

**ROCKWOOL's
Sustainability Report 2021:
highlights and progress**

ROCKWOOL ESG Presentation

03.03.2022





Agenda

CEO message

Highlights 2021

Sustainability progress

EU policy development

Going forward - what can you expect

Q&A

...Renovating existing buildings is not rocket science.

Succeeding in climate action requires succeeding making the world's buildings **far more energy efficient**.

But we need to bridge the gap between **pledges and action** – short term targets create much **greater accountability**.

And we must also do it right:

- Achieve **at least 60%** energy savings.
- Use **healthy, fire resilient** and **circular** materials.



2021 Sustainability highlights

- **Met two additional 2022 intermediate goals** on top of the two met in 2020.
- We recycled **over 650kt secondary raw materials** increasing our reclaimed material by **over 50 percent** in the last three years.
- Announced several low-carbon capacity expansions/conversions.
- **Building insulation** sold in 2021 will save annually the heating energy equivalent to over **one million homes every year**.
- Share of net sales associated with **taxonomy eligible** activities was **85%** and related to climate mitigation activities.
- ROCKWOOL was again recognised for its **positive impact on society** by receiving the **EY special sustainability award for long term value creation**.



< Thomas Kähler, Chairman, ROCKWOOL Group, accepted EY Long Term Value Creation award



The choice of **ROCKWOOL's** products contributes to achieving sustainability recognition.

BaseCamp achieved the highly respected certificate from the international green building certification scheme, DGNB,



BaseCamp, Lyngby, Denmark

2021 Sustainability ratings and indexes

Positive trend on global ESG ratings

| | MSCI | Sustainalytics | ISS | CDP | Trucost S&P Global |
|----------------|------|--------------------------------------|--|--------------|--|
| 2021 | A | Low risk 18.8 | B Prime | A- | 100% products classified as SDG positive |
| 2020 | A | Low Risk 19.9 | C+ Prime | B | |
| Max score: AAA | | Max score: Negligible risk 0 - 10 | Max score: A+ The Prime threshold is C+ | Max score: A | |



Sustainability progress



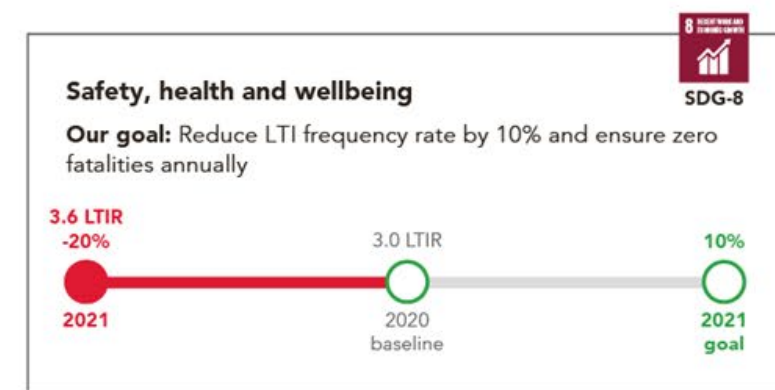
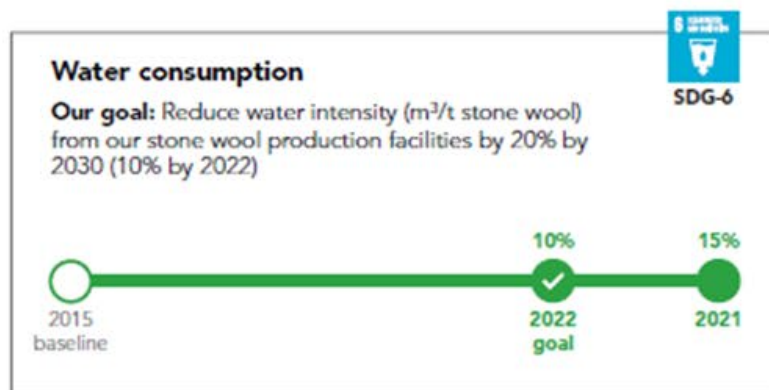
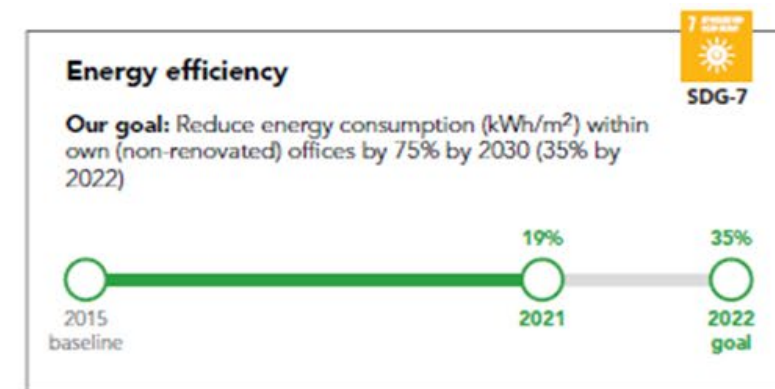
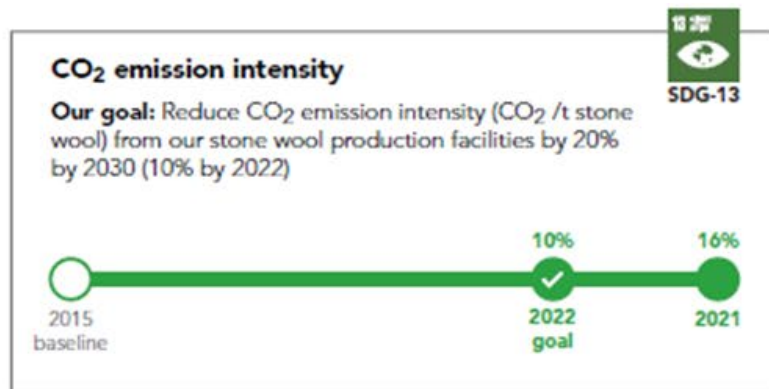
Our approach to sustainability

