REMUNERATION COMMITTEE REPORT

Joan Garahy
Chairperson of the
Remuneration Committee

Section A: Chairperson's Annual Statement

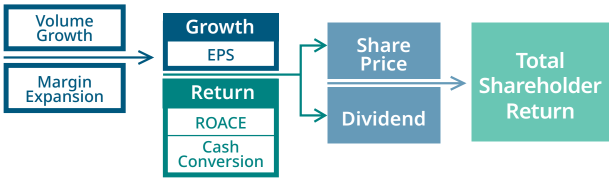
Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2019.

Remuneration Policy

The Group's Remuneration Policy is outlined in Section C on pages 121-126. This Policy provides the framework for remuneration decisions made by the Committee for the three year period 2018 - 2020. The Committee is confident that the Group's Remuneration Policy operates to the highest standards in achieving its strategic objectives, is properly governed and is in line with applicable best market practice. Furthermore, it ensures that Executive Director remuneration is aligned to the Group's Purpose and Values and can be clearly linked to the successful delivery of the Group's strategy.

Drivers of Shareholder Return



As an Irish incorporated company Kerry is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote every three years. However, as a matter of best corporate governance practice, we submitted our Remuneration Policy to a non-binding advisory vote at the 2018 Annual General Meeting (AGM).

The Committee is satisfied that the policy has operated as intended and that no changes are needed as a result of a review of its operation in 2019 or for any other reason. No changes are therefore proposed for this year. The Committee will undertake a full review of the policy in 2020 in order to bring the policy to shareholders at our 2021 AGM which is the third anniversary of shareholders approving our current policy. As part of the policy review the Committee will take into account the requirements of the EU Shareholders' Rights Directive which we expect will be transposed into Irish law during the course of 2020 as well as the requirements of the 2018 UK Corporate Governance Code to which I refer further below.

2018 UK Corporate Governance Code

During 2019, the Committee broadened its remit and implemented the other new requirements of the 2018 UK Corporate Governance Code other than those which may result in structural changes to the Remuneration Policy. The Committee will give careful consideration to these requirements as part of the policy review which will be undertaken in 2020.

The Committee has agreed that for new appointments to the Board pension contribution rates, or payments in lieu, will be aligned with those available to the majority of the workforce in their country of appointment.

Pay for Performance

The Committee ensures alignment with shareholders' long term interests by aligning remuneration metrics with the Group's business model and strategic objectives and by ensuring sufficient stretch in the performance targets.

Drivers of Shareholder Return

As outlined in the Strategic Report on page 32, Volume Growth and Margin Expansion are the main drivers of Adjusted Earnings Per Share (EPS) which is the key performance metric for measuring growth. Return on Average Capital Employed (ROACE) is a key measure of how efficiently the Group employs its available capital. Cash Conversion is an important indicator of the cash the Group generates for reinvestment or for return to shareholders.

These are the main Group metrics which drive the Executive Director's Short Term Incentive Plan (STIP) and Long Term Incentive Plan (LTIP). Together these metrics deliver Total Shareholder Return which aligns the interest of the Executive Directors with that of the shareholders. Our remuneration philosophy also supports our long term approach by deferring a significant part of annual and long term variable remuneration into share awards, which provides clear alignment with the long term interests of shareholders, together with requiring executives to acquire and maintain significant shareholdings in the Group.

In line with best market practice, malus and clawback provisions apply to the Executive Director's STIP and LTIP awards.

Remuneration Policy Implementation 2020

During 2019, the Committee considered the operation of the policy to ensure it is aligned with shareholder interests, promotes long term sustainable success and can be clearly linked to the successful delivery of the Group's Purpose, Values and long term strategy. The Committee considered, as part of its review, the remuneration and policies applicable to the general workforce. The Committee concluded that no changes are required to the operation of the policy for 2020.

Basic Salary

For 2020, the basic salaries of the Executive Directors will be increased in line with increases for the general workforce (a range of 2.5% - 3%) in Ireland and the US respectively.

2020 Short and Long Term Incentive Plans

As part of its review, the Committee considered the performance metrics, weightings and target calibration for the STIP and LTIP incentive schemes to ensure that they continue to support the strategic plan and long term sustainable success of the Group. The Committee concluded, following the review, that the schemes are operating as intended and no changes will be made to the metrics and weightings for 2020. Annual bonus maximum opportunity and the LTIP award levels will also remain unchanged for 2020.

Non-Executive Director Fees for 2020

The last review of non-Executive Director Remuneration levels was undertaken in 2017 and increases were made effective from 1 January 2018. There are no proposed changes to either the Chairman's or other non-Executive Directors fees and Committee fees for 2020.

During 2019, the Board approved the appointment of Mr. Tom Moran as the designated workforce engagement Director. The Committee approved an additional annual fee of €12,000 for this position. The Committee plans to undertake a review of the non-Executive Directors' remuneration policy and fee levels in 2020.

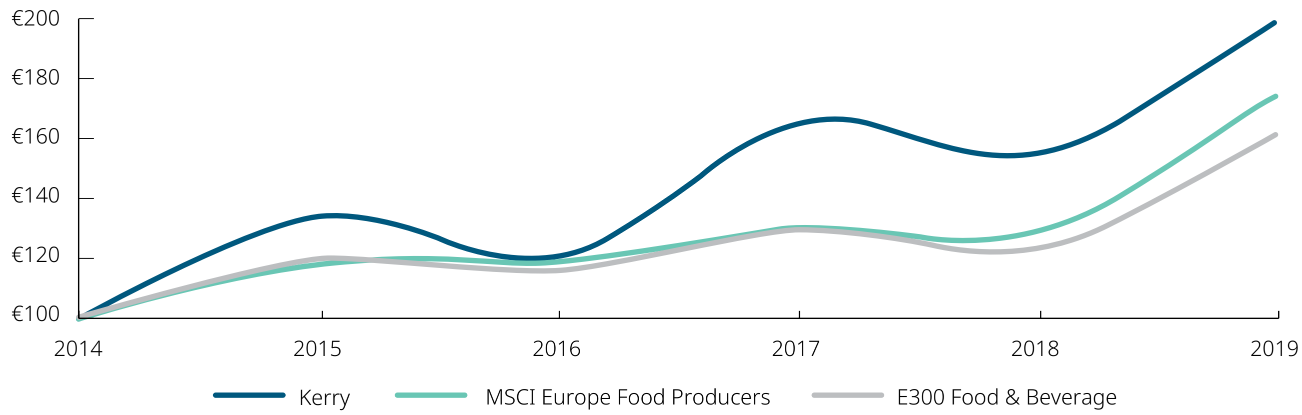
Remuneration Policy Outturn 2019

In 2019, the Group delivered a good financial performance with constant currency adjusted earnings per share growth of 8.3% driven by volume growth, well ahead of our markets, and a 30bps expansion in trading margin. The performance table below shows the performance versus target for the key metrics in our STIP and LTIP plans.

2019 STIP Performance	Target	Results	2017-19 LTIP Performance (3 years)	Target	Results
Group volume growth	3.0%	2.8%	Adjusted EPS growth in constant currency	10%	8.8%
Group margin expansion	20 bps	30 bps	Total Shareholder Return	Median to 75th percentile	Top Quartile
Group cash conversion	70%	73.9%	ROACE	12%	12.3%

As can be seen in the Total Shareholder Return graph Kerry has generated a 100% return for shareholders (including reinvestment of dividends) over the last 5 years.

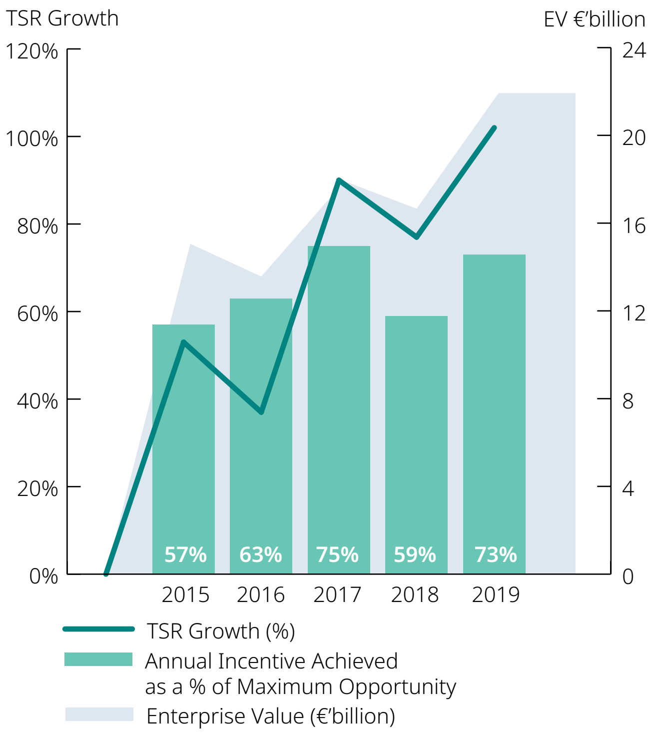
5 Year Total Shareholder Return
(Value of €100 Invested on 31/12/2014)



2019 Short Term Incentive Plan Outturn

The accompanying chart, which shows the very good Group performance over the last 5 years, also illustrates the challenging and stretching nature of targets set by the Committee for performance metrics used for annual incentive purposes.

TSR Growth, Enterprise Value Growth & Annual Incentive Payout



For 2019, STIP payouts to Executive Directors were on average 73% of the maximum available opportunity. The Committee exercised independent judgement when authorising this outcome and considers it to be reflective of the Group's and the individual Executive Directors' performance during the year as well as the challenging and stretching nature of the targets set.

