



Regenerative by nature

Sustainability Report 2020

The ROCKWOOL® trademark

The ROCKWOOL trademark was initially registered in Denmark as a logo mark back in 1936. In 1937, it was accompanied with a word mark registration; a registration which is now extended to more than 60 countries around the world.

The ROCKWOOL trademark is one of the Group's largest assets, and thus, is well protected and defended by us throughout the world.

ROCKWOOL Group's primary trademarks:

ROCKWOOL®

Rockfon®

Rockpanel®

Grodan®

Lapinus®

Additionally, ROCKWOOL Group owns a large number of other trademarks.

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Building a better future

Climate change, resource scarcity, rapid urbanisation, and the growing emphasis on human health and wellbeing create big challenges as well as opportunities for society.

At ROCKWOOL, we transform volcanic rock into stone wool, creating safe and sustainable products that help people and the communities where they live, learn, work and play to thrive. Indeed, stone wool is a versatile natural material with multiple benefits that makes it ideal for applications in buildings, industry, transportation, horticulture and water management.

In this report, you will learn how ROCKWOOL's products contribute to addressing many of society's biggest challenges, creating new opportunities to enrich modern living and build safer, healthier, and more climate resilient communities. You will also read more about how we strive every day to create new

solutions and maximise the benefits of using our products and improve existing processes to reduce our operational footprint.

In 2020, despite the many challenges the COVID-19 pandemic brought, we kept our employees safe, marked significant progress toward several of our six Group-wide sustainability goals, and strengthened our commitment to decarbonisation by setting ambitious science-based targets in line with the Paris Agreement goals.

There were challenges too. For example, despite successfully offering reclaimed waste schemes in three more countries in 2020, there remain structural barriers in many markets that make increasing recycling volumes difficult. And whilst we managed to reduce the number of lost time incidents, our Lost Time Incident rate increased.



ROCKWOOL at a glance

11 500
employees across Europe,
North America, Russia and Asia

68
nationalities
worldwide

47
manufacturing
facilities

2 602 EURm
net sales

10
SDGs to which we have
committed

6
Group-wide 2030
sustainability goals

2
Group-wide 2034
science-based targets



“Despite the challenges we are optimistic about the future



Last year will be one we will never forget and will be remembered most for the COVID-19 pandemic and the dramatic impacts it has had on all our lives. The resulting global health and economic crises on top of a global climate crisis has created significant challenges for governments and society that will take time to address.

While climate measures initially took a back seat to the immediate tasks of providing healthcare and boosting economies, the pandemic ultimately triggered government action to tackle all three challenges at once. It quickly became apparent that leveraging climate initiatives to spur economic growth and create healthier and safer communities were mutually reinforcing opportunities.

This greening of the economic recovery is a generational opportunity that we cannot afford to miss. The European Commission is demonstrating genuine leadership on this front, highlighting that buildings are crucial for both climate action and economic recovery.

Combined with the Commission raising the EU's 2030 greenhouse gas emissions reduction target to at least 55 percent, its “Renovation Wave” strategy calls for doubling the EU's current building renovation rate to two percent. They are working on important new policy initiatives to achieve that goal. This matters greatly as buildings are the EU's biggest carbon emitter, responsible for 36 percent of greenhouse gas emissions.

The same can be said for buildings in the United States, which alone are responsible for more greenhouse gas emissions than any other country except for China. Pursuing the Biden administration's ambitious climate agenda and targeted building renovation goals will contribute to reducing energy consumption and related emissions as well as creating healthier

and more resilient buildings. We look forward to our newest manufacturing facility starting up operations in the United States around mid-year, which will increase our ability to supply the growing demand for our products there.

ROCKWOOL's thermally efficient, fire-resistant, and recyclable insulation, ceiling tiles, and exterior cladding products are a perfect fit for this wave of renovation and the growing awareness of the important role buildings play in achieving climate goals. The ability to infinitely recycle stone wool into new insulation with no loss of performance when a building is renovated or taken down means that there is less waste going to landfill and less end-of-life emissions than with non-recyclable materials that might otherwise be incinerated.

One could say we are renovating our own house too. We have a strong foundation as a net carbon-negative company due to the performance of our products – yet, as a manufacturer we also know we need to do more to reduce the impact of our own production processes.

That is why in December 2020, we announced commitments to accelerate the decarbonisation of our business, with specific long-term targets verified and approved by the Science Based Targets initiative (SBTi). These are ambitious commitments, and we are proud to be among the few energy-intensive manufacturing companies to have our science-based targets verified and approved by SBTi. Having developed and deployed innovative new melting technologies at ROCKWOOL factories in Denmark and Norway, we have already reduced our carbon emissions in the Nordic region by more than 70 percent relative to the 1990 baseline year. You can read more about the targets and how we will reach them on pages 15 - 17.

These science-based targets will reduce our lifecycle greenhouse gas emissions by one-

third by 2034. In addition, these targets also encompass reducing the emissions that result from further business growth. These targets come on top of the six sustainability goals we set in 2016 among other things to continue reducing the carbon intensity (carbon emitted per tonne produced) of our production.

During 2020, we further strengthened the circularity of our business by meeting or exceeding two of the six interim goals two years ahead of schedule – specifically, on reducing production waste going to landfill and improving the water efficiency in our factories. We made good progress on meeting two of the other four goals. Although we had fewer lost time incidents in 2020 than in 2019, we did not meet our goal to reduce the Lost Time Incident rate. The safety of our colleagues and those working at all our sites will always be our highest priority. You can read more details on our progress toward the six goals on pages 29 - 33.

We are also proud of the fact that for the second time, Trucost, part of Standard & Poor's Global, has classified all our products as being SDG positive, meaning they have a positive impact on reaching the UN Sustainable Development Goals. It is also worth noting that in the EU context, we estimate that 95 percent of the revenue from our insulation business is taxonomy eligible in the climate mitigation category.

Despite the challenges still facing the global community, we are optimistic about the future. The solutions to many of the world's challenges already exist, especially in the built environment. At ROCKWOOL, we look forward to continuing to do our part to create more resilient, healthier and safer communities and a more circular economy.

Jens Birgersson, CEO

#RacefortheFuture

As proud partner to the Denmark SailGP Team, ROCKWOOL will play a key role as SailGP's supercharged, foiling boats take to the water for the global racing championship's second season, which gets underway in April 2021.

SailGP has fast become the pinnacle event in sailing, with epic on-water battles, iconic venues and cutting-edge technology delivering an unmissable spectacle for fans.

But SailGP is about far more than just top-level sport – and has an ambition to be the world's most sustainable purpose-driven global sports and entertainment platform. Through its Race for the Future initiative, SailGP will use its global reach to race for a better future and champion a world powered by nature to accelerate the transition to clean energy.

SailGP has set an ambitious target to reduce emissions by 55 percent by 2025. Underpinned by an action-orientated plan spanning SailGP events, host venues, technologies, partners and athletes, each team will race for purpose, and will collaborate with a Race for the Future partner to help raise awareness around an important cause.

SailGP Season 2 features eight Grand Prix events, including the ROCKWOOL Denmark Grand Prix in Aarhus, Denmark in August 2021, marking a memorable homecoming for both ROCKWOOL and the Denmark SailGP Team.

“We have a hugely exciting opportunity as a global platform to not only transform the sport, but also drive an optimistic, purpose-led agenda that inspires, delivers real and meaningful change, and focuses on a better future for all”, said SailGP CEO, Sir Russell Coutts.

“We are delighted to be working with ROCKWOOL – an innovative, purpose-led company – and the rest of our key partners, to raise awareness around these issues and to make decisions with that better future in mind. It is a new and progressive way of thinking for the sport, and together, we can make a real impact”.

“Sailing showcases the best of our planet – the ocean is our race track, and the boats are powered by nature”, said Mirella Vitale, Senior Vice President, Marketing, Communications and Public Affairs at ROCKWOOL Group.

“ROCKWOOL's collaboration with the Denmark SailGP Team gives us the opportunity to showcase our sustainable solutions and tell our story in new ways, whilst playing a key role in SailGP's wider global movement to build a better future”.

Progress and achievements 2020

In 2020, ROCKWOOL was again recognised for its positive impact on society and at the same time made significant progress in reducing its operational footprint.

Trucost, part of Standard & Poor's Global, has for the second time classified all our products as being SDG positive, meaning they have been assessed as having a positive impact on reaching the UN Sustainable Development Goals.

We have also estimated that 95 percent of the revenue from our insulation business is taxonomy eligible in the category climate mitigation¹.

The remaining five percent is mainly from traded goods. The recognition of the positive role ROCKWOOL plays in shaping a sustainable society is reflected in our being included again this year in the portfolio of SDG Invest, as one of 50-60 best performing companies globally.

We completed two of our six interim sustainability goals two years ahead of schedule. Those two goals are reducing production waste going to landfill by 40 percent – we hit 50 percent; and improving the water efficiency in our factories by 10 percent. We made good progress on

meeting two of the other four goals, whilst we did not meet our safety goal. You can read more details about this progress in the following pages of this report.

95%
revenue from insulation business is EU taxonomy eligible

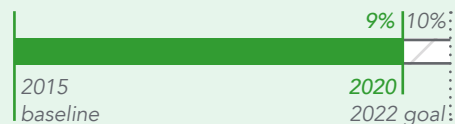
Trucost
ESG Analysis
S&P Global

100%
of ROCKWOOL's products are classified as SDG positive by Trucost, part of S&P Global in 2020.

★ CO₂ emissions

SDG
13

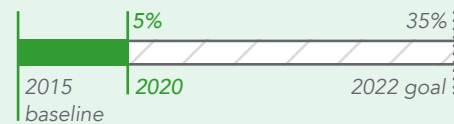
Our goal: Reduce CO₂ emission intensity (CO₂/t stone wool) from our stone wool production facilities by 20% by 2030 (10% by 2022)



★ Energy efficiency

SDG
7

Our goal: Reduce energy consumption (kWh/m²) within own (non-renovated) offices by 75% by 2030 (35% by 2022)

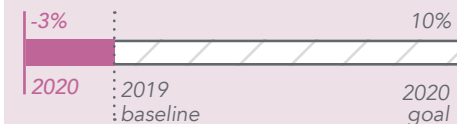


★ Safety, health and wellbeing

SDG
8

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

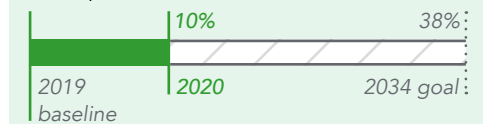
Zero fatalities in 2020



★ Absolute factory greenhouse gas emissions (CO₂e) science-based target

SDG
13

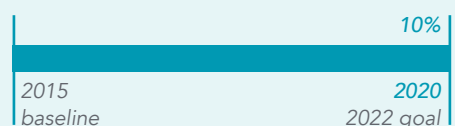
Our goal: Reduce factory absolute greenhouse gas emissions (Scope 1 and 2) by 38 percent by 2034



★ Water consumption

SDG
6

Our goal: Reduce water intensity (m³/t stone wool) from our stone wool production facilities by 20% by 2030 (10% by 2022)



★ Reclaimed waste

SDG
12

Our goal: Increase the number of countries where we offer recycling services for our products to 30 by 2030 (15 by 2022)



★ Landfill waste

SDG
12

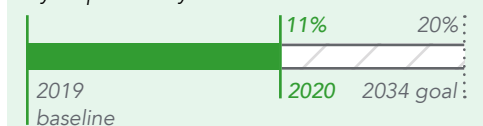
Our goal: Reduce landfill waste (tonnes) from our stone wool production facilities by 85% by 2030 (40% by 2022)



★ Absolute lifecycle greenhouse gas emissions (CO₂e) science-based target

SDG
13

Our goal: Reduce non-factory, absolute lifecycle greenhouse gas emissions (Scope 3) by 20 percent by 2034



¹ European Commission, 2020, EU Taxonomy for sustainable activities, https://ec.europa.eu/info/business-economy-euro/banking-and-finance/sustainable-finance/eu-taxonomy-sustainable-activities_en

Sustainability focus areas, risks and governance

Sustainability is integral to our business strategy. We pursue a fact-based, auditable approach backed up by third-party references and methodologies to document progress in maximising our products' positive impact (handprint) and minimising the impact of our operations (footprint).

Our approach regarding sustainability is based on three principles covering both the handprint and footprint:

- **Using less energy and materials.**

Reducing energy and resource consumption will always be the first principle and preferred approach. We do this through the circularity of our products and the significant amounts of energy and resources our products save in their lifetime. We continually improve the energy efficiency of our own operations and products.

- **"Greening the rest"**, by saving energy in buildings and in our own operations, we help reduce overall energy system capacity needs and thereby contribute to a faster and more cost-effective greening the rest i.e. transitioning to renewable energy sources (see page 16).

