ROCKWOOL
Sustainability Report 2023

ROCKWOOL®

Contents

Key highlights 2023

Stone wool is a recyclable, versatile material that forms the basis of all our businesses. With approximately 12 000 dedicated colleagues in 40 countries and sales in more than 120, we are the world leader in stone wool products, from building insulation to acoustic ceilings, external cladding systems to horticultural solutions, engineered fibres for industrial use to insulation for the process industry and marine & offshore.

ROCKWOOL Group has five brands, all working together to achieve our common purpose – to release the natural power of stone to enrich modern living. We help our customers and communities tackle many of today's biggest sustainability and development challenges, from energy consumption and noise pollution to fire resilience, water scarcity and flooding. Our product range reflects the diversity of the world's needs, while supporting our stakeholders in reducing their own carbon footprint.

1937
the year ROCKWOOL was founded

200
is the average number of days after which our building insulation products start saving more energy than used during their manufacturing phase

3620 MEUR
of revenue of which 57% is EU Taxonomy-aligned

317 MEUR
of CAPEX of which 71% is EU Taxonomy-aligned

23%
of our dividend goes to the ROCKWOOL Foundation

120+
Number of countries where we sell our products

51
Number of manufacturing facilities

12 000
of employees with 83 different nationalities

14%
Annual improvement in LTI frequency

ROCKWOOL

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

Rockfon

Providing customers with indoor acoustic solutions for ceilings and walls.

Grodan

Supplying innovative, resource-efficient stone wool growing media solutions for the professional horticulture industry.

Rockpanel

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

Lapinus

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

Letter from the CEO

ROCKWOOL has a critical role to play in the renovation wave and we are ready to act

According to the latest Emissions Gap Report from the UN, the world is on a 2.9°C temperature rise trajectory. In the most optimistic scenario, limiting temperature rise to 2.0°C could be achieved if, among other things, all countries meet their net-zero pledges.

The problem is that net-zero pledges are not considered credible, according to the report, which states "none of the G20 countries are currently reducing emissions at a pace consistent with their net-zero targets".[1]

By now we should all be accustomed to authorities hitting us with a periodic dose of reality on climate change, just as we are accustomed to long-term pledges that appear to remain as far off as when they were announced. Action and real progress is badly needed.

At ROCKWOOL, we remain convinced of the value of short-term actions that concretely contribute to decarbonisation. For example, large-scale building renovation is the kind of action we should all support because everybody wins. It will reduce emissions, improve health, reduce energy dependence and energy poverty and create jobs – just as some economies are slowing or in a slump.

We are pushing for it to happen. In the past few years, we have been trying to get more ambitious EU legislation for energy efficiency and building renovation, and I'm pleased with the progress. The EU's 2030 energy savings objective is now mandatory, putting it on an equal footing with the greenhouse gas and renewable energy targets. In December, negotiators in Brussels agreed on goals to renovate residential, commercial, and office buildings. This is great news. The next step – and it's a big one – will be to pull together the funding, project development, production and workforce capacity to deliver real on-the-ground change.

ROCKWOOL has a critical role to play in this transition, and we are ready to act. The building insulation we sold in 2023 will save over its lifetime 818 TWh energy, equivalent to the annual electricity use of more than 68 million homes.

Safety first

After meeting all intermediate sustainability goals in 2022, our performance related to the five sustainability goals that have a time horizon of 2030 remains on or ahead of schedule. Starting this year, we have modified the Group safety goal to be "zero fatalities and zero serious accidents". As always, we will continue to aim for a low frequency of Lost Time Incidents.

We had two serious accidents in 2023 and no fatalities. In addition, we reduced our LTI rate by 14 percent. Two themes received more attention in 2023 – increased accountability for our leadership and greater focus on the responsibility all employees have for their own safety. My simple motto, "if it isn't safe, it isn't worth doing", is a regular reminder.

1 UN Emissions Gap Report 2023: Broken Record – Temperature hit new highs, yet world fails, page 20 (Emissions Gap Report 2023 | UNEP - UN Environment Programme)

Decarbonisation

We have for many years supported Europe's transformation to a climate neutral, competitive and sustainable economy by 2050. It was therefore a natural step in 2023 to make a commitment to net-zero for our greenhouse gas emissions (Scope 1, 2 and 3) by 2050. Our primary focus in the short- to medium-term, however, is on achieving our 2034 goals as a stepping stone to reach our 2050 goal.

We made good progress this year. We completed the conversion from coal to natural gas at one of our German production lines and received Board approval for the electrification of four production lines.

For our decarbonisation strategy to succeed, a sufficient supply of high-voltage green electricity is required. However, long waiting times to connect to the power grid are a reality that risks delaying the green transition for energy-intensive manufacturing companies like ROCKWOOL. To avoid losing momentum, governments need to streamline the permitting process for expanding green infrastructure while also ensuring funding is available for its development, both in terms of electricity generation as well as transmission to end-users, including manufacturing companies.

Committed to a waste-free society

Circularity is at the core of our sustainability strategy because of stone wool's remarkable traits. Two of the most important things in this regard are its recyclability and its durability, which enables it to retain its thermal properties for at least 65 years.[2]

In 2023, we developed metrics to guide our circularity strategy in the coming years. The high-level goal is to increase the use of non-virgin materials in two ways. First, by replacing even more virgin stone with waste materials from other industries – a form of industrial symbiosis. We believe this form of recycling is an integral part of a circular economy that can increase the recycled content of products.
And second, by further increasing the amount of reclaimed material from construction, renovation and demolition sites through our Rockcycle® recycling service. In 2023, we expanded Rockcycle to 21 countries with the addition of Slovenia, India and China, and are well on the way to achieving the goal of 30 countries by 2030.

The ocean and biodiversity

Our partnership with the global sailing league, SailGP, has led to another partnership we are very proud of, with the One Ocean Foundation, a leader in ocean advocacy. With their guidance, and collaboration with universities and other experts, we are helping get the message out about the importance of protecting and preserving our oceans. It is estimated that roughly half the oxygen production on Earth comes from the ocean and that the ocean has absorbed 90 percent of the planet's temperature rise.[3]

As perhaps our most important shared resource, the Foundation's message about the ocean is on accountability – that even land-based companies like ours have a connection to and impact on the ocean. We are excited to partner with them and look forward to exploring what we can do together in terms of more projects and initiatives.

The world has a lot of challenges, but that has always been the case. We have a clear idea of what is needed to tackle them. As a building materials company, we are positive that our role in helping build a safer, healthier, more sustainable and energy secure future is as important as ever.

Jens Birgersson, CEO

2 Recent studies (Testing done at Danish Technical Institute (DTI) in 2023; FIW, Durability Project Mineral Wool (2016), Chapter 4.3 "Roof insulation" Gentofte (Denmark), p. 14) have shown that if we compare the thermal property (lambda value) of our products after more than 65 years of service, the value is still the same. ROCKWOOL products have no aging effect and deliver a constant performance without suffering degradation.
3 https://www.unep.org/technical-highlight/ocean-life-can-help-mitigate-climate-change-new-study

Climate resilient cities

Constructing better buildings and improving the ones we have is critical for protecting cities and ensuring their future. How we build and the materials we use matters as does the amount of resources we use and what we do with the resulting construction waste. ROCKWOOL's durable, fire safe, moisture resistant, acoustic and circular solutions are a major way we contribute to urban resilience. So much the better that they are also energy efficient and serve to reduce greenhouse gas emissions from buildings.

Coastal cities, where more than 40% of the world's population lives, are especially vulnerable to the effects of climate change

If we fail to meet the Paris Agreement goals, some 800 million people could be impacted by sea level rise and storm surges by 2050[1].

Taranto is moving from a heavy industry city to becoming more diversified, resilient, innovative, and circular. Our experience together with all that was achieved in the "Taranto laboratory" can be shared with many European cities that are or could be one day in the same situation as we once were. We're proud to be supported by ROCKWOOL, One Ocean Foundation, University of Bari and to host SailGP because of the attention they bring to the quality of seawater and thus to the quality of our lives in the community that work with marine activities", – explains Rinaldo Merucci, Mayor of Taranto, Italy.

Rockflow: a solution to urban rainwater management

Building resilient cities also requires innovative solutions to climate adaptation challenges such as the growing problem of flooding that arises from more frequent extreme weather events. Most cities and towns manage rainwater through their sewer systems. This is especially true in urban areas where asphalt and concrete cover much of the ground, leaving the rain with nowhere else to go. If an extreme rain event overwhelms a town's drainage and sewer systems, the excess water can flood streets, buildings, and other infrastructure. To address this challenge, we have developed Rockflow, an underground rainwater management system made from stone wool that is engineered to absorb water. When it rains, water is transported through a network of pipes into underground stone wool buffers that absorb it quickly and release it slowly into the surrounding soil or sewer system. Because the stone wool is strong and stable, even when completely full of water, Rockflow can be installed under all surfaces, including busy roads and parking lots, playgrounds and fields.

The top photo is a renovated public square in Frederiksberg, Denmark, called Langelands Plads, with Rockflow instalalled beneath it.

The photo underneath shows how Rockflow has been installed under the surface of the square. Unlike insulation, the stone wool in the Rockflow system is specially engineered to absorb and retain water. A system of pipes and gullies bring the storm water to the stone wool buffer where it is absorbed quickly and released slowly, either to the sewer or surrounding soil.

The infiltration buffer is a practical and sustainable solution for the current water management issues that municipalities are increasingly facing. It has high water permeability and uptake speed, and it can absorb up to 95 percent of its own volume in water". – explains Joop Schagen, advisor for area development and citizen participation in Netherlands.

1 https://www.weforum.org/agenda/2019/01/the-world-s-coastal-cities-are-going-under-here-is-how-some-are-fighting-back/

Raising awareness: ROCKWOOL Denmark SailGP Team tops the Impact League

The Impact League is a second leader board running alongside the Season Championship and tracking the positive actions teams take to reduce their overall footprint and accelerate inclusivity in sailing. It is one of the most unique trophies in sport.

In 2023, Team Denmark won the Impact League trophy. The victory sees the Danish team win 100 000 USD for its Race For the Future partner One Ocean Foundation. During Season 3, the Danish team onboarded One Ocean Foundation as its Race for the Future partner and pioneered several ground-breaking initiatives, including reducing the carbon and plastic footprint of the team's activities.

The Denmark SailGP Team launched "More Speed Less Plastic" to reward athletes for doing what they do best – racing fast – by connecting the cutting-edge performance in SailGP with collecting plastic in conjunction with racing events. As part of the initiative, the Denmark team has already cleared more than five tonnes of ocean-bound waste, making it the first sports team to contribute to cleaning the ocean whilst racing at speeds close to 100 km/h.

ROCKWOOL Denmark SailGP Team with the Impact League trophy at the San Francisco Bay.

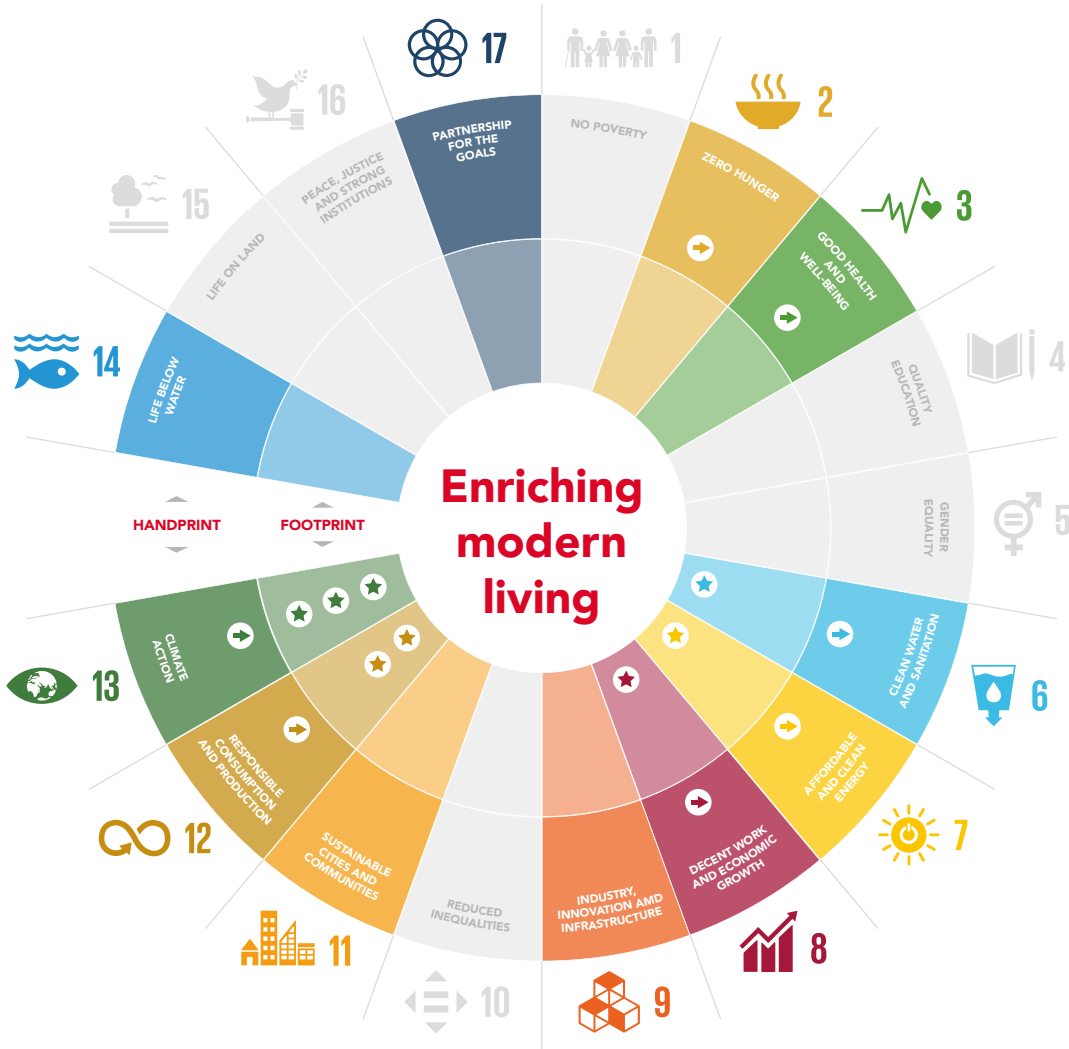
The UN SDGs drive our sustainability work

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 is 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 have prioritised 11 of the 17 SDGs. We consider these 11 SDGs to be the most relevant for our business. This is confirmed by the Double materiality assessment we carried out in 2023 (see page 48).

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 the 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 51-53. On page 13 you can see how our handprint product metrics and sustainability goals are distributed along the ROCKWOOL value chain.



ROCKWOOL products were chosen among other reasons for their fire-resistant properties in the low-carbon residential building.

"The building owes its excellent energy balance primarily to its building envelope". - Fabrice Bär, Architect Giuseppe Fent AG.

Fahrwangen, Switzerland

Maximising our handprint, minimising our footprint

Data-driven approach is guiding our sustainability work.

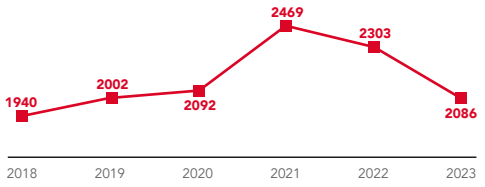
We measure progress towards the 11 UN Sustainable Development Goals to which we have committed through a combination of handprint and footprint metrics, and including our own sustainability goals. As a result of our products' use in 2023, we continued to have a significant positive impact, among other 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 51.

After meeting all immediate sustainability goals in 2022, our performance related to the five sustainability goals that have a time horizon of 2030 remains on or ahead of schedule (see next page).

