



Harnessing
Kingspan Panels
Sustainability
Report for positive
change
2006

Climate for change



Insulated Panels

Welcome to Kingspan Insulated Panels



Welcome to Kingspan Insulated Panels' first sustainability report. We aim to tell you more about our sustainability strategy which we launched in 2006. You'll also discover detailed performance data relating to our operations for the calendar year 2006.

Kingspan Group Plc is a market leading manufacturer of building materials for the global construction sector. This report focuses on the Insulated Panel Division and covers the social, economic and environmental dimensions of sustainability at our manufacturing operations in Holywell, Sherburn and

Kingscourt, as well as at our Head Office at Holywell. There were no significant changes during the reporting period to the operations covered by this scope, and as this is our first report, there are no changes to previous reporting cycles.

This report is the first of what we hope will become an annual sustainability reporting cycle. It is our intention in future reporting years to demonstrate performance improvement at the three manufacturing sites covered in this report, and also expand the scope of our reporting to cover our full global operations by 2008.

The Global Reporting Initiative

The Global Reporting Initiative (GRI) vision is that reporting on economic, environmental and social performance by all organisations is as routine and comparable as financial reporting. To achieve this vision, the GRI has developed the Sustainability Reporting Framework, to provide a generally accepted framework for sustainability reporting. In this, our first report, Kingspan Insulated Panels has applied the principles of the GRI Reporting Framework to achieve a level C Report.

We declare that we have achieved GRI Application Level C that has been checked by the GRI. The location of profile disclosures and performance indicators necessary to achieve this level are indicated in the GRI content index on page 36. We have chosen not to seek third party verification or assurance for this first report, but intend to both increase the level of application of the GRI and to seek 3rd party assurance in future reporting cycles.





We have the
Sustainability
 to be leaders
 within our industry

**Statement from our
 Divisional Managing Director**

"Welcome to Kingspan Insulated Panels first Sustainability Report. Social and environmental responsibility has for a long time been an important issue in the product-manufacturing sector, and at Kingspan Insulated Panels we have been working hard towards achieving continual improvement in our management of these impacts."

About Us

- 1 Sustainable Product Stewardship
 - 2 Carbon Management
 - 3 Optimise Use of Resources
 - 4 Sustainable Building Design
 - 5 Ethical Procurement & Supply Chain Management
 - 6 Stakeholder Engagement
 - 7 Social Responsibility
- 2007 Targets
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 Acknowledgements

"This report serves to highlight some of our successes, and also where we intend to improve. We would greatly value your comments relating to any aspect of this report, and to our approach to sustainability, and have provided a feedback form on our website www.kingspanpanels.com"

Louis Eperjesi



1 Louis Eperjesi,
 Divisional Managing
 Director, Kingspan
 Insulated Panels

"We have worked hard to achieve ISO management standards in the areas of health and safety, quality, and environmental management at our major manufacturing sites at Holywell, Sherburn and Kingscourt. We also take pride in the extensive work we do in providing technical training and advice to our customers, which helps to extend the life of our product and reduce risks in installation. In October 2006, we completed the construction of our new state-of-the-art visitor centre at Holywell, which has already held four customer days, attended by over 200 people. The visitor centre showcases a number of sustainable building features, including many Kingspan products, and provides a unique opportunity for us to engage with our customers.

Climate change is an issue that has become of increasing global, political and economic significance. Although Kingspan Insulated Panels manufactures products that assist in improving the operational energy efficiency of buildings, we recognise our responsibilities in reducing our own carbon emissions. In 2006, we began working with dcarbon8, a carbon solutions company that has been helping us to measure and reduce the carbon footprint associated with our business operations and product manufacturing.

However, it is becoming increasingly apparent that sustainability cannot be achieved in isolation - it is our collective responsibility. This requires us to work much more closely with our suppliers to ensure the social and environmental impacts of our products are managed carefully, and to communicate with our customers to ensure that we respond to their needs."

"We are keen to be considered sustainability leaders in our field, and this report is an important first step in communicating to all our stakeholders our approach to sustainability. It also serves to highlight where there is more work to do, particularly in engaging with our supply chain to reduce the full life-cycle impacts of our product. This is why, in 2006, we worked closely with the Building Research Establishment (BRE) to develop environmental profiles of our products throughout their entire life-cycle, from raw material to the end of their life. We were delighted to achieve an 'A' rating for some of our major products according to 'The Green Guide to Specification', and the process to assess our entire insulated panel product range is ongoing. This independently verified information is critical for defining areas for further improvement.

We will continue to find ways to reduce the impacts of our products and it is our intention to use this information to engage with our suppliers. There are also implications for our product when it reaches the end of its life, and we have been working in partnership with others to manage this phase of the lifecycle in the most environmentally sensitive and sustainable way available to us."

About Us

About Kingspan Insulated Panels

The operations covered by this report form part of the Kingspan Group Plc, which was founded as a small family business in Ireland in 1972. Kingspan Group became a public company in 1989 and was initially involved in the manufacture of metal cladding and roll formed structural sections. Kingspan Group turnover was €1,461.2m in 2006. In 1977, the company introduced its first insulated panel, and by 2006, the manufacture of insulated panels as a whole made up 41.5% (€657.54m) of the Group's total turnover.



2 Kingspan Insulated Panels Holywell site in North Wales

Building Awards 2007

At the 2007 Building Awards Kingspan Insulated Panels was awarded Manufacturer of the Year in 2006. The citation included 'Kingspan are leading the way in environmental performance - three of its plants have ISO 14001 certification, it has commissioned an independent study of the cradle-to-grave impact of all of its products, and put action plans into place at all its sites to reduce power usage and waste. Its clients feel that Kingspan's products make it easy to produce attractive, flexible and sustainable buildings.'



3

Kingspan Insulated Panels manufacture and supply factory pre-engineered firesafe insulated roof and wall systems across all sectors of the global construction industry. By the end of 2006, the operations covered by this report had over 800 employees and had sales across 18 countries in markets throughout Europe (principally UK, Ireland, Holland and Belgium) and the Asia-Pacific region.

These sales represent the major part of insulated panel manufacture by Kingspan Group Plc, and are the focus of this, our first, sustainability report. However, our international operations are increasing, and it is intended to expand reporting to cover these operations in future years.

Our Approach to Sustainability

It is in the long-term interests of our business to act responsibly towards the environment and the communities in which we operate. We believe our product, which provides insulation that lowers the energy demand of buildings, can contribute to a more environmentally responsible economy. Sustainability is also becoming a key driver for our customers, who are typically involved across the whole commercial & industrial sector. For example, developers in the retail distribution sector, and end users, such as supermarkets and major retailers, are increasingly responding to the demands of their customers to consider sustainability.

In 2004, we commissioned research consultancy Lychgate to help us understand how our target market felt about sustainability in building design and specification.

We conducted a total of 131 interviews with clients, architects and main contractors, and in 2006, we felt it was important to formalise our approach to sustainability and communicate this to our key stakeholders.

