

Chairman's Statement

EUGENE MURTAGH



**USA Aperture Cellars /
Insulated Panels** OneDek, RD1
Roof Deck and DM 40 Wall
Panels in Vintage and Rust

— Few could have foreseen, when I wrote my Chairman's Statement last year, the global pandemic that would take hold and define the year that was 2020. And as events unfolded in the first half of the year, few might have envisaged the resilience that the business would demonstrate.

Whilst revenue dropped slightly to €4.6bn, in the face of rolling lockdowns causing business and market disruption, trading profit increased to €508.2m. This strong result is testament to the quality of the management team and employees throughout Kingspan, as well as to the firm foundations we have built in our four strategic pillars: Planet Passionate, Innovation, Globalisation, and Completing the Envelope.

Kingspan's ambitious Planet Passionate programme aims to significantly reduce the Group's environmental impact as it continues to grow its business, whilst also enhancing the sustainable benefits of its products. 2020 was the first year of the programme which is focused on 12 measurable Planet Passionate targets, based on the key themes of energy, carbon, water and circularity. We will be reporting progress against these targets annually in Kingspan's Planet Passionate Report, the first of which will be published in March 2021.

Continuous innovation is at the centre of everything we do, and good progress has been made on new product development at Kingspan's new IKON Global Innovation Centre. New products include the QuadCore™ 2.0 insulated panel, Kingspan's fully integrated solar PV PowerPanel®, and by 2022 we aim to commence production on the AlphaCore Class A insulation board.

In addition, Kingspan continues to lead the digitalisation of the construction industry through cutting edge digital project delivery platforms that drive efficiency and performance.

During the year Kingspan increased product penetration and continued the expansion of its global footprint through a number of acquisitions. Early in 2020 we completed the acquisition of the Colt Group to bolster our market leading position as a provider of daylighting and smoke management systems in Western Europe.

At the same time, the seamless integration of Group Bacacier, acquired at the end of the previous year, adds strength and depth to our Insulated Panels business in France.

We have also continued our investment in organic expansion, particularly in new and developing geographies. We will shortly be commissioning new insulated panels lines in North America and Brazil, and further Insulated Panels investments have been approved in Russia and Vietnam. Our new Kooltherm® line in Sweden is also scheduled to commence production later this year, and in Kingscourt our new Light & Air facility will soon be manufacturing a range of daylighting products.

Management and employees

Although travel restrictions limited the opportunity to meet face-to-face with local staff and management at our global facilities, full credit has to be given to all our employees who adjusted to new ways of working remotely to protect themselves and the broader community. The Board's sincere thanks go out to all Kingspan employees for rising to the challenge, and our thoughts in particular are with those who were affected either personally or through their wider family by this terrible pandemic.

We look forward to meeting and thanking some of those employees in person, hopefully in the not-too-distant future.

Dividend

Last March, at the outset of the pandemic, the Board moved decisively to cancel the proposed 2019 final dividend in order to preserve the Company's cash position, in addition to which no interim dividend was declared in 2020. The Board is now pleased to recommend a final dividend for 2020 of 20.6 cent per share, which if approved at the Annual General Meeting will be paid (subject to Irish withholding tax rules) on 7 May 2021 to shareholders on the register at close of business on 26 March 2021.

Board governance and changes

The Board is committed to high standards of corporate governance and aims to embed our core values of honesty, integrity and compliance in everything we do. Full details of how we have aligned this approach with the principles of the new UK Corporate Governance Code 2018 are set out in the Directors' Report of this Annual Report.

The Board, through the Audit & Compliance Committee, carefully monitors and manages risk across the business as explained in this committee's report. During the year the remit of the committee was expanded to include product certification and compliance, as part of the wide-ranging actions that Kingspan has taken in response to some serious and unacceptable practices identified as part of the UK's Grenfell Tower Inquiry process. The Report of the Remuneration Committee details how the Company's remuneration policy balances pay for performance with the wider stakeholder experience and how the committee has continued to listen and take on board shareholder feedback.

As part of the continuing process of refreshing the Board, we are pleased to announce the appointments of Éimear Moloney and Paul Murtagh as non-executive directors with effect from 30 April 2021. Éimear was previously a senior investment manager in Zurich Life Assurance (Irl) plc managing asset allocation and various geographic equity portfolios, and has excellent knowledge and experience of capital markets and asset management. Paul is the Chairman and CEO of Tibidabo Scientific Industries Ltd, and was formerly the Chairman and CEO of Faxitron Bi optics LLC and Chairman of Deerland Probiotics & Enzymes Inc. The Board looks forward to the benefit of their experience and input in the coming years.

Separately, Bruce McLennan has notified the Board that he will not be seeking re-election as a non-executive director at this year's Annual General

Meeting for personal reasons. Bruce has served on the Board for six years and the Board would like to thank him for his contribution to Kingspan during that period.

As indicated in last year's Annual Report, I will be stepping down as Chairman and non-executive director of Kingspan with effect from the conclusion of this year's Annual General Meeting. I have greatly enjoyed my 55-year journey with Kingspan, and it has been a very interesting road with plenty of twists and turns along the way. From a small business in my parent's yard Kingspan has grown to become a global leader with a presence in over 70 countries and a family of over 15,500 employees.

I am confident that its governance and continuing success is in safe hands with Jost Massenberg, who has made an important contribution to the Board in his role as an independent non-executive director since 2018, and I wish him well in his new role as Non-Executive Chairman.

Today, the business is in a very strong position to build upon its four strategic pillars, under the guidance of its excellent management team, and with the benefit of its strong balance sheet. I look forward to watching Kingspan's continuing success in the years ahead.

Eugene Murtagh

Chairman
19 February 2021

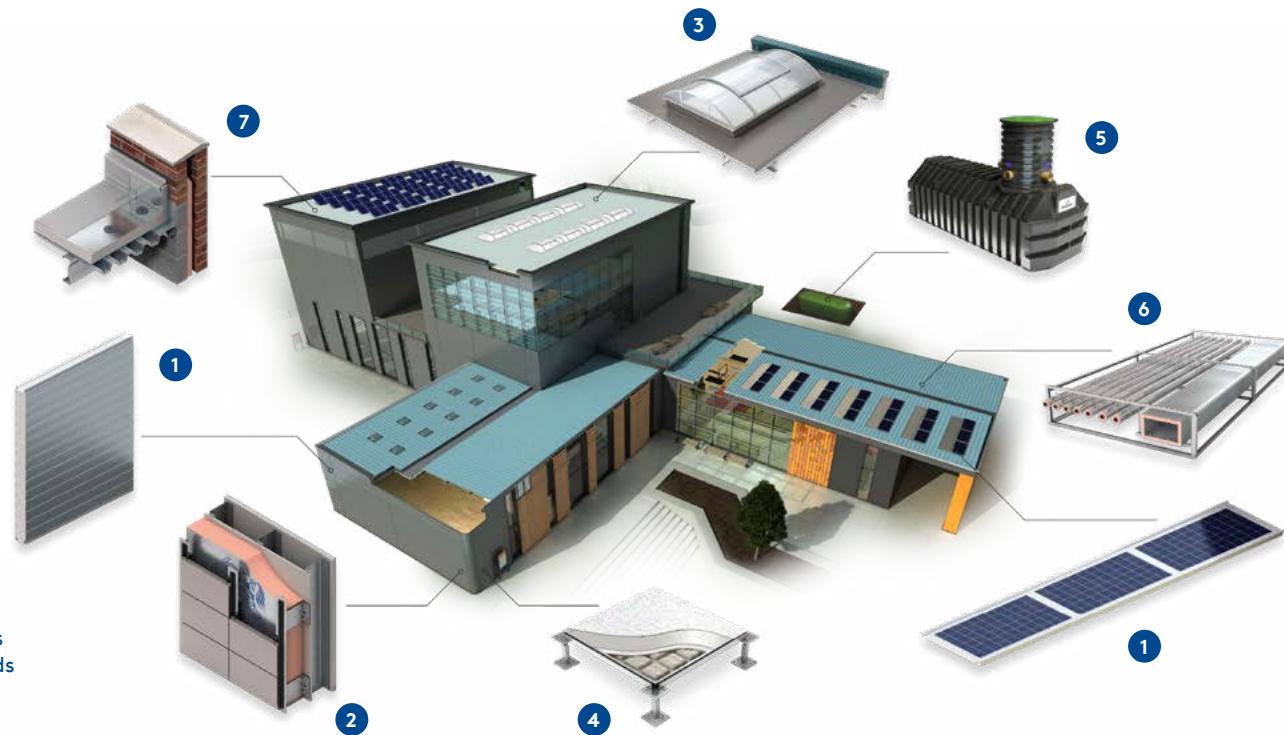
Business Model & Strategy

Through our relentless development of innovative and proprietary technology we have created a portfolio of products which create value across a number of key metrics. Critically, through the differentiated thermal performance of our innovative solutions, we help design teams, architects and ultimately our customers to play their part in tackling climate change. Today, the construction and operation of buildings together account for 36% of global energy use and 39% of energy-related CO₂ emissions when upstream power generation is included.

Action, at scale, is urgently needed.

- 1 Insulated Panels
- 2 Insulation Boards
- 3 Light & Air
- 4 Data & Flooring
- 5 Water & Energy
- 6 Industrial Insulation
- 7 Flat Roof Membrane

OUR BUSINESS MODEL AND OUR STRATEGIC PILLARS ENABLE THE ONGOING CONVERSION TO ULTRA-EFFICIENT BUILDING ENVELOPES, FROM OUTDATED, INEFFICIENT METHODS OF CONSTRUCTION



Business Model & Strategy

OUR BUSINESSES



1. Insulated Panels

Kingspan Insulated Panels is the world's largest and leading manufacturer of high-performance insulated panel building envelopes. Powered by Kingspan's proprietary and differentiated insulation core technologies, a Kingspan panelised envelope provides building owners with consistently superior build quality and lifetime thermal performance compared with built-up constructions using traditional insulation.



2. Insulation Boards

Kingspan is a world leader in rigid insulation board. Our advanced insulation technologies deliver superior thermal performance and air-tightness when compared with traditional insulation, resulting in thinner solutions that offer multiple advantages including more internal floorspace and daylight.



3. Light & Air

Kingspan Light & Air is established as a global leader providing a full suite of daylighting solutions, as well as natural ventilation and smoke management solutions, which complement our existing building envelope technologies. Thermal comfort, indoor air quality and natural daylighting are widely recognised as the most important factors affecting occupant wellbeing in buildings.



4. Data & Flooring

Kingspan is the world's largest supplier of raised access flooring and data centre airflow management systems. Raised access flooring is the most cost effective way of creating a flexible working environment by utilising the floor void to manage the distribution of M&E services and HVAC systems. Our systems have many benefits including optimising overall building height, achieving faster construction with greater design flexibility, enabling easier reconfiguration of a workspace, and improving indoor air quality.



5. Water & Energy

Sustainable water management is rapidly becoming one of the greatest challenges of our time. We manufacture and support pioneering new technologies to preserve and protect water. Kingspan is also a market leading manufacturer of innovative energy management solutions.



6. Industrial Insulation

The operation of buildings accounts for 28% of carbon emissions globally. While space heating is the largest consumer of energy in buildings, heating water and space cooling are also key energy consumers. Cooling is the fastest growing use of energy in buildings. Kingspan has innovative, ultra-performance products in both piping insulation and ducting insulation and we aim to expand our presence in these markets.

From a modest footprint, Kingspan already generates over €100m in revenue from industrial insulation. Focus areas for growth, organic and inorganic, include air ducting insulation, piping insulation and equipment insulation.



7. Flat Roof Membrane

Kingspan is a market leader in the manufacture of high-performance insulation for flat roofs. Our Topdek, Onedek and X-dek ranges offer a single-fix panel solution for flat roof applications. Building on the fast growth in our flat roof panel offering, we aim to expand our offer in built-up flat roof systems. Our range of insulation boards, including the QuadCore™ Roofboard and the Optim-R roofing system offer significant thermal advantages in a built-up system. Manufacturing flat roof membrane would enable us to offer the main structural components of a built-up roof system as a single, trusted, provider - from the steel deck to the waterproof layer.

Strategic Goals

STRATEGIC GOALS

**OUR MISSION IS TO ACCELERATE
A ZERO EMISSIONS FUTURE BUILT
ENVIRONMENT WITH PEOPLE AND
PLANET AT ITS HEART**

STRATEGIC PILLARS				
Innovation	Planet Passionate	Global	Completing the Envelope	
→ To be the world's leading provider of low energy building envelopes – Insulate and Generate.				
→ To be the leader in high-performance insulation globally with proprietary and differentiating technologies.				
→ To progress our Net Zero Energy goal by delivering on our ambitious 10-year Planet Passionate commitments which aim to make significant advances in the sustainability of both our business operations and our products.				
→ To expand globally, bringing high-performance building envelope solutions to markets which are at an earlier stage in the evolution of sustainable and efficient building methods.				
→ To advance materials, building systems and digital technologies to address issues such as climate change, circularity and the protection of our natural world.				



READ MORE
ABOUT OUR
STRATEGIC
PILLARS
on page 15

Our core values of honesty and integrity, and compliance with the law, are the foundation upon which our strategic pillars sit.

Strategic Pillars

2020 saw significant advancements across our strategic pillars and a reinforcement of our core values.



INNOVATION

Kingspan is committed to innovation so we can make building better. It's something we demonstrate daily in the work we produce across our business. We believe we have to challenge building industry traditions through innovating in advanced materials and digital technologies to achieve a net zero emissions future.

- The award winning Day-Lite Kapture was brought to the market by Light & Air in 2020.
- Launching PowerPanel® 2.0 in 2021.
- Fibre-free A1 AlphaCore™ before the end of 2022.
- QuadCore™ 2.0 and the next generation of Kooltherm® are also at the early stages of development as part of our ongoing innovation agenda.



PLANET PASSIONATE

In 2019, Kingspan announced our 10 year Planet Passionate programme, setting 12 hard environmental targets which focus on the most material impacts in our business. We made significant progress in our first year and have further developed our 2030 roadmap.

