

2 April 2025

Re: KINGSPAN INSULATION LIMITED ("KI UK") RESPONSE TO THE DEBARMENT REVIEW SERVICE ("DRS") PURSUANT TO SECTION 60 OF THE PROCUREMENT ACT (THE "ACT")

KI UK's response to the Debarment Review Service ("DRS") team conducting the investigation referenced above included a detailed explanation of the reforms, initiatives and compliance measures that KI UK has put in place as set out in the Government's Guidance on Exclusion (at paragraph 53) and in section 58(1) of the Act. These measures have been embedded into our business operations, independently audited and verified, and show that the circumstances that gave rise to the exclusion ground on which the Minister is relying (i.e. professional misconduct which calls into question KI UK's integrity) are not continuing and are not likely to occur again. Those explanations, as provided to DRS, are set out hereafter:

1. THE LIKELIHOOD OF CIRCUMSTANCES CONTINUING OR LIKELY TO REOCCUR

1.1 Over the course of the last four and a half years KI UK has made extensive efforts to learn lessons from the shortcomings which emerged during the Inquiry and has put in place significant reforms and initiatives in order to address those shortcomings and to ensure that they never occur again. Whilst KI UK is in no way complacent and considers continuous improvement to be a central tenet of best practice, we believe that as an organisation, KI UK has emphatically addressed the Inquiry's concerns regarding past behaviour and process failures. This has been achieved by putting in place and embedding procedures, processes and controls to ensure that historic failings and shortcomings cannot be repeated.

Evidence KI UK has taken the circumstances seriously

1.2 KI UK has previously acknowledged and deeply regrets the wholly unacceptable historical failings that occurred in a part of our business and for which we have apologised publicly, see page 7. We welcomed publication of the Report and considered it to be an essential step in informing public understanding of what went wrong and why, whilst also holding a mirror up to the failings of other core participants, policy makers and the broader construction industry of which we are part.

1.3 KI UK has cooperated and engaged fully with the Inquiry, it has met with DLUHC in the past and remains committed to cooperating fully with the Ministry of Housing, Communities and Local Government (MHCLG), the Construction Products Regulator (CPR) and with ongoing investigations by MPS.

1.4 The evidence provided in and enclosed to this letter in Table 2 and the accompanying documents demonstrate that the publication of the Report was not the trigger for the comprehensive improvement measures implemented by KI UK. Rather it was KI UK's proactive involvement in the discovery process during the course of the Inquiry which prompted both internal and external investigations. KI UK was invested in the process to ensure that as a business we had the right governance in place to prevent the circumstances which gave rise to the issues identified in the Report from ever occurring again. KI UK has worked diligently and systematically to understand what went wrong and to prevent any recurrence. Through a process of analysis, reflection and review, KI UK has recognised the need for all of our business processes to be in keeping with the values, culture and processes of the wider Group.

