

The Board

Non-Executive Chairman

Eugene Murtagh
(Age 78)
Ireland
N

Eugene Murtagh is the Non-Executive Chairman of the Group.
Relevant skills & experience: Eugene founded the Kingspan business in 1965 and, as CEO until 2005, he led its growth and development to become an international market leader. As Chairman, he sets the tone at the top, developing and embedding values. He has an unrivalled understanding of the Group, its business and its ethos, and demonstrates outstanding leadership and governance skills.

Chief Executive Officer

Gene M. Murtagh
(Age 49)
Ireland
N

Gene Murtagh is the Group Chief Executive Officer. He was appointed to the Board in November 1999.
Relevant skills & experience: Gene joined the Group in 1993 and was appointed CEO in 2005. He was previously the Chief Operating Officer from 2003 to 2005, and prior to that he was managing director of the Group's Insulated Panel business and of the Water & Energy business. He leads the development of the Group's strategy and has a deep knowledge of all of the Group's businesses and the wider construction materials industry.

The Board provides entrepreneurial leadership and sets the governance framework for the Group.

Executive directors

Geoff Doherty
(Age 49)
Ireland

Geoff Doherty is the Group Chief Financial Officer. He joined the Group, and was appointed to the Board, in January 2011.
Relevant skills & experience: Prior to joining Kingspan Geoff was the Chief Financial Officer of Greencore Group plc and Chief Executive of its property and agribusiness activities. He is a qualified chartered accountant, with extensive experience of capital markets and financial management in an international manufacturing environment.

Russell Shiels
(Age 59)
United States of America

Russell Shiels is President of Kingspan's Insulated Panels business in the Americas as well as Kingspan's global Data & Flooring business. He joined the Board in December 1996.
Relevant skills & experience: Russell has experience in many of the Group's key businesses, and was previously Managing Director of the Group's Building Components and Raised Access Floors businesses in Europe. He brings to the Board his particular knowledge of the building envelope market in the Americas, as well as his understanding of the office and data centre market globally.

Gilbert McCarthy
(Age 49)
Ireland

Gilbert McCarthy is Managing Director of the Group's Insulated Panels businesses in the UK, Ireland, Western Europe, Middle East and Australasia. He was appointed to the Board in September 2011.
Relevant skills & experience: Gilbert joined the Group in 1998, and has held a number of senior management positions including managing director of the former Off-site division and general manager of the Insulation Boards business. He brings to the Board his extensive knowledge of the building envelope industry, in particular in Western Europe and Australasia.

Board Committees: **A** Audit & Compliance **N** Nomination & Governance **R** Remuneration

Non-executive directors

Linda Hickey (Age 59) Ireland Independent R	<p>Linda Hickey was appointed to the Board in June 2013, and is appointed as the Senior Independent Director.</p> <p>Relevant skills & experience: Linda was previously the Head of Corporate Broking at Goodbody Capital Markets where she worked closely with multi-national corporates and the investor community. Prior to that Linda worked at NCB Stockbrokers in Dublin and Merrill Lynch in New York. Her considerable knowledge and experience of capital markets and corporate governance provide important insights to the Board.</p> <p>Qualifications: B.B.S.</p> <p>External appointments: Chair of the board of the Irish Blood Transfusion Service, and non-executive director of Cairn Homes plc and Greencore Group Plc.</p>
Michael Cawley (Age 66) Ireland Independent A R	<p>Michael Cawley was appointed to the Board in May 2014.</p> <p>Relevant skills & experience: Michael is a chartered accountant, and was formerly Chief Operating Officer & Deputy Chief Executive of Ryanair. His extensive international financial and business experience as well as his role on other audit committees are an asset to the Board and to the Audit & Compliance Committee.</p> <p>Qualifications: B. Comm., F.C.A.</p> <p>External appointments: Chairman of Hostelworld Group plc, and non-executive director of Flutter Entertainment plc and Ryanair Holdings plc.</p>
John Cronin (Age 61) Ireland Independent N	<p>John Cronin was appointed to the Board in May 2014.</p> <p>Relevant skills & experience: John is a qualified solicitor, and partner and former chairman of McCann FitzGerald. He has more than 30 years' experience in corporate, banking, structured finance and capital markets matters. He is a member of the International Bar Association, and is a past President of the British Irish Chamber of Commerce. His valuable legal, corporate governance and capital markets experience brings a unique perspective to the Board.</p> <p>Qualifications: B.A. (Mod) Legal Science, Solicitor in Ireland and England & Wales.</p> <p>External appointments: Non-executive director of the Dublin Theatre Festival Limited.</p>

Board Committees: A Audit & Compliance N Nomination & Governance R Remuneration

Non-executive directors

Bruce McLennan (Age 56) Australia Independent A N R	<p>Bruce McLennan was appointed to the Board in June 2015.</p> <p>Relevant skills & experience: Bruce is Managing Director and Co-Head of Advisory at Gresham Advisory Partners Limited. He is also a Member of the Australian Institute of Company Directors, Australian Society of Certified Practising Accountants, and a Fellow of the Financial Services Institute of Australia. He brings to the Board over 30 years' experience in investment banking, and a broad knowledge of international capital markets and strategic and corporate planning.</p> <p>Qualifications: B. Bus, M. Comm.</p> <p>External appointments: Member of the Australian Government Takeovers Panel.</p>
Jost Massenberg (Age 64) Germany Independent N	<p>Jost Massenberg was appointed to the Board in February 2018.</p> <p>Relevant skills & experience: Jost is the former Chief Executive Officer of Benteler Distribution International GmbH, and prior to that he was the Chief Sales Officer and a member of the executive board of ThyssenKrupp Steel Europe AG. His more than 30 years' industry experience in European steel and major manufacturing businesses, as well as his broad experience as a chairman and non-executive director of large private companies, are of enormous benefit to the Board.</p> <p>Qualifications: PhD Business Admin.</p> <p>External appointments: Chairman of VTG Aktiengesellschaft, and a non-executive director in a number of large private companies.</p>
Anne Heraty (Age 60) Ireland Independent A	<p>Anne Heraty was appointed to the Board in August 2019.</p> <p>Relevant skills & experience: Anne is the founder and Chief Executive Officer of Cpl Resources plc. She has over 20 years' experience running an international recruitment and outsourcing business and is currently on the Board of IBEC, having previously held a number of other public and private non-executive directorships, and brings this broad business and entrepreneurial experience to the Board.</p> <p>Qualifications: B.A. in Mathematics & Economics.</p> <p>External appointments: Chief Executive Officer of Cpl Resources plc.</p>

Company Secretary

Lorcan Dowd (Age 52) Ireland	<p>Lorcan Dowd was appointed Head of Legal and Group Company Secretary in July 2005.</p> <p>Relevant skills & experience: Lorcan qualified as a solicitor in 1992. Before joining Kingspan he was Director of Corporate Legal Services in PwC in Belfast, having previously worked as a solicitor in private practice.</p>
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Chairman's Introduction

EUGENE MURTAGH

The Kingspan Board recognises that the values, integrity and behaviours that shape our culture and corporate governance are the foundation of long-term success. As a Board, we strive to continue to enhance our corporate governance practice and disclosure to ensure we not only meet the standards expected of us but, more importantly, we promote the success of the business for all of our stakeholders. At the heart of those efforts is an entrepreneurial Board that adheres to high standards of governance.



Australia North Queensland Stadium / **Insulated Panels** KingZip Structural Liner

Throughout 2020, the Board continued to refine and improve our corporate governance practice in line with the principles of the 2018 UK Corporate Governance Code (the 'Code'). We have embraced the Code's aims of returning to a principled-based approach to governance. We consistently strive to ensure that our reporting continues to be meaningful in detailing how we integrate the Code's principles within our decision making. We continue to make enhancements to our governance processes and this translates to less governance risk, based on our purpose, values, strategy, business and outlook. We are committed to ensuring that our long-term ambitions go hand in hand with high standards of corporate governance, as well as a Board equipped with an abundance of diversity, experience and expertise.

As part of our response to the UK's Grenfell Tower Inquiry (the "Inquiry"), the Board has implemented a suite of measures that underpin Kingspan's clear commitment to enhanced compliance, governance and transparency. Details of these measures are set out in the Report of the Nomination & Governance Committee. Included in these measures is the expansion of the role of the Board's Audit Committee into an Audit & Compliance Committee to monitor and ensure a culture of product compliance across the Group, as explained in the Report of the Audit & Compliance Committee. Additionally, the Remuneration Committee considered the impact of the issues arising from the Inquiry on the Executive Directors' remuneration outcomes for 2020. These considerations and outcomes are fully detailed in the Report of the Remuneration Committee and include a decision to reduce executive bonuses to zero for 2020. I am confident that, in the years ahead, the business will benefit from these learnings and that the

changes made will contribute to the longer term and sustainable success of the Company.

One of the key changes under the new Code was the introduction of a tenure consideration in respect of the Chair of the Board. As indicated in last year's Annual Report, I have notified the Board of my intention to step down as Chairman and non-executive director of Kingspan with effect from the conclusion of this year's Annual General Meeting. Following a detailed succession process, as set out in the Report of the Nomination & Governance Committee, we are pleased to have an experienced non-executive in Jost Massenberg to take on the role of non-executive Chairman of the Kingspan Board. In the three years since his appointment to the Board, Jost has developed a deep understanding of our business while providing valuable insight. There has also been additional refreshment and renewal at Board level, as detailed in the Report of the Nomination & Governance Committee, which ensures the Board invites fresh thinking and

challenge to its decision making and has the optimal blend of skills and expertise to ensure effective oversight of the business and implementation of Kingspan's strategy.

We had the pleasure of engaging with major shareholders and stakeholders on a number of occasions during the year in what proved to be a difficult year in attaining face to face meetings. On behalf of the Board, I would like to thank those shareholders who provided their views on governance and strategy during the past year. We were also delighted to welcome overseas shareholders who were able to attend the 2020 Annual General Meeting on-line for the first time in the Company's history, and we look forward to facilitating a wider global participation by our shareholders on-line at this year's and future AGMs, in line with developing trends elsewhere.

Eugene Murtagh
Chairman



Report of the Nomination & Governance Committee



The full text of the Code and of the Irish Corporate Governance Annex can be obtained from the following websites respectively:
www.frc.org.uk
www.euronext.com

This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the UK Corporate Governance Code (July 2018) (the 'Code').

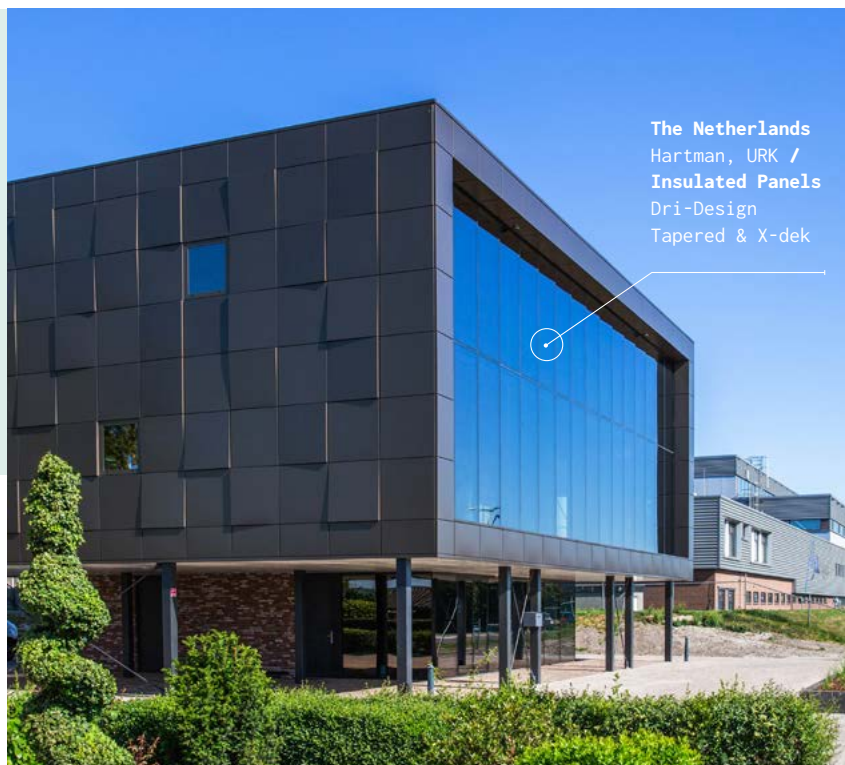
Statement of compliance

The directors confirm that the Company has throughout the accounting period ended 31 December 2020 complied with the provisions of the UK Corporate Governance Code (July 2018) as set out below.

Stakeholder views

The Board notes the importance of the principle underpinning Provision 5 of the Code, which asks Boards to have regard for engagement mechanisms with stakeholders. The Board recognises its responsibilities in this regard and other sections in this Annual Report set out clearly the long-lasting partnerships we have developed with customers, suppliers and communities. We are also aware of the importance of engagement with the workforce to the development of strategy as well as uncovering of risk and promoting new opportunities. In last year's Annual Report, we confirmed that Linda Hickey had been appointed as

the director responsible for workforce engagement to facilitate the channelling of employee views to Board discussions. Although opportunities for face-to-face meetings were restricted in 2020, as normality returns to our businesses it is expected that Ms Hickey will have the opportunity to meet and hear views from a wide range of employees across all divisions both through site visits to our various facilities during the year, and through engagement with participants on our employee development programmes. In addition, in 2021 we will be launching a groupwide employee engagement survey to foster a deeper dialogue on a broad range of issues including culture, vision, health & well-being, and training & development. This process of engagement will allow the Board to consistently assess and monitor the evolution of the Company's corporate culture, while promoting the ability of the workforce to raise concerns. Details of, and feedback from, this employee engagement will be set out in the 2021 Annual Report.



Board committees

The Board has established three standing committees: Audit & Compliance; Nomination & Governance; and Remuneration. All committees of the Board have written terms of reference setting out their authorities and duties and these terms are available on the Group's website www.kingspan.com. The members of each committee as at the date of this report, and the date of their first appointment to the committee, are set out adjacent. The details of each committee's activities during the year are detailed in their respective reports as set out in this Annual Report.