Long Term Incentive Plan 2017-2019 Outturn

The final outturn of the 2017-19 LTIP award was 62.8% of maximum opportunity. The Committee exercised independent judgement when authorising this outcome and considers it to be reflective of the Group's underlying performance during the three year performance period.

CEO Pay Ratio

While not a requirement for Irish listed companies, in line with the Group's commitment that its remuneration policies, practices and reporting reflect best corporate governance practices the Committee has quantified and disclosed the CEO pay ratio in this year's report.

Discretion

The Committee is satisfied, in reviewing the remuneration for 2019 against performance that there has been an appropriate link between reward and performance and that discretion did not need to be used. In assessing performance, the Committee considered relevant environmental, social, and governance matters that it needed to take account of when reviewing the remuneration outcomes.

Other Matters

Appointment of Remuneration Committee Advisor

During 2019, the Committee completed a formal tender process for the appointment of its advisor which included a number of leading remuneration advisory firms. Following the conclusion of this process, the Committee selected Korn Ferry as its Remuneration Advisor and they assumed the role with effect from 16 September 2019.

Committee Performance

An external review of the Committee was conducted by Independent Audit Limited during 2019 and the outcome of this review was that the Committee is operating effectively. Further details are set out on page 105.

Conclusion

The Committee continues to review the Group's remuneration policy to ensure that it remains aligned to long term shareholders' interests, is correctly reported in line with relevant legislation and provides the right framework to attract, retain and motivate the Executive Directors in line with the pay for performance principle.

As in previous years, the Remuneration Report is being put to shareholders for an advisory vote. Last year 94.4% of our shareholders who voted, voted in favour of the Report and I hope our shareholders continue their support at this year's AGM.

Finally, I would like to take this opportunity to thank the members of the Remuneration Committee for their continued commitment and support during the year.

Joan Garahy
Chairperson of the Remuneration Committee

Section B: Remuneration Committee & Key Activities

Committee Membership

During 2019, the Remuneration Committee comprised four independent non-Executive Directors; Mr. James C. Kenny, Dr. Karin Dorrepaal, Mr. Tom Moran and was chaired by Ms. Joan Garahy. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 90-91.

Role and Responsibilities

On behalf of the Board, the Remuneration Committee is responsible for determining the remuneration policy for the CEO and other Executive Directors and, following the new Code, senior management on an annual basis. The CEO is invited to attend Remuneration Committee meetings but does not attend Committee meetings when his own remuneration is discussed. The Committee also has access to internal and external professional advice as required. The Committee follows an annual and tri-annual calendar with matters scheduled and planned well in advance. Decisions are made within agreed reference terms, with additional meetings held as required. In considering the agenda, the Committee gives due regard to overall business strategy, the interests of shareholders and the performance of the Group. The main responsibilities of the Committee, which were reviewed during 2019, are set out in written terms of reference which are available from the Group's website www.kerrygroup.com or upon request.

Primary Responsibilities of the Remuneration Committee

- To determine the remuneration policy for, and set the remuneration of the CEO, Executive Directors and senior management;
- To review the remuneration of the Chairman;
- To receive the recommendations of the CEO and set the salaries and overall remuneration of senior management;
- To review and approve incentive plan structures and targets;
- To agree the design of all share incentive plans for approval by the shareholders;
- To ensure the contractual terms of Executive Directors and senior management are deemed fair and reasonable;
- To place before shareholders at each AGM, a Directors' Remuneration Report setting out the Group's policy and disclosures on remuneration;
- To arrange where appropriate, external benchmarking of overall remuneration levels and the effectiveness of incentive schemes;
- To review annually its own performance and terms of reference to ensure it is operating effectively;
- To engage with the workforce to explain how executive remuneration aligns with the wider company pay policy;
- To review workforce remuneration and related policies and the alignment of incentives and rewards with the Group's culture, and take these into account when setting the policy for executives; and
- To exercise discretion when appropriate, in the interest of alignment and fairness.

Remuneration Committee Meetings and Activities 2019

The Committee met four times during the year and attendance at these meetings is outlined on page 104.

The key activities undertaken by the Committee in discharging its duties during 2019 are set out below:

Subject	Remuneration Committee Activity
Remuneration Report	A review of best practice remuneration reporting was completed during 2019 to ensure compliance with relevant legislation and reporting requirements while also ensuring the delivery of a report which is transparent and understandable for all shareholders. As part of this review, the Committee considered the recent updates and guidance issued by the main shareholder representative bodies and proxy agencies, together with the 2014 Irish Companies Act, the EU Shareholders' Rights Directive (which has not yet been transposed into Irish law), the 2018 UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations 2018.
2018 UK Corporate Governance Code	The Committee considered the implications of the 2018 UK Corporate Governance Code and as a consequence broadened the remit of the Committee and implemented the other changes required by the new Code excluding those that may result in structural changes to the Remuneration Policy. The Committee will carefully consider these structural changes as part of the Executive Directors' remuneration policy review in 2020.
Basic Salary	The Committee continued to monitor the level of basic salaries of the CEO and Executive Directors in line with market practice. See Implementation Section on page 127 for details on the outcome of the review.
Short Term Incentive Plan (STIP)	The metrics for the STIP awards were reviewed during 2019 to ensure they continue to be aligned with Group strategy and that the associated targets are appropriately stretching. See Implementation Section on page 127 for details on the outcome of the review.

Subject	Remuneration Committee Activity
Long Term Incentive Plan (LTIP)	The Committee considered the overall effectiveness of the LTIP in 2019 to ensure that the metrics continue to be aligned with Group strategy and that the associated targets are appropriately stretching. See Implementation Section on page 128 for details on the outcome of the review.
Chairman & Non-Executive Directors' Fees	In line with the normal 3 year cycle a detailed review of the Chairman and non-Executive Directors fees was undertaken in 2017 with the assistance of Willis Towers Watson. In the intervening years, the Committee continues to monitor the level of the Chairman's fees and the Executive Directors monitor those of the non-Executive Directors and report to the Board. During 2019, the Board approved the appointment of Mr. Tom Moran as the designated workforce engagement Director. The Committee approved an additional annual fee of €12,000 for this position. See Implementation Section on page 128 for details of current fee levels.
Senior Management	In accordance with the terms of the new Code the Committee set the remuneration arrangements for senior management and the Company Secretary.
Workforce Remuneration and Related Policies	During the year, the Committee was provided with information on pay policies and procedures for the wider workforce to consider and review fairness and alignment with Group strategy and the Executive Directors remuneration policy, as well as to inform its decision making in relation to Executive Director remuneration. This included an update on the Total Reward Review that is underway across eight countries representing 80% of the wider workforce and an overview of the approach for the annual pay reviews in all the countries in which the Group operates as well as the structure and annual cost of the STIP and LTIP awards below Board level.
Shareholder Consultation	In early 2019, the Committee consulted with a number of the Company's major institutional shareholders and with proxy agencies regarding the proposed increase to the CEO's salary. The Committee welcomed the engagement and the shareholders consulted were supportive of the proposal put forward. The Committee reviewed the results of the shareholder vote on the Remuneration Report at the 2019 AGM noting that 94.4% of shareholders supported the Report. The Committee also reviewed the additional feedback received from the shareholder proxy agencies.
Committee Evaluation	As outlined on page 105 an external review of the Board and its Committees took place in 2019. The outcome of the review is that the Remuneration Committee is operating effectively.
Appointment of Remuneration Committee Advisor	During 2019, the Committee conducted a formal tender process for the appointment of its principal advisor. The process involved a Request for Proposal, submissions by a number of leading remuneration advisory firms and presentations to the Committee Chair. Following the conclusion of this process the Committee selected Korn Ferry as its Remuneration Advisor and they assumed the role with effect from 16 September 2019 replacing Willis Towers Watson who retired on the same date.
Terms of Reference	During the year, the Committee reviewed and updated its Terms of Reference. A copy of these terms is available on the Group website www.kerrygroup.com.

Work of the Committee in determining Executive Director Remuneration

The Committee considers the appropriateness of the Executive Directors' remuneration not only in the context of overall business performance and environmental, governance and social matters but also in the context of wider workforce pay conditions (taking into account workforce policies and practices) and external market data to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

Furthermore the Committee is satisfied, in reviewing the remuneration for 2019 against performance that there has been an appropriate link between reward and performance and that discretion did not need to be used. In assessing performance, the Committee considered relevant environmental, social, and governance matters that it needed to take account of when reviewing the remuneration outcomes.

The Committee concluded that the Policy has operated as intended, that there was a strong link between pay and performance and that no changes to the Policy are needed as a result of the review of operation in 2019.

Remuneration Committee Advisors

The Remuneration Committee is authorised by the Board to appoint external advisors. Korn Ferry were appointed as Remuneration Committee Advisor in 2019. Korn Ferry has also provided other human capital related services to the Group during the year through a separate part of the business. The Committee is comfortable that the controls in place at Korn Ferry do not result in the potential for any conflicts of interest to arise.

The fees incurred with Korn Ferry and Willis Towers Watson for advising the Committee in 2019 were **€45,400** (2018: €nil) and **€46,900** (2018: €81,000) respectively.

Section C: Remuneration Policy

As an Irish incorporated company Kerry Group plc is not required to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote every three years or earlier if changes are required prior to this. However, in recognition of the commitment that Kerry's remuneration policies, practices and reporting reflect best corporate governance practices we submitted our Remuneration Policy to a non-binding advisory vote at the 2018 Annual General Meeting.

Similarly, Kerry Group plc is not required to comply with the remuneration reporting regulation contained in the UK Companies (Miscellaneous Reporting) Regulations 2018 but follows the requirements as a matter of best practice unless they conflict with Irish or other legal requirements or there are other reasons where it is considered not practicable to do so.

