

Chairman's Statement

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Philip Toomey
Chairman



Overview

This year has seen exceptional challenges with COVID-19 significantly affecting the daily lives of people all around the world. The individual and collective responses of people, communities and businesses have been remarkable in the face of such adversity. Kerry's own response to the pandemic has been truly inspirational and testament to the strength of its purpose, values and culture. The Board received regular updates throughout the year from Executive Management on how COVID-19 was impacting on the Group's employees, strategic priorities, operations and financial performance.

The Group's actions through this period focused on three main priorities:

- Protecting the health and wellbeing of employees with measures including remote working, segregation and zoning, increased sanitisation and screening;
- Supporting our customers and ensuring continuity of supply with supply chains challenged, Kerry helped ensure food products continued to reach consumers; and

- Supporting our local communities in a multitude of ways from donating PPE, sanitiser and food, to pledging 26,000 volunteer days and €1 million through the MyCommunity Initiative.

The pandemic has led to significant disruption for virtually every global business. While Kerry's performance in the foodservice channel was most impacted, the Group demonstrated its resilience by delivering overall revenue of €7.0 billion, trading profit of €797m and free cash flow of €412m in 2020.

Strategic Update

Good progress was made on the strategic front, with the acquisitions of Tecnispace, S.A. in Guatemala, Bio-K Plus International Inc. in Canada and Jining Nature Group in China completed during the year for a total consideration of €280m. These acquisitions further enhance Kerry's integrated solutions capability, while also expanding the Group's footprint and leading position in developing markets.

The Board is confident that Kerry's strategic priorities for growth will continue to be the key drivers of organic growth and acquisition investment in the future.

Sustainability

In October 2020, Kerry launched its 2030 sustainability strategy *Beyond the Horizon* along with a refreshed brand identity, reflecting the evolution of the business, as Kerry continues to meet the changing needs of both customers and consumers. *Beyond the Horizon* will see Kerry work with customers to promote healthier and more sustainable diets, aiming to reach over two billion people by 2030.

The range of ambitious science based targets announced will address key impacts across the areas of nutrition and health, emissions, energy, circular economy, raw materials and social impact. The combination of achieving these targets in conjunction with Kerry's leading innovation with its customers will mean a better impact for people, society and the planet. Details of the Group's sustainability strategy are outlined in the Sustainability Review on pages 46-70.

Corporate Governance

The Board is firmly committed to maintaining the highest standards of corporate governance in line with best practice.

During the year, the Remuneration Committee undertook a review of the Executive Directors' Remuneration Policy as part of the three-year review cycle. The updated Remuneration Policy has incorporated structural changes in line with best market practice and will be put to an advisory vote at the 2021 AGM.

During 2020, the Board expanded the role of the Nomination Committee to provide guidance and oversight of the implementation of the Group's sustainability strategy. The Nomination Committee was renamed the Governance, Nomination and Sustainability Committee and its Terms of Reference were updated to reflect its additional responsibilities.

Board Changes

James C. Kenny retired from the Board following the Company's Annual General Meeting on 30 April 2020. On behalf of the Board, I would like to thank James for his contribution and service to the organisation.

I am delighted to welcome Emer Gilvarry and Jinlong Wang who joined the Board as non-Executive Directors on 1 November 2020 and 5 January 2021 respectively. Emer is a highly experienced professional who brings legal, business and corporate governance expertise to the Board. Jinlong is an experienced leader with over 30 years' experience in global business development, consumer branding and general management. His in-depth understanding of Asian markets, coupled with his extensive knowledge of the Food & Beverage industry, brings a key set of skills to the Board. I look forward to both of them making significant contributions to the Board in the years ahead.

Purpose and Values

Our Purpose, Inspiring Food, Nourishing Life, and our Values of Courage, Ownership, Inclusiveness, Open-mindedness and Enterprising Spirit are core elements of The Kerry Way framework. During 2020, the Board continued to ensure that management promote our purpose and values as a guide to our employees in the way we do business.

The response of our people during the COVID-19 pandemic demonstrated how our purpose is fully embedded in how we do business and will underpin and sustain the Group's evolution in the years ahead.

People and Engagement

Central to Kerry's continued success is the hard work and commitment of all our employees. The Board is proud of the response of our employees to the challenges faced during the COVID-19 pandemic. The creativity and resilience demonstrated, in adapting to the challenging and changing conditions, combined with continuity of supply and innovation, is the single largest contributor to Kerry successfully navigating the challenges associated with the pandemic.

The Board also recognises the importance of employee engagement to the success of the Group and is continuously developing its engagement activities. During 2020, Mr. Tom Moran, the designated workforce engagement Director, undertook a detailed programme of activities where he had the opportunity to visit sites, engage with a range of employees, participate in employee events and obtain a first-hand view of how Kerry responded to the COVID-19 pandemic. While some events were completed in person in quarter one, all activities from March onwards were held virtually. Details of employee engagement activities during the year, including the work undertaken by the designated workforce engagement Director, are outlined in the Corporate Governance Report on pages 94-106.

Dividend

The Board recommends a final dividend of 60.6 cent per share (an increase of 10.0% on the 2019 final dividend) payable on 14 May 2021 to shareholders registered on the record date 16 April 2021.

Together with the interim dividend of 25.9 cent per share, this brings the total dividend for the year to 86.5 cent, an increase of 10.1% on 2019.

Shareholder Analysis



Prospects

The Board remains confident that the Group's business model and strategies will continue to deliver shareholder value and benefit our other stakeholders in the years to come. Kerry will continue to pursue organic and acquisitive growth opportunities and the Group's balance sheet is well placed to support our objectives. While recognising that the COVID-19 pandemic will continue to impact all businesses in 2021, we welcome the greater clarity from the recent Brexit trade deal and look forward to another successful year. The view of management regarding the business outlook for 2021 is presented in the Chief Executive Officer's Review.

COVID-19 has made the task of leadership significantly more challenging. On behalf of the Board, I would like to sincerely thank Edmond and the Executive Management team for their exceptional leadership and thank everyone throughout the organisation for their hard work and commitment during this most challenging of years.

Philip Toomey
Chairman
15 February 2021