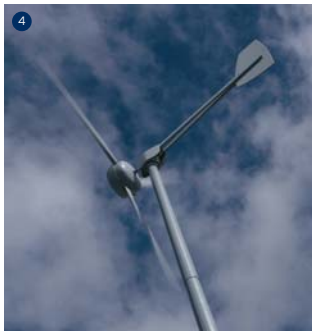
During 2006, we held a workshop run by one of our sustainability advisors, Battle McCarthy, that focused on sustainability and carbon management. This workshop was attended by all senior managers at Kingspan Insulated Panels, the Kingspan Group CEO, and one of our key customers. We then defined our sustainability vision and policy, and identified key sustainability impacts associated with our business. These form the basis for our seven headline objectives, which have determined the structure and content of this report.

3 Building Manufacturer of the Year Award for 2006

Sustainability Policy

Kingspan Insulated Panels is the most highly recognised brand for insulated cladding panels in its markets across the world.

Striving for sustainability in all our business products and operations is our corporate and personal responsibility. Kingspan Insulated Panels aims to adopt and apply best practice sustainability principles by ensuring environmental, social and economic parameters are considered in an integrated way in product and service delivery.



4 Wind Turbine at Kingspan Holywell site

Kingspan Insulated Panels is dedicated to adopting and becoming fully involved in supporting the implementation of the Sustainability Policy.

The responsibility for implementing this vision and strategy lies with the Divisional Managing Director.

This policy forms a framework for our activities, product design, services and decision-making. It promotes engagement of the entire organisation and we will review it annually.



Sustainability Vision

“To be a global leader in sustainable business and establish a leading position in providing sustainable, renewable and affordable best practice solutions for the construction sector.”

Optimise

energy and raw material usage and prevent or minimise pollution and environmental damage.

Communicate

and actively promote awareness and acceptance of this policy to everyone working for or on behalf of the organisation (including employees, shareholders, suppliers/sub-contractors and customers).

Ensure

employees are given adequate training in sustainability issues and are fully involved in helping deliver the Sustainability Vision & Policy.

Implement

a Code of Conduct and supporting sustainability guidelines for key suppliers, contractors and other interested parties to ensure they comply with the Kingspan Insulated Panels Sustainability Policy.

5 Tulip Inn Hotel in Dublin
Architect: O'Leary Gilmore
Cladding Contractor: Noel Deane Roofing & Cladding



6 Agrina Coalmine, Co.
Roscommon, Ireland.
Architect: RKD Architects
Cladding Contractor:
Roland Roofing & Cladding

In our commitment to sustainability, Kingspan Insulated Panels will:

Incorporate

the ethos of sustainability into the vision and values of the organisation.

Improve

operational performance by setting long-term objectives and targets related to sustainability and reviewing progress regularly.

Comply

or exceed applicable legal and policy requirements related to the environmental and social aspects of the organisation.

Monitor

sustainability performance and actively communicate progress annually in the form of a published Sustainability Report, using the Global Reporting Initiative (GRI) guidelines.

Management Systems & Governance

Kingspan Insulated Panels reports to the Kingspan Group Board, which consists of 13 Directors - six of whom are Executives. The Chairman is responsible for the efficient and effective working of the Board including timely communication with shareholders. For more information about the Kingspan Group Board and corporate governance, please refer to the Kingspan Group Plc Annual Report and Financial Statements 2006 available at www.Kingspan.com

Our most significant risks in terms of product quality, health and safety and environment are managed primarily through formal management systems complying with ISO¹ standards. All our manufacturing sites have achieved ISO 9001 (quality management) and OHSAS 18001 (health and safety). Our Kingscourt manufacturing site has been certified to ISO 14001 (environmental management) for several years and in 2006, sites at Holywell and Sherburn achieved certification. All our management systems are third party certified and reviewed regularly.

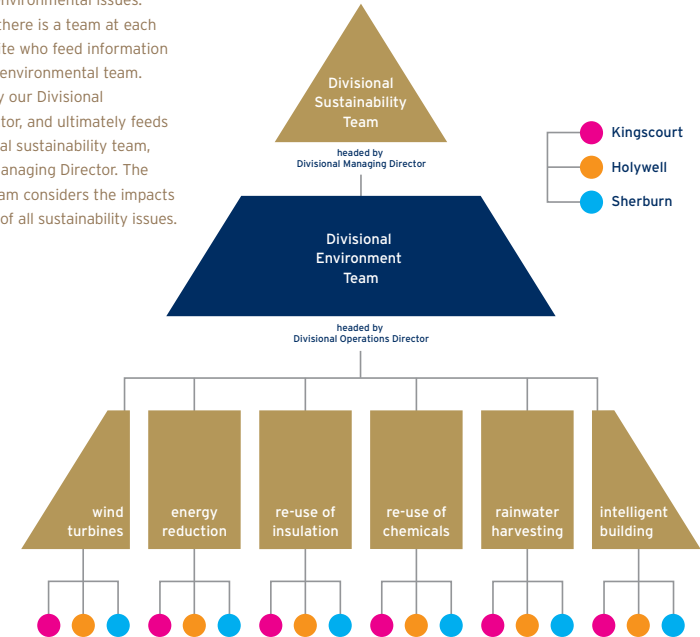
This report serves to highlight our successes in managing our sustainability impacts in terms of health and safety, the environment and customer service. It also demonstrates sustainability impacts in which we believe we need to improve our performance and highlights what we intend to do in this regard.

Management of Key Environmental Risks & Opportunities

The ISO 14001 standard, like all ISO standards, ensures we're committed to continuous improvement. Achieving ISO 14001 certification also means we have an environmental policy for each site, and clearly defined procedures to identify and manage all significant environmental impacts.

Our governance of environmental issues, particularly with regard to research and development, is well established. We have also developed a clear reporting structure for our priority environmental issues. For every issue, there is a team at each manufacturing site who feed information to the divisional environmental team. This is headed by our Divisional Operations Director, and ultimately feeds in to the divisional sustainability team, headed by our Managing Director. The Sustainability Team considers the impacts and implications of all sustainability issues.

By February 2007, over 300 of our personnel had been trained in environmental and sustainability issues, and we intend to increase this during the course of the year. However, we recognise that there is more for us to do in formalising our approach to the management of the socio-economic aspects of sustainability, and our wider sustainability impacts in terms of engagement with stakeholders throughout our supply chain.



The sustainability

to reduce the impact of our products

1 Our objective is to ensure sustainability is considered in the design and manufacture, and promoted in the installation, use and disposal of Kingspan Insulated Panels' products and services.

Sustainable Product Stewardship

Our product is our legacy. It is in our interest to create a product that will stand the test of time. But also we depend upon a great deal of natural resources to create our product, therefore without managing these resources responsibly, we will simply not be able to operate in the future. Sustainable Product Stewardship, therefore, is about looking at the whole life of the panel, from its design to the sourcing of materials, manufacture, transportation, installation, maintenance, and management at end of life. Understanding and mitigating the full impact of our product from its conception to disposal is essential if we are to move towards our sustainability goals.



