

**ROCKWOOL's
Sustainability Report 2022:
highlights and progress**

ROCKWOOL ESG Presentation

02.03.2023



CEO message: Energy efficiency is a triple win



*"We have the solutions to take action today. Energy efficiency is a triple win – **socially, economically and environmentally.***

*Deep-renovation of the EU's least efficient buildings can cut energy use in buildings by **over 80%** and support the green transition and dependence on fossil fuels.*

*What's more, providing **economic stimuli** will make deep renovation more attractive for homeowners.*

*Success requires systemic change to a **waste-free society** based on circular economy principles."*



Renovation of own office, Bohumin, Czech Republic

2022 Sustainability highlights



ROCKWOOL building insulation, Zaragoza, Spain

2022 Sustainability highlights

- **All five** 2022 intermediate goals were met.
- Nine of our own offices were renovated achieving up to **81%** energy efficiency improvement.
- **Converted to natural gas** our Mississippi factory in US and commissioned an **electrical green-field** factory in China.
- Corporate Knights' 2022 Global 100 index ranked ROCKWOOL 16th among world's most sustainable companies and **1st among building products**.
- Received prestigious **awards** for our Rockcycle® services in France and Denmark.










Renovation of own office,
Nordics headquarters, Denmark



*The choice of ROCKWOOL's
products contributes to
achieving DGNB gold pre-
certification*

2022 Sustainability ratings and indexes

Positive trend on global ESG ratings

Analysis & Rankings	Elaboration and benchmark	
	Corporate Knights' 2022 Global 100 Index ranked ROCKWOOL 16th among world's most sustainable companies and #1 globally among Building Products companies.	16th (overall) 1st (sector)
	ROCKWOOL awarded the leadership level CDP rating for two consecutive years.	A- Leadership level
	100% of ROCKWOOL's products are classified as SDG positive by Trucost, part of S&P Global.	100%
ESG Risk ratings		
	ROCKWOOL awarded the second highest possible rating by MSCI.	AA
	ROCKWOOL has 'Prime' status in the ISS ESG Rating 2022.	B prime
	ROCKWOOL categorised as a 'medium risk' company. A lower score indicates good performance.	22.5 out of 100
	ROCKWOOL ranked 41 out of 100 ESG score and classified as Limited Risk (30-49/100) by V.E, part of Moody's ESG Solutions.	41/100

