Kingspan is committed to operating best practice standards of good governance, accountability and transparency. This tone is set by the Group Board of Directors and communicated throughout the Group regardless of division or geographical location.

The Board
The Board of Kingspan Group plc is responsible for the leadership, strategic direction and the long term success of the Group. It sets the Group’s strategic aims, establishes the Group’s values and standards, and monitors compliance within a framework of effective controls.

The Board is comprised of twelve directors, five of whom are executive directors and seven, inclusive of the Chairman, are non-executive directors. Further details on the members of the Board, including short biographies, can be found in the section entitled “The Board” on pages 52 and 53. Each of the executive directors has a combination of general business skills and experience in the construction materials market. The non-executive directors represent a diverse business background complementing the executive directors’ skills.

All of the directors bring an objective judgement to bear on issues of strategy, resources and standards of performance both on an individual and collective basis. The directors believe that the Board includes an appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively and to address any challenges as they arise.

The schedule of matters reserved for Board discussion includes the following:

- On recommendation of the Remuneration Committee determining the remuneration for executive directors, secretary and non-executive directors; and
- Approving the Group’s long term debt facilities and capital structure.

The Board met formally 6 times during the year, as well as informally on an ad-hoc basis as and when required. Attendance at Board and committee meetings is set out in the table below. The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team.

This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the UK Corporate Governance Code (April 2016) ("the Code") and the Irish Corporate Governance Annex ("the Annex").

The full text within the Code and the Annex can be obtained from the following websites respectively:
- www.frc.org.uk
- www.ise.ie

Statement of compliance
The directors confirm that the Company has throughout the accounting period ended 31 December 2018 complied with the provisions of the UK Corporate Governance Code (April 2016) and the Irish Corporate Governance Annex.

The directors consider that there is a strong independent representation on the Board. The Board has had an appropriate balance of skills, experience and diversity, and is responsible for the leadership, strategic direction and the long term success of the Group. It sets the Group’s 5 year strategic plan and the annual budget; approving all major capital expenditure, investments, material contracts, acquisitions and disposals of businesses and other assets; reviewing management’s corporate and financial performance; overall review of the Group’s internal controls; and appointment of executive and non-executive directors and succession planning.

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, half of the Board, excluding the Chairman, comprised independent non-executive directors. Helen Kirkpatrick is nominated as the senior independent director of the Company to provide a sounding board for the Chairman and to serve as an intermediary for the other directors when necessary.

The directors believe that the Board includes an appropriate balance of skills, experience, independence and knowledge of the Group to enable them to discharge their respective duties and responsibilities effectively and to address any challenges as they arise.

The balance of executive and non-executive directors facilitates constructive and effective challenge and debate. Whilst it is intended to progressively refresh the independent non-executive directors on the Board having regard to their mix of skills, experience and diversity, it is not at present intended to change the size of the Board. The Nomination Committee has reviewed the size and performance of the Board during the year and this process occurs once annually.

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.

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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Board</th>
<th>Audit</th>
<th>Nominations</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eugene Murtagh</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Gene M. Murtagh</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Geoff Doherty</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russell Shields</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Wilson</td>
<td>6</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Gilbert McCarthy</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Helen Kirkpatrick</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>John Cronin</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Bruce McLennan</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Jost Massenberg</td>
<td>5</td>
<td></td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>

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.

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.

<table>
<thead>
<tr>
<th>Name</th>
<th>Board</th>
<th>Audit</th>
<th>Nominations</th>
<th>Remuneration</th>
</tr>
</thead>
<tbody>
<tr>
<td>Eugene Murtagh</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Gene M. Murtagh</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Geoff Doherty</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Russell Shields</td>
<td>6</td>
<td>6</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Peter Wilson</td>
<td>6</td>
<td></td>
<td></td>
<td>5</td>
</tr>
<tr>
<td>Gilbert McCarthy</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Helen Kirkpatrick</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>4</td>
</tr>
<tr>
<td>John Cronin</td>
<td>6</td>
<td>6</td>
<td>4</td>
<td>2</td>
</tr>
<tr>
<td>Bruce McLennan</td>
<td>6</td>
<td>6</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>Jost Massenberg</td>
<td>5</td>
<td></td>
<td>4</td>
<td></td>
</tr>
</tbody>
</table>
due regard to various matters which might affect, or appear to affect, the independence of some of the directors, and the Board considers that Helen Kirkpatrick, Linda Hickey, Michael Cawley, John Cronin, Bruce McLennan and Jost Massenberg are independent.

