Risk Management Report

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business.

Risk Management Approach and Governance

Effective risk management supports the delivery of our strategic objectives and the sustainable growth of our business. We regularly face business uncertainties and it is through a structured approach to risk management that we are able to mitigate and manage these risks and embrace opportunities as they arise. This has been particularly evident this year as we navigated our way through the challenges presented by the COVID-19 pandemic.

The diversified nature of our operations and geographical footprint, together with our broad portfolio of products, customers and suppliers are important factors in mitigating the risk of a material threat to the Group’s sustainable growth and long-term shareholder value. However, as with any business, risks and uncertainties are inherent in our business activities and may have a significant financial, operational or reputational impact.

The Board has overall responsibility for determining the nature and extent of the principal risks the Group is willing to take in order to achieve its strategic objectives. On an annual basis, the Board agrees the principal and emerging risks facing the Group and a robust risk management governance framework is in place which enables the Group to effectively prioritise and manage risk to within our risk appetite levels. The Board carries out a review of the effectiveness of the Group’s risk management and internal control systems at least annually.

The Group’s risk management governance framework has been designed using a three lines of defence (3LOD) model which has been implemented to ensure there is clear ownership and delegation of responsibility for the management and oversight of risk to support the appropriate flow of information throughout the Group.

An overview of the Group’s risk management governance framework along with the key responsibilities within it is outlined in the diagram on page 72.
Our Risk Management Governance Framework

**Board of Directors**

The Board have overall responsibility to ensure appropriate risk management and internal control systems, designed to identify, manage and mitigate risks which may impact the achievement of the Group’s objectives are in place. The Board also ensure an appropriate risk appetite has been set and consider how the Group’s longer-term viability may be impacted by the crystallisation of one or more of these risks.

**Audit Committee**

Responsibility has been delegated by the Board to provide structured and systematic oversight of the Group’s risk management and internal control systems. They review and monitor the effectiveness of the Group’s risk management and internal control systems throughout the year. The Chairman reports to the Board on its activities regarding audit matters and risk management. See pages 107-112 for description of the risk management activities conducted by the Audit Committee in 2020.

**Risk Oversight Committee (ROC)**

The ROC supports the Audit Committee in the risk management process through ongoing monitoring and evaluation of the risk environment and the controls in place to manage those risks, in addition to the consideration of emerging risks which may impact the Group in the future. The ROC is comprised of senior leadership, and is chaired by the CFO, who maintain the Group risk register and provide regular updates on changes in the principal or emerging risks to the Audit Committee and the Board.

**Executive Management**

Executive management are responsible for the effective operation of internal controls designed to manage and mitigate the principal risks and uncertainties. The 3LOD model ensures accountability for risk management is embedded into processes and procedures. Key management committees support risk management including the Group Finance Committee, the ICT Security Steering Committee, the Sustainability Council, and the Quality, Safety, Health & Environmental Leadership Team.

**Enterprise Risk Management Process**

Our risk assessment process incorporates a groupwide top down and bottom up evaluation to determine the likelihood of occurrence and potential impact of risks on the Group at a residual level. Input is obtained from senior business and functional management through a series of workshops, one-to-one interviews and surveys which are consolidated to produce the Group Risk Register. Our risk universe forms the basis of conversations and additional new and emerging risks are added, as appropriate, when identified. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks.

The output from this process is consolidated to determine the principal risks and uncertainties for the Group. Executive Management and the ROC review and validate these risks providing further input where necessary before submission to the Audit Committee and Board for final consideration and approval.

During the year we continued to improve our risk management processes initiating a programme of work to enhance our approach to defining risk appetite.
We engaged with Executive Management, the ROC, the Audit Committee and external subject matter experts to develop a methodology which encompassed a five-point scale ranging from 'Risk Averse' to 'Risk Seeking'. Each of our principal risks was assigned a score on this scale in addition to the articulation of a risk appetite statement. The Audit Committee and Board approved the risk appetite for each of our principal risks and in 2021 we plan to further enhance this reporting. For risks which may negatively impact our brand or reputation such as food safety and employee health & safety the Group is risk averse, but is more risk seeking and willing to pursue potential opportunities in relation to risks which will contribute towards our growth goals such as developing market expansion, acquisitions or capital investments.

Each principal risk is assigned an executive owner who is responsible for ensuring mitigating actions are sufficient to bring risks to within the agreed appetite and the 3LOD model ensures that these mitigations and internal controls are embedded and operate effectively throughout the organisation.

