

Report of the Remuneration Committee

LINDA HICKEY

On behalf of the Remuneration Committee (the 'committee'), I am pleased to present the 2020 Report on Directors' Remuneration.

Our remuneration philosophy

As detailed previously, we have developed a clear philosophy around remunerating and incentivising employees, management and executive directors. Central to our approach to remuneration are the principles of simplicity, pay for performance and transparency. Variable remuneration is only paid for strong performance and maximum payouts will only be realised for truly exceptional performance under simple measures that are key to the delivery of strategy. A significant portion of remuneration is delivered through equity, ensuring strong levels of alignment between the interests of management and shareholders. This approach cascades through the organisation and promotes transparency and simplicity for participants and our shareholders. Our relentless focus on simplicity and a high performance culture has been instrumental in driving the growth of the business and significant value creation for stakeholders over the years.

Business performance and pay outcomes

Overall, the past year was one of robust performance for Kingspan across a number of measures in the face of remarkable market turbulence and unprecedented challenges. The performance of the Group in that environment, the wider backdrop of the global COVID-19 pandemic and the learnings from the UK's Grenfell Tower Inquiry (the "Inquiry"), have each been central to the discussion and decisions at committee level during the course of the year.

Group revenue was down somewhat on prior year at €4.6bn, whilst trading profit was up 2% to €508.2m. Earnings Per Share ('EPS') rose 1% to 206.2 cent and Total Shareholder Return ('TSR') for the year was 5.4%. EPS and TSR are two of the key performance measures used to determine the executives' performance-related pay.



In the first half of the year, amidst the initial outbreak of the COVID-19 pandemic and the imposition of government restrictions, there was considerable disruption to our business and end-markets. As a result of the unpredictability of the situation, a number of early decisions were taken to protect and safeguard the long-term interests of the business. These included a 50% cut in the executive directors' pay and non-executive directors' fees for two months (in April and May), as well as similar salary cuts of 40% for all employees across the Group. In some jurisdictions we were able to avail of furlough and wider governmental support schemes to protect as many jobs as possible. As the year progressed, we developed a clearer picture of the likely impact of the pandemic on our business, and we were in a position to fully reinstate all staff pay deductions and cease the receipt of and repay any government support. We also recognised the importance of balancing stakeholder interests in our decision-making, and the Company has either already repaid or committed to repay all COVID-19-related government support received over the past year.

The committee carefully assessed the performance of the executive directors against their individual performance measures in line with normal practice. Despite strong performance against both the Group and divisional profit measures underpinning the annual bonus plan, the committee conducted a holistic review of our stakeholder experience during the past fiscal year, including the matters arising from the Inquiry. Against this backdrop, and consistent with our commitment to consistently evaluate the appropriateness of pay-outs, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, there are no pay-outs to executive directors under the annual bonus plan for 2020.

In terms of long-term incentives, the underlying health of the Group has been reflected in the

achievement of top quartile TSR performance among the peer group for the tenth cycle in a row which, together with robust EPS growth over the three year vesting period, resulted in the 2018 Performance Share Plan ('PSP') Awards vesting at 90% of maximum.

The committee remains dedicated to overseeing the implementation of our Remuneration Policy in a manner which works for our business and delivers results for our stakeholders. During the course of 2020, recognising the growing importance of integrating non-financial measures into remuneration frameworks and strategic KPIs, we considered the introduction of non-financial measures within short and long-term incentive arrangements for executive Directors. As set out in further detail within the following report, Net Promoter Score ("NPS"), a measure of customer satisfaction, will be included within the Annual Bonus plan, accounting for 10% of measures. This will constitute a second metric for those with Group focused measures, and a third for those with Group and divisional focused measures. The addition extends the focus to non-financial performance which is central to delivering on the Group's strategy.

In addition, the committee determined it would introduce an additional ESG measure into our long-term Performance Share Plan (PSP). The PSP metric is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP bonus award. The inclusion of non-financial measures in both short and long-term variable incentives reflects the Group's wider commitment to Environmental Social Governance (ESG) considerations and to ensuring Kingspan delivers against key non-financial as well as financial

FIXED PAY V VARIABLE PAY



VARIABLE PAY Short Term v Long Term



measures. Both measures also align with our philosophy of simplicity and pay for performance, with the NPS being an externally recognised measure, and the Planet Passionate targets being quantifiable and transparent.