- We generated 32.6 GWh of renewable energy on-site.
- We commissioned 7 rooftop solar PV projects.
- We upcycled 573 million PET waste plastic bottles.
- The ongoing engagement with our supply chain on multiple sustainability fronts has resulted in several exciting research and development projects.



GLOBAL

Kingspan is a truly global business, operating in over 70 countries with 166 manufacturing sites across the globe. We will continue to expand globally to bring ultra-performance building envelope solutions to markets which are at an earlier stage in their evolution to sustainable and efficient methods of construction.

- Kingspan has a number of sites under construction globally. We are advanced in developing a new site in Pennsylvania USA and close to commissioning sites in Brazil, Sweden and Russia.
- In January 2021, we acquired a leading insulated panel manufacturer in Uruguay, Bromyros, further expanding our presence in the Latin American region.



COMPLETING THE ENVELOPE

We announced our strategy to "Complete the Envelope" in 2016, identifying Light & Air, roofing membranes and industrial insulation as key product categories which complement our building envelope solutions. Today, Kingspan Light & Air has a 12 month revenue run rate in excess of €500m.

- In April 2020 Kingspan added Colt Group to its Light & Air division. Colt is a market leader in providing and servicing innovative products and solutions for smoke control, natural ventilation, solar control and climate control projects.

Our Values

**OUR VALUES HAVE
ALWAYS BEEN THE
FOUNDATION OF OUR
STRATEGY AND ARE
FUNDAMENTAL TO
HOW WE DO BUSINESS
AND INTERACT WITH
EACH OTHER.**

Our Belief

Historically, construction has taken from nature with little consideration given to the finite resource available. Buildings were constructed without contemplating how they might impact future generations. We believe the buildings of the future need to deliver more than ever before. They must combat climate change by maximising energy efficiency through superior thermal performance while incorporating products that are lower in embodied carbon across their entire lifecycle. Using less energy is not enough; buildings should generate their own energy too. Buildings should be healthy and inspirational, optimising the benefits of daylight and fresh, clean air. They should be designed, constructed and operated to protect natural resources and conserve water as much as possible. Above all they must be safe, protecting people and property from fire and other natural hazards.

Our Culture and Values

Kingspan has grown from a family business and many of the values associated with family businesses form the backbone of our culture today. The business has been built on trust in the integrity of our people and of our offering. We value this trust and recognise it as being fundamental to our ongoing success. We are entrepreneurial, collaborative, honest, and we stand behind a common cause – better buildings for a better world.

We are innovative. We are the market leader in the field of high-performance building envelope solutions, which ensure lifetime carbon and resource savings. We have gained this position through a creative and solutions driven mindset, which continues to inform our innovation agenda today.

We think long-term. The strategy of the business is driven by long-term ambitions and not by quarterly performance. The success of this strategy can be seen in our long-term growth. This ethos is apparent in our multi-year commitments such as our 10-year Planet Passionate programme which will drive real, positive, impact for the environment and forms a common goal across the business globally.

Code of Conduct

Kingspan expects the highest standards of integrity, honesty and compliance with the law from our employees, our directors and our partners globally. We actively encourage our employees to speak out if they experience instances that are not in keeping with the principles outlined in our Code of Conduct.

In 2020 we updated our Code of Conduct. Our business success is inextricably linked to our behaviours, and our aspiration is to maintain a culture where our everyday actions are built on five core principles:

- Clear, ethical and honest behaviours and communications;
- Compliance with the law;
- Respect for the safety and wellbeing of colleagues;
- Protection of our Group assets;
- Upholding our commitment to a more sustainable future

Please see further detail at:

<https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct>

Business Model & Strategy

2020 IN A NUTSHELL

REVENUE**€4.6bn****HOW WE CREATE VALUE**

- > Product innovation and differentiation
- > Excellent customer service
- > Energy efficient sustainable building envelope solutions
- > We operate our businesses to the highest standards
- > We acquire excellent businesses
- > We recycle capital to optimise returns
- > We maintain financial discipline
- > We balance our portfolio of businesses across product and geography
- > We drive sustainable practices in our operations through our Planet Passionate initiatives

TRADING PROFIT²**€508.2m****HOW WE OPERATE****166**

Global manufacturing facilities

15,500+

Employees

- > Management controls
- > Quality systems
- > Responsible supply chain partnerships

APPLICATIONS

- | | | |
|----------------|-----------------|-------------------|
| > Retail | > Accommodation | > Data Management |
| > Distribution | > Food | > Infrastructure |
| > Leisure | > Manufacturing | |

VALUE CREATEDEBITDA¹**€596.5m**

Total Shareholder Return

5.4%

EPS

206.2c

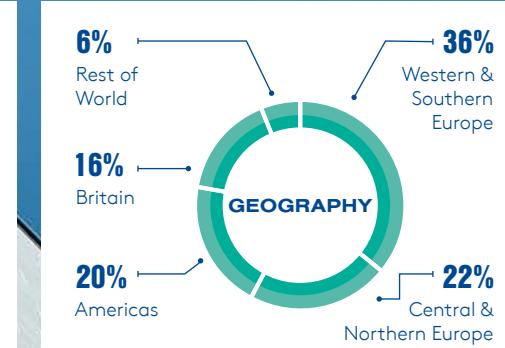
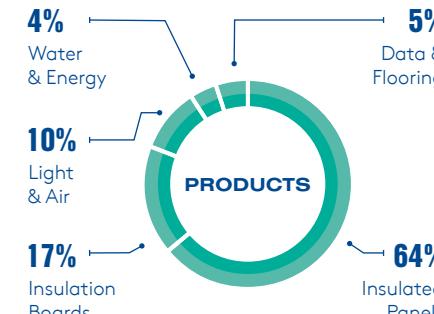
Free Cash Flow

€479.7m

ROCE

18.4%

Dividend

20.6c

DRIVERS
15% Other | 85% Energy Efficiency & Conversion

CHANNEL
30% Via Distribution | 70% Direct

END-MARKET
24% Refurbishment | 76% New Build

SECTOR
18% Residential | 14% Office & Data | 68% Commercial & Industrial

1 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16

2 Operating profit before amortisation of intangibles

Australia Belmont Hub,
Faulkner Park / Insulated
Panels KS1000 RW, Karrier
Panel, KingZip

**IN 2020, WE
GENERATED
32.6 GWh OF
RENEWABLE
ENERGY ON-SITE**



LEARN MORE ABOUT
OUR COMMITMENT TO
RENEWABLE ENERGY

BUSINESS & STRATEGIC REPORT

Chief Executive's Review

GENE M. MURTAGH



Energy from buildings accounts for roughly 40% of all emissions. Envelope First and conservation will be vital in curtailing global temperature rises.

Business Review

2020 was a tumultuous year for Kingspan, as it was for many. After a relatively strong start, April and May saw a deep reduction in activity in many markets, followed by a rebound towards mid-year and ultimately a strong finish in the fourth quarter. Full year revenue was down 2% to €4,576m and trading profit was ahead by 2% to €508.2m, after accounting for repayment of all government COVID supports worldwide. Net debt was €236.2m at year end, the lowest level in a number of years and leaves our balance sheet in an exceptionally strong position. Globally, governments reacted in varying ways to the crisis which resulted in an economic experience which was equally variable. All markets suffered interruption to some degree although in our case it was particularly acute in the UK, Spain, Canada and Ireland. Most other markets recovered to, and in some cases exceeded, the performance of 2019.

Raw material prices moved broadly to our advantage for much of the year but we experienced significant inflation in the fourth quarter. We expect further significant increases in our raw materials in early 2021 and the effort to recover these through price increases is underway and will be a challenge.

The climate action agenda continues to gather pace globally. With energy from buildings accounting for roughly 40% of all emissions, a more thermally efficient building envelope will be vital in curtailing global temperature rises. Insulation will be central to this effort. At Kingspan we aim to provide the broadest possible spectrum of solutions to enable this reduction in emissions. These solutions must be able to stand the test of time, and Kingspan's warranted performance should prove to be a compelling advantage to building owners in their quest to achieve emission reductions over the lifetime of the building.

FINANCIAL HIGHLIGHTS

-2% ↓

Revenue
to €4.6bn
(pre-currency, flat)

2% ↑

Trading profit⁴ up
2% to €508.2m
(pre-currency, +5%)

1% ↑

Basic EPS
up 1% to
206.2 cent

20.6c ↑

Final dividend per share
of 20.6 cent

42% ↑

Free cashflow
up 42% to €479.7m

40bps ↑

Group trading
margin³ of 11.1%,
an increase of 40bps

0.4x

Year-end net debt¹
of €236.2m (2019:
€633.2m). Net debt
to EBITDA² of 0.4x
(2019: 1.1x)

18.4%

ROCE of 18.4%
(2019: 17.3%)

OPERATIONAL SUMMARY

- Insulated Panels sales decrease of 4% due mainly to second quarter lows. Solid performance with most end-markets experiencing recovery in the second half. Europe positive overall, particularly in Germany and France. Strong finish to the year in the UK. Strong order intake in the Americas in the fourth quarter. 33% growth in QuadCore™ sales globally in 2020.
- Insulation Boards sales decrease of 10% albeit much improved in the second half which was down 2%. Strong performance in Western Europe and good second half recovery in Ireland and the UK, Americas and Australia ahead of prior year. Softer in the Middle East and Southern Europe.
- Another year of progress in Light & Air with sales up 36% in the year, acquisition of Colt a key driver. Europe positive overall although softer in North America. Further bolt on acquisition in Europe, Skydome, agreed after year-end.
- Water & Energy sales down 3% with a resilient performance overall and year on year margin improvement. Water applications particularly positive.
- Data & Flooring sales increase of 4%. Strong performance across data centre applications offsetting softer office activity.
- Steep raw material inflation a key theme as we enter 2021 with a challenging recovery effort underway.

1 Net Debt and EBITDA both pre-IFRS 16

2 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16

3 Trading profit divided by total revenue

4 Operating profit before amortisation of intangibles

Planet Passionate

2020 was the first full year of implementing the initiatives of our Planet Passionate programme. Building upon our previous ten year Net Zero Energy drive this programme is now much broader and deeper, and focuses on twelve distinct targets in the categories of Energy, Carbon, Circularity and Water. The programme is dealt with in detail in the Planet Passionate annual report which will be published in March and the table below demonstrates our progress to date, along with our medium and long term targets.

Organic Expansion

Insulated Panels in the Americas is progressing the development of its new facility in Pennsylvania, and in Brazil two new facilities will be commissioned this year.

In Europe, the Joris Ide business is adding an insulated wall panel production line to its German facility in Ansbach. At Bacacier in France, plans are afoot to develop a Group hub for the manufacture of insulated panels, insulation and profiles which, when complete in 2022, will be a showcase facility.

In Russia, we are investing in a second plant south of Moscow to complement our existing St. Petersburg presence.

In Asia, we have signed off on an investment to develop a greenfield insulated panel plant in Vietnam which will serve the wider south east Asia market. This facility is planned for completion by late 2022. It is also our intention to develop a greenfield PIR board line in this region during 2022/2023.

Planet Passionate Targets		Target Year	2020
ENERGY		→ Net Zero Energy (%)	2020 100%
		→ 60% direct renewable energy use (%)	2030 28%
		→ 20% on-site renewable energy generation (%)	2030 5.3%
		→ Solar PV systems on all wholly owned facilities (%)	2030 21%
CARBON		→ Net Zero Carbon Manufacturing (% change)	2030 0.1%*
		→ Zero Emission company funded cars (% annual conversion)	2025 11%
		→ 50% reduction in product CO2e intensity from primary supply chain partners (% reduction)	2030 0%
CIRCULARITY		→ Zero Company waste to landfill (tonnes)	2030 18,167
		→ Recycle 1 billion PET bottles into our manufacturing processes (bottles)	2025 573m
		→ QuadCore™ products utilising recycled PET (% sites)	2025 5%
WATER		→ Harvest 100 million litres of rainwater (litres)	2030 21.1m
		→ 5 Active Ocean Clean-Up projects (no. of initiatives)	2025 1

* Scope 1 & 2 GHG emissions estimate, external assurance ongoing. Final figures to be confirmed in Kingspan's annual Planet Passionate report to be released March 2021

In Sweden, the development of our greenfield Kooltherm® facility is undergoing commissioning presently and will be in production by the second quarter of this year. Demand is growing quickly in the Nordic region as advanced insulation continues to displace traditional alternatives and this new plant will play a key role in continuing that momentum.

Inorganic Expansion

In April last year the Group's Light & Air division completed the acquisition of Colt Group, a leading provider of daylighting and smoke management systems with a significant presence in Germany, the Netherlands and the UK, with annual revenue of approximately €200m.

In the second half of the year we signed an agreement to acquire Terasteel, an insulated panel manufacturer based in Romania, with revenue in the region of €120m. Also in the second half of the year, we agreed to acquire Trimo, a producer of mineral fibre insulated panels and facades based in Slovenia and with global revenues of just over €100m. Terasteel is expected to complete shortly and Trimo is subject to a regulatory approval process which is still underway.

In December 2020 we signed an agreement to acquire Skydome, the daylighting activity of SMAC in France with revenues of approximately €45m. In January 2021 we acquired Bromyros, the market leader for insulated panels in Uruguay and a further extension to our Latin American presence. Earlier this month we agreed to acquire Dyl plast Products, a technical insulation producer in Florida, USA which is our first step into this segment in the North American market.

