



ROCKWOOL ESG Presentation

Social impact and governance

29 May 2020



ESG Meeting Calendar



- 10 Sep. 2019** Environment: Climate Change and Energy efficiency
- 13 Dec. 2019** Environment: Circularity
- 19 Mar. 2020** Sustainability Report 2019 launch
- 29 May 2020** Social impact and governance
- 18 Sep. 2020** TBD

Agenda

1

**Renovation and
Social impact**

2

**Renovation and
Fire resilience**

3

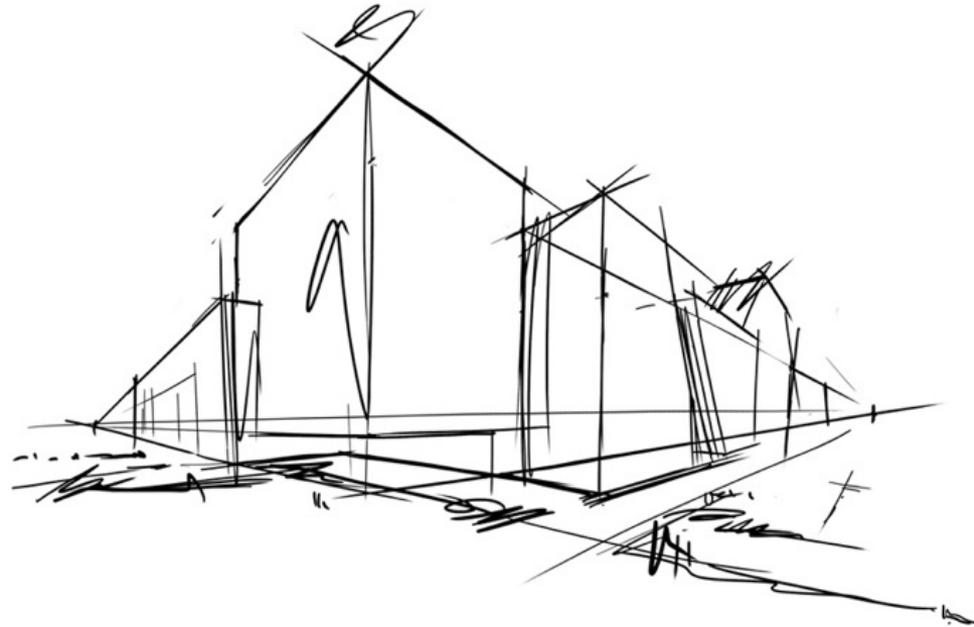
**Renovation and
Acoustic impact**

4

Governance

5

Q&A



Economic, environmental and societal impact of building renovation through leveraging private investments



Securing our economy

- ~**20,000 local jobs secured** in the **short-term** per €1B
- ~**95%** of construction companies have **<10 employees**
- Craftsmen generate **2/3 of revenues locally** within 50km radius



Contributing to the green transition

- **Deep renovation** of buildings could **cut 36%** of their energy consumption by 2030
- **26€/m² annual energy cost savings** for households
- Attractive **2X payback** of **energy renovation investment**



Renovating our homes

- **>80%** of **EU buildings need to be modernized** by 2050
- Huge audience: **70% of EU homes** are **owner-occupied**
- Potential to kick-start **renovation of ~250 million homes**



Leveraging public fiscal stimulus with private investment

- Short-term: Providing **liquidity to SMEs by public fiscal stimulus**
- Mid-/Long-term: Designing '**new**' **asset class for private investment from inst. investors** (e.g. pension funds)
 - State guarantees **limit financial risk** to attract institutional investors
 - State funds to **bridge financing** until availability of investment vehicles for the '**new**' green (renovation) asset class
- Both short-term and long-term financing schemes need to be **designed individually for EU or country level**

Renovation: strong value proposition for governments, institutional investors and home/building owners

Value proposition for Governments



Secure our economy



Contribute to the green transition



Reduce energy consumption



Increase stimulus leverage



Reduce financial risk

Value proposition for Institutional investors



Competitive returns



Limited financial risk



Limited administration



Greener portfolio / fulfilling ESG targets



Helping societies recover from C-19

Value proposition for Home/building owners



Reduced energy cost



Improved living / working conditions



Increased property value



Limited administration

Energy poverty contributes to a range of health issues

30-50% of excess winter mortality is attributed to housing conditions

Energy poverty means 30% greater risk of admission to hospital or primary care facilities for infants

15%
of all people in developed countries live in energy poverty

Energy poverty can affect **mental wellbeing** and social contact

Energy poverty **affects children's diet** if households reduce spending on food to afford fuel to keep warm