Whilst undoubtedly there remain challenges ahead, we continue to work together with all of our stakeholders, and the resilience of the Group's performance is testament to the management and employees' efforts. I would like to thank my fellow members on the committee for their contribution to the remuneration agenda during 2020.

Linda Hickey

Chair of the Remuneration Committee

Corporate governance developments

As an Irish listed company, Kingspan reports against the provisions of the UK Corporate Governance Code (July 2018). This latest iteration of the Code has broadened the role of the committee, as well as introducing additional practices concerning director pay, all of which have been carefully considered by the committee during the year and extensively discussed with shareholders. During the past fiscal year, steps were taken to broaden our oversight of remuneration practices throughout the organisation, which are guided by the same principles as those at senior management. As a committee, we will continue to be apprised of any overarching themes from remuneration with the wider workforce.

In addition, the Shareholder Rights Directive II ("SRD II") was transposed into Irish Law during the past fiscal year. The primary change in terms of remuneration related to the requirement to propose a remuneration policy at least every four years, something which the Company previously did on a voluntary basis in 2019.

Shareholder consultation

As set out in last year's Annual Report, following consultation with shareholders post the 2019 AGM, we implemented a number of changes to the Kingspan remuneration policy, including:

- The adoption of a two-year post-vesting holding period under the PSP;
- The introduction of a post-cessation shareholding guideline for all new executive directors, with the current shareholding guidelines applying for two years after an executive's departure; and
- Reduction in pension contributions for all future executive directors, which will be aligned with the rate applicable to the workforce in the relevant local market.

Following on from these changes and ongoing consultation with shareholders, almost 94% of shareholders supported the resolution to approve the Report of the Remuneration Committee at the 2020 AGM, which the committee believes is a reflection of its responsiveness to shareholders and a commitment to maintaining high levels of engagement with our shareholder base.

In advance of the 2020 AGM, the committee set out the background and context to each of the contractual pension entitlements of the executive directors. The committee undertook to keep pension contributions under review in line with evolving best-practice while noting legacy contractual arrangements for incumbent executives.

Following a thorough review of remuneration during the course of 2020, and incorporating both evolving best-practice and the perspectives of shareholders, with the agreement of each of the executive directors, all contractual pension contributions will be reduced to 10% of base salary by the end of 2024. Current and future pension contributions are detailed in the table below including the annual increments of reduction for each executive director which will be applied. The committee believes this approach fairly and appropriately balances the legacy contractual entitlement of each of the executive directors with the expectations of shareholders and wider stakeholders.

2020 Remuneration at a Glance

This section provides a snapshot of remuneration received by executive directors during 2020.

Salary

As flagged in our 2019 Annual Report, apart from Peter Wilson, each of the executive directors received a base salary increase of 2% in 2020 which was in line with that awarded to the general workforce. By reason of his increased responsibilities as outlined in last year's Annual Report, Mr Wilson received a salary increase of 7.5%. Each of the salaries were effective from 1 January 2020, well in advance of the committee's awareness of COVID-19 and the potential impact on business.

Temporary salary reductions of 50% were applied to executive directors for two months during the year which was later repaid along with all employee reductions. Full details of the directors' salaries and total remuneration are set out in the Remuneration Table on page 78.

Annual Bonus

As provided by the approved remuneration policy, the maximum annual bonus potential for the executive directors is 150% of basic salary. The CEO and CFO's annual bonus is based on the achievement of Group EPS performance targets. For Divisional MDs, bonuses are based on a combination of stretching profit targets for their respective divisions, plus an element of Group EPS targets.

Executive Director	2020 Contractual Pension Entitlement	2024 Pension Contribution Target	Annual Percentage Point Reduction Over 4 Years
Gene Murtagh	18%	10%	2% annually
Geoff Doherty	24%	10%	4% in year 1 and 2 3% in year 3 and 4
Gilbert McCarthy	20%	10%	3% in year 1 and 2 2% in year 3 and 4
Russell Shiels*	33%	10%	10% in year 1 5% in year 2 4% in year 3 and 4

*Russell Shiels joined Kingspan in 1996. His contract was renegotiated in 2013 and, in that renegotiation, his pension contribution was increased by \$100,000 per annum for the period until his retirement.

