Creating a World of Sustainable Nutrition

Kerry Group Annual Report 2021

Kerry is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets, with our broad range of ingredient solutions currently reaching over 1 billion consumers.

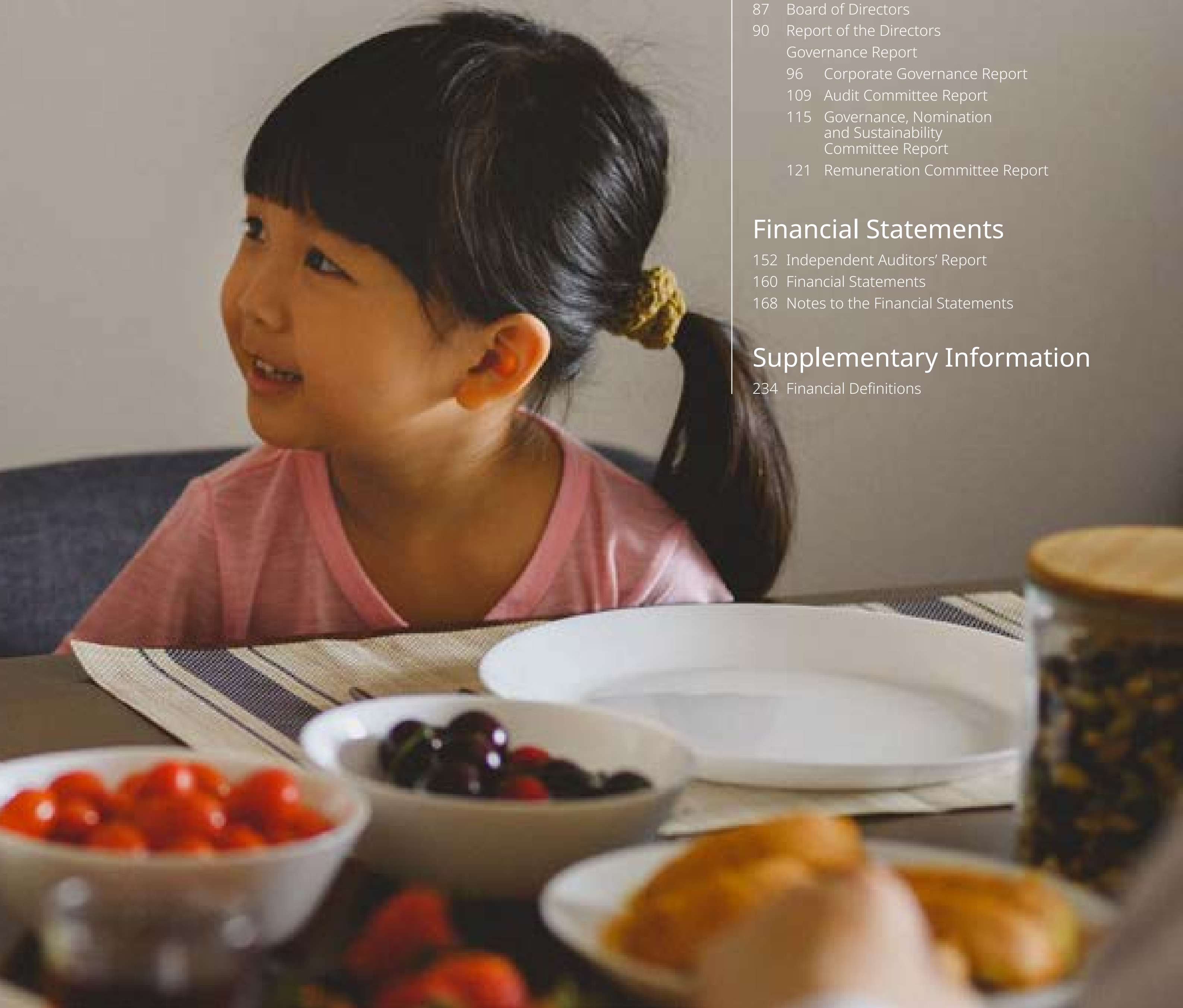
CONTENTS

Strategic Report

Directors' Report

Financial Statements

Supplementary Information



Strategic Report

Our Performance in 2021

In a year where we made significant strategic progress on a number of different fronts, we also achieved strong growth and good business performance recovery.

Financial Performance Measures

Group Revenue

€7.4 billion

2021	€7.4 billion
2020	€7.0 billion

Volume Growth[1]

8.0%

2021	8.0%
2020	(2.9%)

Trading Profit

€876 million

2021	€876 million
2020	€797 million

Group Trading Margin[1]

11.9%

2021	11.9%	+40bps
2020	11.5%	(100bps)

Net Cash from Operating Activities

€654 million

2021	€654 million
2020	€672 million

Free Cash Flow[1] (cash conversion percentage)

€566 million

2021	€566 million	84%
2020	€412 million	67%

Basic EPS

430.6 cent

2021	430.6 cent	+37.6%
2020	313.0 cent	(2.3%)

Constant Currency Adjusted EPS[1]

380.8 cent

2021	380.8 cent	+12.1%
2020	345.4 cent	(9.4%)

Total Dividend Per Share

95.2 cent

2021	95.2 cent	+10.1%
2020	86.5 cent	+10.1%

Return on Average Capital Employed[1]

9.9%

2021	9.9%
2020	9.8%

Non-Financial Performance Measures

Consumers Reached with Positive and Balanced Nutrition Solutions[2]

1.1 billion

2021	1.1 bn
2020	1.0 bn

Absolute Carbon Reduction[2]

39%

2021	39%
2020	17%

Total Shareholder Return

-3.7% (2020: +7.4%)

[1] See Key Performance Indicators section pages 34-35 and the Supplementary Information section page 234 for definitions, calculations and reconciliations of Alternative Performance Measures

[2] See Sustainability Review pages 50-74 for further information on non-financial metrics

Our Purpose and Vision

Across the globe, our Purpose, Inspiring Food, Nourishing Life is central to everything we do.

The impact of our purpose is in evidence through our people, our products and our commitments to protecting the planet and improving lives.

It is embedded across our business in the decisions we make, in how we innovate and grow and in how we partner with our customers to create lasting value. Our purpose guides us in our Vision to be our customers' most valued partner, creating a world of sustainable nutrition.

Purpose in Action

This year our purpose brought us together with our customers to deliver a clear pathway to achieving our goal of reaching 2 billion people with sustainable nutrition solutions by 2030. We created a framework which enables Kerry to support our customers as they move along the sustainable nutrition spectrum, enhancing their products and improving the environmental and social impact of those products. We are committed to targets that align with the Paris Agreement goal of limiting global temperature increases by 1.5 degrees Celsius.

With the help of our senior leadership team, we embed our purpose right across the business, enabling all employees to feel a part of the journey, committed to playing their part and being accountable for progress towards achieving these targets.

The Impact of Purpose

Our employees give clear expression to our purpose and are empowered to strive to achieve positive social impact. One example is the establishment of the PRYSM and SEEN employee groups, reflecting the momentum behind our Diversity, Inclusion and Belonging strategy. Responding to the challenges presented by COVID-19 in our business and our local communities, has galvanised our people in ways never anticipated.

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Our People
Pages 15-21

Sustainability Review
Pages 50-74

Inspiring Food,

2 bn

Our goal is to reach 2 billion people with sustainable nutrition solutions by 2030.

Nourishing Life

Kerry Group at a Glance

Kerry is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets, with our broad range of ingredient solutions currently reaching over 1 billion consumers.

22,000+
Employees

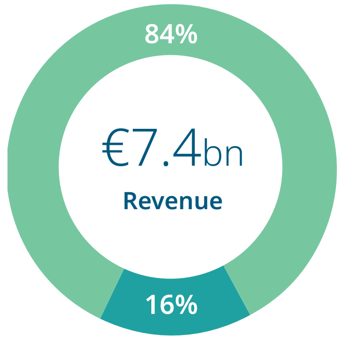
152
Manufacturing locations across 36 countries

18,000+
Products, with >80% providing positive and balanced nutrition

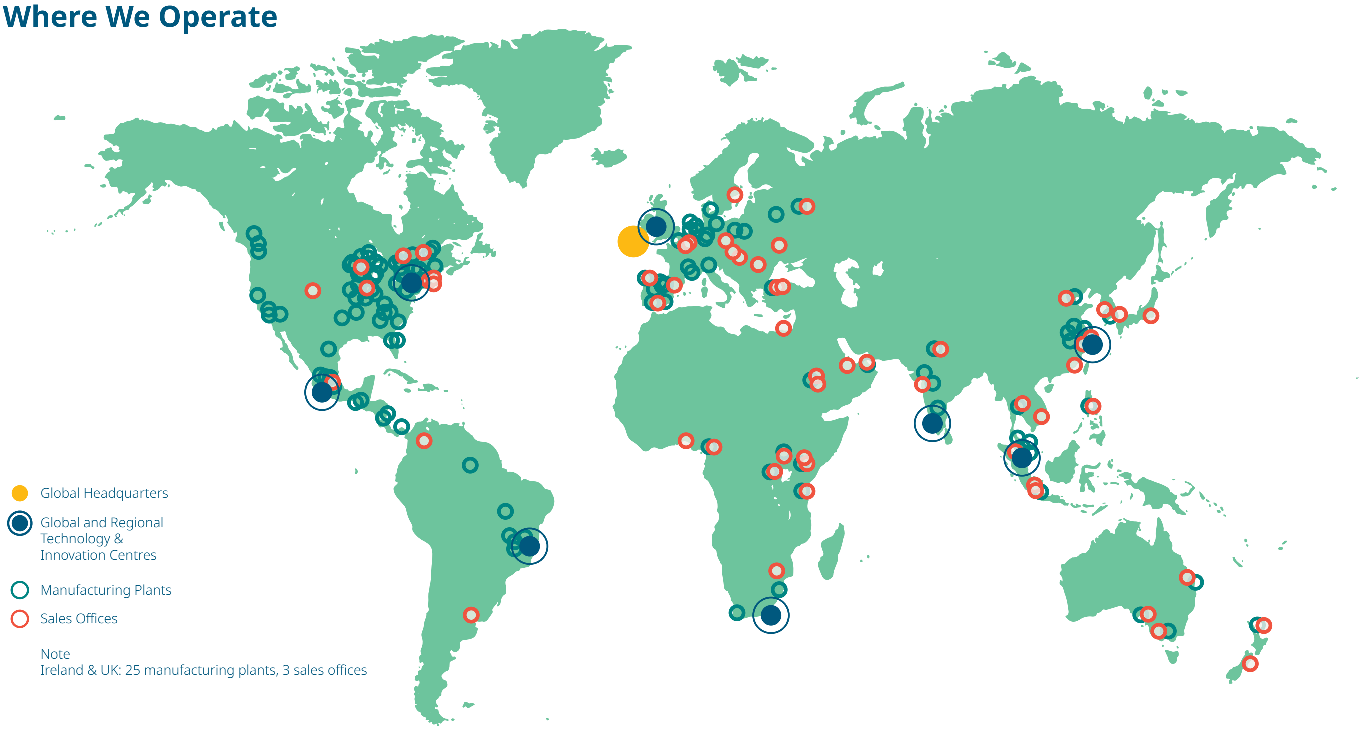
1,100+
R&D Scientists

Our Business

Taste & Nutrition
Consumer Foods



Where We Operate

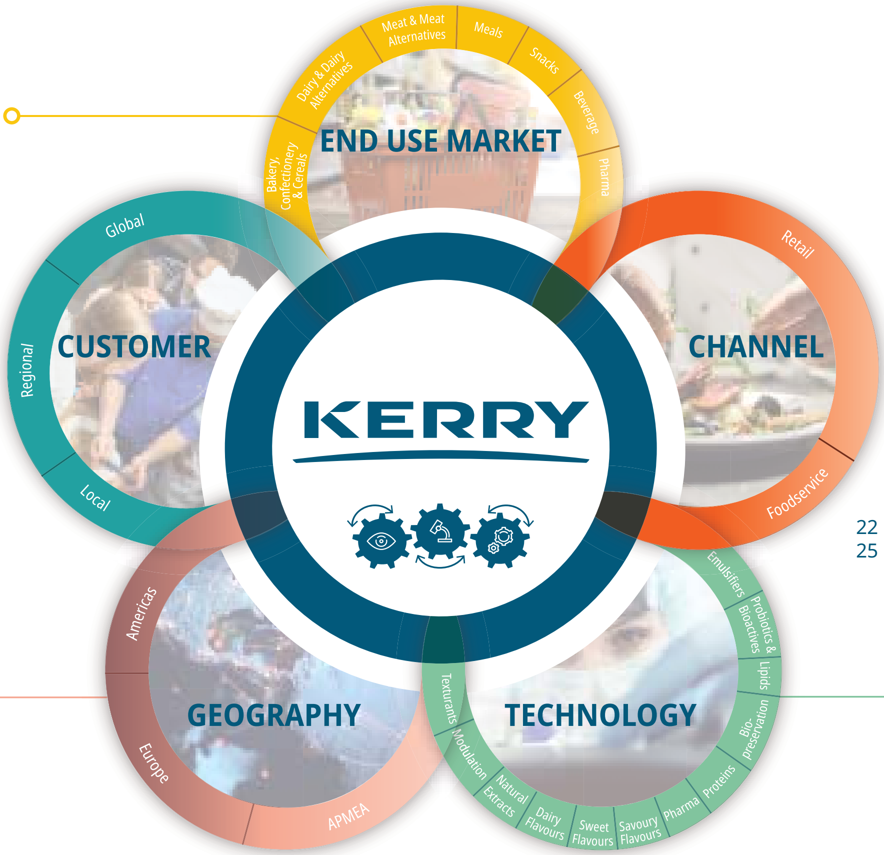


Taste & Nutrition Business Dimensions

Food 69%
Beverage 26%
Pharma 5%

Americas 52%
Europe 25%
APMEA 23%

22 Core Technologies
25 Process Technology Platforms



Taste & Nutrition

Kerry is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. We use our broad range of ingredient solutions to innovate with our customers and create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Our leading consumer insights, global R&D team of over 1,100 food scientists and extensive global footprint enable us to solve our customers' most complex challenges with differentiated solutions. At Kerry, we are driven to be our customers' most valued partner, creating a world of sustainable nutrition.

Consumer Foods

Kerry's Consumer Foods division is a leader in its categories in the chilled cabinet, primarily in Irish and UK markets. We have many strong, well-loved dairy and dairy alternative brands which can be found across our retail partners in supermarkets, convenience stores and other retail outlets the length and breadth of Ireland and the UK. Kerry's Consumer Foods division also manufactures customer branded products which can be found in leading supermarket chains.

Chairman's Statement

At the beginning of a new strategic cycle, Kerry is better positioned than ever and committed to creating long-term value for all stakeholders.

Philip Toomey
Chairman

Overview

Kerry has been at the forefront of our industry through the last decade, continually evolving its portfolio and strategy to remain best placed to meet the latest consumer and customer demands. Delivering consumer-preferred taste, while also improving the nutritional profile of food and beverage products, is where Kerry excels.

The past couple of years has seen the importance of health and sustainability increase amongst consumers, customers and indeed all stakeholders. The collective corporate willingness to work together to do better for people and planet has never been as strong. Kerry is exceptionally well positioned to play a key role in the drive towards a more sustainable food and beverage ecosystem. The impact Kerry is delivering in conjunction with its customers in enhancing the taste, nutrition and sustainability profile of food and beverage products that are consumed every day across the globe is remarkable. This is testament to how Kerry's purpose and vision have been embedded throughout the organisation in recent years.

Significant Strategic Progress

Kerry's evolution and industry-leading capabilities were presented at a virtual Capital Markets Day during the year. The Executive Team outlined Kerry's unique strategic positioning, strong leadership positions and future growth strategies. The Group also presented its updated financial targets for the period 2022 to 2026.

The Group completed a number of important strategic developments during the year as Kerry continues to evolve its portfolio to strengthen its position as a market leading Taste & Nutrition company. The acquisition of Niacet enhances Kerry's leadership position in food protection and preservation. The Group also completed the sale of its Consumer Foods Meats and Meals business, and I would like to take this opportunity on behalf of the Board to thank all of the 4,500 employees who worked in those businesses for their contribution to Kerry over many years.

The Group will continue to pursue organic and acquisitive growth opportunities aligned with the Group's strategic priorities and key growth platforms of Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma.

Sustainability

In 2020, the Group announced its 2030 sustainability strategy *Beyond the Horizon*, which underpins Kerry's future growth as it continues to partner with its customers across the globe to create a world of sustainable nutrition. At the Capital Markets Day in October, the Group announced a higher carbon reduction target, while also enhancing its diversity, inclusion and belonging commitments.

The Board, through the Governance, Nomination and Sustainability Committee, contributed to, reviewed and approved the significant sustainability developments actioned in 2021. This year for the first time, climate related disclosures, in line with the recommendations of the Task Force on Climate Related Financial Disclosures (TCFD), are outlined on pages 68-74.

The Group will also publish in 2022 its first GRI Sustainability Report alongside the Annual Report which will detail the Group's progress against its sustainability strategy and targets in line with Global Reporting Initiative (GRI) standards.

Details regarding the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Review on pages 50-74 and in the GRI Sustainability Report which is available on the Group's website.

