

Sustainability Report

for the reporting year 2012

ROCKWOOL®
FIRESAFE INSULATION



CREATE AND PROTECT®

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A better life – today and tomorrow

Improving energy efficiency is essential in order to give millions of people around the world affordable energy bills and better environments.





“The strategic development of the ROCKWOOL Group is strongly connected to our ambition of having better buildings constructed in all corners of the globe.”

Eelco van Heel
CEO and Group President

Towards sustainable buildings across the globe

The strategic development of the ROCKWOOL Group is strongly connected to our ambition of having better buildings constructed in all corners of the globe. In those endeavours the focus on sustainability – the main point of this report – is key. Directed by its different dimensions such as better energy efficiency, less carbon emissions, better indoor environments, safer materials and more durable constructions, it sets the scene for our expansion and for a wider use of our unsurpassed know-how and technologies within stone wool.

Sustainable construction methods and materials are, unfortunately, not as widespread as you would expect given the attention the issue attracts from many parts of the building sector. In Europe, we have worked hard to arrive at reasonable standards for energy efficient new buildings as well as increased incentives towards energy renovation of existing buildings. We are cooperating with many stakeholders ranging from NGOs to other international companies which share our ambition of the low-energy society of tomorrow. With the adoption of the EU's Energy Efficiency directive in 2012, an important milestone was reached.

Outside Europe, legislation in the area of building codes and quality of materials is generally less ambitious, and the Group sees it as an important mission to improve standards. In some of the most rapidly developing construction markets, we observe a worrying trend of ignoring appropriate energy performance levels and, even more so, fire safety aspects. We will continue our drive towards more sustainable building habits in these markets.



ROCKWOOL insulation helps keep either the freezing cold or the scalding heat at bay. Regulating hot air is our core business.

The ROCKWOOL Group made significant progress into new growth markets in 2012. A new factory was started in Russia and optimisation continued at the factories acquired in Malaysia, Thailand and China in 2011, as well as at the plant opened in India during the same year. When acquiring factories, the ROCKWOOL Group's leadership position within know-how and technology becomes apparent and we harvest significant benefits in terms of improving production volumes, product quality and environmental performance. The new factories and companies of the ROCKWOOL Group will continue to acquire the assistance needed to reach the same level of environmental and social performance as the rest of the Group, and the learning curve is pointing in the right direction.

We are convinced that we have developed world-class technologies within stone wool production but we still have ambitions to become better. As you can read elsewhere in this report, many efforts and actions were initiated in 2012 and despite more than 75 years of stone wool experience, we continue to improve. Nine out of 12 key environmental indicators have improved compared to the baseline year 2009, and we have set the ambitious target for our factories to achieve a 15% efficiency improvement in energy consumption and CO₂ emissions by 2015. 2012 showed that this is not an easy task. We are on the way towards this aim, but we are not there yet. Within the key area of workplace safety we have set a new, ambitious 2017 goal after having reached our 2012 target.

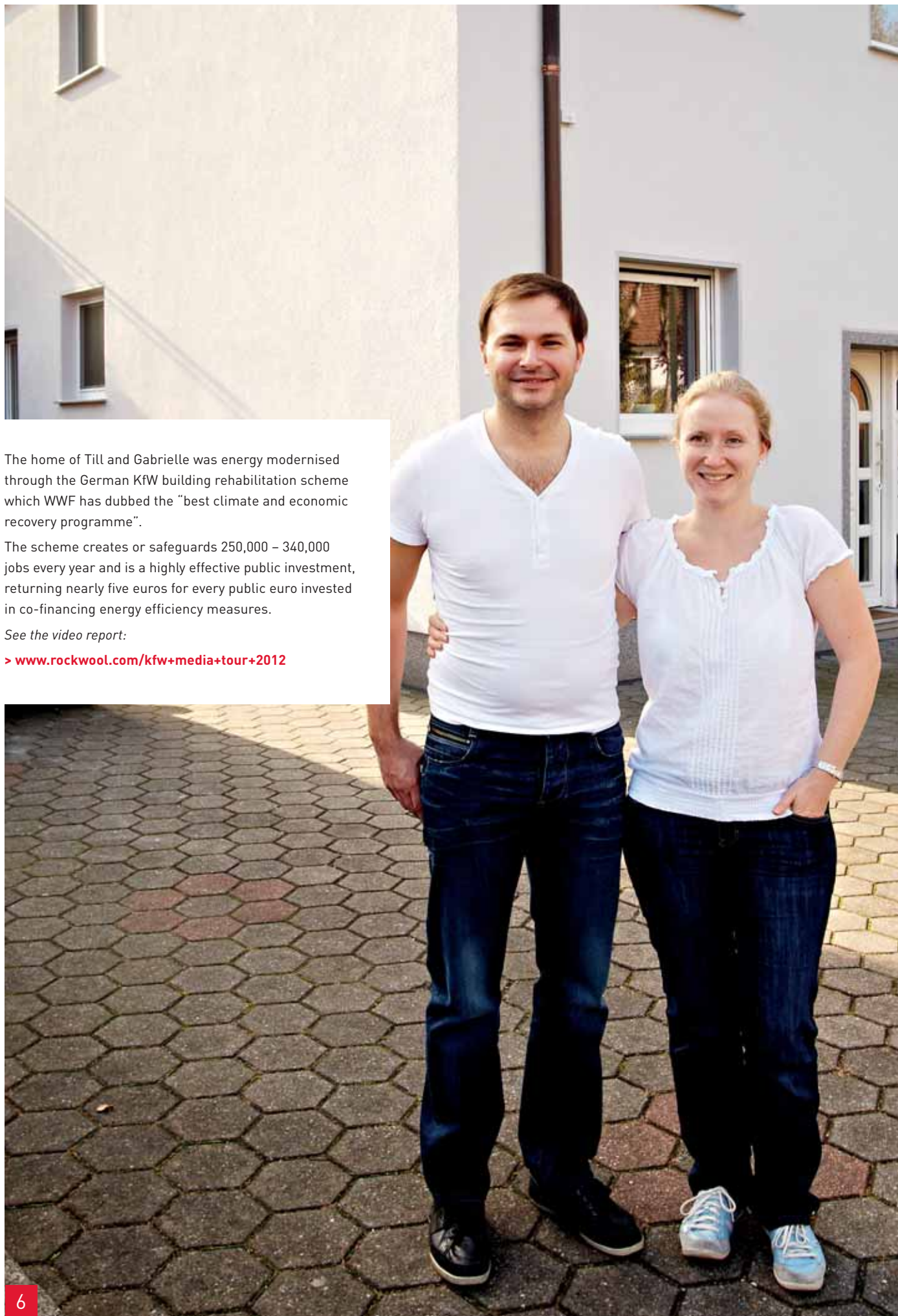
On the other dimensions of sustainability, we continue to run our business on the ambition of social responsibility and sound business ethics, and we confirm our commitment to support the

UN declaration of human rights. In 2012, our efforts included the strengthening in the ROCKWOOL organisation of our value-based programme, the ROCKWOOL Way, as well as new instruments such as the launch of a whistle-blower programme. The Group is expanding fast into new countries and continents these years, but regardless of new or old, and regardless of whether we might face tough local operating conditions, wherever we operate the ROCKWOOL Group and its employees, we must never compromise on our principles and values. We also apply the same high expectations to our business partners and other stakeholders.

Looking ahead, we see a bright future providing the global markets with high-quality products and systems to create better and safer buildings. We have, in recent years, made significant progress through our R&D efforts, which will improve the characteristics of our products and systems and make our production process more efficient and less of a burden to the local environment.

I look forward to updating you on our achievements and progress in future sustainability reports.

Eelco van Heel
CEO and Group President



The home of Till and Gabrielle was energy modernised through the German KfW building rehabilitation scheme which WWF has dubbed the “best climate and economic recovery programme”.

The scheme creates or safeguards 250,000 – 340,000 jobs every year and is a highly effective public investment, returning nearly five euros for every public euro invested in co-financing energy efficiency measures.

See the video report:

> www.rockwool.com/kfw+media+tour+2012

How can we help create a better life?

Insulation of buildings and industrial processes is an excellent way to address energy insecurity, climate change and unemployment.

Buildings account for about 40% of energy consumption according to UNEP. In emerging economies, where millions of people are moving into cities in search of a better life, new demand for heating and air conditioning of offices, homes and supermarkets means that energy demand in buildings is growing rapidly.

This challenge creates a vast opportunity for the ROCKWOOL Group. We can now make affordable buildings that are so well insulated and energy efficient, they can be energy neutral with a minimal supply of renewable energy. Ahead of us lies a huge task, as only a tiny fraction of the global stock of buildings is prepared for a low energy future. Most of the buildings that will be in use in 2050 in Europe have already been built, and will need to be energy modernised. Few buildings being erected today are anywhere close to the near-zero energy standards that will become mandatory for new buildings in the EU by 2021. Globally, some countries are yet to enforce mandatory energy efficiency standards for all buildings. As efficiency standards and energy costs rise, ROCKWOOL insulation will become an increasingly important solution.

Advocating jobs, prosperity, climate

By making buildings energy efficient more than a million green growth jobs can be created and globally we can save billions – both in energy costs and in emitted tonnes of CO₂. According to CO₂ abatement studies by McKinsey and others, investing in insulation is one of the most economically beneficial ways to reduce carbon emissions.

Throughout 2012, the ROCKWOOL Group has engaged with policy makers, NGOs and opinion leaders, the media and the education sector, advocating green growth initiatives that deliver profitable energy and CO₂ abatement in buildings and in industry. Our focus is not just Europe: we believe some of the greatest opportunities are in Asia, Russia and the Americas where high levels of economic growth are driving construction activity, energy demand and carbon emissions. The ROCKWOOL Group is a WWF Clean Energy Ambassador, and supports their vision and plan for a world so energy efficient that by 2050, it can be run entirely and economically on renewable energy. The ROCKWOOL Group is encouraging the EU to make a binding

energy efficiency target of 40% by 2030. This will create a higher degree of certainty among the stakeholders who can then mobilise appropriate and coherent action in the most cost-effective way.

Mitigating climate change

ROCKWOOL thermal insulation is one of those rare industrial products that in its application saves more energy than is used to make it, and mitigates more CO₂ and some air pollutants than are emitted in its production. Over 50 years, a traditional 250 mm ROCKWOOL insulation product installed in an uninsulated loft in Danish climate, can save 128 times more primary energy than was used, and 162 times more CO₂, than was emitted in its production, transport and disposal. The energy balance is positive just five months after installation, and the CO₂ balance after only four. CO₂ reductions are even higher for insulation of hot industrial processes, for instance in power plants, petrochemical industries and other hot industrial processes, where temperatures can exceed 200, 400 or even 600°C. On average, ROCKWOOL insulation for industrial processes and technical installations will save 20,000 times more CO₂ than was emitted in its manufacture. The energy payback can come in less than 24 hours.

In total, the ROCKWOOL insulation produced in 2012 and installed in uninsulated constructions and processes will, in its lifetime, save 4,990 million tonnes of CO₂ (nearly 5 GtCO₂) in buildings and industries worldwide. In just the first year, the energy-saving ‘vintage 2012 insulation’ installed in buildings and processes will reduce CO₂ emissions by approximately 221 million tonnes. If we increase our sales of insulation in line with our target we will nearly double the positive net carbon impact of our products, from 4,000 million tonnes of lifetime CO₂ savings from the insulation produced in 2009, to 7,900 million tonnes in 2020.

To make our carbon footprint even more positive, we also need to improve both our own production processes and our products. This requires considerable long-term investments in our capital-intensive operations. Just one new high-capacity factory with state-of-the-art melting technology, production processes and environmental equipment, costs approximately EUR 100 million.



Improving fire safety

In recent years the debate about the safety of combustible insulation and other combustible building materials has intensified in several countries, and in Europe's biggest market, Germany, insulation and fire became front page news in 2012. A building that burns down is no longer sustainable. Lives can be lost and assets go up in smoke and must be replaced by new materials costing more in energy use and emissions. According to Insurer FM Global, fire risk alone can add up to 14% of the potential carbon emissions over the lifetime of a facility exposed to extensive fire hazards. Meanwhile, Fire Safe Europe reports that the severity and costs of fires have risen sharply in recent years. In Europe every year, around 70,000 people end up in hospital because of injuries caused by fire or from smoke inhalation. Fire damage eats up about 1% of Europe's GDP. This is hardly a sustainable use of resources.

Fire safety is an inherent property of stone wool compared to many other types of insulation material. ROCKWOOL stone wool is non-combustible and has a melting point not less than 1,000°C according to DIN 4102-17. No brominated chemicals or any other types of flame-retardants are added to ROCKWOOL stone wool. As basic material, stone wool is generally rated in the best EU class for reaction to fire (A1). Stone wool is often used as a fire barrier, for instance in walls, doors, around ventilation ducts and load-bearing constructions, and in marine and offshore applications. With larger amounts of insulation being used in modern buildings, the choice of fire safe insulation and proper installation methods is becoming increasingly important.

Abating noise

Noise pollution adversely affects the quality of life of millions of people. Noise reduces our ability to learn, be productive or to relax. It hampers good communication, can cause stress and may impact health.

The porous structure of stone wool absorbs noise and regulates sound. Soundproofing not only makes it more peaceful for those living next door to noisy neighbours, it also enables people to have freer expression – for instance through their music or other sociable – but noisy – activities.

A good night's sleep

ROCKWOOL insulation in walls, roofs and under floors helps prevent noise from the outside – or from adjacent rooms – penetrating the building. A good wall construction with ROCKWOOL insulation can help reduce noise transmission. The sound insulation index (R_w – value) can be up to 20dB higher than a poor construction without insulation. A 10dB difference is perceived by the human ear as a doubling (or halving) of the audible sound. Machines that create deafening noise can also be encapsulated with ROCKWOOL insulation. Traffic noise affects 40% of EU citizens and can reduce the value of property along major roads by 1.6% for every Decibel (dB) above 55dB. Along busy roads, stone wool in noise screens, or as ROCKDELTA vibration control under rail tracks, helps minimise noise and vibration.

Listen and learn

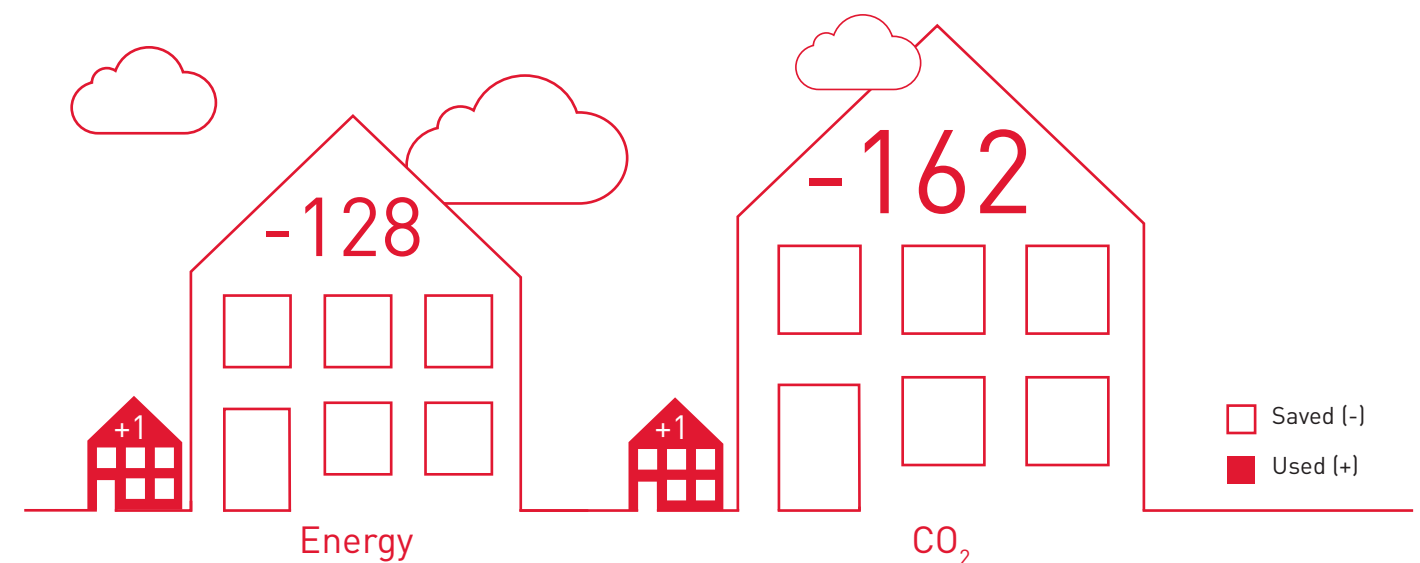
A poor acoustic environment is not just a problem in offices, concert halls, cinemas and theatres, but also in hospitals where patients need a tranquil environment in which to recover. Globally, too many school years are disrupted by the adverse effect that noise can have on concentration and learning. At reverberation times of just 0.7 seconds, only 67% of the spoken word remains comprehensible. With ROCKFON acoustic ceilings absorbing and regulating sound, 'noise infernos' with disturbing echoes can be abated.