Column A - indicates the number of meetings held during the period the director was a member of the Board and/or Committee.

Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or Committee.

Audit & Compliance Committee		
Michael Cawley (Chair)	Appointed 2014	Independent
Anne Heraty	Appointed 2019	Independent
Bruce McLennan	Appointed 2020	Independent
Nomination & Governance Committee		
Eugene Murtagh (Chair)	Appointed 1998	
Gene M. Murtagh	Appointed 2007	
John Cronin	Appointed 2014	Independent
Bruce McLennan	Appointed 2017	Independent
Jost Massenberg	Appointed 2019	Independent
Remuneration Committee		
Linda Hickey (Chair)	Appointed 2015	Independent
Michael Cawley	Appointed 2014	Independent
Bruce McLennan	Appointed 2017	Independent

Attendance at Board and Committee meetings are set out in the table below.

Attendance at Board and Committee meetings during the year ended 31 December 2020								
	Board		Audit & Compliance		Nomination & Governance		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	8	8			2	2		
Gene M. Murtagh	8	8			2	2		
Geoff Doherty	8	8						
Russell Shiels	8	8						
Peter Wilson*	8	7						
Gilbert McCarthy	8	8						
Linda Hickey	8	8					3	3
Michael Cawley	8	8	4	4			3	3
John Cronin	8	8	1	1	2	2		
Bruce McLennan	8	8	3	3	2	2	3	3
Jost Massenberg	8	8			2	2		
Anne Heraty	8	8	4	4				

* Retired as a director 31 December 2020.

Board composition and responsibilities

There is a clear division of responsibilities within the Group between the Board and executive management, with the Board retaining control of strategic and other major decisions. The Chairman leads the Board and is responsible for its overall effectiveness in directing the Company. One of the key roles for the Chairman in doing so is promoting a culture of objectivity, openness and debate. In addition, the Chairman facilitates constructive board relations and the effective contribution of all non-executive directors, and ensures that directors receive accurate, timely and clear information.

The balance of skills, background and diversity of the Board contributes to the effective leadership of the business and the development of strategy. The Board's composition is central to ensuring all directors contribute to discussions. As outlined below, the Board continues to review its composition to ensure appropriate refreshment and renewal which is essential to bring fresh thinking to Board discussions and constructive challenge to the Board's decision making. Following a number of changes in 2019, there has been further refreshment during 2020 and 2021 to the Board and Committees, details of which are outlined below.

As a means of fostering challenge and director engagement, the non-executive directors, led by the senior independent director, meet without the Chairman present at least annually. Likewise, the Chairman holds meetings with the non-executive directors without the executives present. In each of these settings, there is a collegiate atmosphere that also lends itself to a level of scrutiny, discussion and challenge.

All directors have access to the advice and services of the Company Secretary. Where necessary or requested, directors can also avail of independent third-party advice on Company issues or relevant Board matters – including, but not limited to matters

such as remuneration, succession etc. The Company has procedures whereby directors (including non-executive directors) receive formal induction and familiarisation with Kingspan's business operations and systems on appointment, including trips to manufacturing sites with in-depth explanations of the processes involved at the site.

Board changes

During the past year, we continued to deliver on the objective of appropriate refreshment and renewal at Board level. As a Board, we are fully aware of the benefits of balancing longer serving and newly appointed directors, which is central to the generation of new business strategies. In addition, new directors bring fresh thinking and constructive challenge to the Board.

In December 2020, Peter Wilson retired as an executive director and as Divisional Managing Director of the Group's Insulation Boards business. Mr Wilson made a significant contribution to the Group and the Board over his forty year career with Kingspan.

Post the year-end, Bruce McLennan notified the Board that he would not be seeking re-election to the Board at the 2021 Annual General Meeting. Mr McLennan has served on the Board for six years and we thank him for his contribution to Kingspan during that period.

In line with guidance set out in last year's Annual Report, the Group's Chairman will also step-down from the Board at the conclusion of the 2021 AGM. Details on his retirement and Chair succession are outlined on page 70.

In addition, the Company was pleased to announce the two new appointments to the Board, Éimear Moloney who joins as an independent non-executive director and Paul Murtagh as a non-executive director, with effect from 30 April 2021.

These appointments broaden the diversity of the Board while reflecting our increasingly global footprint as a business. A breakdown of the background and skillset of the non-executive directors, a central tenet of promoting Board effectiveness, is provided on page 61.

Following Eugene Murtagh's and Bruce McLennan's retirement from the Board, Jost Massenberg will become Chair of the Nomination & Governance Committee and Linda Hickey will be appointed to that committee. Éimear Moloney will join the Audit & Compliance Committee and Anne Heraty will be appointed to the Remuneration Committee.

Shareholders' meetings and rights

The Company operates under the Irish Companies Act 2014 (the 'Act'). This Act provides for two types of shareholder meetings: the Annual General Meeting ('AGM') with all other meetings being called Extraordinary General Meetings ('EGM').

The Company must hold an AGM each year in addition to any other shareholder meeting in that year. The AGM is an important forum for shareholders to meet with and hear from Company directors. Given Irish government and public health guidelines at the time of the 2020 AGM, the Company was unable to host a public meeting at which shareholders could attend in person. However, shareholders were provided with the facility to join the 2020 AGM on-line and submit questions in advance, and the Company was delighted to welcome shareholders participating from overseas for the first time. The Board is committed to reviewing technology solutions which would offer shareholders the opportunity to attend and vote on-line, as well as in person, which in line with developing trends elsewhere would facilitate a wider global participation by our shareholders, whilst still providing them with equivalent rights to vote and ask questions.

The ordinary business of an AGM is to receive and consider the Company's Annual Report and statutory financial statements, to review the affairs of the

Group, to elect directors, to declare dividends, to appoint or reappoint auditors and to fix the remuneration of auditors and directors.

The Chairman of the Board of Directors shall preside as chairman of every general meeting and in his absence, one of the directors present will act in the capacity of chairman. The quorum for a general meeting shall be not less than three members present in person or by proxy and entitled to vote. All ordinary shares rank *pari passu* and carry equal voting rights. Every member present in person or by proxy shall upon a show of hands have one vote, and every member present in person or by proxy shall upon a poll have one vote for each share of which they are the holder. In the case of an equality of votes the Chairman shall, both on a show of hands and at a poll, have a casting vote.

Further details of shareholders rights with regards the General Meetings are set out in the Shareholder Information section of this Annual Report.

Internal control and risk management systems

The Board confirms that there is an ongoing process for identifying, evaluating and managing any significant risks faced by the Group. This process has been in place for the year under review and up to the date of approval of the financial statements and it is regularly reviewed by the Board in compliance with 'Guidance on Risk Management, Internal Control and Related Financial and Business Reporting' issued by the Financial Reporting Council.

The Board has delegated responsibility to the Audit & Compliance Committee to monitor and review the Group's risk management and internal control processes, including the financial, operational and compliance controls, through detailed discussions with management and the executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the

Group, and the external audit reports, as part of both the year-end audit and the half-year process, all of which are designed to highlight the key areas of control weakness in the Group. Further details of the work conducted by the Audit & Compliance Committee in this regard is detailed in the Report of the Audit & Compliance Committee contained in this Annual Report.

The main features of the Group's internal control and risk management systems that relate specifically to the Group's financial reporting processes are:

- Budgets and Strategic Plans are approved annually by the Board and compared to actual performance and forecasts on a monthly basis;
- Sufficiently sized finance teams with appropriate level of experience and qualifications throughout the Group;
- Formal Group Accounting Manual in place which clearly sets out the Group financial policies in addition to the formal controls;
- Formal IT and Treasury policies and controls in place;
- Centralised Tax and Treasury functions;
- Sales are submitted and reviewed on a weekly basis whilst full reporting packs are submitted and reviewed on a monthly basis; and
- Internal audit function review financial controls and report results/findings on a quarterly basis to the Audit & Compliance Committee.

In addition, the main features of the Group's internal control and risk management systems that relate specifically to the Group's consolidation process are:

- The review of reporting packages for each entity as part of the year-end audit process;
- The reconciliation of reporting packages to monthly management packs as part of the audit process and as part of management review;

- The validation of consolidation journals as part of the management review process and as an integral component of the year-end audit process;
- The review and analysis of results by the Chief Financial Officer and the auditors with the management of each division;
- Consideration by the Audit & Compliance Committee of the outcomes from the annual risk assessment of the business;
- The review of internal and external audit management letters by the Chief Financial Officer, Head of Internal Audit & Compliance and the Audit & Compliance Committee; and the follow up of any critical management letter points to ensure issues highlighted are addressed.

Further information on the risks faced by the Group and how they are managed are set out in the Risk & Risk Management section of this Annual Report.

Response to issues arising from the UK's Grenfell Tower Inquiry

Kingspan is a core participant in the UK's Grenfell Tower Inquiry ("the Inquiry"), and as part of the review and disclosure process undertaken to support the Inquiry process, a number of serious issues were identified in part of our UK Insulation Boards business. Earlier this year Kingspan announced a comprehensive suite of measures that underpin Kingspan's clear commitment to proper professional conduct and safety, and to ensuring that all legacy issues are dealt with comprehensively, as well as implementing an enhanced suite of compliance, governance and reporting measures. These include:

- Eversheds Sutherland conducted a review of compliance and governance in the UK Insulation Boards business. Kingspan is committed to implementing in full the recommendations made, and this work is already underway;

- Extending the role of the Audit Committee into an Audit & Compliance Committee to monitor and ensure a culture of compliance cross the Group;
- Expansion of the Internal Audit role to include audit of compliance, testing, certification and marketing of products, reporting to the Audit & Compliance Committee;
- The introduction of a new code of conduct and the roll out of a training programme on its core principles to all employees worldwide;
- The appointment of a Group Head of Compliance & Certification, reporting directly to the Group CEO;
- The appointment of Product Compliance Officers in each business division; and
- A comprehensive testing programme to provide reassurance on the safety of K15's use in historical facade systems where compliant and correctly installed.

Leadership

The Nomination & Governance Committee (the 'Committee'), leads the process for appointments while ensuring plans are in place for orderly succession to both the Board and senior management positions. A fundamental aspect of overseeing appointments to senior management remains the development of a diverse pipeline. In terms of non-executive directors, the Committee remains guided by the principle that all appointments will be made on merit, but having regard, where possible to diversity of gender, age, nationality and educational background.

The non-executive directors on the Board currently have the following mix of skills and experience as set out in the table above:

Name	Nationality	International	Financial	Governance	Leadership	Industry	Legal
Eugene Murtagh	Irish	•	•	•	•	•	
Linda Hickey	Irish	•	•	•	•		
Michael Cawley	Irish	•	•	•	•	•	
John Cronin	Irish	•	•	•	•		•
Bruce McLennan	Australian	•	•		•		
Jost Massenberg	German	•	•	•	•	•	
Anne Heraty	Irish	•	•	•	•	•	

Effectiveness and independence

The Committee has reviewed the size and performance of the Board during the year and this process occurs annually. The Board continues to ensure that each of the non-executive directors, excluding the Chairman, remain impartial and independent in order to meet the challenges of the role. Throughout the year, more than half of the Board, excluding the Chairman, comprised independent non-executive directors. Linda Hickey is the senior independent director on the Board. The senior independent director provides a sounding board for the Chairman and serves as an intermediary for the other directors and shareholders when necessary. The directors consider that there is strong independent representation on the Board.

The Board has had due regard to various matters which might affect, or appear to affect, the independence of certain of the directors. The Board considers that each of the non-executive directors on the Board, (excluding the Chairman Eugene Murtagh), are independent. In addition, following the conclusion of the 2021 AGM, Jost Massenberg will be appointed non-executive Chairman of the Board and will be independent upon appointment.

In determining the independence of John Cronin, both at the time of his appointment and subsequently as

part of annual reviews of the Board's composition, the Committee had particular regard for his position as a partner of McCann FitzGerald, one of the Company's legal advisors. Mr. Cronin will retire from McCann FitzGerald in March 2021, and the Board concluded that he remains fully independent, taking into account the following material factors:

- He had no role in the selection or retention of legal advisors to the Company;
- All work undertaken by McCann FitzGerald for the Company was managed by other employees within the firm, and there were formal arrangements in place, both at McCann FitzGerald and Kingspan, to ensure there were no conflicts of interests;
- Mr Cronin is an experienced and accomplished corporate lawyer who adds important legal and regulatory experience to the Board;
- Since his appointment to the Board, Mr. Cronin has not had any involvement in advising the Company on any legal matters; and
- The total fees paid for legal services to McCann FitzGerald during the year were €145,541 (2019: €125,947) and account for substantially less than 1% of McCann FitzGerald's annual revenues.

In these circumstances the Board continues to be satisfied that there was no material relationship, financial or otherwise, which might either directly or indirectly influence his judgement.

In addition to these considerations, given the potential for a perceived conflict of interest, at the time of Mr Cronin's appointment, we engaged with ISS to discuss the steps we had taken to avoid any conflicts developing during his tenure in order to alleviate any potential shareholder concerns. Both parties were satisfied at the time that the relationship was not likely to impact Mr Cronin's independence as a director, and the Company agreed to disclose annually the fees paid to McCann FitzGerald as a related party transaction.

In assessing the independence of Linda Hickey, the Board had due regard to her previous position as a senior executive at Goodbody Stockbrokers, (one of the Company's corporate brokers), from which she retired in 2019. The Board noted that annual fees and expenses paid to Goodbody Stockbrokers were normally in the region of €60,000 for corporate broking services during her tenure there. In assessing Ms Hickey's independence annually, the Committee also took into account her invaluable experience in working for two of the largest Irish stockbroking firms. In Ireland, she has unrivalled experience in capital markets and particularly Irish public companies, which is hugely valuable to the Company and our shareholders.

The Board concluded that neither Ms Hickey's nor Mr Cronin's independence was affected and considers that between them they bring valuable financial, capital markets, governance and legal risk experience to the Board.