7 Siemens Traincare Facility, Southampton
Architect: Burks Green
Contractor: Fitzpatrick

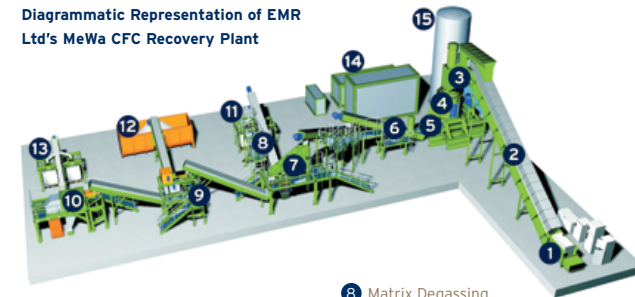
Prior to 2004, some of our products did incorporate HCFCs (hydrochlorofluorocarbons) and prior to 1995, most products incorporated CFCs (chlorofluorocarbons) ozone depleting substances. Even though current legislation governing the recovery of ozone depleting substances from construction products (EC Regulation 2037/2000) only requires it to be carried out 'where practicable', we consider it irresponsible to ignore the potential impacts arising from the disposal of panels. So we have been investigating options for responsible end-of-life management, even though many of the currently installed products are not our own and significant volumes are unlikely to start coming into the demolition waste stream until after 2015.

In 2004, we formed a partnership with European Metal Recycling (EMR), Mayer

Environmental, Blue Castle and Caleb Management Services Ltd to trial the use of existing refrigerator recycling plants for the recovery of blowing agents from steel-faced insulating panels. The first plant trial was carried out in February 2005 and the process has proved successful. In addition to collection of the ozone depleting substances for safe disposal and collection of the steel for recycling, a major advantage in using fridge recycling plants is that the recovered foam dust can be recycled/reprocessed into appropriate applications. We are now actively seeking the most efficient way of assessing and re-using this material.

Our current product range does not incorporate substances that deplete the ozone layer and our products are classed as non-hazardous. As a result, a number of possible end-of-life options exist and advice can be obtained through our Envirocare Technical Services.

Diagrammatic Representation of EMR Ltd's MeWa CFC Recovery Plant



- 1 Degassing
- 2 Chain Belt Conveyor
- 3 Oxygen/Nitrogen Control
- 4 QZ 2000 HD (one stage processing)
- 5 Discharge Buffer
- 6 Drying Screw Conveyor
- 7 Vibrating Screen
- 8 Matrix Degassing
- 9 Fe Separator
- 10 NE Separator
- 11 PUR Fraction
- 12 Fe Fraction
- 13 Plastic Fraction
- 14 Inertisation (Cryo Condensation)
- 15 Nitrogen Storage Tank

Certified Environmental Profiling Through Building Research Establishment

End-of-life management is only one aspect of the whole life cycle, and therefore in 2006, we began a process with the UK Building Research Establishment (BRE) to identify and assess the environmental effects of our panels from 'cradle to grave'². Kingspan Insulated Panels was the first manufacturer in the metal roof and wall cladding industry to achieve certification under the environmental profiling certification scheme run by the BRE. The BRE analyses data across a range of environmental issues, from cradle (inception and raw materials) to grave (disposal) of some of Kingspan's key products. Then using an 'Ecopoints' system, these products are individually graded on a scale of A-C in accordance with The Green Guide to Specification.

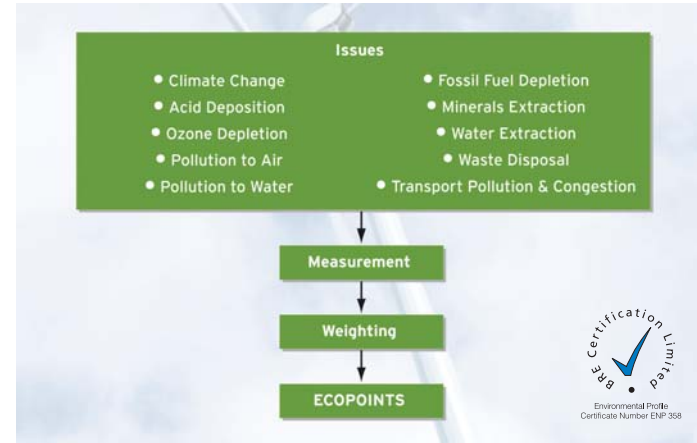
² From raw materials to disposal and reuse and recycling.



8 Norwich Union Headquarters, Exeter
 Architect: Ian Penrose, Exeter
 Cladding Contractor: Progressive Systems Ltd

We are delighted that panel systems profiled so far have achieved a Green Guide to Specification 'A' rating and are now in the process of rolling out certification to the remaining products. However, environmental profiling of our products is just the first stage in what is now an ongoing process to find ways to reduce the environmental impacts of our products throughout their whole lifecycle. We also intend to use the BRE profile to drive change in environmental practice throughout our whole supply chain, and in 2007, we intend to consider starting the Arup Spear assessment process at each of the manufacturing sites covered in this report - to address the social, economic and environmental impacts associated with our business operations.

Also in 2006, we launched our Total Panel Guarantee Assurance. This is a system that provides a warranty for all the key performance areas of an insulated roof, wall and façade systems. From a sustainability perspective, this means we can guarantee the life of our coatings for up to 30 years, and the structural and thermal performance of our panels for up to 25 years.



[GRI EN26]
 Initiatives to mitigate environmental impacts of products and services, and extent of impact mitigation.



Environmental Profile
Certificate Number ENP 358

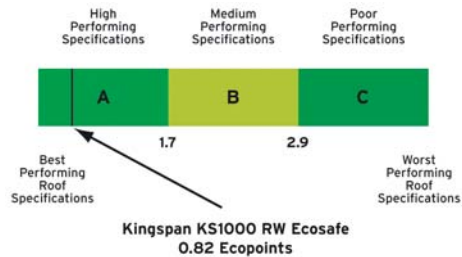


BRE Environmental Profiling

- Cradle to grave assessment
- Quantified Environmental Profile
- All associated "embodied" environmental impacts of a product

Commercial Cradle

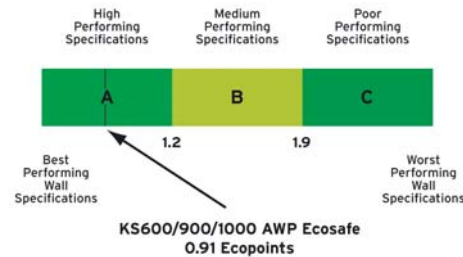
Roof Specification*



* Coated steel composite roofing system, insulation, on steel roof structure.

to Grave Diagrams

Wall Specification†



† Coated steel insulated composite cladding panels.



Benefits of BRE Certification

- Independent, verified and audited performance according to internationally recognised methodology
- Provides data for achieving additional credits in BREEAM schemes
- Provides input data for Envest 2 (design tool for optimising building environmental impact and whole life costs)
- Identifies areas for further improvement

Taking Training Seriously

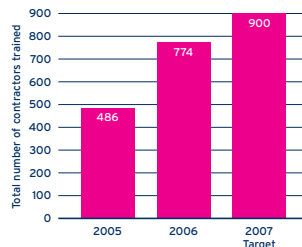
Proper installation is critical in reducing error and therefore waste in the construction process. Careful installation also improves the air-tightness of the completed building, and improves the life of the product. Therefore, Kingspan Panels takes great care in providing extensive training at our Holywell visitor centre and on-site to contractors, to ensure our panels are installed correctly. We make regular inspections to monitor installation on site.