Enabling more efficient food production

SDG-2

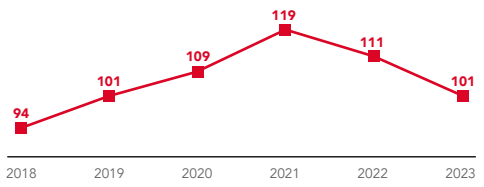
Yield gain (kt) of vegetables by precision growing products sold compared to soil-based solutions



Enhancing water efficiency in horticulture

SDG-6

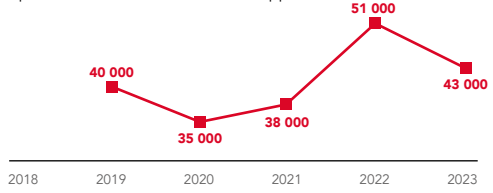
Water saved (thousand m³) by precision growing products sold compared to soil-based solutions



Providing local jobs and economic growth

SDG-8

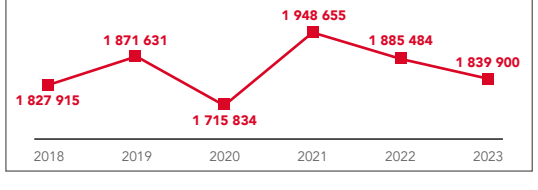
Jobs (FTE) due to ROCKWOOL Group's global operations (direct & indirect with suppliers)



Reducing noise and creating acoustically sound buildings

SDG-3

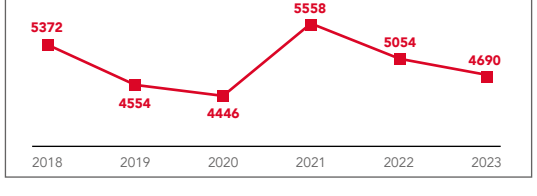
Significantly improved learning environments from acoustic solutions sold (number of students)



Creating more energy-efficient buildings and industry

SDG-7

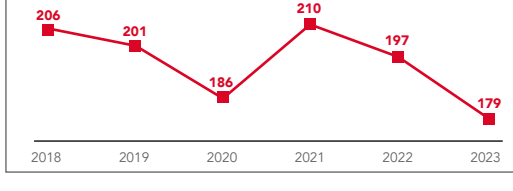
Energy saved (TWh) in the lifetime of insulation sold



Enabling more carbon-efficient buildings and industry

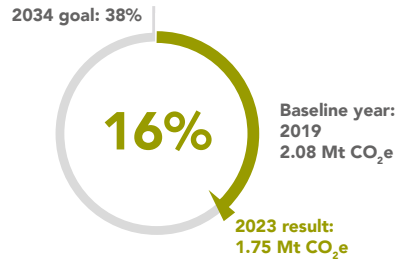
SDG-13

Carbon emissions avoided (Mt CO_2) in the lifetime of building insulation sold



ROCKWOOL factory in Roermand, The Netherlands

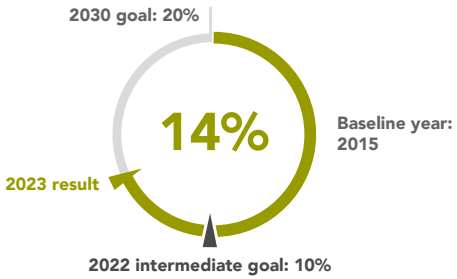
Absolute Scope 1 and 2 greenhouse gas emissions (CO_2e)*



Reduce absolute Scope 1 and 2 GHG emissions by 38% by 2034

Trend: progress due to decarbonisation efforts and lower production

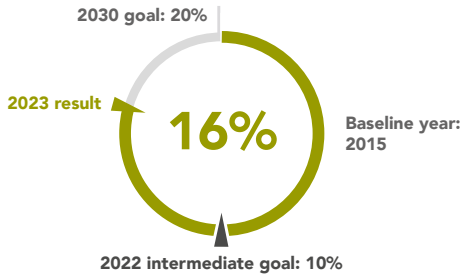
Scope 1 and 2 CO_2 emission intensity*



Reduce CO_2/t stone wool from our stone wool facilities by 20%

Trend: decrease due to lower production while factories operating

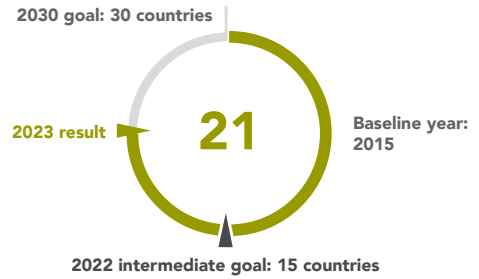
Water use intensity*



Reduce water use intensity (m^3/t stone wool) from our stone wool production facilities by 20%

Trend: progress

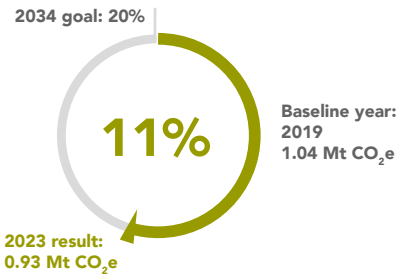
Reclaimed material*



Increase the number of countries where we offer recycling services for our products to 30 countries

Trend: progress

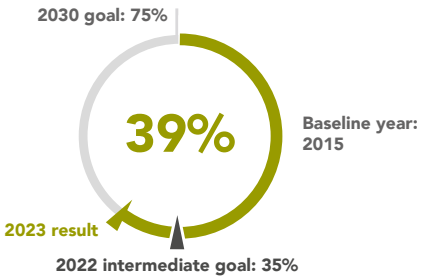
Absolute Scope 3 greenhouse gas emissions (CO_2e)



Reduce absolute Scope 3 GHG emissions by 20% by 2034

Trend: progress due to decarbonisation efforts and lower production

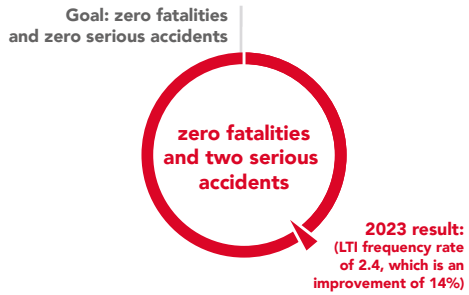
Energy efficiency in own buildings*



kWh/m^2 reduction within owned (non-renovated) offices by 75%

Trend: stable

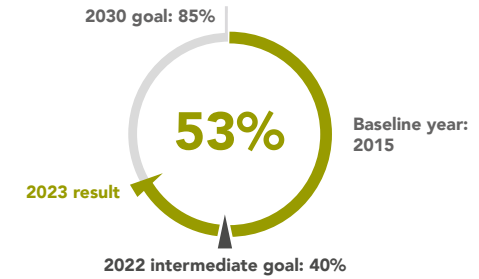
Occupational safety and health*



Zero fatalities and zero serious accidents

Trend: progress

Landfill waste*



Reduce landfill waste (tonnes) from our stone wool production facilities by 85%

Trend: progress

* In scope of limited assurance.

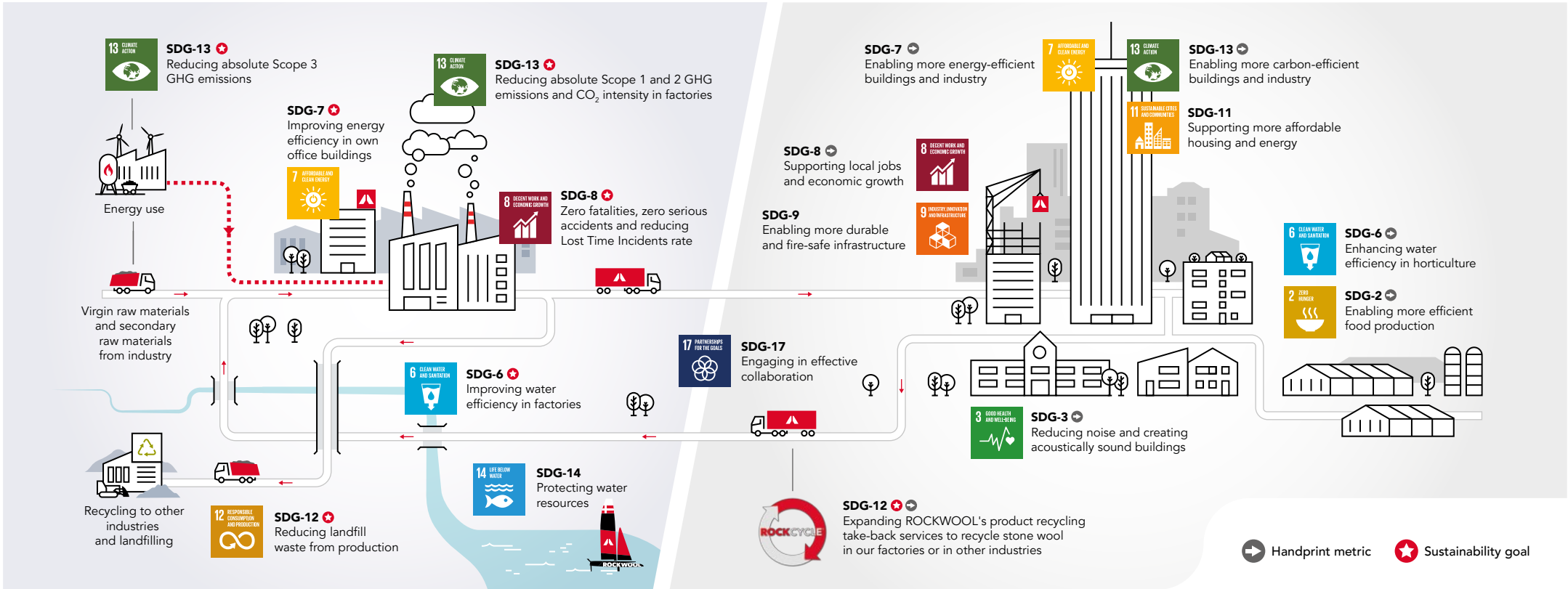
Scope 1, 2 and 3 are defined according to the Greenhouse Gas Protocol.
Scope 3 includes other indirect emissions from an organisation's activities that result from sources that they do not own or control. (categories: 1,2,3,4,5 and 9)

ROCKWOOL's ProRox pipe sections is a next generation industrial insulation that prevents corrosion under insulation (CUI), a major issue in the industry that leads to high maintenance costs and risks of pipe leaks and ruptures. Geert Vriesacke works at BASF Antwerp to ensure this safety and process reliability, specialising in protecting the pipeline for the largest chemical production plant in Belgium with CUI-mitigation policies.

Antwerp, Belgium

Our value chain impact

Our priorities:	Fighting climate change	Strengthening circularity principles	Protecting water resources	Empowering people and society



Our value created:	Saving energy and cleaner environment	Less wasteful living	Healthier societies and safer buildings	Resource-efficient production

Protecting climate and environment

In this part of the report, you will discover how we are contributing to the following UN Sustainable Development Goals linked with climate and environment:

Protecting climate and environment

In this chapter you will find information on how our products, services and initiatives are part of the transition towards a more sustainable society:

- ROCKWOOL building insulation sold in 2023 will save in its lifetime 100 times the energy consumed in its production
- Global advocacy for energy efficiency
- Advancing our decarbonisation commitment
- Electrification of our factories: a five-step approach
- Moving towards a waste-free society
- Expanding our recycling service Rockcyle® to additional three countries (China, India and Slovenia)
- The work behind closing the loop: our circularity advocacy and packaging initiatives
- Food production of the future: Grodan enables up to 50 percent less water, 75 percent less land use and up to 25 percent less fertilizer
- Reducing our water use intensity by 16 percent
- Biodiversity initiatives: a seahorse hotel made of stone wool

> *We want buildings to correspond well with their natural surroundings. The use of Rockpanel Woods cladding makes it possible to perfectly reconcile aesthetics, functionality and ecology".*
>
> *Architect Herman&Partners*

Karlstad, Sweden

Global advocacy for energy efficiency

ROCKWOOL plays a key role in advocating for ambitious EU energy efficiency legislation that will accelerate building renovations and thereby also the green transition. With well-designed policies and proven approaches to energy efficiency renovations, local communities and national governments can achieve immediate cost savings alongside significant environmental and social benefits – a triple-win.

However, passing legislation is only the first step. Achieving large-scale changes in the built environment requires renovation programmes that prioritise easy access to finance; project and workforce development assistance; consumer awareness; and sustainable, recyclable, and fire safe building materials. Collaboration across various sectors to scale up renovation work is crucial.

Internationally, ROCKWOOL promotes energy efficiency as a means to achieve climate change goals at global initiatives such as Climate Week NYC and the UN climate change Conference of Parties or COP, where "use less, green the rest" is our energy efficiency first principle.

We believe that energy efficiency is the foundation of a successful green transition. At ROCKWOOL, we are doing our part to ensure that the built environment delivers on its potential to reduce energy consumption and emissions, and to help future-proof communities across the globe.

"There are about 250 million buildings across the EU - homes, offices, shops, schools, hospitals - and it's been clear for years that more has to be done to make them more energy efficient, cut energy bills and improve living conditions. The Energy Performance of Buildings Directive (EPBD) is a much awaited and highly needed legislative proposal. Over the next years we expect EU countries to put in place renovation programmes, financing measures and practical support which should double the retofit rates and deliver tangible benefits to people, the economy and the environment". – explains Brook Riley, ROCKWOOL Public Affairs Manager.

From left: Mirella Amalia Vitale – ROCKWOOL SVP Marketing, Communication & Public Affairs moderating at COP28 the Zayed Sustainability Prize panel on the role of cities in combatting climate change models for decarbonising cities.

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 55' climate objective.
- Advocating pan-European 'minimum energy performance standards' to create common benchmarks, as done with vehicles and household appliances.

Short energy payback times

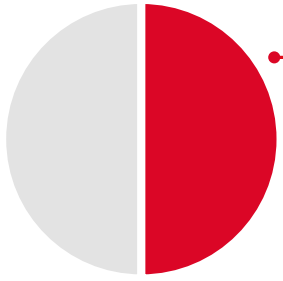
Over the lifetime of its use (50 years as an average), ROCKWOOL building and technical insulation sold in 2023 will save 4690 TWh energy.[1] So while our production is energy-intensive we are saving far more – actually, 100 times more energy than is consumed to make these products.[2]

On average, ROCKWOOL insulation in buildings start saving more energy than consumed during its manufacturing after just six to seven months following installation. This short energy payback time is one reason why insulating with ROCKWOOL stone wool makes so much sense economically, environmentally, and socially.

Over its lifetime ROCKWOOL building insulation sold in 2023 will save 100 times the energy consumed in its production

Saving a kWh through stone wool insulation is estimated to be 25 times less carbon intensive than producing a kWh from solar and 17 times less carbon intensive than wind.[3]

Technical

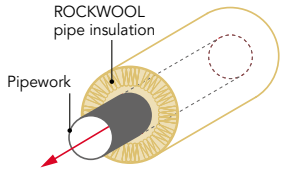


12 Hours

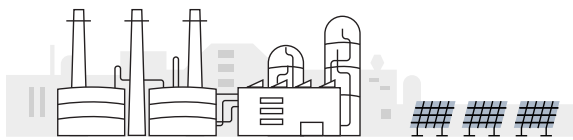
The time it takes, on average, for ROCKWOOL insulation used in industrial applications to have a positive energy payback.

1 DAY

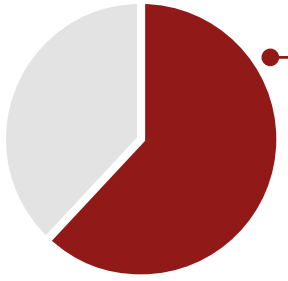
Common installations include insulating industrial pipework.



A wide range of industries use ROCKWOOL insulation, including power plants and offshore wind substations.



Buildings

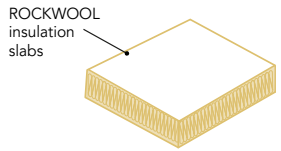


200 Days

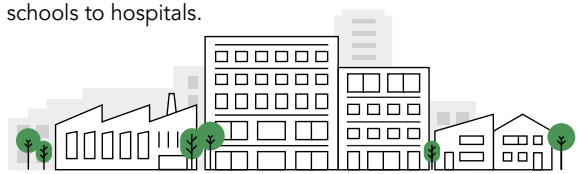
The time it takes, on average, for ROCKWOOL insulation in building applications to have a positive energy payback.

1 YEAR

Common installations including insulating walls, floors, and roofs.



All kinds of buildings use ROCKWOOL insulation, from homes to offices and from schools to hospitals.



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

2 https://ghgprotocol.org/estimating-and-reporting-avoided-emissions

3 Sources: Nugent, Daniel, and Benjamin Sovacool 'Assessing the Lifecycle Greenhouse Gas Emissions from Solar PV and Wind Energy: A Critical Meta Survey 'Energy Policy 65 (1 February 2014) 229-244. Ecofys report, with input from LCA expert. Calculation of stone wool footprint: dividing the total CO_2 emissions required to produce one tonne of stone wool (1 020 000 g CO_2 tonne line wool) with the energy savings of one tonne of ROCKWOOL over its lifetime (485 599 kWh / tonne line wool).

Electrification of our factories

One of the most important ways we are decarbonising our business is through electrification of our melting processes.

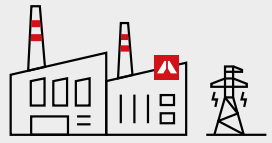
Morten Skovby Thomsen – Director Sustainable Melting, Group Technology, talks about the factors that influence successful electrification of our factories, and why progress is likely to be uneven over time.

To succeed on global climate goals, industry needs to decarbonise as much as other economic sectors. In ROCKWOOL's case, electrifying our melting processes will have the greatest impact.

ROCKWOOL has production facilities in 23 countries, each with different political environments, economic and business conditions, degrees of infrastructure readiness, supply chain constraints and customer preferences. All these factors influence our plans and priorities for electrification. One of the most important factors is the readiness of a region's electricity grid. Can it handle a large facility like ours? Are the transmission lines in place? Is there a sufficient supply of low-carbon electricity in the electricity network? And can we actually connect to the grid?

Even for countries with clear electrification strategies, it can take a while for the infrastructure to catch up. For example, we have experienced in a few cases there could be waiting times of up to 10 years to connect to the grid. That affects how we prioritise where to invest. Decarbonisation is critical for ROCKWOOL, and the scale on which we are electrifying is huge. I know we will get there, but it won't be a linear path".

CONVERTING AN EXISTING FACTORY



STEP 1 **Selecting a location**	Factors include customer requirements, power infrastructure readiness, how green the electricity is, market conditions.
STEP 2 **Connecting to power**	Requires extensive investigation of the grid, including an assessment of the grid's reliability and how the connection will impact the grid.
STEP 3 **Apply for permits and grants**	Applying for an adjustment of existing permits and any relevant government incentives for CO_2-reducing activities.
STEP 4 **Execution**	Planned production shut-down required for completion.
STEP 5 **Commissioning**	Testing, start-up and running in.