In determining the independence of Helen Kirkpatrick, the Board had due regard to her length of service as a non-executive director on the Board, which was extended beyond nine years following consultation with ISS and the IAM at that time. Having considered the circumstances, the Board formed the view that she has always expressed a strongly independent voice at the Board and its Committee meetings, including the Remuneration Committee of which she is chairman, and that she has always exercised her judgement as a non-executive director and as the Senior Independent Director independent of any other relationship she may have with the Group.

Her independence and sound judgement have also been recognised in her other external appointments. In determining the independence of Linda Hickey, the Board had due regard to her position as a senior executive at Goodbody stockbrokers, one of the Company’s corporate brokers. Having due regard to the fact that the level of fees and expenses paid to Goodbody stockbrokers in respect of their role as the Company’s corporate brokers is less than 1% of McCann FitzGerald’s annual revenues, the Board concluded that there was no material relationship, financial or otherwise, which might either directly or indirectly influence her judgement.

When considering John Cronin’s independence, the Board had due regard to his position as a partner at McCann FitzGerald, one of the Company’s legal advisers. Mr Cronin is not engaged directly in the provision of legal advice to the Company and appropriate arrangements have been put in place within McCann FitzGerald to ensure that no conflict of interest could arise. The total fees paid to McCann FitzGerald during the year (details of which are set out in Note 33) account for less than 1% of McCann FitzGerald’s annual revenues. In these circumstances the Board concluded that there was no material relationship, financial or otherwise, which might either directly or indirectly influence his judgement.

The Board therefore concluded that neither Ms Kirkpatrick’s, 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.

The Chairman and Chief Executive

There is a clear division of responsibility set out in a written remanded relevant executive Chairman and the Chief Executive. Further information on the officers of the Company on the division of responsibility set out below.

Appointments to the Board

All appointments to the Board are made on the recommendation of the Nominations Committee. In addition, the Nominations Committee reviews the various committees and makes recommendations to the Board on the appointment of the chairman and the membership of each. This is a formal, rigorous and transparent procedure.

The standard term of appointment of non-executive directors is five years and is renewable at the discretion of the Board. The Chairman, Chief Executive and Company Secretary are all non-executive directors.

On 21 April 2016, the Board appointed Mr Jost Massenberg to the Board as an independent non-executive director and as a non-executive director on the Group Audit Committee. Mr Massenberg has an intimate knowledge of Kingspan’s businesses and operations and systems on appointment. The Board concluded that Mr Massenberg is independent of some of the directors, as the procedures involved at the site. All directors receive continuing training relating to the discharge of their duties as directors, including legislative changes and developments in accounting, governance and other standards as appropriate. During the year, the Board visited three of the Group’s manufacturing facilities and also had the opportunity to meet with key executives within the Group, which gave the Board valuable insight into the manufacturing processes, the local markets and the management strategy.

Performance evaluation

Kingspan has in place formal procedures for the evaluation of its Board members and individual directors. The purpose of this formal evaluation is to ensure that the Board (as 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. In addition the non-executive directors, led by the senior independent director, meet annually without the Chairman present to conduct a review of the Board and appraise the Chairman’s performance. As part of the performance evaluation process the Chairman meets at least once annually with the non-executive directors without the executive directors or through independent professional advisors being available for consultation with the Board and attending Board and Committee meetings where required. All directors have access to the advice and services of the Company Secretary. The Group has arranged appropriate insurance cover in respect of legal action against its directors.

The Company has procedures whereby directors (including non-executive directors) can seek independent advice and familiarisation with Kingspan’s business operations and systems on appointment. They are also encouraged to meet with in-depth explanations of the key processes and systems. The Company has procedures whereby directors can seek independent professional advice in respect of their role in the Company, should they so wish. The Board annually reviews the performance of the Nominations Committee.

