Mr. Philip Toomey (65)
Chairman of the Board
Philip was formerly Global Chief Operating Officer for the financial services industry practice at Accenture and has a wide range of international consulting experience. He was also a member of the Accenture Global Leadership Council.
He is a Fellow of Chartered Accountants Ireland.
Philip was appointed Chairman of the Board on 3 May 2018 and has served as a Director for seven years. He is Chairman of the Nomination Committee having previously served as Senior Independent Director and Chairman of the Audit Committee.
Appointed: 20 February 2012 and as Chairman 3 May 2018

Mr. Edmond Scanlon (45)
Executive Director
Chief Executive
Edmond joined Kerry’s graduate development programme in Ireland in 1996. He was appointed Vice President Finance, Supply Chain and Operations of Kerry’s Global Flavours Division in 2004. In 2007, he was appointed Vice President Mergers & Acquisitions, Kerry Americas Region, before being appointed Global President Kerry Functional Ingredients & Actives in late 2008.
In 2012, he was appointed President of Kerry China, prior to his appointment as President & CEO Kerry Asia-Pacific region in November 2013. Edmond was appointed Executive Director and Group CEO in October 2017.
Appointed: 1 October 2017

Ms. Marguerite Larkin (47)
Executive Director
Chief Financial Officer
Marguerite was formerly a senior partner with Deloitte and held a number of leadership roles within Deloitte Ireland including Audit Assurance and Risk Advisory Leader, Head of Consumer Business Industry Practice, Client & Industries Partner and was a member of the Executive Committee. She has over 25 years global experience and has served as lead client partner for a number of multinationals operating in a broad range of industries including food & beverage, pharma and technology.
Marguerite is a Fellow of Chartered Accountants Ireland and holds a Bachelor of Commerce degree and Masters in Accountancy.
Marguerite was appointed Executive Director and Group Chief Financial Officer on 30 September 2018.
Appointed: 30 September 2018

Mr. Gerry Behan (54)
Executive Director
President and CEO
Kerry Taste & Nutrition
Gerry joined Kerry’s graduate recruitment programme in 1986 and has held a number of senior financial and management roles primarily in the Americas region. He was appointed President and Chief Executive Officer of Kerry’s Global Taste & Nutrition business in 2011.
Gerry has served as an Executive Director on the Board for 11 years.
Appointed: 13 May 2008

Changes to the composition of the Board and its Committees for the year ended 31 December 2018
Mr. Michael Dowling
Retired as Chairman and from the Board on 3 May 2018.
Mr. Philip Toomey
Appointed Chairman of the Board on 3 May 2018.
Mr. Christopher Rogers
Appointed to the Board and as Audit Committee Chairman on 8 May 2018.
Ms. Joan Garahy
Appointed Senior Independent Director on 3 May 2018.
Mr. Brian Mehigan
Transitioned from Group CFO to Chief Strategy Officer on 30 September 2018 and resigned from the Board on 28 December 2018.
Ms. Marguerite Larkin
Appointed Executive Director and Group CFO on 30 September 2018.

Committee Membership Key
A Audit Committee
N Nomination Committee
R Remuneration Committee
Indicates Committee Chair
Hugh is President and Vice Chancellor of the University of Bristol in the UK, a position he has held since 2015. He was previously President of University College Dublin (UCD) from 2004 to 2013. Prior to this, Hugh had a successful career as a physician and biomedical research scientist in the US where he served on the faculty of Harvard Medical School for almost a decade prior to returning to his alma mater as Professor of Medicine and Therapeutics in UCD.

Hugh is appointed as a non-Executive Director on the Board of ICON plc.

In addition, Hugh has held many national and international leadership roles including Chairman of the Irish Health Research Board and Chairman of the Universitas 21 Network of global research universities.

Hugh joined both the Audit and Nomination Committees in 2015.

Appointed: 1 June 2017

Mr. Gerard Culligan (64)
Independent Non-Executive Director
Gerard operates his own business in the agribusiness sector.

Gerard is a Director and co-owner of two private companies in the marine industry.

Appointed: 26 February 2014

Mr. James C. Kenny (65)
Independent Non-Executive Director
James was formerly Executive Vice President of US based Kenny Construction Inc. and President of Kenny Management Services Inc. He previously served as US Ambassador to Ireland from July 2003 to June 2006. James is a non-Executive Director on the Board of Hub Group, a multimodal transportation company, listed on the NASDAQ.

James joined both the Remuneration and Nomination Committees in February 2012.

Appointed: 1 June 2011

Mr. Tom Moran (63)
Independent Non-Executive Director
Tom has had a long and distinguished career within the Irish Public Sector and most recently was Secretary General of the Irish Department of Agriculture, Food and the Marine from 2005 to 2014. Tom also held a number of international policy and international trade negotiation leadership roles. Tom formerly served as Ireland’s Agriculture Attaché to France and to the OECD.

Tom is currently a Board member of An Bord Bia, the Irish Food Board, and chairs its Dairy Subsidiary Board. He is Chairman of the Irish Government Public Appointments Service and also sits on a number of Government Committees.

Tom joined the Audit Committee in December 2015 and the Remuneration Committee in February 2016.

Appointed: 29 September 2015

Mr. Con Murphy (54)
Independent Non-Executive Director
Con operates his own business in the agribusiness sector and is Chairman of the Irish Montbeliarde Cattle Society. Con is a member of the Board of a small private company.

Appointed: 1 June 2017

Dr. Karin Dorrepaal (57)
Independent Non-Executive Director
Karina was an Executive Director on the Board of Schering AG in Berlin from 2004 until 2006 when it was acquired by Bayer AG. In this role Karina was responsible for the Diagnostic Imaging business as well as worldwide manufacturing and procurement. Between 1990 and 2004, Karina was a partner at Booz & Co, a consultancy firm where she specialised in the pharmaceutical industry advising clients on issues regarding strategy, sales, marketing and supply chain.

Karina received her PhD from the Free University of Amsterdam, The Netherlands and also holds an MBA from the Erasmus University Rotterdam School of Management.

Currently, Karina is a non-Executive Director on the Boards of German AG, Paion AG (vice Chairperson) and Almirall S.A. Karina is also a director of a number of private companies.

Karina joined the Remuneration Committee in January 2015 and Nomination Committee in December 2015.

Appointed: 1 January 2015

Mr. Christopher Rogers (58)
Independent Non-Executive Director
Christopher was formerly an Executive Director of Whitbread plc for 11 years from 2005, serving as Finance Director for 7 years and then as Global Managing Director of Costa Coffee.

His current non-Executive positions include Senior Independent Director at Travis Perkins plc and non-Executive Director at Vivo Energy plc and Walker Greenbank plc (where he was appointed as Interim Executive Chairman in October 2018 until a new Chief Executive is appointed). He is Chairman of the Audit and Risk Committee at Vivo Energy plc and a member of the Audit Committee at Travis Perkins plc.

He is a Fellow of Chartered Accountants England and Wales. He is also a visiting Fellow at Durham University (UK).

He was appointed as a non-Executive Director and Chairman of the Audit Committee with effect from 8 May 2018.

Appointed: 8 May 2018
Directors and Other Information

Directors
Philip Toomey, Chairman
Edmond Scanlon, Chief Executive*
Marguerite Larkin, Chief Financial Officer*
Gerry Behan, President & CEO Taste & Nutrition*
Hugh Brady
Gerard Culligan
Karin Dorrepaal
Joan Garahy
James C. Kenny
Tom Moran
Con Murphy
Christopher Rogers
*Executive Director

Secretary and Registered Office
Ronan Deasy
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
Ireland

Registrar and Share Transfer Office
Ronan Deasy
Registrar’s Department
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
Ireland

Website
www.kerrygroup.com
The Directors submit their Annual Report together with the audited consolidated financial statements for the year ended 31 December 2018.

Principal Activities
Kerry Group is a world leader in the global food industry. The Group’s industry-leading portfolio of taste & nutrition foundational technologies and integrated systems deliver unique, innovative solutions to customers across the food, beverage and pharmaceutical industries. Kerry Foods, the Group’s Consumer Foods business, is one of the leading suppliers of added-value branded and customer branded chilled food products in the Irish and UK markets.

Listed on the Euronext Dublin and London Stock Exchanges, Kerry has an international presence with 147 manufacturing facilities across the world.

Results and Review of the Business
The Directors are pleased to report another strong performance for 2018 with an increase in constant currency adjusted earnings per share (EPS), which is before brand related intangible asset amortisation and non-trading items (net of related tax), of 8.6% over 2017 to 353.4 cent (2017: 325.4 cent). Basic EPS of 305.9 cent reduced by 8.3% primarily due to a one-off deferred tax credit arising from the US tax reform in 2017. Trading margin for the year was maintained at 12.2% (2017: 12.2%). The Group achieved a free cash flow of €447m (2017: €501m). Further details of the results for the year are set out in the Consolidated Income Statement and in the related notes forming part of the Consolidated Financial Statements. The Group’s financial key performance indicators are discussed on pages 30-31.

The Chairman’s Statement, the Chief Executive’s Review, the Business Reviews and the Financial Review, which are included in the Strategic Report on pages 10-48, report on the performance of the Group’s business, including acquisitions and disposals, during the year and on future developments.

Dividends
On 18 February 2019, the Directors recommended a final dividend totalling 49.2 cent per share in respect of the year ended 31 December 2018 (see note 10 to the financial statements). This final dividend per share is an increase of 12.1% over the final 2017 dividend per share paid on 18 May 2018. This dividend is in addition to the interim dividend paid to shareholders on 16 November 2018, which amounted to 21.0 cent per share.

The payment date for the final dividend is 10 May 2019 to shareholders registered on the record date 12 April 2019.

Events After the Balance Sheet Date
Since year end, the Group has completed the acquisition of the business and assets of Southeastern Mills, a coatings and seasonings business based in the USA.

The Group also expects to complete the previously announced acquisition of Ariake USA Inc., a natural clean label savoury taste solutions business, in the second quarter of 2019.

Principal Risks and Uncertainties

Research and Development
The Group is fully committed to ongoing technological innovation in all sectors of its business, providing integrated customer focused product development by leveraging our global technology capabilities and expertise. To facilitate this, the Group has invested in highly focused research, development and application centres of excellence with a strategically located Global Technology & Innovation Centre, based in Naas, Ireland which is supported by Regional Development & Application Centres. Expenditure on research and development amounted to €274.6m in 2018 (2017: €268.7m).

Sustainability
The Group delivered good progress on its sustainability objectives in 2018 and in the implementation of the Kerry Group Sustainability Strategy ‘Towards 2020’. The Group remains committed to the highest standards of business and ethical behaviour; to fulfilling its responsibilities to the communities it serves and to the creation of long term value for all stakeholders on a socially and environmentally sustainable basis.

Details regarding the Group’s sustainability performance, policies and programmes in respect of the environment, marketplace, workplace and the community are outlined in the Sustainability Review on pages 49-72.
Share Capital

Details of the share capital are shown in note 27 of the financial statements. The authorised share capital of the Company is €35,000,000 divided into 280,000,000 A ordinary shares of 12.5 cent each, of which 176,298,416 shares were in issue at 31 December 2018.

The A ordinary shares rank equally in all respects. There are no limitations on the holding of securities in the Company.

There are no restrictions on the transfer of fully paid shares in the Company, but the Directors have the power to refuse the transfer of shares that are not fully paid. There are no deadlines for exercising voting rights other than proxy votes, which must be received by the Company at least 48 hours before the time of the meeting at which a vote will take place. There are no restrictions on voting rights except:

- where the holder or holders of shares have failed to pay any call or instalment in the manner and at the time appointed for payment; or
- the failure of any shareholder to comply with the terms of Article 13 of the Company’s Articles of Association (disclosure of beneficial interest).

The Company is not aware of any agreements between shareholders which may result in restrictions on the transfer of securities or on voting rights.

The Directors have the authority to issue new shares in the Company up to a maximum of 20 million new A ordinary shares. This authority will expire on 3 August 2019 and it is intended to seek shareholder approval to renew the authority at the Annual General Meeting (AGM) to be held on 2 May 2019.

Shareholders approved the authority for the Directors to allot shares for cash on a non-pro rata basis up to a maximum of 8,809,384 shares at the AGM held on the 3 May 2018, representing 5% of the A Ordinary Shares in issue on 2 March 2018. Shareholders also approved an authority to allot a further 8,809,384 A Ordinary Shares (5%) for cash on a non-pro rata basis provided the additional authority will only be used for the purpose of an acquisition or specified capital investment announced contemporaneously with the issue or which has taken place in the preceding six month period and is disclosed with the announcement of the issue. Neither authorities have been exercised and will expire on the 3 August 2019. It is intended to seek shareholder approval for their renewal at the 2019 AGM. During 2018, 116,011 shares were allotted pursuant to the Company’s Short and Long Term Incentive Plans as a result of shares which vested and options which were exercised. Further details are shown in note 28 to the financial statements.

The Company may purchase its own shares in accordance with the Companies Act 2014 and the Company’s Articles of Association. At the 2018 AGM, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital, but the authority was not exercised. This authority is due to expire on 3 August 2019 and it is intended to seek shareholder approval for its renewal at the 2019 AGM.

Substantial Interests

The Directors have been notified of the following shareholdings of 3% or more in the issued share capital of the Company:

<table>
<thead>
<tr>
<th>Shareholder</th>
<th>Number Held</th>
<th>%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Kerry Co-operative Creameries Limited (KCC)</td>
<td>24,048,456</td>
<td>13.6%</td>
</tr>
<tr>
<td>Blackrock Investment Management</td>
<td>8,526,222</td>
<td>4.8%</td>
</tr>
</tbody>
</table>

Apart from the aforementioned, the Company has not been notified of any interest of 3% or more in the issued share capital of the Company.

Directors

The Board, at the date of this report, consists of a Chairman, three Executive and eight independent Non-Executive Directors. The names and biographical details of the Directors are set out on pages 88-89.

Following the individual performance evaluation of all Directors, as outlined in the Corporate Governance Report on page 99, the Board recommends the election and re-election of all Directors seeking election and re-election.

The Directors’ and Company Secretary’s interests in shares and debentures are included in the Remuneration Report on page 129.

Board and Committee Changes

Michael Dowling retired as Chairman and from the Board following the conclusion of the AGM on 3 May 2018.

Philip Toomey was appointed Chairman of the Board on 3 May 2018. He stepped down from the Audit Committee and as Senior Independent Director on the same date.

Joan Garahy was appointed as Senior Independent Director on 3 May 2018.

Christopher Rogers was appointed to the Board on 8 May 2018 and was appointed Chairman of the Audit Committee on the same date.

Brian Mehigan transitioned from Group CFO to Chief Strategy Officer on 30 September 2018 and retired from the Board on 28 December 2018.
Marguerite Larkin was appointed Group CFO on 30 September 2018 and was appointed to the Board on the same date.

There were no other changes to the composition of the Board and its Committees during 2018.