Advancing our decarbonisation commitment

Switzerland:
Expected reduction of factory CO_2 emissions by approx. 75%

USA:
Reduction in melting CO_2 emissions by approx. 30%

Denmark:
Reduction in CO_2 emissions from two factories of more than 70% compared to 1990

Netherlands:
Expected reduction of factory CO_2 emissions of more than 50%

China:
Expected reduction of factory CO_2 emissions of more than 60%*

2019
Baseline

2020
2021
SBTs approval

2022

2023

USA:
Reduction of melting CO_2 emissions by approx. 30%

Poland:
Reduction of production line CO_2 emissions by approx. 25%

Romania:
Expected reduction of production line CO_2 emissions of 64%

Norway:
Reduction of factory CO_2 emissions of more than 70%

Germany:
Expected reduction of production line CO_2 emissions of 25%

France:
Expected reduction of factory CO_2 emissions of 63%

Energy efficiency of factories

Technical innovation

Circularity

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

2034

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

Icon explainer

- Conversion plan announced
- New factory/ production line - project approved
- Conversion commissioned
- New factory commissioned

* When factory will be on certified renewable sources

Moving towards a waste-free society

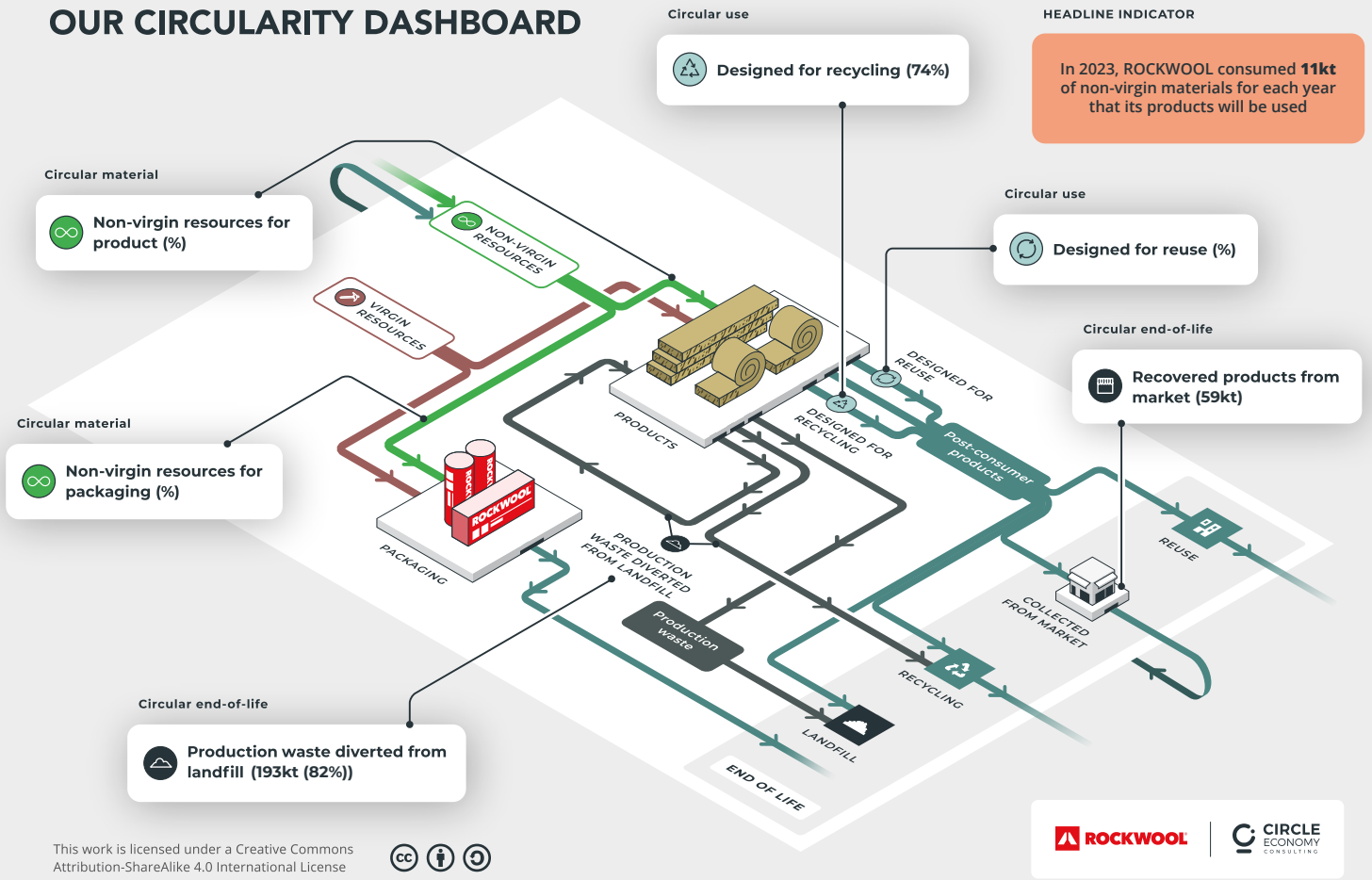
We are a strong advocate for a more circular economy

Our products and production processes are aligned with circular economy principles: designing out waste and pollution; keeping materials at their highest value; and restoring natural systems. This is vital, as the construction industry consumes roughly half of virgin resources globally[1], and the built environment is responsible for 30-40 percent of the global waste generation[2].

Using data to drive greater circularity

In 2023, we began collaborating with Circle Economy Consulting to develop a circularity dashboard that supports our drive towards greater circularity and especially maximising the use of non-virgin materials wherever possible. The dashboard's overarching indicator is use of virgin materials in the expected lifetime of the products, thereby acknowledging the importance of a product's durability[3]. This indicator is supported by several performance parameters such as percentage of non-virgin resources, the amount of stone wool we recycle from the market, and the percentage of our products that are designed to be recycled. The durability of our products as well as these indicators are aligned with international and European standards, incl. EU Taxonomy and CTI Framework.

Our products have an average of 23 percent non-virgin materials[4]. We are continuously working to increase this amount, for example, by investigating new sources of secondary materials.



1 IFC, World Bank Group, Construction Industry Value Chain report, 2018, p. 1
2 World Business Council for Sustainable Development, 2021, p. 3
3 Recent studies (Testing done at Danish Technical Institute (DTI) in 2023; FIW, Durability Project Mineral Wool (2016), Chapter 4.3 "Roof insulation" Gentofte (Denmark), p. 14) have shown that if we compare the thermal property (lambda value) of our products after more than 65 years of service, the value is still the same. ROCKWOOL products have no aging effect and deliver a constant performance without suffering degradation.
4 Average annual recycled content

Recycling in even more countries

ROCKWOOL has been taking back stone wool from the market for more than two decades. Our Rockcycle® recycling programme helps the construction sector to fully exploit stone wool's recyclability, thus avoiding it ending up in landfill. Where available, we take stone wool from construction, renovation, and demolition sites back to our factories for closed-loop recycling, meaning it will eventually become new stone wool products again.

Expanding the Rockcycle® service to three additional countries

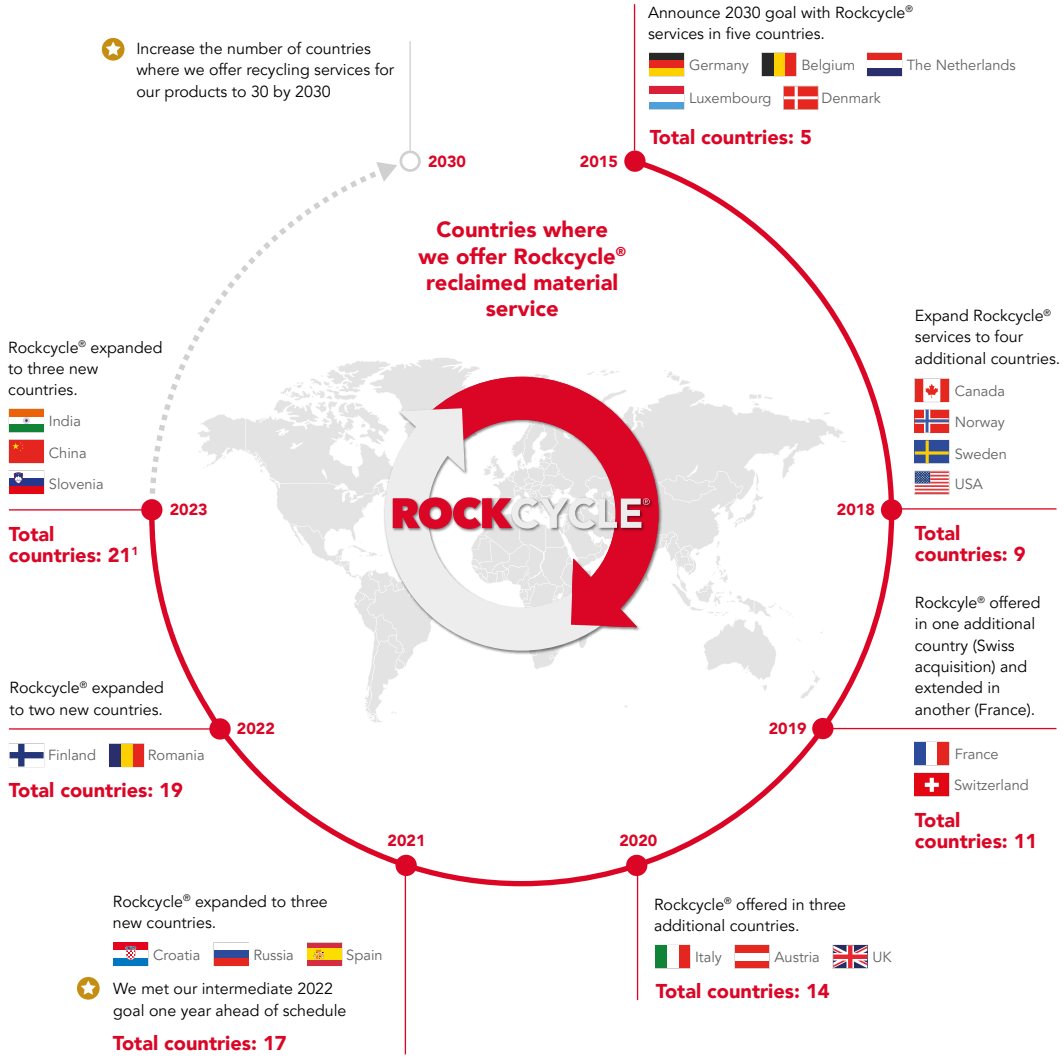
In 2023, we expanded Rockcycle® to three additional countries – India, China and Slovenia – reaching a total of 21 countries[1] where we offer the service. We are thus well on our way to achieving our goal of offering Rockcycle® in minimum 30 countries by 2030.

We recycled 59 000 tonnes in 2023, which is down on the previous year due to lower market activity. We expect this amount to grow in the coming years as we expand Rockcycle® to additional countries and the overall recycling ecosystem evolves to become even more circular.

Delivering what our customers expect

For SMAC, a French company specialised in complex façade projects and high-tech waterproofing processes, circularity was a key factor before starting the renovation project of a bottling plant in Prahecq, France.

For me, it's fundamental to recycle as much product as possible. This is an essential value for SMAC and so it was important to do so on this renovation site. At SMAC, recycling is taken into account on each construction site" – shares Julien Raison, Procurement Expert at SMAC, on why they chose ROCKWOOL as a supplier.



1 Excluding Russia

The work behind closing the loop

ROCKWOOL circularity advocacy

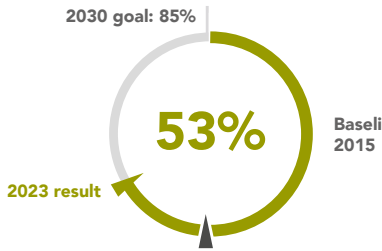
We advocate for more proactive policies to increase recycling and the recyclability of products and materials. Our circularity advocacy focuses on several elements:

- Promoting deconstruction practices (over demolition) and the sorting of different waste streams;
- Progressively introducing landfilling bans for recyclable materials as well as requirements to increase the use of recycled materials;
- Integrating durability and recyclability as fundamental characteristics of construction products;
- Considering used stone wool as a resource;
- Regulating transport of stone wool waste in the same way as other valuable resources, which in turn will ease the permitting requirements to manage and recycle the materials at the factory.

Reducing material use via better Rockcycle® big bags for collection of used stone wool

In 2023, we tested and began deploying more sustainable Rockcycle® collection bags. In France and Germany, for example, the Rockcycle® service switched from using regular stone wool collection bags to larger ones (meaning fewer trips back and forth) made with 30 percent recycled content and 55 percent less material.

Landfill waste*

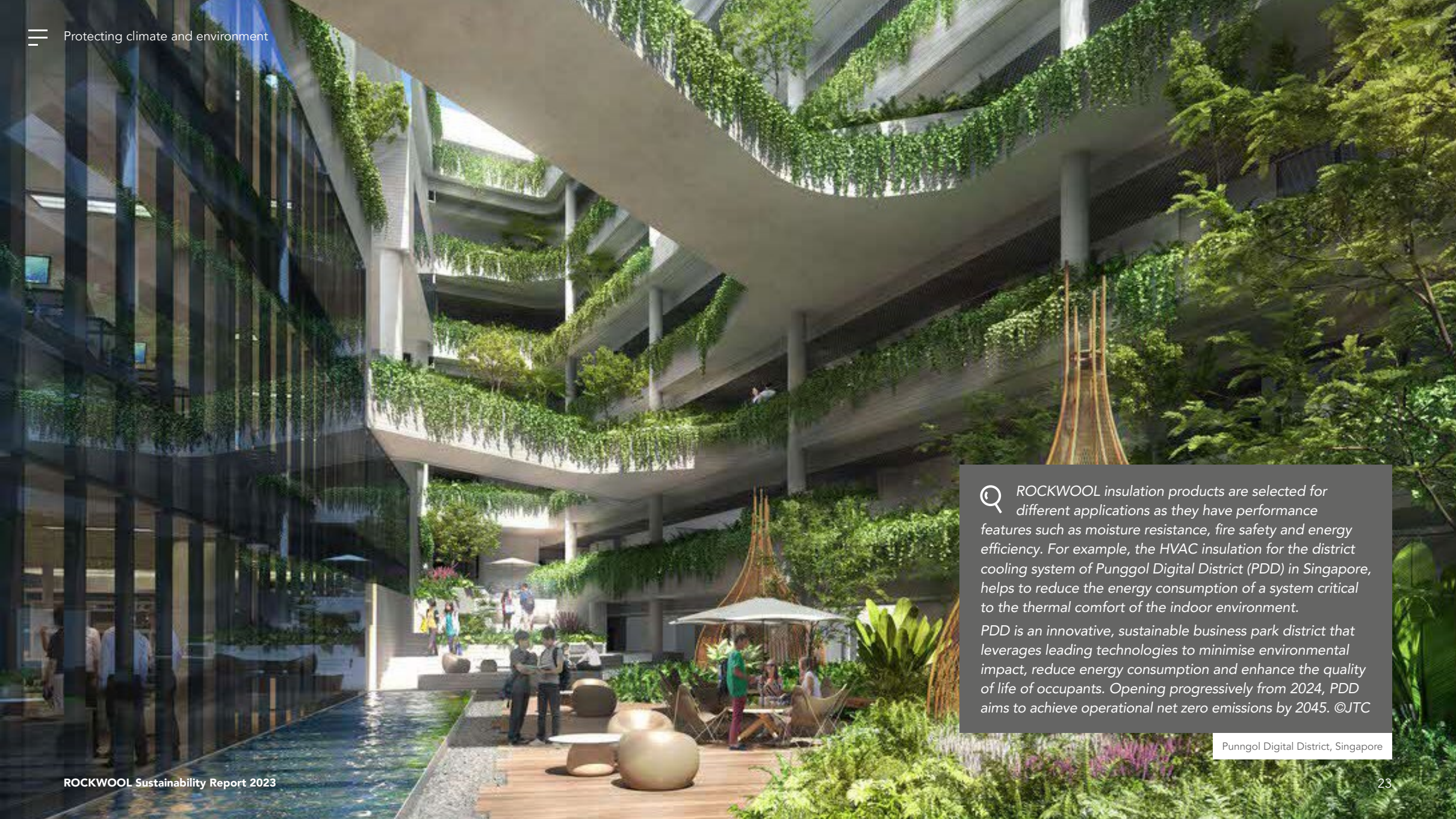


Reduce landfill waste (tonnes) from our stone wool production facilities by 85%

Trend: progress

For some time, we have seen a demand for introducing Rockcycle® in India. We have now made this service available to selected customers, and look forward to broadening it out even further. Together with our customers we will work to foster a circular economy by ensuring that used stone wool material can be sent back to us", explains Vinay Pratap Singh, Business Unit Director India & SAARC countries in ROCKWOOL Asia.

* In scope of limited assurance.



ROCKWOOL insulation products are selected for different applications as they have performance features such as moisture resistance, fire safety and energy efficiency. For example, the HVAC insulation for the district cooling system of Punggol Digital District (PDD) in Singapore, helps to reduce the energy consumption of a system critical to the thermal comfort of the indoor environment.

PDD is an innovative, sustainable business park district that leverages leading technologies to minimise environmental impact, reduce energy consumption and enhance the quality of life of occupants. Opening progressively from 2024, PDD aims to achieve operational net zero emissions by 2045. ©JTC

Punngol Digital District, Singapore

Food production of the future

Grodan offers innovative stone wool growing media solutions for the professional horticulture sector based on Precision Growing principles, providing plants with exactly what they need – nothing more and nothing less. This way of farming allows increased efficiency while better managing some of our most precious resources: water and land.

Engineered to absorb water

Grodan's stone wool growing media is engineered to retain 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 tomatoes, peppers, flowers, berries, and medical cannabis.

Uses up to 50% less water, 75% less land, and 25% less fertilizer

Farmers using Controlled Environment Agriculture (CEA) can increase yields while using less water, land and fertilizer.[1] What is more, with Grodan, they have the possibility to reduce or even eliminate chemical plant protection products.

Development of a compostable foil solution

In 2023, Grodan developed a compostable foil solution to replace the standard plastic foil. The foil, consisting of more than 65 percent biobased material, can maintain its functional product characteristics for at least one year in greenhouse conditions, sufficient for the traditional growing and harvesting cycle.

"Grodan has the best slabs and stands out with their recycling service in light of sustainability which ensures us that the products at end of use are taken care of in a proper and responsible way. Our experience with Grodan goes way back and we don't want any other supplier". – explains Wilfred Barendse, facility and technical service coordinator at Red Harvest – a producer of tomatoes and cucumbers, in the Netherlands.

1 https://p-cdn.rockwool.com/globalassets/sustainability/quantitative-comparison-between-soil-based-cultivation-systems-and-mineral-wool-systems.pdf?f=20180611063206

Our global advocacy efforts for Controlled Environment Agriculture (CEA)

Grodan has been the leader in the CEA sector for more than 50 years, in large part due to our R&D and to our knowledge transfer throughout the industry. In 2023, we contributed to the following two studies, along with industry partners and The Resource Innovation Institute:

- "The Water Circularity Best Practices Guide" providing technical advice on how to reduce, reclaim, and recirculate water in CEA facilities[2].
- The "Controlled Environment Agriculture Energy & Water Benchmarking Report: Establishing Preliminary Benchmarks".[3] This is a deliverable to the U.S. Department of Agriculture's Natural Resources Conservation Service (NRCS) under the Conservation Innovation Grant-funded project titled, Data-Driven Market Transformation for Efficient Controlled Environment Agriculture (CEA). The report validates the water savings and water quality potential of CEA, which has proved that

water circularity strategies can result in water savings that are greater than 90% compared to common field farming benchmarks.

It is essential that we continue to work with industry partners and non-profits to validate water savings claims. We are pleased to see that our own research matches with third-party data. Now that benchmarks have been established in the industry, we can work with policymakers to ensure that common-sense sustainability measures are put into the regulations", says Madison Walker, Head of Public Affairs, Grodan North America.