Innovation

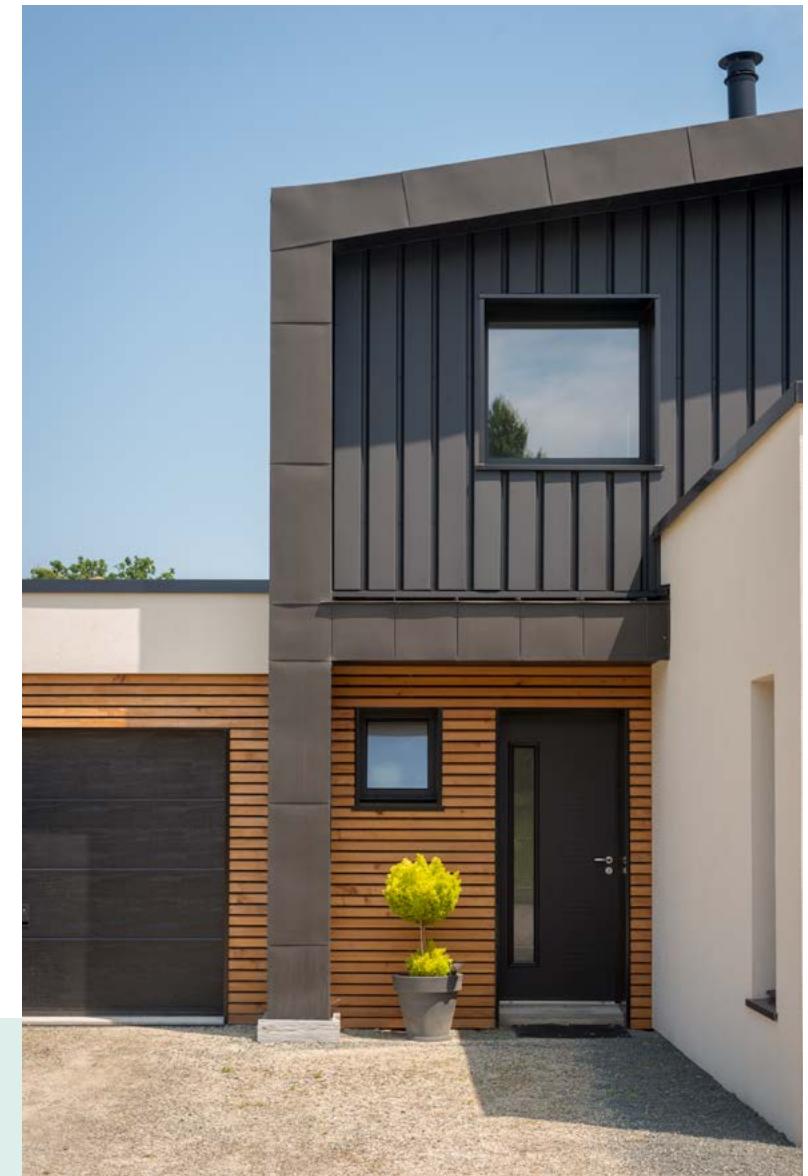
Innovation is a central pillar of Kingspan's strategy with a number of active initiatives underway. Development of QuadCore™ 2.0 has continued

at pace with the aim of launching in the UK and Ireland initially. Alongside this we are launching our QuadCore™ Assured programme which will be unique in providing a warranted fire, thermal and circularity solution. We anticipate commencing the extensive certification process by the second half of this year. Thereafter we plan to begin work on a bio-based rigid insulation.

Both the PowerPanel® (an insulated panel with fully integrated solar PV) and AlphaCore® developments suffered some timetable disruption for much of 2020 given travel and other restrictions and the associated impact on practical collaboration with our international partners. In recent months significant development work has been completed on PowerPanel® and we expect to commence the certification process by mid-year. We are currently designing the pilot manufacturing plant for AlphaCore® which we expect to be operational in 2022. The focus is on the development of a medium thermal performance option, and we are concurrently exploring potential OEM partnerships for similar technologies.

A project has recently been launched with the objective of achieving A-Class fire performance for our Optim-R® product, the highest thermal performance insulation in our offering. Our aim is to have a product ready for market by late 2022. Finally, over the next two years we aim to have B-Class fire performance available as a standard offering across much of the Kooltherm® range.

**France, Modern Home,
Plerin / Insulated
Panels JI 33-20-1000**



INSULATED PANELS

Global order intake recovered through the second half and the backlog at year-end was ahead by 19%. QuadCore™ sales grew by 33% in 2020 and comprised 12% of insulated panels product sales in 2020. Most of our markets continued to recover well in the aftermath of the first severe lockdown early in the year. Germany, Belgium and France were stand-outs where positive market dynamics combined with an element of share gain to drive revenue growth through the second half. Spain had a tough start to the year which was difficult to recover from although activity did improve markedly through the second half. In the Nordics, our insulated panel businesses were slightly behind prior year as a whole, as was much of Central Europe.

The UK delivered a strong fourth quarter although still lagged behind 2019's overall revenue by year-end, and Ireland performed similarly. Both markets entered 2021 with orderbooks comfortably ahead of prior year.

In the Americas, the US market finished the year with revenue slightly behind prior year, albeit with an orderbook well ahead owing to exceptionally strong order intake in the fourth quarter. Canada delivered a disappointing outcome following a particularly weak first half, and Latin America performed strongly with volumes ahead by double digits, supported by deliveries from the new facility near Sao Paulo. A further facility in the south of the country is nearing completion.

1 Comprising underlying -6%, currency -3% and acquisitions +5%. Like for like volume -3%.



During the second half of the year the division delivered a strong performance across most of the markets in which it operates. Volumes were in line with the second half of 2019, a recovery from the sharp decreases seen in the first half. Western Europe posted a record year with revenue well ahead in the Benelux and Germany, whilst in Southern Europe the outcome was still below prior year despite a marked recovery in the second half. Spain suffered a particularly deep downturn during the earlier part of the year.

North America and Australasia both performed ahead of 2019 and in the Middle East the business performed well in the circumstances, albeit below prior year.

Ireland and the UK were both severely impacted during the first half but delivered strong recoveries through the second half.

The UK's Grenfell Tower Inquiry (the "Inquiry") commenced in May 2018. The report on Phase 1 of the Inquiry was completed in October 2019, a central conclusion of which was that the PE-Cored ACM cladding was the principal reason for the fire spread on the tower itself. None of the ACM was Kingspan product, and just 5% of the insulation material on the building was Kingspan product, supplied via a distributor, without our knowledge or advice.

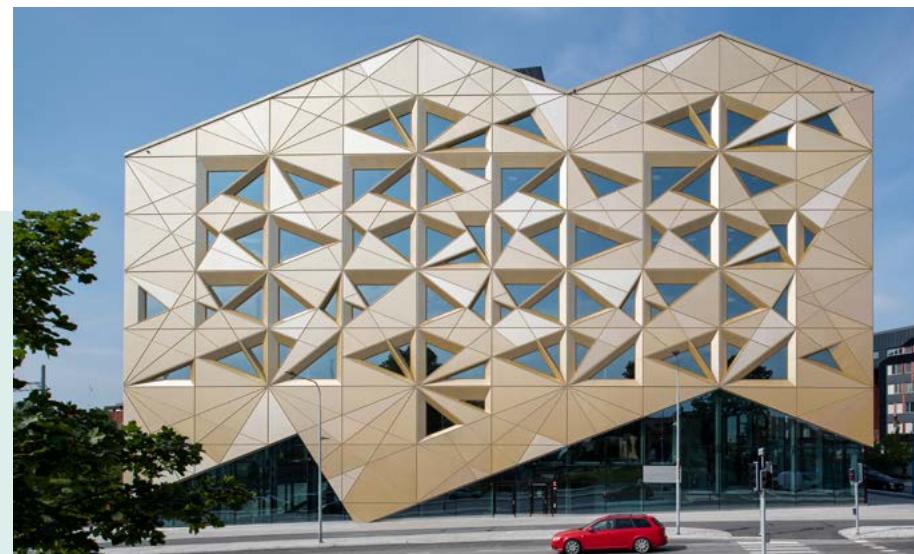
Module 2 of Phase 2 of the Inquiry commenced in the second half of 2020, this phase of the Inquiry attracted considerable commentary in relation to testimony of some former and current Kingspan employees. A number of totally unacceptable process shortcomings in our UK Insulation Boards business were highlighted by us and submitted to the Inquiry. In addition, some former

employee communications displayed a culture which is not reflective of the greater ethos of the Group and which are completely unacceptable.

We are resolute in our efforts to address these issues and are actively engaged for some time implementing concrete actions throughout the Group that will ensure that this cannot happen again. This is set out in more detail in the Directors' Report section of this Annual Report, and in our statement of 19 February 2021 which is available on our microsite:

<https://inquiry.kingspan.com>.

Sweden Juvenel,
Uppsala / **Insulation
Boards Kooltherm® K20**



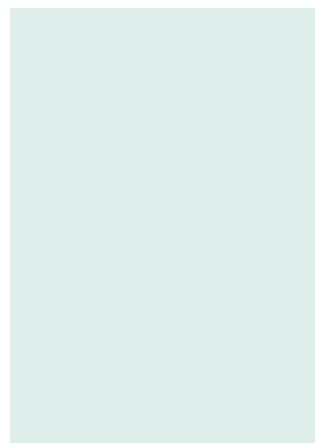
TURNOVER	TRADE PROFIT	TRADE MARGIN
€787.0m	€110.1m	14.0%
-10% ⁽¹⁾	-6%	+60bps

2019: €876.9m 2019: €117.1m 2019: 13.4%

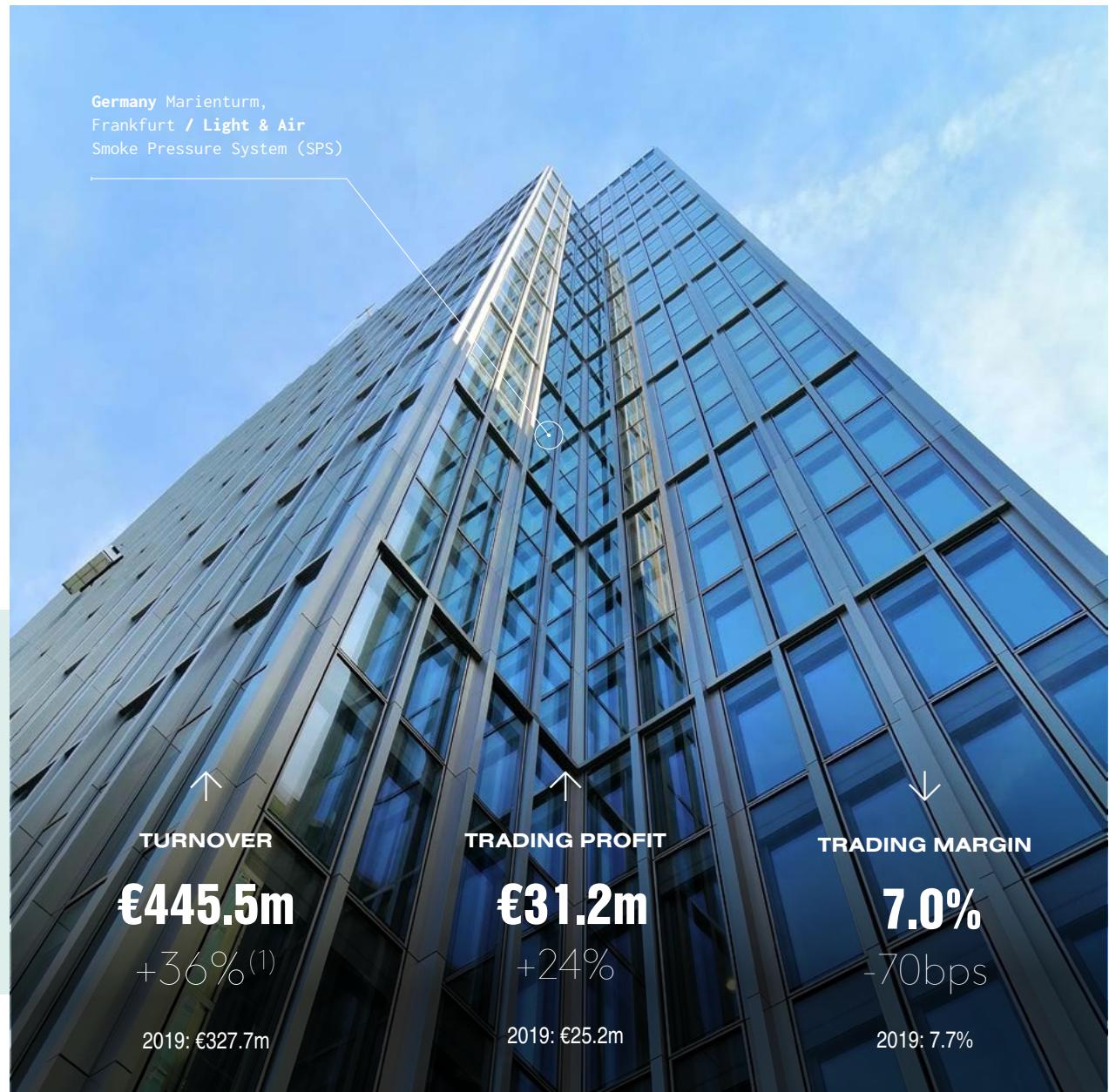
¹ Comprising underlying -9% and currency -1%. Like for like volume -9%.

The Light & Air division performed robustly during the more challenging first half of the year and activity improved in a number of its key markets through the latter half. The business performed particularly well in the Benelux and France, and somewhat weaker in Germany toward year-end. 2019 was a strong year for our North American business unit and the performance in 2020 lagged that, mainly owing to a weaker pipeline of large projects.

The acquisition of the Colt Group was completed in April 2020, bringing with it a significant boost in revenue and a highly complementary product suite for the division, particularly in Western Europe and the UK. In December we also agreed to acquire Skydome, the daylighting activity of SMAC in France.



¹ Comprising underlying -8%, currency -1% and acquisitions +45%.



This business unit delivered a strong operating performance in 2020 despite the challenging revenue performance, owing largely to tight margin management across the units.

The energy storage business had a steady year and the water unit delivered a result well ahead of prior year, particularly in the UK. In Australia, where rainwater harvesting still dominates the offering, the business performed well in both residential and the rural and commercial end markets.

1 Comprising underlying -3%, currency -2% and acquisitions +2%.



DATA & FLOORING

Last year proved to be a positive year for this business, primarily driven by its growing exposure to the data centre market, predominantly in North America and Europe.

Clients in this particular segment demand flexibility in how their buildings are configured and the combination of our access floors, structural ceiling grids and airflow management systems provide an integrated solution to the world's largest data management companies.

In contrast, the office segment was less buoyant and we would anticipate this remaining the case for the foreseeable future.