Conflict of Interests

Acknowledging the importance of independent representation to the effective functioning of the

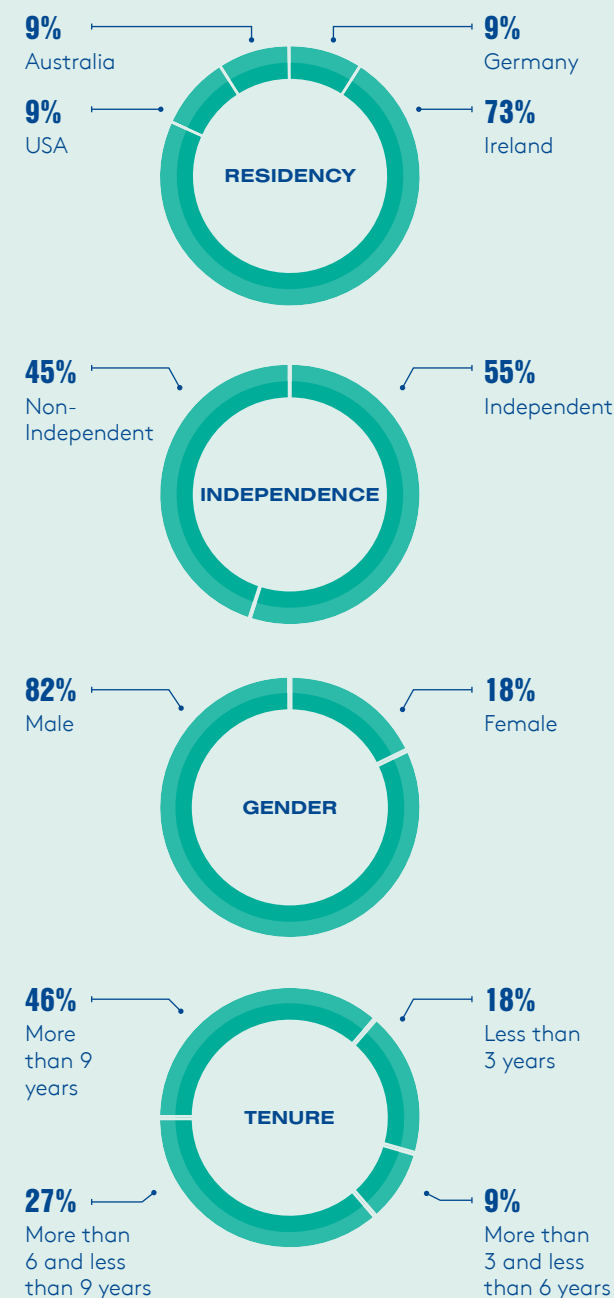
Board, as well as the scrutiny and, when necessary, the challenging of management, as part of the evolution of our governance framework, the Committee has previously adopted a conflicts of interest policy which guides all decisions of the Board when actual or potential conflicts of interest arise.

The policy stipulates that directors are required to avoid situations where they have, or could have, a direct or indirect interest that conflicts, or may conflict, with the Company's interests. Directors are required to give notice of any potential situational and/or transactional conflicts, which are considered at the following Board meeting and, if appropriate, situational conflicts are authorised. Directors are not allowed to participate in such considerations or to vote regarding their own conflicts.

External commitments

Non-executive directors, including the Chairman, may serve on other boards provided they continue to demonstrate the requisite commitment to discharge their duties effectively. The Committee reviews the extent of the directors' other interests on an ongoing basis throughout the year. The Committee is satisfied that each of the directors commits sufficient time to their duties in relation to the Company. The Chairman and each of the directors have also confirmed they have sufficient time to fulfil their obligations to the Company.

In assessing the time commitments of Board members, the Committee had particular regard for the external commitments of Michael Cawley, who is also a non-executive director of Ryanair Holdings plc, and Flutter Entertainment plc, as well as Chairman of Hostelworld Group plc. The Committee recognises the views expressed by some shareholders in this area and reviewed Mr Cawley's attendance and contribution as a non-executive director, as well as his other mandates.



It was noted that Mr Cawley has only missed one meeting since his appointment as a non-executive director in 2014. In particular, notwithstanding the wider market issues caused by the global pandemic and the related increase in demands on boards of directors in every business during 2020, the Committee notes that Mr Cawley attended all Board and committee meetings during the year. The committee has engaged with Mr Cawley and is satisfied that he will continue to devote sufficient time to the Board. The Committee will continue to keep under review the external commitments of all directors.

Performance evaluation

Kingspan has in place formal procedures for the evaluation of its Board, committees and individual directors. The purpose of this formal evaluation is to ensure that the Board of Directors (on a collective and individual basis) is performing effectively and to ensure stakeholder confidence in the Board. The Chairman reviews annually the performance of the Board of Directors, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group.

An externally facilitated review of the Board's performance was carried out during 2018 by Better Boards. It is intended that another external evaluation will be undertaken in 2021, consistent with best practice. Details of the outcome of the evaluation will be provided in the 2021 Annual Report.

Succession Planning

One of the primary remits of the Committee is to ensure that robust succession plans are in place for the directors and senior management, taking into

consideration planned and unplanned departures, as well as the strategic evolution of the business. Aligning succession planning to our strategy is a cornerstone of strong Committee and Board governance, and has been, and will continue to be, a focus of the Committee.

The 2018 UK Code was updated to include a new provision which outlined that, generally, Board Chairs should not remain in place for over nine years, although there is an exception to this rule to facilitate succession planning. In last year's Annual Report, the Committee outlined that the Company's founder Eugene Murtagh, who has served as Chairman since he started the business 55 years ago, had announced his intention to retire within an 18 month period. This provided an appropriate timeline to balance the need for stability and continuity while ensuring an orderly transition in what would be a significant change in the leadership of the Board. Mr Murtagh has now confirmed his intention to retire with effect from the conclusion of this year's Annual General Meeting.

Mr Murtagh founded the Kingspan business in 1965 and as CEO until 2005 he led its growth and development to become an international market leader. As Chairman he has been instrumental in setting the tone at the top, developing and embedding values as well as encouraging performance and ensuring that management has the necessary support and controls in place to deliver on its strategy. Affording an 18 month time horizon provided the Committee with the time and scope to effect an appropriate and rigorous succession plan and ensure an appropriate transition to a new Non-Executive Chairman.

During the course of 2020, the Committee conducted a rigorous process to consider and identify an appropriate successor to the Chairman. Mr Murtagh did not Chair the Committee meetings relating to his successor.

Following this process, the Committee identified Jost Massenberg, who joined the Board as an independent non-executive director in 2018, as the best candidate to succeed Mr Murtagh. Mr Massenberg will assume the role of non-executive Chairman of the Board following the 2021 AGM. The Committee noted Mr Massenberg's more than 30 years' industry experience in European steel and international manufacturing businesses in making their recommendation to the Board to appoint him as successor to Mr Murtagh. The Committee also considered that since Mr Massenberg's appointment to the Board in 2018 he had gained a valuable understanding of the Board and the Kingspan Group, and that he would still have a significant tenure on the Board for him to serve as Chairman within the revised nine year guidance of the 2018 Code, providing continuity and stability of Board leadership for the period ahead. The Committee recommended Mr Massenberg to the Board as the successor to Mr Murtagh. His nomination as the new Non-Executive Chairman was unanimously supported by the Board.



Britain Graven Hill / **Insulation Boards** TEK Building System
with Thermawall TW55 and Thermapitch TP10

Report of the Remuneration Committee

LINDA HICKEY

On behalf of the Remuneration Committee (the 'committee'), I am pleased to present the 2020 Report on Directors' Remuneration.

Our remuneration philosophy

As detailed previously, we have developed a clear philosophy around remunerating and incentivising employees, management and executive directors. Central to our approach to remuneration are the principles of simplicity, pay for performance and transparency. Variable remuneration is only paid for strong performance and maximum payouts will only be realised for truly exceptional performance under simple measures that are key to the delivery of strategy. A significant portion of remuneration is delivered through equity, ensuring strong levels of alignment between the interests of management and shareholders. This approach cascades through the organisation and promotes transparency and simplicity for participants and our shareholders. Our relentless focus on simplicity and a high performance culture has been instrumental in driving the growth of the business and significant value creation for stakeholders over the years.

Business performance and pay outcomes

Overall, the past year was one of robust performance for Kingspan across a number of measures in the face of remarkable market turbulence and unprecedented challenges. The performance of the Group in that environment, the wider backdrop of the global COVID-19 pandemic and the learnings from the UK's Grenfell Tower Inquiry (the "Inquiry"), have each been central to the discussion and decisions at committee level during the course of the year.

Group revenue was down somewhat on prior year at €4.6bn, whilst trading profit was up 2% to €508.2m. Earnings Per Share ('EPS') rose 1% to 206.2 cent and Total Shareholder Return ('TSR') for the year was 5.4%. EPS and TSR are two of the key performance measures used to determine the executives' performance-related pay.



In the first half of the year, amidst the initial outbreak of the COVID-19 pandemic and the imposition of government restrictions, there was considerable disruption to our business and end-markets. As a result of the unpredictability of the situation, a number of early decisions were taken to protect and safeguard the long-term interests of the business. These included a 50% cut in the executive directors' pay and non-executive directors' fees for two months (in April and May), as well as similar salary cuts of 40% for all employees across the Group. In some jurisdictions we were able to avail of furlough and wider governmental support schemes to protect as many jobs as possible. As the year progressed, we developed a clearer picture of the likely impact of the pandemic on our business, and we were in a position to fully reinstate all staff pay deductions and cease the receipt of and repay any government support. We also recognised the importance of balancing stakeholder interests in our decision-making, and the Company has either already repaid or committed to repay all COVID-19-related government support received over the past year.

The committee carefully assessed the performance of the executive directors against their individual performance measures in line with normal practice. Despite strong performance against both the Group and divisional profit measures underpinning the annual bonus plan, the committee conducted a holistic review of our stakeholder experience during the past fiscal year, including the matters arising from the Inquiry. Against this backdrop, and consistent with our commitment to consistently evaluate the appropriateness of pay-outs, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, there are no pay-outs to executive directors under the annual bonus plan for 2020.

In terms of long-term incentives, the underlying health of the Group has been reflected in the

achievement of top quartile TSR performance among the peer group for the tenth cycle in a row which, together with robust EPS growth over the three year vesting period, resulted in the 2018 Performance Share Plan ('PSP') Awards vesting at 90% of maximum.

The committee remains dedicated to overseeing the implementation of our Remuneration Policy in a manner which works for our business and delivers results for our stakeholders. During the course of 2020, recognising the growing importance of integrating non-financial measures into remuneration frameworks and strategic KPIs, we considered the introduction of non-financial measures within short and long-term incentive arrangements for executive Directors. As set out in further detail within the following report, Net Promoter Score ("NPS"), a measure of customer satisfaction, will be included within the Annual Bonus plan, accounting for 10% of measures. This will constitute a second metric for those with Group focused measures, and a third for those with Group and divisional focused measures. The addition extends the focus to non-financial performance which is central to delivering on the Group's strategy.

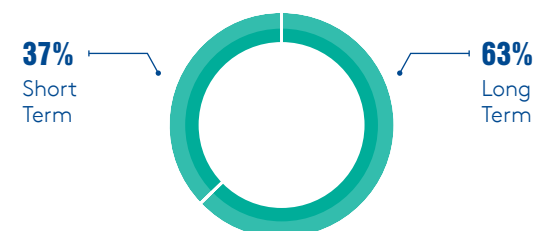
In addition, the committee determined it would introduce an additional ESG measure into our long-term Performance Share Plan (PSP). The PSP metric is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP bonus award. The inclusion of non-financial measures in both short and long-term variable incentives reflects the Group's wider commitment to Environmental Social Governance (ESG) considerations and to ensuring Kingspan delivers against key non-financial as well as financial

FIXED PAY V VARIABLE PAY



VARIABLE PAY

Short Term v Long Term



measures. Both measures also align with our philosophy of simplicity and pay for performance, with the NPS being an externally recognised measure, and the Planet Passionate targets being quantifiable and transparent.

Whilst undoubtedly there remain challenges ahead, we continue to work together with all of our stakeholders, and the resilience of the Group's performance is testament to the management and employees' efforts. I would like to thank my fellow members on the committee for their contribution to the remuneration agenda during 2020.

Linda Hickey

Chair of the Remuneration Committee

Corporate governance developments

As an Irish listed company, Kingspan reports against the provisions of the UK Corporate Governance Code (July 2018). This latest iteration of the Code has broadened the role of the committee, as well as introducing additional practices concerning director pay, all of which have been carefully considered by the committee during the year and extensively discussed with shareholders. During the past fiscal year, steps were taken to broaden our oversight of remuneration practices throughout the organisation, which are guided by the same principles as those at senior management. As a committee, we will continue to be apprised of any overarching themes from remuneration with the wider workforce.

In addition, the Shareholder Rights Directive II ("SRD II") was transposed into Irish Law during the past fiscal year. The primary change in terms of remuneration related to the requirement to propose a remuneration policy at least every four years, something which the Company previously did on a voluntary basis in 2019.

Shareholder consultation

As set out in last year's Annual Report, following consultation with shareholders post the 2019 AGM, we implemented a number of changes to the Kingspan remuneration policy, including:

- The adoption of a two-year post-vesting holding period under the PSP;
- The introduction of a post-cessation shareholding guideline for all new executive directors, with the current shareholding guidelines applying for two years after an executive's departure; and
- Reduction in pension contributions for all future executive directors, which will be aligned with the rate applicable to the workforce in the relevant local market.

Following on from these changes and ongoing consultation with shareholders, almost 94% of shareholders supported the resolution to approve the Report of the Remuneration Committee at the 2020 AGM, which the committee believes is a reflection of its responsiveness to shareholders and a commitment to maintaining high levels of engagement with our shareholder base.

In advance of the 2020 AGM, the committee set out the background and context to each of the contractual pension entitlements of the executive directors. The committee undertook to keep pension contributions under review in line with evolving best-practice while noting legacy contractual arrangements for incumbent executives.