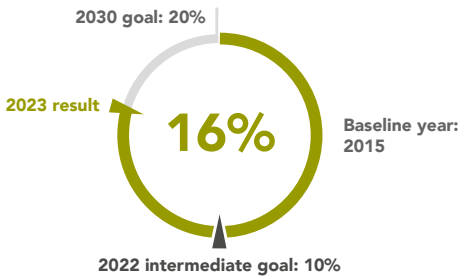
With the launch of the Designed to Grow campaign in 2023 at the horticulture Greentech Exhibition in Europe, and at the Cultivate Event in Columbus, Ohio in the United States, Grodan is actively promoting its positive role in the CEA sector.

2 CEA facilities are controlled environment agriculture facilities including indoor agriculture, vertical farming with aim to provide protection from the outdoor elements and maintain optimal growing conditions throughout the development of the crop
3 https://www.grodan.com/siteassets/downloads/downloads-en/whitepapers-en/CEA-Energy-and-Water-Benchmarking-Report/

Reducing water use intensity

ROCKWOOL has a target to reduce water use intensity in the stone wool factories by 20 percent from 2015 to 2030. To advance on this goal, ROCKWOOL operating companies (subsidiaries) have annual targets on water consumption. Management monitors developments on a quarterly basis. And, as part of Safety, Health and Environment (SHE) management system that are aligned with among others ISO 14001 standard, we share water management best practices internally.

Water use intensity*



Reduce water use intensity (m^3/t stone wool) from our stone wool production facilities by 20%

Trend: progress

Water scarcity assessment

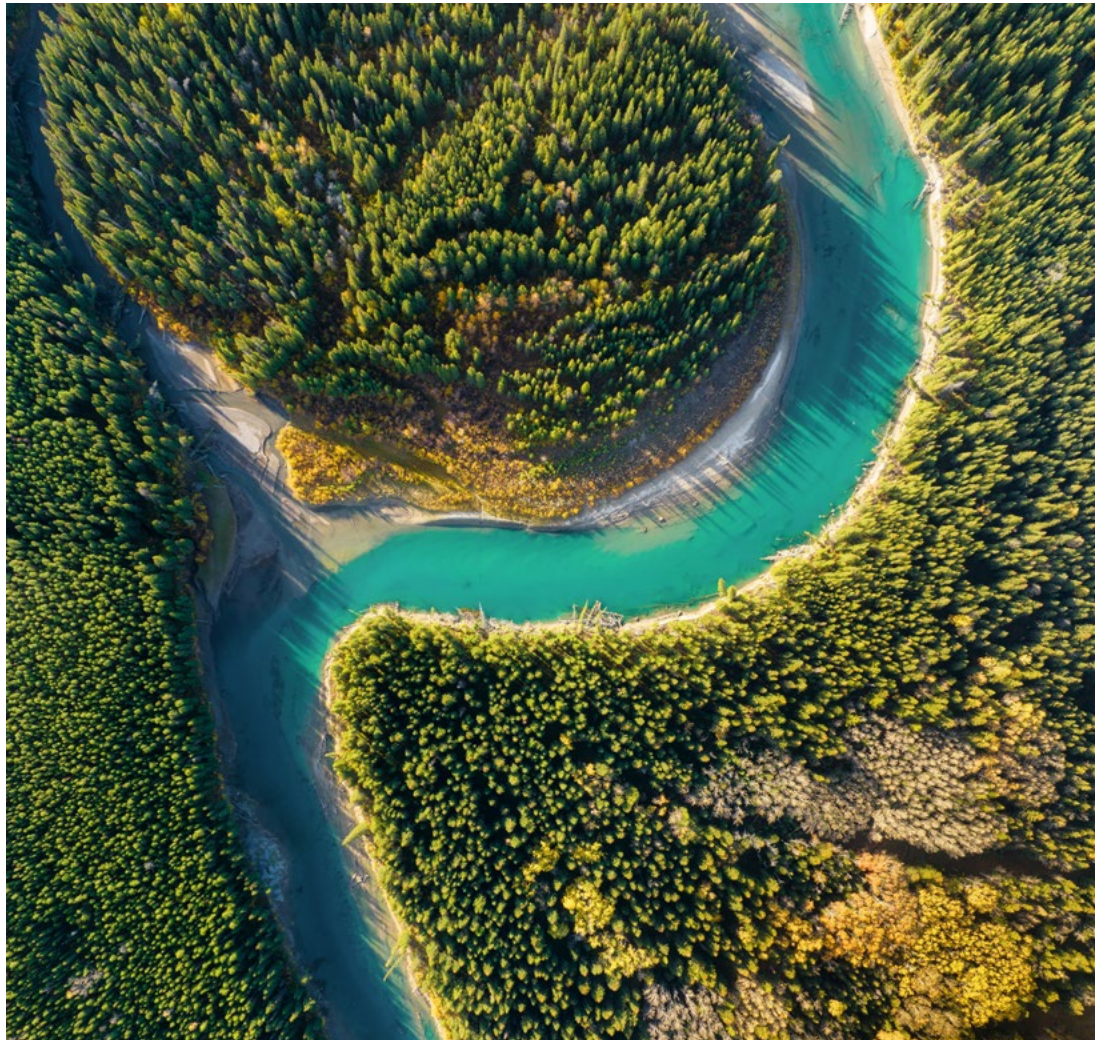
As a result of water scarcity assessments carried out in 2017 and 2022, seven manufacturing sites are determined to be located in areas of high or extreme high water stress. In all cases, however, the factories' water usage is estimated to be immaterial, using less than one per mille of available water in the relevant basin. Nonetheless, we continue to prioritise the implementation of water efficiency improvements at these factories.

Initiatives that help reduce water consumption

In 2023, 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 2023, we reduced the water intensity in our production by 16 percent compared to baseline 2015.

Reducing water demand by 95% for melting installation thanks to ORC technology

ROCKWOOL's factory in Wales, UK installed an Organic Rankine Cycle (ORC) unit, which uses an organic liquid with a low boiling point to produce electricity from low grade heat sources that cannot drive traditional turbines. This technology will generate 1042 MWh per year as well as returning cooling water to the process, reducing raw water demand from the cupola cooling system on which it is installed by 95 percent.



* In scope of limited assurance.

Biodiversity initiatives

Did you know that, together with SailGP, One Ocean Foundation and the University of Bari in Italy, we have built an innovative seahorse hotel made of stone wool?

The Piccolo Sea is a 20 km² coastal lagoon, which joins the sea via a canal that runs through the middle of Taranto, Italy. It is also home to a rich biodiversity (it was declared a Regional Natural Park by the Apulia Region in 2020) and home to one of Europe's biggest seahorse colonies. Nevertheless, a long history of heavy industrial activity in this region has created a legacy of negative impacts on seawater quality and the seahorse population. That is why ROCKWOOL, together with SailGP, One Ocean Foundation, and the University of Bari initiated a seahorse repopulation project in 2023.

The project consists of creating an artificial seahorse colony made of stone wool. Together with marine biologists, we will observe over the coming two years how the seahorses are developing and benefiting from the initiative.

For information on our work within biodiversity risk mitigation, please see paragraph 'DNSH to Protection and restoration of biodiversity and ecosystems' on page 55.

Italy, Taranto municipality: Installation of the seahorse hotel made of stone wool.

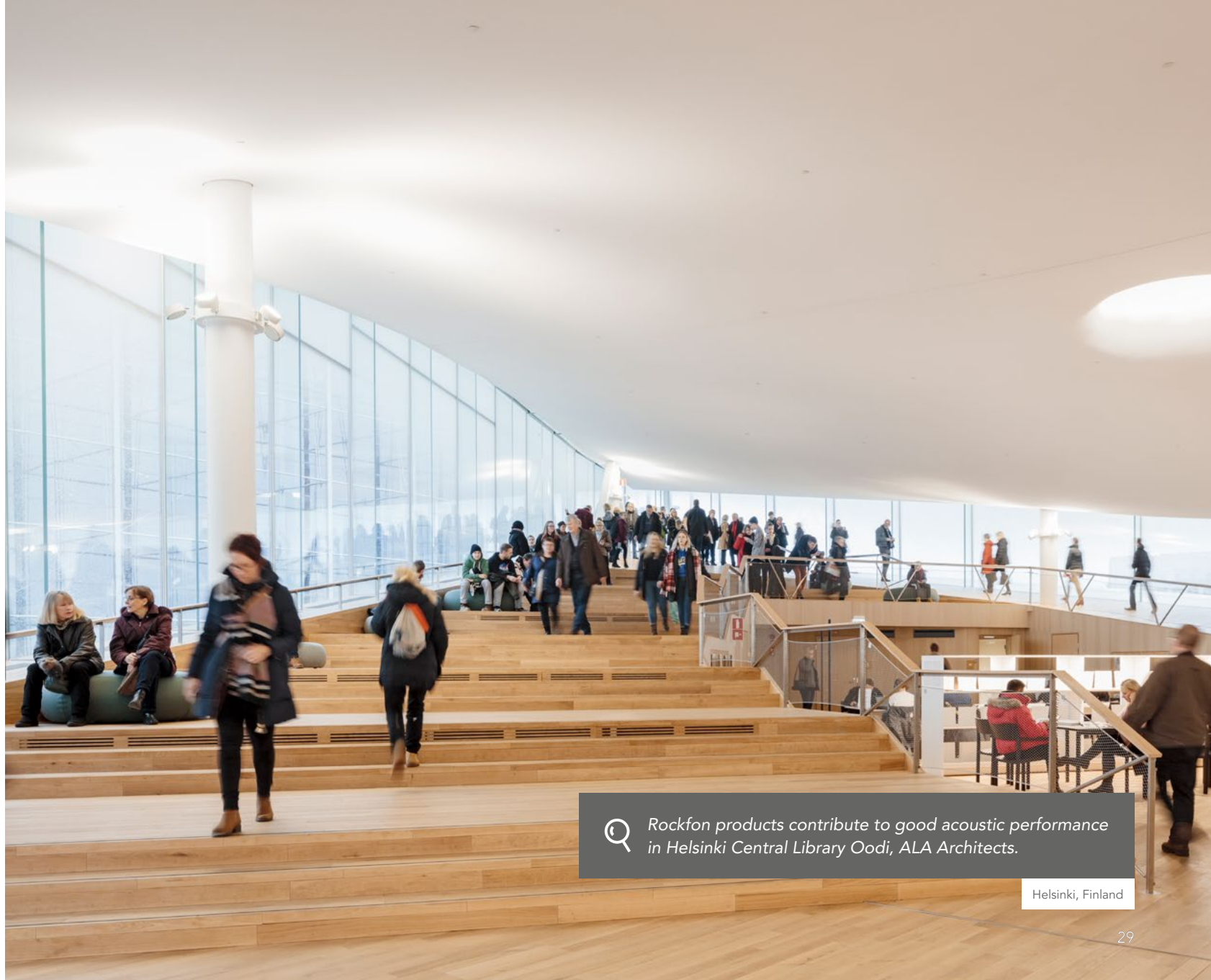
Empowering society and people

In this part of the report, you will discover how we are contributing to the following UN Sustainable Development Goals linked with people and society:

Empowering society and people

In this chapter you will find information on how our products, services and initiatives impact people and are part of the transition towards a more inclusive and modern society:

- A global approach to health and safety: our goal is zero fatalities and serious accidents
- Improving safety performance via trainings, better procedures, and best practice exchanges
- Creating safe, healthy and attractive buildings with certified Cradle to Cradle products
- Fire safe roofs – for energy efficiency and protection
- Helping customers reach the most demanding sustainability standards (BREEAM, LEED, DGNB, EU Taxonomy)
- Working at ROCKWOOL
- Diversity, Equity and Inclusion: 33 percent of women at Board of Directors, 27 percent in middle and executive management and a new ROCKWOOL DEI policy
- Committed to ensuring a positive impact everywhere we operate: 43 000 jobs created locally in 2023



Rockfon products contribute to good acoustic performance in Helsinki Central Library Oodi, ALA Architects.

Helsinki, Finland

A global approach to health and safety

As a manufacturing company employing approx. 12 000 people, our goal is to have zero fatalities and serious accidents. In addition, we strive to continuously reduce the Lost Time Incident (LTI) rate.

A global approach to safety culture

The ROCKWOOL Safety, Health and Environment (SHE) policy and manual set out the responsibilities, standards and procedures for the health and safety of our workforce in all our facilities. Our Group manual reflects ISO 45001 requirements and sets Group Minimum Mandatory Requirements (MMR) by which all ROCKWOOL facilities should operate. The SHE policy guides all our entities on how to prevent, mitigate and manage risks and/or negative impacts linked to occupational injuries or accidents. Eighty-two percent of our facilities are certified according to ISO 45001, ISO 14001 and/or to ISO 50001.

At Group Management level, the Senior Vice President responsible for Group Operations and Technology leads our strategic approach for the safety and health of our workforce. The Safety, Health and Environmental Group function supports implementation of our policies and compliance with defined standards. Managing Directors responsible for factories in their regions are responsible for the implementation and daily management of the SHE policy and manual.

All ROCKWOOL employees are covered by our health and safety management system.

ROCKWOOL factories in Istria - Croatia, Ploesti - Romania, and Dahej - India reached 1000 days with no Lost Time Incidents (LTI) in 2023.

Improving safety performance via training, better procedures, and best practice exchanges

In 2023, we focused on increasing our leadership's accountability and also the responsibility of all employees for their own safety. A simple motto from our CEO Jens Birgersson, 'if it isn't safe, it isn't worth doing', is a daily reminder. We also introduced a series of initiatives in our production facilities that includes management safety walks, local campaigns to prevent accidents like falling or slipping and visits by Group SHE functions to selected factories to reinforce our safety culture and heighten a collective sense of duty and awareness.

Besides focusing on key performance indicators such as the number of incidents, we are also increasing our emphasis on 'leading performance indicators' such as unsafe behaviours, near misses and hazard-spotting tours at our facilities to help reduce risks.

Improving our overall safety performance

From 2023 onwards, we have modified the Group safety goal to be "zero fatalities and zero serious accidents". As always, we will continue to aim for a low Lost Time Incidents rate. We had two serious accidents in 2023 and no fatalities. In addition, we reduced our LTI rate by 14 percent.

Safety officers meet face-to-face: in May, all ROCKWOOL safety officers in ROCKWOOL got together in person to share knowledge and best practice and learn new ideas.

Prevention through safety visits

During 2023, Group SHE made safety visits to three factories to take a fresh look at the safety work, collect best practices, update SHE processes and set new initiatives throughout the Group to improve our safety performance.

Group Safety Day

On April 28, we celebrated our annual global safety day throughout ROCKWOOL Group highlighting relevant safety issues, undertaking training and appreciating the work dedicated to raising the standards of health and safety.

Occupational safety and health*

Goal: zero fatalities and zero serious accidents

zero fatalities and two serious accidents

2023 result: (LTI frequency rate of 2.4, which is an improvement of 14%)

Zero fatalities and zero serious accidents

Trend: progress

* In scope of limited assurance.

Creating safe, attractive and healthier buildings

More than 90 percent of Rockfon products in Europe together with the Futura insulation product line in our Swiss business, Flumroc, are Cradle to Cradle Certified® v3.1. In 2023, we worked towards recertification together with an expansion of the certification according to the new Cradle to Cradle® v4.0 and expect to get certification in 2024.

And why does that matter? When a product is Cradle to Cradle Certified®, it is internationally recognised as a safe and sustainable product that promotes healthier buildings.

Investors, construction companies and others rely on this information when, for example, choosing products that will earn them more points in sustainability building rating schemes such as LEED, BREEAM and WELL. For example, we used ROCKWOOL products to renovate a subsidiary headquarter in Denmark, achieving the highest WELL Platinum certification – the first in the country.

Less noise, greater comfort

Stone wool's thermal properties enhance the comfort of homes by allowing temperatures to be more easily controlled. And because stone wool products provide noise and vibration control, they help limit sound from passing through walls as well as bouncing around rooms, which can lead to stress and other harmful health effects.

Water repellent, better air quality and lighting

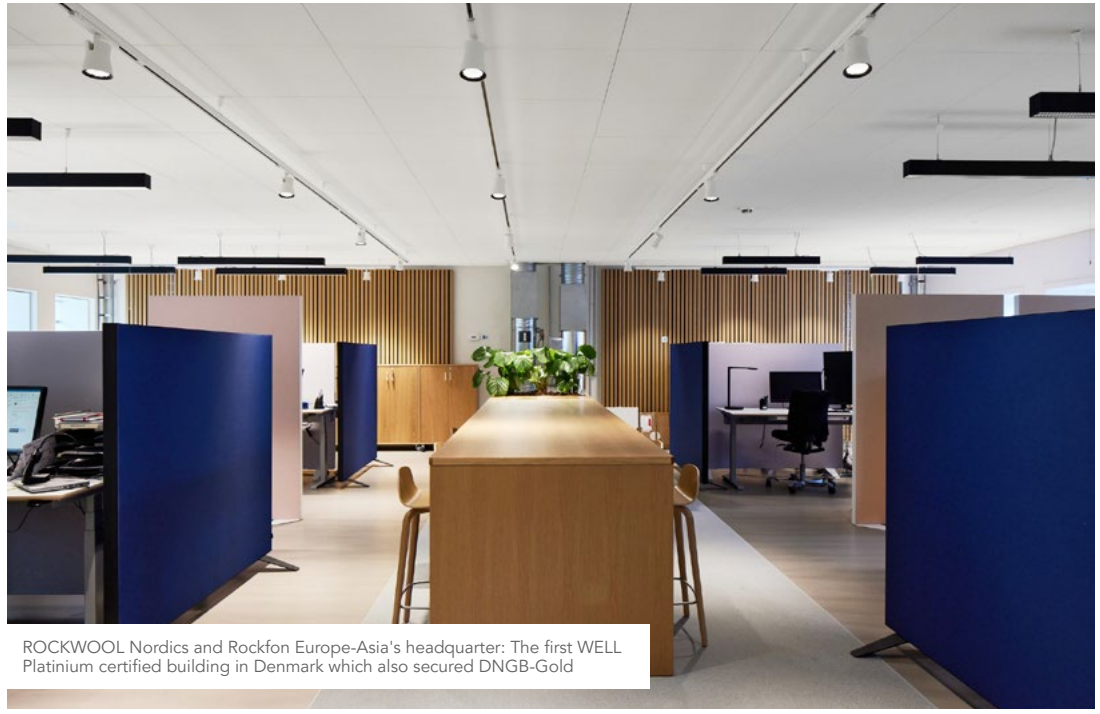
ROCKWOOL insulation and Rockpanel façade cladding are water repellent and vapour permeable, which means they don't trap moisture, which helps prevent rot, mould and fungal growth. In addition to dampening sound, Rockfon's bright white acoustic ceiling panels also improve the lighting quality by balancing light reflection and diffusion, reducing common light-related symptoms like tiredness, headaches and eye fatigue.

