



Resilient by nature

Sustainability Report 2022



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Enhancing urban climate adaptation with Rockflow products, Amsterdam Noord, the Netherlands

About this report

ROCKWOOL Group is committed to transparency and to reporting accurate and reliable information. Every year we publish our Annual, Remuneration, Corporate Governance, and Sustainability reports to communicate with our stakeholders. You can download these reports from www.rockwool.com/group.

This sustainability report functions as a way to communicate our progress on implementing the UNGP's ten principles. Our actions contribute to the United Nation Sustainable Development Goals (SDGs), which are described in the Sustainability as a strategic priority section of this report (see page 11).

This sustainability report forms part of ROCKWOOL Group Management's review covering the statutory reporting on corporate social responsibility, as required by section 99a of the Danish Financial Statements Act.

This report addresses the diversity policies targeting management composition in accordance with section 107d of the Danish Financial Act. This report includes targets on gender representation in the Board of Directors, and further informs about the policy on gender representation on executive and middle management levels in accordance with section 99b of the Danish Financial Act (see page 38).

It covers ROCKWOOL's activities in the 2022 calendar year, including updating you, among others things, on how ROCKWOOL's products are supporting communities to adapt and increase their resilience to climate change impacts and how we are reducing the negative footprint impacts of our production and value chain.

In the Sustainability data you will find key performance indicators showing the progress that we are making on our product impact metrics and operational performance metrics related to the SDGs. Information regarding EU taxonomy can be found on pages 55-57.

The statement on limited assurance is on page 53.

For any enquires, comments or recommendations about this report or any matters pertaining to sustainability at ROCKWOOL, please contact sustainability@rockwool.com.



Annual Report 2022



Remuneration Report 2022



Corporate Governance Report 2022

ROCKWOOL past and present

ROCKWOOL is a world leader in stone wool solutions. Founded in 1937 in Hedehusene, Denmark, we transform volcanic rock into safe, sustainable products that help people and communities to thrive.

ROCKWOOL Group has five brands, all working together to achieve our common purpose – to release the natural power of stone to enrich modern living. Our products are perfectly suited to tackle many of today’s biggest sustainability challenges, from energy consumption and noise pollution to fire resilience, water scarcity, and flooding.



85 years
since our founding in Hedehusene, Denmark, the site of our first stone wool factory and still our headquarters today



51
manufacturing facilities

12 200
employees across Europe, North America, Russia, and Asia

79
nationalities worldwide

3907 MEUR
net sales

23%
of the ROCKWOOL Group dividend goes to the ROCKWOOL Foundation

11
SDGs to which we have committed



The leading supplier of non-combustible stone wool insulation solutions for all major application areas, including technical and OEM.



The global leader in supplying innovative, resource-efficient stone wool growing media solutions for the professional horticulture industry.



Providing customers with indoor acoustic solutions for ceilings and walls.



Manufacturing board material mostly used in ventilated constructions for façade cladding, roof detailing, soffits and fascia.



Supplying stone wool-based products in four core areas: urban climate adaptation, residential prefab construction, urban acoustics and automotive & OEM.



Energy efficiency in the built environment is a triple win – socially, economically and environmentally.

This past year, global energy challenges and volatile economic conditions have exacerbated the stark reality of the climate crisis. These combined pressures are leading to increased energy poverty among vulnerable populations as well as supply challenges to fuel critical industry. In 2021, even before the current crisis, more than 95 million people in the European Union were at risk of energy poverty or social exclusion, a number that is certainly higher today.

These challenging geopolitical realities prompted UN Secretary-General Antonio Guterres to warn world leaders convening at the UN Climate Change Conference (COP27) in late 2022: “We are on a highway to climate hell with our foot on the accelerator”. His message to world leaders was clear – cooperate or perish. In their annual Emissions Gap Report,¹ the UN Environment Programme found that even if all of countries met their current climate pledges, global average temperatures would still rise to 2.4-2.6 degrees Celsius.

We have the solutions

These gloomy assessments compel us to take action. While the climate crisis is not going to be solved by pledges or long-term targets, the good news is that we have the solutions to take action today. Energy efficiency in the built environment is a triple win – socially, economically and environmentally: we can use, emit, and import less while at the same time reducing energy poverty.

The truth is that we cannot delay decarbonising the economy, as the window of opportunity is closing. However, the critical question is, can we deploy the available solutions rapidly enough to avoid climate change’s worst impacts?

In 2022, ROCKWOOL worked with Guidehouse Consulting to investigate the impact that deep energy efficiency renovation could have on the European building stock.²

Their analysis shows that a deep renovation of the building envelope of the European Union’s least efficient buildings would eliminate the need for the residents/ owners of these buildings to use fossil fuels. This would thus help protect them from soaring energy prices while significantly cutting Europe’s dependence on Russian gas imports and decreasing greenhouse gas emissions at the same time.

At ROCKWOOL we also practice what we preach by deeply renovating our own offices. Last year we completed nine renovations globally, demonstrating that deep renovation makes sense by providing improved working conditions as well as generating significant energy consumption and carbon emissions reductions and of course, cost savings too. In doing this, we met our remaining 2022 intermediate sustainability goal, with a 39 percent energy efficiency improvement in owned offices.

Safety and human rights

Keeping our people safe is ROCKWOOL’s top priority. As an industrial company employing over 12 000 people, we fully recognise that our employees face safety risks, which we take very seriously. Tragically in 2022, a colleague at our Polish factory died as a result of injuries sustained at work. We conducted a detailed investigation and have implemented additional accident prevention measures in all our factories. Though overshadowed by the fatality, ROCKWOOL’s overall Lost Time Incident rate improved in 2022.

Also during 2022, we strengthened our commitment within human rights throughout our operations and value chain. We did this in part by creating the necessary framework to help ensure we are living up to internationally recognised principles of protecting human rights and addressing inequalities, inequities, and discrimination.

Circularity

We are proud that our stone wool products enhance modern living by making buildings more energy efficient, safer from fire, and healthier and more comfortable places to be. But we also know that succeeding on the challenges facing the world today requires systemic change. That is why ROCKWOOL fully supports the societal transformation to a waste-free society based on circular economy principles.

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.

By offering comprehensive, truly circular recycling services now in 19 countries, ROCKWOOL contributes to greater circularity in the construction sector, thus reducing the total amount of waste that could eventually end up in our landfills and waterways.

The ocean and water

In 2022, we committed to a new UN Sustainable Development Goal, SDG 14 Life Below Water. At ROCKWOOL we understand that what we do on land does not magically stop at the water’s edge, but can contaminate the ocean too. We hope to inspire more companies to recognise that, as John Muir, the Scottish-American naturalist said, “When one tugs at a single thing in nature, he finds it attached to the rest of the world”.

Despite the complex challenges facing our world, we remain positive that the solutions are at hand to help build a safer, healthier, more sustainable and energy secure future. We are committed as ever to doing our part.

Jens Birgersson, CEO



¹ Emissions Gap Report 2022, <https://www.unep.org/resources/emissions-gap-report-2022>

² Decreasing Europe’s Energy Dependency through Building Renovation, Report, Guidehouse, <https://guidehouse.com/insights/energy/2022/building-renovation-decrease-europe-energy>

Protecting our ocean – a shared responsibility

Building on our purpose to enrich modern living, ROCKWOOL understands that the ocean is inextricably linked to the health of all life on our planet. The ocean influences and stabilises the climate in multiple ways, for example by storing 90 percent of the heat from global warming. However, according to the United Nations (UN), many of the benefits the ocean provides are at risk.

“The carbon we are releasing into the atmosphere drives ocean warming and acidification that destroy biodiversity, as well as sea level rise that threatens our coastlines”, according to the UN Secretary-General António Guterres at the release of the Second World Ocean Assessment last year.

Coastal and vulnerable communities will bear the brunt of climate change’s devastating impacts. It is with these significant environmental threats in mind that ROCKWOOL has added SDG 14, Life Below Water, to the 10 SDGs we previously committed to, bringing the total number of prioritised SDGs to 11.

We decided to include a focus on the ocean in our sustainability framework because approximately 80 percent of marine and coastal pollution originates on land but affects the world’s largest ecosystem.

ROCKWOOL’s ongoing efforts to reduce greenhouse gas emissions through the use of our products and in our value chain is part of how we protect life below water. An equally important component of our contribution to SDG 14 is our commitment to circularity.

By offering comprehensive recycling services in a growing number of countries, ROCKWOOL contributes to greater circularity in the construction sector, thus reducing the total amount of waste that could eventually end up in our waterways. Since 40 percent of the world’s population lives in coastal zones, it matters how we build new buildings and renovate old ones and what we do with the resulting construction waste.

Water management within our factories further supports this goal of reducing freshwater use and ensuring there is no process wastewater discharge into the environment. At many of our sites, we recycle process water in a closed-loop system, while at others, the water is treated at municipal wastewater treatment stations. Either way, most of the water evaporates as part of the production process.



Mirella Vitale, SVP, Marketing, Communication and Public Affairs at ROCKWOOL Group at the Impact League. 2022, Copenhagen, Denmark

SailGP’s Impact League: making a difference through sports

ROCKWOOL’s sponsorship of the Denmark SailGP team is more than just a great branding opportunity. It’s also an opportunity to make a sustainability difference.

In 2021, SailGP launched the Impact League, with the goal of becoming the world’s most sustainable and purpose-driven sport.

At every event, the Impact League leader board scores each SailGP team for their positive actions to reduce their environmental footprint. The winner of the Impact League is crowned beside the Season Champion and earns valuable funding for its purpose partner.

In 2022, ROCKWOOL selected the One Ocean Foundation as our purpose partner. We have begun collaborating on several initiatives, including reducing the carbon and plastic footprint of the team’s activities.

The Danish team will also collect a series of plankton samples in every SailGP venue to create a first-ever ocean health map of the 11 SailGP venues in key locations across four continents. The samples will be analysed to monitor the real-time health of the ocean at each location.





Collaborating with One Ocean Foundation

To help us in our focus on the ocean, we have formed a new international partnership with One Ocean Foundation, a non-governmental organisation that works to support the health and sustainability of the ocean. The collaboration connects global business, world-class sport and cutting-edge science to drive positive impact.

Why partner with One Ocean Foundation?

Backed by an independent scientific committee and working with a range of institutions, research centres and universities, One Ocean Foundation aims to accelerate solutions to ocean issues. The Ocean Disclosure Initiative is a science-based framework designed to help businesses understand and reduce their impact on the ocean. It creates standard guidelines and metrics for disclosing corporate information about ocean sustainability, covering issues such as marine biodiversity and biological integrity, water quality, and sea-based food integrity.

Water covers **71 percent** of the earth's surface

Approximately **8 million tons¹** of plastic enters the ocean each year

The ocean provides more than **50 percent** of our oxygen

As a land-based company whose products are made from fully recyclable stone wool based on volcanic rock, we might seem far removed from the ocean. But the Foundation makes it very clear that all industries – and not just those in coastal locations – are exerting negative pressures on the ocean. So we're eager to play our part in One Ocean Foundation's research and to encourage other companies to do the same.

Partnering with One Ocean Foundation and committing to SDG 14 is our way to help spread awareness about the importance of the ocean, to understand our marine environments better and to identify solutions to meet future challenges.

Jan Pachner, Secretary-General at One Ocean Foundation said,

“It's really exciting for us to partner with a world leader like ROCKWOOL, and to be able to use the incredible SailGP platform through this collaboration with Denmark SailGP Team”. He continued, “We know that the power of sport to showcase these important ocean health issues is unrivalled, and we look forward to helping Denmark SailGP Team and ROCKWOOL set a new standard and lead by example over the coming seasons”.



ROCKWOOL's CEO Jens Birgersson sampling phytoplankton for testing in a laboratory, Singapore



¹ <https://www.weforum.org/agenda/2022/02/extinction-threat-ocean-plastic-pollution/>

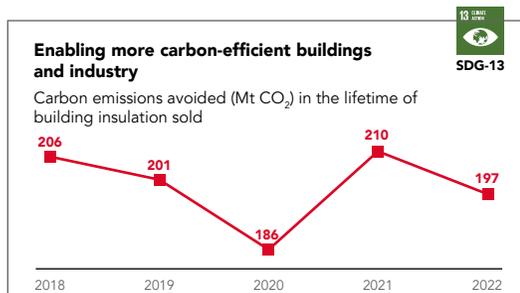
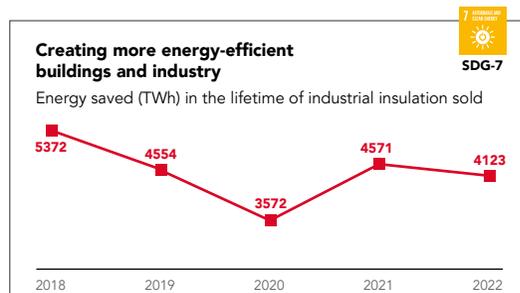
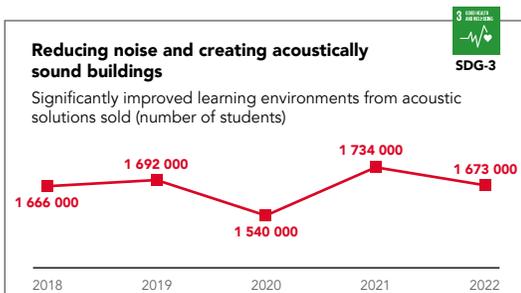
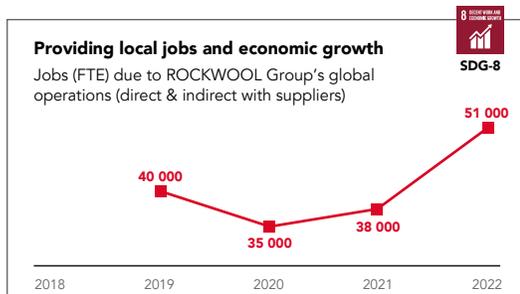
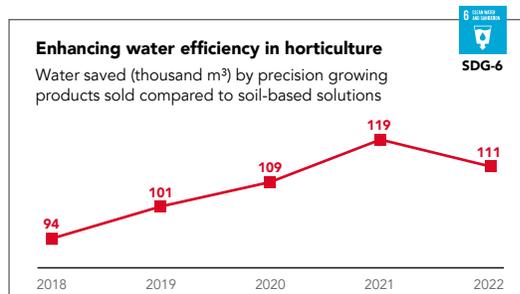
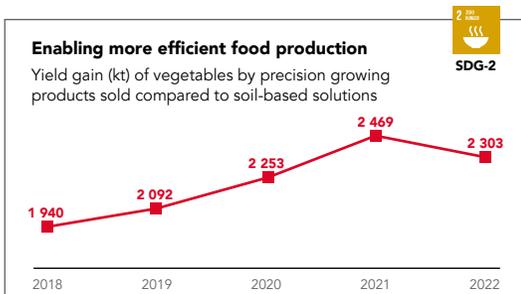
Maximising our handprint, minimising our footprint

Data-driven approach is guiding our sustainability work.

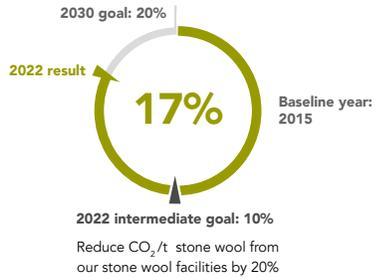
We measure our progress towards the 11 United Nations Sustainable Development Goals to which we have committed through a combination of handprint and footprint metrics, and including our own sustainability goals. As a result of our products' use in 2022, we continued to have a significant positive impact, among

other ways by creating more energy- and carbon-efficient buildings, more efficient food production, and more acoustically sound buildings. For a complete overview of the development in all our handprint impacts, see page 47.