Source: BPIE 2014 and IEA 2017

Energy poverty is defined as
“households not being able to adequately heat or cool their homes at affordable cost”

source: EU Energy Poverty Conservatory
<https://www.energypovetry.eu/about/what-energy-poverty>

The **most cost-effective, long-term methods** for alleviating energy poverty are **energy efficiency and renovation**

source: Regulatory Assistant Project (RAP), 2020
<https://www.raonline.org/knowledge-center/equity-in-energy-transition-who-pays-who-benefits/>

Fire safety – an integral part of renovation

Grenfell:

1970s building, energy renovated in **2012-16**

Combustible cladding was primary source of fire spread

but the insulation and architectural details were also identified as important contributors

source: Grenfell Tower Inquiry, Phase one report, 2019
<https://assets.grenfelltowerinquiry.org.uk/GTI%20-%20Phase%201%20report%20executive%20summary.pdf>

In the early phases of the fire, the **primary cause of toxic smoke was plastic foam insulation**. In the later phases, the majority of toxic smoke came from the burning content of the apartments

source: Professor David Purser report, Phase one 2019
<https://assets.grenfelltowerinquiry.org.uk/documents/Professor%20David%20Purser%20report%20-%20Phase%201%20-%20supplemental%25%20DNP000001.pdf>



Events like Grenfell in London shook our profession to the core and are a call to arms that the safety and wellbeing of a building's inhabitants are one of our primary responsibilities as architects. As cities grow and become ever denser, fire safety should play a fundamental role in any design as we create environments where people will work, learn, play and live in the future".

Kai-Uwe Bergmann, Partner, BIG NYC

Fire requirements for facades recently strengthened in UK, France, Belgium (still needs to be adopted) and in a number of Eastern European countries

Our key objective is to promote fire safety systems that **minimise risks to public safety**.

This means promoting regulations that require the use of **non-combustible, recyclable materials that minimise the risks from toxic smoke** on high-rise and high-risk buildings



Building safer cities and communities everywhere



	Trend	Challenge	ROCKWOOL has the solution
Fire	Increase in combustible building content 1	Fires develop 5 to 10 times faster today than in the 1960s due to more synthetic and oil-based materials*	Stone wool is inherently non-combustible and can resist temperatures above 1,000° C
	Increased # of façade fires 2	Façade fires in large buildings worldwide have increased 7 times over the last three decades**.	Stone wool helps contain a fire locally and secure that a fire in a building will not become a building on fire
	Shortened 'fire response time' 3	In a standard home, occupants have only two minutes to escape once the smoke detector goes off*	Our products contain minimal organic content resulting in no significant production of toxic smoke

* Source: <https://www.cbc.ca/news/canada/windsor/modern-homes-burn-8-times-faster-than-50-years-ago-1.1700063>

** Matthew Bonner, Guillermo Rein, 2018, 'Flammability and Multi-objective Performance of Building Façades: Towards Optimum Design', International Journal of High-Rise Buildings December 2018, Vol 7, No 4, 363-374.

Fire has adverse effects on local communities, the environment ...

Economy

~2% GDP

total cost of fire (\$328.5bn) in the US

source: Fire Protection Research Foundation, 2017 (data from 2014)
<https://www.fprf.org/Content/Files/News-and-Research/US-Fire-Statistics-and-Reports/US-Fire-Problem/FPTotalCost.pdf>

Community

90,000

children in the UK are disrupted by school fires each year.

source: LGA Research, 2007
<https://www.rfr.ac.uk/publications/fw01/fw01.pdf>

Environment

Fires contribute to air contamination from the fire plume and water contamination from runoff

source: Fire Protection Research Foundation, 2020
<https://www.fprf.org/News-and-Research/Data-research-and-tools/US-Fire-Problem/The-environmental-impact-of-fire>

~3m GBP

monthly revenue loss for Belfast city centre caused by Primark Bank Fire

source: Belfast City Council Planning Committee, 2018
<https://www.belfastcity.gov.uk/documents/2018/11/20181120/20181120%20-%20Belfast%20City%20Council%20-%20Development%20Management%20Officer%20Report%20-%20BBC%20-%20https://www.bbc.com/news/uk-northern-ireland-4683354>

17%

of schools affected by fire experienced a drop in staff morale

source: LGA Research, 2007
<https://www.rfr.ac.uk/publications/fw01/fw01.pdf>



Acoustics is generally not top-of-mind...

But it's more important than ever when renovating

Pupils cannot hear up to **70%** of the consonants teachers speak in schools with no sound absorption.

Source: Robert Craik, David John MacKenzie, S. Airey, "Speech intelligibility in Classrooms" (1996), Herriot-Watt University

A higher risk of hypertension is directly associated to an increase in **noise level.**

Source: WHO Regional Office for Europe, Environmental Noise Guidelines for the European Region (2018)

€48 billion annually in lost productivity is the cost of urban noise for European companies.