The annual Board and the Audit Committee agendas include a series of updates from risk owners in relation to the Group's principal risks. These updates include the history of the risk to date, key mitigating actions and controls, an outline of the residual risk and any future actions planned to address control weaknesses. During 2020, the Board and Audit Committee received updates relating to Business Acquisition and Divestiture, Taxation, Intellectual Property Management, Information Security and Cybercrime, Food Safety & Quality and Health & Safety risks as well as regular updates on Brexit and COVID-19.

The Audit Committee receive regular updates on risk management and internal control effectiveness from the Head of Internal Audit (HIA) along with agreed mitigating actions to resolve any weaknesses identified. The Audit Committee also received a report from the HIA and management following a review of the Group's second line of defence structures. This report identified some opportunities to strengthen the Group's risk management governance framework and work on these opportunities was initiated in 2020 and will continue to be a focus for the Group in 2021.

The Audit Committee and Board formally approved the principal risks and risk appetite and have confirmed in the Corporate Governance Report on page 106 that a robust assessment of the Group's principal and emerging risks was completed including those risks that could threaten the business model, future performance, solvency or liquidity of the Group.

**Principal Risks and Uncertainties**

The table on pages 76-82 describes the principal risks and uncertainties, which the Board have determined could impact the achievement of strategic objectives and have been identified through the risk assessment process, as well as the mitigating actions in place and an update on any change in the profile of each risk during the year. Additionally, each risk has been linked to the Group's strategies for growth and margin expansion as outlined in the Strategic Report on pages 26-28.

This table presents the Board's view of the Group's principal risks and uncertainties and is not an exhaustive list of all the risks which may impact the Group. There are additional risks which are not yet considered material, or which are not yet known to the Board, which could become significant in the future. Likewise, some of the current risks may reduce in importance as management actions are implemented or changes in the operating environment occur. The Board will continue to monitor risk in the context of growth through geographic expansion and ongoing acquisitions, as well as other changes in the external environment, which may create future risks.

**Changes to Our Principal Risks**

The Group operates in a dynamic environment and during the risk assessment process the Board consider if there are new risks which have the potential to disrupt, or if there are risks that no longer materially impact our ability to achieve our strategic objectives. The Board acknowledges that risks do not exist in isolation and that the crystallisation of one risk may have an intensification effect on other potential risks, significantly impacting the Group.

During 2020, the significant disruption caused by the COVID-19 pandemic increased the potential impact of many risks, including health & safety, ICT and cybersecurity, margin management and particularly our supply chain operations. As a result, Operational and Supply Chain Continuity risk has been included as a principal risk, recognising the importance of maintaining consistent and high quality supply and service to our customers.

Given the increasing focus on the impacts of social responsibility and climate change combined with the accelerating emphasis on a global transition to a low-carbon economy, sustainability/environmental risk, which was previously an emerging risk, has now been deemed a principal risk.

During 2020, significant work was completed to ensure the Group was prepared for the new trading relationship between the EU and the UK. Following the conclusion of the EU-UK Trade and Co-operation Agreement, Brexit is no longer considered as a standalone principal risk for the Group and any ongoing issues with regard to the movement of goods are considered as part of either Geopolitical/Developing Markets risk or Operational and Supply Chain Continuity risk.
The KerryConnect project, to roll out a common ICT solution and standard ways of working groupwide, has now been deployed to 84% of our manufacturing locations globally and remains on target to be substantially complete by the end of 2021. On the basis of this, it is no longer considered a principal risk for the Group. However, given the materiality of the sites within the 2021 deployment schedule, the existing project governance frameworks and processes will be maintained until the project is fully complete.

Emerging Risks
We define emerging risks as those that do not currently have a significant impact on the achievement of strategic objectives but may have a disruptive impact in the future. Emerging risks are considered as part of the risk assessment process and are identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes.

Following the annual risk assessment a number of risks are being monitored which could potentially impact the Group in the future, including: changes to the working model as result of the COVID-19 pandemic, ensuring a diverse and inclusive workforce, keeping pace with digital advancements and disruption to availability of water in water-stressed areas.

Management of Climate Related Risks
With our global presence and leadership position within the food and beverage industry, we are very aware of the increased global focus on the impacts of climate change and the accelerating emphasis being placed on transitioning to a low-carbon economy. We are very clear on the risks and opportunities presented by climate change and take a proactive approach to understanding the implications across our entire business portfolio.

