

Audit on Progress against Eversheds Sutherland’s Review Recommendations – January 2024

Introduction - As was reported in February 2021, Eversheds Sutherland conducted a rigorous review of Kingspan’s UK insulation boards business to ascertain how the issues identified in the course of the Grenfell Inquiry occurred, what changes had been made by the business, and what further actions should be taken (the “Recommendations”). In March 2022 Kingspan published a table showing the progress it had made against each Recommendation at that time. In October 2023 Eversheds Sutherland were engaged to undertake an independent review as to whether all of the Recommendations had been actioned. A summary of our review findings and the actions Kingspan has taken in responses to each Recommendation is set out below.

Summary of Review Findings

- (a) All of the Recommendations have been actioned
- (b) Implementation of the Recommendations has been carried out to a very high level
- (c) There is strong evidence of an appropriate focus and commitment to Compliance at Group and Divisional level
- (d) Compliance is embedded across the activities of the Group and the Insulation Division
- (e) The Group has applied significant resources to Compliance and has appointed high quality personnel to key positions across the Compliance, Marketing, Technical and Audit functions across the Group and the Insulation Division
- (f) There is strong evidence of clear accountability for risk management, specifically in respect of fire testing, accreditation, classification of products and marketing material
- (g) There is clear evidence of consistent, well-documented and effective controls and audit practices in respect of product changes, training, fire testing and representation of product capabilities in the sale process.

Steps taken to action the Recommendations

Recommendation	Kingspan Implementation
(1) Develop a renewed	Clear corporate mission statement and statement of purpose established – as published on www.kingspan.com and as the foreword to the Group Code of Conduct.

<p>compliance and leadership strategy</p>	<ul style="list-style-type: none"> • Clear corporate vision: <p><i>"Our mission is to accelerate a net zero emissions future-built environment with the wellbeing of people and planet at its heart."</i> - first paragraph below the landing page at www.kingspangroup.com</p> • Clear statement of purpose: <p><i>"We strive to create a safe and fulfilling workplace where customers are valued, and local communities are supported. We aim to embed our core values of honesty, integrity and compliance with the law in everything we do."</i> - foreword to the Group Code of Conduct. The Group Code of Conduct is accessible via a link at the foot of the homepage of the Kingspan Group webpage.</p> <p>The Group Code of Conduct emphasises the importance of complying with the core principles of <i>"clear, ethical and honest business communications"</i> and <i>"compliance with the law"</i> at all times.</p> <p>The Group Code of Conduct directly addresses the application of these principles in respect of testing, accreditation and marketing:</p> <p><i>"We are committed to supplying all of our products and services in accordance with all applicable laws relating to health, safety and performance requirements. Product information and promotion, whether written, verbal or online, should always be accurate, factual and presented in a way that is fair and honest. Technical claims or advice must only be given by people with the appropriate competence levels. Marketing claims should always be substantiated. It is the responsibility of technical teams to ensure that product information is accurate, and it is the responsibility of marketing teams to ensure that this product information is communicated in a clear, honest way in promotional material. All approvals must be represented in accordance with the requirements of any relevant third-party body. We should never engage in untrue statements, or set out to mislead, about our products and services or those offered by our competitors."</i></p> <p>Training on the Group Code of Conduct has been completed by over 95% of the total workforce.</p> <p>Clear accountability for risk management in respect of testing, accreditation and marketing material (the "Three Functions") is established through the creation of:</p> <ul style="list-style-type: none"> • The Group Head of Compliance ("GHC") role - reporting direct to the CEO. The GHC is independent of divisional management and performs the following functions: <ul style="list-style-type: none"> ▪ Supports compliance governance across the Group in implementing policies, processes, and procedures to ensure continued improvement in management systems;
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	<ul style="list-style-type: none"> ▪ Performs extensive audits of processes and controls associated with product compliance and the monitoring of compliance across the Group; and ▪ Leads the Group Compliance Management System ("CMS") which has achieved the international ISO 37301 standard. • Product Compliance Officers ("PCO") in each business – provide monthly reports to the GHC together with updates to their Divisional Boards. 20 lead PCO's appointed, with an additional 40 regional / business unit Compliance Managers supporting them. • Within the Insulation Division there is now a Divisional Head of Compliance, a Head of Compliance for Great Britain & Ireland, and numerous Site Compliance Teams. • A Group Product Compliance Policy. Issue 2 was released on 3 August 2023. The Group Product Compliance Policy is accessible via a link at the foot of the homepage of www.kingspan.com. • The Group Head of Marketing ("GHM") role created – reporting direct to the CEO. • A new Group Compliance Manual. This manual, which is reviewed annually, specifies the compliance systems and practices to be adopted to assure risk management in respect of testing, accreditation, and marketing material. We saw evidence of open and transparent communication in practice. • Group Compliance require that all business units complete a Risk Assessment showing the level of risks to the unit before and after mitigations have been put in place. The Risk Assessment is reviewed annually or in the event of any material changes. Completion of the actions necessary to mitigate the risks is audited by Site/Regional Compliance Teams. • Risk assessments concerning testing, accreditation and marketing (amongst other risks) are also undertaken at a Site level. • Group Marketing Integrity Manual – first published June 2021. The Marketing Team follow the Group Marketing Integrity Manual and are regularly audited against it by Group Internal Audit & Compliance / Divisional / Regional and Third Party ISO 37301 Auditors. • A new Data Governance Manual.
<p>(2) Appoint a third party expert to audit and advise on best practice on product fire testing, accreditation and marketing material (the "Three Functions")</p>	<ul style="list-style-type: none"> • External consultants appointed by Kingspan's UK Insulation Board's business ("GB&I insulation") to audit and advise on best practice regarding the Three Functions and assist with design and implementation of world class change management systems. • External consultants appointed include: <ul style="list-style-type: none"> ▪ DGMR - independent external fire safety consultant based in the Hague, instructed to review and comment on available test data and witness tests at Efectis' test centre in the Netherlands to assess how these processes compared against the "Gold standard fire performance track". ▪ Advanced Certifications Ltd - Kingspan Group consulted with Advanced Certification Ltd to inform its approach to securing ISO 37301 accreditation during 2021 for its Compliance Management Systems. ISO 37301:2021 is the internationally recognised standard for Compliance Management Systems. It sets out the requirements and provides guidelines for establishing, developing, implementing, evaluating, maintaining