The Articles of Association empower the Board to appoint Directors, but also require such Directors to retire and submit themselves for re-election at the next AGM following their appointment. For the purposes of the European Communities (Takeover Bids (Directive 2004/25/EC)) Regulations 2006 specific rules regarding the appointment and re-election of Directors are referred to in the Nomination Committee Report.

Corporate Governance
The Corporate Governance Report on pages 96-100 sets out the Company’s application of the principles, and compliance with the provisions of the 2016 UK Corporate Governance Code and Irish Annex (the Code).

Going Concern and Long Term Viability Statements
The going concern and long term viability statements in the Risk Report on page 86 set out the Company’s basis for the adoption of the going concern basis of accounting in preparing the Consolidated Financial Statements and the basis for the Directors’ conclusion 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 next three years.

Directors’ Responsibility Statement
The Directors are responsible for preparing the Annual Report and the financial statements in accordance with applicable laws and regulations.

Irish company law requires the Directors to prepare financial statements for each financial year, which give a true and fair view of the assets, liabilities and financial position of the Company and the Group, and of the profit or loss of the Group for that period. Under that law the Directors have elected to prepare group financial statements in accordance with International Financial Reporting Standards (IFRSs) and IFRSs as adopted by the European Union and Article 4 of the IAS Regulation and have also chosen to prepare the parent company financial statements under IFRSs and IFRSs as adopted by the European Union. In preparing the financial statements, the Directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state that the financial statements comply with IFRS and IFRSs as adopted by the European Union; and
- prepare the financial statements on the going concern basis unless it is inappropriate to presume that the Group will continue in business.

The Directors are responsible for ensuring that the company keeps adequate accounting records which correctly explain and record the transactions of the company, enabling at any time the assets, liabilities, financial position and profit or loss of the company to be determined with reasonable accuracy and ensuring that the financial statements are prepared in accordance with IFRSs and IFRSs as adopted by the European Union, comply with the Companies Act 2014 and as regards to the Group financial statements, Article 4 of the IAS Regulation and enable the financial statements to be audited.

The Directors are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities. The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Group’s website (www.kerrygroup.com). Irish legislation governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

In accordance with the Transparency (Directive 2004/109/EC) Regulations 2007 and the Transparency Rules of the Central Bank of Ireland, the Directors are required to include a management report containing a fair review of the business and a description of the principal risks and uncertainties facing the Group. The Directors are also required by applicable law and the Listing Rules issued by Euronext Dublin and the UK Listing Authority to prepare a Directors’ Report and reports relating to Directors’ remuneration and corporate governance.

Each of the Directors, whose names and functions are listed on page 90, confirm that, to the best of their knowledge and belief:

- the consolidated financial statements for the year ended 31 December 2018 have been prepared in accordance with IFRSs and IFRSs as adopted by the European Union and give a true and fair view of the assets, liabilities, and financial position of the Group and the undertakings included in the consolidation, taken as a whole, as at that date and its profit for the year then ended;
- the Company financial statements, prepared in accordance with IFRSs and IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2014, give a true and fair view of the assets, liabilities and financial position of the Company as at 31 December 2018;
- the Financial and Business Reviews on pages 32-48 include a fair review of the development and performance of the business for the year ended 31 December 2018 and the position of the Company and the Group at the year end;
- the Risk Report provides a description of the principal risks and uncertainties which may impact the future performance of the Company and the Group at the year end; and
- the Annual Report and financial statements, taken as a whole, provides the information necessary for shareholders to assess the Company’s and Group’s position and performance, business model and strategy and is fair, balanced and understandable.
Directors’ Compliance Policy Statement

It is the policy of the Company to comply with its relevant obligations (as defined in the Companies Act 2014). The Directors have drawn up a compliance policy statement (as defined in section 225(3)(a) of the Companies Act 2014) and arrangements and structures are in place that are, in the Directors’ opinion, designed to secure material compliance with the Company’s relevant obligations. The Directors confirm that these arrangements and structures were reviewed during the financial year. As required by Section 225(2) of the Companies Act 2014, the Directors acknowledge that they are responsible for the Company’s compliance with the relevant obligations. In discharging their responsibilities under Section 225, the Directors relied on the advice both of persons employed by the Company and of third parties who the Directors believe have the requisite knowledge and experience to advise the Company on compliance with its relevant obligations.

Accounting Records

To ensure that proper accounting records are kept for the Company in accordance with section 281 to 285 of the Companies Act 2014, the Directors employ appropriately qualified accounting personnel and maintain appropriate accounting policies and systems.

The accounting records of the Company are maintained at the Company’s registered office.

Accountability and External Audit

A statement relating to the Directors’ responsibilities in respect of the preparation of the financial statements is set out on page 93 with the responsibilities of the Company’s external Auditors outlined on page 137.

The financial statements on pages 138-202 have been audited by PricewaterhouseCoopers (PwC), Chartered Accountants.

In accordance with Section 383(2) of the Companies Act 2014 the Company’s external auditors, PwC, will continue in office. A resolution authorising the Directors to determine their remuneration will be proposed at the Annual General Meeting.

Disclosure of Information to the External Auditors

Each of the Directors, who were members of the Board at the date of approval of this Report of the Directors, confirms that:

– so far as they are aware there is no relevant audit information of which the Company’s external auditors are unaware; and
– they have taken all the steps that they ought to have taken as a Director in order to make themselves aware of any relevant audit information and to establish that the Company’s external auditors are aware of that information.

Memorandum and Articles of Association

The Company’s Memorandum and Articles of Association set out the objects and powers of the Company. The Articles of Association of the Company may only be amended by way of special resolution approved by shareholders in a general meeting. They were last amended, effective as of 3 May 2018, by way of a special resolution passed at the Annual General Meeting held on the same date.

A copy of the Articles of Association can be obtained from the Company’s website (www.kerrygroup.com).

Change of Control Provisions

The Company’s financing arrangements include ‘Change of Control’ provisions which give its lending institutions the right to withdraw their facilities in the event of a change of control occurring unless they agree otherwise in writing. Other than change of control provisions in those arrangements, the Company is not a party to any other significant agreements which contain such a provision.

Political Donations

During the year the Company made no political contributions which require disclosure under the Electoral Act, 1997.

Group Entities

The principal subsidiaries and associated undertakings are listed in note 36 to the financial statements.

Retirement Benefits

Information in relation to the Group’s retirement benefit schemes is given in note 26 to the financial statements.

Taxation

So far as the Directors are aware, the Company is not a close company within the definition of the Taxes Consolidation Act, 1997. There has been no change in this respect since 31 December 2018.

Financial Instruments

The financial risk management objectives and policies, along with a description of the use of financial instruments are set out in note 24 to the financial statements.
Information Required to be Disclosed by Listing Rule 6.8.1, Republic of Ireland Listing Authority

For the purposes of Listing Rule 6.8.1, the information required to be disclosed can be found in the following locations:

<table>
<thead>
<tr>
<th>Section</th>
<th>Topic</th>
<th>Location</th>
</tr>
</thead>
<tbody>
<tr>
<td>(1)</td>
<td>Interest capitalised</td>
<td>Statement of accounting policies</td>
</tr>
<tr>
<td>(2)</td>
<td>Publication of unaudited financial information</td>
<td>Supplementary information</td>
</tr>
<tr>
<td>(3)</td>
<td>Details of small related party transactions</td>
<td>Note 33 to the financial statements</td>
</tr>
<tr>
<td>(4)</td>
<td>Details of long term incentive schemes</td>
<td>Remuneration Committee Report</td>
</tr>
<tr>
<td>(5) – (14)</td>
<td>Section 5 – 14 of Listing Rule 6.8.1</td>
<td>Not applicable</td>
</tr>
</tbody>
</table>

Cross References
All information cross referenced in this report forms part of the Report of the Directors.

Signed on behalf of the Board:

Philip Toomey  
Chairman  
18 February 2019

Edmond Scanlon  
Chief Executive  
18 February 2019
Dear Shareholder,

I am pleased to present the Kerry Group Corporate Governance Report for the year ended 31 December 2018.

The Corporate Governance Report describes how we apply the main principles of good governance as set out in the 2016 UK Corporate Governance Code and the Irish Annex (the Code). On behalf of the Board, I can confirm that for the year under review the Group has fully complied with the provisions of the Code. As Chairman, I will ensure, with Board support, that the provisions of the new UK Corporate Governance Code (effective from 1 January 2019) will be implemented maintaining the Group’s commitment to achieving high standards of governance.

The Board sets the tone and shared values for the way in which the Group operates. This culture is underpinned by a robust risk management framework consisting of policies, procedures and tasks, including a Code of Conduct which defines business conduct standards for anyone working for, or on behalf of, the Group. Given the importance of culture to the success of the Business Model, the Board will continue to assess and monitor the Group’s culture to ensure that it is aligned with the Group’s strategy and values and is adequately embedded across the Group.

The Board, in conjunction with the Nomination Committee, ensures that there are robust plans in place to facilitate Board, Executive and senior management succession. During 2018, the Board appointed a new Chairman and Senior Independent Director, oversaw the CFO transition process and undertook a formal process to recruit a new non-Executive Director and Chairman of the Audit Committee. Details of the Executive and non-Executive Director and Committee changes that occurred during the year, are set out in the Nomination Committee Report on page 109.

Diversity at Board level has been a focus for the Nomination Committee for a number of years and continues to be a key factor when considering Board refreshment. Improving and monitoring diversity beyond gender and below Board level will be a key area of focus for the Board and the executive team in 2019.

In order to operate effectively companies must understand those resources and relationships that matter most to their success. The Group’s stakeholders include shareholders, employees, customers, suppliers and the community in which it operates. In line with the requirements of the new revised Code, the Board will ensure effective engagement with all stakeholders.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2018, this was an internal self-assessment which was conducted by the Chairman of the Board and the Senior Independent Director. The evaluation concluded that the Board and its Committees are performing well. Details of the process and resulting actions arising from this review can be found on page 99.

Details of the Group’s activities and the operations of the Board, contained in the following report, outline the manner in which the Group has achieved compliance with the Code through the activities and operations of the Board and its Committees during the year.

Philip Toomey
Chairman of the Board
Leadership

Board Composition and Membership

The Board is responsible for ensuring the long term sustainable success of the Company through experienced leadership and establishing effective control and oversight of the Group’s activities.

There are 12 members of the Board, which comprises of a non-Executive Chairman, Chief Executive, Chief Financial Officer, one other Executive Director, and eight non-Executive Directors.

Mr. Philip Toomey was appointed as Chairman of the Board on 3 May 2018, succeeding Mr. Michael Dowling who retired as a non-Executive Director and Chairman on the same date. On his appointment Mr. Toomey met the independence requirements as set out in the Code.

The Directors are of the opinion that the composition of the Board provides the extensive relevant business experience needed to oversee the effective operation of the Group’s activities and that the individual Directors bring a diverse range of skills, knowledge and experience, including financial as well as industry and international experience, necessary to provide effective governance and oversight of the Group.

Board Role and Operations

The Board’s role is to promote the long-term sustainable success of the Company generating value for all its stakeholders, including shareholders, employees, customers, suppliers and the communities in which it operates, while exercising business judgement on developing strategy, delivering objectives and managing the risks that face the organisation. It is also responsible for instilling the appropriate culture, values and behaviours throughout the organisation. The Board has a formal schedule of matters specifically reserved to it for decision as noted below and has delegated other responsibilities to management for day-to-day operations within the context of the Kerry Group Governance Framework as outlined on page 98.

Schedule of Matters Reserved for the Board

- Appointments to the Board;
- Ensuring compliance with corporate governance, legal, statutory and regulatory requirements;
- Approval of the overall Group strategic and operating plans;
- Monitoring and review of risk management and internal control systems;
- Approval of acquisitions and divestitures;
- Approval of significant capital expenditure;
- Treasury policy including approval of changes to the Group’s capital structure;
- Approval of dividend policy and dividends;
- Approval of annual budgets;
- Approval of preliminary results, interim management statements and interim financial statements;
- Assessment of the long term viability of the Group and the going concern assumption, and
- The preparation of, and confirmation that, the annual report and financial statements present a fair, balanced and understandable assessment of the Company’s position, performance and prospects.

The Directors are responsible for strategic oversight of the Company and may exercise all the powers of the Company subject to the provisions of relevant statutes, to any directions given by shareholders in General Meetings and to the Company’s Memorandum and Articles of Association. The fundamental responsibility of the Directors is to exercise their business judgement on matters of critical and long term significance to the Group.

The Chairman ensures that all Directors have full and timely access to such information as they require to discharge their responsibilities fully and effectively. Board papers are issued to each Director at least one week in advance of Board meetings and include the meeting agenda, minutes of the previous Board meeting and all papers relevant to the agenda. The Chairman, in conjunction with the Company Secretary, has primary responsibility for setting the agenda for each meeting. All Directors continually receive comprehensive reports and documentation on all matters for which they have responsibility to allow them to fully complete their duties as a Director. All Directors participate in discussing strategy, trading updates, financial performance, significant risks and operational activities. Board meetings are of sufficient duration to ensure that all agenda items and any other material non-agenda items that may arise are adequately addressed.

Each Director has access to the advice and services of the Company Secretary, whose responsibilities include ensuring that Board procedures are followed, assisting the Chairman in relation to corporate governance matters and ensuring the Company complies with its legal and regulatory obligations. In accordance with an agreed procedure, in the furtherance of their duties, each Director has the authority to engage independent professional advice at the Company’s expense. There is a Directors and Officers liability policy in place for all Directors and Officers of the Company against claims from third parties relating to the execution of their duties as Directors and Officers of the Company and any of its subsidiaries.

Strategy

2018 was the first year of the Group’s new strategic plan which was communicated to the market at a Capital Markets Day held in October 2017. During the year the Board received presentations from Group and divisional management on progress to date implementing the strategies for growth, margin expansion and return on investment that underpin the plan and its associated financial targets. During the presentations the Board provided input and strategic guidance as required. The Board is happy with the progress achieved in 2018 and remains confident that the Business Model and strategies will deliver sustained value for all stakeholders in the years to come.

Meetings and Attendance

The Board meets sufficiently regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board and the AGM. Should any Director be unable to attend a Board meeting in person, conferencing arrangements are available to facilitate participation. In the event that a Board member cannot attend or participate in the meeting, the Director may discuss and share opinions on agenda items with the Chairman, Chief Executive, Senior Independent Director or Company Secretary in advance of the meeting.

During 2018, the Board met seven times and there was full attendance by all members at meetings held during their time in office.
Chairman and Chief Executive
The roles of the Chairman and Chief Executive are separate and the division of duties between them is formally established, set out in writing and agreed by the Board. The Chairman is responsible for leadership of the Board and ensuring its effectiveness in all respects. The Executive Directors, led by the Chief Executive, are responsible for the management of the Group’s business and the implementation of Group strategy and policy.

Senior Independent Director
Ms. Joan Garahy is the Group’s Senior Independent Director (SID). The principal role of the SID is to provide a sounding board for the Chairman and to act as an intermediary for other Directors as required. The SID is responsible for the appraisal of the Chairman’s performance throughout the year. She is also available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Chief Executive.