Chemical safety for people and the environment

ROCKWOOL's products are based on natural materials and are safe for end-users, workers and the environment. Our stone wool does not contain flame retardants and is EUCEB (European Certification Board of mineral products) certified. EUCEB is a voluntary certification scheme, whereby 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/).

Rockfon solutions sold in 2023 are improving the learning conditions of 1.8 million students across the globe[1]



ROCKWOOL Nordics and Rockfon Europe-Asia's headquarter: The first WELL Platinium certified building in Denmark which also secured DNGB-Gold

1 See https://www.rockwool.com/group/about-us/sustainability/social/healthy-living-environments/

Helping our customers reach the most demanding sustainability standards

ROCKWOOL products contribute to sustainable building rating schemes such as LEED® (Leadership in Energy and Environmental Design), BREEAM (Building Research Establishment Environmental Assessment Method), DGNB (Deutsche Gesellschaft für Nachhaltiges Bauen), HQE (Haute Qualite Environnementale), and EU Taxonomy and thus are very much appreciated by customers around the world.

Komatsu Mining Corp. recently opened its new South Harbor headquarters in Milwaukee, Wisconsin, USA. Reflecting the company's focus on sustainability and its goal for carbon-neutrality, this office building is the only LEED® v4 Building Design and Construction (BD+C) New Construction (NC) Gold project in the City of Milwaukee and is the highest-rated LEED v4 BD+C in the State of Wisconsin. It can accommodate more than 1000 people in its office areas, museum, and training centre, and includes 38 000 m² of manufacturing space.

Eppstein Uhen Architects (EUA) who designed the new head office, specified five types of Rockfon acoustic stone wool ceiling panels that helped meet the project's sustainability, performance and aesthetic requirements.

> *Our new facilities are designed to enhance safety, efficiency and environmental sustainability – all top priorities of Komatsu worldwide, allowing us to better serve our customers and deliver innovative solutions",* explained Jeff Dawes, President and CEO of Milwaukee-based Komatsu Mining Corp.

Fire safe roofs – for energy efficiency and protection

When the Dutch supermarket Chain, PLUS, consolidated its four distribution centres into one mega centre, fire safety and a BREEAM Outstanding certification were top priorities for the new building.

And with good reason. Not only was all PLUS distribution for the Netherlands going to be under one giant roof (a space the size of 19 football fields), that roof would be covered in 11 000 solar panels, adding a valuable source of green energy to the building – but also a fire risk.

Installing ROCKWOOL flat roof non-combustible insulation under the solar panels helps PLUS achieve both priorities. The non-combustible insulation protects PLUS workers and operations by reducing the added risk of fire while also reducing the building's energy needs.

Distribution centre for PLUS supermarkets, © Walter Frisart FOTOwerk

We're going from four distribution centres to just one, so fire safety must be at the highest level. By choosing stone wool and installing sprinklers, this has been taken into account", says Tinie Dorresteijn, Property Manager at Plus Retail.

As rooftop solar panel installations become more common, installing non-combustible insulation like stone wool underneath helps protect people, property and assets from the added fire risk.

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

Employees at the ROCKWOOL factory in Ranson, West Virginia, USA

Working at ROCKWOOL

Employee engagement through satisfaction and motivation

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

Key findings from the 2023 survey

In 2023, almost 12 000 ROCKWOOL employees were asked to share their views. More than 85 percent responded, which was the highest response rate ever. Even more encouragingly, our aggregate score on loyalty and satisfaction and motivation remained at a high level. Top scoring topics were 'safety', 'performance management' and 'diversity and inclusion'.

Internal sustainability campaign

In 2023, we rolled out for all ROCKWOOL employees an internal campaign around sustainability. The idea was to create fun, event-oriented activities where colleagues could share their stories and commitments while participating in the sustainability activities and games that were created to improve their understanding of the SDGs to which ROCKWOOL is committed. Employees in 25 countries participated.

Activities and ideas ranged from food waste management to clothes and book swap markets as well as beach clean-ups and much more.

India: We're a great place to work

ROCKWOOL in India is proud to receive the Great Place to Work award for two consecutive years.

The Great Place to Work certification is a symbol of our ongoing dedication to employee wellbeing, professional development, and workplace satisfaction. ROCKWOOL received this recognition for its commitment to providing a safe, supportive, and rewarding workplace, where employees can thrive and contribute their best to the company's success.

Empowering people through development

We support our employees in developing their talents and advancing in their careers. One example of this is the global leadership training Plant Management Diploma (PMD) programme.

It is a pleasure to be part of the global leadership training programme Plant Management Diploma (PMD). PMD means personally to me three elementary parts: Networking - to get a deeper insight into other ways of thinking about challenges or processes; more extensive knowledge about other departments and factories; and of course, personal development for growth – both mine and the company's", explains Johanna Weisser, Supply Chain & Logistics Management in ROCKWOOL Germany.

I was initially hesitant about the time commitment when I was asked to take on the PMD course. However, I was curious to see what being a factory manager would be like and decided to do it. My promotion to being a factory manager came quicker than expected. I'm grateful to the PMD programme, which also offered great networking opportunities, food for thought and support for both professional and personal life", adds Martin Dokoupil, ROCKWOOL factory manager in Czechia.

Diversity, Equity and Inclusion

ROCKWOOL has long been a diverse workplace where employees with different backgrounds, nationalities and competencies work side by side. For example, we employ 83 different nationalities worldwide (79 nationalities in 2022), including 38 at our headquarters in Hedehusene. In 2023, 27 percent of all leaders in middle and executive management positions were female. We have one female member of Group Management, and two shareholder-elected female members on the Board of Directors, thus meeting our 2024 target of 33 percent female representation on the Board.

In 2023, we have also increased to 32 percent (an increase of three percentage points in comparison to 2022) the proportion of women among new hires for executive and middle manager positions, and are actively working towards expanding our diverse hiring. Moreover, as we sell products in more than 120 countries across the globe, we also strive to have Members of the Group Management with diverse nationalities. In 2023, five different nationalities were represented among Group Management members.

We recognise that each one of us brings to work our own unique capabilities, experiences, competences, and perspectives, regardless of our differences. We truly believe diverse, well-coordinated teams working together create opportunities for greater efficiency, productivity, and creativity among employees and that respecting individual uniqueness increases work satisfaction. It also reflects ROCKWOOL's long-standing commitment to equal access to resources and opportunities for all employees. We want everyone to feel valued as part of the greater ROCKWOOL family.

Giorgia Rollo, the co-founder of Io Posso speaks at the Italy SailGP in Taranto

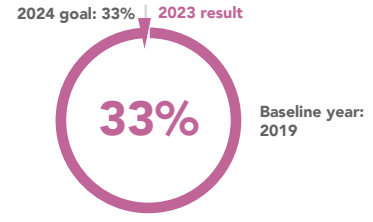
New ROCKWOOL Diversity, Equity and Inclusion (DEI) policy

That is why – also in response to evolving stakeholder expectations among employees, investors, policymakers, regulators, and others – that ROCKWOOL introduced in 2023 a formal DEI policy.

In connection with the new DEI policy, we initiated a programme to make the workplace more inclusive and accessible for people with disabilities.

We also want to embrace this effort outside of ROCKWOOL, and in 2023 we took a first small step in this direction. At the ROCKWOOL-hosted impact summit in Taranto, Italy, we collaborated with an inspiring organisation, Io Posso (translates to "I can"), to raise awareness and stress the need to ensure events such as SailGP are accessible to everyone. Io Posso works towards making beaches more accessible to people with disabilities. Their "Terraces on the sea" initiative provides people with disabilities the opportunity to enjoy the ocean thanks to their customised infrastructure and the many volunteers who work with them.

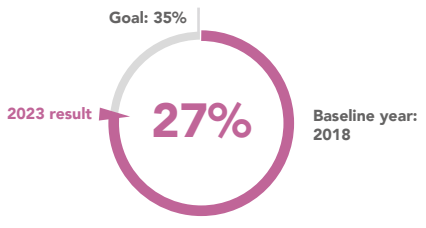
Diversity and inclusion



33% female shareholder-elected Board members by 2024

Trend: stable

Diversity and inclusion



27% of female leaders in executive and middle management positions

Trend: stable

Committed to ensuring a positive impact everywhere we operate

With 51 manufacturing facilities in 23 countries, we contribute to thriving communities throughout the world.

We are a global company but our business is local, meaning we produce close to our customers, and both hire and buy products and services from the communities where we operate. Since our focus is to produce and sell products in close proximity to our factories, ROCKWOOL generates employment, investment, tax revenues, and business for local companies directly within the host communities where we are located.

Building and operating a production facility is a long-term investment – in our business, our employees and the communities in which we operate.

We have contributed to creating around 43 000 local jobs both at our own facilities worldwide and in our supply chain[1]

Our insulation products sold in 2023 will save customers approximately 83 BEUR in energy costs[1]

Corporate citizenship and being a good neighbour have always been an integral part of our culture at ROCKWOOL.

As part of our efforts to continuously improve our engagement with communities where our facilities are located and many of our employees live, we updated and extended our Community Engagement Manual in 2023. Aligned with UN Guiding Principles on Business and Human Rights and OECD Guidelines for Multinational Enterprises, this internal manual sets out a five-step approach to community engagement. Its objective is to ensure a two-way dialogue with local communities covering the multiple phases of a factory's existence, from the planning and pre-investment stage through construction to full operation.

Successful community engagement

Respectful
Respectful and inclusive of all relevant and potentially impacted stakeholders, including vulnerable or marginalised groups

Transparent
Transparent communication on our processes and operations to the greatest extent possible

Timely
Timely and meaningful communication informed by stakeholders' perspectives and interests while encouraging two-way dialogue

Ongoing
Ongoing and subject to continuous evaluation and adjustment as needed

Trust is the foundation upon which all successful relationships are built

ROCKWOOL's Canadian factory in Milton, Ontario, wins the 'Large Business of the Year' award organised by the Milton Chamber of Commerce.

We're an active member of the Milton Chamber of Commerce which hosts an annual Community Awards Gala where organisations and individuals are recognised for their contribution to the Milton community. This year, ROCKWOOL won the 'Large Business of the Year' award.

1 See https://www.rockwool.com/group/about-us/sustainability/social/socioeconomic-impact/

ROCKWOOL India promotes healthy communities by supporting local marathon

In collaboration with the running club in Bharuch (close to our factory) and to promote the principles of SDG 11 (Make cities inclusive, safe, resilient and sustainable), ROCKWOOL organised a marathon for a second year in row. The event attracted nearly 3000 runners and broad media coverage.

Alongside promoting community wellbeing, ROCKWOOL India also championed inclusiveness. Several marathoners with disabilities competed in the marathon.

A ROCKWOOL gift of insulation materials helped create a holiday camp for children with cancer in Romania.

One of our donations went to the Romanian NGO The Magic Association, which organises camps for child cancer sufferers so they can enjoy riding, swimming, painting and theatre workshops. The insulation material, which we also installed, helped to create a new Magic Camp in Branesti municipality near Bucharest. More than 1000 children have stayed in Magic Camps and more than 50 camps have been organised.

Children with cancer don't have time to wait. Every day of their life could be the last day. Giving them the possibility to spend time in a pleasant, joyful and comfortable environment, was a highly rewarding thing for us", says Valeriu Tatu from the Romanian MagiCAMP Association.

Milton, Canada: ROCKWOOL North America employees participate in the two-day Great Global Clean-up Event!

More than 45 head office and sales employees participated in the two-day ROCKWOOL community clean-up days held in April 2023 at local parkland and water areas in Milton, and around our head office building.

Seeing and hearing first-hand the appreciation from the local community and being a part of the Great Global Clean-up initiative by EarthDay.org is motivating and enables the ROCKWOOL team to recognise their contributions to a more sustainable environment", explains Alejandra Nieto, Sustainability Manager for ROCKWOOL North America.

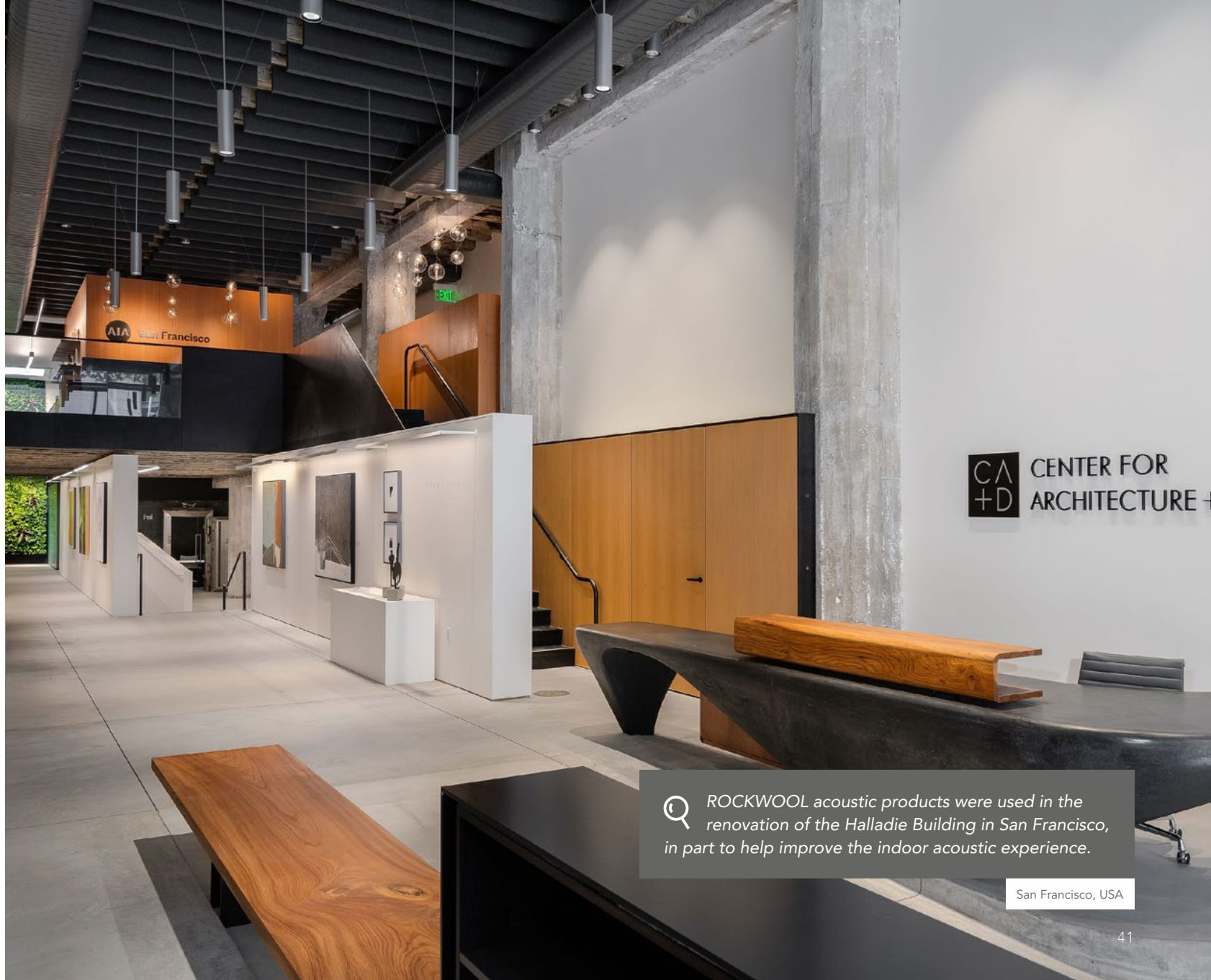
Responsible business practices

In this part of the report, you will discover how we are contributing to the following UN Sustainable Development Goal linked with governance:

Responsible business practices

In this chapter you will find information on how sustainability is incorporated into our core activities and how we conduct our business:

- Sustainability is firmly anchored at all levels
- Sustainability is part of our mindset and how we work with sourcing and procurement: implementing the Supplier Code of Conduct and a tool for sustainability risk monitoring in our supply chain
- Strong business integrity: continuous trainings and awareness



ROCKWOOL acoustic products were used in the renovation of the Halladie Building in San Francisco, in part to help improve the indoor acoustic experience.