Fulfilling our task

This report shows the progress we have made in 2012, the challenges we have met and the way we have worked towards fulfilling our task of helping create a better life today and tomorrow for more people around the globe.

Life Cycle Assessment

ROCKWOOL insulation is a major energy and CO₂ saver. A traditional 250mm ROCKWOOL insulation product – manufactured and installed in an uninsulated loft in a climate like that of Denmark and used over 50 years – will save 128 times more primary energy than consumed, and mitigate 162 times more CO₂ than emitted, in its life cycle.

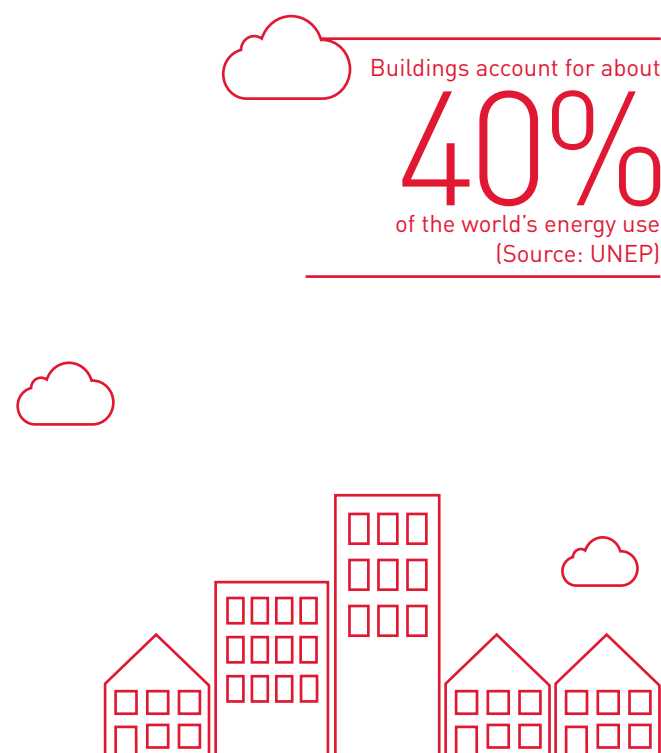


Source: FORCE TECHNOLOGY/dk-TEKNIK

Highlights 2012, progress and challenges

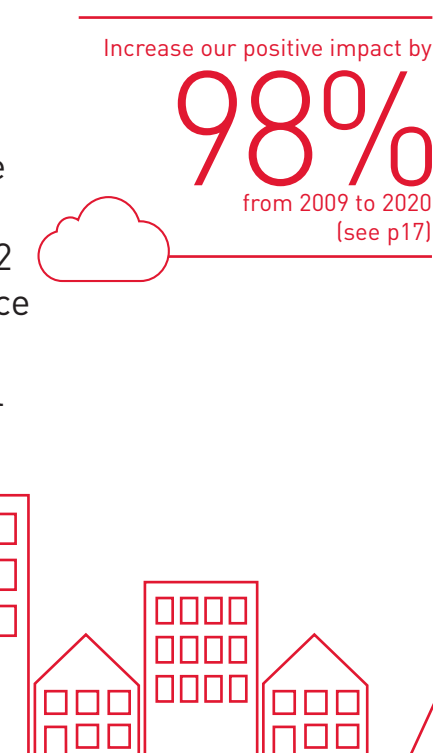
The challenge

Despite efforts to tackle climate change, carbon emissions are still rising. Since buildings account for about 40% of the world's energy use, one of the simplest ways to protect the environment is to insulate your home. By reducing the amount of energy used for heating or cooling you can limit CO₂ emissions and at the same time live comfortably and more economically.



ROCKWOOL goals

By increasing sales of insulation according to target, we will nearly double the positive net carbon impact of our products, from 4,000 million tonnes of lifetime CO₂ savings from the insulation produced in 2009, to 7,900 million tonnes in 2020. Our insulation installed in 2012 will help our customers save energy and reduce lifetime carbon emissions by approximately 4,990 million tonnes, reaching 25% of our goal since 2009, and thus on target.



Other highlights in 2012

9 of 12 environmental indicators improved*
*Since baseline year 2009

410 more employees

226m invested in R&D

324m in tax on profit for the year

218 patents granted

2nd best Danish climate reporter in CDP* 2012
*Carbon Disclosure Project

How we deliver on goals

Increase energy efficiency in our production by 15% by 2015 (see p14)

| Year | Progress (%) |
|-------------|--------------|
| 2009 | 5% |
| 2015 target | 15% |

Increase CO₂ efficiency in our production by 15% by 2015 (see p16)

| Year | Progress (%) |
|-------------|--------------|
| 2009 | 6% |
| 2015 target | 15% |

Reduce accidents to max. 5 per million hours by 2012 (see p24)

| Year | Accidents per million hours |
|---------------|-----------------------------|
| 2009 | 10.8 |
| 2012 target* | max. 5 |
| 2012 achieved | 3.7 |

* In 2012 a new goal of max. 2 accidents per million work hours by 2017 was established.



Protecting the environment

Protecting the environment by becoming more resource efficient

Doing good globally requires being responsible locally. We're focused on improving the resource efficiency of buildings, but also of our own production. In 2012, nine of 12 key environmental indicators improved compared to the baseline year.

Environmental management

Our Group Environment Policy requires each subsidiary to have an Environmental Management System (EMS), which covers responsibility and control procedures. Twelve of our 27 production units (44%) have chosen certified management systems such as ISO 14001 and/or OHSAS 18001. To improve our factories' environmental performance even further, and minimise risks, the ROCKWOOL Group has developed environmental standards, which specify aspects including responsibility and required measurements.

The individual subsidiaries are responsible for the day-to-day safeguarding of the environment at our factories. The Group central environment department advises and audits the subsidiaries and coordinates the corporate environmental

policy and strategy. All factories must set up environmental, health and safety goals and action and investment plans. In 2012, 50 external and ten Group safety, health and environment audits were made. On average, ROCKWOOL factories are subject to one such audit at least once a year.

No environmental fines

The ROCKWOOL Group did not receive any fines or non-monetary sanctions in 2012 for non-compliance with environmental laws and regulations. The Group has one pending court case, which was won in the first instance, but has been appealed by the claimant in Croatia.

Community and stakeholder engagement

Being a good, responsible and transparent neighbour is essential for the ROCKWOOL Group and our factories. In 2012, our factories received a total of 156 complaints from the communities in which they operate. Though this is a higher figure than for 2011, our growing fleet of production facilities means the number of complaints per factory has slightly decreased. Air emissions, odour and noise were the three most frequent reasons for complaints which are registered and dealt with by our environmental organisations at the factories; the reason for the claim is clarified, a response is given to the claimant and remedial action is carried out to the extent possible.

› www.rockwool.com/csr/social/neighbour+relations

| Environmental indicators (2009 = index 100) | 2009 | 2010 | 2011 | 2012 | 2009-2012 |
|---|------|------|------|------|-----------|
| CO | 100 | 54 | 63 | 53 | -47%* ☺ |
| PM ₁₀ | 100 | 96 | 90 | 88 | -12%* ☺ |
| SO ₂ | 100 | 87 | 83 | 89 | -11%* ☺ |
| Water | 100 | 98 | 100 | 94 | -6% ☺ |
| Reclaimed products | 100 | 68 | 103 | 107 | +7% ☺ |
| CO ₂ Scope 1 | 100 | 95 | 91 | 95 | -5% ☺ |
| Energy | 100 | 96 | 93 | 97 | -3% ☺ |
| Recycled content | 100 | 93 | 99 | 102 | +2% ☺ |
| NO _x | 100 | 96 | 88 | 98 | -2%* ☺ |
| Binder components | 100 | 105 | 100 | 104 | +4%* ☹ |
| CO ₂ Scope 2 | 100 | 98 | 103 | 105 | +5% ☹ |
| Waste to landfill | 100 | 159 | 140 | 187 | +87% ☹ |

Nine of 12 environmental performance indicators were improved from 2009 (index 100) to 2012. All indicators were calculated per tonne produced stone wool. CO₂ Scope 1 emanates from in-plant sources (e.g. fuels). Other environmental indicators are also related to in-plant consumptions or emissions, except for CO₂ Scope 2 that emanates from electricity produced off site. In 2012, data from five newcomer factories was added.

*For air emissions only, data from 22 baseline factories are declared in 2012, for other indicators all 27 factories are included in 2012.



Improving energy efficiency

The most sustainable energy is the energy we don't use. Energy efficiency is essential for the ROCKWOOL Group, both when we are optimising our production processes and when developing products to help our customers save even more energy and CO₂. Saving fuel also means less air pollution and it makes society – and businesses – economically more viable.

Efficiency gains

In 2012, the ROCKWOOL Group's 27 factories used 14.9 Petajoules, with the energy saved due to conservation and efficiency improvements amounting to 0.63 Petajoules. This improvement is related to our production process (mainly material efficiency and improved melting process) and represents 4.2% of the energy usage.

Low capacity utilisation impairs efficiency

In 2012, the ROCKWOOL Group set a goal to improve the energy efficiency of the existing production units by 15% from 2009 to 2015. From 2009 to 2012 the energy efficiency improved by 5% for these units. In 2012, effective action was taken, including improving our melting ovens. In Scandinavia in particular, good progress was made on better energy management and this experience will now be transferred to more countries. Had it not been for the lower capacity utilisation in factories affected by the recession, the total efficiency gains would have been larger. Further, some process improvements were pursued despite creating more energy demand. More advanced production equipment delivered benefits such as reducing heavy lifts and better compression of products, improving downstream transportation efficiency.

The melting process in which rock and recycled materials are turned into lava at temperatures above 1,500°C, and then spun as stone wool fibres, is the most energy-intensive part of our production process. The ROCKWOOL Group has some of the world's leading experts on the energy efficient production of stone wool.

See how it's made – in the video *People & Environment*

> www.rockwool.com/about+the+group/media/images+and+videos



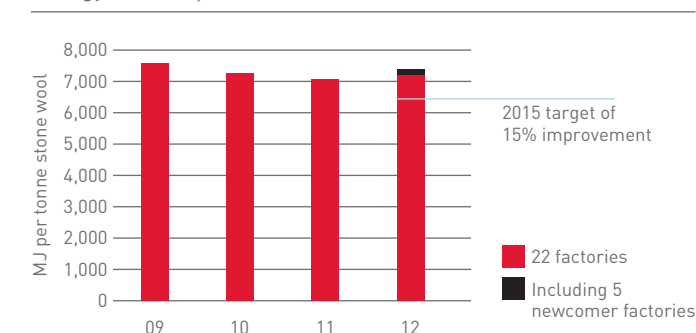
Transport efficiency is crucial for high-volume products. Ideally, the transport distance for basic insulation products should not exceed 200-400 km, but staying within this range is often impossible in Russia. In 2012, our efficient compression technology was successfully introduced at the new factory in Elabuga. This technology makes it possible to compress ROCKWOOL insulation by up to 60%.

Helping newcomer factories get up to speed

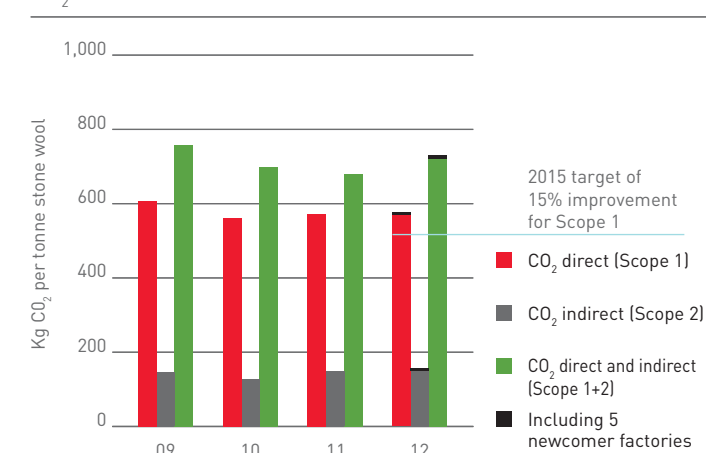
In 2012, three recently acquired factories in Asia and two newbuild factories in Russia and India were included in the Group figures. These five factories are crucial for helping growth economies become more energy efficient, and the insulation they produce also improves the ROCKWOOL Group's own net energy balance and carbon footprint. But they have not yet reached the internal standards we set for production efficiency, and in 2012 we focused on lifting the environmental performance, melting and material efficiency of the acquired factories closer to Group average. Specific investments included new stone wool recycling equipment in our acquired factory in Rayong, Thailand, which will not only minimise waste, but also improve material, energy and CO₂ efficiency. In the two newbuild factories, rapid improvement by the new operators, especially during the last few months of 2012, also bodes well for their future performance. Taking the five newcomer factories into account, the overall improvement in energy efficiency from 2009 to 2012 was 3%.

Scope 1: CO₂ from fuel combusted at the company
 Scope 2: CO₂ from power supply companies
 Scope 3: CO₂ from product use, waste disposal, air travel, vehicles not owned by the company, production and transport of raw materials, and other indirect emissions.

Energy consumption in factories



CO₂ emissions in factories



Improving CO₂ efficiency



In Scandinavia, we've developed a better way to monitor and avoid unnecessary electricity use, a system we will be rolling out to our other factories.

For a traditional ROCKWOOL loft insulation product, the CO₂ that was emitted during its production and other stages of its life cycle may constitute less than 1% of the CO₂ it saves as insulation in a building. With insulation for hot industrial processes it is even less – typically around 0.05%. Although ROCKWOOL insulation has an extremely positive net carbon footprint, the stone wool production at our factories still yields nearly 1.6 million tonnes of CO₂ emissions. So we aim to improve the positive CO₂ reduction qualities of our insulation products and also minimise our own emissions.

ROCKWOOL Group factories' direct (Scope 1) emissions totalled nearly 1.3 million metric tonnes of CO₂e in 2012. Indirect (Scope 2) emissions generated from purchased electricity amounted to just over 300,000 tonnes of CO₂e. The total greenhouse gas emissions (direct and indirect) thus amounted to nearly 1.6 million tonnes of CO₂e.

Efficiency, targets and status

In 2012, the ROCKWOOL Group defined a goal of improving the existing factories' direct Scope 1 CO₂ efficiency per tonne of stone wool by 15% from 2009 to 2015. Having a capital-intensive production process means there are no quick fixes for achieving this aim. It's a long haul and requires focused action and investment. In 2012, our Scope 1 CO₂ efficiency was 6% better

than in the baseline year of 2009 on a like-for-like basis. Taking the five less efficient newcomer factories in Asia and Russia into account, our Scope 1 CO₂ efficiency improved by 5% over 2009. The Group's programmes to optimise our melting process and material efficiency have driven this improvement. In the 2012 reporting period, 55,000 tonnes of CO₂e reductions were achieved at factories across the Group as a result of these initiatives. At the same time considerable financial savings were achieved.

