



16 January 2023

As previously stated, ROCKWOOL is convinced that if we were to depart Russia, our factories and unique technology would be nationalised or otherwise transferred to local players. Since the factories already operate independently of our head office, they would almost certainly continue to operate albeit under different ownership. That would mean that not just the tax on the profits, but all the profits and future cash flows would remain in Russia. We do not see how handing over more income and a well-functioning business to the Russian state or to a Russian competitor would contribute to ending the war more quickly.

It remains our view that by retaining our business, we are doing what is least good for the Russian regime. And of course we will continue to comply with all international sanctions. As also previously announced, we have cancelled investments in Russia for around 200 million euros. What's more, it is important to note that we do not have a customer relationship with the Russian military.

GROUP

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CC: Rockwool's Executive Team and Board of Directors

12/01/2023

Dear Mr. Birgersson and Rockwool Leadership Team,

We are writing to you as the B4Ukraine Coalition. Our organization proposes to publish the following article which refers to your corporation. Please see the text below:

Danish Company is Keeping Russia Warm while Russia is Freezing Ukraine

What do you think about a business profiting from keeping Russia warm as Ukraine's power grid and apartment buildings are targeted in an effort to freeze and terrorize Ukrainian civilians? Well, almost a year since the start of Russia's full scale invasion of Ukraine, Rockwool, one of the largest producers of mineral wool insulation products in the world, still defends its right to earn billions in the Russian market. Even as an aggressive Moscow decides to force foreign-owned companies to participate in its atrocities in Ukraine, Rockwool insists that by staying in Russia, they are doing what is least good for the Russian regime.

A year hasn't been long enough for the majority of international businesses operating in Russia to pull out of the market and to stop funding or otherwise enable this unprovoked, inhumane, and illegal war. Not even the increased risk of becoming complicit in war crimes, brought by president Putin's mobilization order, has convinced them to do so.

Instead, some decided to try again to hide their profit considerations behind claims of care for employees. As an analysis by B4Ukraine shows, one out of every five multinationals remaining in Russia and communicating its position publicly justifies its stance as protecting its employees.

One such company is Rockwool. When I met with Rockwool in October, they told me they can save their male employees from conscription by keeping them employed, because, the company believes, the unemployed are the first to be drafted.

Yet, in terms of law, companies are, on the contrary, obliged to conduct military registration of the staff if at least one of the employees is liable for military service. They must also assist with delivering the summons from the military to their employees.

Acting Military Commissar of the Khabarovsk Territory admits companies have become the fastest route — not an impediment — for Russia's military to draft people: "The peculiarity is that citizens are more organized at enterprises, it is easier to organize personnel records. If you look at the history of the emergence of personnel records in general, back then the task was indeed assigned to enterprises — 'cause the main concentration of the mobilization resource would be there".

That's exactly what we've seen in the Schlumberger case: delivering military draft notices at work and not authorizing staff to work outside Russia. Conscription has likely affected Rockwool as well. Active or passive compliance with conscription orders endangers employees and casts doubt on corporate claims that they maintain operations in Russia for the benefit of their employees. Hence, the legislative action taken by Russia pushes companies that remain in the country to accept that they are crossing a new red line in corporate complicity and material risk.

Such risk is more than apparent for Rockwool. The company operates 4 manufacturing plants in Russia and is deeply entrenched in the local business and political community. 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.

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". Yet, months into the greatest war in Europe after WWII, the firm became a member of the Russian Managers Association, which later joined the campaign directly supporting the drafted soldiers and their families, thereby actively supporting the war against Ukraine.

According to a report by SBWR project, 7 years since Russia's illegal annexation of Crimea, in 2019, Rockwool supplied its products to the Russian military, which has been committing war crimes in Ukraine ever since. Rockwool's insulation has been used for Russian frigates, and for the insulation of 15 medical centers of the Ministry of Defense; the headquarters of the Russian Ministry of Defense in Moscow used Rockwool acoustic materials. Since February 24, 2022 Rockwool has bid for over 250 procurements with the Russian state-owned enterprises, all of which by the nature of their ownership are directly linked to

the war effort and war crimes committed against Ukraine. In the last working days of 2022, Rockwool was awarded a contract to supply materials to Moscow's Institute of Culture. How ironic that they are helping build Russia's culture while Russia is sending the children of Ukraine's occupied territories to Russia in an attempt to eradicate mine. In a response to the SBWR report, the company claimed it doesn't have a customer relationship with the Russian military.