The Company is operating its remuneration arrangements in line with the approved Remuneration Policy, which came into effect in 2018 and will apply for up to three years. The Committee is comfortable that the policy remains appropriate supporting the Group's business strategy and that no changes are required prior to the triennial vote at the 2021 AGM. The current policy is reproduced below for ease of reference. The Committee will review the policy in 2020 and a new policy will be brought to shareholders for approval at the 2021 AGM.

Following the publication of the 2018 UK Corporate Governance Code, the Committee implemented all of the changes recommended by the new Code, other than those that may result in structural changes to the Remuneration policy in order to better align with emerging best practice. Changes implemented during 2019 include broadening of the Committee's remit to include responsibility for setting the remuneration of senior management and the Company Secretary. The Committee also decided that the pension contribution rates for any newly appointed Executive Directors will be aligned to those available to the general workforce in the country in which they are appointed.

The Committee will give careful consideration to the Code Provisions that may result in structural changes to the current Remuneration Policy as part of its scheduled overall review of policy during 2020. The structural changes for consideration are extending the existing two year holding period from 50% to 100% of any LTIP awards that vest, broadening the existing malus and clawback provisions, formalising a post-employment shareholding policy and reviewing the pension contribution rates for incumbent Executive Directors. The pension contribution rates for both the CEO and CFO were reduced to 18% on their appointment in 2017 and 2018 respectively. The contribution rates for their predecessors were 24% and 30% respectively.

The Committee will also consider, as part of the policy review, the requirements of the EU Shareholders' Rights Directive which have not yet been transposed into Irish law, in anticipation of this happening during 2020.

The Group's Executive Director remuneration philosophy is to ensure that executive remuneration is aligned to the Group's Purpose and Values, supports strategy, promotes the long term success of the Company and properly reflects the duties and responsibilities of the executives, and is structured to attract, retain and motivate individuals of the highest quality on an international basis. Remuneration includes performance related elements designed to align Directors' interests with those of shareholders and to promote long term sustainable growth and performance at the highest levels in line with the Group's strategy.

In setting remuneration levels, the Committee has regard to comparable Irish, UK, USA and European companies (including all the companies in the LTIP peer group), which are comparable to the Group in terms of size, geographical spread and complexity of business, and operate in the food and beverage and other sectors. It also considers workforce remuneration and related policies and employment conditions elsewhere in the Group.

The Committee considers the level of pay in terms of the balance between the fixed and variable elements of remuneration. Fixed elements of remuneration are defined as basic salary, pension and other benefits with the variable elements being performance related incentives with both short and long term components.

A high proportion of Executive Directors' potential remuneration is based on short term and long term performance related incentive programmes.
By incorporating these elements, the Remuneration Committee believes that the interest and risk appetite of the Executive Directors is properly aligned with the interests of the shareholders and other stakeholders. When authorising remuneration outcomes, the Committee exercises independent judgement and discretion, taking account of Group and individual performance as well as the investor experience, environmental, governance and social matters and wider workforce pay conditions to ensure that it is fair and appropriate for the role, experience of the individual, responsibilities and performance delivered.

Necessary expenses incurred undertaking company business, are reimbursed and/or met directly so that Executive Directors are no worse off on a net of tax basis for fulfilling company duties.

The Committee considers that the Executive Director remuneration policy and practices address the matters set out in the Code as outlined below:

Matters	Examples
Clarity	The policy is clear, uncomplicated and well understood by the Executive Directors. It has been clearly communicated to shareholders and proxy agencies. Our Chief Human Resources Officer's (CHRO) role has direct responsibility for engaging with our employees and collaborates closely with Mr. Tom Moran, our designated workforce engagement Director. The Committee monitors the effectiveness of engagement with the wider workforce through updates provided by the CHRO and the designated workforce engagement Director. The Board is comfortable that our remuneration policy is clearly understood by employees.
Simplicity	The Committee considers that the current remuneration policy is simple and well understood. The remuneration policy is aligned with the strategy and business model of the Group. The Committee has purposefully avoided any complex structures which have the potential to be misunderstood and deliver unintended outcomes.
Risk	The remuneration policy is designed to discourage inappropriate risk taking and to ensure that it is not rewarded. This is achieved by (i) the balanced use of both short term and long term incentive plans which employ a blend of financial, non financial and shareholder return targets (ii) the significant role played by equity in our incentive plans together with shareholding requirements and (iii) malus and clawback provisions.
Predictability	Executive Directors' remuneration is subject to individual participation caps, with our share based plans also subject to market standard dilution limits. The scenario charts on page 126 illustrate how the rewards potentially receivable by our Executive Directors vary based on performance delivered and share price growth.
Proportionality	There is a clear link between individual rewards, delivery of strategy and long term performance. In addition, the significant role played by STIP and LTIP / 'at risk' pay, together with the structure of the Executive Directors service contracts, ensures that poor performance is not rewarded.
Alignment to Culture	Kerry has a relentless focus to delivering for our shareholders and other stakeholders and this is fully aligned with our remuneration policy in that employee personal success is directly linked to the success of the Group through the short term and long term incentive plans and targets we operate. The Committee is satisfied the remuneration policy is fully aligned with the Group's diverse, entrepreneurial and results focused culture which is underpinned by our Values of Courage, Ownership, Inclusiveness, Open-mindedness and Enterprising Spirit.

Remuneration Policy Table

The following table details the remuneration policy for the Executive Directors:

Purpose and Link to Strategy	Operation	Opportunity	Performance Metrics
Basic Salary			
Reflects the value of the individual, their skills and experience Competitive salaries are set to promote the long term success of the company and attract, retain and motivate Executive Directors to deliver strong performance for the Group in line with the Group's strategic objectives	– Remuneration Committee sets the basic salary and benefits of each Executive Director – Determined after taking into account a number of elements including the Executive Directors' performance, experience and level of responsibility – Paid monthly in Ireland and bi-weekly in the US – Salary is referenced to job responsibility and internal/external market data – Pay conditions across the Group are also considered when determining any basic salary adjustments	– Set at a level to attract, retain and motivate Executive Directors – Reviewed annually – Full benchmark review undertaken every three years	– Not applicable
Benefits			
To provide a competitive benefit package aligned with the role and responsibilities of Executive Directors	– These benefits primarily relate to the use of a company car or a car allowance	– Not applicable	– Not applicable
Pension			
To provide competitive retirement benefits to attract and retain Executive Directors	– Pension arrangements may vary based on the executives' location – Irish resident Executive Directors participate in the general employee defined contribution pension scheme or receive a contribution to an after tax savings scheme (where the lifetime earnings cap has been reached) – The existing Executive Director in the US participates in the Group's defined benefit and defined contribution pension schemes	– Pension values may vary based on local practice	– Not applicable
Short Term Performance Related Incentives (STIP)*			
To incentivise the achievement, on an annual basis, of key performance metrics and short term goals beneficial to the Group and the delivery of the Group's strategy A 25% deferral in shares/options provides a 2 year retention element and aligns Executive Directors interests with shareholders' interests	– Achievement of predetermined performance targets set by the Remuneration Committee – Performance targets aligned to published strategic targets – 75% of the award payable in cash – 25% awarded by way of shares/options to be issued two years after vesting following a deferral period – Malus and clawback provisions are in place for awards under the STIP (see page 125)	– Maximum opportunity is 125% - 150% of basic salary – Target opportunity is 70% of maximum opportunity for on-target performance	– Volume Growth – Margin Expansion – Cash Conversion – Personal and Strategic Objectives

Purpose and Link to Strategy	Operation	Opportunity	Performance Metrics
Long Term Performance Related Incentives (LTIP)**			
Retention of key personnel and incentivisation of sustained performance against key Group strategic metrics over a longer period of time Share based to provide alignment with shareholder interests A 50% deferral provides a retention element and aligns Executive Directors' interests with shareholders' interests	– The awards vest depending on a number of separate performance metrics being met over a three year performance period – Conditional awards over shares or share options in the Group – 50% of the earned award delivered at vesting date – 50% of the earned award issued following a two year deferral period (i.e. giving a combined performance period and deferral period of 5 years) – Malus and clawback provisions are in place for awards under LTIP (see page 125)	– Maximum opportunity is 180% - 200% of basic salary – Target opportunity is 50% of maximum opportunity for on-target performance	– Adjusted Earnings Per Share – Total Shareholder Return – Return on Average Capital Employed
Shareholding Requirement			
Maintain alignment of the interests of the shareholders and the Executive Directors and commitment over the long term	– Executive Directors are expected to build and to hold shares in the Company to a minimum level of 180% - 200% of their basic salary over a five year period	– Not applicable	– 180% - 200% of basic salary

* The Committee may, at its discretion amend or vary the performance metrics of the STIP related Incentives and the calculation methodology for those performance metrics when appropriate, in the interest of alignment and fairness.

** In line with plan rules the Committee may, at its discretion and after consulting with the Irish Association of Investment Managers, amend or vary the performance metrics of the LTIP related Incentives, the calculation methodology for those performance metrics and the composition of the TSR peer group when appropriate, in the interest of alignment and fairness.

Pensions

The Group CEO participates in the general employee Irish defined contribution scheme and the CFO participates in an after tax savings scheme, in lieu of pension benefits. The existing US resident Executive Director participates in a US defined contribution scheme and a US defined benefit pension scheme.

Service Contracts

The CEO and Executive Directors have service contracts in place which can be terminated by either party giving 12 months' notice. In addition, all service contracts include pay in lieu of notice, non-compete and non-solicitation provisions of up to 12 months' post departure, in order protect the Group's customer base, employees and intellectual property.

No ex-gratia severance payments are provided for in respect of the CEO or Executive Directors.

Remuneration Policy for Recruitment of New Executive Directors

The Remuneration Committee will determine the contractual terms for new Executive Directors, subject to appropriate professional advice to ensure that these reflect best practice and are subject to the limits specified in the Group's approved policy as set out in this report.