Visitors to Holywell have the opportunity to see market leading Kingspan products in action, including fire test demonstrations, together with demonstrations of leading site mechanical handling companies. There are excellent workshop facilities for training in the installation of all of Kingspan's wide range of insulated roof and wall panel systems. Since the visitor centre opened in September 2006, there have been four customer days attended by over 200 people.

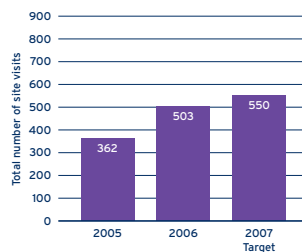


9 Presentation to Norwich Union Insurance & clients at Kingspan Visitor Centre in Holywell by Kingspan Insulated Panels Divisional Building Technology Director, Mark Harris

Contractor Training



Site Visits

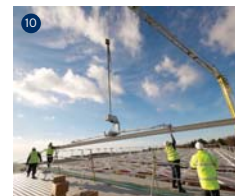


Improving Health & Safety On site

Health & Safety is paramount on construction sites. Kingspan Insulated Panels has a specific team dedicated to mechanical handling techniques, site installations and Health & Safety issues in relation to Kingspan panels. The team meets regularly and is tasked with finding ways to improve and implement all aspects of the above.

Building site operations in general are associated with significant Health & Safety risks. One such risk is the handling of materials. With reference to insulated panels handling, although carried out by contractors, and therefore outside our direct control, we seek to find ways to improve the handling of our product during the installation phase. For this reason we have been developing partnerships across the mechanical handling³ industry to explore new techniques to improve on site installation. For example, in 2004 we developed a self-powered turning unit, Rota Boy[®] with joint venture partner 4 Cladding Services. The system was used to install the roof panelling of a £1.3m Walkers snack-food packaging facility in Skelmersdale, Lancashire, and reduced installation time by an estimated 40%. We are also working with our contractors to promote the wider use of mechanical handling, which is already increasing in the industry.

³ Mechanical Handling covers crane hire, remote control handling solutions and self-powered units.



10 17 metre long RW Kingspan Panel being installed using mechanical handling

11 Using mechanical handling solutions to install Kingspan's KS1000 Roof Tile

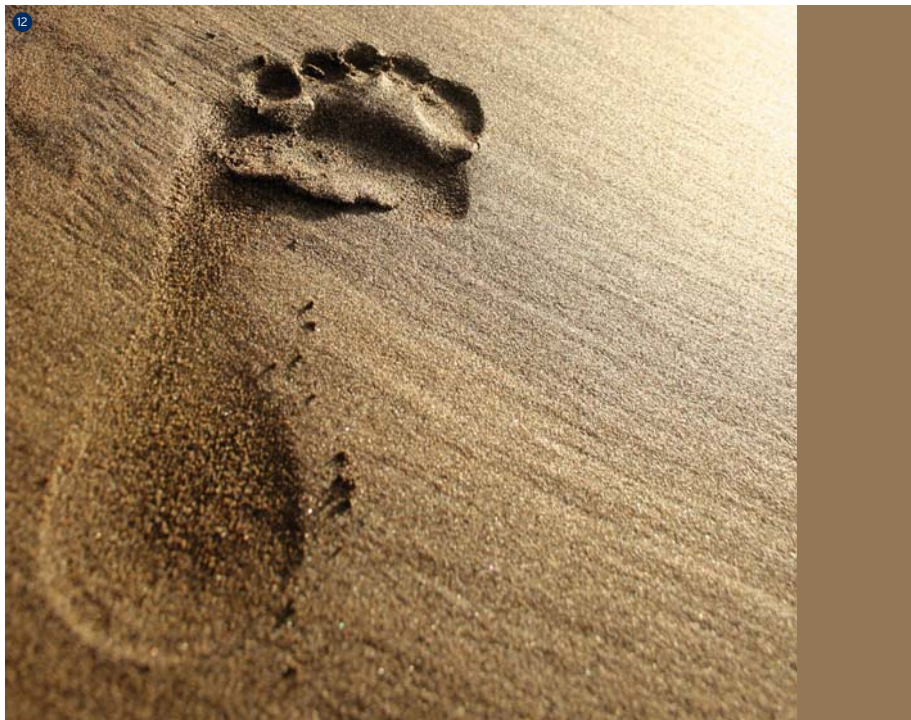
The sustainability

to reduce our carbon footprint

2 Our objective is to measure and actively reduce Kingspan Insulated Panels' Carbon Footprint, with the long-term aim of going beyond carbon neutrality.

Carbon Management

Over 200 million tonnes a year of carbon dioxide is emitted as a result of energy use in UK buildings⁴. Much of the building stock has been in existence for many years. So it is essential that energy efficiency is addressed not just in new build, but also in refurbishment of existing buildings to reduce the overall energy demand arising from the built environment. The EU Energy Performance in Buildings Directive, partially implemented in the UK by the latest revision of Part L of the Building Regulations, puts great emphasis on energy efficiency in the built environment as an essential part of the response of international governments to the greenhouse gas emission reduction targets set under the Kyoto Protocol.



12 Doing all we can to reduce our carbon footprint

The performance of our products serves to lower the operational energy demand for buildings in which they are used. Similarly, their offsite manufacture means that on site assembly is quick and efficient, thus reducing the disturbance caused to communities by major development and refurbishment.

Kingspan Insulated Panels recognises the challenge of climate change, and is committed to reducing the impacts of our operations on the carbon concentrations in the atmosphere. Our aim to go beyond carbon neutrality is in recognition of the impact of all our business operations, including our product manufacturing activities. We recognise the need to counter the projected impact of a growing global economy as well as to decrease and offset our own emissions. However, climate change also presents an opportunity, since putting a value on carbon enables us to factor its costs into our operations. Also, new national and international targets relating to reducing

carbon emissions provides an even greater market for our product, both in new build and major refurbishment. The strong research and development presence in our management of environmental impacts demonstrates that our approach to environmental best practice is not just one of mitigation, but also one of innovation.

In March 2006, The Carbon Trust carried out surveys at our Holywell manufacturing site and accompanying office, to identify opportunities for energy savings. As a result of the surveys, the Carbon Trust issued a report specifying a 6-point plan for energy saving and in 2007 we will be developing strategies to reduce our carbon footprint based upon the findings. Similar surveys were carried out at our Kingscourt & Sherburn manufacturing facilities.