- **Addressing climate hazards.**

By thinking ahead and maximising the performance of existing products and innovating new ones, we are addressing many climate-related hazards, such as fires, flooding,

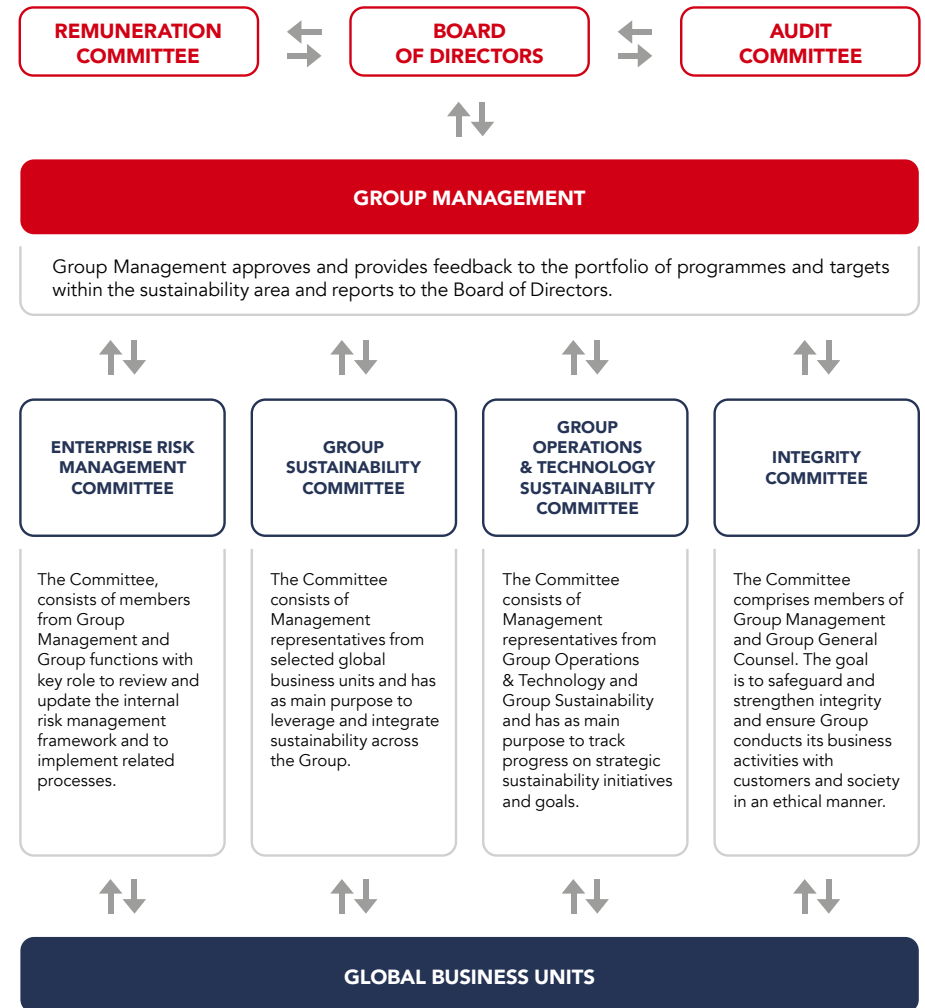
asset risks, and fossil fuel dependency. Examples of this include our non-combustible, energy saving insulation products (see page 22) and solutions for climate adaptation (see page 17). We are also reducing our own fossil fuel dependency with an ambitious decarbonisation strategy (see page 15).

Going beyond reducing our operational footprint

In 2016, we committed to contribute actively to 10 of the United Nations Sustainable Development Goals (SDGs). At the same time, we set six sustainability goals, all of which are SDG aligned. Keen to show that true sustainability goes beyond reducing our operational footprint, we measure our products' lifecycle impacts through specific metrics. To strengthen data quality, our sustainability goal performance was externally verified and assured for the first time in 2020.

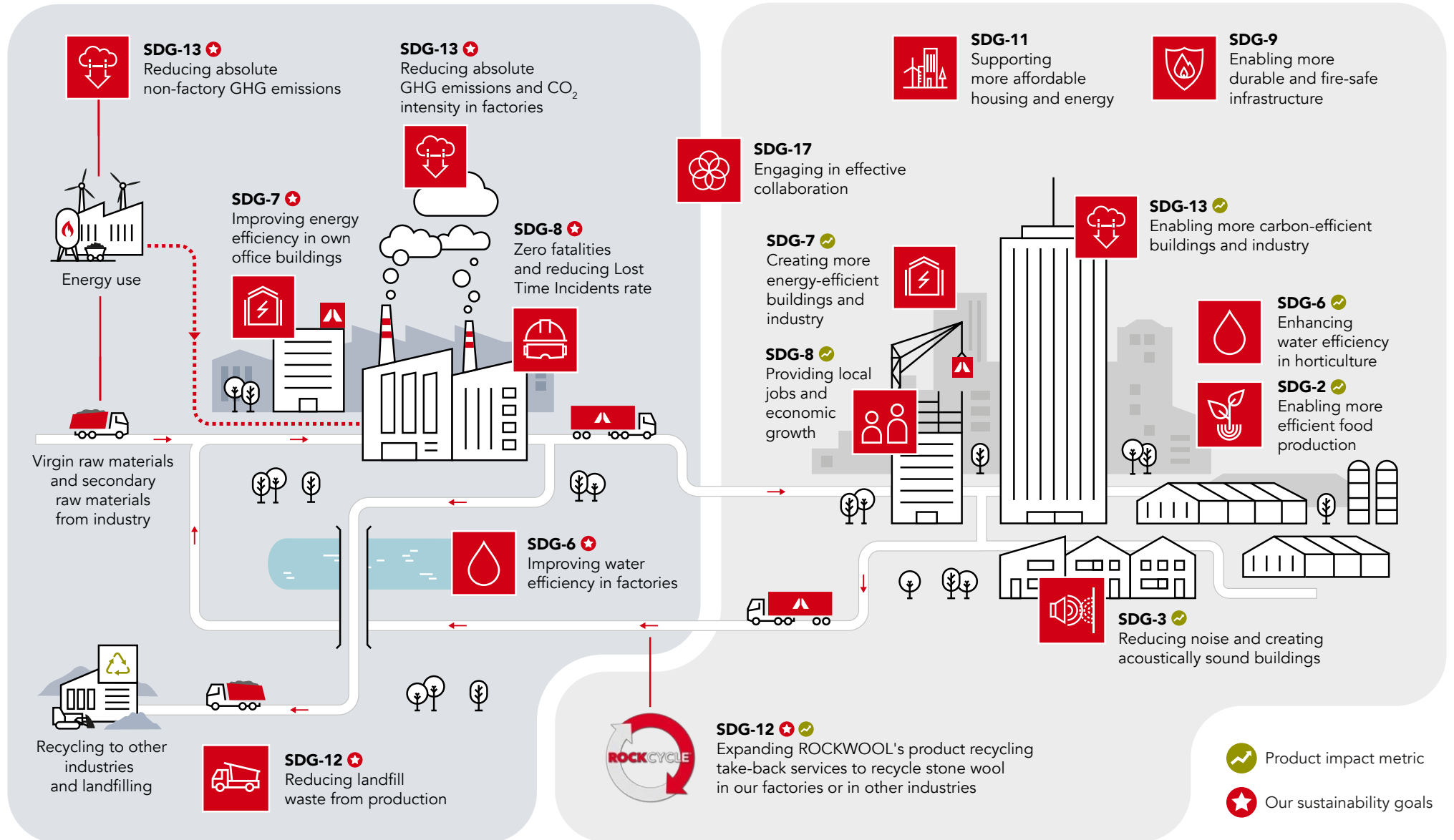
Prioritising our sustainability efforts

We prioritised the SDGs on which to focus and set the six sustainability goals after consulting with key internal and external stakeholders as well as evaluating our core competencies. Our annual strategy process examines how best to address the opportunities and challenges we face in making progress on our sustainability priorities – and refines implementation plans. Global business units feed into this process with input from key stakeholders such as customers, value chain partners, policymakers, and others. The Group's strategy processes are dynamic, introducing new priorities as needed, such as the two science-based greenhouse gas emission reduction targets set in 2020 (see page 15).



In 2020, Group Operations & Technology Sustainability Committee with specific focus on strategic initiatives within operations was established. For more information see <https://www.rockwool.com/group/about-us/corporate-governance/governance-bodies/>

Our value chain impact





Les Trèfles primary school in Anderlecht, Belgium



Creating impact

From taking action on climate change, to creating jobs, helping communities be safe and healthy, and ensuring a sustainable food chain, we are contributing to enabling resilient and sustainable recovery.

In this section

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Resilient and sustainable recovery

As countries tackle the economic and social impact of the COVID-19 pandemic, there is also a need to reimagine urban living. This is about much more than simply renovating buildings. It is about resilient neighbourhood regeneration that equips communities to face tomorrow's challenges. ROCKWOOL can play a powerful role in this process and we are determined to seize the opportunity.



A unique opportunity to reimagine life in cities

The COVID-19 pandemic has disrupted the global status quo, shining a harsh light on the vulnerabilities in the global economic, social, and environmental systems.

As governments develop and implement social and economic recovery plans, there is a pressing need to reimagine life in cities, building prosperous, healthy and resilient communities better prepared to face future challenges including climate change.

Buildings play a critical role

Globally, buildings account for around 38 percent of CO₂ emissions¹ and 40 percent of the total primary energy demand².

The building sector thus has a major role and responsibility to contribute to tackling both the existing challenges communities face as well as help them adapt to and mitigate climate change impacts. In short, resilient neighbourhood regeneration.

For ROCKWOOL, this transformation goes beyond repairing buildings to reimagining communities and their whole way of living. The building stock can help communities adapt to this new way of living by improving energy efficiency and fire safety in ageing structures, creating a healthier indoor climate, and establishing circular supply chains for the materials used to construct and renovate buildings.

Building on our three sustainability principles of using less, greening the rest and addressing climate hazards, we are contributing in multiple ways, including:

- Driving increased energy efficiency, particularly of the existing building stock, to capture the multiple economic, climate, and health benefits that result from building renovation³;
- Decarbonising our business and value chain thereby further reinforcing our net carbon negative foundation;
- Preserving the value of new and existing buildings and the materials they consist of by ensuring their durability, performance and circularity;
- Delivering healthy living environments by using building materials with natural fire and climate resilience, thermal comfort, and high acoustic performance; and,
- Enabling sustainable hydroponic horticulture in neighbourhoods through increasing yields and using less land, water and fertilisers.

In the following chapters, we look at how we are delivering on these key elements by maximising the positive benefits of our products and minimising the negative impacts of our manufacturing processes and value chain.

¹ Global Alliance for Buildings and Construction, 2020, 2020 Global Status Report

² European Commission, Energy performance of buildings directive, 2019

³ European Commission, 2020, Communication from the Commission to the European Parliament, the Council, the European Economic and Social Committee and the Committee of the Regions

The role of energy renovation

Energy renovation is a major driver for achieving global climate targets and future proofing tomorrow. It has a positive impact on many areas where changes are needed if we are to reimagine city living – economic revitalisation, the health of urban communities, addressing energy poverty and creating a decarbonised, circular building stock.

Building renovation is picking up speed

As a key player in the building sector, we advocate for policy changes to accelerate progress in this area. We are helping to facilitate this change through practical support, such as training craftsmen and advising end-consumers, policymakers, and regulators on setting up and utilising renovation schemes.

According to the European Commission, building renovation rates need to double over the next decade to meet the 55 percent greenhouse gas reduction target by 2030¹. This in turn is needed to meet the EU's goal of becoming climate neutral by 2050.

Renovating Europe's ageing building stock is central in the Commission's plans, in large part because buildings are the EU's biggest carbon emitter, responsible for 36 percent² of its greenhouse gas emissions.

In the United States, buildings³ alone are responsible for more greenhouse gas emissions

annually than those of any other country except for China⁴.

And no less important in times of COVID-19, renovating buildings can contribute to job creation. In fact, it is estimated that

per billion euro invested, renovating the homes and buildings we occupy can create 18 000 jobs⁵.

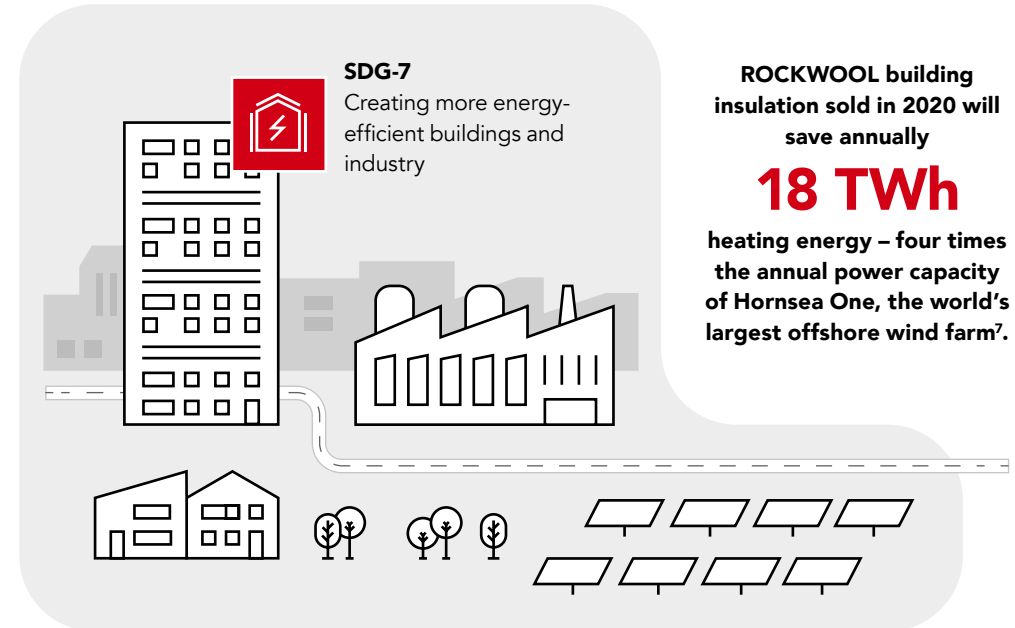
What's more, energy renovation also plays an important role in improving air quality and addressing energy poverty – both issues present compelling challenges especially in eastern and parts of southern Europe¹.

This is why the Commission's new Renovation Wave strategy is so important. It acknowledges the highstakes as well as the role building renovation can play in greening the economic recovery and improving the overall health and wellbeing among those living in Europe.

¹ European Commission, 14 October, 2020, Questions and Answers on the Renovation Wave. According to the source, an estimated 34 million households cannot afford to pay their energy bills, https://ec.europa.eu/commission/presscorner/detail/en/QANDA_20_1836

² European Commission, 2020, In focus: Energy efficiency in buildings

³ Environmental and Energy study institute, 2019, Buildings & Built infrastructure, <https://www.eesi.org/topics/built-infrastructure/description>



See <https://www.rockwool.com/group/carbon-impact/#methodology>

“ Our buildings generate 40% of our emissions.

They need to become less wasteful, less expensive and more sustainable. I want NextGenerationEU to kickstart a European renovation wave and make our Union a leader in the circular economy”.