Independence
The Board, as a whole, has assessed the non-Executive Directors independence and confirmed that, in its opinion, all non-Executive Directors are independent in accordance with the Code.

Board Committees
The Board has three Committees, the Audit Committee, the Nomination Committee and the Remuneration Committee, which support the operation of the Board through their focus on specific areas of governance. Each Committee is governed by its terms of reference, available from the Group’s website (www.kerrygroup.com) or upon request, which sets out how it should operate including its role, membership, authority and duties. Reports on the activities of the individual Committees are presented to the Board by the respective Committee Chairpersons.

Further details on the duties, operation and activities of all Board Committees can be found in their respective reports on pages 101-131 and these reports form part of the Governance Report.

Kerry Group Governance Framework
Kerry Group has a clear Governance Framework with defined responsibilities and accountabilities as outlined in the diagram below.
This Governance Framework is designed to safeguard long term shareholder value.

Board Effectiveness

Board Induction and Development
On appointment to the Board, each new non-Executive Director undergoes a full formal induction programme. This induction includes an overview of their duties and responsibilities as a Director, presentations on the Group’s operations and results, meetings with key executive management and an outline of the principal risks and uncertainties of the Group.

Throughout the year, the Board as a whole engages in development through a series of consultations with subject matter experts on a range of topics including risk management, corporate governance and strategy. Presentations are also made by Executive Directors and senior management on various topics throughout the year in relation to their areas of responsibility.

On an annual basis, a Board meeting is combined with a comprehensive schedule of visits, over a week-long period, to the Group’s operating facilities to allow Directors further develop their understanding of the Group’s activities and meet with local senior management. The June 2018 Board meeting was held in Kerry’s Regional Application Centre, in Durban, South Africa. The visit focused on Kerry’s Taste & Nutrition Strategy for Sub Saharan Africa (SSA) and Middle East, North Africa and Turkey (MENAT) sub-regions. It also afforded Board members the opportunity to meet and engage with key leaders and emerging talent from many countries in the sub-regions. Whilst in South Africa the Board visited the site for the Group’s new manufacturing facility in Durban and undertook a market immersion tour during which the Board saw firsthand the different markets for the Group’s products in South Africa as well as having the opportunity to meet with major customers.

As part of their personal development plans, individual non-Executive Directors were also afforded the opportunity to visit a number of the Group’s international facilities and operations during 2018.

Individual Board members training requirements are reviewed with the Chairman and Company Secretary and training is provided to address these needs.
Board Performance Evaluation

In accordance with provisions of the Code, a performance evaluation of the Board is carried out annually and facilitated externally every third year. In 2018, the Board performed an internal self-evaluation of the performance of the Board, Board Committees, the Chairman and individual Directors against a set of pre-defined key criteria. The review was conducted by the Chairman of the Board and the Senior Independent Director and was facilitated by the Company Secretary. The review was undertaken using Thinking Board, Independent Audit Limited’s governance self-assessment process. Independent Audit Limited, based in the UK, is recognised as a leading firm of board reviewers, and has no other connections to the Group.

The Chairman appraised the performance of each of the non-Executive Directors by meeting each Director individually. The key areas reviewed were independence, contribution and attendance at Board meetings, interaction with Executive Directors, the Company Secretary and senior management, ability to communicate issues of importance and concern, their knowledge and effectiveness at meetings and the overall time and commitment to their role on the Board. During his appraisal the Chairman considered the recent appointment of Mr. Christopher Rogers as Interim Executive Chairman at Walker Greenbank plc. The Chairman and the Board are satisfied that this appointment is temporary and it has not impacted on Mr. Rogers’ time commitment to Kerry where he continues to make a valuable contribution to the Board. Prior to accepting the appointment Mr. Rogers discussed the nature of the role and the time commitment involved with the Chairman.

In addition, the Senior Independent Director formally appraised the performance of the Chairman. This appraisal was similar to the non-Executive Director evaluation process which included feedback from all Directors on the Chairman’s performance during the year.

During the year, the non-Executive Directors met without the presence of the Executive Directors and, led by the Chairman, undertook a formal review of the performance of the individual Executive Directors.

To conclude on the appraisal of the non-Executive Directors, the Chairman and the Executive Directors, results were collated, summarised and presented to the Board. The appraisal process concluded that each Director is performing well and is committed to their role in terms of dedication of time and attendance at meetings.

At the December Board meeting, the Board considered the outcome of the Board evaluation report (including the Board Committees).

Overall, the Board concluded that no area of significant weakness had been identified and that it and its committees operated effectively throughout the period under review. A number of points for improvement were identified and action plans established to address them.

Progress against recommendations from the previous evaluation was also considered and the Board is satisfied that improvements have been made that have enhanced the operation and effectiveness of both the Board and its Committees.

The Chairman, along with the Company Secretary, will ensure that suggestions from the 2018 self-evaluation report and areas for consideration arising from the Directors’ appraisal, where identified, will be addressed during 2019. As required by the Code, the performance evaluation of the Board, its Committees and Directors will be externally facilitated in 2019, as the last externally facilitated evaluation was completed in 2016.

Accountability

Risk Management and Internal Controls

The internal control framework in Kerry Group encompasses the policies, processes, tasks and behaviours, which together facilitate the Group’s effective and efficient operation by enabling it to respond appropriately to significant business, operational, financial, compliance and other risks to achieve its business objectives. The systems which operate in Kerry Group provide reasonable, but not absolute, assurance on:

- the safeguarding of assets against unauthorised use or disposition; and
- the maintenance of proper accounting records and the reliability of the financial information produced.

The Board has delegated certain duties to the Audit Committee in relation to the ongoing monitoring and review of risk management and internal control systems. The work performed by the Audit Committee is described in its report on pages 101-105.

Full details of the risk management systems are described in the Risk Report on pages 73-75.

The principal risks and uncertainties facing the Group, including those that could threaten the business model, future performance, solvency or liquidity are described on pages 75-86. The Directors confirm that they have carried out a robust assessment of these risks and the actions that are in place to mitigate them.

The Directors confirm that they have also reviewed the effectiveness of the systems of risk management and internal control which operated during the period covered by these financial statements and up to the date of this report. Based on the review performed, the Directors concluded that for the year ended 31 December 2018, the Group’s systems of risk management and internal control were effective. The procedures adopted comply with the guidance contained in Guidance on Risk Management, Internal Control and Related Financial and Business Reporting (2014) as published by the Financial Reporting Council in the UK.
Features of Internal Control in Relation to the Financial Reporting Process

The main features of the internal control and risk management systems of the Group in relation to the financial reporting process include:

– The Board review and approve a detailed annual budget and monitor performance through periodic Board reporting;
– Prior to submission to the Board with a recommendation to approve, the Audit Committee review the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and all formal announcements relating to these statements;
– Adherence to the Group Code of Conduct and Group policies published on the Group’s intranet ensures the key controls in the internal control system are complied with;
– Monthly reporting and financial review meetings are held to review performance at business level ensuring that significant variances between the budget and detailed management accounts are investigated and that remedial action is taken as necessary;
– The Group has a Financial Compliance function to establish compliance policies and monitor compliance across the countries in which the Group operates;
– The Group operates a control self-assessment system covering the key controls for a number of key Financial and Operational functions within the Group;
– A well-resourced and appropriately skilled Finance function is in place throughout the Group;
– Completion of key account reconciliations at reporting unit and Group level;
– Centralised Taxation and Treasury functions and regional Shared Service Centres established to facilitate appropriate segregation of duties;
– The Group Finance Committee has responsibility for raising finance, reviewing foreign currency risk, making decisions on foreign currency and interest rate hedging and managing the Group’s relationship with its finance providers;
– The Board, through the Audit Committee, completes an annual assessment of risks and controls;
– Appropriate ICT security environment; and
– The Internal Audit function continually reviews the internal controls and systems and makes recommendations for improvement which are reported to the Audit Committee.

Fair, Balanced and Understandable

The Directors have concluded that the Annual Report and financial statements, taken as a whole, provides the information necessary for shareholders to assess the Company’s and Group’s position and performance, business model and strategy and is fair, balanced and understandable. This assessment was completed by the Audit Committee and the activities undertaken in reaching this conclusion are discussed on page 103.

Relations with Shareholders

Shareholder Communications

The Board ensures that an effective channel of communication with existing and potential shareholders exists. The Group is committed to interacting with Kerry’s investment community to share details of its Strategic Plan, long term targets and trading performance.

The Group annual and interim reports together with its interim Management Statements are the principal mediums through which the Company communicates with its shareholders.

Where necessary, the Board and Committee Chairpersons engage with shareholders on specific topics and, where relevant, provide feedback to other Directors. The Chairman and Senior Independent Director are also available throughout the year to meet shareholders on request.

During the year, the Chief Executive, the Chief Financial Officer, other members of Kerry’s Leadership team, the Sustainability Officer and the Investor Relations team engaged with investors through a variety of formats including hosting Kerry Investor events and visits to Kerry Technology & Innovation Centres in Ireland and Singapore as well as facilitating both foodservice and supermarket investor tours. In October, Kerry hosted its first Investor Day in Asia at the Technology & Innovation Centre in Singapore. Focused on South East Asia, the local team provided a deep dive into the business to showcase the proven track record in the region, growth potential and Kerry’s winning business model. Group Chairman Mr. Philip Toomey, attended the investor day on behalf of the Board.

Overall the Investor Relations team engaged with over 700 investors through participation in roadshows, meetings and attendance at conferences in 19 cities.

Executive management supported by the Investor Relations team maintains constant engagement with the investment community in relation to many topics including Group strategy, financial performance, capital allocation and investment decision making, sustainability, Board composition and succession planning. In addition, a significant amount of published material including results releases, presentations, share price information and news releases are accessible to all shareholders on the Group’s website (www.kerrygroup.com) and through the Kerry Group Investor Relations online application, which is available on iPad, iPhone and Android. Through the investors section of the website, shareholders and others can subscribe to receive automated email alerts when new information is posted to the site.

Annual General Meeting

The AGM provides an opportunity for the Directors to deliver presentations on the business and for shareholders, both institutional and private, to question the Directors directly.

All Directors attend the AGM and are available to meet with shareholders and answer questions as required. Notice of the AGM, proxy statement and the Annual Report and financial statements are sent to shareholders at least 20 working days before the meeting. A separate resolution is proposed at the AGM on each substantially separate issue including a particular resolution relating to the adoption of the Directors’ and Auditors’ reports and the financial statements. Details of the proxy votes for and against each resolution, together with details of votes withheld are announced after the result of the votes by hand. These details are published on the Group’s website following the conclusion of the AGM. At the AGM held on 3 May 2018, there were no material votes cast against any resolutions.
Dear Shareholder,

On behalf of the Audit Committee it is my pleasure to present our report for the year ended 31 December 2018. This is my first Audit Committee report having been appointed as Audit Committee Chairman following the appointment of Mr. Philip Toomey as Chairman of the Board on 3 May 2018. I would like to acknowledge and thank Philip for his support during the transition process and also for his valued leadership of the Committee over the last five years. I would also like to thank the members of the Committee for their diligence and support during the year.

The report details how the Audit Committee fulfilled its responsibilities during the year under the 2016 UK Corporate Governance Code and the Irish Annex (the Code) and the 2016 Financial Reporting Council (FRC) Guidance on Audit Committees. During the year, we have continued to focus our efforts on the Committee’s core areas of responsibility of maintaining integrity across all aspects of Group reporting, internal control, risk management and audit quality. The chart on page 102 outlines the allocation of the Committee’s time across these various activities.

The Committee is responsible for assisting the Board in regard to the assessment of the principal risks facing the Group, including reviewing the Group’s risk management and internal control systems. The work performed by the Committee in this regard encompassing ongoing monitoring and the review of effectiveness is detailed on page 103.

The Committee is also responsible for monitoring the integrity of the Group’s financial statements and any formal announcement relating to the Group’s financial performance. In addition, the Committee assisted the Board in determining that the Annual Report and Financial Statements, when taken as a whole, is fair, balanced and understandable and provides the information necessary for shareholders to assess the Group’s and the Company’s position, performance, business model and strategy.

The work completed in this regard is set out on page 103.

As outlined on page 105, the Committee has considered the requirements of the Companies Act 2014 in relation to the Directors’ Compliance Statement and is satisfied that appropriate steps have been undertaken by the Company to ensure that it is materially compliant with its relevant obligations.

Our engagement with the Group Internal Audit function and external auditors is detailed on page 104-105.

I trust you will find this report useful in understanding the operation and activities of the Committee over the year. I will be available to shareholders at the forthcoming AGM to answer any questions relating to the role of the Committee.

Christopher Rogers
Chairman of the Audit Committee
Roles and Responsibilities

The main roles and responsibilities of the Committee, which reflect the Code and the Guidance on Audit Committees, are set out in written terms of reference which are available from the Group’s website (www.kerrygroup.com) or upon request.

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

Primary Responsibilities of the Audit Committee

- Ensuring the interests of shareholders are properly protected in relation to financial reporting and internal control;
- Assisting the Board in executing its duties in relation to risk management and oversight and monitoring of internal controls;
- Monitoring the work of the Internal Audit function;
- Making recommendations to the Board in relation to the appointment, reappointment and removal of the Group’s external auditor as well as monitoring their effectiveness and independence;
- Reviewing the Interim Management Statements, the Interim and Annual Consolidated Financial Statements and considering the appropriateness of accounting policies and practices;
- Advising the Board on whether it believes there are any material uncertainties that may impact the Group’s ability to continue as a going concern or impact the Group’s long term viability;
- Advising the Board on whether the Annual Report and Financial Statements, when taken as a whole are fair, balanced and understandable;
- Advising the Board on the effectiveness of the Group’s whistleblowing arrangements; and
- Advising the Board in relation to compliance with stock exchange and other legal or regulatory requirements.

During the year, the Audit Committee Chairman provided a letter to the Board outlining how the Committee discharged its duties in 2018.

Committee Meetings

The Committee met six times during the year and there was full attendance by Committee members, who were eligible to attend, at all meetings.

Typically, the Chief Executive, the Chief Financial Officer, the Group Financial Controller and the Head of Internal Audit as well as representatives of the external auditor are invited to attend meetings of the Committee. In addition, the Chairman of the Board attends meetings at the invitation of the Committee. When required, other key executives and senior management are invited to attend meetings to provide a deeper insight on agenda items related to the Group’s principal risks.

The Committee meet with the external auditor and the Head of Internal Audit, without other executive management being present, on an annual basis in order to discuss any issues which may have arisen in the year under review.

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

The allocation of the Audit Committee’s time across each of its key activities is detailed below.

Committee Membership

During 2018, the Audit Committee comprised four independent non-Executive Directors; Dr. Hugh Brady, Ms. Joan Garahy, Mr. Tom Moran and was chaired by Mr. Christopher Rogers from 8 May 2018 having succeeded Mr. Philip Toomey who stepped down from the Committee on 3 May 2018.

