

No.	Recommendations
1.	<p>We recommend Kingspan develops a renewed compliance and leadership strategy.</p> <p>Establish a corporate vision and statement of purpose with clear accountability for risk management, specifically in respect of testing, accreditation and marketing material (the "Three Functions") through the creation of a single Group Head of Technical position ("GHT") and Product Compliance Officer ("PCO") positions in each business unit across the organisation to ensure compliance within the Three Functions in addition to training and creating action plans. The importance of risk management should be reinforced through regular communications of the PCO's to Divisional Board meetings. This must be accompanied by clear lines of accountability and reviewed regularly by the GHT. Each PCO should have a dotted reporting line into the GHT.</p>
2.	<p>We recommend that Kingspan appoint a third party expert to audit and advise on best practice on product fire testing, accreditation and marketing material.</p> <p>It is recommended that an international consulting firm with expertise in managing product fire safety compliance functions in a large manufacturing business (the "External Expert") is tasked to carry out an audit, to be repeated every two years, of the Three Functions and then to advise on and assist with implementation/ change management to achieve best practice in these areas.</p>
3.	<p>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"), as may be advised by the External Expert.</p> <p>In our view, best practice should include procedures so as to avoid/minimise individual error and/or override (by requiring each step to be actioned before allowing the user progress to the next step). It will also ensure continuity across the business with employees departing and new employees joining. The Procedures must be documented (protocols and flowcharts finalised) and made securely accessible at an appropriate level across the business units. Training on the system and the Procedures should be given to all including new employees and updated on a regular basis.</p>
4.	<p>Implement controls in respect the Three Functions and 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> <p>GHT and PCO's should monitor compliance with testing protocols. Each business should develop systems to document and secure all test data so that it is accessible but incapable of being changed unless in accordance with testing protocols. Communication protocols ought to have built in safeguards to ensure each business unit has only accurate up to date test information available and that only accurate and clear information is circulated to third party accreditation bodies and customers. Increase awareness by identifying risks and increasing individual accountability. Identify and manage principal risks and uncertainties at a Group level and ensure that these are filtered down to director and employee level.</p>

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5	<p>Review and enhance the system and process for retaining customer observations and data</p> <p>Improve the system and processes that analyse and synthesize customer data and observations. Identify trends and put in place appropriate responses to customers. Review communication processes for how this information is shared widely within the division to the appropriate teams.</p>
6	<p>Establish a subcommittee of the Kingspan Group Plc board to include Non-Executive directors, to monitor compliance and the Three Functions.</p> <p>The GHT should present quarterly reports to the subcommittee to assist the subcommittee in reviewing product compliance with regulation, product testing, product accreditation/certification and consistency with product marketing. The internal audit team should carry out regular compliance audits.</p>
7	<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> <p>The boards of directors of subsidiaries should hold meetings and the outcomes of those meetings should be accurately reflected in the minutes with a clear reporting line back to the parent company.</p>
8	<p>Prepare a bespoke directors duties manual for Directors of Kingspan subsidiaries.</p> <p>This will include: (i) a summary of the legal duties of a director and the responsibilities and potential liabilities that accompany the legal office of a director (ii) the identification of conflicts of interests and how to deal with them (iii) description of how the group is structured, and (iv) summary of the internal control systems within Kingspan via the Group Accounting manual.</p> <p>This manual will form part of a new director's induction on appointment as a director of a Kingspan subsidiary.</p>