Ursula von der Leyen, President of the European Commission⁶

⁴ European Commission, 2020, Fossil CO₂ emissions of all world countries – 2020 Report

⁵ Renovate Europe, 2020, Building Renovation: a kick-starter for the EU economy, <https://www.renovate-europe.eu/2020/06/10/building-renovation-a-kick-starter-for-the-eu-economy/>

⁶ European Commission, 16 September, 2020, State of the Union Address by President von der Leyen at the European Parliament Plenary, https://ec.europa.eu/commission/presscorner/detail/en/SPEECH_20_1655

⁷ Ørsted, 2020, Hornsea One Offshore Wind Farm, <https://hornseaprojects.co.uk/>

🔍 Making a real difference on climate change and jobs – the Italian “Superbonus” scheme breaks new ground

In May 2020 the Italian government adopted the decree “Decreto Rilancio” with the aim of helping to “relaunch” the Italian economy in response to the COVID-19 pandemic. To accelerate renovation of the existing building stock, the decree established the financial scheme Superbonus 110%. To qualify for the Superbonus, a renovation must improve the building’s energy efficiency by at least two energy classes. Taking advantage of this scheme is, however, not always straight forward. Questions can arise, for example, regarding issues such as one’s eligibility for the scheme; measures needed to achieve the required level of improvement; or what documentation is needed to qualify.

To address these challenges, ROCKWOOL created a team to help applicants and other stakeholders throughout the project application, planning, and implementation phases. Our team also provides on- and offsite installation and technical support as well as training classes for specialised installers.

The Italian Superbonus scheme is a prime example of an effective mechanism to promote a green recovery in the building sectors, creating multiple local jobs¹.

“ By being point of contact for renovation projects, ROCKWOOL brings together relevant stakeholders with a genuine interest in improving the energy efficiency of the building. This helps to ensure a proper focus on project details to address any uncertainties, optimise the process, and ensure a successful renovation project”.

Luca Pofi, President of CasaClima Network Lazio



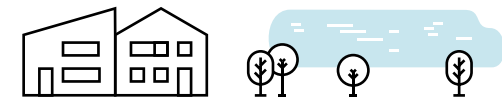
Refurbishment of a multi-unit house in Mina, Italy



SDG-8
Providing local jobs and economic growth

ROCKWOOL’s insulation products sold in 2020 will over the lifetime of their use save our customers energy costs of around

55 EURbn



Around

35 000 jobs

created locally at our facilities worldwide and with suppliers.

📍 See <https://www.rockwool.com/group/socioeconomic-impact/>

¹ Renovate Europe, 2020, Building Renovation: a kick-starter for the EU economy
<https://www.renovate-europe.eu/2020/06/10/building-renovation-a-kick-starter-for-the-eu-economy/>

Decarbonising our business and value chain

In December 2020, we announced ambitious, science-based global decarbonisation targets that have been verified and approved by the Science Based Targets initiative (SBTi). We believe that it is important to have an independent verification system to ensure targets are based on science and will contribute to achieving Paris Agreement goals. Key elements of ROCKWOOL's decarbonisation plans include:

Reducing factory absolute greenhouse gas emissions by 38% by 2034

(relative to baseline year 2019)¹

Reducing non-factory, absolute lifecycle greenhouse gas emissions by 20% by 2034

(relative to baseline year 2019)²

In addition to the measures already taken, which have reduced our CO₂ emissions per produced tonne with nine percent since 2015, these absolute emission reduction targets equate to an ambitious one-third reduction of ROCKWOOL's lifecycle (Scope 1, 2, and 3)³ greenhouse gas emissions in 15 years. As these are absolute targets, they also encompass reducing additional emissions that result from organic growth in the target period (2019-2034).

¹ The 38 percent target covers Scope 1 and 2 emissions

² The 20 percent target covers Scope 3 emissions

³ Greenhouse Gas Protocol has developed standards and definitions to Scope 1, 2 and 3, which are applied in this report. For more information see <https://ghgprotocol.org/>

We have proactively decided to set a specific target for the whole of our Scope 3 emissions, even though this was not required by SBTi.

We are doing this because we recognise that reaching a carbon-neutral society requires looking beyond manufacturing toward minimising emissions in the whole lifecycle, including end-of-life.

At the same time we will be ensuring continued reduction in the carbon intensity (carbon emitted per tonne produced) of our production.



“ We congratulate ROCKWOOL Group for being leaders in their sector by having the Science Based Targets initiative approve their emissions reduction targets”, says Alberto Carrillo Pineda, Director, Science Based Targets at CDP, one of the Science Based Targets initiative partners. “By setting targets that are grounded in climate science, ROCKWOOL Group is setting themselves up for success in the transition to a net-zero economy”.

Science Based Target initiative

Over its lifetime ROCKWOOL building insulation sold in 2020 will save



the carbon emitted and energy consumed in its production.

See <https://www.rockwool.com/group/carbon-impact/#methodology>

Technology innovation

The new decarbonisation commitments build on ROCKWOOL's existing status as a net carbon negative company, in that over the lifetime of its use, the building insulation ROCKWOOL sold in 2020 will save 100 times the carbon emitted and energy consumed in its production¹. The ability to infinitely recycle stone wool without any loss of performance also sets it apart from non-recyclable construction materials that might otherwise be incinerated, resulting in end-of-life emissions. Recycling stone wool at our factories contributes to reducing production-related carbon emissions.

Building on our decades-long efforts to improve the energy efficiency of our own operations, reducing the direct emissions from our production is a key focus of our technology innovation. For example, we are developing large-scale electric melting technology, which is environmentally well-suited in countries where the electricity grid is already low carbon.

That's why we chose our factory in Moss, Norway to pilot the industry's largest electric melter.

As we continue decarbonising, we are already reaping the benefits of substantial investments in industry-leading fuel-flexible melting technology that allows us to shift from coal to less carbon-intensive fuels such as natural gas or biogas in the facilities where this technology is being used. In addition to converting our two Danish factories to natural gas in 2020 and certified climate-neutral biogas in 2021, we will also in 2021 convert one of our production lines in Poland to natural gas and start up operations at our newest facility under construction in the United States with natural gas instead of coal.

We plan to convert other production lines using this fuel-flexible melting technology from coal to gas over the next few years. Going forward, the learnings we gain from these multiple innovations and our ongoing energy efficiency efforts will be applied elsewhere in ROCKWOOL's global operations.



Using less and greening the rest

1. Saving energy and then generating renewable energy to satisfy the remaining requirements is the most efficient, cost-effective way of decarbonising society².
2. Saving energy, even when that energy is renewable, reduces the overall energy system capacity needs, thereby making the transition to renewable energy even more affordable. For example, the consultancy Material Economics estimates that 22 EURbn can be saved by insulating Europe's buildings instead of expanding renewable energy capacity³.
3. Energy efficiency is a catalyst for thermal renewable heating systems such as heat pumps as it reduces required upfront costs and makes them more efficient during operation and thus more cost-effective⁴.

¹ Including upstream emissions from the extraction and transportation of raw materials and fuels

² Fraunhofer Institute, 2015, How energy efficiency cuts costs for a 2-degree future

³ Material Economics, 2018, Internal Analysis for ROCKWOOL

⁴ Guidehouse, 2020, Internal report



ROCKWOOL wins 2020 European environmental award for sustainable production processes

As part of the broader European Business Awards for the Environment, the Danish Society of Engineers selected ROCKWOOL as the 2020 Danish winner for sustainable processes, which automatically qualifies us for the Europe-wide business awards competition, the winners of which will be selected in 2022.

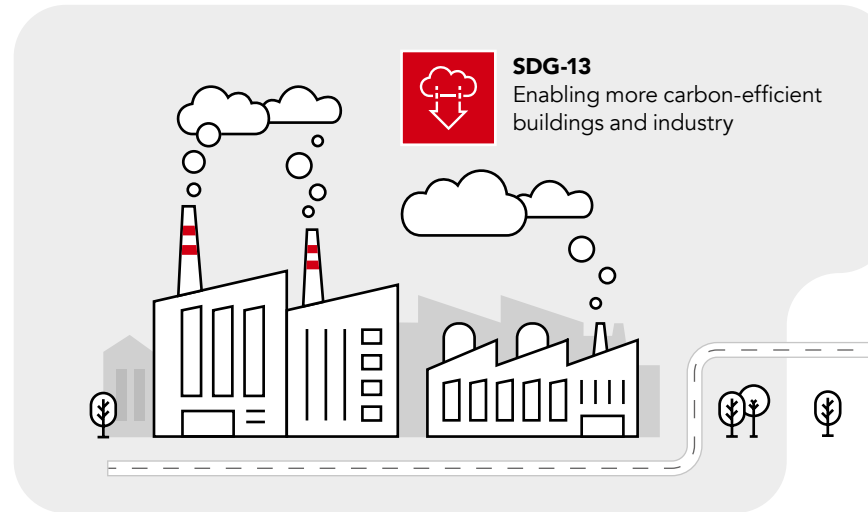
The sustainable processes award is given for the development and implementation of innovative processes that substantially contribute to a more sustainable society by reducing the environmental impact of manufacturing processes. ROCKWOOL is proud to have developed its award-winning technology that enables us to convert our core stone melting process from coal to gas at the factories where this new technology is being used.



Bjørn Andersen, Senior Vice President for Group Operations & Technology, ROCKWOOL Group, with the 2020 European environmental award

Reducing our Scope 3 lifecycle emissions

The majority of our Scope 3¹ emissions are before the manufacturing stage in the form of procured materials and energy. We will work on reducing these emissions in a number of ways. Electrifying our factories, for example, will remove emissions from the production and transportation of fuels such as coke. In the coming years we will also work with our suppliers to reduce the carbon intensity of procured materials. Our emissions after the manufacturing stage in the form of transportation of products, construction sites and waste disposal are limited by comparison. For example, our focus on recycling ensures end-of-life emissions will remain relatively low going forward.

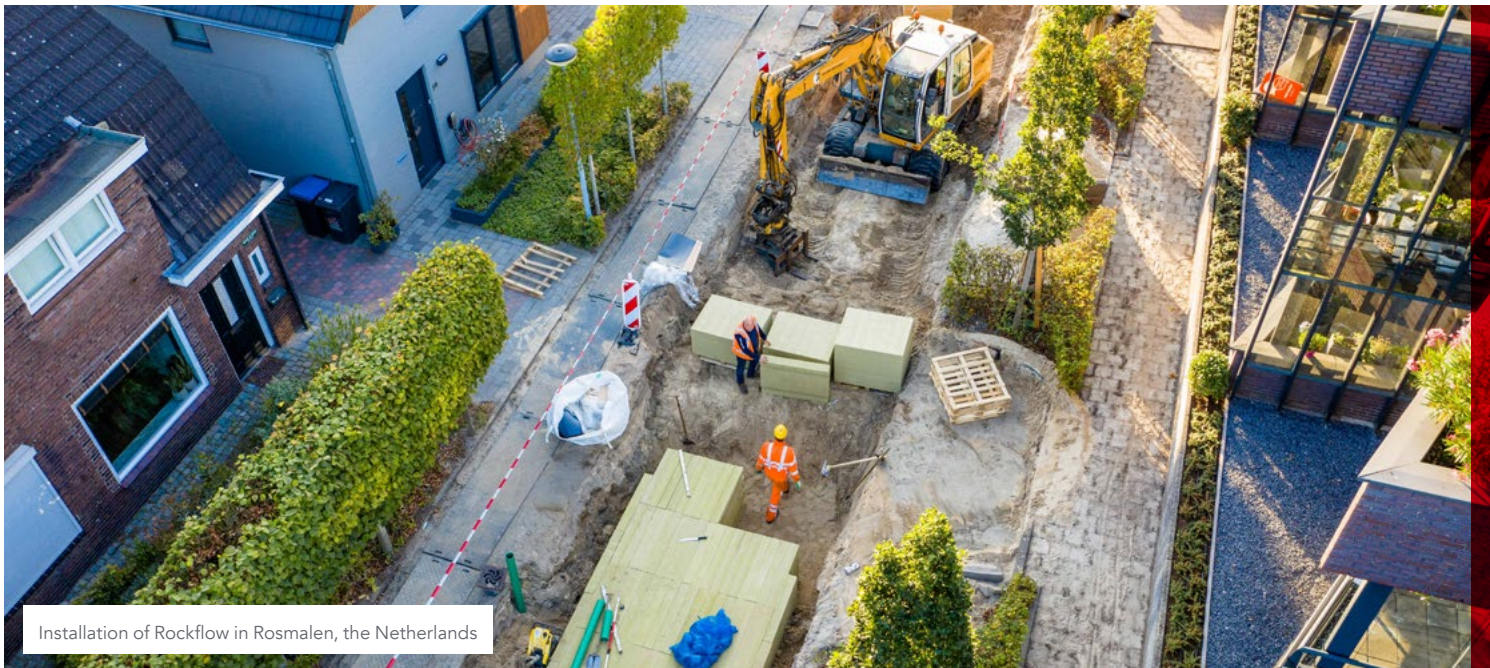


ROCKWOOL technical insulation sold in 2020 will save

0.8 billion tonnes

of CO₂ over the lifetime of its use – more than Germany's annual carbon emissions².

See <https://www.rockwool.com/group/carbon-impact/#methodology>



Installation of Rockflow in Rosmalen, the Netherlands



Innovative solutions for urban climate adaptation

Rockflow is an example of one of our product lines that significantly contributes to urban climate adaptation by:

- collecting large amounts of rain water in underground buffers;
- reducing the risk of surface water contamination from sewer system overflows; and,
- helping to restore the natural water balance in the cities.

Rockflow is one of the business opportunities included in our annual reporting on Task Force on Climate-related Financial Disclosures (TCFD) via CDP (www.cdp.net).

¹ Greenhouse Gas Protocol has developed standards and definitions to Scope 1, 2 and 3, which are applied in this report. For more information see <https://ghgprotocol.org/>

² European Commission, 2020, Fossil CO₂ emissions of all world countries – 2020 Report

Circularity in built environments

As the world's population continues to grow, pressure on natural resources will only increase. In the building sector, for example, construction and demolition waste accounts for more than a third of all waste generated in the EU¹. This brings into sharp focus the need for a circular economy, a system in which materials are used for longer times and at the end of their use are being reused or recycled rather than being disposed. In a circular economy, there is not waste, just valuable resources. ROCKWOOL is pioneering construction industry recycling programmes.

