Statutory report on foundation governance, cf. section 77a of the Financial Statements Act

VELUX FOUNDATION

1. January – 31. December 2025

”Comply or explain”

Section 77a of the Financial Statements Act states that foundations which are covered by the Commercial Foundations Act3 must include a report by the board of directors on foundation governance, cf. section 60 of the Commercial Foundations Act, in the management commentary or in the notes.

According to section 60 of the Commercial Foundations Act, the board of directors must specify in the report how the commercial foundation has addressed the recommendations.

The report on foundation governance must be prepared using the comply or explain principle, with respect to each recommendation.

The comply or explain principle is a key element in the recommendations. Any explanations should relate to the individual recommendation and should enable the reader to understand the type of management of the foundation.

The principle means that it is the board of directors of the individual commercial foundation that decides to what extent the board of directors wants the foundation to comply with the recommendations.

If the foundation complies one or more of the recommendations, it is sufficient for the board of directors in relation to each of the recommendations to state that the foundation comply. The board of directors may choose to provide supplementary information for the recommendation(s) that the foundation complies.

If the foundation does not comply one or more recommendations, the board must explain for each of these recommendations why the board of directors has chosen differently, and how the board of directors has chosen to do instead.

It is not considered a breach of rules if the foundation does not comply, but merely implies that the board of directors has specifically and for reasons it has explained chosen a different approach.

The foundation will thus comply with the recommendations by either complying or explaining in the above manner.

Reporting must reflect the current type of management at the date of the annual report. In the event of significant changes during the year or after the balance sheet date, this should be described in the report on foundation governance.

It is important that the board of directors addresses each individual recommendation.

VELUX FONDEN: Compliance with the recommendations on Foundation Governance

March 2026

VELUX FONDEN is a non-commercial foundation. VELUX FONDEN emphasises the importance of transparency and has therefore decided to voluntarily account for the Foundation's activities and relate to the Recommendations on Foundation Governance. The information is reviewed and approved by the board annually.

1. Transparency and communication

1.1 It is **recommended** that the board of directors adopt principles for external communication that address the need for transparency and stakeholders' needs and possibilities to obtain relevant up-to-date information about the circumstances of the foundation.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
The Foundation wants its activities to be transparent and open. In its Rules of Procedure, the Foundation has adopted guidelines for external communication, including who may make statements to the public on behalf of the Foundation.			

2. Tasks and responsibilities of the board of directors

In case of lack of compliance with a recommendation, the foundation must explain why the board of directors has chosen differently, and how the board of directors has acted differently. An adequate explanation answers both questions and categorises the answer as being in compliance with the recommendation. It is therefore important that the foundation answer both questions in its explanation.

2.1 Overall tasks and responsibilities of the board of directors

2.1.1 It is **recommended** that, in order to secure the activities of the commercial foundation in accordance with the purposes and interests of the foundation, the board of directors should, at least once a year, take a position on the overall strategy and distribution policy of the foundation on the basis of the articles of association.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
Each year, the Foundation will hold a strategy meeting at board level. This also appears from the Rules of Procedure.			

2.1.2 It is **recommended** that the board of directors regularly address whether the foundation's management of its total capital is in line with the purpose of the foundation and its long- and short-term needs.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
The Foundation's assets are managed by the Foundation's CIO and his team with the assistance of the Investment Committee appointed by the board of directors in cooperation with Villum Fonden. The management will take place according to the framework decided by the board of directors, which is reassessed on a regular basis. The Foundation has allocated substantial funds to impact oriented investments. The Foundation receives reports prior to each board meeting. Please be			

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referred to our Policy for Responsible Investments at Villum Foundation and VELUX FOUNDATION, Responsible investments. | Velux (veluxfonden.dk).			

2.2. The chairman and the other members of the board of directors

2.2.1 It is **recommended** that the chairman of the board of directors organise, convene and chair meetings of the board of directors in order to ensure effective board work and to establish the best conditions for the work of the board members, individually and collectively.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
The chair will plan board meetings in cooperation with the vice-chair and the executive board. Fixed chairman ship meetings will also be held prior to each board meeting for the purpose of planning future board meetings. The chair will chair the board meetings.			

2.2.2 It is **recommended** that if the board of directors asks a board member to perform special activities for the foundation which extend beyond board duties, a board resolution to that effect be passed to ensure that the board of directors maintains its independent, general management and control function. Appropriate allocation of responsibilities should be ensured between the chairman and the other members of the board of directors and the executive board, if any.