Britain 22
Bishopsgate /
Data & Flooring
RMG600 and Calcium
Sulphate



↑
TURNOVER

€223.4m
+4%⁽¹⁾

2019: €214.5m

↑
TRADING PROFIT

€29.3m
+20%

2019: €24.5m

↑
TRADING MARGIN

13.1%
+170bps

2019: 11.4%

¹ Comprising underlying -3%, currency -1% and acquisitions +8%.

Looking Ahead

2021 has started well, helped by strong backlogs at the turn of the year. Raw material price inflation is a very significant feature at present and a challenging recovery effort is underway. We can expect a degree of lag in the recovery of these cost increases. Whilst there can be limited certainty in the near-term, sentiment across our end-markets remains positive overall.

The Group's innovation agenda continues to move ahead at pace and will support our development in the years ahead. The need for action on climate change is gaining increasing traction with policymakers worldwide. Kingspan's proposition and our Planet Passionate programme are aligned fully with this urgent agenda.

The Group's balance sheet is in a robust position and this will support the continued organic and inorganic development of the Group in the years ahead.

There are of course many challenges, and indeed more opportunities, which when combined with the resolve of Kingspan people and the sustainability of our proposition, positions the business well for the future.

Gene M. Murtagh
Chief Executive Officer
19 February 2021



Poland Bomar Wholesale Building, Gdansk / Insulated Panels Cladding coffers and insulated panel system



**IN 2020 ALONE WE
UPCYCLED 573
MILLION WASTE
PLASTIC BOTTLES**

USA Donald Dungan
Library, California /
Data & Flooring ConCore
1250, 1500 & 2500

BUSINESS & STRATEGIC REPORT

Financial Review

GEOFF DOHERTY



The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2020 and of the Group's financial position at that date.

Overview of results

Group revenue decreased by 2% to €4.6bn (2019: €4.7bn) and trading profit increased by 2% to €508.2m (2019: €497.1m) with an increase of 40 basis points in the Group's trading profit margin to 11.1% (2019: 10.7%). Basic EPS for the year was 206.2 cent (2019: 204.6 cent), representing an increase of 1%.

The Group's underlying sales and trading profit growth by division are set out adjacent:



USA Donald Dungan Library, California / Data & Flooring
ConCore 1250, 1500 & 2500



Sales	Underlying	Currency	Acquisition	Total
Insulated Panels	-6%	-3%	+5%	-4%
Insulation Boards	-9%	-1%	-	-10%
Light & Air	-8%	-1%	+45%	+36%
Water & Energy	-3%	-2%	+2%	-3%
Data & Flooring	-3%	-1%	+8%	+4%
Group	-7%	-2%	+7%	-2%

The Group's trading profit measure is earnings before interest, tax and amortisation of intangibles:

Trading Profit	Underlying	Currency	Acquisition	Total
Insulated Panels	+1%	-4%	+5%	+2%
Insulation Boards	-5%	-1%	-	-6%
Light & Air	-31%	-	+55%	+24%
Water & Energy	+14%	-2%	+3%	+15%
Data & Flooring	+16%	-2%	+6%	+20%
Group	-1%	-3%	+6%	+2%

The key drivers of sales and trading profit performance in each division are set out in the Business Review.

Finance costs (net)

Finance costs for the year increased by €4.2m to €25.0m (2019: €20.8m). A net non-cash charge of €2.0m (2019: charge of €0.1m) was recorded in respect of swaps on the Group's USD private placement notes. The Group's net interest expense on borrowings (bank and loan notes net of interest receivable) was €19.3m (2019: €16.7m). This increase reflects higher average gross debt levels in 2020 as well as a negative return on Euro denominated cash balances. Lease interest of €3.6m (2019: €3.8m) was recorded for the year. €0.1m (2019: €0.1m) was recorded in respect of a non-cash finance charge on the Group's defined benefit pension schemes.

Taxation

The tax charge for the year was €74.9m (2019: €76.6m) which represents an effective tax rate of 16.3% (2019: 16.9%). The decrease in the effective rate reflects, primarily, the change in the geographical mix of earnings year on year.

Dividends

The Board has proposed a final dividend of 20.6 cent per ordinary share payable on 7 May 2021 to shareholders registered on the record date of 26 March 2021. No interim dividend (2019: 13.0 cent) was declared during the year given the uncertain backdrop for much of 2020. The final dividend proposed for 2019 of 33.5 cent was subsequently cancelled in order to preserve cash at the outset of the pandemic. In summary, therefore, the total dividend for 2020 is 20.6 cent compared to 13.0 cent for 2019 (as adjusted for the cancellation).

The Board carried out a review of the Group's dividend policy during the year. The outgoing policy guidance was to pay out approximately 25% of earnings. In assessing a revised policy a key objective was to afford the Group appropriate development capital to invest in the business over time as well as to preserve the strength of the

balance sheet. On that basis the revised dividend policy for 2021 and for the foreseeable future is to pay out approximately 15% of earnings. The policy will be reviewed periodically to ensure it remains appropriate over time having regard to the capital needs of the business.

Retirement benefits

The primary method of pension provision for current employees is by way of defined contribution arrangements. The Group has three legacy defined benefit schemes in the UK which are closed to new members and to future accrual. In addition, the Group has a number of smaller defined benefit pension liabilities in Mainland Europe. The Group assumed €10.5m of net pension obligations in April 2020 on the acquisition of Colt Group. The net pension liability in respect of all defined benefit schemes was €45.9m (2019: €15.1m) as at 31 December 2020 with the increase reflecting both the new acquisition during the year and the impact of reduced interest rates on liabilities.

Intangible assets and goodwill

Intangible assets and goodwill decreased during the year by €38.6m to €1,561.5m (2019: €1,600.1m). Intangible assets and goodwill of €57.3m were recorded in the year relating to acquisitions completed by the Group. A decrease of €72.4m arose due to year-end exchange rates used to translate intangible assets and goodwill other than those denominated in euro. There was an annual amortisation charge of €23.5m (2019: €21.9m).

Financial key performance indicators

The Group has a set of financial key performance indicators (KPIs) which are presented in the table adjacent. These KPIs are used to measure the financial and operational performance of the Group and to track ongoing progress and also in achieving medium and long term targets to maximise shareholder return.

Key performance indicators	2020	2019
Basic EPS growth	1%	11%
Sales performance	-2%	7%
Trading margin	11.1%	10.7%
Free cashflow (€m)	479.7	337.1
Return on capital employed	18.4%	17.3%
Net debt/EBITDA	0.4x	1.1x

(a) Basic EPS growth. The growth in EPS is accounted for primarily by a 2% increase in trading profit partially offset by an increase in minority interest. The minority interest amount increased year on year due to a strong performance at the Group's operations which have minority stakeholders, leading to a basic EPS increase of 1%.

(b) Sales performance of -2% (2019: 7%) was driven by a 7% decrease in underlying sales, a 2% decrease due to the effect of currency translation and a 7% contribution from acquisitions. The decrease in underlying sales reflected in particular a difficult period in the first wave of restrictions from the end of March through to mid summer 2020.

(c) Trading margin by division is set out below:

	2020	2019
Insulated Panels	11.0%	10.4%
Insulation Boards	14.0%	13.4%
Light & Air	7.0%	7.7%
Water & Energy	8.0%	6.8%
Data & Flooring	13.1%	11.4%

The Insulated Panels division trading margin advanced year on year reflecting ongoing progress in sales of QuadCore™, the market mix of sales as well as some short term curtailment of overhead due to the pandemic. The trading margin improvement in the Insulation Boards division reflects, in the main, a positive lag effect on raw material price reductions in the first half of the year and short term overhead curtailment. The reduced trading margin in Light & Air reflects the market mix of sales. The Water & Energy trading margin improvement reflects the category mix and overhead curtailment. The increase in trading margin in Data & Flooring reflects the geographic market and product mix of sales year on year.

(d) Free cashflow is an important indicator and it reflects the amount of internally generated capital available for re-investment in the business or for distribution to shareholders.

Free cashflow	2020	2019
	€m	€m
EBITDA ¹	596.5	579.8
Movement in working capital ²	107.7	5.6
Movement in provisions	(2.1)	1.7
Net capital expenditure	(126.1)	(154.3)
Net interest paid	(21.6)	(16.7)
Income taxes paid	(89.7)	(87.2)
Other including non-cash items	15.0	8.2
Free cashflow	479.7	337.1

1 Earnings before finance costs, income taxes, depreciation, amortisation and the impact of IFRS 16

2 Excludes working capital on acquisition but includes working capital movements since that point

Working capital at year-end was €450.8m (2019: €582.8m) and represents 8.8% (2019: 11.9%) of annualised sales based on fourth quarter sales. This metric is closely managed and monitored throughout the year and is subject to a certain amount of seasonal variability associated with trading patterns and the timing of significant purchases of steel and chemicals. Working capital levels in the business were unusually low for much of the second half of the year with reduced inventory levels in particular as our inbound supply chain continued to ramp up from subdued production earlier in the year. The working capital % is expected to increase in the first half of 2021 reflecting more normal inventory levels as well as inflation of some key inputs.

(e) Return on capital employed, calculated as operating profit divided by total equity plus net debt, was 18.4% in 2020 (2019: 17.3%).

The creation of shareholder value through the delivery of long term returns well in excess of the Group's cost of capital is a core principle of Kingspan's financial strategy. The increase in profitability together with the deployment of further capital has enhanced returns on capital during the year.

(f) Net debt to EBITDA measures the ratio of net debt to earnings and at 0.4x (2019: 1.1x) is comfortably less than the Group's banking covenant of 3.5x in both 2020 and 2019. The calculation is pre-IFRS 16 which is consistent with the Group's banking covenant.

Acquisitions and capital expenditure

During the period the Group made a number of acquisitions for a total upfront cash consideration of €46.1m.

On 17 April 2020, the Group completed the purchase of 100% of the Colt Group for an initial cash amount

of €41m. In addition to the cash consideration for the Colt Group, the Group assumed a net pension liability of €10.5m.

The Group also made a number of smaller acquisitions during the year for a combined cash consideration of €5.1m.

COVID-19 Pandemic

The Group took a number of steps to protect its financial position at the outset of the global pandemic in the first quarter of the year. Many construction markets were severely impacted at the early stage of the virus albeit most experienced some element of recovery through the year. The Group received €17m in COVID-19 related furlough benefits although full repayment was accounted for in December 2020 given the better than expected trading performance than was initially anticipated.

Working capital management has been an ongoing area of focus over time and this was emphasised further still during the year. Working capital levels in the business were 8.8% at 31 December 2020 reflecting in particular a lower than normal level of inventories. We expect working capital to increase to more normal levels over the course of the first half of 2021. A further area of focus was on the more discretionary overhead items, particularly in the early stage of the pandemic, where more variable cost headings were curtailed. Many of these costs had returned to more normal levels by the end of the third quarter. The Group's finance systems and processes seamlessly accommodated greater levels of remote working during 2020 without a reduction in service levels or information flow within the business.

Capital structure and Group financing

The Group funds itself through a combination of equity and debt. Debt is funded through syndicated and bilateral bank facilities and private placement loan notes.

The primary bank debt facility is a €451m revolving credit facility, which was undrawn at year-end and which matures in June 2022. In June 2019 an additional 3 year bank facility of €300m was arranged, which was undrawn at year-end. As at 31 December 2020, the Group also had private placement loan note funding net of related derivatives totalling €1,508.3m including a €750m Green Private Placement arranged in September 2020. These new notes had a weighted average coupon of 1.78% and a weighted average term of 9.75 years. On 20 February 2020 the Group arranged a bilateral Green Loan of €50m to fund the Group's Planet Passionate initiatives. The weighted average term, as at 31 December 2020, of all drawn debt was 6.3 years (31 December 2019: 4.5 years).

The Group had significant committed available undrawn facilities and cash balances which, in aggregate, were €2.1bn at 31 December 2020.

Net debt

Net debt decreased by €397m during 2020 to €236.2m (2019: €633.2m). This is analysed in the table adjacent:

Movement in net debt	2020	2019
	€m	€m
Free cashflow	479.7	337.1
Acquisitions	(46.1)	(142.2)
Deferred consideration paid	-	(59.7)
Share issues	-	0.1
Repurchase of treasury shares	-	(0.6)
Dividends paid	-	(77.6)
Dividends paid to non-controlling interests	(1.2)	(0.4)
Cashflow movement	432.4	56.7
Exchange movements on translation	(35.4)	8.4
Deferred consideration	-	30.0
Movement in net debt	397.0	95.1
Net debt at start of year	(633.2)	(728.3)
Net debt at end of year	(236.2)	(633.2)

Key financial covenants

The majority of Group borrowings are subject to primary financial covenants calculated in accordance with lenders' facility agreements which exclude the impact of IFRS 16:

- A maximum net debt to EBITDA ratio of 3.5 times; and
- A minimum EBITDA to net interest coverage of 4 times.

The performance against these covenants in the current and comparative year is set out below:

	2020	2019
Covenant	Times	Times
Net debt/EBITDA	Maximum 3.5	0.4 1.1
EBITDA/Net interest	Minimum 4.0	27.9 34.1



**Belgium Attent Gifts /
Insulated Panels**
JI Wall 1000SF PIR &
JI 106-250-750

Investor relations

Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group's strategic plans and its performance against these plans. During the year, the executive management and investor team presented at four capital market conferences and conducted 439 institutional one-on-one and group meetings.

Share price and market capitalisation

The Company's shares traded in the range of €37.44 to €84.55 during the year. The share price at 31 December 2020 was €57.40 (31 December 2019: €54.45) giving a market capitalisation at that date of €10.4bn (2019: €9.9bn). Total shareholder return for 2020 was 5.4%.

Financial risk management

The Group operates a centralised treasury function governed by a treasury policy approved by the Group Board. This policy primarily covers foreign exchange risk, credit risk, liquidity risk and interest rate risk. The principal objective of the policy is to minimise financial risk at reasonable cost. Adherence to the policy is monitored by the CFO and the Internal Audit function. The Group does not engage in speculative trading of derivatives or related financial instruments.