Our energy consumption for 2006 at the three manufacturing sites covered by this report is provided in the table below:

Energy and Carbon	Performance in 2006
Indirect energy consumption (electricity)	1.36 kWh/metre of product sold
Direct energy consumption (gas and oil)	0.76 kWh/metre of product sold
Total direct and indirect energy related greenhouse gas emissions	7,945 Tonnes CO ₂ e ⁵

⁴ Carbon Dioxide Emissions from Non-domestic Buildings - 2000 and beyond. BR442 published by BRE/DEFRA C.H. Pout; F. MacKenzie and R. Bettle (2002)

⁵ This figure equates to the oil, gas and electricity use at our 3 main sites during manufacturing processes using the latest government CO₂ conversion factors. UK sites - UK government (2005) conversion factors (<http://www.defra.gov.uk/environment/business/envrpgas/envrpgas-annexes.pdf>). For the Kingscourt site - Ireland Government (2003) conversion factors (<http://www.sei.ie/index.asp?locID=72&docID=1>)

[GRI EC2]
Financial implications and other risks and opportunities for the organisation's activities due to climate change.

[GRI EN3]
Direct energy consumption by primary energy source.

[GRI EN4]
Indirect energy consumption by primary source.

[GRI EN16]
Total direct and indirect greenhouse gas emissions by weight.

We anticipate that greater employee awareness and understanding of energy consumption will assist in developing behavioural change that will improve our energy efficiency. Therefore in 2007, we will develop a booklet for our employees that will address the issue of energy awareness, both in general terms and also in relation to each of our manufacturing sites.

In the longer-term, the most effective way for us to reduce our carbon impact is to use energy from renewable resources in our manufacturing and operations. Therefore, our ultimate aim is that our three manufacturing sites at Kingscourt, Sherburn, and Holywell will all be run 100% from renewable energy generated on site. We believe that wind power currently represents the most feasible way of doing this and commit to make progress in 2007 towards achieving this aim, subject to planning and local wind speed conditions.

13



13 Aviodrome, Airport
Lelystad, Netherlands
Architect:
Noorderlicht Architekten
Cladding Contractor:
Van de Bovenkamp

■ dcarbon8 - Carbon Management Solutions

In 2006, Kingspan Insulated Panels was the first UK manufacturer to sign up to membership of dcarbon8. dcarbon8 is a carbon solutions company, that works with companies to manage the carbon footprint associated with their business operations or product manufacture. Working with other leaders in this area, dcarbon8 has established a new standard; Planet Positive™. This means that companies are planning to go beyond carbon neutrality and contribute to a net reduction in atmospheric carbon loadings, which has positive impacts on the Earth's ecosystems and the communities that live and work within them.

Our long term aim is to provide our customers with products and services that are carbon neutral or ideally carbon negative (neutral +10%), i.e. Planet Positive™.

dcarbon8 provides us with the mechanism to capture carbon credits from a variety of internal and external sources including our suppliers and in-house initiatives such as the use of renewable energy, waste reduction, and plant energy efficiency. The process of dcarbon8 helps us and other members to drive emissions reductions up and down the supply chain.

dcarbon8 has an annual audit by third party assurance provider KPMG to ensure adherence to the Planet Positive™ Protocol. The Protocol sets the standard for becoming Planet Positive™ and ensures companies follow a strict four-step process of measurement, reduction, offset and reporting. It has been developed to global best practice standards and was established in consultation with Environmental Resources Management (ERM).

Furthermore, as part of our commitment to reduce the carbon footprint of our business operations, we began measuring the carbon impact that arises as a result

of customer visits to Holywell, conferences that we have attended and people who have visited our stands. We have committed to using a Renewable Energy blend of carbon offset credits in order to offset this impact, including:

- Hydro Plant, Guatemala
- Wind Farm Project, New Zealand

The renewable energy blend that we have procured has been reviewed according to the Planet Positive™ Protocol. dcarbon8 only sanctions carbon offset projects of the very highest environmental quality and has developed and implemented a rigorous Carbon Credit Selection Policy which is adhered to when selecting suitable carbon offset projects. Our ongoing objective is to set new standards of validation and verification in the voluntary carbon market.

We have also committed to support Corporate Social Responsibility (CSR) Projects, which make up approximately 10% of the renewable energy blend. All CSR projects approved by dcarbon8 will have a carbon reduction component. However, this will be considered in conjunction with other complimentary triple-bottom line benefits. This will ensure each project has social, economic and environmental benefit to the local area and communities.

- HIV/AIDS and nutrition in rural Uganda and Nakaseke HAART Harvest Project (Link Development Charity)
- Link Charity Developments (LCD) Phakama Project - Solar Panels for Schools
- Kyamathooko Dam in the Manzaa Valley, Kenya
- Utooni Medicinal Forest, Kola, Machakos District, Kenya

This initiative will continue to be implemented throughout 2007.

[GRI EN18] Partial
Initiatives to reduce
greenhouse gas
emissions.



“The Kingspan Visitor Centre is itself an exercise in energy efficient sustainable building. Utilising Kingspan Group’s own products as well as renewable sources of energy, demonstrate the technology that is available to go beyond simple compliance with the Regulations.”

Obtaining water and energy from renewable sources

A wind turbine and photovoltaic cells produce clean electricity to help power the building and heat the boiler – and rain water is used to flush the toilets.

Wind Power

An Iskra 5 kilowatt wind turbine with 3 metre diameter blades mounted on a 12 metre high mast provides energy that feeds directly into the national grid via the main electrical distribution board.

Solar Photo-Voltaic Panels

We’ve installed ten roof-mounted PV panels, each with a peak output of 210 watts. They are connected to the national grid, just like the wind turbine.

Solar Heating

Two solar collector panels are mounted on the roof of the building. The solar generated heat is transferred via a heat exchanger coil into the building hot water system. The heated water is then used to pre-heat the water entering the gas-fired hot water generator. This ensures that hot water is available at all times whilst maximising the benefit from the solar heating effect.

Rainwater Recovery

A 10,000 litre underground tank collects rainwater from the roof drainage system. The tank incorporates an electric pump to raise the collected water to a water storage tank in the roof. From here, it is distributed to flush toilets and urinals in the visitor centre.

Lighting

The meeting rooms and offices have photodimmers. Depending on the amount of natural daylight entering the room, the lights will dim. Increased natural daylight will increase the light dim, whilst reduced natural daylight will reduce the light dim.

3 Our objective is to minimise waste, harmful emissions and water usage associated with the manufacture, distribution and, where possible, the end of life management of Kingspan Insulated Panels' products and services.

Optimise Use of Resources

There are resource implications during the whole lifecycle of our product, as discussed in the previous section. The magnitude of these implications can be influenced to a substantial degree at the product design stage and such aspects are always considered at this point. However, once the product is fully characterised, it is the manufacturing step which affords us the greatest opportunity to control and thus optimise our use of resources.



14 Belfast Train Station
 Architect:
 Design2Architects
 Cladding Contractor:
 Walker Roofing & Cladding

Water

As a proportion of inputs in to the manufacturing process, water is relatively small compared to other resources. However, we do also use water for general catering and sanitary purposes at all of our sites. We do not currently have water data for our Kingscourt site, owing to current metering arrangements which we aim to rectify. We aim to report water usage data in 2008.

Pollution

We are committed to minimising harmful emissions. Therefore in 2006, we continued to invest in this objective by completing a fully-bonded building for all chemical storage at our Holywell site. Any spills over 20kg are considered significant, and Kingspan Insulated Panels is pleased to report that there were no significant spills in 2006.

