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# **Rockwool: global leader in wool insulation products**

**Keeping Russia warm while Russia is freezing Europe**



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# SBWR's response to Rockwool

On 28 November 2022, a week after we published our [research on Rockwool](#), the Company [responded](#) to it with a series of arguments defending their decision to stay in Russia. Below we explain why each of Rockwool's arguments is flawed

Rockwool's argument	SBWR's response
<i>"Unique technology would be nationalised or otherwise transferred to local players."</i>	<ul style="list-style-type: none"><li>• In your statement you confirmed that your Russian factories operate independently of your head office, hence you have no control over your "unique technology". Your operations are already de-facto nationalized.</li><li>• Not selling your assets will not prevent the Russian terrorist state from nationalizing them at its own will as Russian economy is now on a war footing.</li><li>• Electric melting you switched to at Vyborg plant is not a unique technology and is widely applied across different sectors.</li><li>• Hundreds of Western companies have exited Russia in 2022, including in industries with higher technological sophistication than stone wool insulation.</li></ul>
<i>"[Business operating under a local ownership would mean that] not just the tax on the profits, but all the profits and future cash flows would remain in Russia."</i>	<ul style="list-style-type: none"><li>• Your profits and cash flows are already fully retained in Russia due to post-war Russian capital controls. Specifically, a Presidential Decree No.254 imposed a requirement that dividends paid by companies owned by shareholders from the states which imposed sanctions on Russia are paid to Type C accounts in Russian banks. As a general rule, funds on Type C accounts can be used to only pay taxes in Russia or purchase Russian government bonds.</li><li>• By selling Rockwool's Russian business you will likely obtain funds in the amount commensurate with a fair value of the Russian business on your balance sheet.</li></ul>

**What other reasons can you have to continue business in Russia, a state sponsor of terrorism?**