The potential risk presented by climate change is recognised within our risk universe and was considered as part of our risk assessment process. The Board, in conjunction with the Governance, Nomination and Sustainability Committee, has oversight of our sustainability strategy, including our response to climate related risks, while Kerry’s Sustainability Council is responsible for the ongoing achievement of specific climate related goals. Our climate strategy is focused on mitigating climate risks for our business and strengthening our resilience to climate related impacts.
During 2020, the Board supported and approved the Group’s sustainability strategy, Beyond the Horizon, with climate related commitments to achieve net zero emissions across our operations before 2050 and a Science Based Target for carbon that includes a 33% reduction in absolute greenhouse gas emissions from our operations (Scope 1 and 2) by 2030.

We acknowledge and support the objectives of the Task Force for Climate Related Financial Disclosure (TCFD) and are committed to aligning our reporting with its recommendations. For more see our Sustainability Review on pages 46-70 where key climate related risks and opportunities are discussed in more detail.

Our Response to COVID-19
The COVID-19 pandemic presented significant challenges for our business and has impacted our performance. We do not consider COVID-19 as just one individual risk but rather the amplifying effect it has had on a number of the Group’s principal risks as well as highlighting the interdependencies that exist between many risks. Since February 2020, when the potential impact of the pandemic became apparent, the Board and Audit Committee have provided critical support and guidance to Executive Management.

At an early stage, the Group’s crisis management protocols were invoked, and a Global COVID-19 Taskforce comprising of senior functional leadership and led by the Global Chief Operating Officer was established. This team was supported by local management teams in each of our regions. These teams led the overall Group response and through informed and timely decision making ensured that we were proactive in addressing the challenges which were presented. Learnings were shared across all regions and best in class protocols were implemented groupwide to ensure a consistent and robust control environment remained intact.

The Chief Financial Officer led the Group’s response to minimise the financial impact of lower volumes and higher costs as well as overseeing initiatives to further strengthen the liquidity position of the Group. Where required, additional mitigating actions were implemented to manage increased risk in other areas, including appropriate measures to ensure the protection of employees and increased cybersecurity awareness campaigns to respond to the heightened threats.

At an early stage, the Group’s crisis management protocols were invoked, and a Global COVID-19 Taskforce comprising of senior functional leadership and led by the Global Chief Operating Officer was established.
We have managed, and continue to manage, our response to COVID-19, according to three priorities. We have prioritised protecting the safety and wellbeing of our people at all times, along with ensuring continuity of service to our customers and supporting the communities in which we operate.

**Our People: safeguarding their safety and wellbeing**

Kerry implemented best in class safety protocols to ensure the health and wellbeing of our people has been prioritised at all times including segregation and zoning, use of appropriate personal protective equipment, increased sanitisation measures and employee and visitor screening. Where possible remote working was encouraged, and the rollout of new software was fast-tracked to enhance collaboration and connectivity. Regular, consistent and transparent communication helped to minimise uncertainty and kept our people informed and supported. As well as the global employee assistance programme, wellbeing toolkits and additional training were made available to support employees through these challenging times. A full review of sick pay schemes was undertaken to ensure there was no unnecessary impact on our employees as a result of COVID-19 related absences.

**Our Customers: ensuring continuity of supply and innovation**

The Group has remained focused on ensuring continuity of supply for its customers as well as supporting and partnering with them as they navigate the disruption caused by the crisis. Our manufacturing and supply chain teams have responded with agility to dramatic shifts in demand patterns. In response to the changes in the marketplace, we collaborated with customers sharing expertise and insights on emerging consumer trends. To maintain customer engagement and collaboration on innovation projects, technology was leveraged to conduct commercial meetings and virtual product trials.

**Our Community: supporting our local communities**

When global supply was impacted, we shifted production to making hand sanitiser in a number of our facilities. Additionally, we donated and continue to donate PPE and sanitiser to front-line staff through our MyCommunity initiative and pledged 26,000 volunteer days and a €1 million fund to support local community initiatives.

As the Group navigates the ongoing challenges of the disruptive environment caused by the COVID-19 pandemic, prioritising the health and wellbeing of our people will continue to remain our number one priority. The agility and adaptability of our people supported by a dedicated management team allows us to continue delivering innovative solutions, sustaining global food supply chains and being our customers co-creation partner of choice.
Link to Strategic Priorities for Growth as per the Strategic Report and Risk Trend