As required by the Code, the Board is satisfied that both Mr. Christopher Rogers and Ms. Joan Garahy meet the requirements for recent and relevant financial experience. Mr. Rogers has joined the Committee bringing a wide range of international experience both as a business leader and as a non-Executive Director. He previously served as an Executive Director of a global food and drinks FTSE 100 listed company for several years and currently holds a number of non-Executive Directorships, including Chairman of the Audit and Risk Committee of a leading FTSE 250 listed energy group. The Board is satisfied that together, the members of the Committee, as set out in their biographical details on page 89, bring a broad range of relevant experience and expertise, from a wide variety of industries and backgrounds, and as a whole have competence relevant to the sectors in which the Group operates.

The Company Secretary is the Secretary of the Committee.

Committee Evaluation

The internal evaluation of Board effectiveness described on page 99 included a review by the Committee of its own effectiveness. The Audit Committee was deemed to be operating effectively and efficiently. The Committee is satisfied that formal and transparent arrangements exist for considering corporate reporting, risk management, internal control principles and for maintaining an appropriate relationship with the Company’s external auditor.
### Significant Financial Reporting Judgements

**Business Combinations**

The Group acquired ten businesses during the financial year which were accounted for as business combinations. The Committee reviewed the methodology and assumptions applied in determining these provisionally estimated fair values and found the methodology and assumptions to be appropriate following discussion with senior management and the external auditor.

**Impairment of Goodwill and Indefinite Life Intangible Assets**

Goodwill and indefinite life intangible assets, as disclosed in note 12 to the financial statements, represents the largest number on the Group balance sheet at €4.1bn. The Committee considered the process to complete the annual impairment review of the Group’s goodwill and indefinite life intangible assets and specifically the assumptions used for the future cash flows, discount rates, terminal values and growth rates. The Committee found that the methodology used for the above valuation and annual impairment review are appropriate following discussions with senior management and the external auditor.

**Taxation**

Significant judgement and a high degree of estimation is required when arriving at the Group’s tax charge and liability. The Committee, in conjunction with tax professionals, reviewed and discussed the basis for the judgments in relation to uncertain tax positions and challenged management on their assertions and also considered the outcome of the external auditors’ review of the tax charge and liability. As a result, the Committee believes the impact of uncertain tax positions has been appropriately reflected in the tax charge and liability.

### Key Activities

#### Financial Reporting and Significant Financial Judgements

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

- the appropriateness and consistency of accounting policies and practices;
- the going concern assumption;
- compliance with applicable financial reporting standards, corporate governance requirements and the clarity and completeness of disclosures; and
- significant areas in which judgement had been applied in the preparation of the financial statements in accordance with the accounting policies.

A key responsibility of the Committee is to consider the significant areas of complexity, management judgement and estimation that have been applied in the preparation of the financial statements. The Committee has, with the support of PwC as external auditor, reviewed the suitability of the accounting policies which have been adopted and whether management have made appropriate judgements and disclosures. The table above sets out the significant matters considered by the Committee in relation to the financial statements for the year ended 31 December 2018.

#### Fair, Balanced and Understandable

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

In satisfying this responsibility, the Committee considered the following:

- the timetable for the co-ordination and preparation of the Annual Report and Financial Statements, including key milestones as presented at the December Audit Committee meeting;
- the systematic approach to review and sign-off carried out by senior management with a focus on consistency and balance;
- a detailed report from senior finance management was presented to the Audit Committee outlining the process through which they assessed the narrative and financial sections of the 2018 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved; and
- the draft Annual Report and Financial Statements were available to the Audit Committee in sufficient time for review in advance of the Committee meeting to facilitate adequate discussion at the meeting.

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

#### Internal Control and Risk Management

The Audit Committee supports the Board in its duties to review and monitor, on an ongoing basis, the effectiveness of the Group’s risk management and internal control systems. A detailed overview of the Group’s risk management framework is set out in the Risk Report on pages 73-75.

Throughout the year, the Committee:

- reviewed and approved the assessment of the principal risks and uncertainties that could impact the achievement of the Group’s strategic objectives as described on pages 76-85;
- received presentations on a selection of principal risks and discussed with senior management the material internal controls that exist to mitigate these to levels within the Group’s risk appetite;
- reviewed quarterly reports from the Head of Internal Audit based on internal audits completed outlining non-compliances with Group controls and management’s action plans to address them;
- considered reports from the Head of Internal Audit on fraud investigations or other significant control failures which occurred during the year and approved plans to address and remediate the issues identified;
The vast majority of the CIIA standards. providing independent assurance to the Group and conforms with 2017, and found that the Internal Audit function was effective in framework in line with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting; and reviewed the report from the external auditor in respect of significant financial accounting and reporting issues, together with significant internal control weak observations.

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

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

- received updates from the Group Financial Controller on any control weaknesses identified through monthly financial review meetings;
- considered the results of the Kerry Control Reporting System (the internal control self-assessment review of material finance, operational and compliance controls) and concluded that the controls are operating effectively;
- assessed the Group’s risk management and internal control framework with the FRC Guidance on Risk Management, Internal Control and Related Financial and Business Reporting; and
- reviewed the report from the external auditor in respect of significant financial accounting and reporting issues, together with significant internal control weakness observations.

In order to comply with the Chartered Institute of Internal Auditors (CIIA) requirements, an External Quality Assessment (EQA) by an independent body is conducted at least every five years to confirm conformance with the International Professional Practice Framework of the CIIA. The most recent EQA was completed in 2017, and found that the Internal Audit function was effective in providing independent assurance to the Group and conforms with the vast majority of the CIIA standards.

In addition, the assessment contained a number of recommendations to be considered to further evolve and strengthen the Internal Audit function’s effectiveness. The recommendations are being implemented and the Committee will continue to monitor this.

On the basis of the above the Committee concluded that for 2018 the Internal Audit function was performing well and is satisfied that the quality, experience and expertise of the function is appropriate for the Group.

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

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

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

PwC confirmed to the Audit Committee that they are independent from the Group under the requirements of the Irish Auditing and Accounting Supervisory Authority’s Ethical Standards for Auditors. The lead engagement partner on the Group’s audit is John McDonnell who was appointed in 2016 and it is planned that he will rotate at the end of the audit of the results for financial year 2020 in order to ensure continued independence and objectivity. In accordance with the Group’s policy on the hiring of former employees of the current external auditor, the Committee reviews and approves any appointment of an individual, within three years of having previously been employed by the current external auditor, to a senior managerial position in the Group.

A formal policy governing the provision of non-audit services by the external auditor is in place and this policy is reviewed and approved by the Audit Committee on an annual basis. This policy is designed to safeguard the objectivity and independence of the external auditor and to prevent the provision of services which could result in a potential conflict of interest. The policy outlines the services that can be provided by the external auditor, the relevant approval process for these services, and those services which the external auditor is prohibited from providing (as outlined in Article 5 of EU Regulation 537/2014). Prohibited services include activities such as certain tax services, book-keeping and work relating to the preparation of accounting records and financial statements that will ultimately be subject to external audit, financial information system design and implementation, internal auditing and any work where a mutuality of interest is created that could compromise the independence of the external auditors.

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In 2018, all non-audit services and fees were approved by the Audit Committee in line with policy. The Committee is satisfied that the fees paid to PwC which were minimal, did not compromise their independence or objectivity. Full details of the fees paid to the external auditors during the year are outlined in note 3 to the financial statements. Having considered all of the above, the Committee concluded that the Group's external auditor is independent.

**Effectiveness**

Post completion of the 2017 audit, in conjunction with PwC, review meetings were held with senior finance management across all regions and it was confirmed by both parties that no issues had arisen during the audit process.

At the November Audit Committee meeting, PwC outlined to the Committee in detail the external audit plan. The Committee discussed the significant audit risks and key audit matters, audit scope and materiality amongst other matters. The Audit Committee agreed that the plan and the materiality at which any misstatements should be reported by PwC to the Committee was appropriate.

Prior to the finalisation of the 2018 Financial Statements, the Audit Committee received a detailed presentation and final report from PwC. The Committee also considered feedback from the lead partner and senior executives in concluding that PwC effectively delivered against the objectives of the agreed audit plan.

In assessing the effectiveness of the external auditor the Audit Committee also considered the following:
- the quality of presentations to the Board and Audit Committee;
- the technical insights provided relevant to the Group; and
- demonstration of a clear understanding of the Group's business and key risks.

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

**Appointment**

The Audit Committee reviews annually the appointment of the external auditor, taking into account the auditor’s effectiveness and independence. On that basis, the Committee recommended to the Board that PwC should continue in office as the auditor to the Group in respect of the year ending 31 December 2019.

The Audit Committee approved the remuneration of the external auditor, details of which are set out in note 3 to the financial statements.

**Directors Compliance Statement**

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

**Whistleblowing and Fraud Arrangements**

During 2018, the Committee considered the Group's arrangements for its employees to raise concerns in confidence about possible wrong doings in financial reporting and any other matters, which included a review of the Group's 'Express a Concern Service'. This service, which is run by an independent external provider, is multi-lingual and is accessible to all employees and third parties 24 hours a day either by phone or by email.

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

On behalf of the Nomination Committee, I am pleased to present our report for the year ended 31 December 2018. This report sets out the Committee’s key activities in 2018 as well as the Committee’s priorities for 2019.

The Nomination Committee is responsible for evaluating the structure, size, composition and successional needs of the Board and making recommendations on same, with due regard for Board diversity. Additionally, the Committee is responsible for the review of the results of the annual Board evaluation process as it relates to the Board and Committee performance and composition.

On 3 May 2018, I was appointed Chairman of the Board succeeding Mr. Michael Dowling who retired from the Board on the same date. On 30 September 2018, Mr. Brian Mehigan retired as Chief Financial Officer and stepped down from the Board on 28 December 2018. Ms. Marguerite Larkin was appointed Chief Financial Officer on 30 September 2018 and to the Board on the same date.

During the year under review, the Committee continued to lead the Board refreshment process ensuring that the composition of the Board and its Committees has the correct balance of skills, knowledge, experience, diversity and independence. We engaged independent external agencies to conduct a search for new independent non-Executive Directors. Potential non-Executive Directors were considered by the Committee and a shortlist was interviewed after assessing their qualifications against the above criteria and their time commitments. This culminated in the appointment of Mr. Christopher Rogers to the Board and as Audit Committee Chairman on 8 May 2018. Mr. Rogers is a highly experienced international board director and business leader. Non-Executive Director succession remains a priority as we continue to identify a pipeline of appropriate talent.

An internal review of the effectiveness of the Board and its’ Committees was conducted during 2018 and the outcome of this review is that the Board and its’ Committee are performing well. Further details are set out on page 99.

The Committee’s priority for the coming year will continue to be on Board refreshment taking account of skill sets required, diversity and planned retirements over the coming years. The Committee will also focus on senior management development and succession planning whilst having regard to diversity below Board level and taking account of business growth and geographic expansion.

The Committee has considered the changes resulting from the Financial Reporting Council’s review of the UK Corporate Governance Code particularly in relation to Board diversity and director independence and will take these into account in its work programme for 2019.

Philip Toomey
Chairman of the Nomination Committee
Role and Responsibilities

The main roles and responsibilities of the Committee, which were reviewed during 2018, are set out in written terms of reference which are available from the Group’s website (www.kerrygroup.com) or upon request.

The key responsibilities outlined in the terms of reference are included in the following table:

<table>
<thead>
<tr>
<th>Primary Responsibilities of the Nomination Committee</th>
</tr>
</thead>
<tbody>
<tr>
<td>- Evaluating the balance of skills, experience, independence, knowledge and diversity of the Board to ensure optimum size and composition;</td>
</tr>
<tr>
<td>- Ensuring an appropriate nomination process is in place for Board appointments;</td>
</tr>
<tr>
<td>- Ensuring a formal induction plan is in place for each new Director on appointment;</td>
</tr>
<tr>
<td>- Reviewing a candidate’s other commitments to ensure that on appointment, a candidate has sufficient time to undertake the role;</td>
</tr>
<tr>
<td>- Reviewing the Board Diversity Policy;</td>
</tr>
<tr>
<td>- Making recommendations to the Board on the appointment and re-appointment of both Executive and non-Executive Directors;</td>
</tr>
<tr>
<td>- Making recommendations to the Board concerning membership of Board Committees in consultation with the Chairs of the Committees;</td>
</tr>
<tr>
<td>- Ensuring plans and processes are in place for succession planning for Directors, including the Chairman, Senior Independent Director, non-Executive Directors and senior management positions; and</td>
</tr>
<tr>
<td>- Overseeing the conduct of the annual evaluation of the Board and its Committees.</td>
</tr>
</tbody>
</table>

The Chairman of the Board or an independent non-Executive Director of the Company acts as the Chairman of the Committee. The Chairman of the Board does not chair the Committee when it is dealing with the matter of succession to the Chairmanship.

Committee Membership

During 2018, the Nomination Committee comprised three independent non-Executive Directors; Dr. Hugh Brady, Dr. Karin Dorrepaal, Mr. James Kenny and was chaired by Mr. Philip Toomey who was appointed to the role when Mr. Michael Dowling retired on 3 May 2018.

The Board ensures that the membership of the Nomination Committee is refreshed in accordance with the Group’s Corporate Governance Policy. The quorum for Committee meetings is two and only Committee members are entitled to attend. The Nomination Committee may extend an invitation to other persons to attend meetings or to be present for particular agenda items as required. The Company Secretary acts as Secretary of the Committee.

During 2018, the Committee engaged Korn Ferry and Spencer Stuart, both international specialist recruitment firms to assist with Board refreshment. Neither Korn Ferry nor Spencer Stuart have any other connection to the Group.

Committee Meetings

The Committee met five times during the year and there was full attendance by Committee members, who were eligible to attend, at all meetings.

Nomination Process

There is a formal, rigorous and transparent procedure determining the nomination for appointment of new Directors to the Board. Candidates are identified and selected on merit against objective criteria and with due regard to the benefits of diversity on the Board. The Committee engages specialist recruitment consultants to assist in the identification and selection process. The Committee makes recommendations to the Board concerning appointments of Executive or non-Executive Directors, having considered the blend of skills, experience, independence and diversity deemed appropriate and reflecting the global nature of the Group.

The Nomination Committee also makes recommendations to the Board concerning the reappointment of any non-Executive Director at the conclusion of their specified term and the re-election of all Directors who are the subject of annual rotation. The terms and conditions of appointment of non-Executive Directors are set out in formal letters of appointment, which are available for inspection at the Company’s registered office during normal office hours and at the AGM of the Company.