In 2022, having deeply renovated an additional nine offices, we met our energy efficiency in owned offices intermediate goal. This means that we have fulfilled all five intermediate sustainability goals with baseline 2015. For a number of these, we are well on the way to achieving our 2030 goals. For an overview of our performance, see page nine. Our progress on all sustainability goals is described throughout the report.



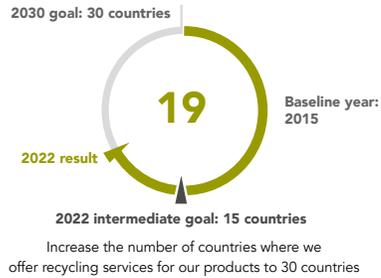
 **CO₂ emission intensity***



How

- Energy efficiency
- Technical innovation
- Circularity

 **Reclaimed material***



How

- Establishing Rockcycle take-back services

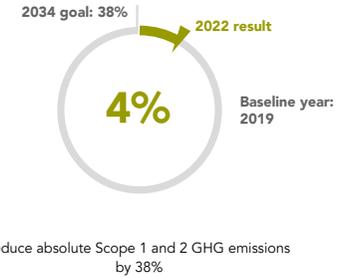
 **Energy efficiency in owned offices***



How

- Deep renovation of owned global office stock

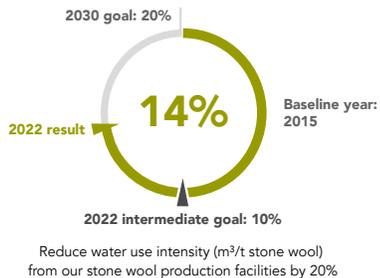
 **Absolute Scope 1 and 2 greenhouse gas emissions (CO₂e) science-based target****



How

- Energy efficiency
- Technical innovation
- Circularity

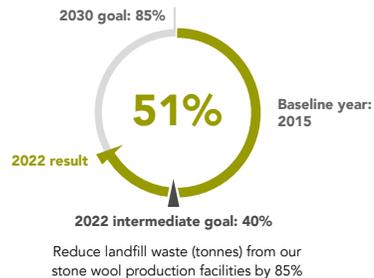
 **Water use intensity***



How

- Process optimisation
- Rainwater harvesting

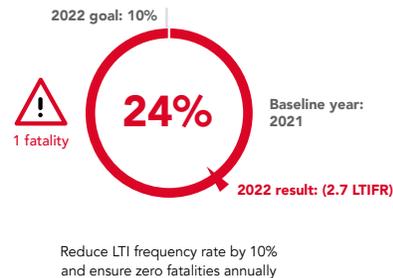
 **Landfill waste***



How

- Recycling optimisation
- Technology innovation

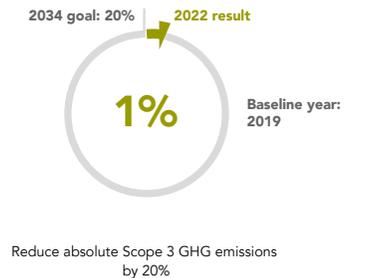
 **Safety, health and wellbeing***



How

- Evaluate safety practices
- Safety training
- Shopfloor employee engagement programmes

 **Absolute Scope 3 greenhouse gas emissions (CO₂e) science-based target**



How

- Technical innovation
- Circularity
- Low carbon transport

* In scope of limited assurance.

** 2022 data in scope of limited assurance.

Scope 1, 2 and 3 are defined according to the Greenhouse Gas Protocol.

Scope 1 includes all direct emissions from sources that are owned or controlled by the company

Scope 2 includes indirect emissions from consumption of purchased electricity, heat or steam.

Scope 3 includes other indirect emissions from an organisation's activities that result from sources that they do not own or control.

A year in highlights

ROCKWOOL is a net carbon negative company with our stone wool building insulation sold in 2022 saving in its lifetime¹ more than 100 times the energy consumed and CO₂ emitted in its production. Saving energy and reducing emissions create a significant positive impact, helping communities and society at large to build greater climate change resilience. Independent external assessments back this up. For example, Trucost, part of Standard & Poor's Global, has classified all our products as being SDG positive, meaning they have been assessed as having a positive impact on achieving the UN SDGs.

We have evaluated that 59 percent of the revenue from taxonomy-eligible products is taxonomy-aligned (see page 55).

In 2022, ROCKWOOL ranked 16th overall among the world's most sustainable companies and #1 globally among Building Products companies, according to the prestigious Corporate Knights Global 100 most sustainable companies index. We also received awards for our Rockcycle® service in France and Denmark and made good progress in reducing our operational footprint.



ROCKWOOL ranks 16th among world's 100 most sustainable companies and #1 globally among Building Products.



ROCKWOOL building insulation sold in 2022 **will save annually**
19 TWh

heating energy – equivalent to the annual energy use of more than one million homes.

CO₂ intensity reduction from production of

17%

against the 2015 baseline year.



Prime rating for sustainability with ESG rating agencies ISS-oekom and MSCI for the fifth year running.



Recycling services in
19 countries.

Grodan products sold in 2022 **will save an estimated**

111 million



litres of water.

Trucost, part of Standard & Poor's Global has classified

100%



of our products as being **SDG positive**.



Grodan growing solutions enabled

76%

more vegetables to be grown compared to soil-based horticulture.

Taxonomy alignment **net sales**

59%

The acoustic solutions Rockfon installed in schools in 2022 **improved the learning conditions** of more than

1.7 million



students globally.



A-
Leadership level



Winner **Best Company** for our Rockcycle® services

Energy efficiency improvement of owned offices through deep renovation of

39%



against the 2015 baseline year.

¹ 65 years lifetime.



Sustainability as a strategic priority



Creating comfortable acoustic environments with Rockfon products inside the Leicester City FC Training Ground, United Kingdom

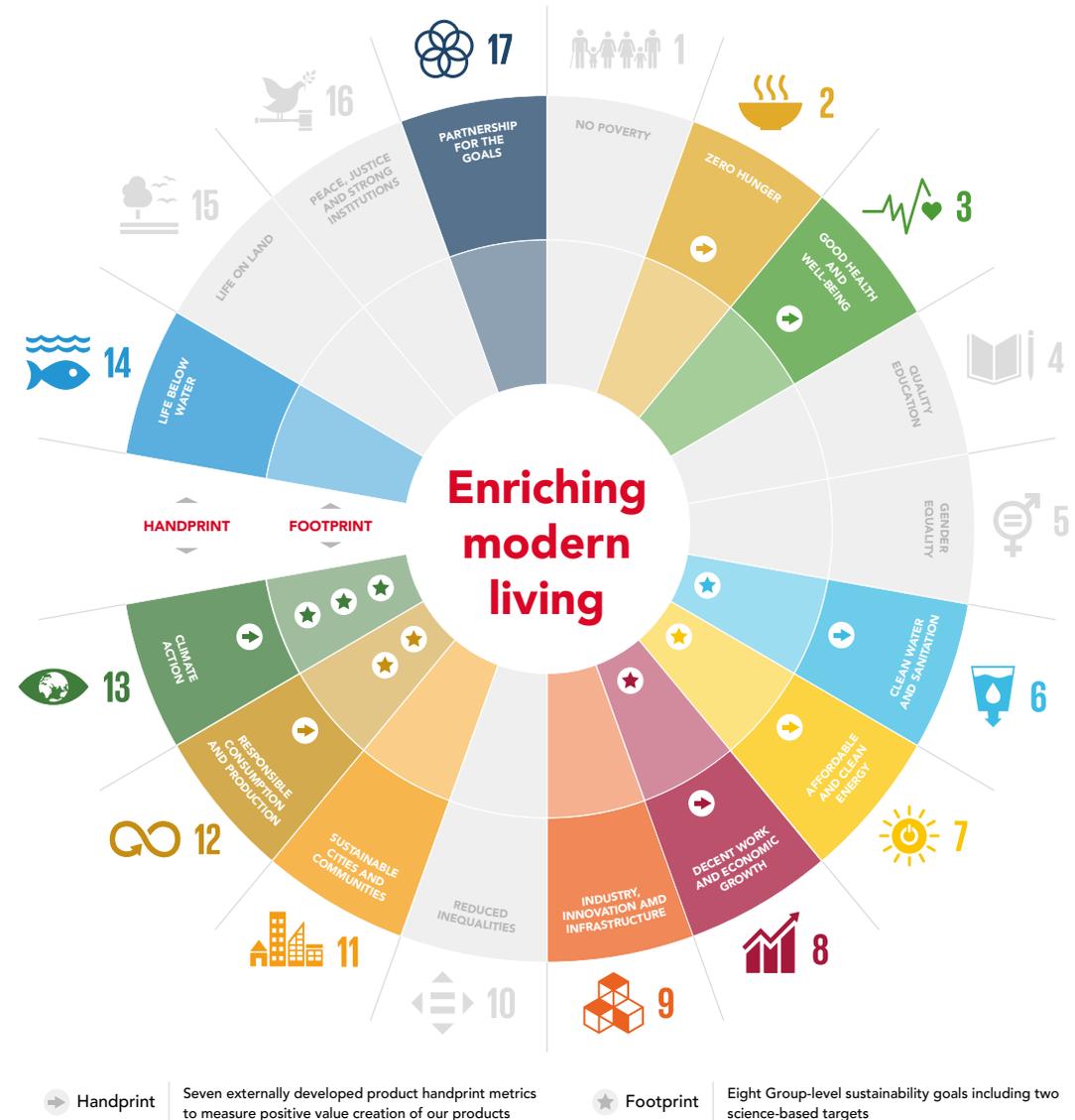
The UN SDGs drive our sustainability work

Sustainability is central to our business strategy. Our aim is to turn sustainable development challenges into business opportunities, creating innovative products that address some of modern society's pressing challenges.

ROCKWOOL was one of the first companies to commit to actively contributing to the United Nations Sustainable Development Goals (UN SDGs) framework. Since 2016, we have used the framework to set our own Group goals and to quantifiably measure our progress and achievements. Drawing on extensive consultation with both internal and external stakeholders, we initially prioritised 10 of the 17 SDGs. In 2022 we added an 11th – SDG 14 "Life below water". You can read more about our commitment to SDG 14 on pages 6, 7 of this report. We consider these 11 SDGs to be the most material for our business. We review this materiality every year through our annual strategy process.

We take a lifecycle approach

The 11 SDGs provide the framework for our eight Group-level sustainability goals, two of which are science-based targets, verified and approved by the Science Based-Targets initiative (SBTi). True sustainability, however, goes beyond reducing one's operational footprint. For seven of our 11 priority SDGs, we use externally developed product handprint metrics to track the positive impact of our products in use. For more information on our handprint and footprint progress, see pages 8, 9 and 47. On page 15 you can see how our handprint product metrics and sustainability goals are distributed along our value chain.



External assurance

We obtain external assurance for seven Group-level sustainability goals, adding the Scope 1 and 2 science-based absolute greenhouse gas emission reduction target to the assurance scope in 2022. For our Scope 3 science-based target, we use a third-party verified Life Cycle Assessment model (LCA) covering all relevant lifecycle stages from cradle to grave.

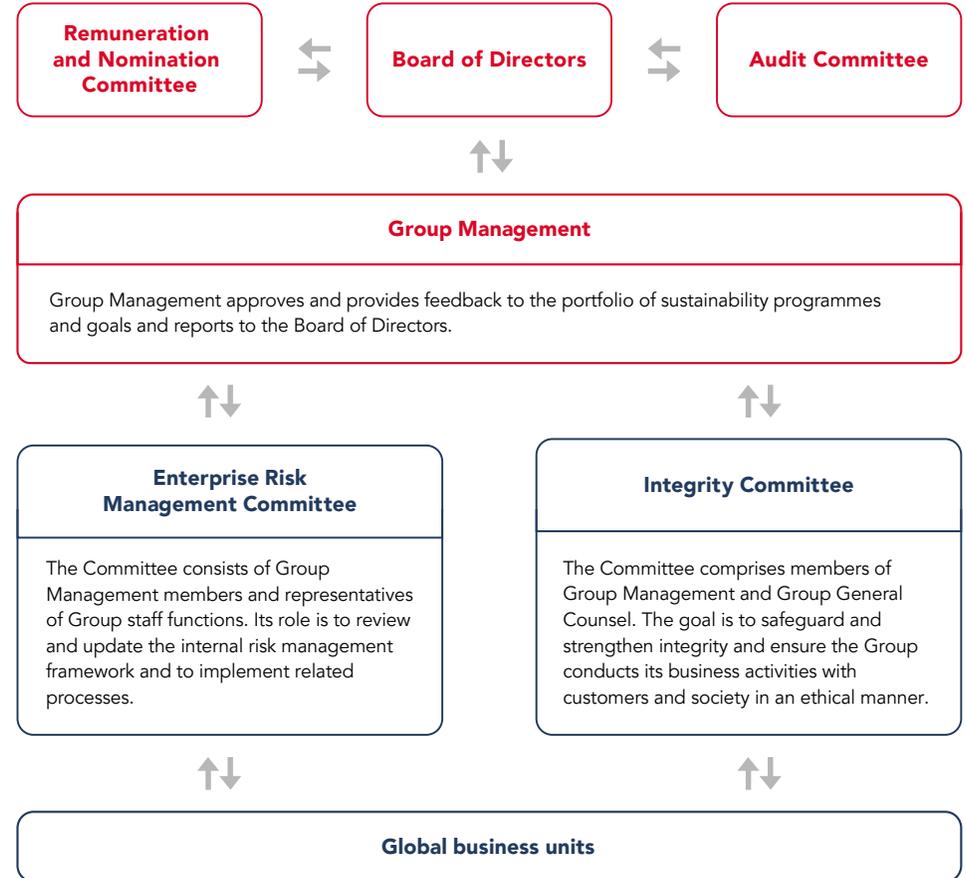
During 2022, as part of our work with the Task Force on Climate-related Financial Disclosures (TCFD), we assessed the resilience of our manufacturing base against two climate scenarios. The objective was to better understand and evaluate potential risks and to identify ways to increase business resilience to future physical climate risks. You can read more about this assessment in our [Annual Report](#).