Waste

Waste is a significant issue in the manufacturing sector, both for its growing cost implications, and environmental impact. Waste is managed by our ISO 14001 management system. We are continually looking for new ways to reduce waste and to reuse and recycle it wherever possible. We currently recycle steel, paper, cardboard, wood and plastic at our manufacturing sites. We are aiming to eliminate waste to landfill and are making good progress. We'll report on this in the 2007 report, for each of our manufacturing sites.

Waste	Performance in 2006
Total weight of waste (landfill)	2094 Tonnes

[GRI EN23]

Total number and volume of significant spills.

[GRI EN22] Partial

Total weight of waste by type and disposal method.

The sustainability

to design for the future

4 Our objective is to consider best practice building design when constructing and refurbishing our manufacturing facilities. We also want to ensure all our sites are managed sustainably.

Sustainable Building Design

All of our products are designed with the performance of the building in mind. Our manufacturing facilities and offices therefore provide a perfect showcase for our products and an opportunity to test their performance in line with the full array of sustainable building design features. It is also important that we communicate the role of our products in sustainable building design, and that our products are installed and used correctly so as to maximise the sustainability features of their design.



15

15 Gazeley building in Bedford ctad in Kingspan roof & wall panels and incorporating 11 sustainable design features including wind turbine, photovoltaic panels, solar water heating, rain water harvesting, pervious paving etc.

In 2006, we introduced Kingspan Envirocare Technical Services to provide expert advice on sustainable building design to developers and other relevant teams of designers, specifiers and construction engineers. One of the major focal points of the Service so far has been the provision of advice and support towards achieving compliance with the new energy efficiency demands of Part L2A of the revised Building Regulations. These have been driven, in turn, by the enactment of the EU Energy Performance in Buildings Directive (EPBD). One of the innovative characteristics of this new legislation has been its emphasis on whole building energy modelling.

As part of our service, Kingspan Insulated Panels has been able to perform building energy modelling calculations on a total of 23 buildings where panel products were being considered.

Our new visitor centre is able to host regular technical training sessions and, because of its construction, it is able to showcase a number of specific product types in their application. One of the many technologies being demonstrated is X-dek® insulated structural roof decking system, that can be used to provide a base for a green roof. The use of green roof technologies is expected to grow substantially in coming years as architects see the value in terms of biodiversity (avoiding the loss of the building footprint), storm water management and improved thermal performance. Our visitor centre also carries the following features as a means of promoting green building approaches:

- A 5kW wind turbine, and 10 roof-mounted PV panels, each with a peak output of 210 watts, supply energy direct to the building.
- A 10,000 litre underground tank collects rainwater from the roof and car park, which is used for flushing toilets and urinals in the visitor centre.
- Photo-dimming is used in the meeting rooms and offices, meaning lighting responds to the amount of natural light available.

[GRI EN14] Strategies, current actions, and future plans for managing impacts on biodiversity.



16

Kingspan
Envirodek
Structural Green Roof Solution

16 Rig at Holywell showing the new Kingspan Envirodek Green Roof system



envirocare
TECHNICAL SERVICES

UK Freephone
0800 5870 090

Ireland
+353(0) 42 9698 529

- Whole building energy/CO₂ modelling for Part L2 compliance
- Project specific model specifications - either NBS or Kingspan format
- Attend design meetings
- Construction/junction details in line with current Building Regulations
- Thermal calculations for junctions (ψ & f min values)
- Design wind load and snow load calculations
- Condensation risk and thermal performance calculations
- Roof drainage calculations
- Advice on general building physics issues
- Construction details approval service prior to installation
- Support of fire/insurance related issues
- Full technical product information support

Services offered by the Envirocare Technical services

5 Our objective is to develop an ethical procurement strategy in relation to materials and services. We aim to engage with prioritised suppliers and contractors to ensure that they operate to similar sustainability standards and seek to build long-term relationships with key suppliers and contractors.

Ethical Procurement & Supply Chain Management

There is much we can do to reduce the environmental impact of our manufacturing processes. However, the overall impact of our products is also a result of the actions of our suppliers. Therefore it is essential that we engage with our supply chain to understand their own sustainability practices, and explore how we might use our purchasing power to bring about lasting and positive change.



17 Mill Street Student Accommodation, Leeds
 Architect: Halliday Clark
 Cladding Contractor: County Cladding

We purchase our chemicals through a Central Group Company (CGC). In June 2005, an Ethical Procurement Purchasing Policy for chemicals was developed to clarify what we expect from our suppliers. Our employees adhere to the Chartered Institute of Purchasing and Supply Code of Conduct, provided within the Ethical Purchasing Policy.

There is a need to incorporate environmental considerations into our ethical purchasing policy, and to expand our policy to cover all procurement. This is a key priority for 2007. High environmental standards throughout our supply chain reduce the overall environmental impact of our product.

Currently, we request ISO compliance information for all our suppliers. We then rate suppliers on an A, B, C rating system. 'A' means they have certified ISO standards. 'B' means they have practices in place and working towards achieving ISO certification and 'C' means they have no ISO management standards in place. We actively monitor our top ten strategic suppliers to ensure they are adhering to the ISO standards. Currently, 83% of our top 24 suppliers are 'A' rated.

Our work with the BRE on environmental profiles will enable us to identify those most significant environmental impacts in our supply chain, and we can use this to identify priorities for engagement with key suppliers to find ways to reduce this impact.

For example, an increase in the recycled content of our materials will create markets for recycled materials and reduce waste to landfill. Currently up to 23% of steel by weight is recycled, meaning that the recycled content of a typical panel is up to 15% by weight. We would like to increase the proportion of recycled content of our panels and are investing in research and development to help achieve this objective. Working more closely with our supply chain will also help us identify opportunities to increase recycled content.



[GRI EN2]
 Percentage of materials used that are recycled input materials.

18 Paul Ashford from Caleb Management Services presenting to customers at Kingspan Visitor Centre

19 Factory tour at Kingspan Holywell

6 Our objective is to engage with key stakeholders in Kingspan Insulated Panels Sustainability Strategy and ensure our employees are fully involved in helping deliver the sustainability policy.

Stakeholder Engagement

Kingspan Insulated Panels are supplied directly to our customers, primarily contractors that fit them on site. However, we also consider the architects, developers and end users who design and occupy our buildings to be key stakeholders, and it is essential to the success of our business that we remain responsive to their needs.

The diagram below shows our key stakeholder groups, identified in our Sustainability Workshop, and how we engage with them.



Employee Awareness

If our sustainability strategy is to succeed, it is essential that our employees understand it and are committed to it. To this end, employees at Holywell, Kingscourt and Sherburn have been trained in ISO 14001. In addition, the majority of employees at Holywell attended a presentation and workshop on sustainability run by the Arena Network, an independent organisation providing practical support to business on environmental management and training related issues.⁶

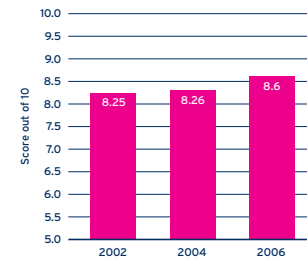
Every employee at each site was also issued with an Environmental Awareness booklet in 2006. This booklet includes general information about the environment and pollution, an introduction to ISO 14001, as well as the company environmental policy. The booklet also clarifies the responsibilities of the employee and outlines everyday actions at work and at home that can benefit the environment.