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<tr>
<td>Taste &amp; Nutrition Strategic Growth Priorities</td>
<td>The Group's overall growth and profitability is determined by the effectiveness of its commercial operating model and management of its portfolio across technologies, end use markets, geographies and channels. If the Group makes suboptimal investment decisions (capex, RD&amp;A, M&amp;A etc.) which are not aligned with the Group's long-term strategic objectives, then opportunities for growth and margin may not be maximised. Dramatic shifts in demand and consumption patterns as a result of the COVID-19 pandemic had the potential to impact the Group's ability to plan and manage it's portfolio.</td>
<td>The Group's strategy and business plans are designed to ensure that resources are prioritised towards those technologies and markets having the greatest long-term potential for the Group. Post implementation reviews are undertaken for all major investment projects to measure returns and inform future investment decisions. Our integrated business model is differentiated in the marketplace through its ability to provide integrated solutions underpinned by its portfolio of foundational technologies. Investment in research and development, consumer insight and innovation enable the Group to stay ahead of ever-changing consumer preferences and provides foresight into future consumer demands and market and competitor intelligence.</td>
<td>Agile responses which were implemented to meet COVID-19 driven changes in demand patterns resulted in adapting our offerings across channels and categories. Continued progress was made in developing the Group's industry-leading taste and nutrition technology portfolio including enhancing our local taste, proactive nutrition and food protection capabilities. The Group continued to evolve and strengthen its operating model to ensure that it remains both fit for purpose to deliver on its strategic plan and responsive to changing marketplace dynamics and opportunities. Our capital investment strategy continued to focus on our strategic priorities for growth and was flexed to key growth areas which were accelerated as a result of COVID-19.</td>
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<td>Consumer Foods Strategic Growth Priorities</td>
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<td>Margin Expansion Drivers</td>
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Geopolitical/Developing Markets Strategic Risk

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<td></td>
<td>The Group is exposed to macro-economic and political risk resulting from our global footprint and our acquisitive growth strategy.</td>
<td>Central and local legal, regulatory and compliance teams ensure adherence to applicable laws and regulations. Local management engage with local authorities and regulatory organisations. Rigorous due diligence is undertaken when entering or commencing business activities in new markets. The Group's portfolio is sufficiently diversified to mitigate exposure to localised risk. Group hedging is utilised to manage currency transaction exposures. Security situations are continually monitored in conjunction with an external partner.</td>
<td>The Group has invested in enhanced supply chain technology solutions to support EU-UK trade in the post Brexit environment. The Brexit Steering Committee met regularly throughout 2020 to consider and plan for all scenarios that could arise as part of the EU-UK trade negotiations and were satisfied that the Group was well placed to deal with the final outcome of the negotiations. The Group continued to invest in its talent pipeline to ensure that the appropriate skills and expertise are available to support its growth in developing markets.</td>
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<td>The Group operates in a number of countries where the legal and regulatory environment is complex, currencies are volatile and trade policies and sanctions are subject to regular change. Security threats have also increased in certain regions which may threaten the security of our employees or our ability to operate. Failure to monitor and respond to change and volatility across the Group's markets may have a potential impact on the future growth and profitability of the Group.</td>
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| **Business Acquisition and Divestiture**  
**Strategic Risk**                | Mergers and acquisitions continue to be a core element of the Group's growth and portfolio management strategy which presents risks around due diligence, execution and integration of businesses. A failure to successfully identify, execute or properly integrate acquisitions or execute divestments in a timely and effective manner could impact profitability and impede the strategic development of the Group. | A robust process is in place to manage potential transactions from identification and evaluation to integration and post-acquisition review. All transactions are fully reviewed and approved by the Board. An experienced, dedicated Mergers and Acquisitions (M&A) team are in place who follow a strong governance process throughout all stages of a transaction. Due diligence activities are supported by external specialists when necessary. Procedures are in place to ensure key acquired talent is retained and developed and support is provided to facilitate an efficient integration process. | An updated playbook was rolled out during 2020 to streamline and enhance the planning and execution of the integration process. Integration specialists supported the onboarding of new acquisitions.                                                                                                                                                                                                                               |
| **Sustainability/Environmental Risk**  
**Strategic Risk**                | Ever-increasing global environmental and social challenges are recognised by both the Group and it's stakeholders (customers, employees, shareholders). A failure to respond to these challenges in a responsible manner, or an environmental, social or governance (ESG) event, could have a significant financial and/or reputational impact on the Group. Sustainability concerns held by stakeholders have been amplified by the COVID-19 pandemic. | Commitments to operating sustainably are core to our business strategy and embedded in our purpose, values and culture. The Group's Sustainability Council, led by the Group CEO, ensures that ESG risks are fully integrated across our operations and broader value chain. Cross-functional teams and programmes established to address key themes including climate change, human rights and responsible sourcing. Comprehensive monitoring and reporting systems in place across the organisation that allows us to track and report progress against our targets. Ongoing assessment and engagement with suppliers of priority raw materials. | With Board oversight, a refreshed sustainability strategy, *Beyond the Horizon* was launched, with targets tackling areas of material importance. Approval of the Group's carbon target by the Science Based Target Initiative. Share of electricity from renewables increased to 22%. Commenced revised water risk assessment across our operations. The role of the Governance, Nomination and Sustainability Committee was expanded to provide guidance and oversight on the implementation of the Group's sustainability strategy.                                                                 |
### Talent Management