	<p>and continually improving a compliance management system. Assessment involves an analysis of the marketing, technical, testing, HR & training, quality & compliance and the operations functions.</p> <ul style="list-style-type: none"> ▪ True Solutions Consulting Ltd – ISO 37301 Auditors. Group Compliance engaged True Solutions to undertake an annual audit of its Compliance Management System to make sure nothing had been missed in the work undertaken by Advanced Certifications Ltd. ▪ EFESO Management Consultants were engaged to help GB&I’s Technical Director set up a CMEX (Change Management EXcellence) program, to ensure all product and certification changes undergo a robust sign-off process, with stage gates and evidential documentation being held on file for future Audits. <ul style="list-style-type: none"> • Achieving best practice in the areas of testing, accreditation and marketing material is also supported by: <ul style="list-style-type: none"> ▪ Within the EU, the reliability and accuracy of the Declaration Of Performances are monitored and assured by the Assessment and Verification of Constancy of Performance audits (“AVCP”). Efectis (a global name in fire safety & fire science) undertakes monthly surveillance on products manufactured by GB&I Insulation in accordance with the highest AVCP audit - known as AVCP1. This surveillance includes performing a full fire test on a randomly selected sample of a product or products. ▪ The Group Marketing Integrity Manual provides oversight and best practice procedures from an internal perspective and is based on the clauses within the Code for Construction Products Information (CCPI) and certain elements of the ISO 37301:2021 ▪ A Standards Committee, made up of experts from Technical, Quality, Compliance, Regulatory Affairs & Technical Processing, meets on a monthly basis to review and interpret the Product Testing Harmonized Standards. ▪ If any product ever fails an external or internal Fire Test or is believed to be within 10% margin of failure, there is a documented procedure to follow.
<p>(3) Take steps to implement consistent, well-documented and effective controls in respect of product testing. Develop failsafe systems for the Three Functions to implement the best practice procedures (the “Procedures”),</p>	<ul style="list-style-type: none"> • The Group Compliance Manual documents the best practice procedures and controls to be followed to secure ISO 37301 accreditation, including the use and strict adherence to: <ul style="list-style-type: none"> ▪ Register of External Certificates and Test Reports for each product; ▪ Product Compliance Risk Assessments; ▪ Product Compliance Registers; ▪ Group Change Control Policy to supplement existing change control processes; ▪ Lessons learned loops to aid continual improvement; and ▪ Calibration and verification of equipment and the requirement to maintain records of the same. • Implementation of a groupwide Product Information Management (PIM) infrastructure to ensure control and accuracy of all product information is ongoing; • Training continuously provided in respect of the above controls by the GHC, the GHC’s team, the PCO’s and by PECB. • GB&I Insulation Site IMS Managers have ‘Train the Trainer’ qualifications and will ensure all Operations staff receive the appropriate training.

