

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

Statement of compliance

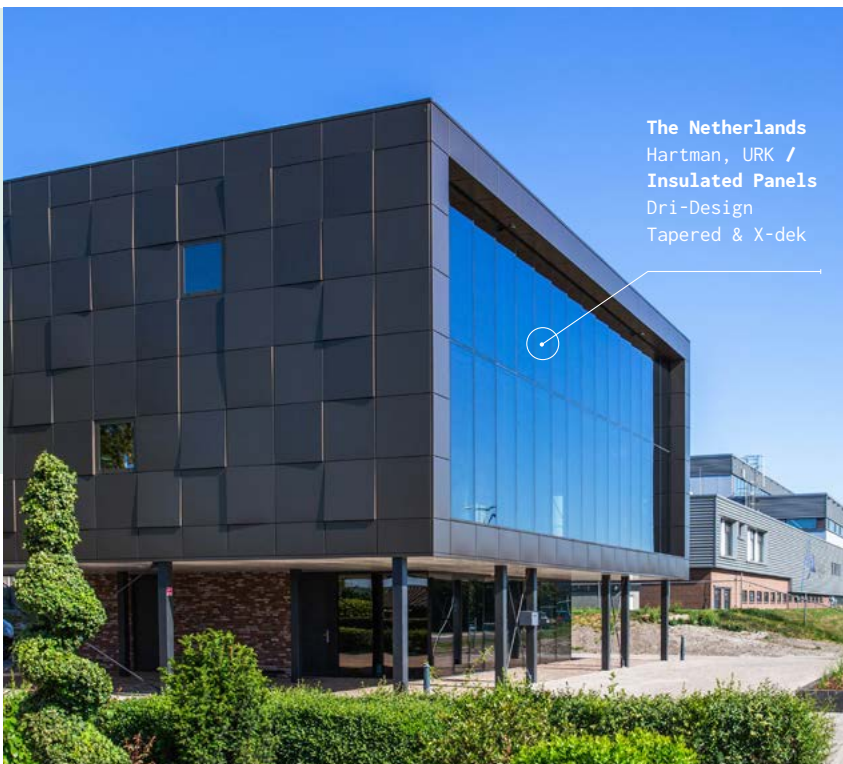
The directors confirm that the Company has throughout the accounting period ended 31 December 2020 complied with the provisions of the UK Corporate Governance Code (July 2018) as set out below.

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

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').

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.



The Netherlands
Hartman, URK /
Insulated Panels
Dri-Design
Tapered & X-dek

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

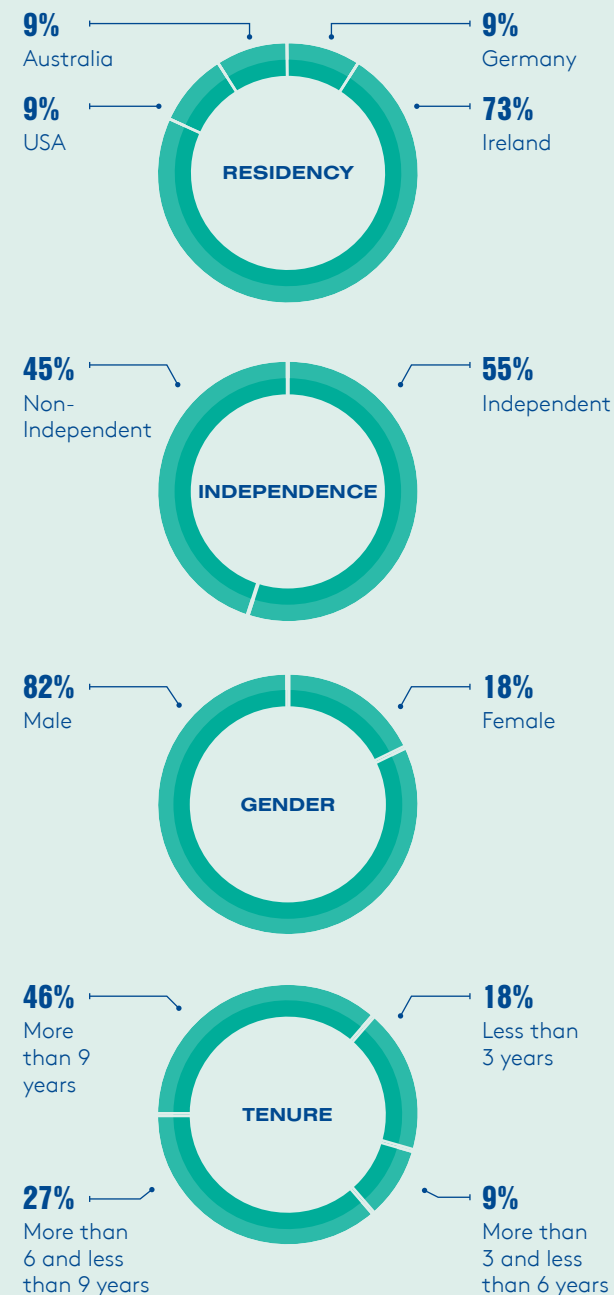
Board, as well as the scrutiny and, when necessary, the challenging of management, as part of the evolution of our governance framework, the Committee has previously adopted a conflicts of interest policy which guides all decisions of the Board when actual or potential conflicts of interest arise.

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