

Modern Slavery Statement for the Financial Year 2017

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and constitutes ROCKWOOL Limited and the ROCKWOOL Group's statement of the financial year ending 2017. The statement describes the initiatives and considerations that ROCKWOOL Limited as part of the ROCKWOOL Group has taken to prevent that slavery and human trafficking are not taking place in the company.

ROCKWOOL Group Organisational Structure

ROCKWOOL is a focused industrial company with leading positions in insulation, acoustic ceilings and horticultural growing media based on stone wool technology. In 2017, the Group generated sales of 2,374 MEUR. Group operations are focused on Europe, Russia, North America and Asia. The Group employs more than 11,000 employees.



The Supply Chain

The Group engages more than 12,000 suppliers worldwide covering a multitude of categories of goods and services. More than half of the suppliers are situated in Europe. Suppliers vary from small local suppliers to large international suppliers supplying the Group on a worldwide basis. Raw materials are sourced directly from producers around the world. The ROCKWOOL Group total spend is around 1,100 MEUR annually.

Policies in relation to slavery and human trafficking

The ROCKWOOL Group has been a UN Global Compact (UNGC) member since 2016, when ROCKWOOL committed to implementing the 10 principles including principle four on the elimination of all forms of forced and compulsory labour.

In 2017 the ROCKWOOL Group adopted its first **Code of Conduct** collecting a number of Group policies into one document. The purpose was to comprise the most important policies in one document accessible to all employees and third parties. The Code of Conduct explicitly states the Group's opposition to forced or compulsory labour. At the same time it states that the Group will not engage with business partners that use forced or compulsory labour. The Code of Conduct has been communicated and is publicly available on rockwoolgroup.com.



The Group is reviewing its [Code of Conduct for Suppliers](#) to align it to the new Code of Conduct and to reflect the Group commitment in relation to UNGC towards suppliers.

Sourcing

Suppliers approved by Group Sourcing & Procurement (GSP) must accept the Code of Conduct for Suppliers as a requirement to become a supplier to the Group. We accept suppliers operating on their own code of conduct on a level similar or higher level than that of the ROCKWOOL Group's Code of Conduct.

The Code of Conduct for Suppliers confirms the ROCKWOOL Group's commitment to the 10 principles of the UNGC towards our suppliers. Suppliers register online and the Category Manager from GSP validates the required data and the acceptance of the Code of Conduct.

GSP is required to conduct an evaluation of suppliers with whom we spend an annual total of 100 kEUR or more at least once every three years. These evaluations are based on desk studies and may result in a physical audit, either conducted by the Category Manager or a third party. The ROCKWOOL Group may engage in collaborative relations to improve the supplier practices or terminate a contract with the supplier in case of violation of the Code of Conduct for Suppliers.

We operate a [Whistleblower Policy](#) encouraging employees and third parties to report serious and sensitive concerns. In 2017 the ROCKWOOL Group did not receive any whistleblower reports concerning the use of forced or compulsory labour in the supply chain.

Supplier due diligence process

GSP handles contracts with large suppliers. This includes regular visits to suppliers and visits of production facilities. The close cooperation with new and existing suppliers is important when considering compliance with the Code of Conduct for Suppliers. In November 2016, we launched a new e-Procurement Portal. During 2017 we have enrolled the existing active suppliers into the online tool and in 2018, we will work with a KPI ensuring that legacy suppliers will also accept our supplier Code of Conduct. We will start by measuring our direct suppliers, moving onto our indirect suppliers when the baseline has been established.

In 2017 a cross-functional project team carried out a gap analysis of sustainable sourcing policies and practices. This led to the development of a new supplier due diligence process with a more comprehensive and systematic approach to sustainable sourcing, which we will begin implementing in 2018. This new process also includes risk mapping of suppliers according to their country and the product or service they provide, so that a higher focus is put on suppliers posing the highest risk.

Six suppliers were selected for external, third-party sustainability audits in 2017. These audits will be carried out in 2018 and the results will help calibrate the new supplier due diligence process.

Training and capacity building

In 2018 training of category managers in sustainability is planned. The Group also plans to roll out a new business ethics e-learning including training in our Code of Conduct.

Signed: .....

Title: **Managing Director, ROCKWOOL Limited**