Our governance model

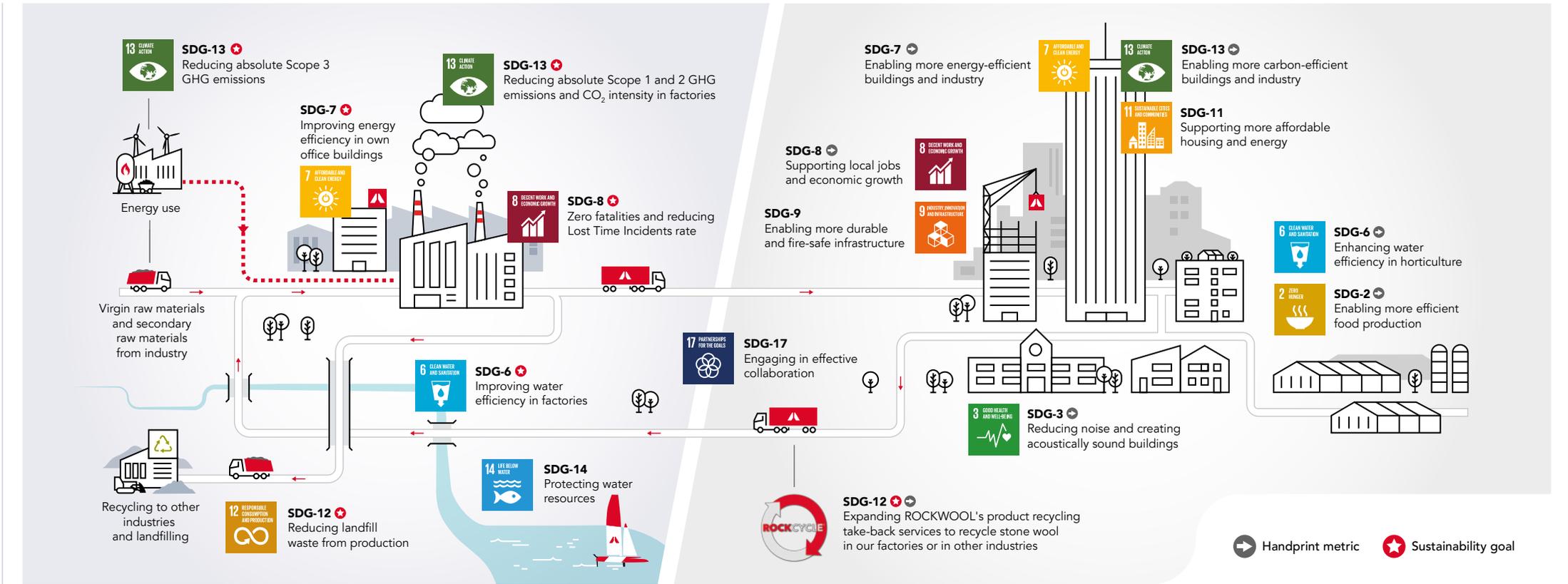
Sustainability is firmly anchored at the Group Management level, ensuring the resources and high-level input needed to engage with stakeholders and continuously improve performance. Governance and strategic sustainability initiatives are consistently a topic of Board and Group Management meetings. Because sustainability is now fully integrated into strategic decision-making processes, we concluded in 2022 that the stand-alone Group Sustainability Committee was redundant. Its responsibilities have now been merged into Group Management.



ROCKWOOL factory at Mississippi, USA



Our value chain impact



Protecting climate and environment



Demonstrating a natural and safe interior environment with Rockfon products, CampZero, Champoluc, Italy



Protecting climate and environment

Key successes

- Corporate Knights' 2022 Global 100 Index ranked ROCKWOOL 16th among world's most sustainable companies and #1 globally among Building Products companies
- Received awards for our Rockcycle® service in France and Denmark
- Maintained significant impact within our environmental handprint metrics
- Succeeded in meeting the last remaining intermediate 2022 sustainability goal - energy efficiency in owned offices

Focus areas looking forward

- Advocating for a significantly higher deep renovation rate in EU
- Advocating for conducive circularity regulations
- Maintaining our ambitious decarbonisation trajectory
- Continuing our solid performance on our sustainability goals
- Streamlining and strengthening our Rockcycle® service
- Increasing closed-loop recycled volumes of stone wool from market



Growing more, using less with Grodan substrate solutions, Gipmans propagation, Venlo, the Netherlands

Renovating our way out of multiple crises

Deep energy-efficient renovation of the built environment is essential if we are to find both mid- and long-term solutions to the interlinked climate and energy challenges.

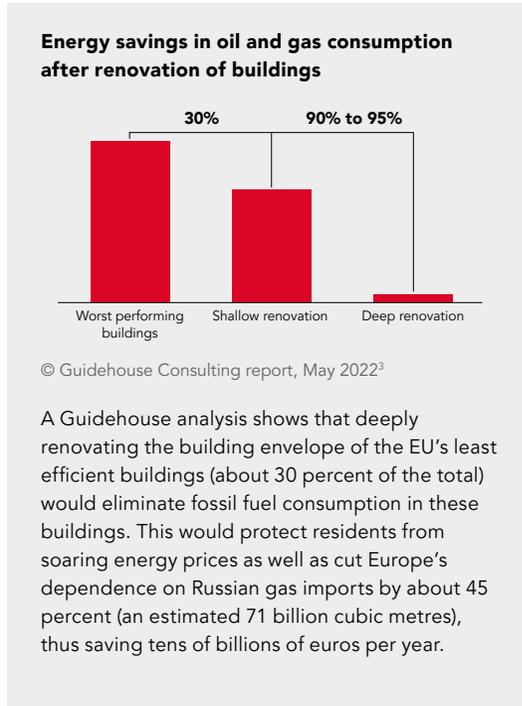
More immediate action including deep renovation of the built environment is required to address these inter-linked challenges.

“Around 80 percent of buildings in cities today will exist in 2050 – we must urgently rethink the buildings we already have”.¹

World Economic Forum

Alleviating energy poverty

Energy poverty is linked to poorer overall health, mental health, and higher mortality, with vulnerable social groups particularly affected. Even before the current crisis, more than one-fifth of EU residents were at risk of poverty or social exclusion in 2021.² That means that more than 95 million people in the European Union may not be able to afford adequate heating in their homes. This number is surely even higher now.



While immediate action is necessary to prevent even more people from falling into energy poverty, policymakers also need to address the core problem - reducing energy consumption over the long-term. Immediate crises notwithstanding, the fundamental principle that

the cheapest, cleanest, and safest energy is that which is not used.



Renovating at scale

Successful renovation initiatives require four key elements:

- **Mandate:** Renovation must be mandated through clear legislation that includes minimum energy performance standards to ensure that common benchmarks of energy efficiency are achieved.
- **Financial incentives:** Renovation schemes must be adequately financed to ensure broad uptake, even if building owners have cash on hand.

- **Simplified permitting:** Streamlined and transparent permitting processes are needed to help ensure that manufacturers can rapidly increase capacity to supply the products necessary for scaling up the green transition. Similar action is being taken in the renewable energy sector for the same reasons.
- **Support:** Programmes must be easily accessible, long-term and comprehensive. Furthermore, technical assistance and workforce development need to be part of the overall planning.

¹ <https://www.weforum.org/agenda/2022/11/net-zero-cities-retrofit-older-buildings-cop27/>

² https://ec.europa.eu/eurostat/statistics-explained/index.php?title=Living_conditions_in_Europe_-_poverty_and_social_exclusion

³ <https://guidehouse.com/insights/energy/2022/building-renovation-decrease-europe-energy>

What we can learn from Italy

In 2022, ROCKWOOL asked PlusValue to assess the Italian renovation programme “Superbonus 110” with an eye on better understanding the scheme’s pros and cons since its launch in 2020. The study highlights the programme’s energy efficiency improvements as well as its positive impacts on environmental, economic and social indicators, while also identifying improvement areas. ROCKWOOL will share these learnings in Italy and elsewhere to help develop effective renovation schemes.

Taking solutions to international climate events

At both Climate Week NYC and the UN Climate Change Conference (COP27), political, business, and other leaders focused on the need to move beyond bold pronouncements and to focus on implementing real-time solutions to the climate crisis.

ROCKWOOL actively engaged at both events advocating effective energy efficiency policies to meet global climate goals and offer multiple benefits – social, economic, environmental and energy security.

Solutions are readily available, but the challenge is deploying them with the urgency that current circumstances demand.



Jens Birgersson, ROCKWOOL CEO at Climate Week NYC, New York, USA

ROCKWOOL’s climate advocacy

- Fully supporting Europe’s transformation to a climate neutral, competitive and sustainable economy by 2050.
- Significantly increasing the deep renovation rates via the Energy Efficiency Directive and Energy Performance of Buildings Directive and other policy mechanisms as appropriate.
- Promoting EU-wide energy savings targets for 2030, plus annual targets for each country in line with Europe’s ‘Fit for 57’ climate objective.
- Advocating pan-European ‘minimum energy performance standards’ to create common benchmarks, as done with vehicles and household appliances.



SDG-7

Enabling more energy-efficient buildings and industry



ROCKWOOL building insulation sold in 2022 will save annually

19 TWh

heating energy – equivalent to the annual energy use of more than one million homes.¹

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



Subsidised housing before renovation, Zaragoza, Spain



After renovation



Measurable improvements in Spain

Two identical, adjacent buildings from the post-war era in Zaragoza were analysed to quantify the impact of thermal insulation improvements. One of the buildings was renovated in 2020, and the other was not. The study revealed significant energy saving and other benefits.

The renovated building now uses 55 percent less natural gas than its neighbour. But the benefits do not end there. The renovated homes also achieve more stable average temperatures, offering residents better thermal comfort and improved overall quality of life.



The rehabilitation’s benefits are a greater quality of life and energy savings, which lead to economic savings and a constant or very similar temperature throughout the year”.

María Resurrección, Zaragoza homeowner

¹ <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

Deeply renovating our home

In 2022, by renovating nine offices globally, we met our intermediate goal to improve the energy efficiency in our owned, non-renovated offices. For the full year, we achieved a 39 percent improvement compared to the 2015 baseline.

Our own experience demonstrates that deep renovation makes sense socially, environmentally and economically, providing healthy workplaces for employees and generating significant emission reductions and cost savings. Deeply renovating our offices also helps us learn even more about the positive benefits of our own products.



Gold status for Nordics headquarters

The 2022 renovation of our Nordics headquarter office in Hedehusene, Denmark received a Gold pre-certificate classification from DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen). Since 1972 when the building was constructed, we have improved its overall energy efficiency by 64 percent.

A variety of ROCKWOOL, Rockfon, and Rockpanel products have been used over time to improve the building's energy efficiency, acoustic climate, and aesthetic appearance. By reusing the building's foundation in the most recent project, we saved 370t CO₂ compared to what the CO₂ footprint would have been if we had demolished the building and replaced it with a new one.¹



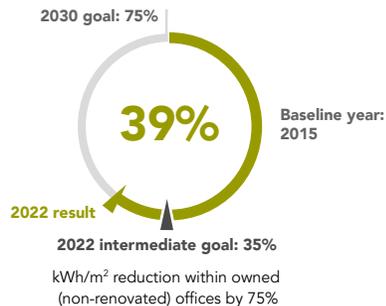
Before renovation ROCKWOOL Nordics, Hedehusene, Denmark



After renovation



Energy efficiency in owned offices*



How

- Deep renovation of owned global office stock



After renovation

Key figures

- DGNB pre-certification: **Gold**
- Energy efficiency: **67 kWh/m²/year**
- Energy efficiency improvement: **64%**
- CO₂ reduction: **45% compared to new build**

¹ Niras report: Rockwool Refurbishment HED 42A Energirammennotat, 2022
* In scope of limited assurance.



Around the world, ROCKWOOL's buildings are becoming brighter, quieter and significantly more energy efficient. Take a look below at the impressive energy efficiency gains from some of the deep renovations we undertook in 2022.

Bohumin, Czech Republic

Built: **1958**

Energy efficiency post renovation:
86 kWh/m²

Energy efficiency improvement: **81%**



Bohumin, Czech Republic

Saint-Eloy-Les-Mines, France

Built: **1948**

Energy efficiency post renovation:
91 kWh/m²

Energy efficiency improvement: **62%**



Saint-Eloy-Les-Mines, France

Tapolca, Hungary

Built: **1980/1982**

Energy efficiency post renovation:
58 kWh/m²

Energy efficiency improvement: **76%**



Tapolca, Hungary

Malkinia, Poland

Built: **1985**

Energy efficiency post renovation:
65 kWh/m²

Energy efficiency improvement: **61%**



Malkinia, Poland

Advancing our decarbonisation commitment

Reducing carbon intensity is a prerequisite for achieving our science-based absolute emission reduction targets.

In 2022, we improved the average global carbon intensity of our manufacturing, achieving a 17 percent reduction compared to baseline 2015. Compared to the 2019 baseline, we reduced absolute greenhouse gas Scope 1 and 2 emissions by four percent and Scope 3 emissions by one percent.

Production starts at new Qingyuan factory in China

One of the most important ways in which we are decarbonising our business is by transitioning from coal and coke to less carbon-intensive fuels. The impact of these efforts will continue growing over the coming

years. Most recently, our newly opened factory in Qingyuan, China started operations using electric melting technology, which we expect will reduce annual CO₂ emissions by more than 60 percent compared to the decommissioned factory it replaces. Elsewhere, our manufacturing facility in Mississippi, USA successfully transitioned from coal to natural gas during 2022, which is projected to save up to 30 percent in CO₂ emissions annually due to our melting technology.



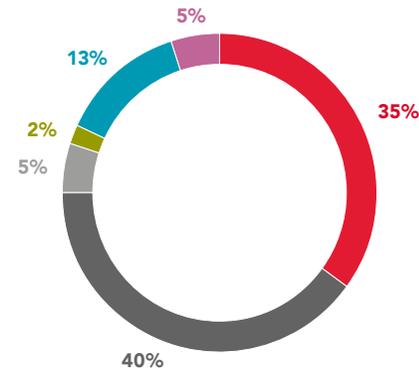
Qingyuan factory in China utilising electric melting technology



Green innovation

Via various partnerships, we are exploring different decarbonisation pathways. For example, under a government-funded partnership among our UK business unit, Marubeni Europower, and Mott MacDonald, we are trialling green hydrogen as a fuel source.

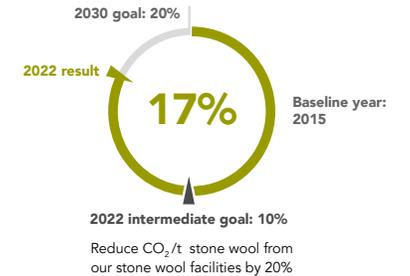
ROCKWOOL's total Scope 3 emissions per category, 2022



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



CO₂ emission intensity*

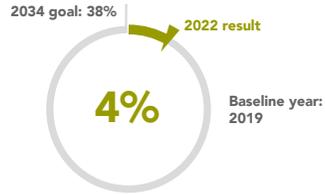


How

- Energy efficiency
- Technical innovation
- Circularity

* In scope of limited assurance.

Absolute Scope 1 and 2 greenhouse gas emissions (CO₂e) science-based target**

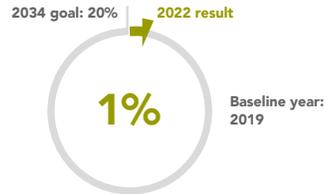


Reduce absolute Scope 1 and 2 GHG emissions by 38%

How

- Energy efficiency
- Technical innovation
- Circularity

Absolute Scope 3 greenhouse gas emissions (CO₂e) science-based target



Reduce absolute Scope 3 GHG emissions by 20%

How

- Technical innovation
- Circularity
- Low carbon transport



Norway
Conversion of our Moss, Norway factory to large-scale electric melting technology with a CO₂ reduction of 73 percent compared to previous technology.

Poland:
Conversion of one of our production lines from coal to natural gas, reducing CO₂ emissions by approx. 25 percent.

Switzerland:
Announced investment to convert factory's coke-based furnace to ROCKWOOL's industry-leading large-scale electric melting technology leading to an expected CO₂ emission reduction of approx. 80 percent.

USA:
New greenfield factory using natural gas instead of coal, reducing the melting CO₂ emissions by approx. 30 percent.

Denmark:
Converted two factories, first to natural gas and then to certified climate-neutral biogas, contributing to more than 70 percent CO₂ emission reduction compared to 1990.

China:
New greenfield factory in China using electric melting technology, reducing CO₂ emissions by more than 60 percent compared to the decommissioned factory.

France:
Announced investment to build a new factory utilising ROCKWOOL's industry leading electric melting technology, with an expected CO₂ emission reduction of 70 percent compared to coke-based melting technology.

USA:
Converted our factory in Mississippi to natural gas, leading to an expected reduction of melting CO₂ emissions by approx. 30 percent.