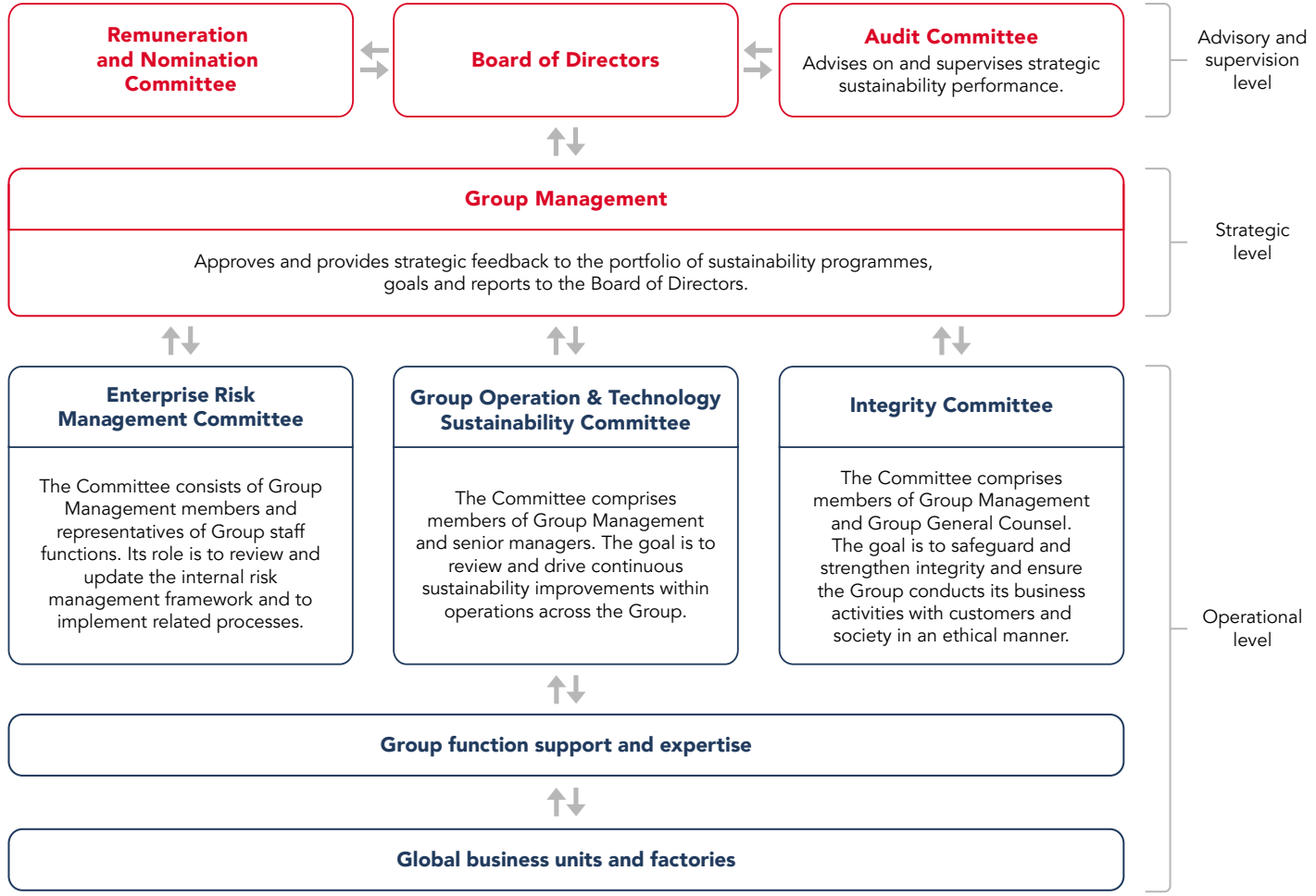
San Francisco, USA

Sustainability firmly anchored at all levels

Sustainability is firmly anchored at Board of Directors, Group Management and operational levels, thus ensuring the resources and high-level input needed to engage with external and internal stakeholders and continuously improve performance. Governance and strategic sustainability initiatives are consistently a topic of Board and Group Management meetings.

Preparing ROCKWOOL for new sustainability requirements

In 2023, a comprehensive double materiality assessment was carried out involving senior and executive managers, Group Management and the Board of Directors (see page 48). Group Management and the Board of Directors are regularly updated on sustainability related regulatory changes, trends and market requirements.



Sustainability is part of our mindset when we work with sourcing and procurement

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

In 2023, we strengthened our sustainable sourcing practices within two of the five responsible sourcing steps:

1. Update of the Supplier Code of Conduct addressing material sustainability topics

We updated our Supplier Code of Conduct, integrating additional requirements and expectations towards human rights and environment within the areas of child and forced labour, labour rights, health and safety, decarbonisation, bribery and corruption and the whistleblower system.

The Supplier Code of Conduct opens up for the possibility of investigating suppliers through questionnaires, onsite pre-agreed sustainability internal audits and/or through independent third-party accredited auditors.

Training regarding the new expectations and requirements for suppliers is being conducted for all Category Managers, Sourcing Managers and other staff engaging with suppliers. Before end of 2024, all of our contracted suppliers will receive the revised Supplier Code of Conduct. From the beginning of 2024, all new suppliers with whom we intend to sign a contract will receive the revised Supplier Code of Conduct. We will strive for 100 percent signature of the revised Code of Conduct by high-risk suppliers.

2. Monitoring of high-risk suppliers

In 2023, we successfully piloted a cloud-based sustainability risk management tool that is used for monitoring our suppliers and performing further sustainability risk assessments. During 2024 we will further deploy this tool, taking a risk-based approach when selecting new categories to onboard.

Our five-step approach to responsible sourcing

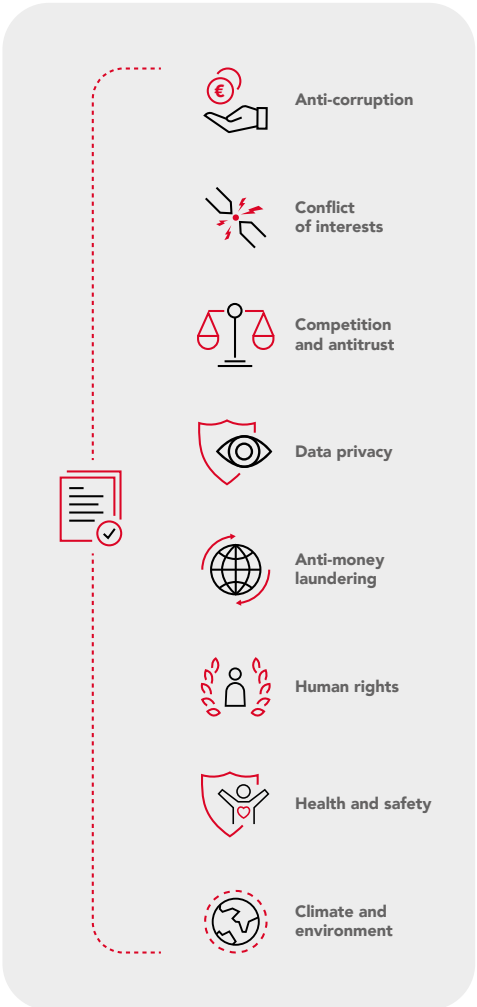
Strong business integrity

The ROCKWOOL Code of Conduct

Our Code of Conduct provides the framework for our ethical commitments, applicable for all employees. Responsibility for the Code of Conduct lies with the Board of Directors. Key elements include:

- zero tolerance approach to fraud, corruption and bribery, including Gifts and Hospitality Policy;
- sets principles for counteracting conflict of interest;
- recaps on our compliance with national and international competition and antitrust laws;
- data privacy and data security, incl. confidentiality of information commitment;
- counteracting money laundering;
- human rights and labour rights;
- health and safety;
- climate and environment.

Our four values fuel the ROCKWOOL Way: Ambition - Integrity - Responsibility - Efficiency



Reinforcing the incorporation of ethics in our corporate culture

In 2023, Group efforts were focused on awareness raising in Asia by delivering ROCKWOOL Code of Conduct trainings for approx. 150 managers in Singapore, Malaysia and Thailand. These training sessions included such topics as Group Integrity, Group Policies and Manuals, employee conduct, Integrity Committee, zero tolerance principle, what and how to report acts or suspicion of corruption, and presentation of the Gifts & Hospitality Policy.

Moreover, we engaged with employees working in factories via face-to-face trainings presenting the Code of Conduct and raising their awareness on such issues as ROCKWOOL values and employee conduct.

Whistleblowing

Code of Conduct compliance irregularities can be reported through the following different communication channels for internal and external stakeholders:

- Global ROCKWOOL Whistleblower System available on our corporate web page both for external and internal stakeholders with possibility to remain anonymous: Whistleblower policy[1];
- Regular post directed to ROCKWOOL A/S, Hovedgaden 584, Entrance C, 2640 Hedehusene, Denmark (Att: Group Integrity Officer);
- ROCKWOOL employees can also report in person.

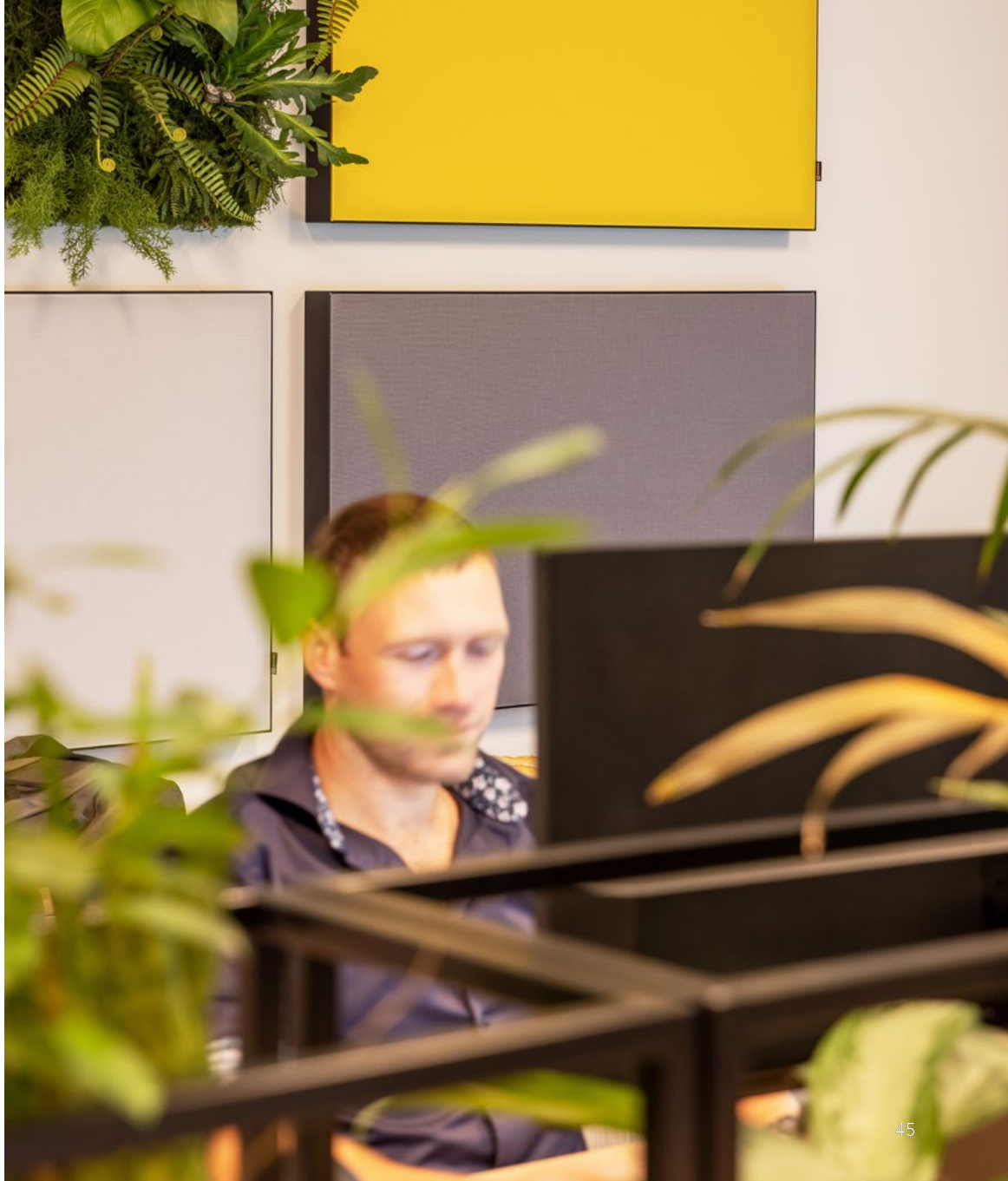
All whistleblowing notifications are brought to the attention of the ROCKWOOL Chief Integrity Officer. Depending on the nature and seriousness of the reported case, the relevant Group and/or local functions are contacted.

Additionally, ROCKWOOL's Integrity Committee includes the CEO, CFO, an SVP of a business unit, and the Head of Legal. The Committee's goal is to safeguard and strengthen integrity as well as ensure the Group conducts its business activities with customers and society in an ethical manner.

In 2023, 49 potential cases were reported through the whistleblower platform, 36 of which qualified under the Whistleblower Policy and were handled according to established procedure, including being assessed by the Integrity Committee. 13 cases did not qualify as whistleblower cases.

There were six cases of confirmed corruption and discipline actions were taken.

1 https://www.rockwool.com/group/about-us/corporate-governance/whistleblower-policy/



About the report and sustainability data

About the report and sustainability data

In this section

Rockpanel cladding materials were chosen for their aesthetic qualities in the building's façade.

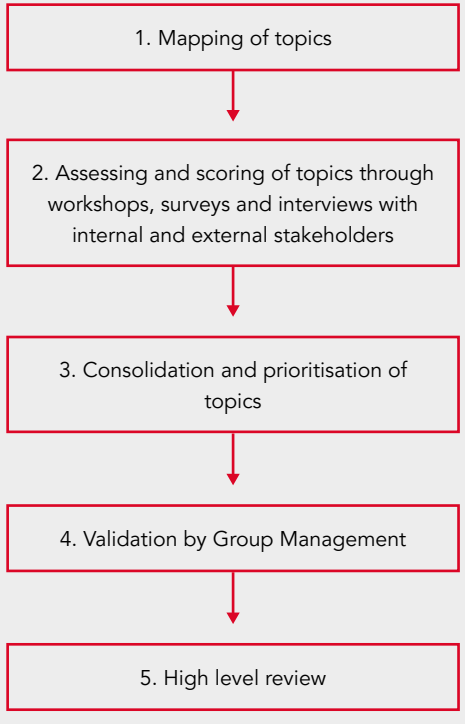
Eggenfelden, Germany

Double materiality assessment

The double materiality assessment (DMA) was carried out between June and September 2023 in preparation for the European Sustainability Reporting Standards (ESRS). The DMA identifies material sustainability **impacts** as well as **risks and opportunities**, which results in a list of material sustainability topics across the ROCKWOOL value chain. More than 50 sustainability topics were assessed using the double materiality principle meaning that impacts as well as risks and opportunities were scored using the following methodology:

- from an impact materiality perspective, impacts were scored with the following parameters: scale, scope, and irremediable character of actual negative impacts and scale and scope for actual positive impacts. In case of positive impacts, likelihood is in addition considered;
- from a financial materiality perspective, risks and opportunities were scored using the following parameters: likelihood of occurrence and the potential magnitude of financial effects.

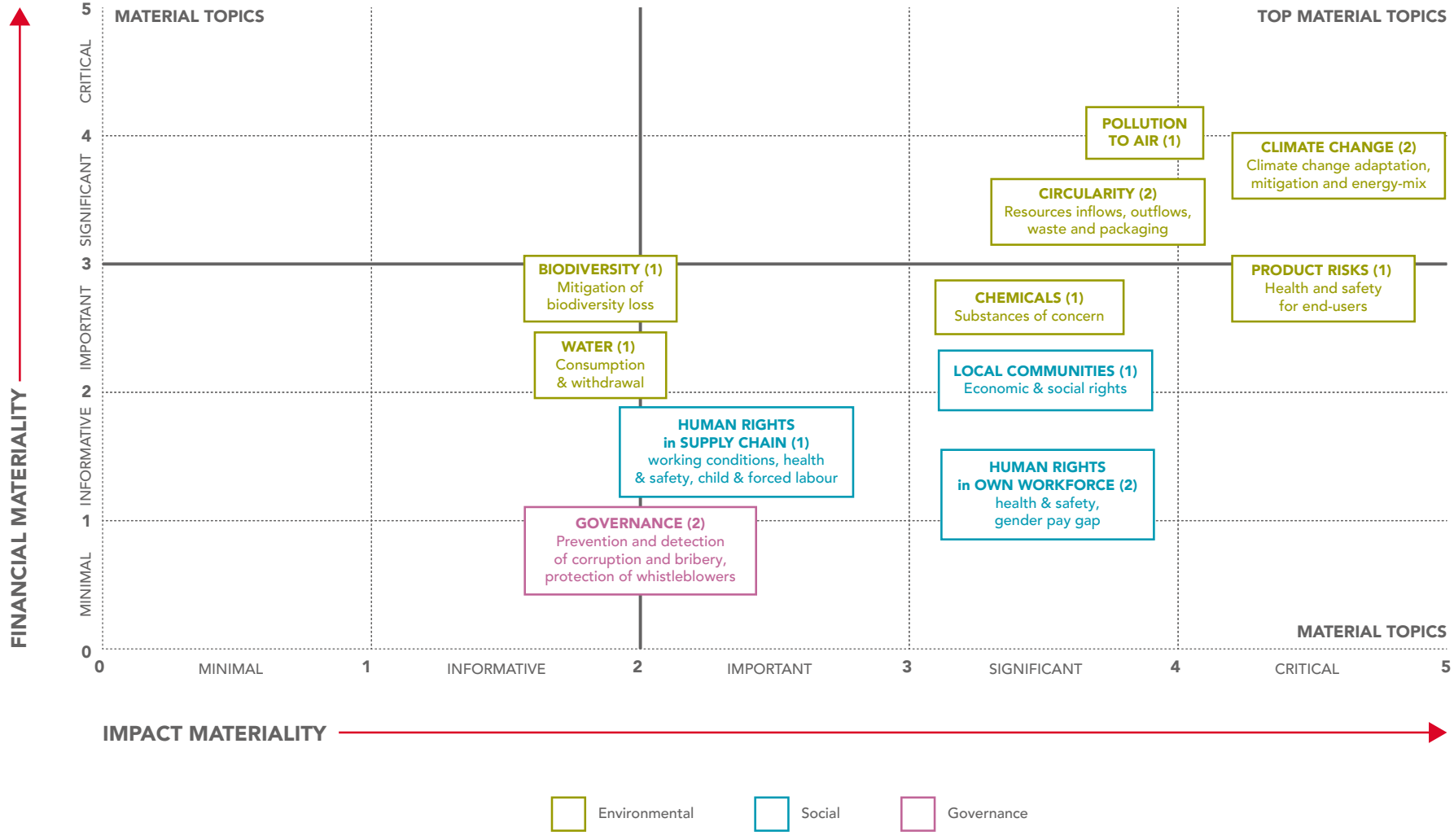
The process was structured around the following five stages:



List of material sustainability topics

Environment	Climate change adaptation and mitigation
	Energy
	Pollution to air
	Substances of concern
	Resources use
	Resources outflows, incl. waste, packaging, and circularity principles
	Direct impact drivers of biodiversity loss
	Water consumption
Social	Own workforce health and safety
	Own workforce gender equity and gender pay gap
	Workers in value chain: workers in supply chain (working conditions, health and safety, counteracting forced and child labour)
	Affected communities: communities' economic and social rights
	Consumers and end-users' health & safety
Governance	Prevention of corruption and bribery
	Protection of whistleblowers

Sustainability materiality matrix: 15 topics



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 on www.rockwool.com.

