



# Resilient by nature

Remuneration Report 2021

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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 2021 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 completed by the Remuneration Committee as per authorisation of the Board of Directors. The report will be presented to the Annual General Meeting in April 2022, for an indicative vote.

The 2020 Remuneration Report was presented to the Annual General Meeting in April 2021 for an indicative vote and review. The purpose of the indicative vote is to secure that the remuneration policy is implemented and applied. The report was approved with no comments.

Remuneration provided to the Board of Directors and the Registered Directors during 2021 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.

2021 was a strong year despite a challenging environment. During the first quarter of 2021 the outlook for the full year was not so promising, as many countries was still partly locked down due to the COVID-19 pandemic. The effect and speed of the economic rebound was realised during the second quarter of 2021, and from there the scenario changed from careful optimism to a situation where balancing demand and capacity was an issue in ROCKWOOL as well as in other building materials.

Our full year net sales grew well in almost all markets across the business and profitability

remained good despite soaring inflation on raw materials, energy and logistic costs. Net sales for 2021 reached 3088 MEUR, an increase of 19 percent in local currencies compared to 2020, while EBIT margin was 13.0 percent.

Based on our vision of being a desirable Group to work for, the usual merit process for all employees was carried out in April 2021.

No changes were made to any remuneration schemes for the Board of Directors and Registered Directors during 2021.

## **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.rockwool.com/group/](http://www.rockwool.com/group/).

# 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. Reasonable expenses for Board members such as travel, accommodation or other expenses related to board meetings as well as relevant education are reimbursed.

Board fees are reviewed once a year, and most recently at the Annual General Meeting in 2021 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 2021 received pro-rata fees as per the principles of the Remuneration Policy.

## Annual board fee per member position

('000 EUR)	2021/2022
Chairman	145
Deputy Chairman	98
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 2021

('000 EUR)	Chairman	Deputy Chairman	Board member	Chairman Audit Committee	Audit Committee	Remuneration Committee	Total
Thomas Kähler	145	-	-	-	16*	12	173
Carsten Bjerg	-	98	-	-	8**	12	118
Søren Kähler	-	-	16**	-	8**	-	24
Jørgen Tang-Jensen	-	-	48	-	25	-	73
Andreas Ronken	-	-	48	-	-	-	48
Rebekka G Herlofsen	-	-	48	40	-	-	88
Carsten Kähler	-	-	32*	-	-	-	32
Connie Enghus Theisen	-	-	48	-	-	-	48
René Binder Rasmussen	-	-	42***	-	-	-	42
Christian Westerberg	-	-	48	-	-	-	48
<b>Total</b>	<b>145</b>	<b>98</b>	<b>330</b>	<b>40</b>	<b>57</b>	<b>24</b>	<b>694</b>

\* for the period 01-05-2021 to 31-12-2021. \*\* for the period 01-01-2021 to 30-04-2021. \*\*\* for the period 01-01-2021 to 30-11-2021.

# 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 Group 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 2021.

## 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 Group'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.

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 Group's strategic priorities for the year.

The selected key performance criteria in the 2021 company scorecard, applicable for the Registered Directors, were sales and earnings, each with an equal weight. The actual performance related to both the sales and earnings criteria ended above target. The cash bonus will be paid to the Registered Directors with the



## Actual remuneration of Registered Directors for 2021

Name and position	Fixed remuneration			Variable remuneration			Total	
	Base salary	Pension	Other benefits	Total fixed	Short-term incentives	Long-term incentives*		Total variable
Jens Birgersson, CEO	1 535	230	15	1 780	621	444	1 065	2 845
Kim Junge Andersen, CFO	621	67	27	715	251	120	371	1 086

\* 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)

first salary payment after the Annual General Meeting has approved the Annual Report in April 2022, unless otherwise is agreed with the Remuneration Committee.

## *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 2021, RSUs were granted. The fair value on the date of grant, 9 April 2021, was 2543 DKK per share. The RSUs will vest in May 2024.

In 2021, the total variable portion of the Registered Directors' remuneration package in terms of STI paid and LTI granted is 37 percent for the CEO and 34 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 2021, the RSUs granted in 2018 vested.

## *One-time awards*

No one-time awards was granted in 2021.

In line with the Remuneration Policy, a one-time award in the form of conditional RSUs was granted to the CEO in 2020 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 Group.

Vesting is conditional upon the achievement of three parameters: a) Reduction of CO<sub>2</sub> per tonne line wool, b) growth in sales and c) earnings. All three vesting conditions have equal weight and 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 2021, no incentive remuneration was reclaimed.