However, Rockwool continues to suffer reputational slaps. As we understand from media reports, the company's products appeared on the construction site in the Ukrainian city of Mariupol, which has been occupied by Russia. Rockwool claims it did not supply the products directly, but instead they were supplied by a third-party distributor without the company's knowledge or consent. However, such excuses are unlikely to reduce the threat that Rockwool (unlike many other Danish firms that have left the Russian market) might become complicit in war crimes — if not legally, then at least in the eyes of Ukrainians and the free world. Given the ever-increasing number of well-documented and widely publicized war crimes committed by the Russian Armed Forces in Ukraine, Rockwool has no choice but to be aware that their personnel and material resources could be used to support the invasion and associated violations. Thereby, companies such as Rockwool cannot maintain their fiduciary responsibilities to their shareholders in the long run while remaining exposed to an unprecedented array of legal, regulatory, operational, and financial risks in Russia, an internationally recognized state sponsor of terrorism.

Russia is energy-starving Europe and terrorizing Ukraine with cold and darkness, while Rockwool is supplying insulation to Russia — a surreal situation to digest. Recently, missiles landed in Poland killing two EU citizens, and Russian missile attacks on Ukraine are causing blackouts in Moldova. Why continue keeping warm and dangerous the country that is openly hostile against the world? As WWII showed, economic recovery and growth won't come before capitulation and reparations. International companies must end all operations and business relationships with the Russian government or face the risk of being complicit in its crimes.

We are willing to give you an opportunity to provide us with a response, concerning the facts which we wish to present. We will be awaiting a response from you by 5pm CET on the 19th January. If we do not receive a response from you, we will indicate this in the publication.

Inasmuch as B4Ukraine has high standards of checking information before publishing it and inasmuch as your enterprise is acknowledged worldwide, investigating such an issue and providing a written certification that neither your corporation nor any of its corporate bodies or affiliates has any link of any kind with businesses in Russia and that none of them is delivering goods, services or products in Russia would be beneficial for both parties. In accordance with Principle 17 of the United Nations Guiding

Principles on Business and Human Rights, companies are urged to conduct human rights due diligence in cases of actual and potential human rights impacts, which shall include communicating how impacts are being addressed.

Yours truly,

The B4Ukraine Coalition

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CC: Rockwool's Executive Team and Board of Directors

22/11/22

RE: Rockwool's business operations in Russia

Dear Mr. Rauramo,

We write to you as [B4Ukraine](#), a coalition of Ukrainian and international civil society organizations working to curtail the financial resources enabling the Russian invasion of Ukraine. In the spirit of respect for the fundamental rights of all people, the rules-based international order, and a prosperous global economy, we expect companies to demonstrate public support for the people, democracy, and territorial integrity of Ukraine, opposition to Russia's war of aggression, and alignment with the UN Guiding Principles on Business and Human Rights (UNGPs).

We request an urgent dialogue regarding potential inconsistencies between Rockwool A/S's (Rockwool) stated policies on Russian aggression and human rights more broadly and the company's ongoing business operations and relationships in Russia that may contribute to, or be linked with, human rights harms.

We acknowledge Rockwool's commitment "to act sustainable, responsible and transparent"¹ and support "the United Nations Universal Declaration of Human Rights and the ten universal principles defined in the UN Global Compact relating to human rights, labour environment and anti-corruption."² These pledges are further supported by the company's Code of Conduct, Supplier Code of Conduct, and its expectation for suppliers to enforce these guidelines throughout their own supply chain.³

It has been nearly nine months since Russia invaded Ukraine and the devastating impacts continue to shock the global conscience and shake the global economy. Russia is violating international humanitarian law (IHL), including by committing war crimes and crimes against humanity through attacks on civilians (e.g., mass executions, sexual violence, torture, forcible transfer of civilians) and civilian infrastructure. More than 15,000 Ukrainians have been killed and injured and millions more

¹ Rockwool, "Responsible business," <https://rti.rockwool.com/about-us/sustainability/responsible-business/> (accessed November 19, 2022).

