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General guidelines for incentive-based remuneration of Group Management of ROCKWOOL International A/S

1. Preamble

These *General guidelines for incentive-based remuneration of Group Management of ROCKWOOL International A/S* (the “Incentive Guidelines”) has been prepared and adopted by the Board of Directors of ROCKWOOL International A/S (“ROCKWOOL Group” or the “Company”).

In accordance with section 139 of the Danish Companies Act, the Incentive Guidelines have been submitted to the Company’s annual general meeting for approval.

The Incentive Guidelines replace the incentive guidelines approved at the annual general meeting on April 18, 2012 and are applicable for agreements on incentive-based remuneration entered into after the annual general meeting on April 6, 2016.

The Incentive Guidelines are supplementary to the remuneration policy for the Board of Directors, Group Management and senior executives of ROCKWOOL International A/S (the “Policy”). The Incentive Guidelines apply to all incentive-based remuneration of Group Management. As defined in the Policy, the Board of Directors of the Company does not receive any incentive-based remuneration and are thus not covered by the Incentive Guidelines.

These Incentive Guidelines also includes in section 4.3 certain overall maximum values for annual grants and maximum number of shares committed under the Company’s long-term incentive schemes for members of Group Management and Senior Executives (as defined in the Remuneration Policy).

2. Purpose of the Incentive Guidelines and General principles

2.1 Purpose

Together with the Remuneration Policy, the Incentive Guidelines provide a framework for remuneration of the Board of Directors and Group Management of the ROCKWOOL Group.

The incentive-based remuneration is designed to ensure that the Company is able to attract and retain professionals suitable for Group Management and seek an alignment of the interests of these executives to those of our shareholders. Furthermore, the remuneration and the composition thereof shall promote and support our business’ success, value creation within the ROCKWOOL Group and its objectives both on the short and long term.

2.2 Composition, award and vesting

Remuneration for Group Management, including changes to existing variable pay schemes, is proposed by the Remuneration Committee and approved by the Board of Directors. The incentive-based remuneration may within the boundaries set up in these guidelines and the Policy comprise variable remuneration, including cash and share-based incentives. The level of incentive-based remuneration for each Group Management member is assessed on an ongoing basis based on the individual’s experience, contribution to the Company and in the context of the external market benchmark.

The size and composition of any incentive-based remuneration awarded to individual members of Group Management must be based on what the Board of Directors may find suitable in order to support and promote the objectives underlying the Policy and the Incentive Guidelines, including the Company’s short term and long term objectives and the aim to create a suitable alignment of the interests of the executives and those of the shareholders.

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

2.3 Clawback and adjustment of incentive-based remuneration

The Board of Directors may lay down specific terms governing the lapse of an incentive scheme, repayment of the incentive-based remuneration, or terms governing accelerated vesting, exercise or adjustment in case of a take-over in whole or in part, significant divestiture of activities, demerger, merger or other amalgamation of the Company, or in cases where an incentive pay-out was made based on data which proved to be materially and manifestly misstated.

3. Short-term incentives

Group Management members are eligible to receive short-term incentives on an annual basis. Short-term incentives are paid out in cash.

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

Any grant of short-term incentives is conditional upon achievement of certain performance targets related to the relevant financial year and fixed in advance by the Board of Directors.

The performance targets linked to incentive schemes must be clear and measurable, and may be linked to the performance of the ROCKWOOL Group, a business area or the responsibility area of the particular recipient or to the occurrence of certain strategic developments or events.

Generally, the target level pay-out must correspond to performance in line with the business plan of the Company for the relevant year or period. The maximum pay-out level is 40% of the annual base salary of the relevant individual in the year of award, excluding pension and other accessory payments. The pay-out level is determined based on measurable parameters as defined in the individual's bonus plan for each incentive period.

4. Long-term Incentives

Group Management members are eligible to receive annual long term incentive grants. The long-term incentives will always be share based, and may consist of either stock options or restricted shares.

The long term incentives are primarily designed to incentivise long term performance and commitment of Group Management, as well as to promote alignment of the interests of the executives to the interest of the shareholders.

The value, as of the time of the grant approval, of any long-term incentive award may not exceed 30% of the annual base salary of the CEO and respectively 20% of the annual base salary of each Group Management member, excluding pension and other accessory payments. If restricted shares are granted in a given calendar year, stock options cannot be given in the same calendar year, and vice versa.

The Board of Directors will decide if the Company should purchase own shares in order to cover its obligations in relation to the long term incentive schemes. The shares will be purchased within an open trading window. The shares which the Company has to deliver upon exercise of either Stock Options or Incentive Shares will be already existing issued shares. The size of the Company's share capital will not be influenced by the incentive-based remuneration.

4.1 Stock options

Stock options will be subject to vesting and exercise periods as determined by the Board of Directors for each grant. The vesting period will be no less than three years, and the exercise period will be no less than three and no more than eight years from time of grant.

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The exercise price may be based on an average calculated over a period of up to three weeks prior to grant and must be equal to or higher than the Company's share price on Nasdaq Copenhagen A/S in this window.

The terms of the stock options may provide that options may be settled in cash in which case, the exercise price shall be the same as for the options where actual shares are delivered.

4.2 Restricted Shares

Restricted shares will be subject to a vesting period of no less than three years. After the vesting period the shares are transferred to the participants without payment subject to continued employment.

The terms of the share incentive may provide that shares may be settled in cash in which case, the gross value shall be the same as the share price at the time of vesting.

4.3 Size of long-term incentive schemes

The participant group and the aggregate value of the total long-term incentive scheme granted in any financial year will be approved separately by the Board of Directors. The maximum annual grant value of the total scheme is 3 million euros (Share value / Black-Scholes value at approval of the grant). Any increase of targeted annual grant value requires approval of the annual general meeting.

The number of outstanding non-exercised options or restricted shares granted to participants may not at any time exceed 5% of the Company's share capital.

5. Extraordinary incentive remuneration

The Board of Directors may in individual cases and for exceptional circumstances decide to award a one-off bonus or other extraordinary incentive remuneration, in connection with appointment of a new member to the Group Management, which may be incentive-based and may consist of cash and/or share-based remuneration. Award and/or vesting may be subject to attainment of certain performance targets. The value of such extraordinary incentive remuneration cannot at the time of award exceed an amount corresponding to 100% of the Group Management member's annual base salary in the year of award exclusive of pension and other accessory payments.