⁶ See <http://www.arenanetwork.org/> for more information

Customer Engagement

Kingspan Insulated Panels has commissioned the research agency, Harris Interactive, to conduct customer satisfaction work since 2001. The biannual survey aims to explore customer issues from the beginning to the end of the supply process, and to assess our performance in these areas versus our competition. The graph opposite indicates the overall customer satisfaction score that is derived from the various questions in the survey. We're pleased to say that this has always been above 8 out of 10 and is rising year on year. However, our customers' needs are constantly changing and it is essential that we continue to respond to their demands.

Overall Customer Satisfaction Rating



[GRI PR5]
Practices related to customer satisfaction, including results of surveys measuring customer satisfaction.

The **sustainability** to consider the interests of others

7 Our objective is to support Kingspan Insulated Panels employees and uphold our corporate social responsibility to the communities in which we do business.

Social Responsibility

Our employees are essential to the success of our business. It is our responsibility to ensure their health, safety and well-being is considered at all times. So we are committed to communicating with them. Some formal methods of union consultation and a works council are used, but we are also keen to promote direct communication with our employees through a variety of channels.

Kingspan Insulated Panels values the welfare of our employees and seeks to provide benefits over and above statutory requirements, including death-in-service benefits and an enhanced money purchase pension scheme. We also recognise long service with additional benefits.

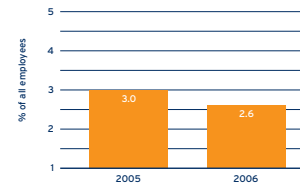


Our employees at a glance:

Site	Full-time permanent	Part-time permanent	Temporary	Management positions	Turnover (average)
Holywell	357	9	1	55	11.02%
Kingscourt	311	7	3	34	7.00%
Sherburn	156	2	1	25	16.98%
Total	824	18	5	114	11.67%

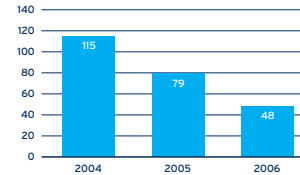
Note: All figures are based upon December 2006. Management positions include Directors.

Absenteeism Rates

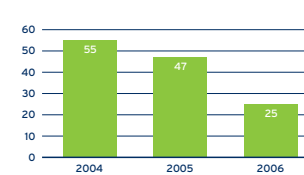


We take the health and safety of our employees very seriously. Adoption of OHSAS18001 (health and safety management system) at Holywell, Kingscourt and Sherburn has helped to drive down accident rates significantly, as demonstrated in the graphs below. We are aiming to reduce this further still in 2007.

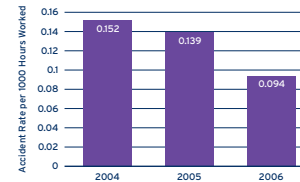
Total Accidents



Total Reportable Accidents



Accident Rate



[GRI LA2] Partial
Total number and rate of employee turnover.

[GRI LA1]
Total workforce by employment type, employment contract, and region.

[GRI LA7]
Rates of injury, occupational diseases, lost days, and absenteeism, and total number of work-related fatalities by region.

Community Investment

We support a number of charities that we consider to be most closely aligned to our business, such as CRASH⁷ and architects for Aid⁸. As a large and successful company, we recognise our role in improving the well-being of the communities in which we operate. In 2006, we donated over £45,000 to community investment initiatives including matched sponsorship to employees taking part in charitable events. Also, we have used our customer events as a vehicle for raising further support for Cancer Research and have matched all monies raised. With the agreement of former recipients, we have replaced our Christmas gifts with donations to charity and have been involved, along with other businesses in the locality of our Holywell site, with the Princes Trust young professionals group.

We are also involved in a schools engineering initiative that aims to raise awareness of opportunities in the engineering sector for the next generation. There is currently a significant skills shortage in the engineering arena, and women are particularly under-represented. Kingspan Insulated Panels provide the students with seminars, plant tours and case study work.



21

[GRI EC1] Partial
Direct economic value generated and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.

21 Kingspan Insulated Panels were part of a number of local organisations who organised a corporate event day including white water rafting to raise money for The Prince's Trust Charity in March 2006. The total amount raised was approximately £13,000

Our manufacturing sites at Holywell, Kingscourt, and Sherburn are all located in semi-rural locations. As a result, we are often one of the most significant employers in the regions in which we operate. For example, our Holywell site is located in North Wales. This brings benefits to the region in terms of direct employment, but also indirectly through the services required by the business and its employees. We are keen to source from and support local businesses wherever we can. One such example of this is KhooDhong Innovation Ltd, which is based in the Deeside Industrial Estate. Set up in 2002, we have been sourcing industrial clothing from KhooDhong and supporting the business in its growth.

"Over the years, Kingspan has helped us with far more than simply providing us with many considerable orders. They have gone out of their way to understand the needs of a small business, even to the extent of offering financial support when they have realised that our cash flow could not cope with their orders. We owe much of our success to our relationship with Kingspan and their policy of promoting small local businesses."

Mike Newton, Managing Director
KhooDhong Innovation Ltd.

⁷ CRASH is the construction and property industry charity for the homeless. CRASH brings together the expertise and help of professionals and companies from the UK construction and property industries to assist homelessness projects to reduce construction costs. <http://www.crash.org.uk>

⁸ Architects for Aid (A4A) work with local, national and international aid organisations, charities and NGOs, aiming to promote capacity building, livelihood creation and skill sharing in post-disaster areas. <http://www.architectsforaid.org>

Dee Estuary

The 19 hectare site at Holywell is adjacent to the Dee Estuary, which has been designated as a Ramsar Site under the Ramsar Convention of Wetlands of International Importance and as a Special Protection Area (SPA) under the EC Birds Directive. The site is of ecological significance due to its populations of internationally important wintering waterfowl and tern species and its intertidal mud and sandflats, saltmarsh and transitional habitats.

Kingspan Insulated Panels strives to minimise the impact of our operations on this site. In 2007, we plan to become even more involved, by encouraging our employees to participate in conservation projects. In particular, a key access point to the estuary is a dock area that is in need of regeneration, and Kingspan has been talking to Flintshire Countryside Services to investigate ways in which we can support this both financially and in kind.

[GRI EN11]
Location and size of land owned, leased, managed in, or adjacent to, protected areas and areas of high biodiversity value outside protected areas.

“The Dee Estuary is one of the most important estuaries in Britain and amongst the most important in Europe for its populations of waders and wildfowl. The estuary is also particularly important for its wintering bird

populations. Both waders and wildfowl achieve numbers of international significance. Kingspan Insulated Panels is committed to getting more involved in conservation projects to enhance and protect the area.”



