

**The Rockwool Group, 2011.
Mandatory report on Corporate Social Responsibility, cf.
Danish law on Annual Accounts, art. 99 a.**

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Overview and introduction

The Rockwool Group has always been managed on the basis of values requiring trustworthy and decent behaviour of the Rockwool Group and its employees. Since an update in 2010 in connection with the introduction of the new corporate strategy, Rock The Globe, the values of *honesty, entrepreneurship, efficiency, passion and responsibility* have been basic for actions taken in the Group and transactions with our stakeholders including suppliers and customers.

These values – as interpreted by the Rockwool Group - are further described on the corporate website.

Conducting our business according to the corporate values is the adequate framework for the Rockwool Group to conform with modern standards for responsible and reliable business conduct as well as corporate social responsibility.

The Rockwool Group has a number of Policies and Manuals to secure conformity. All employees must conform to the conditions covering their employment in the Rockwool Group – including values and group policies.

On an overall level, The Rockwool Group has for many years expressed its commitment to Corporate Social Responsibility (CSR) in the Group policy on social responsibility and the Group's social charter.

All employees and managers are required to ensure that these principles are being followed.

The Group's Principles of Leadership and procedures for bilateral conversations between all managers and subordinates as well as regular, general evaluations of each employee form the framework which helps ensuring that any misconduct according to these principles are addressed and that corrective action is taken.

Special development 2011

In accordance with the Danish law on Annual Accounts, art. 99 a., the company must annually report on its progress within the area on CSR. In addition to The Rockwool Group's general CSR policies and measures, this report covers - in each relevant section - the special development and initiatives for the year 2011.

Updated reporting on Corporate Governance

In order to ensure an optimal communication of the Rockwool Group's principles and actions regarding corporate governance, the Group has updated the structure of the annual report on Corporate Governance. The Group's policy on Corporate Governance itself has not been changed.

New supplier evaluation process

During 2011, the Rockwool Group's sourcing and procurement department has introduced a supplier evaluation process. This process will further strengthen the Group's control with suppliers of key raw materials – especially with focus on ISO and environmental certifications as well as compliance with the Group's code of conduct for suppliers.

Increased number of suppliers under corporate contracts

The share of suppliers who are under contract with the Rockwool Group's corporate procurement function have increased over the year. When under contract with the Group procurement function, any supplier must comply to a set of standardised, international requirements regarding for example environmental and quality certifications including also the Rockwool Group's Code of Conduct for Suppliers which has been made a part of the standard contract template.

Also in the Group's affiliated companies implementation of the Code of Conduct for Suppliers continues.

Relevant policies and sources

- *Our mission and values, www.rockwool.com*
- *Group policy on business responsibility (see appendix A)*
- *Group policy on business ethics (see appendix B)*

Social responsibility

The Rockwool Group will work in order to continuously improve our social performance by setting high objectives and integrating social, human rights and health & safety considerations into our daily business. The Group will maintain an open dialogue with our stakeholders and report annually on our social performance.

The Group supports the United Nations Universal Declaration of Human Rights.

Relevant policies and sources

- *Group policy on social responsibility, www.rockwool.com (appendix C)*

Social Charter for the Rockwool Group

In addition, the Group has chosen to further describe its social commitment in the Social Charter for the Rockwool Group.

The products and services sold by the Rockwool Group have a positive impact on the global problems of climate change and diminishing reserves of fossil energy. At the same time they improve the living conditions for millions of people by giving them thermal

comfort, affordable heating and cooling, reduced fire risk, a lower noise and vibration level, and fewer chemicals in vegetables from greenhouses. These basic, positive contributions to the world are important for the Group's employees, for its management and Board and for the spirit in which we all work.

The fact that the Group offers a positive contribution to the world is also paramount for the Group's largest shareholders, the Rockwool Foundation and the Kähler family members. According to its bylaws, the Rockwool Foundation has to spend its entire earnings to the benefit of society.

