Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present the report for the year ended 31 December 2020. The purpose of the report is to provide an overview of how we have carried out our responsibilities during the year.

The Committee supports the Board in assessing the principal and emerging risks facing the Group, including reviewing the Group’s risk management and internal control systems and overseeing the operation of the Group Internal Audit function. During 2020 this work was conducted against the backdrop of the COVID-19 pandemic and, whilst recognising the additional pressure and stress on the management and employees of the Group, our focus was on ensuring the ongoing robustness of the internal control and risk management systems and that the Group Internal Audit function continued to operate effectively. The work performed by the Committee in this regard, encompassing ongoing monitoring and the review of effectiveness is detailed on page 110.

The Committee is responsible for monitoring the integrity of the Group’s Financial Statements and any formal announcements relating to the Group’s financial performance. We reviewed the work completed by management in respect of the Going Concern and Viability Statements, including additional analysis to assess the impact, in the short to medium term, of the COVID-19 pandemic and concluded that there was no threat to the Group’s prospects or viability. Further details are set out on page 83. The Committee also assisted the Board in determining that the Annual Report and Consolidated Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s and the Company’s position, performance, business model and strategy. The work completed in this regard is set out on page 109.

The Committee was reassured by the actions management and PwC had taken, which ensured there was a minimal impact on the year end audit timetable. The Committee and the Board would like to thank the teams for responding to these challenges in such a positive manner.

The Committee oversees the relationship with the external auditor, including monitoring all matters associated with their appointment, remuneration, performance and independence and reviewing the scope and results of the audit and the effectiveness of the process. Further details with regard to the Committees work in this regard are set out on page 111.

As outlined on page 112, the Committee has considered the requirements of the Companies Act 2014 in relation to the Directors’ Compliance Statement and is satisfied that appropriate steps have been undertaken by the Company to ensure that it is materially compliant with its relevant obligations.

The Committee’s key priorities for the coming year include continued focus on ensuring recommendations from Group Internal Audit reviews are implemented and working with the Board and Group management on continuous improvement to risk and financial management controls across the Group, in particular taking account of the Group's continuing growth and expanding geographical footprint.

I trust you will find this report useful in understanding the operation and activities of the Committee during the year and I welcome any comments from shareholders on my report.

Christopher Rogers
Chairman of the Audit Committee

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Roles and Responsibilities
The main roles and responsibilities of the Committee, which reflect the UK Corporate Governance Code and the Irish Annex and the Guidance on Audit Committees, are set out in its written Terms of Reference which are available from the Group's website www.kerrygroup.com or upon request.

The primary responsibilities outlined in the terms of reference are included in the table below:

<table>
<thead>
<tr>
<th>Primary responsibilities of the Audit Committee</th>
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<tr>
<td>- monitoring the integrity of the Group's financial statements, including reviewing significant financial reporting judgements contained in them;</td>
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<tr>
<td>- reviewing the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and considering the appropriateness of accounting policies and practices;</td>
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<tr>
<td>- advising the Board on whether it believes there are any material uncertainties which may impact the Group's ability to continue as a going concern or the Group's long-term viability;</td>
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<td>- advising the Board on whether the Annual Report and Consolidated Financial Statements, when taken as a whole is fair, balanced and understandable;</td>
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<td>- assisting the Board in its responsibilities in regard to the assessment of the principal and emerging risks facing the company, the monitoring of risk management and internal control systems, including a review of effectiveness;</td>
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<td>- reviewing the operation and effectiveness of the Group Internal Audit function;</td>
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<td>- making recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's external auditor as well as monitoring their effectiveness and independence;</td>
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<td>- reviewing, on behalf of the Board, the Group's whistleblowing arrangements for its employees and third parties to raise concerns in confidence about possible wrongdoing in financial reporting or other matters; and</td>
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<tr>
<td>- advising the Board in relation to compliance with stock exchange and other legal or regulatory requirements.</td>
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Committee Membership
The Audit Committee currently comprises four independent non-Executive Directors; Dr. Hugh Brady, Ms. Joan Garahy, Ms. Emer Gilvarry and is chaired by Mr. Christopher Rogers.

Ms. Emer Gilvarry joined the Committee upon her appointment to the Board on 1 November 2020 replacing Mr. Tom Moran who stepped down from the Committee on the same date.

The Board is satisfied that both Mr. Christopher Rogers and Ms. Joan Garahy meet the specific requirements for recent and relevant financial experience as set out in the Code.

