

REPORT OF THE REMUNERATION COMMITTEE

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2016.

This report details how the Remuneration Committee has fulfilled its responsibilities under its terms of reference and under the 2014 UK Corporate Governance Code. This Remuneration Report will be included on the agenda of the 2017 Annual General Meeting for shareholder consideration. The primary objective of the Remuneration Committee is to create a remuneration structure for executive directors which:

- a. is capable of attracting and retaining key individuals necessary for business success;
- b. rewards individuals by reference to their divisional responsibilities and overall corporate performance in both the short and longer term; and
- c. supports the delivery of the Group strategy and creates value for shareholders over the longer term.

2016 was a record year for Kingspan, with strong performances from both our existing and newly acquired businesses delivering substantial growth. Basic earnings per share were up 35% over prior year, and total shareholder returns in the year also increased by 7.4%. This exceptional performance resulted in bonus payouts being earned by the executive directors in respect of the year ended 31 December 2016, which are detailed later in this Report. In the three years from 2014 to 2016 Kingspan once again achieved top quartile TSR performance for the sixth cycle in a row, ranking first amongst its peer group. Further details on the vesting of the PSP Awards are set out later in this Report.

This year Kingspan is proposing for approval at the forthcoming Annual General Meeting a new Performance Share Plan ("PSP") which, if approved, will replace the current scheme which is due to expire next year. The current PSP scheme is used to incentivise and reward the executive directors, as well as over 300 managers and key employees in 27 countries across the Group. This wider participation embodies the Kingspan corporate culture and it promotes wider ownership and strategic alignment throughout the business. The PSP has proven to be a highly regarded and very effective management incentive and retention tool. In drafting the terms of the new PSP scheme, the Remuneration Committee engaged with all of our largest investors, as well as leading proxy agencies, and considered and took on board the comments and views that were expressed. The proposed new PSP is largely a roll-forward of

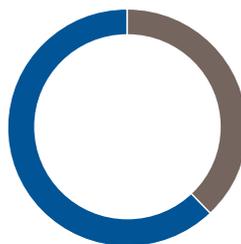
the existing scheme rules, but with appropriate updates to reflect current best practice, and the Board would strongly recommend shareholders vote in favour of adopting the new PSP scheme.

During the year the Company also engaged with our major shareholders in relation to their response to the advisory vote on the Remuneration Report at the 2016 Annual General Meeting. The shareholder feedback, and the Company's responses thereto, are set out later in this Report.

The tables below show the mix between fixed and variable performance related pay, and also between short-term and long-term remuneration.

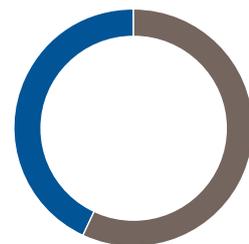
Helen Kirkpatrick
Chairman,
Remuneration Committee

Executive Directors' Remuneration Mix
Fixed v Variable/performance based



○ 38% Fixed remuneration
○ 62% Variable/performance based remuneration

Executive Directors' Remuneration
Long Term v Short Term



○ 57% Short term remuneration
○ 43% Long term remuneration

This report of the Remuneration Committee sets out Kingspan's remuneration policy, gives details of the remuneration outcomes for 2016, and describes the workings of the Remuneration Committee during the year.

EXECUTIVE DIRECTORS' REMUNERATION POLICY

In setting the executive directors' remuneration package the Remuneration Committee seeks to ensure that:

- › the Group will attract, motivate and retain individuals of the highest calibre;

- › executives are rewarded in a fair and balanced way for their contribution to the Group's performance;
- › executives receive a level of remuneration that is appropriate to their scale of responsibility and individual performance;
- › the overall approach to remuneration has regard to the sectors and geographies in which we operate; and
- › risk is properly considered in setting remuneration policy and determining remuneration packages.

The Remuneration Committee seeks to align the interests of executive directors with those of shareholders through a mix of short and long term performance based incentives and by encouraging share ownership, whilst taking into consideration the market rates and practices of other quoted Irish and international industry peer companies of similar size and scope in setting the base and fixed elements of the package.

