

CORPORATE GOVERNANCE STATEMENT

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.

This statement outlines how Kingspan has applied the principles and complied with the provisions set out in the UK Corporate Governance Code ('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 2016 complied with the provisions of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex.

THE BOARD

The Board of the 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 eleven directors, five of whom are executive directors and six, 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 page 44 and 45. 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:

- › Adopting the Group's rolling 4 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;
- › Appointment of executive and non-executive directors and succession planning;
- › On the 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 9 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 overleaf. The Board has delegated responsibility for management of the Group to the Chief Executive and his executive management team.

ATTENDANCE AT BOARD AND COMMITTEE MEETINGS DURING THE YEAR ENDED 31 DECEMBER 2016

	Board		Audit		Nominations		Remuneration	
	A	B	A	B	A	B	A	B
Eugene Murtagh	9	9			1	1		
Gene M. Murtagh	9	9			1	1		
Geoff Doherty	9	9						
Russell Shiels	9	9						
Peter Wilson	9	9						
Gilbert McCarthy	9	9						
Helen Kirkpatrick	9	9			1	*	5	5
Linda Hickey	9	9	4	4	1	1	5	5
Michael Cawley	9	9	4	4			5	5
John Cronin	9	9	4	4	1	1		
Bruce McLennan	9	9						

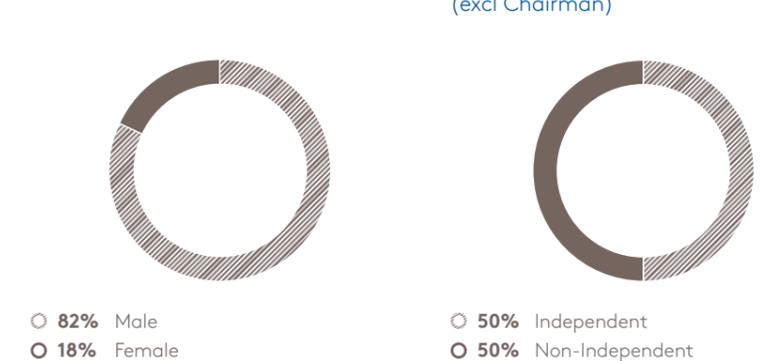
Column A - indicates the number of meetings held during the period the director was a member of the Board and/or Committee.
Column B - indicates the number of meetings attended during the period the director was a member of the Board and/or Committee.
* Helen Kirkpatrick absented herself due to a conflict of interests.

BOARD BALANCE AND INDEPENDENCE

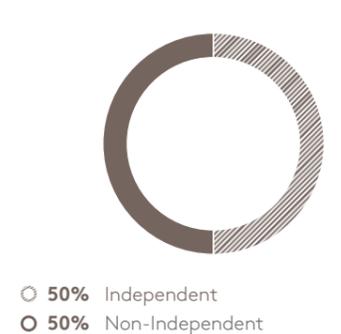
The Board is comprised of eleven directors and its current size and structure is functioning efficiently. The balance of executive and non-executive directors facilitates constructive and effective challenge and debate. Whilst it is intended to progressively refresh the independent non-executive directors 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.

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.

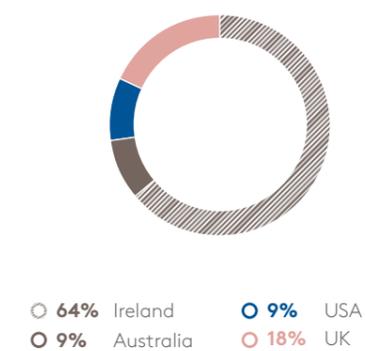
Gender Breakdown of Board



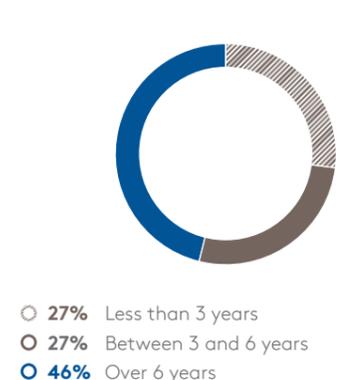
Breakdown of Independence (excl Chairman)



Geographic Breakdown by Residency



Tenure on the Board



In accordance with the Code, the following matters were considered in determining the independence of the Board:

- › have they been an employee of the Group within the last five years;
- › have they within the last three years, had a material business relationship with the Group;
- › have they received additional remuneration apart from a Director's fee;
- › have they close ties with any of the company's advisers, directors or senior employees;
- › do they represent a significant shareholder or have significant links with other directors through their involvement in other companies or bodies; or
- › have they served on the Board for more than nine years from the date of their first election.

The directors consider that there is a strong independent representation on the Board. The Board considers that Helen Kirkpatrick, Linda Hickey, Michael Cawley, John Cronin and Bruce McLennan are independent, having regard to the criteria above.

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. However, 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 relationships within the Board. Her independence and her 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 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 €50,000 per annum, the committee 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 in the future. 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's 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.

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 terms of appointment of non-executive directors are available, on request, from the Company Secretary. Further details of the activities of the Nominations Committee during the year are set out elsewhere in this section.

