

2020

Remuneration Report

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Introduction

With this report, ROCKWOOL Group aims to provide its shareholders with a consolidated picture of the remuneration elements provided to each member of the Board of Directors and Registered Directors during the financial year 2020 including comparative figures.

The report includes all fees provided to the Board of Directors and fixed and variable pay and all benefits provided to the Registered Directors. The report has been developed by the Remuneration Committee as per authorisation of the Board of Directors. The report will be presented to the Annual General Meeting in April 2021, for an advisory vote.

There is no prior result of a vote on the remuneration report on the Annual General Meeting as this is the first separate Remuneration Report issued by the Company. The result of the vote for this 2020 report will be included in the 2021 Remuneration Report.

Remuneration provided to the Board of Directors and the Registered Directors during 2020 has been in accordance with the Remuneration Policy adopted at the Annual General Meeting in April 2020 and is compliant with the Danish Companies Act.

2020 was a year characterised by a high degree of uncertainty with significant impact on the financial performance of the Company. Net sales for 2020 recovered well and reached EUR 2,602 million despite a significant decrease in the second quarter from the COVID-19 pandemic. The profitability remained strong achieving an EBIT margin of 13.0 percent for the year. The ability to quickly adapt to dynamic market conditions and keep costs under control was key in maintaining robust profitability.

True to our vision of being a desirable company to work for and thanks to our strong financial performance, solid balance sheet and positive

long-term business outlook, we refrained from extraordinary remuneration actions and maintained a normal merit process for all employees in 2020. We also maintained our normal bonus schemes for eligible employees. No changes were made to any remuneration schemes for the Board of Directors and Registered Directors during 2020.

Compliance with the Remuneration Policy

As we demonstrate with this report, the remuneration of the Board of Directors and Registered Directors complies with the guidelines and framework set out in the Remuneration Policy and is aligned with the company's long-term strategic objectives. There has been no deviation from the Remuneration Policy, which is available at www.rockwoolgroup.com. □

Remuneration of the Board of Directors

Board members, both shareholder and employee elected, receive a fixed annual fee as approved at the Annual General Meeting each year. The Chairman, Deputy Chairman and members of board committees are entitled to supplementary fees for the extended duties implied by those positions. Chairmen of committees are entitled to a higher supplementary fee than ordinary committee members.

Members of the Board of Directors are not offered pension arrangements or any type of incentive-based remuneration. The Company reimburses reasonable expenses for Board members such as travel, accommodation or other expenses related to board meetings as well as relevant education.

Board fees are reviewed once a year, and most recently at the Annual General Meeting in 2020 where no changes were made. The last change to board fees was approved at the Annual General Meeting in 2019. With market aligned board fees, we aim to attract and retain diverse and competent board members who can bring a wide range of international and industry experience

to the table when discussing and deciding the Company's long-term strategic focus and drive our sustainability agenda forward.

New board members elected and board members not re-elected at the Annual General Meeting in 2020 received pro-rata fees as per the principles of the Remuneration Policy. □

Annual board fee per member position

('000 EUR)	2020/2021
Chairman	145
Deputy Chairman	97
Other members	48
Supplement for Audit Committee Chairman	40
Supplement for Audit Committee members	25
Supplement for Remuneration Committee members	12

Individual board fees paid in 2020

('000 EUR)	Chairman	Deputy Chairman	Board member	Chairman Audit Committee	Audit Committee	Remuneration Committee	Total
Thomas Kähler	97*		16**			8*	121
Henrik Brandt	48**					4**	52
Carsten Bjerg		97		13**	16*	12	138
Søren Kähler		32**	32*		25	4**	93
Jørgen Tang-Jensen			48		25		73
Andreas Ronken			48				48
Rebekka G Herlofsen			32*	27*			59
Connie Enghus Theisen			48				48
René Binder Rasmussen			48				48
Christian Westerberg			48				48
Total	145	129	320	40	66	28	728

* for the period 01-05-2020 to 31-12-2020. ** for the period 01-01-2020 to 30-04-2020.