The 2020 targets and final outturns of the annual performance bonuses are detailed in full below:

CEO & CFO		Divisional MDs	
Measure	EPS	Divisional profit targets	EPS
Targets	95% -115% of prior year	95% -110% of prior year	95% -115%
Performance	100.8%	(13.2%) to 111.6%	100.8%
% Max payout	38.55%*	15.42% to 75.42%	

*Notional pay-out as committee discretion resulted in zero annual bonus.

Based on the targets above, the CEO and CFO achieved 29% of maximum target, which would have equated to 38.55% of salary for each executive. Divisional profit performances varied, with the outturn for the bonus targets for the divisional MDs ranging from 15.42% to 75.42% of salary. Russell Shiels exceeded 110% of his divisional profit target, whilst Peter Wilson and Gilbert McCarthy's divisional performance failed to meet their threshold targets given the global macro backdrop.

Despite financial performance that would have resulted in payouts to each of the Executive Directors during 2020, all payouts were subject to a final evaluation by the committee as set out in the statement of the Committee Chair. In light of wider stakeholder experience and the matters arising from the Inquiry, the committee determined that no annual bonus payouts would be made for 2020.

Performance Share Plan

The Performance Share Plan ('PSP') awards vesting in February 2021, relate to awards granted in 2018.

These awards were subject to EPS growth and relative TSR performance targets measured over the period from the start of 2018 to the end of 2020. Target and actual outturns are set out in the table below. 90% of awards granted will vest in February 2021. Prior to confirming the payouts, the committee undertook an evaluation of whether vesting levels reflected both individual and company performance over the three-year period to December 2020.

Summary of Remuneration Policy

Set out on the next page is a summary of the remuneration policy approved by shareholders at the 2020 AGM (as updated following shareholder consultation). The policy is guided by the following overarching principles:

- Simplicity
- Transparency
- High performance

	Weighting	Targets	Performance	Payout (% of max.)
EPS	50%	CPI +5% to 10% compounded p.a.	CPI+8.7%	80%
TSR	50%	Upper Quartile	93rd percentile	100%



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	How it Operates	Maximum Opportunity
Base Salary	Base salaries are reviewed annually by the Remuneration Committee in the last quarter of each year. Increases will generally be in line with increases across the Group, but may be higher or lower in certain circumstances to reflect performance, changes in remit, roles and responsibilities, or to allow newly appointed executives to move progressively towards market norms.	No prescribed maximum
Pensions	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. The committee may alternatively pay a cash amount subject to all applicable employee and employer payroll taxes and social security.	For all future appointments, pensions will be capped at the rate applicable to the workforce in the relevant local market. Incumbent executive directors' pensions will be reduced to 10% by the end of 2024.
Benefits	Executive directors' benefits include but are not limited to life and health insurance, the use by the executive directors of company cars (or a taxable car allowance), and relocation or similar allowances on recruitment, each in line with typical market practice.	No prescribed maximum
Annual Bonus	Executive directors receive annual performance related bonus based on the attainment of financial targets set prior to the start of each year by the committee. Bonuses are paid on a sliding scale if the targets are met. Maximum bonus is only achieved if ambitious incremental growth targets are achieved. No more than 100% of salary may be delivered in cash through the bonus plan. Any performance related bonus achieved in excess of the amount payable in cash is satisfied by the grant of share awards, which are deferred for two years.	150% of base salary Part deferred
PSP	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 three-year performance period, and if certain performance criteria are achieved over the performance period. The awards are subject to a two-year post-vesting holding period.	200% of salary 25% threshold vesting

In addition to the framework outlined, the following are key structural aspects of the remuneration policy.

Executive director shareholding guidelines

The committee recognises that share ownership is important in aligning the interests of management with those of shareholders. Shareholding guidelines are in place whereby all executive directors are required to acquire a holding of shares in the Company equal to 200% of salary. The executive directors in practice hold significantly in excess of this requirement, and details of these shareholdings are provided in the Report of the Directors contained in this Annual Report. Newly appointed executive directors are also subject to a post-employment shareholding policy equal to 200% of salary. The committee did not implement post employment guidelines for the current executive directors, having regard to their long-standing high levels of shareholdings and their existing contractual arrangements.

