assess the current state of our buildings and to recommend what we should focus on going forward.

Total kWh at WindowMaster premises



**Goal 2018**  
Reduce our total energy consumption by 20%

Please note that we are currently only tracking electricity, not heating or water. We aim to measure heating and water from 2017 onward and to subsequently launch projects to reduce our consumption

The decision on what to focus on is decentral, which means that each member of the working group must develop an action plan taking into account the local conditions. However, many of the same ideas will be implemented across the locations. The following are some tangible examples:

In our factory in Germany, operations naturally require a great deal of light. To address this issue, it has been decided to change all lighting to LED lighting going forward, and from now on, every time a new light bulb needs to be replaced, an LED bulb will be used. Our sales offices will mirror this approach in 2017. We will also install light automation and sensors to help reduce energy consumption.

Another interesting example is the Norwegian sales office, where we have taken the initiative to reduce heating by 1°C in the office. This can be controlled using our own cleantech systems and can easily be implemented at all WindowMaster premises.

At our headquarters in Denmark, sun shading was installed in Q3 2016. The building gets very hot in the spring and summer months, but with the sun shading panels reflecting the sun, we can reduce the need to cool down the building.

A number of other smaller-scale projects have also been implemented, such as installing energy-efficient appliances. As the above examples illustrate, we are very focused on reaching our targets.

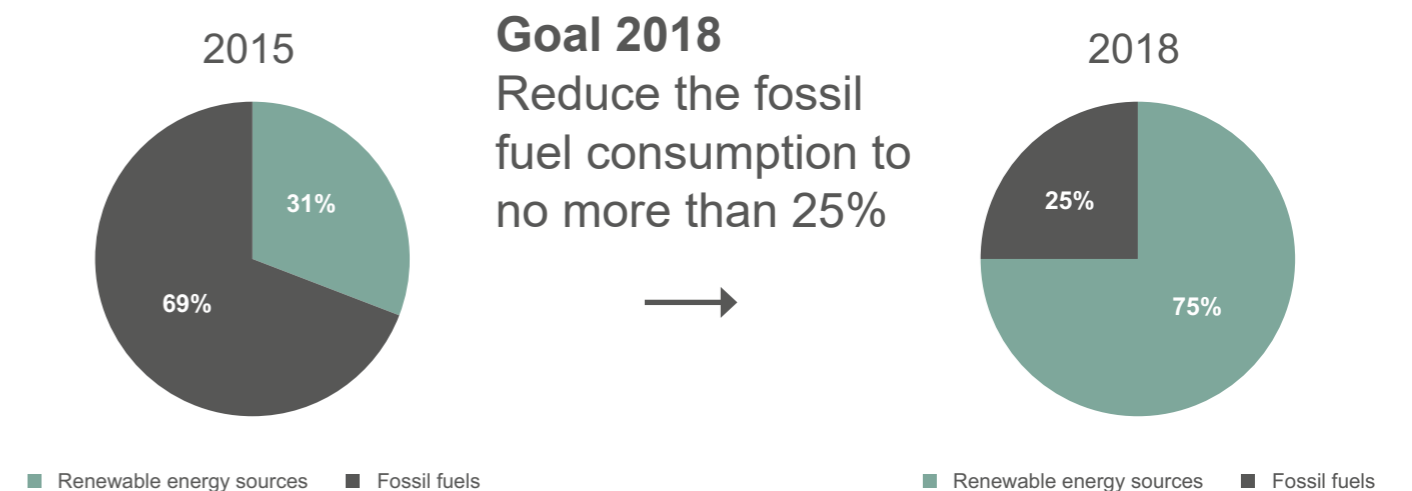
### Reducing fossil fuel consumption at our premises

It is important to reduce the total energy consumption at our premises. However, this cannot stand alone, because no matter how many good solutions we implement, we will always consume energy at our premises. We have therefore decided to also focus on reducing fossil fuel consumption at our premises. Hence, in addition to cutting our total energy consumption, we will make the energy we consume cleaner, too.

Today, 69% of the energy consumed at our premises comes from fossil fuels, and 31% from renewable energy sources. The graph below seeks to visualize our ambition to reduce the fossil fuel consumption at our factory and sales offices to no more than 25% by 2018.

Like the energy reduction project, the decision-making process for this project will be decentralized in order to cater to local needs and conditions. For instance, wind is cheaper in Denmark, whereas hydropower is the smartest option in Norway.