The key stages in the nomination process are outlined in the following diagram:

1. Assessment
- The Nomination Committee conducts Board Evaluation
- Considers the skill set, experience, balance and diversity of the Board

2. Requirement
- If a requirement is identified, the Committee prepares a detailed job description outlining the particular skills and experience required

3. Search
- Conducts search through third party search agency, Directors or other stakeholders
- Search based on job description identified

4. Screening
- Screening carried out by third party as selected by the Committee

5. Interview
- Interview and selection process led by the Committee
- Results are reviewed by the Committee who select candidates and recommend them to the Board for approval

6. Approval
- Board of Directors consider the candidate(s) recommended by the Committee and approve the candidate(s)
- In accordance with the Articles of Association, all newly appointed Directors are subject to election at the AGM following their appointment
Board Refreshment Policy

On an ongoing basis, the Nomination Committee reviews and assesses the structure, size, composition and overall balance of the Board and makes recommendations to the Board with regard to refreshment and succession planning.

Appointments to the Board are for a three year period, subject to shareholder approval and annual re-election, after consideration of annual performance evaluation and statutory provisions relating to the removal of a Director. The Board may appoint such Directors for a further term not exceeding three years and may consider an additional term if deemed appropriate.

During the year, the Chairman conducted a rigorous review of all non-Executive Directors as part of the Board evaluation process, taking into account the need for progressive refreshment of the Board. The Board explains to shareholders, in the papers accompanying the resolutions to elect and re-elect the non-Executive Directors, why it believes the individual should be re-elected based on the results of the formal performance evaluation.

Diversity Policy

Diversity is fully embraced at Kerry and the Group is committed to having a work environment that is respectful of everyone. In order to achieve a positive and productive workplace, all employees must work together and realise each individual has something unique to contribute to the overall success of Kerry.

The Group’s Diversity and Inclusion policy is an integral part of the Group Code of Conduct ensuring that diversity and inclusion are embedded in Kerry Group’s core values. Within this, the Group seeks to recruit, hire and retain the best talent from a diverse mix of backgrounds, with the skills and experiences to drive new ideas, products and services providing a sustained competitive advantage.

The Board believes in the benefits of having a diverse Board and the benefits that it can bring to its effective operation. In accordance with the Board Diversity Policy, differences in background, gender, skills, experiences, nationality, ethnicity and other attributes are considered in determining the optimum composition of the Board with the aim to balance it appropriately. All Board appointments are made on merit, with due regard to diversity. The Board currently has a 25% female representation, an increase from the 17% representation in 2017. In line with its diversity policy, and recommended best practice, the Board’s ambition is to increase this number further. In reviewing Board composition and agreeing a job specification for new non-Executive Director appointments, the Committee considers the benefits of all aspects of diversity including, but not limited to, those described above, in order to complement the range and balance of skills, knowledge and experience on the Board. As part of the identification process external consultants are required to present a list of potential candidates, who meet the stated specification and requirements comprising candidates of diverse backgrounds, for consideration by the Committee.

A summary of the Group’s current position relating to Board and senior management diversity is provided below:
Key Activities

The key activities of the Committee throughout the year are detailed below:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Committee Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chairman Succession</td>
<td>Mr. Michael Dowling retired from the Board on 3 May 2018. The formal process to identify and recommend a candidate to succeed Mr. Dowling was lead by a separate sub-committee comprising Dr. Hugh Brady, Dr. Karin Dorrepaal, Mr. Tom Moran and was chaired by Mr. James Kenny. Following the conclusion of this process Mr. Philip Toomey was appointed Chairman of the Board on 3 May 2018 and stepped down as a member and Chairman of the Audit Committee and as Senior Independent Director on the same date.</td>
</tr>
<tr>
<td>Group CFO Succession</td>
<td>Mr. Brian Mehigan transitioned from Group CFO to Chief Strategy Officer on 30 September 2018 and resigned from the Board on 28 December 2018. Following the conclusion of a formal process to identify and appoint a new CFO, the Nomination Committee recommended to the Board that the successful candidate, Ms. Marguerite Larkin, be appointed to the Board on assuming the role of Group CFO on 30 September 2018. The recommendation was approved by the Board on 19 February 2018.</td>
</tr>
<tr>
<td>Senior Independent Director</td>
<td>Following a process overseen by the Committee, Ms. Joan Garahy was appointed Senior Independent Director on 3 May 2018.</td>
</tr>
<tr>
<td>Board Refreshment</td>
<td>A new non-Executive Director, Mr. Christopher Rogers was appointed to the Board on 8 May 2018 following a process conducted by the Committee, in conjunction with external advisors. The Committee and the Board agreed that Mr. Rogers had a balance of skills, knowledge and experience that matched the requirements set.</td>
</tr>
<tr>
<td>Committee Refreshment</td>
<td>On his appointment as Chairman of the Board, Mr. Toomey was also appointed Chairman of the Nomination Committee.</td>
</tr>
<tr>
<td></td>
<td>Following the conclusion of a process to identify and appoint a new Audit Committee Chairman, the Nomination Committee recommended to the Board that Mr. Christopher Rogers, given his recent and relevant financial experience together with his knowledge of the food and beverage industry, be appointed as Audit Committee Chairman effective on 8 May 2018.</td>
</tr>
<tr>
<td></td>
<td>There were no other changes to the composition of the Board Committees during the year.</td>
</tr>
<tr>
<td>Board Size and Composition</td>
<td>In 2018, as part of its remit, the Committee considered the size and composition of the Board. At 31 December 2018, the Board comprised 12 members. Following the retirement of Mr. Michael Dowling and the appointments of Ms. Marguerite Larkin and Mr. Christoper Rogers, the Board size increased to 13 members and reduced to 12 following the retirement of Mr. Brian Mehigan from the Board on 28 December 2018. The Committee will continue to consider both Board size and composition during 2019.</td>
</tr>
<tr>
<td>Re-appointment of non-Executive Directors</td>
<td>During the year Mr. Philip Toomey, Dr. Karin Dorrepaal, Mr. James Kenny and Mr. Tom Moran each completed terms as non-Executive Directors. After detailed consideration, including a review of their performance and independence, the Board, upon the recommendation of the Committee, agreed that they should serve additional terms.</td>
</tr>
<tr>
<td>Re-election of Directors</td>
<td>The Committee recommended that all Directors, subject to and seeking re-election, be put forward for re-election at the Group’s 2019 AGM.</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>On the recommendation of the Committee, Mr. Ronan Deasy’s appointment as Company Secretary was approved by the Board and he assumed the role on 1 March 2018.</td>
</tr>
<tr>
<td>Board and Committees Effectiveness Evaluation</td>
<td>As outlined in detail on page 99, an internal evaluation of the Board and its Committees took place in 2018 in line with the provisions of the 2016 UK Corporate Governance Code and the Irish Annex. The Committee considered the outcome of this evaluation and identified the areas relevant to the Nomination Committee. Each recommendation was assessed and an action plan was developed to address areas for potential improvement. These recommendations will be reviewed and considered by the Committee in 2019.</td>
</tr>
</tbody>
</table>
Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors’ Remuneration Report for the year ended 31 December 2018.

**Remuneration Policy**
The Group's Remuneration Policy is outlined in Section C on pages 115-118. This policy was put to a separate advisory (non-binding) shareholder vote for the first time at the AGM on 3 May 2018, in addition to a further advisory shareholder vote on the Directors’ Remuneration Report, both of which received strong support from Shareholders. The Remuneration Policy provides the framework for remuneration decisions made by the Committee for the three year period 2018 - 2020. As no changes to the policy are proposed this year, the policy will not be subject to a further vote at the 2019 AGM.

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 best market practice.

**Pay for Performance**
The Committee ensures alignment with Shareholder 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 30, 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 2019**
During 2018 the Committee reviewed the Executive Director remuneration 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 long term strategy. Following this review, the Committee determined this to be the case.

**Basic Salary**
On appointment, Edmond Scanlon's initial base salary was set at €1,050,000 effective from 1 October 2017. As Edmond was an internal appointment, the Remuneration Committee exercised its discretion and purposefully set his initial base salary 20% lower than his predecessor's and our market references as it was expected that it would increase over time in line with his performance and development in the role. This approach was signaled in my Chairperson's statement last year and is consistent with our Remuneration Policy for new Executive Directors.
Since his appointment as CEO, Edmond has performed exceptionally well. Under his leadership the Group has embarked on a new and ambitious strategic plan, continues to achieve above market organic revenue growth and has announced or completed seventeen acquisitions at a cost of €1 billion. At the Committee’s request, Edmond’s salary was reviewed and benchmarked by Willis Towers Watson in 2018. The review found that his total direct compensation was significantly lower than median for the market reference peer groups at target opportunity.

Having considered the above factors, the Committee believes that a base salary adjustment is justified, aligned with policy and will appropriately reward Edmond for his individual performance and growth in the role. In addition it will bring his remuneration more in line with market peers. Having consulted with our major institutional shareholders, who provided positive feedback, the Committee has decided to increase Edmond’s base salary for 2019 by 8% together with a standard inflation increase of 2.5% as provided to the general workforce and executive team.

For 2019, the basic salaries of the CFO and the CEO of Taste & Nutrition will be increased by 2.5% and 3% in line with the standard wage inflation available to the general workforce in Ireland and the US respectively.

**Updates to 2019 Short and Long Term Incentive Plans**

The structure of both the STIP and LTIP incentive schemes were reviewed in 2018 to ensure that they develop in line with the Group’s strategic goals and that the metrics and targets are appropriate and linked to the strategic plan. The Committee concluded, following the review, that the changes introduced last year are operating as intended and that no further changes are required for 2019.

We are confident that our Remuneration Policy will ensure executives continue to deliver significant value to our shareholders as history has clearly demonstrated they have, and that our performance measures remain relevant, stretching and aligned to the strategic plan.

**Non-Executive Director Remuneration Policy for 2019**

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 / Committee fees for 2019.

**Remuneration Policy Outturn 2018**

In 2018 the Group delivered a good financial performance with constant currency adjusted earnings per share growth of 8.6% driven by volume growth well ahead of our markets and underlying margin expansion in line with expectations. The performance table below shows the performance versus target for the key metrics in our STIP and LTIP plans.

<table>
<thead>
<tr>
<th>2018 STIP Performance</th>
<th>Target</th>
<th>Results</th>
<th>2016-18 LTIP Performance (3 years)</th>
<th>Target</th>
<th>Results</th>
</tr>
</thead>
<tbody>
<tr>
<td>Group volume growth</td>
<td>35%</td>
<td>3.5%</td>
<td>Adjusted EPS growth in constant currency</td>
<td>10%</td>
<td>10.1%</td>
</tr>
<tr>
<td>Group margin expansion</td>
<td>0 bps</td>
<td>0 bps</td>
<td>Total Shareholder Return</td>
<td>Median to 75th percentile</td>
<td>68.4th percentile</td>
</tr>
<tr>
<td>Group cash conversion</td>
<td>75%</td>
<td>71.5%</td>
<td>ROACE</td>
<td>12%</td>
<td>12.6%</td>
</tr>
</tbody>
</table>

As can be seen in the Total Shareholder Return graph, since 2013, Kerry has generated a 77% return for shareholders (including reinvestment of dividends) over the last 5 years. The share price did decline by 7% in 2018 but the decline was less than the mean and median share price decline experienced by Kerry’s TSR peer set, and reflected the general decline suffered by global equity markets during the last quarter of the year arising from market uncertainties, including those in relation to global trade and Brexit.

**5 Year Total Shareholder Return**

*Value of €100 Invested on 31/12/2013*
2018 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 2018, STIP payouts to Executive Directors were on average 59% of the maximum available opportunity. The Committee considers this outcome 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 2016-2018 Outturn
The final outturn of the 2016-18 LTIP award was 63.7% of maximum opportunity. The Committee considers that this vesting outcome is reflective of the Group's underlying performance during the three year performance period.

Other Matters
Board Changes
Marguerite Larkin was appointed Group CFO, and to the Board, on 30 September 2018. On joining Kerry, Marguerite's base salary was set at €700,000. When setting this salary, the Committee considered several factors including: securing the right candidate, Marguerite's exceptional calibre and experience, the previous incumbent's salary, appropriate internal benchmarking and external market expectations. Marguerite was eligible to participate in both the 2018 short term and long term incentive plans pro-rated for time of service.

Brian Mehigan transitioned from Group CFO to Chief Strategy Officer on 30 September 2018 and retired from the Board on 28 December 2018. He received no additional payment in association with his retirement from the Board.

2018 UK Corporate Governance Code and other Best Practice Changes
The Committee has considered the remuneration related implications of the new UK Corporate Governance Code which includes a broader remit for the Committee effective from 1 January 2019. The Committee intends to implement the changes to the Code associated with the remit of the Committee in 2019 and will give careful consideration to the other recommended structural changes to remuneration during its next policy review to be conducted in 2020.

Committee Performance
An internal review of the Remuneration Committee's performance was undertaken by the Committee during 2018 and found that the Committee was operating effectively.

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 96.9% of our shareholders who voted, voted in favour of the Report. I believe that we have appropriate policies and practices in place to justify a similar outcome in 2019 and I would recommend a vote in favour of the 2018 Remuneration Report at the 2019 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 2018, 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 88-89.

Role and Responsibilities
On behalf of the Board, the Remuneration Committee is responsible for determining the remuneration policy for the CEO and the other Executive Directors 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 Remuneration Committee also completes an assessment of its own performance on an annual basis and reports any recommendations to the Board.

The main responsibilities of the Committee, which have been updated recently to reflect the impact of the new UK Corporate Governance Code, are set out in its written terms of reference and are available from the Group’s website (www.kerrygroup.com) and upon request.

Primary Responsibilities of the Remuneration Committee
- To determine the remuneration policy for, and set the remuneration of, the CEO and Executive Directors;
- To review the remuneration of the Chairman and non-Executive Directors;
- To receive recommendations from the CEO and approve the salaries and overall remuneration of Executive Committee members and the Company Secretary;
- 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 are deemed fair and reasonable;
- To place before shareholders at each AGM, a Directors’ Remuneration Report outlining the Group’s policy and disclosures on remuneration;
- To arrange where appropriate, external benchmarking of overall remuneration levels and the effectiveness of share based incentives and long term 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 2018
The Committee met five times during the year and there was full attendance by Committee members at the meetings.

The key activities undertaken by the Committee in discharging its duties during 2018 are set out below:

<table>
<thead>
<tr>
<th>Subject</th>
<th>Remuneration Committee Activity</th>
</tr>
</thead>
<tbody>
<tr>
<td>Remuneration Report</td>
<td>A review of best practice remuneration reporting was completed during 2018 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 and the recently introduced EU Shareholders’ Rights Directive. The Committee is satisfied that the Group is complying fully with relevant best practice reporting. The Committee also considered the implications of the new 2018 UK Corporate Governance Code which widens the remit of the Committee and is applicable from 1 January 2019.</td>
</tr>
<tr>
<td>Basic Salary</td>
<td>The Committee continued to monitor the level of basic salaries of the CEO and Executive Directors in line with market practice. The Committee also agreed a service contract with the new CFO.</td>
</tr>
<tr>
<td>Short Term Incentive Plan (STIP)</td>
<td>STIP awards were reviewed during 2018 to ensure that the newly introduced metrics are aligned with Group strategy and that the associated targets are appropriately stretching. The Committee concluded that there was no requirement to exercise discretion as the 2018 STIP outcomes reflected the underlying performance of the business.</td>
</tr>
</tbody>
</table>

See Implementation Section on page 119 for details on the outcome of the review.