Energy Efficiency

Reducing absolute Scope 1 and 2 greenhouse gas emissions by 38% by 2034

Reducing absolute Scope 3 greenhouse gas emissions by 20% by 2034

Circularity

Technical Innovation

Icon explainer

- Conversion plan announced
- New factory announced
- Conversion commissioned
- New factory commissioned

** 2022 data in scope of limited assurance.

Over its lifetime ROCKWOOL building insulation sold in 2022 will save

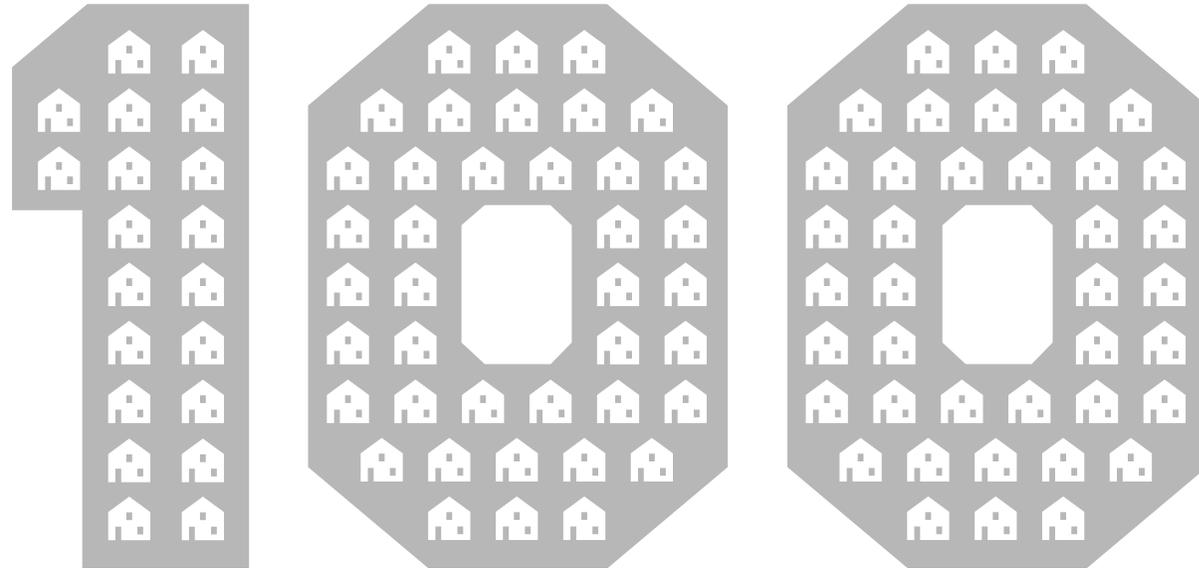


Net carbon negative

Over its lifetime ROCKWOOL building insulation sold in 2022 will save 197 million tonnes CO₂ emissions, equivalent to more than 38 million homes' annual electricity use.¹

So while our production is energy-intensive we are saving far more – actually, 100 times² more energy than is consumed and carbon that is emitted to make these products.

There are currently no standard methodologies for calculating the avoided emissions of products also known as Scope 4 emissions, although there are developments in that field that we support.^{3,4} We have therefore collaborated with a third-party to develop such a methodology. For more information visit www.rockwool.com/group/carbon-impact/#methodology.



times 

the carbon emitted and energy consumed in its production.

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

1 <https://www.epa.gov/energy/greenhouse-gas-equivalencies-calculator>

2 The calculation "100 times" is based on the principle of ceteris paribus.

3 World Resource Institute, 2019, Estimating and reporting the comparative emissions impacts of products: Avoided emissions are emission reductions that occur outside of a product's lifecycle or value chain, but as a result of the use of that product <https://ghgprotocol.org/estimating-and-reporting-avoided-emissions>

4 https://www.linkedin.com/posts/dominic-waughray-bb20942_week2-avoidedemissions-greenhousegasemissions-activity-6998159859711930369-93qD?utm_source=share&utm_medium=member_ios

Circular by nature

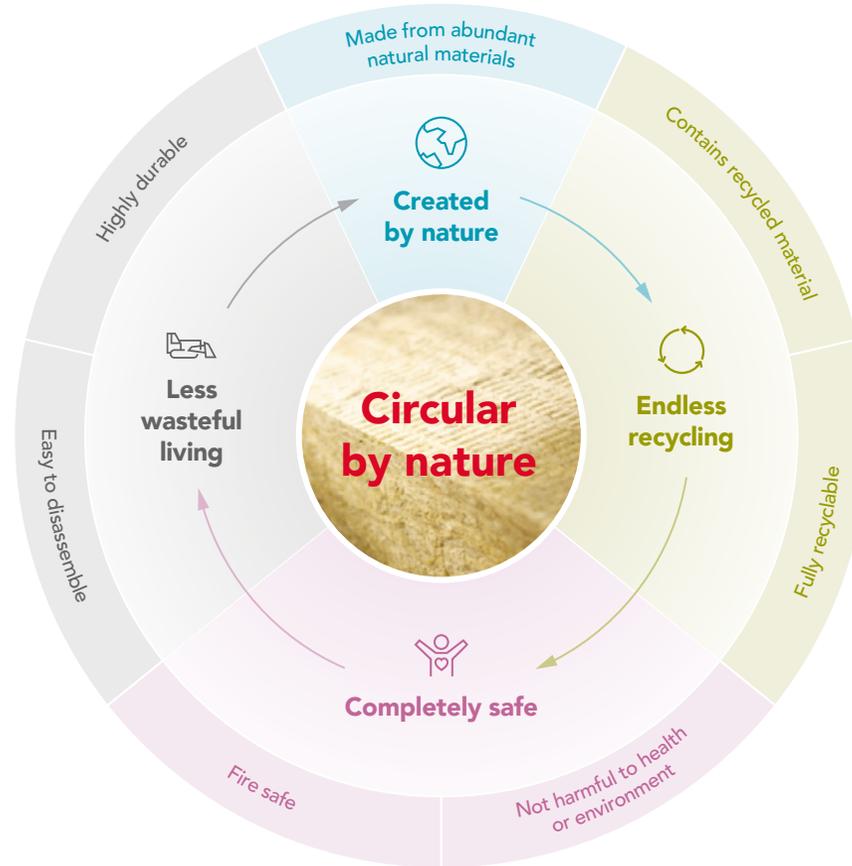
We are a whole-hearted advocate of the circular economy – both our business and our products align with its principles.

ROCKWOOL stone wool is based on stone, one of the most abundant raw materials on the planet.¹ Although stone is plentiful, it's still important to minimise the use of natural resources. This is especially true in the construction sector, which produces one-third of all waste globally,² much of which ends up in landfill.

Our products are very durable, lasting on average more than 65 years without losing performance. Our products contain on average 25 percent of non-virgin material, utilising waste streams such as slag from the steel industry. And the vast majority of our products can be easily removed when a building is renovated or demolished and recycled back into new products – without losing performance. That is why our products are circular by nature.

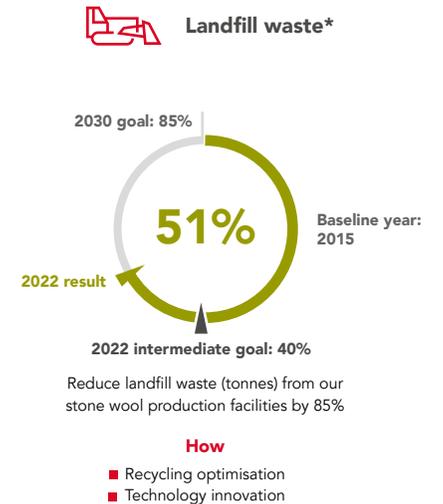
ROCKWOOL'S circularity advocacy

- Fully supporting the societal transformation to a waste-free society based on circular economy principles.
- Advocating legislation to prohibit landfilling recyclable products and disincentivise the use of non-recyclable products.
- Calling for clear standardised definitions for key elements of circularity, namely durability, reuse, recyclability and recycled content.



Reducing waste to landfill

In 2022, we reduced the amount of production waste going to landfill by 51 percent compared to the baseline. Our 85 percent reduction goal by 2030 requires us to continuously push the boundaries of what is possible in the transition to a waste-free society. One example is the conversion to electric melting at our Moss, Norway factory, which has allowed us to significantly increase our recycling capacity (we can recycle far more waste using electric melting technology than with conventional coal- or coke-based melting). In Norway in 2022, we reduced waste going to local landfills by 33 percent compared to the previous year.



¹ TW Dahl, et al. (2011), International Geology Review (Volume 53 Numbers 7–8, June–July 2011) 'The human impact on natural rock reserves using basalt, anorthosite, and carbonates as raw materials in insulation products', p. 901.

² <https://www.bbc.com/future/article/20211215-the-buildings-made-from-rubbish>

* In scope of limited assurance.

Our pioneering reclaimed material service Rockcycle® is central to our circularity ambitions.

Under this service, we collect stone wool material from construction, renovation and demolition sites, take it back to our factories, and recycle it into new stone wool. In 2022, we expanded Rockcycle to two additional countries – Romania and Finland. This means we now offer the service in 19 countries and are well on our way to achieving our goal of offering the service in 30 countries by 2030.

In 2022, we increased the volume of stone wool we recycled by 6 percent compared to the previous year. During the year, we concentrated on strengthening our collaboration with waste logistics partners in a number of countries.

Reducing and recycling plastic packaging

We use plastic packaging to compress, transport and protect our stone wool products before installation. We are committed to reducing our use of plastic packaging as much as possible, for example by constantly reducing its thickness. We are also committed to increasing the recycled content and recyclability of our packaging. In 2022, we focused attention on minimising the use of ink on the packaging as a means to increasing its recyclability. We will continue work on increasing recycled content and optimising the recyclability of plastic packaging and streamlining effective solutions across all markets.

Key circularity facts

Average durability of stone wool products: **>65 years**

Upcycled/recycled material from other industries (kt): **680**

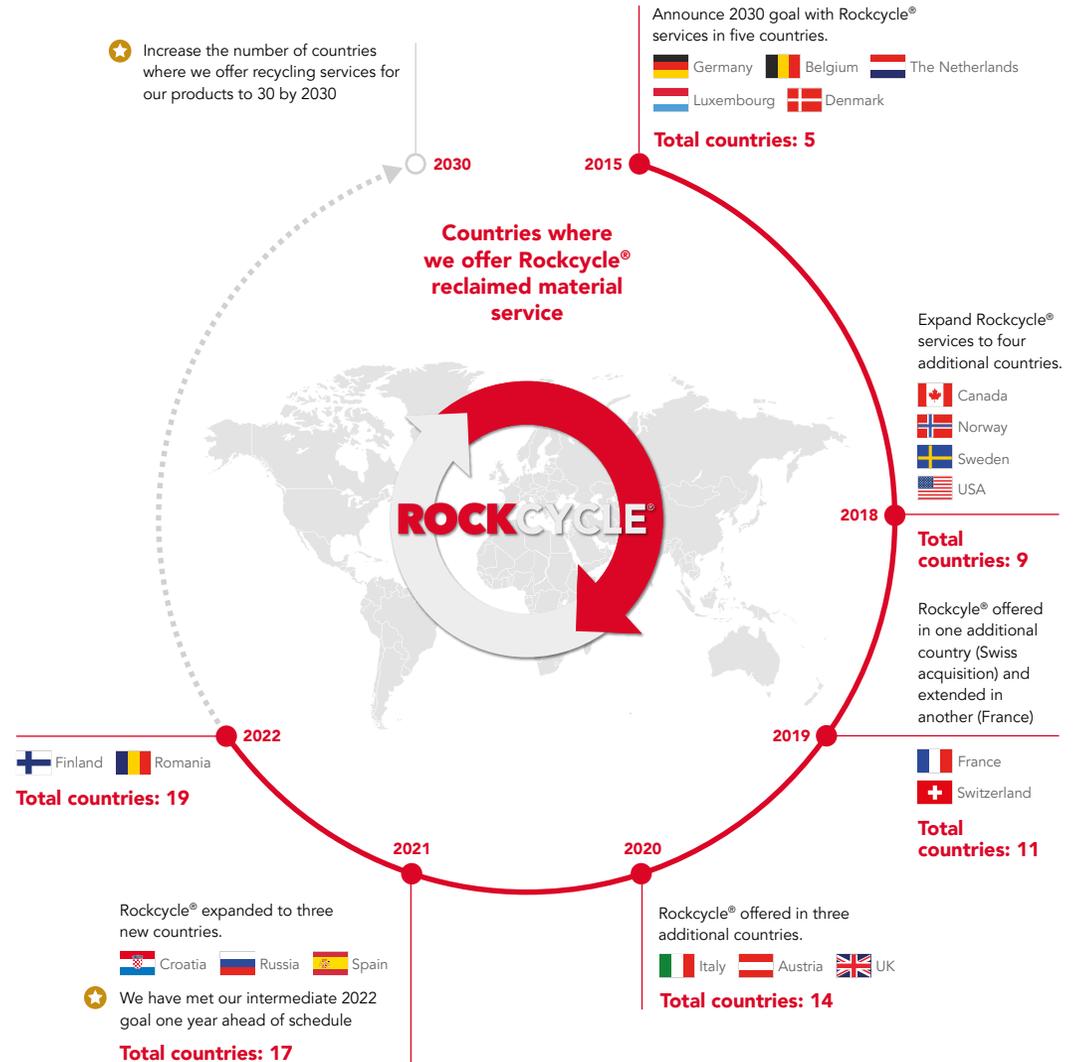
Post-consumer stone wool¹ recycled (kt): **68**

Non-virgin² material (%): **25**

Rockcycle offering (countries): **19**

¹ Stone wool originating from demolition, construction and renovation sites

² Average annual recycled content





Rockcycle® services in Romania

🔍 Romania and Finland as new Rockcycle® countries

ROCKWOOL is the first stone wool insulation manufacturer to offer closed loop recycling solutions to its customers in the Finnish and Romanian markets. The Rockcycle® programme will support our customers' efforts to make their businesses more circular as well as help them meet the more stringent recycling and waste management regulations that are planned in both countries.

“ROCKWOOL's new recycling scheme Rockcycle fits our needs very well. There are usually a lot of cut-offs and leftover insulation material when insulating at a building site. It is a pleasure to be part of promoting sustainable construction and closed loop recycling in cooperation with ROCKWOOL”.

Tuomas Vataa, Project Manager, TKU-Rakennus Oy, Finland

“As a distributor of construction material, we want to contribute to the circularity agenda in Romania. One of the ways we do that is by offering 'take back' programmes like Rockcycle to our customers. They know the importance of reducing waste to landfill and appreciate the option to recycle that programmes like Rockcycle provide”.

Marius Trif, General Manager & Owner, MTM Izolatii & Constructii SRL, Romania



* In scope of limited assurance.



Silver medal awarded at the International Congress of Construction Economists (Untec) 2022 for our take-back Rockcycle® Reno service in France in the Innovative Renovation Projects category. @Congrès de l'Untec



ROCKWOOL Nordics won Best Company at SDG Tech Awards 2022 for our efforts with Rockcycle®.

Initiatives to protect water and biodiversity

Water and biodiversity are precious global resources; we are working hard to reduce our impact on both.

Water management

In 2022, we made several improvements to optimise water usage across our factories, contributing to the solid progress toward our 2030 goal of 20 percent reduction in water use intensity. For the full year 2022, we reduced the water intensity in our production by 14 percent compared to baseline 2015.

A good example of these efforts is our factory in Spain where we installed technology to generate electricity from waste heat generated in the furnace cooling system. This technology has a dual benefit in that it improves energy efficiency while also being able to reduce water usage by more than 80 percent.

Water scarcity assessment

In 2022, we conducted a new water scarcity assessment, building on the one we carried out in 2017. The assessment determined that a total of five ROCKWOOL manufacturing sites were located in areas of high or extreme high water stress. In all cases, however, the factories' water usage is estimated to be immaterial, using less than one per mille of available water in the relevant basin. Nonetheless, we will continue to prioritise the implementation of water efficiency improvements at these factories.