1.5 That KI UK has taken the circumstances seriously is clear from, amongst other things, the following:

- (a) Proactive participation in the Inquiry process: As a Core Participant in the Inquiry, KI UK participated and engaged fully. During that time KI UK undertook an internal process of discovery, review and engagement with current and former colleagues, internal and external auditors and selected external stakeholders and trade bodies in order to support the investigations of the Inquiry. This disclosure process saw KI UK collect and process data from the live environment comprising 1.02 TB of email data, 164.7 GB of file server data, 2.05 TB O-Drive data and 242 GB of SharePoint data. In total, KI UK disclosed 26,311 documents during the Inquiry. Whilst this process assisted the Inquiry in reaching its findings, culminating in the publication of the Report, it also served a second and no less important purpose of helping KI UK to understand what occurred and why. KI UK's proactive engagement in this regard has enabled it to implement the necessary reforms, initiatives and measures within its operations to ensure that the historic conduct and behaviours within KI UK cannot continue and cannot be repeated.
- (b) Co-operation with all relevant investigating authorities: KI UK has cooperated and engaged fully with the Inquiry, it has met with the DLUHC in the past and remains committed to cooperating fully with the MHCLG, the CPR and with ongoing investigations by the MPS.
- (c) Compensation: Proceedings were brought by the largest group of claimants affected by the tragedy comprising bereaved family members, survivors, and local residents (BSRs) against various civil and corporate bodies of which KI UK is one. Those proceedings have been settled. Whilst the settlement agreement includes duties of confidentiality, I can confirm that KI UK acted in a constructive and collaborative way to ensure that the families affected did not need to relive their experiences in the context of a civil trial as would otherwise be required and contributed to the agreed compensation fund. I refer to an article published by the BBC on 2 May 2023 stating the settlement of the £150m civil claim, see document A.7 at pages 25-26.
- (d) Restorative Justice: KI UK has contributed to the restorative justice project aimed at benefiting the community affected by the Grenfell Tower fire.
- (e) Attendance at Testimony Week: Representatives for KI UK were also humbled to attend Testimony Week from Tuesday 23 to Friday 26 January 2024, subsequent to which my predecessor wrote to the survivors and their families to provide assurance that the issues that emerged during the Inquiry have been comprehensively addressed within our business. A copy of that letter (document A.8) is at page 27. KI UK listened and heard what was said, and as its current Managing Director, I assure you that the circumstances that gave rise to the issues which emerged during the Inquiry have been addressed. KI UK today is a very different business, and we have all worked very hard to restore its integrity and ensure that past shortcomings cannot be repeated.
- (f) Contribution to cladding remediation for buildings with K15: The Report was principally concerned with shortcomings in the testing, certification and marketing of K15, and which arose between 2005 and 2014. KI UK's products were typically sold through third party distributors, and therefore we do not have sight of where K15 has historically been used, or of final decisions made about other materials used in the façade system alongside K15. However, from January 2019, KI UK has implemented a traceability system for K15 to ensure that it can only be used in façade systems in appropriate circumstances having regard to building regulations. A customer is now required to complete a traceability form (available at the bottom of the product page on our website) before a sales order can be processed. The traceability form requests information on the project including building type, building height, construction build-up and information/contact details on the relevant parties involved in the project. A check by the technical department then takes place. If inappropriate use is found at this stage (for example product requested to be used on a building height where combustible materials cannot be used), this is communicated back to the customer and the order is rejected. This system is helping drive compliance within the industry. It also means that since January 2019, KI UK knows which projects have been supplied with K15. In addition, every K15 insulation board has a batch number, date and time printed on it, so that if there are any issues, we can check SAP to ascertain what the running conditions were, the exact Bill of Materials (BOM) and who was on the Line that day.

Notwithstanding the widespread misunderstanding about the inherent safety of K15: it is a safe product. This is distinct from a particular application of K15 in an unsafe cladding system. When used correctly and in accordance with the Government's own guidance there are appropriate circumstances where facade systems containing K15 can be retained on high-rise buildings. In this regard, I would draw your attention to PAS 99880:2022 Fire risk appraisal of external wall construction (FRAEW) and cladding of existing block of flats Code of Practice, and in particular Chapter 7, paragraph 3)ii) (see page 34) and Figure 4 – Process for determining whether a full FRAEW is required (see page 41) in Chapter 13 which explains the basic methodology when conducting FRAEW. The relevant extracts from PAS 99880:2022 are in document A.9, at pages 28-49.

In February 2021 KI UK made a public commitment that in circumstances where it has responsibility for the inappropriate use of K15 in buildings, and where the safe retention of K15 cannot be supported by testing, KI UK has agreed to pay its share of remediation costs. We stand by that commitment. KI UK considers that the best way to execute this commitment is through the legal claims process, as that is the appropriate way to fairly apportion responsibility for safety issues which typically involve multiple parties and are complex and multi-faceted.

To date we have responded to c200 enquiries about the historical use of K15 covering questions such as product identification, literature and test evidence among others. Of these, we are only aware of a small number where remediation works and / or claims have been required.

We understand that the remediation process is both complex and time consuming and that some claims and engagements may take time to develop - as illustrated by the graphic on page 50 which outlines a typical remediation process for the Government's Building Safety Fund. The process flowchart on page 51 highlights the practical reality that the final step in this process may only occur when the building owner / landlord seeks to recover funds by pursuing those with potential liability, such as construction products manufacturers. Prior to a claim being initiated, manufacturers of construction products have very limited visibility on the remediation process.

Nevertheless, this potentially extended timeline does not alter KI UK's commitment in any way: we stand ready to deal with claims in accordance with the above principles as and when they are made.

- (g) Contribution to an industry wide scheme: For several years now, KI UK has confirmed and reaffirmed its support for an appropriate industry-wide levy so that removing unsafe materials and products is not impeded or slowed by those who cannot or will not pay. We await guidance from the Secretary of State and remain committed to working with the Government and Industry Bodies to find an effective solution. Representatives of KI UK (Alan Lawlor and Aiveen Kearney) met with Graham Cundy (Director Recovery Strategy Unit, DLUHC, Remediation Policy Directorate, Safer Greener Buildings) and Frances Parrott (Implementation Unit, DLUHC) on 24 August 2024 during which we explained that we believed that an equitable industry-wide scheme was the only way to raise the required levels of funding. At that meeting we offered to consider solutions for such a scheme and revert to DLUHC. We have subsequently commissioned some data analysis conducted by Glenigan, the leading construction market data experts and would be happy to share this. Our initiative in this regard is not designed to advocate any particular option, rather it underpins our genuine commitment to support and contribute to an industry wide-scheme which will ensure that any unsafe materials and products can be removed from buildings so that the events of 14 June 2017 cannot be repeated.