Remuneration of the Registered Directors

Registered Directors refers in this report to the Group CEO and the Group CFO, both registered as such with the Danish Business Authority. Registered Directors are entitled to an annual remuneration in accordance with the Remuneration Policy, which includes fixed base salary and variable pay elements linked to the Company performance including both short- and long-term incentives. The components of the remuneration are described in the following.

Base salary

The fixed base salary paid to Registered Directors is based on the individual's contract and the

individual's experience, contribution and in the context of the external market benchmark relevant for the position. The base salary is subject to an annual review of individual performance and an external comparison to secure a competitive remuneration supporting long-term retention. The salary was reviewed 1 April 2020.

Pension

Pensions paid to Registered Directors are based on individual contracts and are an integral part of the fixed remuneration. Pensions are in line with the Company's ordinary pension scheme for employees on Danish contracts.

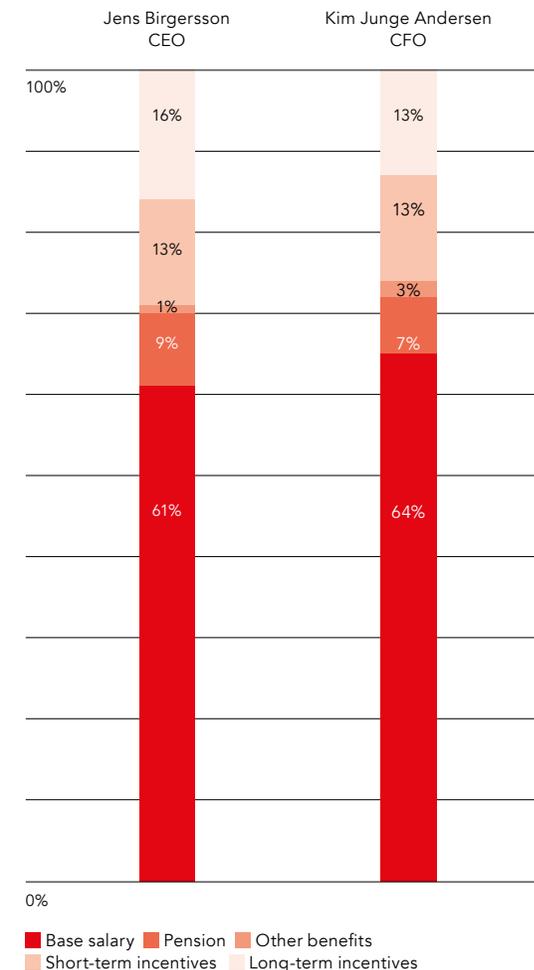
Other benefits

Registered Directors receive non-monetary benefits such as company car or cash compensation equivalent to the value of a company car, health and insurance benefits, paid phone and internet.

Actual remuneration of Registered Directors for 2020

Name and position	Fixed remuneration			Variable remuneration			Total	One-time award*	
	Base salary	Pension	Other benefits	Total fixed	Short-term incentives	Long-term incentives*			Total variable
Jens Birgersson, CEO	1,430	215	14	1,659	295	389	684	2,343	1,476
Kim Junge Andersen, CFO	597	65	26	688	120	117	237	925	-

* Value at grant. The value differs from the Annual Report where the fair value is expensed over the vesting period as per IFRS 2.



Remuneration of the Registered Directors (continued)

In accordance with the Remuneration Policy, the pension and other benefits combined do not exceed 20 percent of the base salary of a Registered Director.

Short-term incentives

Registered Directors have the opportunity to receive an annual cash bonus for their contribution to the Company's strategic priorities for the year.

The selected key performance criteria in the 2020 company scorecard, applicable for the Registered Directors, were sales and earnings, each with an equal weight. The actual performance related to the sales criteria ended below target, while the earnings criteria ended above target. The cash bonus will be paid to the Registered Directors with the first salary payment after the Annual General Meeting has approved the Annual Report in April 2021.

Long-term incentives

Registered Directors are eligible to receive annual grants of restricted share units (RSUs) or stock options based on an allocation proposed by the Remuneration Committee and approved

by the Board of Directors. The condition for obtaining the RSUs is continued employment at the date of vesting.