Following a thorough review of remuneration during the course of 2020, and incorporating both evolving best-practice and the perspectives of shareholders, with the agreement of each of the executive directors, all contractual pension contributions will be reduced to 10% of base salary by the end of 2024. Current and future pension contributions are detailed in the table below including the annual increments of reduction for each executive director which will be applied. The committee believes this approach fairly and appropriately balances the legacy contractual entitlement of each of the executive directors with the expectations of shareholders and wider stakeholders.

2020 Remuneration at a Glance

This section provides a snapshot of remuneration received by executive directors during 2020.

Salary

As flagged in our 2019 Annual Report, apart from Peter Wilson, each of the executive directors received a base salary increase of 2% in 2020 which was in line with that awarded to the general workforce. By reason of his increased responsibilities as outlined in last year's Annual Report, Mr Wilson received a salary increase of 7.5%. Each of the salaries were effective from 1 January 2020, well in advance of the committee's awareness of COVID-19 and the potential impact on business.

Temporary salary reductions of 50% were applied to executive directors for two months during the year which was later repaid along with all employee reductions. Full details of the directors' salaries and total remuneration are set out in the Remuneration Table on page 78.

Annual Bonus

As provided by the approved remuneration policy, the maximum annual bonus potential for the executive directors is 150% of basic salary. The CEO and CFO's annual bonus is based on the achievement of Group EPS performance targets. For Divisional MDs, bonuses are based on a combination of stretching profit targets for their respective divisions, plus an element of Group EPS targets.

Executive Director	2020 Contractual Pension Entitlement	2024 Pension Contribution Target	Annual Percentage Point Reduction Over 4 Years
Gene Murtagh	18%	10%	2% annually
Geoff Doherty	24%	10%	4% in year 1 and 2 3% in year 3 and 4
Gilbert McCarthy	20%	10%	3% in year 1 and 2 2% in year 3 and 4
Russell Shiels*	33%	10%	10% in year 1 5% in year 2 4% in year 3 and 4

*Russell Shiels joined Kingspan in 1996. His contract was renegotiated in 2013 and, in that renegotiation, his pension contribution was increased by \$100,000 per annum for the period until his retirement.

The 2020 targets and final outturns of the annual performance bonuses are detailed in full below:

CEO & CFO		Divisional MDs	
Measure	EPS	Divisional profit targets	EPS
Targets	95% -115% of prior year	95% -110% of prior year	95% -115%
Performance	100.8%	(13.2%) to 111.6%	100.8%
% Max payout	38.55%*	15.42% to 75.42%	

*Notional pay-out as committee discretion resulted in zero annual bonus.

Based on the targets above, the CEO and CFO achieved 29% of maximum target, which would have equated to 38.55% of salary for each executive. Divisional profit performances varied, with the outturn for the bonus targets for the divisional MDs ranging from 15.42% to 75.42% of salary. Russell Shiels exceeded 110% of his divisional profit target, whilst Peter Wilson and Gilbert McCarthy's divisional performance failed to meet their threshold targets given the global macro backdrop.

Despite financial performance that would have resulted in payouts to each of the Executive Directors during 2020, all payouts were subject to a final evaluation by the committee as set out in the statement of the Committee Chair. In light of wider stakeholder experience and the matters arising from the Inquiry, the committee determined that no annual bonus payouts would be made for 2020.

Performance Share Plan

The Performance Share Plan ('PSP') awards vesting in February 2021, relate to awards granted in 2018.

These awards were subject to EPS growth and relative TSR performance targets measured over the period from the start of 2018 to the end of 2020. Target and actual outturns are set out in the table below. 90% of awards granted will vest in February 2021. Prior to confirming the payouts, the committee undertook an evaluation of whether vesting levels reflected both individual and company performance over the three-year period to December 2020.

Summary of Remuneration Policy

Set out on the next page is a summary of the remuneration policy approved by shareholders at the 2020 AGM (as updated following shareholder consultation). The policy is guided by the following overarching principles:

- Simplicity
- Transparency
- High performance

	Weighting	Targets	Performance	Payout (% of max.)
EPS	50%	CPI +5% to 10% compounded p.a.	CPI+8.7%	80%
TSR	50%	Upper Quartile	93rd percentile	100%



France L'Arbre Blanc /
Insulated Panels JI
Vulcasteel

	How it Operates	Maximum Opportunity
Base Salary	Base salaries are reviewed annually by the Remuneration Committee in the last quarter of each year. Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect performance, changes in remit, roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.	No prescribed maximum
Pensions	The Group operates a defined contribution pension scheme for executive directors. Pension contributions are calculated on base salary only. Contributions are determined on an individual basis and take into account a number of factors including age, length of service, and number of years to retirement. The committee may alternatively pay a cash amount subject to all applicable employee and employer payroll taxes and social security.	For all future appointments, pensions will be capped at the rate applicable to the workforce in the relevant local market. Incumbent executive directors' pensions will be reduced to 10% by the end of 2024.
Benefits	Executive directors' benefits include but are not limited to life and health insurance, the use by the executive directors of company cars (or a taxable car allowance), and relocation or similar allowances on recruitment, each in line with typical market practice.	No prescribed maximum
Annual Bonus	Executive directors receive annual performance related bonus based on the attainment of financial targets set prior to the start of each year by the committee. Bonuses are paid on a sliding scale if the targets are met. Maximum bonus is only achieved if ambitious incremental growth targets are achieved. No more than 100% of salary may be delivered in cash through the bonus plan. Any performance related bonus achieved in excess of the amount payable in cash is satisfied by the grant of share awards, which are deferred for two years.	150% of base salary Part deferred
PSP	Executive directors are entitled to participate in the Group's Performance Share Plan (PSP). Under the terms of the PSP, performance shares are awarded to the executive directors and the senior management team. The performance shares will vest after three years only if the Company's underlying performance has improved during the three-year performance period, and if certain performance criteria are achieved over the performance period. The awards are subject to a two-year post-vesting holding period.	200% of salary 25% threshold vesting

In addition to the framework outlined, the following are key structural aspects of the remuneration policy.

Executive director shareholding guidelines

The committee recognises that share ownership is important in aligning the interests of management with those of shareholders. Shareholding guidelines are in place whereby all executive directors are required to acquire a holding of shares in the Company equal to 200% of salary. The executive directors in practice hold significantly in excess of this requirement, and details of these shareholdings are provided in the Report of the Directors contained in this Annual Report. Newly appointed executive directors are also subject to a post-employment shareholding policy equal to 200% of salary. The committee did not implement post employment guidelines for the current executive directors, having regard to their long-standing high levels of shareholdings and their existing contractual arrangements.

Clawback

The committee recognises that there could potentially be circumstances in which performance related pay (either annual performance related bonuses and/or PSP Awards) is paid out and where certain circumstances later arise which bring the committee to conclude that the payment should not have been made in full or in part. The clawback of performance related pay, and malus provisions (where awards are reduced to nil before they have vested) would apply in certain circumstances including:

- a material misstatement of the Company's financial results;
- a material breach of an executive's contract of employment;
- error in calculation;

	Max. opportunity as % salary	Performance measures and % weighting	Threshold target	Target for maximum	Performance achieved	Bonus outcome as % salary*
Chief Executive	150%	EPS	194.4c	235.3c	206.2c	38.55%
Chief Financial Officer	150%	EPS	194.4c	235.3c	206.2c	38.55%
Russell Shields	60%	Divisional profit	N/D	N/D	N/D	75.42%
	90%	EPS	194.4c	235.3c	206.2c	
Peter Wilson	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	
Gilbert McCarthy	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	

*Notional payout as committee discretion resulted in zero annual bonus.

- failure of risk management;
- corporate failure;
- any wilful misconduct, recklessness, and/or fraud resulting in serious damage to the financial condition or business reputation of the Company.

The committee may adjust the bonus and PSP that is payable if it considers the formulaic outcome is not representative of the underlying performance of the Company, investor experience or employee reward outcome.

The remuneration policy approved at the 2020 AGM is set out in full in the 2019 Annual Report and on our website at: www.kingspan.com.

2020 performance related bonus

In 2020 all executive directors were eligible for a maximum performance related bonus opportunity of up to 150% of base salary. The CEO and CFO's annual performance related bonuses were based on Group EPS growth targets over prior year, with the

maximum annual performance related bonus being payable on the achievement of 15% Group EPS growth over prior year. The committee considers this to be a truly stretching target.

For each of the Divisional MDs, up to 40% of their total bonus opportunity was based on achieving stretching divisional profit targets, with maximum bonus being payable on the achievement of 10% divisional profit growth. A further 60% of the Divisional MDs' total bonus opportunity is payable on the achievement of the same Group EPS targets as for the CEO and CFO, ensuring a healthy balance between incentivising divisional and Group growth.

While the Group delivered another year of robust financial performance, as set out by the Chair of the Remuneration Committee, following an evaluation of overall company performance, stakeholder experience and the matters arising from the Inquiry, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, it

was determined that no pay-outs would be made in respect of the 2020 annual performance bonus to any of the directors.

The table above sets out the performance against targets for each of the executive directors in respect of the year ended 31 December 2020.

We do not disclose the specific targets for the Divisional MDs, or performance against them, as these are commercially sensitive figures. While the committee is fully aware of the expectation that all bonus targets are disclosed in the year of payment, the specific targets for the Divisional MDs would provide information that would not otherwise be available to competitors, where such MDs are unlikely to be subject to comparable disclosure requirements.

2020 Remuneration Outturn
Directors' Remuneration for year ended 31 December 2020

Executive Directors	Gene Murtagh EUR'000		Geoff Doherty EUR'000		Russell Shiels ⁽¹⁾ EUR'000		Peter Wilson EUR'000		Gilbert McCarthy EUR'000		Total EUR'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fixed Remuneration												
Salary and Fees	888	870	573	562	523	522	512	477	530	520	3,026	2,951
Pension Contributions ⁽²⁾	161	158	140	137	173	174	198	186	106	104	778	759
Benefits ⁽³⁾	33	36	31	34	48	55	20	20	43	37	175	182
Total Fixed Remuneration	1,082	1,064	744	733	744	751	730	683	679	661	3,979	3,892
Performance Pay												
<i>Annual Incentives⁽⁴⁾</i>												
Cash Element	-	870	-	562	-	522	-	477	-	495	-	2,926
Deferred Share Awards	-	52	-	34	-	31	-	29	-	-	-	146
<i>Long Term Incentives⁽⁵⁾</i>												
LTI - Grant Value ^{(6) (7)}	1,308	1,348	740	795	620	757	586	720	684	720	3,938	4,340
LTI - Share Price Growth ^{(6) (7)}	800	640	452	378	379	360	358	342	418	342	2,407	2,062
Total Performance Pay	2,108	2,910	1,192	1,769	999	1,670	944	1,568	1,102	1,557	6,345	9,474
Total Remuneration	3,190	3,974	1,936	2,502	1,743	2,421	1,674	2,251	1,781	2,218	10,324	13,366

Non Executive Directors⁽⁸⁾

Eugene Murtagh	191	191
Linda Hickey	85	82
Michael Cawley	85	85
John Cronin	75	75
Bruce McLennan	75	75
Jost Massenberg	75	75
Anne Heraty ⁽⁹⁾	75	31
Helen Kirkpatrick ⁽¹⁰⁾	-	35
Total non-executive pay	661	649
Total Directors' remuneration	10,985	14,015

- (1) Russell Shiels' remuneration is denominated in USD, and has been converted to Euro at the following average rates USD: 1.142 (2019: 1.120).
- (2) The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement in cash.
- (3) Benefits principally relate to health insurance premiums and company cars/car allowances. In the case of Russell Shiels the cost of life insurance and permanent health benefit is also included.
- (4) The annual incentive amount is earned for meeting clearly defined EPS growth and divisional profit targets. Details of the bonus plan and targets are set out on page 75 of the Report of the Remuneration Committee.
- (5) Long Term Incentives are granted annually pursuant to the Kingspan Group Performance Share Plan (PSP). Details of the PSP scheme and targets are set out on page 79 of the Report of the Remuneration Committee.
- (6) The vesting value of the 2018 LTIP award (vesting in 2021) has been calculated using the average share price for the 30 day period ending 18 February 2021 being €57.52. The calculation for this award will be adjusted in next years' Annual Report to reflect the share price on the date of vesting (26 February 2021). The share price increased from the date of grant (share price: €35.70) to the share price used to determine the vesting value (share price: €57.52).
- (7) The vesting value of the 2017 LTIP award (that vested in 2020) has been calculated using the share price at the date of vesting (5 May 2020) of €46.10. The share price increased from the date of grant (share price: €33.00) to the date of vesting (share price: €46.10).
- (8) Non-executive directors receive a base fee of €75,000 per annum, plus an additional fee of between €7,500 and €10,000 for chairmanship of Board committees. They do not receive any pension benefit, or any performance or share based remuneration.
- (9) Anne Heraty was appointed as a non-executive director on 1 August 2019.
- (10) Helen Kirkpatrick retired as a non-executive director on 3 May 2019.

Performance Share Plan

The committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2018 had been met by reference to EPS and TSR targets over the three-year performance period to 31 December 2020. In addition, the committee reviewed overall performance and stakeholder experience during the three-year period up to December 2020. In 2018, the committee granted PSP Awards that were 50% based on EPS growth targets and 50% based on TSR targets:

Weighting	50%	50%
Measure	EPS	TSR
Threshold	CPI + 5%	Median
Maximum	CPI + 10%	Upper quartile
Performance	CPI +8.7%	93rd percentile
% Vesting	40%	50%

The peer group against which TSR performance was measured was as follows:

Armstrong World Industries Inc.	Owens Corning
Boral Ltd.	Rockwool Intl. A/S
CRH plc	SIG plc
Geberit AG	Sika
Grafton Group plc	Travis Perkins plc
Lafarge Holcim	USG Corporation
NCI Building Systems Inc.	Wienerberger AG

Following a review of the vesting levels, the committee was satisfied that they reflected company and individual performance over the three-year period.