Biodiversity screening

We also conducted an assessment, mapping biodiversity sensitive areas in close proximity to our manufacturing sites. We will use this assessment to evaluate the need for additional mitigation measures together with opportunities for enhancing biodiversity in some of the areas.¹



¹ Based on 2022 biodiversity screening study by Thomson Environmental Consultants
* In scope of limited assurance.



Testing quality of produced stone wool pipe sleeves for insulation in Bohumín factory, Czech Republic



Empowering society and people



Empowering society and people

Key successes

- Strengthened human rights commitments
- Significantly improved Lost Time Incident (LTI) rate
- Achieved Board gender diversity goal
- Scored 89 out of 100 points on the Gender Equality Index in France

Focus areas looking forward

- Advocating for stricter fire safety regulations for rooftop solar panels
- Minimising the risk of serious accidents
- Continuing the implementation of our new safety strategy
- Strengthening our human rights due diligence activities in own operations



Fire safe roofs - for energy efficiency and protection

As rooftop solar panel installations become more common, our non-combustible stone wool insulation can help reduce the risk of fires spreading.



Supportive energy policies, declining costs, and their environmental benefits have made rooftop photovoltaic (PV) solar panels increasingly popular investments around the world.

However, rooftop solar panels also increase a building's risk of fire. Understanding the extra fire risks these installations can entail and taking steps to mitigate them – like using non-combustible stone wool insulation in

roofs – is essential for the safety of building occupants and fire-fighting crews as well as property protection.

Solar panel installations are electrical equipment, inherently adding fire risk to a building. Ensuring proper installation, usage and maintenance will lower these risks, but not eliminate them. As with any electrical equipment, malfunctions can occur and can be costly.

Rooftop fires are already dangerous for occupants and firefighting teams due to height and risk of roof collapse. If they also involve solar panels and combustible roof materials, the risks multiply for people and property. It is therefore critical to minimise the chances of the fire spreading and causing far greater damage to the building, including potential roof collapse. Combining solar panels with non-combustible stone wool insulation contribute to that goal.

99 ARC (Allianz Risk Consulting) strongly discourages the installation of PV systems on industrial and commercial buildings with combustible roofs (entirely combustible or with combustible insulation)¹.

Allianz Risk Consulting



¹ <https://www.agcs.allianz.com/news-and-insights/risk-advisory/tech-talk-volume-8-fire-hazards-of-pv-systems.html>

Resource-efficient farming

Grow more, using less.

In 2022, the global population reached eight billion, and is still growing.

Studies show that by 2050, food production has to double while using half of the resources of today.¹

This is only possible by looking into new ways of farming that allow for increased efficiency while better managing some of our most precious resources: water and land.

Grodan's stone wool growing media is engineered to absorb water, which creates ideal growing conditions in large-scale greenhouses as well as indoor and vertical farms in more than 70 countries around the world. The substrate is used for many growing purposes, such as tomato, pepper, flower, and berry farms.

The growing media enables growers to utilise "precision growing" techniques that provide the plants with exactly what they need – nothing more and nothing less. Growers are able to increase yields while using up to 50 percent less water and significantly less fertilizer. What's more, with Grodan, they have the possibility to reduce or even eliminate chemical plant protection products.

Enabling growers to use

53%

less water to grow

76%

increased yields



SDG-2

Enabling more efficient food production



SDG-6

Enhancing water efficiency in horticulture



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

Medicinal crops on the rise

Stone wool growing media is also popular in the medicinal crops sector. Grodan has developed one of the best substrates for medicinal cannabis cultivation that allows for maximised yields, efficient use of water, fertilizers and other resources, and accurate long-term planning capabilities.

Despite being a controversial crop in many places, cannabis was recognised by the UN² in 2020 as having medical value. Already in 2018, the WHO³ advised that certain cannabis-derived medicines have significant health benefits, one example being children with treatment-resistant epilepsy.⁴

To educate about growing solutions, best practices, and common misconceptions, Grodan has developed material such as the podcasts "Growing a Better Future" and the "Grodan GroShow".⁵ This facilitates knowledge sharing about efficient growing techniques and promising developments for among others medicinal cannabis cultivators.

99 Cannara uses Grodan's stone wool in its U.S facilities, which span over 1 650 000 square feet. By using stone wool, we are able to filter, purify, and recycle the water we use, allowing us to minimise our ecological footprint. The stone wool growing media works in concert with our automated lighting, irrigation, humidity and biomonitoring controls to ensure quality, consistency, increased plant yield, and reduced operating and cultivation costs".⁶

Nicholas Sosiak, CFO, Cannara



Medicinal cannabis plant growing and maturing in Gro Block

1 https://p-cdn.grodan.com/siteassets/downloads/downloads-en/whitepapers-en/grodan_passion-for-a-better-future-booklet2.pdf

2 UN Commission on Narcotic Drugs (CND), which is the drug policy making body of the UN

3 WHO's 41st Expert Committee on Drug Dependence (ECDD)

4 UN Commission on Narcotic Drugs reclassifies cannabis to recognise its therapeutic uses (who.int)

5 Grodan launches new podcast series: Growing a better future & Listen Now: The Grodan GroShow Podcast is LIVE! <https://www.grodan101.com/blog/listen-now-the-grodan-groshow-podcast/>

6 Cannara Biotech | Premium Quebec indoor grown cannabis, <https://www.cannara.ca/en/>

Creating healthy buildings

If you live in a city anywhere in the world, you will most likely spend up to 90 percent of your time in a building. Our wellbeing therefore depends on the comfort of the environment where we work, live, learn, play or even – in the case of a hospital – recover.

Improving quality of life

Stone wool contributes to comfortable and healthy living, providing noise and vibration control as well as thermal comfort.

Product safety

ROCKWOOL's products are based on natural materials and are safe for consumers, workers and the environment.

Our stone wool does not contain flame retardants and are EUCB (European Certification Board of mineral products) certified. EUCB is a voluntary certification scheme, where samples of our products from each factory are tested by independent laboratories twice a year. This is to verify that the fibres manufactured are bio-soluble and fulfil the strictest requirements globally within this area (<https://www.euceb.org/>).

What's more, our products also contribute to credits under sustainable building rating schemes such as LEED®, BREEAM, DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen) and HQE (Haute Qualité Environnementale). When we look at the life cycle of buildings, it's possible to create buildings that make a positive contribution to a more sustainable world.

Building materials play a key role in keeping air pure

One of the key ways to maintain good indoor air quality is to select building materials that are naturally mould and mildew resistant and to create a good building fabric that provides effective insulation and air filtration.

Rockfon products, for example, have best-in-class indoor climate labels. This means that anyone using Rockfon products in a new building can be confident that they are choosing products that will promote good indoor air quality.



ROCKWOOL Group research and development lab, Hedehusene, Denmark

More than 90 percent of Rockfon products in Europe are Cradle to Cradle Certified® v3.1.

Cradle to Cradle Certified® is a globally recognised measure that credits solutions that leave a positive impact on people and the planet.

Cradle to Cradle certifications are also acknowledged by several major building rating schemes. So when you use Cradle to Cradle Certified Rockfon products you can earn more points in these building rating schemes.

Rockfon solutions contribute to eight out of 10 WELL concepts. Enhancing everything from the acoustic atmosphere to lighting conditions and aesthetics. Rockfon has held a keystone membership with the International WELL Institute since November 2020 and is an active advocate on the importance of wellbeing in indoor spaces.

All ROCKWOOL's products help contribute to sustainable building schemes, including LEED v4, BREEAM and DGNB.

Our ground-breaking acoustics solutions are helping people live better lives.

Our stone wool acoustic ceiling tiles or wall panels can play a key role in improving sound quality and have been shown to reduce ambient noise by as much as 50 percent.

Why good acoustics are so important

High noise levels make it hard for us to concentrate, impacting our ability to learn and work. Excessive noise can also lead to hearing loss, stress, and, in extreme cases, even death. In fact, according to the European Environment Agency, every year 12 000 premature deaths in Europe are attributed to persistent noise pollution.¹

Hearing loss is now a serious health problem worldwide that is being investigated by the World Health Organisation (WHO). Its 'Make Listening Safe' initiative aims to create a regulatory framework to monitor noise levels in public venues such as bars and restaurants that frequently exceed the recommended volume limits.

Reducing noise pollution

Rockfon solutions sold in 2022 are improving the learning conditions of 1.7 million students globally. Research shows that younger children are much more susceptible to poor acoustic conditions than adults, with children in their primary school years experiencing greater detrimental effects of noise and reverberation. In fact, for every 10dB increase in noise pollution, young students performed 5.5 points lower on their national standardised test.²

That is why acoustic ceilings were an important element in the renovation of the Don Bosco Salesian School complex in Wroclaw, Poland. The school was built in 1957 and the noise was a key area that needed improvement.

With my naked ear you could hear that it was too loud. We thought that silencing the space was necessary, because there is a lot of noise both outside and in homes. Our ears are irritated by it",

said Jerzy Babiak, director of the DON BOSCO Salesian School Complex.

1.7 million students

with improved learning conditions due to Rockfon acoustic solutions installed in schools in 2022.

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



Creating a quiet learning space with Rockfon acoustic ceilings, Don BOSCO Salesian School Complex in Wroclaw, Poland

After the renovations, quiet spaces were created where students and teachers can express themselves naturally, without raising their voices. This greatly helps teachers in conducting lessons, and students in acquiring knowledge. The effects of proper acoustics can also be seen in their better overall wellbeing.

Measuring our impact

We use measurable acoustic parameters and an externally developed methodology to define the positive impact of Rockfon acoustics solutions on overall learning, performance, health, and wellbeing. You can read more about our methodology for quantifying our positive acoustics impact [here](#).



SDG-3

Reducing noise and creating acoustically sound buildings



¹ <https://www.eea.europa.eu/publications/health-risks-caused-by-environmental>

² Allen J.G. et al, Harvard Schools For Health Foundations for Student Success (2018)

Respecting human rights

ROCKWOOL is committed to respect and promote the fundamentals rights of our employees, suppliers, and the communities in which we operate, in line with the UN Guiding Principles on Business and Human Rights. We have been a member of the UN Global Compact since 2009 and report on our progress annually.

Strengthening our commitments

In 2022, we strengthened our commitments towards human rights. This included:

- Revising our [Group Code of Conduct](#), for which the Board of Directors now has responsibility.
- Approving a dedicated [Human Rights Policy](#) replacing our former Human Rights Commitment.
- Revising our Supplier Code of Conduct to meet due diligence requirements in global value chains.

These three key actions enable us to better articulate our commitment within human rights throughout our operations and value chain and provide the necessary framework within which we can help ensure we are living up to internationally recognised human rights.

You can read more about our Code of Conduct and Sustainable sourcing in the Responsible business section of this report (see pages 44, 45).

Determining our most salient risks

In 2022, we also conducted a risk assessment to identify salient human rights risks in our own operations. Salient human rights issues are the human rights at risk of the most severe negative impact through the company's activities and business relationships.

The risk assessment led to conducting two dedicated human rights assessments at our factories in Thailand and Malaysia. Among other things, we investigated employment practices at these factories, actively engaging both with our own employees and contingent workers, i.e. those contracted to work for us by agencies. As a result of these assessments, we implemented several corrective actions, including the development of new Group guidelines on temporary employees contracted by recruitment agencies.

Our face-to-face training was expanded to include training of contract workers on human rights issues and policy. We will continue this practice in the coming years.

Our commitment to human rights

- Supporting the UN Universal Declaration of Human Rights and the 10 principles defined in the UN Global Compact
- Conducting human rights due diligence through a dedicated due diligence process
- Identifying and preventing or mitigating impacts in our operations and value chain and to continuously improving our human rights approach
- Pursuing dialogue with potentially affected groups and other relevant stakeholders to prevent or mitigate impacts and remedy any direct impacts that we cause or contribute to.

Our salient human rights risks are:

 Forced and child labour	 Fair and just working conditions	 Discrimination
		 Personal data
 Access to grievance mechanisms	 Health and safety	 Freedom of association and collective bargaining

In 2022, we strengthened our commitments towards human rights

Safety is our number one focus

Keeping our people safe is our top priority.

As an industrial company employing over 12 200 people, we fully recognise that our employees face safety risks. We take these risks very seriously. Our goal every year is to have zero fatalities and to reduce the Lost Time Incident (LTI) rate by at least 10 percent compared to the previous year.

Workplace fatalities are unacceptable

To our great sadness, a colleague died in a workplace accident in 2022. The fatal injuries occurred when a machine re-started after the worker entered it to dislodge a stone wool slab that had become stuck in the conveyor belt. Such tragedies leave a deep mark on everyone in the ROCKWOOL family.



Safety Day 2022, Cigacice, Poland

Group Management led a detailed investigation into the incident. As a result, we are implementing several corrective actions at all our factories, in our Group health and safety management system and in our Group engineering department. Senior management is monitoring this closely to make sure that all the corrective actions are fulfilled.

Improving our overall safety performance

In 2022, we successfully reduced our LTI rate by 24 percent, from 3.6 in 2021 to 2.7. Our LTI includes both our own employees and contractors working on our sites. This followed implementing a new safety strategy to improve our safety performance and the allocation of extra resources to support our work around safety.

Although our progress in this area is overshadowed by the fatality, nevertheless we are pleased with the positive trend on LTI and are keen to maintain and improve our overall safety performance still further in the coming years.

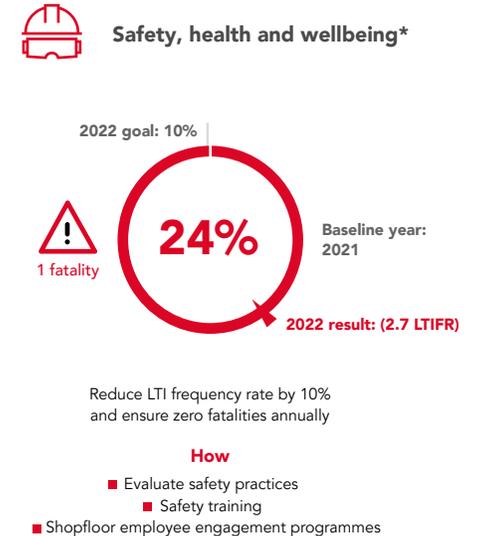
In 2022 we focused on factories with a high number of LTIs. Group safety experts visited these factories to evaluate safety practices, discuss LTIs in 2021, and identify ways to make improvements.

In 2023, we will be developing Key Leading Indicators at a Group level so that under-performing factories can learn more from factories with very high levels of safety performance.

Our approach – how we put safety first

Throughout the year there are regular safety activities at each factory. These include, among others, ‘walk and talk’ events by top management, workplace inspections, safety training and shopfloor employee engagement programmes. All factories have dedicated safety officers who meet regularly together with Group safety experts to share knowledge and best practice.

In 2022, 84 percent of our stone wool production facilities had at least one external certification (ISO14001, ISO4500) within safety, health, and environment. Several facilities had external certifications across both areas.



* In scope of limited assurance.

Diverse and inclusive culture

We want all our people to feel valued and included. To achieve this, we are committed to provide equal opportunities to all employees, promote diversity, and work against all forms of discrimination among ROCKWOOL employees.



ROCKWOOL Group research and development lab, Hedehusene, Denmark

We're already diverse – and want to be even more so

ROCKWOOL has long been a diverse workplace where employees with different backgrounds, nationalities and competencies work side by side. For example, we employ 79 different nationalities worldwide, including 34 at our headquarters in Hedehusene and five in our Group Management.