- Sustainability is at the core of what we do and **integral to our business strategy**.
- **Converting** sustainable development **challenges into business opportunities**, through innovative products, solutions and partnerships.
- We follow **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 references and methodologies.



Sustainability goals

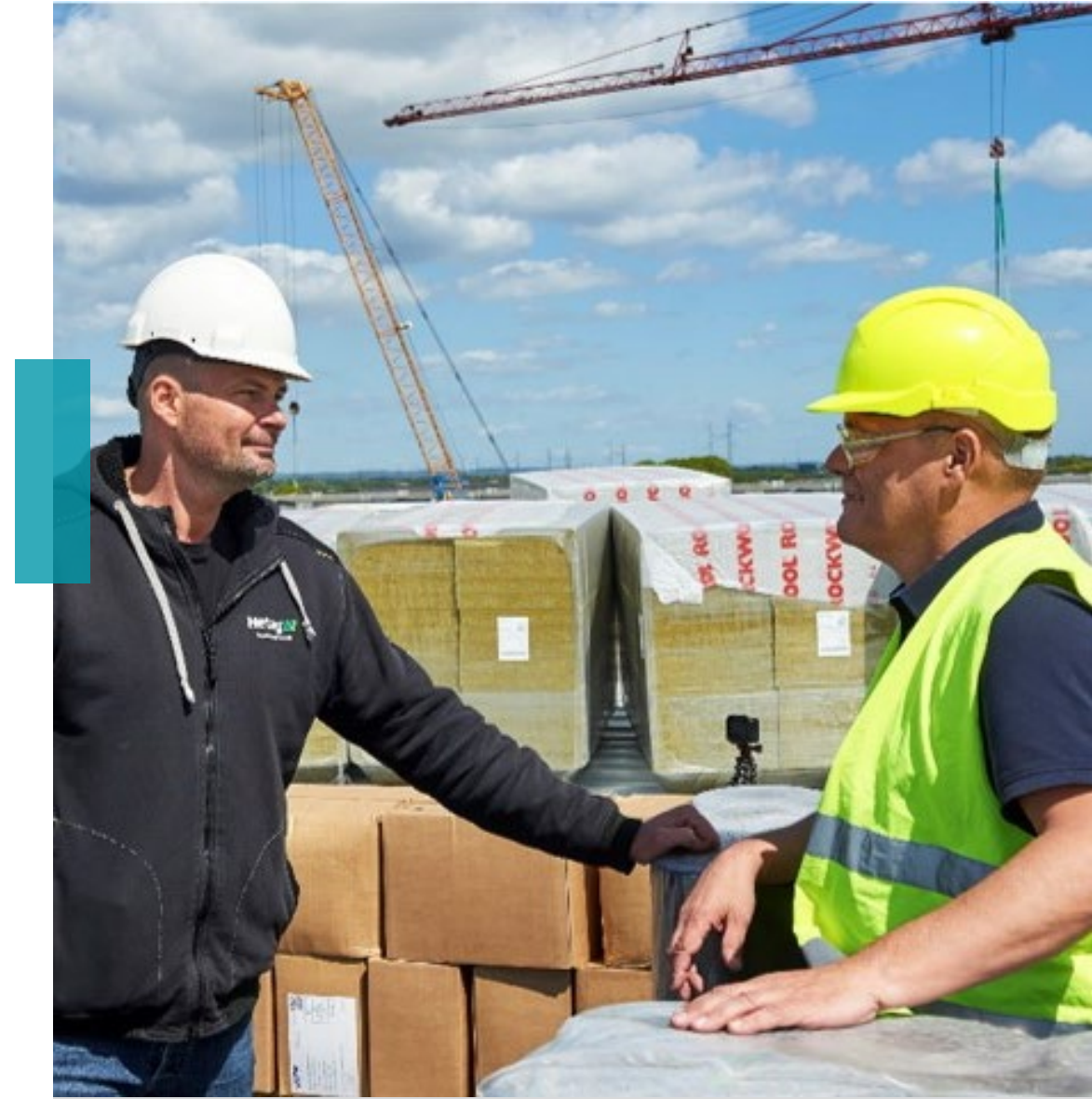
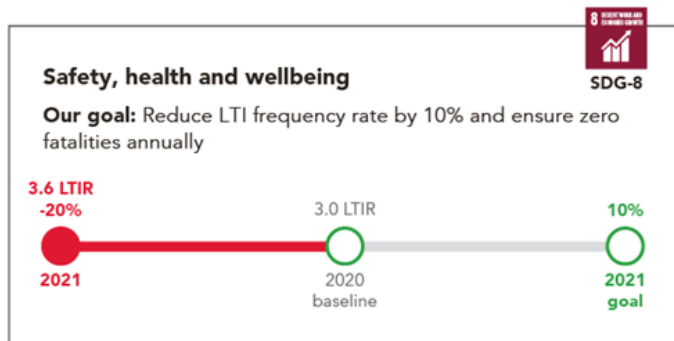
Good progress in 2021