Putting circularity into practice across our business

Circularity is a key strategic priority for ROCKWOOL and plays a vital role in our contribution to creating resilient communities. We use an abundant natural material and engineer it to perform consistently for decades. Our products are long-lasting, easy to dismantle, and the stone wool used to make them can be reused and infinitely recycled. The durability of our insulation, which has a lifespan of more than 55 years², contributes to greater resource efficiency.

In addition, our technology allows us to upcycle waste from other industries as alternatives to these materials being landfilled. We repurpose waste, for example, from the aluminium industry, power plants, and public wastewater treatment. As a result, in certain geographies and product lines, our stone wool products can contain up to 75 percent recycled material.

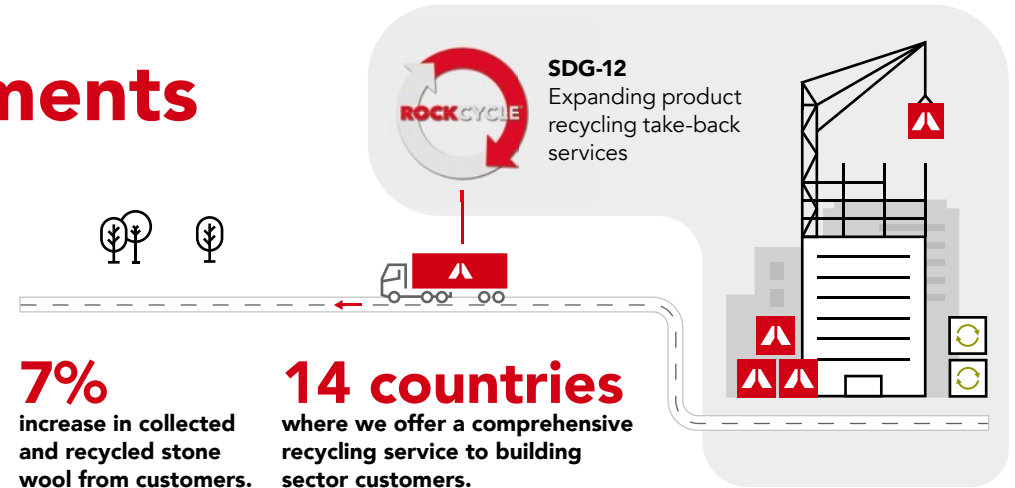
This is an excellent starting point. But we are not stopping here. We are pioneering efforts

in our industry to apply the principles of a circular economy, building an ecosystem of industrial ecology where the waste of one industry becomes a resource for our production and vice-versa.

Our perspective is broad. By applying the core principles (see p. 19) of the circular economy across our business, we're delivering better products to our clients. We're reducing the consumption of raw materials as well as mitigating our impact on climate change.

Closing the loop on ROCKWOOL's materials

Central to our approach, considering finite planetary resources and a growing population, is the belief that no recyclable material should be sent to landfill or incinerated but instead should be reused or upcycled/recycled into new products. Building on decades of experience recycling construction materials, one of the key ways in which we are contributing to this objective is through our Rockcycle® waste reclamation service. This brings stone wool



waste from building sector customers back to our factories where it is recycled into new stone wool.

In 2020, we introduced new Rockcycle® schemes in Austria, Italy and the United Kingdom, extending our offering from 11 to 14 countries. As a result, we are well on track to meet our 2022 goal of offering comprehensive reclaimed waste services in 15 countries.



Rockcycle® in action in Leipzig

Our Rockcycle® service is supporting a major housing project in Leipzig, Germany, to significantly reduce the amount of waste that otherwise would be sent to landfill. Built in the early 1980s, the façade of the housing project is currently being retrofitted with ROCKWOOL stone wool insulation.

Typically, cutting insulation panels to size on a construction site like this would result in 5 to 10 percent of the material being discarded and thrown away. Instead, via Rockcycle® the cut-offs are collected and returned to our factories where they are processed and recycled back into new stone wool with the original quality, durability and thermal properties.

¹ European Commission, 2020, Construction and demolition waste

² FIW (German test and research institute), Durability Project Mineral Wool, 2016

Sharing our learnings to build knowledge and capacity

As we roll out Rockcycle® across different markets, we are learning a lot about how the circular economy works in practice – everything from logistics and regulation to how best to explain our service to customers. We are sharing these learnings with others in the construction sector, thus increasing capacity and knowledge of what works best in the built environment.

Moving towards zero waste production sites

At the same time, we are significantly reducing the waste that we send to landfill from our production processes. We have set a target of reducing production-related waste going to landfill by 85 percent by 2030 compared to 2015, with an interim 2022 goal of a 40 percent reduction. And in 2020, we hit our 2022 goal two years early by reducing landfill waste by 50 percent – an achievement of which we are very proud.

50%
reduction in waste
to landfill

We are helping design
out energy waste by up to

70%

The circularity aspects of our products



“ The disposal and recovery of materials through Rockcycle® shows our commitment to the circular economy. By combining innovative technology with a highly effective service, we are reducing the amount of waste that goes to landfill, so minimising our impact on the environment and our use of natural resources”.

Angelo Luigi Marchetti, CEO of Marlegno S.r.l.
(construction company)

The core circular economy principles in action

Here's how we apply the three core principles of the circular economy (as defined by the [Ellen MacArthur Foundation](#)) across the ROCKWOOL business.

Designing out waste

Our high-quality insulation products for buildings help design out energy waste by up to 70 percent¹. Furthermore, by reclaiming and recycling our products, and also using waste streams from other industries, we're reducing overall waste across the construction and manufacturing sectors.

Keeping products and materials in use

Tests show that our insulation maintains its functionality and integrity for more than 55 years², providing the same thermal quality as on the day it was produced.

Regenerating natural systems

By decarbonising our production, reducing energy waste and our dependence on virgin raw materials, and minimising the overall carbon footprint of the built environment, we are contributing to creating a healthier, more prosperous, and more circular society.

¹ European Commission, 2016, 10 things you didn't know about heating & cooling, https://ec.europa.eu/energy/sites/ener/files/DG_Energy_Infographic_heatingandcolling2016.jpg

² FIW (German test and research institute), Durability Project Mineral Wool, 2016

Looking ahead - the challenges we face

Despite our appetite to apply circular economy principles throughout the ROCKWOOL business, we do face significant barriers in making this happen. For example, waste classification codes and cross border limitations can make it difficult to collaborate across the value chain. We also face policy challenges such as low landfill fees, which discourage businesses from expanding their recycling. Clearly, given that the built environment sector accounts for more than 30 percent of the total waste and greenhouse gas emissions generated in the EU¹, there is a need for stronger, more proactive regulation.

There are opportunities too

EU climate action is already leading to positive change and we welcome the increased focus on the circularity of materials and products following the introduction of the new Circular Economy Action Plan.

We are determined to play our part in achieving this vision and will continue to strengthen our circular business model through innovative collaborations with the Ellen MacArthur Foundation where we explore and contribute to the body of knowledge on circular economy in the built environment and advocate for more conducive regulatory frameworks.

Our products can contain up to

75%

recycled material in certain geographies and product lines



Øster Doense factory, Denmark



“ The circular economy will enable Europe to manage and lower its resource dependency, improve competitiveness, reduce our environmental and climate impacts, and provide opportunities for new local jobs”.

Janez Potočnik,
co-chair of the International Resource Panel.

B2B Grand Prix Award

ROCKWOOL France received the prestigious B2B Grand Prix Award for the Group's innovative waste reclamation service Rockcycle®.

Matthieu Biens, Director of Marketing and Development at ROCKWOOL France, says: “We introduced Rockcycle® into the French market in 2012. At the time, we were the first player in our industry to offer such a service. Today, waste has become a critical issue in the construction industry, and we are perceived as the leading player, blazing a trail where others follow. Now, architects and designers are keen to include this service as a ‘must’ on any site”.



¹ European Commission, 2020, In focus: Energy efficiency in buildings

Rethinking urban food supply chains

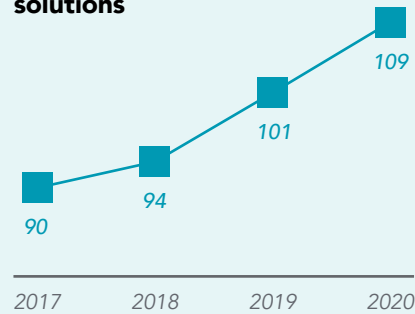
Of course, the circular economy is not just about closing the loop of materials and reducing waste going to landfill – important though these are. Circularity is also reshaping global thinking about how we use resources and assets across our daily activities and key value chains such as food production. Here, our Grodan hydroponic solutions have the potential to play an even greater role in future solutions.

By 2050, 80 percent of all food will be consumed in cities¹, increasing pressure on supply chains between urban centres and the peri-urban/rural environment and making it important to improve yield productivity in resource constrained environments.

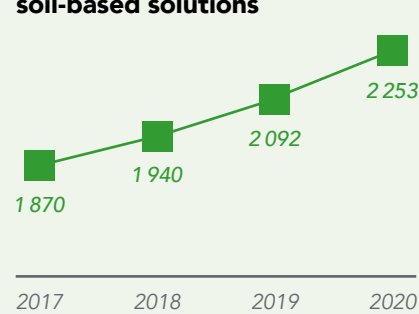
Grodan hydroponic solutions enable growers to use 53 percent less water to grow and with a 76 percent increased yield compared to soil-based solutions.



Water saved (thousand m³) by precision growing products sold compared to soil-based solutions



Yield gain (kt) of vegetables by precision growing products sold compared to soil-based solutions



Vertical farms

Vertical farms are looking to change the way vegetables are grown and shipped to the customer. On average, food in the United States travels about 1500 miles² (2414 km), and loses on average 30 percent³ of its nutritional value before it reaches the plate. Because indoor vertical farms need far less land, are grown in stacked layers, and operate year-round, these innovators in the farming sector can deliver fresher and tastier products more quickly to the customer. On top of that, one can avoid the extra fuel consumption and need for chemical preservatives for the produce to survive long hauls.

One industry leader in this growing space is 80 Acres Farms, which operates five pesticide free growing operations in the United States. Using hydroponic solutions with Grodan stone wool, its farms continue to boast the latest innovations in agriculture resulting in over 300 times more food production than ordinary farms. What's more the food is grown with 100 percent renewable energy and 97 percent less water consumption⁴.

Enabling growers to use

53%
less water to grow
76%
increased yields



¹ Ellen MacArthur Foundation, 2019, Cities and circular economy for food, https://www.ellenmacarthurfoundation.org/assets/downloads/CCEFF_Full-report-pages_May-2019_Web.pdf

² Center for Urban Education Sustainability and Agriculture, 2021, How far does your food travel to get to your plate?, <https://cuesa.org/learn/how-far-does-your-food-travel-get-your-plate#:~:text=It%20is%20estimated%20that%20the,large%20quantities%20of%20fossil%20fuels.>

³ Chicago Tribune, 2013, Most produce loses 30 percent of nutrients three days after harvest, <https://www.chicagotribune.com/dining/ct-xpm-2013-07-10-chi-most-produce-loses-30-percent-of-nutrients-three-days-after-harvest-20130710-story.html>

⁴ 80 Acres Farms, 2020, Our Story, <https://www.80acresfarms.com/our-story/>



SDG-6
Enhancing water efficiency in horticulture



SDG-2
Enabling more efficient food production



See <https://www.rockwool.com/group/sustainable-growing/#methodology>

Healthy and fire safe neighbourhoods

Buildings have a huge impact on our lives, affecting environmental, physical and mental health, productivity and child development. On average, we spend 90 percent of our time indoors¹ and, over the last year, as a result of the COVID-19 pandemic, we have spent even more time inside. ROCKWOOL products help achieve safe and healthy indoor environments, improving acoustics and thermal comfort without exposing home and building occupants to hazardous materials, in addition to enhancing buildings' fire resilience.

Fire safety

As people continue moving to cities leading to increasingly densely populated urban environments, fire safety takes on even greater significance. People naturally want to live, work, learn, and recover in buildings that will help keep them safe.

Policymakers, regulators, building owners and contractors, financiers, insurance companies, and construction product manufacturers have a profound responsibility to ensure that buildings are designed, constructed, renovated, and maintained with personal safety and building resilience foremost in mind.

Especially for high-rise and high-risk buildings such as schools, care facilities, or other structures from which emergency evacuations could take extra time, it is essential for fire safety that new

construction and renovations use building materials such as insulation and cladding that are non-combustible. As Europe seeks to double building renovation rates by the end of this decade, this becomes even more important.

The 2017 Grenfell Tower fire tragedy in London reminds everyone that renovating for energy efficiency or aesthetic improvement must never come at the expense of fire safety – and nor does it have to, as there are many non-combustible building materials available on the market.

At ROCKWOOL Group, we will continue to advocate for fire safety regulations that require non-combustible insulation and cladding on high-rise and high-risk buildings. The best approach for such buildings is straightforward: keep it simple, keep it safe.



Where non-combustible insulation and photo-voltaic solar power go hand in hand

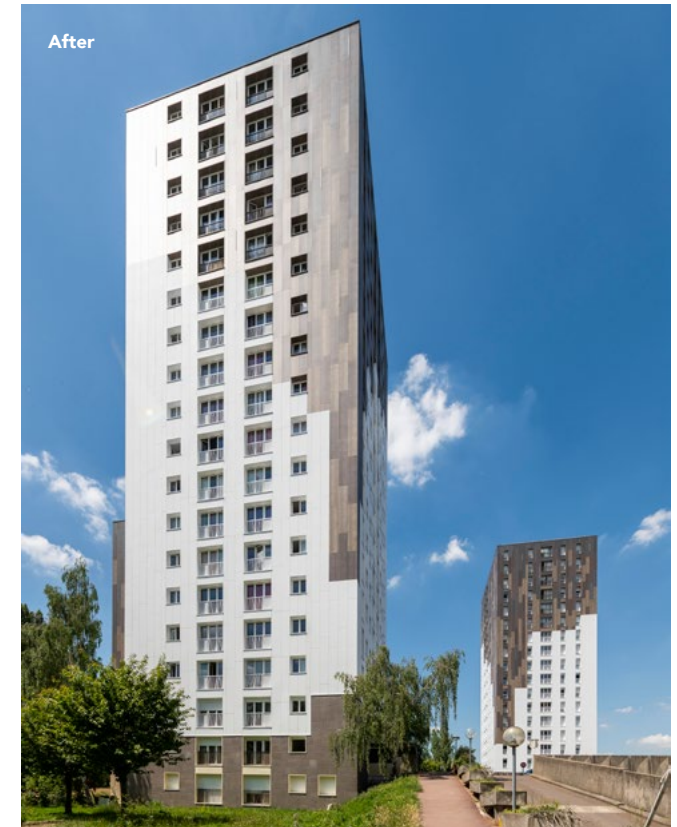
Whilst it makes sense to utilise suitable roof spaces for PV panels to produce electricity for the grid, it is not without risk.