Of course the Rockwool Group as a company has to make money in order to develop the business and offer the shareholders a return on their capital. However, the priorities should not only be set according to where the Group can make most money; it should also be ensured that the Group continues to have a positive impact on society in the countries and on the continents where it operates.

Therefore the Group should continue avoiding being involved in products and in operations which have a negative impact on people's health and well-being, and we shall conduct our business in a way that also ensures a positive social impact on our surroundings. Conducting the business according to high ethical standards, and training personnel to a high international level, are typical ways in which the Rockwool Group positively influences our environment and society - wherever we operate.

Relevant policies and sources

- *Social charter*, www.rockwool.com

General evaluation and expectations for the future

The Rockwool Group's continuous work with CSR has resulted in several decisions where the most acknowledged principles for CSR have been applied in connection with the value based management of our business. Moreover we are confident that the knowledge of the Group's values and policies incorporating these principles is strong and thus used as guidance in all work done in the Rockwool Group. This is also reflected in our communication with suppliers, customers and other stakeholders.

In the following the Rockwool Group will elaborate on the translation of its Policies into actions taken with regards to ten of the most widely acknowledged principles of sound corporate social responsibility.

Relevant policies and sources are listed in connection with each principle. The detailed contents of many additional policies are developed for internal use only and will not be publicly available. Any requests about further information concerning the Rockwool Group's policies can be directed to the Group Communication department (see www.rockwool.com)

Human Rights

1. **The company should support and respect the protection of internationally proclaimed human rights.**

Actions, systems and procedures

The Rockwool Group supports the international human rights principles and standards for labour as defined by the United Nations. This implies minimum standards for freedom of association, non-discrimination, working hours, salary and benefits, disciplinary measures, child labour and forced labour.

Parallel to this, the Group Values (Honesty, responsibility, efficiency, passion and entrepreneurship) instil a general responsible and humane behaviour among all employees. Also the Group's Social Charter as described above supports the Group's general aim of contributing positively to not only society – but also to the individual human being's health and well-being.

These policies are stated and communicated through the Group's corporate communication vehicles such as e.g. the corporate website, intranet etc.

All employees must conform with these principles.

Relevant policies and sources

- *Group policy on social responsibility, www.rockwool.com (appendix C)*

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally recognized human rights defined by the United Nations. The general awareness among both employees as well as other relevant key stakeholders about The Rockwool Group's integrity in this area support the general recognition of the company being in full conformity with these principles.

The Group will maintain this position which is considered satisfactory.

2. The company should make sure that they are not complicit in human rights abuses.

Actions, systems and procedures

The Rockwool Group supports the United Nations Universal Declaration of Human Rights.

All suppliers under contract with the Group Procurement function are asked to sign a declaration to the Code of Conduct for Suppliers for the Rockwool Group including a commitment to comply with the UN Universal Declaration of Human Rights.

All significant suppliers and contractors under contract with the Group Procurement function are subject to random checks on human rights.

All employees and managers are required to ensure that these principles are being followed.

Relevant policies and sources

- *Code of Conduct for Suppliers to the Rockwool Group, www.rockwool.com, (appendix D)*

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally recognized human rights defined by the United Nations. The general awareness among both employees as well as other relevant key stakeholders about The Rockwool Group's integrity in this area support the general recognition of the company being in full conformity with these principles.

The Group will maintain this position which is considered satisfactory.

A special focus could be to increase the share of suppliers and contractors signing the Rockwool Group's Code of Conduct for Suppliers.

Special Development 2011

More suppliers under corporate contracts

The share of suppliers who are under contract with the Rockwool Group's corporate procurement function have increased over the year. When under contract with the Group procurement function, any supplier must comply to a set of standardised, international requirements regarding for example environmental and quality

certifications including also the Rockwool Group's Code of Conduct for Suppliers which has been made a part of the standard contract template.

Also in the Group's affiliated companies implementation of the Code of Conduct for Suppliers continues.