The objective of the share program is to attract and retain as well as drive long-term stability and contribution to strategy. This is balanced with the annual cash bonus that has a short-term perspective on financial performance as well as with the fixed base remuneration.

In April 2020, RSUs were granted. The fair value on the date of grant, 3 April 2020, was DKK 1,186 per share. The RSUs will vest in May 2023.

In 2020, the total variable portion of the Registered Directors' remuneration package in terms of STI paid and LTI granted is 29 percent for the CEO and 26 percent for the CFO and is therefore well within the maximum 50 percent of the total remuneration package (aggregated amount of base salary and incentives) warranted by the Remuneration Policy.

The RSUs and the stock options can be given as cash-settled programmes based on phantom shares and phantom stock options.

In 2020, the RSUs granted in 2017 vested. In addition, the CEO exercised stock options granted in 2015.

One-time awards

In line with the Remuneration Policy, a one-time award in the form of conditional RSUs was granted to the CEO. The purpose of the grant is to secure the CEO's commitment and contribution in the coming years to support the continued development and realisation of the strategy and sustainable long-term value creation of the Company.

Vesting is conditional upon the achievement of three parameters: a) Reduction of CO₂ per tonne line wool, b) growth in sales and c) earnings. All three vesting conditions shall be fulfilled for the conditional RSUs to vest on 26 May 2025.

Claw back

The incentive-based remuneration agreements contain provisions on claw back of incentive-based remuneration based on data which subsequently prove to be materially and manifestly misstated. In the financial year 2020, no incentive remuneration was reclaimed. □

Value RSUs vested / stock options exercised in 2020

Name and position	Date	Plan	Number	Value ('000 EUR)
Jens Birgersson, CEO	07-04-2020	2017 phantom RSUs	1,984	348
	21-08-2020	2015 phantom stock options	2,350	492
Total			4,334	840
Kim Junge Andersen, CFO	07-04-2020	2017 RSUs	700	123

Remuneration of the Registered Directors (continued)

Outstanding RSUs and stock options at year-end

	Per 01/01	Granted	Exercised	Per 31/12	Est. value**, unvested (000' EUR)
Jens Birgersson*					
2015 stock options	2,350		2,350	-	-
2017 RSU	1,862	122	1,984	-	-
2018 RSU	1,425			1,425	439
2019 RSU	1,728			1,728	532
2020 RSU + one-time award	0	11,715		11,715	3,608
Total	7,365	11,837	4,334	14,868	4,579
Kim Junge Andersen					
2017 RSU	657	43	700	-	-
2018 RSU	453			453	140
2019 RSU	534			534	164
2020 RSU		737		737	227
Total	1,644	780	700	1,724	531

* The stock options and the 2016-2019 RSUs are cash-settled programmes based on phantom shares.

** The estimated value of the unvested stock options and RSUs, is based on the share price a year-end.

Development in remuneration and financial performance

The board fee in 2020 totalled EUR 728 thousand, down EUR 4 thousand compared to 2019. The main reason for the decrease was the change in the composition of the Board of Directors, as the Board of Directors constituted itself with only one Deputy Chairman, one less member in the Remuneration Committee and one additional member in the Audit Committee after the Annual General Meeting in April 2020.

The total remuneration to the Registered Directors amounted to EUR 3,268 thousand, up five percent compared to 2019 excluding the one-time award. The increase was primarily due to an increase in the fixed remuneration for the CEO, which reflects the financial results and high attention on strategic development. By way of comparison, in the same period ROCKWOOL's share price increased by 45 percent.

The CEO pay ratio is 20 times the average total remuneration per FTE in the parent company, ROCKWOOL International A/S. □