### Value RSUs vested in 2021

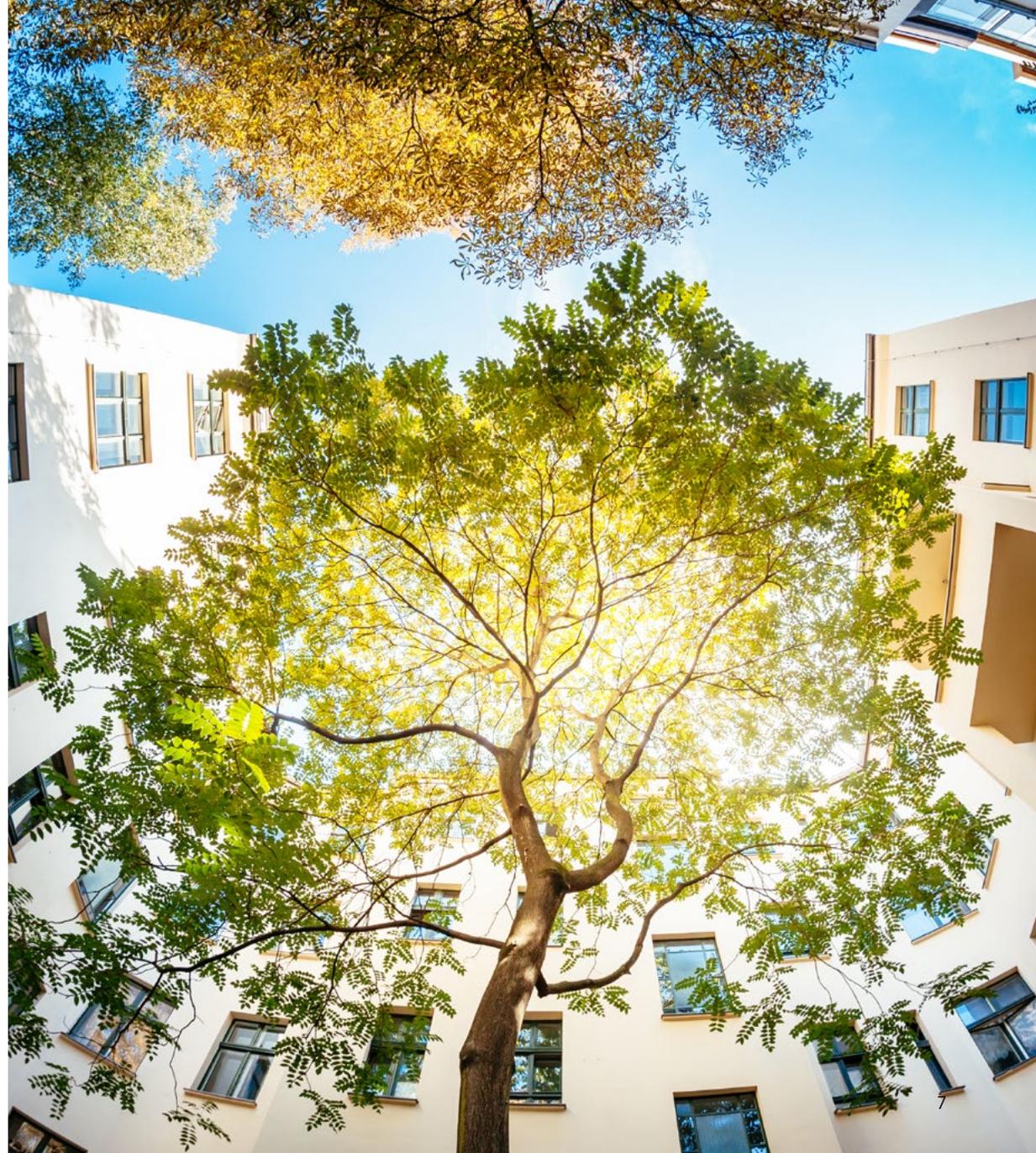
Name and position	Date	Plan	Number	Vesting date value ('000 EUR)
Jens Birgersson, CEO	14-04-2021	2018 phantom RSUs	1 476	520
Kim Junge Andersen, CFO	14-04-2021	2018 RSUs	469	165

### Outstanding RSUs at year-end

	Per 01/01	Granted	Exercised	Per 31/12	Est. value**, unvested ('000' EUR)
<b>Jens Birgersson*</b>					
2018 RSU	1 425	51	1 476	-	-
2019 RSU	1 728	-	-	1 728	664
2020 RSU + one-time award	11 715	-	-	11 715	4 503
2021 RSU	-	1 298	-	1 298	499
<b>Total</b>	<b>14 868</b>	<b>1 349</b>	<b>1 476</b>	<b>14 741</b>	<b>5 666</b>
<b>Kim Junge Andersen</b>					
2018 RSU	453	16	469	-	-
2019 RSU	534	-	-	534	205
2020 RSU	737	-	-	737	283
2021 RSU	-	352	-	352	135
<b>Total</b>	<b>1 724</b>	<b>368</b>	<b>469</b>	<b>1 623</b>	<b>623</b>

\* The 2018-2019 RSUs are cash-settled programmes based on phantom shares.

