

# Tax Policy for the ROCKWOOL Group

---

## Introduction and integrity

At the ROCKWOOL Group we acknowledge that tax practice is an important part of society and equally an important part of responsible corporate citizenship. This policy is the foundation for our tax governance and controls.

The aim of our tax policy is to reflect and support our business by ensuring a sustainable tax rate, mitigating tax risks and complying with rules and regulations in the jurisdictions in which we operate.

At the ROCKWOOL Group, we are committed to conducting ourselves ethically in everything that we do. For us, integrity means being honest and having strong moral principles. Integrity is embedded in our history and forms a cornerstone of the ROCKWOOL way of doing business. Every individual in the Group is expected to act with the highest level of integrity when engaging with those inside or outside the Group and all employees in the Group shall comply with relevant laws.

In all tax matters we apply the same values and integrity by making sure that our primary focus is the ordinary operation of the Group, and in all the countries where we do business, we comply with all relevant tax laws as well as international regulations and practices including OECD guidelines.

## Tax governance and controls

The ROCKWOOL Group acknowledges that international tax matters are increasingly complex and we are committed to assigning the necessary resources to ensure compliance with relevant tax laws and regulations.

Tax matters, risks as well as this policy are governed by the Board of Directors and discussed on a regular basis with the Audit Committee. Tax matters are operationally managed and monitored by the CFO and the Group Tax department in close relationship with the financial management of the ROCKWOOL Group subsidiaries.

We do not adopt tax positions which are not defensible under full disclosure and when relevant we seek advice from external tax advisors before adopting such positions.

The ROCKWOOL Group is committed to being a responsible tax payer and avoid aggressive tax planning. We have a clear and transparent corporate structure with no contrived entities or structures.

The ROCKWOOL Group is at the same time committed to being as transparent about its tax matters as can reasonably be expected and we pursue an open dialogue and relationship with tax authorities.

## Allocation of profits and transfer pricing

The ROCKWOOL business is a business with significant local presence, but importantly also an international business making use of centrally developed technology, trademarks and know-how as well as value added services.



As a result, there are many transactions between ROCKWOOL Group companies, and the transfer pricing policy for these transactions is driven by the activities undertaken and the value created in each part of our businesses.

The key component in our profit allocation is our transfer pricing setup and methods in which we are committed to the principle of paying tax where value is created, however also taking into account the tax impact from prior and future investments as well as prior year tax losses and incentives.

The transfer pricing methods are in line with the OECD Transfer Pricing Guidelines and we have implemented transfer pricing documentation to support the transfer pricing methods applied.

## **Tax incentives**

Tax incentives are government measures that are intended to influence business decision-making or to encourage businesses to invest in a particular way by reducing the amount of tax they have to pay.

A number of the territories, in which we operate, offer incentives of various kinds and we seek to use these incentives where they are aligned with our business and operational objectives.