Clawback

The committee recognises that there could potentially be circumstances in which performance related pay (either annual performance related bonuses and/or PSP Awards) is paid out and where certain circumstances later arise which bring the committee to conclude that the payment should not have been made in full or in part. The clawback of performance related pay, and malus provisions (where awards are reduced to nil before they have vested) 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;
- error in calculation;

	Max. opportunity as % salary	Performance measures and % weighting	Threshold target	Target for maximum	Performance achieved	Bonus outcome as % salary*
Chief Executive	150%	EPS	194.4c	235.3c	206.2c	38.55%
Chief Financial Officer	150%	EPS	194.4c	235.3c	206.2c	38.55%
Russell Shields	60%	Divisional profit	N/D	N/D	N/D	75.42%
	90%	EPS	194.4c	235.3c	206.2c	
Peter Wilson	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	
Gilbert McCarthy	60%	Divisional profit	N/D	N/D	N/D	15.42%
	90%	EPS	194.4c	235.3c	206.2c	

*Notional payout as committee discretion resulted in zero annual bonus.

- failure of risk management;
- corporate failure;
- any wilful misconduct, recklessness, and/or fraud resulting in serious damage to the financial condition or business reputation of the Company.

The committee may adjust the bonus and PSP that is payable if it considers the formulaic outcome is not representative of the underlying performance of the Company, investor experience or employee reward outcome.

The remuneration policy approved at the 2020 AGM is set out in full in the 2019 Annual Report and on our website at: www.kingspan.com.

2020 performance related bonus

In 2020 all executive directors were eligible for a maximum performance related bonus opportunity of up to 150% of base salary. The CEO and CFO'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. The committee considers this to be a truly stretching target.

For each of the Divisional MDs, up to 40% of their total bonus opportunity was based on achieving stretching divisional profit targets, with maximum bonus being payable on the achievement of 10% divisional profit growth. A further 60% of the Divisional MDs' total bonus opportunity is payable on the achievement of the same Group EPS targets as for the CEO and CFO, ensuring a healthy balance between incentivising divisional and Group growth.

While the Group delivered another year of robust financial performance, as set out by the Chair of the Remuneration Committee, following an evaluation of overall company performance, stakeholder experience and the matters arising from the Inquiry, the committee exercised its discretion to reduce compensation entitlements under the annual bonus plan to zero. As a consequence, it

was determined that no pay-outs would be made in respect of the 2020 annual performance bonus to any of the directors.

The table above sets out the performance against targets for each of the executive directors in respect of the year ended 31 December 2020.

We do not disclose the specific targets for the Divisional MDs, or performance against them, as these are commercially sensitive figures. While the committee is fully aware of the expectation that all bonus targets are disclosed in the year of payment, the specific targets for the Divisional MDs would provide information that would not otherwise be available to competitors, where such MDs are unlikely to be subject to comparable disclosure requirements.

**2020 Remuneration Outturn
Directors' Remuneration for year ended 31 December 2020**

Executive Directors	Gene Murtagh		Geoff Doherty		Russell Shiels ⁽¹⁾		Peter Wilson		Gilbert McCarthy		Total	
	EUR'000		EUR'000		EUR'000		EUR'000		EUR'000		EUR'000	
	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019	2020	2019
Fixed Remuneration												
Salary and Fees	888	870	573	562	523	522	512	477	530	520	3,026	2,951
Pension Contributions ⁽²⁾	161	158	140	137	173	174	198	186	106	104	778	759
Benefits ⁽³⁾	33	36	31	34	48	55	20	20	43	37	175	182
Total Fixed Remuneration	1,082	1,064	744	733	744	751	730	683	679	661	3,979	3,892
Performance Pay												
<i>Annual Incentives⁽⁴⁾</i>												
Cash Element	-	870	-	562	-	522	-	477	-	495	-	2,926
Deferred Share Awards	-	52	-	34	-	31	-	29	-	-	-	146
<i>Long Term Incentives⁽⁵⁾</i>												
LTI - Grant Value ^{(6) (7)}	1,308	1,348	740	795	620	757	586	720	684	720	3,938	4,340
LTI - Share Price Growth ⁽⁶⁾⁽⁷⁾	800	640	452	378	379	360	358	342	418	342	2,407	2,062
Total Performance Pay	2,108	2,910	1,192	1,769	999	1,670	944	1,568	1,102	1,557	6,345	9,474
Total Remuneration	3,190	3,974	1,936	2,502	1,743	2,421	1,674	2,251	1,781	2,218	10,324	13,366