The key elements of the 2017 remuneration package for each of the executive directors are set out below:

Base salary - attracts and retains skilled and experienced individuals

How it operates

Base salaries are reviewed by the Remuneration Committee in the last quarter of each year. The committee engages a leading firm of independent consultants to carry out a benchmark report of the executive directors' basic and total remuneration packages.

Factors taken into account by the committee include the Group's overall performance, the executive directors' role and personal performance, movements in pay generally across the Group and competitive market practice. Where applicable, changes in salary are effective from 1 January.

Maximum opportunity

No prescribed maximum base salary or maximum annual increase.

Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect changes in remit, roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.

Benefits - provides market competitive benefits

How it operates

In addition to their base salaries, executive directors' benefits include life and health insurance and the use by the executive directors of company cars (or a taxable car allowance) in line with typical market practice.

Maximum opportunity

No prescribed maximum level, as benefits depend on individual director circumstances.

Performance related bonus - rewards achievement of annual performance targets

How it operates

Executive directors receive annual performance related bonus payments based on the attainment of stretching financial targets set prior to the start of each year by the Remuneration Committee. Bonuses are paid on a sliding scale if the targets are met. Any annual performance related bonus achieved will be satisfied by a cash payment.

Maximum opportunity

The maximum annual performance related bonus is up to 100% of base salary.

For 2017, the committee has selected the following performance measures:

CEO & CFO:

Group EPS growth targets over prior year.

Divisional MDs:

60% of their bonus opportunity is based on the achievement of divisional profit growth targets, and 40% of their bonus opportunity is based on the achievement of Group EPS growth targets over prior year.

Deferred bonus plan - rewards achievement of incremental performance targets with share based awards deferred for two years

How it operates

The Company's deferred bonus plan rewards incremental growth over and above the growth targeted by the annual performance related cash bonus. Ambitious EPS growth targets are set by the Remuneration Committee, and any incremental performance bonus earned will be satisfied by the issue of share awards, which are deferred for two years.

Maximum opportunity

The maximum deferred performance bonus is up to 50% of base salary.

Performance share plan - aligns the interests of executive directors and senior managers with those of the Group's shareholders and provides long term performance based incentives

How it operates

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 vesting period, and if certain performance criteria are achieved over the vesting period.

The 2008 PSP scheme was approved by shareholders in May 2008 and is due to expire in 2018. Over the life of the 2008 PSP scheme to date, the total number of awards granted, net of awards lapsed, amounted to 4.9% of the issued share capital of the Company.

The Remuneration Committee is proposing for approval at the forthcoming AGM a new Performance Share Plan which, if approved, will replace the current 2008 PSP scheme.

Subject to shareholder approval of the new Performance Share Plan, the committee has selected the following performance measures for 2017:

- › Up to 50% of the award will vest (on a sliding scale) based on the achievement of Group EPS growth targets.
- › Up to 50% of the award will vest (on a sliding scale) based on the achievement of total shareholder return (TSR) compared to a selected peer group.

Maximum opportunity

Subject to shareholder approval of the proposed new PSP scheme, for 2017 the committee has set the maximum value of PSP Awards that may be granted as follows:

in the case of the CEO: 175% of base salary, and

in the case of other executive directors: 150% of base salary.

Pension scheme and other allowances - attracts and retains skilled and experienced individuals

How it operates

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.

Where local legislation imposes a cap on pension contributions, the Company may agree to make a non-pensionable annual payment to the executive, subject to all applicable employee and employer payroll taxes.

Maximum opportunity

No prescribed maximum pension contribution/annual payment.

Contributions will depend on individual circumstances.

REMUNERATION OUTCOMES FOR 2016

Base salary: The salaries for 2016 for each of the executive directors were set by the Remuneration Committee towards the end of 2015.