INFORMATION AND PROFESSIONAL DEVELOPMENT

The Group Chairman is responsible for ensuring that all directors are supplied with appropriate and timely information for Board and committee meetings. Such information is always provided to the Board in a timely manner which gives the directors the opportunity to probe and question the executives when deemed relevant. Kingspan ensures that the directors obtain all professional advice required

in order to further their duties as a director either through the directors seeking professional advice at the expense of the Company 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) receive formal induction and familiarisation with Kingspan's business operations and systems on appointment. They are brought to the businesses manufacturing sites as part of the induction procedure with in-depth explanations of the processes 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. The Board also meets with key executives within the Group during the year, and visits to the

Group's manufacturing facilities are arranged twice annually.

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 in 2014, and progress against its agreed action points was monitored during the 2016 review.

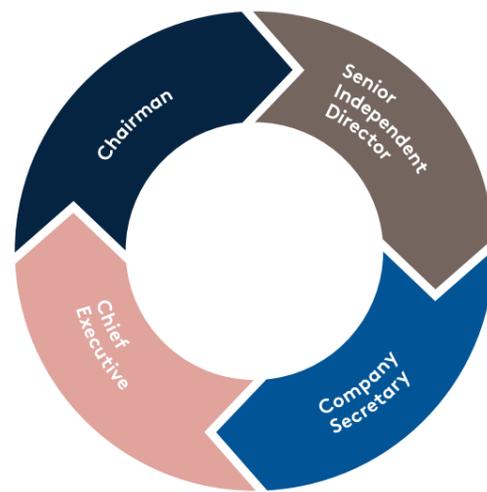
In addition the non-executive directors, led by the senior independent Director, meet annually without the Chairman present to conduct a review of the Board and appraise the Chairman's performance.

THE CHAIRMAN AND CHIEF EXECUTIVE

There is a clear division of responsibility set out in writing between the non-executive Chairman and the Chief Executive. Further information on the roles and responsibilities of the Board can be found in the graph below.

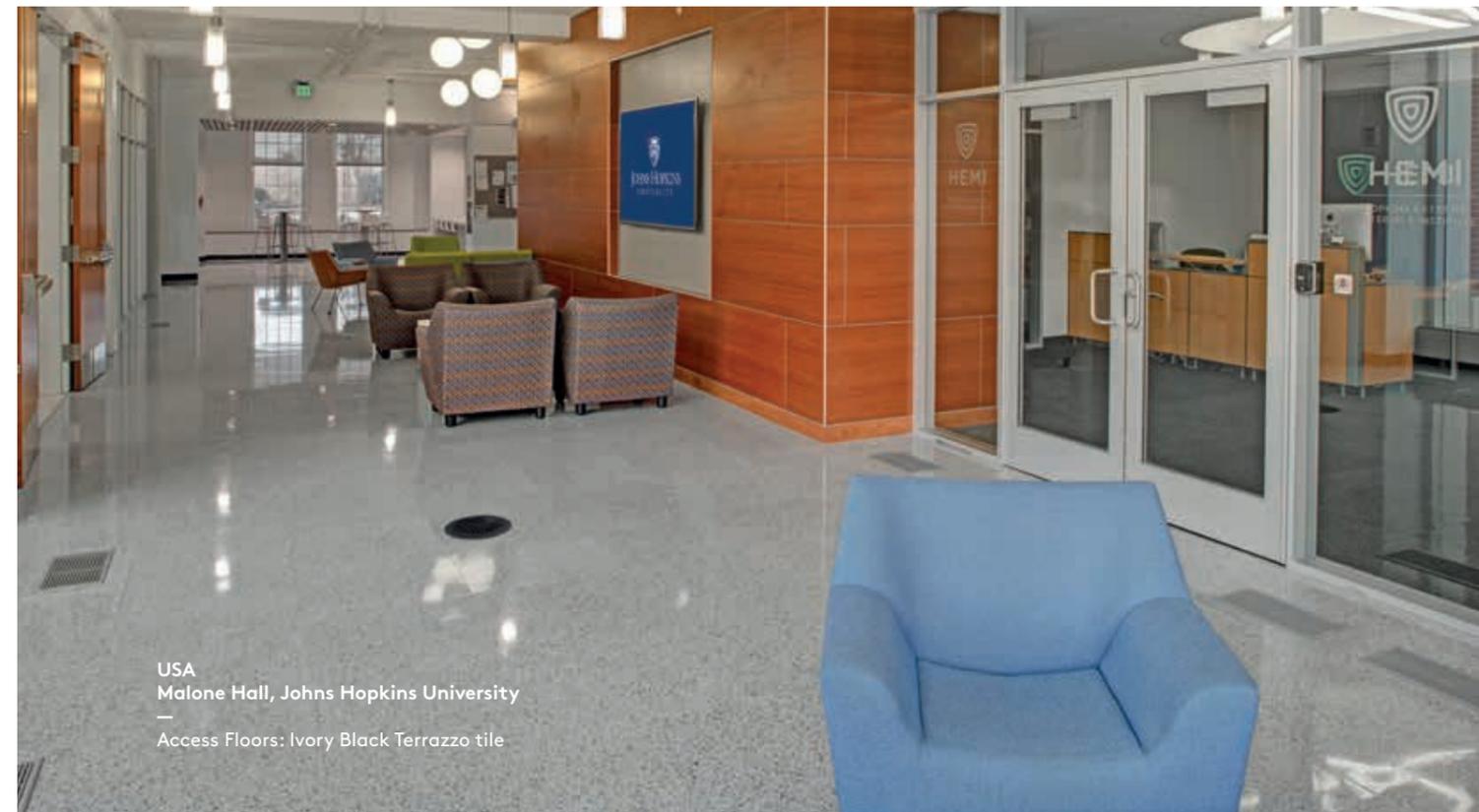
The Chairman's primary responsibility is to lead the Board. He is responsible for setting the Board's agenda and for the efficient and effective working of the Board. He ensures that all members of the Board, including in particular the non-executive directors, have an opportunity to contribute effectively and openly. He is also responsible for ensuring that there is appropriate and timely communication with shareholders.

