

# Schedule 2

## Remuneration Policy for the Board of Directors, Group Management and senior executives of ROCKWOOL International A/S

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### 1. Preamble

This *Remuneration Policy for the Board of Directors, Group Management and senior executives of ROCKWOOL International A/S* (the “Policy”) has been prepared and adopted by the Board of Directors of ROCKWOOL International A/S (“ROCKWOOL Group” or the “Company”).

In accordance with the Danish Corporate Governance Recommendations, the Policy has been submitted to the Company’s annual general meeting for approval.

This Policy replaces the remuneration policy approved at the annual general meeting on April 18, 2012 and is applicable for agreements on remuneration entered into after the annual general meeting on April 6, 2016.

The Policy applies to the Company’s Board of Directors, Group Management and to certain senior executives as defined by the Board of Directors from time to time (“Senior Executives”). The Policy is supplemented by the overall guidelines for incentive-based remuneration of Group Management of ROCKWOOL International A/S (the “Incentive Guidelines”).

The Policy and the Incentive Guidelines are available on the Company’s website [www.rockwool.com](http://www.rockwool.com).

### 2. Purpose of the Policy and General principles

The Policy is designed to enable the Company to attract and retain professionals of high calibre.

The remuneration provided in accordance with this Policy shall promote and support our business’ success and value creation both on the short and long term, and thus encourage performance which is aligned with our shareholders’ interests.

The overall remuneration philosophy of the ROCKWOOL Group is that the system shall be simple and transparent and secure that we drive performance.

Any new short or long term incentive schemes or changes to existing schemes applicable for the target group will be in accordance with this Policy and the Incentive Guidelines will be prepared by the Remuneration Committee and approved by the Board of Directors. The individual fixed and variable remuneration will be set in accordance with this Policy, the Incentive Guidelines and the above principles.

### 3. General principles for the remuneration of the Board of Directors

Board members receive a fixed annual base fee.

The Chairman, Deputy Chairmen and members of the board committees are entitled to supplementary fees for their extended duties. Chairmen of committees are entitled to a higher supplementary fee than ordinary committee members.

The base fee and any supplementary fees are subject to the approval of the Company’s general meeting and covers the period until the next annual general meeting. In the event a board member resigns prior to expiry of an election term, only a proportionate amount of the fees will be paid.

In extraordinary circumstances, the Board of Directors may offer a board member a separate ad hoc fee for specific tasks performed by such board member for and at the instruction of the Board of Directors. In such case, the Board of Directors will describe the circumstances relating to such ad hoc fee at the first proceeding general meeting.

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The Remuneration Committee monitors the remuneration paid to board members and provides recommendation for adjustment, if any, based on relevant benchmark for comparable Danish and European companies.

Members of the Board of Directors are not offered pension arrangements or any type of incentive-based remuneration, neither in the form of short nor long term incentive schemes. Remuneration to members of the Board of Directors is paid in cash. The Company reimburses reasonable travel expenses in connection with participation in board meetings.

The individual fees for each member of the Board of Directors are disclosed in the relevant annual report and on the Company's website, [www.rockwool.com](http://www.rockwool.com).

### **4. General principles for the remuneration of Group Management and Senior Executives**

The remuneration package of Group Management and Senior Executives includes base salary and variable pay which may include both short and long term incentive schemes. The allocation between fixed and variable pay is determined within the boundary conditions set in the Incentive Guidelines, taking individual circumstances and applicable market standards into consideration.

In addition, Group Management and Senior Executives are in general offered pension and other benefits in line with local market practises. The total remuneration package for each Group Management member and Senior Executive is evaluated against benchmarks relevant to the position and location of the executive. The remuneration level is designed to attract and retain professionals and to align the interests of the executives with those of the shareholders.

The remuneration of Group Management and Senior Executives, including any changes to existing pay, is reviewed in the Remuneration Committee and approved by the Board of Directors.

#### **Base Salary**

The fixed base salary for each Group Management member and Senior Executive is set based on the individual's experience, contribution to the Company and in the context of the external market benchmark. The base salary is subject to annual review.

#### **Short-term incentive scheme**

Group Management members and Senior Executives are eligible to receive short-term incentives in the form of a cash bonus.

The short-term incentives are designed to incentivise and encourage the individual participant to high performance and ensure achievement of the Company's short term objectives.

Guidelines governing the Company's short-term incentive schemes for members of Group Management are set out in the Incentive Guidelines.

#### **Long-term Incentive scheme**

Group Management members and Senior Executives are eligible to participate in the ROCKWOOL Group's long-term incentive schemes.

The share based schemes are designed to promote collective performance aligning long term interests of the executives with those of the shareholders.

Guidelines governing the Company's long-term incentive schemes for members of Group Management are set out in the Incentive Guidelines. The Incentive Guidelines also set out maximum values for annual grants and maximum number of shares committed under the Company's long-term incentive scheme for the total participant group, including Group Management and Senior Executives.

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### **Pension**

Pension schemes for members of Group Management and Senior Executives are offered with due regard to local practices in the country of employment. The ROCKWOOL Group has given it high priority to make such pension schemes defined contribution schemes and secure that necessary provisions (if any) are made in the annual report in accordance with applicable rules.

### **Other benefits**

Members of Group Management and Senior Executives may receive ordinary non-monetary benefits such as company car, insurance, paid phone etc. in line with local practice in the country of employment.

### **Termination**

The termination schemes for Group Management and Senior Executives are aligned with local practices in the country of employment. The Company generally seeks to secure customary non-compete restrictions to protect the ROCKWOOL Group's interest. The aggregate notice period and severance pay cannot exceed 24 months.

### **Disclosure**

The Company does not disclose details of the individual Group Management member's remuneration package. However, the aggregate remuneration paid to Group Management in any given financial year is disclosed in the annual report for the relevant financial year.

## **5. Remuneration Committee**

The Remuneration Committee ensures that the Company's Policy and Incentive Guidelines are updated and markets conform.

The Remuneration Committee reviews and submits proposals for remuneration and ensures that all remuneration granted to the Board of Directors and Group Management is consistent with and promotes the purpose of the Policy and Incentive Guidelines.

The Remuneration Committee should refrain from engaging the same external advisors as Group Management.

The Board of Directors may exercise its authority outlined in this Policy and the Incentive Guidelines through the Remuneration Committee.