

KINGSPAN INSULATION LIMITED

REFORMS

Introduction

1. The purpose of this document is to set out the reforms and initiatives that Kingspan Insulation Limited ("Kingspan Insulation") has put in place in response to lessons learned from the shortcomings which emerged in its UK business during the Grenfell Tower Inquiry.
2. It is with deep regret that Kingspan Insulation acknowledges that over a number of years its UK business fell short of the high standards that it expects of itself.
3. In particular, some emails and messages emerged involving a small number of employees containing wholly unacceptable sentiments about fire safety which in no way reflect its culture.
4. Kingspan Insulation has learned important lessons from this, which have been treated with the utmost seriousness, and it has addressed them comprehensively as outlined further below. It believes these reforms wholly address the shortcomings identified during the course of the Inquiry and demonstrate Kingspan Insulation's commitment to continue to "strive for better", so that it is not only compliant but industry leading.
5. However it is important to clearly state that these shortcomings were not causative of the Grenfell Tower tragedy¹.
6. The Hackitt Report set out a vision for systemic and widespread reform of the construction industry. Kingspan Insulation fully agrees with the

¹ See paragraphs 13 to 15, and section H of Kingspan Insulation's Overarching Phase 2 Submissions and Module 7 Addenda.

recommendations of the Hackitt Report and is committed to implementing them as appropriate for its business.

7. The reforms now in place in Kingspan Insulation have been driven by a new Group-wide Compliance programme, with full support from the leadership team and all functions across the Kingspan Insulation business.
8. In addition to the measures which Kingspan Insulation has put in place specifically in its UK business, a Group-wide Product Compliance programme and Marketing Integrity Manual programme, with associated Internal Auditing and Board oversight has also been implemented.

Reforms and Initiatives

Overall approach

9. The approach to Quality Assurance in Kingspan Insulation is built on four foundational pillars.
 - (i) Capability – competency of its people and the testing equipment and methodologies employed.
 - (ii) Assurance – the robustness of its actual testing and surveillance, in support of its product performance criteria.
 - (iii) Governance – providing certainty via oversight to ensure compliance with regulatory requirements.
 - (iv) Enhancement – continue to ‘strive for better’ so that it is not only compliant but industry leading.

Overview of the specific reforms and initiatives which have been put in place.

A. An explicit culture of integrity, honesty and compliance with the law across Kingspan Insulation and its global business

- (i) An updated Group-wide Code of Conduct based on honesty, integrity and compliance with the law, has been rolled out to every employee across the global business.
- (ii) An expanded Group-wide whistleblower policy is in place with enhanced internal visibility.
- (iii) A new Group-wide Director's Duties handbook has been introduced with associated training.

B. Introduction of a new Group-wide Compliance function operating to the ISO 37301 standard, with internal auditing and Board oversight.

- (i) Creation of the Group Head of Compliance role in January 2021 - reporting directly to the Group CEO.
- (ii) The Kingspan Group Compliance Team now uses ISO 37301 certification as a consistent process to ensure Product Compliance accreditation. ISO 37301 is an internationally recognised Type A management system standard which sets out the requirements and provides guidelines for establishing, developing, implementing, evaluating, maintaining, and continually improving a compliance management system (CMS).
- (iii) Creation of Product Compliance Officers in each business across Kingspan Group who provide monthly reports to the Group Head of Compliance together with updates to their Divisional Boards.
- (iv) Specifically in the Kingspan Insulation Division the following structure has been created:
 - Divisional Product Compliance Officer reporting directly to the Divisional Managing Director with dotted line to Group Head of Compliance.
 - Global Compliance Heads have been appointed across 42 factories;

- Each Business Unit has Quality and Compliance managers reporting directly to the Business Unit Managing Director.
 - Two Internal Auditors are in place within the Insulation Division.
- (v) The role of the Kingspan Group Audit Committee has been expanded into an Audit & Compliance Committee, with responsibility to monitor compliance in product testing and marketing.
- (vi) The role of the Kingspan Group Internal Auditing function has been expanded into an Internal Audit and Compliance function to audit product and marketing compliance, and
- (vii) The Group Head of Compliance and the Head of Internal Audit & Compliance report regularly to the Kingspan Group Audit & Compliance Committee.

C. Introduction of a new Kingspan Group Compliance Manual, plus certification of manufacturing facilities to ISO 37301

10. The Kingspan Group Compliance Manual was first published in January 2021 and covers all aspects of the processes which have been implemented in Kingspan Insulation UK namely:

- Roles & Responsibilities.
- Register of External Certificates and Test Reports for each product.
- Product Compliance Risk Assessments.
- Product Compliance Registers.
- Product Modifications and Change Control.
- Product Removal / Recall.
- Continual Improvement and Non-Conformities.
- Calibration and verification of equipment and the requirement to maintain records.
- Month end reporting.

- Marketing.
- Competency.

11. In addition, it is expected that all Kingspan Insulation UK board manufacturing facilities will be certified to ISO 37301 by the end of 2022.

D. New fire testing processes and controls

12. A cornerstone of the new processes and controls listed below has been the opening of Kingspan Group's new Fire Engineering and Research Centre in Holywell, Wales which has enabled a significant increase in the frequency and scope of fire testing of products.