² Rockwool, "Our commitment to human rights," February 20, 2020, <https://www.rockwool.com/group/sybsiteassets/rw-group/media/sustainability/human-rights-commitment.pdf> (accessed November 18, 2022); Rockwool, "Responsible Business," <https://rti.rockwool.com/about-us/sustainability/responsible-business/> (accessed November 18, 2022).

³ Ibid.

have been forced to flee their homes, creating one of the largest humanitarian and refugee crises of modern times.

On September 21, President Vladimir Putin escalated the war by announcing a “partial mobilisation” of the Russian population. The accompanying legislation ([Article 9 of Federal Law No. 31-FZ](#)) mandates all organisations, including the more than 1,500 international companies that are currently operating on a full or limited scale in Russia, to conduct military registration of the staff if at least one of the employees is eligible for military service.⁴ They must also assist with delivering the military summons to their employees, ensure the delivery of equipment to assembly points or military units, and provide information, buildings, communications, land plots, transport, and other material means of support to the war effort.

This legislation entails new and significant legal risks for companies remaining in Russia, including potential civil and criminal liability under comprehensive sanctions regimes and recent international jurisprudence holding corporations and their officers responsible for human rights abuses abroad.⁵ Companies may be exposed to financially material risks through operational restrictions, such as limitations of future government contracts.⁶

In response to this unprovoked and unjustified war⁷ many companies have left Russia. According to the Kyiv School of Economics Institute's [company tracker](#), Rockwool publicly announced it will continue operating in Russia within the bounds of applicable sanctions.⁸ The company acknowledges

⁴ Federal Law No. 31-FZ of February 26, 1997 "On mobilization training and mobilization in the Russian Federation" (as amended), <https://base.garant.ru/136945/> (accessed November 14, 2022).

⁵ International companies remaining in Russia are now at a greater risk of violating sanctions regimes as implementation of the legislation will likely involve transacting with sanctioned individuals or entities. Furthermore, new domestic civil and criminal cases against companies involved in violations of international law demonstrate the risk of significant liability for facilitating state-sponsored human rights abuses abroad (e.g., Lafarge case, Lundin case, Castel Group indictment, Nevsun holding, and Dassault Aviation, Thales, and MBDA France criminal complaint.) Victoria Riello and Larissa Furtwengler, “Corporate Criminal Liability for International Crimes: France and Sweden Are Poised To Take Historic Steps Forward,” *Just Security*, September 6, 2021, <https://www.justsecurity.org/78097/corporate-criminal-liability-for-human-rights-violations-france-and-sweden-are-poised-to-take-historic-steps-forward/> (accessed November 14, 2022); The Sentry, “Breaking: France Opens War Crimes Inquiry Focused on Iconic Food and Beverage Conglomerate,” July 1, 2022, <https://thesentry.org/2022/07/01/7216/breaking-france-opens-war-crimes-inquiry-focused-iconic-food-beverage-conglomerate/> (accessed November 14, 2022); Rfi, “French technology firm charged over Libya cyber-spying,” July 2, 2022, <https://www.rfi.fr/en/business-and-tech/20210701-french-tech-firm-charged-over-libya-cyber-spying> (accessed November 14, 2022); Preston Lim, “Canadian Supreme Court Allows Corporate Liability for International Law Violations,” *Lawfare*, March 12, 2022, <https://www.lawfareblog.com/canadian-supreme-court-allows-corporate-liability-international-law-violations> (accessed November 14, 2022); Sherpa, “Aiding and abetting war crimes in Yemen: Criminal complaint submitted against French arms companies,” June 2, 2022, <https://www.asso-sherpa.org/aiding-and-abetting-war-crimes-in-yemen-criminal-complaint-submitted-against-french-arms-companies> (accessed November 14, 2022).