Corporate restructuring and personnel change

- 1.6 In order to ensure that safety and compliance are always at the core of all our business operations, oversight across all subsidiaries in the Group, including KI UK, has been managed by the Group Compliance Team (GCT) since 2021. The GCT is overseen by the Audit & Compliance Committee (a dedicated sub-committee reporting to the Group Board) which ensures that compliance and governance are embedded and effective across the world-wide Group.
- 1.7 Since 2022 we have also established an enhanced quality and compliance structure in KI UK comprising a Director of Quality with a supporting team of over 15 people. In addition, a new programme management team has been established to ensure that change management of products is always carried out in a way that is compliant. The KI UK Quality and Compliance structure can be found at pages 636 and shows that the Director of Quality acts as compliance lead for KI UK, and reports to the Divisional Compliance and Quality Director on compliance matters. The structure of the new Product Development Team can be found at page 191. Each Divisional Compliance and Quality Director reports to the Group Head of Internal Audit and Compliance on compliance matters who, in turn, reports such matters to the Group CFO and the Chairman of the Audit & Compliance Committee. Prior to 2020, there were no independent compliance people in the business and there was no dotted-line communication on compliance to the senior leadership team or to the Executive Board. For completeness, the senior leadership organisational chart can be found at page 190.
- 1.8 None of those individuals who KI UK consider were responsible for the inappropriate behaviour concerning K15 remain with the business. However, given the ongoing investigations by the MPS into the conduct of KI UK prior to the Grenfell Tower fire it would not be appropriate for us to comment further on such issues at this time. What we can say is that the change in leadership and governance structures within KI UK has enabled us to drive the cultural change (addressed in more detail below at paragraph 2.11) and ensures the new quality and compliance processes are robust, demonstrably effective and structured in such a way that no one person in the business can subvert compliance.
- 1.9 These changes mean I can confidently state that the sort of misconduct identified by the Inquiry cannot occur again.

Effectiveness of the enhanced quality and compliance processes has been externally audited and verified

- 1.10 KI UK's commitment to drive change and ensure that all employees behave with honesty, integrity and compliance with the law has been supported by external review, verification and monitoring. In February 2021, KI UK retained Eversheds Sutherland LLP, a leading law firm, to conduct an independent review of our business as it was in 2020 so that we could ascertain how the issues identified in the course of the Inquiry occurred, what changes had been made by the business, and what further actions should be taken (the "Initial Review"). Following the Initial Review, Eversheds Sutherland's made eight specific recommendations (the "Recommendations"). The Recommendations were made available publicly and remain available on our [website](#) (reproduced in document A.11 at pages 52-53) and comprised the following:

- (a) develop a renewed compliance and leadership strategy;

- (b) appoint a third party expert to audit and advise on best practice on product fire testing, accreditation and marketing material;
- (c) implement consistent, well-documented and effective controls in respect of product testing and failsafe best practice procedures;
- (d) Implement controls in respect of testing, accreditation and marketing material to ensure there is transparency around product capabilities within the sales process and increased awareness in risk accountability;
- (e) review and enhance the systems and processes for retaining customer observations and data;
- (f) establish a subcommittee of the Kingspan Group Plc board to include Non-Executive directors to monitor compliance, testing and accreditation of products and marketing material;
- (g) undertake a review of the composition of the boards of directors of subsidiaries and the conduct and reporting of meetings; and
- (h) prepare a bespoke directors duties manual for directors of Kingspan subsidiaries.

1.11 In March 2022 KI UK published a progress report against each of the Recommendations and the extent to which each had been delivered (the "Progress Report"). A copy of the Progress Report is at pages 54 to 61. It evidences that in the 12-months since the Initial Report, KI UK had made significant progress in implementing rigorous standards to reform its operations to ensure that historic failings could not be repeated.

1.12 However, having put in place various new processes, procedures and policies, KI UK did not become complacent and wanted to ensure that the reforms and changes it had made were embedded within the organisation and were effective. Accordingly, in January 2024, Eversheds Sutherland were invited back into the business to carry out an independent audit as to whether all Recommendations had been fully implemented (the "2024 Audit Report") accessible on our [website](#).