Salary levels for new Executive Directors will take into account the experience and calibre of the individual and his/her remuneration expectations. Where it is appropriate to offer a lower salary initially, a series of increases to the desired salary positioning may be made over subsequent years, subject to individual performance and development in the role.

Pension and benefits will be provided in line with the approved policy, with relocation, travel or other expenses provided if necessary.

The structure of the variable pay element will be in accordance with and subject to the limits set out in the Group's approved policy detailed above. Different performance measures may be set initially for STIP in the year an Executive Director joins the Group taking into account the responsibilities of the individual and the point in the financial year that he/she joins the Board. Subject to the rules of the scheme, an LTIP award may be granted after joining the Group.

If it is necessary to buy-out incentive pay or benefit arrangements (which would be forfeited on leaving the previous employer) in the case of an external appointment, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The general policy is that payment should be no more than the Committee considers is required to provide reasonable compensation for remuneration being forfeited and any payment made will be restricted to a maximum of one year's target remuneration.

The Group's policy is that the period of notice for new Executive Directors should not exceed 12 months and should include pay in lieu of notice, non-compete and non-solicitation provisions to protect the Group.

The Committee will ensure that any arrangements agreed will be in the best interests of the Company and shareholders.

Payments for Loss of Office

In the event of a Director's departure, the Group's policy on termination is as follows:

- The Group will pay any amounts it is required to make in accordance with or in settlement of a Director's statutory employment rights and in line with their employment agreement;
- The Group will seek to ensure that no more is paid than is warranted in each individual case;
- STIP and LTIP awards will be paid out in line with plan rules on exit (i.e. for good leavers as defined in the LTIP rules), with awards prorated to normal vesting date, subject to performance and a 2 year holding requirement; and
- Other payments, such as legal or other professional fees, repatriation or relocation costs and/or outplacement fees, may be paid if it is considered appropriate and at the discretion of the Committee.

A Director's service contract may be terminated without notice and without any further payment or compensation, except for sums accrued up to the date of termination, on the occurrence of certain events such as gross misconduct.

Change of Control

Outstanding STIP and LTIP awards/options would normally vest and become exercisable on a change of control, subject to plan rules, including the satisfaction of any performance conditions and pro-rating. The Committee may exercise its discretion to vary the level of vesting having regard to the circumstances and reasons for the events giving rise to the change of control.

Malus / Clawback

The Committee has the discretion to reduce or impose further conditions on the STIP and LTIP awards prior to vesting (malus). The Committee further has the discretion to recover incentives paid within a period of two years from vesting (clawback), where the Audit Committee determines that:

- a material misstatement of the Company's audited financial results or a serious wrongdoing has occurred; and
- as a result of that misstatement or serious wrongdoing, there will need to be a restatement of the accounts and that the incentive awarded was in excess of the amount that would have been awarded, had there not been such a misstatement.

Any recalculation shall be effected in such manner and subject to such procedures as the Group determines to be measured and appropriate, including repayment of any excess incentive or set off against any amounts due or potentially due to the participant under any vested or unvested incentive awards.

The Company retains the right to apply the malus and clawback provisions to former directors STIP and LTIP awards. Other elements of remuneration are not subject to malus or clawback provisions.

Alignment with Workforce Pay and Policies

The remuneration policy provides an overview of the structure that operates for the Company's Executive Directors and senior management. Differences in quantum will depend on size of the role and responsibility, the location of the role and local market practice.

When setting the remuneration policy for Executive Directors, the Remuneration Committee considers the pay policies and procedures for the wider workforce. The key difference is that, overall, remuneration policy for the Executive Directors is more heavily weighted towards variable pay compared to other employees.

Basic salaries are operated under the same policy as detailed in the remuneration policy table with comparator groups used as a reference point. The Committee considers the basic salary increase for the broader workforce when determining the annual salary review for the Executive Directors.

Senior management are invited to participate in both the STIP and LTIP to incentivise performance through the achievement of short term and long term objectives and through the holding of shares in the Group.

Alignment with Culture

When setting the metrics for the STIP for Executive Directors, the Remuneration Committee set financial, personal and strategic objectives which are fully aligned with and reinforce the cultural priorities of the Group. Details of financial, personal and strategic objectives are outlined on pages 130-131.

Consultation with Employees

While the Committee currently does not consult directly with employees when setting remuneration for Executive Directors, it does take into account the remuneration structures, policies and practices in the Group as a whole, the feedback from employee engagement activities and the information provided by our external advisors. In addition, matters relating to remuneration which come to the attention of Mr. Tom Moran, in his capacity as the designated workforce engagement Director, are reported to the Committee. The Group has a number of different channels for engagement and the Committee will consider how it can engage more effectively with the wider workforce to explain broader pay policies and practices and the alignment to the Executive Directors' Remuneration Policy.

Consultation with Shareholders

The Committee considers the guidelines issued by the major institutional shareholders and the bodies representing them and the feedback provided by such proxy agencies and shareholders, when completing its annual and triennial review of the Group's Executive Remuneration policies and practices. The Committee engaged with a number of major institutional shareholders and proxy agencies during 2019 to consult with them on the proposed changes to the CEO base salary. The Committee is committed to continued consultation with shareholders and will engage with them during 2020 as part of its remuneration policy review.

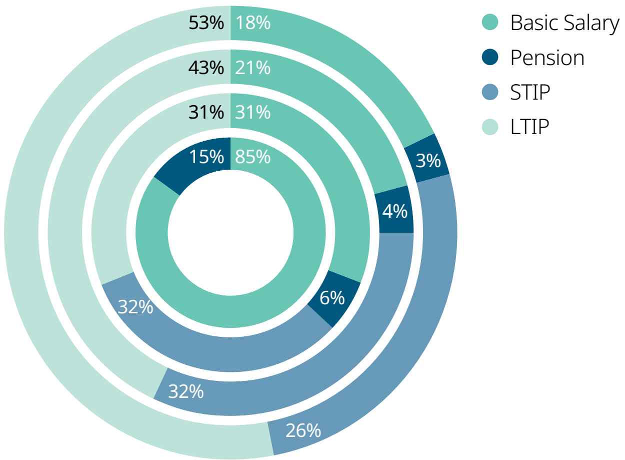
Non-Executive Directors' Remuneration Policy

Non-Executive Directors' fees, which are determined by the Executive Directors, fairly reflect the responsibilities and time spent by the non-Executive Directors on the Group's affairs. In determining the fees, which are set within the limits approved by shareholders, consideration is given to both the complexity of the Group and the level of fees paid to non-Executive Directors in comparable companies. On a three year cycle, a detailed review is carried out in relation to non-Executive Directors' fees and any recommendations are presented to the Executive Directors for approval. The last review was undertaken in 2017. Non-Executive Directors do not participate in the Group's incentive plans, pension arrangements or other elements of remuneration provided to the Executive Directors. Non-Executive Directors are reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses). Non-Executive Directors are encouraged to build up a shareholding in the Company.

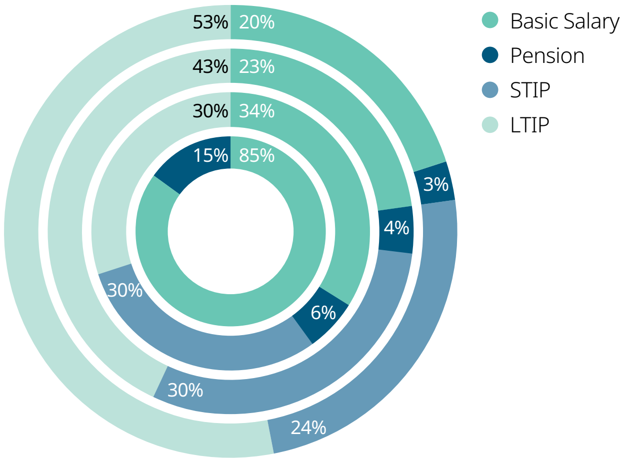
Illustration of Remuneration Policy

The following diagram shows the minimum, target, maximum and maximum +50% composition balance between the fixed and variable remuneration components for each Executive Director effective for 2020. The inner most circle represents the minimum potential scenario for remuneration, with the 2nd circle representing target, the 3rd circle representing maximum potential and the outer circle representing maximum potential plus 50% increase in the LTIP share value.

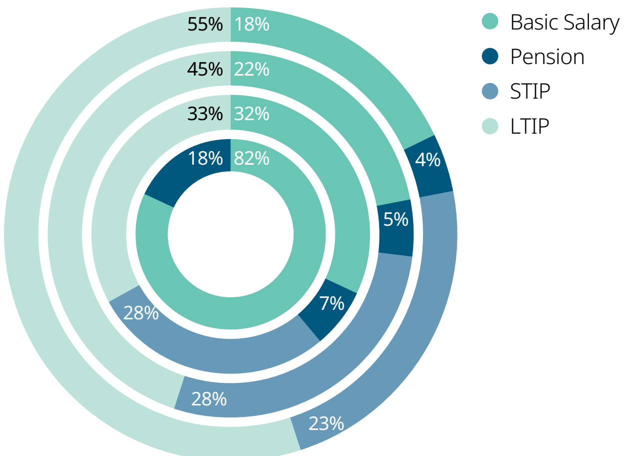
Edmond Scanlon



Marguerite Larkin



Gerry Behan



Section D: Remuneration Policy Implementation

PART I: REMUNERATION POLICY IMPLEMENTATION 2020

This part of the report sets out how the Remuneration Policy as described on pages 121-126 will operate in 2020.

Basic Salary and Benefits

The salaries of the Executive Directors for the year commencing on 1 February 2020, together with the comparative figures, are as follows:

Directors	2020 €'000	2019 €'000	% Increase
Edmond Scanlon	1,189	1,160	2.5%
Marguerite Larkin	735	717	2.5%
	$'000	**$,000**	
Gerry Behan	958	930	3%

The increases in salaries for the Executive Directors are in line with increases for the general workforce in Ireland (2.5%) and the US (3.0%).