Safety goal

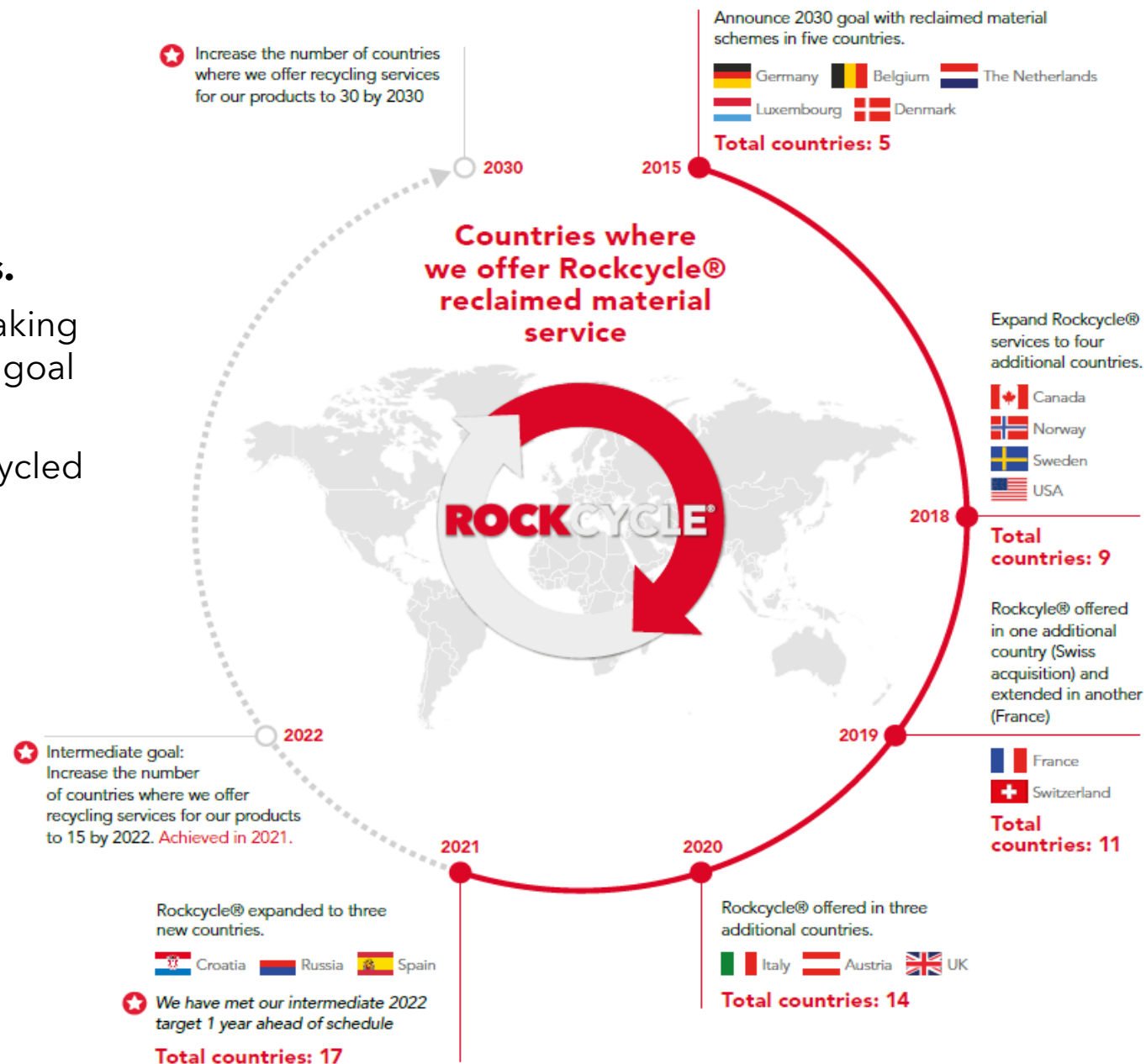
2021 progress

- Zero fatalities.
- Number of lost time incidents was higher than in 2020, and the Lost Time Incident rate increased to 3.6 from 3.0.
- The main increase took place in two business units and was due in part to recruitment of many new people and reduced level of normal safety activities such as audits, trainings, and meetings as a result of COVID restrictions.
- We have initiated several measures to improve the LTI trend, including additional safety audits at the factories with the highest LTI rates together with extra focus on sharing best practice across the Group.



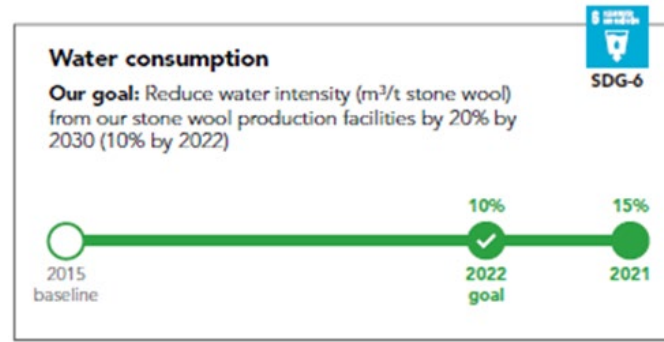
Pioneering circularity - recycling

- We recycled **over 650kt secondary raw materials**.
- Expanded Rockcycle services in three countries, making **a total of 17 countries**, reaching our intermediate goal for 2022 one year early.
- **56%** improvement in stone wool collected and recycled through ROCKCYCLE in the last three years.



Pioneering circularity - water & waste

- **15%** reduction in water consumption intensity across Group and **22%** reduction in factories in water scarce areas.
- Processes designed for zero wastewater discharge recycling production water in a **closed-loop system**.
- **51%** reduction in factory waste sent to landfill resulting in **50%** factories having fully closed loop stone wool systems.