Kerry Group Annual Report 2018
<table>
<thead>
<tr>
<th>Subject</th>
<th>Remuneration Committee Activity</th>
</tr>
</thead>
</table>
| Long Term Incentive Plan (LTIP) | The Committee considered the overall effectiveness of the LTIP in 2018 to ensure that it is structured appropriately to incentivise Executive Directors and senior managers across the Group.  
The Committee concluded that there was no requirement to exercise discretion as the 2016-18 LTIP outcome reflected the underlying business performance during the three year performance period.  
See Implementation Section on page 120 for details on the outcome of the review. |
| Chairman & Non-Executive Directors’ Fees | In line with the normal 3 year cycle a detailed benchmark 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 and non-Executive Directors fees and report to the Board.  
See Implementation Section on page 121 for details on the outcome of the review. |
| Senior Management Review        | Within its terms of reference applicable in 2018, there is a requirement for the Committee to have oversight of the salaries and overall remuneration of senior management. During 2018 routine benchmarking was undertaken in relation to senior management together with a review of gender pay. Recommendations and proposed changes following this review were presented to the Committee for information purposes. |
| Workforce Remuneration and Related Policies | During the year the Committee was provided with information on pay policies and procedures in the wider workforce to ensure it is fair, aligned with Group strategy and to enable its decision making in relation to Executive Director remuneration. This included 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        | The Committee reviewed the results of the advisory votes by shareholders on the ‘Say on Pay’ resolutions at its first meeting following the 2018 AGM which included for the first time a separate advisory vote on the Group’s Remuneration Policy for the three year period 2018 - 2020. The result of the shareholder vote was 97.7% in support of the Remuneration Policy and 96.9% in support of the Remuneration Report. This, together with any additional feedback received from the shareholder proxy groups was considered as part of the Group’s remuneration review in 2018.  
In relation to the CEO’s remuneration for 2019 the Committee consulted with a number of the Company’s major Institutional shareholders and with shareholder proxy groups in early 2019. They welcomed the engagement and there was strong support for the proposal put forward. |
| Committee Evaluation            | 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).                                                                 |

**Remuneration Committee Advisors**

The Remuneration Committee is authorised by the Board to appoint external advisors and Willis Towers Watson is the advisor to the Remuneration Committee. Willis Towers Watson has also provided management remuneration information and pension advisory services to the Group during the period under review. The Committee ensures that the nature and extent of these other services does not affect the advisor’s independence. The fees incurred with Willis Towers Watson for advising the Committee in 2018 were **€81,000** (2017: **€247,000**).
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. 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.

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. As no changes are being made to this policy since it was approved by shareholders it will not be subject to a shareholder vote at the 2019 AGM and is reproduced below (updated to reflect personnel changes) for ease of reference.

The Group’s Executive Director remuneration philosophy is to ensure that executive remuneration promotes the long term success of the company and properly reflects the duties and responsibilities of the executives, and is sufficient 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 encourage 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 & Beverage and other sectors. It also considered pay 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.

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.

Illustration of Remuneration Policy

The following diagram shows the minimum, target and maximum composition balance between the fixed and variable remuneration components for each Executive Director effective for 2019. The inner most circle represents the minimum potential scenario for remuneration, with the middle circle representing target and the outer circle representing maximum potential.

Edmond Scanlon

- Basic Salary: 43%
- Pension: 31%
- LTIP: 15%
- STIP: 4%

Marguerite Larkin

- Basic Salary: 43%
- Pension: 30%
- LTIP: 15%
- STIP: 4%

Gerry Behan

- Basic Salary: 45%
- Pension: 33%
- LTIP: 18%
- STIP: 7%
Service Contracts
The Executive Directors and the CEO 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 to 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.

Benefits and pension 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 below. 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 or 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 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;
- 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.
Remuneration Policy Table

The following table details the remuneration policy for the Group’s Executive Directors:

<table>
<thead>
<tr>
<th>Purpose and Link to Strategy</th>
<th>Operation</th>
<th>Opportunity</th>
<th>Performance Metrics</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Basic Salary</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Reflects the value of the individual, their skills and experience</td>
<td>Remuneration Committee sets the basic salary and benefits of each Executive Director</td>
<td>Set at a level to attract, retain and motivate Executive Directors</td>
<td>Not applicable</td>
</tr>
<tr>
<td>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</td>
<td>Determined after taking into account a number of elements including the Executive Directors’ performance, experience and level of responsibility</td>
<td>Reviewed annually</td>
<td>Full benchmark review undertaken every three years</td>
</tr>
<tr>
<td></td>
<td>Paid monthly in Ireland and bi-weekly in the US</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Salary is referenced to job responsibility and internal/external market data</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Pay conditions across the Group are also considered when determining any basic salary adjustments</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Benefits</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>To provide a competitive benefit package aligned with the role and responsibilities of Executive Directors</td>
<td>These benefits primarily relate to the use of a company car or a car allowance</td>
<td>Not applicable</td>
<td>Not applicable</td>
</tr>
<tr>
<td><strong>Short Term Performance Related Incentives (STIP)</strong>*</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>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</td>
<td>Achievement of predetermined performance targets set by the Remuneration Committee</td>
<td>Maximum opportunity is 125% - 150% of basic salary</td>
<td>Volume Growth</td>
</tr>
<tr>
<td>A 25% deferral in shares/options provides a 2 year retention element and aligns Executive Directors’ interests with shareholders’ interests</td>
<td>Performance targets aligned to published strategic targets</td>
<td>Target opportunity is 70% of maximum opportunity for on-target performance</td>
<td>Margin Expansion</td>
</tr>
<tr>
<td></td>
<td>75% of the award payable in cash</td>
<td></td>
<td>Cash Conversion</td>
</tr>
<tr>
<td></td>
<td>25% awarded by way of shares/options to be issued two years after vesting following a deferral period</td>
<td></td>
<td>Personal and Strategic Objectives</td>
</tr>
<tr>
<td></td>
<td>Malus &amp; clawback provisions are in place for awards under the STIP (see page 118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Long Term Performance Related Incentives (LTIP)</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Retention of key personnel and incentivisation of sustained performance against key Group strategic metrics over a longer period of time</td>
<td>The awards vest depending on a number of separate performance metrics being met over a three year performance period</td>
<td>Maximum opportunity is 180% - 200% of basic salary</td>
<td>Adjusted Earnings Per Share</td>
</tr>
<tr>
<td>Share based to provide alignment with shareholders’ interests</td>
<td>Conditional awards over shares or share options in the Group</td>
<td>Target opportunity is 50% of maximum opportunity for on-target performance</td>
<td>Total Shareholder Return</td>
</tr>
<tr>
<td>A 50% deferral provides a retention element and aligns Executive Directors’ interests with shareholders’ interests</td>
<td>50% of the earned award delivered at vesting date</td>
<td></td>
<td>Return on Average Capital Employed</td>
</tr>
<tr>
<td></td>
<td>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)</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>Malus &amp; clawback provisions are in place for awards under LTIP (see page 118)</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Shareholding Requirement</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Maintain alignment of the interests of the shareholders and the Executive Directors and commitment over the long term</td>
<td>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</td>
<td>Not applicable</td>
<td>80% - 200% of basic salary</td>
</tr>
</tbody>
</table>
Purpose and Link to Strategy | Operation | Opportunity | Performance Metrics
--- | --- | --- | ---
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 cash contribution to an after tax savings scheme, or equivalent (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

* 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.

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 malus and clawback provision to former directors STIP and LTIP awards. Other elements of remuneration are not subject to malus or clawback provisions.

Consideration of Employment Conditions Elsewhere in the Group
When setting the remuneration policy for Executive Directors, the Remuneration Committee takes into account the pay and employment conditions of the other employees in the Group. 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. While the Committee currently does not consult directly with employees when setting remuneration for Executive Directors, it does take into account information provided by our external advisors, Willis Towers Watson, in conjunction with feedback provided by the Human Resource function.

Non-Executive Directors’ Remuneration Policy
Non-Executive Directors’ fees, which are determined by the Board as a whole, 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, the Committee completes a detailed benchmarking exercise in relation to non-Executive Directors’ fees and present any recommendations to the full Board for approval. The last benchmarking exercise 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 Kerry.
Section D: Remuneration Policy Implementation

PART I: REMUNERATION POLICY IMPLEMENTATION 2019

This part of the report sets out how the Remuneration Policy as described on pages 115-118 will operate in 2019.

Basic Salary and Benefits

On appointment, Edmond Scanlon’s initial base salary was set at €1,050,000 effective from 1 October 2017. As Edmond was an internal appointment, the Remuneration Committee exercised its discretion and purposefully set his initial base salary 20% lower than his predecessor’s and our market references. As signaled in last year’s report, the Committee undertook to review Edmond’s base salary on an annual basis as it was expected that it would increase over time in line with his performance and development in the role. This approach is consistent with our Remuneration Policy for new Executive Directors, which was approved by shareholders in 2018, and is also consistent with the practice commonly followed for the wider employee population when individuals are promoted into new roles.

Since his appointment as CEO, Edmond has performed exceptionally well, has grown significantly in his role and is successfully leading the Group. Thanks to his leadership, we have seen the development, communication and implementation of an ambitious new strategic plan with all its implications for the Group’s organisation structure, ways of working and how it is managed. The Group continues to achieve above market organic revenue growth and, since Edmond’s appointment, has announced or completed seventeen acquisitions at a cost of €1 billion which expand the Group’s complexity, scale and countries of operation and have increased average employee numbers by c.1,300. The Chief Executives Review, the Business Reviews and the Financial Review report on the performance of the Group’s business, including M&A activity, during the year.

At the Committee’s request, Edmond’s salary was reviewed and benchmarked by Willis Towers Watson in 2018. The review found that when compared with similar sized UK, US and European companies his total direct compensation was significantly lower than median for the market reference peer groups at target opportunity.

The Committee is conscious of the need to apply constraint in executive remuneration and to consider any pay rises in the context of the general workforce and the overall performance of the Group. Having considered the above factors, the Committee believes that a base salary adjustment is justified, aligned with policy and will appropriately reward Edmond for his individual performance and growth in the role as well as making progress towards bridging the deficit versus his predecessor’s base salary and bringing his remuneration more in line with market peers. Having consulted with our major institutional shareholders, who provided positive feedback, the Committee has decided to increase Edmond’s base salary for 2019 by 8% together with a standard inflation increase of 2.5% as provided to the general workforce and executive team. The Committee will keep Edmond’s base salary and total compensation under review as he continues to progress in the role and will consult with shareholders if the Committee determines that any further changes are appropriate in the future.

In relation to both Marguerite Larkin and Gerry Behan the Committee decided that for 2019, their basic salaries will be increased by 2.5% and 3% respectively in line with the standard wage inflation available to the general workforce in Ireland and the US.

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.

Short Term Performance Related Incentive Award (STIP)

The structure of the scheme is reviewed regularly to ensure that it develops in line with the Group’s strategic goals. A review of the STIP was completed in 2018 to ensure that the performance metrics are appropriate, linked to strategy and appropriately calibrated. Following the review, the Committee concluded that no changes were required to the performance metrics and weightings as they support our business strategy and the ongoing enhancement of shareholder value through a focus on a return for shareholders, increasing profit and cash generation.

<table>
<thead>
<tr>
<th>2019 STIP – Performance Metrics and Weightings</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Group Metrics</strong></td>
</tr>
<tr>
<td></td>
</tr>
<tr>
<td>Volume growth*</td>
</tr>
<tr>
<td>Margin expansion*</td>
</tr>
<tr>
<td>Cash conversion</td>
</tr>
<tr>
<td>Personal and strategic</td>
</tr>
<tr>
<td>Total</td>
</tr>
</tbody>
</table>

* 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 the targets for the STIP are appropriately stretching, but due to their commercial sensitivity, it would be detrimental to the Company to disclose them in advance of or during the relevant performance period. The Committee will disclose those targets at the end of the relevant performance period in that year’s Annual Report, if those targets are no longer considered commercially sensitive.

Finally, the malus and clawback provisions of the STIP, which include a two year clawback provision (outlined on page 118), were reviewed and were deemed to be appropriate and effective and continue to apply to former Directors.

**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’s specific area of responsibility, are key in ensuring strategic and functional goals are capable of being rewarded.

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 made under the scheme.

**Long Term Performance Related Incentive Plan (LTIP)**

<table>
<thead>
<tr>
<th>LTIP Award Year</th>
<th>2019</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Performance Metrics</strong></td>
<td>Threshold</td>
<td>Target</td>
</tr>
<tr>
<td><strong>EPS (50% weighting)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Kerry’s EPS growth per annum</td>
<td>6%</td>
<td>10%</td>
</tr>
<tr>
<td>% of award which vests</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>ROACE (20% weighting)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>ROACE return achieved</td>
<td>10%</td>
<td>12%</td>
</tr>
<tr>
<td>% of award which vests</td>
<td>25%</td>
<td>50%</td>
</tr>
<tr>
<td><strong>Relative TSR (30% weighting)</strong></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Position of Kerry in peer group</td>
<td>Median</td>
<td>Median to 75th%</td>
</tr>
<tr>
<td>% of award which vests</td>
<td>30%</td>
<td>30% - 100%</td>
</tr>
</tbody>
</table>

* Adjusted EPS growth is measured on a constant currency basis

The Committee reviewed the overall effectiveness of the LTIP in 2018 to ensure it is structured appropriately to incentivise Executive Directors and senior management across the Group. The level of opportunity under this scheme available to the CEO and Executive Director’s (currently 200%/180%) is to remain unchanged following the review. Similarly, the LTIP performance metrics, targets and weightings were also reviewed in 2018 and are to remain unchanged.

The Committee believes that the Rewards programme, while challenging and stretching also needs to be realistically capable of rewarding the commitment and performance of the Executive Directors and senior management team over the rolling three year cycles.

We believe this approach taken in the context of our overall competitive and stretching programme is appropriate and in the best interests of our shareholders.

**How Remuneration Links with Strategy**

<table>
<thead>
<tr>
<th>Performance Measure</th>
<th>Strategic Priority</th>
<th>Incentive Scheme</th>
</tr>
</thead>
<tbody>
<tr>
<td>Volume growth</td>
<td>Key driver of revenue growth</td>
<td>STIP</td>
</tr>
<tr>
<td>Margin expansion</td>
<td>Key driver of profit growth</td>
<td>STIP</td>
</tr>
<tr>
<td>Cash conversion</td>
<td>Cash generation for reinvestment or return to shareholders</td>
<td>STIP</td>
</tr>
<tr>
<td>Personal and strategic objectives</td>
<td>Reward the development and execution of Group strategies for sustainable growth</td>
<td>STIP</td>
</tr>
<tr>
<td>Adjusted EPS growth</td>
<td>Delivery of the Group’s long term growth strategy</td>
<td>LTIP</td>
</tr>
<tr>
<td>TSR</td>
<td>Delivery of shareholder value</td>
<td>LTIP</td>
</tr>
<tr>
<td>ROACE</td>
<td>Balance growth and return</td>
<td>LTIP</td>
</tr>
</tbody>
</table>

See Group Key Performance Indicators (KPIs) on pages 30 and 31 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 and benchmarked 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 2019.