Performance Share Plan									
Director		At 31 Dec 2019	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2020	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
	Unvested	122,350	24,268	(43,120)		103,498	0.13	26/02/21	24/02/27
	Vested	83,251		43,120	(126,371) ¹	-	0.13	-	-
		205,601	24,268	-	(126,371)	103,498	0.13		
Geoff Doherty									
	Unvested	69,777	13,430	(25,440)		57,767	0.13	26/02/21	24/02/27
	Vested	1		25,440	(25,441) ²	-	0.13	-	-
		69,778	13,430	-	(25,441)	57,767	0.13		
Russell Shiels									
	Unvested	63,266	12,422	(24,227)		51,461	0.13	26/02/21	24/02/27
	Vested	-		24,227	(24,227) ³	-	0.13	-	-
		63,266	12,422	-	(24,227)	51,461	0.13		
Peter Wilson									
	Unvested	61,000	12,422	(23,040)		50,382	0.13	26/02/21	24/02/27
	Vested	-		23,040	(23,040) ⁴	-	0.13	-	-
		61,000	12,422	-	(23,040)	50,382	0.13		
Gilbert McCarthy									
	Unvested	64,055	12,422	(23,040)		53,437	0.13	26/02/21	24/02/27
	Vested	72,673		23,040	(26,042) ⁵	69,671	0.13	24/02/18	05/05/24
		136,728	12,422	-	(26,042)	123,108	0.13		
Company Secretary									
Lorcan Dowd									
	Unvested	13,752	4,160	(4,752)		13,160	0.13	26/02/21	24/03/27
	Vested	15,438		4,752	(6,250) ⁶	13,940	0.13	24/02/18	05/05/24
		29,190	4,160	-	(6,250)	27,100	0.13		

¹ Exercised (83,251) on 21/02/20. Market value on day of exercise €64.55.
Exercised (43,120) on 13/10/20. Market value on day of exercise €79.89.

² Exercised on 21/08/20. Market value on day of exercise €64.75.

³ Exercised on 24/08/20. Market value on day of exercise €72.01.

⁴ Exercised on 28/09/20. Market value on day of exercise €76.55.

⁵ Exercised on 14/10/20. Market value on day of exercise €77.90.

⁶ Exercised on 20/11/20. Market value on day of exercise €74.44.

Deferred Share Awards						
Director		At 31 Dec 2019	Granted during year	Vested & transferred during year	At 31 Dec 2020	Earliest vesting/ transfer date
Gene M. Murtagh	Unvested	4,009	813	-	4,822	31/03/21
Geoff Doherty	Unvested	2,644	525	-	3,169	31/03/21
Russell Shiels	Unvested	2,424	488	-	2,912	31/03/21
Peter Wilson	Unvested	2,090	446	-	2,536	31/03/21
Gilbert McCarthy	Unvested	2,445	-	-	2,445	31/03/21

Executive retirement

Following his retirement at year end, Peter Wilson's unvested PSP awards will be reduced pro rata by an amount to reflect the proportion of the vesting period not actually served, in line with the scheme rules and remuneration policy as approved by shareholders in 2019. Mr Wilson did not receive any other compensation or payment on his retirement.

Non-executive directors

The non-executive directors each received fees which are approved by the Board as a whole. The Chairman's fee is €191,000. The basic non-executive director fee is €75,000. An additional fee of €7,500 is paid for chairing the Remuneration Committee, and a fee of €10,000 for chairmanship of the Audit & Compliance Committee and for the Senior Independent Director, to reflect the additional role and responsibilities (only one additional fee is paid if a director has dual roles).

A 50% cut in non-executive directors' fees was introduced for two months during 2020 reflecting the uncertainty relating to the COVID-19 pandemic which was reinstated later in the year, in line with payments to all employees.

Implementation of Remuneration Policy for 2021

The core principles of our remuneration philosophy as outlined earlier, frame our approach to 2021, namely simplicity, reward for high performance, and transparency.

Base salary and pension

The committee carried out a review of each of the divisional director's roles and salary levels during 2020. The committee noted that Russell Shiels' role and responsibilities had increased in recent years as President of Kingspan's Insulated Panels business in the Americas, as a result of recent organic and inorganic

expansion in LATAM. The committee agreed to give Mr Shiels a 3% salary increase in 2021, and proposed a broadly similar adjustment in 2022 to reflect his increased responsibilities. With regard to each of the other executive directors, their salaries for 2021 remain at the same level as those set at the beginning of 2020.

As outlined previously, the committee has made a significant change to the Company's policy on pensions, with the pension contributions of new executive directors limited to the levels applicable to the wider workforce in the market in which they work. In addition, commencing in 2021, the pension contributions of all incumbent executives are being reduced in instalments to 10% over the four-year period to the end of 2024.

Annual bonus

The maximum bonus opportunity for all the executive directors is 150% of salary (unchanged from 2020) with up to 100% of salary earned through the bonus plan delivered in cash and up to 50% of salary being deferred into shares in the Company for two years. For 2021, the committee has determined that the financial performance measures will remain unchanged from 2020.

As detailed in the 2019 Annual Report, the committee has considered the merits of including an additional non-financial measure that draws focus on certain strategic imperatives while remaining aligned with our philosophy of simplicity and pay for performance. During 2019, the Net Promoter Score (NPS) programme was launched by Kingspan across the Group. NPS is a rigorous measure of customer experience across a range of touch points in the business, and as such it closely aligns our strategy with the experience of one of our most important stakeholders, our customers.

From 2021, the committee has determined that an NPS measure of our customer satisfaction performance will be included in the bonus plan, accounting for 10% of pay-outs. This will constitute a third metric alongside the existing Group and divisional financial performance measures. The Group targets, and performance against them, will be disclosed in the 2021 Report of the Remuneration Committee.

Performance share awards

For 2021, the CEO will receive an award over shares with a market value of 175% of base salary. The other executive directors will receive awards over shares with a market value of approximately 150% of base salary (subject to adjustment to ensure internal parity and to manage exchange rate fluctuations between the divisional directors). These grant levels are unchanged from prior year, although the committee will keep this approach under review whilst ensuring that it does not breach the overall limits contained in the PSP rules.

During the year, the committee carried out a review of the constituent members of its TSR peer group. Two of the group, NCI Building Systems and USG Corporation had delisted in the previous 12 month period, and a third company, SIG plc, was no longer considered to be a suitable peer given its relative size to the other members of the group. The committee identified a number of potential companies to take their place in the TSR peer group, having regard to sector, market cap, revenue and geography, and having taken advice from its independent remuneration consultants, the committee selected Cornerstone Building Brands Inc, Compagnie de Saint Gobain SA and Mohawk Industries as suitable peers.

Accordingly, the peer group against which TSR performance will be measured for PSP grants made in 2020 and thereafter will be as set out adjacent.

Performance Measures	Weighting	Percentage vesting at threshold	Threshold vesting target	Maximum vesting target*
EPS	45%	25%	6% p.a	12% p.a
TSR	45%	25%	Median	Upper quartile
Planet Passionate	10%	0%	Various	Various

*Straight line vesting between threshold and maximum vesting

There is no change in peer group for in-flight awards.

Armstrong World Industries Inc.	Lafarge Holcim
Boral Ltd	Mohawk Industries
Compagnie de Saint Gobain SA	Owens Corning
Cornerstone Building Brands Inc	Rockwool Intl. A/S
CRH plc	Sika
Geberit AG	Travis Perkins plc
Grafton Group plc	Wienerberger AG

The committee also reviewed the performance framework of the PSP scheme. For the 2021 PSP Awards, the committee has selected the same financial performance measures based on EPS growth targets and relative TSR against the above peer group. The financial targets are set out in the table above. The committee considers that given the market and business outlook these targets are stretching yet realistic and are appropriately aligned with our risk appetite as well as internal and external forecasts.

The Committee also determined that the introduction of an additional ESG measure into the PSP framework would be appropriate, recognising the importance of non-financial measures to both short-and-long-term performance. The measure is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow its business whilst also enhancing the environmental benefits of its products. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP award. Kingspan has set internal annual targets at Group level to help keep the business on track to achieve our ambitious Planet Passionate 2025 & 2030 targets. The Group's progress against these targets will be reviewed and disclosed in Kingspan's annual Planet Passionate report.

Non-executive director fees

Following the retirement of Kingspan's founder Chairman, Eugene Murtagh, at this year's AGM, the Remuneration Committee will take advice and consider the appropriate level of fees for the new Non-Executive Chairman upon appointment. There will be no change to the other non-executive director fees for 2021.

Committee Governance

The Remuneration Committee comprises three independent non-executive directors, Linda Hickey (Chair), Michael Cawley and Bruce McLennan. The Company Secretary acts as the secretary to the committee. The Chief Executive does not normally attend meetings but provides input where relevant, to the committee chair prior to the meeting. No individual is present at a meeting when the terms of his own remuneration are discussed. The terms of reference are available on the Company's website: www.kingspan.com

The Remuneration Committee met three times during the year. Each meeting was attended by all the members of the committee, and an overview of the workings of the committee is set out adjacent.

External advisors

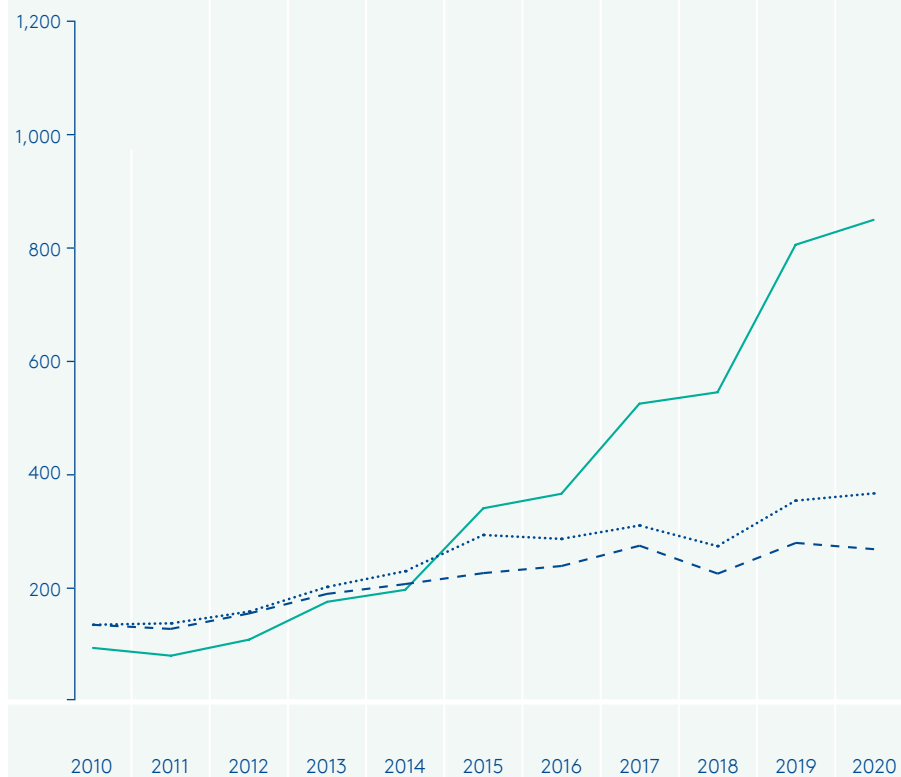
The Remuneration Committee obtained advice during the year from independent remuneration consultants Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct, and all advice is provided in accordance with this code. Korn Ferry did not provide any other services to Kingspan Group during the year. Accordingly, the committee is satisfied that the advice obtained was objective and independent.

Performance graph

The first graph overleaf shows the Company's TSR performance against the performance of the ISEQ and FTSE 250 indices over the 10-year period to 31 December 2020. The second graph shows the CEO's total remuneration (fixed and variable) over the 5-year period, compared to the Company's EPS and TSR performance over the same period.

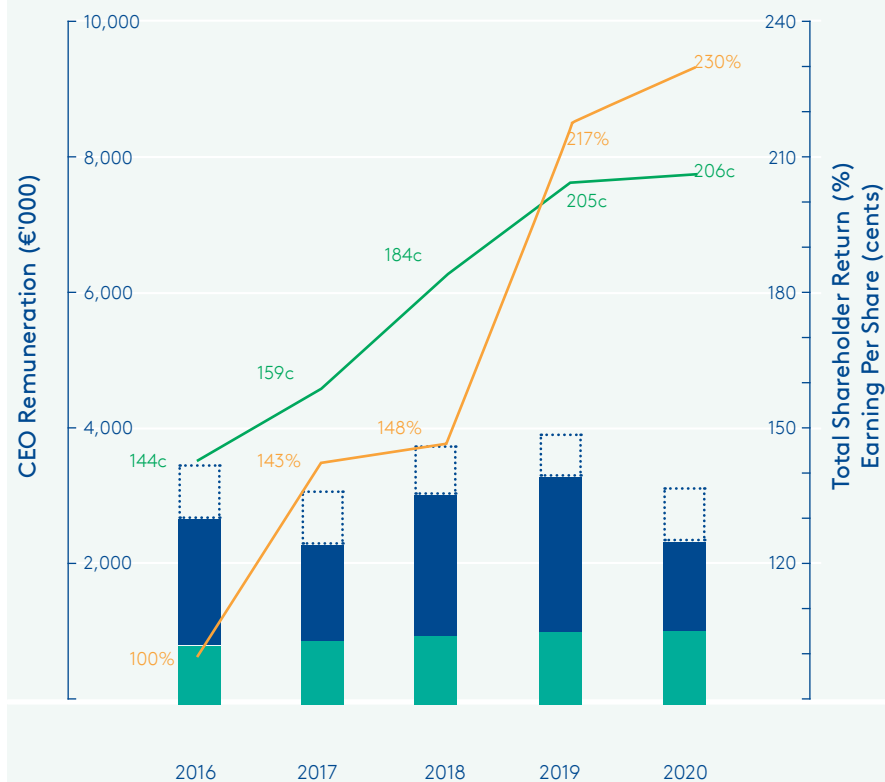
Remuneration Committee activities	FEB	JUN	NOV
Salary and fees			
Engage independent consultants for executive directors pensions review		•	
Review of overall remuneration policy			•
Review executives' salary, role and responsibilities for 2021			•
Review non-executives' fees for 2021			•
Approve Executive's pension alignment			•
Review Remuneration benchmark		•	
Review Non-financial performance measures			•
Performance pay			
Review executive bonus targets		•	
Assess Group and individual performance against targets for 2019	•		
Confirm percentage of performance bonus achieved for 2019	•		
Confirm vesting of 2019 Deferred Share Awards	•		
Agree Group and individual performance targets for 2021		•	
PSP Awards			
Assess performance of 2017/2019 PSP Awards against targets	•		
Determine percentage of 2017/2019 PSP Awards which vest	•		
Review performance measures for PSP Awards for 2020	•		
Agree targets and level for grants of PSPs Awards for 2020	•		
Review TSR peer group		•	
Governance			
Review and approve Remuneration Report for Annual Report 2019	•		
Update on governance and remuneration trends generally	•	•	•
Consider shareholder votes and feedback from AGM 2020		•	
Review of Shareholder Rights Directive		•	

Total Shareholder Returns



— Kingspan
 ISEQ
 --- FTSE 250

CEO Remuneration vs Kingspan Performance



■ Fixed Remuneration
 ■ Total Performance Pay (exc. share price growth)
 □ LTI Share Price Growth
 — TSR
 — EPS

Report of the Audit & Compliance Committee

MICHAEL CAWLEY

As Chairman of the Audit & Compliance Committee (the 'committee') I am pleased to present the report of the committee for the year ended 31 December 2020 to stakeholders and wider society.