**Operational Risk**

#### Trend

- Risk Description & Impact: The ability to attract, develop, engage and retain appropriately qualified talent with the necessary capabilities and skillsets is critical if the Group is to continue to compete and grow effectively.
- A failure to ensure that a strong senior leadership talent pipeline is in place may impact the Group’s ability to achieve its strategic growth priorities.
- COVID-19 has presented additional challenges in recruiting and onboarding key talent and engaging a more dispersed global workforce.
- An objective recruitment and selection process is in place along with effective employment policies and systems.
- Talent management is a regular agenda item at Group Executive, Governance, Nomination and Sustainability Committee and Board meetings.
- A groupwide consistent approach is in place to identify, assess and accelerate talent readiness in order to meet succession planning requirements.
- Remuneration policies have clear links to strategic growth priorities and high-performance criteria including a balance of short and longer-term incentives.
- Formal graduate, executive education and mentoring programmes are in place and regularly refreshed to ensure the Group is developing the skills and capabilities that will enable future growth.
- Kerry's priority, in the face of COVID-19 is the health, safety and wellbeing of our employees. Remote working was encouraged for a significant number of employees and where this was not possible, appropriate safety protocols were implemented e.g. zoning, provision of protective equipment, increased sanitisation and screening measures.
- The Group completed its leader-led engagement programme to embed its purpose and values to all employees (commenced in 2019).
- The Group conducted its third groupwide employee engagement survey, the results of which were reviewed by Executive Management and the Board to agree global priorities for 2021.
- The Board reviewed outputs from a revised approach to executive succession planning implemented in 2019, including the embedding of Kerry Leadership Competencies into all successor assessment and development processes.
- A refreshed risk mitigation plan for leadership continuity for key executive roles and strengthening succession bench strength was reviewed and approved by the Governance, Nomination and Sustainability Committee.
- In response to the COVID-19 pandemic the Group strengthened its employee engagement communication programme. In addition, increased focus was placed on leadership development training to support the management of virtual teams and leading with purpose through challenging times.
- Virtual onboarding guidance was developed, including role specific training and team introductions, to ensure a smooth onboarding of new employees.

#### Developments in 2020

- The Group conducted its third groupwide employee engagement survey, the results of which were reviewed by Executive Management and the Board to agree global priorities for 2021.
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<td>Adherence to stringent food safety and product controls is critical to ensure the safety and integrity of raw materials and products throughout the Group’s supply chain. Kerry must also ensure compliance with continuously evolving legal and regulatory obligations in the areas of food safety, quality, labelling and the environment. Any failure in the Group’s food safety protocols; raw materials accidentally or maliciously contaminated throughout the supply chain process; or a breakdown in quality control systems may result in contamination of products leading to a breach of food safety legislation, a product recall or increased levels of customer complaints which could have an adverse financial and/or reputational impact.</td>
<td>Industry-leading food safety and traceability processes and procedures are in place across all manufacturing sites, which are regularly monitored by dedicated, qualified compliance teams. Regular audits of manufacturing sites against recognised global food safety standards are conducted by internal teams, customers and other independent agencies. Stringent controls operate across our supply chain including audits and approval of suppliers supported by rigorous quality checking of all high-risk ingredients. The regulatory function closely monitors and engages with external industry organisations on horizon scanning for emerging regulatory changes or issues.</td>
<td>The Group continued to embed and strengthen it's culture of Safety First, Quality Always. Global deployment of a new Quality enterprise software system to enable the capture and trending of real time quality data across our manufacturing footprint. Changes within the quality organisation structure supporting improved governance and talent development were implemented. External food safety consultants were engaged to provide expert advice in relation to disease control and preventative measures in response to the COVID-19 pandemic.</td>
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<td><strong>Health &amp; Safety</strong></td>
<td>The health &amp; safety of employees, subcontractors, customers and other visitors is of paramount importance to the Group. The safety and wellbeing of employees is a priority of the Group’s COVID-19 response. The Group is subject to local safety regulations in multiple jurisdictions with which compliance is paramount. A significant safety incident could expose the Group to legal liability, and/or significant costs and damage the Group's reputation.</td>
<td>Senior leadership supported by health &amp; safety managers are responsible for embedding the Safety First, Quality Always culture and enforcing health &amp; safety standards across the Group underpinned by a robust governance framework. Group health &amp; safety policies have been implemented at every site. All employees are required to complete formal health &amp; safety training (relevant to their role) at regular intervals. Root cause analysis and investigation is conducted to identify and remediate causes of serious incidents. Regular health &amp; safety audits and reviews are conducted. KPIs are reported against industry standards globally.</td>
<td>The cultural programme has been strengthened through training and proactive safety initiatives. Improvements were implemented to streamline the recording of key health and safety metrics. Further improvements have been made to our safety programmes. Changes within the health &amp; safety organisation structure supporting improved governance and talent development were implemented. In response to COVID-19 appropriate measures were implemented to protect the safety and wellbeing of our people. These measures included remote working where possible, segregation and zoning, use of appropriate personal protective equipment and increased sanitisation and employee and visitor screening procedures.</td>
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**Trend**