Board of Directors

('000 EUR)	Position	Annualised		
		2020	%*	2019
Thomas Kähler (from 1 April 2020)	Chairman and Remuneration committee	105	-	-
Thomas Kähler (until 1 April 2020)	Member	16	3%	47
Henrik Brandt (until 1 April 2020)	Chairman and Remuneration committee	52	3%	153
Carsten Bjerg	Deputy Chairman and Remuneration Committee	110	3%	106
Carsten Bjerg (until 1 April 2020)	Chairman Audit Committee	12	3%	39
Carsten Bjerg (from 1 April 2020)	Audit Committee	16	-	-
Søren Kähler (until 1 April 2020)	Deputy Chairman and Remuneration Committee	36	3%	106
Søren Kähler (from 1 April 2020)	Member	32	-	-
Søren Kähler	Audit Committee	25	3%	23
Jørgen Tang Jensen	Member and Audit Committee	73	3%	70
Andreas Ronken	Member	48	3%	47
Rebekka Glasser Herlofsen (from 1 April 2020)	Member and Chairman Audit Committee	59	-	-
Connie Enghus Theisen	Employee elected member	48	3%	47
René Binder Rasmussen	Employee elected member	48	3%	47
Christian Westerberg	Employee elected member	48	3%	47
Total remuneration Board of Directors		728	3%	732

* % = Annualised year-on-year development in percent, not taking changes in the roles into consideration.

ROCKWOOL Group financial performance

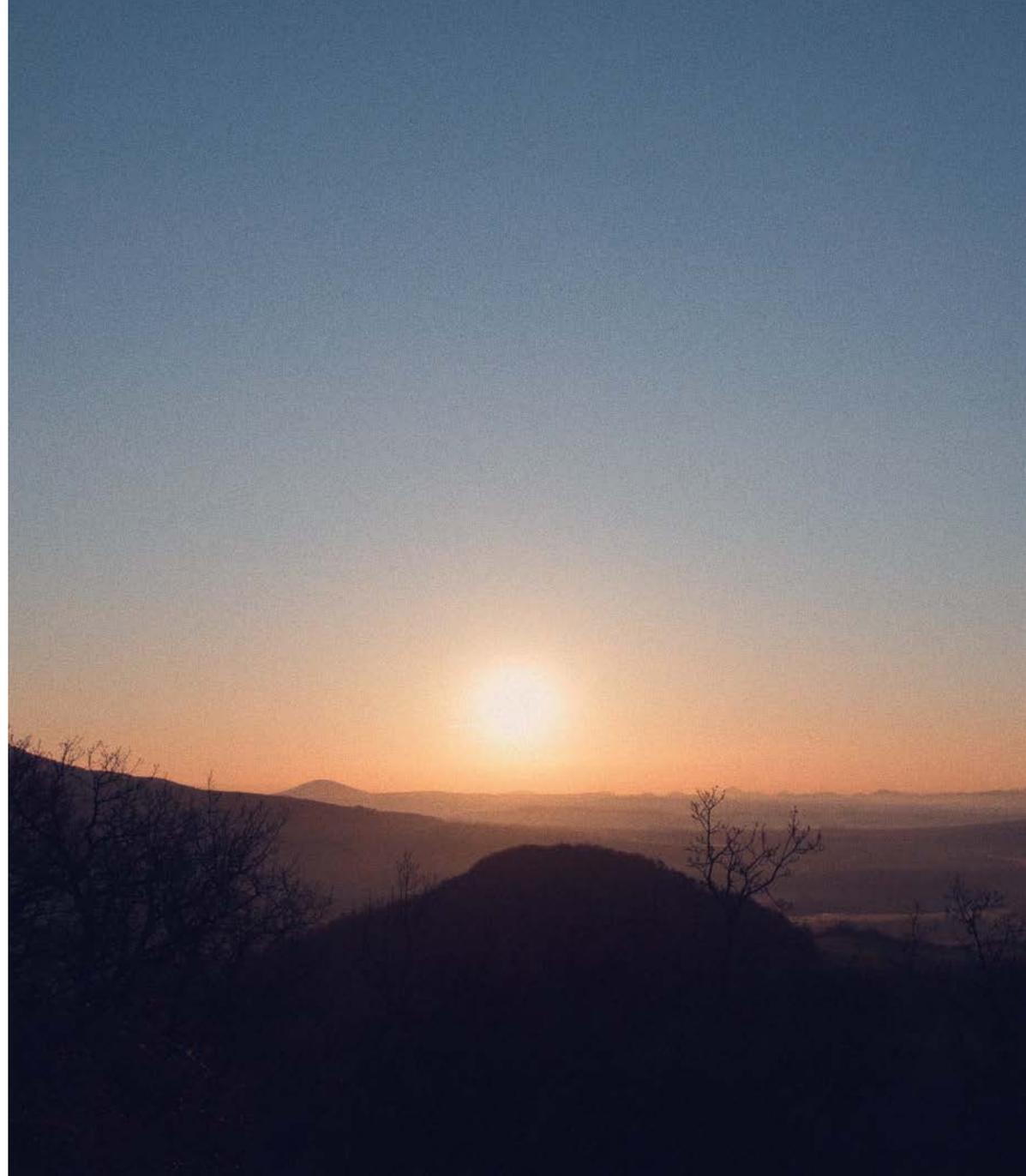
	2020	%*	2019
Net sales (EURm)	2,602	-6%	2,757
Growth in local currencies	-4%		2%
EBIT (EURm)	338	-9%	372
ROCKWOOL B share price (DKK)	2,296	45%	1,585