Benefits relate primarily to the use of a company car/car allowance. Any travel arrangements or travel costs required for business purposes will also be met by the Group, on a net of tax basis.

Pensions

The Group CEO participates in the general employee Irish defined contribution scheme and the CFO participates in an after tax savings scheme, in lieu of pension benefits. The existing US resident Executive Director participates in a US defined contribution scheme and a US defined benefit pension scheme.

Short Term Performance Related Incentive Award (STIP)

A review of the STIP metrics was completed in 2019 to ensure that they remain appropriate, linked to strategy and targets are appropriately calibrated. The Committee concluded that no changes were required to the performance metrics and weightings in 2020 as they continue to support our business strategy and the ongoing enhancement of shareholder value through a focus on a return for shareholders, increasing profit and cash generation.

The maximum STIP opportunity remains the same as 2019, 150% of salary for the CEO and 125% of salary for the CFO and CEO Taste & Nutrition.

2020 STIP – Performance Metrics and Weightings

	CEO % of award		CFO % of award		CEO Taste & Nutrition % of award	
Group Metrics	**Target**	**Max**	**Target**	**Max**	**Target**	**Max**
Volume growth*	28%	40%	28%	40%	28%	40%
Margin expansion*	21%	30%	21%	30%	21%	30%
Cash conversion	14%	20%	14%	20%	14%	20%
Personal and strategic	7%	10%	7%	10%	7%	10%
Total	70%	100%	70%	100%	70%	100%

* The above metrics are measured at a Group level for the CEO and CFO and at a Taste & Nutrition level for the CEO of Taste & Nutrition.

The Committee is of the view that a 70% of maximum award payout for on target performance is appropriate taking into account the level of stretch in the targets set. Due to their commercial sensitivity, the Committee is of the view that it would be detrimental to the Company to disclose the targets in advance of or during the relevant performance period.
The Committee will disclose the targets and performance against them in next year's Remuneration Report.

Alignment to Strategy

The above are considered key metrics as they align with the Group's strategic objectives while also ensuring the long term operational and financial stability of the Group. Volume Growth and Margin Expansion are key performance metrics as they are the main drivers of Adjusted EPS Growth. Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders. Personal and Strategic objectives, that are relevant to each Executive Director's specific area of responsibility, are key in ensuring focus on the strategic and functional priorities of the business.

25% of the overall annual incentive payment is delivered through shares/share options, with the remaining 75% being delivered in cash. A two year deferral period is in place for share/share option awards that vest under the scheme.

Long Term Performance Related Incentive Plan (LTIP)

A review of the LTIP metrics was completed in 2019 to ensure that they remain appropriate, linked to strategy and targets are appropriately calibrated. The Committee concluded that no changes were required.

The LTIP award levels remain unchanged from 2019, with a maximum opportunity of 180% to 200% of basic salary.

LTIP Award Year		2020	
Performance Metrics	**Threshold**	**Target**	**Maximum**
EPS (50% weighting)*			
Kerry's EPS growth per annum	6%	10%	12%
% of award which vests	25%	50%	100%
ROACE (20% weighting)			
ROACE return achieved	10%	12%	14%
% of award which vests	25%	50%	100%
Relative TSR (30% weighting)			
Position of Kerry in peer group	Median	Median to 75th%	Greater than 75th%
% of award which vests	30%	30% - 100%	100%

* Adjusted EPS growth is measured on a constant currency basis

How Remuneration Links with Strategy

The table below demonstrates how the performance metrics for STIP and LTIP align to and support our business strategy.

Performance Measure	Strategic Priority	Incentive Scheme
Volume growth	Key driver of revenue growth	STIP
Margin expansion	Key driver of profit growth	STIP
Cash conversion	Cash generation for reinvestment or return to shareholders	STIP
Personal and strategic objectives	Reward the development and execution of business strategies	STIP
Adjusted EPS growth	Delivery of the Group's long term growth strategy	LTIP
TSR	Delivery of shareholder value	LTIP
ROACE	Balance growth and return	LTIP

See Financial Key Performance Indicators (KPIs) on pages 32-33 for more information on the link between the performance metrics used for incentive purposes and the Group's Strategic Plan.

Non-Executive Director Remuneration Review

In line with the three year review cycle the Chairman and non-Executive Directors fees were reviewed during 2017 and increases were made effective from 1 January 2018. There are no proposed changes to the Chairman and non-Executive Director fees for 2020.

During 2019, the Board approved the appointment of Mr. Tom Moran as the designated workforce engagement Director. The Committee approved an additional annual fee of €12,000 for this position.

Non-Executive Directors may be reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses). Non-Executive Directors do not participate in the Company's incentive plans. However Non-Executive Directors are encouraged to build up a personal shareholding.

PART II: REMUNERATION POLICY OUTTURN 2019

Disclosures regarding Directors' remuneration have been drawn up on an individual Director basis in accordance with the requirements of the 2014 Irish Companies Act, the UK Corporate Governance Code, the Irish Annex, the Euronext Dublin Stock Exchange and the UK Listing Authority.

The information in the tables 1, 4, 5, 6, 7 and 8 below including relevant footnotes (identified as audited) forms an integral part of the audited consolidated financial statements as described in the basis of preparation on page 154. All other information in the remuneration report is additional disclosure and does not form an integral part of the audited consolidated financial statements.

Executive Directors' Remuneration

Table 1: Individual Remuneration for the year ended 31 December 2019 (Audited)

	Irish Based Directors Euros						US Based Director US Dollars	
	Edmond Scanlon		Marguerite Larkin[5]		Brian Mehigan[6]		Gerry Behan[7]	
	2019 €'000	2018 €'000	**2019 €'000**	2018 €'000	**2019 €'000**	2018 €'000	**2019 $'000**	2018 $'000
Basic Salary	**1,151**	1,050	**716**	177	**-**	703	**928**	901
Benefits[1]	**39**	34	**33**	8	**-**	37	**80**	74
Pensions[2]	**207**	200	**129**	34	**-**	210	**217**	201
Total Fixed Remuneration	**1,397**	1,284	**878**	219	**-**	950	**1,225**	1,176
STIP[3]	**1,312**	948	**680**	133	**-**	530	**766**	640
LTIP[4]	**1,282**	345	**-**	-		805	**1,737**	1,310
Total Variable Remuneration	**2,594**	1,293	**680**	133	**-**	1,335	**2,503**	1,950
Total Remuneration	**3,991**	2,577	**1,558**	352	**-**	2,285	**3,728**	3,126
							€'000	€'000
							€3,329	2,638

Note 1: The benefits figure for Edmond Scanlon and Marguerite Larkin in 2019 includes an amount for life cover.

Note 2: The pension figure for Edmond Scanlon relates to Irish defined contribution pension benefits. Brian Mehigan and Marguerite Larkin received a taxable cash payment in lieu of pension benefits and the figures included above reflect this including life cover in 2018. The pension figure for Gerry Behan includes both defined benefit and defined contribution retirement benefits.

Note 3: This STIP amount represents 75% delivered in cash with 25% delivered by way of shares/share options which are deferred for two years.

Note 4: The share price used to calculate the value of the LTIP is the average share price for the three months up to the end of the year being reported. A positive share price movement versus that applicable at the date the conditional awards were granted has increased the valuation of the awards (that will vest in 2020) over the 3 years by €349,532 for Edmond Scanlon and by €510,501 for Gerry Behan.

Note 5: Marguerite Larkin was appointed as CFO and to the Board on 30 September 2018. Her 2018 remuneration reflected in the table above relates to remuneration for the period 30 September to 31 December 2018.

Note 6: Brian Mehigan retired as a Director on 28 December 2018.

Note 7: The table shows the Executive Director's pay in the currency of payment to ensure clarity in reflecting the year on year payment comparisons.

Note 8: The total remuneration for Executive Directors was €8,878m (2018: €7,852m) using a US dollar exchange of 1.12 (2018: 1.18).

Basic Salary Increases

Edmond Scanlon's base salary as Group CEO was increased by 8% (to reflect his growth in role, individual performance and the increase in the Group's scale and complexity) together with the standard inflation increase of 2.5% effective from 1 February 2019. The basic salaries of Marguerite Larkin and Gerry Behan were increased by 2.5% and 3% respectively effective from 1 February 2019 in line with increases for the general workforce in Ireland and the US respectively.

Annual Incentive Outcomes (STIP)

Table 2: Annual Bonus Achievement Against Targets

Financial Metrics (CEO, CFO, & T&N CEO – 90% weighting)

Metric		1. Volume Growth* (40% weighting)		2. Margin Expansion* (30% weighting)		3. Cash Conversion (20% weighting)
		Group	Taste & Nutrition	Group	Taste & Nutrition	Group
Targets	Threshold	0%	0%	0 bps	0 bps	60%
	Target	3%	4%	+20 bps	+30 bps	70%
	Max	5%	6%	+40 bps	+50 bps	80%
Actual performance		2.8%	4%	+30 bps	+20 bps	73.9%
Bonus outcome		26%	28%	26%	14%	16%
Link to strategy		Volume Growth is a key performance metric as it is one of the main drivers of Adjusted EPS Growth		Margin Expansion is a key performance metrics as it is another main driver of Adjusted EPS Growth		Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders

* The above metrics are measured at Group level for the CEO and CFO and at Taste & Nutrition level for the CEO of Taste & Nutrition.