The committee engaged independent consultants, Mercer, to carry out a benchmarking report on the executive directors' salary levels and total remuneration packages. They selected similar sized companies from the international industry peer

group referenced in the Performance Share Plan, as well as other similar sized Irish plcs as the appropriate comparator group for Kingspan both sectorally and geographically. When determining the appropriate levels of remuneration for 2016, the committee also considered the changes in scope and responsibilities of certain executives following the completion of the major Joris Ide and Vicwest acquisitions during 2015, and having regard to other developments within the Group, which continued to transform the depth and

breadth of the Group's business. The committee agreed to increase the base salaries of the Chief Executive and the Chief Financial Officer which had remained frozen at 2008 and 2011 levels respectively, and also approved an increase in base salary for Gilbert McCarthy to reflect the growth in scale and profitability of his Insulated Panel division and the significant increase in his remit and responsibilities. Increases for the other Divisional MDs are generally in line with increases in the business.

Overall, total salaries for the executive directors increased by 5.8% in 2016. Full details of the executive directors' salaries in 2016 are set out in the table below.

Directors' Remuneration for year ended 31 December 2016
(Remuneration is reported in the currency received by the individual)

Executive directors	Gene Murtagh €000		Geoff Doherty €000		Russell Shiels US\$000		Peter Wilson £000		Gilbert McCarthy €000		Total ⁽¹⁾ €000	
	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015	2016	2015
Salary and Fees	698	635	514	490	525	510	341	325	466	395	2,568	2,427
Performance Pay ⁽²⁾												
- Cash element	698	635	514	490	467	510	341	325	466	395	2,516	2,427
- Deferred shares	349	318	257	245	263	255	171	163	233	197	1,284	1,213
Benefits ⁽³⁾	30	30	31	30	74	69	12	12	30	25	172	164
Pension Contributions ⁽⁴⁾	140	127	129	123	186	184	147	143	93	79	708	691
Total executive pay	1,915	1,745	1,445	1,378	1,515	1,528	1,012	968	1,288	1,091	7,248	6,922

Charge to Consolidated Income Statement for share options and awards⁽⁵⁾ **1,915** 1,783

Non-executive directors ⁽⁶⁾

Eugene Murtagh	191	191
Helen Kirkpatrick	85	85
Linda Hickey	75	75
Michael Cawley	85	81
John Cronin	75	75
Bruce McLennan ⁽⁷⁾	70	36
Kieran Murphy ⁽⁸⁾	0	29

Total non-executive pay **581** 572

Total directors' remuneration **9,744** 9,277

- Russell Shiels' remuneration has been converted to Euro at the following average rate USD:1.1104 (2015: 1.1102).
- Peter Wilson's remuneration has been converted to Euro at the following average rate GBP: 0.81929 (2015: 0.72644).
- Performance pay is earned for meeting clearly defined EPS growth and divisional profit targets. Details of the bonus plan and targets are set out on page 65 of the Remuneration Report.
- 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 benefits is also included.
- The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement as a non-pensionable cash allowance in lieu of the pension benefit foregone, subject to all applicable employee and employer payroll taxes.
- The charge to the Consolidated Income Statement represents the current year cost of the unvested PSP Awards granted to the executive directors. Details of the valuation methodology are set out in Note 3 to the Financial Statements.
- Non-executive directors received a base fee of €70,000 per annum, plus an additional fee of between €5,000 and €15,000 for membership and/or chairmanship of Board committees. They do not receive any pension benefit, or any performance or share based remuneration.
- Bruce McLennan was appointed as a non-executive director on 26 June 2015.
- Kieran Murphy retired as a non-executive director on 7 May 2015.

Performance related bonus:
The Remuneration Committee seeks to ensure that overall remuneration reflects Group performance and individual contribution. Accordingly, the committee seeks to align an appropriate portion of the executive directors' remuneration with the achievement of annual performance targets. The targets for 2016 were set prior to the start of the year, and comprise a combination of Group EPS targets and divisional profit growth targets.

The Chief Executive's and the Chief Financial Officer'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. For each of the Divisional MDs, up to 60% of their annual performance related bonus opportunity was based on achieving stretching divisional profit targets, and a further 40% of the Divisional MDs annual performance related bonus opportunity was payable on the achievement of Group EPS growth over prior year, with maximum annual performance related bonus being payable on the achievement of 115% of their divisional profit target in each case, and 15% Group EPS growth over prior year.