The foundation complies	The foundation explains		Not applicable
	why	*how*	

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

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The Foundation observes the recommendation which has also been incorporated in the board's Rules of Procedure. The chair and the vice chair constitute the chairmanship which plans the board meetings together with the executive board. If the board decides that the chair is to have special operational assignments, a distribution of assignments will be agreed to ensure that the board will still be able to be in charge of an independent overall management. So far, this has not been relevant.			

2.2.3 It is **recommended** that the financial statements disclose any transactions that the foundation has entered into with related undertakings. The information should include the nature of the relationship between the foundation and the related undertaking, the nature of the transaction and the amount of the transaction.

The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
	The Ministry of Industry, Business and Financial Affairs has introduced a bill requiring commercial foundations to disclose transactions between the	The Foundation will await the legislative process. Once it is clarified whether Recommendation 2.2.3 will be maintained, the foundation will	

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	Foundation and its related parties in the annual report. If the bill is adopted, Recommendation 2.2.3 is expected to be repealed.	reassess its position on the recommendation.	

2.3. Composition and organisation of the board of directors

2.3.1 It is **recommended** that the board of directors regularly, and at least every second year, assess and stipulate the competences that the board of directors needs to possess in order to best perform the tasks and responsibilities incumbent upon the board of directors.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
Each year, the board will decide which competencies the board is to have in order to perform its assignment in the best way possible and how to ensure that the board has these competencies. The chair will maintain a list of competencies upon which the current assessment will be based.			

2.3.2 It is **recommended** that the board of directors approve a structured, thorough and transparent process for selection and nomination of candidates for the board of directors, taking into account any right in the articles of association to make appointments.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.3.2 It is **recommended** that the board of directors approve a structured, thorough and transparent process for selection and nomination of candidates for the board of directors, taking into account any right in the articles of association to make appointments.			
According to the Rules of Procedure, the chair will, together with the board, ensure that a structured, thorough and transparent procedure concerning election and recommendation of candidates is prepared in case of new election. The board has also used external consulting services.			

2.3.3 It is **recommended** that members of the board of directors are appointed on the basis of their personal qualities and competences, taking into account the collective competences of the board. When composing and nominating new members to the board, the need for introducing new talent should be weighed against the need for continuity and the need for diversity in relation to, inter alia, commercial and grants experience, age and gender.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The Foundation complies with the recommendation, which is also incorporated into the Rules of Procedure of the board of directors. The average age of the present board of directors is 66; the youngest member was born in 1975 and the oldest member in 1953. The board consists of five members, four women and one male.			

2.3.4 It is **recommended** that both in the management commentary in the annual report and on the commercial foundation's website, if any, there is an account of the composition of the board of directors, including its diversity, and that the following information is provided on each board member:

- the name and position of the member,
- the age and gender of the member,
- date of original appointment to the board, whether the member has been reappointed, and expiry of the current appointment period,
- any special competences possessed by the member,
- other managerial positions held by the member, including positions on executive boards, boards of directors and supervisory boards and board committees in Danish and foreign foundations, enterprises and institutions, as well as other demanding organisation tasks,
- whether the member owns shares, options, warrants and similar in the foundation's subsidiaries and/or associated companies,
- whether the member has been appointed by authorities/providers of grants etc., and
- whether the member is considered independent.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
The Foundation's website provides information on the composition of the board, name, position, age, date of commencement, re-election, expiry of the board member's term, other managerial offices and special competencies and independence. No authority, contributor, etc. are entitled to appoint board members.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.3.5 It is **recommended** that the majority of the members of the board of directors of the commercial foundation are not also members of the board of directors or executive board of the foundation's subsidiary(ies), unless it is a fully-owned actual holding company.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
			The recommendation is aimed at commercial foundations which the Foundation is not.

2.3.6 It is **recommended** that the board of directors elect the chairman and the vice-chairman (if any) of the foundation for one year at a time. Re-election may take place.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The foundation complies with the recommendation, which is also incorporated into the board’s Rules of Procedure.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.4. Independence

2.4.1 It is **recommended** that at least one third of the members of the board of directors (excluding employee representatives) are independent.

