GOVERNANCE REPORT

Joan Garahy
Chairperson of the Remuneration Committee

Section A: Chairperson's Annual Statement

REMUNERATION COMMITTEE REPORT

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.

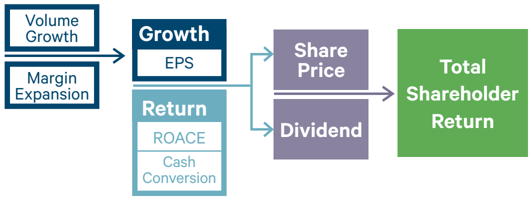
Pay for Performance

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.

Drivers of Shareholder Return



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.

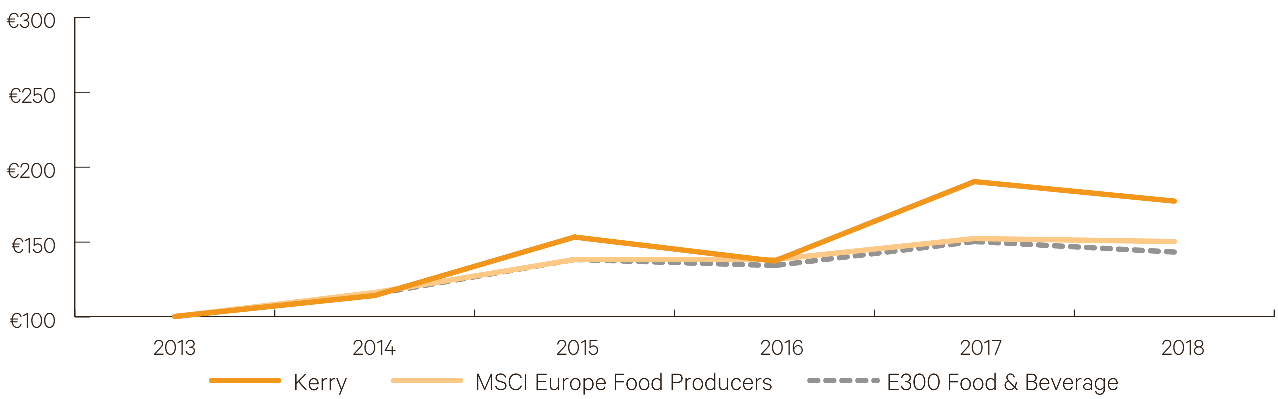
Remuneration Policy Outturn 2018

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.

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

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)

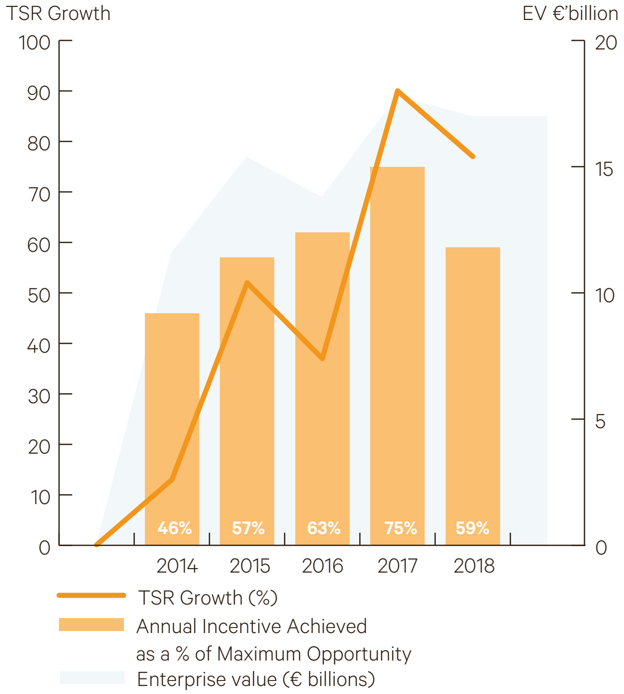


Strategic Report
Directors' Report
Financial Statements

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 underling 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:

Subject	Remuneration Committee Activity
Remuneration Report	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.
Basic Salary	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. See Implementation Section on page 119 for details on the outcome of the review.
Short Term Incentive Plan (STIP)	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. See Implementation Section on page 119 for details on the outcome of the review.

Subject	Remuneration Committee Activity
Long Term Incentive Plan (LTIP)	The Committee considered the overall effectiveness of the LTIP in 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 committment 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.

