

INSULATION



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November 18th, 2020

Dear Valued Customer,

Beginning January 1st, 2021, the states of California, Colorado, New York, New Jersey, Vermont, Washington and the nation of Canada will begin regulating products containing certain HFCs, including those used in the production of Extruded Polystyrene (XPS) foam insulation. All of the affected states will allow the continued sale, distribution and use of XPS products containing HFCs, so long as the XPS products are produced before January 1st, 2021¹.

As previously announced, Kingspan has launched the **GreenGuard® LG XPS** foam insulation product line, which is manufactured with Low GWP blowing agents permitted throughout North America. Kingspan will begin accepting orders for the new GreenGuard® LG XPS products starting January 1st, 2021. GreenGuard® LG XPS products will be manufactured using a new hydrofluoroolefin (HFO) blowing agent blend which has terrific sustainability benefits, but is considerably more costly than the current HFC blowing agent. This significant cost increase requires that Kingspan charge a 20% premium for the new GreenGuard® LG XPS products relative to the current price you are paying for Greenguard XPS products.

To help with this significant transition, Kingspan is building a limited stock of current GreenGuard® XPS products specifically for the affected markets prior to January 1st, 2021. This inventory build requires a sizeable investment with incremental costs including overtime labor, warehousing, and transportation. To help offset these additional costs, Kingspan will implement a price increase for all XPS Insulation Board products produced with our current HFC formulation that are shipped to states affected by new HFC regulations.

¹ Sell-through provision expires 7/1/2021 in Quebec, Canada.

A few important points of note:

- Effective December 18th, 2020 Kingspan Insulation will increase prices by 5% on GreenGuard® XPS shipments into the states of CA, CO, NY, NJ, VT, WA and the nation of Canada.
- This increase applies to all orders received on or after December 18th, 2020. Orders placed before this date must be for immediate shipment.
- This price increase is applicable for both warehouse and direct shipments to job sites.
- Kingspan reserves the right to limit orders (i.e., accepting orders at current pricing) to the extent that such orders exceed 2 weeks of normal buying quantities.

Kingspan Insulation is committed to servicing our customers with high performance products and best-in-class service. If you have any additional questions, please contact your local Kingspan sales representative. Thanks for your continued support of Kingspan Insulation.

Sincerely,

A handwritten signature in black ink that reads "Kevin Cutler". The signature is written in a cursive style with a large initial "K" and "C".

Kevin Cutler
Sales Director