\*\* The estimated value of the unvested RSUs, is based on the share price at year-end.



# Development in remuneration and financial performance

The board fee in 2021 was 694 KEUR, down 34 KEUR compared to 2020. The main reason for the decrease was the change in the composition of the Board of Directors in 2020, 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. One of the employee elected Board members left the Company on the 11 November 2021.

The total remuneration to the Registered Directors amounted to 3931 KEUR, up 20 percent compared to 2020 excluding the one-time award in 2020. The increase was primarily due to an increase in the short term incentives as both criteria ended above target, which reflects the financial results of the Group. By way of comparison, in the same period ROCKWOOL's share price increased by 25 percent.

The CEO pay ratio is 22 times the average total remuneration per FTE in the parent company, ROCKWOOL International A/S.

## Board of Directors

('000 EUR)	Position	Annualised		Annualised		2019
		2021	%*	2020	%*	
Thomas Kähler (from 1 April 2020)	Chairman and Remuneration committee	157	0%	105	-	-
Thomas Kähler (from 7 April 2021)	Audit Committee	16	-	-	-	-
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	0%	110	3%	106
Carsten Bjerg (until 1 April 2020)	Chairman Audit Committee	-	-	12	3%	39
Carsten Bjerg (from 1 April 2020 - until 7 April 2021)	Audit Committee	8	0%	16	-	-
Søren Kähler (until 1 April 2020)	Deputy Chairman and Remuneration Committee	-	-	36	3%	106
Søren Kähler (from 1 April 2020 - until 7 April 2021)	Member	16	0%	32	-	-
Søren Kähler	Audit Committee	8	0%	25	3%	23
Jørgen Tang-Jensen	Member and Audit Committee	73	0%	73	3%	70
Andreas Ronken	Member	48	0%	48	3%	47
Rebekka Glasser Herlofsen (from 1 April 2020)	Member and Chairman Audit Committee	88	0%	59	-	-
Carsten Kähler (from 7 April 2021)	Member	32	-	-	-	-
Connie Enghus Theisen	Employee elected member	48	0%	48	3%	47
René Binder Rasmussen (until 11 November 2021)	Employee elected member	42	0%	48	3%	47
Christian Westerberg	Employee elected member	48	0%	48	3%	47
<b>Total remuneration Board of Directors</b>		<b>694</b>	<b>0%</b>	<b>728</b>	<b>3%</b>	<b>732</b>

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

### ROCKWOOL Group financial performance

	2021	%*	2020	%*	2019
Net sales (MEUR)	3 088	19%	2 602	-6%	2 757
Growth in local currencies	19%	-	-4%	-	2%
EBIT (MEUR)	401	19%	338	-9%	372
ROCKWOOL B share price (DKK)	2 859	25%	2 296	45%	1 585