Corporate Governance

The Board is firmly committed to maintaining the highest standards of corporate governance in line with best practice. During 2021, the Board reviewed the Company's corporate governance policies and procedures to monitor compliance with the UK Corporate Governance Code and with latest best practice developments. We also engaged with our stakeholders during the year as we believe listening to their views and needs is fundamental to building a sustainable business. Further details of our stakeholder engagement activities are outlined on pages 99-104.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its committees. In 2021 this was an internal self-assessment which concluded that the Board and its Committees are performing effectively.

Board Changes

Jinlong Wang joined the Board as a non-Executive Director on 5 January 2021 and Joan Garahy retired from the Board following the Company's Annual General Meeting on 29 April 2021. On behalf of the Board, I would like to thank Joan for her contribution and service to the organisation. I am delighted to welcome Michael Kerr and Fiona Dawson who joined the Board as non-Executive Directors on 3 May 2021 and 4 January 2022 respectively. I look forward to both of them making significant contributions to the Board in the years ahead.

Gerard Culligan and Con Murphy will retire from the Board at the conclusion of the 2022 AGM and will not seek re-election. On behalf of the Board, I would like to thank Gerard and Con for their strong contribution over the last five years.

As part of the ongoing Board refreshment process, the Governance, Nomination & Sustainability Committee will continue its search for suitable candidates to join the Board in the context of the Group's diversity commitments.

Purpose and Values

Our Purpose, Inspiring Food, Nourishing Life, and our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership guide our actions and behaviours, keeping us on the right path toward achieving a world of sustainable nutrition. During 2021, the Board has continued to ensure that management promote our purpose and values to unite the organisation across diverse cultures and geographies. Staying true to our purpose as the organisation has continued to respond to the COVID-19 pandemic, has shown the extraordinary agility, compassion and resilience of our people, operating in difficult circumstances, to do the right thing for our customers, our shareholders, our communities and the environment, and this will enable us to continue the Group's evolution in the years ahead.

People and Engagement

Central to Kerry's continued success is the hard work and commitment of all our employees. The Board is proud of the response of our employees to the challenges we faced during the COVID-19 pandemic.

The Board also recognises the importance of employee engagement and continues to enhance its employee engagement activities. During 2021, Tom Moran, the designated Workforce Engagement Director, engaged in a detailed programme of activities where he had the opportunity to gauge the engagement levels of our people supporting our business, both in-person within our offices or sites and remotely. Tom has also participated in various employee events across the business, gaining a more in-depth understanding of how Kerry continues to respond to the COVID-19 pandemic and is adapting to new ways of working.

As a result of ongoing restrictions during the year, all events were held virtually and details of these activities are outlined in the Corporate Governance Report on pages 96-108.

Dividend

The Board recommends a final dividend of 66.7 cent per share (an increase of 10.1% on the 2020 final dividend) payable on 6 May 2022 to shareholders registered on the record date of 8 April 2022. Together with the interim dividend of 28.5 cent per share, this brings the total dividend for the year to 95.2 cent, an increase of 10.1% on 2020.

Prospects

The Board remains confident that the Group's business model, strategic priorities and key growth platforms will continue to deliver shareholder value and benefit our other stakeholders in the years to come. Kerry will continue to pursue organic and acquisitive growth opportunities and the Group's balance sheet is well placed to support our objectives. The view of management regarding the business outlook for 2022 is presented in the Chief Executive Officer's Review.

On behalf of the Board, I would like to sincerely thank Edmond and the Executive Management team for their exceptional leadership and thank everyone throughout the organisation for their contribution to the ongoing success of the Group.

Conclusion

Having served ten years on the Board, I will retire as Chairman and as a Director of the Company at the upcoming AGM. I would like to take this opportunity to thank the members of the Board, our employees and all our shareholders for their support during my years on the Board and as Chairman. Finally, I wish my successor Tom Moran the very best as he assumes the Chairmanship of the Board.

Philip Toomey
Chairman
15 February 2022

Chief Executive Officer's Review

2021 was a significant year for Kerry, during which we delivered strong growth, completed a number of important strategic portfolio developments and refreshed our strategy.

Edmond Scanlon
Chief Executive Officer

In 2021, we delivered strong growth across all regions, with Group revenue of **€7.4 billion** driven by volume growth of **8.0%**.

Growth was strong through the year across both the retail and foodservice channels, which was pleasing given the impact COVID-19 has had on our industry over the past couple of years.

While the pandemic continues to impact the everyday lives of consumers around the world, our industry has adapted very well and is now in a much stronger position to manage through any future disruption. I would like to recognise the agility of our people through this period. They have found creative new ways to innovate and collaborate with our customers, while continuing to support each other and the local communities in which we operate. We have a unique culture within Kerry, which has always been the key ingredient to our success.

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Our People
Pages 15-21

Financial Review
Pages 36-43

A Year of Significant Strategic Developments

We continued to develop our portfolio in the year with a number of strategic acquisitions aligned to our key growth platforms and supporting our focus as a leading taste & nutrition company.

In the area of **Food Waste** – specifically in food protection and preservation, we completed the acquisition of Niacet, which is a strong complement to our clean-label preservation capability.

Under **Health & Bio-Pharma** – we acquired Biosearch Life which added strong capability to our proactive health portfolio.

We enhanced our biotechnology capabilities with the acquisition of Enmex, which is a leading enzyme manufacturer in its food and beverage markets.

We also completed the disposal of our Consumer Foods Meats and Meals Business to Pilgrim's Pride, and we would like to reiterate our best wishes to our former colleagues.

We opened our new manufacturing facility in Durban, South Africa, which will be the leading taste facility on the continent of Africa. We also commenced production at our state-of-the-art manufacturing facility in Rome, Georgia and within our taste facility in Irapuato, Mexico.

During the year, we completed a comprehensive strategic planning refresh, which resulted in the presentation of our refreshed strategic priorities, key growth platforms, mid-term financial targets and sustainability commitments at our Capital Markets Day.

Strategic Developments

Acquisition of Niacet

New Facility in Durban, South Africa

Refreshed strategy presented at Capital Markets Day

Refreshed Strategy Reflecting the Evolution of our Business

The consistency of Kerry's strategy has been an important contributor to the Group's success over many years. The strategic priorities of Taste, Nutrition and Emerging Markets comprise Kerry's overarching strategic framework. Within this structure, we highlighted the four key growth platforms that will be important contributors to meeting our 4-6% revenue volume growth target over the next strategic cycle, namely Authentic Taste, Plant-based, Food Waste, and Health & Bio-Pharma.

Taste and Nutrition Strategic Framework

Our Markets – More Dynamic Than Ever

Market conditions have been highly dynamic across the year, with a strong overall demand environment combined with high degrees of variability across geographies and channels. At home consumption remained strong, with foodservice improving as consumers embraced the opportunities for more out-of-home social engagement and food consumption.

The extent of consumer demands continues to increase in areas such as plant-based, functional food for specific health requirements, taste without compromise, and products with an improved sustainability impact. These heightened and complex consumer demands are presenting greater challenges for our customers, as they continue to balance these with current industry labour and supply chain dynamics. This is leading to the need for a greater level of support from value-add partners and increasing the level of collaborative innovation in our industry.

Creating A World of Sustainable Nutrition

We realise the important role we play in the global food and beverage ecosystem, and we have an ambition to enhance our reach to over two billion people with sustainable nutrition solutions by 2030. This will be achieved by partnering with our customers to create products that are better for people, society and the planet. This is how we support our customers to move along the sustainable nutrition spectrum.

As part of our *Beyond the Horizon* sustainability strategy, we announced enhanced sustainability commitments at our Capital Markets Day. We increased our emissions reduction target to align with a 1.5°C temperature pathway, which has increased our target for Scope 1 and 2 emissions reduction from 33% to 55% by 2030.

Overall Financial Performance

Group reported revenue increased to €7.4 billion, with volume growth of 8.0% and positive pricing, partially offset by the impact of foreign currency translation and business disposals net of acquisitions. Group EBITDA increased to €1.1 billion with an EBITDA margin of 14.7%. Free cash flow was €566m, which represented cash conversion of 84%.

€7.4 bn

Record Group Revenue

All Regions Delivered Strong Growth

Taste & Nutrition delivered overall volume growth of 8.3% with excellent growth across all regions.

We achieved continued strong volume growth of 5.4% in the retail channel, with excellent growth of 18.0% in the foodservice channel as it recovered from the impact of COVID-19 in the prior year.

The Americas had volume growth of 6.7% in the year, with growth of 9.9% in Europe and 11.3% in APMEA, while volume growth from emerging markets amounted to 14.4%.

Consumer Foods delivered strong volume growth of 6.0% in the year, with growth right across the business.

14%

Beverage Volume Growth
supported by launches incorporating our leading taste solutions for nutritionally optimised products and our proactive nutrition portfolio.

Looking Forward

Our markets remain highly dynamic with a continued good demand environment, despite the backdrop of COVID-19 and supply chain challenges right across our industry. While market conditions remain uncertain, the Group is strongly positioned for growth. Kerry's key growth platforms of Authentic Taste, Food Waste, Plant-based and Health & Bio-Pharma underpin a strong innovation pipeline.

As the industry is currently experiencing a period of heightened inflation, the Group remains confident in its ability to manage through this current cycle with its well-established pricing model and cost initiatives.

Kerry will continue to strategically evolve its portfolio and invest capital aligned to its strategic priorities and key growth platforms.

Edmond Scanlon
Chief Executive Officer
15 February 2022

On behalf of the Board and the Senior Management team, I would like to acknowledge the contribution of our outgoing Chairman Philip Toomey, who will be retiring in 2022. Throughout his tenure as Chairman, Philip provided strong Board leadership. We thank him sincerely for his valued contribution to Kerry and wish him well in the future.

Passion for Growth

22,000+
People

200+
Locations

112
Nationalities

50+
Countries

Our People

Our Culture

At Kerry our Purpose, Inspiring Food, Nourishing Life and our values form the bedrock of, and inspire our culture. They guide the actions and behaviours of our people, of which we have over 22,000 across the world, every day, as we pursue our Vision, to be our customers' most valued partner, creating a world of sustainable nutrition.

Our people represent 112 nationalities, working across 200+ locations globally, with a presence in more than 50 countries. Through 2021, guided by our purpose and our values, our people continued to demonstrate great levels of resilience and agility, through constantly evolving and challenging circumstances, doing the right thing by each other, our customers, our shareholders, our communities, and our planet.

We are of the firm conviction that we differentiate ourselves as an organisation through the quality, commitment and integrity of our people. We think and act with a Safety First, Quality Always mindset, and an insatiable appetite for delivering value for our customers. We hold ourselves to the highest standards of business and ethical behaviour in everything we do and continue to reinforce this through our standards, policies, and practices.

We lead with a purpose mindset, and empowering our teams is fundamental to our group-wide approach to people leadership. In support of our objective of building a truly inclusive workplace, during 2021, we gave particular focus to strengthening inclusive leadership behaviours. Our leaders are committed to their role in building a great place to work – a place where our people are engaged in meaningful work that is connected to our purpose and can contribute fully to our shared success. Ensuring that our senior leadership and management teams reflect both our workforce and the communities in which we live and work is a key imperative for us. We continue to enhance the cultural diversity of our leadership through strengthening our talent pipeline and positively encouraging the progression of local talent into our regional leadership and management teams.

Our people practices reflect our purpose and vision – from who and how we attract talent, to how we develop skills and behaviours, reward individual and team performance, build future talent, and play a role in society, supporting local communities through volunteering and other charitable initiatives.

In 2021 we also took steps to further simplify and standardise our ways of working and put in place stronger foundations for the future. We have evolved our Global Business Services (GBS) organisation as a key pillar of our Business Operating model, delivering scalable and quality services across all regions and global functions.

Our significantly enhanced GBS portfolio and scope of services makes it easier for our people to access the support they need, when they need it and to do so in a more efficient and effective way. Providing more consistent support to our people globally is critical as we continue to develop and grow our business.

Our people have continued to demonstrate great resilience and agility, through constantly evolving and challenging circumstances.

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Our Purpose and Vision
Pages 4-5

Our Values

Our values are inspired by our purpose. They underpin the culture we continue to cultivate and develop to sustain our success. They represent strengths from our heritage that we want to build on into the future, as well as harnessing new capabilities and ways of working that we will collectively embed across our expanding global footprint.

Following a refresh of our values in 2019, our Executive Team continue to take a visible leadership role in ensuring that they are firmly embedded across the Group, and fully demonstrated in our leader actions and behaviours. Our values unite us across cultures and geographies, providing a guiding framework for building trust and mutual respect through the engagement of our people, our customers, and our communities.

Reflecting on the essence of our values, we empower our people to have the courage to challenge the status quo when it may get in the way of progress, and to speak their mind. We have the courage of our convictions, and integrity is non-negotiable.

We listen, remaining open to new ideas and ways to grow our business.

Every voice counts in Kerry. We see our diversity as a key strength to be leveraged, and we value and respect different perspectives, opinions, and backgrounds.

We welcome feedback, enabling us to improve and fulfil our future potential.

We see opportunities where others see problems, we learn from each other, remain resilient, and work together to make it easier and more valuable for our customers to do business with Kerry.

We act as owners, we take accountability, and we never compromise on doing what we say we will do and doing the right thing for our business and customers.

Aligning our organisation behind our purpose and values is one of our key levers in attracting and retaining the best talent for Kerry. We want to foster an environment where our people are highly engaged, investing their time, commitment and passion, achieving fulfilment through their contributions every day.

Courage
We're brave, we speak up and we inspire each other to get the best results.

Enterprising Spirit
We're bold, we think big picture, we add value and we grow.

Inclusiveness
We're welcoming, we are authentic and we see strength in diversity.

Open-mindedness
We're curious, we innovate and we believe in possibility.

Ownership
We're accountable and we care about the business as if it were our own.

Enhancing our Employee Experience

We are passionate about creating a positive and engaging environment that inspires all our people to give their best; we believe that the engagement of our people is a key lead indicator of future sustainable business growth and performance.

To ensure we continuously improve and adapt our workplace to enhance our employee experience, we track employee engagement on a regular basis, so we can identify and build on strengths, and address areas for improvement. We have a stated ambition of being a top quartile employer through continually listening to our people, frequently monitoring, and building on the progress that we are making through our shared engagement planning.

One of the key measures of engagement is participation, and in 2021 88% of our people took the opportunity to share their voice, up 2 percentage points from 2020.

We are delighted that so many of our people took the time and want to have their voice heard and to be part of making Kerry a better and more successful business for the future.

Since we initiated our global survey in 2019, our key areas of strength have been consistent – our approach to customers, as well as our focus on safety and quality is highly valued. More recently, we have seen how our vision and purpose are resonating with our teams and the work that they do every day: 85% of those who responded understand how their work relates to our organisational goals, scoring above global top quartile benchmarks.

The global pandemic has continued to have an impact on the lives of our people, both within and outside of the workplace. Across many industries, well-documented labour shortages as well as a shift to remote working are presenting new challenges – and Kerry is no exception. From the feedback given through our survey, collaboration, coming to work, interaction, and engagement with other colleagues in person is an important factor in our people's ability to perform and be at their best at Kerry. As a result, we have taken the opportunity to support new and more flexible ways of working as we move forward in the future.

Highlights based on feedback in 2021 include:

Leadership & Talent Management	We continue to support our leaders to shape our workplace of the future, listen to their teams, and implement robust action plans for continuous improvement based on two-way dialogue and evolving environmental factors. Over the last few years, we have been deploying our Kerry Management Effectiveness programme and the impact is now being reflected in our 2021 results with our people's experience of management effectiveness increasing across all survey dimensions. This year our Virtual Leadership Academy has contributed to this enhanced feedback, through providing coaching to our leaders, combined with access to thought leadership content and world class business school programmes to enhance their leadership impact, and support them in creating more positive team environments that value, encourage and support inclusivity. In addition, during 2021 we increased our investment in our learning academies and have elevated our focus on building functional capabilities in our sales, foundational technologies, integrated operations, marketing and finance areas to deliver on our strategic priorities.
Simplification	Our relentless drive to make it easier for our people is reflected in the introduction of a core communication platform – Workplace. We now have more than 10,000 colleagues actively using this tool to better communicate, connect, collaborate, and build community throughout Kerry. In our commercial teams we have introduced Agile ways of working to improve sales effectiveness and to launch a new customer self-serve portal. Our drive for operational excellence continues through our Plant Transformation programme, helping us to build and sustain consistent excellence across all manufacturing sites.
Recognition	Further to feedback from our 2020 employee engagement survey, we launched our Kerry global employee recognition programme in 2021 – Inspiring People. This reinforces recognition in line with our values, underpinning our Kerry culture and supporting all the actions we have taken in relation to evolving our leadership and people management capabilities. We are confident this will continue to improve overall employee engagement in Kerry during 2022.

Throughout 2021 we have continued our engagement focus on Leadership, Talent Management and Simplification and we will continue to build on these priorities globally in 2022, incorporating specific feedback from 2021. Our functional, regional and plant teams will continue to ensure that our engagement action plans are relevant and impactful at a local level.