Australia Melbourne
Jet Base / **Insulated
Panels** KingZip Linea
and RD 200/750

This report details how the Audit & Compliance Committee has met its responsibilities under its Terms of Reference, the Irish Companies Act 2014 and under the UK Corporate Governance Code (July 2018) over the last twelve months.

The Audit & Compliance Committee focused particularly on the appropriateness of the Group's financial statements. The committee has satisfied itself, and has advised the Board accordingly, that the 2020 Annual Report and financial statements are fair, balanced and understandable, and provide the information necessary for shareholders to assess the Company's performance, business model and strategy. The significant issues that the committee considered in relation to the financial statements and how these issues were addressed are set out in this report.

The Audit & Compliance Committee notes the requirements under section 225 of the Companies Act 2014 and has ensured that the directors are aware of their responsibilities and comply fully with this provision.

One of the Audit & Compliance Committee's key responsibilities is to review the Group's risk management and internal controls systems, including in particular internal financial controls. During the year, the committee carried out a robust assessment of the principal risks facing the company and monitored the risk management and internal control system on an on-going basis. Further details in regard to these matters are also set out in this Annual Report on page 38.

The committee also reviewed the effectiveness of both the external audit process and the internal audit function as part of the continuous improvement of financial reporting and risk management across the Group.

Michael Cawley
Chairman, Audit & Compliance Committee

Role and Responsibilities

The Board has established an Audit & Compliance Committee to monitor the integrity of the Company's financial statements and the effectiveness of the Group's internal financial controls. The committee's role and responsibilities are set out in the committee's Terms of Reference which are available from the Company and are displayed on the Group's website (www.kingspan.com). The Terms of Reference are reviewed annually and amended where appropriate. During the year the committee worked with management, the external auditors, internal audit, and other members of the senior management team in fulfilling these responsibilities.

In December 2020 the Terms of Reference of the committee were updated to include oversight of product compliance.

The Audit & Compliance Committee report deals with the key areas in which the Audit & Compliance Committee plays an active role and has responsibility. These areas are as follows:

1. Financial reporting and related primary areas of judgement;
2. The external audit process;
3. The Group's internal audit function;
4. Risk management and internal controls; and
5. Whistleblowing procedures.

Committee membership

As at 31 December 2020, the Audit & Compliance Committee comprised of three independent non-executive directors who are Michael Cawley (Chairman), Anne Heraty and Bruce McLennan. Bruce McLennan joined the committee in February 2020. The biographies of each can be found on page 61.

The Board considers that the committee as a whole has an appropriate and experienced blend of commercial, financial and industry expertise to enable it to fulfil its duties, and that the committee chairman, Michael Cawley B.COMM., F.C.A., has appropriate recent and relevant financial experience.

Meetings

The committee met four times during the year ended 31 December 2020 and attendance at the meetings is noted in the table adjacent. Activities of the Audit & Compliance Committee in each meeting is noted in the table adjacent.

Committee Member	Attended	Eligible	Appointment Date
Michel Cawley (chairman)	4	4	2014
Anne Heraty	4	4	2019
John Cronin	1	1	2015
Bruce McLennan	3	3	2020

Audit & Compliance Committee activities	FEB	JUN	AUG	NOV
Financial reporting				
Review and approve preliminary & half-year results	•		•	
Consider key audit and accounting issues and judgements	•		•	•
Approve going concern and viability statements	•			
Consider accounting policies and the impact of new accounting standards	•		•	
Review management letter from auditors	•			
Review of any related party matters and intended disclosures	•			
Review Annual Report, and confirm if fair, balanced and understandable	•			
External auditors				
Review of proposed auditor transition plan and timetable		•	•	
Approval of external audit plan				•
Governance update				•
Confirm audit independence, materiality of fees and non-audit services (KPMG)	•			
Confirmation of auditor independence (EY)				•
Approval of audit engagement letter and audit fees				•
Internal audit and risk management controls				
Review of internal audit reports and monitor progress on open actions	•	•	•	•
Approval of internal audit charter		•		
Approve internal audit plan and resources, taking account of risk management	•	•	•	•
Review of financial, IT and general controls	•	•	•	•
Monitor Group whistleblowing procedures	•	•	•	•
Review of finance team business continuity plan		•		
Review of impact of pandemic on financial control environment		•		
Review of Group liquidity position		•		
Assessment of the principal risks and effectiveness of internal control systems				•
Governance				
Review accounting regulator correspondence		•		
Group Code of Conduct				•
Directors' Compliance Statement policy and procedures				•

Each committee meeting was attended by the Group Chief Financial Officer and the Head of Internal Audit & Compliance. The external auditors also attended these meetings as required. The Company Secretary is the secretary of the Audit & Compliance Committee. Other directors can attend the meetings as required.

The chairman of the Audit & Compliance Committee also met with both the Head of Internal Audit & Compliance and the external audit lead partner outside of committee meetings as required throughout the year.

Committee Evaluation

As outlined on page 70 within the Corporate Governance Statement, the performance of the Board also includes a review of the committees. Any recommendations raised in relation to the Audit & Compliance Committee are acted upon in a formal and structured manner. No issues were identified for the year ending 31 December 2020.



USA Hilton Canopy Hotel, Arizona /
Insulated Panels
Dri-Design Painted
Aluminum

Financial Reporting

The committee is responsible for monitoring the integrity of the Group's financial statements and reviewing the financial reporting judgements contained therein. The financial statements are prepared by a finance team with the appropriate qualifications and expertise.

The committee confirmed to the Board that the Annual Report, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position and performance, business model and strategy.

In respect of the year to 31 December 2020, the committee reviewed:

- the Group's Trading Updates issued in May and November 2020;
- the Group's Interim Report for the six months to 30 June 2020; and
- the Preliminary Announcement and Annual Report to 31 December 2020.

In carrying out these reviews, the committee:

- reviewed the appropriateness of Group accounting policies and monitored changes to and compliance with accounting standards on an on-going basis;
- discussed with management and the external auditors the critical accounting policies and judgements that had been applied;
- compared the results with management accounts and budgets, and reviewed reconciliations between these and the final results;
- discussed a report from the external auditors identifying the significant accounting and judgemental issues that arose in the course of the audit;

- considered the management representation letter requested by the auditors for any non-standard issues and monitored action taken by management as a result of any recommendations;
- discussed with management future accounting developments which are likely to affect the financial statements;
- reviewed the budgets and strategic plans of the Group in order to ensure that all forward looking statements made within the Annual Report reflect the actual position of the Group; and considered key areas in which estimates and judgement had been applied in preparation of the financial statements including, but not limited to, a review of fair values on acquisition, the carrying amount of goodwill, intangible assets and property, plant and equipment, litigation and warranty provisions, recoverability of trade receivables, valuation of inventory, hedge accounting treatments, and treasury and tax matters.

The primary areas of judgement considered by the committee in relation to the Group's 2020 financial statements, and how they were addressed by the committee are set out overleaf.

Each of these areas received particular focus from the external auditor, who provided detailed analysis and assessment of the matter in their report to the committee.

In addition, the Internal Audit team review the businesses covered in their annual Internal Audit Plan, as agreed by the committee, and report their findings to the Audit & Compliance Committee throughout the year. These internal audit reviews are focused on areas of judgement such as warranty provisions, trade receivables and inventory and provide the committee information on the adequacy and appropriateness of provisions in these areas.

Primary areas of judgement	Committee activity
Consideration of impairment of goodwill	<p>The committee considered the annual impairment assessment of goodwill prepared by management for each Cash Generating Unit ("CGU") using a discounted cash flow analysis based on the strategic plans approved by the Board, including a sensitivity analysis on key assumptions. The primary judgement areas were the achievability of the long term business plans and the key macroeconomic and business specific assumptions. In considering the matter, the committee discussed with management the judgements made and the sensitivities performed. Further detail of the methodology is set out in Note 9 to the financial statements.</p> <p>EY also provided the committee with their evaluation of the impairment review process.</p> <p>Kingspan completed one material acquisition during the financial year. The allocation of goodwill to CGUs is not yet complete for the acquisition.</p>
Adequacy of warranty provisions	<p>The committee reviewed the judgements applied by management in assessing both specific and risk based warranty provisions at 31 December 2020. The committee reviewed and discussed with management the monthly reports presented to the Board which set out, for each of the Group's divisions, warranty provisions and warranty costs and analyse these costs as a percentage of divisional sales. Warranty provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
Recoverability of trade receivables and adequacy of receivables provision	<p>The committee reviewed the judgements applied by management in determining the bad debts provision at 31 December 2020. The committee reviewed and discussed with management the monthly board report which sets out aged analysis of gross debtor balances and associated bad debt provisions and reviewed security (including credit insurance) that is in place. Bad debt provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>

Primary areas of judgement	Committee activity
Valuation of inventory and adequacy of inventory provision	<p>The committee reviewed the valuation and provisioning for inventory at 31 December 2020. The main area of judgement was the level of provisioning required for slow moving and obsolete inventory. The committee reviewed and discussed with management the monthly board report which sets out, for each of the Group's divisions, gross inventory balances and associated obsolescence provision including an analysis by inventory, category and ageing. Inventory provisions are reviewed on an ongoing basis throughout the year in conjunction with the internal audit process. The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
Taxation	<p>Provisioning for potential current tax liabilities and the level of deferred tax asset recognition in relation to accumulated tax losses are underpinned by a range of judgements. The committee addresses these issues through a range of reporting from senior management and a process of challenging the appropriateness of management's views including the degree to which these are supported by professional advice from external legal and other advisory firms. This assessment was conducted in line with the provisions of IFRIC 23.</p> <p>The Group's accounting manual sets out detailed policies that prescribe the methodology to be used by management in calculating the above provisions. Each division formally confirms compliance with these policies on an annual basis.</p> <p>The committee was satisfied that such judgements were appropriate and the risk had been adequately addressed.</p>
Accounting for acquisitions	<p>Total acquisition consideration in 2020 amounted to €46.1m. The committee discussed with management and the external auditors the accounting treatment for newly acquired businesses, and the related judgements made by management, and were satisfied that the treatment in the Group's financial statements was appropriate.</p>

External auditor

The Audit & Compliance Committee has responsibility for overseeing the Group's relationship with the external auditor including reviewing the quality and effectiveness of their performance, their external audit plan and process, their independence from the Group, their appointment and their audit fee proposals.

Performance and audit plan

Following the completion of the 2019 year-end audit, the committee carried out a review of the effectiveness of the external auditor and the audit process. This review involved discussions with both group management and internal audit and feedback provided by divisional management. The committee continues to monitor the performance and objectivity of the external auditors and takes this into consideration when making its recommendations to the Board on the remuneration, the terms of engagement and the re-appointment, or otherwise, of the external auditors.

Prior to commencement of the 2020 year-end audit, the committee approved the external auditors' work plan and resources and agreed with the auditor's various key areas of focus, including accounting for acquisitions, impairments and warranty provisions.

During the year the committee met with the external auditors without management being present. This meeting provided the opportunity for direct dialogue and feedback between the committee and the auditor, where they discussed inter alia some of the key audit management letter points.

EU Audit Reform

The regulatory framework for the Group's statutory audit is governed by EU legislation under Directive 2014/56/EU and Regulation EU No. 537/2014. EU Audit reform legislation is applicable in the Member States of the European Union, including Ireland. Under this legislation, Kingspan Group plc is considered a Public

Interest Entity ("PIE"). Key developments falling from the implementation of this legislation are:

- a requirement that the PIE changes its statutory auditor every ten years (following rotation, the statutory audit firm cannot be reappointed for four years);
- a requirement that certain procedures are followed for the selection of the new statutory auditor; and
- restrictions on the entitlement of the statutory auditing firm to provide certain non-audit services.

Kingspan Group plc has fully complied with such EU Audit Reform from the period commencing 1 January 2017. With regards audit firm rotation, EY, was selected as the external auditor for the financial year commencing 1 January 2020. The selection process is outlined in more detail below.

Independence and objectivity

The committee is responsible for ensuring that the external auditor is objective and independent. EY was appointed as the Group's auditor on 11 June 2020, following a formal tender process in which a number of leading global firms submitted written tenders and presentations. The lead audit partner is Pat O'Neill and is rotated every five years.

The committee received confirmation from the auditors that they are independent of the Group under the requirements of the Ethical Standard issued by the Irish Auditing and Accounting Supervisory Authority ("IAASA"). The auditors also confirmed that they were

not aware of any relationships between the Group and the firm or between the firm and any persons in financial reporting oversight roles in the Group that may affect its independence.

Non-audit services

In order to further ensure independence, the committee has a policy on the provision of non-audit services by the external auditors that seeks to ensure that the services provided by the external auditors are not, or are not perceived to be, in conflict with auditor independence. By obtaining an account of all relationships between the external auditors and the Group, and by reviewing the economic importance of the Group to the external auditors by monitoring the audit fees as a percentage of total income generated from the relationship with the Group, the committee ensured that the independence of the external audit was not compromised. Last year the committee reviewed and updated its policy on the engagement of external auditors and the provision of non-audit services in order to bring it into full compliance with the EU audit reform legislation. An analysis of fees paid to the external auditor, including the non-audit fees, is set out in Note 5 and below.