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 are not remunerated in Kerry shares or options, however non-Executive Directors are encouraged to build up a personal shareholding.

Shareholder Engagement

The Committee considers the guidelines issued by the bodies representing the major institutional shareholders and the feedback provided by such proxy groups and shareholders, when completing its annual and tri-annual review of the Group’s Executive Remuneration policies and practices. The Committee engaged with a number of our major institutional shareholders and proxy agencies during early 2019 to consult with them on the changes to the CEO base salary and took on board their feedback. The Committee is committed to continued consultation with shareholders regarding its remuneration policy.
PART II: REMUNERATION POLICY OUTTURN 2018

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, 8 and 9 below including relevant footnotes (identified as audited) forms an integral part of the audited financial statements as described in the basis of preparation on page 146. All other information in the remuneration report is additional disclosure and does not form an integral part of the audited financial statements.

Executive Directors’ Remuneration

Table 1: Individual Remuneration for the year ended 31 December 2018 (Audited)

<table>
<thead>
<tr>
<th></th>
<th>Basic Salaries</th>
<th>Benefits</th>
<th>Pensions ¹</th>
<th>STIP²</th>
<th>LTIP³</th>
<th>Total</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmond Scanlon</td>
<td>€1,050,000</td>
<td>€263,000</td>
<td>€34,000</td>
<td>€200,000</td>
<td>€51,000</td>
<td>€948,000</td>
</tr>
<tr>
<td>Stan McCarthy</td>
<td>–</td>
<td>€1,315,000</td>
<td>–</td>
<td>€102,000</td>
<td>–</td>
<td>€147,000</td>
</tr>
<tr>
<td>Brian Mehigan</td>
<td>€703,000</td>
<td>€687,000</td>
<td>€39,000</td>
<td>€204,000</td>
<td>€530,000</td>
<td>€644,000</td>
</tr>
<tr>
<td>Marguerite Larkin ⁴</td>
<td>€177,000</td>
<td>–</td>
<td>€34,000</td>
<td>–</td>
<td>€133,000</td>
<td>–</td>
</tr>
<tr>
<td>Gerry Behan</td>
<td>€760,000</td>
<td>€776,000</td>
<td>€63,000</td>
<td>€248,000</td>
<td>€170,000</td>
<td>€170,000</td>
</tr>
<tr>
<td>Flor Healy ⁶</td>
<td>–</td>
<td>€351,000</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td></td>
<td>€2,690,000</td>
<td>€3,392,000</td>
<td>€142,000</td>
<td>€570,000</td>
<td>€614,000</td>
<td>€833,000</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th></th>
<th>$000</th>
<th>$000</th>
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</tr>
</thead>
<tbody>
<tr>
<td>Edmond Scanlon</td>
<td>$1,050,000</td>
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<td>$34,000</td>
<td>$200,000</td>
<td>$51,000</td>
<td>$948,000</td>
<td>$295,000</td>
<td>$345,000</td>
<td>$31,000</td>
<td>$2,577,000</td>
</tr>
<tr>
<td>Stan McCarthy ⁵</td>
<td>–</td>
<td>$1,486,000</td>
<td>–</td>
<td>$115,000</td>
<td>–</td>
<td>$359,000</td>
<td>–</td>
<td>$1,671,000</td>
<td>–</td>
<td>$2,341,000</td>
</tr>
<tr>
<td>Gerry Behan ²</td>
<td>$901,000</td>
<td>$877,000</td>
<td>$74,000</td>
<td>$280,000</td>
<td>$201,000</td>
<td>$192,000</td>
<td>$640,000</td>
<td>$835,000</td>
<td>$1,310,000</td>
<td>$1,469,000</td>
</tr>
<tr>
<td></td>
<td>$901,000</td>
<td>$2,363,000</td>
<td>$74,000</td>
<td>$395,000</td>
<td>$201,000</td>
<td>$551,000</td>
<td>$640,000</td>
<td>$2,506,000</td>
<td>$3,130,000</td>
<td>$3,810,000</td>
</tr>
</tbody>
</table>

Note 1: The pension figure for Edmond Scanlon relates to Irish defined contribution pension benefits. Brian Mehigan, Marguerite Larkin and Flor Healy received a taxable cash payment in lieu of pension benefits and the figures included above reflect this including life cover. The pension figures for Stan McCarthy and Gerry Behan include both defined benefit and defined contribution retirement benefits.

Note 2: This STIP amount represents 75% delivered in cash with 25% delivered by way of shares/share options which are deferred for two years.

Note 3: 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.

Note 4: Marguerite Larkin was appointed as CFO and to the Board on 30 September 2018. Her remuneration reflected in the table above relates to remuneration for the period 30 September to 31 December 2018.

Note 5: The table shows the Executive Directors’ pay in the currency of payment to ensure clarity in reflecting the year on year payment comparisons.


Basic Salary Increases

As outlined in last year’s report, Edmond Scanlon’s initial base salary on appointment as Group CEO was set at €1,050,000 effective from 1 October 2017 and was not increased in 2018.

Marguerite Larkin’s CFO base salary was set at €700,000 when she joined the Group. When setting this salary, the Committee considered several factors including; securing the right candidate, Marguerite’s exceptional calibre and experience, the previous incumbent’s salary, appropriate internal benchmarking and external market expectations. On joining Kerry, and prior to her appointment to the Board, Marguerite received a taxable cash payment of €500,000 to compensate her for profit share foregone from her previous role. The Committee is satisfied that the payment was the minimum necessary to compensate Marguerite for the entitlements she forfeited. Marguerite elected to invest over 50% of the amount received in Kerry shares.

For 2018, the basic salaries of the other Executive Directors were adjusted by 2.5% - 3% in line with the standard wage inflation available to the general workforce in Ireland and the US.
### Annual Incentive Outcomes (STIP)

#### Table 2: Annual Bonus Achievement Against Targets

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

<table>
<thead>
<tr>
<th>Metric</th>
<th>1. Volume Growth* (40% weighting)</th>
<th>2. Margin Expansion* (30% weighting)</th>
<th>3. Cash Conversion (20% weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Group</td>
<td>Taste &amp; Nutrition</td>
<td>Group</td>
</tr>
<tr>
<td>Targets</td>
<td>0.0%</td>
<td>0.0%</td>
<td>-30 bps</td>
</tr>
<tr>
<td>Threshold</td>
<td>0.0%</td>
<td>-30 bps</td>
<td>0 bps</td>
</tr>
<tr>
<td>Target</td>
<td>35%</td>
<td>4.0%</td>
<td>0 bps</td>
</tr>
<tr>
<td>Max</td>
<td>5.5%</td>
<td>6.0%</td>
<td>+30 bps</td>
</tr>
<tr>
<td>Actual performance</td>
<td>35%</td>
<td>4.1%</td>
<td>+20 bps</td>
</tr>
<tr>
<td>Bonus outcome</td>
<td>28.0%</td>
<td>28.6%</td>
<td>210%</td>
</tr>
</tbody>
</table>

| 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 metric 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 (current and former) and at Taste & Nutrition level for the CEO of Taste & Nutrition.

The Committee considers the metrics shown above to be appropriate and aligned to our strategic plan with a key focus on the Group financial metrics of Volume Growth, Margin Expansion and Cash Conversion. These are vital in driving sustainable growth and ensuring there are sufficient funds available for reinvestment or for return to shareholders. The same performance metrics, targets and weightings apply to the current and former CFO and were time apportioned based on their time in office.

#### Personal and Strategic Objectives – 10% weighting

<table>
<thead>
<tr>
<th>Metric</th>
<th>4. Personal and Strategic (All – 10% weighting)</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>CEO &amp; CFO</td>
</tr>
<tr>
<td>Targets</td>
<td>Threshold</td>
</tr>
<tr>
<td></td>
<td>Target</td>
</tr>
<tr>
<td></td>
<td>Max</td>
</tr>
<tr>
<td>Actual performance</td>
<td>7</td>
</tr>
<tr>
<td>Bonus outcome</td>
<td>7%</td>
</tr>
</tbody>
</table>

**Details of Personal and Strategic Objectives**

The Executive Directors are also measured against Personal and Strategic objectives, which this year focus on the implementation of the new strategic plan for the Group. 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 | - Effective engagement with shareholders in relation to the Group's strategy and the achievement of long term sustainable growth.  
- Leadership team in place and organisation structure evolved at Group and divisional levels to deliver the strategic priorities for growth and margin expansion in line with the Group's culture.  
- Incentive programmes amended to align with the new strategic plan metrics and targets.  
- Seamless CFO transition achieved. | 7%
New CFO | - Successfully transitioned to CFO and quickly assumed full responsibility for core finance responsibilities.  
- Established relationships with key stakeholders, including major shareholders and key providers of finance. | 7%
Former CFO | - Good engagement with shareholders in relation to the Group's strategic direction, sustainability objectives and regular performance updates.  
- Continued efficient deployment of Kerryconnect and progressed the shared services strategy.  
- Supported the successful CFO transition. | 7%
CEO T&N | - Deployed an enhanced Taste & Nutrition operating model, including a Go to Market structure based on End Use Markets to enable the delivery of the strategic priorities for growth.  
- Excellent progress on building leadership capability and a strong talent pipeline to support the division's growth ambitions.  
- Successful execution and integration of acquisition transactions in line with the Group's strategic growth priorities. | 10%

The Committee reviewed progress against specific metrics and milestones supporting these objectives and concluded that good progress was made by the Executive Directors against the objectives outlined above, which resulted in an on target award for the CEO and CFOs and a maximum award for the CEO of Taste & Nutrition.

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 pay-out of 50% of max opportunity (85% of target 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, the LTIP award will vest over a three year performance period. 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 5 years.

The first conditional awards under this scheme were made to Executive Directors in 2013. Awards made under the plan potentially vest or partially vest three years after the award date if the predetermined performance targets are achieved. 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.

**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:

<table>
<thead>
<tr>
<th>Adjusted EPS Growth Per Annum</th>
<th>Percentage of the Award Which Vests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Threshold</td>
<td>8%</td>
</tr>
<tr>
<td>Target</td>
<td>10%</td>
</tr>
<tr>
<td>Maximum</td>
<td>12%</td>
</tr>
</tbody>
</table>
Below 8% none of the award vests. Between 8% 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 10.1% which results in an award outcome of 26.3% 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:

<table>
<thead>
<tr>
<th>Chr. Hansen</th>
<th>Givaudan</th>
<th>Kellogg’s</th>
<th>Sensient Technologies</th>
</tr>
</thead>
<tbody>
<tr>
<td>Barry Callebaut</td>
<td>Glanbia</td>
<td>McCormick &amp; Co.</td>
<td>Symrise</td>
</tr>
<tr>
<td>Corbion</td>
<td>Greencore</td>
<td>Nestlé</td>
<td>Tate &amp; Lyle</td>
</tr>
<tr>
<td>Aryzta</td>
<td>Danone</td>
<td>Novozymes</td>
<td>Unilever</td>
</tr>
<tr>
<td>General Mills</td>
<td>IFF</td>
<td>Premier Foods</td>
<td></td>
</tr>
</tbody>
</table>

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:

<table>
<thead>
<tr>
<th>Position of Kerry in the Peer Group</th>
<th>Percentage of the Award Which Vests</th>
</tr>
</thead>
<tbody>
<tr>
<td>Below median</td>
<td>0%</td>
</tr>
<tr>
<td>Median</td>
<td>30%</td>
</tr>
<tr>
<td>Between median and 75th percentile</td>
<td>Straight line between 30% and 100%</td>
</tr>
<tr>
<td>Greater than 75th percentile</td>
<td>100%</td>
</tr>
</tbody>
</table>

The performance graph below shows Kerry’s TSR compared to the peer companies over the three year performance period from 1 January 2016 to 31 December 2018 for the LTIP awards which issued in 2016. These awards have a vesting date on or before 30 April 2019.

**3 Year TSR: Kerry and Comparator 1 Jan 2016 - 31 Dec 2018**

See chart on page 130, which illustrates the Group’s TSR performance from 2008 to 2018.

The outcome of the measurement of the TSR condition in relation to the 2016 awards is in the second quartile, resulting in award outcome of 24.4% 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 will be determined by reference to the ROACE in each of the three financial years included in the performance period:

<table>
<thead>
<tr>
<th>Threshold</th>
<th>Percentage of the Award Which Vests</th>
</tr>
</thead>
<tbody>
<tr>
<td>10%</td>
<td>25%</td>
</tr>
<tr>
<td>Target</td>
<td>50%</td>
</tr>
<tr>
<td>Maximum</td>
<td>100%</td>
</tr>
</tbody>
</table>

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 2016 awards is a ROACE of 12.6% which resulted in a reward outcome of 13% out of a possible maximum of 20%.

Table 3: Overall Outcome of the 2016 LTIP Award Vesting in 2019

<table>
<thead>
<tr>
<th>Long Term Incentive Plan</th>
<th>TSR Performance (30% of Award)</th>
<th>Actual Vesting of TSR Award</th>
<th>EPS Performance (50% of Award)</th>
<th>Actual Vesting of EPS Award</th>
<th>ROACE Performance (20% of Award)</th>
<th>Actual Vesting of ROACE Award</th>
<th>Total % Vested</th>
</tr>
</thead>
<tbody>
<tr>
<td>2013 LTIP Plan</td>
<td>2nd Quartile*</td>
<td>24.4%</td>
<td>101% growth*</td>
<td>26.3%</td>
<td>12.6%</td>
<td>13%</td>
<td>63.7%</td>
</tr>
</tbody>
</table>

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

The following table shows the Executive Directors’ and Company Secretary’s interests under the LTIP. Conditional awards at 1 January 2018 relate to awards made in 2015, 2016 and 2017 which have a three year performance period. The 2015 awards vested in 2018. The 2016 awards will potentially vest in 2019 and 2017 awards will potentially vest in 2020. 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)

<table>
<thead>
<tr>
<th>Directors</th>
<th>LTIP Scheme</th>
<th>Conditional Awards at 1 January 2018</th>
<th>Share Awards Vested During the Year</th>
<th>Share Option Awards Vested During the Year</th>
<th>Share Awards Lapsed During the Year</th>
<th>Conditional Awards Made During the Year</th>
<th>Conditional Awards at 31 December 2018</th>
<th>Share Price at Date of Conditional Award Made During the Year</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmond Scanlon</td>
<td>2013</td>
<td>40,295</td>
<td>–</td>
<td>(4,256)</td>
<td>(2,575)</td>
<td>25,625</td>
<td>59,089</td>
<td>€81.95</td>
</tr>
<tr>
<td>Brian Mehigan</td>
<td>2013</td>
<td>44,991</td>
<td>–</td>
<td>(9,024)</td>
<td>(5,460)</td>
<td>15,474</td>
<td>45,981</td>
<td>€81.95</td>
</tr>
<tr>
<td>Marguerite Larkin¹</td>
<td>2013</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>7,031</td>
<td>7,031</td>
<td>€89.60</td>
</tr>
<tr>
<td>Gerry Behan</td>
<td>2013</td>
<td>65,105</td>
<td>(14,864)</td>
<td>–</td>
<td>(8,995)</td>
<td>17,909</td>
<td>59,155</td>
<td>€81.95</td>
</tr>
<tr>
<td>Company Secretary</td>
<td>Ronan Deasy²</td>
<td>2013</td>
<td>13,417</td>
<td>–</td>
<td>(2,159)</td>
<td>(1,307)</td>
<td>3,295</td>
<td>13,246</td>
</tr>
</tbody>
</table>

Note 1: Marguerite Larkin’s LTIP conditional awards during the year were pro-rated based on her time of service.