In 2021 we established our Inclusion Index, as an integral component of our employee engagement survey – this is a measure of our ability to foster a truly inclusive workplace. Through this Index we will begin to monitor progress against our goal to become a top quartile employer in terms of inclusion, and target improvement efforts year-on-year to achieve this. Our Inclusion Index covers five externally researched and validated dimensions of inclusion – Fair Treatment, Trust, Psychological Safety, Integrating Differences and Belonging – which are embedded within our employee engagement survey. Collectively, these dimensions provide additional insights into how we are leveraging diversity in Kerry to increase our people's overall sense of belonging, which is proven to lead to higher engagement, retention, and productivity.

We are delighted to see strengths coming through in many of these dimensions this first year, for example Trust, which references our approach to fostering open and honest communications and how respected our people feel. This is core to building inclusivity in organisations.

During 2021 we have continued to support Mr. Tom Moran, our designated Workforce Engagement Director, who has participated in numerous employee engagement activities, enabling him to have a first-hand and broad view of our progress in this area as he carries out his responsibilities for the Board (for details on activities supported during 2021, please see our Corporate Governance section on page 96).

Fostering Diversity, Inclusion and Belonging

Our social sustainability ambitions and commitments include our commitment to building a highly inclusive workplace at Kerry.

Our Inclusive Workplace Plan includes key workstreams to increase the diversity of our leadership profile, build inclusive leadership behaviours, improve connection and collaboration across our organisation, update workplace policies to ensure they promote inclusion and enhance overall external collaboration through partnerships and contributions to our local communities.

Across the year, over 800 of our people leaders, including our most senior Executives have participated in Inclusive Leadership masterclasses, webinars and insights sessions. The purpose of these is to raise awareness, build confidence through peer discussions, and equip leaders with the skills and behaviours to lead inclusive conversations with their teams, to uncover and action areas of immediate focus, and to drive greater inclusion and belonging within Kerry.

Gender diversity is an underlying indicator of a healthy and inclusive culture. In 2020, we committed to increasing representation of women in senior leadership roles to 35% by 2025 and remain on track to achieve this, being positioned at 29% at year end. In 2021, we reinforced our gender diversity commitment and expanded our focus, setting an additional target to achieve equal gender representation in all senior management roles by 2030. We are currently at 36%.

Our Diversity, Inclusion and Belonging Councils, teams and global employee networks play a core role in championing our commitments across the Group and enabling our people to actively involve themselves in building a truly inclusive workplace where diversity is celebrated and nurtured. This year we launched two additional global employee networks, PRYSM – supporting LGBTQI colleagues and allies and SEEN – a network raising awareness and providing support on issues relating to race and social equity. These networks – together with our Global and Regional Diversity, Inclusion and Belonging Councils – worked throughout the year to raise awareness, educate, and implement initiatives focused on building a more inclusive workplace.

We continue to mark annual events such as International Women's Day, Black History Month, Pride, and International Pronouns Day as opportunities to celebrate diversity and reinforce our inclusion commitments.

We collaborate with industry peers and relevant external partners, leveraging our market-leading position as a champion for change, to build a more inclusive workplace and society.

We proudly signed the United Nations Pledge and Code of Conduct for Business for LGBTI in June. The UN Pledge is a working standard, endorsed and created through a partnership between the World Economic Forum, the UN and PGLE, and aimed at shining a spotlight on the specific needs and challenges of LGBTI individuals.

We joined the Partnership for Global LGBTI Equality (PGLE), a coalition of organisations dedicated to accelerating LGBTI equality and inclusion globally. Founded by leading multinational companies across the world, this partnership is supported by the Office of the United Nations High Commissioner for Human Rights and is operated in collaboration with the World Economic Forum. Membership will enable us to access and implement best practices and benchmarks in meeting our commitments to achieving global LGBTI equality.

In North America we signed the *CEO in Action* pledge, a public commitment to advancing diversity and inclusion in our workplace by cultivating an environment where all ideas are welcome, and our people feel comfortable and empowered to have discussions about diversity and inclusion.

Building Leadership and Talent to Fuel our Growth

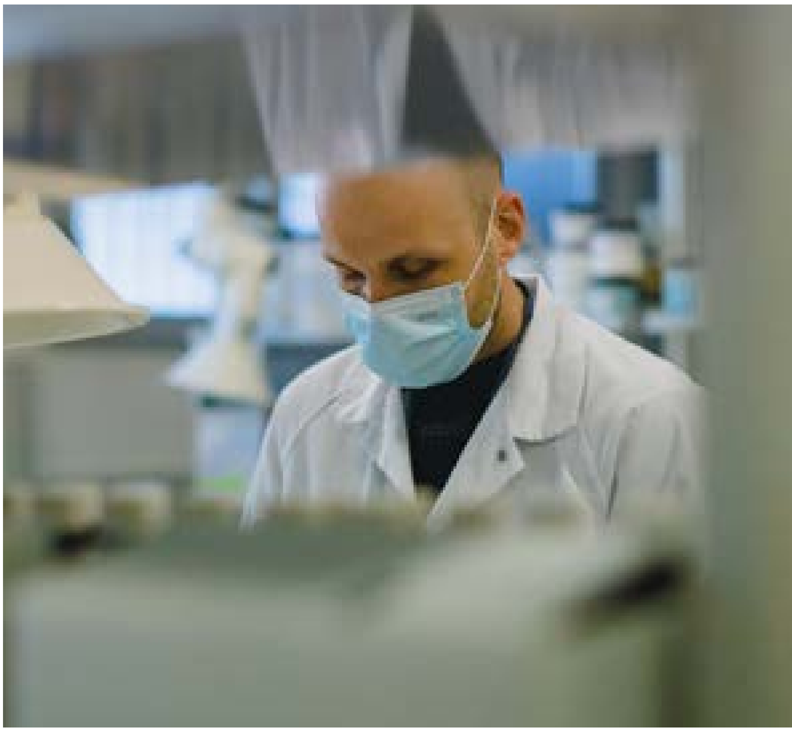
The quality of our leadership and talent has always been, and will continue to be a key enabler of our growth ambitions. At Kerry, we partner with our people, helping them to fulfil their career aspirations while ensuring we have a ready supply of qualified expert and leadership talent to meet the current and future needs of the business.

In 2021 we evolved our Career Review process, an employee-led initiative where our people update and refresh their online career profile in readiness for a career conversation with their people manager. Career profiles provide the basis for building robust development plans which will support our people to grow and achieve their ambitions. This also helps to align internal opportunities with the career aspirations of our people.

Our learning and development function supports our Career Review process by providing challenging, business-oriented, leadership and employee career development programmes aligned to organisational priorities. These programmes include a blend of classroom, virtual and interactive content focused on developing technical, functional and leadership skills, stimulating peer discussions and encouraging collaboration across different functions and regions. We also leverage our leading subject matter experts within our business to provide coaching or more specialist and technical developmental support as part of our overall curriculum. This includes developing unique offerings for critical talent segments, for example our Flavourist Academy, designed to grow and sustain our in-house expertise for the future.

This year, we focused further resource on strengthening the quality of our leadership pipelines by conducting more in-depth strategic talent reviews across our regional businesses and global functions. We have maintained a focus on building the quality of our leadership team, making key strategic appointments as well as continuing to invest in building future leaders. Activities to accelerate succession readiness of identified leadership talent have included participation in externally benchmarked assessments, internally led 360-feedback tools to better target leadership development plans, individual coaching, mentoring and collective participation in certified business school programmes.

Kerry's early careers programme is a core component of our strategy to strengthen our current and future talent pipeline, providing opportunities for interns and graduates to develop skills and experience across a wide range of core disciplines, enabling longer-term sustainable leadership for the organisation.



2021 saw the launch of our refreshed global graduate programme, enhancing our focus on building leadership behaviours and embedding a sustainability mindset, with graduates applying to Kerry from across the globe and competing for places on our 2022 programme.

Rewarding and Recognising our People

At Kerry, we believe Total Reward is about more than just pay and financial rewards. It encompasses career development, personal growth, and access to worldwide opportunities in an inclusive culture where all our people can flourish.

It supports us in being the first choice for the best talent by providing fair, competitive offerings which our people value and which drive an ownership mindset to achieve Kerry's success. Our programmes are designed to recognise and reward high performance while nurturing a healthy, diverse workforce by offering choice and flexibility, supporting our people and their families through different life and career stages.

During 2021, we implemented the next phase of our Rewards Roadmap – a multi-year change journey developed following the Total Reward Review completed during 2019. Our aim is to ensure that our reward programmes are positioned as one of the key levers of business performance, are appropriately aligned with the external market, and are delivered in a way which makes them more easily understood and appreciated by our people.

Some of the signature enhancements we made to our Total Rewards portfolio during 2021 are as follows:

- In April, we launched our new global recognition programme – Inspiring People. Recognition, when done right, is a powerful driver of employee engagement and our Inspiring People programme is a key tool which our people leaders now use to enhance the employee experience and reinforce our purpose and values.
- We introduced a new Long Term Incentive Plan during 2021. The new plan enhances our market competitiveness and provides greater flexibility to allow us to compete globally for talent.
- We also increased the maximum bonus payable under our Management Incentive Plan from 150% to 200% of target bonus where performance has exceeded maximum levels on each KPI.
- In Q3, we launched Kerry's new agile working framework for all Kerry employees. This new framework addresses the paradigm shift in ways of working brought about by the pandemic and facilitates the implementation of a coherent and consistent global approach to agile working, whilst also ensuring sufficient flexibility at a local level to shape specific policies and programmes to meet local business, market or cultural needs. The framework will be implemented in line with return to the workplace government guidance and timelines. The framework also facilitates the adoption of flex-time, part-time and job share options in line with our commitment to building an inclusive workplace.

In addition to changes to our global programmes we made enhancements to local in-country benefit plans, in accordance with our regional and country specific reward roadmaps. The implementation of the Rewards Roadmap will continue during 2022.

We are committed to gender pay equality and continue to proactively monitor the pay of male and female colleagues engaging in similar roles to ensure it is comparable. We appoint and promote based on merit and will continue to encourage the career development of all our people, paying attention to our promotion and recruitment practices with regards to gender, and supporting greater representation of women at all senior management levels in line with our commitments.

Our Wellbeing framework – focused on the pillars of Nutritional, Physical, Emotional and Financial health – provides access to tools and resources, such as our global Employee Assistance Programme (available to every employee in Kerry, as well as their family members). This Wellbeing approach played a critical role in our response to the emerging needs of our people over the course of the COVID-19 pandemic and we have continued to build out the programme and applicability of the framework over the course of 2021 based on feedback and evaluation of emerging trends.

Our Business Model

How Our Integrated Business Model Creates Sustainable Value

What We Depend On *(Inputs)*

Financial
Funding available to the Group

Manufacturing
152 manufacturing locations and global supply chain infrastructure

Intellectual
Consumer insights, technology, know-how and R&D capabilities

Human
22,000+ talented employees across 50+ countries

Social and Relationships
Global brand and relationships with local communities, regulators and industry bodies

Natural
A global network of >10,000 raw materials suppliers

What We Do

Kerry is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets, with our broad range of ingredient solutions currently reaching over 1 billion consumers.

Why We Do It

Our Purpose

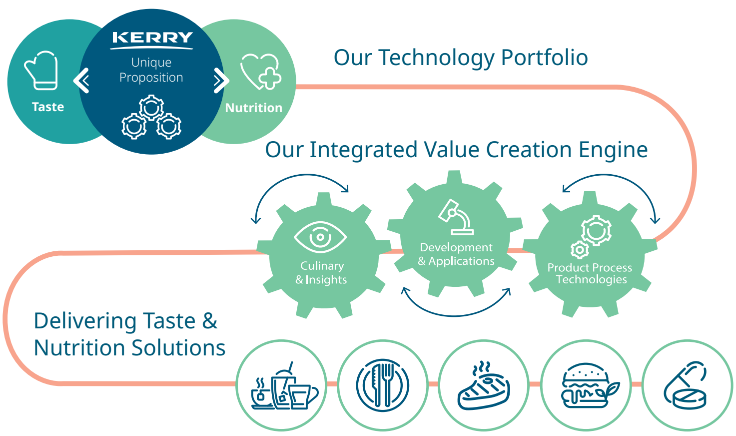
Inspiring Food, Nourishing Life

Our Vision

To be our customers' most valued partner, creating a world of sustainable nutrition.

How We Do It

Our Unique Business Model



What We Focus On

Taste & Nutrition Strategic Framework

The Value We Create *(Outputs)*

Financial
Growth in revenue, profit and free cash flow

Manufacturing
>18,000 products with 80%+ delivering positive and balanced nutrition

Intellectual
Customer-specific innovation combined with differentiated new technologies and solutions

Human
An inclusive workplace that enables people to excel both personally and professionally

Social and Relationships
Working with Concern Worldwide, Partnership for Global LGBTI Equality (PGLE) and the UN World Food Programme

Natural Capital
Responsible consumption and production with sustainable sourcing, emissions reduction and waste recovery

The Impact We Deliver
Supporting our customers in creating great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet.

Who We Benefit

How We Contribute

Core SDGs
SUSTAINABLE DEVELOPMENT GOALS

Linked SDGs

Our Technologies

Our Technology Strategy – Breadth | Depth | Integration

Our technology strategy is built on three foundations: breadth of technology capability, depth and expertise within each of these technologies, and the integration of these technology capabilities to deliver unique and value-added solutions for customers.

22
Core technologies

33
End use market Development and Application Centres across the globe

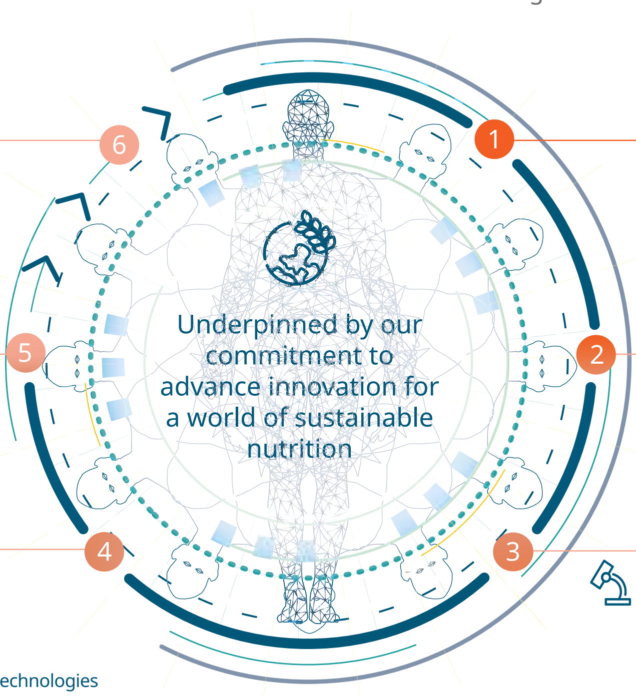
25
Process technology platforms

1,100+
Scientists

Technology and Innovation – Underpinning Growth Through our Leading Capabilities

We have four key consumer-inspired growth platforms, which are driven by the knowledge and capability within Kerry. We have invested in our globally connected infrastructure, with over 1,100 scientists across multiple disciplines. We form part of a broad ecosystem including 50 university collaborations.

These support our science and technology foundation, where we are constantly looking for and discovering new technologies. We have the industry-leading integrated technology portfolio, capability and strategy, which we leverage to innovate for our customers, while continuing to deliver next-generation innovation.