Non Executive Directors⁽⁸⁾

Eugene Murtagh											191	191
Linda Hickey											85	82
Michael Cawley											85	85
John Cronin											75	75
Bruce McLennan											75	75
Jost Massenberg											75	75
Anne Heraty ⁽⁹⁾											75	31
Helen Kirkpatrick ⁽¹⁰⁾											-	35
Total non-executive pay											661	649
Total Directors' remuneration											10,985	14,015

- (1) Russell Shiels' remuneration is denominated in USD, and has been converted to Euro at the following average rates USD: 1.142 (2019: 1.120).
- (2) The Group operates a defined contribution pension scheme for executive directors. Certain executives have elected to receive part of their prospective pension entitlement in cash.
- (3) 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 benefit is also included.
- (4) The annual incentive amount is earned for meeting clearly defined EPS growth and divisional profit targets. Details of the bonus plan and targets are set out on page 75 of the Report of the Remuneration Committee.
- (5) Long Term Incentives are granted annually pursuant to the Kingspan Group Performance Share Plan (PSP). Details of the PSP scheme and targets are set out on page 79 of the Report of the Remuneration Committee.
- (6) The vesting value of the 2018 LTIP award (vesting in 2021) has been calculated using the average share price for the 30 day period ending 18 February 2021 being €57.52. The calculation for this award will be adjusted in next years' Annual Report to reflect the share price on the date of vesting (26 February 2021). The share price increased from the date of grant (share price: €35.70) to the share price used to determine the vesting value (share price: €57.52).
- (7) The vesting value of the 2017 LTIP award (that vested in 2020) has been calculated using the share price at the date of vesting (5 May 2020) of €46.10. The share price increased from the date of grant (share price: €33.00) to the date of vesting (share price: €46.10).
- (8) Non-executive directors receive a base fee of €75,000 per annum, plus an additional fee of between €7,500 and €10,000 for chairmanship of Board committees. They do not receive any pension benefit, or any performance or share based remuneration.
- (9) Anne Heraty was appointed as a non-executive director on 1 August 2019.
- (10) Helen Kirkpatrick retired as a non-executive director on 3 May 2019.

Performance Share Plan

The committee reviewed the extent to which the vesting targets in respect of the PSP Awards granted in 2018 had been met by reference to EPS and TSR targets over the three-year performance period to 31 December 2020. In addition, the committee reviewed overall performance and stakeholder experience during the three-year period up to December 2020. In 2018, the committee granted PSP Awards that were 50% based on EPS growth targets and 50% based on TSR targets:

Weighting	50%	50%
Measure	EPS	TSR
Threshold	CPI + 5%	Median
Maximum	CPI + 10%	Upper quartile
Performance	CPI +8.7%	93rd percentile
% Vesting	40%	50%

The peer group against which TSR performance was measured was as follows:

Armstrong World Industries Inc.	Owens Corning
Boral Ltd.	Rockwool Intl. A/S
CRH plc	SIG plc
Geberit AG	Sika
Grafton Group plc	Travis Perkins plc
Lafarge Holcim	USG Corporation
NCI Building Systems Inc.	Wienerberger AG

Following a review of the vesting levels, the committee was satisfied that they reflected company and individual performance over the three-year period.

Performance Share Plan									
Director		At 31 Dec 2019	Granted during year	Vested during year	Exercised or lapsed during year	At 31 Dec 2020	Option price €	Earliest exercise date	Latest expiry date
Gene M. Murtagh									
	Unvested	122,350	24,268	(43,120)		103,498	0.13	26/02/21	24/02/27
	Vested	83,251		43,120	(126,371) ¹	-	0.13	-	-
		205,601	24,268	-	(126,371)	103,498	0.13		
Geoff Doherty									
	Unvested	69,777	13,430	(25,440)		57,767	0.13	26/02/21	24/02/27
	Vested	1		25,440	(25,441) ²	-	0.13	-	-
		69,778	13,430	-	(25,441)	57,767	0.13		
Russell Shiels									
	Unvested	63,266	12,422	(24,227)		51,461	0.13	26/02/21	24/02/27
	Vested	-		24,227	(24,227) ³	-	0.13	-	-
		63,266	12,422	-	(24,227)	51,461	0.13		
Peter Wilson									
	Unvested	61,000	12,422	(23,040)		50,382	0.13	26/02/21	24/02/27
	Vested	-		23,040	(23,040) ⁴	-	0.13	-	-
		61,000	12,422	-	(23,040)	50,382	0.13		
Gilbert McCarthy									
	Unvested	64,055	12,422	(23,040)		53,437	0.13	26/02/21	24/02/27
	Vested	72,673		23,040	(26,042) ⁵	69,671	0.13	24/02/18	05/05/24
		136,728	12,422	-	(26,042)	123,108	0.13		
Company Secretary									
Lorcan Dowd									
	Unvested	13,752	4,160	(4,752)		13,160	0.13	26/02/21	24/03/27
	Vested	15,438		4,752	(6,250) ⁶	13,940	0.13	24/02/18	05/05/24
		29,190	4,160	-	(6,250)	27,100	0.13		