- **Risk Icons**

**Link to Strategic Priorities**

- **Risk Icons**

**Link to Strategic Trend**

- **Risk Icons**

**Operational Risk**

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<td><strong>Margin Management</strong></td>
<td>The Group's cost base and margin may be impacted by fluctuations in commodities,</td>
<td>A strong commercial focus on procurement, pricing and cost improvement initiatives is maintained along with ongoing monitoring of pricing performance. The commercial implications of commodity price movements are continuously assessed and, where appropriate, are reflected in the pricing of our products.</td>
<td>The Group continued to invest substantial resources in upgrading talent, systems and processes across its global commercial and procurement organisation. These investments enable the Group to keep pace with the ongoing challenges and complexities of the global marketplace. Through the COVID-19 pandemic, the Group has remained focused on continuity of the food supply chain with all manufacturing and RD&amp;A facilities remaining open. The Group also endeavoured to minimise the financial impact on employees with only a small percentage impacted by temporary layoffs/furloughs or redundancies. This did result in additional costs for the Group and as a result cost management measures were critical and a programme of mitigating actions was deployed e.g. a focus on non-essential and discretionary spend and targeted cost management initiatives in impacted business areas.</td>
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<td><strong>Operational Risk</strong></td>
<td>freight, energy, labour and other input costs. These fluctuations may be influenced by global supply and demand, weather events, political decisions or changes in regulations. Additionally, COVID-19 has resulted in increased costs for the business. Failure to pass on cost increases to customers may impact the Group's margins.</td>
<td>Risk management processes have been implemented which, in certain cases, include taking purchasing cover on a back to back basis. In addition, exchange rate hedging is implemented where necessary. Contractual mechanisms exist with many customers to pass-through fluctuations in commodity prices.</td>
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<td><strong>Information Security &amp; Cybercrime</strong></td>
<td>A robust ICT infrastructure is critical to the operation of our principal business processes. There is a constant threat of significant and sophisticated cyber-attacks including phishing, ransomware, malware and social engineering. The COVID-19 pandemic has further increased the likelihood and intensity of these attacks.</td>
<td>A specialist ICT Security team is in place who operate a comprehensive series of ICT security controls which are aligned to a globally recognised information security control framework. The Board receive a formal cyber security update from the Chief Information Security Officer on an annual basis in addition to other updates as required. The ICT Security team continuously monitor developments in cyber security threats, engaging with third party specialists as appropriate and implement effective responses. A comprehensive information security training program is in place, supported by continuing awareness campaigns to keep employees abreast of new threats such as phishing and malware.</td>
<td>During 2020, a cyber security assessment was conducted by an external party against the National Institute of Standards and Technology (NIST) framework. This noted strong progress from the previous review as well as identifying areas for future focus. Additional investment in cybersecurity training and awareness in response to remote working arrangements due to the COVID-19 pandemic. Data loss prevention controls were further strengthened through the deployment of additional software solutions. Deployment of incremental controls in network access, email protection and endpoint monitoring. A programme of work was initiated to strengthen the security of operational technology at our manufacturing locations.</td>
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<td>Risk</td>
<td>Description &amp; Impact</td>
<td>Mitigation</td>
<td>Developments in 2020</td>
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<td><strong>Information Security &amp; Cybercrime (continued)</strong></td>
<td>A successful cyber-attack, internal breach or other systems failure could result in business interruption, loss of confidential personal or business data or an inability to process financial transactions. This could result in a significant customer, financial, reputational and/or regulatory impact for the Group.</td>
<td>Policies are in place for the protection of information and the appropriate use of IT systems and applications by employees, including access governance. Business continuity, disaster recovery and crisis management plans are in place and are regularly tested. A data protection governance structure for the Group is in place led by an experienced Data Protection Officer. Regular audits are conducted both by ICT auditors within the Internal Audit function and by independent external specialists to assess the strength of the Group's cyber security practices.</td>
<td>There were no material information security breaches noted during the year.</td>
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<td><strong>Operational and Supply Chain Continuity</strong></td>
<td>The Group's manufacturing operations and global supply chain network is potentially exposed to adverse events such as physical disruption, trade restrictions, extreme weather events and key supplier or sourcing issues which could impact on its ability to receive materials, manufacture product and/or deliver orders timely to its customers. COVID-19 presented a significant challenge to ensuring continuity of the Group's operations, including absenteeism, responding to uncertain demand patterns, delays in the movement of goods and implementing protocols to ensure a safe working environment.</td>