1 Consumer-inspired Growth Platforms
Authentic Taste
Plant-based
Food Waste
Health & Bio-Pharma

2 Knowledge & Capability
Globally connected infrastructure
Over 1,100 scientists
50 university collaborations

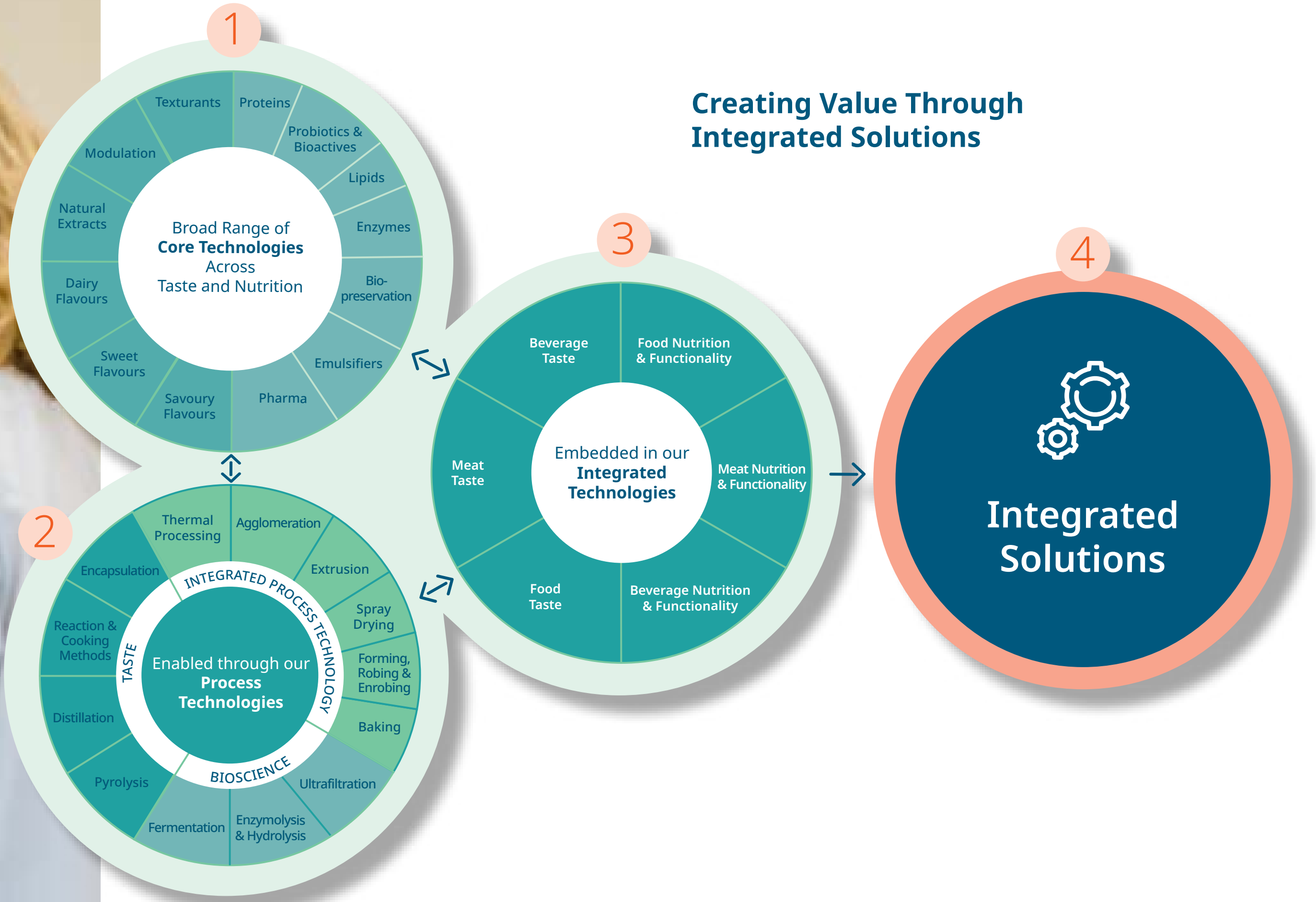
3 Science & Technology
Discovery and Screening: Cell Culture Assays, Predictive Model Systems, *In-Vitro* and *In-Vivo* Assays, Strain Sequencing, Bioinformatics, Metabolomics, Single Strain Fermentation, Pre- Pro and Postbiotics, Functional Enzymes, Stability Kinetics, Untargeted and Targeted Omics (Proteomics)

4 Integrated Technology Strategy
Broad range of technologies across taste and nutrition
Enabled through our process technologies
Embedded in our integrated technologies

5 Customer Innovation
Consumer-focused differentiated customer products

6 Next-generation Innovation
This platform allows us to deliver next-generation innovation

Creating Value Through Integrated Solutions



Our integrated solutions capability is deployed in four steps:

1.

We start with our broad range of **core technologies** spanning both taste and nutrition.

In **Taste** – we have extensive capabilities across our range of flavours, modulation and natural extracts.

In **Nutrition** – our technologies include our broad protein range, probiotics, enzymes, and range of functional ingredients.

2.

We combine this core technology expertise with our extensive **process technology** expertise including extrusion, distillation and fermentation.

3.

This enables us to create **integrated technologies** specific to the end use markets we serve.

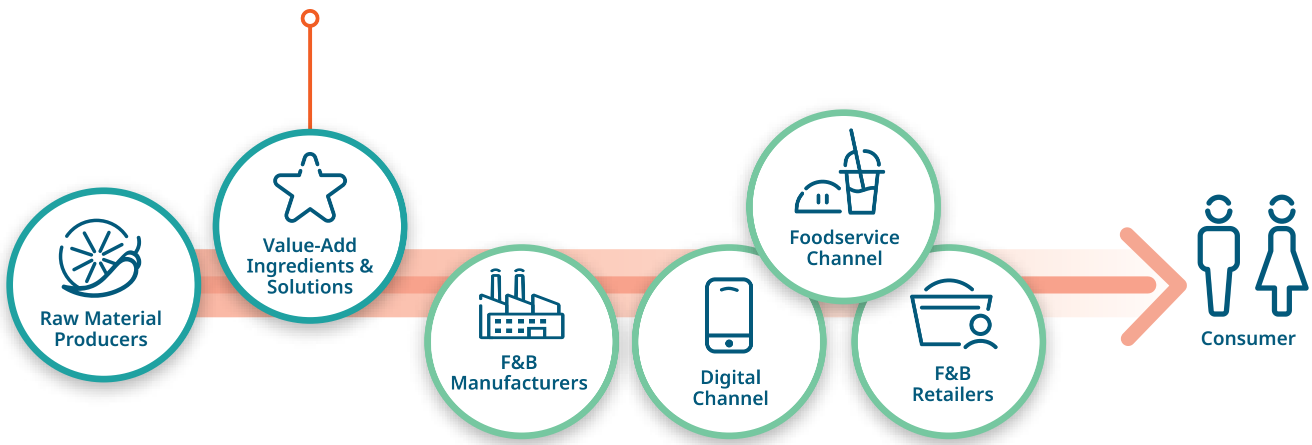
4.

All of these capabilities are leveraged by our application teams and chefs to create unique **integrated solutions** – designed to solve our customers' specific requirements.

Our Markets

Kerry is strategically positioned within a dynamic and evolving industry.

Where We Operate



Business to Business

Kerry operates in the value-add ingredients and solutions market – which plays a critical role in the overall end-to-end supply chain.

The breadth of differentiated solutions Kerry provides for its customers helps improve the taste and functionality of products, efficiency of processes, and supports a more sustainable impact for the planet.

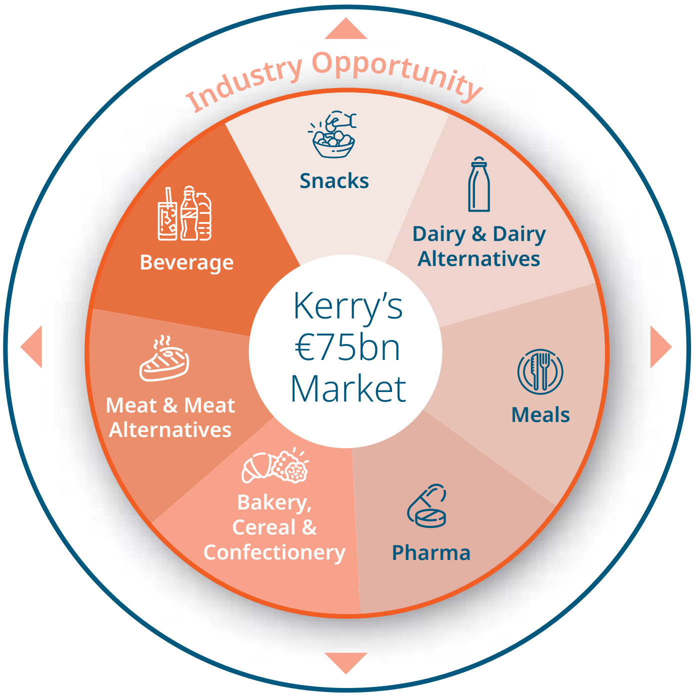
Business to Consumer

At Kerry, we work with a broad range of customers across multiple channels, supplying the food, beverage and pharmaceutical end use markets. We have strong relationships and partnerships with our customers, supporting them to innovate and win in today's marketplace.

Consumer

As a consumer-led organisation, Kerry's business model, structures and strategies are centred around a deep understanding of diverse local consumer preferences across the globe.

Value-Add Ingredients & Solutions Market



Our Markets

The size of Kerry's market is over €75 billion with significant opportunity to expand – e.g. with industry players evolving into the Health & Wellness space who are looking for partners, or new industry ownership looking for outsourced innovation partners, across a number of different food and beverage categories.

As a result of this industry opportunity, we see the potential for this market to expand to between €90-€100 billion, as customers continue to strive to meet the ever-evolving needs of today's consumer.

Our Strategy

The markets we focus on are Food, Beverage, and Pharma. Our strategic priorities of Taste, Nutrition, and Emerging Markets help ensure capital allocation decisions are aligned to strategy.

Within this framework we have four key growth platforms which will be key drivers of growth – Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma.

Taste for Kerry is built on our from-food-for-food heritage and philosophy, with a broad range of foundational technology capabilities including Sweet, Savoury and Dairy Flavours, Texturants, Taste Modulation and Natural Extracts.

Our Nutrition, Wellness & Functionality delivers benefits such as immunity support, digestive health, cleaner labels, and preservation. These benefits are achieved by leveraging our broad foundational technology platform which includes Proteins, Probiotics and Bioactives, Lipids, Enzymes, Bio-preservation and Pharma.

Our local knowledge and focus, combined with our global expertise and capabilities have been key to our excellent track record of growth in emerging markets.

Our target is to achieve average annual volume growth in emerging markets of 10%+.

Consumer Foods

Kerry's Consumer Foods division is a leader in its categories in the chilled cabinet. Our portfolio of leading brands are enjoyed every day across Irish and UK markets.

We will continue to drive growth by responding to key consumer trends and leveraging our expertise to expand into adjacent categories.

Strategy in Action
Key Achievements in 2021

Taste

- Strong growth in Beverage end use market (EUM) of 14% enabled by performance of Kerry's Taste technologies.
- Manufacturing commenced at Rome, Georgia plant.
- Launched Kerry Botanicals Collection ZERO 2.0 next-generation range and new organic Tastesense™ Sweet range.
- Significant enhancement of savoury taste capabilities with breakthroughs in Tastesense™ Salt and Barbecue range.

Kerry Tastesense™

Nutrition

- The acquisition of Niacet helped further develop Kerry's world-leading food protection and preservation platform.
- Enhanced proactive nutrition portfolio with clinically-backed ingredients including probiotics, natural extracts, and nutritional lipids addressing a number of need states.
- Established Global Fermentation Science Centre of Excellence.
- Published over 30 science-based articles.

Niacet BIOSEARCH LIFE

KHNI™

Emerging Markets

- Strong volume growth of 14.4% in emerging markets, led by performance in China, Middle East & Russia.
- Commenced production at facilities in Durban, South Africa and Irapuato, Mexico.
- Completed acquisitions of Enmex and Afribon in Mexico and East Africa respectively, enhancing our local nutrition and taste capabilities in these markets.

ENMEX afribon

- Strong volume growth of 6.0% with an excellent finish to the year and growth across the business.
- Strong growth achieved across core and adjacent categories.
- Significant change in portfolio with sale of Meats and Meals business to Pilgrim's Pride.

Strategy & Targets

+ Financial Review Pages 36-43

Kerry's targets are aligned to our value creation framework, which is a combination of growth, return and sustainability. We believe that by achieving our growth targets, meeting our returns criteria and delivering on our sustainability commitments, we will deliver strong shareholder returns.

Our Value Creation Framework – Growth, Return and Sustainability

Growth

Volume Growth
4-6% Average Target

EBITDA Margin
18%+ by 2026

Strategic Priorities

- Taste
- Nutrition
- Emerging Markets

Key Growth Priorities

- → Authentic Taste
- → Plant-based
- → Food Waste
- → Health & Bio-Pharma

Pillars of Margin Expansion

- Portfolio Mix
- Operating Leverage
- Operational Efficiencies
- Reinvestment for Growth

+

Return

Cash
80%+ Cash Conversion

Return
10-12% ROACE

- → Focused Capital Expenditure Aligned to Strategic Priorities
- → Strict Working Capital Management to Deliver Days Improvement

+

Sustainability

Nutritional Reach
Reach 2 billion people with sustainable nutrition solutions

Carbon
55% reduction in Scope 1 & 2 carbon emissions

Food Waste
50% reduction in Food Waste

Note 1: Financial Targets are for the period 2022-2026
Note 2: Volume growth target assumes 2% above market growth rates
Note 3: Adjusted earnings and ROACE are calculated before brand related intangible asset amortisation and non-trading items (net of related tax)
Note 4: Cash conversion is free cash flow expressed as a percentage of adjusted earnings after tax
Note 5: Sustainability targets to be achieved by 2030. Carbon reduction targets include 30% intensity reduction in Scope 3 by 2030. For more detail on Kerry's science-based targets, see Sustainability Review on pages 50-74.
Full definitions can be found on pages 234-238.

Why Kerry?

We deliver the key value-add component and driver of repeat purchase behaviour.

1.

Strategically Positioned in a Highly Attractive Industry

While the range of ingredient solutions we offer amount to only a small percentage of the final product, in most cases they deliver the key value-add component and driver of repeat purchase behaviour.

The market we serve is currently estimated at €75bn and is growing rapidly, as customers are looking for innovation partners to support them right across all food and beverage categories from ideation to launch, to impact.

2.

Kerry is a Truly Unique Business

We have an extensive global network of over 22,000 talented colleagues, who are driven to innovate and collaborate with our customers to deliver food and beverage products that are better for consumers, customers, and the planet. We have a strong science and technology background, with over 1,100 scientists and we are part of a broad ecosystem that includes accelerators and universities. The combination of our people, science, technology and integrated solutions capability enables us to solve the industry’s most complex challenges with truly differentiated solutions.

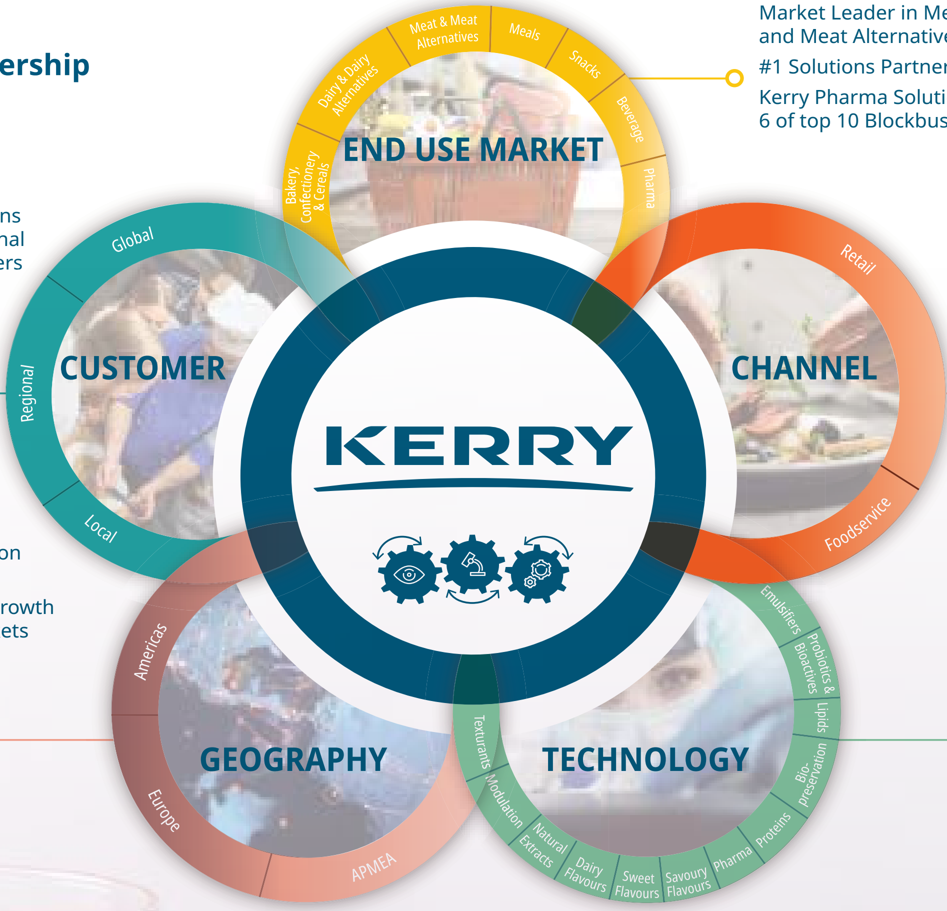
3.

Strong Leadership Positions[1]

Leadership Positions with Global, Regional and Local Customers

#1 Taste & Nutrition in North America

Market Leading Growth in Emerging Markets



Market Leader in Meat and Meat Alternatives

#1 Solutions Partner for Beverage

Kerry Pharma Solutions used in 6 of top 10 Blockbuster Drugs

Leading Solutions Partner for CPGs and Own-Brands

#1 Globally in the Foodservice Channel

#1 Globally in Authentic Savoury Taste Solutions for Meat and Snacks

#1 in Food Protection & Preservation

#1 in Probiotics in ambient food and beverage applications

4.

Track Record of Value Creation

3.3% CAGR[2] for revenue
5.8% CAGR for trading profit
6.0% CAGR for adjusted EPS
14.9% CAGR on share price
11.4% CAGR on dividend per share
39% Absolute carbon reduction[3]

5.

Winning Growth Strategies

Authentic Taste
Plant-based
Food Waste
Health & Bio-Pharma

[1] Leadership positions above are within the value-add ingredients and solutions market we serve.
[2] CAGR = Compound Average Growth Rate (2011 - 2021)
[3] Scope 1 + 2 reduction versus our 2017 base year.

Key Performance Indicators

We use a number of financial and non-financial key performance indicators (KPIs) to measure performance across our business. These KPIs help inform decision making, assist effective goal setting and track progress in achieving our strategic objectives.