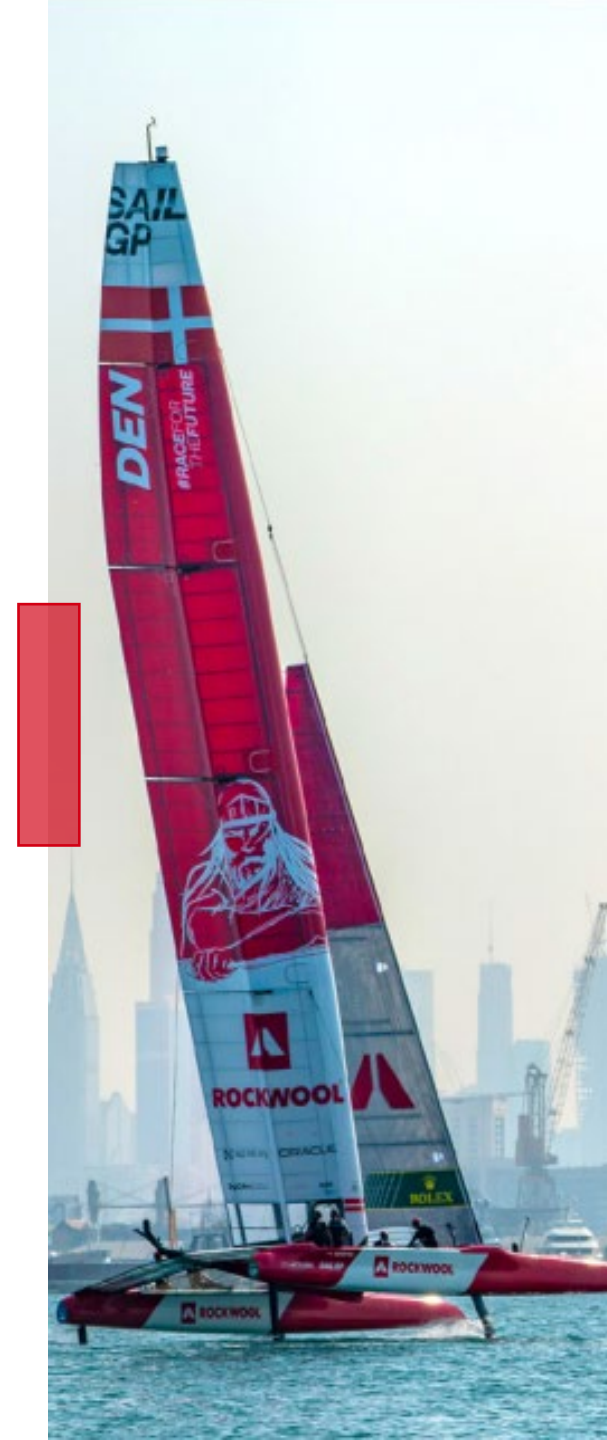
Sustainability progress



Rockflow, Amsterdam Noord, the Netherlands

Our approach to sustainability

- Sustainability is at the core of what we do and **integral** to our business strategy.
- We convert sustainable development challenges into **business opportunities**, through innovative products, solutions and partnerships.
- We apply **externally developed methodologies** to calculate our positive product impacts.
- **Strong governance** system aligned with the highest levels of Company's management.
- **Fact-based, auditable approach** backed up by third-party methodologies.



Protecting our ocean - a shared responsibility

- In 2022, we **committed to** an additional SDG: Life Below Water SDG 14 and we formed a **new partnership** with One Ocean Foundation.
- We understand that **what we do on land** does not magically stop at the water's edge, but could impact ocean health too. That is why we are committing to understanding more through the Ocean Disclosure initiative.