1 Exercised (83,251) on 21/02/20. Market value on day of exercise €64.55.
Exercised (43,120) on 13/10/20. Market value on day of exercise €79.89.

2 Exercised on 21/08/20. Market value on day of exercise €64.75.

3 Exercised on 24/08/20. Market value on day of exercise €72.01.

4 Exercised on 28/09/20. Market value on day of exercise €76.55.

5 Exercised on 14/10/20. Market value on day of exercise €77.90.

6 Exercised on 20/11/20. Market value on day of exercise €74.44.

Deferred Share Awards						
Director		At 31 Dec 2019	Granted during year	Vested & transferred during year	At 31 Dec 2020	Earliest vesting/ transfer date
Gene M. Murtagh	Unvested	4,009	813	-	4,822	31/03/21
Geoff Doherty	Unvested	2,644	525	-	3,169	31/03/21
Russell Shiels	Unvested	2,424	488	-	2,912	31/03/21
Peter Wilson	Unvested	2,090	446	-	2,536	31/03/21
Gilbert McCarthy	Unvested	2,445	-	-	2,445	31/03/21

Executive retirement

Following his retirement at year end, Peter Wilson's unvested PSP awards will be reduced pro rata by an amount to reflect the proportion of the vesting period not actually served, in line with the scheme rules and remuneration policy as approved by shareholders in 2019. Mr Wilson did not receive any other compensation or payment on his retirement.

Non-executive directors

The non-executive directors each received fees which are approved by the Board as a whole. The Chairman's fee is €191,000. The basic non-executive director fee is €75,000. An additional fee of €7,500 is paid for chairing the Remuneration Committee, and a fee of €10,000 for chairmanship of the Audit & Compliance Committee and for the Senior Independent Director, to reflect the additional role and responsibilities (only one additional fee is paid if a director has dual roles).

A 50% cut in non-executive directors' fees was introduced for two months during 2020 reflecting the uncertainty relating to the COVID-19 pandemic which was reinstated later in the year, in line with payments to all employees.

Implementation of Remuneration Policy for 2021

The core principles of our remuneration philosophy as outlined earlier, frame our approach to 2021, namely simplicity, reward for high performance, and transparency.

Base salary and pension

The committee carried out a review of each of the divisional director's roles and salary levels during 2020. The committee noted that Russell Shiels' role and responsibilities had increased in recent years as President of Kingspan's Insulated Panels business in the Americas, as a result of recent organic and inorganic

expansion in LATAM. The committee agreed to give Mr Shiels a 3% salary increase in 2021, and proposed a broadly similar adjustment in 2022 to reflect his increased responsibilities. With regard to each of the other executive directors, their salaries for 2021 remain at the same level as those set at the beginning of 2020.

As outlined previously, the committee has made a significant change to the Company's policy on pensions, with the pension contributions of new executive directors limited to the levels applicable to the wider workforce in the market in which they work. In addition, commencing in 2021, the pension contributions of all incumbent executives are being reduced in instalments to 10% over the four-year period to the end of 2024.

Annual bonus

The maximum bonus opportunity for all the executive directors is 150% of salary (unchanged from 2020) with up to 100% of salary earned through the bonus plan delivered in cash and up to 50% of salary being deferred into shares in the Company for two years. For 2021, the committee has determined that the financial performance measures will remain unchanged from 2020.

As detailed in the 2019 Annual Report, the committee has considered the merits of including an additional non-financial measure that draws focus on certain strategic imperatives while remaining aligned with our philosophy of simplicity and pay for performance. During 2019, the Net Promoter Score (NPS) programme was launched by Kingspan across the Group. NPS is a rigorous measure of customer experience across a range of touch points in the business, and as such it closely aligns our strategy with the experience of one of our most important stakeholders, our customers.

