Triodos Investment Management

KINGSPAN GROUP PLC

MEETING DATE	Thu, 27 Apr 2017 10:00 am	TYPE	AGM	ISSUE DATE	Tue, 18 Apr 2017
MEETING LOCATION	The Herbert Park Hotel, Ballsbridge, Dublin 4				
CURRENT INDICES	PIRC Global				
SECTOR	Building Materials & Fixtures				

	PROPOSALS	ADVICE
1	**Approve Financial Statements** Disclosure is adequate. The financial statements were made available sufficiently before the meeting and have been audited and certified. No serious governance concerns have been identified. Triodos supports this resolution.	**For**
2	**Approve the Dividend** The Board proposes a dividend of 23.5 cent per share. The dividend is covered by earnings. Acceptable proposal.	**For**
3	**Approve the Remuneration Report** It is proposed to approve the remuneration policy with an advisory vote. Variable remuneration appears to be consistently capped, and the payout is in line with best practice. There are claw back clauses in place over the entirety of the variable remuneration, which is welcomed. However, the Company has not disclosed quantified targets or performance criteria for its variable remuneration component, which may lead to overpayment against under-performance. On balance, Triodos abstains on this resolution.	**Abstain**
4.A	**Re-elect Eugene Murtagh** Non-Executive Chairman, not considered to be independent as he is the group's co-founder; and he is the former CEO. He is a member of the founding family (father of current CEO Gene Murtagh and brother of non-executive director Brendan Murtagh). There is sufficient independent representation on the Board. He is chair of the Nomination Committee and less than 20% of the Board are women which Triodos does not suppor	**Oppose**
4.B	**Re-elect Gene M. Murtagh** Executive director. Acceptable proposal.	**For**
4.C	**Re-elect Geoff Doherty** Executive director. Acceptable proposal.	**For**
4.D	**Re-elect Russell Shiels** Executive director. Acceptable proposal.	**For**
4.E	**Re-elect Peter Wilson** Executive director. Acceptable proposal.	**For**
4.F	**Re-elect Gilbert Mccarthy** Executive director. Acceptable proposal.	**For**
4.G	**Re-elect Helen Kirkpatrick** Non-Executive Director. Not considered to be independent, owing to a tenure of more than nine years. There is sufficient independent representation on the Board.	**For**
4.H	**Re-elect Linda Hickey** Independent Non-Executive Director.	**For**
4.I	**Re-elect Michael Cawley** Independent Non-Executive Director.There are concerns over the director's potential aggregate time commitments. Triodos abstains on this resolution.	**Abstain**
4.J	**Re-elect John Cronin** Independent Non-Executive Director.	**For**

4.K Re-elect Bruce Mclennan — **For**

Independent Non-Executive Director.

5 Allow the Board to Determine the Auditor's Remuneration — **For**

Standard resolution. Companies have legal duties to pay the auditors for their work.

6* Approve Authority to Increase Authorised Share Capital — **Oppose**

It is proposed to increase the authorised share capital from EUR 28,600,000 divided into 220,000,000 ordinary shares of EUR 0.13 each to EUR 32,500,000 divided into 250,000,000 ordinary shares of EUR 0.13 each, by the creation of 30,000,000 ordinary shares of EUR 0.13 each (corresponding to 13% of the current authorized share capital), such shares to rank pari passu with the existing ordinary shares in the capital of the Company. The proposed increase with or without pre-emptive rights exceeds guidelines.

Triodos opposes this resolution.

7 Issue Shares with Pre-emption Rights — **For**

It is proposed to issue new shares with pre-emptive rights for up to 25% of the share capital until next AGM. The proposed amount is less than 50% of the current share capital.

Triodos supports this resolution.

8* Issue Shares for Cash — **For**

It is proposed to authorize the Board to issue shares without pre-emptive rights until next AGM. The proposed amount of shares issued is less than 10% of the current share capital and the maximum authorized discount is 10% of the share price.