More electricity per unit

From 2009 to 2012, the Group's indirect (Scope 2) CO₂ emissions efficiency decreased by 5%.

Our combined Scope 1+2 CO₂ efficiency improved by 3%. A higher level of absolute CO₂ emissions over last year (approx. 160,000 tonnes for Scopes 1+2) has been a consequence of increasing sales of insulation.

Indirect greenhouse gas emissions (GHG)

By far the most important impact of the ROCKWOOL Group is the reduction of indirect (Scope 3) CO₂ emissions that the use of insulation delivers. In 2012, increased sales of CO₂ mitigating insulation led to further emissions reduction. Estimated lifetime net carbon savings for insulation produced in 2012 will be 4,990 million tonnes, an improvement of 254 million tonnes over the previous year, and bringing us closer to our target of increasing sales, to the extent that by 2020 our positive net carbon footprint will reach 7,900 million tonnes. The Group's avoided indirect GHG emissions are more than a thousand times larger than our adverse direct and indirect emissions.

In 2012, the Group emitted 70,000 tonnes of indirect GHG emissions from downstream transportation and distribution to central warehouses. Furthermore, 5,168 tonnes of indirect GHG emissions from business travel (by air) were registered.

For further details, see our CDP response, section 14

> www.cdproject.net

Financial implications of climate change

The financial implications of climate change are massive worldwide, but for the ROCKWOOL Group, as one of the world's major CO₂ mitigating companies, they represent a huge opportunity and growth driver, and pose relatively minor risks. Climate change pushes governments to introduce stricter regulations for CO₂ efficiency, in turn requiring more insulation. Carbon performance is also becoming increasingly important as companies compete to attract customers and skilled employees. Since a focus on CO₂ efficiency is truly embedded in the core of our insulation products, it permeates our business model and management decisions. These aspects cover sales, investments, process and product improvements, managing our insurance costs, our approach to carbon allowances, how we respond to regulation and how we manage our reputation. So, both the positive and adverse financial implications of climate issues are assessed, quantified and discussed in Group management, and also at board level.

CO₂ trading schemes – risk and opportunity

For our major industry customers, CO₂ allowances add to the financial case of improving the insulation of their hot processes. Only to a lesser degree do CO₂ allowances strengthen the business case for insulation in the construction sector. At present, the EU CO₂ price is far below the 30 EUR/t foreseen by the EU Commission for 2027, when no free allowances will be given.

In 2012, the Group's 11 facilities covered by the EU Emissions Trading Scheme (ETS) had been allocated sufficient free allowances to cover their emissions. Outside the European Union, two additional factories were applied a carbon tax. From 2013, the ROCKWOOL Group's 16 facilities covered by (or harmonised to) EU ETS will not receive allowances sufficient to cover actual emissions, creating a deficit that will gradually increase. This challenge is being addressed through our focus on production efficiency.

In some countries such as France and Germany, the revenues from the sale of CO₂ quota are used by the government to fund CO₂ efficiency schemes. This helps propel insulation measures and other important CO₂ reductions.

For further details about the financial implications, risk and opportunities of climate change, see our CDP response, sections 5 and 6 and strategy section 2

> www.cdproject.net and

> www.rockwool.com/csr/cdp



ROCKWOOL insulation from 2012 will save 4,990m tonnes of CO₂ in its lifetime

Better water efficiency

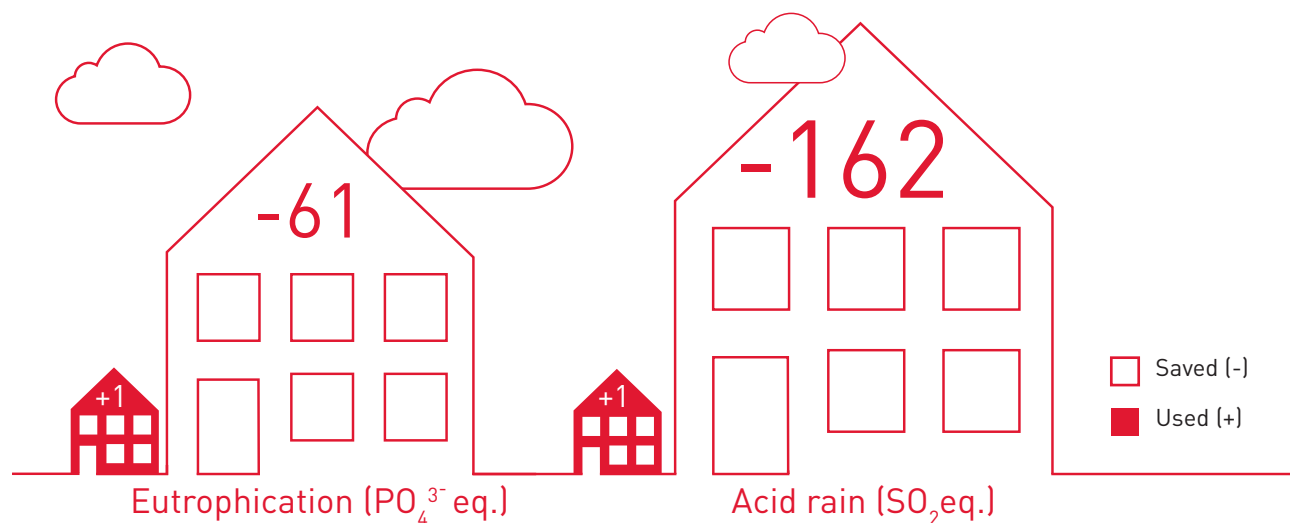
The ROCKWOOL Group is obliged to use water efficiently. The ROCKWOOL Group uses water mainly for cooling, for the binder that stabilises the stone wool fibres, and for cleaning and maintenance. From 2009 to 2012, the Group's water efficiency in our production improved by 6%. Our total water consumption was nearly 2.6 million m³. The Group average reached 1.17 m³ per tonne of stone wool, which is the lowest level we have ever recorded. In none of our factory locations are water resources significantly affected by our withdrawal of water. In order to reduce water consumption and to minimise environmental risks, the process water is typically reused in a closed system. To minimise the usage of drinking water, some of our factories use rainwater. In two factory locations (in Croatia and China) water condensation units are used to further reduce water consumption and water vapour in the plume.

Avoiding emissions to water and ground

The ROCKWOOL Group makes every effort to avoid any uncontrolled discharges. Our environmental auditing focuses on preventing ground contamination. In 2008, in Hungary, two cases of ground contamination were detected, and mitigation (using, for instance, micro-organisms and filters) is progressing according to plan. Most of our factories use drilling to monitor and prevent contamination of water and ground water resources, and strict procedures for handling rain and process water are used to protect against contamination.

Life Cycle Assessment

A traditional 250mm ROCKWOOL loft insulation product – manufactured and installed in an uninsulated construction in Denmark and used over 50 years – will save 162 times more acid rain components than was used for its production, transport and disposal. Reduced airborne nutrients come at a factor of 61 times.



Source: FORCE TECHNOLOGY/dk-TEKNIK.

Air quality

By reducing the need to burn fossil fuel, ROCKWOOL insulation also reduces overall air pollution – smog, acid rain and eutrophication.

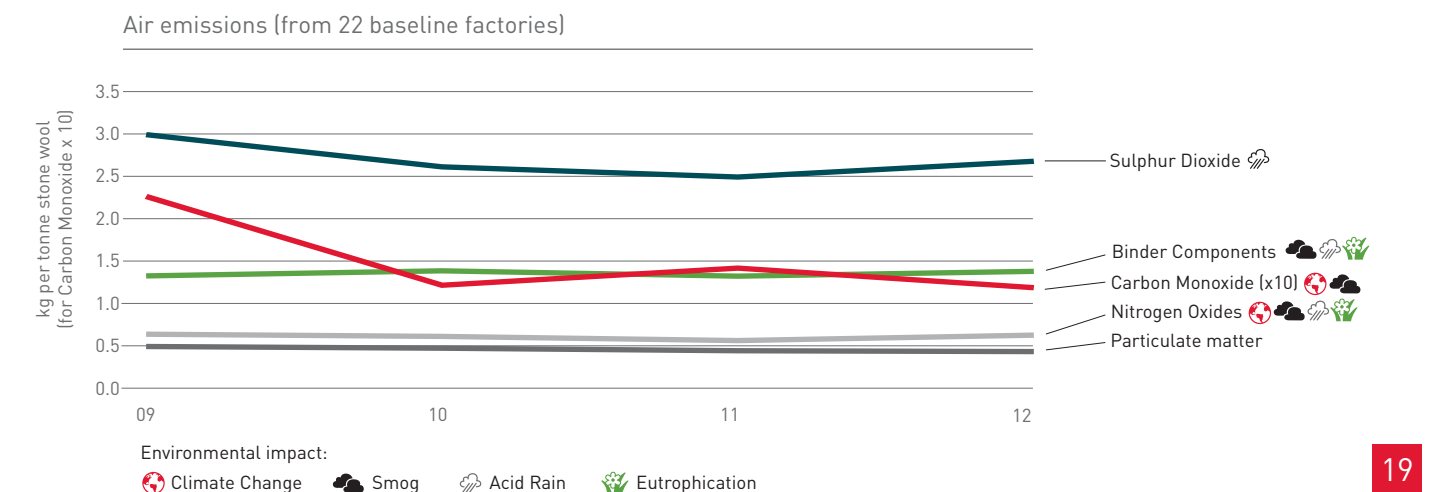
Reducing air pollution is a vital co-benefit of insulation for many regulators, not least in cities where solid fuel is frequently used.

Abatement technology

Producing insulation does involve emissions to air. In our own factories, the ROCKWOOL Group uses after-burners and other environmental equipment to minimise air emissions such as carbon monoxide (CO) from the melting process, and binder components from the the curing process. The combustion of carbon monoxide also improves our energy efficiency. At temperatures exceeding 700°C, most of the airborne organic remnants from the production process are burnt off.

Addressing smog and eutrophication

The Group's emissions of components that are smog precursors show a mixed picture. Carbon monoxide emissions per tonne of stone wool have been reduced by 47% from 2009 to 2012. This improvement is attributable to the vast majority of active production lines now having environmental equipment burning off CO and organic remnants from the melting process. Pulling in the other direction is the 4% relative increase for emissions of binder components. However, emissions of nitrogen oxides were reduced by 2% per tonne of stone wool for the baseline factories and this has the additional benefit of reducing eutrophication, as emissions of nutrients can boost the growth of algae and also disturb soil biodiversity.



Over the next couple of years planned investments in our production lines, for instance in Poland, will help reduce emissions of CO and binder components.

Less acid rain

The Group has reduced our emissions of acid rain components per production unit. Since 2009, the amount of SO₂ emissions per tonne stone wool has been reduced by 11%, and nitrogen oxides were reduced by 2%. With SO₂ being a precursor for particle formation, a decrease in SO₂ emissions helps improve air quality. A significant part of the Group's emissions of sulphur compounds emanate from the use of recycling briquettes that contain cement in order to bind stone wool residue and other waste materials.

Less particles

ROCKWOOL stone wool production plants use filters to retain particulate matter. Emissions of particles (PM₁₀) have been reduced by 12% per production unit from 2009 to 2012.

Avoiding ozone depletion

ROCKWOOL insulation does not contain any ozone-depleting blowing agents. What insulates is simply nature's air trapped between the stone wool fibres. In our production facilities, no significant use of ozone-depleting substances is needed. It is limited to the negligible amounts used in special cooling or fire extinguishing devices where certain fire safety requirements prevail.

Waste less – recycle more

The ROCKWOOL Group has been engaged in recycling for more than three decades. We now recycle three times more residue materials from other industries than we deposit ourselves.

Utilising residue from other industries

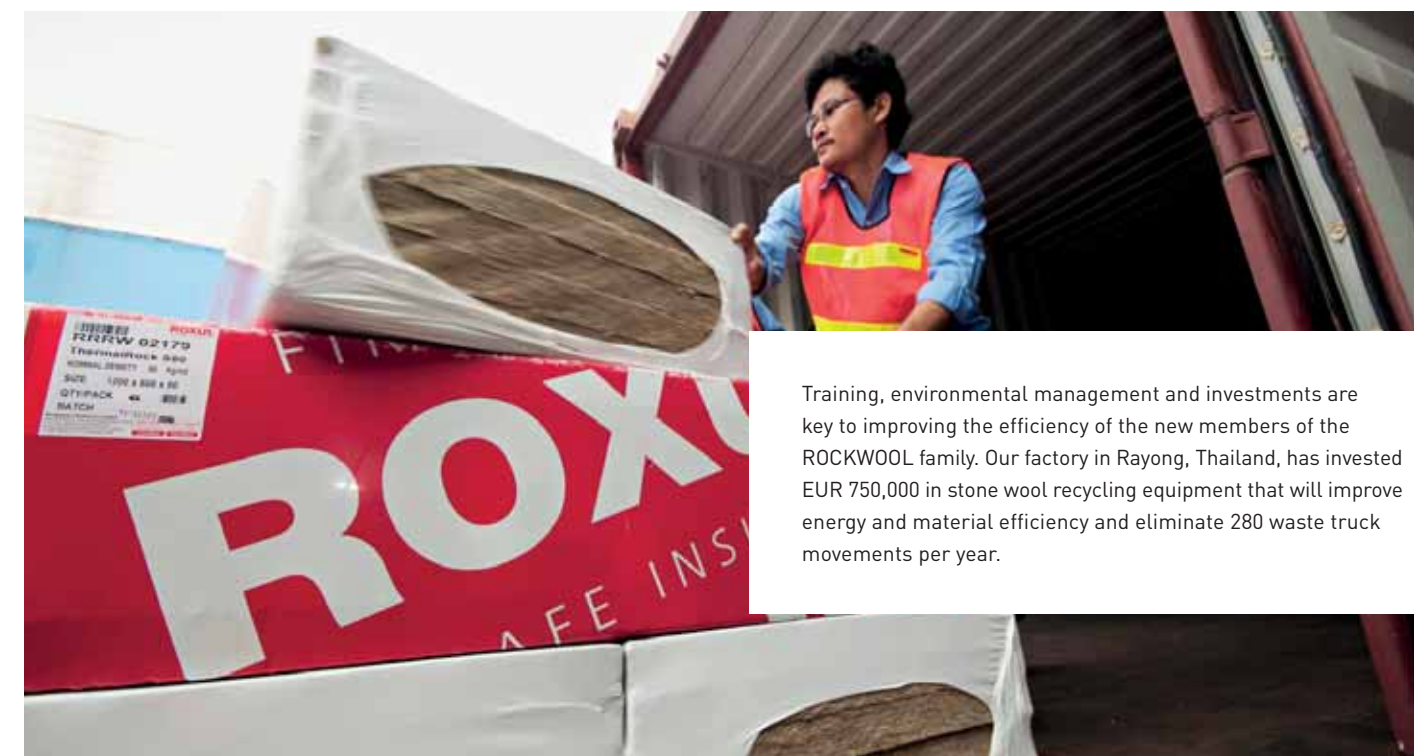
The high temperature of the ROCKWOOL Group's production process is ideal for recycling. The amount of 'upcycled' residue material from other industries now represents almost 565,000 tonnes per year. Some 26% of our melt raw materials consist of recycled content. For instance, sewage sludge ash from treatment of wastewater, and some residues from the metal industry can substitute for virgin rock. Rock remains an abundant resource, but recycling means less quarrying and less landfill – which in some regions can cost more than EUR 100 per tonne. Further, residue materials from other industries can be used as an energy source in place of coke. In addition to turning large amounts of 'waste' from other industries into valuable resources, the ROCKWOOL Group also recycles most of the stone wool residue from our own production.