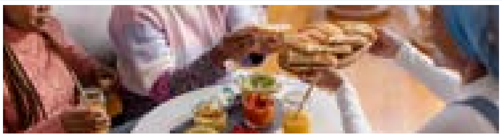
We believe that long-term sustainable success will be achieved by generating value for all stakeholders, while developing and monitoring strategy, managing the risks that face the organisation and embedding the Company's purpose and values.

FINANCIAL PERFORMANCE INDICATORS

GROWTH

Metric	Volume Growth +8.0%	Trading Margin Expansion +40bps	Constant Currency Adjusted EPS Growth +12.1%
Performance	2021 8.0% 2020 (2.9%) 2019 2.8%	2021 11.9% +40bps 2020 11.5% (100bps) 2019 12.5% +30bps	2021 380.8 12.1% 2020 (9.4%) 2019 8.3%
Commentary	Group volumes increased by 8.0% in the year, with strong performances across all regions following the impact of COVID-19 in the prior year.	Group trading margin increased by +40bps in the year, primarily due to operating leverage recovery after the impact of COVID-19 in the prior year.	Constant currency adjusted EPS increased by +12.1% in the year.
Strategic Importance/ Link to Remuneration	Volume growth is an important metric as it is seen as the key driver of organic top-line business improvement. It is a metric in the short-term incentive plan and is a key driver of adjusted EPS growth, which is a metric for the long-term incentive plan.	Trading margin expansion is a key measure of profitability. It is a metric in the short-term incentive plan and is a key driver of adjusted EPS growth, which is a metric for the long-term incentive plan.	Constant currency EPS growth is a key performance metric as it encompasses the components of growth that are important to the Group's stakeholders. It is a performance metric for the long-term incentive plan.
Comparable IFRS measure	Reported revenue was +5.7% in the year (2020: (4.0%)) - see Financial Definition point 1 within Supplementary Information section on page 234.	Operating profit was +25.2% in the year (2020: (2.7%)) - see Financial Definition point 4 within Supplementary Information section on page 235.	Basic earnings per share was +37.6% in the year (2020: (2.3%)) - see Financial Definition point 7 within Supplementary Information section on page 235.

NON-FINANCIAL PERFORMANCE INDICATORS

Metric	Consumers Reached with Positive and Balanced Nutrition Solutions *1.1 Billion*
Performance	 2030 Target of Reaching 2 billion consumers by 2030 2021 1.1 2020 1.0
Commentary	Understanding that nutrition plays a critical part in the broader sustainable development agenda, Kerry has an ambitious target of reaching two billion people with sustainable nutrition solutions by 2030. This target encompasses both financial and non-financial metrics, as key to increasing Kerry's reach will be achieving business growth objectives, while creating a positive impact through the achievement of our sustainability commitments. Kerry will deliver on this target by further enhancing and expanding our solutions portfolio across the nutrition spectrum, as we respond to evolving market demands. In 2021, we increased our reach to over 1.1 billion consumers as we continued to grow our business and enhance our portfolio of sustainable nutrition solutions.
Strategic Importance/ Link to Remuneration	As the leader in Taste and Nutrition, we can play a pivotal role in supporting the transition to healthier more sustainable diets. As awareness continues to grow of the link between diet and health, consumers are increasingly looking for products that are good for them and the world around them. As customers seek to respond, Kerry is ideally placed to support them in the development of products that deliver more sustainable nutrition. The achievement of this target is fully integrated with our broader strategic objectives and central to our Vision to be our customers' most valued partner, creating a world of sustainable nutrition. It is one of the performance metrics that measures the Group's performance compared to its 2030 sustainability strategy targets. This was incorporated in the sustainability metrics within the 2021 long-term incentive plan.

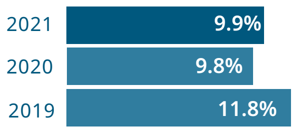
Further definitions, calculations and detail for these are set out above and within the Sustainability Review on pages 50-74.

Our model is a combination of growth, return and sustainability metrics, which have helped Kerry deliver a strong track record of shareholder return.

The Kerry Model

RETURN

Return on Average Capital Employed (ROACE)
9.9%

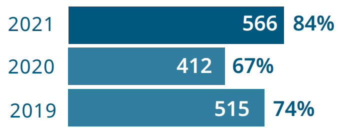


ROACE for the year was 9.9%, which reflected the impact from portfolio developments in the year.

ROACE is a key measure of the return the Group achieves on its investment in capital expenditure projects, acquisitions and other strategic investments. It is a performance metric for the long-term incentive plan.

There is no IFRS measure comparable to ROACE.

Cash Conversion
84%

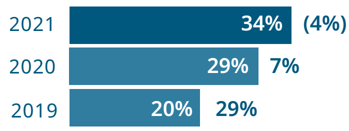


Cash conversion for the year was 84%, which represented a good recovery from the impact of COVID-19 in the prior year.

Cash conversion is an important metric as it measures how much of the Group's adjusted earnings is converted into cash. It is a performance metric for the short-term incentive plan.

Net cash from operating activities was €654.0 (2020: €672.2m) - see Financial Definition point 8 within Supplementary Information section on page 236.

Total Shareholder Return (TSR)
(3.7%)

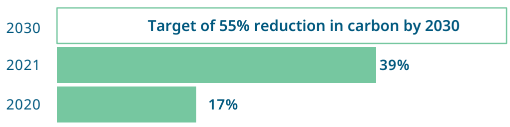


TSR for the year was (3.7%), as share performances varied across the food & beverage sector. Compound TSR over the past three years amounted to 34%.

TSR is an important indicator of how successful the Group has been in terms of shareholder value creation. Relative TSR is a performance metric for the long-term incentive plan.

There is no IFRS measure comparable to Total Shareholder Return.

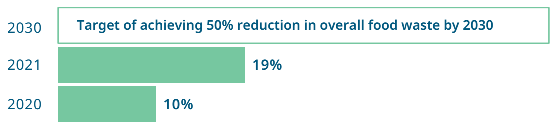
Absolute Carbon Reduction
39%



The Group has set a Science-based Target for Scope 1 and 2 emissions reduction that reflects global efforts to limit global warming to 1.5 degrees Celsius. In 2021, we achieved a 39% reduction in absolute Scope 1 & 2 emissions versus our base year, driven primarily by an ongoing focus on carbon efficiency and increasing the share of electricity we procure from renewable sources.

The impact of climate change is increasingly clear with growing awareness of the implications for people, the environment and the economy. At Kerry, we understand the need to act now in support of a global shift towards decarbonisation, helping to mitigate the worst effects of climate change and building resilience across our value chain. We are committed to addressing our total carbon footprint and achieving net zero emissions before 2050. It is one of the performance metrics that measures the Group's performance against the 2030 sustainability strategy targets. This is incorporated in the sustainability metrics within the 2021 long-term incentive plan.

Reduction in Food Waste
19%



In line with target 12.3 of the UN Sustainable Development Goals, we aim to halve food waste across our operations by 2030. In 2021, we made further progress towards this goal achieving a 19% reduction across our sites versus our base year. Our approach focuses on a number of different interventions at site level including the recovery and redistribution of products through charitable partners, further optimising our production processes and a programme of employee engagement and training.

A crucial intervention for sustainable food production is reducing the current level of food waste, estimated to be up to a third of all calories produced. This significant environmental, social and economic impact provides an opportunity for organisations to capture additional value while acting to reduce environmental impacts. At Kerry, we are committed to halving food waste across our operations and supporting our customers in reducing their food waste through the use of sustainable solutions, particularly our preservation technologies. It is one of the performance metrics that measures the Group's performance compared to its 2030 sustainability strategy targets. This is incorporated in the sustainability metrics within the 2021 long-term incentive plan.

Financial Review

We are pleased with the Group's overall financial performance and progression in the year, against the backdrop of a highly variable marketplace.

Marguerite Larkin
Chief Financial Officer

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2021 and the Group's financial position at that date. The key financial performance indicators outlined below are used to track business and operational performance and help the Group drive value creation.

The Group has a strong track record and a disciplined financial approach of targeting continued growth while meeting return on investment objectives. This combination of growth and return are important measures for the Group as it aims to deliver consistent shareholder returns.

KEY FINANCIAL METRICS

GROWTH

	Group Revenue Volume Growth	Group Trading Margin		Adjusted EPS Growth in Constant Currency
2021	8.0%	11.9%	+40bps	12.1%
2020	(2.9%)	11.5%	(100bps)	(9.4%)

RETURN

	ROACE	Free Cash Flow Conversion		Dividend	
2021	9.9%	566	84%	95.2 cent	+10.1%
2020	9.8%	412	67%	86.5 cent	+10.1%

Further detail is set out within the Key Performance Indicators section on pages 34-35 and within the Supplementary Information section – Financial Definitions on pages 234-238.

Analysis of Results

	% change	2021 €'m	2020 €'m
Revenue	+5.7%	**7,350.6**	6,953.4
Trading profit	+9.8%	**875.5**	797.2
Trading margin		***11.9%***	*11.5%*
Computer software amortisation		**(34.6)**	(28.4)
Finance costs (net)		**(69.9)**	(72.4)
Adjusted earnings before taxation		**771.0**	696.4
Income taxes (excluding non-trading items)		**(96.2)**	(85.1)
Adjusted earnings after taxation	+10.4%	**674.8**	611.3
Brand related intangible asset amortisation		**(46.2)**	(41.7)
Non-trading items (net of related tax)		**134.4**	(15.5)
Profit after taxation		**763.0**	554.1
		EPS cent	EPS cent
Basic EPS	+37.6%	**430.6**	313.0
Brand related intangible asset amortisation		**26.0**	23.6
Non-trading items (net of related tax)		**(75.8)**	8.8
Adjusted EPS	+10.2%	**380.8**	345.4
Impact of exchange rate translation	+1.9%		
Adjusted EPS growth in constant currency	**+12.1%**		(9.4%)

Revenue

Group revenue was **€7.4 billion** (2020: €7.0 billion) reflecting a reported increase of **5.7%**. This comprised a volume increase of **8.0%**, increased pricing of **1.2%**, an adverse translation currency impact of **1.8%** and an adverse impact from business disposals net of acquisitions of **1.7%**.

2020: Group reported revenue (4.0%), volume decrease (2.9%), pricing increase +0.3%, transaction currency (0.1%), translation currency (2.3%), contribution from business acquisitions of +1.0%.

Taste & Nutrition revenue was **€6.3 billion** (2020: €5.8 billion) reflecting a reported revenue increase of **9.0%**. This comprised a volume increase of **8.3%**, increased pricing of **1.3%**, an adverse translation currency impact of **2.7%** and contribution from business acquisitions net of disposals of **2.1%**.

2020: Taste & Nutrition reported revenue (4.4%), volume decrease (3.0%), pricing increase +0.1%, transaction currency (0.1%), translation currency (2.6%), contribution from business acquisitions of +1.2%.

Consumer Foods revenue was **€1.1 billion** (2020: €1.28 billion) reflecting a reported revenue decrease of **10.5%.** This comprised a volume increase of **6.0%**, increased pricing of **0.5%**, a favourable transaction currency impact of **0.1%**, a favourable translation currency impact of **1.7%** and an adverse impact from the disposal of the Meats and Meals business of **18.8%.**

2020: Consumer Foods reported revenue (2.1%), volume reduction (2.6%), pricing +1.2%, translation currency (0.7%). Excluding the impact of the ready meals contract exit, volume would have increased by 2.2%.

Trading Profit & Margin

Group reported trading profit was **€875.5m** (2020: €797.2m) and trading margin was **11.9%**, representing an increase of **40bps**, driven by the recovery of operating leverage and net contribution of acquisitions and disposals, partially offset by pricing, supply chain oncosts and KerryExcel investments.

Taste & Nutrition reported trading profit of **€913.4m** (2020: €814.2m) and trading margin of **14.6%**, an increase of **40bps**, driven principally by operating leverage.

Consumer Foods reported trading profit of **€82.1m** (2020: €99.2m) and trading margin of **7.2%**, a decrease of **60bps**, principally reflecting the sale of the Meats and Meals business.

The trading profit reflects Group EBITDA of **€1.1 billion** (2020: €1.0 billion) and an EBITDA margin of **14.7%**.

A comprehensive analysis of the revenue and trading performance of the Taste & Nutrition and Consumer Foods divisions is included in the Business Reviews on pages 44-49.

Computer Software Amortisation

Computer software amortisation increased by **€6.2m** to **€34.6m** (2020: €28.4m) reflecting the ongoing progression of the KerryConnect Programme including costs associated with the rollout across our sites in North America. The capitalised element of the cost of this project is being amortised over a seven-year period.

Brand Related Intangible Asset Amortisation

Brand related intangible asset amortisation increased to **€46.2m** (2020: €41.7m) which is reflective of recent acquisition activity.

Finance Costs (net)

Finance costs (net) for the year decreased by **€2.5m** to **€69.9m** (2020: €72.4m) primarily due to lower interest rates. The Group's average interest rate for the year was **2.7%** (2020: 3.0%).

Taxation

The tax charge for the year before non-trading items was **€96.2m** (2020: €85.1m) representing an effective tax rate of **13.3%** (2020: 13.0%) and reflective of the geographical mix of earnings.

Acquisitions

During the year, the Group completed five acquisitions for a total consideration of **€1,106.5m**. These acquisitions were aligned to the Group's strategic priorities: enhancing the Group's taste and nutrition capabilities, while also expanding its presence in emerging markets.

Non-Trading Items

During the year, the Group incurred a non-trading credit of **€134.4m** (2020: €15.5m charge) net of tax. The credit in the year primarily related to the gain on the disposal of the Consumer Foods Meats and Meals business, partially offset by costs related to acquisition integration.

Adjusted EPS in Constant Currency

Adjusted EPS in constant currency increased by **12.1%** to **380.8 cent** (2020: 9.4% decrease) reflecting the strong overall business performance in the year.

Basic EPS

Basic EPS increased by **37.6%** to **430.6 cent** (2020: 313.0 cent). Basic EPS is calculated after accounting for brand related intangible asset amortisation of **26.0 cent** (2020: 23.6 cent) and a non-trading item credit of **75.8 cent** net of related tax (2020: 8.8 cent charge).

Return on Average Capital Employed

ROACE increased to **9.9%** (2020: 9.8%) reflecting business performance and the impact of portfolio developments in the year.

Exchange Rates

Group results are impacted by year-on-year fluctuations in exchange rates versus the euro. The average rates below are the principal rates used for the translation of results. The closing rates below are used to translate assets and liabilities at year end.

	Average Rates		Closing Rates	
	2021	2020	**2021**	2020
Australian Dollar	**1.57**	1.66	**1.56**	1.59
Brazilian Real	**6.34**	5.75	**6.32**	6.38
British Pound Sterling	**0.86**	0.89	**0.84**	0.90
Chinese Yuan Renminbi	**7.63**	7.86	**7.22**	8.03
Malaysian Ringgit	**4.92**	4.77	**4.73**	4.92
Mexican Peso	**24.06**	24.34	**23.30**	24.46
Russian Ruble	**87.24**	81.16	**84.07**	90.68
South African Rand	**17.40**	18.62	**18.06**	18.02
US Dollar	**1.19**	1.13	**1.13**	1.23

Balance Sheet

A summary balance sheet as at 31 December is provided below:

	2021 €'m	2020 €'m
Property, plant & equipment	**2,091.3**	1,990.6
Intangible assets	**5,580.7**	4,687.1
Other non-current assets	**264.5**	170.6
Current assets	**3,458.9**	2,594.8
Total assets	**11,395.4**	9,443.1
Current liabilities	**1,995.4**	1,696.3
Non-current liabilities	**3,798.8**	3,091.3
Total liabilities	**5,794.2**	4,787.6
Net assets	**5,601.2**	4,655.5
Shareholders' equity	**5,601.2**	4,655.5

Property, Plant & Equipment

Property, plant and equipment increased by **€100.7m** to **€2,091.3m** (2020: €1,990.6m) primarily due to additions and the impact of foreign exchange translation, partially offset by the depreciation charge. Net capital expenditure in the year (including computer software) amounted to **€315.2m** (2020: €310.7m). The level of capital investment supports the Group's growth initiatives and included the strategic development of its Rome, Georgia, US facility, creating a world-leading manufacturing facility to meet increasing demand for integrated solutions across a variety of protein applications.

Intangible Assets & Acquisitions

Intangible assets increased by **€893.6m** to **€5,580.7m** (2020: €4,687.1m) due to a number of acquisitions made in the year including the acquisition of Niacet and the impact of foreign exchange translation, partially offset by the impact of business disposals and the amortisation charge.

Current Assets

Current assets increased by **€864.1m** to **€3,458.9m** (2020: €2,594.8m) due to increased cash at bank and in hand, increased inventory and increased trade and other receivables.

Retirement Benefits

At the balance sheet date, the net surplus for all defined benefit schemes (after deferred tax) was **€56.3m** (2020: deficit of €43.6m). The improvement in the net position was driven primarily by strong returns on schemes' assets which was partially offset by an increase in schemes' liabilities. The net surplus expressed as a percentage of market capitalisation at 31 December 2021 was **0.3%** (2020: 0.2%).

Shareholders' Equity

Shareholders' equity increased by **€945.7m** to **€5,601.2m** (2020: €4,655.5m), resulting from profits generated during the year, offset in part by dividends.