However, we recognise that we still have a lot of progress to make and have set Group goals to achieve this. Increasing our female representation, particularly in management roles, is a particular focus area. Among middle and executive management, the goal is to achieve 25-35 percent female representation.

In 2022, 28 percent of all leaders in middle and executive management positions were female, including 29

percent of new hires. We have one female member of Group Management, and two shareholder-elected female members on the Board of Directors, thus already meeting our 2024 target of 33 percent female representation.

France challenges gender stereotypes

Around the world, individual ROCKWOOL business units are driving action to implement Group inclusion and diversity commitments. Our French business unit, for example, implemented in 2022 the Gender Equality Action Plan it introduced in March 2021. This set out concrete measures to improve gender equality, with a focus on recruitment practices, learning and development, pay and work/life balance. Measures being implemented include:

- Non-discriminatory recruitment practices,
- Raising awareness of discrimination with managers.

Our French business unit, for example, scored 89 out of 100 points on the Gender Equality Index.¹

Spain steps up action too

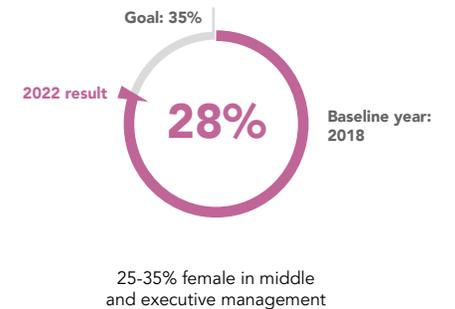
Our Spanish business unit reached agreement with the unions on a gender equality plan in December 2021 and started implementing the plan in early 2022. The main aim is to eliminate gender discrimination when recruiting employees. To achieve this, we have re-evaluated all jobs, using 18 different measurements based on the Ministry of Equality's job evaluation tool. We have also communicated the gender equality plan to all employees and given managers, directors and HR staff training in diversity, equity and inclusion, focusing on recruitment processes.



Diversity and inclusion



Diversity and inclusion



¹ [https://www.who.int/data/nutrition/nlis/info/gender-inequality-index-\(gii\)](https://www.who.int/data/nutrition/nlis/info/gender-inequality-index-(gii))

Employee engagement and corporate citizenship

We want all our people to feel able to speak out and be confident that their voice is heard and acted upon.



ROCKWOOL team participates in Habitat for Humanity Build Project in Burlington, Ontario

One of the main ways in which we listen to employees is through our annual engagement survey. This looks at a wide range of areas including employees' satisfaction, loyalty, views of their immediate manager and senior management, co-operation from colleagues, and working conditions.

Key findings from our 2022 survey

In 2022, we surveyed more than 10 000 ROCKWOOL employees and had a response rate of 82 percent – an all-time-high. Even more encouragingly, our aggregate score on satisfaction and motivation increased from 70 to 72 percent, while the loyalty score rose from 79 to 81 percent.

We take corporate citizenship seriously

As a large business, with factories in 23 countries around the world, we recognise our duty to be a responsive and generous corporate citizen. To this end, we form international alliances with carefully chosen partners, to support causes ranging from environmental conservation and children in need to those affected by the war in Ukraine. For example, our ongoing efforts to support Habitat for Humanity Build Project. ROCKWOOL has worked with the United Way Hamilton and Halton region in Ontario, Canada for 20 years. Employees participate through payroll deductions, onsite or virtual activities and by raising money to assist close to 108 agencies in the Hamilton and Halton region.

Bringing shelter to the people of Chernihiv, Ukraine

On 31st of August, our shareholders approved using between 100-200 MDKK (approx. 13 to 27 MEUR) on reconstruction activities in the Chernihiv region northeast of Kyiv. While large-scale reconstruction activities will begin when circumstances allow, we have responded to the Chernihiv administration's requests to provide emergency shelter and other support for many of those left homeless by the war.

In November and December, we delivered weatherised tents and portable heaters to provide temporary shelter for up to 400 people. In addition, we delivered multiple portable generators that are helping to power hospitals, residential buildings, and other important facilities. We also increased the deliveries of ROCKWOOL's winter insulation mats, which are being used to help keep people warm in shelters. All deliveries are at the regional administration's request.



Sergiy Kurdyukov, General Director at ROCKWOOL Ukraine and Alena Shapoval, Customer Service and Logistics manager at ROCKWOOL Ukraine. Chernihiv, Ukraine

Developing our employees

We are keen to help all our employees develop their talents and move forward in their careers, including interns.

Former intern Sandra Wolfs is now an engineer for ROCKWOOL. Here's how her career has developed.



An internship, and an unexpected position

In December 2020, Sandra was a 22-year-old chemical engineering student, finishing her studies in chemical process technology. All she needed was an internship. Sandra applied for many positions, but with the pandemic in full swing, not many companies were hiring. Then ROCKWOOL called. She started in March 2021 at ROCKWOOL in Roermond, Netherlands. "The job was to help ROCKWOOL get better at reusing its waste wool. I was asked to help develop better methods of testing and analysing the chemical composition of incoming waste stone wool to make sorting and selecting quality wool

for reuse more efficient". As the internship ended, her team wanted to keep Sandra on full-time but there were no open positions. "They were great, the team tried to create a traineeship for me, but that didn't work out in time", she recalls.

When one door closes

Fortunately, that wasn't the end of Sandra's career at ROCKWOOL. In October 2021, she became a Production and Process Engineer for Rockpanel, also working in Roermond, a position her previous colleagues helped her find. And one year later, Sandra changed jobs again, reuniting with her old ROCKWOOL team, now as a Process Engineer Systems in the Production Support department, working more on long-term projects than daily business. "The opportunity came up and I just took it. One of the reasons I took the position is because it requires more in-depth knowledge of the processes and material", Sandra says.

One word to describe your career so far?

"I've felt very welcome at ROCKWOOL from the start. People have been so nice and helpful, and I feel I learn something every day. I don't know if it's unusual the way I've moved around or not but you take the chances you're given, right? If I had to describe my time here so far in one word, I would say 'adventure', no day has ever been the same", she laughs.



Creating resilient communities

ROCKWOOL's factories are essential to the Group's success, as is maintaining constructive, positive relations in the communities around our facilities.

With 51 manufacturing facilities in 23 countries, ROCKWOOL plays a significant role in supporting thriving communities around the world. We aim to sell our products in the regions where they are produced, thus generating employment, investment and tax revenues in our host communities.

One of the ways in which we establish and maintain good relations with our host communities is by engaging in meaningful two-way dialogue with all relevant stakeholders. For example, we host community days, organise school visits and offer tours of our factories to interested community members, local elected officials and members of the surrounding business community.

In 2022, we have updated our internal guidance on community engagement to ensure that our global business units follow best practice in the way they communicate and interact with local communities in which they operate.

ROCKWOOL's insulation products sold in 2022 will over the lifetime of their use save our customers energy costs of around

71 BEUR

Around

51 000 jobs

were created locally at our facilities worldwide and with suppliers.

National Contact Point (NCP) Denmark validation

In 2021, NCP Denmark issued a report with recommendations to ROCKWOOL on how the Group could improve its risk-based due diligence and community engagement practices. Having worked conscientiously to incorporate NCP's recommendations into our standard ways of working, we are pleased that in their one-year follow-up statement, NCP concluded that ROCKWOOL has enhanced 'its approach to community engagement by exploring new avenues for interactive, responsive, and ongoing stakeholder engagement'.

You can read the full NCP statement at <https://virksomhedsadfaerd.dk/opfolgende-udtalelse>.



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



Our Croatia factory helped the local municipality organise a big celebration to honour the region's patron saint.

99 ROCKWOOL is very much aware of its significant environmental and social responsibilities towards the local community and supports a wide range of projects to enhance residents' quality of life. In recognition of these efforts, we gave ROCKWOOL Adriatic a certificate of appreciation on the feast day of St Roko on August 16. This is our annual Municipality Day".

Dean Močinić, Mayor of Pićan Municipality

Responsible business practices



Millennium Park in Chicago, IL, USA



Responsible business practices

Key successes

- Strengthened Code of Conduct
- Revised Group policy on the use of donations and non-commercial sponsorships

Focus areas looking forward

- Increasing transparency and awareness of human rights and environment in supply chain
- Piloting supplier ESG monitoring software
- Strengthening and enforcing the Supplier Code of Conduct



Business ethics

We observe the highest standards in the way we do business and continuously seek to enhance our business integrity.

ROCKWOOL compliance system and governance

ROCKWOOL recognises corruption as a risk to our business and is dedicated to responding to this risk as comprehensively and systematically as possible. The Group's Integrity Committee (see page 14) takes a zero-tolerance stance on corruption in any form, while at the same time offering a timely and consistent response to all issues raised through our anonymous whistle-blower system. In addition to ongoing compliance activities, the Committee also oversees initiatives to strengthen our focus on integrity throughout the Group.

Integrity is embedded in ROCKWOOL's history and forms a cornerstone of the ROCKWOOL way of doing business".

Anti-corruption

ROCKWOOL Group has zero tolerance towards any kind of fraud, corruption, bribery, or facilitation payments. The anti-corruption policy also applies to suppliers, agents, customers and other third parties.

In 2022, we updated the Group policy on the use of donations and non-commercial sponsorship.

In 2022, 21 potential cases were reported through the whistle-blower platform, 11 of which qualified under the whistle-blower policy and were handled according to established procedure, including being assessed by the Integrity Committee. Ten cases did not qualify as whistleblower cases.

The 11 cases included three involving corruption, three of health and safety, two harassment, one fraud attempt, one policy violation and one conflict of interest.

Investigations into most of the cases have been completed, resulting in four people being dismissed and four employees being subject to disciplinary actions. Other cases resulted in policy and internal procedure changes. Of the ten cases that did not qualify as whistleblower cases, five were related to HR issues. The other cases pertained to two of health and safety, two customer complaints and one related to environment. These cases were handled outside the whistle-blower system by the relevant departments/OPCOs.

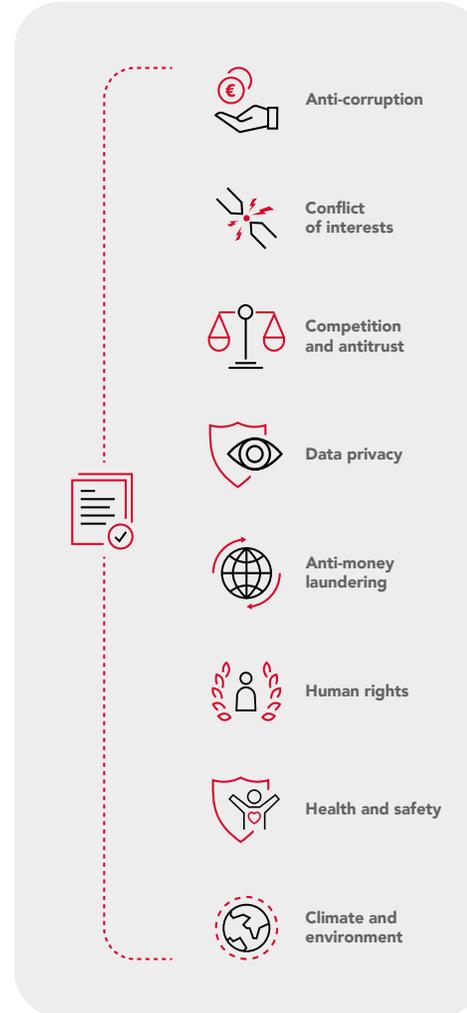
Reporting integrity and whistle-blower cases

The Whistle-blower policy encourages employees and third parties to report serious and sensitive concerns regarding breaches of for example, business ethics or applicable law. You can report misconduct anonymously if you prefer so.

Responsible tax

ROCKWOOL believes that paying our fair share of taxes is an important part of responsible corporate citizenship.

In 2022, we continued the further implementation and enhancement of our Tax Control Framework. The standard tax control framework focuses on corporate income tax (CIT), value-added tax (VAT), and transfer pricing. In some countries, ROCKWOOL is voluntarily participating in a collaborative framework with the authorities to increase transparency and disclose additional details about the process, challenges, risk registry, and process tools.



In such cases, we are collaborating with other functions (HR, logistics, for example) to bring them in and use our framework, thereby providing that country's management with a standardised tool to support their obligations to the authorities.

In 2022, we launched a project to simplify and improve the data collection process for tax purposes. We intend to automate and standardise the process while eliminating manual interventions and errors by using tools and applications.

Code of Conduct

The Code of Conduct is the overarching policy document for all employees in ROCKWOOL Group and is owned by the Board. It explains the notion of integrity and what it means in ROCKWOOL.

The Code of Conduct lists several key areas for the Group, such as preventing corruption and bribery, use of gifts and hospitality, conflict of interest, competition and antitrust law, data privacy, money laundering, and confidential information. The Code also outlines the principles for the Group in relation to human rights and labour rights, the environment, health and safety. All employees in the Group are expected to observe the highest level of integrity.

In 2022, we strengthened our Code of Conduct to reflect our human rights commitments.

In 2022, around 7 000 direct employees received face-to-face training in the Code of Conduct.

Responsible sourcing

We recognise our responsibility to develop and maintain sustainable sourcing practices.

As a global employer, ROCKWOOL is aware that our worldwide sourcing and procurement activities have a considerable influence on the environment and local communities in the countries where we operate and source materials and services from. We cooperate closely with our suppliers and see them as an important player in our common journey towards a more sustainable supply chain.

In 2022, we carried out several actions to strengthen our sustainable sourcing practices.

We initiated a revision of our Supplier Code of Conduct to reflect our commitment to safeguard human rights and support our environmental and climate ambitions.

The percentage of all on-board suppliers who have signed our current Code of Conduct is approximately 74 percent, while 93 percent of the suppliers on-boarded in 2022 have signed the Code. Our goal is to raise that number over time and have every supplier sign our most recent version of the Supplier Code of Conduct.

We are currently developing supplier management processes and guiding documents to define, control, communicate, and document ROCKWOOL's approach to sustainable sourcing and to ensure fulfilment of the Supplier Code of Conduct.

This process will include a tool where we can monitor our suppliers in terms of sustainability and other risk factors. This tool will also be utilised during the sourcing and qualification process of suppliers. This will enable us to take sustainability risks into account during the initial stages of the sourcing process. The tool will be piloted during 2023.



Responsible sourcing process





Sustainability data

In this section

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Creating a non-combustible and visually appealing façade with Rockpanel Woods cladding, Riverside Heights, Norwich, United Kingdom

Product impact metrics

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



Trucost ESG Analysis
S&P Global

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

SDG performance: Product and other indirect impact metrics

Indicator	Unit	2022	2021	2020	Note	SDG
Carbon emissions avoided in the lifetime of building insulation sold	Mt CO ₂	197	210	186	1	13
Carbon emissions avoided in the lifetime of industrial insulation sold	Mt CO ₂	922	1 026	796	1	13
Energy saved in the lifetime of building insulation sold	TWh	931	987	874	1	7
Energy saved in the lifetime of technical insulation sold	TWh	4 123	4 571	3 572	1	7
PM air emissions avoided in the lifetime of building insulation sold	kt	68	70	62	2	3
SO ₂ air emissions avoided in the lifetime of building insulation sold	kt	240	253	224	2	3
NO _x air emissions avoided in the lifetime of building insulation sold	kt	274	297	264	2	3
Water saved by precision growing products sold	thousand m ³	111	119	109	3, 7	6
Fertiliser saved by precision growing products sold	kt	19	20	18	3, 7	2
Land use reduction by precision growing products sold	ha	32 630	34 973	31 910	3, 7	2
Yield gain of vegetables by precision growing products sold	kt	2 303	2 469	2 253	3, 7	2
Stone wool collected and recycled through ROCKWOOL recycling services	kt	68	64	52	4	12
Significantly improved learning environments from acoustic solutions sold	Number of students	1 673 000	1 733 000	1 540 000	5	3
Significantly improved learning environments from acoustic solutions sold	Number of teachers	82 000	84 000	75 000	5	3
Jobs due to ROCKWOOL Group's global operations (direct & indirect with suppliers)	FTE	51 000	38 000	35 000	6	8
Economic value created due to ROCKWOOL Group's global operations (direct & indirect)	MEUR	3 907	3 088	2 602	6	8
Economic value of energy saved by ROCKWOOL insulation products	MEUR	70 740	68 470	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. The calculation is based on the principle of ceteris paribus.
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. The calculation is based on the principle of ceteris paribus.
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.