The number of fire incidents involving rooftop PV panels has increased in the last decade², which raises concerns regarding fire risk and the implications the panels have for accelerating the spread of fire.

Here the installation of non-combustible stone wool insulation can play an important role in protecting people and property. ROCKWOOL is currently collaborating with The University of Edinburgh in a research project to better understand these risks and how best to mitigate them.

¹ Neil E. Klepeis, 2001, The National Human Activity Pattern Survey (NHAPS): A Resource for Assessing Exposure to Environmental Pollutants

² SFPE connectedcommunity.org, 2015, Fires in Photovoltaic Systems: Lessons Learned from Fire Investigations in Italy



Bièvre towers – When being fire-safe is beautiful

Rockpanel Woods exterior cladding and ROCKWOOL insulation products were chosen to give aging residential towers a new natural and harmonious look, where fire safety is the number one priority.

The Bièvre towers are located in the town of Antony, just 11 km outside the centre of Paris.

As the housing complex was outdated, their improved new looks delighted the residents – as did the peace of mind knowing that the non-combustible stone wool insulation dramatically improved their safety.

In high-rise buildings, fire safety is key. “After we had done our research very thoroughly, we decided to choose a combination of stone wool insulation from ROCKWOOL and Rockpanel Woods and Colours for the façade cladding”,

explains Irèna Morawiec, from Architecte Associée Groupe, Arcane Architectes, who was tasked with designing the upgrade of the Bièvre towers and adds, “Rockpanel Woods look as much like real wood. I find it absolutely astonishing”.

The new eye-catching exterior of the towers also contributes to the general attractiveness of the neighbourhood overall.

The importance of healthy indoor climate

The temperature, light, and air quality in a building can have a significant impact on our health. For example, temperatures that are too cold or warm, draughts, humidity and dampness can each lead to mould. This, in turn, can cause asthma and respiratory diseases. Studies show that:

- People living in damp homes¹ are 40 percent more likely to have asthma²;
- Staff performance decreases by six percent³ when offices are too warm; and,
- Poor air circulation in buildings can lead to numerous health issues e.g. fatigue, nausea, headache and coughing⁴.

Energy renovation using ROCKWOOL solutions can limit these problems.

Looking more specifically at acoustics, noise can also have a detrimental impact on our wellbeing

with continued exposure to elevated noise levels negatively affecting our health, increasing stress levels, and stifling productivity⁴.

In schools, for example, elevated noise can prevent children from hearing teachers, influencing speech intelligibility⁵. Optimising acoustics in new and renovated buildings is therefore important for healthy childhood development. Rockfon products play an important role in enabling students to clearly hear and understand their teachers and thus improving their learning conditions.

In 2020, Rockfon became a keystone member of the International Well Being Institute (IWBI). This partnership reflects our commitment to create products and solutions that bring value to the spaces and increase wellbeing and productivity. It also shows our eagerness to improve and interact with other ambitious Institute members who share the same values and aspirations towards wellbeing as we do.

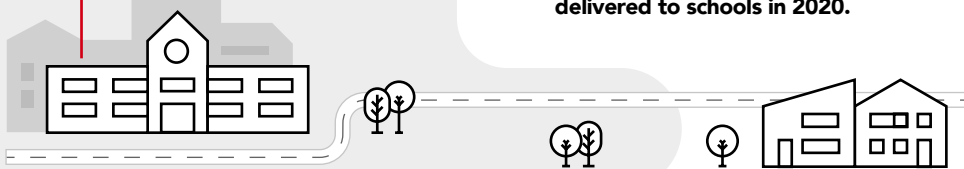


“ Through the International Well Being Institute (IWBI) membership program, Rockfon is taking action to leverage IWBI’s expertise and play a leading role in prioritising ‘people first’ places. As a keystone member, the company demonstrates a commitment to advancing health and wellbeing through collaboration, advocacy and innovation”, said IWBI Chief Commercial Officer Jessica Cooper.



SDG-3

Reducing noise and creating acoustically sound buildings



1.8 million students

with improved learning conditions due to acoustics solutions delivered to schools in 2020.

See <https://www.rockwool.com/group/acoustic-impact/>

¹ World Health Organisation, 2009, Dampness and Mould, https://www.euro.who.int/__data/assets/pdf_file/0017/43325/E92645.pdf

² Fraunhofer IBP, 2016, Mould and dampness in European homes and their impact on health, <https://www.ibp.fraunhofer.de/content/dam/ibp/ibp-neu/de/dokumente/publikationen/eer/report-mould-dampness-impact-on-health.pdf>

³ World Green Building Council, 2016, <https://www.worldgbc.org/news-media/green-offices-keep-staff-healthy-and-happy-are-improving-productivity-boosting-businesses>

⁴ Buildings2030, November 2017, Building 4 People, white paper: People-Centric buildings for European Citizens

⁵ United States Environmental Protection Agency, 2009, Noise and Its Effects on Children – Information for parents, teachers, and childcare providers



Rockfon and ROCKWOOL UK helped build temporary hospitals in UK during the first wave of COVID pandemic – a fast response during extraordinary conditions

Rockfon and ROCKWOOL UK played a role in helping the United Kingdom get its 'Nightingale hospitals' up and running faster than ever. The National Health Service (NHS) Nightingale

Hospitals are seven temporary critical care hospitals in various cities in UK.

Building the hospitals required a coordinated effort across the construction industry, with contractors, distributors, installers and manufacturers all playing a crucial role to help the NHS. Rockfon and ROCKWOOL UK supported that effort, with their teams able to respond quickly with delivery times of less than 48 hours.

"Improving people's wellbeing in interiors is what we are good at, and here it is in action",

says Nigel Watkins, Rockfon Sales Director for UK & ROI. "That we can provide practical and impactful assistance to COVID-19 patients and the NHS in this time is humbling and really makes me proud. Working under such time pressure with so much at stake has helped us cement relationships with our main contractors and installers and shows what the construction sector can do when it puts its mind to it and works together for a common good".



Factbook and data

This Factbook offers investors and other interested stakeholders a deeper look at ROCKWOOL Group's sustainability priorities, including our material issues, how we operate as a responsible business and maintain compliance, and respect human rights as well as our progress on sustainability goals and the SDGs.

In this section

- 28** Product impacts and other indirect impacts
- 29** Climate and energy
- 30** Environmental management
- 31** Waste and recycling
- 32** Safety and social issues
- 34** Corporate governance
- 35** Accounting principles
- 38** Limited assurance report
- 39** ESG performance

Product impacts and other indirect impacts

We track multiple metrics that quantify how ROCKWOOL products benefit society and, more specifically, drive progress on the UN SDGs.

SDG performance: Product and other indirect impact metrics

Indicator	Value	2018	2019	2020	Note	SDG
Carbon emissions avoided in the lifetime of building insulation sold	Mt CO ₂	206	201	186	1	13
Carbon emissions avoided in the lifetime of industrial insulation sold	Mt CO ₂	1 176	1 000	796	1	13
Energy saved in the lifetime of building insulation sold	TWh	908	888	874	1	7
Energy saved in the lifetime of technical insulation sold	TWh	5 372	4 554	3 572	1	7
PM air emissions avoided in the lifetime of building insulation sold	kt	85	79	62	2	7
SO ₂ air emissions avoided in the lifetime of building insulation sold	kt	256	246	224	2	7
NO _x air emissions avoided in the lifetime of building insulation sold	kt	302	295	264	2	7
Water saved by precision growing products sold	thousand m ³	94	101	109	3	6
Fertiliser saved by precision growing products sold	t	15 810	17 059	18 366	3	2
Land use reduction by precision growing products sold	ha	27 469	29 639	31 910	3	2
Yield gain of vegetables by precision growing products sold	kt	1 940	2 092	2 253	3	2
Stone wool collected and recycled through ROCKWOOL recycling services	t	123 000	152 000	163 000	4	12

Indicator	Value	2018	2019	2020	Note	SDG
Significantly improved learning environments from acoustic solutions sold	Number of students	1 666 000	1 994 000	1 846 000	5	3
Significantly improved learning environments from acoustic solutions sold	Number of teachers	82 511	97 115	90 085	5	3
Jobs due to ROCKWOOL Group's global operations (direct & indirect with suppliers)	FTE		40 000	35 000	6	8
Economic value created due to ROCKWOOL Group's global operations (direct & indirect)	EURm		2 757	2 602	6	8
Economic value of energy saved by ROCKWOOL insulation products	EURm		77 000	55 000	6	8

¹ Energy and carbon emission savings in the lifetime of our sold building insulation and technical insulation products is calculated following methodology developed by Guidehouse, who also validate the annual results.

See <https://www.rockwool.com/group/carbon-impact/#methodology>

² Annual avoided air emissions from heating energy production as a result of our sold building insulation calculated using methodology developed by Guidehouse, who also validate the annual results.

See <https://www.rockwool.com/group/carbon-impact/#methodology>

³ Quantitative comparison between soil-based cultivation systems and stone wool systems using methodology developed by Wageningen University & Research.

See <https://www.rockwool.com/group/sustainable-growing/#methodology>

⁴ Stone wool building insulation received at our factories for recycling and estimated dry weight of stone wool growth media recycled. 2018 and 2019 values are adjusted by excluding reclaimed packaging waste (plastic and pallets).

⁵ The impact on learning conditions from acoustic products sold is calculated using a methodology developed by Rambøll, who also validates the annual result. In 2020, some of the underlying research in the methodology was updated by Rambøll and applied for 2018 and 2019.

See <https://www.rockwool.com/group/acoustic-impact/>

⁶ Contribution to jobs and growth from ROCKWOOL Group's global activities is calculated following a methodology developed by Copenhagen Economics.

See <https://www.rockwool.com/group/socioeconomic-impact/>

Operational performance: Climate and energy

Reducing production-related emissions has long been a focus of our climate efforts. To support this long-term focus and further guide our climate commitments, in 2020 we signed up for the Science Based Targets initiative (SBTi). As a result, we have set science-based targets to reduce factory absolute greenhouse gas emissions (Scope 1 and 2) by 38 percent and non-factory, absolute lifecycle greenhouse gas emissions (Scope 3) by 20 percent by 2034, both relative to a 2019 baseline. These targets equate to an ambitious one-third reduction of ROCKWOOL's lifecycle greenhouse gas emissions by 2034.

We are already reaping the benefits of substantial investments in new technology. In December 2020, we started production on the industry's largest electrical melter, an investment supported by the Norwegian Ministry of Climate and Energy-owned Enova. We have also developed industry-leading fuel-flexible melting technology that allows us to shift from coal to less carbon-intensive fuels such as natural gas or biogas in the facilities where this technology is being used. In 2020, our two Danish factories were converted to natural gas and in January 2021, to certified climate-neutral biogas.

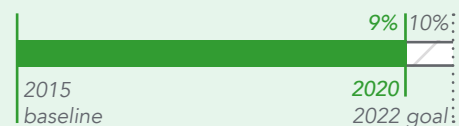
In 2020, our factory related absolute greenhouse

Progress against our sustainability goals

★ CO₂ emissions

SDG
13

Our goal: Reduce CO₂ emission intensity (CO₂/t stone wool) from our stone wool production facilities by 20% by 2030 (10% by 2022)



gas emissions (Scopes 1 and 2) declined by 10 percent and non-factory, absolute lifecycle greenhouse gas emissions (Scope 3) declined by 11 percent, both compared to 2019.

These absolute greenhouse gas emission reduction targets supplement our sustainability goal to improve the carbon intensity (tonne of CO₂ per tonne of stone wool produced) at our stone wool production facilities by 20 percent by 2030 with an interim goal of 10 percent by 2022, both compared to 2015. In 2020, our carbon intensity improved, resulting in an overall intensity of nine percent less than in 2015. Examples of key actions that contributed to these improvements are:

- Conversion of our two Danish factories to natural gas;
- Improvements in the melting process and production efficiency at our factories in Elabuga, Russia and Grand Forks, British Columbia; and,
- Purchase of Guarantees of Origin for the electricity we consume at our Norwegian and Polish factories.

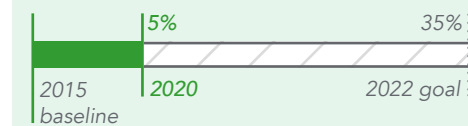
The 2020 decline in production volumes reduced the positive impact of these actions on the CO₂ intensity goal whilst having a positive impact on the GHG absolute goals.

Despite delays in completion of scheduled office renovations, six renovation investments were approved in 2020, and two office renovations were completed in early 2021.