From 2021, the committee has determined that an NPS measure of our customer satisfaction performance will be included in the bonus plan, accounting for 10% of pay-outs. This will constitute a third metric alongside the existing Group and divisional financial performance measures. The Group targets, and performance against them, will be disclosed in the 2021 Report of the Remuneration Committee.

Performance share awards

For 2021, the CEO will receive an award over shares with a market value of 175% of base salary. The other executive directors will receive awards over shares with a market value of approximately 150% of base salary (subject to adjustment to ensure internal parity and to manage exchange rate fluctuations between the divisional directors). These grant levels are unchanged from prior year, although the committee will keep this approach under review whilst ensuring that it does not breach the overall limits contained in the PSP rules.

During the year, the committee carried out a review of the constituent members of its TSR peer group. Two of the group, NCI Building Systems and USG Corporation had delisted in the previous 12 month period, and a third company, SIG plc, was no longer considered to be a suitable peer given its relative size to the other members of the group. The committee identified a number of potential companies to take their place in the TSR peer group, having regard to sector, market cap, revenue and geography, and having taken advice from its independent remuneration consultants, the committee selected Cornerstone Building Brands Inc, Compagnie de Saint Gobain SA and Mohawk Industries as suitable peers.

Accordingly, the peer group against which TSR performance will be measured for PSP grants made in 2020 and thereafter will be as set out adjacent.

Performance Measures	Weighting	Percentage vesting at threshold	Threshold vesting target	Maximum vesting target*
EPS	45%	25%	6% p.a	12% p.a
TSR	45%	25%	Median	Upper quartile
Planet Passionate	10%	0%	Various	Various

*Straight line vesting between threshold and maximum vesting

There is no change in peer group for in-flight awards.

Armstrong World Industries Inc.	Lafarge Holcim
Boral Ltd	Mohawk Industries
Compagnie de Saint Gobain SA	Owens Corning
Cornerstone Building Brands Inc	Rockwool Intl. A/S
CRH plc	Sika
Geberit AG	Travis Perkins plc
Grafton Group plc	Wienerberger AG

The committee also reviewed the performance framework of the PSP scheme. For the 2021 PSP Awards, the committee has selected the same financial performance measures based on EPS growth targets and relative TSR against the above peer group. The financial targets are set out in the table above. The committee considers that given the market and business outlook these targets are stretching yet realistic and are appropriately aligned with our risk appetite as well as internal and external forecasts.

The Committee also determined that the introduction of an additional ESG measure into the PSP framework would be appropriate, recognising the importance of non-financial measures to both short-and-long-term performance. The measure is based on Kingspan's ambitious Planet Passionate programme that aims to significantly reduce the Group's environmental impact as it continues to grow its business whilst also enhancing the environmental benefits of its products. Ten of our Planet Passionate targets, based around saving energy, carbon, water and circularity, have been selected for inclusion against 10% of the annual PSP award. Kingspan has set internal annual targets at Group level to help keep the business on track to achieve our ambitious Planet Passionate 2025 & 2030 targets. The Group's progress against these targets will be reviewed and disclosed in Kingspan's annual Planet Passionate report.

Non-executive director fees

Following the retirement of Kingspan's founder Chairman, Eugene Murtagh, at this year's AGM, the Remuneration Committee will take advice and consider the appropriate level of fees for the new Non-Executive Chairman upon appointment. There will be no change to the other non-executive director fees for 2021.

Committee Governance

The Remuneration Committee comprises three independent non-executive directors, Linda Hickey (Chair), Michael Cawley and Bruce McLennan. The Company Secretary acts as the secretary to the committee. The Chief Executive does not normally attend meetings but provides input where relevant, to the committee chair prior to the meeting. No individual is present at a meeting when the terms of his own remuneration are discussed. The terms of reference are available on the Company's website: www.kingspan.com

The Remuneration Committee met three times during the year. Each meeting was attended by all the members of the committee, and an overview of the workings of the committee is set out adjacent.

External advisors

The Remuneration Committee obtained advice during the year from independent remuneration consultants Korn Ferry. Korn Ferry is a member of the Remuneration Consultants Group and a signatory to its Code of Conduct, and all advice is provided in accordance with this code. Korn Ferry did not provide any other services to Kingspan Group during the year. Accordingly, the committee is satisfied that the advice obtained was objective and independent.