When setting the targets above the Committee considered them to be appropriate as they are aligned with the Group's strategic plan, are reflective of overall market conditions, and take account of planned investments (both capital and operational) that the Group is making to enable the achievement of its strategic priorities for growth as well as necessary working capital builds to mitigate the Brexit and Kerryconnect risks. The Committee also concluded that there was no requirement to exercise discretion as the 2019 STIP outcome reflected the underlying performance of the business.

Personal and Strategic Objectives – 10% weighting
The table below sets out the performance outcome for the personal and strategic element of the STIP.

Metric		4. Personal and Strategic (All – 10% weighting)	
		CEO & CFO	T&N CEO
Targets	Threshold	0	0
	Target	7	7
	Max	10	10
Actual performance		8	8
Bonus outcome		8%	8%
Link to strategy		Specific to the Executive Directors responsibility linked to strategic plan implementation and talent management.	

Details of Personal and Strategic Objectives
The Executive Directors are also measured against Personal and Strategic objectives, which this year focus on Purpose and Values, Sustainability, Portfolio Optimisation, Operating Model and Talent. Performance against these objectives is determined by the Committee by reference to key targets agreed with the executives at the start of the year.

Directors	Achievements	Bonus Outcome
CEO	– **Purpose/Values/Sustainability:** Championed the Group's new Purpose statement and refreshed Values as they were communicated and embedded across the organisation, further strengthening alignment with the Group's culture and long term strategy. Led the development of the Group's refreshed sustainability vision and programme. – **Portfolio Optimisation:** Identified and executed M&A transactions to optimise the Group's business and technology portfolios. – **Operating Model:** Led and embedded significant enhancements to the Group's operating model, driving commercial excellence, global consistency and agility. – **Talent and Succession:** Led a structured review of talent pipeline strength and delivered a cohesive plan to strengthen senior management succession.	8%
CFO	– **Purpose/Values/Sustainability:** Championed the Group's new Purpose statement and refreshed Values as they were embedded across the organisation; ensured full alignment of performance measures and KPIs. Co-led the development of the Group's refreshed sustainability vision and strategy with particular focus on performance measures and KPIs. – **Portfolio Optimisation:** Identified and executed M&A transactions to optimise the Group's business and technology portfolios. – **Operating Model:** Co-led enhancements to the Group's operating model ensuring full alignment of the finance operating model. – **Talent and Succession:** Delivered a cohesive plan to strengthen finance leadership, capability and executive succession.	8%
CEO T&N	– **Purpose/Values/Sustainability:** Championed the Group's new Purpose statement and refreshed Values as they were communicated and embedded across the Taste & Nutrition organisation. Co-led the development of the Group's refreshed sustainability vision and programme, ensuring alignment and capability of the Taste & Nutrition organisation for execution of the strategy. – **Portfolio Optimisation:** Identified and executed M&A transactions, together with other initiatives within the existing Taste & Nutrition organisation, to optimise the growth and return from the businesses and technology portfolios in the division. – **Operating Model:** Further enhanced the Taste & Nutrition operating model in line with Group strategy, driving commercial excellence, global consistency and agility. – **Talent and Succession:** Delivered a cohesive plan to strengthen leadership capability and executive succession across Taste & Nutrition in support of the division's growth ambitions.	8%

The Committee reviewed progress against these objectives and concluded that good progress was made by the Executive Directors against the objectives outlined above, which resulted in an award that was slightly higher than target.

The targets for the Executive Directors, which were set by the Remuneration Committee, were challenging and stretching in the current environment and as a result an average weighted payout of 72.7% of max opportunity was achieved.

Long Term Incentive Plan (LTIP)

2013 LTIP

The terms and conditions of the plan were approved by shareholders at the 2013 AGM. The Remuneration Committee approves the terms, conditions and allocation of conditional awards under the Group's LTIP to Executive Directors and senior management. Under this plan, Executive Directors and senior management are invited to participate in conditional awards over shares or share options in the Company.

Subject to performance metrics being met over a three year performance period, the LTIP award will vest on the third anniversary of the date of grant. 50% of the award is delivered at the vesting date with the remaining 50% of the award being delivered following a two year deferral period. This provides for a combined performance period and deferral period of five years for half of the award that vests.

The first conditional awards under this scheme were made to Executive Directors in 2013. The maximum award that can be made to an individual Executive Director under the LTIP over a 12 month period is equivalent to 180% - 200% of basic salary for that period.

An award may lapse if a participant ceases to be employed within the Group before the vesting date. The market price of the shares on the date of each award outlined above is disclosed in note 28 to the financial statements.

The proportion of each conditional award which vests will depend on the adjusted EPS growth, TSR and ROACE performance of the Group during the relevant three year performance period.

2017 LTIP Awards

Set out below is the performance against targets for the 2017 LTIP award where the three year performance period ended on 31 December 2019 and the award vests in 2020.

EPS Performance Test

Up to 50% of the award vests according to the Group's average adjusted EPS growth over the performance period. This measurement is determined by reference to the growth in the Group's adjusted EPS calculated on a constant currency basis in each of the three financial years in the performance period in accordance with the vesting schedule outlined in the following table:

	Adjusted EPS Growth Per Annum	Percentage of the Award Which Vests
Threshold	6%	25%
Target	10%	50%
Maximum	12%	100%

Below 6% none of the award vests. Between 6% and 10%, 25% - 50% vesting occurs on a straight line basis. Between 10% and 12%, 50% - 100% vesting occurs on a straight line basis.

The outcome of the EPS performance test, calculated on a constant currency basis, is an annual average adjusted EPS growth of **8.8%** which results in an award outcome of 21.3% out of a possible maximum of 50%.

TSR Performance Test

30% of the award vests according to the Group's TSR performance over the period measured against the TSR performance of a peer group of listed companies over the same three year performance period. The peer group consists of Kerry and the following companies:

Chr. Hansen	Givaudan	Kellogg's	Sensient Technologies
Barry Callebaut	Glanbia	McCormick & Co.	Symrise
Corbion	Greencore	Nestlé	Tate & Lyle
Aryzta	Danone	Novozymes	Unilever
General Mills	IFF	Premier Foods	

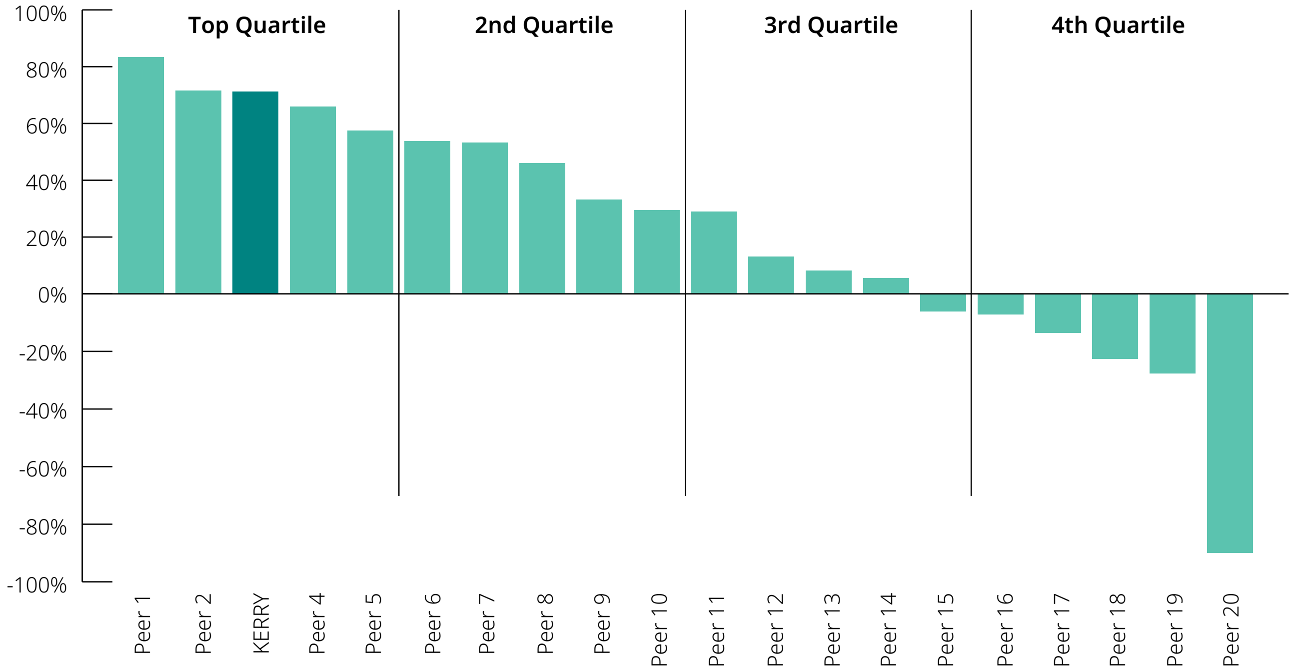
When assessing whether the performance hurdle has been met, this measurement is determined by reference to the ranking of Kerry's TSR over the three year performance period, in comparison with the TSR performance of the companies in the peer group. The awards vest in line with the following table:

Position of Kerry in the Peer Group	Percentage of the Award Which Vests
Below median	0%
Median	30%
Between median and 75th percentile	Straight line between 30% and 100%
Greater than 75th percentile	100%

The performance graph on page 133 shows Kerry's TSR compared to the peer companies over the three year performance period from 1 January 2017 to 31 December 2019 for the LTIP awards which issued in 2017. These awards have a vesting date on or before 30 April 2020.

3 Year TSR: Kerry and Comparator 1 Jan 2017 - 31 Dec 2019

See chart on page 137, which illustrates the Group's TSR performance from 2009 to 2019



The outcome of the measurement of the TSR condition in relation to the 2017 awards is in the top quartile, resulting in an award outcome of 30% out of a possible maximum of 30%.