- **Our recycling services** contribute to a greater circularity, reducing the total amount of waste that could end up in our waterways.

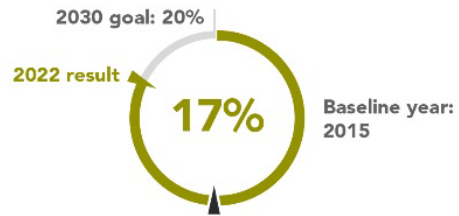


Sampling phytoplankton, Singapore

Sustainability goals

Met all five 2022 intermediate goals

CO₂ emission intensity



2022 intermediate goal: 10%

Reduce CO₂/t stone wool from our stone wool facilities by 20%

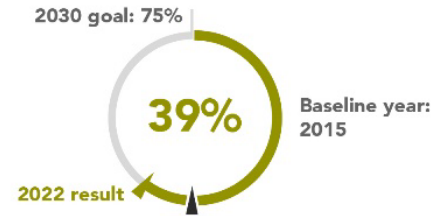
Reclaimed material



2022 intermediate goal: 15 countries

Increase the number of countries where we offer recycling services for our products to 30 countries

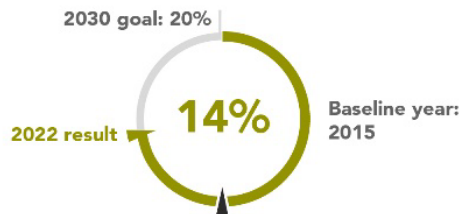
Energy efficiency in owned offices



2022 intermediate goal: 35%

kWh/m² reduction within owned (non-renovated) offices by 75%

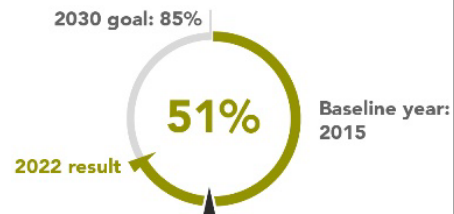
Water use intensity



2022 intermediate goal: 10%

Reduce water use intensity (m³/t stone wool) from our stone wool production facilities by 20%