Cultural change

1.13 The summary of Eversheds Sutherland's findings following the 2024 Audit Report stated:

- (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; and
- (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.

1.14 A copy of the 2024 Audit Report prepared by Eversheds Sutherland is at pages 622-628 (document B.8.2), and an overview of our compliance and safety journey can be found at page 62 (document A.13).

1.15 Despite this independent verification that KI UK's quality and compliance processes and controls are effective, KI UK is also committed to ensuring that every employee has the opportunity to report wrongdoing or potential wrongdoing and, when doing so, feels supported and has no fears of retaliation or reprisal. This is reflected in our Code of Conduct, which references the Whistleblowing and 'Speak Out' facilities and in our induction and ongoing training and education initiatives. As and when a concern is raised the Group's Head of Internal Audit & Compliance (with the assistance of Group Legal) is responsible for ensuring it is investigated and resolved appropriately.

1.16 As I mentioned at the outset, KI UK today is a very different business to what it was a decade ago and we have all worked hard to bring about this change. We believe we have done so but remain committed to best practice and continuous improvement.

Compliance and governance

1.17 One of the key ways in which KI UK has effected the cultural change described above is by ensuring that compliance and governance is at the heart of all product development and modification: right from the start of the design process, through to testing and marketing. This has been achieved by implementing the following reforms, internal compliance controls and processes. KI UK has:

- (a) rolled out an updated Group-wide Code of Conduct (see document B.8.1.1 at pages 598-615 and refer to item 8(1) in Table 2) based on honesty, integrity and compliance with the law;
- (b) expanded the Group-wide Speak Out policy which is now referred to in both our Code of Conduct (see page 613) and the Marketing Integrity Manual (see document B.5.4.1, and pages 331, 352, 355,) provided employees with clear instructions on how to speak out (see pages 355 and 613) with enhanced internal visibility through all our sites (see example posters in document A.14 at page 63 and refer to item 8(7) in Table 2) as well as a confidential independent service for raising concerns accessible on our [website](#) (see also pages 355 and 614);
- (c) enhanced the induction process for all new directors who join any of the subsidiaries of the Group including provision of a Director's Duties handbook with associated training (see document A.15 at pages 64 to 79).
- (d) introduced a new Group-wide Compliance function operating to the ISO 37301 standard (see document A.16, page 81), with internal auditing and Board oversight;
- (e) introduced a new Kingspan Group Compliance Manual (see document A.16 at pages 80 to 89 and item 8 in Table 2 for further details), plus certification of both KI UK manufacturing facilities (Selby and Pembridge) to ISO 37301, the international standard for compliance management systems. The relevant Certificate of Accreditation for Selby is document B.8.1.3 at page 620 and Pembridge is document B.8.1.4 at page 621;
- (f) implemented new fire testing processes and controls, the detailed explanation of which is contained in item 2(2) of Table 2;
- (g) introduced a new Global Marketing Integrity Manual programme (see document B.5.4.1 at pages 328 to 357) ensuring the accuracy of product marketing information and claims, supported by a training programme and regular internal auditing and Board oversight. Further details regarding how the current marketing team at KI UK operates and their involvement in the overall product development process is explained further in item 5(4) of Table 2).

1.18 Our Code of Conduct was rolled out in October 2020 and applies to all businesses across the Group, including KI UK. Its aim is to embed the core values of honesty, integrity and compliance with the law in everything we do because our business success is inextricably linked to our behaviours. It sets out the expectations of every Kingspan employee and the role that each individual has in ensuring that they behave with integrity and honesty in their everyday actions; and crucially what each individual can do if they become aware of behaviour which is unethical, illegal or unsafe and which does not align with our core values.

1.19 To ensure that all staff understand the Code of Conduct we have a training programme in place which 99.8%* of KI UK staff have completed and the remaining staff are in the process of completing it. Similarly, staff that are involved in marketing our products are required to attend training in respect of the Marketing Integrity Manual, and I can confirm that 96.5%* of the relevant team members have completed this training. Additional compliance training has been delivered to relevant team members. For further details see items 8(8) and 8(9) in Table 2 and document B.8.8 at page 673 and document B.8.9 at page 674-699.

1.20 In addition to the Group-wide compliance programme which has been adopted in full by KI UK, a comprehensive quality and compliance framework has been established within KI UK to ensure a rigorous chain of custody for product development, testing and marketed information. An overview of the KI UK Quality & Compliance Framework is at page 90 (see document A.17).