<td>Crisis management and Business continuity plans (BCPs) have been designed and are in place to ensure supply chains and operations can be maintained should a disruptive event occur. Qualified, experienced teams are employed to deliver consistent, timely and quality products to our customers. A preventative maintenance programme is in place to minimise unplanned manufacturing downtime. Supplier relationships are maintained to ensure consistent delivery of high-quality raw materials. Experienced customer service teams enable a responsive and agile operation.</td>
<td>An ongoing programme is in place to embed resilience and improve the effectiveness of our operational processes. A project to review and standardise BCPs has commenced groupwide. In response to the COVID-19 pandemic, best practice safety playbooks were developed to support our sites in implementing response measures such as segregation and zoning, use of PPE and sanitisation. Significant cross functional collaboration was required to optimise decision making with regard to maintaining continuity of supply and managing purchasing contracts in situations where demand was impacted due to the COVID-19 pandemic.</td>
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<td><strong>Taxation Financial and Compliance Risk</strong></td>
<td>Given the Group's global network, it is exposed to an increasingly complex and evolving international tax environment. The Group's tax liability or reporting requirements may be impacted by local or international legislative changes, evolving legal interpretations, tax audits and transfer pricing judgements.</td>
<td>A team of dedicated tax experts responsible for ensuring compliance with all taxation matters globally are employed. A programme of continuous professional development ensures that the team is up to date on evolving tax law changes. External taxation advisors are used where appropriate.</td>
<td>The Group continued to monitor developments in international tax legislation, while maintaining a consistent focus on ensuring compliance with new legislative requirements.</td>
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<tr>
<td>Risk</td>
<td>Description &amp; Impact</td>
<td>Mitigation</td>
<td>Developments in 2020</td>
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<td><strong>Taxation (continued)</strong>&lt;br&gt;Financial and Compliance Risk</td>
<td>Changes in the international tax environment and associated local tax legislation may expose the Group to adverse tax consequences.</td>
<td>Tax authorities are constructively engaged with across the jurisdictions in which the Group operates. The Audit Committee receives updates from management in relation to the status of ongoing tax authority reviews and matters such as changes in tax laws.</td>
<td>The Group continued to proactively engage with relevant tax authorities to progress any open matters.</td>
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<td><strong>Operational Risk</strong>&lt;br&gt;Link to Strategic Priorities</td>
<td>The Group’s unique mix of Intellectual Property (IP) is created by combining carefully managed material sourcing, recipe formulation and process technology expertise. The protection of IP is critical given that it is a key component of the Group’s value creation model and supports its unique and differentiated position in the marketplace. If IP owned by the Group is not adequately protected it may result in the loss of commercially sensitive and/or Kerry proprietary information which may have an adverse impact on revenue and profitability.</td>
<td>A global centre of expertise exists to provide legal and technical support in the area of IP protection. Potential IP is reviewed formally at an early stage in the innovation process to determine the most appropriate protection strategy. Policies, procedures and training programmes are in place to provide guidance in relation to the capture, exploitation and protection of IP. ICT controls ensure that IP held within systems is adequately protected to prevent the unauthorised download of sensitive data. Non-disclosure agreements with third parties and IP protection clauses are a standard element of both commercial and employment contracts. The external environment is monitored for potential IP infringement and appropriate action is taken when issues are identified.</td>
<td>Management reviews were conducted to ensure key systems and data access are limited to appropriate employees. IP protection practices were continually reviewed and updated. An IP awareness campaign was rolled out. Physical security controls at key strategic locations continued to be strengthened.</td>
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<td><strong>Trend</strong>&lt;br&gt;Link to Strategic Priorities</td>
<td>The international nature of the Group’s operations means that it has transactions and activities across many jurisdictions which expose it to liquidity, foreign exchange, interest rate and counterparty risks. Failure to manage these risks could negatively impact on the financial performance of the Group.</td>
<td>A Group Finance Committee monitors treasury risk on an ongoing basis. Significant cash and debt resources with relatively long-term maturities are in place to ensure the Group’s liquidity requirements are met and maintained. The Treasury function actively manages all treasury risks through cashflow forecasts, foreign currency exposure netting and hedging as well as monitoring and meeting funding requirements across its jurisdictions and management of interest rate and counterparty risk.</td>
<td>The Group further strengthened its liquidity position by exercising a one year extension option on its Revolving Credit Facility and executing a €200m tap on its 2025 Euro Senior Note. A full review under stressed scenarios was conducted to evaluate the potential impact of COVID-19 on the Group’s liquidity and this review concluded that no further actions were required at this time. Continuous monitoring of exposure to individual banks and the tightening of counterparty limits where appropriate.</td>
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GOING CONCERN AND VIABILITY ASSESSMENT