2007 Targets

Objectives	2007 Targets
Sustainable Product Stewardship	To train a minimum of 900 contractors at the Holywell visitor centre and conduct a minimum of 550 site visits. Extend certified Environmental Profiles to a wider range of panel products. Commit to performing Arup Spear sustainability assessment of the largest manufacturing facility.
Carbon Management	Continue to work with dcarbon8 to assess and reduce our carbon footprint. Examples include identifying opportunities to reduce the carbon impact of company travel, minimising the impact of our marketing operations and creating verified carbon savings through more efficient operations and supply chain initiatives. Continue the process towards achieving 100% on site renewable energy production at all our sites. Issue an energy awareness booklet to all employees.
Optimise Use of Resources	To establish a baseline for water consumption at Kingscourt. Consider investment in schemes to reduce further the risk of pollution. To reduce waste to landfill by 20% compared to 2006.
Sustainable Building Design	Publish a minimum of two new brochures / white papers on subjects associated with sustainable building design. Launch a minimum of two new products with the aim of enhancing the environmental sustainability of buildings.
Ethical Procurement & Supply Chain Management	Collect information on company marketing stationery and paper suppliers to identify opportunities to improve the sustainability impacts of our procurement. Commence the development of a specific Kingspan Insulated Panels responsible procurement policy to cover ethical and environmental issues in all procurement. Use environmental profile data to target suppliers to reduce overall environmental impact.
Stakeholder Engagement	Develop a strategy to measure employee training, with a view to reporting in 2008. A minimum of 500 customers to attend Holywell Visitor Centre in 2007.
Social Responsibility	To engage with Flintshire Countryside Services to help protect and develop the Dee Estuary coastline. To increase matched giving for employee fundraising by a minimum of 20%. Develop a community investment strategy.

Statement from Battle McCarthy

“Battle McCarthy has worked closely with Kingspan Insulated Panels in 2006 to develop its sustainability strategy and first sustainability report. We commend them for the leadership position they are striving for in their sector. There is no doubt that climate change and sustainable development are two of the greatest challenges facing the building industry. This, their first report, shows Kingspan as eager to play their part, and, in doing this, they have committed to seven key sustainability objectives. Battle McCarthy recognises the progress that has been made, and is confident that Kingspan Insulated Panels will continue to build on this in the future.”



Guy Battle
Director, Battle McCarthy

GRI Content Index

Profile Indicators	Description	Page Number
1.1	Statement from the most senior decision-maker of the organisation about the relevance of sustainability to the organisation and its strategy.	5
2.1	Name of the Organisation.	ISFC
2.2	Primary brands, products, and/or services.	6-7
2.3	Operational structure of the organisation, including main divisions, operating companies, subsidiaries and joint ventures.	ISFC
2.4	Location of the organisations headquarters.	ISFC
2.5	Number of countries where the organisation operates.	7
2.6	Nature of ownership and legal form.	ISFC
2.7	Markets served.	7
2.8	Scale of the reporting organisation.	7
2.9	Significant changes during the reporting period.	ISFC
2.10	Awards received in the reporting period.	7
3.1	Reporting period.	ISFC
3.2	Date of most recent report.	ISFC
3.3	Reporting cycle.	ISFC
3.4	Contact point for questions regarding the report or its contents.	BC
3.5	Process for defining report content.	7
3.6	Boundary of the report.	ISFC & 7
3.7	Limitations on the scope or boundary of the report.	7
3.8	Basis for reporting on joint ventures, subsidiaries, leased facilities, outsourced operations and other entities.	Kingspan Insulated Panels Division does not have joint ventures, subsidiaries, leased facilities or outsourced operations.
3.10	Explanation of the effect of any re-statements of information provided in earlier reports.	N/A (first time report).
3.11	Significant changes from previous reporting periods in the scope, boundary or measurement methods applied.	N/A (first time report).
3.12	GRI content index.	36-37
4.1	Governance structure of the organisation.	10-11
4.2	Indicate whether the chair of the highest governance body is also an executive officer.	10
4.3	Number of members of the highest governance body that are non-executive members.	10
4.4	Mechanisms for shareholders and employees to provide recommendations or direction to the highest governance body	10 & 30
4.14	List of stakeholder groups engaged by the organisation.	28
4.15	Basis for identification and selection of stakeholders with whom to engage.	28

ISFC = Inside Front Cover, BC = Back Cover, N/A = Not Applicable

Performance Indicators	Description	Page Number	Extent of Reporting
EC1	Direct economic value added and distributed, including revenues, operating costs, employee compensation, donations and other community investments, retained earnings, and payments to capital providers and governments.	7 & 32	Partial
EC2	Financial implications and other risks and opportunities for the organisations activities due to climate change.	19	Fully
EN2	Percentage of materials that are recycled input materials.	27	Fully
EN3	Direct energy consumption by primary energy source.	19	Fully
EN4	Indirect energy consumption by primary source.	19	Fully
EN11	Location and size of land adjacent to protected areas.	33	Fully
EN14	Strategies, current actions, and future plans for managing impacts on biodiversity.	25 & 33	Fully
EN16	Total direct and indirect greenhouse gas emissions by weight.	19	Fully
EN18	Initiatives to reduce greenhouse gas emissions.	21	Partial
EN22	Total weight of waste by type and disposal method.	23	Partial
EN23	Total number and volume of significant spills.	23	Fully
EN26	Initiatives to mitigate environmental impacts of products and service, and extent of impact mitigation.	13 - 15	Fully
LA1	Total workforce by employment type, contract and region.	31	Fully
LA2	Total number and rate of employee turnover.	31	Partial
LA7	Rates of injury, occupational diseases, lost days and absenteeism, and number of work-related fatalities by region.	31	Fully
PR5	Practices relating to customer satisfaction, including results of surveys measuring customer satisfaction.	29	Fully

Acknowledgements

Kingspan Insulated Panels would like to thank the following organisations for their help in the preparation and delivery of this report.

• Battle McCarthy

Battle McCarthy is a multi-disciplinary practice that specialises in the design and delivery of sustainable solutions for the built environment. Battle McCarthy's goal is to seek solutions that find an optimum balance between environmental impact, social benefit and financial return both for the client and the community. Innovative yet practical solutions are delivered through the combined skills of civil, structural and MEP engineers, environmental analysts, sustainability consultants, landscape architects, environmental planners and artists.

Dog and Duck Yard, Princeton St, London WC1R 4BH
Tel: 0044 (0) 20 7440 8282 www.battlemccarthy.com

• Caleb Management Services Ltd

Caleb Management Services is a leading UK consultancy in the field of building efficiency, sustainable construction and the wider sustainability agenda. Much of this work is as a policy advisor to Governments and their agencies.

The Old Dairy, Woodend Farm, Cromhall, Wotton-under-Edge,
South Gloucestershire GL12 8AA
Tel: 0044 (0) 1454 269 330 www.calebgroup.net

• FST Marketing Communications Ltd

Even before it went to press, this report had already begun to make a difference to people's lives. fst, the design and marketing house that helped create this GRI report, was inspired to begin its own journey towards sustainability - just from being involved in the project. fst is now looking at ways they can reduce their energy consumption. And they are also investigating buying materials from 'green' suppliers.

10-12 Oxford Road, Marlow, Buckinghamshire SL7 2NL
Tel: 0044 (0) 1628 498 500 www.fstmarketing.com

• Four Corners

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Insulated Panels

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