The Remuneration Committee reviewed the Group EPS growth and divisional performance during the year, and considered the extent to which the 2016 annual performance bonus targets had been achieved by each of the executive directors. The table below sets out the performance against targets for each of the executive directors in 2016. The Board believes that disclosure of the Divisional MD's specific bonus targets would be inappropriate as the targets are commercially sensitive business information not otherwise available to competitors.

Performance targets

Annual performance related bonus						
	Maximum opportunity	Performance measure	Threshold target	Maximum target	Performance achieved	Bonus outcome
Chief Executive	100%	EPS	101.4 cent	122.7 cent	143.8 cent	100%
Chief Financial Officer	100%	EPS	101.4 cent	122.7 cent	143.8 cent	100%
Russell Shiels	60%	Divisional profit		115%	111%	49%
	40%	EPS	101.4 cent	122.7 cent	143.8 cent	40%
Peter Wilson	60%	Divisional profit		115%	127%	60%
	40%	EPS	101.4 cent	122.7 cent	143.8 cent	40%
Gilbert McCarthy	60%	Divisional profit		115%	135%	60%
	40%	EPS	101.4 cent	122.7 cent	143.8 cent	40%

Deferred bonus plan: The deferred bonus plan (DBP) is intended to reward incremental performance over and above the growth targeted by the annual performance related bonus. Any DBP bonus earned for such incremental performance is satisfied by the payment of deferred share awards, which are designed to align the DBP with longer-term shareholder interests. The holding period is two years.

In 2016 all executive directors were eligible for a maximum DBP bonus opportunity of up to 50% of base salary. The incremental performance

target for all of the executive directors was based on the achievement of Group EPS growth target in excess of the stretching targets set for the annual performance bonus, with the maximum DBP bonus being earned on the achievement of 30% Group EPS growth over prior year.

The table below sets out the performance against target for 2016. Having achieved 34.8% growth in basic EPS, the Remuneration Committee determined that the maximum DBP bonus has been earned by each of the executive directors.

Performance targets

Deferred bonus plan					
Maximum Opportunity	Performance measure	Threshold target	Maximum target	Performance achieved	DBP outcome
50%	EPS	122.7 cent	138.7 cent	143.8 cent	50%



Performance Share Plan: The Group's Performance Share Plan (PSP) provides long term performance based incentives, thus aligning the interests of the executive directors with those of the Group's shareholders.

The TSR peer group for all PSP Awards granted after 1 January 2014 comprised the following companies:

Armstrong World Industries Inc	Boral Ltd
Compagnie de Saint Gobain	CRH Plc
Geberit AG	Grafton Group Plc
NCI Building Systems Inc	Owens Corning
Rockwool Intl. A/S	SIG Plc
Travis Perkins Plc	Uponor Corp
Uralita SA	USG Corporation
Wienerberger AG	

The Remuneration Committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2014 had been met by reference to EPS and TSR targets over the three year period to 31 December 2016. The committee determined that total EPS growth during the period was 278%, which significantly exceeded the annual target of CPI plus 7%. The committee also noted that Kingspan had achieved top quartile TSR performance in its peer group for the sixth cycle in a row, ranking first amongst its peers in respect of the performance period. The committee therefore concluded that the PSP vesting conditions in respect

of the 2014 PSP Awards had been satisfied in full, and that the additional 25% Exceptional TSR Awards that had been granted to the Chief Executive were also fully vested.

The table below sets out the targets set at the time of the granting of the 2014 PSP Awards, and the performance achieved in respect thereof.

In February 2016 the Remuneration Committee granted PSP Awards to the executive directors with a three year performance period from 2016 to 2018. The EPS condition for the 2016 PSP Awards as determined by the committee, is the achievement of annual EPS growth of between CPI plus 5% and CPI plus 10%. The TSR conditions remain as above.

Details of share options granted to the directors and secretary under the Performance Share Plan and the legacy Standard Share Option Scheme are set out in the table opposite.

Standard Share Option Scheme: Since May 2008, no more options can be awarded under the Standard Share Option Scheme, but options awarded before that date which have vested can be exercised up to ten years after the date of grant. Grants of options under the Standard Share Option Scheme were awarded at the market price of the Company's shares at the time of the grant.