The Board has established an Audit Committee to monitor the integrity of the Company’s financial statements, and the effectiveness of the Group’s internal financial controls. The members of the Audit Committee bring considerable financial, accounting and commercial experience to the committee’s work, and in particular the Board considers that the Chairman of the Audit Committee, Michael Cawley B.COMM., F.C.A., has appropriate recent and relevant financial experience. The Board is satisfied that the combined qualifications and experience of the members give the committee collectively the financial expertise necessary to discharge its responsibilities. The report of the Audit Committee is set out on pages B2 to B7, which describes how the Committee has applied the principles of Section C of the UK Corporate Governance Code (April 2016) and the Irish Corporate Governance Annex.
The Nominations Committee assists the Board in ensuring that the composition of the Board meets the needs of the Group. The committee considers the Board’s membership, composition of the Board and its appointment of Jost Massenberg encompassing gender, nationality, representation on the Board, and shareholder focus. It is the policy of the committee to have regard to diversity, encompassing gender, nationality, age and skillset, when setting the key criteria for the appointment.

The Nominations Committee met twice in 2018, to recommend the appointment of Jost Massenberg to the Board, to approve the annual re-election of Directors at the Company’s Annual General Meeting, and to consider the report from the Shareholder Information Committee, on their externally evaluated facilitation of the Board and agree any actions arising therefrom.

The committee considered whether or not to engage a firm of consultants to assist in the process of recruiting a new non-executive director, and agreed that in order to ensure best fit with the Company, it would use the knowledge and contacts of the committee to identify suitable candidates. Using the Board’s knowledge and contacts the committee identified a pool of potential candidates and Jost Massenberg was considered the most suitable. Members of the committee met with Jost Massenberg before agreeing to recommend his appointment to the Board.

Following the retirement of Helen Kirkpatrick after last year’s Annual General Meeting, Jost Massenberg will be appointed to the Nominations Committee.

The Remuneration Committee has responsibility for setting remuneration for all executive directors and for the Chairman, including pension contributions, share options and any other forms of remuneration. The committee also monitors the level and structure of remuneration for senior management.

The Report of the Remuneration Committee is set out in this Annual Report on pages 70 to 81, which describes how the Company has applied the principles of Section D of the UK Corporate Governance Code (April 2016) and the Irish Corporate Governance Annex.

Following the retirement of Helen Kirkpatrick after last year’s Annual General Meeting, Linda Hickey will take over as chair of the Remuneration Committee.

In addition, Kingspan is committed to interacting with the international financial community to ensure a full understanding of the Group’s strategic plans and its performance against these plans. During the year, the executive management and investor team presented at the Company’s capital market conferences, hosted a capital markets day at our Holywell facility in Wales and conducted 311 institutional one-on-one and group meetings. Further information regarding the Company’s Annual General Meeting is set out in the Shareholder Information Section in this Annual Report.

All shareholders can sign up to obtain all regulatory news and alerts via the Kingspan website www.kingspan.com, and depending upon shareholder preference, a copy of the Annual Report can be obtained in hard copy or can be obtained from the Group website.

The Company encourages communication with all shareholders, and welcomes their participation at Annual General Meetings. Last year, in advance of the Annual General Meeting, the Company reached out to the holders of over 75% of shares to engage with them and seek feedback on the AGM resolutions and governance matters in general.

All shareholders who attend the Company’s Annual General Meeting are given the opportunity to question the Chairman and other members of the Board, including the chairman of the committees, on any aspect of the Group’s business.

Key Shareholder Engagements 2018

February Full year Results 2017

March Annual Report 2017

April Trading Update

April Annual General Meeting 2018

August Interim results 2018

November Trading Update

Shareholders’ meetings and rights

The Company operates under the Companies Act 2014 (the ‘Act’). This Act provides for two types of meetings to be convened by the Company, the Annual General Meeting (‘AGM’) with all 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 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 chairman for a general meeting shall be the chairman three members present in person or by proxy and entitled to vote. At any general meeting, a resolution put to the vote of the meeting shall be decided by a show of hands unless a poll is duly demanded. All shareholders 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, bosh 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 on page 142 within 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 monitoring 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 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 review 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 Committee is contained in the Report of the Audit Committee set out on pages 82 to 87.

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

- Annual 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 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 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 and the Audit 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 Board and how they are managed are set out in the Risks & Management Section and in the Risk Management Section of this Annual Report on pages 32 and 33.