The Board is also satisfied that together, the members of the Committee, as set out in their biographical details on pages 85-87, bring a broad range of relevant skills, experience and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates. The Company Secretary is the Secretary of the Committee.

Committee Meetings
Meetings are generally scheduled in line with key times in the Group's financial reporting calendar. The Committee met six times during the year and attendance at these meetings is outlined on page 103.

Typically, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Company Secretary and the Head of Internal Audit, as well as representatives of the external auditor are invited to attend meetings of the Committee. In addition, the Chairman of the Board attends meetings at the invitation of the Committee. When required, other key executives and senior management are invited to attend to present and provide deeper insight on various topics as are required by the Committee to discharge its duties.

The external auditor and the Head of Internal Audit have direct access to the Committee Chairman at all times and meet with the Committee, without other Executive Management being present, on a formal basis at least annually in order to provide additional opportunity for open dialogue and feedback.

After each Committee meeting, the Chairman of the Committee reports to the Board on the key issues which have been discussed.

Committee Evaluation
As outlined in detail on page 105, an internal evaluation of Board effectiveness included a review by the Committee of its own effectiveness. The output was discussed by the Committee and it was concluded that the Committee continued to operate effectively throughout the year as well as identifying ongoing areas of focus for the 2021 financial year.

Key Activities
Financial Reporting and Significant Financial Judgements
The Audit Committee reviewed the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements before submitting them to the Board of Directors with a recommendation to approve. These reviews focused on, but were not limited to:

- the appropriateness and consistency of accounting policies and practices;
- the going concern assumption;
- compliance with applicable financial reporting standards and corporate governance requirements as well as the clarity and completeness of disclosures;
- the disclosures related to the impact of COVID-19 on both the current and projected performance and liquidity of the Group; and
- considering the significant areas of complexity, management judgement and estimation that had been applied in the preparation of the Consolidated Financial Statements in accordance with the accounting policies.
The Committee has, with the support of PwC as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table below sets out the significant matters considered by the Committee in relation to the Consolidated Financial Statements for the year ended 31 December 2020.

### Significant Financial Reporting Judgements

| Impairment of Goodwill and Indefinite Life Intangible Assets | Goodwill and indefinite life intangible assets, as disclosed in note 12 to the Consolidated Financial Statements, represents the largest number on the Group balance sheet at €3.9 billion. The Committee considered the process to complete the annual impairment review of the Group's goodwill and indefinite life intangible assets and specifically the assumptions used for the future cash flows, discount rates, terminal values and growth rates. This included consideration of the impact of COVID-19 on such assessments and a consideration of the sensitivity analysis run by management. Following discussions with senior management and the external auditor, the Committee found that the methodology used for the above valuation and annual impairment review are appropriate and no impairment was identified. |
| Going Concern and Viability Statement | COVID-19 has impacted both the performance and cash flows of the Group and through the year management have undertaken detailed financial modelling exercises which have considered the impact on profit, growth, cash and working capital in a number of different scenarios. The Committee reviewed and challenged management's assumptions and modelling of projected cash flows and, in particular those related to the potential impact of COVID-19 on future trading performance. The Committee also considered the Group's financing facilities and future funding plans. Based on this, the Committee confirmed there were no material uncertainties that cast a significant doubt on the Group or the Company's ability to continue as a going concern and therefore the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement. |
| Business Combinations | The Group acquired three businesses during the financial year which were accounted for as business combinations. The Committee reviewed the methodology and assumptions applied in determining these provisionally estimated fair values and found the methodology and assumptions to be appropriate following discussion with senior management and the external auditor. |
| Taxation | Significant judgement and a high degree of estimation is required when arriving at the Group's tax charge and liability. The Committee, in conjunction with tax professionals, reviewed and discussed the basis for the judgments in relation to uncertain tax positions and challenged management on their assertions and also considered the outcome of the external auditors' review of the tax charge and liability. As a result, the Committee believes the impact of uncertain tax positions has been appropriately reflected in the tax charge and liability. |

### Fair, Balanced and Understandable

At the request of the Board, the Audit Committee reviewed the content of the Annual Report and Consolidated Financial Statements to ensure that it is fair, balanced and understandable, and provides the information necessary for shareholders to assess the Group's and the Company's position, performance, business model and strategy.