<p>as may be advised by the External Expert.</p>	<ul style="list-style-type: none"> • All Departments have a Competency and Training Matrix, where Managers identify and document required competencies for each Job Grade and plan training to progress their team members to the correct level. GB&I Insulation employees are given their initial induction by a member of the HR/L&D Team and will then move onto their Department's Competency Matrix. • There is compulsory annual Compliance Training, sent to all employees in GB&I Insulation, via the online KnowBe4 training delivery system. • At interview we saw evidence of the adoption of the Procedures. • All GB&I Insulation employees are given an annual Performance Review/Appraisal, which is a chance for their Line Manager to discuss any areas they might need to improve upon, or training needed to progress them through the business. • There is a full suite of Group (IMS) Divisional (DIV) and Regional (KIBI) Process & Procedural documents. These are automatically communicated to all relevant personnel and acknowledgements of same are collated, which are then checked during Internal Audits.
<p>(4) Implement controls in respect of the Three Functions, ensure there is communication training to promote transparency around product capabilities in the sale process and also in respect of engagement with third party accreditation. Increase awareness in risk accountability across the organisation</p>	<ul style="list-style-type: none"> • Awareness in risk accountability concerning compliance with the Three Functions has been increased and is underpinned by the principles in the Group Code of Conduct, by the appointment of the GHC, the PCO's and by the implementation of ISO standards and on-going training across the Three Functions. • The requirements to comply with testing protocols (including internal verification testing) and to secure all test data is accurately stored and periodically reviewed is set out in the Group Compliance Manual. • The Group Marketing Integrity Manual introduces mandatory rules to ensure the accuracy and transparency of marketing materials across the Group, including; <ul style="list-style-type: none"> ▪ Enhanced change control by the sign-off of each item of marketing material to verify its compliance with the information in the Product Compliance Register; ▪ Version control on documents and other marketing material; and ▪ Creation and implementation of training modules • Third party accreditation organisations (such as DGMR or Advanced Certification Ltd - which is auditing the processes and procedures of manufacturing facilities against the requirements of ISO 37301) are engaged on an entirely independent basis. • In 2022, GB&I Insulation recognised the value in investing further in quality assurance and created a Quality Director position, to help standardise equipment, test methods and frequency. Once appointed, the first task of the Quality Director was to verify all products met their Declarations of Performance. • GB&I Insulation Quality Teams will test incoming raw materials, to ensure they are within the Supplier's agreed Certificate of Analysis (CofA) specifications and will also conduct regular Factory Production Control (FPC) testing of products before they can leave the warehouse, to ensure quality is maintained. Any issues or sub-standard products are reported to the operations Teams and those products written off 'good' stock.