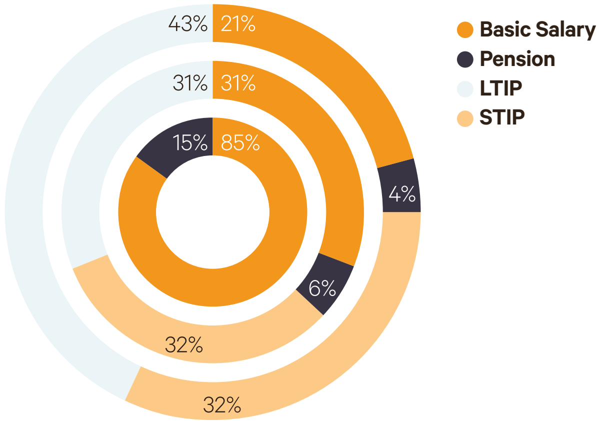
A high proportion of Executive Directors' potential remuneration is based on short term and long term performance related incentive programmes. By incorporating these elements, the Remuneration Committee believes that the interest and risk appetite of the Executive Directors is properly aligned with 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.

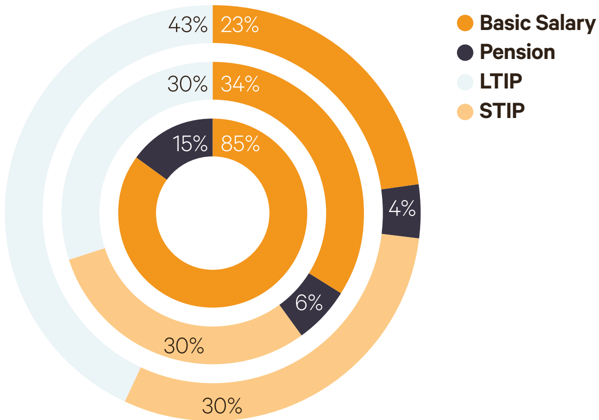
Illustration of Remuneration Policy

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.

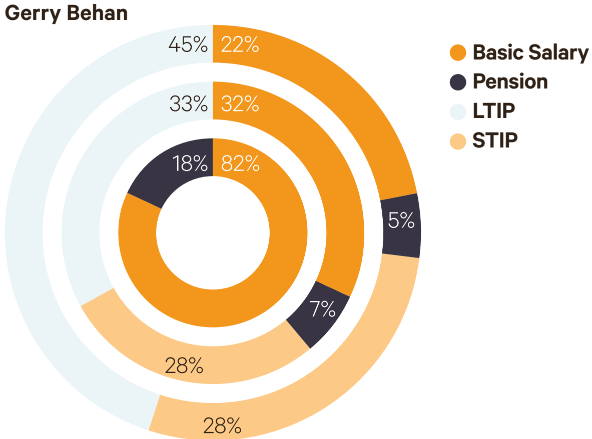
Edmond Scanlon



Marguerite Larkin



Gerry Behan



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

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

Payments for Loss of Office

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

- The Group will pay any amounts it is required to make in accordance with or in settlement of a director's statutory employment rights and in line with their employment agreement;
- The Group will seek to ensure that no more is paid than is warranted in each individual case;
- STIP and LTIP awards will be paid out in line with plan rules on exit (i.e. for good leavers as defined in the LTIP rules), with awards prorated to normal vesting date, subject to performance and a 2 year holding requirement;
- 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:

Purpose and Link to Strategy	Operation	Opportunity	Performance Metrics
Basic Salary			
Reflects the value of the individual, their skills and experience Competitive salaries are set to promote the long term success of the company and attract, retain and motivate Executive Directors to deliver strong performance for the Group in line with the Group's strategic objectives	– Remuneration Committee sets the basic salary and benefits of each Executive Director – Determined after taking into account a number of elements including the Executive Directors' performance, experience and level of responsibility – Paid monthly in Ireland and bi-weekly in the US – Salary is referenced to job responsibility and internal/external market data – Pay conditions across the Group are also considered when determining any basic salary adjustments	– Set at a level to attract, retain and motivate Executive Directors – Reviewed annually – Full benchmark review undertaken every three years	– Not applicable
Benefits			
To provide a competitive benefit package aligned with the role and responsibilities of Executive Directors	– These benefits primarily relate to the use of a company car or a car allowance	– Not applicable	– Not applicable
Short Term Performance Related Incentives (STIP)*			
To incentivise the achievement, on an annual basis, of key performance metrics and short term goals beneficial to the Group and the delivery of the Group's strategy A 25% deferral in shares/options provides a 2 year retention element and aligns Executive Directors interests with shareholders' interests	– Achievement of predetermined performance targets set by the Remuneration Committee – Performance targets aligned to published strategic targets – 75% of the award payable in cash – 25% awarded by way of shares/options to be issued two years after vesting following a deferral period – Malus & clawback provisions are in place for awards under the STIP (see page 118)	– Maximum opportunity is 125% - 150% of basic salary – Target opportunity is 70% of maximum opportunity for on-target performance	– Volume Growth – Margin Expansion – Cash Conversion – Personal and Strategic Objectives
Long Term Performance Related Incentives (LTIP)**			
Retention of key personnel and incentivisation of sustained performance against key Group strategic metrics over a longer period of time Share based to provide alignment with shareholders' interests A 50% deferral provides a retention element and aligns Executive Directors' interests with shareholders' interests	– The awards vest depending on a number of separate performance metrics being met over a three year performance period – Conditional awards over shares or share options in the Group – 50% of the earned award delivered at vesting date – 50% of the earned award issued following a two year deferral period (i.e. giving a combined performance period and deferral period of 5 years) – Malus & clawback provisions are in place for awards under LTIP (see page 118)	– Maximum opportunity is 180% - 200% of basic salary – Target opportunity is 50% of maximum opportunity for on-target performance	– Adjusted Earnings Per Share – Total Shareholder Return – Return on Average Capital Employed
Shareholding Requirement			
Maintain alignment of the interests of the shareholders and the Executive Directors and commitment over the long term	– Executive Directors are expected to build and to hold shares in the Company to a minimum level of 180% - 200% of their basic salary over a five year period	– Not applicable	– 80% - 200% of basic salary

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 c1,300. 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.

2019 STIP – Performance Metrics and Weightings

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

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

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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)

LTIP Award Year		**2019**			**2018**	
Performance Metrics	**Threshold**	**Target**	**Maximum**	**Threshold**	**Target**	**Maximum**
EPS (50% weighting)*						
Kerry's EPS growth per annum	6%	10%	12%	6%	10%	12%
% of award which vests	25%	50%	100%	25%	50%	100%
ROACE (20% weighting)						
ROACE return achieved	10%	12%	14%	10%	12%	14%
% of award which vests	25%	50%	100%	25%	50%	100%
Relative TSR (30% weighting)						
Position of Kerry in peer group	Median	Median to 75th%	Greater than 75th%	Median	Median to 75th%	Greater than 75th%
% of award which vests	30%	30% - 100%	100%	30%	30% - 100%	100%

** 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

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

See 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)

	Basic Salaries		Benefits		Pensions[1]		STIP[2]		LTIP[3]		Total	
	2018	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017	**2018**	2017
	€'000	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000	**€'000**	€'000
Edmond Scanlon	**1,050**	263	**34**	168	**200**	51	**948**	295	**345**	31	**2,577**	808
Stan McCarthy[6]	**–**	1,315	**–**	102	**–**	317	**–**	1,479	**–**	2,072	**–**	5,285
Brian Mehigan	**703**	687	**37**	39	**210**	204	**530**	644	**805**	789	**2,285**	2,363
Marguerite Larkin [4]	**177**	–	**8**	–	**34**	–	**133**	–	**–**	–	**352**	–
Gerry Behan	**760**	776	**63**	248	**170**	170	**540**	739	**1,105**	1,300	**2,638**	3,233
Flor Healy[6]	**–**	351	**–**	13	**–**	91	**–**	–	**–**	–	**–**	455
	2,690	3,392	**142**	570	**614**	833	**2,151**	3,157	**2,255**	4,192	**7,852**	12,144

	$'000	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000	**$'000**	$'000
Stan McCarthy[5]	**-**	1,486	**-**	115	**-**	359	**-**	1,671	**-**	2,341	**-**	5,972
Gerry Behan[5]	**901**	877	**74**	280	**201**	192	**640**	835	**1,310**	1,469	**3,126**	3,653
	901	2,363	**74**	395	**201**	551	**640**	2,506	**1,310**	3,810	**3,126**	9,625

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.

Note 6: Stan McCarthy and Flor Healy retired as Directors in 2017.

