



FOLLOW-UP STATEMENT

Specific instance submitted by West Virginians for Sustainable Development regarding the activities of Rockwool A/S (previously Rockwool International A/S) and its subsidiary Rockwool North America Inc.

19 July 2022

The Mediation and Complaints-Handling Institution for Responsible Business Conduct – The Danish National Contact Point to the OECD

The Danish Mediation and Complaints-Handling Institution for Responsible Business Conduct (NCP Denmark) is the Danish National Contact Point based on the OECD Guidelines for Multinational Enterprises. NCP Denmark is an independent non-judicial grievance mechanism established by law¹. NCP Denmark is mandated to handle specific instances (complaints) concerning whether Danish companies, public authorities, and public and private organizations act in observance of the OECD Guidelines for Multinational Enterprises.

NCP Denmark can determine whether a corporate or public entity has observed the OECD Guidelines for Multinational Enterprises and can provide recommendations. NCP Denmark cannot prescribe remedy or compensation to impacted parties.

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¹ The Danish Act no 546 of 18 June 2012 on a Mediation and Complaints-Handling Institution for Responsible Business Conduct.

CONCLUSION

Based on Rockwool's report and the supportive documentation, NCP Denmark finds that Rockwool has made an extensive effort towards increased organizational knowledge and integration of risk-based due diligence as described in the OECD Guidelines. Thus, NCP Denmark concludes that Rockwool has sufficiently observed NCP Denmark's recommendations in the Final Statement of 3 June 2021. As a result, the Final Statement is replaced with this Follow-up Statement on NCP Denmark's webpage cf. section 7, subsection 6 of the NCP Act.

NCP Denmark encourages Rockwool to continue the good efforts with integrating risk-based due diligence in the Rockwool Group by continuing to use the standards from the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as points of departure. NCP Denmark looks forward to following Rockwool's implementation of the updated policies and practices as described in Rockwool's follow-up report.

1. FINAL STATEMENT OF 3 JUNE 2021 - FINDINGS AND RECOMMENDATIONS

On 3 June 2021, the Mediation and Complaints-Handling Institution for Responsible Business Conduct (hereafter "NCP Denmark") published a final statement in regard to the complaint submitted by West Virginians for Sustainable Development against Rockwool A/S (previously Rockwool International A/S) and its subsidiary Rockwool North America Inc. (hereafter Rockwool). The complaint concerned risks to the environment, public health and insufficient stakeholder engagement in relation to Rockwool's planning and construction of a mineral wool manufacturing facility in Jefferson County, West Virginia, USA.

In the Final Statement, NCP Denmark found that Rockwool had not sufficiently observed the OECD Guidelines for Multinational Enterprises (hereafter "the OECD Guidelines") with regard to conducting risk based due diligence in the initial phases of the manufacturing facility project as well as meeting the OECD Guidelines'

expectation to provide meaningful opportunities for relevant stakeholders to express their views during the planning and decision-making process of the project.

To support observance of the OECD Guidelines in the future, NCP Denmark provided Rockwool with the following recommendations:

- NCP Denmark recommends that Rockwool reviews its decision-making processes to ensure systematic integration of risk-based due diligence in accordance with the OECD Guidelines. This includes all steps of risk-based due diligence, including, but not limited to, i) identifying, preventing or mitigating actual and potential adverse impacts, ii) identification of relevant and potentially impacted stakeholders as well as meaningful engagement with these, iii) following up on identified impacts, iv) communicating how the identified impacts are addressed, and v) providing for or cooperating on remediation when appropriate. In this regard, Rockwool may employ the OECD Due Diligence Guidance for

Responsible Business Conduct (2018).

- NCP Denmark notes that Rockwool has adopted the “Community Engagement Manual” in 2019 – a Group-wide standard policy and procedures for local community engagement and social due diligence when developing new manufacturing facilities or pursuing major retrofits to existing facilities. The NCP finds it positive that Rockwool has responded to stakeholder concerns by developing the new manual. NCP Denmark recommends that Rockwool reviews the “Community Engagement Manual” regularly and ensures that it is adjusted as needed and implemented to accommodate the circumstances and context of specific projects. In line with the OECD Guidelines and the OECD Due Diligence Guidance for Responsible Business Conduct (2018), NCP Denmark takes this opportunity to emphasize that Rockwool should not limit the identification of relevant stakeholders to what is required by local legislation. This includes anticipating and including stakeholders that stand to be directly and/or indirectly impacted by Rockwool’s activities throughout the lifecycle of a project. NCP Denmark notes that this also applies to the manufacturing facility project in West Virginia. In this regard, Rockwool may employ the OECD Due Diligence Guidance for Meaningful Stakeholder Engagement in the Extractive Sector (2017) as a source of inspiration. The guidance offers practical tools for companies to help them implement the expectations of risk-based due diligence regarding meaningful stakeholder engagement in accordance with the OECD Guidelines.
- NCP Denmark recommends that Rockwool communicates publicly about its due diligence processes as well as actions and responses related to the recommendations above and include in-

formation on stakeholder consultation processes and outcomes in accordance with Chapter VI, paragraphs 2a and 2b of the OECD Guidelines.