Labour Standards

3. The company should uphold the freedom of association and the effective recognition of the right to collective bargaining

Actions, systems and procedures

The Group supports the United Nations Universal Declaration of Human Rights which include recognition of everyone's right to form and to join trade unions for the protection of his interests.

In general, The Rockwool Group is not making any hindrance for employees and affiliate's membership of relevant organisations with the purpose of promoting and negotiating individual interests.

All employees and managers are required to ensure that these principles are being followed.

Relevant policies and sources

- *Group policy on social responsibility, www.rockwool.com (appendix C)*

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally recognized right to free association and collective bargaining.

The Group will maintain this position which is considered satisfactory.

4. The company should uphold the elimination of all forms of forced and compulsory labour.

Actions, systems and procedures

The Group supports the United Nations Universal Declaration of Human Rights which prohibit all forms of forced and compulsory labour.

All employees and managers are required to ensure that these principles are being followed.

The Group is increasing its business activities in emerging markets, at the same time strengthening the auditing of suppliers. The Group has established a standardised evaluation process and those suppliers not reaching the necessary score will be subject to an audit carried out by the Group's internal audit function.

Relevant policies and sources

- *Group policy on social responsibility, www.rockwool.com (appendix C)*

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's active support to the internationally recognized objective of eliminating all forms of forced and compulsory labour.

The Group will maintain this position which is considered satisfactory.

A special focus could be to increase the share of suppliers and contractors signing the Rockwool Group's Code of Conduct for Suppliers.

5. The company should uphold the effective abolition of child labour.

Actions, systems and procedures

The Group supports the United Nations Universal Declaration of Human Rights which upholds the effective abolition of child labour.

All employees and managers are required to ensure that these principles are being followed.

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The Group is increasing its business activities in emerging markets, at the same time strengthening the auditing of suppliers. The Group has established a standardised evaluation process and those suppliers not reaching the necessary score will be subject to an audit carried out by the Group's internal audit function

Relevant policies and sources

- *Group policy on social responsibility, www.rockwool.com (appendix C)*
- *Code of Conduct for Suppliers to the Rockwool Group (appendix D)*

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally proclaimed objective of abolition of child labour.

The Group will maintain this position which is considered satisfactory.

A special focus could be to increase the share of suppliers and contractors signing the Rockwool Group's Code of Conduct for Suppliers.

6. The company should uphold the elimination of discrimination in respect of employment and occupation.

Actions, systems and procedures

The Group supports the United Nations Universal Declaration of Human Rights which upholds the elimination of discrimination in respect of employment and occupation.

The Group is against any kind of discrimination due to e.g. age, gender, race and religion and actively aims at strengthening the company's internal diversity in these areas.

Any incident of discrimination and action taken against it must be reported to the responsible management.

All employees and managers are required to ensure that these principles are being followed.

Relevant policies and sources

- *Social responsibility*, www.rockwool.com

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally recognized objective of eliminating discrimination in respect of employment and occupation.

The Group will maintain this position which is considered satisfactory.

Environment

7. The company should support a precautionary approach to environmental challenges.

Actions, systems and procedures

Due to the Rockwool Group's corporate mission and the nature of the company's main product area, building insulation, the company is a major contributor to energy efficiency and thereby reduction of CO2 emission, thus having a significant positive influence on the environment by providing sustainable solutions addressing the many challenges of global climate change. Also the company's other products provide major positive environmental advantages such as e.g. noise reduction and improved indoor climate.

The Rockwool Group has signed the ICC (International Chamber of Commerce) Business Charter for Sustainable Development. Rockwool has thereby committed itself to improve environmental performance in accordance with the Charter's principles, to have in place management practices to effect such improvement, to measure progress and to report this progress as appropriate, internally and externally.

The Rockwool Group has also drawn up a Group Environment Policy. It is Group policy to either meet or exceed all relevant national and international environmental standards and legislation.

The Group's Environment Management System includes safety management and auditing.

A number of detailed manuals including detailed standards, procedures, audit and reporting requirements have been established for all relevant production processes.

