

Mandatory Statement of Management Governance, cf. Danish Financial Statements Act, Art. 107b.

The statement of Management Governance is a part of the Management review in the Annual Report for 2009 and section 1 of this statement is not part of the audit opinion given in the Annual Report.

1. Codes and rules for Management Governance

As a company organised under Danish law and with a listing on the Nasdaq OMX Nordic Exchange, Rockwool International is in compliance with Danish securities law and it is Rockwool International's intent to be guided by Corporate Governance Recommendations designated by Nasdaq OMX Nordic Exchange. In 2005, the Nasdaq OMX Nordic Exchange adopted the revised Danish Recommendations on Corporate Governance prepared by the Nørby Committee II on a comply or explain basis.

Rockwool International is generally in compliance with such recommendations, but has in some cases chosen to differ. The differences are generally due to company-specific views on the requirements to make Rockwool International create shareholder value optimally. In some cases Rockwool International is not making recommended explanations in the Annual Report. This is to keep the Annual Report reasonably short and interesting.

2. Internal controls and risk management

Risk management and supervision

The Board reviews the overall risk exposure and the individual risks associated with the Group's activities. Such reviews are performed at least once a year and on an ongoing basis when relevant.

The Board adopts guidelines for key areas of risk, monitors developments and ensures that plans are in place for the management of individual risk factors, which include commercial and financial risks, insurance and environmental matters and compliance with competition legislation.

The Group considers strong controls to be an essential management tool.

Auditing

To safeguard the interests of shareholders and the general public an independent auditor is appointed at the Annual General Meeting following a recommendation from the Board. Before making its recommendation the Board undertakes a critical evaluation of the auditors independence, competence etc.

The auditor submits a written report to the assembled Board once a year and also immediately after identifying any issues of which the Board should be informed. The auditors report is discussed in detail in the Audit Committee.

The Group works closely with the auditors in relation to procedures and internal controls by exchanging controller reports and audit reports and by generally sharing all relevant information.

Internal control

Group Management sets out general requirements for business processes and internal controls in the financial area of subsidiaries. The internal control system includes clearly defined organisational roles and responsibilities, reporting requirements and authorities. The local management teams are responsible for ensuring that the control environment in each company is sufficient to meet the Group requirements.

Each month the Groups companies report financial data and each quarter comment on financial and commercial developments to head office in Hedehusene. This information is used to prepare consolidated financial statements and reports for Group Management. As part of this process the accounting information reported by all companies in the Group is reviewed both by controllers with regional links and in-dept knowledge of the individual companies and by Group Control.

Twice a year the financial directors of the Groups companies meet together with Group Control to align financial procedures and reporting and suggest possible improvements.

Commercial and financial development and the associated risks are also discussed by Group Management, regional management teams and the individual companies' management teams during regular management meetings.

Internal audit

The Group has set up an Internal Audit to ensure objective and independent assessment of the adequacy and quality of the Groups internal controls. The most important role of Internal Audit is to assess whether the Group has well-established accounting practices, written policies and procedures in all important business areas and adequate internal control procedures. This includes assessing whether there are satisfactory controls in relation to key IT systems and whether these comply with the IT policy.

Internal Audit prepares an audit schedule for the year based on a review of business risks and is responsible for planning, executing and reporting on the audit performed. This reporting includes observations, benchmarking and conclusions together with suggestions for improvements to the internal control in each area audited. Follow up on these suggestions are performed as part of the internal audit activities.

3. Management

Group Management

Group Management is responsible for the day-to-day management of the company. The team consists of the CEO and six other executives - four Danes, one Dutchman, one German and one Frenchman. Two executives including the CEO are registered as the Management Board according to Danish law.

The Board appoints Group Management members and determines their remuneration. The chairmanship – consisting of the Chairman and the two Vice-Chairmen, together with the CEO – identifies successors to executives, who are then presented to the Board for approval.

The Board

The Board decides on matters of substantial importance for the Group's activities. These include decisions on strategic guidelines, approval of periodic plans, and decisions on major investments and divestments.

An important part of the Board's work is monitoring the risk factors associated with the company's operations. The Boards and supervisory committees of all Rockwool companies are charged with gaining an overview of the main risks associated with their activities, which once a year is consolidated into a Group risk profile for regular evaluation.

Members elected to the Board by the General Meeting are elected for a period of one year. When members are elected to the Board, emphasis is given to candidates' ability to contribute to the Group's development. The members of the Board appointed by the General Meeting currently comprise six persons – five Danes and one Dutchman. Board members must step down at the first General Meeting following their 70th birthday. Additional members - currently three persons - are elected by employees in accordance with Danish legislation.

The Board appoints its Chairman and one or two Vice-Chairmen from among its members. All are appointed for one year at a time.

The Board has established two committees: an Audit Committee and a Compensation Committee. In accordance with new legislation for audit committees in Denmark, the Board has appointed Jan W. Hillege as the member of the Audit Committee who is independent and possesses the required insight concerning auditing.