Note 2: The Company Secretary Ronan Deasy was appointed to the position on 1 March 2018 and his opening LTIP conditional awards are reflected as at that date.
Conditional LTIP awards made in 2018 have a three year performance period and will potentially vest in 2021. 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)**

<table>
<thead>
<tr>
<th>Directors</th>
<th>Share Options Outstanding at 1 January 2018</th>
<th>Share Options Exercised During the Year</th>
<th>Share Options Vested During the Year</th>
<th>Share Options Outstanding at 31 December 2018</th>
<th>Exercise Price Per Share</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmond Scanlon</td>
<td>4,167</td>
<td>0</td>
<td>5,370</td>
<td>9,537</td>
<td>€0.125</td>
</tr>
<tr>
<td>Brian Mehigan</td>
<td>65,451</td>
<td>(13,573)</td>
<td>10,971</td>
<td>62,849</td>
<td>€0.125</td>
</tr>
<tr>
<td>Marguerite Larkin</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
<td>-</td>
</tr>
<tr>
<td>Company Secretary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ronan Deasy</td>
<td>1,231</td>
<td>0</td>
<td>2,159</td>
<td>3,390</td>
<td>€0.125</td>
</tr>
</tbody>
</table>

Note 1: Marguerite Larkin was appointed to the Board on 30 September 2018 and her opening share option balance is reflected as at that date.

Note 2: The new Company Secretary Ronan Deasy was appointed to the position on 1 March 2018 and his opening share option balance is reflected as at that date.

Note 3: Share Options which vested in March 2018 related to 2015 LTIP awards and 25% of the 2017 STIP (paid in March 2018). 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 of each of the Executive Directors during the year are outlined in the following table.

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

<table>
<thead>
<tr>
<th>Accrued Benefits on Leaving Service at End of Year</th>
<th>Accumulated Total at End of Year</th>
<th>Transfer Value of Increase in Accumulated Accrued Benefits</th>
</tr>
</thead>
<tbody>
<tr>
<td>Increase During the Year (Excluding Inflation)</td>
<td>€'000</td>
<td>€'000</td>
</tr>
<tr>
<td>Gerry Behan</td>
<td>37</td>
<td>445</td>
</tr>
<tr>
<td>2018</td>
<td>37</td>
<td>445</td>
</tr>
<tr>
<td>2017</td>
<td>167</td>
<td>1,804</td>
</tr>
</tbody>
</table>

Note: Contributions were made to an Irish defined contribution plan in respect of Edmond Scanlon, Brian Mehigan and Marguerite Larkin received a taxable cash payment in lieu of pension benefits. These contributions are reflected in the single figure table (table 1) on page 122.
Non-Executive Directors’ Remuneration Paid in 2018

Table 7: Remuneration Paid to Non-Executive Directors in 2018 (Audited)

<table>
<thead>
<tr>
<th>Name</th>
<th>Fees 2018</th>
<th>Fees 2017</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hugh Brady</td>
<td>98,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Paddy Casey*</td>
<td>–</td>
<td>14,333</td>
</tr>
<tr>
<td>Gerard Culligan</td>
<td>78,000</td>
<td>33,833</td>
</tr>
<tr>
<td>Karin Dorrepaal</td>
<td>98,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Michael Dowling*</td>
<td>148,958</td>
<td>230,000</td>
</tr>
<tr>
<td>Joan Garahy</td>
<td>123,000</td>
<td>93,000</td>
</tr>
<tr>
<td>James C. Kenny</td>
<td>117,000</td>
<td>97,000</td>
</tr>
<tr>
<td>Tom Moran</td>
<td>98,000</td>
<td>78,000</td>
</tr>
<tr>
<td>Con Murphy</td>
<td>78,000</td>
<td>33,833</td>
</tr>
<tr>
<td>Christopher Rogers**</td>
<td>68,666</td>
<td>–</td>
</tr>
<tr>
<td>Philip Toomey</td>
<td>277,667</td>
<td>98,000</td>
</tr>
<tr>
<td>** Total</td>
<td>1,185,291</td>
<td>833,999</td>
</tr>
</tbody>
</table>

* Retired on 30 April 2017 and 3 May 2018 respectively
** Appointed to the Board on 8 May 2018

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 €19,814.

Payments to Former Directors

Table 8: Payments to Former Directors (Audited)

<table>
<thead>
<tr>
<th>Former Director</th>
<th>2018</th>
<th>2017</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>€’000</td>
<td>€’000</td>
</tr>
<tr>
<td>Stan McCarthy</td>
<td>1,259</td>
<td>–</td>
</tr>
<tr>
<td>Flor Healy</td>
<td>–</td>
<td>298</td>
</tr>
<tr>
<td>** Total**</td>
<td>1,259</td>
<td>298</td>
</tr>
</tbody>
</table>

Stan McCarthy, who retired from the Board on 31 December 2017, was paid 12 months base salary for abiding with the contractual non-compete/non-solicitation requirements of his employment agreement. This amounted to €1259,000 ($1486,000) during 2018. In addition, his vested 2013 LTIP awards and vested 2015 STIP awards, which were subject to deferral and disclosed in previous annual reports, were released to him at the normal applicable release dates following the 2 year deferral period.

Flor Healy, who retired from the Board on 8 August 2017, was paid €298,000 remuneration in the period 9 August to 31 December 2017. During 2018 he had vested 2013 LTIP awards and vested 2015 STIP awards, which were subject to deferral and disclosed in previous annual reports, released to him at the normal applicable release dates following the 2 year deferral period.

Payments for Loss of Office

There were no payments for loss of office in 2018 (2017: €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 overleaf.
### Table 9: Directors and Company Secretary Shareholdings (Audited)

<table>
<thead>
<tr>
<th>Directors</th>
<th>31 December 2018</th>
<th>31 December 2018</th>
<th>31 December 2018</th>
<th>1 January 2018</th>
<th>1 January 2018</th>
<th>1 January 2018</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Ordinary Shares</td>
<td>Share Options</td>
<td>Total</td>
<td>Ordinary Shares</td>
<td>Share Options</td>
<td>Total</td>
</tr>
<tr>
<td></td>
<td>Number</td>
<td>Number</td>
<td>Number</td>
<td>Number</td>
<td>Number</td>
<td>Number</td>
</tr>
<tr>
<td>Gerry Behan</td>
<td>58,839</td>
<td>–</td>
<td>58,839</td>
<td>58,379</td>
<td>–</td>
<td>58,379</td>
</tr>
<tr>
<td>- Deferred¹</td>
<td>14,905</td>
<td>–</td>
<td>14,905</td>
<td>10,636</td>
<td>–</td>
<td>10,636</td>
</tr>
<tr>
<td>Hugh Brady</td>
<td>1,250</td>
<td>–</td>
<td>1,250</td>
<td>500</td>
<td>–</td>
<td>500</td>
</tr>
<tr>
<td>Gerard Culligan</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Karin Dorrepaal</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Joan Garahy</td>
<td>1,050</td>
<td>–</td>
<td>1,050</td>
<td>1,050</td>
<td>–</td>
<td>1,050</td>
</tr>
<tr>
<td>James C. Kenny</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Marguerite Larkin²</td>
<td>1,500</td>
<td>–</td>
<td>1,500</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Brian Mehigan³</td>
<td>40,334</td>
<td>52,266</td>
<td>92,600</td>
<td>40,334</td>
<td>57,934</td>
<td>98,028</td>
</tr>
<tr>
<td>- Deferred¹</td>
<td>–</td>
<td>10,583</td>
<td>10,583</td>
<td>–</td>
<td>7,757</td>
<td>7,757</td>
</tr>
<tr>
<td>Tom Moran</td>
<td>539</td>
<td>–</td>
<td>539</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Con Murphy</td>
<td>7,721</td>
<td>–</td>
<td>7,721</td>
<td>7,721</td>
<td>–</td>
<td>7,721</td>
</tr>
<tr>
<td>Christopher Rogers⁴</td>
<td>640</td>
<td>–</td>
<td>640</td>
<td>–</td>
<td>–</td>
<td>–</td>
</tr>
<tr>
<td>Edmond Scanlon</td>
<td>9,611</td>
<td>5,056</td>
<td>14,667</td>
<td>9,611</td>
<td>2,083</td>
<td>11,694</td>
</tr>
<tr>
<td>- Deferred¹</td>
<td>–</td>
<td>4,481</td>
<td>4,481</td>
<td>–</td>
<td>2,084</td>
<td>2084</td>
</tr>
<tr>
<td>Philip Toomey</td>
<td>6,000</td>
<td>–</td>
<td>6,000</td>
<td>–</td>
<td>6,000</td>
<td>–</td>
</tr>
<tr>
<td>Company Secretary</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Ronan Deasy¹</td>
<td>3,230</td>
<td>1,528</td>
<td>4,758</td>
<td>3,230</td>
<td>–</td>
<td>3,230</td>
</tr>
<tr>
<td>- Deferred¹</td>
<td>–</td>
<td>1,862</td>
<td>1,862</td>
<td>–</td>
<td>1,231</td>
<td>1,231</td>
</tr>
</tbody>
</table>

**Note 1:** The deferred shares and share options above, relate to 25% of the Executive Directors 2016 and 2017 STIP awards and 50% of the 2014 and 2015 LTIP award (vested in March 2017 and 2018 respectively). These awards are subject to a two year deferral period and will be delivered in shares/share options in March 2019 and March 2020 respectively.

**Note 2:** Marguerite Larkin was appointed to the Board on 30 September 2018 and her opening shareholdings are reflected as at that date.

**Note 3:** Brian Mehigan retired from the Board on 28 December 2018 and his closing shareholding above is reflected as at that date.

**Note 4:** Christopher Rogers was appointed to the Board on 8 May 2018 and his opening shareholdings are reflected as at that date.

**Note 5:** Ronan Deasy was appointed as Company Secretary on 1 March 2018 and his opening shareholdings are reflected as at that date.

### Shareholding Guidelines

The table below sets out the Executive Directors’ shareholding at 31 December 2018 shown as a multiple of basic salary. Please refer to the Remuneration Policy Table on page 117 in Section C for details of the Executive Director shareholding requirements.

<table>
<thead>
<tr>
<th>Executive Director</th>
<th>As a Multiple of Basic Salary</th>
</tr>
</thead>
<tbody>
<tr>
<td>Edmond Scanlon</td>
<td>1.6x</td>
</tr>
<tr>
<td>Marguerite Larkin</td>
<td>0.2x</td>
</tr>
<tr>
<td>Gerry Behan</td>
<td>8.4x</td>
</tr>
</tbody>
</table>

**Note 1:** The share price used to calculate the above is the share price as at 31 December 2018.

Edmond Scanlon, in line with policy, has four years to increase his shareholding to the minimum 2.0x basic salary. Marguerite Larkin, the new CFO, in line with policy, has five years to increase her shareholding to the minimum 18x 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 2008 to 31 December 2018. Also outlined in the table below, 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 31/12/2008)

Table 11: Remuneration Paid to the CEO 2009 – 2018

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>Total remuneration €’000</td>
<td>1,751</td>
<td>2,116</td>
<td>3,283</td>
<td>3,538</td>
<td>3,592</td>
<td>3,283</td>
<td>4,161</td>
<td>3,625</td>
<td>5,285</td>
</tr>
<tr>
<td>Annual incentive achieved as a % of maximum</td>
<td>57%</td>
<td>90%</td>
<td>73%</td>
<td>74%</td>
<td>70%</td>
<td>57%</td>
<td>58%</td>
<td>62%</td>
<td>75%</td>
</tr>
<tr>
<td>LTIP achieved as a % of maximum</td>
<td>N/A1</td>
<td>N/A1</td>
<td>100%</td>
<td>100%</td>
<td>100%</td>
<td>91.9%</td>
<td>61.8%2</td>
<td>29.4%</td>
<td>62.3%</td>
</tr>
</tbody>
</table>

Note 1: There was no LTIP with a performance period ending in 2009 or 2010.
Note 2: This is the combined average of the 2015 LTIP paid out from the 2006 and 2013 plans.

Chief Executive Officer – Edmond Scanlon

<table>
<thead>
<tr>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>€’000</td>
<td>€’000</td>
</tr>
<tr>
<td>Total remuneration €’000</td>
<td>808</td>
</tr>
<tr>
<td>Annual incentive achieved as a % of maximum</td>
<td>75%</td>
</tr>
<tr>
<td>LTIP achieved as a % of maximum</td>
<td>62.3%</td>
</tr>
</tbody>
</table>

Note 1: 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 recently enacted European Shareholders Rights directive, 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.

<table>
<thead>
<tr>
<th></th>
<th>2014</th>
<th>2015</th>
<th>2016</th>
<th>2017</th>
<th>2018</th>
</tr>
</thead>
<tbody>
<tr>
<td>Chief Executive Officer</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Basic pay YoY % change</td>
<td>2%</td>
<td>2%</td>
<td>9%</td>
<td>2.5%</td>
<td>0%</td>
</tr>
<tr>
<td>All Group Employees</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Average basic pay YoY % change</td>
<td>34%</td>
<td>36%</td>
<td>35%</td>
<td>31%</td>
<td>2.8%</td>
</tr>
</tbody>
</table>
Performance of the company: 5 Year Total Shareholder Return

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 2018 is 1.1%. 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 0.6%.

Statement on Shareholder Voting

Below is an overview of the voting which took place at the most recent AGM to approve the Directors’ Remuneration Report.

<table>
<thead>
<tr>
<th>Total Votes Cast</th>
<th>Votes For</th>
<th>Votes Against</th>
<th>Votes Withheld/Abstained</th>
</tr>
</thead>
<tbody>
<tr>
<td>Directors’ Remuneration Report</td>
<td>100,820,472</td>
<td>97,669,720</td>
<td>3,150,752</td>
</tr>
<tr>
<td>Remuneration Policy</td>
<td>100,762,070</td>
<td>98,418,376</td>
<td>2,343,694</td>
</tr>
</tbody>
</table>

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