Such options vested only when earnings per share growth in the three year period commencing with the

accounting period in which the options were granted (or any subsequent period), exceeded CPI by at least 2% per annum compound. Over the life of the Standard Share Option Scheme the total number of options granted, net of options lapsed, amounted to 3.6% of the issued share capital of the Company. This scheme is now closed.

Other: During the year the Company reissued 11,164 and 7,874 treasury shares to Peter Wilson and Russell Shiels respectively, in satisfaction of a legacy contractual entitlement. These obligations are now extinguished, and there are no similar obligations due to any other party.

Non-executive directors: The non-executive directors each receive a fee which is set by the Remuneration Committee and approved by the Board on advice from the independent professional advisors. The basic non-executive director fee is €70,000, and an additional fee of between €5,000 and €15,000 is paid for membership and/or chairmanship of Board committees, to reflect the additional role and responsibilities. Non-executive director fee levels are reviewed annually, and there was no change to the rate of fees paid to the non-executive directors in 2016. The non-executive directors do not have service contracts and do not participate in any bonus or share option schemes. The non-executive directors do not receive any pension or other benefits. There is no provision for compensation for loss of office.

Performance targets

2014 - 2016 PSP Awards					
Percentage of award	Performance measure	Threshold target	Maximum target	Performance achieved	PSP vesting
50%	EPS	57.3 cent	63.3 cent	143.8 cent	50%
50%	TSR	50th percentile	75th percentile	100th percentile	50%
25%	Exceptional TSR	76th percentile	100th percentile	100th percentile	25%



UK
Next retail store
—
Insulated Panels:
Benchmark - Karrier



Share option table 2016

Director		At 31 Dec 2015	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2016	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
Standard Share									
Option Scheme	Vested	48,115	-	-	(48,115) ¹	-	14.18	05/09/2009	05/09/2016
		48,115	-	-	(48,115)	-	14.18		
Performance Share Plan	Unvested	191,254	45,790	(86,359)	(4,891) ²	145,794	0.13	25/02/2017	23/02/2023
	Vested	330,844	-	86,359	-	417,203	0.13	02/03/2013	26/02/2020
		522,098	45,790	-	(4,891)	562,997	0.13		
Deferred Bonus Plan	Unvested	-	13,321	-	-	13,321	-	31/03/2018	-
		-	13,321	-	-	13,321	-		
Geoff Doherty									
Performance Share Plan									
	Unvested	116,735	26,982	(55,000)	-	88,717	-	25/02/2017	23/02/2023
	Vested	-	-	55,000	(55,000) ³	-	0.13	26/02/2016	26/02/2020
		116,735	26,982	-	(55,000)	88,717	0.13		
Deferred Bonus Plan	Unvested	-	10,279	-	-	10,279	-	31/03/2018	-
		-	10,279	-	-	10,279	-		
Russell Shiels									
Performance Share Plan									
	Unvested	94,544	25,229	(45,000)	-	74,773	0.13	25/02/2017	23/02/2023
	Vested	-	-	45,000	(45,000) ⁴	-	0.13	26/02/2016	26/02/2020
		94,544	25,229	-	(45,000)	74,773	0.13		
Deferred Bonus Plan	Unvested	-	9,798	-	-	9,798	-	31/03/2018	-
		-	9,798	-	-	9,798	-		
Peter Wilson									
Standard Share									
Option Scheme	Vested	20,462	-	-	(20,462) ⁵	-	14.18	05/09/2009	05/09/2016
		20,462	-	-	20,462	-	14.18		
Performance Share Plan	Unvested	96,472	23,423	(45,000)	-	74,895	0.13	25/02/2017	23/02/2023
	Vested	23,292	-	45,000	-	68,292	0.13	28/02/2015	26/02/2020
		119,764	23,423	-	-	143,187	0.13		
Deferred Bonus Plan	Unvested	-	8,923	-	-	8,923	-	31/03/2018	-
		-	8,923	-	-	8,923	-		
Gilbert McCarthy									
Standard Share									
Option Scheme	Vested	25,000	-	-	(25,000) ⁶	-	14.18	05/09/2009	05/09/2016
		25,000	-	-	(25,000)	-	14.18		
Performance Share Plan	Unvested	95,854	24,439	(45,000)	-	75,293	0.13	25/02/2017	23/02/2023
	Vested	114,584	-	45,000	-	159,584	0.13	02/03/2013	26/02/2020
		210,438	24,439	-	-	234,877	0.13		
Deferred Bonus Plan	Unvested	-	8,286	-	-	8,286	-	31/03/2018	-
		-	8,286	-	-	8,286	-		
Company Secretary									
Lorcan Dowd									
Performance Share Plan	Unvested	21,780	3,958	(10,300)	-	15,438	0.13	25/02/2017	23/02/2023
	Vested	25,180	-	10,300	-	35,480	0.13	01/03/2014	26/02/2020
		46,960	3,958	-	-	50,918	0.13		