The Board, taking into consideration the Group's principal risks and uncertainties, including emerging risks, assessed the going concern and long-term viability of the Group in line with the requirements of the 2018 UK Corporate Governance Code and the Irish Annex. Its conclusions on these assessments are outlined below.

Going Concern
The Consolidated Financial Statements have been prepared on the going concern basis of accounting.

The Directors considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and position of the Group, including the impact of the current COVID-19 pandemic, as described in the Business Reviews on pages 40-45. The Group's 2021 budget was reviewed and approved at the December Board meeting. The Directors have also examined the financial position of the Group, including cash flows, liquidity position, borrowing facilities, financial instruments and financial risk management, as described on pages 32-39 and additionally as described in note 23 to the financial statements. Due to the uncertainty of the ongoing duration and impact of the pandemic on mobility restrictions in different countries around the world, additional stressed scenarios, reflecting different levels and timing of the recovery, have been considered. In these scenarios, the Group has sufficient resources and liquidity headroom. There are no material uncertainties that cast a significant doubt on the Group's ability to continue as a going concern over a period of at least 12 months.

As a result of this review, the Directors report that they have satisfied themselves and consider it appropriate that the Group and the Company is a going concern, having adequate resources to continue in operational existence for the foreseeable future and have not identified any material uncertainties that cast a significant doubt on the Group's and the Company's ability to continue as a going concern over a period of at least 12 months.

Viability Assessment

Assessment of Prospects
In line with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have carried out a rigorous review of the prospects of the Group over the medium term. In assessing the prospects of the Group and its ability to meet its liabilities as they fall due, the Board has taken account of the Group's medium term strategic planning cycle, capital investment plans, the business model, its diverse portfolio and the innovation pipeline. The Directors have also considered the Group's strong cash generation and debt maturity profile in addition to the principal risks and uncertainties detailed on pages 73-82. This included a consideration of the COVID-19 pandemic and the range of outcomes that the pandemic could have on the prospects of the Group. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the financial review on pages 32-39.

Assessment of Viability
Although the Group's strategic planning cycle covers a period of five years, the Board considers that three years is the most appropriate period to assess the longer-term viability of the Group as current capital expenditure plans, commercial arrangements and financial projections are considered to be more reliable and robust over this period.

The Board has considered how the occurrence of one or more of the Group's principal risks and uncertainties could materially impact the Group's business model, future performance, solvency or liquidity by assessing the impact of these risks in severe but plausible scenarios.

While each of the principal risks and uncertainties could have an impact on the Group's performance, a significant food quality failure, an acquisition not delivering expected returns or a failure to achieve targeted revenue or margins were considered most likely to threaten the Group's long-term viability. In addition, the projected prolonged impact of the COVID-19 pandemic was considered as a risk for the Group.

Three scenarios were stress tested both individually and in combination to assess their potential impact on the Group's solvency, liquidity and cash flow. The projected impact of COVID-19 was considered both in the base case and in the stressed scenarios. This analysis indicated that, notwithstanding the current global pandemic, significant liquidity headroom existed in all scenarios tested. In addition, the Board considers that the diverse nature of the Group's geographies, markets, customer base, and product portfolio provide significant mitigation against the impact of a serious business interruption.

Viability Statement
Based on their assessment of prospects and viability, the Directors have concluded that they have a reasonable expectation that the Group will be able to continue in operation and meet its liabilities as they fall due over the three year period of the assessment.