ROACE Performance Test

20% of the award vests according to the Group's ROACE over the performance period. ROACE represents a good perspective on the Group's internal rate of return and financial added value for shareholders. ROACE supports the strategic focus on growth and margins through ensuring cash is reinvested to generate appropriate returns.

This measurement is determined by reference to the ROACE in each of the three financial years included in the performance period:

	Return on Average Capital Employed	Percentage of the Award Which Vests
Threshold	10%	25%
Target	12%	50%
Maximum	14%	100%

Below 10% none of the award vests. Between 10% and 12%, 25% - 50% vesting occurs on a straight line basis. Between 12% and 14%, 50% - 100% vesting occurs on a straight line basis.

The outcome of the measurement of the ROACE condition in relation to the 2017 awards is a ROACE of 12.3% which resulted in a reward outcome of 11.5% out of a maximum of 20%.

Table 3: Overall Outcome of the 2017 LTIP Award Vesting in 2020

Long Term Incentive Plan	TSR Performance (30% of Award)	Actual Vesting of TSR Award	EPS Performance (50% of Award)	Actual Vesting of EPS Award	ROACE Performance (20% of Award)	Actual Vesting of ROACE Award	Total % Vested
2013 LTIP Plan	Top Quartile*	30%	8.8% growth*	21.3%	12.3%	11.5%	62.8%

* See TSR, EPS and ROACE tables above for details of performance metrics.

The Committee concluded that there was no requirement to exercise discretion as the 2017-19 LTIP outcome reflected the underlying business performance during the three year performance period.

Summary of outstanding LTIP awards

The following table shows the Executive Directors' and Company Secretary's interests under the LTIP. Conditional awards at 1 January 2019 relate to awards made in 2016, 2017 and 2018 which have a three year performance period. The 2016 awards vested in 2019. The 2017 and 2018 awards will potentially vest in 2020 and 2021 respectively. The market price of the shares on the date of each award is disclosed in note 28 to the financial statements.

Executive Directors' and Company Secretary's Interests in Long Term Incentive Plan

Table 4: Individual Interest in LTIP (Audited)

	LTIP Scheme	Conditional Awards at 1 January 2019	Share Awards Vested During the Year	Share Option Awards Vested During the Year	Share Awards Lapsed During the Year	Conditional Awards Made During the Year	Conditional Awards at 31 December 2019	Share Price at Date of Conditional Award Made During the Year
Directors								
Edmond Scanlon	2013	59,089	_	**(3,801)**	**(2,166)**	**24,324**	**77,446**	**€95.40**
Marguerite Larkin	2013	7,031	_	_	_	**13,538**	**20,569**	**€95.40**
Gerry Behan	2013	59,155	**(12,168)**	_	**(6,934)**	**17,352**	**57,405**	**€95.40**
Company Secretary								
Ronan Deasy	2013	13,246	_	**(1,996)**	**(1,137)**	**2,901**	**13,014**	**€95.40**

Conditional LTIP awards made in 2019 have a three year performance period and will potentially vest in 2022. 50% of the shares/share options which potentially vest under the LTIP, are issued immediately upon vesting. The remaining 50% of the award is issued to participants following a two year deferral period.

The following table shows the share options which are held by the Executive Directors and the Company Secretary under the STIP and LTIP:

Table 5: Share Options Held Under the STIP and LTIP (Audited)

	Share Options Outstanding at 1 January 2019	Share Options Exercised During the Year	Share Options Vested During the Year[1]	Share Options Outstanding at 31 December 2019	Exercise Price Per Share
Directors					
Edmond Scanlon	9,537	_	**6,286**	**15,823**	**€0.125**
Marguerite Larkin[1]	_	_	**696**	**696**	**€0.125**
Company Secretary					
Ronan Deasy	3,390	**(2,310)**	**2,333**	**3,413**	**€0.125**

Note 1: Share Options which vested in March 2019 related to 2016 LTIP awards and 25% of the 2018 STIP (paid in March 2019). 50% of share options vested under the LTIP are subject to a two year deferral period and 25% of the STIP payments which are delivered in share options are subject to a two year deferral period.

Once vested, share options under the LTIP can be exercised for up to seven years before they lapse. For share options subject to the two year deferral period, they can be exercised for up to five years following the end of the two year deferral period, before they lapse i.e. seven years following the vest date.

Executive Directors’ Pensions

The pension benefits under defined benefit pension plans for Gerry Behan during the year are outlined in the following table.

Table 6: Defined Benefit – Pensions Individual Summary (Audited)

	Accrued Benefits on Leaving Service at End of Year Increase During the Year (Excluding Inflation) $'000	Accrued Benefits on Leaving Service at End of Year Accumulated Total at End of Year $'000	Transfer Value of Increase in Accumulated Accrued Benefits $'000
Gerry Behan			
2019	**25**	**552**	**321**
2018	44	527	264

Note: The table shows the Executive Director’s pension in the currency of payment to ensure clarity in reflecting the year on year payment comparisons.

Note: Contributions were made to an Irish defined contribution plan in respect of Edmond Scanlon. Marguerite Larkin receives a taxable cash payment in lieu of pension benefits. These contributions are reflected in the single figure table (table 1) on page 129.

Non-Executive Directors’ Remuneration Paid in 2019

Table 7: Remuneration Paid to Non-Executive Directors in 2019 (Audited)

	Fees 2019 €	Fees 2018 €
Hugh Brady	**98,000**	98,000
Gerard Culligan	**78,000**	78,000
Karin Dorrepaal	**98,000**	98,000
Michael Dowling*	**-**	148,958
Joan Garahy	**128,000**	123,000
James C. Kenny	**117,000**	117,000
Tom Moran**	**105,000**	98,000
Con Murphy	**78,000**	78,000
Christopher Rogers***	**103,000**	68,666
Philip Toomey	**357,500**	277,667
	1,162,500	1,185,291

* Retired on 3 May 2018.

** Appointed as designated workforce engagement Director 18 June 2019. Details of the remuneration in respect of these additional responsibilities are outlined on page 128.

*** Appointed to the Board on 8 May 2018.

During 2019, the Board approved the appointment of Mr. Tom Moran as the designated workforce engagement Director. The Committee approved an additional annual fee of €12,000 for this position.

Non-Executive Directors’ remuneration consists of fees only. Non-Executive Directors are reimbursed for travel and accommodation expenses and any personal tax that may be due on those expenses. The gross amount of these expenses that were deemed to be taxable is €20,623.

Payments to Former Directors

Table 8: Payments to Former Directors (Audited)

Former Director	2019 €'000	2018 €'000
Stan McCarthy	–	1,259
Flor Healy	–	–
Brian Mehigan	–	–
	–	1,259

The above former Executive Directors received no payments during 2019 in respect of their duties as Executive Directors. Vested 2014 LTIP awards and vested 2016 STIP awards, which were subject to a two year deferral period and delivered in 2019, were disclosed in previous annual reports when earned and therefore are not disclosed in the table above.

Payment for Loss of Office

There were no payments for loss of office in 2019 (2018: €nil).

Directors' and Company Secretary's Interests

There have been no contracts or arrangements with the Company or any subsidiary during the year, in which a Director of the Company was materially interested and which were significant in relation to the Group's business. The interests of the Directors and the Company Secretary of the Company and their spouses and minor children in the share capital of the Company, all of which were beneficial unless otherwise indicated, are shown below:

Table 9: Directors and Company Secretary Shareholdings

	31 December 2019 Ordinary Shares Number	**31 December 2019 Share Options Number**	**31 December 2019 Total Number**	1 January 2019 Ordinary Shares Number	1 January 2019 Share Options Number	1 January 2019 Total Number
Directors						
Gerry Behan	**47,830**	–	**47,830**	58,839	–	58,839
- Deferred[1]	***17,074***	–	***17,074***	*14,905*	–	*14,905*
Hugh Brady	**1,250**	–	**1,250**	1,250	–	1,250
Gerard Culligan	–	–	–	–	–	–
Karin Dorrepaal	–	–	–	–	–	–
Joan Garahy	**1,050**	–	**1,050**	1,050	–	1,050
James C. Kenny	–	–	–	–	–	–
Marguerite Larkin	**1,500**	–	**1,500**	1,500	–	1,500
- Deferred[1]	–	***696***	***696***	–	–	–
Tom Moran	**539**	–	**539**	539	–	539
Con Murphy	**7,721**	–	**7,721**	7,721	–	7,721
Christopher Rogers	**640**	–	**640**	640	–	640
Edmond Scanlon	**9,611**	**8,195**	**17,806**	9,611	5,056	14,667
- Deferred[1]	–	***7,628***	***7,628***	–	*4,481*	*4,481*
Philip Toomey	**6,000**	–	**6,000**	6,000	–	6,000
Company Secretary						
Ronan Deasy	**3,230**	**998**	**4,228**	3,230	1,528	4,758
- Deferred[1]	–	***2,415***	***2,415***	–	*1,862*	*1,862*

Note 1: The deferred shares and share options above, relate to 25% of the Executive Directors 2017 and 2018 STIP awards and 50% of the 2015 and 2016 LTIP award (vested in March 2018 and 2019 respectively). These awards are subject to a two year deferral period and will be delivered in shares/share options in March 2020 and March 2021 respectively.

Shareholding Guidelines

The table below sets out the Executive Directors' shareholding at 31 December 2019 shown as a multiple of basic salary. Refer to the Remuneration Policy Table on page 124 in Section C for details of the Executive Director shareholding requirements.

Table 10: Individual Shareholding as a Multiple of Basic Salary

Executive Director	As a Multiple of Basic Salary[1]
Edmond Scanlon[2]	**2.4x**
Marguerite Larkin[3]	**0.3x**
Gerry Behan	**8.7x**

Note 1: The share price used to calculate the above is the share price as at 31 December 2019 and shareholding is based on all shares held and vested option awards (including deferred) reflected in table 9 on page 136.

