
Rockwool: global leader in wool insulation products

Keeping Russia warm while Russia is freezing Europe



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A reminder on what today's Russia is like...

1 Today's Russia is run by a violent criminal group, committing terror against and holding hostage civilians in both Ukraine and Russia

- Recent bombings of Ukrainian cities and civilian infrastructure are war crimes, including according to the Russian law

2 Russian war and policy towards Ukraine deny Ukrainians' right to exist, in line with UN definition of genocide

- State-run propaganda is inciting genocide. e.g., on 20 October 2022 live on Russia Today, a state-owned broadcaster, a leading Russian propagandist Anton Krasovsky said the following referring to Ukrainian children: ["Just drown these children. Drown them."](#)

3 Russia is mobilizing hundreds of thousands of Russian men to deploy them as cannon fodder in the aggressive war against Ukraine

- Several hundred mobilized already died on the front, while hundreds of thousands of Russian men fled Russia post announcement of mobilization

What are the implications for the Western companies operating in Russia?

- Every ruble of taxes paid finances: (i) criminal leadership of Russia; (ii) Russian genocidal propaganda machine; (iii) Russian armed forces
- Every company is obliged to comply with and cooperate with mobilization of its staff⁽¹⁾
- As the Russian economy is increasingly on a war footing, companies are likely forced to start or continue supplying the Russian war machine

Notes:

1. e.g., an employer of a reservist is obliged to deliver the summons to such employee; employers are obliged to maintain lists of reservists (Russian Federal Law No52-FZ)

...and what it may soon become: a terrorist state

Since Russian Invasion of Ukraine several **EU member states** and **European institutions** declared **Russia a terrorist state**

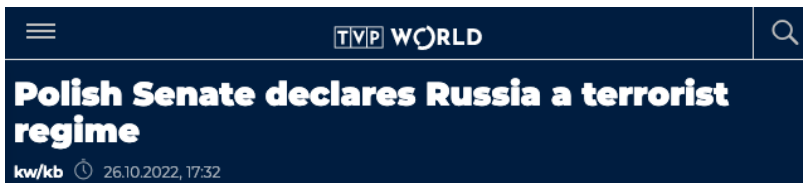
- [Lithuania](#), [Latvia](#) and [Estonia](#) were the first countries, declaring Russia a terrorist state
- The lower house of [Czech Republic](#) parliament, as well as Senate in [Poland](#) designated Russia a terrorist regime
- The Parliamentary Assembly of the Council of Europe (PACE) adopted a [resolution](#) declaring Russia a terrorist regime
- Members of the European Parliament is expected to [vote](#) on [resolution](#) on 23 November 2022 suggesting to declare Russia sponsor of terrorism



Estonian parliament declares Russia a terrorist state

It becomes the third national legislature to do so, after Latvia and Lithuania.

Czech lower house calls Russia a terrorist regime



MOTION FOR A RESOLUTION on recognising the Russian Federation as a state sponsor of terrorism

16.11.2022 - ([2022/2896\(RSP\)](#))



PACE Recognizes Putin's Regime in Russia as Terrorist One

By Kyiv Post. Published Oct. 13 at 4:36 pm

Continued operations in Russia means supporting and sponsoring terrorism

Now back to the Company, who is Rockwool?

Rockwool is one of the key players in the global wool insulation products, a market leader in many geographies. It operates through multiple brands, including Rockfon, Rockpanel, Lapinus and Grodan

Overview


- Rockwool (the “**Company**”) is a leading global stone wool insulation manufacturer, with 51 manufacturing facilities, present in 40 countries and sales in 120+ countries. Established in 1935 and headquartered in Hedehusene, Denmark
- Operates two business segments: Insulation and Systems. Insulation segment, among other, includes interior building insulation, facade and roof insulation, industrial and technical insulation. Systems segment includes acoustic ceilings, cladding boards, engineered fibers, noise and vibrational control and horticultural substrates
- Key markets: (i) Western Europe (59% of 2021 group sales), (ii) North America, Asia and Others (22%), (iii) Eastern Europe and **Russia (18%)**

Product overview





Key metrics (as of H1 2022, € billion)


Market capitalisation (11 Nov):	~4.3
Net sales:	1.9
Net income (m):	125
Employees (#):	12,000
o/w employees in Russia (#):	1,200