⁵ The impact on learning conditions from acoustic products sold is calculated using a methodology developed by Rambøll, who also validates the annual result. 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>

⁷ Correction update due to calculation error for 2021 data.

Operational performance metrics

We track multiple metrics that quantify our operational footprint.

Climate and energy

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Greenhouse gas emissions	Total direct and indirect greenhouse gas emissions (GHG)	305-1, 305-2	Mt CO ₂ e	1.98	2.05	1.85	1, 2, 3, A
	Total reduction in direct and indirect GHG (Scope 1+2), (SBT)	305-1, 305-2	Index	96	100	90	1, 2, 3, 5, B
	Total direct and indirect CO ₂ emissions	305-2	Mt CO ₂	1.65	1.73	1.57	2, 3, A
	CO ₂ direct (Scope 1)	305-1	Mt CO ₂	1.45	1.51	1.35	2, 3, A
	CO ₂ indirect (Scope 2), market-based emissions	305-2	Mt CO ₂	0.20	0.22	0.21	2, A
	CO ₂ indirect (Scope 2), location-based emissions	305-2	Mt CO ₂	0.33	0.35	0.34	2
	CO ₂ intensity direct (Scope 1) per tonne stone wool	305-4	Index	91	91	97	2, 3, A
	CO ₂ intensity indirect (Scope 2) per tonne stone wool	305-4	Index	52	57	64	3, A
	CO ₂ intensity direct and indirect (Scope 1+2) per tonne stone wool	305-4	Index	83	85	91	2, 3, A
	Total indirect GHG emissions (Scope 3)	305-3	Mt CO ₂ e	1.02	1.04	0.92	4
Energy	Total reduction in indirect GHG (Scope 3), (SBT)	305-3	Index	99	100	89	4
	Energy consumption	302-1	GWh	5 561	5 685	4 876	2
	Energy per tonne stone wool	302-3	Index	100	99	100	2
	Energy efficiency in own buildings	n.a	Index	61	81	95	A

1 Change in N₂O calculations for 2019-2021 based on the update of emissions factors for all factories.

2 The N₂O emissions, Scope 1 and 2 emissions for 2019 and 2020 are now including one acquired factory which was already included in the 2021 results.

3 Change in methodology in one factory for Scope 1 emissions due to the local tax scheme.

4 Calculations in accordance with EN15804+A1 (based on IPCC 2007, AR4) 2022 data based on GaBi version 10.6.1.35 and database version 2022.1

5 The 2021 number has been restated due to the updated N₂O methodology

A In scope for limited assurance.

B 2022 data in scope of limited assurance.

Environmental management

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Environmental laws and regulations – non-compliance	Factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001	n.a	Number	27	27	24	
	Share of factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001	n.a	%	84	84	77	
	Audits for environment, health, safety	n.a	Number	100	181	183	7
	Fines – monetary value	307-1	KEUR	75	1	20	
	Non-monetary sanctions	n.a	Number	26	8	4	
Air emissions	NOx intensity	305-7	Index	124	126	115	3, 4
	SO ₂ intensity	305-7	Index	64	65	86	3, 4
	CO intensity	305-7	Index	4	2	3	3, 4, 5
	Ammonia intensity	305-7	Index	82	88	90	3, 4
	Phenol intensity	305-7	Index	82	81	80	3, 4
	Formaldehyde intensity	305-7	Index	74	93	106	3, 4
	Particulate matter (PM ₁₀) intensity	305-7	Index	107	116	112	3, 4, 6
Water consumption	Water consumption total	303-5	Mm ³	3.65	3.69	3.23	1
	Water use intensity (m ³ /t stone wool)	303-5	Index	86	85	90	1, A
	Water consumption excl. rainwater	303-5	Mm ³	3.35	3.44	3.08	1, A
	Total water consumption from all areas with water stress	303-5	Mm ³	0.90	0.25	0.22	2
Water withdrawal	Groundwater own abstraction	303-3	Mm ³	1.07	1.04	0.99	1
	Municipal water a.o. utilities	303-3	Mm ³	2.01	2.13	1.77	1
	Rainwater own abstraction	303-3	Mm ³	0.30	0.25	0.18	1
	Surface water own abstraction	303-3	Mm ³	0.27	0.26	0.29	1

1 One acquired factory that was included in 2021 added in 2019 and 2020.

2 A new study of activities in water stressed areas was conducted in 2022. This assessment identified five factories in water stressed areas (Spain, India, Romania, Netherlands and Germany)

3 Correction of data for 2019 and 2020 for one factory due to correction of reporting scope for acquisitions.

4 In the 2021 air emissions report, the factory that started operation in June 2021 is not included in the 2021 numbers.

5 Increase in the CO value compared to 2021 due to a testing period.

6 Correction update due to calculation error for 2021 data.

7 The four Russian factories are not included for 2022 data.

A In scope for limited assurance.

Waste and recycling

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Waste	Total waste generated	306-2	kt	276	239	172	2
	Total hazardous waste generated	306-2	kt	17	21	13	
	Waste landfilled	306-2	kt	44	45	46	A
	Landfill waste from factories	306-2	Index	49	49	50	1, A
	Waste for external recycling	306-2	kt	168	120	85	2
	Waste for external recovery (energy)	306-2	kt	1	1	1	
	Other external waste disposal	n.a	kt	62	73	41	2

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Recycling	Recycling of waste from other industries	n.a	kt	680	657	574	
	Average % recycled content	301-2	%	25	24	25	
	Post-consumer stone wool reclaimed and recycled	306-2	kt	68	64	52	
	Number of countries with comprehensive reclaimed material schemes	n.a	Countries	19	17	14	A

1 One acquired factory that was included in 2021 added in 2019 and 2020.

2 Correction update due to calculation error for 2021 data.

A In scope for limited assurance.

Safety and social

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Workplace diversity	Percentage of female leaders in executive and middle management positions	n.a.	%	28	28	27	B
	Share of women in new hires for middle manager positions	n.a.	%	29	41	44	B

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Workplace safety	Fatalities	403-9	Number	1	-	-	A
	Frequency of LTI – employees & contractors (per million hours worked)	403-9	No./mill hours	2.7	3.6	3.0	A
	Annual improvement in LTI frequency	403-9	%	24	-20	-3	A

Corporate governance

Category	Indicator	GRI disclosure number	Unit	2022	2021	2020	Note
Anti-corruption	Confirmed incidents of corruption and actions taken	205-3	Number	3	4	1	B
Management approach disclosures	Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations	419-1	KEUR	-	-	-	B
	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	206-1	KEUR	-	-	-	B

A In scope for limited assurance.

B 2022 data in scope of limited assurance.

Accounting Policies

Reporting period

Our reporting covers the period 1 January 2022 to 31 December 2022.

The report focuses on the topics we consider most important and material to our business and society, by taking into consideration relevant stakeholder inputs. The report forms part of management’s review covering the statutory reporting on corporate social responsibility, as required by section 99a of the Danish Financial Statements Act.

We are committed to communicating openly to provide stakeholders with sufficient information about Group’s sustainability performance. Stakeholders can thus form their own judgement about ROCKWOOL’s sustainability position, progress and role in the communities where we operate. The performance data is related to the ROCKWOOL Group’s subsidiaries.

Comments on environmental data scope and boundary

In 2022, 32 stone wool factories are included in the scope of the greenhouse gas and CO₂ emissions (Scope 1 and Scope 2), water consumption, waste to landfill, management of waste from production, air emissions and reclaimed material. The new factory in China and the factory in Japan acquired in 2021 are not yet reporting. One factory in Malaysia stopped production of stone wool in Q1, however as there are ongoing activities at the site it continues to be included in the scope. A factory in China was closed end Q3 and is included in scope. Other activities outside the stone wool manufacturing are excluded as their contribution to these environmental indicators is assessed to be insignificant.

In 2022, we changed the methodology of calculating N₂O emissions, at the same time we updated the Global Warming Potential (GWP) from the one in the IPPC fourth assessment report (AR4) to the one in the Sixth

Assessment Report (AR6). These changes required a correction of all GHG calculations since the target baseline of 2019. Therefore, we also reviewed our data to include, from 2019 onwards, one acquisition and aligned the emissions from a factory that had a significant change in the methodology of calculating scope 1 emissions for a tax trading scheme and assign them to the correct years.

The acquired factory was also added to the water consumption and waste to landfill data since 2019. This acquired factory was already in the scope of the 2021 report.

The energy efficiency goal scope covers wholly owned office buildings that have energy efficiency performance above 75 kWh/m²/year and/or have not been renovated within 5 years of the baseline year.

Comments on safety data scope and boundary

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

All employees and working hours from contractors performing duties for ROCKWOOL Group are included. We distinguish between two types of contractors to manage risks and safety:

- Permanent contractors with long-term duties for or on behalf of ROCKWOOL; and,
- Occasional contractors (work on site, maintenance etc.).

For both types of risk a method statement must be in place and prescribed safety precautions and supervision implemented. Incidents involving permanent and occasional contractors are recorded and included in the LTI rate. External visitors 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 2022, compliance data indicators covered the entire Group, for the “environmental, safety and health laws and regulations” indicator, which applies to 32 stone wool factories.

Baseline

All environmental-related sustainability goals have 2015 as baseline year, except for the absolute greenhouse gas emission targets for 2034, which have 2019 as baseline year.

For the safety goal the baseline is the previous reporting year.

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, after which it is reviewed and approved by local management. The data is therefore assessed to be complete and accurate to local management’s best knowledge.

The Group’s Scope 3 GHG emissions are collected within all applicable categories and are calculated annually. This lifecycle assessment analysis is based on EN15804, using in 2022 GaBi Professional software Version 10.6.1.35 and GaBi database version 2022.1. The data is used in calculating the Group’s progress toward reaching its Scope 3 GHG emissions science-based target.

Data controls

Data trails have been mapped and risks identified with respect to completeness, accuracy, and cut-off. Where relevant, mitigating controls have been set up and completed. Changes to historical data are only made if the impact 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 the total quantity of usable products produced by ROCKWOOL factories. The total value for the reporting period is the denominator for calculation of the CO₂ and water use 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 producing 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.

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 steam .

Scope 1 CO₂ emissions are calculated based on consumption, 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, Norway and Switzerland are covered by the EU Emissions Trading Scheme. The factory in the United Kingdom is in an interim situation that follows all the same principles and assurance as the EU trading scheme.

The total CO₂ emissions from the Toronto, Canada factory are externally verified and submitted to the Environment and Climate Change Canada (ECCC) in accordance with Output-Based Pricing System Regulations (OBPSR)

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.

Energy consumption

Energy consumption is calculated as the total energy consumed by the 32 stone wool factories in the form of fuels and electricity. Reported energy is based on the consumptions determined by weight or volumes measured or by invoices. Reported energy can also be based on net calorific values from laboratory analysis, information from the suppliers or national data bases. The source for net calorific values and emission factors depends on country specific regulatory requirements.

Scope 1 and 2 GHG emissions

Scope 1 and 2 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 Sixth Assessment Report (AR6). The data is used in calculating the Group's progress toward achieving its absolute GHG emissions science-based target.

Scope 3 GHG emissions

Scope 3 is defined according to the Greenhouse Gas Protocol. Scope 3 includes other indirect emissions from an organisation's activities that result from sources that they do not own or control. Scope 3 emissions are collected and calculated considering 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. They are based on analytical measurements performed in accordance with the factories permit requirements and operational conditions. The scope of air emissions is 32 stone wool factories. The air emissions data has some uncertainty and are dependent on nationally prescribed methods. Emission measurements can vary a great deal based on the representativeness of the samples taken, flow measurements, 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 32 stone wool factories. Rainwater is excluded from total 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 seven factories in Spain, India, Romania, Netherlands, Germany and Russia that have been identified as being located in either

highly or extremely highly water stressed areas. This was the result of water scarcity assessments carried out by a third-party in 2017 and 2022. The water scarcity assessment will be updated every fifth year.

Landfill waste from factories

Waste to landfill is calculated as the total quantity of production waste sent to landfill by the 32 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 material

A reclaimed material scheme is where ROCKWOOL or a third-party contractor offers a stone wool recycling scheme.

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

- Rockcycle is available as a take back scheme for construction and/or demolition ROCKWOOL stone wool products. These products are taken back to a ROCKWOOL factory and/or a waste management company that ensures the material is reused/recycled;
- Rockcycle is offered to either i) a market segment, or ii) selected, large customers/stakeholders in a country;
- Rockcycle covers as a minimum the offering of taking back insulation products but must also cover the offering of taking back Systems Products when appropriate; and,

- Rockcycle is accessible and communicated in the local market for example on the ROCKWOOL country website, in marketing brochures, through direct promotion to relevant customers, a local Rockcycle video, etc.

The criteria are also 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/or 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 32 stone wool factories. Recycled waste from other industries is waste or co-products used to substitute virgin stone in the melting process.

Energy efficiency in our own buildings

Energy efficiency in own, non-renovated offices is calculated in terms of kWh/m²/year. The criteria for the buildings included and excluded in the goal's scope 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, management engaged a third party 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 establishes the energy efficiency improvement potential of an office in scope, a third party completes a new energy design performance assessment. 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, in accordance with GRI indicator 403. A lost time incident is defined as an incident that renders the injured person unable to perform any regular job or as 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. Working hours are the total actual working hours performed.

Compliance data indicators

Workplace diversity

Gender diversity is calculated based on the employee data 'biological gender' managed in ROCKWOOL's global HR Information System, and is presented as the indicators 'percentage of female leaders in executive and middle management positions' and 'percentage of women in new hires for middle manager positions'. Executive management reflects level 2 in the company's organizational structure, and Middle management levels 3, 4 and 5.

Anti-corruption

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

Compliance with environmental, safety and health laws and regulations

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

A sanction is a non-monetary administrative penalty for non-compliance with environmental, health, or 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 32 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 32 stone wool factories.

ESG KPI indicators

We are dedicated to operating in a sustainable manner. To accomplish this goal, we strive to conduct business in a financially, environmentally, and socially responsible manner. The ESG KPI indicators reflect our strategy and performance.

We publish a separate ESG KPI indicators datasheet along with our annual Sustainability Report that can be downloaded at www.rockwool.com/group/about-us/sustainability/

Management's statement

The Registered Directors have today considered and approved the Sustainability Report of ROCKWOOL for the reporting period 1 January to 31 December 2022.

The selected sustainability data in the 2022 Sustainability Report has been prepared in accordance with the accounting policies developed by ROCKWOOL as stated on pages 50-52 (the "accounting policies").

In our opinion, the 2022 Sustainability Report gives a fair presentation of the Group's sustainability activities and the results of our sustainability efforts in the reporting period as well as a balanced presentation of our environmental, social and governance performance in accordance with the accounting policies.