A number of the Rockwool Group's production sites are certified according to the ISO 14001 standard for environmental management.

Rockwool companies have won numerous environmental awards.

Major relevant product groups are subject to evaluation of their environmental impacts based on a lifecycle assessment (LCA). LCA is a structured study of a product's positive and negative environmental impacts throughout its lifecycle: From extraction and production of resources and raw materials through production to use and final disposal of the product.

The Rockwool Group's climate and environmental performance is published annually in The Climate and Environmental Report. The report covers areas like consumption of energy, raw material, water as well as data on emissions, waste etc.

All employees and managers are required to ensure that these principles are being followed.

Relevant policies and sources

- *Group environmental policy*, Appendix E, www.rockwool.com
- *Climate and Environmental Report*, www.rockwool.com
- *Employee Safety Assurance Manual*, (internal)
- *ICC Business Charter for Sustainable development*, www.bsdglobal.com

Evaluation and expectations for the future

The Rockwool Group considers its performance in this area satisfactory and will maintain this position.

The Group is currently not involved in environmental litigation other than in a case with the authorities in Croatia. Environmental law suits are exceptional for the Rockwool Group.

8. The Company should undertake initiatives to promote greater environmental responsibility.

Actions, systems and procedures

Besides the comprehensive existing system for managing and auditing environmental impacts, The Rockwool Group is constantly developing improvements of existing systems or new, relevant systems, programmes or schemes which can help improve the company's environmental performance or promote a greater environmental responsibility.

Both the ICC Business Charter for Sustainable Development, the Rockwool Group's own environmental policy as well as its social charter promote our commitment to constantly seeking ways to improve environmental performance.

The Group is a part of the Carbon Disclosure Project (CDP), publicly reporting according to strict procedures and standards about the company's CO₂ emission. The CDP reporting allows the company to benchmark itself against other relevant players.

The Rockwool Group has defined a general guideline for environmental assessment of suppliers (under contract with the Group Procurement function). This is used to screen existing and potential suppliers in order to assure that also their environmental performance are taken into consideration when evaluating the business relationship. This is seen as a tool to extend The Group's commitment to improve environmental performance also outside the company itself.

All suppliers under contract with the Group Procurement function are asked to sign a declaration to the Code of Conduct for Suppliers for the Rockwool Group including a commitment to comply with any relevant environmental legislation and in general to act responsibly towards the environment.

All significant suppliers and contractors under contract with the Group Procurement function are subject to random checks on environmental performance.

A calculation from 2010 of the Rockwool Group's carbon foot print (audited and verified by PriceWaterhouseCoopers) shows that in total, 4,000 million tonnes of CO₂ – equal to 2009 emissions from India, Russia and Germany combined - is the positive net carbon footprint from the Rockwool Group's production of insulation in 2009. This is approximately 20 times the result of the former calculation which not sufficiently took into consideration the energy savings that particularly technical insulation provides.

Relevant policies and sources

- *Group environmental policy*, Appendix E, www.rockwool.com

- *Carbon Disclosure Project*, www.cdproject.net
- *Climate and Environmental Report*, www.rockwool.com
- *ICC Business Charter for Sustainable development*, www.bsdglobal.com
- *Environmental Assurance Manual* (Internal)

Evaluation and expectations for the future

The Rockwool Group considers its performance in this area satisfactory and will maintain this position by continuing the initiatives mentioned above.

A special focus could be to increase the share of suppliers and contractors signing the Rockwool Group's Code of Conduct for Suppliers.

Special development 2011

Entering Top 10 in the Nordic Carbon Disclosure Leadership index

The Rockwool Group has participated in the Carbon Disclosure Project since 2008. In 2011 we improved our ranking and are now in the Top 10 of the Nordic Carbon Disclosure Leadership index.