1. Exercised on 01 September 2016. Market value on day of exercise €24.33.

2. Lapsed on 26 February 2016.

3. Exercised on 19 May 2016. Market value on day of exercise €24.51.

4. Exercised on 23 May 2016. Market value on day of exercise €24.81.

5. Exercised on 20 May 2016. Market value on day of exercise €24.80.

6. Exercised on 25 August 2016. Market value on day of exercise €24.90.

GOVERNANCE

Composition: The Remuneration Committee comprises three independent non-executive directors, Helen Kirkpatrick (chairman), Michael Cawley and Linda Hickey.

Responsibilities: The responsibilities of the Remuneration Committee are summarised in the Corporate Governance Report, and its terms of reference are available on the Group's website: (www.kingspan.com).

Meetings: The Remuneration Committee met 5 times during the year. Each meeting was fully attended by all members of the committee, and an overview of the workings of the committee is set out below.

Service contracts: No director has a service contract or notice period in excess of one year.

Former directors: There were no pension payments, payments for loss of office or other remuneration paid to any former directors during the relevant financial year, other than as set out in the table above.

Clawback & malus policy: The Remuneration Committee recognises

that there could potentially be circumstances in which performance related pay (either annual performance related bonuses, deferred bonus plan awards and/or PSP Awards) is paid out based on misstated results or inappropriate conduct resulting in material damage to the Company. Whilst the Company has robust management and financial controls in place to minimise any such risk, the committee has put in place formal clawback & malus arrangements for the protection of the Company and its investors. The clawback of performance related pay (comprising the annual performance related bonus, the deferred bonus plan awards and the PSP Awards) 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; and
- › any wilful misconduct, recklessness, and/or fraud resulting in serious injury to the financial condition or business reputation of the Company.

Payment of the annual performance related bonus is deferred until March of the following year after the audited financial statements have been

approved. The deferred bonus plan awards are deferred for a period of two years. The committee considers such periods are appropriate deferral periods in a manufacturing environment.

Minimum shareholding requirements: The Remuneration Committee recognises that share ownership is important in aligning the interests of management with those of shareholders. The committee has adopted a policy whereby executive directors are required to build up and retain, within five years of appointment, a minimum holding in Kingspan shares (or fully vested share options) with equivalent market value of 100% base salary.

The current shareholdings of the executive directors as a multiple of 2016 salary (as at 31 December 2016) are shown in the table below.

	No. shares held	Multiple of salary
Gene M. Murtagh	1,128,999	41.7 x times
Geoff Doherty	254,979	12.8 x times
Russell Shiels	300,000	16.4 x times
Peter Wilson	366,876	22.7 x times
Gilbert McCarthy	247,637	13.7 x times