2. FOLLOW-UP ASSESSMENT

Pursuant to section 7 of the Danish Act no 546 of 18 June 2012 on the Mediation and Complaints-Handling Institution for Responsible Business Conduct (hereafter “the NCP Act”), NCP Denmark initiates a follow-up one year after the publication of the final statement to assess whether and how Rockwool has taken NCP Denmark’s recommendations into account.

On 1 June 2022, NCP Denmark received Rockwool’s follow-up report containing accounts and documentation on how Rockwool has approached the recommendations made by NCP Denmark.

In the follow-up report, Rockwool provides that the NCP complaints-handling process and the concluding final statement have “[...] contributed to notable best practice updates across the ROCKWOOL organization.” Rockwool shares that the Final Statement has inspired key initiatives in Rockwool’s risk-based due diligence processes, including updated policies and practices.

In this follow-up assessment, NCP Denmark has particularly placed emphasis on the following initiatives by Rockwool. Rockwool has:

- Engaged a third-party to assess Rockwool’s current policies and procedures on human rights including a gap-analysis related to the EU draft directive on Corporate Sustainability Due Diligence. The assessment covered both Rock-

wool's own operations as well as a supply chain risk assessment framework.

- Based on the findings of the third-party assessment, Rockwool's Group Management initiated a cross-functional project on due diligence covering human rights, environment, and corporate governance.
- With support from a third-party, developed a tool for screening and assessments of human rights impacts.
- Developed a Code of Conduct training material on human rights. In April 2022, all Rockwool global business units were requested to carry out the Code of Conduct training by the end of 2022. Employees also have the possibility to participate in dedicated "training of trainers" sessions.
- Revised Rockwool Group's Code of Conduct and Human Rights Commitment in addition to drafting a Sustainable Sourcing Manual and an outline draft of an internal Due Diligence Guideline, which is expected to be finalized by the end of 2022.
- Drafted an updated version of the Community Engagement Manual i.a. to ensure greater alignment with the OECD Guidelines. The process of revising the Community Engagement Manual is described as a work-in-progress and includes input from Rockwool's internal stakeholders. The ongoing update is i.a. based on input from Rockwool employees who have gained experiences implementing the manual in practice.
- Rechanneled the experience in West Virginia to change its approach to community engagement by exploring new avenues for interactive, responsive and on-going stakeholder engagement.
- In West Virginia specifically, engaged a third party to facilitate a structured community engagement process.

- Communicated efforts on stakeholder engagement and how Rockwool approaches challenges related to local opposition, including the NCP-case in West Virginia. Rockwool also plans to communicate more broadly on its due diligence processes in the 2022 Group Sustainability Report, which will be published in February 2023.

Rockwool's account of the updated approach to stakeholder engagement places emphasis on the dynamic and ongoing nature of stakeholder involvement. Rockwool also highlights that local opposition to industrial projects has become an increasingly common part in some markets, which i.a. is mitigated by reviewing and updating Rockwool's internal due diligence processes. NCP Denmark welcomes Rockwool's focus on providing information in a timely manner as well as transparency and expectation setting to create trust and respect from stakeholders. NCP Denmark also recognizes that there might be challenges linked to the balance between competitive and commercial considerations, and transparency and considerations to stakeholders.

NCP Denmark takes this opportunity to acknowledge that companies will find themselves in dilemmas trying to balance commercial interests and interests of communities they operate in. A central purpose of the OECD Guidelines is to provide standards for how companies can minimize the difficulties their operations may give rise to while also acknowledging the positive contributions from companies. Effective implementation of risk-based due diligence should help companies mitigate such challenges. To this NCP Denmark notes that risk-based due diligence is a dynamic and continuous process, which will, and should be, developed based on learnings from previous experiences and practices.

3. CONCLUSION

Based on Rockwool's report and the supportive documentation, NCP Denmark finds that Rockwool has made an extensive effort towards increased organizational knowledge and integration of risk-based due diligence as described in the OECD Guidelines. Thus, NCP Denmark concludes that Rockwool has sufficiently observed NCP Denmark's recommendations in the Final Statement of 3 June 2021. As a result, the Final Statement is replaced with this Follow-up Statement on NCP Denmark's webpage cf. section 7, subsection 6 of the NCP Act.

NCP Denmark encourages Rockwool to continue the good efforts with integrating risk-based due diligence in the Rockwool Group by continuing to use the standards from the OECD Guidelines for Multinational Enterprises and the UN Guiding Principles on Business and Human Rights as points of departure. NCP Denmark looks forward to following Rockwool's implementation of the updated policies and practices as described in the follow-up report.