Absorb moisture 

Provide protection 

Noise reduction 

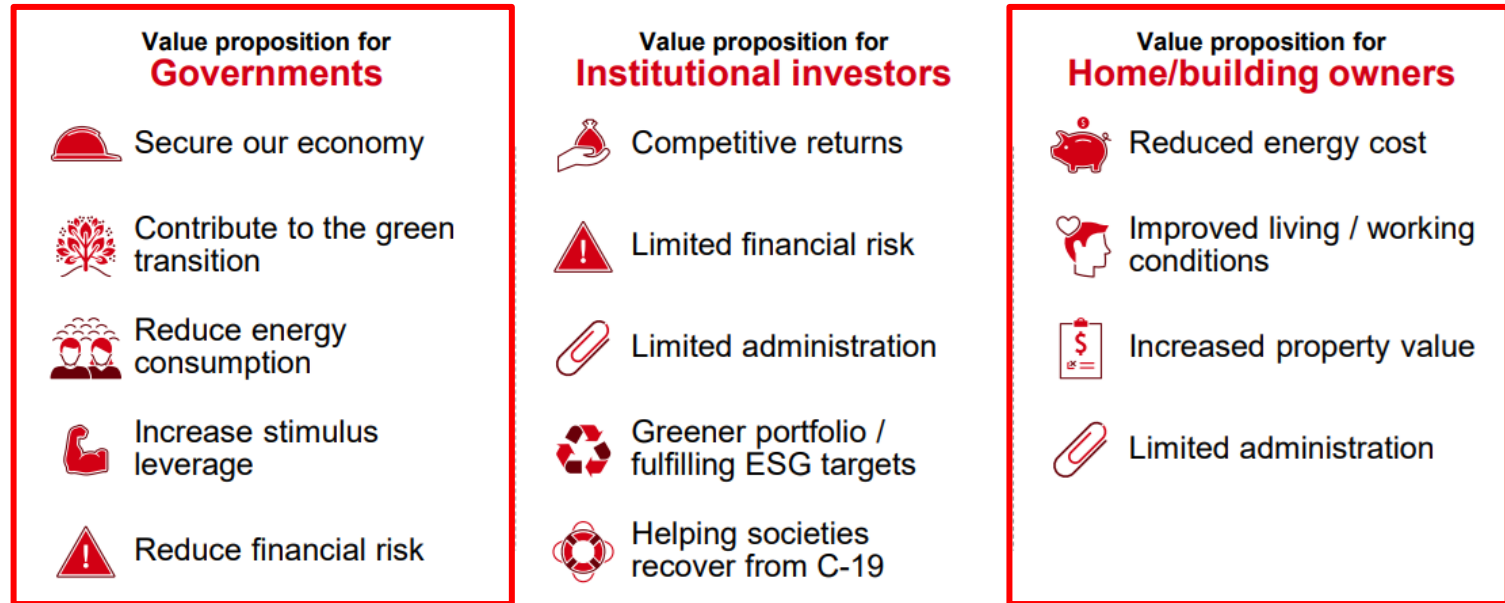
Increase energy efficiency 

Protect against fire 

Rockwool's stated commitment to ESG

Rockwool is a signatory to the UN Global Compact initiative which entails a commitment to act responsibly in the areas of human rights, labour, environment and anti-corruption. [In its ESG presentation dated 29 May 2020](#), Rockwool described the strong value proposition of its products, highlighting their benefits to governments

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



While Russia is energy starving Europe, Rockwool is helping Russian government and Russian citizens, who are supporting the Russian war in Ukraine, to avert energy poverty

Rockwool's business in Russia...

Rockwool operates 4 manufacturing plants in Russia and is deeply entrenched in the business and political community, and recently joined a campaign, which is directly supporting the mobilized Russian soldiers