Geoff Doherty

Chief Financial Officer

19 February 2021

Germany WINX Tower, Frankfurt / Light & Air Smoke Pressure System (SPS)



CONSTRUCTING A CIRCULAR FUTURE

Addressing the vast consumption of resources used in construction could have an enormous impact on the planet. Using its new LIFECycle framework, Kingspan is making innovative strides in product circularity.



READ OUR
INTERACTIVE
STORY ONLINE

TODAY WE LIVE IN A WORLD WHERE WE TAKE RESOURCES, MAKE PRODUCTS AND CAST THEM ASIDE AS WASTE.

42.4bn

Take: The construction industry consumes 42.4bn tonnes of materials each year¹

11%

Make: 11% of all energy-related carbon emissions arise from the energy used to produce building and construction materials²

25-30%

Waste: Construction and demolition waste currently accounts for approximately 25% - 30% of all waste generated in the EU³

THE CIRCULAR ECONOMY IS AN EMERGING AND COMPLEX CONCEPT.

Recycling at end-of-life is only one aspect of a product's lifecycle, true circularity is embedded throughout the entire lifecycle of the product. At Kingspan we have been working on a new framework to drive product circularity, that takes learnings from the Ellen MacArthur circular economy principles.

We're asking ourselves questions all the way through the lifecycle of each product:

- Could less materials be used to make it?
- Can more recycled or renewable materials be used to make it?
- Is it designed from the outset to last longer?
- Is it manufactured in a low-carbon, resource-efficient way?
- Can it be re-used after its first service life?
- And as a last resort, can it be recycled using minimal natural resources such as energy or water?

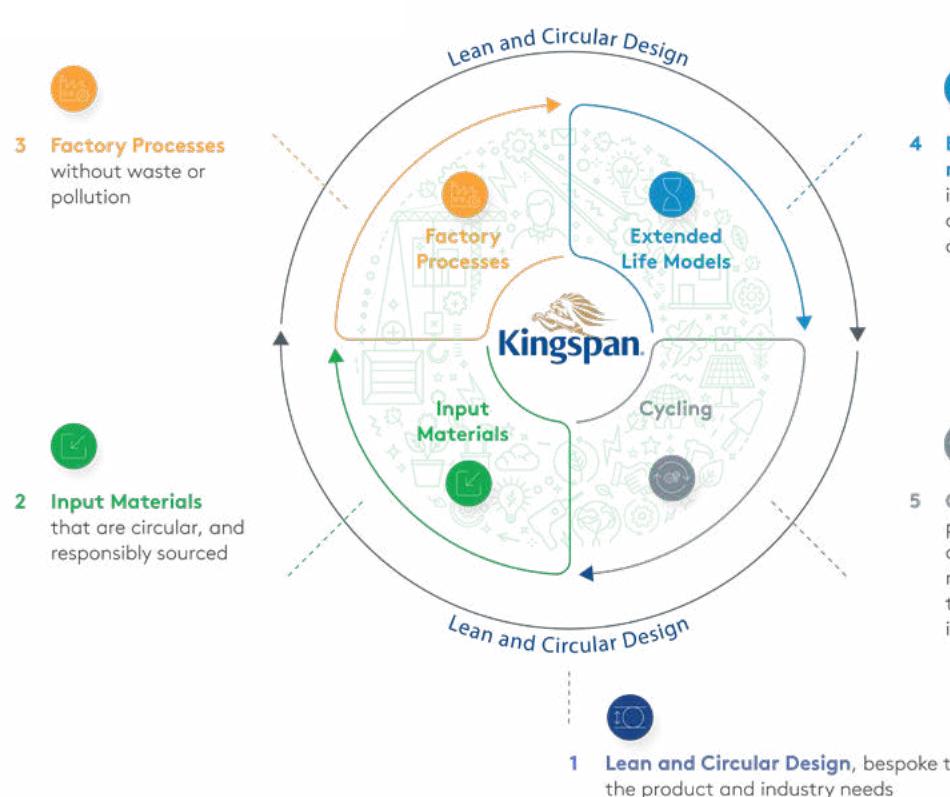
CONVERTING THE CONSTRUCTION INDUSTRY TO A MORE CIRCULAR MODEL WILL LEAD TO CONSIDERABLE ENVIRONMENTAL BENEFITS FOR THE FUTURE.

1 World Green Building Council, Sustainable building for everyone, everywhere report

2 Global Alliance for Buildings and Construction, 2019 Global status report for buildings and construction

3 European Commission, Construction and demolition waste report

OUR LIFECYCLE PRODUCT CIRCULARITY FRAMEWORK



WE ARE USING 'LIFECYCLE' TO DRIVE OUR CIRCULARITY INNOVATION ROADMAP FOR ALL OUR MAJOR PRODUCTS.



[WATCH ONLINE TO SEE HOW QUADCORE™ INSULATED PANELS CAN BE RE-USSED AND RECYCLED AT END OF LIFE.](#)



Our core philosophy is to achieve product design that is inherently lean and circular. Today, our advanced insulation products are up to 50% more thermally-efficient than synthetic mineral fibre insulation, which can lead to leaner building structures and potential savings in transport.



Input Materials

1bn PET bottles will be recycled into raw materials for our products per annum by 2025. We're partnering with our suppliers to source more recycled and renewable raw materials.



Factory Processes

100% of our factories across the entire Group will be zero waste to landfill by 2030.



Extended Life

Re-use case studies are emerging for our insulated panels products after their first service life.



Cycling (End Of Life)

2 recycling plants in the UK will be up and running in 2021 to recycle production waste, take back site waste and demolition waste.



Bianca Wong Global Head of Sustainability, Kingspan



As a manufacturer, we can't do this alone. We are committed to supporting the re-use and recyclability of our products, but this is not enough to create change at scale.

The entire industry will need to transform, from material innovation all the way through to new legal frameworks to support re-use of products and waste legislation to drive segregation and recycling instead of landfill.

We're determined to play our part, with innovation programmes at IKON and through collaborative industry initiatives such as the Ellen MacArthur Foundation.

Bianca Wong,
Global Head of Sustainability, Kingspan

CIRCULARITY IN ACTION

Risk & Risk Management

As a leading building supplies manufacturer in a highly competitive international environment, Kingspan is exposed to a variety of risks and uncertainties which are monitored and controlled by the Group's internal risk management framework.



**READ MORE
ABOUT OUR
STRATEGIC PILLARS**
on page 15

Kingspan's strategic pillars that contribute to the risk management of these risks and uncertainties are:



INNOVATION



GLOBAL



PLANET PASSIONATE



COMPLETING THE ENVELOPE

Overall responsibility for risk management lies with the Board who ensure that risk awareness is set at an appropriate level. To ensure that risk awareness is set at an appropriate level, the Audit & Compliance Committee assists the Board by taking delegated responsibility for the risk identification and assessment, in addition to reviewing the Group's risk management and internal control systems and making recommendations to the Board thereon.

The chairman of the Audit & Compliance Committee reports to the Board on its activities, both in regard to audit matters and risk management. The activities of the Audit & Compliance Committee are set out in detail in the Report of the Audit & Compliance Committee on page 84.

The Board monitors the Group's risk management systems through this consultation with the Audit & Compliance Committee but also through the Group's divisional monthly management meetings, where at least two executive directors are present. The risks and trends are the focus of each division's monthly management meeting, where their performance is also assessed against budget, forecast and prior year. In addition, key performance indicators are used to benchmark operational performance for all manufacturing sites.

In addition to this ongoing assessment of risk within the divisions, the Audit & Compliance Committee oversees an annual risk assessment for the Group whereby each divisional management team is formally asked to prepare a risk assessment for their business. This assessment involves evaluating group-wide risks, as put forward by the Board, and also presenting additional risks that are specific to their business.

While it is acknowledged that the Group faces a variety of risks, the Board, through the processes set out above, has identified the principal risks and uncertainties that could potentially impact upon the Group's short to medium term strategic goals and these are set out overleaf.

Risk and impact	Actions to mitigate	
Volatility in the macro environment		Product failure
<p>Kingspan products are targeted at both the residential and non-residential (including retail, commercial, public sector and industrial) construction sectors. As a result, demand is dependent on activity levels which may vary by geographic market and is subject to the usual drivers of construction activity (i.e. general economic conditions and volatility, Brexit, pandemics, political uncertainty in some regions, interest rates, business / consumer confidence levels, unemployment, population growth).</p> <p>While construction markets are inherently cyclical, changing building and environmental regulations continue to act as an underlying positive structural trend for demand for many of the Group's products.</p>	<p>The exposure to the cyclicity or down turn due to the impact of a pandemic, or other significant economic event, on any one construction market is partially mitigated by the Group's diversification geographically, by end application and by product.</p> <p>As set out in the Business Model & Strategy, the Group has mitigated this risk through diversification as follows:</p> <ul style="list-style-type: none"> - Significant globalisation strategy with a presence in over 70 markets; - Launch of new innovative products and an approach of continual improvements to existing product lines; - Exposure to a significant range of end use applications in residential and non-residential markets; and - Acquisitions made during the year extend the geographic reach of the Group. <p>The full details of these diversifications are set out in the Business Model & Strategy report contained in this Annual Report.</p>	  <p>A key risk to Kingspan's business is the potential for functional failure of our product which could lead to health, safety and security issues for both our people and our customers.</p> <p>The Kingspan brand is well established and is a key element of the Group's overall marketing and positioning strategy. In the event of a product failure, the Kingspan brand and/or reputation could be damaged and if so, this could lead to a loss of market share.</p> <p>Dedicated structures and processes are in place to manage and monitor product quality controls throughout the business:</p> <ul style="list-style-type: none"> - New products go through a certification process which is undertaken by a recognised and reputable authority before it is brought to market. - The Group appointed a Head of Compliance & Certification reporting to the Group CEO to ensure a rigorous approach to certification, testing and product compliance across the Group and to ensure consistent and robust application of processes centred around our core value of product safety. - The terms of reference for the Audit & Compliance Committee were amended in December 2020 to include oversight of the product compliance agenda. - Our businesses employ quality control specialists and operate strict policies to ensure consistently high standards are maintained in addition to the sourcing and handling of raw materials. - The construction of a dedicated Kingspan Fire Test centre using Kingspan products allows for more expedient and significant testing to take place. - Quality audits are undertaken at our manufacturing sites. Over 70 of our facilities are ISO 9001 certified. - Effective training is delivered to our staff. - We proactively monitor the regulatory and legislative environment.  



Innovation



Global



Planet Passionate



Completing the Envelope

Risk and impact	Actions to mitigate
Failure to innovate	   <ul style="list-style-type: none"> - Innovation is one of Kingspan's four pillars to increasing shareholder value and therefore plays a key role within the Group. - There is a continual review of each division's product portfolios at both the executive and local management level to ensure that they target current and future opportunities for profitable growth. - This risk is further mitigated by continuing innovation and compelling marketing programmes. The launch of IKON in 2019 has served to enhance the capabilities of the Group to innovate. Kingspan also has a deep understanding of changing consumer and industry dynamics in its key markets and continues to refine its omnichannel customer centric approach, enabling management to respond appropriately to issues which may impact business performance.
Credit risks and credit control	 <ul style="list-style-type: none"> - Each business unit has rigorous established procedures and credit control functions around managing its receivables and takes action when necessary. - Trade receivables are primarily managed through strong credit control functions supplemented by credit insurance to the extent that it is available. All major outstanding and overdue balances together with significant potential exposures are reviewed regularly and concerns are discussed at monthly meetings at which the Group's executive directors are present. - Control systems are in place to ensure that credit authorisation requests are supported with appropriate and sufficient documentation and are approved at appropriate levels in the organisation.
Business interruption (including IT continuity and climate change)	   <p>Kingspan's performance is dependent on the availability and quality of its physical infrastructure, its proprietary technology, its raw material supply chain and its information technology. The safe and continued operation of such systems and assets is threatened by natural and man-made perils and is affected by the level of investment available to improve them.</p> <p>The building industry as a whole is going through some significant change with respect to building regulations and codes. The risks associated with misunderstanding some of the potential changes and the nature of our product set are more prevalent today.</p> <p>Embedded within climate change risks are energy regulations, change in customer preferences and global supply.</p> <p>Any significant or prolonged restriction to its physical infrastructure, the necessary raw materials or its IT systems and infrastructure could have an adverse effect on Kingspan's business performance.</p> <ul style="list-style-type: none"> - Kingspan insists on industry leading operational processes and procedures to ensure effective management of each facility. The Group invests significantly in a rigorous programme of preventative maintenance on all key manufacturing lines to mitigate the risk of production line stoppages. - The impact of production line stoppages is also mitigated by having business continuity plans in place to allow for the transfer of significant volume from any one of our 96 plants in the Insulated Panels division or 28 plants in the Insulation Boards division to another in the event of a shutdown. - In addition, and as part of our consequential loss insurance, Kingspan is subject to regular reviews of all manufacturing sites by external risk management experts, with these reviews being aimed at enhancing Kingspan's risk profile. - Climate related risks are managed through significant investment in product development which helps mitigate climate change along with our ambitious commitments to reduce our own environmental footprint. - Kingspan continues to focus on developing, enhancing and protecting its IP portfolio. As a global leader in building envelope solutions, Kingspan considers its IP security to be paramount. In addition to trade secret policies and procedures, Kingspan has developed appropriate IP strategies to protect and defend against infringements. - In an effort to reduce Kingspan's exposure to raw material supply chain issues, Kingspan retains strong relationships with a wide range of raw material suppliers to limit the reliance on any one supplier or even a small number of suppliers. - Kingspan continues to inform all stakeholders of the characteristics of our product offerings, their appropriate application and benefits to limit the risk of misunderstanding within the building industry. - Kingspan's IT infrastructure is constantly reviewed and updated to meet the needs of the Group. Procedures have been established for the protection of this infrastructure and all other IT related assets. These include the development of IT specific business continuity plans, IT disaster recovery plans and back-up delivery systems, to reduce business disruption in the event of a major technology failure.