13. Key processes and controls implemented by Kingspan Insulation include but are not limited to:

(i) Products rated as D or better under the Euroclass system will move to the more rigorous AVCP1 testing regime (even when it is not a mandatory requirement) which includes continuous surveillance by a notified independent product certification body (this is still in process).

(ii) Higher frequency and rigour of product testing.

(iii) Monthly metrics and reporting on product testing and auditing.

(iv) Processes and metrics in place to understand variables from supply chain through to end product, together with robust specification and testing of raw materials coupled with regular supplier audits.

(v) All persons performing tests do so under the authority of demonstrated competence and skill.

E. New Change Management System ("CMEX")

14. In mid-2020 the Kingspan Insulation UK business embarked on a Change Management Excellence project based on a Stage-gate system. A Stage-gate system is a well known project management technique, particularly useful in projects that involve large teams, multiple departments and numerous stakeholders. It is particularly suitable for introducing new products or for making changes to existing products.
15. Typically, stage gates break up large projects into a series of stages with gates between them, with decision points or stages along the way. At each of these points, work is reviewed to decide whether the project is able to move to the next stage. Kingspan Insulation's CMEX process has 5 gates from idea generation through to launch completion and review. Some gates are tactical and some are strategic.
16. The bespoke software system on which the CMEX is run, allows for specific actions required throughout a project to be allocated to an individual who then uses the system to note actions and signal completion. The system allows easy tracking of each action against a specific project, providing a through auditable record of key actions through the various stages of the project.
17. Kingspan has a CMEX team led by a Head of CMEX which supports the training and coaching of project team members as well as the introduction, monitoring, control and compliance of change projects through the system and against the requirements of each stage gate. Each project is allocated a sponsor (senior manager) and project manager responsible for managing the project and the associated project team members for the various departments, through to completion. The project team sign off the tactical gate reviews.
18. In addition to the above there is also a CMEX Governance review which is made up of key members of the senior leadership team who meet monthly to review any projects that are at any of the strategic gates, to look at the project portfolio in the context of priorities and resources.

F. Introduction of a new Global Marketing Integrity Manual ("MIM") programme in line with the UK Code of Construction Product Information, with internal auditing and Board oversight.

- (i) A Global Head of Marketing was appointed in 2019 reporting to the Group CEO.
- (ii) Global MIM was launched in 2021 based on 11 key principles aligned with the UK Code of Construction Products Information.
- (iii) Global MIM e-learning has been rolled out across all marketing team members.
- (iv) Fire Approvals e-learning has been rolled out for appropriate marketing team members.
- (v) A Skills, Knowledge, Experience and Behaviour competency assessment model has been introduced with associated training and strict rules for publishing product information.
- (vi) A Sign-off approvals process has been implemented for new global website infrastructure, and
- (vii) An Internal ISO 37301 accredited auditing team has been appointed specifically for the MIM programme.

G. Focus on building internal competencies to support Compliance

19. To support the enhancement of skills, behaviour and cultural awareness, a dedicated Learning and Development Manager has been appointed in Kingspan Insulation UK. Work completed to date includes:

- (i) A review and renewal of all job descriptions to clarify ownership and accountability.
- (ii) Roll out of Code of Conduct training.

(iii) Specific training on the ISO 37301 management system. This includes training on the system itself, its implementation and the competencies needed to operate it.

(iv) Competency matrices for key roles in marketing, technical, quality, and compliance have been introduced which are now being extended to other functional areas.

Commitment to implementing the relevant recommendations of the Hackitt Report

20. In addition to the reforms set out above Kingspan Insulation fully supports the recommendations of the Hackitt Report and is committed to implementing additional initiatives in the business.

21. For example, with regard to the digital record section of Recommendation 2.3², the creation, maintenance, and handover of relevant information, a Group Head of Digital and a Group digital team was established in 2018 and a Head of Data and Enterprise Architecture was appointed in 2022.

22. Further, with regard to Recommendation 7.5 (a) - *the construction products industry should work together to develop and agree a consistent labelling and traceability system*, in January 2019, Kingspan Insulation introduced a traceability requirement for certain key products (including K15) manufactured and/or sold in Great Britain, both directly by Kingspan Insulation and via distributors.

CONCLUSION

23. Kingspan Insulation is confident that the initiatives and reforms which have been put in place will ensure that there can be no repeat of the shortcomings in

² Building a Safer Future Independent Review of Building Regulations and Fire Safety: Final Report, page 36

respect of aspects of Kingspan Insulation's business which have been identified during the course of the Inquiry. These reforms are designed to ensure that all aspects of the business comply with the high ethical and cultural standards set by the Kingspan Group.

24. It is important to emphasise that these historical shortcomings, though deeply regrettable and deeply regretted, do not affect the safety of K15 when used in an appropriate cladding system. In total, 15 cladding systems incorporating K15 have satisfied the BR 135 criteria when tested to BS 8414 and Kingspan Insulation is not aware of any other type of insulation having formed part of so many successful system tests. Independent expert evidence has demonstrated that K15 can be safely used and retained in appropriate systems and government guidance similarly permits the retention of K15 in such systems³. It is sincerely hoped that the reforms will also help to re-establish confidence in relation to the safety of systems which have appropriately incorporated K15.

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³ BSI Code of Practice - PAS 9980:2022 Fire risk appraisal of external wall construction and cladding of existing blocks of flats