Recycling our own process waste

We have invested more than EUR 30 million in recycling plants within the last five years, and for a number of years we have been able to reduce the proportion of waste to landfill per production unit. In 2012, waste to landfill reached 69 kg (6.9%) per production unit. This is the same level as we had in 2008, although compared to 2009, which was exceptionally good with only 35 kg per tonne stone wool, 2012 showed an increase of 87%. In 2012, a number of our factories were running-in



new equipment and processes, and had to scrap significant volumes of production that did not meet our quality standards. Adding to this effect is the fact that some of our newcomer factories do not have recycling plants. In 2012, a total of nearly 300,000 tonnes of waste was generated of which 50% (nearly 150,000 tonnes) were landfilled. We recycled 47% – for instance, tap iron from the molten rock materials which can be used as raw material in the metal industry. A minor part of coke fines (3% of waste) have been sold for energy recovery. The vast majority of our waste (91%) was non-hazardous. In 2012, the ROCKWOOL Group produced approximately 25,000 tonnes of hazardous waste. Typical types of hazardous waste are stone wool residue with 'wet' (uncured) binder and a few types of fly ash that cannot be recycled.



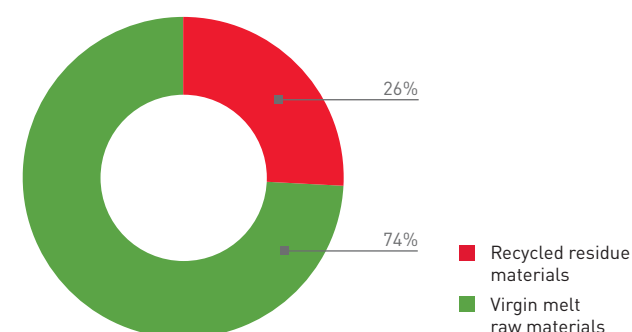
Training, environmental management and investments are key to improving the efficiency of the new members of the ROCKWOOL family. Our factory in Rayong, Thailand, has invested EUR 750,000 in stone wool recycling equipment that will improve energy and material efficiency and eliminate 280 waste truck movements per year.

Reclaimed products

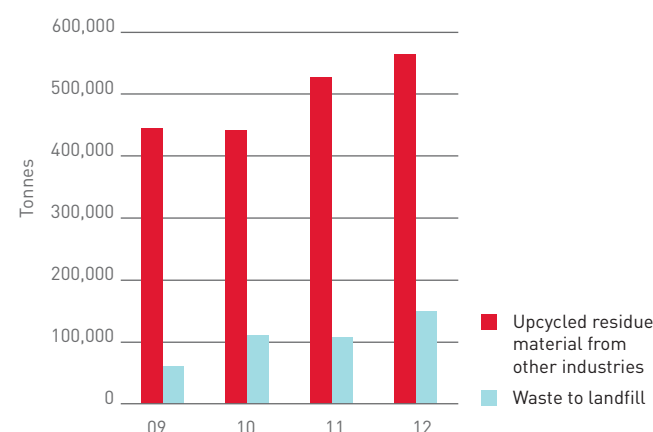
A large proportion of the waste generated in modern society emanates from the building industry. As energy renovation of buildings intensifies – particularly in markets in Europe – it becomes increasingly important to offer return schemes for demolished material such as stone wool residue from building sites. Depending on local conditions, return of ROCKWOOL residue for recycling helps reduce carbon emissions when transportation distances are less than 500 km. In 2012, we promoted new recycling schemes in Denmark and in the Netherlands, where not only fresh offcuts, but also old stone wool remnants from renovation projects can now be systematically reclaimed. ROCKWOOL stone wool residue came into 13 out of our 16 European factories in 2012, and a total of 12,600 tonnes of stone wool remnants were reclaimed. Reclaimed stone wool now represents almost 6 kg per tonne of production thus representing 0.6%. This is an increase of 7% per production unit

compared to 2009, but it is still a small proportion compared to the approximately 565,000 tonnes of residue materials we receive from other industries. Totalling almost 5,000 tonnes, reclaimed products that come to us from original equipment manufacturing (OEM) customers represented the main part (39%). These OEM clients use stone wool as one of their components in a composite system such as a wall element. The figure for reclaimed products only includes material returned to ROCKWOOL factories. The majority of GRODAN waste from greenhouses, for instance, is recycled externally and often used in the production of bricks. Recycling of packaging is increasingly important. Plastic packaging waste is typically collected and recycled externally. In many countries, plastic waste – including foils for insulation – is collected at building sites for recycling or incineration with heat recovery. Further, return schemes for wooden pallets have been established, for instance, in France, the Netherlands and Canada.

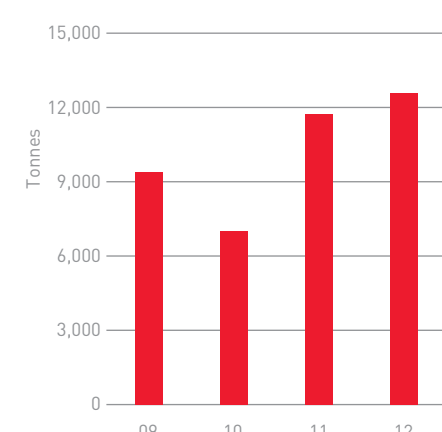
Recycled content of melt raw materials



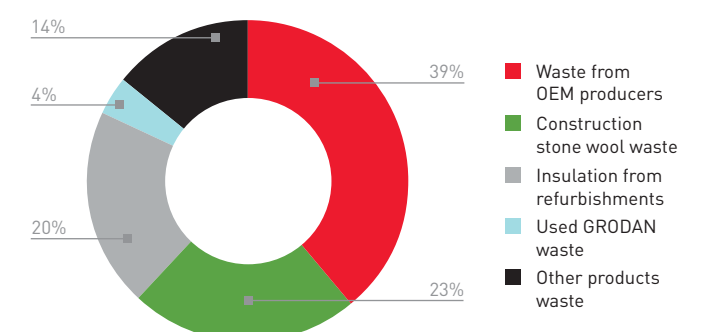
Recycling threefold bigger than landfilling



Reclaimed products



Reclaimed products by type 2012





Valuing people

Globalising and innovating for new markets

People make visions materialise. A strong value-based management style becomes even more important with the globalisation of our business.

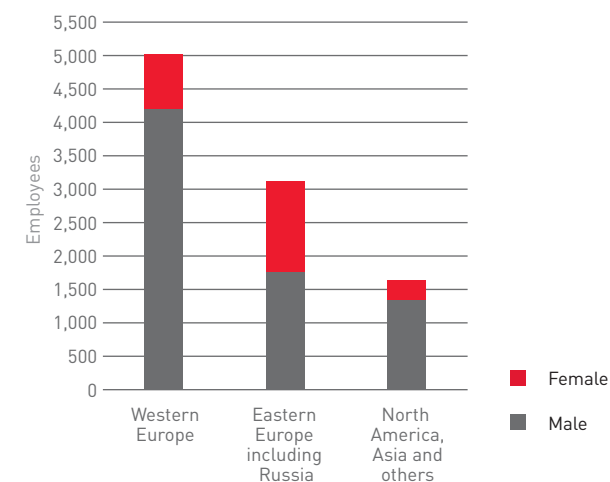
Expansion outside our familiar territories in Europe and North America means new challenges in terms of intercultural cooperation, and new requirements for skills and market understanding.

Rock the Globe, the ROCKWOOL Group business strategy, has three pillars: globalisation of the business, increased innovation speed and true customer orientation. Commitment from our staff holds the key to delivery of the strategy, and our focus on supporting and motivating our staff has intensified during 2012. Our strengthened Human Resources function is now represented in Group Management.

Value-based management in a global World

We rolled out 'The ROCKWOOL Way', our value-based framework for our way of working, with a range of training and outreach activity during 2012. For instance 16% of office staff completed a new e-learning programme launched at the end of 2012, and more staff are being reached with additional language versions during 2013. The framework is built on our culture and core values: responsibility, honesty, efficiency, passion and entrepreneurship. It sets high ambitions for trust and empowerment. Together with our Principles of Leadership and the Group policy structures, this framework provides a solid platform for working dedicatedly and responsibly on the global scene.

Gender per region 2012



Faster innovation

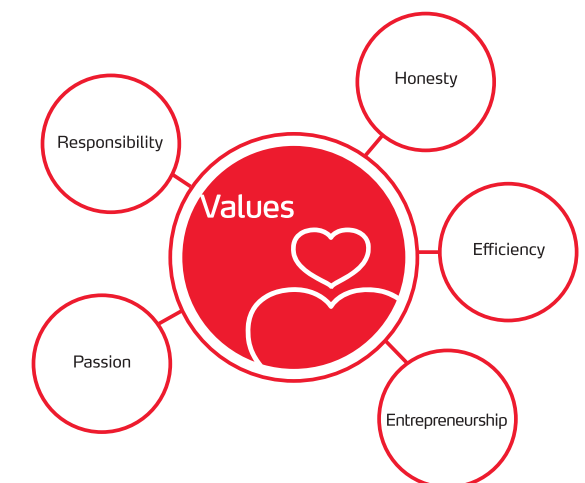
It's fundamental to our success, and to the wider benefit we can bring to society, that we accelerate our innovation work and bring new and better products and solutions to market. We need to pair our excellence in stone wool technology with other building materials to create better systems for owners and users of buildings. In our new markets we must transfer and adapt technologies to local needs. Getting the right people on board to facilitate this process and creating the right learning environment are essentials. We believe we're making progress, and in 2012, the first signs of an accelerated innovation approach appeared, including an increase in granted patents, which almost doubled from 121 in 2011 to 218 in 2012. We also expect that adapting earlier innovations to new markets will further accelerate the change.

Acquiring new capabilities

Acquiring businesses with complementary technologies and adding them to traditional ROCKWOOL Group offerings is another route to innovation. Integration of recently acquired Polish company FAST (which specialises in renders for facade insulation systems) proceeded in 2012. Acquisitions will also be considered in the future. We know this approach will create new challenges in maintaining our corporate culture, but we believe the acceleration of development and innovation opportunities will be far more significant.

Customer focus

Our **Rock the Globe** strategy for the business commits us to greater focus on our customers and the external environment throughout our operations. Supporting this, in 2012 the ROCKWOOL University strengthened its sales excellence activities with 70% of our total sales force completing this training.



A good place to work

We are committed to offering our staff safe and inspiring working environments that nurture performance in a sustainable way. This relates to all our people, from production teams in Asia, to R&D specialists in our Danish HQ, to sales consultants on the front line of customer contact in North America.

Growing workforce

The ROCKWOOL Group workforce has been growing steadily in recent years. We're proud that our gender balance is quite even in Eastern Europe and Russia (44% female, 56% male) despite the traditionally male-dominated construction sector. ROCKWOOL Russia also has a balanced proportion of women in the management team. By the end of 2012, women made up 25% of the ROCKWOOL Group's 9,778 full-time employees.

A long-term perspective on the employee

The ROCKWOOL Group has a history of loyal employees. Turnover rates generally tend to be lower than market levels. Our total reached 5.1% in 2012 for office staff, compared to 4.4% in 2011. In some of our new markets, turnover rates tend to be higher, for instance, totalling 15% among office staff in Asia, which is not unusual in this market. The Group values long-term relationships with staff which we see as valuable in keeping key competencies within the Group. Changes that come from our **Rock the Globe** business strategy make it likely that new hires will go up as we bring new competencies on board to reach our strategic goals. Customer excellence and competencies related to holistic system solutions and complex cross-border management are examples of such focus areas.

> www.rockwool.com/career

Strong performance boosts satisfaction

The Group has a long tradition of using performance reviews. In 2012, 92% of office staff completed a performance review, an increase over the 79% reached in 2011. In some subsidiaries performance reviews are also carried out with production staff. We provide training and coaching to help our staff and their managers improve the quality of dialogue concerning their performance and development. In 2012, we focused on both our employees' contribution to reaching business targets, and the values and behaviours we expect of them in their work, including the principles set out in the ROCKWOOL Way. During 2012, job rotation and succession management have further strengthened the links between performance management and our other people processes.

Training is an essential part of high performance, and we know that the demands of our new strategy make it more important than ever. In 2012, the amount of training delivered per head increased from 26 to 31 hours for office staff and from 25 to 26 hours for production staff.

Pension

The ROCKWOOL Group wants to provide our employees with fair pay. As life expectancy grows in many countries, so does the importance of setting aside sufficient funds for a good life in old age. Typically, both the company and the employee contribute financially to a pension scheme. Our contribution to pension funds represented 5.1% of salaries in 2012. By the end of 2012, the net value of ROCKWOOL Group pension plans was DKK 224 million.

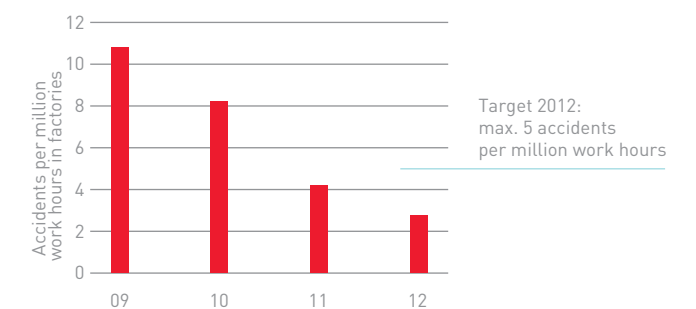
Work-life balance

A good work-life balance helps retain motivated and high-performing employees. Many of our people experience the joy of parenthood. We are pleased that the vast majority of the new fathers and mothers were retained after the end of their parental leave.

A safer place to work

Every accident is one too many. The ROCKWOOL Group has set an ambitious goal for substantially reducing the numbers of accidents at our factories. In the past five years, the frequency rate of accidents has dramatically reduced. In 2007, the goal for 2012 was set at a maximum of 5 accidents per million working hours – a target we had already exceeded in 2011. In 2012, we reduced the frequency rate to 3.7, with the best performance coming from our Asian operations which had no accidents causing one or more days of absence. Tragically, in 2012 one fatal accident did occur. Our global campaign ROCKSAFE was introduced in 2012 to further improve workplace safety. Its goal is to reduce the Group's accident frequency to a maximum of two accidents per one million working hours by 2017.

Workplace safety



Lost days count begins the day after the accident and connotes scheduled work days. Minor (first-aid level) injuries are not included.



Safety first! Our operations in Asia had no lost days accidents in 2012.

Respecting human rights

The ROCKWOOL Group supports the UN universal human rights principles, which define a number of rights including freedom of association, non-discrimination, and the abolition of child, and forced, labour.

The Group's Social Charter supports our aim of contributing positively to society, to the individual's health and wellbeing, and instilling responsible and humane behaviour among employees in line with Group values of responsibility and honesty.

Evaluating compliance

In 2012, no grievances related to human rights were filed. Our compliance with human rights is monitored through our HR organisation, our general management processes, our risk management process, random checks by the Group's auditing function, consultation with employee representatives, and the Group's whistle-blower function.

Non-discrimination

The Group is against any kind of discrimination due to age, gender, race, colour, religion, political opinion, social origin, or any other human rights aspects, and aims to strengthen internal diversity in these areas. Any incident of discrimination, and action taken against it, must be reported to the management responsible. In 2012, no incidents of discrimination were filed.

Freedom of association

The right to exercise freedom of association and collective bargaining is fundamental. The Group has not identified any operations in which this right has been violated or been at significant risk in 2012. Many ROCKWOOL employees – especially among production staff – exercise this right. The Group generally has constructive working relations with the unions and also hosts a European Forum where employee representatives from major operations in Europe are in regular dialogue with members of Group management on strategic cross-border issues. When signing our Code of Conduct our suppliers are obliged to respect human rights. Our evaluation of significant suppliers did not reveal any cases where the right to exercise freedom of association and collective bargaining was violated or at significant risk in 2012.