Risk and impact	Actions to mitigate
Employee development and retention	  <p>The success of Kingspan is built upon effective management teams committed to achieving a superior performance in each division. Failure to attract, retain or develop these teams could have an impact on business performance.</p>
Fraud and cybercrime	<p>Kingspan is potentially exposed to fraudulent activity, with particular focus on the Group's online banking systems, online payment procedures and unauthorised access to internal systems.</p> <p>The security and processes around the Group's IT and banking systems are subject to review by divisional management and internal audit. These systems are continually reviewed with updates and improvements implemented as required. Robust IT and security policy documents and related alerts are circulated by Group management to all divisions to ensure a consistent and effective approach is taken across the Group.</p>
Acquisition and integration of new businesses	    <ul style="list-style-type: none"> All potential acquisitions are rigorously assessed and evaluated, both internally and by external advisors, to ensure any potential acquisition meets Kingspan's strategic and financial criteria. This process is underpinned by extensive integration procedures and the close monitoring of performance post acquisition by both divisional and Group management. Kingspan also has a strong track record of successfully integrating acquisitions and therefore management have extensive knowledge in this area which it utilises for each acquisition.
Risk and impact	Actions to mitigate
Health and safety	 <p>The nature of Kingspan's operations can expose its contractors, customers, suppliers and other individuals to potential health and safety risks.</p> <p>Health and safety incidents can lead to loss of life or severe injuries.</p>
Laws and regulations	    <ul style="list-style-type: none"> Kingspan's in-house legal team is responsible for monitoring changes to laws and regulations that affect the business and is supported by external advisors. A comprehensive framework of policies are in place that set out the ways employees and suppliers are expected to conduct themselves. The Group's Code of Conduct sets out the fundamental principles which it requires all its directors, officers and employees to adhere to in order to meet those standards. Training is provided through a variety of mediums in key areas of legal and regulatory compliance, including a suite of mandatory training for those that join Kingspan. A robust whistleblowing process is in place that allows for the anonymous reporting through an independent hotline, of any suspected wrongdoing or unethical behaviour, including reporting instances of non-compliance with laws and regulations. All reported cases are investigated.

Sustainability Report

KINGSPAN'S MISSION

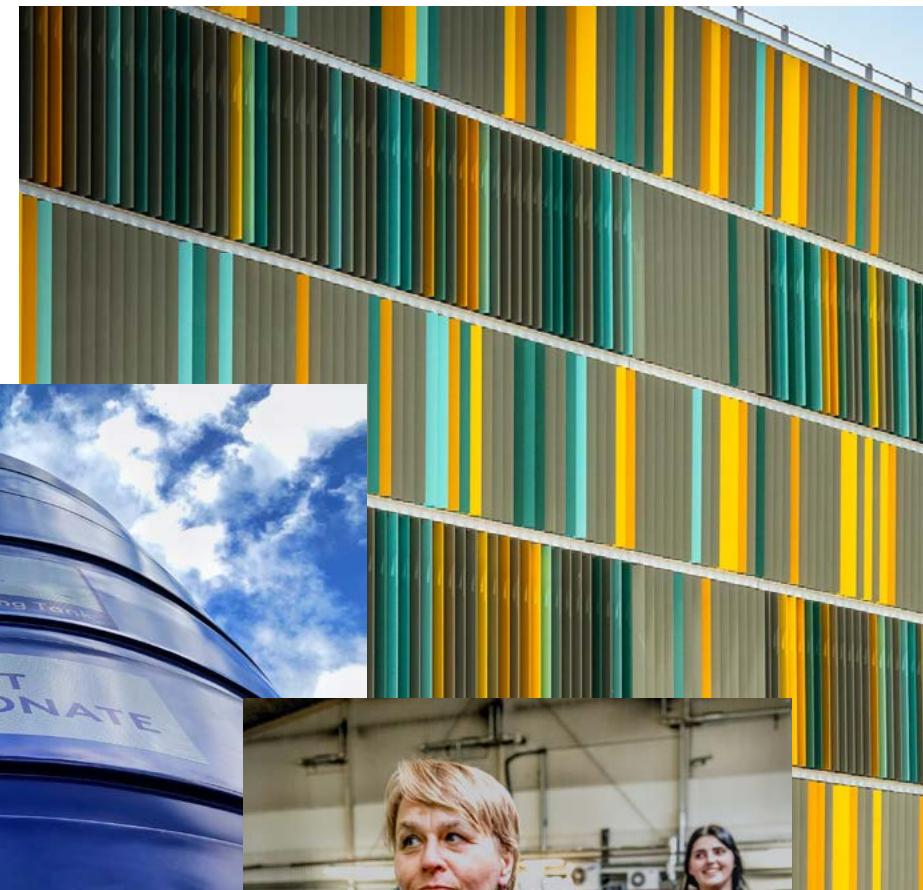
To accelerate a net zero emissions future built environment with the wellbeing of people and planet at its heart. We do this through enabling high-performance buildings that can save more energy, carbon and water.

We recognise the vital importance of achieving this while: enhancing the safety and wellbeing of people in buildings; enabling the circular economy; and always delivering more performance and value. We believe the answers lie in challenging building industry traditions with innovation in advanced materials and digital technologies. What defines us is our relentless pursuit for better building performance whilst being Planet Passionate in everything we do.

Our commitment to sustainability is instilled at every level of Kingspan and at every step in the manufacturing process. In developing our approach



to sustainability we have built on materiality assessments conducted at a divisional level as well as incorporating guidelines from recognised associations such as the Sustainable Accounting Standards Board (SASB) and the Task Force on Climate-related Financial Disclosures (TCFD), of which Kingspan is a signatory. Kingspan recognises that it has a responsibility as a business leader to contribute towards the achievement of the United Nation's Sustainable Development Goals (SDGs). We will be publishing a Kingspan Planet Passionate report in March 2021 with more detail on how we contribute to the SDGs.



PRODUCT PASSIONATE

Today, the construction and operation of buildings together account for 39% of energy related CO₂e emissions. The energy efficiency of buildings is therefore fundamental to combating climate change.

→ The largest influence Kingspan has on the SDGs is through our solutions in use. As demonstrated throughout this report our advanced building envelope solutions help building owners to reduce energy emissions. The total energy saved over the lifetime of the Kingspan insulation systems, sold worldwide in 2020, is an estimated 716 million MWh of energy or 164 million tonnes of CO₂e.

→ Our solutions also help to enhance occupant health and wellbeing through improved thermal comfort, natural daylighting, natural ventilation, and increased space. Our advanced insulation is free from health concerns associated with airborne fibres.

→ Our Water & Energy business helps building owners to sustainably manage water as a resource and can help to protect local communities through reducing flood risk and the risk of polluted run-off to waterways. We estimate our rainwater harvesting systems, produced in Australia in 2020, will save over 34 gigalitres of water in their lifetime.

PLANET PASSIONATE

Through Planet Passionate we are playing our part in tackling climate change by increasing our use of renewable energy, reducing carbon in our business operations and value chain, increasing our recycling of rainwater and waste and by accelerating our participation in the circular economy.

→ **Energy:** In 2020 we achieved 100% of our Net Zero Energy goal throughout our operations. We generated 5.3% of our energy on Kingspan sites and 21% of wholly owned sites have deployed rooftop Solar PV systems.

→ **Carbon:** We converted 11% of our annual replacement cars and 2.4% of our total car fleet to zero-emissions cars. In addition, we installed 9 EV charging points with a further 8 charging points commissioned for 2021.

→ **Carbon:** We had significant engagement with our key suppliers including cross functional team meetings, strategy reviews and site visits. These ongoing collaborations have resulted in several exciting R&D projects. We don't expect linear progress in our supply chain target, but we look forward to announcing step-changes driven by innovation and technological advances.

→ **Circularity:** In 2020 we upcycled 573 million waste PET bottles into our manufacturing processes. Through our Planet Passionate programme we aim to achieve zero waste to landfill in our business by 2030.

→ **Water:** In 2020 we harvested 21.1 million litres of rainwater across our manufacturing sites. The EcoAlf Foundation collected 180 million tonnes of marine debris through its Upcycling the Ocean project. Almost 10 million tonnes of which were utilised by Kingspan's Synthesia.

PEOPLE PASSIONATE

Despite our size, we retain our heritage and culture as a family business, with very high value placed on people, trust, relationships and communities which are at the very heart of how we do business.

→ Kingspan takes the welfare of our employees very seriously. We are deeply saddened to report that there was a workplace fatality in the business in 2020. We will do our utmost to learn from this tragedy and to continually improve processes and training to achieve our target of zero fatalities across our business in the future.

→ Our Lost Time Incident rate fell by over 14% in 2020, or by 25% since 2017.

→ We continue to champion diversity across the business. The percentage of females in Kingspan remained at 19% in 2020. The percentage of females on the executive management team, reporting to the CEO, was 27%.

→ Over 96 additional candidates had the opportunity to broaden their business and leadership skills on development programmes in 2020, including 27 on our PEAK Leadership programme.

→ Kingspan supports local community projects at a global level. For 2020, we highlight a number of projects where we used our skills to support local communities through the COVID-19 pandemic, see page 54.

KINGSPAN IS DRIVEN BY A BELIEF THAT ADVANCED MATERIALS AND METHODS OF CONSTRUCTION HOLD THE ANSWER TO SOME OF THE GREAT CHALLENGES THAT OUR PLANET AND SOCIETY FACE.

From products that insulate better while creating more internal space, to those that harness more natural daylight, we are dedicated to extending the limits of ultra-performance envelope design with a core focus on energy efficiency.

We have innovated a portfolio of advanced products and solutions for architects and building owners which enable them to construct buildings that consume less resources. Future proofing their investment, generating returns through enhanced internal space and operational performance, and facilitating efficient construction through thinner, lighter and safer to handle materials. Increasingly we are enhancing our service and solutions through digitalising our offer. By surfacing all of our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.



[READ MORE ABOUT KINGSPAN'S INNOVATION](#)

PRODUCT SUSTAINABILITY

Increasingly our customers want solutions which not only enable them to preserve resources, but solutions which are also sourced and manufactured in a sustainable way.

To this end, Kingspan is working with our suppliers and throughout our own organisation to meet our ambitious Planet Passionate goals in the areas of carbon, energy, circularity and water. In an effort to reduce a key source of carbon in construction, embodied carbon, we are targeting Net Zero Carbon Manufacturing by 2030 and a reduction in carbon from our primary suppliers by 50% by 2030. Our Head of Innovation works together with our Head of Sustainability, and our CEO, to ensure that product development is closely aligned with our environmental objectives.



PRODUCT INTEGRITY

Product Safety and Integrity

Ensuring the safe use of our products in buildings is central to our approach to product development, testing and support. This encompasses both the safety of those who are installing our products and crucially, those who live and use the buildings that contain our products.

With respect to fire performance, our approach to the safe use of our insulation products in buildings is founded on the principle that system testing is the best way to assess fire performance of any roof or cladding system, regardless of the insulation materials used.

Today, fire safety is often reduced to a simplistic "combustible" versus "non-combustible" definition.

It is our view that large-scale system testing is the best way to assess the fire performance of any system, regardless of the classification of constituent materials used. Important factors such as building design, installation methodology and the interaction of the different materials in the actual system are not tested in small-scale materials classification testing.

As a manufacturer of products incorporating a very wide spectrum of insulation solutions, including both combustible and non-combustible insulation, we have extensive experience with system testing for fire performance across a range of insulation types and system build-ups. It is this knowledge that informs

our belief that fire safety should be predicated on tested performance of the actual system, rather than a presumption that certain materials will be safe in any build-up.

It is also very important to understand that there is a wide spectrum of performance in combustible materials. Thermoset combustible materials (such as QuadCore™ and Kooltherm®) are designed to char when subjected to fire, this is an important characteristic underpinning their ability to pass the most rigorous large-scale system tests.

For example, a wide range of Kingspan insulated panels carry an FM (FM Global) or LPCB (Loss Prevention Certification Board) Approval, both of which are large-scale system testing regimes developed by the insurance industry. These approvals provide objective third-party testing, which is underpinned by quarterly, bi-annual and annual factory surveillance audits (depending on the region) to verify compliance. Independent certification bodies take samples of insulated panels from our factories and send them to their own laboratories for fire testing to verify ongoing compliance. These independent audits also include assessments of change control, formulations, processing parameters, labelling and internal testing.

The behaviour of these insulated panels in these tests has been consistent with a significant number of independently investigated real fire case studies,

where Kingspan LPCB and FM approved panel systems have been exposed to real fires in a range of building types including school, hospital, retail, distribution, storage, food manufacture/processing, industrial and a car showroom. Whilst all these case studies relate to insulated panels with a PIR core, large scale system tests embedded within LPCB and FM approvals indicate that QuadCore™ insulated panels will perform in a similar or better manner. Key findings from these real fire investigations include:

- No evidence to indicate that the PIR insulated panels increased the risk of fire spread;
- PIR cores within the insulated panels charred in the immediate vicinity of the fire;
- Fires were not propagated within the PIR core of the insulated panel;
- PIR insulated panels did not char significantly outside of the area of the main fire;
- Building contents were the dominant influence on fire severity, and the fire severity was not significantly influenced by the PIR insulated panel.

The Kooltherm® range of Insulation Boards and KoolDuct® pre-insulated ductwork are manufactured with a phenolic insulation core, which has been proven to offer superior fire and smoke performance to other commonly used rigid thermoset insulants.

A comprehensive range of building facade systems incorporating our insulation board and insulated panels products have successfully passed Kingspan large-scale facade tests around the globe including, but not limited to, NFPA 285 (North America), LEPIR II (France), SP105 (Nordics), AS 5113 (Australia), ISO 13785-2 (Czech Republic), MSZ 14800-6 (Hungary). In addition, there are a total of 15 systems incorporating Kooltherm®

which have met the requirements of BR135 when tested to BS 8414 (UK). There are also 6 insulated panel based systems that have met the requirements of BR 135 when tested to BS 8414.

We recognise that all testing, for fire and other aspects of performance, must be supported by a robust approach to ensuring that the integrity of this information can be assured and disseminated

to enable a golden thread from testing through to the service life of our products on buildings and beyond. Furthermore, safe use of our products on buildings must be supported by accurate and truthful marketing together with competent technical and installation advice. This approach underpins a programme of work that is underway across Kingspan, which is built upon four pillars:

1.