Change in procedures and processes

1.21 In paragraph 2.4 above, I stated that KI UK has undergone a process of analysis, reflection and review and in the paragraphs that followed I have set out in broad terms how this process has unfolded. Table 1 (enclosed to this letter) sets out how our new processes will ensure that the specific historic misconduct identified by the Inquiry and the findings set out in the Report cannot occur again. Meanwhile, Table 2 (to which I have referred throughout this letter) is a representation of that process in practice.

* These figures reflect employee absences and new starter inductions which is why they are not at 100%.

As an organisation we have considered each and every potential risk that may arise by reference to the way in which our key processes and procedures operate in relation to new product development, product modification, product testing and certification. Having done so, we have put in place measures which mitigate and reduce those risks with appropriate checks and balances at each stage to ensure that previous failings cannot be repeated. Detailed explanations with examples and cogent evidence of how these processes and controls operate in practice in our business today are set out in Table 2 and the supporting documents to which it refers.

Time elapsed

1.22 The tragedy which gave rise to the Inquiry occurred eight years ago. The Inquiry heard evidence in relation to KI UK's past failings over four years ago. The historic professional misconduct which came to light in the course of the Inquiry cannot be excused and KI UK has apologised publicly and emphatically. As I have set out above, over the past four years we have taken concrete and rigorous steps to ensure that the circumstances giving rise to the professional misconduct are not continuing and will not reoccur again.

2. ADOPTION OF AND GOING BEYOND THE INQUIRY'S RECOMMENDATIONS

2.1 We note the Government's recent decision to accept all 58 recommendations made in the Report and its publication of the Construction Products Reform Green Paper (the "Green Paper") which was presented to Parliament and published on 26 February 2025.

2.2 We understand that the Green Paper proposes significant reforms to enhance safety, accountability and innovation in the construction sector. Key recommendations include:

- (a) implementing risk based general safety requirements by mandating all manufactures to assess the safety risks associated with their products before they are marketed;
- (b) strengthening the accountability framework by requiring clarification around responsibilities of everyone involved in construction from manufactures to suppliers and builders; and
- (c) enhancing product information, transparency and traceability (including around testing and certification).

2.3 The measures we have implemented in KI UK align with the suggested reforms proposed by the Green Paper. As evidenced in Table 2, we have considered potential risks and sought to put in place process and control measures to eliminate them because we are acutely aware of the importance of rebuilding public trust, ensuring safe homes, and fostering sustainable growth in the construction industry.

2.4 Similarly, as I have set out above and as further detailed in Table 2, KI UK has already adopted measures which exceed the recommendations made in the Report. For example:

- (a) During the project phase of launching new or materially changed products, KI UK now use a Failure Mode & Effects Analysis (FMEA) tool, to inform the manufacturing and product controls needed to ensure a safe product and reliable process. For further details see item 6(9) in Table 2 and document B.6.9.1 at page 458.
- (b) All product information, whether on KI UK's website or in a product brochure, contains information sourced from the Product Compliance Register (PCR), which is the single source of truth for product information. Product information is audited internally and externally. All communication materials and platforms containing product, regulatory, testing or certification information or application advice have a robust, multi-person sign off procedure conducted by people who have a prescribed and evidenced competence level. In this way, KI UK can ensure its customers always have easy access to information which is accurate and unambiguous.
- (c) KI UK has formed a Standards Committee, with senior managers from Quality, Compliance, Legal and Technical, noting that the interpretation of standards should not be the responsibility of one person from one discipline. For further details see item 4 in Table 2.
- (d) Key members of the KI UK business take part in quarterly regulatory review meetings with external experts. This enables the business to be aware of any impending changes from a regulatory or legislative perspective and prepare accordingly to assure compliance.
- (e) Whenever a new product comes to market or a current product has any changes, rather than relying on the minimum number of tests stated in the Standards, the Quality Team complete a risk assessment and increase the number of tests accordingly, to

ensure full, measured capability. The results of these tests will be measured and kept on file against that project number for future audits or analysis. The Quality Director and Head of Compliance (who are both Six Sigma Black Belt qualified) will not approve a Stage Gate, (needed to allow the product to market) until the Project Quality Strategy is satisfied. For further details see item 6(7) in Table 2.

- 2.5 KI UK remains willing to work with other industry-bodies and the new regulator to ensure that the construction industry as a whole adopts and embeds all necessary changes in behaviour and practice to enable the Inquiry's recommendations to be delivered successfully.

This evidence and the accompanying Tables and documents demonstrate the significant improvements, reforms and future proofing undertaken by our team at KI UK and of lessons applied Group-wide, to achieve what we believe is today an explicit culture of integrity, honesty and compliance within our business together with demonstrable controls to ensure that historical failings are not continuing and cannot occur again.