

## Modern Slavery Statement for the Financial Year 2018

This statement is made pursuant to Section 54 of the Modern Slavery Act 2015 and constitutes ROCKWOOL Limited and the ROCKWOOL Group's statement of the financial year ending 31<sup>st</sup> December 2018. The statement describes the initiatives and considerations that ROCKWOOL Limited as part of the ROCKWOOL Group has taken to prevent that slavery and human trafficking are not taking place in the company.

### ROCKWOOL Group Organisational Structure

ROCKWOOL is a focused industrial company with leading positions in insulation, acoustic ceilings and horticultural growing media based on stone wool technology. Group companies operate under the trademarks ROCKWOOL, Grodan, Lapinus, Rockfon and Rockpanel. Group operations are focused on Europe, Russia, North America and Asia. The Group employs more than 11,000 employees. The Group operates out of 45 manufacturing facilities situated in 39 countries. More information is available on [www.rockwoolgroup.com](http://www.rockwoolgroup.com).

### The Supply Chain

The Group has a continuous goal to lower the number of suppliers. Through this effort we have lowered the number during 2018 although still currently engaging more than 10,000 suppliers worldwide covering a multitude of categories of goods and services. The suppliers are mainly situated in Europe. Suppliers vary from small local supplier to large international suppliers supplying the Group on a worldwide basis. Raw materials are sourced directly from producers around the world. The ROCKWOOL Group total spend for 2018 is expected to be around 1,200 MEUR, increasing in 2019 as the production capacity is expanding.

### Policies in relation to slavery and human trafficking

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

The ROCKWOOL Group operates a **Code of Conduct** comprising a number of Group policies into one document. The Code of Conduct explicitly states the Group's opposition to forced or compulsory labour. At the same time it states that the Group will not engage with business partners that use forced or compulsory labour. The Code of Conduct has been communicated internally and is publicly available on [rockwoolgroup.com](http://rockwoolgroup.com). As a supplement to the Code of Conduct, the Group operates a whistleblower policy which allows employees and third parties to report violations of the Code of Conduct.

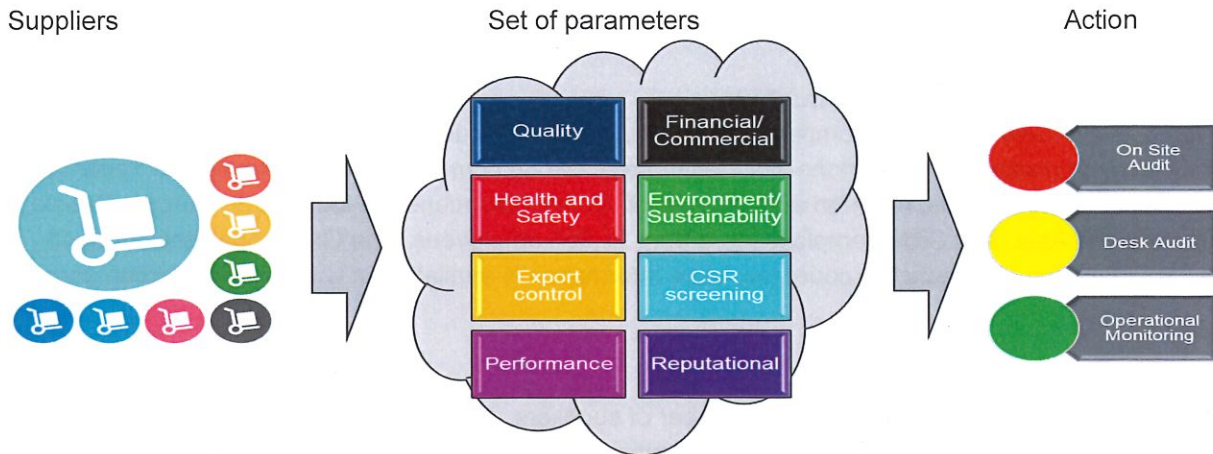
The Group has a specific Code of Conduct for Suppliers which is in alignment with the overall Code of Conduct and reflects the Group's commitment in relation to UNGC towards suppliers.

### Supplier due diligence process

Suppliers to the ROCKWOOL Group, managed by Group Sourcing & Procurement (GSP), must accept the Code of Conduct for Suppliers as part of the on-line supplier registration process. Accept of the Code of Conduct for Suppliers is a pre-requisite to being approved as a supplier to the Group. We accept suppliers operating on their own code of conduct on a level equal or higher compared to that of the ROCKWOOL Group. These are also captured during the registration and approval process.

GSP is required to conduct supplier evaluations of suppliers with an annual spend of 100 kEUR or more. Evaluations have to be made at least once every three years. GSP is working on implementing a new

evaluation process, which will be based on business risk in accordance with several identified social parameters among others. During the supplier approval process, the supplier will be evaluated on various labour and human rights parameters and be segmented in accordance with criticality and risk profile. The risk profile will determine the evaluation process that will be applied to the individual supplier. This will enable GSP to work with each supplier based on its current situation rather than only based on a specific spend and a three year period. We are working towards implementing this process during 2019.



We operate a [Whistleblower Policy](#) encouraging employees and third parties to report serious and sensitive concerns. In 2018 the ROCKWOOL Group did not receive any whistleblower reports concerning the use of forced or compulsory labour in the supply chain.

GSP handles contracts with large and strategic suppliers. This includes regular visits to suppliers and visits of production facilities as well as third party audits as and when required. The close collaboration with new and existing suppliers is a part of our current assessment of compliance with the Code of Conduct for Suppliers. During the second half of 2018, we introduced a KPI measuring the legacy suppliers acceptance of the supplier Code of Conduct for contracted suppliers. In 2018, we are at 50% coverage. This KPI will continue into 2019, meaning that we will either obtain accept of the Code of Conduct or evaluate if the supplier is no longer being used.

Five suppliers have been selected for third-party sustainability audits during 2018. These audits will be carried out in Q1 2019 and the results will help further calibration of the improved supplier due diligence process.

We can confirm that we did not identify any instances of slavery in our supply chains in 2018.

### Training and capacity building

In 2018 GSP held a two day departmental meeting. One full day was spent on sustainable sourcing with speakers from the ROCKWOOL sustainability group, work shops on sustainable sourcing as well as a dilemma game to trigger thinking and support the understanding of what sustainability and sustainable sourcing means. As part of the roll out of the new supplier evaluation process, employees in GSP dealing with suppliers will receive further training.

Signed:   
 Title: **Managing Director, ROCKWOOL Limited**