Source: <https://www.wired.com/insights/2013/08/what-does-productivity-sound-like/>



Offices that sound as good as they look

Stone-wool based Rockfon acoustic ceilings and walls help employees create, concentrate and collaborate

Did you know that when auditory distractions are reduced or eliminated:

75% of employees are more productive

Source: Udemy In Depth: 2018 Workplace Distraction Report

57% have increased motivation

Source: Udemy In Depth: 2018 Workplace Distraction Report

49% are happier at work overall

Source: Udemy In Depth: 2018 Workplace Distraction Report

Sound of a happier, healthier school

Acoustics ceilings & walls **reduce noise levels** in classrooms, sports halls, swimming pools and canteens so that students can hear, concentrate, learn, relax and play.



445,000 students

with improved learning conditions due to acoustic solutions delivered to schools in 2019



As part of a contest, Rockfon asked students to visualise the sound of their schools. Contest winner's classroom will be acoustically treated by Rockfon.

Renovation a key element of proposed EU recovery plan



European Commission - Press release

Europe's moment: Repair and prepare for the next generation

THE POLICY FUNDAMENTALS OF THE RECOVERY

Relaunching the economy does not mean going back to the status quo before the crisis, but bouncing forward. We must repair the short-term damage from the crisis in a way that also invests in our long-term future. All of the money raised through Next Generation EU will be channelled through EU programmes in the revamped long-term EU budget:

The European Green Deal as the EU's recovery strategy:

- A massive **renovation wave** of our buildings and infrastructure and a more **circular economy**, bringing local jobs;

The recovery plan includes a massive **renovation wave** of our buildings and infrastructure and a more **circular economy**, bringing local jobs

Corporate governance

ROCKWOOL Group follows the Danish recommendation on Corporate Governance with a classic governance structure with an Annual General Meeting for shareholders, an independent Board of Directors (with well-defined committees) and Group Management.

Four exceptions for 2019:

- Responsibility delegated by the Board of Directors to the Chairmanship:
 - Nomination of candidates for the Board of Directors
 - The duties of a Nomination committee
- Information not disclosed as it is considered a private matter and is not deemed to add value for shareholders:
 - Portfolio of shares, options, warrants and similar of each board member
 - Remuneration of each member of management



EU Shareholders' Rights Directive

In April 2020, the AGM approved our revised Remuneration Policy. For 2020 the individual remuneration elements of each Registered Director are disclosed in the annual Remuneration Report.

Tax Governance

- ROCKWOOL Group tax policy approved by the Board of Directors.
- Responsible tax practices aligned with OECD guidelines and reported both as part of the Group's Corporate Governance in the Financial Statements and also as part of ROCKWOOL Group's Sustainability Report.
- Tax matters are governed by the Board of Directors and discussed on a regular basis with the Audit Committee.
- The Group's Tax Department reports directly to the CFO and has responsibility for management and compliance of tax matters globally in cooperation with local finance directors.
- The Group does not make use of any "tax haven regimes" or "non-disclosure regimes", as defined by OECD or EU.

Responsible tax

We acknowledge that tax is an important part of society and an equally important part of responsible corporate citizenship.

109 mEUR paid
in corporate tax
during 2019



Business integrity

ROCKWOOL Group has:

- Zero tolerance towards fraud and corruption as stated in our Board-approved “Code of Conduct”. It covers our purpose, *The ROCKWOOL Way* and multiple other topics.
- Instructions to our local managing directors, covering among others the Group policies.
- An onboarding program and a regularly repeated training program related to topics covered by our Code of Conduct.
- An Integrity Committee, chaired by the CEO, acting as supervisory body on integrity-related matters.
- A whistleblower system with reporting to the Board through the Audit Committee.
- An internal controlling function that audits Group’s entities.



Topics covered by our **Code of Conduct**; anti-corruption, Gift & hospitality, conflict of interest, competition and antitrust law, data privacy, money laundering, confidential information, human rights & labour rights, health & safety, environment

Our values: Ambition, Integrity, Responsibility and Efficiency



HR governance and diversity

- ROCKWOOL Group policy promotes equal opportunities, supports diversity and acts against discrimination.
- In 2020, the Group publicly disclosed our *human rights commitment*.
- Gender diversity goals were established in 2013 in line with Danish recommendations.
- In April 2020, Rebekka Glasser Herlofsen was elected as new member of the Board of Directors.

27% female leaders
in executive and middle
management positions

29% women
among new hires
for middle manager
positions

Gender is only one part of diversity –
in 2019 ROCKWOOL Group employed
people from 68 different nationalities
worldwide.





Questions?



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