To be considered independent, this person may not, for example:

- be, or within the past three years have been, a member of the executive board or senior employee of the foundation or of an essential subsidiary or an essential associated company of the foundation,
- within the past five years have received larger emoluments, including distributions or other benefits from the foundation or a subsidiary or associated company to the foundation in other capacity than as member of the board of directors of the foundation,
- within the past year have had a significant business relationship (e.g. personal or indirectly as partner or employee, shareholder, customer, supplier or member of the executive management of companies with corresponding connection) with the foundation or a subsidiary or associated company of the foundation,
- be, or within the past three years have been, an employee or partner of the external auditor of the foundation or its subsidiaries,
- have been a member of the board of directors or executive board of the foundation for more than 12 years,
- be a close relative or in another way be very close to persons who are not considered as independent,
- be the founder or significant donor or contributor,
- be a member of the board of directors of the foundation if the purpose of the foundation is to grant support to the board member's family or others who are especially close to the board member,
- be a member of the management of an organisation, another foundation or similar, which receives or repeatedly within the past five years have received significant donations from the foundation, or
- be a member of the management of an organisation, another foundation or similar, which grants or repeatedly within the past five years have granted significant donations to the foundation.

The foundation complies	The foundation explains		Not applicable
	why	*how*	
The Foundation follows the recommendation, as three board members are independent.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.5. Appointment period

2.5.1 It is **recommended** that members of the board of directors be appointed for a minimum period of two years at a time and a maximum period of four years at a time. Reappointment can take place.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
	The Foundation does not follow the recommendation as The Foundation's Trust Deed sets out another framework for board members appointment period than the recommendation.	The Foundation's Trust Deed provides that one board member is up for election each year. A new member will take the predecessor's seat in the board of di rectors. Re-election is carried out every six years as a minimum. Further, a member may only be a member of the Foundation for ten years, and after the age of 75, a member must also resign at the following annual meeting. However, the above ten-year term may be extended by the board by up to five year in relation to the founder's, Villum Kann Rasmussen, descendants.	

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.5.2 It is **recommended** that an age limit for members of the board of directors be set, which is published in the management commentary or on the foundation's website.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The Foundation observes the recommendation, as it appears from the Trust Deed that a board member must resign after ten years or after the age of 75. For board members who are descendants of the founder, Villum Kann Rasmussen, the board may extend the term of office by up to five years, resulting in a maximum term of 15 years.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

2.6. Evaluation

2.6.1 It is **recommended** that the board of directors establish an evaluation procedure in which the contributions and performance of the board, the chairman and the individual members are evaluated annually, and that the result is discussed by the board. The nature and scope of the evaluation procedure will depend on the specific circumstances of the foundation and may vary from year to year.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
At the initiative of the chair, the board may decide on the Foundation's overall strategy and grant policy once a year based on the Trust Deed. Each year, an evaluation will be made of the board's work, which will be discussed by the board. Occasionally, this evaluation will be made with external assistance.			

2.6.2 It is **recommended** that once a year the board of directors evaluate the work and performance of the executive board and/or the administrator (where relevant) in accordance with predefined clear criteria and that the chairman reviews this with the person(s) concerned.			
The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The chairmanship will carry out evaluation interviews with the executive board each year. The board will be informed thereof. Occasionally, the Foundation's administration will also be subject to employee satisfaction surveys together with Villum Fonden.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.

3. Remuneration of the board of directors and executive board, if any

3.1.1 It is **recommended** that any remuneration to the foundation's board members is fixed and not variable. Members of a potential executive board should also be remunerated with a fixed remuneration, possibly combined with a bonus which should not be dependent upon accounting results.

The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The Foundation is paying the board and the executive board in accordance with the recommendation.			

3.1.2 It is **recommended** that the financial statements provide information about the full remuneration received by each member of the board of directors and executive board, if any, (itemised) from the commercial foundation and from the foundation's subsidiaries and associated companies. Furthermore, there should be information on any other remuneration which members of the board of directors and an executive board, if any, have received for performing other work or tasks for the foundation, the foundation's subsidiaries or associated companies, except for the remuneration of employee representatives as employees.

The foundation complies	**The foundation explains**		**Not applicable**
	why	*how*	
The Foundation observes the recommendation as regards the board's and the executive board's remuneration. Reference is made to the Foundation's financial statements.			

The foundation will comply with the recommendations by either complying or explaining. If the foundation does not comply a recommendation, the board of directors must explain why the board of directors has chosen differently, and how the board of directors has acted differently.