The Board has delegated executive responsibility for running the Group to the Chief Executive and the executive management team. The Chief Executive is responsible for the strategic direction and the overall performance of the Group, and is accountable to the Board for all authority so delegated.



The Senior Independent Director of the Company is available to shareholders who have concerns that cannot be addressed through the Chairman, Chief Executive or Chief Financial Officer. She also leads an annual meeting with the non-executive directors to appraise the workings of the Board.

All directors have access to the advice and services of the Company Secretary who is responsible for ensuring that Board procedures are followed. He is also responsible for advising the Board, through the Chairman, on all governance matters.



USA
Malone Hall, Johns Hopkins University
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Access Floors: Ivory Black Terrazzo tile

As part of the performance evaluation process the Chairman meets at least once annually with the non-executive directors without the executive directors being present to review the performance of the Board, the conduct of Board meetings and committee meetings, and the general corporate governance of the Group.

RE-ELECTION OF DIRECTORS AND SUCCESSION PLANNING

All directors, in accordance with the provisions of the UK Corporate Governance Code, are subject to annual re-election by the shareholders at the Company's Annual General Meeting. Kingspan is committed to refreshing and strengthening the independent representation on the Board on an on-going basis.

Kingspan also has in place a People and Leadership Development Program. This enables the Group to ensure that the key senior talent throughout the Group are gaining the appropriate experience, skillsets and development

opportunities in order to ensure that we have the best people in the right roles and a strong pipeline of executive talent throughout the Group.

BOARD COMMITTEES

The Board has established the following committees: Audit, Nominations and Remuneration committees. 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).

Attendance at meetings held is set out in the table on page 55.

The Members of each committee, the date of their first appointment to the committee and brief details of these committees are set out below.

Audit 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 72 to 77, which describes how the Company has applied the principles of Section C of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex.

Nominations Committee

The Nominations Committee assists the Board in ensuring that the composition of the Board and its committees is appropriate for the needs of the Group. The committee considers the Board's membership, identifies additional skills or experience which might benefit the Board's performance and recommends appointments to or, where necessary, removals from, the Board. In considering appointments to the Board, 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 once in 2016, to consider the annual re-election of directors at the Company's Annual General Meeting.

Remuneration Committee

The Remuneration Committee has responsibility for setting remuneration for all executive directors and for the Chairman, including pension

contributions, share options and any compensation payments. 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 61 to 71, which describes how the Company has applied the principles of Section D of the UK Corporate Governance Code (September 2014) and the Irish Corporate Governance Annex.

COMMUNICATION WITH SHAREHOLDERS

Kingspan places great emphasis on maintaining regular and responsible dialogue with shareholders. This is achieved through meetings with institutional investors, presentations to brokers and analysts, and making relevant information available on the Group's website (www.kingspan.com) in a timely fashion. Twice a year, following publication of the annual and half-year results, the Chief Executive Officer and the Chief Financial Officer meet with institutional investors during a formal results roadshow.

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 presented at six capital market conferences and conducted 401 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 AGM, the Company reached out to the holders of almost 75% of shares to engage with them and seek their 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 chairmen of the committees, on any aspect of the Group's business. Following the Annual General Meeting, at which a significant number of votes were cast against the Remuneration Report, the Company again reached out to significant shareholders and leading shareholder proxy agents to understand the reasons behind the results, in accordance with the principles of Section E of the UK Corporate Governance Code (September 2014). Further details of these engagements are set out in the Report of the Remuneration Committee.

Key Shareholder Engagements 2017

February
Full year Results 2016

March
Annual Report 2016

April
Trading Update

April
Annual General Meeting 2017

August
Half-year Results 2017

November
Trading Update



SHAREHOLDERS' MEETINGS AND RIGHTS

The Company operates under the 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 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. 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 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 on page 131 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 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 Financed 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 highlight the key areas of control weakness in the Group. Further details of the work conducted by the Audit Committee in this regard is contained in the Report of the Audit Committee set out on pages 72 to 77.

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 are 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, Head of Internal Audit 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 Group and how they are managed are set out in the Risks & Risk Management section of this Annual Report on pages 30 and 31.