CULTURE OF HONESTY, INTEGRITY AND COMPLIANCE

Our updated groupwide Code of Conduct is being rolled out across all businesses in Kingspan based on the three principles of honesty, integrity and compliance. This updated Code of Conduct sets out clear expectations for all employees with respect to clear, ethical and honest business communications, together with in compliance with the law.

2.

INTEGRITY OF PRODUCT COMPLIANCE

Led by our Group Head of Compliance & Certification (appointed in December 2020), a new product compliance programme is being rolled out across the Group to the incoming ISO 37301 Compliance Management standard, which will be audited by our Group Internal Auditing function with reporting to the Board's Audit & Compliance Committee.

3.

DIGITAL TRACEABILITY OF PRODUCT INFORMATION

Our groupwide Digital Transformation programme has a core focus on the implementation of a groupwide Product Information Management (PIM) system to ensure accuracy of all product information, including that which is related to compliance. The PIM will provide accurate and up-to-date product information to a suite of customer tools, including Kingspan's proprietary BIMDesigner platform which will support the golden thread of Kingspan product information through building models and into building passports. The PIM project has been underway since 2019 and we launched our prototype BIMDesigner platform in the UK in 2020.

4.

COMPETENCY IN TECHNICAL SUPPORT AND INSTALLATION

An extensive Marketing Integrity programme is being launched in 2021, aligned with the incoming UK Code for Construction Product Information, which is expected to launch in the second half of 2021, to ensure accurate and truthful representation of product information in marketing materials. This will be supported by a training programme with a key focus on representation of testing and accreditations.

This programme of work will be rolled out to all businesses, with the aim of assuring the highest standards of product safety and compliance.

INNOVATION

POWERPANEL®

- Launching 2021
- Insulate – featuring QuadCore™ insulated roof panel solutions providing operational energy savings of up to 30%
- Generate – high-performance monocrystalline PV cells for maximum output efficiency
- A single fix solution saving time on installation and earlier operation and income
- Up to 74% lighter – suitable for many existing roof structures, saving the need for additional structural works



DAY-LITE KAPTURE

- Save on energy bills by maximising natural light indoors
- Offers exceptional levels of light transmission with 100% diffusion
- 100% UV Resistant
- Pre-glazed, ready for installation



OVER 65% OF OUR PRODUCTS CONTRIBUTE TOWARDS DELIVERING THE UN SDGS.

KINGSPAN'S INSULATION SYSTEMS, SOLD IN 2020, WILL SAVE AN ESTIMATED 716 MILLION MWh OF ENERGY OR 164 MILLION TONNES OF CO₂e OVER THEIR LIFETIME.

The total projected energy savings* over the lifetime of the Kingspan insulation systems, sold worldwide in 2020, is equivalent to:



421m

Over four hundred and twenty one million barrels of oil



247

The annual output of 247 gas-fired power stations



17.3

Up to 17.3 times the annual electricity consumption of Greater London



75m

Taking over 75 million cars off the road annually

*figures are based on savings of insulation systems in use for 60 years.

OUR NET ZERO ENERGY JOURNEY 2011 - 2020

In 2011, we set ourselves an ambitious target to achieve Net Zero Energy* across our business by 2020. We are proud to announce that we have achieved that goal thanks to targeted investment and the dedication and hard work of our global Net Zero Energy Team.

5%



- Programme launched
- NZE Team assembled

2012

4 GWh/yr estimated energy savings from over 14 efficiency projects

2014

1 GWh/yr estimated renewable energy capacity from two new rooftop solar PV installations

2016

3.1 GWh/yr estimated renewable energy capacity from new rooftop solar PV in Sherburn, UK

2018

0.3 GWh/yr estimated renewable energy capacity from new rooftop solar PV in Tiel

100%

2020

2020

↑ **5X** ↓ **35%** ↓ **36%**

A more than 5 fold increase in on-site renewable energy generation

A 35% reduction in absolute Scope 1 & 2 greenhouse gas emissions since 2013

A 36% reduction in heating and lighting costs per unit of revenue

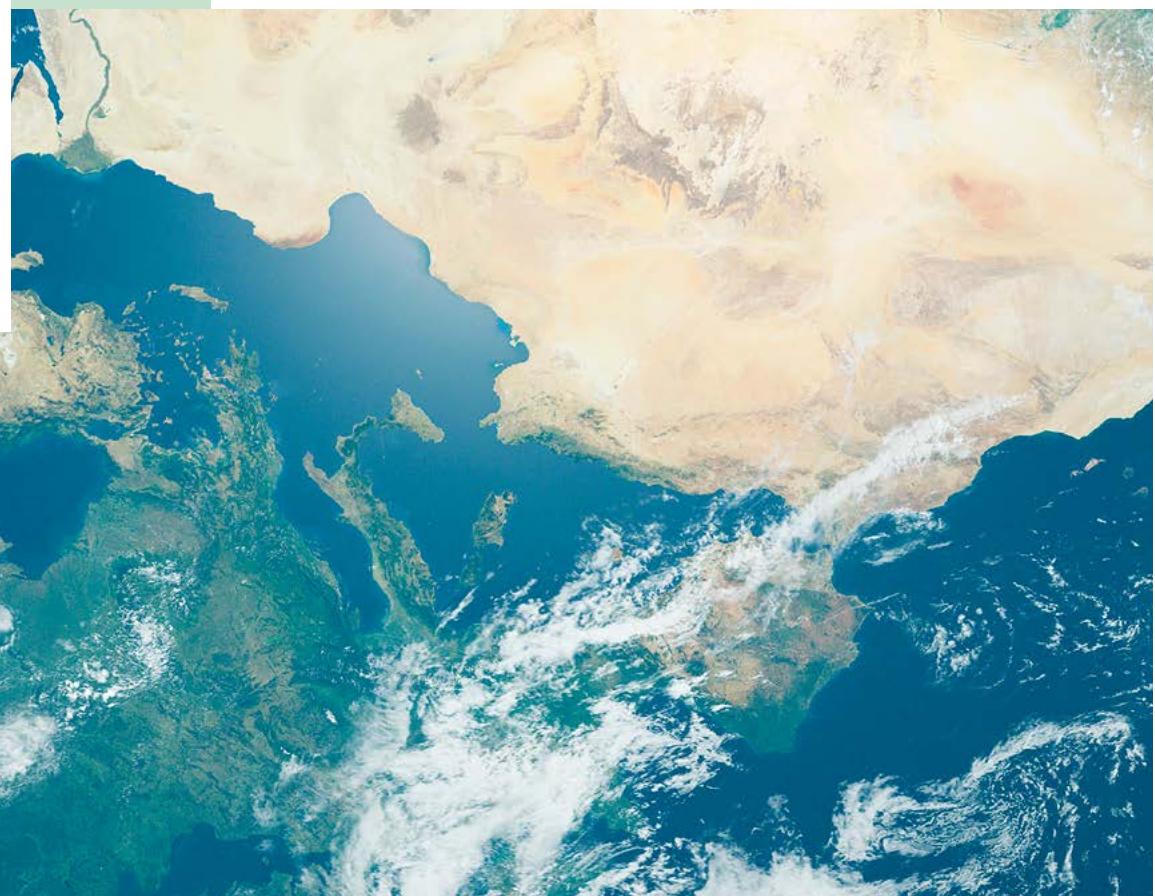
*Kingspan's Net Zero Energy definition is to match 100% of our operational energy use through the use of renewable energy and the purchase of renewable energy certificates to offset any remaining non-renewable energy use.



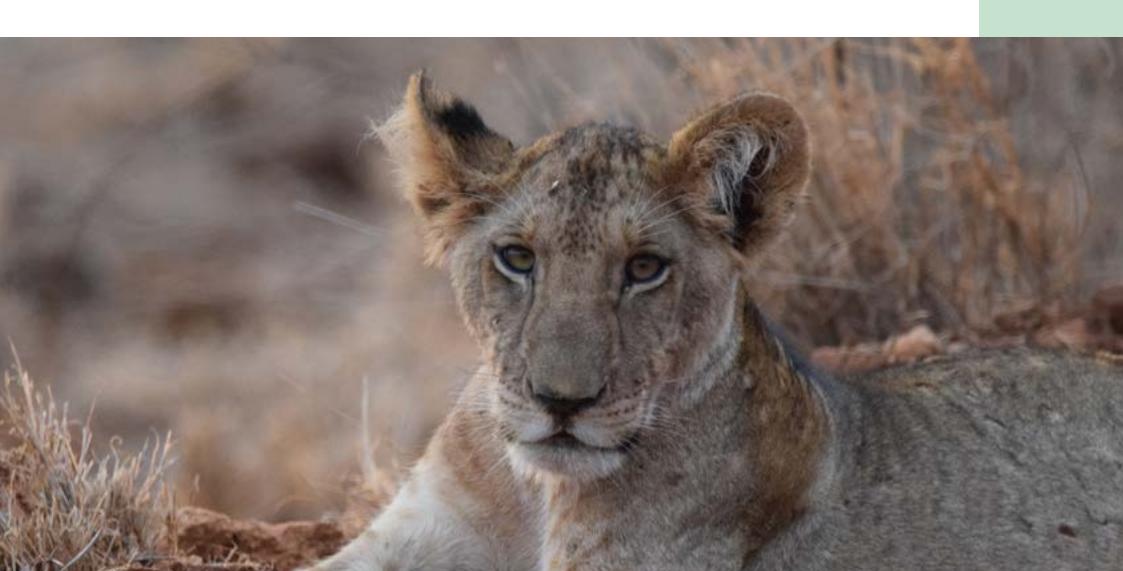
PLANET
PASSIONATE



In 2020, we embarked on the next leg of our sustainability journey, one that aligns us with the essential goal of keeping the global temperature increase, by the end of this century, at less than 1.5°C above the pre-industrial era.



THE INNOVATION AND PARTNER DRIVEN APPROACH TO ACHIEVING THESE GOALS WILL PUT US AT THE VANGUARD OF HIGH-PERFORMANCE AND SUSTAINABLE BUILDING ENVELOPE SOLUTIONS.



Launched in December 2019, Planet Passionate is our ambitious 10-year global sustainability programme where we have set ourselves hard targets to progress our positive impact on three global issues: climate change, circularity and the protection of our natural world.

The programme consists of 12 targets across 4 key areas:

PLANET PASSIONATE

		Target Year	2020 (base year)
ENERGY	- Net Zero Energy (%)	2020	100%
	- 60% direct renewable energy use (%)	2030	28%
	- 20% on-site renewable energy generation (%)	2030	5.3%
	- Solar PV systems on all owned facilities (%)	2030	21%
CARBON	- Net Zero Carbon Manufacturing (% change)	2030	0.1%*
	- Zero emissions company funded cars (% annual conversion)	2025	11%
	- 50% reduction in product CO2e intensity from primary supply partners (% reduction)	2030	0%
CIRCULARITY	- Zero Company waste to landfill (tonnes)	2030	18,167
	- Recycle 1 billion PET bottles into our manufacturing processes (bottles)	2025	573m
	- QuadCore™ products utilising recycled PET (% sites)	2025	5%
WATER	- Harvest 100 million litres of rainwater (litres)	2030	21.1m
	- 5 active ocean clean-up projects (No. of initiatives)	2025	1

* Scope 1 & 2 GHG emissions estimate, external assurance ongoing. Final figures to be confirmed in Kingspan's Planet Passionate report, due March 2021



2020 was a foundational year for our Planet Passionate programme. We set the baseline for each target and developed detailed strategies and timelines to achieve our goals.

Planet Passionate Partner / Born Free Foundation
To help halt the dramatic decline in Kenya's lion population and safeguard the future of an animal close to our hearts and at the centre of our logo. Kingspan entered a three-year partnership with the Born Free Foundation.

ENERGY

Following on from our Net Zero Energy programme, a key focus of our Planet Passionate programme is to increase our direct use of renewable energy.

- We generated 32.6 GWh of renewable energy on-site. This represents 5.3% of our total energy needs.
- We commissioned seven solar PV projects. These solar PV projects have the capacity to generate 4.76 GWh of renewable energy annually.

CARBON

We have made great strides in reducing our carbon emissions to date. To meet the goal of limiting global warming to 1.5°C by the end of the century, compared to the pre-industrial era, we are targeting Net Zero manufacturing by 2030.

- We had significant engagement with our key suppliers including cross functional meetings, strategy reviews and site visits. These ongoing collaborations have resulted in several exciting R&D projects. We don't expect linear progress in our supply chain target, but we look forward to announcing step-changes on the back of innovation and technological advances.
- We converted 11% of our annual replacement cars and 2.4% of our total car fleet to zero-emission cars. In addition, we installed 9 EV charging points with a further 8 charging point projects commissioned for 2021.

Planet Passionate Partner / EcoAlf Foundation
Under a 3-year partnership, we are supporting EcoAlf Foundation's removal of waste from the Mediterranean, aiming to reuse as much of the ocean plastic recovered as possible in our production.

CIRCULARITY

The circular economy is moving from the traditional linear system of take, make and waste. Learn more about our circularity strategy on pages 34 to 37.

- We upcycled 573 million PET waste plastic bottles into our manufacturing process, an increase of almost 50% versus 2019.
- Our Modesto plant in California implemented the use of our recycled PET polyol in its QuadCore™ insulated panel production.
- We recycled 67.8% of our waste, up from 65% in 2019. Our Insulated Panel facility in Holywell, UK and our Global Tate Data & Flooring business achieved zero-waste to landfill.
- The ongoing engagement with our supply chain on multiple sustainability fronts has led to exciting research and development projects which are exploring the potential to include further post-consumer waste as materials in our high-performance solutions.

WATER

As a manufacturer of solutions to harvest and recycle water, we recognise the need for future water security and the protection of our natural water systems.

- We harvested 21.1 million litres of rainwater across our business.
- Kingspan Water & Energy installed 8 rainwater harvesting systems in 4 countries with a total expected annual yield of 2.18 million litres.
- 180 tonnes of marine debris was collected by EcoAlf's Upcycling the Ocean project in Spain. Over the course of 2020, Synthesis utilised 9.67 tonnes of PET sourced from the EcoAlf Upcycling the Ocean's project in their production.