Registered Directors

('000 EUR)	2020	%*	2019
Jens Birgersson	2,343	8%	2,171
Jens Birgersson, one-time award	1,476	-	-
Kim Junge Andersen	925	0%	929
Total	4,744	53%	3,100

ROCKWOOL International A/S financial performance

	2020	%*	2019
Net sales (EURm)	358	-11%	402
EBIT (EURm)	64	-16%	76
Average total remuneration per FTE ('000 EUR)	117	1%	116



Management's statement

The Board of Directors and Registered Directors have today considered and adopted the Remuneration Report of ROCKWOOL International A/S for financial year 1 January – 31 December 2020.

The Remuneration Report is prepared in accordance with section 139 b of the Danish Companies Act.

The Remuneration Report is submitted to the Annual General Meeting for an indicative vote.

Hedehusene, 10 February 2021

Registered Directors

Jens Birgersson
CEO

Kim Junge Andersen
CFO

Board of Directors

Thomas Kähler
Chairman

Carsten Bjerg
Deputy Chairman

Rebekka Glasser Herlofsen

Søren Kähler

Andreas Ronken

Jørgen Tang-Jensen

Independent auditor's statement

To the Shareholders of ROCKWOOL International A/S

We have examined whether the remuneration report for ROCKWOOL International A/S for the financial year 1 January - 31 December 2020 contains the information required under section 139 b, subsection 3 of the Danish Companies Act.

We express reasonable assurance in our conclusion.

The Board of Directors' responsibility for the remuneration report

The Board of Directors is responsible for the preparation of the remuneration report in accordance with section 139 b, subsection 3 of the Danish Companies Act. The Board of Directors is also responsible for the internal control that the Board of Directors deems necessary to prepare the remuneration report without material misstatement, regardless of whether this is due to fraud or error.

Auditor's independence and quality management

We are independent of the company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and the additional ethical requirements applicable in Denmark. We have fulfilled our other ethical responsibilities in accordance with the IESBA Code, which is based on the fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behavior.

PricewaterhouseCoopers are subject to the International Standard on Quality Control, ISQC 1, and thus applies a comprehensive quality control system, including documented policies and procedures concerning compliance with ethical requirements, professional standards and current statutory requirements and other regulation.

Auditor's responsibility

Our responsibility is to express a conclusion on the remuneration report based on our examinations. We conducted our examinations in accordance with ISAE 3000 Assurance

Engagements Other than Audits or Reviews of Historical Financial Information and additional requirements under Danish auditor regulation to obtain reasonable assurance in respect of our conclusion.

As part of our examination, we checked whether the remuneration report contains the information required under section 139 b, subsection 3 of the Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

Hellerup, 10 February 2021

PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab
CVR No 3377 1231

Torben Jensen

State Authorised Public Accountant
mne18651

We believe that the procedures performed provide a sufficient basis for our conclusion. Our examinations have not included procedures to verify the accuracy and completeness of the information provided in the remuneration report, and therefore we do not express any conclusion in this regard.

Conclusion

In our opinion the remuneration report, in all material respects, contains the information required under the Companies Act, section 139 b, subsection 3.

Rune Kjeldsen

State Authorised Public Accountant
mne34160



ROCKWOOL Group

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