Reporting standards:

This report is prepared in reference to EU Non-Financial Reporting Directive and functions as a way to communicate our contribution to the UN Sustainable Development Goals (SDGs), which are described in the strategic priority section of this report (see page 8).

Scope and boundaries of reporting:

It covers ROCKWOOL's activities in the 2023 calendar year, including updating, among other things, on how ROCKWOOL's products support communities to adapt and increase their resilience to climate change impacts and how we reduce the negative impacts of our production and value chain.

The independent limited assurance report is on pages 65-66.

Sustainability data and indicators:

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 54-59.

Compliance with Danish Financial Statement Act:

This document is part of ROCKWOOL Group Management's review covering:

- The statutory reporting on corporate social responsibility (required by section 99a of the Danish Financial Statement Act), including EU Taxonomy Commission Delegated Regulation (EU) 2021/2139 (pages 54-59), the management approach, performance and future expectations referring to human rights, anti-corruption and bribery are disclosed on pages 37 (paragraph 'Diversity, Equity and Inclusion'), 43-45 (chapter 'Responsible business practices') and 55 (see table 'Analysis of compliance with Minimum Safeguards');
- Information required by section 107d of the Danish Financial Statement Act is disclosed on page 37 (paragraph 'Diversity, Equity and Inclusion').

Contact:

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

Other reports

Annual Report 2023

Remuneration Report 2023

Corporate Governance Report 2023

Product impact metrics

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

SDG performance: Product and other indirect impact metrics

Indicator	Unit	2023	2022	2021	2020	Note	SDG
Carbon emissions avoided in the lifetime of building insulation sold	Mt CO_2	**179**	197	210	186	1	13
Carbon emissions avoided in the lifetime of industrial insulation sold	Mt CO_2	**868**	922	1 026	796	1	13
Energy saved in the lifetime of building insulation sold	TWh	**818**	931	987	874	1	7
Energy saved in the lifetime of technical insulation sold	TWh	**3 872**	4 123	4 571	3 572	1	7
PM air emissions avoided in the lifetime of building insulation sold	kt	**57**	68	70	62	2	3
SO_2 air emissions avoided in the lifetime of building insulation sold	kt	**209**	240	253	224	2	3
NOx air emissions avoided in the lifetime of building insulation sold	kt	**254**	274	297	264	2	3
Water saved by precision growing products sold	thousand m^3	**101**	111	119	109	3	6
Fertilizer saved by precision growing products sold	kt	**17**	19	20	18	3	2
Land use reduction by precision growing products sold	ha	**29 562**	32 630	34 973	31 910	3	2
Yield gain of vegetables by precision growing products sold	kt	**2 086**	2 303	2 469	2 092	3	2
Stone wool collected and recycled through ROCKWOOL recycling services	kt	**59**	68	64	52	4	12
Significantly improved learning environments from acoustic solutions sold	Number of students	**1 839 900**	1 885 484	1 948 655	1 715 834	5	3
Significantly improved learning environments from acoustic solutions sold	Number of teachers	**88 340**	90 464	93 436	82 190	5	3
Jobs due to ROCKWOOL Group's global operations (direct & indirect with suppliers)	FTE	**43 000**	51 000	38 000	35 000	6	8
Economic value created due to ROCKWOOL Group's global operations (direct & indirect)	MEUR	**3 620**	3 907	3 088	2 602	6	8
Economic value of energy saved by ROCKWOOL insulation products	MEUR	**83 156**	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/about-us/sustainability/social/

[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/about-us/sustainability/social/healthy-living-environments/

[6] Contribution to jobs and growth from ROCKWOOL Group's global activities is calculated following a methodology developed by Copenhagen Economics.
Seehttps://www.rockwool.com/group/about-us/sustainability/social/socioeconomic-impact/

Operational performance metrics

We track multiple metrics that quantify our operational footprint.

Climate and energy

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Greenhouse gas emissions	Total direct and indirect greenhouse gas emissions (GHG)	305-1, 305-2	Mt CO_2e	**1.75**	2.01	2.08	1.87	1, A
	Total reduction in direct and indirect GHG (Scope 1+2), (SBT)	305-1, 305-2	Index	**84**	97	100	90	1, A
	Total direct and indirect CO_2 emissions	305-2	Mt CO_2	**1.44**	1.65	1.73	1.57	A
	CO_2 direct (Scope 1)	305-1	Mt CO_2	**1.23**	1.45	1.51	1.35	A
	CO_2 indirect (Scope 2), market-based emissions	305-2	Mt CO_2	**0.22**	0.20	0.22	0.21	A
	CO_2 indirect (Scope 2), location-based emissions	305-2	Mt CO_2	**0.29**	0.33	0.35	0.34	
	CO_2 intensity direct (Scope 1) per tonne stone wool	305-4	Index	**91**	91	91	97	A
	CO_2 intensity indirect (Scope 2) per tonne stone wool	305-4	Index	**67**	52	57	64	A
	CO_2 intensity direct and indirect (Scope 1+2) per tonne stone wool	305-4	Index	**86**	83	85	91	A
	Total indirect GHG emissions (Scope 3)	305-3	Mt CO_2e	**0.93**	1.02	1.04	0.92	
	Total reduction in indirect GHG (Scope 3), (SBT)	305-3	Index	**89**	99	100	89	
Energy	Energy consumption	302-1	GWh	**4 732**	5 561	5 685	4 876	A
	Energy per tonne stone wool	302-3	Index	**100**	100	99	100	A
	Energy efficiency in own buildings	n.a	Index	**61**	61	81	95	A

1 The methodology changed to include other GHG. The impact is an increase of ca. 1.5% for 2019-2022.
A In scope for limited assurance.

Environmental management

Category	Indicator	GRI disclosure number	Unit	2023	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	**23**	27	27	24	4, A
	Share of factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001	n.a	%	**82**	84	84	77	4, A
	Audits for environment, health, safety	n.a	Number	**94**	100	181	183	4
	Fines – monetary value	307-1	KEUR	**4.2**	75	1	20	4
	Non-monetary sanctions	n.a	Number	**25**	26	8	4	4
Air emissions	NOx	305-7	tonne	**1 846**	2 243	x	x	A
	SO_2	305-7	tonne	**5 425**	7 021	x	x	A
	CO	305-7	tonne	**424**	882	x	x	3, A
	Ammonia	305-7	tonne	**2 446**	2 822	x	x	A
	Phenol	305-7	tonne	**330**	375	x	x	A
	Formaldehyde	305-7	tonne	**128**	123	x	x	A
	Particulate matter (PM_{10})	305-7	tonne	**994**	1 306	x	x	A
Water consumption	Water consumption total	303-5	Mm^3	**3.08**	3.65	3.69	3.26	
	Water use intensity (m^3/t stone wool)	303-5	Index	**84**	86	85	90	A
	Water consumption excl. rainwater	303-5	Mm^3	**2.78**	3.35	3.44	3.08	A
	Total water consumption from all areas with water stress	303-5	Mm^3	**0.77**	0.90	0.25	0.22	2, A
Water withdrawal	Groundwater own abstraction	303-3	Mm^3	**0.82**	1.07	1.04	0.99	A
	Municipal water and other utilities	303-3	Mm^3	**1.73**	2.01	2.13	1.77	A
	Rainwater own abstraction	303-3	Mm^3	**0.31**	0.30	0.25	0.18	A
	Surface water own abstraction	303-3	Mm^3	**0.23**	0.27	0.26	0.29	A

2 Total water consumption from all areas with water stress refers to the water consumption at seven factories based on an external study.
3 CO high value in 2022 due to a testing period.
4 The four Russian factories are not included in the 2023 numbers.
A In scope for limited assurance.

Waste and recycling

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Waste	Total waste generated	306-2	kt	**236**	276	239	172	1
	Total hazardous waste generated	306-2	kt	**19**	17	21	13	1
	Waste landfilled	306-2	kt	**43**	44	45	46	A
	Landfill waste from factories	306-2	Index	**47**	49	49	50	A
	Waste for external recycling	306-2	kt	**127**	168	120	85	1
	Waste for external recovery (energy)	306-2	kt	**2**	1	1	1	1
	Other external waste disposal	n.a	kt	**63**	62	73	41	1

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Recycling	Recycling of waste from other industries	n.a	kt	**502**	680	657	574	1
	Average % recycled content	301-2	%	**23**	25	24	25	1
	Stone wool collected and recycled through ROCKWOOL recycling services	306-2	kt	**59**	68	64	52	
	Number of countries with comprehensive reclaimed material schemes	n.a	Countries	**21**	19	17	14	2, A

1 Russian factories are not reporting for 2023, and data for the 4 Russian factories is therefore an average based on previous reported years.
2 Excluding Russia.
A In scope for limited assurance.

Safety and social

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Workplace diversity	Percentage of female leaders in executive and middle management positions	n.a.	%	**27**	28	28	27	A
	Share of women in new hires for middle manager positions	n.a.	%	**32**	29	41	44	A

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Workplace safety	Fatalities	403-9	Number	**0**	1	-	-	A
	Serious accidents	-	Number	**2**	-	-	-	A*
	Frequency of LTI – employees & contractors (per million hours worked)	403-9	No./mill hours	**2.4**	2.7	3.6	3.0	A
	Annual improvement in LTI frequency	403-9	%	**14**	24	-20	-3	A

Corporate governance

Category	Indicator	GRI disclosure number	Unit	2023	2022	2021	2020	Note
Anti-corruption	Confirmed incidents of corruption	205-3	Number	**6**	3	4	1	A
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	-	-	-	-	A
	Legal actions for anti-competitive behaviour, anti-trust and monopoly practices	206-1	KEUR	-	-	-	-	A

A In scope for limited assurance.
* Limited assurance was provided on 2023 figure. Prior years (2020-2022) were not part of the limited assurance and were not reported.

EU Taxonomy

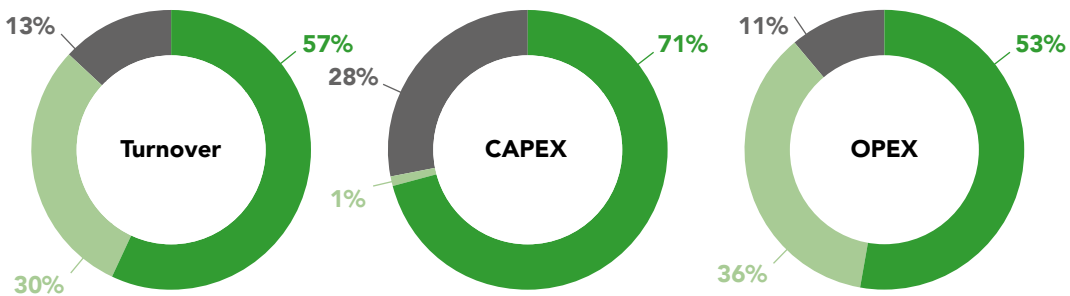
ROCKWOOL products are made from volcanic rock and provide numerous benefits to people, industries and society. These benefits include energy efficiency and durability, superior fire safety, excellent acoustics, and a comfortable and healthy indoor climate.

The EU Taxonomy was established by EU Commission as a specific, science-based classification system to identify economic activities that are environmentally sustainable and have a substantial positive climate and environmental impact. Economic activities can be reported as EU Taxonomy-eligible activities when they are included in the Taxonomy Regulation and pass the screening criteria for 'sustainable contribution'. For an economic activity to be EU Taxonomy-aligned it has to fulfil a set of 'Do No Significant Harm' (DNSH) criteria including rules for Minimum Safeguards.

The graphics show turnover, capital expenditures (CAPEX), and operating expenses (OPEX) that were identified in 2023 as aligned with the EU Taxonomy:

Performance in 2023

EU Taxonomy-aligned net sales amounted to 2079 MEUR, a decrease of nine percent due to the overall decrease in sales for the Group in 2023. EU Taxonomy-aligned net sales as a percentage over total net sales was 57 percent, down two percentage points from 59 percent in 2022 as revenue from some of the EU Taxonomy-aligned products decreased more than average. EU Taxonomy-aligned CAPEX amounted to 225 MEUR, an increase of 5 MEUR. In 2023, the EU Taxonomy aligned CAPEX as a percentage was 71 percent, up five percentage points from 66 percent driven by higher proportion of maintenance investments. EU Taxonomy-aligned OPEX amounted to 210 MEUR, a minor increase of one percent due to higher R&D cost. The aligned OPEX as a percentage was 53 percent, stable compared to 2022.



Screening methodology

The process of examining alignment with the EU Taxonomy was carried out in the following four stages:

Stage 1 - Identification

Guided by the descriptions of activities in the annexes to Commission Delegated Regulation (EU) 2021/2139, including new set of EU Taxonomy criteria for four new non-climate environmental objectives, ROCKWOOL conducted a review of its activities - in terms of revenues, capital expenditures (CAPEX) and operating expenses (OPEX) in 2023 and mapped those operations that are identified as contributing to the EU Taxonomy.

Stage 2 - Classification

Appropriate revenues, capital expenditures and operating expenses realised by ROCKWOOL in 2023 were assigned to each activity identified as qualifying for the EU Taxonomy. Details of the classification methods used are described in the section 'EU Taxonomy accounting policy' on page 56.

Stage 3 - Verification

Verification of alignment with the EU Taxonomy was carried out through three types of study:

3.1. Analysis of compliance with the Technical Screening Criteria (TSC) set out in the annexes to Commission Delegated Regulation (EU) 2021/2139 was verified for most significant types of activity (3.5 Manufacture of energy efficiency equipment for buildings and 7.2 Renovation of existing buildings, both part of the delegated act concerning 'Substantial contribution to climate change mitigation'). This analysis was carried out with the participation of internal ROCKWOOL experts and an external consulting company.

3.2. Analysis of compliance with the Do No Significant Harm criteria

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 are collaborating 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 others 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.

As result of water scarcity assessments, seven ROCKWOOL manufacturing sites are located in areas of high or extreme high-water stress.

Nonetheless, based on 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 incorporated circularity principles in its business model with products that are durable and long-lasting, easily disassembled, recyclable, and containing recycled material. In addition, we have set 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 listed in European Regulations, as specified by Appendix C in amended Annex I of the Commission Delegated Regulation (EU) 2023/2485. ROCKWOOL has identified the use of one chemical for the binder, formaldehyde, which is covered by subparagraph (f) in Appendix C.

We asses our products to be critical for society. Buildings are the single largest energy consumer in Europe with heating, cooling and domestic hot water accounting for 80% of the energy used in buildings. Non-combustible fire safe insulation is a key measure to limit spread of fire in buildings, ensure a healthy indoor environment, and to reduce the energy demand in both buildings and industry and therefore a critical solution for health, safety, the environment and functioning of the society.

For the part of our product range, where fire performance and mechanical properties are key parameters, our own market research has not been able to identify available alternatives in the market offering the same level of fire safety, durability and mechanical performance. Our evaluation is that the derogation in subparagraph (f) can be applied for this product category. For part of our light stone wool products 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 reducing the use of formaldehyde.

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 near the factories. This was followed up in 2023 with an assessment of the robustness of the factories' mitigation plans to minimise risks to biodiversity sensitive areas. This work will continue into 2024.

3.3. Analysis of compliance with Minimum Safeguards

Compliance with the requirements of the Minimum Safeguards was tested using the recommendations included in the Final Report on Minimum Safeguards by the Platform on Sustainable Finance. Minimum Safeguards are set out in Art. 18 of Regulation 2020/852, and they are based on conducting due diligence processes as defined in the UN Guidelines on Business and Human Rights and the OECD Guidelines for Multinational Enterprises.

Analysis of compliance with Minimum Safeguards

4 Premises	How was it verified?
1. Inadequate or non-existent due diligence mechanisms for human rights, anti-corruption, countering unfair competition and tax strategy	Due diligence processes were verified by checking a list of requirements - based on the methodology proposed by the Platform on Sustainable Finance (World Benchmark Alliance Core UNGP Indicators), by ROCKWOOL (self-assessment) and by additional analysis of corporate documents and processes. As a result of the analysis, it was found that ROCKWOOL has appropriate due diligence processes in place.
2. The company can be ultimately held liable or found to be a labour or human rights violator in certain types of labour or human rights lawsuits	The verification consisted of an internal review on whether ROCKWOOL had not been legally convicted in the area of human rights, corruption, fair competition and taxation. As a result of such verification, it was found that there was no information on such final judgments.
3. Lack of cooperation with the OECD National Contact Point (OECD NCP)	The OECD NCP notification database was verified, which showed no notifications in relation to ROCKWOOL in the period from 01.01.2023 to 31.12.2023.
4. The Business and Human Rights Resource Centre (BHRRC) made an allegation against the company and the company did not respond within 3 months	The Business and Human Rights Resources Centre (BHRRC) database of notifications was verified, which showed no notifications against ROCKWOOL in the period from 01.01.2023 to 31.12.2023.

Stage 4 - Calculation

Based on information from previous three stages, tables were created for turnover, capital expenditures and operating expenses in accordance with the requirements of Commission Delegated Regulation (EU) 2021/2139.

EU Taxonomy accounting policy

The financial data used for the above calculations was sourced from ROCKWOOL financial and accounting systems. Double counting was avoided by making appropriate consolidation exclusions.

The following principles were used to calculate the percentage of revenue, capital expenditure (CAPEX) and operating expenses (OPEX) eligible and/or aligned with the EU Taxonomy:

Turnover - eligible and aligned

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

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 denominator is the total consolidated turnover of ROCKWOOL Group in 2023, disclosed in the Income statement in the Group consolidated financial statements for 2023. The numerator is derived from ROCKWOOL products and services associated with eligible and aligned activities.

CAPEX - eligible and aligned

Total CAPEX consist of additions of 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 to 3.3 in Group consolidated financial statements for 2023.

The CAPEX numerator includes part of capital expenditures that relates to construction of insulation factories and equipment, maintenance investments, capacity expansions related to taxonomy eligible and/or aligned activities as well as safety and sustainability investments including energy renovations of own buildings. No CAPEX plans have been included.