Overview of Russian operations

- Rockwool operates in Russia through “Rockwool LLC” (“ООО РОКВУЛ”) in Balashikha, “Rockwool North LLC” (“ООО РОКВУЛ СЕБЕР”) with a plant in Vyborg, “Rockwool Ural LLC” (“ООО РОКВУЛ УРАЛ”) with a plant in Troitsk and “Rockwool Volga LLC” (“ООО РОКВУЛ ВОЛГА”) with a plant in Yelabuga
- Rockwool was present in Russia since 1970s when its products were supplied to the Soviet shipbuilding industry. First operations established in 1995 in Moscow and manufacturing in the country since 1999, when it [acquired](#) one of the five Mosasbotermosteklo enterprises in Balashikha, Moscow Region
- Rockwool Russia employs over 1,200 people with 18% of sales or [€562m](#) from Eastern Europe and Russia in 2021 (2Q'22 growth of 57% in LCU). **Each of the plants are among the largest manufacturing enterprises and taxpayers in the region.** Rockwool invested \$150m in Yelabuga plant, it was **the largest amount invested in a manufacturing facility by Rockwool.** [According to an industry portal](#), the plant produces some of the most advanced Rockwool products. In 2021, Rockwool [announced](#) a €200m investment in new production line at Vyborg insulation plant, which was subsequently cancelled due to Russian invasion of Ukraine
- Rockwool has been actively recruiting during 2022. As of November 2022, according to the Russian [job search service](#), there are more than **50 vacancies**
- **In 2018, Rockwool joined the Foreign Investment Advisory Council in Russia (“FIAC”).** FIAC operates under the leadership of the Russian Prime Minister with a goal to improve the Russian investment climate
- Rockwool is an active participant in social projects and improvement programs in Russia. On 9 February 2022, the CEO of Rockwool Russia received the medal of the Moscow Regional Duma **"For Labour"**. [According to Rockwool](#), the head of the city Balashikha said that Rockwool is one of the major investors in the district
- According to Rockwool's code of conduct, the Company has strong moral principles. However, months into invasion, [on 22 July 2022](#) Rockwool became a member of the Russian Managers Association, which **on the 26 October 2022, [joined](#) the Russian #WETOGETHER campaign directly supporting the Russian mobilized soldiers and their families, thereby actively supporting the war**

...and dealings with Russian MoD and SOEs (1/2)

- [According to the Company's disclosure](#), Rockwool is known for Marine and Offshore insulation. In 2019, the CEO of "Severnaya Verf" (major shipyard in Russia, producing naval and civilian ships) Igor Ponomarev [stated that](#) Rockwool's insulation is being used for **Russian frigates**. It may be applicable to other Russian navy manufacturers
- Rockwool products are also widely used for [construction of medical centers of the Ministry of Defense](#) ("MoD") of the Russian Federation. [Per local news](#), centers were built in 15 regions in Russia, that can handle more than 1,500 people
- [Another project for Ministry of Defense](#) is the construction of a new **educational institution** for students of the Ministry of Defense, stone wool solutions were chosen for the insulation, as well as soundproofing inside the premises

Rockwool's supply projects for the Russian MoD



”

"Для корветов мы приобретаем изоляцию компании "Тизол", для фрегатов - "Rockwool", - рассказали изданию в пресс-службе предприятия. - Обе компании - российские производители. И "Тизол", и "Rockwool" давно на рынке. Адрес производства "Тизола" - Свердловская область, у "Rockwool" сначала это были поставки из Финляндии, но теперь завод "Rockwool" работает в Выборге. Качество продукции этих компаний соответствует требованиям надзорных органов и нашего заказчика".



...and dealings with Russian MoD and SoEs (2/2)

- [According to the local page](#), the headquarters of Russian Ministry of Defense in Moscow uses Rockwool acoustic materials. There are more than one and a half thousand kilometers of communication lines, underground structures, as well as three helipads, which is a source of additional noise that practically does not penetrate the premises due to materials from stone wool
- [According to the local page](#), where you can track tenders for state-owned enterprises (“SoE”), there are more than **1,100 procurements** for Rockwool products

Rockwool’s participation in tenders for SoEs



Headquarters of the Ministry of Defense

КонтурЗакупки

Получите бесплатный период на 3 дня. Зарегистрироваться или войти по сертификату

Войти

Поиск Шаблоны Избранное Аналитика Банковская гарантия Справочная Цены

Закупки Торги имуществом

Ключевые слова: Rockwool

Регион поставки: Область, округ, республика, край, город

Найти Сохранить как шаблон Сбросить поиск

Тендеры на строительные материалы и оборудование

1 114 закупок от НМЦ от крупных

0095/19/4/2/0002195/ТГННовгород/К/ГОС/Э/31.01.2019 Поставка строительных материалов для капитального ремонта для нужд ООО «Газпром трансгаз Нижний Новгород» в 2019 году	127 630 400,65 ЭТП ГПБ	Размещение завершено
Участники и результаты		
ООО «Газпром Трансгаз Нижний Новгород»		
... Утеплитель Rockwool Лайт Батс (50 мм) ... Утеплитель «Rockwool» ...		
223-ФЗ, Закупка иного способа размещения № 31907478835 от 31.01.2019		
Реализация. Невостребованные МТР. Остатки ТМЦ со склада г. Новый Уренгой. Кабельная продукция, Запчасти авто (Фильтры), Газовые тройники, Трубы, Рамы, Краны, Переходники, Металлисты, Спецодежда	96 863 387,81 ЭТП ГПБ	Размещение завершено
ООО «Газэнергострой»		
... Цилиндр Rockwool Д18*40 мм ... Цилиндр Rockwool 89*60 мм ... Цилиндр Rockwool 57*70 мм ... Цилиндр Rockwool 32*60 мм ...		
Коммерческие. Аукцион на повышение № ГП808077 от 01.08.2018		