A full reconciliation of shareholders' equity is disclosed in the Consolidated Statement of Changes in Equity on page 164.

Capital Structure

The Group finances its operations through a combination of equity and borrowing facilities, including bank borrowings and senior notes from capital markets.

The financing structure of the Group is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business. The Group targets acquisition and investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow or borrowings while maintaining its investment grade debt status.

This is managed by setting Net debt to EBITDA targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible between 18 and 24 months; otherwise consideration would be given to issuing additional equity in the Group.

Free Cash Flow

In 2021, the Group achieved free cash flow of **€566.1m** (2020: €412.0m) reflecting 84% cash conversion in the year.

Free Cash Flow	2021 €'m	2020 €'m
Trading profit	**875.5**	797.2
Depreciation (net)	**201.5**	200.7
Movement in average working capital	**(37.7)**	(102.5)
Pension contributions paid less pension expense	**(14.7)**	(23.4)
Finance costs paid (net)	**(71.3)**	(74.6)
Income taxes paid	**(72.0)**	(74.7)
Purchase of non-current assets	**(315.2)**	(310.7)
Free cash flow	**566.1**	412.0
Cash conversion[1]	**84%**	67%

[1] Cash conversion is free cash flow expressed as a percentage of adjusted earnings after taxation.

Total Net Debt

Total net debt at the end of the year was **€2,124.1m** (2020: €1,945.1m). The increase during the year is analysed in the table below:

Movement in Total Net Debt	2021 €'m	2020 €'m
Free cash flow	**566.1**	412.0
Acquisitions (net of disposals) including payments relating to previous acquisitions	**(344.0)**	(258.6)
(Purchase)/disposal of financial asset investments	**(4.4)**	5.3
Difference between average working capital and year end working capital	**(146.6)**	(4.6)
Share of profit from joint ventures	**(3.9)**	(1.6)
Non-trading items	**(76.1)**	(39.7)
Dividends paid	**(157.5)**	(143.1)
Shares issued during the financial year	**-**	-
Exchange translation adjustment	**(0.7)**	(4.6)
Increase in net debt resulting from cash flows	**(167.1)**	(34.9)
Fair value movement on interest rate swaps	**(0.1)**	7.6
Exchange translation adjustment on net debt	**(19.1)**	26.5
Increase in net debt in the year	**(186.3)**	(0.8)
Net debt at beginning of year	**(1,863.6)**	(1,862.8)
Net debt at the end of year – pre-lease liabilities	**(2,049.9)**	(1,863.6)
Lease liabilities	**(74.2)**	(81.5)
Total net debt at the end of year	**(2,124.1)**	(1,945.1)

The exchange translation adjustment of **€19.1m** results primarily from borrowings denominated in US dollar translated at a year end rate of $1.13 versus a rate of $1.23 in 2020.

Maturity Profile of Total Net Debt	2021 €'m	2020 €'m
Within 1 year	**1,005.5**	533.3
Between 1 and 2 years	**(661.1)**	(104.9)
Between 2 and 5 years	**(977.4)**	(1,626.3)
Over 5 years	**(1,491.1)**	(747.2)
Total net debt at end of year	**(2,124.1)**	(1,945.1)
Weighted average maturity (years)	**5.7**	5.2

Financing

Undrawn committed facilities at the end of the year were **€1,100m** (2020: €1,100m) while undrawn standby facilities were **€337.0m** (2020: €320.0m).

Full details of the Group's financial liabilities, cash at bank and in hand and credit facilities are disclosed in notes 23 and 24 to the Consolidated Financial Statements. Of the cash at bank and in hand at year end, **€100.0m** was on short term deposit under a Sustainable Deposits programme.

Sustainability-Linked Bond Progress Report

In 2021, Kerry issued a €750 million, ten year Sustainability-Linked Bond (SLB) aligned with the Sustainability-Linked Bond Principles (SLBPs) administered by the International Capital Markets Association. The bond has a sustainability-linked feature that could result in an interest coupon step-up if certain KPI targets are not met, as outlined below, by December 2030.

The KPIs that have been included in the SLB have been selected as they reflect material environmental sustainability challenges for our industry and key focus areas under our *Beyond the Horizon* strategy. These KPIs and targets are as follows:

KPI 1: 55% Absolute reduction in Scope 1 & 2 greenhouse gas emissions
KPI 2: 50% Food waste reduction across our operations

2021 Performance

In 2021, we made strong progress against both targets, delivering a 39% reduction in our absolute 1 & 2 emissions and a 19% reduction in our food waste volumes, versus a 2017 baseline for both KPIs.

Emissions (CO_2e)	2021	2017	Food Waste	2021	2017
Scope 1 & 2 (Tonnes)	536,370	878,363	Tonnes	10,290	12,780
% change	39%	-	% change	19%	-

For more details of our efforts to reduce emissions and food waste, see our Sustainability Review on page 50 and also our 2021 GRI Sustainability Report at kerrygroup.com.

Key Financial Ratios

The Group's balance sheet is in a strong position. With a Net debt to EBITDA ratio of 2.0 times, the Group has sufficient headroom to support future growth plans. During the year, the Group repaid US$200m of outstanding private placement notes. Following this repayment, the Group now has no financial arrangements that carry financial covenants.

	2021	2020
Net debt: EBITDA	**2.0**	1.9
EBITDA: Net interest	**14.9**	13.8

Share Price and Market Capitalisation

The Company's shares traded in the range €99.95 to €130.00 during the year. The share price at 31 December 2021 was **€113.25** (2020: €118.50) giving a market capitalisation of **€20.0 billion** (2020: €20.9 billion). Total shareholder return for 2021 was (3.7%) (2020: +7.4%).

Financial Risk Management

Within the Group risk management framework as described in the Risk Management Report on page 76, the Group has a Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Audit. The Group does not engage in speculative trading.

Further details relating to the Group's financial and compliance risks and their associated mitigation processes are discussed in the Risk Management Report on pages 75-85 and in note 24 to the Consolidated Financial Statements.

Dividend and Annual General Meeting

During the year, the Group paid an interim dividend of 28.5 cent per A ordinary share, which was an increase of 10.0%. The Board has proposed a final dividend of 66.7 cent per A ordinary share, payable on 6 May 2022 to shareholders registered on the record date of 8 April 2022. When combined with the interim dividend, the total dividend for the year amounts to 95.2 cent per share (2020: 86.5 cent per share), which is an increase of 10.1% over last year's dividend. The Group's aim is to have double digit dividend growth each year. Over 35 years as a listed company, the Group has grown its dividend at a compound rate of 16.3%.

Kerry's Annual General Meeting is scheduled to take place on 28 April 2022.

10 Year Earnings History

A strong history of positive results

	2012[1] €'m	2013 €'m	2014 €'m	2015 €'m	2016 €'m	2017 €'m	2018 €'m	2019 €'m	2020 €'m	**2021 €'m**
Revenue	5,848.3	5,836.7	5,756.6	6,104.9	6,130.6	6,407.9	6,607.6	7,241.3	6,953.4	**7,350.6**
Trading profit	559.0	611.4	636.4	700.1	749.6	781.3	805.6	902.7	797.2	**875.5**
Computer software amortisation	(8.7)	(11.5)	(13.6)	(18.7)	(23.4)	(24.3)	(25.0)	(26.5)	(28.4)	**(34.6)**
Finance costs (net)	(62.1)	(67.6)	(52.9)	(69.3)	(70.4)	(65.6)	(67.0)	(81.6)	(72.4)	**(69.9)**
Adjusted earnings before taxation[2]	488.2	532.3	569.9	612.1	655.8	691.4	713.6	794.6	696.4	**771.0**
Income taxes (excluding non-trading items)	(77.3)	(79.1)	(79.6)	(81.1)	(86.7)	(89.5)	(89.2)	(98.6)	(85.1)	**(96.2)**
Adjusted earnings after taxation[2]	410.9	453.2	490.3	531.0	569.1	601.9	624.4	696.0	611.3	**674.8**
Brand related intangible asset amortisation	(14.7)	(16.6)	(14.4)	(18.7)	(23.0)	(23.6)	(28.8)	(37.8)	(41.7)	**(46.2)**
Non-trading items (net of related tax)	(135.5)	(352.2)	4.0	13.1	(13.0)	10.2	(55.1)	(91.7)	(15.5)	**134.4**
Profit after taxation attributable to owners of the parent	260.7	84.4	479.9	525.4	533.1	588.5	540.5	566.5	554.1	**763.0**
Adjusted EPS (cent)*	234.0	257.9	278.9	301.9	323.4	341.2	353.4	393.7	345.4	**380.8**

1 2012 was restated in line with IAS 19 (2011) 'Employee Benefits' which was adopted as required by IFRS in 2013. All other years are presented as reported.

2 Adjusted EPS, adjusted earnings before taxation and adjusted earnings after taxation are calculated before brand related intangible asset amortisation and non-trading items (net of related tax) and are considered more reflective of the Group's underlying trading performance. Adjusted EPS performance on a constant currency basis is disclosed on page 235.

Business Review

Taste & Nutrition

Revenue

€6,273m

Volume Growth

+8.3%

EBITDA Margin

17.5%

Trading Margin

14.6%

- Volume growth driven by Beverage and Food EUMs – led by Meat and Bakery
- Retail channel volume growth of 5.4% with foodservice growth of 18.0% against lower comparatives
- Pricing of 1.3% reflected increases in input costs through the period
- Trading margin improvement of 40bps primarily driven by operating leverage

Taste & Nutrition reported revenue increased by 9.0% to €6.3 billion in the year. This reflected strong volume growth of 8.3% increased pricing of 1.3% and contribution from acquisitions of 2.1%, partially offset by the impact of adverse translation currency of 2.7%.

Kerry's key growth platforms performed well in the year, with particularly strong growth achieved in Food Waste applications supported by the acquisition of Niacet, and also in Plant-based with new launches incorporating our Radicle™ plant-based range. We achieved excellent growth across a number of our end use markets, supported by innovations with our leading taste solutions for nutritionally optimised products and our proactive nutrition portfolio. Kerry's overall growth was supported by an increased number of customer launches through the year, where we played an important role in improving the sustainability impact of our customers' products. In emerging markets, we achieved strong growth across all regions, with overall volume growth of 14.4%.

Americas Region

- Volume growth of 6.7%
- Retail channel delivered strong growth led by Beverage, Bakery and Meat
- Foodservice channel delivered very good growth with a strong finish to the year

Revenue in the region increased by 4.9% to €3.2 billion in the year. This reflected strong volume growth of 6.7%, increased pricing of 1.2% and contribution from acquisitions of 1.8%, partially offset by the impact of adverse translation currency of 4.8%. The strong growth within the region was achieved despite supply chain and labour challenges across the industry.

Within the North American retail channel, the Beverage EUM achieved excellent growth driven by Kerry's portfolio of proactive nutrition, botanicals and taste modulation technologies. Within the Food EUM, Bakery delivered very strong growth through taste, preservation and clean label solutions. Performance in Meals and Cereal & Sweet were impacted by product repositioning within these categories, while Snacks had good growth supported by new launches in healthier snacking. Meat achieved good overall growth through food protection and preservation, with strong business development and growth in plant-based alternatives.

The foodservice channel in North America continued to deliver very good growth, with a strong finish to the year across quick service restaurants and coffee chains in particular, supported by Kerry's brands and solutions to reduce complexity in back-of-house operations.

In LATAM we had strong growth across the region. Volume growth in Brazil was driven by performance in Beverage and ice-cream, while growth in Mexico was led by Snacks. Within the global Pharma EUM, cell nutrition delivered good growth, which was offset by weaker volumes in excipients as a result of supply chain delays in the year.

During the year, we commenced production at our new state-of-the-art facility in Rome, Georgia, and within our taste facility in Irapuato, Mexico. These facilities will be important contributors to future growth within the region.

Europe Region

- Volume growth of 9.9%
- Retail channel delivered strong growth led by Meat, Bakery and Dairy
- Foodservice channel performance improved significantly with increased out-of-home consumption through the year

Revenue in the region increased by 14.6% to €1.6 billion in the year. This reflected very strong volume growth of 9.9%, increased pricing of 1.8%, contribution from acquisitions of 2.3% and the impact of favourable transaction and translation currency of 0.1% and 0.5% respectively. The level of growth achieved in the region reflected strong progress across the year, while recognising softer prior year comparatives.

Growth in the retail channel was driven by performance within the Food EUM. Meat achieved excellent growth through a number of plant-based meat alternative innovations, launches with natural preservation and increased demand for healthier coating systems. Bakery & Confectionary delivered a very strong performance through texture systems and indulgent innovations. Dairy achieved strong growth in premium and dairy-free ice cream ranges, while international dairy markets reflected increased demand versus supply dynamics. Within the Beverage EUM, there was good growth with low/non-alcoholic beverages incorporating Kerry's botanicals, natural extracts and sugar reduction technologies.

The foodservice channel achieved excellent growth particularly in the UK and Southern Europe. This growth was broad-based across our end use markets, as customers extended their menu ranges and reintroduced limited time offers as the year progressed. Russia and Eastern Europe continued to deliver very strong growth across both retail and foodservice channels, led by Meat and Snacks.

APMEA Region

- Volume growth of 11.3%
- Retail channel delivered excellent growth led by Meat, Beverage and Bakery
- Foodservice channel delivered strong overall growth – with variations across the region

Revenue in the region increased by 14.8% to €1.4 billion in the year. This reflected very strong volume growth of 11.3%, increased pricing of 1.1% and contribution from acquisitions of 3.3%, partially offset by the impact of adverse transaction currency of 0.1% and adverse translation currency of 0.8% respectively. The overall growth across the region was led by strong performances in China and the Middle East.

Growth in the retail channel was well spread across Kerry's markets. Within the Food EUM, Meat had strong growth through local authentic taste innovations and a number of plant-based launches. Growth in the Bakery EUM was led by savoury taste innovations with a number of local leaders across the region. Within the Beverage EUM, growth was driven by innovations across tea, coffee and refreshing beverage through solutions incorporating Kerry's natural extracts, Tastesense™ sugar reduction technology and proactive nutrition portfolio.

The foodservice channel delivered strong overall growth and a good finish to the year. This was achieved despite COVID-related restrictions impacting performance across the region at various stages, most notably in South East Asia.

During the year, we continued to make good progress in expanding our capacity and deploying our technology capabilities in the region. We opened our new taste facility in Durban, South Africa in the final quarter, which represents an important strategic step in our expansion within the continent. We made good progress in the development of our new taste facility at our Jeddah, Saudi Arabia operation and we also announced the development of a new taste facility in Karawang, Indonesia.

Business Review

Consumer Foods

Revenue

€1,144m

Volume Growth

+6.0%

EBITDA Margin

8.7%

Trading Margin

7.2%

- → Volume – strong growth across the business with an excellent finish to the year
- → Pricing of 0.5% reflecting increases in input costs and market pricing
- → Trading margin decrease of 60bps as underlying improvement more than offset by the impact of portfolio divestment
- → Meats and Meals business sale completed on 27th September

Consumer Foods reported revenue decreased in the year by 10.5% to €1.1 billion. This reflected strong volume growth of 6.0%, increased pricing of 0.5%, a favourable transaction currency impact of 0.1% and favourable translation currency impact of 1.7%, which were more than offset by the impact of business disposal of 18.8% due to the sale of the Meats and Meals business.

Growth in the division reflected a strong performance while recognising the lower prior year comparatives.

The sale of the Meats and Meals business completed on 27th September, resulting in the separation and realignment of the remaining dairy-related activities within the Consumer Foods business.

Meats[1] delivered good overall growth in the year, driven by the continued strong performance of Richmond's meat-free range and the performance of Fridge Raiders.

Meals[1] achieved strong growth supported by chilled meals health & wellness ranges and performance of the Oakhouse Foods home delivery business.