Hedehusene, 8 February 2023

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Independent limited assurance report on selected sustainability data

To the stakeholders of ROCKWOOL A/S

ROCKWOOL A/S (“ROCKWOOL”) engaged us to provide limited assurance on selected sustainability data described in the section “What we are assuring” and set out in the 2022 Sustainability Report of ROCKWOOL for the period 1 January – 31 December 2022 (“the selected sustainability data”).

Our conclusion

Based on the procedures we performed and the evidence we obtained, nothing came to our attention that causes us not to believe that the selected sustainability data stated on pages 48-49 in the 2022 Sustainability Report for the period 1 January - 31 December 2022 of ROCKWOOL are prepared, in all material respects, in accordance with the accounting policies developed by ROCKWOOL as stated on pages 50-52 (the “accounting policies”).

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

What we are assuring

The scope of our work was limited to assurance on the selected sustainability data for the period 1 January – 31 December 2022 in the section “Operational performance metrics” stated on pages 48-49 in the 2022 Sustainability Report of ROCKWOOL, namely:

- Total direct and indirect greenhouse gas emissions (GHG) (page 48);
- Total reduction in direct and indirect GHG (Scope 1+2), (SBT) (page 48);
- Total direct and indirect CO₂ emissions (page 48);
- CO₂ direct (Scope 1) (page 48);
- CO₂ indirect (Scope 2), market-based emissions (page 48);
- CO₂ intensity direct (Scope 1) per tonne stone wool (page 48);
- CO₂ intensity indirect (Scope 2) per tonne stone wool (page 48);
- CO₂ intensity direct and indirect (Scope 1+2) per tonne stone wool (page 48);
- Energy efficiency in own buildings (page 48);
- Water use intensity (m³/t stone wool) (page 48);
- Water consumption excl. rainwater (page 48);
- Waste landfilled (page 49);
- Landfill waste from factories (page 49);
- Number of countries with comprehensive reclaimed material schemes (page 49);
- Percentage of female leaders in executive and middle management positions (page 49);
- Share of women in new hires for middle manager positions (page 49);
- Fatalities (page 49);

- Frequency of LTI – employees & contractors (per million hours worked) (page 49);
- Annual improvement in LTI frequency (page 49);
- Confirmed incidents of corruption and actions taken (page 49);
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (page 49) and;
- Legal actions for anti-competitive behaviour, anti-trust and monopoly practices (page 49).

We express limited assurance in our conclusion.

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’. The quantification of greenhouse gas emissions is subject to inherent uncertainty because of incomplete scientific knowledge used to determine the emissions factors and the values needed to combine emissions of different gasses.

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 independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants’ International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour, and ethical requirements applicable in Denmark.

PricewaterhouseCoopers applies International Standard on Quality Management 1, ISQM 1, which requires the firm to design, implement and operate a system of quality management including policies or 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 sustainability data need to be read and understood together with the accounting policies. The accounting policies used for preparation of the selected sustainability data are the applied accounting policies developed by ROCKWOOL, 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 the selected sustainability data 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 to consider the risk of material misstatements of the selected sustainability data. In doing so and based on our professional judgement, we:

- Evaluated the appropriateness of the accounting policies used, their consistent application and related disclosures in the 2022 Sustainability Report;
- Made inquiries and conducted interviews with ROCKWOOL's management with responsibility for management and reporting of the selected sustainability data to assess reporting and consolidation process, use of company-wide systems and controls performed;
- Performed limited substantive testing on a sample basis to underlying documentation and evaluated the appropriateness of quantification methods and compliance with the accounting policies for preparing the selected sustainability data at corporate head office and in relation to selected ROCKWOOL reporting sites;
- Performed analytical review and trend explanation of the selected sustainability data, and;
- Evaluated the evidence obtained.

Management's responsibilities

Management of ROCKWOOL is responsible for:

- Designing, implementing and maintaining internal control over information relevant to the preparation of the selected sustainability data in the 2022 Sustainability Report that are free from material misstatement, whether due to fraud or error;
- Establishing objective accounting policies for preparing the selected sustainability data;
- Measuring and reporting the information in the selected sustainability data based on the accounting policies, and;
- The content of the 2022 Sustainability Report for the period 1 January – 31 December 2022.

Our responsibility

We are responsible for:

- Planning and performing the engagement to obtain limited assurance about whether the selected sustainability data for the period 1 January - 31 December 2022 are prepared, in all material respects, in accordance with the accounting policies;
- Forming an independent conclusion, based on the procedures performed and the evidence obtained; and
- Reporting our conclusion to the stakeholders of ROCKWOOL.

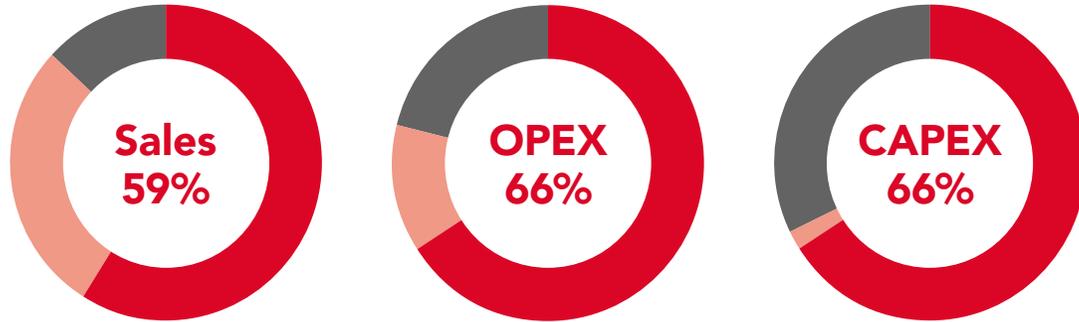
Hellerup, 8 February 2023

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Kim Tromholt
State Authorised Public Accountant
mne33251

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EU taxonomy



■ Taxonomy-aligned ■ Taxonomy-eligible but not aligned

The EU Commission has established the EU Taxonomy as a specific, science-based classification system to identify economic activities that are environmentally sustainable and have a substantial positive climate and environmental impact. It is intended to help scale up investments in sustainable activities, avoid greenwashing, and increase market transparency by introducing disclosure obligations on companies and financial market participants. At ROCKWOOL, we welcome this initiative.

An economic activity is taxonomy-aligned when it complies with all the requirements as described in the Taxonomy Regulation. This means that the activity contributes substantially to one or more of the taxonomy-specific environmental objectives, it does not harm any of the environmental objectives, and it is carried out in compliance with the minimum safeguards.

We have identified our 2022 global activities that pass the screening criteria for substantial contribution in the Climate Delegated Act in the EU Taxonomy and are thereby considered to be taxonomy-eligible.

We have carried out the “Do No Significant Harm” (DNSH) assessment and assessed our alignment with the OECD Guidelines for Multinational Enterprises and UN Guiding Principles on Business and Human Rights, to determine the extent to which these activities are aligned with the taxonomy.

DNSH to “Climate change adaptation”

In 2022, ROCKWOOL conducted a climate scenario analysis to evaluate physical climate-related risks across our global manufacturing sites. Two alternative climate change scenarios were analysed: a ‘high physical impact’ 4°C warming scenario; and a ‘rapid transition’ scenario whereby warming is limited to 2.0°C, considering the time horizons 2030 and 2050.

The analysis shows that while the physical climate-related risks across our global manufacturing sites will not change significantly for either scenario in the foreseeable future, new potential climate-related risks have been identified at certain sites. We will collaborate with relevant business units to ensure mitigation plans for all

applicable physical climate-related risks are in place and assessed at regular intervals.

DNSH to “Sustainable use and protection of water and marine resources”

We control and mitigate risks to local water quality at our manufacturing sites among other ways through our environmental permits and environmental management programmes. At many of our factories, production process water is recirculated in a closed-loop without any discharge. At the remaining factories process water is discharged to municipal wastewater treatment plants. We will ensure continued focus on mitigating risks to local water quality at all our manufacturing sites, and reinforce these mitigation efforts when necessary.

In 2022, we conducted a water scarcity assessment covering all stone wool manufacturing sites, with the exception of those in Russia. The assessment determined that five ROCKWOOL manufacturing sites were located in areas of high or extreme high water stress. However, these factories’ water usage is estimated to be immaterial. Nonetheless, on the basis of dedicated water management plans, we will continue to prioritise implementing water efficiency improvements at these factories as part of our overall efforts to fulfil the Group sustainability goal of reducing water use intensity by 20 percent in 2030 compared to 2015.

DNSH to “Transition to a circular economy”

ROCKWOOL has a strong circular business model with products that are durable and long-lasting, easily disassembled, recyclable, and containing recycled material. In addition, we have set ambitious circularity goals to further strengthen this business model. These goals are to reduce factory waste going to landfill by 85 percent by 2030 compared to 2015 and offer reclaimed material services in 30 countries by 2030.

DNSH to “Pollution prevention and control”

The DNSH criterion to the objective of “Pollution prevention and control” requires the activity not to use specific substances of concern/chemicals listed in European Regulations, as specified by Appendix C in Annex I of the Commission Delegated Regulation (EU) 2021/2139.

ROCKWOOL has carried out a review of substances and chemicals used in its production process. ROCKWOOL has identified the use of one chemical for the binder, formaldehyde, which is covered by subparagraph (g) in Appendix C.

The use of formaldehyde has been assessed to qualify for the derogation “essential use for society” for the main part of our product range as there are no better alternatives to guarantee the needed performance that are acceptable for the environment and health. For part of our light stone wool product range, alternative binder solutions exist in the market, and therefore it is our assessment that the “essential to society” derogation cannot be claimed for these products. To reduce our environmental impact still further, we will continue to focus attention on the use of all Appendix C substances.

DNSH to “Protection and restoration of biodiversity and ecosystems”

All our stone wool factories have an environmental permit where requirements are made to protect the environment. Furthermore, all factories are part of the Group’s environmental management programme. Robust compliance and conformance programmes are in place at all sites. In 2022, all ROCKWOOL stone wool factories were mapped to determine the location of biodiversity-sensitive areas in close proximity to the factories. To ensure continuous protection of specific biodiversity-sensitive areas, we will be assessing more closely our

environmental management programmes at relevant sites and strengthening them where deemed necessary.

Compliance with “Minimum safeguards”

In 2021 and 2022, ROCKWOOL carried out several activities to strengthen its due diligence governance and internal processes within human rights. These activities included revising the Group Code of Conduct for which the Board of Directors are responsible and approving a dedicated Human Rights policy and procedure replacing the former Human Rights commitment. These key actions provide the necessary framework within which we can ensure compliance with internationally recognised human rights. Also in 2022, a risk assessment was conducted to identify salient human rights risks in own operations, thereby ensuring that we focus our efforts on the most important areas.

No material negative events or impacts were identified during 2022.

As we continue to strengthen our efforts in this area, we will enhance supplier management processes and guiding documents to define, control, communicate, and document ROCKWOOL's approach to sustainable sourcing and to ensure enforcement of a revised Supplier Code of Conduct. This process will include a tool to monitor suppliers in terms of sustainability and other risk factors.

It is our assessment that there are adequate internal controls as well as ethics and compliance programmes for preventing and detecting bribery. The Group treats tax governance and compliance as important elements of oversight, and considers there to be adequate tax risk management strategies and processes in place. The Group promotes employee awareness of the importance of compliance with all applicable competition laws and regulations.

Taxonomy-aligned net sales

The dominant taxonomy-eligible activity is the production and sales of insulation products. Sales from the Systems segment have also been reported as taxonomy-eligible where the products contribute as a key component in an external wall or roofing system. The sources of net sales are contracts with customers.

Based on the result of the DNSH screening, some light stone wool products are deemed not to fulfil the alignment criteria due to the use of formaldehyde in the stone wool binder.

The total taxonomy-aligned net sales amount to 59 percent.

The taxonomy-aligned KPI is based on full year figures and net sales can be reconciled to the Group's consolidated income statement in our [Annual Report](#).

Taxonomy-aligned OPEX

Total operating expenses consists of direct costs related to research and development, building renovation activities, maintenance and repair and any other cost related to day-to-day servicing of assets property, plant and equipment.

The share of operating expenses considered taxonomy-eligible primarily relates to the direct cost of sales of the taxonomy-eligible activities. A proportionate part of logistic and maintenance costs was also reported as taxonomy-eligible. Research and development costs related to taxonomy-eligible projects were included.

Where both taxonomy-aligned and taxonomy non-aligned activities are carried out, the taxonomy-aligned portion of the operating expenses is determined on the basis of the taxonomy-aligned net sales. Operating expenses is a subset of operating costs in the Group's consolidated income statement.

Sixty-six percent of the operating expenses is assessed to be taxonomy-aligned.

Taxonomy-aligned CAPEX

Total capital expenditure consists of additions to tangible and intangible fixed assets including right-of-use assets during the year. The CAPEX figures can be reconciled to the additions in notes 3.1-3.3 in our [Annual Report](#). No CAPEX plans have been included.

ROCKWOOL's taxonomy-eligible share of investments primarily relates to construction of insulation factories and equipment, capacity expansion related to taxonomy-eligible activities as well as safety and environmental investments including energy renovations of own buildings.

Sixty-six percent of investments are assessed to be taxonomy-aligned.

			Substantial contribution criteria		DNSH criteria							
Economic activities			Climate change mitigations	Climate change adaptations	Climate change mitigations	Climate change adaptations	Water & marine resource	Circular economy	Pollution	Biodiversity and ecosystems	Minimum safe guards	Taxonomy-aligned proportion
		Total MEUR	Proportion %	%	%	Y/N	Y/N	Y/N	Y/N	Y/N		%
Net sales	Environmentally sustainable activities (taxonomy-aligned)											
	3.5 Manufacture of energy efficiency equipment for buildings	2 297	59%	100%	0%	Y	Y	Y	Y	Y	Y	59%
	Taxonomy-eligible - but not aligned - activities											
	3.5 Manufacture of energy efficiency equipment for buildings	1 108	28%	100%	0%	Y	Y	Y	Y	N	Y	-
Taxonomy non-eligible activities or activities not covered												
Taxonomy non-eligible activities		502	13%	-	-	-	-	-	-	-	-	-
Total activities		3 907	100%	87%	0%	Y	Y	Y	Y	Y/N	Y	59%
OPEX	Environmentally sustainable activities (taxonomy-aligned)											
	3.5 Manufacture of energy efficiency equipment for buildings	2 167	66%	100%	0%	Y	Y	Y	Y	Y	Y	66%
	Taxonomy-eligible - but not aligned - activities											
	3.5 Manufacture of energy efficiency equipment for buildings	439	13%	100%	0%	Y	Y	Y	Y	N	Y	-
Taxonomy non-eligible activities or activities not covered												
Taxonomy non-eligible activities		678	21%	-	-	-	-	-	-	-	-	-
Total activities		3 284	100%	79%	0%	Y	Y	Y	Y	Y/N	Y	66%
CAPEX	Environmentally sustainable activities (taxonomy-aligned)											
	3.5 Manufacture of energy efficiency equipment for buildings	206	62%	100%	0%	Y	Y	Y	Y	Y	Y	62%
	7.2 Renovation of existing buildings	14	4%	100%	0%	Y	Y	Y	Y	Y	Y	4%
	Taxonomy-eligible - but not aligned - activities											
	3.5 Manufacture of energy efficiency equipment for buildings	8	2%	100%	0%	Y	Y	Y	Y	N	Y	-
Taxonomy non-eligible activities or activities not covered												
Taxonomy non-eligible activities		105	32%	-	-	-	-	-	-	-	-	-
Total activities		333	100%	68%	0%	Y	Y	Y	Y	Y/N	Y	66%

ESG performance

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

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.

Photo credits

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Page 37: ROCKWOOL Poland

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Page 40: Sean Mcmenomy (right)

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