Abolition of child labour

We believe child labour must be abolished and particular care must be taken that young workers under the age of 18 (such as apprentices) are not exposed to hazardous work. The Group's operations are not at significant risk of using child labour, and no incidents of child labour have been identified. Nor have any cases of child labour been registered in our evaluations and audits of our significant suppliers.

Preventing forced or compulsory labour

The ROCKWOOL Group does not use forced or compulsory labour. When signing our Code of Conduct our suppliers are also obliged to respect the basic human right to freedom from forced labour. Our evaluation of significant suppliers has not in 2012, revealed any cases where the abolition of forced and compulsory labour is violated or at significant risk.

> www.rockwool.com/csr

Taking responsibility for product safety

It is the ROCKWOOL Group's policy to ensure the safe use of our products. When developing new product and processes, a ROCKWOOL step model (based on the Stage-Gate® model) is used and safety aspects are assessed. A network of local Product Health & Safety officers – under the leadership of the Vice President for Product Safety, Health & Ecology – is on hand to help our people guide our customers in the safe use of ROCKWOOL Group products.

Indoor climate labeling

ROCKWOOL stone wool is constantly being optimised in order to comply with the strictest indoor climate labels such as Blauer Engel (Germany), the M1 label (Finland), GreenGuard (North America) and the French decree for Volatile Organic Compounds (VOCs). Indoor air quality measurements (e.g. Tunga Salthammer, 2010) indicate no significant release of VOCs into the room from insulated constructions such as walls. Although the main indoor sources of formaldehyde and other VOCs include tobacco smoke, wood products, glues and paints, we nevertheless work hard to ensure that our products remain safely within the limits of ever stricter regulations and eco-certification schemes.

Dust and skin

Dust in the workplace must be reduced as much as possible. In 2002, the Danish National Institute of Occupational Health (AMI) and Danish Building and Urban Research, concluded in their study that mineral wool mats did not raise airborne dust above required limits. Handling of coarse fibres can cause a transient mechanical effect and annoy skin until removed by washing or other means. These coarse fibres may include hair (after a haircut), sheep wool, coarse textiles and also mineral wool, but in 2009, the EU removed mineral wool from the R38-Irritant classification on the basis of animal and human evidence showing no significant irritancy/inflammation or rash.

The mineral wool industry has made a set of recommendations about how to handle products in a way that minimises transient itching of the skin.

> www.eurima.org/about-mineral-wool/health-safety

Positive reclassification of stone wool

The World Health Organisation concluded in 2001 that rock (stone) wool should be removed from classification as a 'possible human carcinogen'. This positive reclassification was made because epidemiological case control studies and long-term inhalation studies in animals provided no evidence of increased risk of lung cancer, or any other cancers, from occupational exposure to stone wool fibres. Furthermore, the experts found no increased risk of lung fibrosis in humans due to exposure to stone wool fibres.





Contributing to prosperity

Creating value for stakeholders and society

The ROCKWOOL Group’s activities create value, not just for our shareholders but also for a wider stakeholder group, and indeed, for society as a whole.

Energy and climate as growth drivers for prosperity

The ability of the ROCKWOOL Group to improve the prosperity of individuals, companies and society forms a strong basis for long-term growth. Our greatest economic contribution is the billions of Euros, dollars and roubles that our insulation products help companies and citizens save around the world.

Saving energy is also a prerequisite for combatting energy poverty. In 2012, many livelihoods were destroyed due to extreme, climate-related weather events. The ROCKWOOL Group will help reduce CO₂ emissions by nearly five billion tonnes in the lifetime of our insulation produced and installed in 2012. Another small step in the right direction is our insulation products’ contribution to reducing air pollution – because they reduce the need to burn fuel in power plants, industrial processes and in homes. For every life that is less exposed to air pollution, and for every premature death avoided, there is also an economic gain for society. But for many people lower air pollution is a public good that goes unnoticed from day to day. What they are more likely to notice is the improved indoor environment when a building is properly insulated, and the reduced noise levels that stone wool insulation, noise screens and acoustic ceilings can help provide. These changes improve quality of life and our productivity.

The costs of fire can be devastating. Better fire safety can help reduce such financial insecurity. Non-combustible stone wool does not feed fires, and correctly installed it can serve as a fire barrier and help reduce the speed with which a fire spreads.

Strong equity enables long-term investments

A prerequisite for sustainable corporate development is a sound economic base. In 2012, the ROCKWOOL Group generated a profit of DKK 774 million from a total turnover of DKK 14,664 million. Our annual sales are now on track for our goal of at least 8% growth, and our strong equity ratio of 73% enables long-term investments. But the recession in some of our markets diluted our profit ratio (8%) and our return on investment (12%). These figures need to increase by 25-30% if they are to be in line with our long-term targets of 11% and 15% respectively.

Higher share value in 2012

ROCKWOOL International A/S’ shares tend to be of interest for investors prioritising sustainability. Our company is listed in sustainability indexes and rankings including FTSE4Good, Oekom Research and Sustainalytics. Our shareholders have in recent years experienced both ups and downs as global construction activity has been extraordinarily volatile. But with public and private investments in energy efficiency as a growth driver we have managed to weather the worst storms. At the end of 2012, our B-share was trading at DKK 634. This is more than twice the low reached in November 2008, but still far from the pre-crisis price peak in 2007. In 2012 our dividend to shareholders in ROCKWOOL International A/S was DKK 207 million. The biggest beneficiary of these payments is the ROCKWOOL Foundation (see p32-33) which holds 23% of the shares. The Foundation has one of the leading think tanks on social research in Denmark, but it is also involved in development projects in less developed countries. In 2012, the Foundation received DKK 48 million in dividends.

Economic value distributed

| million DKK | 2011 | 2012 |
|--|--------|--------|
| Payments to suppliers a.o. operating costs | 8,866 | 9,066 |
| Employee wages and benefits | 3,219 | 3,547 |
| Dividend to shareholders | 207 | 207 |
| Interest payments on loans | 49 | 67 |
| Tax on profit for the year | 276 | 324 |
| Community investments | 6 | 3 |
| Economic value distributed | 12,623 | 13,214 |

Fair business practices

Jobs – in the company and in the local community

With a staff of 9,778 by the end of 2012, the ROCKWOOL Group has become a significant employer, both at Group headquarters and in our subsidiaries. Many of our production facilities are located in areas far away from big cities, so the industrial jobs we bring to these communities are particularly important. The total sum paid in wages amounted to DKK 2,955 million, increasing to DKK 3,547 million with share options, pension contributions and other social security costs included. We also create jobs at many subcontractors and small service and production companies. According to the Energy Efficiency Industrial Forum, every EUR 1 million invested in upgrading the building stock in Europe will, on average, directly create 19 new jobs.

Tax

Tax revenues are vital for well-functioning societies. By creating 410 more jobs in 2012, we provided the basis for more income tax payments. The ROCKWOOL Group pays a variety of taxes and duties – of which corporate tax is the most important. The Group's tax on profit for the year 2012 totalled DKK 324 million, corresponding to an effective tax percentage of 29.5%. Our greatest tax contributions resulted from activity in countries where we had the highest revenues, namely Germany and France. But the Group also has companies that are not currently making profits – as a result of difficult market conditions or because of major investments and resulting depreciations – and those companies are therefore not generating tax revenues.



Anti-corruption

Bribery is unacceptable. We would rather lose a contract or wait longer for a permit than pay a bribe. To be part of the ROCKWOOL Group, employees must respect this ethic. Our manual on Business Ethics details how employees should avoid any type of undue payments. It defines clear rules regarding conflicts of interest, donations, gifts and entertainment, marketing and sales, and contracts with agents. For our procurement functions, additional rules apply. All employees and managers are required to ensure that these principles are being followed, and any misconduct must be reported and dealt with immediately. Fortunately, breaches of these rules are very rare, but in the few cases that have emerged, immediate action has been taken and this has in some instances meant dismissal of the responsible employees. In 2012, the Group did not record any incidents of bribery and as part of mandatory risk assessment, all business units (63 legal entities) were assessed for risks related to corruption.

Avoiding anti-competitive behaviour

Anti-competitive behaviour is a serious crime. Responsibility for the Group's policy against anti-competitive behaviour lies with the Senior Vice President for Human Resources and Group Legal Affairs. In 2012, the Group was not involved in any legal actions related to alleged anti-competitive behaviour, anti-trust, or monopoly practices. In compliance with the Group's competition compliance manual, training of relevant personnel was held to remind our people of the unacceptable nature and serious consequences of any misconduct. In 2012, the Group's

dawn raid manual was updated and mock dawn raids were conducted both at Group HQ and in subsidiaries in order to keep these issues top of mind.

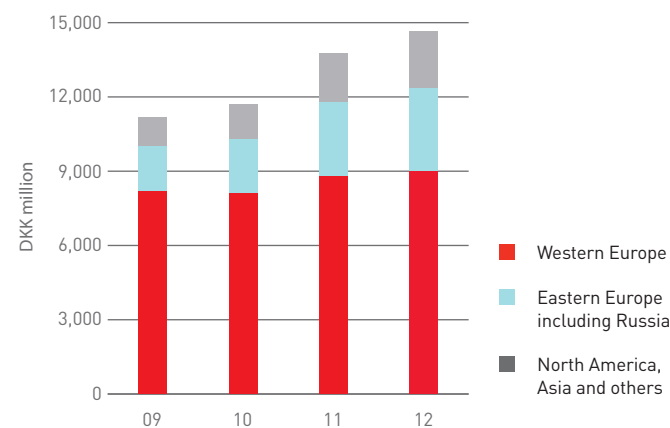
Transparent public policy

The ROCKWOOL Group aims to run a transparent business based on honest and responsible business practices. The Group is an active public advocate for energy efficiency and climate change abatement and these *Group public policy positions and our participation in public policy development and lobbying on energy and CO₂ efficiency* are disclosed in our recent CDP response in section 2.3 > www.cdproject.net. In 2012, for instance, we engaged with the EU Commission (DG Energy) and members of the European Parliament and Council in advocating an ambitious Energy Efficiency Directive. ROCKWOOL International A/S supports the EU Transparency Register and has been a registrant since 2008.

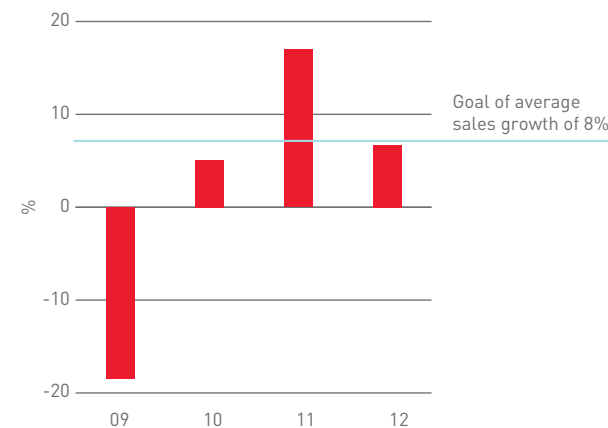
Blowing the whistle

During 2012, the ROCKWOOL Group introduced a new whistle-blower policy, allowing employees to report anonymously any relevant instance of misconduct or improper business behaviour. This is a supplement to our Principles of Leadership Programme, instructing employees to guide each other towards responsible behaviour and to report non-compliance issues as far upstream in the organisation as necessary, if their superior is not taking corrective action. During its first few months of existence in 2012 this anonymous whistle-blower option was not yet used.

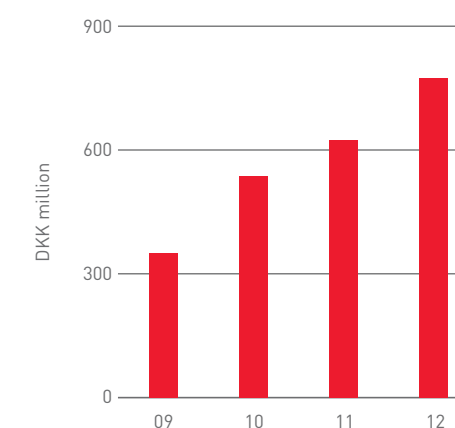
Net sales by geographical segment



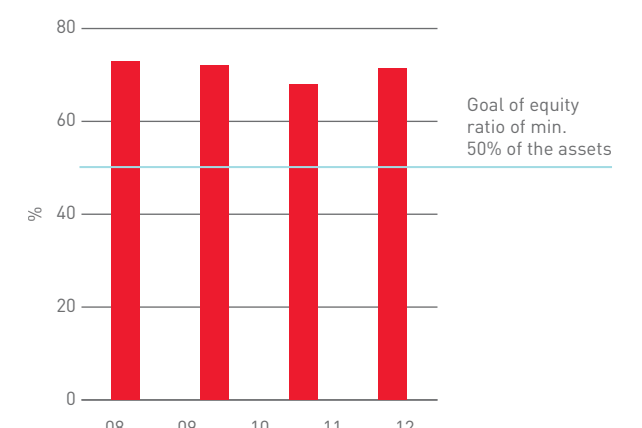
Sales growth

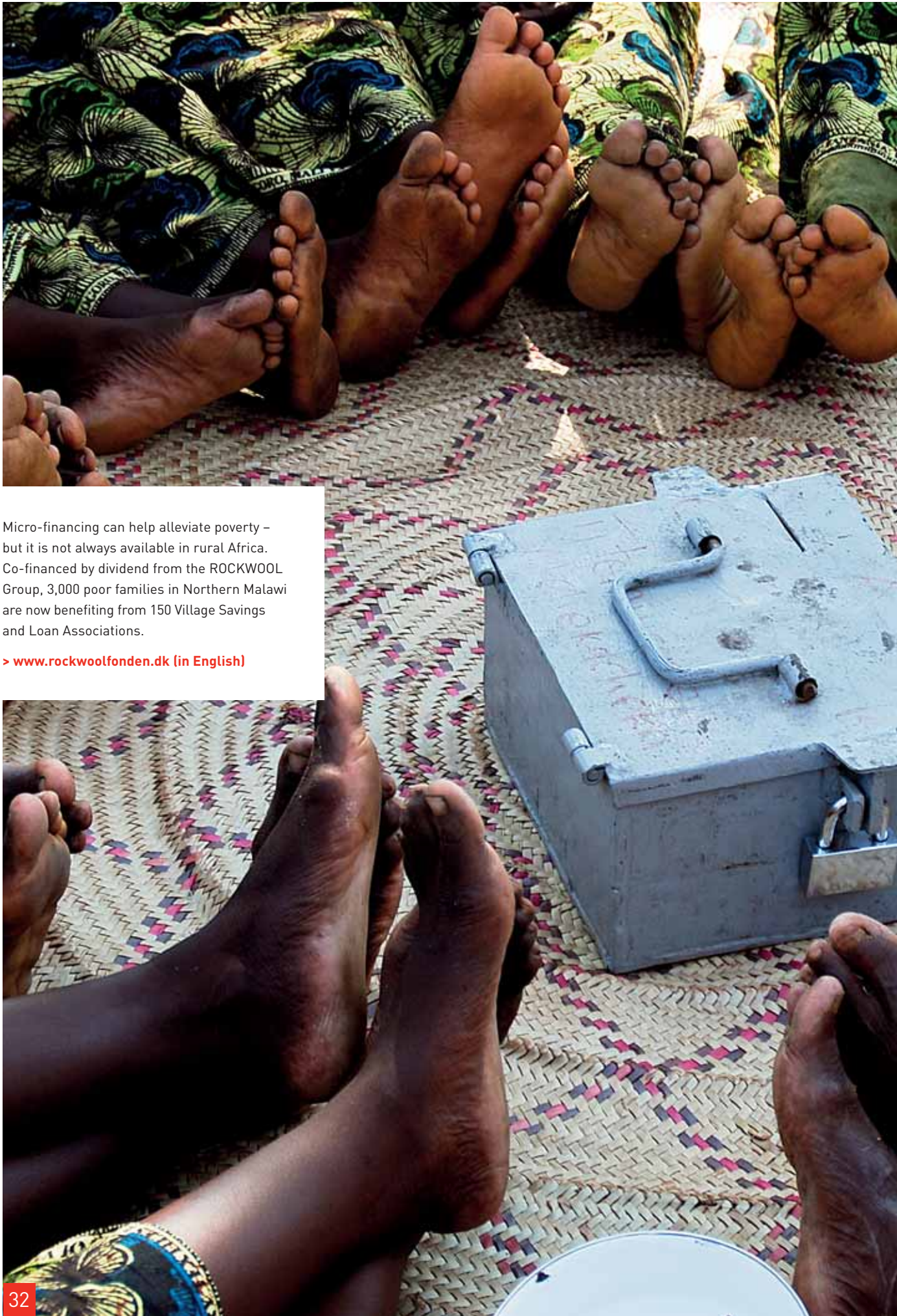


Profit for the year



Equity ratio





Micro-financing can help alleviate poverty – but it is not always available in rural Africa. Co-financed by dividend from the ROCKWOOL Group, 3,000 poor families in Northern Malawi are now benefiting from 150 Village Savings and Loan Associations.