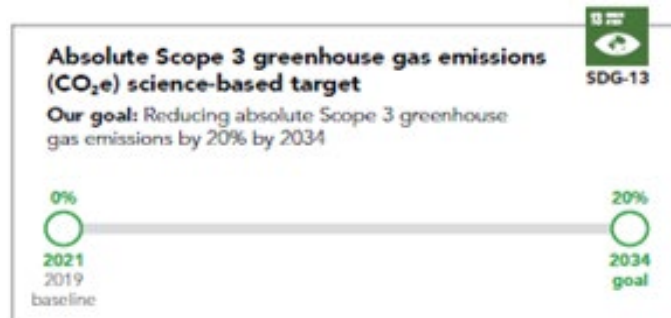
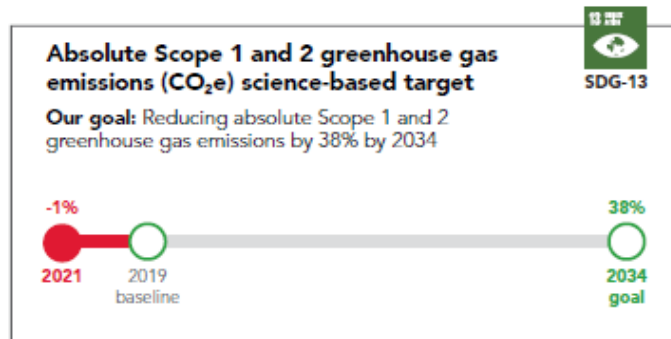


Rain water collection in Øster Doense factory, Denmark

Absolute GHG reductions

Big investments supporting out SBTs

Announced several low-carbon capacity expansions/conversions.



France:

Announced investment to build a new factory utilising ROCKWOOL's industry-leading electric melting technology, reducing CO₂ emissions by 70 percent compared to a typical melting technology.



Switzerland:

Approved investment to convert factory's coal-based furnace to ROCKWOOL's industry-leading large-scale electric melting technology leading to an expected CO₂ emission reduction of over 80 percent.

Legend



Conversion planned



Greenfield planned

Absolute GHG reductions

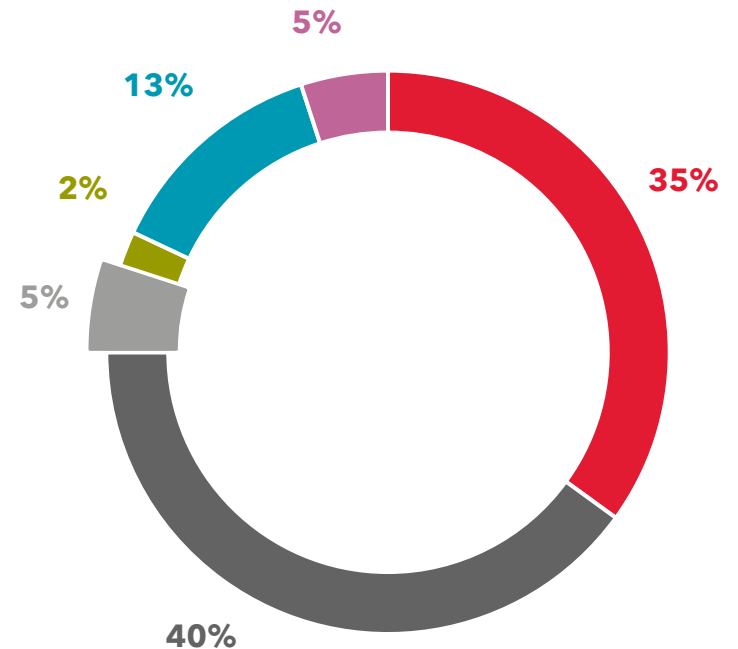
Reducing our Scope 3 emissions

- Our scope 3 emissions are a smaller part of our total lifecycle emissions – equivalent to one-third (1 Mt CO₂e)
- This is due partly to **limited end-of-life emissions**.
- Use a verified **LCA model** covering all relevant lifecycle stages **from cradle to grave**.
- **Started using biogas fueled trucks** transporting our products to customers and construction sites in Denmark and Norway

Scope 3 is defined according to the Greenhouse Gas Protocol and includes other indirect emissions from an organisation's activities that result from sources that they do not own or control.



ROCKWOOL's total Scope 3 emissions per category, 2021



- Fuel- and energy related activities
- Purchased goods and services
- **End-of-life treatment of sold products**
- Upstream Transportation and distribution
- Downstream transportation and distribution
- Waste generated in operations

Social and corporate governance

Diversity:

- **28 percent** of all leaders in middle management positions were female (goal of 25-35 percent), including **41 percent** of new hires.