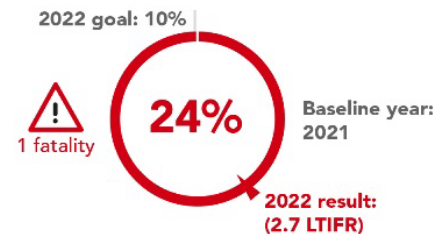
Landfill waste



2022 intermediate goal: 40%

Reduce landfill waste (tonnes) from our stone wool production facilities by 85%

Safety, health and wellbeing



Reduce LTI frequency rate by 10% and ensure zero fatalities annually



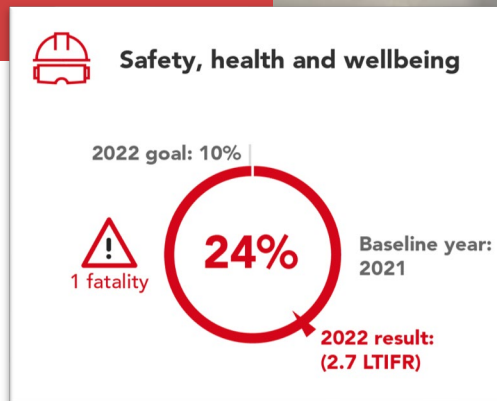
Safety goal

A fatality overshadows our overall progress within safety performance

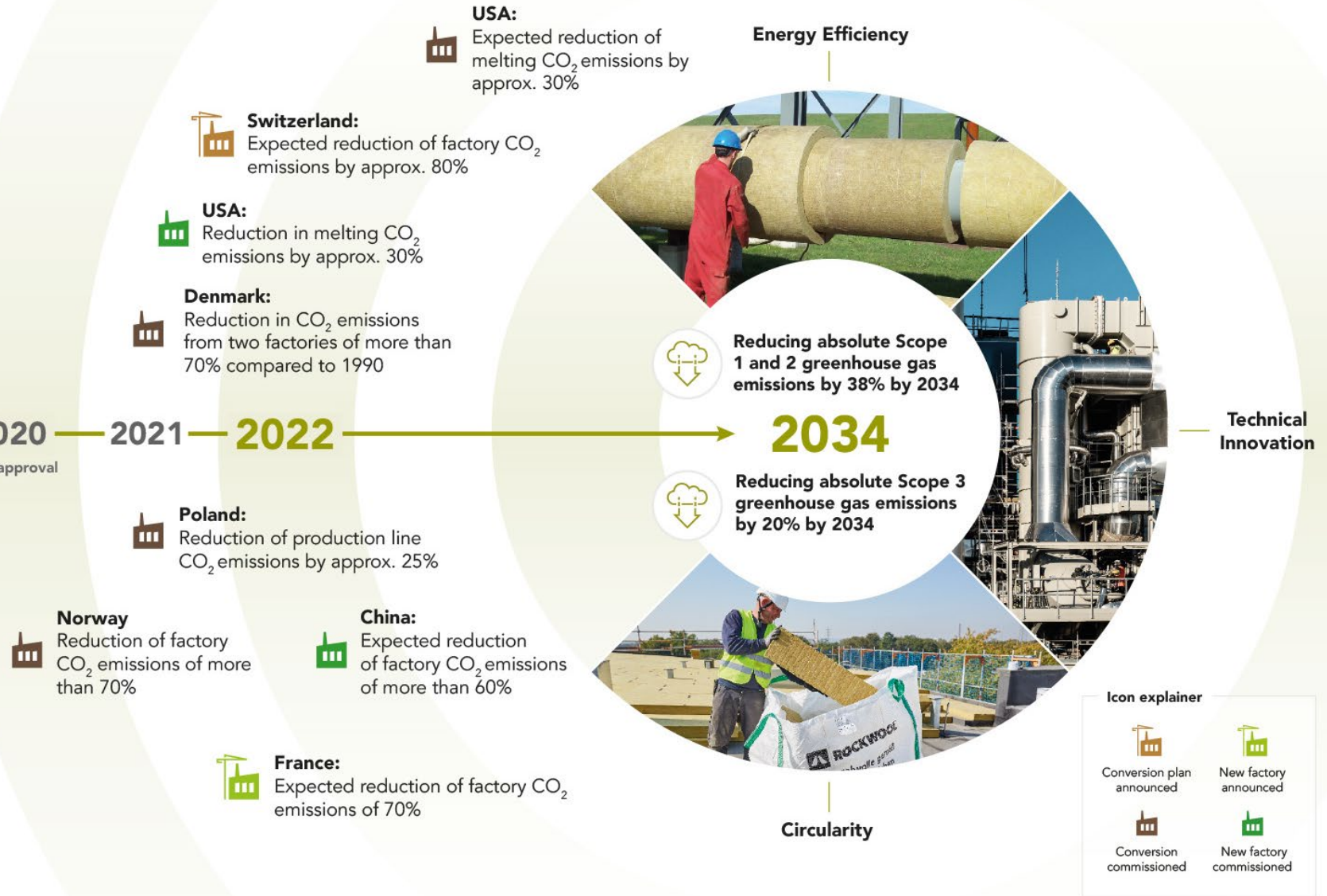
- **One fatality**
- Group Management led a **detailed investigation** into the incident. As a result, we are implementing corrective actions at all our factories.
- Lost Time Incident Rate (LTIR) **reduced by 24 percent** from 3.6 in 2021 to 2.7 in 2022.
- In 2022, we implemented a **new safety strategy** to improve safety performance.