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)

Metric		1. Volume Growth* (40% weighting)		2. Margin Expansion* (30% weighting)		3. Cash Conversion (20% weighting)
		Group	Taste & Nutrition	Group	Taste & Nutrition	Group
Targets	Threshold	0.0%	0.0%	-30 bps	0 bps	70%
	Target	3.5%	4.0%	0 bps	+30 bps	75%
	Max	5.5%	6.0%	+30 bps	+60 bps	80%
Actual performance		3.5%	4.1%	0 bps	+20 bps	71.5%
Bonus outcome		28.0%	28.6%	21.0%	14.0%	4.2%
Link to strategy		Volume Growth is a key performance metric as it is one of the main drivers of Adjusted EPS Growth		Margin Expansion is a key performance metrics as it is another main driver of Adjusted EPS Growth		Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders

* The above metrics are measured at Group level for the CEO and CFO (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

Metric		4. Personal and Strategic (All – 10% weighting)	
		CEO & CFO	T&N CEO
Targets	Threshold	0	0
	Target	7	7
	Max	10	10
Actual performance		7	10
Bonus outcome		7%	10%
Link to strategy		Specific to the Executive's responsibility linked to strategic plan implementation and talent management.	

Details of Personal and Strategic Objectives

The Executive Directors are also measured against Personal and Strategic objectives, which this year focus on 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 59% 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:

	Adjusted EPS Growth Per Annum	Percentage of the Award Which Vests
Threshold	8%	25%
Target	10%	50%
Maximum	12%	100%

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:

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

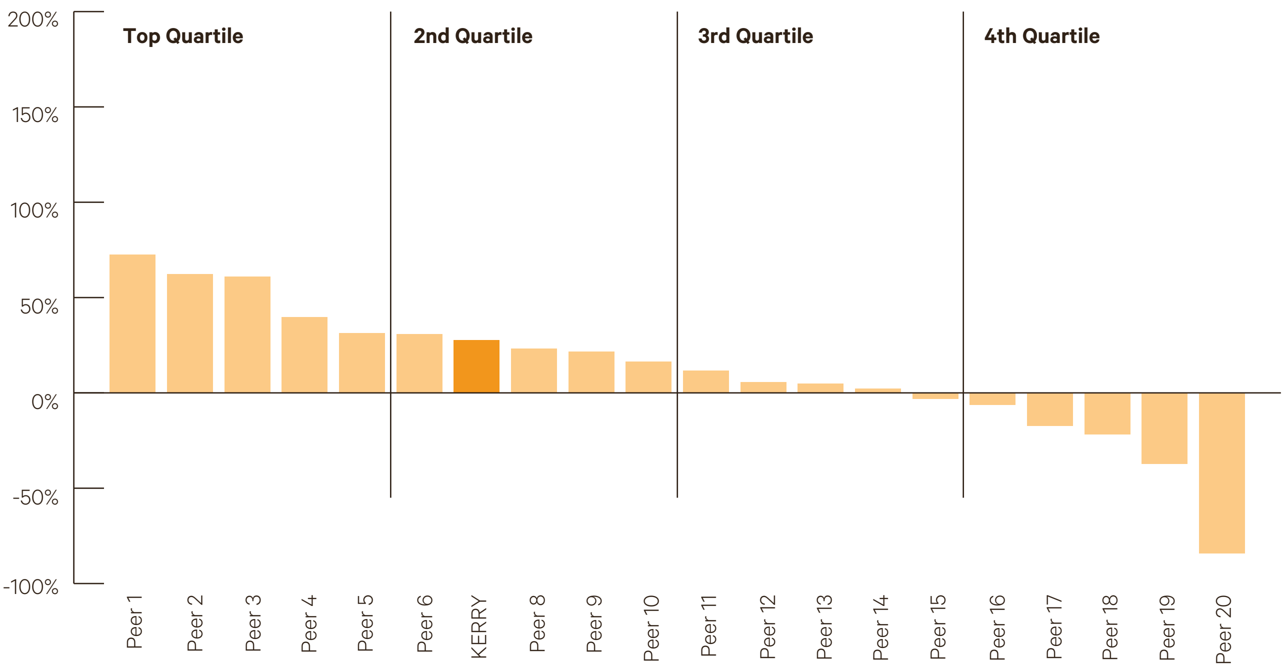
When assessing whether the performance hurdle has been met, this measurement is determined by reference to the ranking of Kerry's TSR over the three year performance period, in comparison with the TSR performance of the companies in the peer group. The awards vest in line with the following table:

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

The performance graph 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:

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

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

The outcome of the measurement of the ROACE condition in relation to the 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

Long Term Incentive Plan	TSR Performance (30% of Award)	Actual Vesting of TSR Award	EPS Performance (50% of Award)	Actual Vesting of EPS Award	ROACE Performance (20% of Award)	Actual Vesting of ROACE Award	Total % Vested
2013 LTIP Plan	2nd Quartile*	24.4%	10.1% growth*	26.3%	12.6%	13%	63.7%

* 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)

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

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)

	Share Options Outstanding at 1 January 2018	Share Options Exercised During the Year	Share Options Vested During the Year[3]	Share Options Outstanding at 31 December 2018	Exercise Price Per Share
Directors					
Edmond Scanlon	4,167	**0**	**5,370**	**9,537**	**€0.125**
Brian Mehigan	65,451	**(13,573)**	**10,971**	**62,849**	**€0.125**
Marguerite Larkin[1]	–	**–**	**–**	**–**	**–**
Company Secretary					
Ronan Deasy[2]	1,231	**0**	**2,159**	**3,390**	**€0.125**

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)

	Accrued Benefits on Leaving Service at End of Year		
	Increase During the Year (Excluding Inflation) €'000	Accumulated Total at End of Year €'000	Transfer Value of Increase in Accumulated Accrued Benefits €'000
Gerry Behan	**37**	**445**	**223**
2018	**37**	**445**	**223**
2017	167	1,804	2,291

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)

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

* 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)

Former Director	**2018 €'000**	**2017 €'000**
Stan McCarthy	**1,259**	–
Flor Healy	**–**	298
	1,259	298

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 €1,259,000 ($1,486,000) 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)

	31 December 2018 Ordinary Shares Number	31 December 2018 Share Options Number	31 December 2018 Total Number	1 January 2018 Ordinary Shares Number	1 January 2018 Share Options Number	1 January 2018 Total Number
Directors						
Gerry Behan	**58,839**	–	**58,839**	58,379	–	58,379
- Deferred[1]	***14,905***	–	***14,905***	*10,636*	–	*10,636*
Hugh Brady	**1,250**	–	**1,250**	500	–	500
Gerard Culligan	–	–	–	–	–	–
Karin Dorrepaal	–	–	–	–	–	–
Joan Garahy	**1,050**	–	**1,050**	1,050	–	1,050
James C. Kenny	–	–	–	–	–	–
Marguerite Larkin[2]	**1,500**	–	**1,500**	–	–	–
Brian Mehigan[3]	**40,334**	**52,266**	**92,600**	40,334	57,694	98,028
- Deferred[1]	–	***10,583***	***10,583***	–	*7,757*	*7,757*
Tom Moran	**539**	–	**539**	–	–	–
Con Murphy	**7,721**	–	**7,721**	7,721	–	7,721
Christopher Rogers[4]	**640**	–	**640**	–	–	
Edmond Scanlon	**9,611**	**5,056**	**14,667**	9,611	2,083	11,694
- Deferred[1]	–	***4,481***	***4,481***	–	*2,084*	*2,084*
Philip Toomey	**6,000**	–	**6,000**	6,000	–	6,000
Company Secretary						
Ronan Deasy[5]	**3,230**	**1,528**	**4,758**	3,230	–	3,230
- Deferred[1]	–	***1,862***	***1,862***	–	*1,231*	*1,231*

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 10: Individual Shareholding as a Multiple of Basic Salary

Executive Director	As a Multiple of Basic Salary
Edmond Scanlon	**1.6x**
Marguerite Larkin	**0.2x**
Gerry Behan	**8.4x**

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 1.8x basic salary.

TSR Performance and Chief Executive Officer Remuneration

The graph below illustrates the TSR performance of the Group over the past ten years showing the increase in value of €100 invested in Group's shares from 31 December 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)