Business ethics:

- Continued **Code of Conduct and anti-corruption training**.
- Updated **recruitment screening processes** and **donations policy/manual** re. political donations.

Whistle-blower:

- **16 cases** reported and investigated resulting in five people being dismissed.
- Updates made to Policy and internal procedures.

Due diligence:

- Assessed and mapped our **due diligence** processes with a view to strengthening these.
- Developing a **governance model** and **risk mitigation tool** to address supply chain risks.



EU policy development



Taxonomy eligibility



- Taxonomy eligible activities relate to climate mitigation within the category 3.5 **"Manufacture of energy efficiency equipment for buildings"**.
- The **dominant activity** is the production of **insulation products**.
- Sales from the **Systems segment are also included** where the products contribute as a key component in an external wall or roofing system.

min.
85%

total business revenue
is taxonomy-eligible

Proposed EU Commission energy efficiency legislation

The EU energy efficiency and energy performance of buildings directives are currently being revised:



**Higher 2030
energy efficiency
goal**



Increase current
32.5% target to

36%

and make it
mandatory



**3% renovation rate
for all public
buildings**



Proposal to extend
3% requirement to all
public buildings is

x10

increase over
existing legislation



**1.5% annual
savings target for
all member states**



Ambition level of binding
national energy savings
targets would be

x2

from 2024
onwards



**All F and G class
buildings to be
renovated by 2033**



Planned Minimum Energy
Performance Standards
would cover approximately

50m

public, commercial and
residential buildings



**Revised A-G label
for building
performance**



Revision of Energy
Performance Certificate
scale would allocate about

15%

of the building stock to
each energy class

EU-U.S. polling data shows support for renovation

- 79% of respondents would renovate their homes if they had the support.
- 73% would support mandatory energy performance standards, given the right enabling conditions.
- But only 44% consider themselves more or less knowledgeable on applying for funding and other support.
- A majority list costs as a major barrier.

This supports the assessment that the demand is there but we need:

1. More **ambitious legislation**.
2. A focus on simplifying **access to finance**, increasing **workforce capacity** and **project management / advisory** support.

Source: 2021 survey carried out by OnePoll among 14,000 respondents in Denmark, France, Germany, Italy, Poland, United Kingdom and the U.S. (2,000 people per country)



Housing Architects call for mass insulation of England's interwar suburbs

RIBA says scheme targeting efficiency and heating of older 20th-century housing could cut emissions by 4%

● **'Absolutely freezing': life in draughty 1930s homes**

Italian 110% Superbonus shows potential to scale up renovation

- Tax incentive-based funding increased from €28bn in 2020 to **€51bn in 2021**.
- **2.2m funding applications** submitted in 2021 (34% increase compared to 2020).
- Estimated **765 000 new jobs** in 2021.

“Italy's council of engineers estimates the Superbonus has boosted gross domestic product by 0.7% this year – exactly the sort of growth story some economists say the green transition can deliver for decades.

Source: Reuters, December 2021

Source: CRESME research institute for Italian parliament, 2022



Refurbishment of a multi-unit house in Milan, Italy.

Fire safe renovation

- Over the past decade, there has been a **rising number of building fires** involving combustible exterior wall systems and facade materials.
- There is an increasing focus on stricter fire safety regulations in a number of countries e.g. Belgium, Netherlands, Italy and Romania with particular focus on facades.
- ROCKWOOL continues to **advocate for fire safety regulations** that prohibit the use of combustible insulation and cladding on high-rise and high-risk buildings.

"In Italy, the requirements to prevent building façade fires are **not strict enough**. Italy should follow the straightforward regulatory approach England adopted after the Grenfell Tower fire".

Marco Cruciani, Project Manager at CMB Società Cooperativa



Aftermath of Milan tower fire, August 2021



Wildfire, Colorado Springs, USA

Going forward – what can you expect



Driving positive sustainability performance in 2022

Continued SDG progress in driving **increased product impact**.

Striving for fulfillment of **all six** Group Sustainability Goals.

Will be investing up to **100 MEUR annually on sustainability investments**.

Absolute CO₂e reductions through fully implemented factory conversions.

Circularity:

- **increased number** of country specific **reclaimed material schemes**.
- **increased number** of **fully closed-loop** factories.

Disclosure of our **taxonomy alignment** based on a Do No Significant Harm assessment.



Q&A

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Thank you

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