Safety Day 2022 Cigacice, Poland



Advancing our decarbonisation commitment



Icon explainer

Conversion plan announced	New factory announced
Conversion commissioned	New factory commissioned

* In scope of limited assurance.

Deeply renovating our home

Bohumin, Czech Republic

Built: **1958**

Energy efficiency post renovation:
86 kWh/m²

Energy efficiency improvement: **81%**



Saint-Eloy-Les-Mines, France

Built: **1948**

Energy efficiency post renovation:
91 kWh/m²

Energy efficiency improvement: **62%**



Tapolca, Hungary

Built: **1980/1982**

Energy efficiency post renovation:
58 kWh/m²

Energy efficiency improvement: **76%**



Malkinia, Poland

Built: **1985**

Energy efficiency post renovation:
65 kWh/m²

Energy efficiency improvement: **61%**



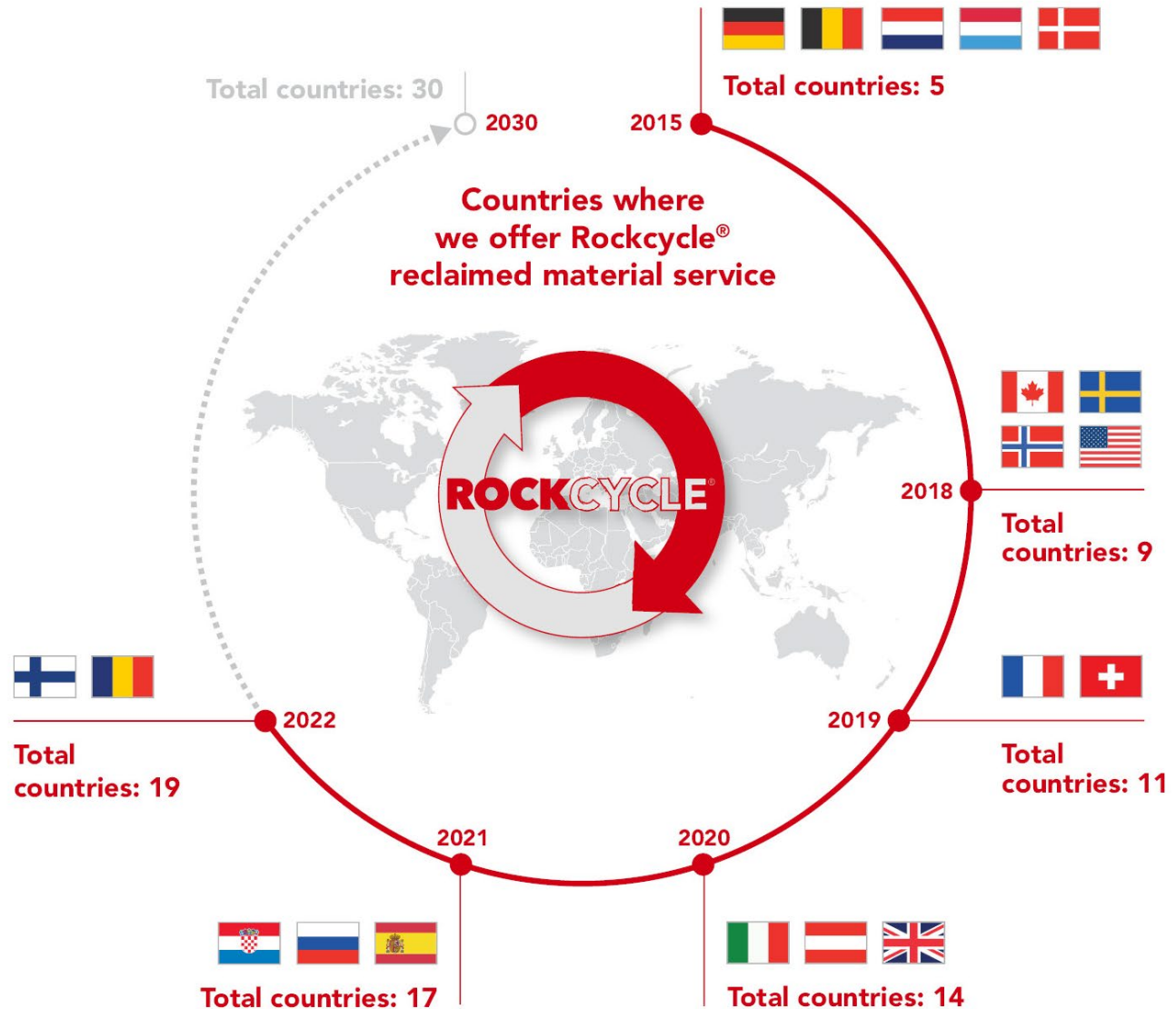
Rockcycle[®] progress is central to our circularity ambitions