★ Energy efficiency

SDG
7

Our goal: Reduce energy consumption (kWh/m²) within own (non-renovated) offices by 75% by 2030 (35% by 2022)



Category	Indicator	GRI disclosure number	Value	2018	2019	2020	Note
Greenhouse gas emissions	Total direct and indirect greenhouse gas emissions (GHG)	305-1, 305-2	Mt CO ₂ e	2.22	2.05	1.85	1, 2
	Total reduction in direct and indirect GHG (Scope 1+2), (SBT)	305-1, 305-2	Index			90	1, 3
	Total direct and indirect CO ₂ emissions	305-2	Mt CO ₂	1.89	1.74	1.56	1, 2
	CO ₂ direct (Scope 1)	305-1	Mt CO ₂	1.54	1.41	1.35	1, 2
	CO ₂ indirect (Scope 2), market-based emissions	305-2	Mt CO ₂	0.34	0.33	0.21	1
	CO ₂ indirect (Scope 2), location-based emissions	305-2	Mt CO ₂	0.37	0.34	0.30	
	CO ₂ intensity direct (Scope 1) per tonne stone wool	305-4	Index	97	96	97	1, 4
	CO ₂ intensity indirect (Scope 2) per tonne stone wool	305-4	Index	91	93	64	1
	CO ₂ intensity direct and indirect (Scope 1+2) per tonne stone wool	305-4	Index	96	96	91	1, 6
	Total indirect GHG emissions (Scope 3)	305-3	Mt CO ₂ e		0.97	0.87	1
Energy	Energy consumption	302-1	GWh	5 428	5 064	4 835	1
	Energy per tonne stone wool	302-3	Index	98	99	100	1
	Energy efficiency in own buildings	n.a	Index	100	94	95	5, 6

¹ The new factory in Romania started operations in 2019 and is included in the 2019 and 2020 data.

² Minor adjustment made to align with the emissions verified by EU-ETS after the issuing of the 2019 sustainability report.

³ Baseline 2019. The Scope 3 data excludes the Swiss and

Chinese factories acquired in 2017 and 2018 respectively. ⁴ 2018 value corrected.

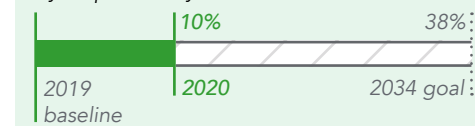
⁵ Inconsistencies in the documentation have resulted in lower improvement in 2020 compared to 2019.

⁶ Baseline 2015.

★ Absolute factory greenhouse gas emissions (CO₂e) science-based target

SDG
13

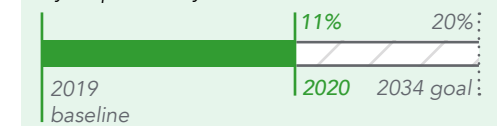
Our goal: Reduce factory absolute greenhouse gas emissions (Scope 1 and 2) by 38 percent by 2034



★ Absolute lifecycle greenhouse gas emissions (CO₂e) science-based target

SDG
13

Our goal: Reduce non-factory, absolute lifecycle greenhouse gas emissions (Scope 3) by 20 percent by 2034



Operational performance: Environmental management

ROCKWOOL's environmental management work is guided by our Safety, Health and Environment (SHE) policy and ISO 14001:2015 with the overall objective of minimising the environmental impacts of our production.

Our production facilities are subject to strict air quality regulations that aim to protect sensitive population groups, wildlife, and the local environment. In addition with complying with local, national and international legislation as a minimum, we have internal mandatory minimum requirements for a number of environmental areas. In cases where our own requirements exceed legal requirements, our requirements prevail.

Safety, health and environmental risk assessments are carried out at each of our factories, their performance is audited and any cases of non-compliance and non-conformance are addressed. The audits are based on ISO 14001:2015 standard and also incorporate our own standards and policies together with local legal requirements. In 2020, 77 percent of our stone wool production facilities had at least one external certification within safety, health, environment or energy management and several facilities were certified across all areas.

Due to the COVID-19 pandemic, we postponed most of our scheduled internal Group SHE audits. In 2020, 183 audits were performed, which were a combination of COVID-19 specific inspections and audits by environmental, health and safety related authorities.

Water management

The main focus of our water management strategy is to reduce freshwater use and ensure there is no discharge of wastewater into the environment. Therefore, we have designed our production processes for zero

wastewater discharge to the environment. At most of our sites, we recycle production water in a closed-loop system, with much of the water evaporating as part of the process. For the remaining sites, wastewater is discharged to public wastewater treatment plants. As a result, water effluent is not a material issue for us.


In 2016, we set a sustainability goal to reduce the water intensity per tonne of stone wool by 20 percent by 2030, with an interim target of 10 percent by 2022. Our factory in Tapolca, Hungary reduced its water intensity by 34 percent in 2020, mainly through the implementation of a closed cooling system.

Water leakages at our factory in Saint-Eloy les Mines, France contributed to an increase in water intensity in the first half of 2020. Improvement actions were implemented in the second half of the year, which partially addressed this increase.

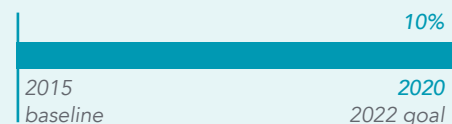
Nevertheless, more than 70 percent of our factories have achieved a significant improvement in their water intensity, resulting in meeting the interim goal two years early. We will continue our focus on improving water intensity in pursuit of our 2030 goal.

In 2020, 6% of our water came from rainwater harvesting

Progress against our sustainability goals

 **Water consumption** SDG 6

Our goal: Reduce water intensity (m^3/t stone wool) from our stone wool production facilities by 20% by 2030 (10% by 2022)



Category	Indicator	GRI disclosure number	Value	2018	2019	2020	Note
Environmental laws and regulations – non-compliance	Factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001	n.a	Number	22	23	24	1
	Share of factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001	n.a	%	78	79	77	
	Audits for environment, health, safety	n.a	Number	186	201	183	
	Fines – monetary value	307-1	EURk	2	8	20	
	Non-monetary sanctions	n.a	Number	0	5	4	
Air emissions	NOx intensity	305-7	Index	130	103	115	2, 3
	SO ₂ intensity	305-7	Index	68	66	86	2, 3
	CO intensity	305-7	Index	3	4	3	2, 3
	Ammonia intensity	305-7	Index	93	90	90	2, 3
	Phenol intensity	305-7	Index	98	81	80	2, 3
	Formaldehyde intensity	305-7	Index	79	90	106	2, 3
	Particulate matter (PM10) intensity	305-7	Index	122	110	112	2, 3
Water consumption	Water consumption total	303-5	million m ³	3.94	3.49	3.23	4
	Water intensity (m^3/t stone wool)	303-5	Index	97	93	90	4, 5
	Water consumption excl. rainwater	303-5	million m ³	3.78	3.33	3.05	4
	Total water consumption from all areas with water stress	303-5	million m ³	0.28	0.23	0.22	4
Water withdrawal	Groundwater own abstraction	303-3	million m ³	1.29	1.04	0.99	4
	Municipal water a.o. utilities	303-3	million m ³	2.21	1.97	1.77	4
	Rainwater own abstraction	303-3	million m ³	0.16	0.16	0.18	4
	Surface water own abstraction	303-3	million m ³	0.29	0.31	0.29	4

¹ 24 factories are ISO 14001 certified (Environmental Management), 11 factories are ISO 45001 certified (Occupational Safety & Health Management) and nine factories are ISO 50001 certified (Energy Management).

² The new factory in Romania is only included in the 2020 data. 2019 and 2020 data also includes a factory acquired in China in 2018.

³ The air emissions data has some uncertainty and are dependent on nationally prescribed methods, sampling frequency, sampling methods and laboratories. Emission measurements can vary a great deal based on the representativeness of the samples taken, flow measurements and sampling techniques, as well as the method of analysis.

⁴ The new factory in Romania, started operations in 2019 and is included in 2019 and 2020 data.

⁵ Baseline 2015.

Operational performance: Waste and recycling

Reclaimed waste schemes

ROCKWOOL has set a goal to offer comprehensive recycling services for our products in 30 countries by 2030. Since making the commitment in 2016, we have worked across multiple markets to develop the capacities and competences required to implement effective collection systems.

In 2020, we introduced new waste reclamation services in Italy, Austria and the United Kingdom, bringing the total number of countries where we offer the Rockcycle® service to 14. This means we are well on track to meet our interim 2022 target of 15 countries.

Over the coming year we will expand Rockcycle® further and also make operational improvements to our existing services.

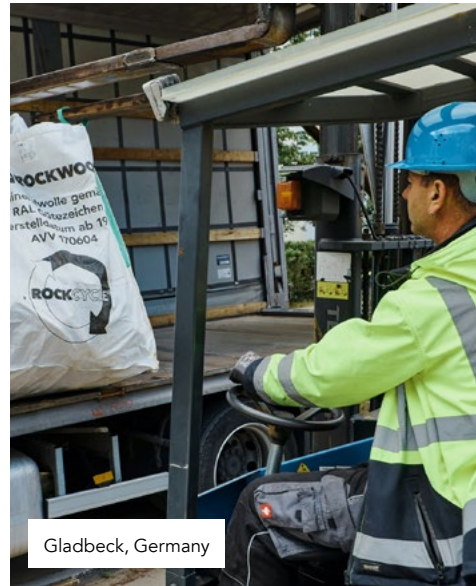
Our efforts to increase the recycling of stone wool products are not limited to the products themselves. In 2020, at our factory in Roermond, the Netherlands, we started to use transparent packaging on a range of our products, where both the number of inks used and their coverage on the packaging has been reduced. This has increased the recyclability of the plastic.

Progress against our sustainability goals

★ Reclaimed waste

SDG
12

Our goal: Increase the number of countries where we offer recycling services for our products to 30 by 2030 (15 by 2022)



Gladbeck, Germany

Landfill waste from production

We also have a goal to reduce operations-related waste going to landfill by 85 percent by 2030 compared to 2015, with an interim 2022 goal of a 40 percent reduction. In 2020, we achieved our interim goal two years early, reducing all waste sent to landfill by 50 percent. Going forward we will continue our efforts to meet our 2030 goal.

★ Landfill waste

SDG
12

Our goal: Reduce landfill waste (tonnes) from our stone wool production facilities by 85% by 2030 (40% by 2022)



One example of how we were able to achieve this is at our factory in Troitsk, Russia. In 2020, we completed the construction of a new briquette plant, which enables us to remelt stone wool waste thereby ensuring a closed loop wool waste system.

At our factory in Guangzhou, China the amount of waste disposed of at landfill has been significantly reduced by partnering with an external contractor, who will be recycling the waste and making bricks.

Category	Indicator	GRI disclosure number	Value	2018	2019	2020	Note
Waste	Total waste generated	306-2	t	218 501	208 536	172 492	
	Total hazardous waste generated	306-2	t	18 236	21 148	12 573	
	Waste landfilled	306-2	t	95 830	78 387	45 821	1, 2
	Landfill waste from factories	306-2	Index	105	84	50	1, 2, 3
	Waste for external recycling	306-2	t	87 123	103 784	85 414	
	Waste for external recovery (energy)	306-2	t	2 997	2 652	675	
	Other external waste disposal	n.a	t	33 141	23 713	40 582	

¹ Baseline adjusted, due to data inconsistencies.

² The new factory in Romania started operations in 2019 and is included in the 2019 and 2020 data.

³ Baseline 2015.

Category	Indicator	GRI disclosure number	Value	2018	2019	2020	Note
Recycling	Recycling of waste from other industries	n.a	t	622 559	627 485	573 649	1
	Average % recycled content	301-2	%	24	26	25	
	Post-consumer stone wool reclaimed and recycled	306-2	t	123 000	152 000	163 000	2
	Number of countries with comprehensive insulation reclaimed waste schemes	n.a	Countries	11	11	14	3

¹ 2019 data was adjusted.

² Excluding internally recycled production waste. 2018 and 2019 values are adjusted by excluding reclaimed packaging waste (plastic and pallets).

³ Baseline 2015.

Operational performance: Safety and social issues

We continuously aim to protect our employees and ensure productive and inclusive working environment for all.

Human rights commitment

In 2020, we published our approach to human rights in the form of a [human rights commitment](#), a commitment we have had internally for a number of years. We support the United Nations Universal Declaration of Human Rights and the universal principles defined in the UN Global Compact relating to human rights, labour, environment and anti-corruption. We oppose any kind of discrimination due to age, gender, race, colour, religion, political opinion, social origin, or any other personal characteristic. Our employees have the right to collective bargaining and freedom of association. We are opposed to child labour and do not use forced or compulsory labour or knowingly engage with business partners that do so.

As is the case with all Group policies, the Managing Director of each global business unit and Group Function heads are responsible for ensuring that our commitment to human rights is fully understood and implemented. They are also responsible for reporting any

breaches of Group policies and the Group Code of Conduct.

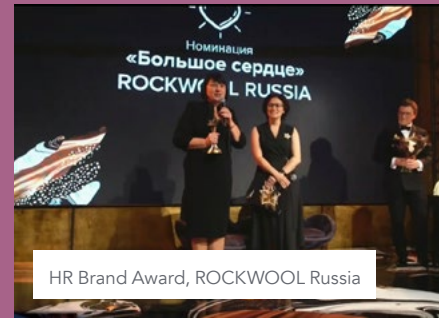
Bringing diversity to our industry

It is our ambition to achieve greater diversity in the workforce, both in relation to gender, age and ethnic origin and in relation to education, experience and personality. We are continuously working to support diversity in our management teams and Group departments and offer learning and development opportunities to all employees.

In 2020, the overall ratio of females to males in the company remained stable with an 18/82 split. Among middle management, the ratio of women is higher and similarly stable over time. In 2018, Group Management set a target of 25-35 percent female leaders in executive and middle management positions. In 2020, 27 percent of all leaders in middle management positions were female, including 44 percent of new hires. In 2020, as in 2019, two members of the Group Management were female.

Another target for 2020 was to have at least one shareholder-elected female member of the Board of Directors by the end of the year. We achieved this in April 2020 with Rebekka Herlofsen joining the Board. We have now set a new target to achieve 33 percent female representation among our shareholder-elected members by 2024.

Category	Indicator	GRI disclosure number	Value	2018	2019	2020
Workplace diversity	Percentage of female leaders in executive and middle management positions	n.a.	%	27	27	27
	Share of women in new hires for middle manager positions	n.a.	%	39	29	44



ROCKWOOL Russia takes home the HR Brand 2019 award

In September 2020, ROCKWOOL Russia won the Russian HR Brand 2019 Award for its campaign on sustainable development, based on Group's #iRockGlobalGoals campaign. The campaign focuses on helping

employees to incorporate more sustainable habits into their work life as well as their home life. To achieve this, ROCKWOOL Russia's HR department introduced various education programmes, workshops and seminars to further extend employee knowledge about sustainability and how to implement sustainable actions into their everyday routines, such as using electricity and water more efficiently, recycling waste, and more.