Performance graph

The first graph on leaflet shows the Company's TSR performance against the performance of the ISEQ and FTSE 250 indices over the 10-year period to 31 December 2020. The second graph shows the CEO's total remuneration (fixed and variable) over the 5-year period, compared to the Company's EPS and TSR performance over the same period.

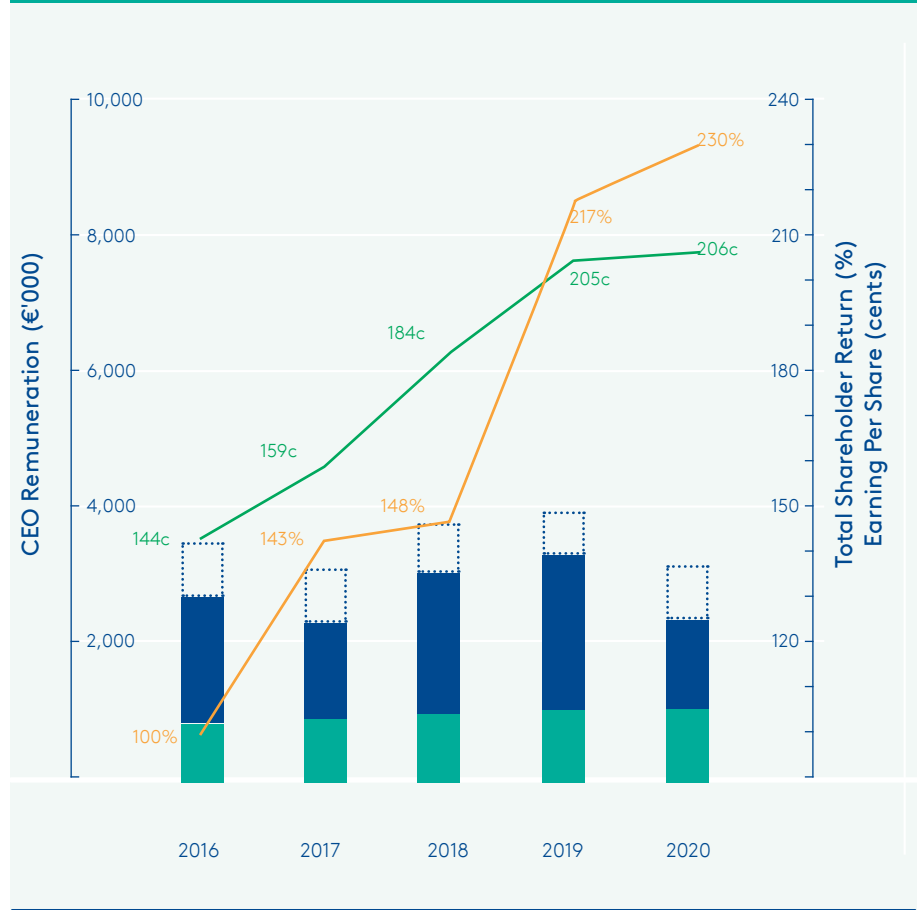
Remuneration Committee activities	FEB	JUN	NOV
Salary and fees			
Engage independent consultants for executive directors pensions review		•	
Review of overall remuneration policy			•
Review executives' salary, role and responsibilities for 2021			•
Review non-executives' fees for 2021			•
Approve Executive's pension alignment			•
Review Remuneration benchmark		•	
Review Non-financial performance measures			•
Performance pay			
Review executive bonus targets		•	
Assess Group and individual performance against targets for 2019	•		
Confirm percentage of performance bonus achieved for 2019	•		
Confirm vesting of 2019 Deferred Share Awards	•		
Agree Group and individual performance targets for 2021		•	
PSP Awards			
Assess performance of 2017/2019 PSP Awards against targets	•		
Determine percentage of 2017/2019 PSP Awards which vest	•		
Review performance measures for PSP Awards for 2020	•		
Agree targets and level for grants of PSPs Awards for 2020	•		
Review TSR peer group		•	
Governance			
Review and approve Remuneration Report for Annual Report 2019	•		
Update on governance and remuneration trends generally	•	•	•
Consider shareholder votes and feedback from AGM 2020		•	
Review of Shareholder Rights Directive		•	

Total Shareholder Returns



- Kingspan
- ISEQ
- FTSE 250

CEO Remuneration vs Kingspan Performance



- Fixed Remuneration
- Total Performance Pay (exc. share price growth)
- LTI Share Price Growth
- TSR
- EPS