Expanded Rockcycle[®]
to two new countries –
Romania & Finland

Our products can be
**recycled into new
products** without losing
performance

Recycled stone wool
volume **increase by 6%**

Production waste going
to landfill stable, **51%
lower** than baseline



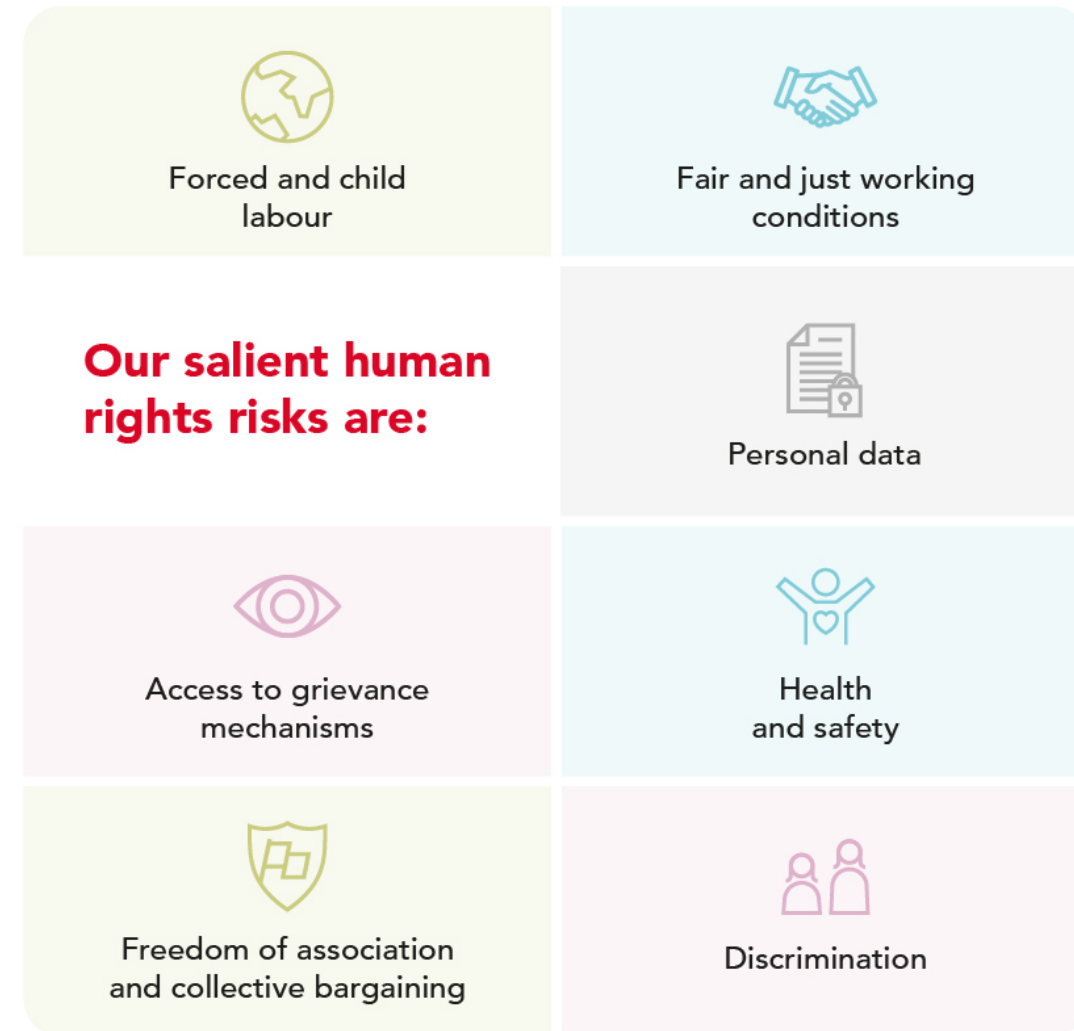
Initiatives to protect water and biodiversity

- We made several improvements to optimise water usage across our factories, contributing to a **14% reduction** in water consumption intensity.
- We conducted a **new water scarcity assessment**, building on the one we carried out in 2017.
- We also mapped **biodiversity sensitive areas** both on and in close proximity to our manufacturing sites and are now looking for ways to **enhance** some of these areas.
- There are, for example, opportunities on our UK site to enhance the **connectivity** of terrestrial and aquatic **ecological areas**.



Respecting human rights

- We **strengthened our commitments** towards human rights. This included:
 - Revising our Group Code of Conduct, for which the Board of Directors now has responsibility.
 - Approving a dedicated Human Rights Policy replacing our former Human Rights Commitment.
- Around 7000 direct employees received **face-to-face training** in the Code of Conduct.
- We conducted a risk assessment to identify **salient human rights risks** in our own operations and as a result of assessments in Malaysia and Thailand, developed new Group guidelines on temporary employees contracted by recruitment agencies.



Diversity and business ethics

- **28%** of all leaders in middle and executive management positions are women (goal of 25-35%).
- An additional shareholder-elected woman joined the Board, resulting in the 2024 goal of **33%** of shareholder-elected Board members being women being met.
- We updated the Group policy on the use of donations and non-commercial sponsorship.
- **21 potential cases** were reported through the whistle-blower platform, **11 of which qualified** under the whistle-blower policy and were handled according to established procedure, including being assessed by the Integrity Committee.



