19th February 2021: Kingspan statement on actions taken in response to issues arising from the Grenfell Tower Inquiry

Introduction

Kingspan is today outlining the actions it has taken and is taking in response to a number of serious issues arising out of the Grenfell Tower Inquiry process ('the Inquiry').

These issues relate to unacceptable employee conduct at its UK insulation boards business, and historical process shortcomings by this business.

Kingspan apologises unreservedly once again for these shortcomings which are not consistent with its values or its commitment to conduct its business to the highest safety standards.

The actions outlined below are designed to address these legacy issues, complemented by Group-wide governance and continuous improvement initiatives to ensure that these issues can never be repeated.

Kingspan and the Grenfell Tower Inquiry

Kingspan had no role in the design of the cladding system used on Grenfell Tower, where its K15 product constituted approximately 5% of the insulation used. It was used without Kingspan's knowledge in a system that was not compliant with the buildings regulations and was unsafe.

In its Phase 1 Report the Inquiry has stated that the 'principal reason' for the rapid flame spread on the tower was the polyethylene cored (PE) ACM cladding material which was neither manufactured nor supplied by Kingspan, and would never be compliant for use in a system combined with K15. Furthermore, large scale testing undertaken by the UK Government since the fire concluded that any cladding system using the PE-cored ACM installed on Grenfell Tower would have been unsafe, regardless of insulation type.

Notwithstanding this, the Inquiry process has highlighted historical behaviours that have rightly been criticised, and today Kingspan is updating on extensive actions taken and underway to underpin its clear commitment to proper professional conduct and safety.

Gene Murtagh, Chief Executive of Kingspan commented:

"The unacceptable conduct and historical process shortcomings, involving a small

number of employees in our UK insulation boards business, do not reflect the high standards of integrity and safety that are core Kingspan values, deeply held by our people.

We have already implemented several important changes that demonstrate our commitment to product compliance and good governance. Our aims are clear: to reassure that safety takes precedence over all other considerations and to ensure this can never happen again."

Update on actions taken

The actions taken, and underway, by Kingspan include:

- *Compliance and governance review***:** Law firm Eversheds Sutherland has conducted a rigorous review of Kingspan's UK insulation boards business to ascertain how the issues occurred, what changes have been made by the business, and what further actions should be taken. Kingspan is committed to implementing in full the recommendations made, and this work is already underway. A summary of the Eversheds Sutherland report recommendations can be found at inquiry.kingspan.com

- *Wide-ranging process changes to date:* Substantial changes made to date in Kingspan's UK insulation boards business include new fire testing and accreditation protocols, publication of all BS 8414 test reports (pass and fail) and the introduction of a new Marketing Integrity Manual is underway. Kingspan is also fully engaged in several industry initiatives to generate systemic changes in the UK construction industry consistent with the recommendations made in the Hackitt Review. These include Kingspan's full support for the planned new Construction Products Regulator, and the Code for Construction Product Information (CCPI) that is due to be introduced later this year.

- *Governance and management changes:* Kingspan has introduced management and governance changes to strengthen its approach to product safety and compliance. These include the recent appointment of a Group Head of Compliance & Certification reporting directly to the Group CEO; changes to divisional and UK senior management in the Insulation Boards business; the appointment of Product Compliance Officers in every business division across the Group; extending the role of the Board Audit Sub-Committee into an Audit & Compliance Sub-Committee; expanding the Group Internal Auditing function to incorporate product compliance; and a commitment to achieve the incoming ISO 37301 certification across its major facilities.

- *Code of conduct:* Kingspan has introduced a new code of conduct based on three core principles of integrity, honesty and compliance, and the rollout of a training programme on the contents to all its staff is underway. The Code of Conduct includes strengthened "Speak Out" arrangements provided by an independent third party, and features enhanced investigation processes, and a multi-lingual, 24/7 confidential phone line.

- *Integrity and traceability of product information:* Kingspan has commenced the implementation of a groupwide Product Information Management (PIM) infrastructure to ensure accuracy of all product information, including that which is related to compliance. The PIM will provide accurate and up-to-date product information to a suite of customer tools in order to support the golden thread of product information through the building lifecycle. The PIM project has been underway since 2019 and the prototype BIMDesigner platform was launched in the UK in 2020.

- *Reassurance and engagement on legacy testing issues:* Kingspan has retested the three BS 8414 tests it withdrew and validated the original claims using current K15. Kingspan is engaged with the appropriate stakeholders on matters relevant to all K15 legacy marketing and testing issues on an ongoing basis. Kingspan has reviewed the remainder of its Kooltherm range and has not identified issues of either safety or materiality.

- *Action on legacy projects:* Kingspan now holds fifteen successful BS 8414 tests using current K15 which provide support for its safe use in compliant systems. When K15 was recommended in a system by Kingspan for use in a particular building, and the existing suite of BS 8414 tests does not support that use, then Kingspan is fully committed to acting swiftly to evaluate what action is required, and to providing remediation as appropriate. Kingspan is already actively providing support on legacy projects.

- *Fire Safety Research & Development:* In order to support research and development with respect to fire performance of products, prior to independent third-party testing, Kingspan has invested in a new Fire Test Centre in North Wales. It is intended that this centre, which will be one of Europe's most advanced fire testing facilities, will be made available to the wider industry for research purposes.

Safety of K15 within compliant systems

Kingspan has engaged in a very extensive testing and review process and has full confidence in the safety of K15 when used in a compliant system that has successfully been tested to the BS 8414 standard.

As explained above, Kingspan has completed fifteen BS 8414 large-scale system fire tests using cladding systems incorporating current K15 that have successfully met the relevant criteria set by BR 135. The testing and review process includes repeating the three withdrawn tests and validating the original claims with current K15.

This extensive testing programme, which is ongoing, supports the retention of K15 in existing cladding systems on high rise buildings which meet current UK Government guidance where:

- the system is correctly installed and has passed a full-scale BS 8414 fire test; or

- there is a technically robust desktop study in place based on accurate test data; or

- a fire engineering assessment was completed on the building on which the system was installed.

Furthermore, K15's use in new builds in facades on buildings with a top storey below 18m in England/Wales/NI or 11m in Scotland remains unaffected, provided it is used in a system which meets the requirements of the building regulations.

END