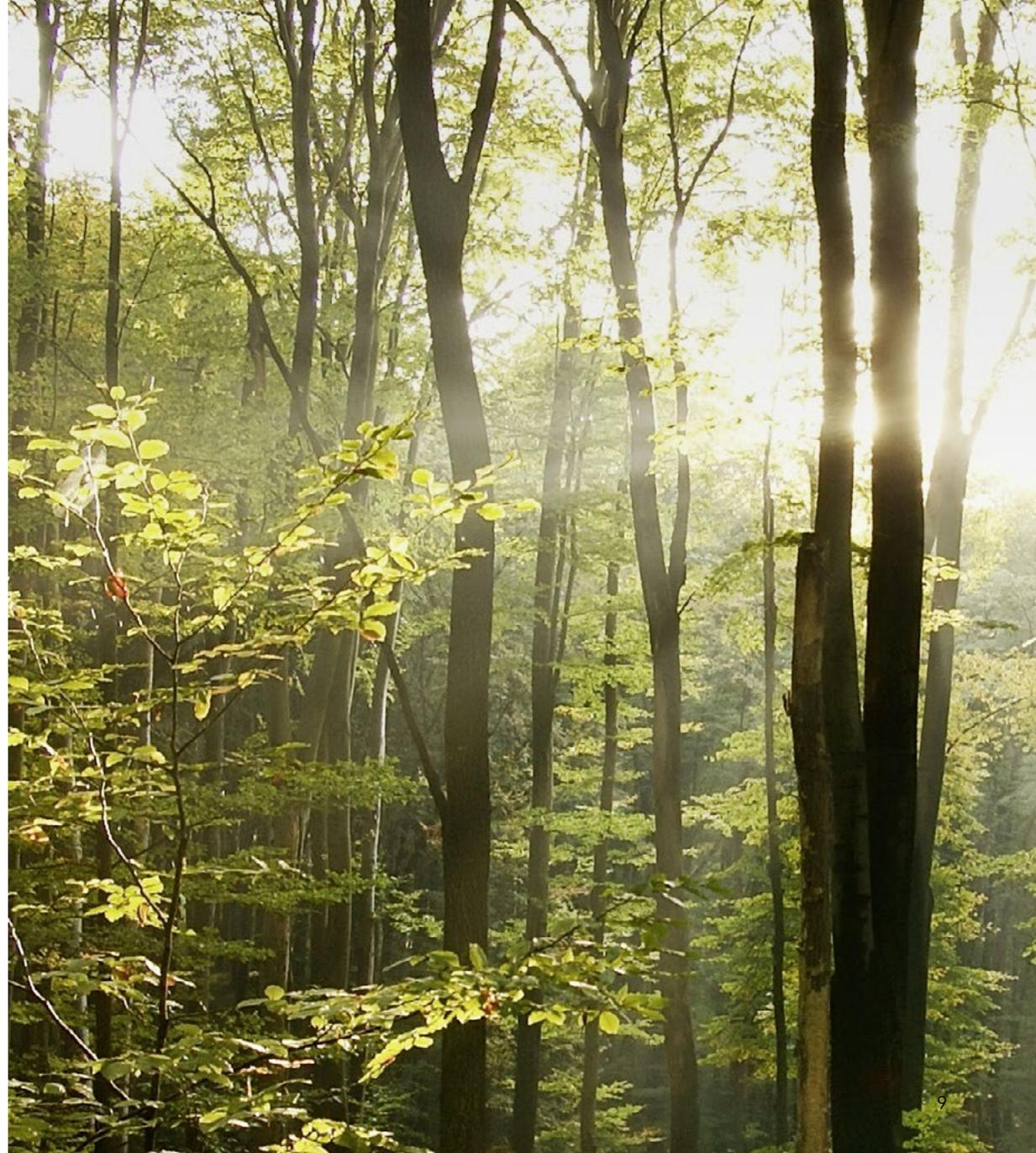
### Registered Directors

('000 EUR)	2021	%*	2020	%*	2019
Jens Birgersson	2 845	21%	2 343	8%	2 171
Jens Birgersson, one-time award	-	-	1 476	-	-
Kim Junge Andersen	1 086	17%	925	0%	929
<b>Total</b>	<b>3 931</b>	<b>-17%</b>	<b>4 744</b>	<b>53%</b>	<b>3 100</b>

### ROCKWOOL International A/S financial performance

	2021	%*	2020	%*	2019
Net sales (MEUR)	323	-10%	358	-11%	402
EBIT (MEUR)	69	9%	64	-16%	76
Average total remuneration per FTE ('000 EUR)	127	8%	117	1%	116

\* % = year-on-year development in percent.



# 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 2021.

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, 9 February 2022

## Registered Directors

Jens Birgersson  
CEO

Kim Junge Andersen  
CFO

## Board of Directors

Thomas Kähler  
Chairman

Carsten Bjerg  
Deputy Chairman

Rebekka Glasser Herlofsen

Carsten Kähler

Andreas Ronken

Jørgen Tang-Jensen

Connie Enghus Theisen

Christian Westerberg

# 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 2021 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 have complied with the independence requirements and other ethical requirements in the International Ethics Standards Board for Accountants' International Code of Ethics for Professional Accountants (IESBA Code), which is founded on fundamental principles of integrity, objectivity, professional competence and due care, confidentiality and professional behaviour and ethical requirements applicable in Denmark.

PricewaterhouseCoopers is 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 (revised), Assurance Engagements Other than Audits or Reviews of Historical Financial Information and the additional requirements applicable in Denmark 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 Danish Companies Act, number 1 - 6, on the remuneration of each individual member of the Executive Board and the Board of Directors.

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 Danish Companies Act, section 139 b, subsection 3.

Hellerup, 9 February 2022

## PricewaterhouseCoopers

Statsautoriseret Revisionspartnerselskab  
CVR No 3377 1231

## Kim Tromholt

State Authorised Public Accountant  
mne33251

## Rune Kjeldsen

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