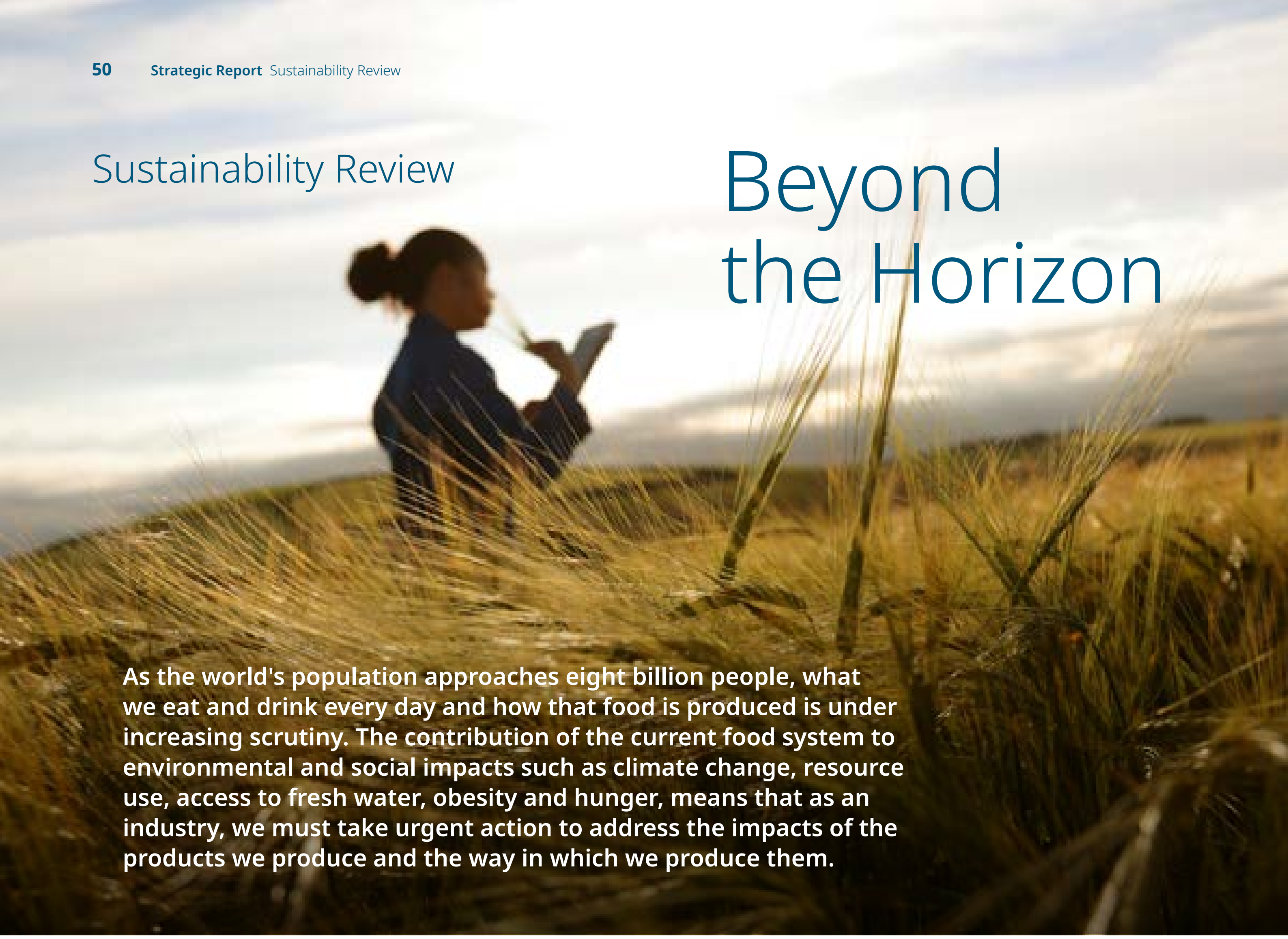
Dairy delivered strong overall growth with an excellent final quarter. This was led by volume growth in the Strings & Things snacking range, with spreadable butter ranges also delivering a strong performance.

[1] Comments on Meats and Meals business performance represent the nine month period prior to disposal on 27 September.

Thank You

As a result of the sale of our Consumer Foods' Meats and Meals business, 4,500 colleagues began a new chapter with Pilgrim's Pride in September. We wish to thank each and every one of you and many more of our former colleagues, who through talent, dedication and loyalty have helped make Kerry Group what it is today.

As featured in The Irish Times, 27 September 2021.



Sustainability Review

Beyond the Horizon

As the world's population approaches eight billion people, what we eat and drink every day and how that food is produced is under increasing scrutiny. The contribution of the current food system to environmental and social impacts such as climate change, resource use, access to fresh water, obesity and hunger, means that as an industry, we must take urgent action to address the impacts of the products we produce and the way in which we produce them.

Across the globe, our Purpose, Inspiring Food, Nourishing Life is central to everything we do.

We collaborate with others to fulfil this purpose and our Vision is to be our customers' most valued partner, creating a world of sustainable nutrition. With the sustainability commitments under our *Beyond the Horizon* strategy and our four strategic platforms of Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma, we have set out a clear pathway to bring this vision to life.

Our ambition is to reach over two billion people with sustainable nutrition solutions by 2030. Our *Beyond the Horizon* strategy outlines how we will play a crucial role with our industry-leading portfolio, innovation expertise and sustainability commitments, leading to better outcomes for people, society and the planet.

We are proud of our achievements to date and particularly our ability to reach over one billion people with positive and balanced nutrition solutions. We also recognise the very significant environmental and social challenges facing our industry and the need to accelerate our actions. Given our scale, reach and ability to impact on consumer health and wellbeing, we are committed to creating a future of sustainable nutrition, helping to maintain good health, while protecting people and the planet.

READ MORE
For more information on our sustainability strategy and performance, see our 2021 Kerry Group GRI Sustainability Report at www.kerrygroup.com.

Stepping Up Our Actions

The United Nations Sustainable Development Goals (SDGs) provide a clear roadmap for addressing poverty, protecting the planet and improving the lives and prospects for all by 2030.

In 2020, Kerry was proud to reinforce its commitments towards the achievement of these goals with the launch of our *Beyond the Horizon* strategy, which is focused on actions that are better for people, better for society and better for the planet.

At our Capital Markets Day in October 2021, we announced a step up in our emissions reduction goal to align with the most ambitious 1.5-degree pathway under the Paris Climate Agreement, as well as a strengthening of our gender diversity targets.

The food system has a critical role to play in the achievement of the Sustainable Development Goals. According to the World Health Organisation, good nutrition is central to the achievement of twelve of the seventeen SDGs. However, today more than three billion people are malnourished and many consume diets which are low in quality[1]. Food production is also responsible for a significant share of greenhouse gas emissions and global resource use and yet it is estimated that a third of all food produced is lost or wasted[2].

While all seventeen goals are critically important, Kerry's integrated solutions capabilities, innovation expertise and sustainability commitments mean that we are best placed to make the most significant contribution to goals 2, 3, and 12.

Zero Hunger
Helping people access sufficient amounts of the right nutrition in a cost-effective way while working with producers to sustainably intensify production and improve livelihoods.

Responsible Consumption and Production
Using natural resources responsibly and enabling our customers to consume and produce more sustainably through our innovation expertise and technology portfolio.

Good Health & Well-being
Supporting good health and well-being and helping reduce mortality through the co-creation of products that help improve consumer diets.

1 https://www.hsph.harvard.edu/nutrition source/sustainability/
2 UN FAO https://www.fao.org/food-loss-and-food-waste/flw-data)

Listening to our Stakeholders

The nature of the challenges facing our industry and the required pace of change means that we must build a shared understanding of our issues and consensus on the path forward. At Kerry, we believe that the best way to achieve this is through ongoing and inclusive stakeholder engagement. We are involved in continuous dialogue with key groups, as we share our vision for a world of sustainable nutrition and seek to incorporate a diverse set of views to help inform our approach. Among our key stakeholders are employees, customers and consumers, shareholders, suppliers, communities and government. For more on our approach to stakeholder engagement see our Corporate Governance Report on pages 99-104 and our GRI Sustainability Report.

Stakeholder Groups

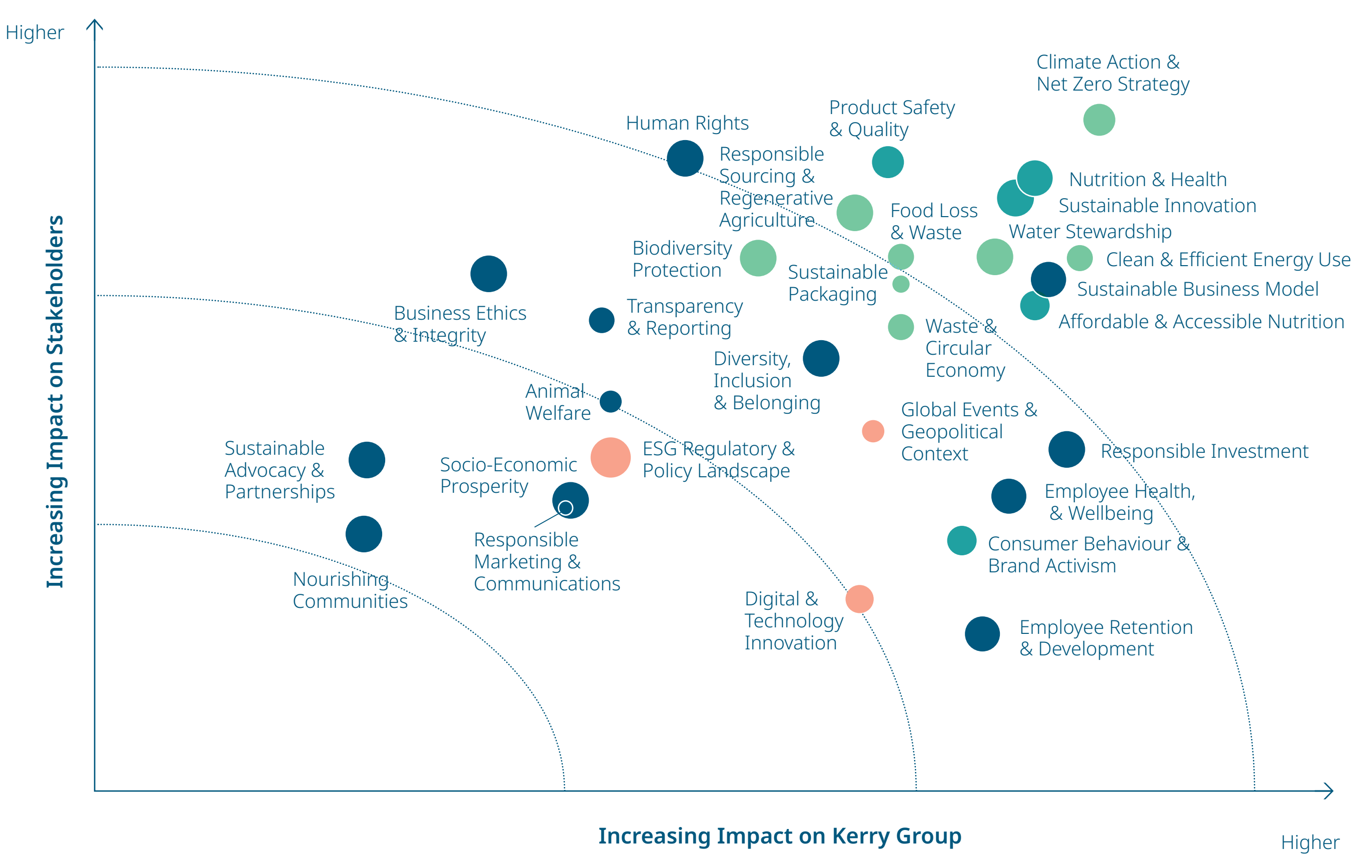
Defining What is Most Important

Our material topics are defined through a dedicated process of stakeholder engagement which considers a broad universe of issues. We assess the relative importance of each issue in influencing the decision making of these stakeholders, their importance to Kerry's business performance and our wider social, environmental and economic impacts. We conducted a comprehensive review of our materiality assessment in 2021, which enabled us to integrate the principles of dynamic and double materiality within the assessment process and reflect the evolution of many sustainability topics across our industry.

The outputs of this assessment, including our relative impact in each area, are reflected in the matrix on the opposite page and while many of these topic areas are not new, we have seen disaggregation in some areas as certain elements within broader topics become increasingly salient. We also see changes in relative importance of some topics, most notably the continued acceleration of climate related issues, the increasing importance being attributed to biodiversity and the demand for more sustainable innovation as stakeholders look for solutions in response to these challenges.

These material topics are reviewed as part of the broader risk assessment process and further details on the Group's principal risks are outlined in the Risk Management Report on pages 78-84. For more on materiality see our GRI Sustainability Report.

Materiality Matrix 2021



External Recognition

At Kerry, we are proud to have our sustainability efforts acknowledged by credible independent assessment.

FTSE4GOOD: Kerry is a constituent of the FTSE4GOOD, which measures the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

MSCI: Kerry achieved an improved MSCI ESG Rating of AAA for its performance on Environmental, Social and Governance (ESG) issues in 2021.

ECOVADIS: A Gold rating through the EcoVadis sustainability assessment places Kerry in the top 3% of companies assessed by EcoVadis in our sector.

World Benchmarking Alliance (WBA): In their inaugural assessment of the food sector, WBA ranked Kerry in the top 5% of companies that are leading the way on food system transformation.

Assurance:

The Greenhouse Gas (GHG), waste, water, health and safety and renewable electricity data, alongside progress towards our Sustainable Nutrition Goal outlined in this report, is independently assured by Jacobs UK Ltd to AA1000 Assurance Standard. The full assurance statement can be found on kerrygroup.com.

Better for People

As the leader in Sustainable Nutrition, our goal is to provide sustainable nutrition solutions for over two billion people by 2030.

For many people, getting the right nutritional balance is a challenge. According to the UN Food and Agriculture Organisation (FAO), in 2021 healthy diets were out of reach for three billion people*. Malnutrition, in all its forms including hunger and obesity, occurs when safe, healthy foods are not accessible or affordable for people. Poor quality diets, high in salt, sugar and saturated fat can lead to diet-related diseases such as heart disease and type 2 diabetes which account for one quarter of all adult deaths each year. In 2021, the UN Food Systems Summit emphasised the responsibility of the food system in addressing the issue of malnutrition, providing accessible nutritious foods to ensure a healthy future for both people and planet.

Consumers are also increasingly mindful of the link between diet, health and the environment. Kerry's *Sustainability in Motion* research highlighted that consumers are seeking out products and brands that have a positive impact on their health and the world around them. As food and beverage manufacturers seek to respond to these changing consumer preferences, demand for partners who can support them in creating products that deliver more sustainable nutrition is growing.

* https://www.fao.org/state-of-food-security-nutrition#

Creating a World of Sustainable Nutrition

We define sustainable nutrition as the ability to provide positive and balanced nutrition solutions that help maintain good health, while protecting people and the planet.

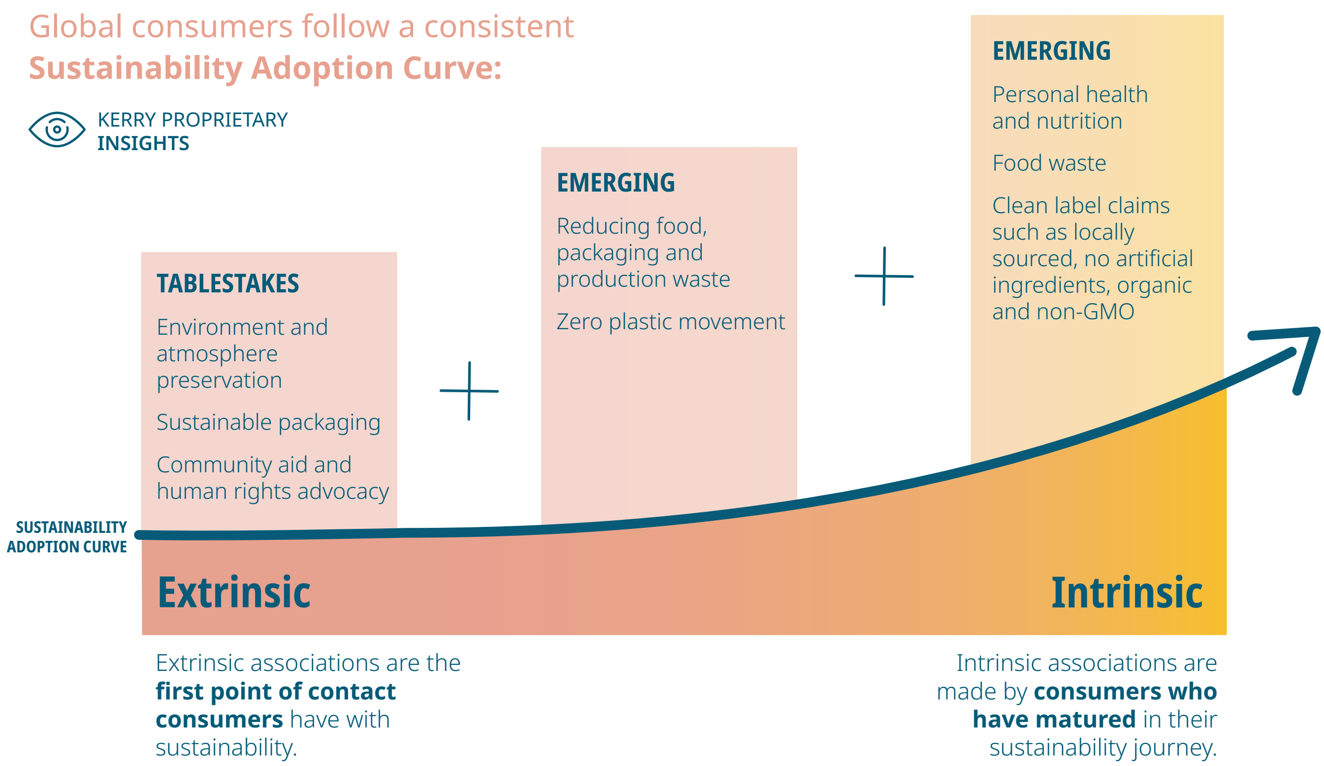
At Kerry, we create integrated taste and nutrition solutions that help our customers to respond to evolving consumer demands as they become increasingly conscious of the link between diet, health and the environment. Nutritional concerns for our customers and their consumers range from food safety and security, clean label, positive and balanced nutrition, proactive nutrition and an increasing focus on personalised nutrition. There is also growing awareness around the environmental and social impact of food and so the way in which food is produced must also be considered in the context of sustainable nutrition. For more on our approach see our white paper at kerrygroup.com.