> www.rockwoolfonden.dk (in English)

The ROCKWOOL Foundation

How does buying insulation in your local DIY store help relieve poverty among women in Malawi; get obese Danish kids on the path to fitness; provide politicians with information for better decisions; or help heal the wounds of conflict in Lebanon?

The ROCKWOOL Foundation is the largest shareholder in the ROCKWOOL Group. It holds 23% of the shares. This means that almost a quarter of the Group's dividend is allocated for benevolent purposes.

Practical interventions

The ROCKWOOL Foundation initiates and implements practical interventions with the aim of developing models for lasting and sustainable improvements in both rich and poor societies. Projects include elements of innovation and spreading of best practices.

The four programme areas for practical interventions are:

- Food Security and Poverty Alleviation
- Social Capacity Building
- International Peace Building
- Health Interventions

Research Unit

The ROCKWOOL Foundation also funds a research unit which has become a leading think tank in Denmark. The objective of the ROCKWOOL Foundation Research Unit is to use its independent status to produce new, empirically-based analyses related to current problems faced by modern society. The ROCKWOOL Foundation takes it to be self-evident that a deep insight into the nature of a problem is a prerequisite for its solution.

The research areas are:

- Work and the Welfare State
- Families and Children
- Migration and Integration
- Shadow Economy and the Law of the Land
- Development Economics

Putting knowledge first

The guiding principle of the ROCKWOOL Foundation has remained the same since its creation more than 30 years ago: putting knowledge first.

"When politicians, the media and voters have good and objective information about important political topics – they will make better decisions."

Claus Kähler

Co-founder and Chairman of the ROCKWOOL Foundation 1981-1991

Obtaining reliable knowledge of the facts is a prerequisite to successfully addressing the challenges faced by society: whether these are tax evasion or weak incentives to work, unemployment or ghettoisation in Danish society. Such knowledge is also required in order to understand how obesity in Western countries has changed from being a mark of prosperity to being associated with low income, how an immigrant pool of labour could have turned into a financial burden – and may now become a valuable resource again, or how some societies in the developing world can make significant economic progress, while others seem stuck in an endless cycle of poverty. Knowledge can enlighten society, aid policy-makers, and form the basis for finding new solutions to problems.

The ROCKWOOL Foundation was founded just over 30 years ago with shares donated by the Kähler family: Gustav, Valdemar, Erik, Dorrit and Claus Kähler and Inge von der Hude. In 1909, their grandfather and his business partner had established a gravel pit on a small Danish island and in 1937 ROCKWOOL insulation was added to the business.

Governance

Our Corporate Governance secures that the structure and function of our decision making bodies is optimal for our business and our stakeholders.

ROCKWOOL International A/S' corporate governance charter consists of a framework of principles and rules. This framework includes the Articles of Association, Business Procedure for the Board and Management Instructions for the Management Board, and is in accordance with our value base and Principles of Leadership and business rules used in the ROCKWOOL Group.

Pursuant to the provisions of the Danish Companies Act and ROCKWOOL International A/S' Articles of Association, the supervision and management of the ROCKWOOL Group is divided among Group Management, the Board and the General Meeting of shareholders.

How we manage and audit our responsibilities

Responsibility for managing our impacts on society and implementing good business practices lie with line managers in both operating companies and at HQ. The responsibility for

setting up appropriate Group-wide systems to enhance and secure these practices lies with the Group's CFO and with the Senior Vice President of Human Resources. Measures and systems include performance management systems, regular progress reports from the subsidiaries, as well as training managers and staff-employees in relevant topics such as competition law.

Group Audit, which is part of the CFO's organisation, is responsible for monitoring compliance with Group policies. It meets regularly and independently with the Board of Directors' Audit Committee to assist the committee in monitoring progress in this area. All Group companies are subject to Group Audits with an interval of one to three years determined by an individual risk assessment, and also including a risk assessment of the country of operation. This procedure is part of our wider audit procedure. High risk units are audited every year. Low risk units are audited every three years. In 2012, 23 such audits were made. Deficiencies identified by the audits are reported upstream, with serious matters reported to the Executive Management.

Communicating policy

The ROCKWOOL Group has a set of policies, manuals and guidelines assisting employees from many different countries and cultures in defining and making responsible and honest decisions. These guidelines are communicated in many ways including on the intranet, in training sessions, at meetings and during performance reviews. Our new ROCKWOOL Way e-learning programme was launched in late 2012 enabling the first 16% of office staff to participate, and with more language versions under preparation, a wider spectrum of our global staff will be trained.

Evaluating suppliers

The ROCKWOOL Group has more than 40,000 suppliers. During 2012, the Group's sourcing and procurement department continued its implementation of a new, structured supplier evaluation process. As part of the extended control of suppliers we decided to review the Group's Code of Conduct for Suppliers – including anti-corruption measures – and to extend its use to also include suppliers that are under contract only with local ROCKWOOL affiliates. A process has been initiated to ensure that suppliers sign our Code of Conduct that also entails an obligation to respect human rights and identifies our right to audit the supplier. All significant suppliers have been risk-assessed with regard to potential violations of e.g. human rights and environmental issues and we have put in place a process to monitor all relevant suppliers according to their risk level.

Improving risk management

In 2012, the ROCKWOOL Group's Risk Management System has been further developed. Every year, all Managing Directors and their CFOs must quantify the nature, likelihood and potential impact of different risks, including issues such as human rights, anti-corruption and anti-competitive behaviour. An annual Group risk management report is being fed into the Audit Committee of the Board of Directors by the Group CFO. Additional updates are made at least once a year.

Environmental responsibilities

In Group Management, a Division Managing Director is responsible for Group-wide environmental management issues. A quarterly status report is given by the Group Director for Safety, Health, Environment & Quality (SHE-Q) to the managing directors and to Group Management. However, environmental issues are discussed much more frequently, as they are strategically important to the Group. The Board of Directors discusses sustainability strategy and issues on a regular basis as they are intertwined with the Group strategy on energy and CO₂ efficiency, development of new solutions and processes, factory expansions and corporate reputation. The ROCKWOOL Group publishes environmental and social reporting data on an annual basis.

Read more about the Rockwool Group's approach to Corporate Governance here:

> www.rockwool.com/csr/governance

Annual Report 2012 (pp 20-21)

> www.rockwool.com/investor/results/annual-reports

CDP Report sections 1 and 2 (climate change and energy efficiency)

> www.rockwool.com/csr/cdp



The right dialogue with the right people

Our ability to engage with our key stakeholders and meet their expectations determines our success as a company. The ROCKWOOL Group aims at having an open, honest and regular dialogue with our key stakeholders.

Selecting the right stakeholders

The basis for identifying and selecting stakeholders with whom to engage is stakeholder analysis, defining the stakeholders who are the strongest determining factors for the achievement of our company goals or who are most impacted by our activities. Furthermore, our ability to efficiently engage with the stakeholder is assessed. It is not only a management task to select and engage with the right stakeholders. This process takes place every day, especially on frontline communicator level (for instance within sales, public advocacy and human resources) and among the staff supporting our frontline communicators. The Group has a policy of not engaging with competitors in any way that might lead to anti-competitive behaviour. Further the Group does not want to engage with stakeholders that explicitly do not want this, or where we do not have the necessary authorisation to engage with them.

Prioritising sustainability issues

The ROCKWOOL Group has a multi-faceted process for identifying and prioritising the sustainability issues that are most material for both our key stakeholders and our impact, and which are most likely to occur. Based on our many methods of engagement applied towards our seven key stakeholder groups (see table) information is transmitted to key line and staff functions and used to identify actions and improvements. At top management level an internal workshop process has been applied to gain an overview and prioritisation of the focus areas of our most important stakeholders. All members of the Group management team have been involved in this process.

Putting input into practice

Our improvement actions to the benefit of our key stakeholders and society at large take place in cooperation between our key corporate staff functions and our local operating companies. Feedback processes, strategy, consolidating actions, needs for resource allocation, outcomes and key learning points are fed back to Group functions to form the backbone of continued process improvement and reporting to internal and external stakeholders.

Communication

A crucial part of meeting the expectations of our stakeholders is communicating with them about what we do and intend to do, and what we stand for, but also about the consequences and dilemmas of trying to fulfil their expectations. This also entails communicating honestly how we balance their requests with – sometimes conflicting – demands from other stakeholders, or even from within the same stakeholder group.

Defining report content

Our Sustainability Report is an important part of our corporate communication. When defining and prioritising the content of our Sustainability Report, the central corporate staff functions are gathered to identify the topics which are most material to our key stakeholders and the sustainability aspects where we have the biggest impact – whether positive (such as mitigation of GHG emissions) or adverse effects (such as use of resources in our production process). The principles of materiality, stakeholder inclusiveness, sustainability context and completeness of information are used.

Using the report in our engagement

Our Sustainability Report is used in the encounter with all seven types of key stakeholders, but so far we have not engaged with a stakeholder for the specific purpose of preparing input for the report. Some stakeholders take particular interest in our Sustainability Report, e.g. portfolio managers looking for sustainable companies to invest in; sustainability analysts; special interest journalists; sustainability officers of customers; and some scholars and job seekers.

| Stakeholder | Key methods of engagement |
|--|--|
| Customers | <ul style="list-style-type: none">• 1:1 meetings• Customer support• Surveys• Strategic partnerships• Seminars and training• Advisory boards and focus groups• Exhibitions and events• Digital platforms |
| Employees | <ul style="list-style-type: none">• Bilateral meetings• Department and company meetings• Performance and development reviews• Surveys• Training• Involvement in decision-making• Intranet, ROCK-TV a.o. internal communication• Unions and committees |
| Politicians/ Regulators | <ul style="list-style-type: none">• Meetings• Conferences• Visits and inaugurations• Public advocacy and media• Consultation• Associations |
| Media/ public opinion | <ul style="list-style-type: none">• Briefings and interviews• Releases and publications• Conferences• Public advocacy• Web and blogs• Scientific advisory boards (experts)• Partnerships (NGOs) |
| Local Community | <ul style="list-style-type: none">• Visits and meetings• CSR projects• Day of open doors/events• Consultation• Local media• Responding to complaints• Local staff |
| Investors | <ul style="list-style-type: none">• 1:1 meetings and conference calls• General Assembly• Roadshows• Presentations• News releases and web |
| Business partners (incl. suppliers) | <ul style="list-style-type: none">• Code of Conduct for Group suppliers• Dialogue with strategic business partners• Procurement and negotiation of contract• Audits (random checks) |



Managing our responsibilities

Key figures

| | | GRI | Value | 2011 | 2012 | Note |
|------------------------------------|---|-------|--------------|--------|--------|------|
| Creating Prosperity | Stone wool production | 2.8 | Mt | 2.08 | 2.18 | |
| | Countries of operation | 2.5 | Number | | 38 | |
| | Business units (controlled legal entities at year-end) | 2.8 | Number | | 63 | |
| Economics | Net income (million DKK) | | mDKK | 623 | 774 | |
| | Direct economic value generated | EC1 | | | | |
| | Revenues from net sales | EC1 | mDKK | 13,748 | 14,664 | |
| | Revenues from financial investments | EC1 | mDKK | 42 | 12 | |
| | Revenues from sale of assets | EC1 | mDKK | -17 | 10 | |
| | Total revenues | EC1 | mDKK | 13,773 | 14,686 | |
| | Economic value distributed | | | | | |
| | Payments to suppliers a.o. operating costs | EC1 | mDKK | 8,866 | 9,066 | |
| | Employee wages and benefits | EC1 | mDKK | 3,219 | 3,547 | |
| | Dividend to shareholders | EC1 | mDKK | 207 | 207 | |
| | Interest payments on loans | EC1 | mDKK | 49 | 67 | |
| | Tax on profit for the year (payments to governments) | EC1 | mDKK | 276 | 324 | |
| | Community investments | EC1 | mDKK | 6 | 3 | |
| | Economic value distributed | EC1 | mDKK | 12,623 | 13,214 | |
| | Economic value retained | EC1 | mDKK | 1,150 | 1,472 | |
| | Profit ratio | | % | 7 | 8 | |
| | Return on invested capital | | % | 10 | 12 | |
| | Research and development expenditure | | mDKK | 213 | 226 | |
| | Patents granted in the year | | Number | 121 | 218 | |
| Anti-corruption | Business units analysed for risks related to corruption | S02 | Number | | 63 | |
| | % of business units analysed for risks related to corruption | S02 | % | | 100 | |
| | Actions taken in response to incidents of corruption | S04 | | | | |
| | Incidents of employees dismissed or disciplined for corruption | S04 | Number | 1 | 0 | |
| | Incidents of contracts with business partners not renewed due to violations related to corruption | S04 | Number | | 0 | |
| | Incidents of legal cases regarding corrupt practices | S04 | Number | | 0 | |
| Competition | Legal actions on alleged anti-competitive behaviour, anti-trust or monopoly practices | S07 | Number | | 0 | |
| Valuing people | Number of employees | 2.8 | Number | 9,368 | 9,778 | |
| | female | | Number | 1,670 | 2,482 | |
| | male | | Number | 7,698 | 7,296 | |
| Development, retention and absence | Training hours per year – office staff | | hours | 26 | 31 | |
| | Training hours per year – production staff | | hours | 25 | 26 | |
| | Ratio of office staff completing new 'ROCKWOOL Way' e-learning | | % | | 16 | 1 |
| | Performance and development reviews | | | | | |
| | completion rate office staff | | % | 79 | 92 | |
| | Employee turnover rate, annual – office staff | | % | 4.4 | 5.1 | |
| | Absence rate – office staff | | % | 1.8 | 2.1 | |
| | Absence rate – production staff | | % | 3.3 | 3.3 | |
| Workplace safety | Fatalities | (LA7) | | | | |
| | Europe | | Number | 0 | 0 | |
| | Eastern Europe (incl. Russia) | | Number | 0 | 1 male | |
| | North America, Asia a.o. | | Number | 1 male | 0 | |
| | Frequency of accidents (per million hours worked) | (LA7) | no./mill hrs | 4.2 | 3.7 | 2 |
| | Injury rate – employees (per million hours worked) | | | | | |
| | Europe | | no./mill hrs | | 4.7 | |
| | Asia | | no./mill hrs | | 0 | |
| | Russia | | no./mill hrs | | 1.7 | |
| | North America | | no./mill hrs | | 1.2 | |