9. The company should encourage the development and diffusion of environmentally friendly technologies.

Actions, systems and procedures

Being the world's second largest producer of insulation material which in its lifetime saves more than 100 times the energy used for its manufacturing and transportation, the Rockwool Group plays a significant role in developing and diffusion of environmentally friendly technologies through our sales of insulating systems for building, industrial and marine and offshore applications.

Given the very energy and capital intensive nature of the Rockwool production process all production sites and related procedures are audited on efficiency and environmental performance and global best-practise is deployed.

With regard to the company's products, a significant amount of resources are invested in research and development of new technologies that can improve the energy efficiency in buildings all over the world. Apart from own efforts and competences engaged in this, The Rockwool Group also works together with a large number of external partners such as universities and other institutions involved in research and development in this area.

The Group also plays an active role in informing and working together with authorities, opinion leaders and political decision makers in order to promote the best possible framework in terms of public building codes etc. which will motivate a higher level of energy efficiency in buildings.

Relevant policies and sources

- *Group environmental policy*, Appendix E, www.rockwool.com
- *Carbon Disclosure Project*, www.cdproject.net
- *ICC Business Charter for Sustainable development*, www.bsdglobal.com
- *Environmental Assurance Manual* (Internal)

Evaluation and expectations for the future

The Rockwool Group considers itself to be very active in the development and diffusion of environmentally friendly technologies. It is part of the company's business to constantly keep developing and diffusing such technologies.

Special development 2011

Launch of Energy Design Center

By establishing Rockwool Energy Design Center, the Rockwool Group helps our customers to overcome the challenges of the increasing demands on energy

efficiency in buildings by providing advisory services and high performance building envelope solutions. This will not only make it easier to fight the world's big climate challenges, but also offer building professionals such as architects and contractors as well as builders access to the best and most updated knowledge on energy efficiency in buildings.

Anti-corruption

10. The company should work against corruption in all its forms, including extortion and bribery.

Actions, systems and procedures

The Rockwool Group has for many years had clear policies on business integrity covering various social, financial and corporate governance related areas.

The Group's manual on Business Ethics clearly states in details how employees should abstain from participating in any kind of corruptive actions such as bribery, receiving gifts, making improper donations etc.

For the procurement functions special additional rules apply.

All employees and managers are required to ensure that these principles are being followed.

Relevant policies and sources

- *Our mission and values*, www.rockwool.com
- *Group policy on business responsibility*, www.rockwool.com, (appendix A)
- *Group policy on business ethics*, www.rockwool.com, (appendix B)

Evaluation and expectations for the future

The Rockwool Group has not been compromised by any case or relationship which has questioned the company's conformity with the internationally recognized standards for business ethics and non-corruptive behaviour.

The Group will maintain this position which is considered satisfactory.

A special focus could be to increase the share of suppliers and contractors signing the Rockwool Group's Code of Conduct for Suppliers.

Special development 2011

More suppliers under corporate contracts

The share of suppliers who are under contract with the Rockwool Group's corporate procurement function have increased over the year. When under contract with the Group procurement function, any supplier must comply to a set of standardised, international requirements regarding for example environmental and quality certifications including also the Rockwool Group's Code of Conduct for Suppliers which has been made a part of the standard contract template.

Also in the Group's affiliated companies implementation of the Code of Conduct for Suppliers continues.

Appendix A

Group policy on business responsibility

All managers will conduct their business in such a way that customers, employees and the general public will consider companies within the Rockwool Group as responsible and reliable firms. In particular, they will ensure that they act within the laws and regulations applicable to their business.

Appendix B

Group Policy on business ethics

Guided by the Rockwool Group values, we encourage our employees to build appropriate relationships with our business partners. With regard to such matters, good judgment is always required as it is difficult to list rules that can anticipate every possible situation without being overly prescriptive and harmful to the professional relationship. However, we must seek an appropriate balance between building and maintaining strong relationships and ensuring that our professionalism is maintained and our integrity never impaired.