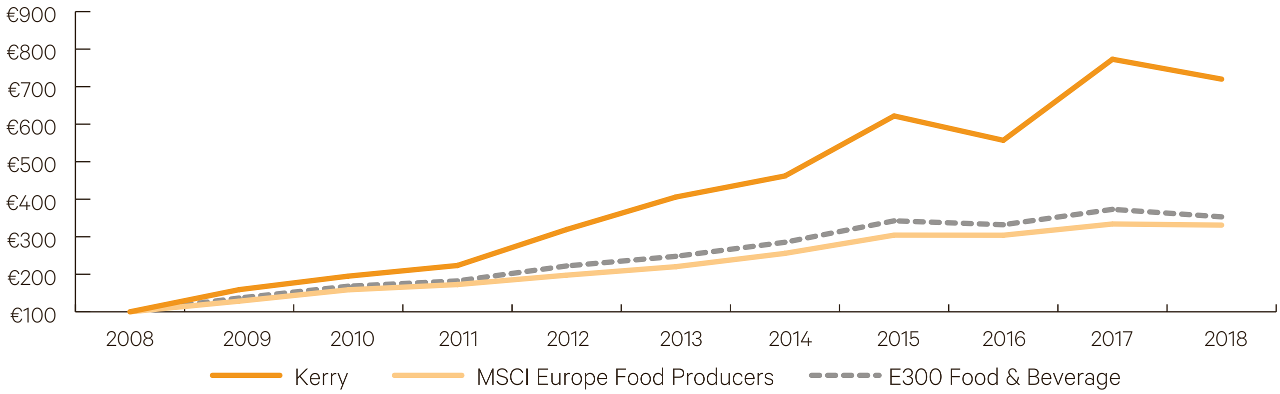


Table 11: Remuneration Paid to the CEO 2009 – 2018

Chief Executive Officer – Stan McCarthy	2009 €'000	2010 €'000	2011 €'000	2012 €'000	2013 €'000	2014 €'000	2015 €'000	2016 €'000	2017 €'000
Total remuneration €'000	1,751	2,116	3,283	3,538	3,592	3,283	4,161	3,625	5,285
Annual incentive achieved as a % of maximum	57%	90%	73%	74%	70%	57%	58%	62%	75%
LTIP achieved as a % of maximum	N/A[1]	N/A[1]	100%	100%	100%	91.9%	61.8%[2]	29.4%	62.3%

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	2017 €'000	2018 €'000
Total remuneration €'000	808	**2,577**
Annual incentive achieved as a % of maximum	75%	**60%**
LTIP achieved as a % of maximum	62.3%	**63.7%**

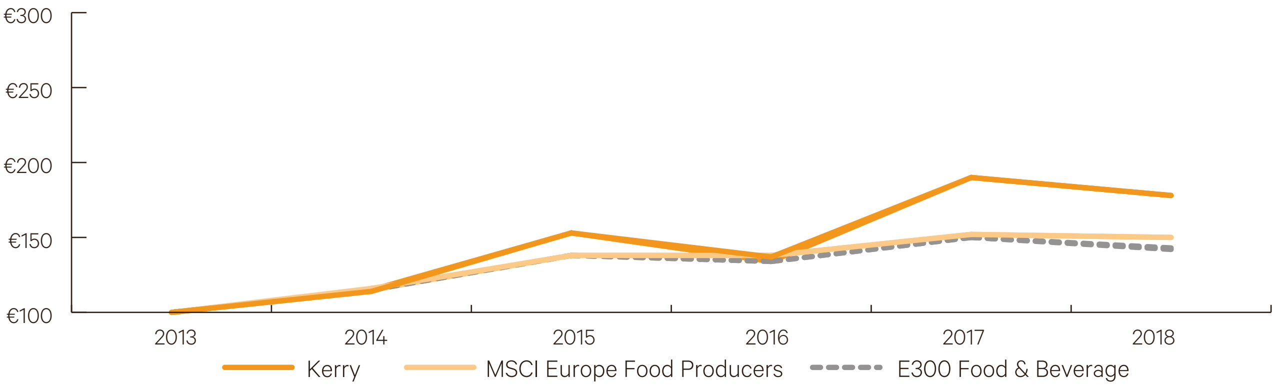
Note 1: Edmond Scanlon was appointed CEO and to the Board on 1 October 2017 and his remuneration reflected in the table above relates to remuneration from that date.

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.

	2014	2015	2016	2017	2018
Chief Executive Officer					
Basic pay YoY % change	2%	2%	9%	2.5%	0%
All Group Employees					
Average basic pay YoY % change	3.4%	3.6%	3.5%	3.1%	2.8%

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 13: 2018 AGM – Votes on Remuneration

Total Votes Cast	Votes For	Votes Against	Votes Withheld/Abstained
Directors' Remuneration Report			
100,820,472	97,669,720	3,150,752	203,299
	96.9%	3.1%	
Remuneration Policy			
100,762,070	98,418,376	2,343,694	261,701
	97.7%	2.3%	

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.