Audit tender & rotation of auditors

A competitive audit tender process was launched in 2019. The committee was responsible for the design and operation of the tender process. The objectives were for the process to be efficient, fair and transparent and to submit two firms to the Board for appointment, with a reasoned preference for a single firm.

AUDIT V NON AUDIT SERVICES REMUNERATION (€m)

€2.7	€0.1	2020
€2.6	€0.9	2019
€2.0	€0.7	2018
€2.0	€0.5	2017

Audit Services

Non-Audit Services

Following the issuance of a Request for Proposal, a number of measures took place including visits to key manufacturing sites, numerous meetings with senior management and assurance that each of the firms would be suitably independent should they be appointed. The principal assessment criteria included:

- Audit quality;
- Experience; and
- Cultural fit

Subsequent to an evaluation of proposals and interactions, it was decided to take two firms to make final presentations to the committee and Group Chief Financial Officer. Following these final presentations, the committee recommended to the Board that EY be appointed to succeed KPMG as the Group's external auditor. The committee believes that the strength and experience of the EY team best met the predefined criteria set as part of the selection process.

As a result of this process, the Company's previous auditors, KPMG Chartered Accountants, retired following the conclusion of the audit for the 2019 financial year, with the Board then appointing EY as Group external auditor with effect for the financial year ending 31 December 2020.

Internal audit & compliance

The committee reviewed and agreed the annual internal audit plan, which the committee believes is appropriate to the scope and nature of the Group. The internal audit plan is risk based, with all divisions audited every year, and all new businesses audited within 12 months of acquisition.

The committee reviewed reports from the Head of Internal Audit & Compliance at its quarterly meetings. These reports enable the committee to monitor the progress of the internal audit plan, to discuss key findings and the plan to address them in addition to status updates of previous key findings.

The committee is responsible for reviewing the effectiveness of the internal audit function and does so based upon discussion with Group management, the Group's external auditors and feedback provided by divisional management. The committee was satisfied that the internal audit function is working effectively, improves risk management throughout the Group and that the internal audit team is sufficiently resourced in addition to having the adequate level of experience and expertise.

The terms of reference of the Audit & Compliance Committee were extended in December 2020 to include oversight of the processes around product certification. The Head of Internal Audit & Compliance will report to the committee in this regard.

Risk Management and Internal controls

The Audit & Compliance Committee has been delegated, from the Board, the responsibility for monitoring the effectiveness of the Group's system of risk management and internal control.

The Audit & Compliance Committee monitors the Group's risk management and internal control processes through detailed discussions with management and executive directors, the review and approval of the internal audit reports, which focus on the areas of greatest risk to the Group, and the external audit reports, as part of both the year-end audit and the half-year review process, all of which highlight the key areas of control weakness in the Group. All weaknesses identified by either internal or external audit are discussed by the committee with Group management and an implementation plan for the targeted improvements to these systems is put in place. The implementation plan is being overseen by the Group Chief Financial Officer and the committee is satisfied that this plan is being properly executed.

As part of its standing schedule of business, the committee carried out an annual risk assessment of the business to formally identify the key risks facing

the Group. Full details of this risk assessment and the key risks identified are set out in the Risks and Risk Management section of this Annual Report on pages 38 to 41.

These processes, which are used by the Audit & Compliance Committee to monitor the effectiveness of the Group's system of risk management and internal control, are in place throughout the accounting period and remain in place up to the date of approval of this Annual Report.

The main features of the Group's internal control and risk management systems that specifically relate to the Group's financial reporting and accounts consolidation process are set out in the Corporate Governance Report on page 67.

Whistleblowing procedures

The Group has a Code of Conduct, full details of which are available on the Group's website (www.kingspan.com).

Based on the standards set out in this Code of Conduct, the Group employs a comprehensive, confidential and independent whistleblowing phone service to allow all employees to raise their concerns about their working environment and business practices. This service then allows management and employees to work together to address any instances of fraud, abuse or other misconduct in the workplace.

Any instances of fraud, abuse or misconduct reported on the whistleblowing phone service are reported to the Head of Internal Audit & Compliance and the Company Secretary, who then evaluate each incident for onward communication to the committee. This onwards communication consists of the full details of the incident, key control failures, any financial loss and actions for improvement.

During the year, the committee reviewed the Group's whistleblowing process and were satisfied with the design and operating effectiveness of the process.



CURBING CARBON IN CONSTRUCTION

Kingspan's innovative building envelope solutions aim to help building designers reduce carbon emissions at the upfront, operational and end-of-life stages.

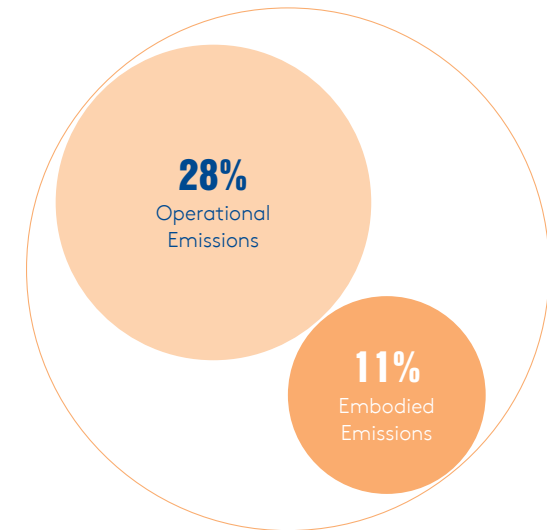
Australia ECU Science
Building / Insulated Panels
KS 1000 RW; Dri-Design
Rainscreen Facade





CARBON IN CONSTRUCTION 2020

Together, buildings and construction are responsible for 39% of all carbon emissions in the world, with operational emissions (from energy used to heat, cool, light and power appliances) accounting for 28%. The remaining 11% comes from embodied carbon emissions, or 'upfront' carbon that is associated with materials and construction processes throughout the whole building lifecycle.



THE BUILT ENVIRONMENT SECTOR HAS A VITAL ROLE TO PLAY IN RESPONDING TO THE CLIMATE EMERGENCY, AND ADDRESSING UPFRONT CARBON IS A CRITICAL AND URGENT FOCUS.

World Green Building Council
Bringing Embodied Carbon Upfront Report

KINGSPAN'S IMPACT ON EMBODIED CARBON

**THROUGH OUR
PLANET PASSIONATE
PROGRAMME, WE ARE
TARGETING A 50%
REDUCTION IN CARBON
EMISSIONS FROM OUR
PRIMARY SUPPLIERS
BY 2030.**

Kingspan's thinner, lighter insulation materials can reduce embodied carbon at the upfront stage, by reducing the structural members, associated foundations and ancillary products in construction.



**SEE HOW KINGSPAN'S QUADCORE™ CAN
REDUCE UPFRONT OR EMBODIED CARBON BY
UP TO 28% VERSUS ALTERNATIVE SYSTEMS**



USA Colby
College's
Athletics
Centre /
Insulated
Panels
Kingspan
QuadCore™ /
Photography
Colby College

KINGSPAN'S IMPACT ON OPERATIONAL CARBON

We invest to continuously improve the thermal performance of our insulation systems, with innovations such as QuadCore™ insulated panels and Kooltherm® insulation boards.

- 1 Assumes a 60 year product life
- 2 Estimate based off an EU airline disclosure of 10.5m tonnes of CO2e emissions in 2019

164m tonnes

164 million tonnes of CO2e will be saved over the life of our insulation systems sold in 2020¹



15 years

Enough to power a major airline for 15 years²

KINGSPAN'S IMPACT ON END OF LIFE CARBON

There are many reasons why a building constructed today might be repurposed or demolished at a future date. Consideration must also be given to the carbon impacts a building, and the products with which it has been constructed, will have at the end of their life.

Recycling can be a very carbon intensive process. Building materials must be transported to recycling depots, separated and, where possible, reprocessed into reusable materials with the remainder going to waste.

This is why designing for reuse, repair and remanufacturing is a key principle in carbon efficient and circular thinking.



8000m² Kingspan UltraTemp panels are ready for reuse after a successful coldstore warehouse demolition

**KINGSPAN'S MODULAR
CONSTRUCTION COMPONENTS,
INCLUDING INSULATED PANELS
AND ACCESS FLOORING, CAN BE
EASILY DISASSEMBLED FOR REUSE.**

Report of the Directors

GENE M. MURTAGH
GEOFF DOHERTY

The directors of Kingspan Group plc ("Kingspan") have pleasure in presenting their report with the audited financial statements for the year ended 31 December 2020.

Principal Activities

Kingspan is the global leader in high-performance insulation and building envelope solutions. Kingspan Group plc is a holding company for the Group's subsidiaries and other entities. The Group's principal activities comprise the manufacture and distribution of the following product suites as part of the complete "Building Envelope":

- Insulated panels
- Structural framing
- Architectural facades
- Rigid insulation boards
- Building services insulation
- Engineered timber systems
- Natural daylighting
- Ventilation and smoke management solutions
- Raised access floors
- Data centre storage solutions
- Energy storage solutions
- Rainwater and wastewater solutions
- Renewable energy systems

Kingspan comprises five key business divisions which are Insulated Panels, Insulation Boards, Light & Air, Water & Energy and Data & Flooring. These divisions offer a suite of complementary building envelope solutions for both the new build and refurbishment markets.

Results and Dividends

Group turnover for the year ended 31 December 2020 was €4.6bn (2019: €4.7bn), trading profit was €508.2m (2019: €497.1m), and earnings per share were 206.2 cent (2019: 204.6 cent). The Consolidated Income Statement is set out later in this Annual Report and a detailed review of the Group's performance from a financial and operational perspective is contained within the Business & Strategic Report.



REVENUE
(€bn)

2%



2020

€4.6

2019

€4.7



TRADING PROFIT
(€m)

2%



2020

€508.2

2019

€497.1



EPS
(cent)

1%



2020

206.2

2019

204.6

The Board has proposed a final dividend if approved at the Annual General Meeting 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 payout approximately 15% of earnings. The policy will be reviewed periodically to ensure it remains appropriate over time having regard to the capital needs for the business.

Business Review

The Business & Strategic Report contained in this Annual Report, including the Chief Executive's Review and the Financial Review, sets out management's review of the Group's business during 2020. The key points include:

- Revenue down 2% to €4.6bn, (pre-currency, in line with prior year).
- Trading profit up 2% to €508.2m, (pre-currency, up 5%).
- Acquisitions contributed 7% to sales growth and 6% to trading profit growth in the year.
- Free cashflow up 42% to €479.7m.
- Group trading margin¹ of 11.1%, an increase of 40bps.
- Basic EPS up 1% to 206.2 cent.
- Final dividend per share of 20.6 cent.
- Year-end net debt of €236.2m (2019: €633.2m). Net debt² to EBITDA² of 0.4x (2019: 1.1x).
- ROCE of 18.4% (2019: 17.3%).

- 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, 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 recovery effort underway.



1 Trading profit divided by total revenue.
2 Net Debt and EBITDA both pre-IFRS 16.

The Business & Strategic Report contained in this Annual Report sets out the “four pillars” of Kingspan’s strategy which drive conversion from traditional methods of construction to ultra-performance building envelopes, these are:

INNOVATION

Differentiation from competitors driven by superior innovation.

GLOBAL

The continued evolution of Kingspan’s geographic footprint as we build market leading positions globally.

PLANET PASSIONATE

Through our Net Zero Energy programme, we have made great strides in powering our business on renewable energy. With Planet Passionate we are setting ourselves even more challenging goals for the next 10 years. We are committing to hard targets in the areas of energy, carbon, circularity and water. 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, which aim to proactively address the key sustainability challenges that face our planet.

COMPLETING THE ENVELOPE

Expanding our business to include product categories which complement our product portfolio in offering complete, ultra-performance, building envelope solutions.

Throughout 2020, Kingspan made significant progress in pursuit of this strategy with the result that Kingspan has continued to deliver a robust performance. This strategy will remain the focus of the execution of Kingspan’s strategic plan for the foreseeable future.

Principal Risks and Uncertainties

The principal risks and uncertainties facing the Group, and the actions taken by Kingspan to mitigate them are detailed in the Risk & Risk Management Report contained in this Annual Report. The principal risks are:

- Volatility in the macro environment;
- Product failure;
- Failure to innovate;
- Business interruption (including IT continuity and climate change);
- Credit risk and credit control;
- Employee development & retention;
- Fraud & cybercrime;

- Acquisition and integration of new businesses;
- Health & Safety; and
- Laws and regulations.

Key Performance Indicators

The directors are pleased to report on the very positive performance during 2020 against all of its key performance indicators. A detailed commentary incorporating key performance indicators is contained within the Financial Review and in the Sustainability Report contained in this Annual Report. A number of the key performance indicators have been included in more detail on page 158 ‘Alternative Performance Measures’. The key performance indicators for Kingspan upon which particular emphasis is placed are listed below.

Innovation

At Kingspan innovation is a core pillar of our strategy and we view it as a key strategic advantage. We believe building industry traditions must be challenged through innovation in advanced materials and digital technologies in order to achieve a net zero emissions future.

KPIS FINANCIAL	Basic EPS growth	206.2 cent (up 1%)	See page 30
	Sales performance	€4.6bn (down 2%)	See page 30
	Trading margin	11.1% bps (up 40 bps)	See page 30
	Free cash flow	€479.7m (up €142.6m)	See page 30
	Return on capital employed	18.4% (up 110 bps)	See page 30
	Net debt/EBITDA	0.4x (2019: 1.1x)	See page 30
KPIS NON-FINANCIAL	Net Zero Energy	100% (up 10 percentage points)	See page 50
	Health & Safety	1.2x per 100k hours (-14%)	See page 52
	Gender balance	19% female (unchanged)	See page 52
	Waste recycling	67.8% (up 278 bps)	See page 51

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 digitisation. By surfacing our products digitally, we're making it easier to find them, specify them, buy them, build with them and track them.