In fulfilling this responsibility, the Committee considered the following:

- the timetable for the co-ordination and preparation of the Annual Report and Consolidated Financial Statements, including key milestones as presented at the December Audit Committee meeting;
- the systematic approach to review and sign-off carried out by senior management with a focus on consistency and balance; and
- a detailed report from senior finance management outlining the process through which they assessed the narrative and financial sections of the 2020 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved.

Management ensured that the draft Annual Report and Consolidated Financial Statements were available to the Audit Committee in sufficient time for review in advance of the Committee meeting to facilitate adequate discussion at the meeting.

Having considered the above, in conjunction with the consistency of the various elements of the reports, the narrative reporting, the language used and disclosures in relation to COVID-19, the Committee confirmed to the Board that the Annual Report and Consolidated Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s and the Company’s position, performance, business model and strategy.

### Internal Control and Risk Management

The Audit Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of the Group’s risk management and internal control systems. A detailed overview of the Group’s risk management framework is set out in the Risk Management Report on pages 71-74.
Throughout the year, the Committee:

- reviewed and approved the assessment of the principal risks and uncertainties, including emerging risks, that could impact the achievement of the Group’s strategic objectives as described on pages 76-82;
- received a presentation from the Head of Internal Audit on how the COVID-19 pandemic has impacted the Group’s risk universe and the measures taken by the Group to mitigate the impact of the crisis. Further details are set out in the Risk Management Report on pages 74-75;
- received presentations from the Head of Internal Audit and management on an internal review of the Group’s second line of defence structures; a number of enhancements which were identified were progressed in 2020 and will remain a focus in 2021;
- reviewed and approved an enhanced framework for the definition of risk appetite for each of the Group’s principal risks and recommended the risk appetites as outlined for approval by the Board;
- received presentations on a selection of principal risks and discussed with senior management the material internal controls that exist to mitigate these to levels within the Group’s risk appetite;
- reviewed quarterly reports from the Head of Internal Audit based on internal audits completed outlining non-compliances with Group controls and management’s action plans to address them;
- considered reports from the Head of Internal Audit on fraud investigations or other significant control matters which occurred during the year and approved plans to address and remediate the issues identified;
- received updates on the review of financial controls which concluded that except for a limited number of changes required as a result of remote working, primarily in relation to the form of physical evidencing of approval, the ongoing operation of our financial controls is substantially unaffected by COVID-19 restrictions;
- received updates from the Group Financial Controller on any control weaknesses identified through monthly financial review meetings;
- considered the results of the Kerry Control Reporting System (the internal control self-assessment review of material finance, operational and compliance controls) and concluded that the controls are operating effectively;
- assessed the Group’s risk management and internal control framework in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting; and
- reviewed the report from the external auditor in respect of significant financial accounting and reporting issues, together with significant internal control weakness observations.

The Audit Committee, having assessed the above information, is satisfied that the internal control and risk management framework is operating effectively and has reported this opinion to the Board.

Internal Audit

The Audit Committee is responsible for monitoring and reviewing the operation and effectiveness of the Group Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the Group Internal Audit function’s strategy and annual plan, which was constructed using a risk-based approach;
- approved revisions to the annual plan resulting from the impact of COVID-19 and the need to adapt to the changing business environment;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group’s risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Head of Internal Audit on progress against the agreed plan including the results of internal audit reports and management’s actions to remedy issues identified;
- received updates on the nature and extent of non-audit activity performed by Internal Audit;
- held a meeting with the Head of Internal Audit without the presence of management;
- ensured that the Head of Internal Audit had regular meetings with the Chairman of the Audit Committee and had access to the Chairman of the Board if required; and
- ensured co-ordination between Group Internal Audit and the external auditor to maximise the benefits from clear communication and co-ordinated activities.

In order to comply with the Chartered Institute of Internal Auditors (CIIA) requirements, an External Quality Assessment (EQA) by an independent body is conducted at least every five years to confirm conformance with the International Professional Practice Framework (IPPF) of the CIIA. The most recent EQA was completed in 2017 and the next review will be completed in 2022. On an annual basis, to ensure ongoing compliance with the IPPF, the Group Internal Audit function has an internal Quality Assurance and Improvement Program (QAlP) in place.

On the basis of the above, the Committee concluded that for 2020 the Group Internal Audit function operated effectively and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.
External Auditor

On behalf of the Board, the Audit Committee has primary responsibility for overseeing the relationship with, and performance of, the external auditor. This includes making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, assessing their independence and effectiveness and approving the audit fee.