Triodos supports this resolution.

9* Issue an additional 5% Shares for Cash — **For**

Authority sought in respect of 5% of issued share capital, pursuant to the authority conferred by Resolution 8. This authority will expire expire at the conclusion of the next Annual General Meeting of the Company. The aggregate amount of shares issued without pre-emptive rights does not exceed 10% of the share capital.

Triodos supports this resolution.

10* Authorise Share Repurchase — **Oppose**

Authority sought to allow the Board to repurchase and use capital stock within legal boundaries. The authority exceeds 5% of the share capital. As the Company has not duly provided an explanation regarding the rationale behind the proposal,Triodos opposes this resolution.

11* Reissue of Treasury Shares with Pre-emption Rights Disapplied — **For**

Authority is sought to re-issue treasury shares off-market at a maximum price of 120% of the then average market price of the ordinary shares, and a minimum price of 95% of that average. This authority will expire at the conclusion of the next Annual General Meeting. No serious concerns identified.

Triodos supports this resolution.

12* Meeting Notification-related Proposal — **Oppose**

Shareholder approval is sought to call general meetings on 14 clear days notice.

All companies should aim to provide at least 20 working days notice for general meetings in order to give shareholders sufficient time to consider what are often complex issues. Although the proposed change is permissible by the Companies Act, Triodos opposes this resolution.

13 Approve New Long Term Incentive Plan — **Oppose**

It is proposed to approve the new Kingspan Group plc 2017 Performance Share Plan. The Plan provides for the Committee to grant nil or nominal cost options to acquire ordinary shares in the Company ("Shares"). Awards may be granted, at the discretion of the Committee, to employees only, including Executive Directors. The market value of the Shares which are the subject of an award granted in any period of 12 months may not in normal circumstances, at the date of the grant of award, in the case of the Chief Executive exceed 200% of his annual regular remuneration and in the case of other participants exceed a lower percentage, as determined by the Committee. Up to 50% of the Shares subject to the award will vest depending on the Company's total shareholder return ("TSR") over a three-year performance period. There are excessiveness concerns as the awards exceed 200% of the share capital and the vesting period (three years) is not considered sufficiently long term.

Triodos opposes this resolution.

SUPPORTING INFORMATION FOR RESOLUTIONS

Proposal 1 - Approve Financial Statements

In November 2014, the Directive 2014/95/EU was published and Member States will have until end of 2016 to transpose the Directive into national legislation and companies will start reporting as of their financial year 2017. The Directive has legislative relevance for all the European Economic Area and as such should be implemented also by members of the European Free Trade Association. Under the Directive, companies should provide disclosure of non-financial information (policy and practice) in the annual report or on a separate report, made available at the latest 6 months after the date of the balance sheet. The European Commission has been tasked with publishing non-binding reporting guidelines by December 2016. Although the provisions contained in the Directive are not yet binding, they are considered to set the bar of best practice. PIRC maintains that corporations should not passively abide by minimum standards set in regulation, but actively exceed minimum thresholds and seek best practice. PIRC will accurately monitor the presence and the quality of non-financial information.

Proposal 5 - Allow the Board to Determine the Auditor's Remuneration

As from 2016, certain types of non-audit services are illegal under the Directive 2014/56/EU (excluding those derogated by Member States). Such services include: provision of tax advice and services linked to the client's financial and investment strategy, including tax compliance, tax advice, corporate finance and valuation services. Member States also have the option to allow certain tax and valuation services on condition that they do not have a direct effect on the financial statements or, if they do, that the effect is immaterial. Audit firms that have provided a certain non-audit service to a company (namely, designing and implementing internal control or risk management procedures related to the preparation and/or control of financial information or designing and implementing financial information technology systems) must undertake a one-year cool-off period before they can provide statutory audit. It is considered that Directive 2014/56/EU sets best practice to which PIRC will regard when advising on support in audit-related proposal.

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