The HR Brand Award is one of the most prestigious awards in the country and given annually by the country's largest HR and recruitment website, recognising best practices in Human Resources and personnel management. ROCKWOOL Russia came out on top among 146 other nominees.



Safe and healthy workplaces

ROCKWOOL Group employs approximately 11500 employees. As an industrial company, we recognise that our employees face potential safety risks. We take these risks seriously and continuously work to create safe and healthy workplaces and conditions for all our employees and contractors around the world.

Our approach to health and safety is guided by our Safety, Health and Environment policy. Managing Directors in our operating companies are responsible for ensuring their business unit conforms with Group policy, is correctly implementing health and safety procedures, carrying out relevant risk assessments and giving regular health and safety training to employees.

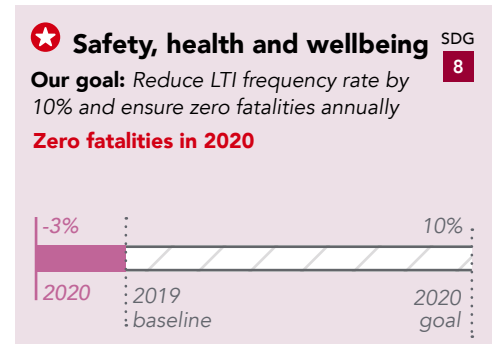
Every year, we evaluate the safety performance of our factories against three key criteria: Lost Time Incident (LTI) rate, Day Away Restricted Time rate (DART) and Medical Treatment rate (MT). Factories that demonstrate a high level of commitment and progress in their overall approach to safety, their planning to minimise safety risks, training for employees and resolution of any safety incidents are awarded a Gold Award by the Group. The 2020 safety performance awards will be handed out in April 2021.

In 2020, the COVID-19 pandemic introduced new unprecedented health risks and this led to many of our employees working from home during the year. In the second half of the year,

production resumed at all our factories, and local outbreaks of COVID-19 were handled effectively, with employee safety our first concern.

We have an annual goal of zero fatalities and a minimum 10 percent annual improvement in the Lost Time Incident (LTI) rate. We had no fatalities in 2020, and although we had fewer lost time incidents in 2020 compared to 2019, the LTI rate, based on the number of hours worked, was three percent higher in 2020, at 3.0. Since a number of our factories needed to reduce production hours, due to the lower demand during the pandemic, the number of hours worked was reduced.

Progress against our sustainability goals



ROCKWOOL Poland recognised as a Trustworthy Employer

In 2020, ROCKWOOL Poland received the national Trustworthy Employer award, in the Safety category. The award is an initiative by the Polish Chamber of Commerce and the Foundation of the Polish Promotional

Emblem 'Teraz Polska' in cooperation with other non-governmental organisations, universities and ministries. It recognises organisations with outstanding health and safety policy and effective, innovative solutions. ROCKWOOL Poland received the award for its engaging staff training promoting safe behaviour and culture.

Community engagement

ROCKWOOL's factories are essential to the Group's success and also benefit local communities, creating jobs and bringing investment. We work hard to maintain constructive, positive relations with these local communities, both at existing facilities and new factories under construction.

In 2020, our factory in Moss, Norway won the Moss Region's Entrepreneurship and Business Award, recognising ROCKWOOL Moss' efforts in innovation, entrepreneurship and job creation in the region. In addition, ROCKWOOL France received EcoVadis Gold certificate for their commitments to environmental protection and circularity both at local and international community levels.

In relation to ROCKWOOL's newest production facility nearing completion in West Virginia, USA, a group of local citizens filed a complaint with the Danish Mediation and Complaints-handling Institution for Responsible Business Conduct alleging non-observance with various OECD Guidelines for Multinational Enterprises. While a final resolution is expected in mid-2021, we are entirely confident that we have planned and are executing the project respecting all local and international requirements. Factory start-up is expected mid-year, and we are pleased to see

significant interest in employment and economic development opportunities from the local community.

In 2020, as in previous years, 23 percent of our dividend goes to ROCKWOOL Foundation to contribute to the foundation's work e.g. developing initiatives to support children's active participation in society through education, employment and community engagement. For more information on ROCKWOOL Foundation initiatives and programmes visit www.rockwoolfonden.dk/en.



Category	Indicator	GRI disclosure number	Value	2018	2019	2020	Note
Workplace safety	Fatalities	403-9	Number	1	1	-	
	Frequency of LTI – employees & contractors (per million hours worked)	403-9	No./mill hours	3.5	2.9	3.0	1
	Annual improvement in LTI frequency	403-9	%	12	17	-3	1

¹ The new factory in Romania started operations in 2019 and is included in 2019 and 2020 data.

Operational performance: Corporate governance

Business ethics

Our Code of Conduct sets out how ROCKWOOL Group does business with integrity. It includes Group policies on anti-corruption, gifts and hospitality, conflict of interest, competition law, data privacy, human rights, labour rights, health and safety, and the environment.

Throughout 2020 all new employees have completed the Code of Conduct e-learning as part of their enrolment process. This emphasises the importance of our Code of Conduct right from the start. Following on from e-learning sessions conducted globally in 2019, around 6 000 targeted employees have been asked to complete our Code of Conduct e-learning at the start of 2021.

All employees are encouraged and required to report activities that they know or suspect to be in breach of the ROCKWOOL Code of Conduct. They can report their concerns to management, the Group Integrity Officer or by using the established whistleblower procedure. We do not accept any form of negative employment consequences for employees reporting in good faith instances of actual or suspected non-conformance.

In 2020, we updated our whistleblower reporting tool such that employees and third parties can now report any suspicions either online or using the RockEthics whistleblower app. Reporting is possible in multiple languages and can be done anonymously.

In 2020, 16 potential cases were reported through the whistleblower system. Nine of them qualified under the whistleblower policy and were handled per established procedure, and decided by the Integrity Committee. The nine cases compare to 13 in 2019 and included two cases each of fraud, conflict of interest, safety issues and harassment; and one involved bribery. Investigations into most of the

cases have been completed, while several are pending completion. So far, two employees have been dismissed and one employee is subject to disciplinary actions. Other cases have resulted in corrective actions.

Working with third parties

ROCKWOOL Group has zero tolerance towards any kind of fraud, corruption, bribery and facilitation payments. Our anti-corruption policy also applies to suppliers, agents and other third parties. In 2020, we updated our risk assessment of fraud, corruption and bribery. This followed interviews with sales, finance, procurement, legal and management teams across the Group. As a result of the updated risk assessment, we are implementing new measures to reduce the risk of corruption and bribery.

Respecting human rights and supply chain due diligence

We are committed to respect human rights as outlined in the United Nations Universal Declaration of Human Rights and the UN Global Compact. We expect our suppliers to enforce the same high standards in their own supply chains and set out these expectations in our Supplier Code of Conduct.

In 2019, we evaluated the sustainability risks related to three overall areas: human rights and labour rights; environment; and anti-corruption and bribery across the countries in which we currently operate and the type of materials and services we procure. This work resulted in the development of a risk matrix tool that we will use to proactively manage and limit potential sustainability-related risks from high-risk category suppliers.

The integration of the risk matrix tool in our supplier due diligence processes has been delayed and is planned to be initiated in 2021.

Responsible tax

ROCKWOOL Group strongly believes that responsible corporate citizenship includes practising responsible tax management and paying taxes in a timely manner.

In terms of sustainability, we recognise that taxes are the primary source of revenue for governments around the world, and are therefore a key lever to achieve the UN SDGs. As such, by paying the right amount of tax, at the right place, at the right time, ROCKWOOL supports governments' ability to drive initiatives in all SDGs.

We have processes and controls in place to ensure timely and accurate tax compliance. When deciding where to locate ROCKWOOL business entities, our decision-making is driven by commercial considerations and not by the desire to engage in aggressive tax planning. ROCKWOOL does not have a legal presence in any of the countries listed on the EU's blacklist of non-cooperative jurisdictions and we actively monitor both the EU and OECD's list of uncooperative jurisdictions.

We seek to develop open, cooperative relationships with tax authorities. We are transparent about our tax positions and, when asked for documentation or reasonings, provide the necessary information in a straightforward and timely manner.

Group Tax Policy sets out our overall guiding policies on tax governance and controls. All tax matters, including governance, risk and controls, are operationally managed and monitored by the Chief Financial Officer and

Group Tax department, working closely with the finance managers of ROCKWOOL global business units.

Key areas of our tax management focus in 2020 were:

1. Tax compliance processes: In 2020, we initiated the development of a Tax Control Framework to give us a centralised overview of tax filing compliance requirements and risk. Based on this, we are introducing new controls, processes and instructions for staff to ensure compliance, timeliness and efficiency in our work.

2. Transfer pricing compliance with OECD Guidelines and local laws: We seek to secure stability in the interpretation of our transfer pricing setup by entering into advance pricing agreements (APAs) in countries that are key to our commercial operations.

3. Tax incentives: During 2020, as a result of the COVID-19 pandemic, several governments offered financial support packages in countries where ROCKWOOL operates. We made use of several beneficial rules, namely: the postponement of corporate income tax payments on account and VAT payments; and the postponement of filing deadlines for tax and VAT returns, transfer pricing documentation and The EU Directive on cross-border tax arrangements (DAC6) reporting requirements.

Category	Indicator	GRI disclosure number	Value	2018	2019	2020
Anti-corruption	Confirmed incidents of corruption and actions taken	205-3	Number	2	2	1
Management approach disclosures	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	419-1	EURk	-	-	-
	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	206-1	EURk	-	-	-

Accounting principles

Reporting period

Our reporting covers the period from 1 January 2020 to 31 December 2020.

The report focuses on the topics that we consider most important and material to our business and society, by taking into consideration inputs from all our stakeholders. We are committed to communicating openly about our performance with the goal to provide stakeholders with sufficient information about Group's sustainability performance, in order for them to form their own judgement about ROCKWOOL's sustainability position, progress and role in the societies where we operate.

Among the entities included in this report's performance data are subsidiaries in the ROCKWOOL Group.

Comments on environmental data scope and boundary

In 2020, 30 stone wool factories out of 31 are included in the scope of the CO₂ emissions (Scope 1 and Scope 2), water consumption and waste to landfill environmental indicators, whilst all 31 stone wool factories are included in the scope of the air emissions and reclaimed waste. Activities related to grid and render manufacturing are excluded as their contribution to these environmental indicators is assessed to be insignificant.

Our new factory in Romania started operation in September 2019 and is included from 2020. The Chinese factory acquired in fourth quarter 2018, is included for air emissions, reclaimed waste and compliance indicators but not yet included for CO₂ emissions, water consumption and waste to landfill environmental indicators. Our aim is to integrate acquisitions in our reporting as soon as possible.

The scope of the energy efficiency goal covers wholly owned office buildings, which are not rented buildings and have energy efficiency performance above 75 kWh/m²/yearly.

Lifecycle greenhouse gas (GHG) emissions (Scope 3) are collected and calculated by taking into account the Group's upstream and downstream absolute GHG emissions within the reporting year. According to the Greenhouse Gas Protocol, Scope 3 emissions include all indirect emissions occurring in the Group's value chain and are categorised within 15 categories¹.

Comments on safety data scope and boundary

All ROCKWOOL locations are in scope, including factories, offices, construction sites, laboratories, warehouses, etc.

During 2020, we made two acquisitions: the Sweden-based Parafon Acoustic Ceiling business, now part of Rockfon; and Bestofire & Thermal Pte Ltd, a Singapore-based specialist supplying fire protection and thermal insulation. We plan to include the safety data from these two companies from 2021. There were no divestments during 2020.

All employees and working hours from contractors performing duties for ROCKWOOL Group are included. Two types of contractors are distinguished to manage risks and safety:

- permanent contractors with long term duties for or on behalf ROCKWOOL;
- occasional contractors (work on site, maintenance etc.) for which risk & method statement must be in place in advance, safety precaution and supervision implemented.

Incidents involving permanent and occasional contractors are recorded and included in the LTI rate. Visitors, for example lorry drivers, school classes, external agencies etc., are not included

in Group LTI rate, though all incidents are recorded and investigated.

Comments on compliance and management diversity data scope and boundary

In 2020, 31 stone wool factories are included in the scope of the compliance and management diversity indicators.

Baseline

All environmental-related sustainability goals have 2015 as baseline year, whereas the previous reporting year is the baseline for the safety goal. In 2020, the 2015 baseline for landfill waste was reviewed and corrected due to identified errors and alignment, during the assurance process. Process emissions in 2015, as part of the CO₂ emissions, were calculated based on a Group average.

In 2020, we set absolute greenhouse gas emission targets for 2034 with baseline 2019, verified and approved by Science Based Targets initiative.

Sustainability data collection, calculations and consolidation

The calculation and reporting of CO₂ emissions (Scope 1 and 2), water consumption and waste to landfill is supported by the same system used for the financial consolidation and reporting.

The data collection, calculations and consolidation of results for the safety goal are supported by a reporting tool. The working hours registered for employees and contractors are based on local systems.

The LTI, CO₂ emissions (Scope 1 and 2), water consumption and waste to landfill data is provided by the factories, reviewed and signed off by local management and are therefore assessed to be complete and accurate to management's best knowledge.

The Group's absolute lifecycle GHG emissions are collected within all applicable categories and are calculated on an annual basis by performing Lifecycle assessment analysis based on EN15804, using GaBi Professional software Version 9.2.1.68 and GaBi database. The data is used in calculating the Group's progress to absolute lifecycle GHG emissions science-based target.

Data controls

Data trails have been mapped and risks identified with respect to completeness, accuracy, cut-off and existence, and where relevant, mitigating controls have been set up and completed. Changes to historical data are only made if the impact hereof is more than one percent of the Group's aggregated data.