In the year ended 31 December 2020, the Group's research and development expenditure amounted to €33.1m (2019: €31.9m). Research and development expenditure is generally written off in the year in which it is incurred. In 2020 we launched the award winning nano-prismatic Day-Lite Kapture Skylight and we continued to progress development on the following key projects:

- PV solar-integrated PowerPanel® 2.0;
- Fibre-free A1 classified AlphaCore® insulation;
- QuadCore™ 2.0;
- Kooltherm® 200 series;
- Unitised facade solutions;
- Digitalisation of the construction industry; and
- Translucent insulated solutions.

Corporate Governance

The directors are committed to achieving the highest standards of corporate governance. A statement describing how Kingspan has applied the principles of good governance set out in the UK Corporate Governance Code (July 2018) is included in the Report of the Nomination & Governance Committee contained in this Annual Report. The Corporate Governance Statement is treated as forming part of this Annual Report.

Code Of Conduct

Kingspan knows that our business success is inextricably linked to our behaviours, and high standards of integrity, honesty and compliance. Kingspan recently implemented a new Code of Conduct setting out our aspiration to maintain a culture where our everyday actions are built on five core principles:

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

The Code sets out these fundamental principles which all directors, officers and employees of Kingspan are required to adhere to in meeting those standards. <https://www.kingspan.com/group/commitments/people-and-community/our-code-of-conduct>.

Sustainability

Our mission is 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. Aligned with our mission, we aim to make significant advances in the sustainability of both our business operations and our products. In 2011 we set ourselves an almost impossible challenge: by 2020, on an aggregated basis, we committed to matching 100% of our operational energy with renewable energy. We are proud to report that we achieved this goal in 2020. Highlights of the programme include: a 5 fold increase in our on-site renewable energy generation; a 35%

reduction in absolute Scope 1 & 2 greenhouse gas emissions since 2013; and a 36% decrease in heating and lighting costs per unit of revenue. In December 2019 we launched the next phase of our sustainable development, our new 10 year Planet Passionate programme, setting ourselves challenging targets in the areas of energy, carbon, circularity and water. Learn more at www.kingspan.com under 'Our Commitments' and in our Planet Passionate report due to be published in March 2021.

Accounting Records

The directors are responsible for ensuring that accounting records, as outlined in Sections 281 to 285 of the Companies Act 2014, are kept by the Group. The directors have provided appropriate systems and resources, including the appointment of suitably qualified accounting personnel, to maintain adequate accounting records throughout the Group, in order to ensure that the requirements of Sections 281 to 285 are complied with. The accounting records of the Company are maintained at the principal executive offices located at Dublin Road, Kingscourt, Co. Cavan, A82 XY31, Ireland.

The European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006

Structure of the Company's share capital

At 31 December 2020, the Company had an authorised share capital comprised of 250,000,000 (2019: 250,000,000) ordinary shares of €0.13 each and the Company's total issued share capital comprised 183,402,238 (2019: 182,785,222) Ordinary Shares, of which the Company held 1,870,284 (2019: 1,907,826) Ordinary Shares in treasury. All of these shares are of the same class. With the exception of treasury shares which have no voting rights and no entitlement to dividends, they all carry equal voting rights and rank for dividends.

Shareholding analysis as at 31 December 2020:

Shareholding range	Number of accounts	% of total	Number of shares held	% of total
1 - 1,000	2,822	56.7	1,124,850	0.6
1,001 - 10,000	1,414	28.4	4,636,904	2.5
10,001 - 100,000	548	11.0	18,551,192	10.1
100,001 - 1,000,000	160	3.2	46,957,446	25.6
Over 1,000,000	36	0.7	112,131,846	61.2
	4,980	100.00	183,402,238	100.00

Details of persons with a significant holding of securities in the Company are disclosed below:

Notification Date	Shareholder	Shares held	%
27/01/2021	Eugene Murtagh	27,018,000	14.88%
14/01/2021	Blackrock, Inc.	12,894,941	7.10%
11/07/2019	Allianz Global Investors GmbH	8,966,284	4.96%
17/02/2021	Bailie Gifford & Co.	8,972,855	4.94%
07/08/2019	Ameriprise Financial Inc	7,228,355	4.00%
11/02/2021	FMR LLC	5,797,663	3.19%

The number of shares held as treasury shares at the beginning of the year was 1,907,826 (1.04% of the then issued share capital (excluding treasury shares)) with a nominal value of €248,017.38. A total of 37,542 shares (0.02% of the issued share capital (excluding treasury shares)) with a nominal value of €4,880.46 were re-issued during the year consequent to the exercise of share options under the Kingspan Group Employee Benefit Trust, leaving a balance held as treasury shares as at 31 December 2020 of 1,870,284 (1.03% of the issued share capital (excluding treasury shares)) with a nominal value of €243,136.92.

Further information required by Regulation 21 of the above Regulations as at 31 December 2020 is set out in the Shareholder Information section of this Annual Report.

Directors and Secretary

The directors and secretary of the Company at the date of this report are as shown in this Annual Report on pages 60 and 61. Mr Eugene Murtagh will be retiring as Chairman and non-executive director following the conclusion of the AGM on 30 April 2021 and will be succeeded by Mr Jost Massenberg. Mr Peter Wilson retired as an executive director

on 31 December 2020, and Éimear Moloney and Paul Murtagh will be appointed as a non-executive directors with effect from 30 April 2021.

Further details of the Board changes are set out in the Report of the Nomination & Governance Committee in this Annual Report.

Directors' & Secretary's Interests In Shares

The beneficial interests of the directors and secretary and their spouses and minor children in the shares of the Company at the end of the financial year are as follows:

	31-Dec-20	31-Dec-19
Eugene Murtagh	27,018,000	27,018,000
Gene Murtagh	1,079,207	1,079,207
Geoff Doherty	221,721	251,495
Russell Shiels	200,000	200,000
Peter Wilson*	389,376	389,376
Gilbert McCarthy	255,576	255,576
Linda Hickey	5,000	5,000
Michael Cawley	30,600	30,600
John Cronin	8,000	8,000
Bruce McLennan	10,000	10,000
Jost Massenberg	0	0
Anne Heraty	2,250	2,250
Lorcan Dowd	3,188	2,919
	29,222,918	29,252,423

* Retired as a director on 31 December 2020.

Details of the directors' and secretary's share options at the end of the financial year are set out in the report of the Remuneration Committee contained in this Annual Report.

As at 19 February 2021, there have been no changes in the directors' and secretary's interests in shares since 31 December 2020.

Conflicts Of Interest

None of the directors have any direct or indirect interest in any contract or arrangement subsisting at the date hereof which is significant in relation to the business of the Company or any of its subsidiaries nor in the share capital of the Company or any of its subsidiaries.

Financial Instruments

In the normal course of business, the Group has exposure to a variety of financial risks, including foreign currency risk, interest rate risk, liquidity risk, and credit risk. The Company's financial risk objectives and policies are set out in Note 19 of the financial statements.

Political Donations

Neither the Company nor any of its subsidiaries have made any political donations in the year which would be required to be disclosed under the Electoral Act 1997.

Subsidiary Companies

The Group operates from 166 manufacturing sites, and has operations in over 70 countries worldwide.

The Company's principal subsidiary undertakings at 31 December 2020, country of incorporation and nature of business are listed on pages 163 to 165 of this Annual Report.

The Company does not have any branches outside of Ireland.

Outlook

The Board fully endorses the outlook ("Looking Ahead") expressed in the Chief Executive's Review on pages 18 to 27 of this Annual Report.

Significant Events Since Year-end

There have been no significant events since the year-end.

Going Concern

The Board has assessed the principal risks and uncertainties facing the Group, including the ongoing pandemic and the impact it is having on the global economy. Kingspan delivers highly efficient, low carbon building product solutions across a broad range of building applications and geographies. The potential exposure to a downturn due to the pandemic or other significant economic event in any one construction market is partially mitigated by the Group's exposure to a wide set of geographies, market sectors and building types. Globally there is an increasing focus on climate change. Kingspan is well placed to benefit from this trend, that is prompting an increase in demand for insulation and other energy efficient products that support energy conservation.

2021 has started strongly with orderbooks ahead of where they were at the beginning of 2020. The Group has significant liquidity with cash and available facilities of €2.1bn. Debt facilities maturing in 2021 will be repaid from cash. The weighted average maturity of debt is 6.3 years. Net Debt to EBITDA is 0.4x which is significantly below the covenant ceiling of 3.5x.

The directors have reviewed budgets and projected cash flows for a period of not less than 12 months from the date of this Annual Report, and considered its net debt position and capital commitments, available committed banking facilities and other relevant information including the economic conditions currently affecting the building environment generally and the Group's Strategic Plan. The budget for the 12 months has been subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios.

On the basis of this review the directors have concluded that there are no material uncertainties that would cast significant doubt over the Company's and the Group's ability to continue as a going concern. For this reason, the directors consider it appropriate to continue to adopt the going concern basis in preparing the Group and Company financial statements.

Viability Statement

In accordance with Provision 31 of the 2018 UK Corporate Governance Code, the directors are required to assess the prospects of the Company, explain the period over which we have done so and state whether we have a reasonable expectation that the Company will be able to continue in operation and meet liabilities as they fall due over this period of assessment. The directors have assessed the prospects of the Group over the three-year period to February 2024.

The directors concluded that three years was an appropriate period for the assessment, having had regard to:

- the Group's rolling Strategic Plan which extends to 2024;
- the Group's long-term funding commitments some of which fall to be repaid during the period;
- the inherent short-cycle nature of the construction market including the Group's order book and project pipeline; and
- the potential impact of macro-economic events and political uncertainty in some regions such as the UK and Middle East.

It is recognised that such future assessments are subject to a level of uncertainty that increases with time, and therefore future outcomes cannot be guaranteed or predicted with certainty.

The Group Strategic Plan is approved by the Board, building upon the several divisional management plans as well as the Group's strategic goals.

It is based on a number of cautious assumptions concerning macro growth and stability in our key markets, and continued access to capital to support the Group's ongoing investments. The strategic plan is subject to stress testing which involves flexing a number of the main assumptions underlying the forecast in severe but reasonable scenarios. Such assumptions are rigorously tested by management and the directors. It is reviewed and updated annually and was considered and approved by the Board at its meeting in October 2020.

In making this assessment, the directors have also considered the resilience of the Group and its end-markets during the pandemic. The directors also note the current cash reserves of the Group, the weighted average maturity of debt of 6.3 years and the significant headroom on funding covenants. The directors also considered the other principal risks facing the business as outlined in the Risk & Risk Management Report contained in this Annual Report, and the Group's ability to manage those risks. The risks have been identified using a top-down and bottom-up approach, and their potential impact was assessed having regard to the effectiveness of controls in place to manage each risk. In assessing the prospects of the Group many potential impacts have been considered as have the mitigating factors in place.

Based on this assessment the directors have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three-year period of their assessment.

Directors' Responsibility Statement

Each of the directors whose names and functions are set out in the Board section of this Annual

Report confirm their responsibility for preparing the Annual Report and the consolidated and company financial statements in accordance with applicable Irish law and regulations.

Company law in Ireland requires the directors to prepare financial statements for each financial year. Under that law the directors have to prepare the consolidated financial statements in accordance with International Financial Reporting Standards (IFRSs) as adopted by the European Union (EU). The directors have elected to prepare the Company financial statements in accordance with IFRSs as adopted by the EU and as applied by the Companies Act 2014. The financial statements are required by law to give a true and fair view of the assets, liabilities and financial position of the Group and Company and of the profit or loss of the Group for that period. In preparing those financial statements, the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether applicable IFRSs have been followed, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Company, and the Group as a whole, will continue in business.

The directors are responsible for keeping accounting records which disclose with reasonable accuracy at any time the financial position of the Group and the Company and which enable them to ensure that the financial statements comply with the Companies Act 2014 and Article 4 of the IAS Regulation.

They are responsible for safeguarding the assets of the Group and hence for taking reasonable

steps for the prevention and detection of fraud and other irregularities.

The directors are responsible for the maintenance and integrity of the corporate and financial information on the Company's website. Legislation in the Republic of Ireland governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Financial Regulator, the directors confirm that to the best of their knowledge:

- the Group financial statements and the Company financial statements, prepared in accordance with the applicable set of accounting standards, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Group and Company; and
- the Report of the Directors includes a fair review of the development and performance of the business and the position of the Group and Company, together with a description of the principal risks and uncertainties that they face.

They are also satisfied in compliance with Provision 27 of the 2018 UK Corporate Governance Code:

- that the Annual Report and financial statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group's position, business model and strategy.

Directors' Compliance Statement

The directors acknowledge that they are responsible for securing the Company's compliance with its relevant obligations in accordance with Section 225(2) (a) of the Companies Act 2014 (the "Act") (described below as the "Relevant Obligations").

In accordance with Section 225 (2) (b) of the Act, the directors confirm that they have:

1. drawn up a Compliance Policy Statement setting out the Company's policies (that are, in the opinion of the directors, appropriate to the Company) in respect of the compliance by the Company with its Relevant Obligations;
2. put in place appropriate arrangements or structures that, in the opinion of the directors, provide a reasonable assurance of compliance in all material respects with the Company's Relevant Obligations; and
3. during the financial year to which this report relates, conducted a review of the arrangements or structures that the directors have put in place to ensure material compliance with the Company's Relevant Obligations.

Audit Information

Each of the directors have taken all the steps that they should or ought to have taken as a director in order to make himself or herself aware of any relevant audit information and to establish that the Group's statutory auditors are aware of that information. So far as the directors are aware, there is no relevant information of which the Group's statutory auditors are unaware.

Auditor

In accordance with Section 383(2) of the Companies Act 2014 and following a rigorous tender process, as detailed in the Report of

the Audit & Compliance Committee, the committee recommended EY and the Board appointed EY on 11 June 2020 as Group external auditor with effect for the financial year ending 31 December 2020 and EY will continue in office.

On Behalf Of The Board

Gene M. Murtagh,
Chief Executive Officer

Geoff Doherty,
Chief Financial Officer

19 February 2021