	<ul style="list-style-type: none"> • GB&I Insulation has a Risk Assessment document which is signed-off annually and any outstanding actions reviewed by senior management regularly. It is used as a base document for individual Site Risk Assessments.
<p>(5) Review and enhance the system and process for retaining customer observations and data</p>	<ul style="list-style-type: none"> • Customer observations and data concerning a complaint or non-conformance are reviewed in accordance with the process recommended in ISO 37301 and any necessary corrective action is taken to prevent reoccurrence. • Net Promoter Score surveys undertaken annually, and the customer trends and feedback are shared with each business unit. • Customer Complaints Team are part of the Technical Team and share all findings with the applicable Site Quality Team and report to the wider Operations Team in Monthly Steering Committee Meetings. • The Group Compliance process dictates that every business unit reviews all external fire tests every 5 years as a minimum to ensure there have been no material changes in performance. The Divisional Compliance team will audit this annually.
<p>(6) Establish a subcommittee of the Kingspan Group Plc board to include Non-Executive directors, to monitor compliance and the Three Functions.</p>	<ul style="list-style-type: none"> • The role of the Audit Committee has been expanded into an Audit & Compliance Committee, with responsibility to review the principal risks and uncertainties and monitor compliance in the Three Functions. The role of the Group Internal Auditing function has been expanded to incorporate product compliance. • The GHC and the Head of Internal Audit & Compliance report regularly to the Audit & Compliance Committee. A qualified ISO 37301 Lead Auditor has been appointed to the Internal Audit function with specific responsibility to undertake internal audits focused on product marketing. • Internal Audit carried out its first review of the Compliance Team’s activities in June 2021. Further reviews are performed twice yearly. • Group Compliance conduct annual 37301 Product Compliance Audits of all high-risk manufacturing sites and approximately 25% of low-risk manufacturing sites. • GB&I Insulation Compliance team audits the Declarations of Performance prepared by the GB&I Insulation Technical teams and adherence to the clauses in the Marketing Integrity Manual by the GB&I Insulation Marketing team and we saw evidence of robust audit and follow up. • The Head of Compliance at GB&I Insulation has quarterly meetings with Divisional MD and monthly meetings with Divisional Compliance Director, to ensure all concerns are highlighted, along with actions to mitigate. • The Head of Compliance GB&I Insulation will call a GB&I Compliance Committee meeting to calculate risk and agree actions for any product compliance issues and report the findings and updates directly to Divisional Compliance Director and Group Head of Compliance. • All employees are encouraged to report any compliance concerns to their Line Manager / IMS Manager / Head of Regional Compliance / Head of Divisional Compliance / Head of Group Compliance or on the Confidential Reporting line run by Navex, if they want to remain anonymous. • Group Compliance and Divisional Compliance Newsletters are sent out to the business to inform employees of performance and progress.

<p>The company should undertake a review of the composition of the boards of directors of subsidiaries and the conduct and reporting of meetings.</p>	<ul style="list-style-type: none"> • The composition, conduct and reporting of the board of directors of subsidiaries is governed by the Group Accounting Manual which prescribes, amongst other things: <ul style="list-style-type: none"> ▪ Each business is responsible for the maintenance of the statutory books and records for each of its statutory entities, and for all company secretarial compliance and filings with the relevant commercial register ▪ Each business is responsible to make sure that all the data on the Group's entity management system ("GEMS") relating to their business' entities is correct and up to date. In particular, a copy of each entity's signed annual accounts must be uploaded and filed on GEMS ▪ The Divisional MD and the Divisional FD should normally be appointed as statutory directors of the subsidiary company. • The composition of the board of directors of the subsidiaries is reviewed annually. • At a Divisional / Regional level, a number of monthly meetings take place to monitor the performance of subsidiaries. These meetings are attended by representatives of the Group and Divisional boards.
<p>Prepare a bespoke directors duties manual for Directors of Kingspan subsidiaries.</p>	<ul style="list-style-type: none"> • A Global Director's Duties handbook has been developed with Allen & Overy LLP and issued to all subsidiary directors. There is a related in person and online training module. The manual includes: <ul style="list-style-type: none"> ▪ a summary of the legal duties of a Director ▪ the responsibilities and potential liabilities that accompany the legal office of a Director ▪ the identification of conflicts of interests and how to deal with them ▪ description of how the Group is structured, and ▪ summary of a director's duty to comply with the internal control systems within Kingspan as set out in the Group Accounting Manual ▪ statement that the manual forms part of a new Director's induction on appointment as a director within a Kingspan subsidiary • A copy of the handbook is included in the new starter's pack for a statutory director and senior hire to the Group functions.

Eversheds Sutherland LLP