1. e-learning introduced in late 2012.
2. Lost days count begins the day after the accident and connotes scheduled work days. Minor (first-aid level) injuries are not included.

| | | GRI | Value | 2011 | 2012 | Note |
|--------------------------------|--|-------|-----------------------|--------|--------|------|
| Workplace safety (continued) | Injury rate – contractors (per million hours worked) | | | | | |
| | Europe | | no./mill hrs | | 13.2 | |
| | Asia | | no./mill hrs | | 0 | |
| | Russia | | no./mill hrs | | 1.1 | |
| | North America | | no./mill hrs | | 0 | |
| Pension Plans | Coverage in pension plans fund at year-end | (EC3) | mDKK | 234 | 224 | 3 |
| | % of salary contributed by employer | (EC3) | % | 5.4 | 5.1 | 4 |
| Human rights | Incidents of discrimination | HR4 | Number | | 0 | |
| | Freedom of association – violations or significant risk identified in operations or at significant suppliers | HR5 | Number | | 0 | |
| | Incidents of child labour identified in operations or at significant suppliers | HR6 | Number | | 0 | |
| | Incidents of forced or compulsory labour identified in operations or at significant suppliers | HR7 | Number | | 0 | |
| Diversity | Board of Directors | 4.1 | | | | |
| | % of female members at year-end | | % | 20 | 22 | |
| | Diversity of age | | | | | |
| | % members below 30 years | | % | 0 | 0 | |
| | % member between 30-50 years | | % | 30 | 22 | |
| | % of female members between 30-50 years | | % | 50 | 50 | |
| | % of male members between 30-50 years | | % | 25 | 14 | |
| | % members above 50 years | | % | 70 | 78 | |
| | % of female members above 50 years | | % | 50 | 50 | |
| | % of male members above 50 years | | % | 75 | 86 | |
| | Diversity of nationality | | | | | |
| | % of female members – Danish | | % | 100 | 100 | |
| | % of male members – Danish | | % | 72 | 86 | |
| | % of male members – German | | % | 14 | 14 | |
| | % of male members – Dutch | | % | 14 | 0 | |
| Protecting the environment | Factories certified to ISO 14001 and/or OHSAS 18001 | | Number | 12 | 12 | |
| | % of factories certified to ISO 14001 and/or OHSAS 18001 | | % | 52 | 44 | |
| | Environmental laws and regulations – non-compliances | EN28 | | | | |
| | Fines – monetary value | EN28 | DKK | 15,369 | 0 | |
| | Non-monetary sanctions | EN28 | Number | | 0 | |
| | Cases brought through dispute resolution mechanisms | EN28 | Number | | 1 | |
| | Audits for environment, health, safety | | Number | | 60 | |
| Energy | Energy consumption (in factories) | (EN3) | PJ | | 14.9 | |
| | Energy per tonne stone wool (22 baseline factories) | | GJ/t | 7.1 | 7.2 | |
| | Energy per tonne stone wool (27 factories) | | GJ/t | | 7.4 | |
| | Energy saved due to conservation and efficiency improvements | EN5 | TJ | | 627.4 | |
| | in percentage of total energy use | | % | | 4.2 | |
| Greenhouse gas emissions (GHG) | Impact mitigation of products | EN26 | | | | |
| | Net carbon footprint (lifetime savings of insulation produced that year) | EN26 | Mt CO ₂ | 4,736 | 4,990 | |
| | Improvement compared to previous year | EN26 | Mt CO ₂ | 573 | 254 | |
| | Net carbon footprint – saved CO ₂ first year | EN26 | Mt CO ₂ | 209 | 221 | |
| | Total direct and indirect greenhouse gas emissions | EN16 | Mt CO ₂ | 1.42 | 1.6 | |
| | CO ₂ direct (Scope 1) | | Mt CO ₂ | 1.11 | 1.26 | |
| | CO ₂ indirect (Scope 2) | | Mt CO ₂ | 0.31 | 0.34 | |
| | CO ₂ direct (Scope 1) per tonne stone wool (22 factories) | | kg CO ₂ /t | 573 | 571 | |
| | CO ₂ direct (Scope 1) per tonne stone wool (27 factories) | | kg CO ₂ /t | | 577 | |
| | CO ₂ indirect (Scope 2) per tonne stone wool (22 factories) | | kg CO ₂ /t | 148 | 150 | |
| | CO ₂ indirect (Scope 2) per tonne stone wool (27 factories) | | kg CO ₂ /t | | 154 | |
| | CO ₂ direct and indirect (Scope 1+2) per tonne stone wool (22 factories) | | kg CO ₂ /t | 680 | 722 | |
| | CO ₂ direct and indirect (Scope 1+2) per tonne stone wool (27 factories) | | kg CO ₂ /t | | 731 | |
| | Other relevant indirect GHG emissions | EN17 | tonnes | | 75,168 | |
| | Initiatives to reduce GHG emissions and reductions achieved | EN18 | tonnes | 66,000 | 55,000 | |

3. Calculated as pension contribution divided by the total wages and salaries, see Annual Report 2012 note 4.
4. Further details about pension in Annual Report 2012 note 19.

GRI index table

| | GRI | Value | 2011 | 2012 | Note |
|-------------------|---|--------|------------------------|------------|------------|
| Ozone depletion | Emissions of ozone-depleting substances | EN19 | t CFC11 eq | negligible | negligible |
| Air emissions | Significant air emissions (for 22 baseline factories only) | (EN20) | | | |
| | NO _x per tonne stone wool | | kg/t | 0.56 | 0.63 |
| | SO ₂ per tonne stone wool | | kg/t | 2.50 | 2.69 |
| | CO per tonne stone wool | | kg/t | 14.25 | 11.95 |
| | Particulate matter (PM ₁₀) per tonne stone wool | | kg/t | 0.45 | 0.44 |
| Water | Water consumption per tonne stone wool | | m ³ | 1.24 | 1.17 |
| | Water consumption total | EN8 | million m ³ | 2.58 | 2.55 |
| | Water withdrawal by source | | | | |
| | Groundwater own abstraction | EN8 | million m ³ | | 1.02 |
| | Municipal water a.o. utilities | EN8 | million m ³ | | 1.35 |
| | Rainwater own abstraction | EN8 | million m ³ | | 0.18 |
| | Surface water own abstraction | EN8 | m ³ | | 0 |
| | Waste water from external source | EN8 | m ³ | | 0 |
| | Water consumption significantly effecting water resources | EN9 | m ³ | | 0 |
| | % of water consumption with significant effect | EN9 | % | | 0 |
| Waste & Recycling | Total waste generated | EN22 | tonnes | | 296,800 |
| | Non-hazardous waste generated | EN22 | tonnes | | 271,500 |
| | Hazardous waste generated | EN22 | tonnes | | 25,300 |
| | Total waste per tonne stone wool | | kg/t | | 136 |
| | Waste – by external disposal method | EN22 | | | |
| | Non-hazardous waste landfilled | EN22 | tonnes | 101,700 | 140,100 |
| | Hazardous waste landfilled | EN22 | tonnes | 6,050 | 9,400 |
| | Landfill – total | EN22 | tonnes | 107,750 | 149,500 |
| | Waste for external recycling | EN22 | tonnes | | 139,000 |
| | Waste for external recovery (energy) | EN22 | tonnes | | 8,300 |
| | Waste to landfill per tonne stone wool | | kg/t | 52 | 69 |
| | Recycling and reclaimed products | | | | |
| | Recycling of residue from other industries | | tonnes | 527,450 | 564,900 |
| | % recycled content (of melt raw materials) | (EN2) | % | 25.3 | 25.9 |
| | Products and packaging reclaimed | EN27 | tonnes | 11,720 | 12,600 |
| | Products reclaimed by type | | | | |
| | Waste from OEM producers | EN27 | tonnes | | 4,900 |
| | Construction stone wool waste | EN27 | tonnes | | 2,900 |
| | Used insulation products and roof boards | EN27 | tonnes | | 2,530 |
| | Used GRODAN waste | EN27 | tonnes | | 470 |
| | Other products waste | EN27 | tonnes | | 1,790 |
| | Reclaimed packaging | EN27 | tonnes | | |
| | % of products and packaging reclaimed | EN27 | % | 0.56 | 0.58 |

5. Data sources for reclaimed material: reported by factories annually. All reclaimed products are weighted at the entrance to the site. Packaging reclaimed externally in other parts of the value chain is not included in Group figures.

GRI Summary table – Profile Disclosures

SR = Sustainability Report for the reporting year 2012
AR = Annual Report 2012
CDP = Carbon Disclosure Project (CDP) report 2013 (for the reporting year 2012)

CSR = Statutory report on Corporate Social Responsibility 2012
⦿ = Fully reported
⦿ = Partially reported

| Indicator | Location | Level of reporting |
|--|---|--------------------|
| 1. Strategy and Analysis | | |
| 1.1 Statement from the most senior decision-maker of the organisation. | [SR p4-5] | ⦿ |
| 2. Organisational Profile | | |
| 2.1 Name of the organisation. | [SR p2 and p48] | ⦿ |
| 2.2 Primary brands, products, and/or services. | [SR p46-47. AR pp.2-3, 9, 27] | ⦿ |
| 2.3 Operational structure of the organisation, including main divisions, operating companies, subsidiaries, and joint ventures. | [AR p61. SR p46-47.] | ⦿ |
| 2.4 Location of organisation's headquarters. | [SR p48] | ⦿ |
| 2.5 Number of countries where the organisation operates, and names of countries with either major operations or that are specifically relevant to the sustainability issues covered in the report. | [AR p61; SR p38-40, 43-44, 46-47; CDP 9.1.a] | ⦿ |
| 2.6 Nature of ownership and legal form. | [SR p2. AR p21] | ⦿ |
| 2.7 Markets served (including geographic breakdown, sectors served, and types of customers/beneficiaries). | [SR p32, 46-47. AR p4, 9, 61] | ⦿ |
| 2.8 Scale of the reporting organisation. | [SR 38-40, 46-47. AR pp4, 5] | ⦿ |
| 2.9 Significant changes during the reporting period regarding size, structure, or ownership. | [SR p4-5, 15-16, 19-20, 30, 43-44. AR 2012, pp. 3, 9; CDP 12.1.a] | ⦿ |
| 2.10 Awards received in the reporting period. | [SR p47] | ⦿ |
| 3. Report Parameters | | |
| 3.1 Reporting period (e.g. fiscal/ calendar year) for information provided. | [SR p43-44] | ⦿ |
| 3.2 Date of most recent previous report (if any). | [SR p43-44] | ⦿ |
| 3.3 Reporting cycle (annual, biennial, etc.) | [SR p43-44] | ⦿ |
| 3.4 Contact point for questions regarding the report or its contents. | [SR p2] | ⦿ |
| 3.5 Process for defining report content. | [SR p36-37. CDP 2.1.a] | ⦿ |
| 3.6 Boundary of the report (e.g. countries, divisions, subsidiaries, leased facilities, joint ventures, suppliers). See GRI Boundary Protocol for further guidance. | [SR p43-44. For GHG data: CDP section 0.3] | ⦿ |

| Indicator | Location | Level of reporting |
|---|---|--------------------|
| 3.7 State any specific limitations on the scope or boundary of the report (see completeness principle for explanation of scope). | [SR p43-44] | ⦿ |
| 3.8 Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations, and other entities that can significantly affect comparability from period to period and/or between organisations. | [SR p43-44] | ⦿ |
| 3.10 Explanation of the effect of any restatements of information provided in earlier reports, and the reasons for such restatement (e.g. mergers/acquisitions, change of base years/periods, nature of business, measurement methods). | [SR pp43-44, 13-16, 20] | ⦿ |
| 3.11 Significant changes from previous reporting periods in the scope, boundary, or measurement methods applied in the report. | [SR pp43-44, 13-16, 20; CDP report (GHG data only)] | ⦿ |
| 3.12 Table identifying the location of the Standard Disclosures in the report. | [SR p41-42] | ⦿ |
| 4. Governance, Commitments and Engagement | | |
| 4.1 Governance structure of the organisation, including committees under the highest governance body responsible for specific tasks, such as setting strategy or organisational oversight. | [AR pp20-21, 26; SR p38-40; CDP 1.1a, 2.1.a] | ⦿ |
| 4.2 Indicate whether the Chair of the highest governance body is also an executive officer. | [AR pp26-27] | ⦿ |
| 4.3 For organisations that have a unitary board structure, state the number and gender of members of the highest governance body that are independent and/or non-executive members. | Not applicable. Two-tiered board structure. | ⦿ |
| 4.4 Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body. | [www.rockwool.com/csr/ governance; AR p21; SR p26] | ⦿ |
| 4.14 List of stakeholder groups engaged by the organisation. | [SR p36-37, 46; CDP 2.3, 14.4, 14.4.a] | ⦿ |
| 4.15 Basis for identification and selection of stakeholders with whom to engage. | [SR p36-37; CDP 2.3, 14.4, 14.4.a] | ⦿ |

| Indicator | Location | Level of reporting |
|---|---|--------------------|
| Economic | | |
| EC1 Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments. | [SR p29, pp 38-40; AR p31-33] | ⦿ |
| EC2 Financial implications and other risks and opportunities for the organisation's activities due to climate change. | [CDP sections 5 - 6 and 2; AR p6; SR p17] | ⦿ |
| EC3 Coverage of the organisation's defined benefit plan obligations. | [AR pp 47-48, p31, 33, 37, 57; SR p24, 38-40] | ⦿ |
| Environmental | | |
| EN3 Direct energy consumption by primary energy source. | [SR p14, 38-40; CDP 11.2, 11.3] | ⦿ |
| EN5 Energy saved due to conservation and efficiency improvements. | [SR p14, 38-40; CDP 3.3] | ⦿ |
| EN6 Initiatives to provide energy-efficient or renewable energy based products and services, and reductions in energy requirements as a result of these initiatives. | [SR p7, 9, 38-40; CDP 2.2, 2.3] | ⦿ |
| EN7 Initiatives to reduce indirect energy consumption and reductions achieved. | [CDP section 14] | ⦿ |
| EN8 Total water withdrawal by source. | [SR p18, 38-40] | ⦿ |
| EN9 Water sources significantly affected by withdrawal of water. | [SR p18, 38-40] | ⦿ |
| EN16 Total direct and indirect greenhouse gas emissions by weight. | [CDP 8.2, 8.3. SR p16-17,38-40, 43-44] | ⦿ |
| EN17 Other relevant indirect greenhouse gas emissions by weight. | [CDP section 14. SR p17, p38-40] | ⦿ |
| EN18 Initiatives to reduce greenhouse gas emissions and reductions achieved. | [CDP 3.3. SR p16, 38-40] | ⦿ |
| EN19 Emissions of ozone-depleting substances by weight. | [SR p19, 38-40] | ⦿ |
| EN22 Total weight of waste by type and disposal method. | [SR p20-21, pp 38-40, 43-44] | ⦿ |
| EN26 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation. | [SR p7-9, 17, 18-19, 20-21, 38-40] | ⦿ |
| EN27 Percentage of products sold and their packaging materials that are reclaimed by category. | [SR p 20-21, 38-40, 43-44] | ⦿ |
| EN28 Monetary value of significant fines and total number of non-monetary sanctions for non-compliance with environmental laws and regulations. | [SR p13, 38-40] | ⦿ |
| Social: Labor Practices and Decent Work | | |
| LA1 Total workforce by employment type, employment contract, and region, broken down by gender. | [By region and gender: AR pp4, 23. SR p23, 38-40] | ⦿ |

| Indicator | Location | Level of reporting |
|---|--|--------------------|
| LA7 Rates of injury, occupational diseases, lost days, and absenteeism, and number of work-related fatalities by region and by gender. | [SR p25, 38-40] | ⦿ |
| LA10 Average hours of training per year per employee by gender, and by employee category. | [SR p25, 38-40] | ⦿ |
| LA11 Programmes for skills management and lifelong learning that support the continued employability of employees and assist them in managing career endings. | [SR p23-24] | ⦿ |
| LA12 Percentage of employees receiving regular performance and career development reviews, by gender. | [SR p24, 38-40 (not gender specific)] | ⦿ |
| LA13 Composition of governance bodies and breakdown of employees per employee category according to gender, age group, minority group membership, and other indicators of diversity. | [SR p38-40] | ⦿ |
| Social: Human Rights | | |
| HR4 Total number of incidents of discrimination and actions taken. | [SR p26, 34-35, 38-40; CSR p17] | ⦿ |
| HR5 Operations and significant suppliers identified in which the right to exercise freedom of association and collective bargaining may be violated or at significant risk, and actions taken to support these rights. | [SR p26, 34-35, 38-40; CSR p11] | ⦿ |
| HR6 Operations and significant suppliers identified as having significant risk for incidents of child labour, and measures taken to contribute to the effective abolition of child labour. | [SR p26, 34-35, 38-40; CSR p15] | ⦿ |
| HR7 Operations and significant suppliers identified as having significant risk for incidents of forced or compulsory labour, and measures to contribute to the elimination of all forms of forced or compulsory labour. | [SR p26, 34-35, 38-40; CSR p13] | ⦿ |
| HR11 Number of grievances related to human rights filed, addressed and resolved through formal grievance mechanisms. | [No grievances reported.] | ⦿ |
| Social: Society | | |
| S010 Prevention and mitigation measures implemented in operations with significant potential or actual negative impacts on local communities. | [SR p13,18-20, 24, 30-31, 34-35] | ⦿ |
| S02 Percentage and total number of business units analysed for risks related to corruption. | [SR p31, 34-35, 38-40] | ⦿ |
| S04 Actions taken in response to incidents of corruption. | [No incidents in 2012. SR p31, 34-35, 38-40] | ⦿ |
| S05 Public policy positions and participation in public policy development and lobbying. | [CDP 2.3; SR p31] | ⦿ |
| S07 Total number of legal actions for anti-competitive behaviour, anti-trust, and monopoly practices and their outcomes. | [SR pp 31, 34-36, 38-40] | ⦿ |