OPEX - eligible and aligned

OPEX, as the denominator, are as per the EU Taxonomy defined as day-to-day directly incurred, non-capitalisable costs related to research and development, building renovations, repair and maintenance of property, plant and equipment and any other direct expenditures linked with day-today servicing of ROCKWOOL assets such as factories, equipment and machinery necessary to ensure the continued and effective functioning of ROCKWOOL assets.

The OPEX numerator is based on an allocation key connected to the EU Taxonomy-aligned revenue. It reflects an estimation of non-capitalised costs directly related to EU Taxonomy-aligned economic activities that enable ROCKWOOL to become more low-carbon by reducing GHG emissions. The OPEX accounting policy has been redefined in 2023 to align with the EU Taxonomy regulation. The related comparison figures have been restated.

Turnover

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')									
Economic activities (1)	**Code (s) (2)**	**Turnover (3)**	**Proportion of Turnover year 2023 (4)**	**Climate change mitigations (5)**	**Climate change adaptations (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	Climate change mitigations (11)	Climate change adaptations (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	**Minimum safeguards (17)**	**Proportion of Taxonomy-aligned turnover, year 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MEUR	%	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1 Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	2079	57%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	59%	E	-
Turnover of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**2079**	**57%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**59%**		
Of which enabling		2079	57%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	59%	E	
Of which transitional		0	0%							-	-	-	-	-	-	-	-		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)								%		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	1067	30%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								28%		
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**1067**	**30%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**28%**		
Turnover of Taxonomy-eligible activities (A1 + A.2)		**3146**	**87%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**87%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
Turnover of Taxonomy-non-eligible activities (B)		**474**	**13%**
Total		**3620**	**100%**

Reference to (b), (c) and (f) are available in:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486

Taxonomy-aligned turnover

- The dominant taxonomy-eligible activity is the production and sales of ROCKWOOL insulation products. Sales from the Systems segment (e.g., Rockpanel, Rockfon) 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 turnover are contracts with customers.
- Based on the result of the DNSH screening, some products can not fulfil the alignment criteria due to the use of formaldehyde in the stone wool binder.

CAPEX

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')									
Economic activities (1)	**Code (s) (2)**	**Absolute CAPEX (3)**	**Proportion of CAPEX (4)**	**Climate change mitigations (5)**	**Climate change adaptations (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	Climate change mitigations (11)	Climate change adaptations (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of CAPEX, year 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MEUR	%	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	223	70%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	62%	E	-
Renovation of existing buildings	CCM 7.2	2	1%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	4%	E	-
CAPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**225**	**71%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**66%**		
Of which enabling		225	71%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	66%	E	
Of which transitional		0	0%							-	-	-	-	-	-	-	-		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)	EL;N/EL (f)								%		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	2	1%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								2%		
CAPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**2**	**1%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**2%**		
CAPEX of Taxonomy-eligible activities (A1 + A.2)		**227**	**72%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**68%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
CAPEX of Taxonomy-non-eligible activities (B)		**90**	**28%**
Total (A+B)		**317**	**100%**

Reference to (b), (c) and (f) are available in:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486

Taxonomy-aligned CAPEX

- ROCKWOOL 2023 CAPEX amounted to 317 MEUR (see Notes 3.1 to 3.3 in Group consolidated statements in 2023 Annual Report) and is related to the implementation of investment plans adopted by Group Management. EU Taxonomy eligible and aligned CAPEX were incurred primarily for 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.

OPEX

Financial year 2023		2023		Substantial contribution criteria						DNSH criteria ('Do No Significant Harm')									
Economic activities (1)	**Code (s) (2)**	**Absolute OPEX (3)**	**Proportion of OPEX (4)**	**Climate change mitigations (5)**	**Climate change adaptations (6)**	**Water (7)**	**Pollution (8)**	**Circular economy (9)**	**Biodiversity (10)**	Climate change mitigations (11)	Climate change adaptations (12)	Water (13)	Pollution (14)	Circular economy (15)	Biodiversity (16)	**Minimum safeguards (17)**	**Taxonomy-aligned proportion of OPEX, year 2022 (18)**	**Category enabling activity (19)**	**Category transitional activity (20)**
		MEUR	%	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y;N; N/EL; (b) (c)	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	%	E	T
A. TAXONOMY-ELIGIBLE ACTIVITIES																			
A.1. Environmentally sustainable activities (Taxonomy-aligned)																			
Manufacture of energy efficiency equipment for buildings	CCM 3.5	210	53%	Y	N	N	N	N	N	Y	Y	Y	Y	Y	Y	Y	53%	E	-
OPEX of environmentally sustainable activities (Taxonomy-aligned) (A.1)		**210**	**53%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**Y**	**53%**		
Of which enabling		210	53%	100%	0%	0%	0%	0%	0%	Y	Y	Y	Y	Y	Y	Y	53%	E	
Of which transitional		0	0%							-	-	-	-	-	-	-	-		-
A.2 Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)																			
				EL;N/EL (c)	EL;N/EL (c)	EL;N/EL (c)	EL;N/EL (c)	EL;N/EL (c)	EL;N/EL (c)								%		
Manufacture of energy efficiency equipment for buildings	CCM 3.5	141	36%	EL	N/EL	N/EL	N/EL	N/EL	N/EL								37%		
OPEX of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned) (A.2)		**141**	**36%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**37%**		
Total (A1 + A.2)		**351**	**89%**	**100%**	**0%**	**0%**	**0%**	**0%**	**0%**								**90%**		

B. TAXONOMY-NON-ELIGIBLE ACTIVITIES			
OPEX of Taxonomy-non-eligible activities (B)		**43**	**11%**
Total (A+B)		**394**	**100%**

Taxonomy-aligned OPEX

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

Reference to (b), (c) and (f) are available in:
https://eur-lex.europa.eu/legal-content/EN/TXT/PDF/?uri=OJ:L_202302486

Accounting policies

Reporting period

Our reporting covers the period 1 January 2023 to 31 December 2023.

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 and 107d of the Danish Financial Statements Act.

We are committed to communicating openly to provide stakeholders with sufficient information about ROCKWOOL'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 covers the ROCKWOOL Group's subsidiaries.

Comments on data scope and boundary

Comments on environmental data scope and boundary

'Stone wool factory' is an entity operationally controlled by ROCKWOOL, equipped with a melting infrastructure and manufacturing mineral wool for technical and building insulation, for growing media solutions for the professional horticulture industry and/or for four other core areas: urban climate adaptation incl. water management system, residential prefab construction, urban acoustics and automotive industry.

In 2023, 33 stone wool factories are included in the scope of the greenhouse gas (Scope 1 and Scope 2), water consumption, waste to landfill, management of waste from production. The new factory in China and the factory in Japan acquired in 2021 are now included in the reporting. The inclusion of this acquired factory did not lead to restatements of any parameters. One factory in Malaysia stopped production of stone wool in Q1 2022, however as there are ongoing activities at the site it continues to be included in the scope.

For air emissions and reclaimed material, 32 factories are included in the scope. The referred factory in Malaysia is excluded.

Other activities outside the stone wool manufacturing are excluded as their contribution to these environmental indicators is assessed to be insignificant.

In 2023, we improved the tools for calculation of N_2O emissions, and had a third party assessing the level of emissions from other greenhouse gases. The assessment indicated a difference of 1.5 percent in reporting greenhouse gas emissions. Therefore, the greenhouse gas emissions have been corrected for all years since 2019 to include an increase of 1.5 percent in emissions.

The energy efficiency goal scope covers owned buildings (excluding Russia) that have energy efficiency performance above 75 kWh/m^2/year and/or have not been renovated within five 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 Group LTI rate. External visitors are not included in the Group LTI rate, though all incidents are recorded and investigated.

Serious accidents is a new indicator, and are registered and investigated using the same system as for LTI.

Comments on compliance and safety, health and environmental management

In 2023, compliance data indicators covered the entire Group, for the "environmental, safety and health laws and regulations" indicator, which applies to 32 stone wool factories. The factory in Malaysia that stopped production of stone wool in Q1 2022 is not included.

Baselines

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 there is no baseline year.

Sustainability data collection, calculations and consolidation

The calculation and reporting of energy, greenhouse gas emissions (Scope 1 and 2), water consumption, waste management and air emissions is supported by the same system used for the financial consolidation and reporting.

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

The LTI, greenhouse gas 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. Air emissions data is provided by the factories and reviewed for developments and completeness at Group level. The data is therefore assessed to be complete and accurate to management's best knowledge.

The Group's Scope 3 GHG emissions are collected for material categories, calculated annually and aren't in scope of external assurance.

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. For greenhouse gas, water consumption, waste and air emissions data, changes to historical data are only made if the impact is more than one percent of the Group's aggregated data.

Safety, environmental and compliance indicator definitions

Safety data indicators Lost Time Incident (LTI) rate

The serious accidents reported are injuries resulting in loss of body parts or injuries with risk of invalidity for employees or contractors. This covers incidents happening in connection with work on our premises (factories, offices etc.), during travelling, visiting building sites or otherwise working for the company.

Fatalities are reported separately.

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.

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 CO_2 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.

Energy consumption

Energy consumption is calculated as the total energy consumed by the 33 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.

Energy consumption from internal transport is not included in alignment with the CO_2 emissions trading schemes and GHG tax schemes ROCKWOOL is part of.

CO_2 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 CO_2 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 (ETS). The factory in the United Kingdom is part of the UK ETS that follows similar processes as the EU ETS.

The total CO_2e 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).

CO_2 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 CO_2 and greenhouse gas goals.

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

Scope 1 and 2 GHG (greenhouse gas) emissions

Scope 1 and 2 GHG emissions are the sum of CO_2 emissions and other GHG emissions in absolute terms for 33 stone wool factories in the reporting year.

N_2O emissions are calculated based on analyses made in some of the production facilities under representative operational conditions. The N_2O emissions from the factories located in Russia are estimated based on the data available at the time sanctions came into force primo 2022.

Other GHG emissions have been assessed by a third-party as having a contribution of less than 1.5 percent of the sum of CO_2 (Scope 1 and 2) and N_2O in 2022. Therefore, these emissions are reported as an estimate of 1.5 percent of our total emissions.

The global warming potential values used for GHG are the ones published in the IPCC Sixth Assessment Report (AR6). The data is used in calculating the Group's progress toward achieving its absolute Scope 1 and 2 GHG emissions science-based target.

Scope 3 GHG emissions

Scope 3 is defined according to the Greenhouse Gas Protocol and includes other indirect emissions from our activities that result from sources that we do not own or control. The Group's Scope 3 GHG emissions are collected for material categories, calculated annually and aren't in scope of external assurance. The emissions are based on a lifecycle assessment analysis which is based on EN15804+A2, using LCA for Experts software Version 10.7.1.28 and Managed LCA Content database version 2023.1. The data is used in calculating the Group's progress toward reaching its Scope 3 GHG emissions science-based target.

Air emissions – NOx, SO_2, CO, Ammonia, Phenol, Formaldehyde and PM10

All air emissions other than GHGs are calculated as the total emissions for each component. The air emissions are based on analytical measurements performed in accordance with the factories permit requirements and operational conditions.

The scope of air emissions in 2023 is 32 stone wool factories. One factory in Malaysia that stopped producing stone wool in Q1 2022 is not included. In 2022 there were 31 stone wool factories in scope. The factory in Malaysia where operations were stopped and the factory in Japan were excluded.

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.

Circa 80 percent of the data is based on periodic measurements taken one to four times a year and considered representative for the year as per permit requirements. The remaining 20 percent is based on continuous measurements.

The air emissions measured at the Asian factories are most often below the expected range of valid reports. ROCKWOOL cannot explain these differences and to avoid under-reporting emissions, the emissions from the factories located in Asia are estimated based on the air emission levels per tonne of stone wool produced of factories with similar characteristics (we are working on aligning the meassurements). Due to lack of data from factories in Russia, the air emissions of these factories are calculated as an estimation based on the average air emissions level per tonne of stone wool produced in other reporting factories.

In 2023 we have updated the accounting policy for stating air emissions and consequently we have updated the comparative 2022 figures in the 2023 report as well. This includes stating absolute values as supposed to previously stated indexed figures to the 2015 baseline.

Water consumption and withdrawal

Water withdrawal consists of water withdrawn from the ground, surface water, municipal supply and any other external source at the 33 stone wool factories. Rainwater is excluded from total water consumption per tonne of stone wool. Reported data is based on meter readings, invoices or estimated based on pump flows and operation time.

Total water consumption from all areas with water stress refers to the water consumption at seven factories. This was the result of water scarcity assessments carried out by a third-party in 2017 and 2022.

The water scarcity assessment is 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 33 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 offers to take back used stone wool material from the market for either open-loop (external applications) and/or closed-loop (at our factories) recycling. This is often done in connection with waste management companies or other third parties, which can handle the collection, transport, sorting and cleaning of the material before it is sent for recycling.

For a country to be included as a 'Rockcycle® country', it must fulfil all of the following criteria:

1. Rockcycle® is available as a take back scheme (as a minimum for insulation products). These products are taken back to a ROCKWOOL factory and/or a waste management company that ensures the waste is recycled.

2. Rockcycle® is offered to a minimum of 5 percent of total actual sales volume in the country (across all product categories).

3. Rockcycle® is communicated in the country for example on the ROCKWOOL local website, in brochures, through direct promotion to relevant customers, a local video, etc.

The criteria are also included in the reclaimed material goal's internal guidelines and are available to all global business units. A country must present appropriate documentation as mentioned in the Guidelines 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. The factory in Malaysia that stopped operations in Q1 2022 is not included. Recycled waste from other industries is waste or bi-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.

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 'share of women in new hires for middle manager positions'. Executive management reflects level 2 (Members of Group Management and positions directly reporting to CEO) in the company's organisational structure, and Middle management levels 3, 4 and 5 (Managerial positions reporting to level 2, 3 and 4).

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

Incidents of corruption or bribery

The disclosure referring to incidents of corruption or bribery is aligned with the European Sustainability Reporting Standards (ESRS) Disclosure requirement G1-4, where number of convictions and the amount of fines for violations of anti-corruption and anti-bribery laws are reported as well as actions taken to address breaches in procedures and standards of anti-corruption and anti-bribery are disclosed.

Compliance with environmental, safety and health laws and regulations

The scope of the compliance with safety, health and environment laws and regulations is 32 stone wool production factories, the factory in Malaysia that stopped stone wool production in Q1 2022 is not included.

The number of stone wool factories with certified management systems reflects the number of factories that have implemented and are certified for at least one of the following management systems:

- ISO 14001 (environmental management system);
- ISO 45001 or OHSAS (Occupational health and safety management systems); or,
- ISO 50001 (energy management system).

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.

Management's statement

The Board of Directors and Registered Directors have today considered and adopted the ROCKWOOL Sustainability Report for the reporting period 1 January to 31 December 2023.

The selected sustainability data in the 2023 Sustainability Report has been prepared in accordance with the accounting policies developed by ROCKWOOL as stated on pages 60-63 (the "accounting policies").

The reporting on the EU Taxonomy on pages 54-59 has been prepared in accordance with Article 8 of Regulation (EU) 2020/852 (EU Taxonomy Regulation).

In our opinion, the 2023 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, 7 February 2024

Registered Directors

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Board of Directors

Thomas Kähler
Chairman

Jørgen Tang-Jensen
Deputy Chairman

Rebekka Glasser Herlofsen

Jes Munk Hansen

Carsten Kähler

Ilse Irene Henne

Connie Enghus Theisen

Christian Westerberg

Berit Kjerulf

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 for the period 1 January – 31 December 2023 described in the section "What we are assuring" and set out in the 2023 Sustainability Report of ROCKWOOL ("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 for the period 1 January - 31 December 2023 stated on pages 52-53 in the 2023 Sustainability Report of ROCKWOOL are prepared, in all material respects, in accordance with the accounting policies developed by ROCKWOOL as stated on pages 60-63 (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 2023 in the section "Operational performance metrics" stated on pages 52-53, namely:

- Total direct and indirect greenhouse gas emissions (GHG) (page 52);
- Total reduction in direct and indirect GHG (Scope 1+2), (SBT) (page 52);
- Total direct and indirect CO_2 emissions (page 52);
- CO_2 direct (Scope 1) (page 52);
- CO_2 indirect (Scope 2), market-based emissions (page 52);
- CO_2 intensity direct (Scope 1) per tonne stone wool (page 52);
- CO_2 intensity indirect (Scope 2) per tonne stone wool (page 52);
- CO_2 intensity direct and indirect (Scope 1+2) per tonne stone wool (page 52);
- Energy consumption (page 52);
- Energy per tonne stone wool (page 52);
- Energy efficiency in own buildings (page 52);
- NOx (page 52);
- SO_2 (page 52);
- CO (page 52);
- Ammonia (page 52);
- Phenol (page 52);
- Formaldehyde (page 52);
- Particulate matter (PM10) (page 52);
- Water use intensity (m^3/t stone wool) (page 52);
- Water consumption excl. rainwater (page 52);
- Total water consumption from all areas with water stress (page 52);
- Groundwater own abstraction (page 52);
- Municipal water and other utilities (page 52);
- Rainwater own abstraction (page 52);
- Surface water own abstraction (page 52);
- Waste landfilled (page 53);
- Landfill waste from factories (page 53);
- Number of countries with comprehensive reclaimed material schemes (page 53);
- Percentage of female leaders in executive and middle management positions (page 53);
- Share of women in new hires for middle manager positions (page 53);
- Fatalities (page 53);
- Frequency of LTI – employees & contractors (per million hours worked) (page 53);
- Annual improvement in LTI frequency (page 53);
- Serious accidents (page 53);
- Confirmed incidents of corruption (page 53);
- Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with laws and regulations (page 53);
- Legal actions for anti-competitive behaviour, anti-trust and monopoly practices (page 53);
- Factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001 (page 52);
- Share of factories certified to ISO 14001 and/or ISO 45001 and/or ISO 50001 (page 52).

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 behavior, 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 2023 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 2023 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 2023 Sustainability Report.

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 2023 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, 7 February 2024

PricewaterhouseCoopers
Statsautoriseret Revisionspartnerselskab
CVR no. 3377 1231

Kim Tromholt
State Authorised Public Accountant
mne33251

Rune Kjeldsen
State Authorised Public Accountant
mne34160

The ROCKWOOL® trademark

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

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

ROCKWOOL Group's primary trademarks:

ROCKWOOL®

Rockfon®

Rockpanel®

Grodan®

Lapinus®

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

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