To help our employees to act accordingly a set of mandatory rules have been implemented. The most important are summarized below:

- We always comply with laws, regulations and standards that apply to us in our professional conduct.
- We do not give or accept bribes as we strive for fair competition,
- We do not participate in laundering money from criminal activities. This means we actively document and trace financial transactions with our business partners.
- We do not pay criminals for protection but we organise protection of our employees and assets via legalised and recognised companies when needed.
- We do not give or receive big gifts of any kind still respecting cultural traditions in the countries where we operate.
- We accept reluctantly to pay to facilitate minor public services such as visa, however under a strict reporting and control. In no cases we should pay facilitation payments for tax and environmental matters or to obtain business contracts.
- All border line situations or deviations to these rules are to be reported to management in order to ensure a full transparency within the Group.

This appendix is a summary. The full business ethics policy is published on the Group's intranet and contains further details which help our employees to act when they are facing doubtful situations.

Appendix C

Group policy on social responsibility

The Rockwool Group will work in order to continuously improve our social performance by setting high objectives and integrating social, human rights and health & safety considerations into our daily business. The Group will maintain an open dialogue with our stakeholders and report annually on our social performance.

- The Group supports the United Nations Universal Declaration of Human Rights.

Appendix D:

Code of Conduct for Suppliers to the Rockwool Group

The Rockwool Group is committed to running its business on ethically and environmentally-sound principles. We wish to ensure that we act responsibly in accordance with ethical, legal and international standards of behaviour and we endeavour to continuously improve our social performance.

The Rockwool Group supports the United Nations Universal Declaration of Human Rights.

We expect our suppliers to uphold similar principles. This Code is designed to explain our expectations to our suppliers in more detail.

Compliance with Applicable Laws and Standards

We expect our suppliers to comply with all international, national and local laws and standards relating to employment, environmental, purchasing and manufacturing practises.

Employment Practices

The Rockwool Group wishes to ensure that the working practices of our suppliers towards their employees regarding such issues as equal opportunities, Trade Union recognition and fair employment terms comply with or exceed national and internationally accepted standards. We would expect all suppliers to strive towards reducing any potential risk to their employees and to provide them with safe and healthy working conditions.

Environmental Practices

We would expect our suppliers to comply with the environmental standards and regulations relevant to their business and to practice sound environmental principles in their operations.

The Rockwool Group has adopted the ICC “Business Charter for Sustainable Development – Principles for Environmental Management”, which identifies responsibilities, requires an Environmental Officer to be appointed, expects us to have an Environmental Management System with specific 3 year plans and expects all new machinery to be environmentally risk assessed before coming into operation. We will encourage each of our suppliers to follow these principles.

Purchasing Ethics

Employees of the Rockwool Group, irrespective of their position in the organisation, will not accept any gift from a supplier (either directly or indirectly) that could appear to influence their decisions on sourcing and contracting issues.

Please ensure that your employees, your suppliers and your sub-contractors are not only aware of these guidelines, but are also committed to uphold the principles set out above.

Compliance with these guidelines is seen as the basis of a good, constructive and professional working relationship between our companies. Any deviation from these guidelines could detrimentally affect this relationship.

Appendix E:

Group Environmental Policy

With the commitment of all the subsidiary companies, and in consultation with their managing directors, the Rockwool Group has drawn up an environment policy. In accordance with this, our companies undertake:

- to have an environmental management system, which describes responsibility and control procedures, and to make constant improvements to this system
- to ensure that the factories do not cause problems for their neighbours of a more serious nature than is normal in an area also housing industry
- as a minimum, to comply with the conditions imposed on them by the regulatory authorities; if this is not happening in any given area, then to inform the authorities immediately and to take steps enabling compliance
- to maintain an open dialogue with stakeholders - customers, regulatory authorities, investors, employees, suppliers and neighbours - in order to ensure that relevant interests and requirements concerning environmental issues are met
- via the Group's environmental department, to carry out audits at the plants to assist the environmental work of the manufacturing companies

The Rockwool companies have acceded to the International Chamber of Commerce (ICC)'s Environmental Charter for Sustainable Development – Principles for Environmental Management.