During the year, the Committee met with the external auditor without management present to discuss any issues that may have arisen during the audit of the Group's Consolidated Financial Statements.

Independence and Provision of Non-Audit Services

The Committee is responsible for ensuring that the external auditor is independent and for implementing appropriate safeguards where the external auditor also provides non-audit services to the Group.

PwC confirmed to the Audit Committee that they are independent from the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority's Ethical Standards for Auditors. The audit lead engagement partner for the financial year ended 31 December 2020 is John McDonnell who was appointed in 2016. In order to ensure continued independence and objectivity he can only serve as lead engagement partner for a period of five years. He will therefore be replaced by Enda McDonagh for the financial year ended 31 December 2021 onwards.

In accordance with the Group's policy on the hiring of former employees of the current external auditor, the Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the current external auditor, to a senior managerial position in the Group.

A formal policy governing the provision of non-audit services by the external auditor is in place and is reviewed and approved by the Audit Committee annually. This policy is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. This policy is designed to safeguard the objectivity and independence of the external auditor and to prevent the provision of services which could result in a potential conflict of auditor independence. The policy outlines the services which can be provided by the external auditor, the relevant approval process for these services, and those services which the external auditor is prohibited from providing.

In 2020, all non-audit services and fees were approved by the Audit Committee in line with policy. The Committee is satisfied that the non-audit fees paid to PwC, which were minimal, did not compromise their independence or objectivity. Full details of the fees paid to the external auditor during the year for non-audit services are outlined in note 3 to the financial statements. Having considered all of the above, the Committee concluded that the Group's external auditor is independent.

Effectiveness

Post completion of the 2019 audit, in conjunction with PwC, review meetings were held with senior finance management across all regions and it was confirmed by both parties that no issues had arisen during the audit process.

At the November Audit Committee meeting, PwC outlined to the Committee in detail the 2020 external audit plan including process and technology changes which were implemented to facilitate conducting the audit remotely. The Committee discussed the significant audit risks and key audit matters, audit scope and materiality amongst other matters. The Audit Committee agreed that the plan and the materiality at which any misstatements should be reported by PwC to the Committee was appropriate.

Prior to the finalisation of the 2020 Consolidated Financial Statements, the Audit Committee received a detailed presentation and final report from PwC. The Committee also considered feedback from the lead partner and senior executives in concluding that PwC effectively delivered against the objectives of the agreed audit plan.

In assessing the effectiveness of the external auditor, the Audit Committee also considered the following:

- the quality of presentations to the Board and Audit Committee;
- the technical insights provided relevant to the Group;
- key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and
- their demonstration of a clear understanding of the Group's business and key risks.

On the basis of the above the Committee is satisfied with the effectiveness of the external auditors.

Appointment

PwC were appointed as external auditor in March 2016 following a comprehensive tender process which was overseen by the Audit Committee. On an annual basis, the Committee reviews the appointment of the external auditor, taking into account the auditor's effectiveness and independence. On that basis, the Committee recommended to the Board that PwC should continue in office as the auditor to the Group in respect of the year ending 31 December 2021.

The Audit Committee approved the remuneration of the external auditor, details of which are set out in note 3 to the Consolidated Financial Statements.
**Directors’ Compliance Statement**

During the year, the Audit Committee reviewed the appropriateness of the Directors’ Compliance Policy Statement and also received a report from senior management on the review undertaken during the financial year of the compliance structures and arrangements in place to ensure the Company's material compliance with its relevant obligations. On the basis of this review, the Committee confirmed to the Board that in its opinion the Company is in material compliance with its relevant obligations.

**Whistleblowing and Fraud Arrangements**

In accordance with the Provisions of the Code, the responsibility for overseeing whistleblowing is within the remit of the Board. During 2020, at the request of the Board, the Committee considered the Group’s whistleblowing arrangements and assisted the Board in its assessment of the adequacy of these arrangements. Details of the Group’s whistleblowing arrangements are outlined in the Corporate Governance Report on page 102.

The Committee also considered the Group’s procedures for fraud prevention and detection to ensure that these arrangements allow for the proportionate and independent investigation of such matters and appropriate follow up action. Following this review, the Audit Committee confirmed to the Board that it was satisfied that the Group’s fraud prevention procedures were adequate.