⁶ Venable LLP, “Do You Contract with State Governments? If So, Beware of Emerging State Sanctions' Obligations Related to Russia and Belarus,” *JD Supra*, June 3, 2022, <https://www.jdsupra.com/legalnews/do-you-contract-with-state-governments-6537229/> (accessed November 14, 2022).

⁷ The UN General Assembly condemned Russia's "aggression against Ukraine" and demanded that Moscow “unconditionally withdraw all of its military forces from the territory of Ukraine within its internationally recognized borders.”

⁸ Rockwool, “ROCKWOOL statement on continuing business operations in Russia,” March 4, 2022, <https://www.rockwool.com/group/about-us/news/2022/2022-03-04-ukraine/> (accessed November 18, 2022).

“some people disagree with the decision to continue operating” but justifies remaining in the market for the welfare of its Russian employees. It appears that the only self-imposed limitation on its operations in Russia is the cancellation of a €200 million investment to expand the capabilities of one of the company’s Russian factories.

Rockwool is one of the world’s largest mineral wool insulation manufacturers and the second-largest such manufacturer in the Russian market, owning and operating four manufacturing facilities, employing more than 1,200 workers,⁹ and generating €562 million in sales from its Eastern European and Russian segment in 2021.¹⁰ Similarly, Rockwool’s 2022 interim disclosure reports Rockwool’s sales from its Eastern European and Russian segment reached €395 million this year, up €161 million from 2021.¹¹ Based on its operations, Rockwool is likely paying significant taxes to the Russian budget, which is a source of financial resources for its invasion of Ukraine.

Rockwool has stated that it perceives “no contradiction in standing side by side with the Ukrainian people and at the same time standing side by side with our Russian colleagues.” However, the company’s commitment appears to extend beyond the welfare of its local employees to the entire Russian market. Over the course of the war, while the Russian military destroyed private civilian residences and killed innocent men, women and children in Ukraine, Rockwool has advertised its contribution to making a new hotel in Saint-Petersburg warm, taught Russians how to use its products to make facades for homes, and promoted the use of its product on the Moscow subway.¹²

Continued operations in Russia risk enabling and financing Russia’s violations of IHL and human rights law during the ongoing invasion and occupation of Ukraine and violating Rockwool’s human rights commitments. It remains to be seen how directly Rockwool will be impacted by the partial mobilisation and the heightened legal, regulatory, operational, and financial risks associated with companies being required to provide direct support to the internationally sanctioned Russian military.

We seek to understand the status of Rockwool’s exposure to Russia and how the company has conducted and continues to conduct heightened human rights due diligence, per its stated policy and the UNGPs concerning due diligence in conflict-affected areas, and how the findings of such a process has resulted in these continued business activities and relationships. As noted by the UNGPs:

...the more severe the abuse, the more quickly the enterprise will need to see change before it takes a decision on whether it should end the relationship. In any case, for as long as the abuse continues and the enterprise remains in the relationship, it should be able to demonstrate its own ongoing efforts to mitigate the impact and be prepared to accept any consequences – reputational, financial or legal – of the continuing connection.

In consideration of the above points and B4Ukraine’s [Declaration](#), we request an urgent dialogue with Rockwool’s relevant senior management and staff to discuss the company’s ongoing activities and relationships in Russia, associated risks to the people of Ukraine and the company, and potential steps to prevent/mitigate these risks. Please contact Eleanor Nichol at enichol@b4ukraine.org to schedule a call before 5PM CET on 7th December 2022.

⁹ Ibid.

¹⁰ Rockwool “Annual Report 2021,” <https://www.rockwool.com/group/about-us/investors/financial-reports/> (accessed November 18, 2022).

¹¹ Rockwool, “First half-year 2022,” <https://www.rockwool.com/group/about-us/investors/financial-reports/> (accessed November 18, 2022).

¹² Nataliia Popovych, “It’s not okay to sponsor sports and war at the same time, B4Ukraine, August 22, 2022, <https://b4ukraine.org/learn/quotes/it-is-not-ok-to-sponsor-war-and-noble-sports-at-the-same-time> (accessed November 18, 2022).

Sincerely,

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