About this report

The ROCKWOOL Group has published annual environment/sustainability data reports for more than 15 years. It is part of our policy to report annually on our environmental and social performance. This ‘Sustainability Report – for the reporting year 2012’, which covers the calendar year 2012, is our first report that we prepare using the Global Reporting Initiative (GRI 3.1) as reference. To the best of our knowledge we declare this report to reach GRI 3.1 level C.

The publication of this report is in December 2013. Our previous sustainability report covered figures from the calendar year 2011 and was published in December 2012.

Report boundary

This sustainability report covers ROCKWOOL International A/S and our operating companies where we hold all shares or the majority of shares. In total 63 legal entities in 38 countries. Since the basis for this sustainability reporting on subsidiaries and joint ventures is majority ownership then, contrary to our annual financial reporting, the three associated companies in France, in the Czech Republic and in Switzerland are not part of the sustainability report boundary, as we do not have a controlling share in these joint ventures. Our list of Group companies, their country or origin, and our degree of ownership is declared on p61 in our Annual Report 2012. Suppliers, leased facilities and agents are not part of the Sustainability Report boundary.

Limitations on scope or boundary completeness

Some of our material sustainability indicators could only be reported partially and not fully to GRI standards. The Group has a policy of non-discrimination and for most of our social data we have so far not registered gender – or other aspects of minority representation. The Group has an ambition to enable a higher level of transparency – also on gender issues – and is preparing for more detailed Group Human Resources reporting systems. It is anticipated that the implementation process will take a few years. As indicated in the chapter ‘Protecting the environment’,

air emissions from our five newcomer factories could not be adequately included in Group figures (see further details below).

Choice of key performance indicators

Key performance indicators used in this report are selected on the basis of stakeholder dialogue and on the GRI technical protocols. The indicators are selected to give a balanced picture of positive effects, adverse effects as well as dilemmas/ cross-media effects.

Data at year-end

Figures and status are indicated at year-end for the reporting period. For the completion rate for performance and development reviews among office staff, however, the figure emanates from the annual mid-term reviews.

Significant changes from previous reporting periods

For the reporting year 2012, data from five newcomer factories have been added to the environmental key figures. For those of our environmental key indicators where adding five newcomer factories had a significant effect on the Group efficiency performance indicators for 2012, as compared to the performance of the 22 baseline factories (that we also had in the baseline year of 2009), this is clearly stated in the text/ graph. Where relevant and feasible, split data sets are indicated.

Restatements

The Group has not made any GRI reports before, so, in a GRI respect no restatements are made. Nitrogen oxide emission values (NOx) have been corrected, also taking emissions from curing ovens into account. This also affects data reported in our (non-GRI) sustainability reports of previous years.

Definition of sustainability

Our use of the term ‘sustainability’ or ‘sustainable’ refers to the ROCKWOOL Group’s definition which is available at our website at

> www.rockwool.com/sustainable+buildings/introduction+to+sustainable+buildings/sustainability+in+the+rockwool+group

Verification of data

Most of the data in this report has been gathered by our business units, reported to, consolidated, and verified internally by Group HQ.

GRI Application Level Check

External verification has been used for the brunt of GHG data – as documented in section 8.6 of our CDP response:

> www.rockwool.com/csr/cdp

This sustainability report includes data from our Annual Report which has undergone external auditing. This relates especially to financial data, governance aspects, some of our social data, and to a lesser extent, environmental aspects.

Method for declaring carbon emissions

Our methodology for calculating the Group's direct (Scope 1) and indirect (Scope 2) CO₂e emissions is 'The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard (Revised Edition)'. 'The IPCC Second Assessment Report (SAR – 100 year)' is our reference for calculating global warming potentials. Further detail can be found in sections 7.2-7.4 of ROCKWOOL International A/S' CDP response available at:

> www.rockwool.com/csr/cdp

and

> www.cdproject.net

Determining disposal methods for waste

Data is reported by the operating company using information provided by the waste disposal contractors.

Recycling of stone wool residue from our production takes place internally, but this is not part of the reporting for GRI indicator EN22.

Data sources for reclaimed products/packaging

Data is reported by the factories to the Group. All reclaimed products are weighted at the entrance to the site.

Products and packaging materials which are reclaimed and recycled by external partners are not covered in the Group figures.

Air emissions

Reported data is the result of annual performance measurement at the factories, with a few data based on online emission measurements made in order to show compliance with requirements from local authorities. EU factories are using the same measurement methods (ISO standard methods being the prevalent methodology) and they are comparable to North American methods. Measurement methods for the Asian factories are incomparable and the data quality for the four newcomer factories in this region are not yet adequate. For this reason reported data for air emissions only include our 22 baseline factories which we also had in 2009. The new Russian factory, inaugurated in the course of 2012, is not yet included in Group figures for air emissions.

A binder component emission was reported incorrectly by one of our factories. This single reported value has been replaced by an average of that factory's emissions in the previous three years (2009-2011).



Statement GRI Application Level Check

GRI hereby states that **ROCKWOOL International A/S** has presented its report "Sustainability Report - for the reporting year 2012" to GRI's Report Services which have concluded that the report fulfills the requirement of Application Level C.

GRI Application Levels communicate the extent to which the content of the G3.1 Guidelines has been used in the submitted sustainability reporting. The Check confirms that the required set and number of disclosures for that Application Level have been addressed in the reporting and that the GRI Content Index demonstrates a valid representation of the required disclosures, as described in the GRI G3.1 Guidelines. For methodology, see www.globalreporting.org/SiteCollectionDocuments/ALC-Methodology.pdf

Application Levels do not provide an opinion on the sustainability performance of the reporter nor the quality of the information in the report.

Amsterdam, 12 December 2013



Nelmara Arbex
Deputy Chief Executive
Global Reporting Initiative



The Global Reporting Initiative (GRI) is a network-based organization that has pioneered the development of the world's most widely used sustainability reporting framework and is committed to its continuous improvement and application worldwide. The GRI Guidelines set out the principles and indicators that organizations can use to measure and report their economic, environmental, and social performance. www.globalreporting.org

Disclaimer: Where the relevant sustainability reporting includes external links, including to audio visual material, this statement only concerns material submitted to GRI at the time of the Check 10 December 2013. GRI explicitly excludes the statement being applied to any later changes to such material.

The ROCKWOOL Group

The ROCKWOOL Group is one of the world's leading CO₂ mitigating companies. We are the second largest insulation producer in the world, and the number one company within the challenging stone wool fire safety market. Insulation is one of the important industrial products to have a positive net carbon footprint. A traditional ROCKWOOL product for loft insulation will, in its lifetime, save a hundredfold the energy required and CO₂ emitted during its production as compared to an uninsulated construction in a Danish climate. The CO₂ reductions are even higher for insulation of hot industrial processes. On average, ROCKWOOL thermal insulation for industrial processes and technical installations will save 20,000 times more CO₂ than was emitted during its manufacture. In total, the ROCKWOOL insulation produced in 2012 will, in its lifetime, save 4,990 million tonnes of CO₂ (nearly 5 GtCO₂) in buildings and industrial processes worldwide. In just the first year, the energy saving 'vintage 2012 insulation' installed in buildings and processes will reduce CO₂ emissions by approximately 221 million tonnes.

ROCKWOOL stone wool helps improve the quality of life for millions of people around the world. It provides a more comfortable indoor environment both in cold and hot climates. It ensures lower energy bills, absorbs noise, and provides vital fire protection. By reducing the need to burn fuel, it also reduces many air pollutants.

Primary brands

Supplementing the Group's primary ROCKWOOL brand, which accounts for 82% of Group turnover, the Group also develops, produces and markets other stone wool based solutions, organised in our Systems Division: ROCKFON acoustic ceilings

abate noise. ROCKPANEL decorative and weather-resistant cladding boards are used for 'facelifting' old – or new – facades. GRODAN horticultural substrates and crop management solutions are used to grow vegetables and flowers, using less water, nutrients and pesticides than with many traditional methods. ROCKDELTA noise and vibration control underneath rails are used for trains, trams and metros. LAPINUS FIBRES provide special engineered stone wool fibres for gaskets, brake linings and other reinforcement purposes. The ROCKWOOL Group does not outsource its production of stone wool as this is our core technology.

Key customers

Direct clients for ROCKWOOL insulation and our other building-related products (ROCKFON and ROCKPANEL) are typically contractors, installers, homeowners and the building materials distributors through whom they acquire our products. But quite often it is the architect/specifier or an active owner of a building or an industrial process with a firm preference that determines whether or not firesafe and/or noise abating solutions incorporating our stone wool products are chosen. Among our customers are also system holders or industrial clients, for instance, using our insulation in facade systems, in fire doors, in sandwich panels, or using engineered fibres in brake pads for cars and wind turbines, or for reinforcement of plastics and paints. GRODAN customers are greenhouse owners, often motivated by consumers and supermarkets prioritising food security and a minimum usage of resources. ROCKDELTA customers are companies or public institutions preparing rails for trains or trams, and wanting to minimise noise and vibrations to the neighbours.



International operations

The ROCKWOOL Group has 27 factories in 17 countries across Europe, North America and Asia. They produced 2.18 million tonnes of stone wool in 2012. At year-end the Group operated 63 legal entities in 38 countries with a staff of 9,778 employees. Group turnover totalled DKK 14,664 million. The Group has three divisions. Europe Division and East Division cover ROCKWOOL building insulation activities. Systems Division covers the diversified activities. The ROCKWOOL Group holds 100% ownership of the vast majority of its subsidiaries. By year-end 2012, it had five joint ventures with majority interest (in China, Malaysia, Thailand, and Spain) and three associated companies with minority interest (in Switzerland, France, and Poland). The list of Group companies is declared on p61 in our Annual Report 2012.

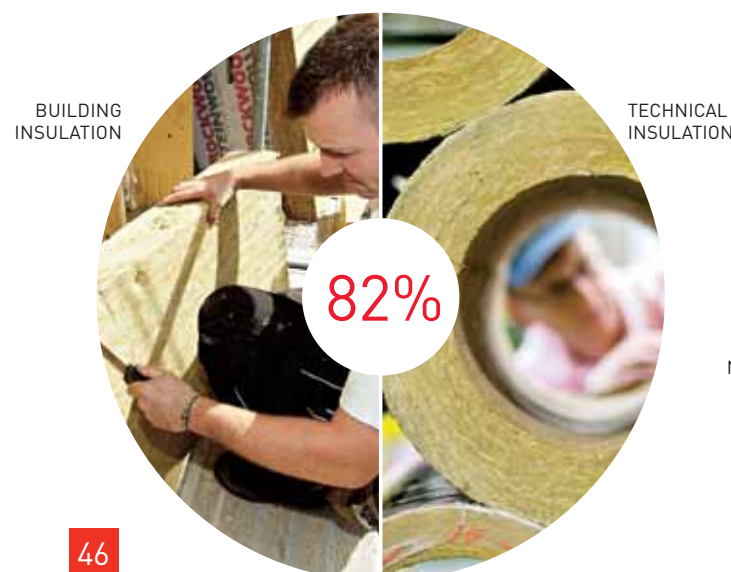
Owners

ROCKWOOL International A/S is listed on the NASDAQ OMX Nordic Exchange in Copenhagen. Its largest shareholder is the benevolent ROCKWOOL Foundation.

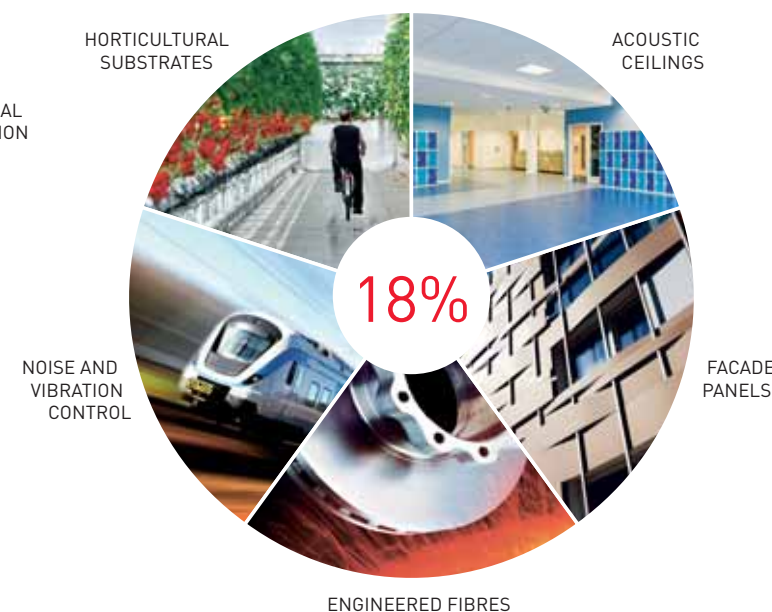
Awards

In 2012, the Group's Polish ROCKWOOL company won the CSR award 'Firma Dobrze Widziana'. ROCKWOOL Polska's promotion of equal opportunities for men and women was one of the accomplishments motivating the Polish Business Centre Club to give this award, which is co-financed by the European Social Fund's Human Capital Operational Programme.

INSULATION



SYSTEMS



This publication presents a summary selection of the ROCKWOOL Group's initiatives on Corporate Social Responsibility (CSR), sustainable development, and Environment, Social & Governance (ESG).

Read more on

Social Charter: www.rockwool.com/social+charter

CSR progress report: www.rockwool.com/csr+reports

Annual Report: www.rockwool.com/annual+reports

CDP Response: www.cdproject.net and www.rockwool.com/csr/cdp

Corporate Governance: www.rockwool.com/csr/governance

www.rockwool.com

www.rockwoolfonden.dk (in English)



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