We have analyzed whether it would be beneficial to install our own renewable energy sources, such as a small wind turbine or solar panels on the roof of our factory. However, our analysis shows that simply adjusting the agreement with the utility company to increase the volume of kWh coming from renewable energy is more beneficial, as excess renewable energy is already available for purchasing in the grid.







### Reducing vehicle CO<sub>2</sub> emissions

In our business, we have sales reps visiting customers and service technicians visiting building sites. Consequently, our examination of WindowMaster's total carbon footprint shows that a significant portion is produced by vehicle emissions.

The graph below shows our total CO<sub>2</sub> emissions from vehicles. Our target is to achieve a 20% reduction by 2018.

This might not seem very ambitious compared to our other targets. However, it should be noted that the calculations are in absolute numbers, and that we have the added intention of growing the business by 2018. Consequently, our aim is to reduce the absolute numbers, while having more sales reps and service technicians out on the road. With our present plan, the carbon emissions per person are reduced significantly.

We intend to achieve this objective by implementing policies on car leasing. Our entire fleet is leased today, and we have decided every year during the budget period to increase the number of hybrid or electrical vehicles we use to achieve our targets.

Finally, in order to reduce the need for physical meetings, and thereby reduce road and air mileage, we have installed AV facilities at all our premises.

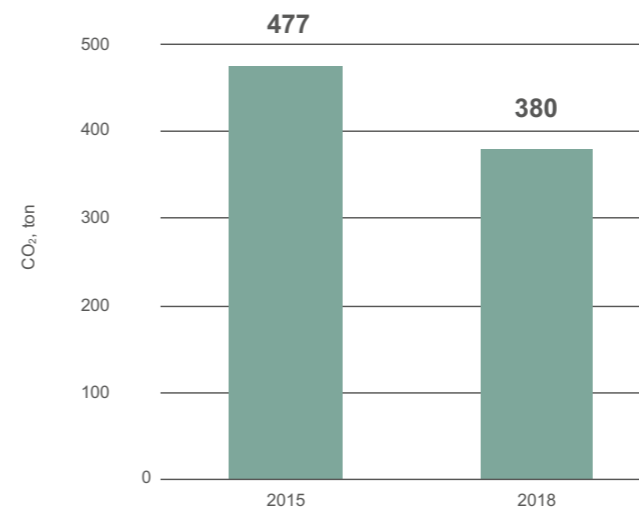
### Other focus areas

In addition to the tangible targets previous presented, we have initiated a variety of other common-sense projects to help with our overall environmental agenda.

Like most companies in the building and construction industry, we have primarily produced print sales materials in past. However, it is our clear objective to primarily produce digital marketing materials going forward. In the budget planning for 2017, less than 10% is expected to be allocated to print materials, which is a significant change compared to previous years.

Other undertakings include improving recycling and waste separation, planting trees in front of the offices, and serving less red meat at lunch.

Vehicle CO<sub>2</sub> emissions



### Goal 2018

Reduce our total CO<sub>2</sub> emissions from vehicles by 20%





## Donation to a School project in India

In addition to complying with the ten principles of the UN Global Compact, we decided in December 2015 to make a donation to a school project in India. More specifically, an IT education program donated to the Terre des Hommes Khetwadi School project in Mumbai.

The donation will have a direct impact on the project and not at least the children who attend the school every day. It will fund the WindowMaster Khetwadi IT Education

Program by investing in their first IT equipment and running the program with two full-time teachers for the next two years. The objective of this program is to give the children IT knowledge and skills of a high enough level so as to enable them to find a job after a mandatory exam.

## About Terre des Hommes International Federation

The Terre des Hommes International Federation is a network of ten national organisations working for the rights of children and to promote equitable development without racial, religious, political, cultural or gender-based discrimination.

### Children's situation in India

India, the most populated democracy in the world, is also a country of many contrasts. Despite rapid economic growth, nearly half of the children in the country are malnourished and remain vulnerable due to poor access to safe drinking water and sanitation. Drop-out rates from schools are high for girls, many of whom get married before adulthood. India is a major source, destination and transit country for child trafficking (linked to debt bondage, forced labour, forced marriage, sexual exploitation, etc). In addition, India is very vulnerable to natural disasters.

- 61 children out of 1,000 die before the age of 5 (CH: 4‰)
- 28% of babies weigh less than 2.5 kg at birth
- 12% of children aged between 5 and 14 work
- 47% of girls are married before the age of 18
- In 2013, nearly 17 million people affected by natural disasters

(Sources: UNDP, UNICEF)



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 around 150 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.

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**WINDOW  
Master®**  
Fresh Air. Fresh People.