What has been achieved at Kingspan would not be possible without the people that work hard every day to drive the Group forward. A dynamic and motivated workforce is key to delivering against the future growth strategy of the business. For this reason, talent is at the heart of future planning at Kingspan.

Kingspan's leadership team holds an annual Talent Forum in September to review succession plans, metrics on key positions hired throughout the year and to forecast future talent gaps as part of our human capital risk assessment.

GENDER BALANCE

2020	19%	81%
2019	19%	81%
2018	18%	82%
2017	17%	83%

Female Male

ATTRACT, RETAIN AND DEVELOP

Graduates and Early Career Talent

Graduates and early career talent participated for the fourth consecutive year in our Yours to Shape Programme which has now provided a 12-month programme for 155 graduates across Kingspan to-date. Following residential sessions in Barcelona and the IKON Global Innovation Centre in Ireland, this year's 36 international participants were asked to present their final projects virtually due to travel restrictions and broadcast live to the biggest audience ever for the annual Graduate Showcase. The next cohort, launched in October 2020, has 40% female participation in line with our ongoing ambition to be a diverse and inclusive organisation.

Kingspan continues to be an attractive employer of choice for young, talented graduates with a 60% increase in applications to our global website in 2020. While we have recruited traditionally from engineering disciplines, our product impact and our Planet Passionate programme has appealed increasingly to those with backgrounds in material science, digital skills and sustainability to drive our Innovation, Digitalisation and Planet Passionate agenda.

Next Generation of Leaders

PEAK (Programme for Executive Acceleration in Kingspan) was launched in 2018 and is targeted at developing 'hi-potentials' middle managers

INJURY FREQUENCY RATE

2020	1.2	p/100k hours
2019	1.4	
2018	1.5	
2017	1.6	

FATALITIES

2020	1
2019	1
2018	0
2017	0

for future senior leadership roles. Seventy-five percent of those who attended the first programme have been promoted to the next level in the last 18 months. The core objective of the programme is to deepen Kingspan's leadership bench-strength to match the increasing scale and global nature of the business. Since its launch in April 2018, eighty-four executives have participated in PEAK which has strengthened cross divisional relationships as well as led to further integration of executive talent from recent acquisitions. PEAK 2020 was a truly global event with greater participation than ever before from our emerging businesses in Asia Pacific.

Advanced Management Programmes

Due to the global pandemic, two new leadership programmes were postponed to 2021. An Advanced Management Programme will be launched in June 2021 in partnership with INSEAD's executive business school in France. This new programme will support Kingspan's senior leaders to engage with the enterprise-level goals in a more collaborative way while transforming their leadership capabilities to drive significant long-term growth.

As part of our plans to develop a more coaching style of leadership, we are in the process of

transitioning to an on-line format for our Developing Leaders as Coaches programme which will be rolled out in 2021. In parallel, we continue to assign internal coaches and mentors to sponsor "Hi-Potentials" with particular emphasis on accelerating emerging female leaders across Kingspan.

Protect

Kingspan takes the safety of our employees incredibly seriously. All accidents, as well as near misses, are recorded and reviewed. Health and Safety (H&S) is under on-going review at a facility and divisional level and a Group H&S Committee sits at least twice a year. It is an opportunity for all divisions and geographies to share best practice and discuss operational experiences that will improve the welfare of all our employees.

We are deeply saddened to report that during the year, a fatal accident occurred during the installation of Light & Air products in Germany. Together with

the local authorities and independent specialists retained by the Company, we are fully examining the circumstances of this incident. We will use the learnings from this tragedy to continually improve processes and training to achieve our target of zero fatalities across all of our businesses in the future.

Equal opportunities, employee rights and diversity

Kingspan is committed to providing equal opportunities from recruitment and appointment, training and development to appraisal and promotion opportunities for a wide range of people, free from discrimination or harassment and in which all decisions are based on work criteria and individual performance. We see diversity and inclusiveness as an essential part of our productivity, creativity and innovation. Diversity is widely promoted within Kingspan, 40% of our most recent graduate programme are female and over 27% of our senior executive team, reporting to the CEO, are female.

Employees at our Balex manufacturing facility in Bolszewo, Poland



Hazard Identification Processes include (but are not limited to):

- All near misses are assessed and processes are updated.
- Employees are encouraged to make suggestions for process improvements.
- Safety walks by responsible persons.
- Periodic workplace inspections.
- Risk assessment on new machines at installation.

OUR COMMUNITIES



Kingspan receiving €1m of Personal Protective Equipment in Dublin for the Health Service Executive of Ireland.

Kingspan grew out of a family business and those family values continue to shape how we engage with our communities today. Decades on, Kingspan remains deeply rooted in the community of Kingscourt, Ireland, where the business was founded. Being engaged in our local communities is a core element of the culture of Kingspan.

2020 was an extraordinary year, one which will never be erased from our memories. Despite the challenges it presented, Kingspan is proud to recognise the great achievements of our people in turning our skills, facilities and equipment to help with the fight against COVID-19. Our lab at IKON made hand sanitiser which has been used to keep our own people safe, as well as donating to the wider community. We also manufactured over 500 3D prints of PPE frames in IKON to support local schools. Furthermore, during a time of great crisis in terms of shortages of PPE in our nursing homes, a team of people between Holywell and Kingscourt worked at speed to ship 30,000 face masks to Ireland, where they were donated to Nursing Homes Ireland and distributed to 400 nursing homes over a short number of days.

It is important that our businesses have the flexibility to support initiatives which are relevant to the local workforce and to the communities in which they operate. We continued to support a number of great causes across the Group from The Irish Hospice Foundation, to charity runs and to supporting a local rugby team in the UK who responded by participating in a beach clean-up with our Synthesis team in Barcelona and our Light & Air team in France while on tour.



Our policies

Aims

- Comply with all local laws in the countries we operate in.
- Ensure supply chain accountability.

Modern slavery

Slavery and human trafficking are abhorrent crimes and we all have a responsibility to ensure that they do not continue. At Kingspan we pride ourselves on conducting our business ethically and responsibly. The Modern Slavery Act 2015 became UK legislation and required all large UK companies and businesses who supply goods or services in the UK to publish a slavery and human trafficking statement each financial year on their website. Kingspan is fully committed to

ensuring that modern slavery is not taking place in our business or any of our supply chains. We adopted and published our policy statement at the end of 2016 and all our businesses are responsible for ensuring supplier compliance with the legislation.

Supply chain engagement

Kingspan has developed an ethical and environmental strategy for procuring materials and services. We seek to build and maintain long term relationships with key suppliers and contractors to ensure that they are aligned to the same goals and standards as Kingspan, to address strategic global issues, emerging trends and ultimately our customer needs.

This approach has divisional and regional variances based on the local requirements and materials, but is built on core social, ethical and environmental standards. In all cases we aim to foster an environment of collaboration.

Customer experience programme

Our Customer Experience programme is all about capturing what, how and why our customers experience the things they do. With the insight from our customers we can take action and make meaningful change happen. Our 2020 Global Customer Experience survey spans 113 businesses within the Group receiving feedback from their customers. Over 10,000 customers from 92 countries took the time to share their experiences with us.



Top: Team Kingspan presenting a cheque to the Irish Hospice Foundation / **Bottom:** Mold U16 Rugby Team participating in a beach clean up with our Synthesia team in Barcelona.



NEXT GENERATION SOLUTIONS FOR NEXT GENERATION INDUSTRY

Kingspan's innovation driven portfolio of ultra-performance building envelope solutions has put us at the forefront of delivering carbon and energy efficient, healthy buildings for future generations of industry.



Canada Simons Distribution Centre /
Insulated Panels KS Shadowline; KS Micro-Rib; KarrierPanel

AN EVOLVING WORLD

2020 saw a global step-change in how we live, work and consume. This has led to an acceleration of some of the industry evolution seen over recent years, such as e-commerce migration, data consumption growth, EV adoption and increasing healthcare demands.

SIGNIFICANT AND RAPID INFRASTRUCTURE MUST BE DEVELOPED IN ORDER TO SUPPORT THE GROWTH IN THESE EVOLVING BUSINESS CATEGORIES.

1 Euromonitor, Prologis Research

2 McKinsey, Electric Vehicle Index

3 Host in Ireland



Canada, Simons Distribution Centre, Quebec City / Insulation Boards
KS Shadowline; KS Micro Rib and Karrierpanel



e-Commerce

COVID-19 has pulled forward five years of expected online sales growth into just five months. Already a fast-growth category, online sales have accelerated dramatically and are on pace to reach \$340bn globally in 2020.¹



Healthcare

The IMF estimates that the global cost of COVID-19 in lost output will be \$28tn. The pandemic exposed a lack of resilience and preparedness in global healthcare systems, particularly in relation to Intensive Care Unit (ICU) capacity, which became a key factor in the length and severity of national lockdowns.



Data Centres

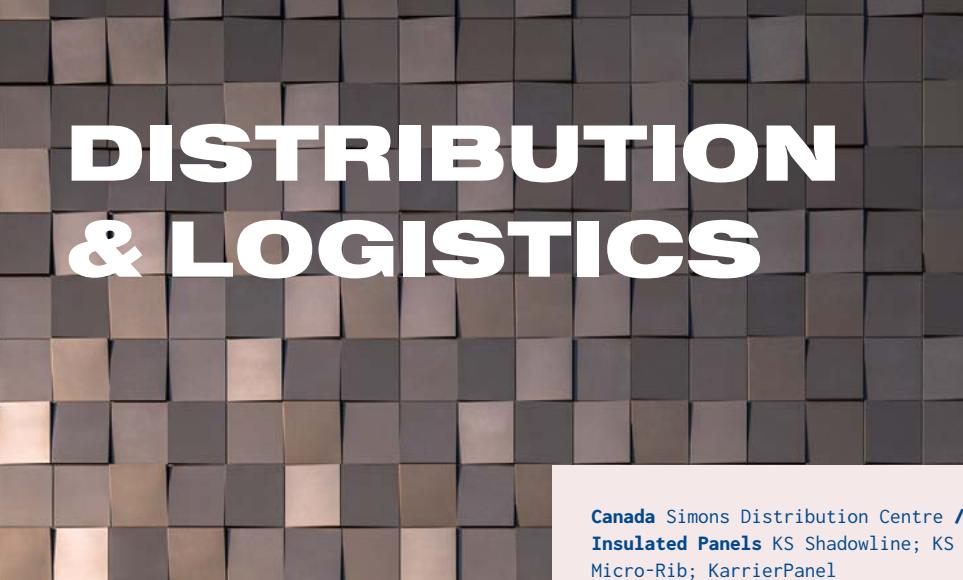
Globally, there is considerable planned investment in data centre infrastructure to support the forecast growth in data consumption and cloud computing. For example, Ireland is a key data centre market in Europe. At the end of 2019 it had 53 operational data centres, eight more under construction and 26 with planning approval³.



Electric Vehicles

Global Electric Vehicle (EV) penetration stood at just 2.5 percent in 2019². The widespread adoption of EVs is a necessary step toward achieving climate-change goals. This requires significant investment in EV manufacturing infrastructure and its supporting supply chain, including battery manufacturing.

DISTRIBUTION & LOGISTICS



Canada Simons Distribution Centre /
Insulated Panels KS Shadowline; KS
Micro-Rib; KarrierPanel

Awarded "Best in Industrial and Logistics Development" MIPIM 2020

Simons is one of the largest fashion retailers in Canada, it was only fitting that their main distribution centre and office campus reflect the aesthetic values of the company. GKC chose external facades with patterns inspired by woven fabric thread, which gave the building a cutting-edge yet fashionable appearance. GKC Architects was recognized as the 2020 winner in the "Best in Industrial and Logistics Development" at the annual MIPIM Awards Ceremony.

The search for thermal performance, installation efficiency, and flexible design options lead GKC Architects to choose Kingspan insulated panels for the building envelope and exterior of the building.



"

One of the many advantages of Kingspan insulated panels is the length of panel availability, we have less structure, less support and the sky's the limit with optimizing the building envelope. Additionally, the Kingspan products exhibit both form and function and in many climate conditions, such as northern temperatures here in Canada, we can add value by enclosing the envelope quickly, easily and efficiently with weathertightness.

Fernando Lozano,
Partner, GKC Architects

ELECTRIC VEHICLES

Kingspan has worked with many EV manufacturers including Tesla, Volkswagen, General Motors and Lucid Motors. In the United States alone, we have supplied over 650,000 square metres of insulated panels to EV related projects.



LEARN MORE ABOUT WHY

Watch the online interview with Brent Trenga, Director of Sustainability, Kingspan Insulated Panels North America.

HEALTHCARE



Russia BIOCAD Moscow /
Insulated Panels KS1200 FR

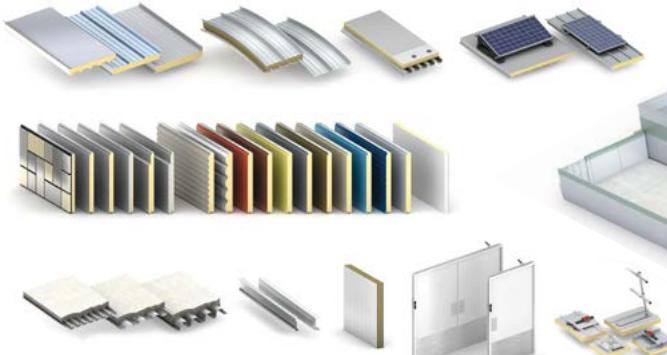
National health systems must be supported in the rollout of vaccinations and strengthened for future pandemic preparedness and response.

Kingspan has solutions and is presently working on projects across the spectrum of healthcare, including hospital construction, manufacturing for medical equipment and cold storage for medicine and vaccinations.

DATA CENTRE SOLUTIONS

Kingspan has extensive data centre solutions including ultra-efficient building envelopes, HVAC insulation and airflow management systems.

Shell & Core Solutions



Lighting



Access Floors & Airflow Management



HVAC Insulation