Remuneration Committee Activities	Feb	June	Sept	Oct	Nov
Salary and fees					
Engage independent consultants		•	•		
Review Executives' salary, role and responsibilities for 2017					•
Review non-executives' fees for 2017					•
Performance pay					
Assess Group and individual performance against targets for 2015	•				
Confirm percentage of performance bonus achieved for 2015	•				
Agree Group and individual performance targets for 2017					•
Agree incremental performance targets for deferred bonus plan for 2017					•
Confirm legacy entitlement to issue of treasury shares	•				
PSP Awards					
Assess performance of 2013/2015 PSP Awards against targets	•				
Determine percentage of 2013/2015 PSP Awards which vest	•				
Agree targets and level for grants of PSPs Awards for 2016	•				
Prepare draft terms of new 2017 PSP scheme and review peer group		•	•	•	•
Governance					
Review and approve Remuneration Report for Annual Report 2015	•				
Consider shareholder votes and feedback from AGM 2016		•		•	
Engage with shareholders on AGM feedback and proposed new PSP scheme				•	•
Update on remuneration trends generally		•	•		•
Review of overall remuneration policy					•
Review of consultants' performance and independence					•

External advisors: During the year the Remuneration Committee obtained independent advice from external remuneration consultants, Mercer, in relation to market trends, comparator benchmarking, developments in remuneration policies and practice and governance best practice. Mercer also advised the committee on the drafting of the proposed new PSP scheme, and the selection of an appropriate comparator peer group in relation thereto. Mercer are members of the Remuneration Consultants Group and signatories to its Code of Conduct, and all advice is provided in accordance with this code. Mercer also provide administration services to Kingspan's all employee Approved Profit Sharing Scheme, but had no other connection with the Group during the year. In light of this the committee is satisfied that the advice obtained is objective and independent.

Say on pay: Kingspan, as an Irish incorporated company, is not subject to the UK disclosure requirements of the Large and Medium-sized Companies and Groups (Accounts and Reports) (Amendment) Regulations 2013. However, in accordance with Kingspan's commitment to best corporate governance practices and shareholder engagement, the Remuneration Committee have incorporated a number of the disclosure requirements in this report, and the Board, on the recommendation of the Remuneration Committee, will put this Report of the Remuneration Committee to an advisory vote at the forthcoming Annual General Meeting of the Company.

At Kingspan's 2016 AGM, the result of the advisory vote in relation to the 2015 Directors' Remuneration Report was 87,183,817 votes (68.23%) for, and 40,588,236 votes (31.77%) against.

The Company engaged widely with our major shareholders in relation to their response to the advisory vote on the Remuneration Report at the 2016 Annual General Meeting. This included meeting with some of our largest shareholders and engaging with the proxy agents that represent them. Whilst the Company was pleased that the Remuneration Report was approved by over two thirds majority of the votes

cast, it was clear from our engagement with shareholders that a number of common themes were expressed:

Overall remuneration levels: In general, shareholders opined that the executive directors' remuneration levels were reasonable, and reflected the Company's performance during the year.

Disclosure of bonus targets: A number of investors called for better disclosure of performance targets, and having noted this feedback, the Company will now provide full retrospective disclosure of annual performance bonus targets for the CEO and CFO, in the manner detailed earlier in this report.

Deferred Bonus Plan: It was noted from shareholder feedback that the timing of the introduction of the DBP was a matter of concern for some investors, albeit there was no issue with either the overall quantum of the award, or the structure of the DBP. The Remuneration Committee recognised that the introduction of the DBP part way through the year was highly unusual, however the committee had weighed this up against the exceptional circumstances prevailing at the time in light of the two largest acquisitions that the Group had ever

made, and believed that the DBP was an appropriate means to incentivise management to ensure the successful integration and implementation of synergies from these two strategically important acquisitions. The Committee is of the view that the DBP is an effective tool to reward extraordinary incremental performance aligned with long-term value creation in the business. The DBP is as part of its overall remuneration policy.

Short term and long term performance measures: During the Company's engagement with shareholders a broad range of views were expressed on the pros and cons of differing performance measures. The Committee gave consideration to the views expressed and, where possible, reflected them in determining policy and better reporting. The Remuneration Committee does keep both the long-term and the short-term performance measures under constant review, in considering what metrics are best aligned with the Company's strategy. At present, the Remuneration Committee believes that the key determinant of management performance is EPS growth, which is based on unadjusted audited figures to provide absolute clarity and transparency.

PERFORMANCE GRAPH

This graph shows the Company's TSR performance against the performance of the ISEQ and the FTSE 250 Indices over the eight-year period to 31 December 2016.