Note 2: Edmond Scanlon has met his minimum shareholding requirement being 2x basic salary.

Note 3: Marguerite Larkin, in line with policy, has five years from the date on her appointment in September 2018 to increase her shareholding to the minimum 1.8x basic salary.

TSR Performance and Chief Executive Officer Remuneration

The graph below illustrates the TSR performance of the Group over the past ten years showing the increase in value of €100 invested in Group's shares from 31 December 2009 to 31 December 2019. Also outlined in the table on page 138, the remuneration of the Chief Executive Officer is calculated in line with the methodology captured under legislation which was enacted for UK incorporated companies.

10 Year Total Shareholder Return (Value of €100 Invested on 31/12/2009)

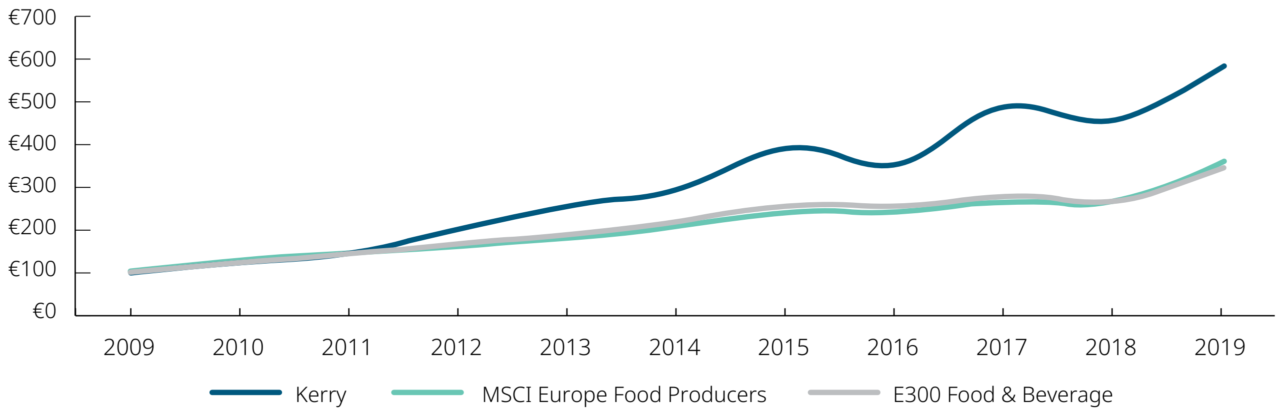


Table 11: Remuneration Paid to the CEO 2010 – 2019

	Total remuneration €'000	Annual incentive achieved as a % of maximum	LTIP achieved as a % of maximum
CEO – Stan McCarthy			
2010	2,116	90%	N/A[1]
2011	3,283	73%	100%
2012	3,538	74%	100%
2013	3,592	70%	100%
2014	3,283	57%	91.9%
2015	4,161	58%	61.8%[2]
2016	3,625	62%	29.4%
2017	5,285	75%	62.3%
CEO – Edmond Scanlon			
2017[3]	808	75%	62.3%
2018	2,577	60%	63.7%
2019	3,991	76%	62.8%

Note 1: There was no LTIP with a performance period ending in 2010.

Note 2: This is the combined average of the 2015 LTIP paid out from the 2006 and 2013 plans.

Note 3: Edmond Scanlon was appointed CEO and to the Board on 1 October 2017 and his remuneration reflected in the table above relates to remuneration from that date.

Table 12: CEO Pay v Normal Employee Pay Comparison

In line with the European Shareholders Rights Directive (which has not yet been transposed into Irish law), outlined below is the annual change over the last five financial years for:
- the remuneration of the CEO;
- the average remuneration of employees of the Company (calculated on a full time equivalent basis) other than directors; and
- the performance of the company.

	2015	2016	2017*	2018**	2019
Chief Executive Officer					
Basic pay YoY % change	2%	9%	2.5%	0%	10.5%
All Group Employees					
Average basic pay YoY % change	3.6%	3.5%	3.1%	2.8%	2.9%

* Based on Stan McCarthy's basic pay and annual incentive

** Based on Edmond Scanlon's basic pay and annual incentive

Performance of the Company: 5 Year Total Shareholder Return

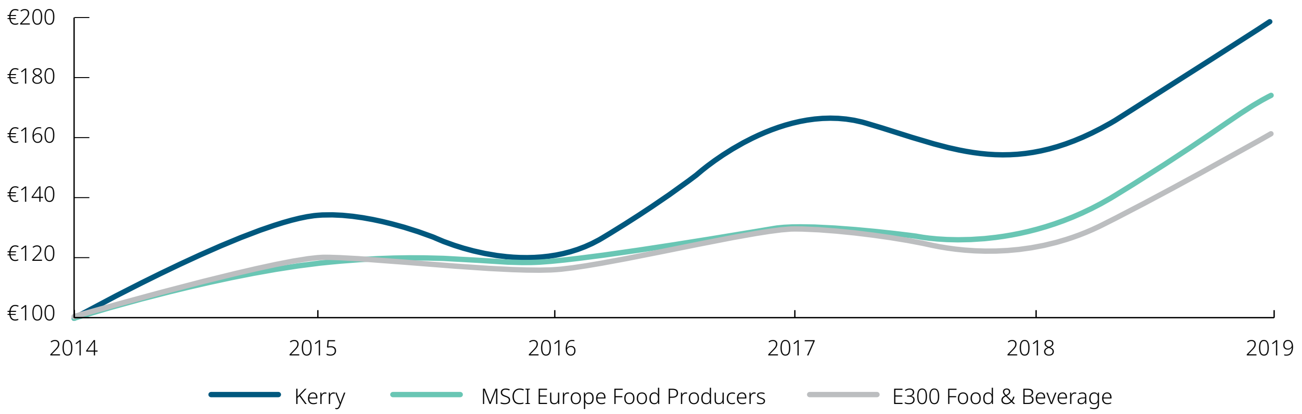


Table 13: CEO Ratio

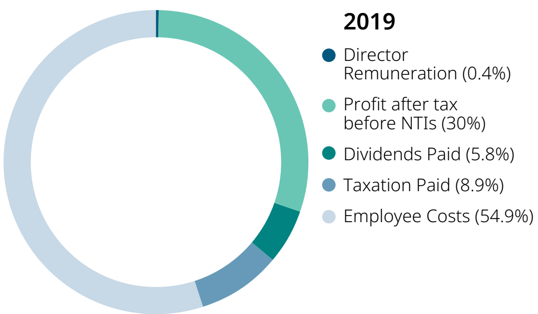
The UK Companies (Miscellaneous Reporting) Regulations 2018 require certain UK incorporated companies to publish the ratio of CEO remuneration to UK staff pay. Although not a requirement for Irish incorporated companies, the ratio of the CEO's total remuneration to that of the median Irish employee is disclosed in the table below in line with the Group's commitment to ensure that its remuneration policies, practices and reporting reflect best corporate governance practices.

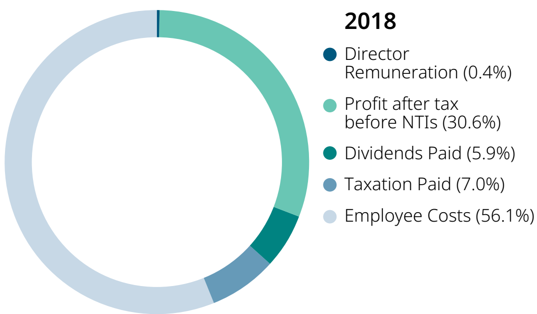
	€
Chief Executive Officer's: Total remuneration	3,991,000
Median Irish employee: Total remuneration	40,592
Median Irish employee: Salary only	37,823
Median pay ratio – Total remuneration	**98x**
Median pay ratio – excluding all variable short and long term incentives	**34x**

The Committee believes that our senior executives should have a significant proportion of their pay directly linked to Group performance in order to drive alignment with shareholders. A significant portion of the Chief Executive Officer's remuneration is therefore delivered through the Group's short term and long term performance related incentives, where awards are linked to Group performance and share price movements over time. The median Irish employee does not participate in the Group's short term or long term performance related incentive plans, with the result that total remuneration ratios may fluctuate from year to year. The Committee has therefore also provided the median pay ratio excluding short term and long term incentives. In providing the CEO ratio we have used Method C as set out in the regulations but have applied the principles of Method A.

Relative Importance of Spend on Pay

The total amount spent on Executive Director remuneration (including Long Term Incentive Plan) and overall employee pay is outlined below in relation to retained profit, dividends paid and taxation paid.





Dilution

The Group offers Executive Directors and senior management the opportunity to participate in share based schemes as part of the Group's remuneration policy. In line with best practice guidelines, the Company ensures that the level of share awards granted under these schemes, over a rolling ten year period, does not exceed 10% of the Group's share capital. The dilution resulting from vested share awards/share options for the ten year period to 31 December 2019 is 0.9%. This level of dilution is well below the maximum dilution level recommended for executive share based incentive plans.

The potential future dilution level from unvested share awards/share options as a result of these schemes is a further 0.7%.

Statement on Shareholder Voting

Below is an overview of the voting which took place at the most recent AGMs to approve the Directors' Remuneration Policy and the Directors Remuneration Report.

Table 14: Votes on Remuneration

Total Votes Cast	Votes For	Votes Against	Votes Withheld/Abstained
Remuneration Policy (2018 AGM)			
100,762,070	98,418,376	2,343,694	261,701
	97.7%	2.3%	
Directors Remuneration Report (2019 AGM)			
104,363,190	98,494,564	5,868,626	2,162,326
	94.4%	5.6%	

The Committee appreciates the level of support shown by the shareholders for the Remuneration Report and is committed to continued consultation with shareholders with regard to the remuneration policy.