Environmental, safety and compliance indicator definitions

Environment data indicators

Tonnes of stone wool produced

Tonnes of stone wool produced is calculated as the total quantity of usable products produced by ROCKWOOL stone wool production factories included in the scope. The total value for the reporting period is the denominator for calculation of the CO₂ and water intensity goals. ROCKWOOL uses tonnes of stone wool as a standard measure for comparison as this is considered a suitable measure for the environmental impact associated with the production of our products. Tonnes of stone wool is calculated based on the number of usable products produced on the line and accepted by the warehouse. The tonnes are calculated based on number of products, the nominal density and the nominal dimensions/volume of the products produced, corrected for any odd-size waste not recycled.

¹ GHG Protocol, Scope 3 Guidance, 2011, <https://ghgprotocol.org/scope-3-technical-calculation-guidance>

CO₂ emissions (Scope 1 and 2)

Scope 1 and 2 are defined according to the Greenhouse Gas Protocol: Scope 1 includes all direct emissions from fuels such as coke, coal and natural gas as well as emissions from raw materials; Scope 2 includes indirect emissions from consumption of purchased electricity, heat or steam¹.

CO₂ Scope 1 emissions are calculated based on consumptions, net calorific values, carbon content or emission factors determined by readings, invoices, laboratory analysis results or national databases depending on country specific regulatory requirements.

All Scope 1 emissions from our stone wool factories in the EU, United Kingdom and Norway are covered by the EU Emissions Trading Scheme. All external assurances in connection with these compliance schemes take place during or after the issuing of this report. In 2019, no significant differences were found between the numbers reported and the compliance assurance schemes.

CO₂ emissions from electricity (Scope 2) are reported as market based emissions and location based emissions. Market based emissions are based on emissions factors specified in energy attribute certificates, contracts, power purchase agreements and supplier utility emissions and residual mix. Where market based emission factors are not available, location based factors are used. Market based emissions are used for ROCKWOOL's CO₂ and GHG goals.

The location based emissions are calculated using the emission factors published by the International Energy Agency specific to the country of operations.

Absolute factory GHG emissions (Scope 1 and 2)

Factory GHG emissions are the sum of CO₂ emissions and other GHG emissions (N₂O) in absolute terms for the reporting year. N₂O emissions are calculated based on analyses made in some of the production facilities under representative operational conditions. The global warming potential value used for N₂O is the one published in the IPCC Fourth Assessment Report (AR4). The data is used in calculating the Group's progress to absolute factory GHG emissions science-based target.

Absolute lifecycle/non-factory GHG emissions (Scope 3)

Scope 3 is defined according to the Greenhouse Gas Protocol: Scope 3 includes other indirect emissions from activities of the organisation, occurring from sources that they do not own, or control².

Lifecycle emissions are collected and calculated by taking into account the Group's upstream and downstream absolute GHG emissions within the reporting year.

Air emissions – NO_x, SO₂, CO, Ammonia, Phenol, Formaldehyde and PM10

All air emissions other than GHGs are calculated as the total emissions for each component and are based on analytical measurements performed in accordance with the factory's permit requirements and operational conditions. In addition to the permit requirements, ROCKWOOL has set minimum mandatory requirements relating to air emission measurements that prevail in cases where legal requirements are less stringent. The scope of air emissions is 31 stone wool factories and includes one factory acquired in 2018.

The air emissions data has some uncertainty and are dependent on nationally prescribed methods, sampling frequency, sampling methods and laboratories. Emission measurements can vary a great deal based on the representativeness of the samples taken, flow measurements and sampling techniques, as well as the method of analysis.

Water consumption and withdrawal

Water withdrawal consists of water withdrawn from the ground, surface water, municipal supply and any other external source at the 30 stone wool factories. Rainwater collection is excluded from the water consumption per tonne of stone wool. Reported data is based on metre readings and invoices.

Total water consumption from all areas with water stress, refers to the water consumption at four factories in Malaysia, India and Russia that have been identified as being located in either highly or extremely highly water stressed areas. This was the result of a water scarcity assessment carried out by a third party in 2017. The water scarcity assessment will be carried out every fifth year.

Landfill waste from factories

Waste to landfill is calculated as the total quantity of production waste sent to landfill by the 30 stone wool factories. Reported data are based on weighbridge tickets and/or documentation provided by external suppliers either in the form of reports or invoices. Waste sent to landfill by these sites that did not originate from the production process is excluded from the reported figure.

Waste sent to other types of disposal are calculated as the total quantity of waste sent to each individual type of disposal. Reported data are based on weighbridge tickets and

documentation provided by external customers/suppliers.

Reclaimed waste

A reclaimed waste scheme is where ROCKWOOL or a third-party contractor offers a recycling/reuse scheme for the purposes of exploiting the inherent recyclability of stone wool.

A country-specific reclaimed waste scheme is considered eligible when it meets all of the following criteria:

- the scheme facilitates the take back of construction and/or demolition ROCKWOOL stone wool products to a ROCKWOOL factory and/or a waste/industry partner that ensures the waste is reused/recycled;
- the scheme is either offered to a substantial market segment or the scheme is offered to selected, large customers in a country;
- the scheme covers as a minimum insulation products but must also cover Systems segment products when appropriate; and,
- the offering is accessible for example on the ROCKWOOL country website, in marketing brochures, through direct promotion, etc. and is communicated to relevant customers.

The criteria are as well included in the goal's internal guidelines, available to all ROCKWOOL employees and global business units, as part of the goal scope. A country must present appropriate documentation in the form of contracts, financial documentation, customer correspondence and marketing materials for assessment by ROCKWOOL management.

Recycled content

Recycled content is calculated in accordance with EN 15844:2012 and ISO 14021:1999, but excludes internal factory waste. The Group recycled content is calculated as an average of the recycled content across the 31 stone

¹ GHG Protocol, Scope 2 Guidance, 2015, https://ghgprotocol.org/scope_2_guidance

² GHG Protocol, Scope 3 Guidance, 2011, <https://ghgprotocol.org/scope-3-technical-calculation-guidance>

wool factories. Recycling of waste from other industries is waste or co-products used to substitute virgin stone in the melting process.

Energy consumption

Energy consumption is calculated as the total energy consumed by the 30 stone wool factories in the form of fuel and electricity. Reported energy is based on the consumptions determined by weight or volumes measured or invoices and on net calorific values from laboratory analysis, information from the suppliers or national data bases. The sources for net calorific values and emission factors depend on country specific regulatory requirements.

Energy efficiency in our own buildings

Energy efficiency in own, unrenovated offices is calculated in terms of kWh/m²/year. The criteria for the buildings included in the scope of the goal and the ones, excluded are outlined in the internal Group guidelines to the goal. The guidelines are available internally to all ROCKWOOL employees and global business units that are part of the goal's scope. To determine the scope, and the initial baseline energy consumption of the buildings determined to be in scope, a third party was engaged by management to carry out an energy efficiency mapping of the Group's global office building stock. This resulted in an initial office building scope with an estimated energy efficiency performance to be used as the goal baseline. Two buildings were not part of the initial third party assessment, as they were demolished. New buildings were built instead and these are now added to the assessment.

When ROCKWOOL investigates the energy efficiency improvement potential of an office in scope, a new energy design performance assessment is completed by a third party. If the calculated energy efficiency from this assessment deviates from the initial baseline

value, the baseline is updated to reflect the new value. The final energy efficiency value of the renovation/new build is used to calculate the energy efficiency improvement. This value is calculated by a third party.

Safety data indicators

Lost Time Incident (LTI) rate

The LTI rate is calculated as the total lost time incidents per one million working hours.

A lost time incident is defined as an incident that renders the injured person unable to perform any regular job or restricted work on any number of calendar days after the day on which the injury occurred. Contractor working hours are calculated based on actual hours registered on site or hours written in tenders. Working hours for ROCKWOOL employees are in most cases calculated based on payroll systems. In some cases, the calculation is based on other systems, in some cases based on headcount and normal work week hours. Some adjustments to actual working hours such as overtime or absence have to be estimated due to availability of data.

Compliance data indicators

Workplace diversity

Women in management includes managers on levels 1–5 in our organisational hierarchy. Women in new hires includes managers on levels 3–5 in our organisational hierarchy.

Anti-corruption

The disclosure of incidents is aligned with the GRI standard on anti-corruption point 205-3, where confirmed incidents of corruption are reported.

Environmental laws and regulations – compliance

A fine is a monetary sanction for non-compliance with environmental and health and safety laws

and regulations (including international, national, and voluntary agreements with authorities).

A sanction is a non-monetary administrative sanction for non-compliance with environmental and health and safety laws and regulations (including international, national, and voluntary agreements with authorities).

Fines and sanctions are reported as the total of fines and sanctions in the 31 stone wool factories.

The number of safety, health and environment audits/inspections includes external audits related to safety, health and environment carried out by authorities, certified bodies, or similar, together with Group internal audits at the 31 stone wool factories.

GRI Standard Reference Index

Our reporting is informed by the Global Reporting Initiative (GRI) Standards. The Standards highlight multiple topics across three categories: economic, environmental and social, which are material to our business.

We publish a separate GRI Standard Reference Index along with our annual Sustainability Report that can be downloaded at www.rockwool.com/group/about-us/sustainability/

Limited assurance report

The Management of ROCKWOOL International A/S (“ROCKWOOL”) engaged us to provide limited assurance on the selected data described below for the period 1 January – 31 December 2020.

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing has come to our attention that causes us not to believe that the data in scope for our limited assurance engagement are free of material misstatements and are prepared, in all material respects, in accordance with the accounting principles as stated on pages 35-37.

This conclusion is to be read in the context of what we say in the remainder of our report.

What we are assuring

The scope of our work was limited to assurance on the status of ROCKWOOL’s sustainability goals for the period 1 January – 31 December 2020 in the section “Factbook and data” (pages 29-33) in ROCKWOOL’s Sustainability Report 2020, namely:

- CO₂ emissions (page 29);
- Energy efficiency (page 29);
- Water consumption (page 30);
- Reclaimed waste (page 31);
- Landfill waste (page 31) and;
- Safety, health and wellbeing (page 33).

Our assurance does not extend to information in respect of other data or periods, unless otherwise indicated.

Professional standards applied and level of assurance

We performed a limited assurance engagement in accordance with International Standard on Assurance Engagements 3000 (Revised)

‘Assurance Engagements other than Audits and Reviews of Historical Financial Information’ and, in respect of the greenhouse gas emissions, in accordance with International Standard on Assurance Engagements 3410 ‘Assurance engagements on greenhouse gas statements’, issued by the International Auditing and Assurance Standards Board. Greenhouse Gas quantification is subject to inherent uncertainty because of incomplete scientific knowledge used to determine emissions factors and the values needed to combine emissions of different gases.

A limited assurance engagement is substantially less in scope than a reasonable assurance engagement in relation to both the risk assessment procedures, including an understanding of internal control, and the procedures performed in response to the assessed risks; consequently, the level of assurance obtained in a limited assurance engagement is substantially lower than the assurance that would have been obtained had a reasonable assurance engagement been performed.

Our independence and quality control

We have complied with the Code of Ethics for Professional Accountants issued by the International Ethics Standards Board for Accountants, which includes independence and other ethical requirements founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior. The firm applies International Standard on Quality Control 1 and accordingly maintains a comprehensive system of quality control including documented policies and procedures regarding compliance with ethical requirements, professional standards and applicable legal and regulatory requirements. Our work was carried out by an independent multidisciplinary team

with experience in sustainability reporting and assurance.

Understanding reporting and measurement methodologies

The selected data need to be read and understood together with the accounting principles, as stated on pages 35-37 of this report, which Management is solely responsible for selecting and applying. The absence of a significant body of established practice on which to draw to evaluate and measure non-financial information allows for different, but acceptable, measurement techniques and can affect comparability between entities and over time.

Work performed

We are required to plan and perform our work in order to consider the risk of material misstatements of the data. In doing so and based on our professional judgement, we:

- Reviewed the suitability of the accounting principles;
- Made inquiries and conducted interviews with ROCKWOOL’s Management with responsibility for management and reporting of the data to assess reporting and consolidation processes, use of company-wide systems and controls performed;
- Checked data on a sample basis to underlying documentation, and evaluated the appropriateness of quantification methods and compliance with the accounting principles;
- Conducted analytical review of the data and trend explanations submitted by all reporting entities for consolidation at Group level;
- Read other information included in the ROCKWOOL Sustainability Report 2020 in order to identify any material inconsistencies with the selected data in scope for our

assurance engagement and our limited assurance report thereon; and

- Evaluated the obtained evidence.

ROCKWOOL’s responsibilities

Management of ROCKWOOL is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the selected data that is free from material misstatement, whether due to fraud or error;
- Establishing objective accounting principles for preparing data;
- Measuring and reporting data based on the accounting principles; and,
- The content of the ROCKWOOL Sustainability Report for the period 1 January – 31 December 2020.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the selected data are free from material misstatement, and are prepared, in all material respects, in accordance with the accounting principles;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and,
- Reporting our conclusion to the stakeholders of ROCKWOOL.

Copenhagen, 18 March 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Torben Jensen
State authorised public accountant
Rune Kjeldsen
State authorised public accountant

ESG performance

In response to growing interest, ROCKWOOL Group, in 2019, became the first company in the Nordic region to host quarterly calls with investment analysts focusing solely on our ESG approach and performance. This is a fast-moving area of engagement, and we welcome regular dialogue with analysts on these issues. Recordings of the ESG analyst calls can be found at www.rockwool.com/group/.

Ratings

- MSCI ESG A
- MSCI BISR Environmental Impact 89.42%
- SustainAnalytics Risk Rating 18.8 (Low)
- ISS-Oekom C+ (Prime)
- CDP Climate B

Indexes

- Trucost, part of S&P Global, classifies 100 percent of the Group's products as SDG positive.

Selected partnerships within climate and sustainability

UNGC Action Platforms:

- Business Ambition for Climate and Health
- Reporting on the SDGs



Corporate Leaders Group



Ellen MacArthur Foundation – CE100



Renovate Europe



COP Statement to UNGC

ROCKWOOL Group is a participant in the UN Global Compact and we express our continued support for the Global Compact by hereby renewing our ongoing commitment to the initiative and its principles.



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