Policy development



Taxonomy alignment



ROCKWOOL has carried out the “Do No Significant Harm” (DNSH) assessment to determine alignment with the taxonomy.

1. Climate change adaptation
2. Sustainable use and protection of water and marine resources
3. Transition to a circular economy
4. Pollution prevention and control
5. Protection and restoration of biodiversity and ecosystems
6. Minimum safeguards



Fire safe roofs - for energy efficiency and protection

- Installation of rooftop solar energy is to be compulsory for all new and existing **public and commercial buildings** (larger than 250 m²) by 2026/27 and all new **residential buildings** by 2029.
- The insulation market volume of PV flat roof is estimated at **30 million** m²/year in 2030 and **50 million** in 2040. (SLMB)
- Rooftop solar panels increase a building's **risk of fire** which requires taking steps to mitigate these risks. (University of Edinburgh)



“ARC (Allianz Risk Consulting) strongly discourages the installation of PV systems on industrial and commercial buildings with combustible roofs (entirely combustible or with combustible insulation)”.

Allianz Risk Consulting

EU set to agree on more ambitious legislation

- Deal on **Energy Efficiency Directive** expected this month
 - 2030 efficiency target will become binding.
 - Additional savings equivalent to 6 x Denmark's annual energy use.
 - With 40% of EU energy use, buildings will be key sector to meet target.
- Deal on **Buildings Directive** expected in Q3
 - Mandatory 'minimum energy performance standards' will be introduced to drive renovation of worst performing buildings.
 - This will require renovation of the building envelope.
 - Compliance deadlines: 2030 for non-residential buildings; 2033 for residential.
 - Standards expected to cover at least 3.5 billion m² / 15% of the total stock.
- **EU recovery facility** has led to big increases in funding for renovation - but new legislation is needed to give direction to national programmes and increase delivery capacity.

40m

Buildings
renovated
by 2033

20 billion
cubic meters gas
saved per year

€22bn

savings
on energy bills
per year

It's all about implementation

1 GERMANY

Funding for renovation increased tenfold during covid-19, and kept high.

Draft energy efficiency law mirrors EU legislation.

2 FRANCE

Early mover in improving energy performance certificates.

Already applying minimum energy performance standards, €5.8bn allocated to renovation.

3 ITALY

Estimated 750,000 building units renovated with 'Superbonus'.

Buildings must be renovated by 2 energy classes, comparable to draft EU Buildings Directive.

4 ROMANIA

€2.8bn recovery funds allocated to public buildings and multi-unit housing.

Municipalities gaining expertise to use money effectively.

5 SPAIN

€5.5bn allocated to building renovation - tenfold increase.

Admin process to channel funds from governments to regions still in development.

6 POLAND

Planned €3.5bn for building renovation, pending resolution of rule of law issues.

Ambitious single-family renovation programme already in place, banks and local authorities involved in delivery.

US Inflation Reduction Act (IRA)

- **\$370 billion dollar** climate action plan (US's largest investment in climate change mitigation and adaptation in history).
- IRA consists of a number of programs meant to reduce energy costs, increase the use of renewable energy, and grow the American-made supply chain of **energy efficient products and services**.
- Incentives are designed for both **new and retrofit** construction, owners (residential & commercial), contractors, builders and architects.
- IRA plays an important role in **increasing awareness** about the overall benefits of energy efficiency generally.



Going forward - what can you expect



Driving positive sustainability performance in 2023

- We will be maintaining our focus on maximizing our **handprint** and minimizing our **footprint** working towards our 2030 and 2034 goals.
- We will be making investments of up to **100MEUR CAPEX** annually on sustainability.
- We will continue on our decarbonization trajectory by building new **"green" capacity** and conducting additional **factory conversions**.
- In the face of significantly increased reporting requirements , we will also be strengthening our **ESG disclosure** and internal **risk mitigation** processes in own operations and value chain.
- Expect **mid-term upturn** of renovation business



Q&A

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Thank you

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