Rockwool ignored the Russian invasion of Ukraine

According to the [Yale's Russia list](#), **Rockwool continues doing business in Russia**. On 4 March 2022, Rockwool made a statement announcing continuing operations in Russia despite the invasion. While expansion investment in the Vyborg plant has been cancelled, Rockwool continues to modernise existing plants, e.g. [RUB100m will be invested in Balashikha factory](#). On 5 May 2022, the Company [announced](#), it will contribute DKK100-200m for the reconstruction of Ukraine, however this financial contribution is only a fraction of their Eastern Europe and Russia revenue (c.2-4% of 1H'22 annualized)

Rockwool continues business as usual in Russia

Rockwool statement on continuing business in Russia, 4 March 2022

We are deeply saddened by the war on Ukraine and the tragic consequences it is having on the people there.

ROCKWOOL has four factories and 1200 employees in Russia. In round figures, that is approx. 10 percent of all ROCKWOOL employees. We produce products in Russia for the Russian market that help reduce greenhouse gas emissions and advance the green agenda.

Despite the war against Ukraine, we have chosen to continue operating in Russia. We do and will respect all applicable sanctions. As previously communicated, however, we have cancelled the EUR 200 million expansion investment in the Vyborg, Russia factory.

We understand that some people disagree with the decision to continue operating and we acknowledge the strong feelings that might create. But we are convinced it is the right thing to do. There are of course many considerations, above all else, our employees and their families. If we withdraw from Russia, it will first and foremost punish our own people and put at risk the livelihoods of their families. We do not want to do that.

For ROCKWOOL, there is no contradiction in standing side by side with the Ukrainian people and at the same time standing side by side with our Russian colleagues.

In an effort to help relieve the terrible humanitarian situation in Ukraine, ROCKWOOL has contributed to the Danish Red Cross and created a mechanism by which our employees can easily do the same.


Городской округ Балашиха
Официальный сайт Администрации Городского округа Балашиха

Об округе ▾ | Муниципалитет ▾ | Деятельность ▾ | Гражданам ▾ | Документы | События ▾

События / Новости

Более 100 миллионов рублей компания ROCKWOOL направит на модернизацию производства в Балашихе

30 марта в 14:44 Обновлено 30 марта в 14:56 Просмотров: 433



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Our call on Rockwool to exit Russia

After 9 months of the Russian genocidal war against Ukraine, Rockwool is still operating in Russia and supporting its criminal government through supply of its innovative insulation products, payment of taxes and support of mobilized reservists. Reputational and economic costs associated with continued operations in Russia are huge. **Rockwool must immediately formulate and announce a plan to exit Russia for the following reasons:**

- **Russia is energy starving Europe and terrorizing Ukraine with cold and darkness while Rockwool is supplying insulation products to make Russia warm** - a surreal situation to digest
- Rockwool is a member of FIAC, led by the Russian Prime Minister, Mikhail Mishustin, who was part of the Russian Security Council meeting on 21 February 2022, which signed off the invasion of Ukraine
- Rockwool **supplied its products to the Russian military**, which is committing war crimes in Ukraine
- **After the war started Rockwool** joined Russian Managers' Association, which is part of a **campaign, supporting and supplying Russian mobilized reservists fighting in Ukraine**
- **Rockwool holds leading positions in stone wool insulation market in Russia.** Given Rockwool's products are of mass use, they are used by Russian state-owned enterprises. As of the time of this report there are 1,100 tenders for Rockwool products on a [procurement aggregator website](#)
- **Rockwool has been investing in Russia after 2014**, when Russia illegally annexed Crimea and militarily intervened in Donbas in Eastern Ukraine, **and after the Russian invasion of Ukraine on 24 February 2022**, as it continues to modernize existing plants and hire new people. The expansion continued despite Russia's openly hostile position against the West and massive mobilization, which likely has affected Rockwool's Russian employees

Leaving Russia is not just a moral imperative, but also a sound business decision for any Western company that claims compliance with ESG standards and cares about shareholder value