Understanding Consumer Expectations

Amid rapidly changing consumer expectations, Kerry has developed leading insights into how environmental and social concerns impact on everyday food and beverage choices. In 2021, we published the findings from our *Sustainability in Motion* research, following engagement with over 14,000 consumers across 18 countries and three continents. This comprehensive study shows how the definition of sustainability is evolving, with more and more emphasis on health, nutrition and sustainability, as it relates to an individual, as well as the more traditional associations of sustainability and its impact on the environment.

When it comes to the food and beverage industry in particular, an individual's considerations regarding sustainable food and drinks can encompass environmental concerns, social needs, industry expectations (e.g. responsible sourcing) and personal goals around health and nutrition.

These findings have major implications for the food and drinks industry. Our growing and increasingly urbanised global population has high expectations regarding the broader impacts of food. However, it also demands high standards in terms of taste, convenience and value. As the leading global expert in taste and nutrition, Kerry provides a crucial link between manufacturer capabilities and consumer expectations and is firmly at the forefront of technological innovation within food and beverages – a critical foundation for building a more sustainable future food system. For more on these consumer insights see kerrygroup.com.



Enhancing Nutrition and Supporting Wellbeing

At Kerry, we are ideally placed to enable our customers to move along the sustainable nutrition spectrum. Through our unique capabilities and solutions portfolio, we co-create products that deliver better nutrition for consumers with no compromise on taste. Our application expertise and delivery systems allow us to bring tasty, convenient and familiar food to the consumer, increasing the availability of nutritious options with positive health benefits. Our ambitious environmental and social commitments allow for these better-for-you products to be produced in a more sustainable way.

Creating Impact at Scale

To highlight the role of Kerry as a sustainable nutrition partner, our industry-leading nutrition profiling methodology assesses the nutritional contribution of our ingredients portfolio to a final consumer product. Our assessment shows that more than 80% of our Taste & Nutrition portfolio delivers positive or balanced nutrition solutions for over one billion consumers today. Over the next decade, we will increase the impact from our portfolio, through innovation and partnerships, creating sustainable solutions that will reach more than two billion people. Given the strength of our portfolio and its potential for positive impact, we aim to bring these solutions to as many consumers as possible, helping us to fulfil our Purpose of Inspiring Food, Nourishing Life.

In 2021 we continued to expand our impact and increased our reach* with positive and balanced nutrition solutions by 10% to 1.1 billion people. This growth was driven by the increase in positive nutrition solutions within our portfolio and our geographical expansion in developing regions.

KHNI
Kerry Health and Nutrition Institute™

Kerry Health and Nutrition Institute: Science for Healthier Food

The Kerry Health and Nutrition Institute (KHNI) was established to share Kerry's scientific expertise and to advance awareness of the science of healthier food. Supported by an independent Scientific Advisory Council made up of recognised leaders in nutrition science and research, KHNI is enabling those within the sector to learn from our scientists, academics and other experts, as they explore challenges in the food and beverage industry.

This digital hub of scientific know-how provides in-depth articles, webinars and white papers, written for those working in the food industry, by experts within the food industry. To date, KHNI has welcomed more than half a million visitors to engage with this industry-leading content, with contributions from over 125 global experts in nutrition, health, taste, sensory, and life sciences.

In 2021, the focus was increasingly aligned with efforts under our *Beyond the Horizon* strategy, with content, including dedicated webinars, on overcoming challenges and capturing opportunities associated with sustainable nutrition.

For information see khni.kerry.com.

* Our approach to calculating consumer reach was developed in partnership with independent third parties and combines the outputs from our industry-leading nutritional assessment with external market data and Kerry's business insight. We use a bottom-up model taking information by country and end use market and eliminating potential double counting through the application of accepted statistical methods.

In 2021, we supported customers with market leading sustainable solutions across a range of end use markets.

€297m

Invested in research development and application to ensure we remain at the forefront of sustainable nutrition, as well as continuing to further our leading capabilities in proactive health, food protection and preservation through portfolio development.

Leading with Innovation

Innovation is critical to the transformation of our food system. At Kerry, we are helping our customers to keep pace with consumer expectations, solving their most complex sustainability challenges and providing solutions that are healthier and more sustainable by design.

Already home to the industry's leading portfolio of integrated taste and nutrition technologies, our innovation programme brings together Kerry's unrivalled global capabilities to create solutions that meet consumer needs and preferences. In 2021, we invested a further €297 million in research, development and application to ensure we remain at the forefront of sustainable nutrition, as well as continuing to further our leading capabilities in proactive health, food protection and preservation through portfolio development. For more see Our Markets on pages 26-27.

Our approach is validated by the growing demand among customers for new concepts that deliver on consumer appetite for healthier products with lower environmental impacts. In 2021, we supported customers with market leading sustainable solutions across a range of end use markets. Some examples of these are outlined below and for more information on how we support our customers see www.kerry.com.

VEGAN SLICE

For the foodservice channel we have developed a vegan alternative to cheese with unrivalled taste and functionality, supporting an iconic plant-based product launch in 2021.

WASTE TO TASTE

In a circular approach to resource use, we have taken a traditional by-product from fruit processing and upcycled this to create a flavour for a leading beverage producer.

PLANT PROTEIN

Our Radicle™ plant protein portfolio was key in enabling a challenger brand to bring their low carbon meat alternative to market and support their on-pack claims around nutrition and CO_2.

Better for Society

Improving nutrition and health supports a broad social agenda, helping to deliver on many of the UN SDGs.

We aim to contribute to a society that is fair and just and where everyone has an equal opportunity to participate, knowing that our industry can play a key role in promoting human rights, supporting education and training and creating more resilient and inclusive communities.

At Kerry, we demonstrate this first and foremost through how we operate. Doing business with integrity is a fundamental priority and the foundation of our long-term success. We are committed to living our values and enhancing the lives of all those with whom we engage, including our employees, workers across our broader value chain and those within the communities around us.

Doing the Right Thing

Business results must always be achieved ethically and legally. We conduct our business guided by our purpose and underpinned by our values, and the Group's comprehensive Code of Conduct clearly defines the standards and expectations for all Kerry colleagues.

In 2021, we refreshed our Code of Conduct, revising several underlying policies to better reflect the evolving expectations of our business and making it more accessible for all employees. As part of this process, the Code of Conduct has been made available in 26 languages and led by the CEO and the Executive Team, we have engaged broadly across the organisation to communicate these changes. As part of the Group's Code of Conduct, Kerry's Anti-Bribery Policy describes our zero-tolerance approach and provides guidance to all employees regarding potential situations involving bribery and corruption.

Regardless of role, seniority or location, all colleagues have a responsibility to apply these standards and expectations in their work every day. We continue to monitor understanding of this Code through dedicated training requirements and in 2021, over 90% of required colleagues achieved Code of Conduct certification. For more on our approach to business ethics and reporting of potential issues, see our GRI Sustainability Report.

Upholding Labour Standards and Human Rights

Kerry is fully committed to upholding internationally recognised human rights. Our Code of Conduct and Human Rights Policy apply to all employees and sets out our expectations for business and supply chain partners to conduct their business in a way that upholds our values.

In 2021, Kerry's work on human rights was led through the Social Sustainability Council, chaired by the Group's Chief Human Resources Officer. Across our operations, our manufacturing facilities complete a self-assessment, ensuring our visibility of potential human rights within our business. Across our supply chain, we have expanded the scope of our human rights due diligence, bringing more direct suppliers within the scope of this programme. In 2021, 86% of these higher risk suppliers had been enrolled in the programme and we will continue to engage the remaining suppliers along with any qualifying new vendors to our business.

Given the inter-connected and complex nature of human rights, we continue to engage with expert third parties and multi-stakeholder groups to advance our approach and ensure we align with evolving best practice. In 2022, our focus will be on further building out our due diligence programme, including undertaking an independent assessment of our approach.

SafetyFirst QualityAlways

Prioritising Workplace Health and Safety

The health and wellbeing of our people underpins our culture and is a key enabler of our business success. We are committed to the ongoing improvement of our safety performance as we continue our journey towards a best-in-class safety culture. To achieve this, we continually reinforce our Safety First, Quality Always mindset at the core of our business and through our operational excellence programmes, we ensure that safety is at the centre of everything we do.

We have been deeply saddened by the loss of a colleague to a workplace fatality at a manufacturing facility in 2021 and extend our sincere sympathy to the family. The circumstances of this tragedy were thoroughly investigated, including engagement with the appropriate regulatory authorities and a complete root cause analysis. Following the investigation's conclusion, key learnings were shared as appropriate across the Group.

While we recognise that there is no acceptable level of accident or injury, we can report a further 8% improvement in our safety performance for 2021 versus 2020. In addition, we have also seen an increase in the number of manufacturing facilities with no recordable injuries in this same 12-month period, reinforcing the progress that has been made to date. These improvements were due, in part, to the deployment of targeted training and awareness programmes for employees with a particular emphasis on serious incidents, as well as increased management focus and investment in this area.

Promoting Diversity, Inclusion & Belonging (DI&B)

We are committed to building an inclusive workplace where everyone feels they belong and can fully contribute to our shared success. We believe that embracing different perspectives, ideas and ways of working is good for business performance. We champion inclusion at all levels of our workforce, reflecting the diversity of the communities in which we operate, and we offer opportunities for colleagues without discrimination.

To measure the impact of our inclusive workplace initiatives and to ensure we are delivering on our commitments, we established an Inclusion Index during 2021 as a key metric to monitor our performance. This index is derived from our annual employee engagement survey and directly related to our employee experience, and will enable us to provide an informed view on our progress in future reports.

Gender diversity is an underlying indicator of a healthy and inclusive culture and a core component within our broader diversity agenda. We are committed to increasing representation of women in senior leadership roles to 35% by 2025 and remain on track to achieve this, having improved to 29% this year. At our Capital Markets Day in October 2021, we reinforced our gender diversity commitment and expanded our ambition, to include the achievement of equal gender representation in all senior management roles by 2030. We are currently tracking at 36%. For more detail see Our People on pages 18-19.

PARTNERSHIP FOR GLOBAL LGBTI EQUALITY (PGLE)

Going beyond gender diversity, we are committed to creating an environment where everyone can bring their true selves to work and in June 2021, we were proud to join the Partnership for Global LGBTI Equality (PGLE) while signing the UN Standards of Conduct for Business to accelerate equality, inclusion and LGBTI rights.

CREATING A MORE INCLUSIVE ENVIRONMENT

Through our partnership with Special Olympics, Kerry welcomed athlete Fiona Brady to celebrate International Women's Day on 8 March and our employees were given insights on inclusivity for businesses with Special Olympics Ireland to celebrate International Day for People with Disabilities.

Nourishing Communities

Kerry continued to grow a sustainable presence in local communities through the year.

The further embedding of MyCommunity as the platform for locally-led donations and employee volunteering was aided by innovative use of digital tools which allowed many activities to continue, even against the backdrop of the pandemic. In addition, we continued to support the ongoing evolution of Group-led projects with our valued NGO partners in countries where Kerry is not on the ground.

MyCommunity

Following its successful launch in 2020, this year saw Kerry employees continue to build and enhance the MyCommunity programme. These initiatives primarily looked to support health and nutrition efforts, as COVID-19 continues to impact on lives around the world. As families and health services remain under pressure, colleagues were restricted in their ability to volunteer in person. In response, Kerry and its employees focused on donations where they saw opportunities to contribute positively, reflecting a desire to make an impact and demonstrate Kerry's values in a tangible way.

Examples of these engagements include; the ongoing support for a COVID-19 quarantine and treatment centre dedicated to providing much needed accommodation, food and toiletries for women, pregnant mothers and young children in Tampoi, Malaysia; the donation of nutritional products to four hospitals in the Manaus region of Brazil; the provision of PPE and the donation of food and sanitisers for care and educational organisations in Moscow, Russia; and the work of colleagues with care facilities and food distribution charities across Ireland.

Our Global Partnerships

Kerry continued to support UN World Food Programme (WFP), Concern Worldwide and Special Olympics throughout the challenging global environment of 2021.

As we seek to grow our social impact, we are learning from these partnerships and are continually exploring ways to increase our measurable impact on the areas of exclusion, poverty and malnutrition in communities across the world.

WFP World Food Programme

supported by

KERRY

World Food Programme (WFP)

Our partnership with WFP began in 2017 with Project Leche in Honduras. In 2021, our focus moved to Gitega province in Burundi, where we are leveraging Kerry's dairy and nutritional expertise to improve farming methods, increase dairy yields and impact the nutritional value of school meals in the participating communities. Addressing hunger is a key driver for this project, titled Project Amata (amata is the word for milk in Kirundi, the national language of Burundi), and participating farmers are aiming to greatly enhance their impact on their communities and increase incomes as they do so. COVID-related restrictions have meant some activities have moved online, yet progress to date includes the completion of the baseline dairy farming assessment and knowledge gathering on local farming and milk production practices. We have partnered locally with Vétérinaires Sans Frontières (VSF) and together with Kerry expertise, delivered a virtual training programme on dairy best practices which can be rolled out across the project region.

Photo: WFP / Irenee Nduwayezu

Concern worldwide

supported by

KERRY

RAIN Programme

In partnership with Concern Worldwide, Kerry is supporting the delivery of the RAIN (Realigning Agriculture to Improve Nutrition) programme in the Tahoua region of Niger. Under the programme, 1,000 vulnerable households in seven villages in Tahoua benefit from sustainable improvements in health and nutrition, diversified livelihoods, greater access to quality education and improved social capital. The focus on food security, health protection, income for vulnerable women and improved food production is complemented with community engagement and empowerment to make a lasting impact. With the conclusion of the programme in 2021, Kerry is working with Concern to assess the overall programme results and understand how these can best be used to inform future partnerships.

Photo: Ollivier Girard of Concern Worldwide

Special Olympics

supported by

KERRY

Special Olympics

The COVID-19 pandemic continues to impact the work of Special Olympics across the world, with athletes and volunteers unable to participate as they were accustomed to. Despite this, the support of partners such as Kerry allowed programmes in Ireland to provide innovative online platforms for athletes to continue to engage with their training, participate in virtual wellbeing courses and host 14 face-to-face competitions during 2021. Running alongside these competitions were a number of virtual events which encouraged over 3,300 Special Olympics athletes to stay fit and healthy during the pandemic.

Better for the Planet

Through our *Beyond the Horizon* strategy, we are building on our achievements to date to address the key environmental impact areas across our business and value chains.

The current model of food production results in substantial environmental impacts, contributing more than a quarter of global emissions, using over 70% of freshwater withdrawals and driving further deforestation and biodiversity loss. We know too that food and packaging waste is having an impact on the environment around us as plastic finds its way into waterways and oceans, impacting on water quality and marine life.

As the industry's innovation partner of choice, we continue working with suppliers and customers, amplifying our impact across our operations and supply chains, allowing our customers to reduce their footprint and in turn create products that provide more sustainable nutrition to consumers.

Taking Action on Climate Change

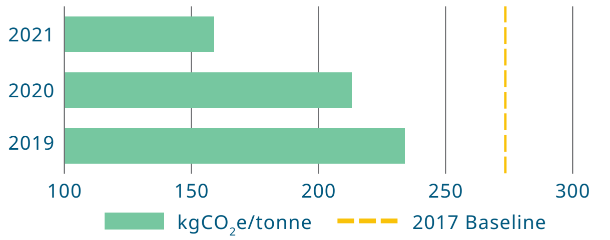
In 2021, the Intergovernmental Panel on Climate Change warned that scientists are observing changes in the earth's climate in every region and across the whole climate system.

At Kerry, we understand the urgent need for action and are committed to playing our part. In October 2021, we updated our science-based target to align with a 1.5 degree temperature pathway, increasing our 2030 emissions reduction target from 33% to 55%, versus our 2017 base year.

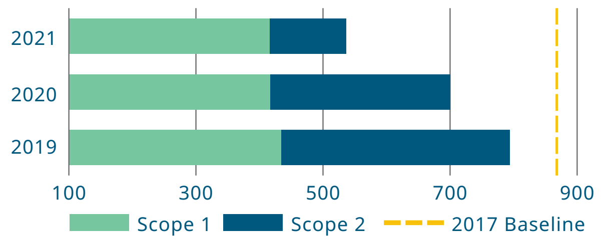
We continue to develop and deploy our decarbonisation approach for our operational emissions. We are bringing forward our target date for the achievement of 100% renewable electricity across our sites from 2025 to 2022. We have made important progress on renewable electricity in 2021, with 65% of our electricity needs now classified as renewable. This was reflected in the strong progress on emissions reduction in the year, with the achievement of a 39% absolute reduction versus our base year.

2021 Carbon Performance

Carbon Intensity



Tonnes of CO_2e (000's)



Notes:
We measure and report our performance in accordance with the GHG Protocol.
Our Scope 2 emissions are calculated using the market-based method.
For more information, including boundary and scope, see our GRI Sustainability Report.

In 2021, we also carried out a comprehensive review of our Scope 3 emissions to improve the accuracy of our footprint and support a more targeted approach to supplier engagement. This engagement programme will expand to encompass suppliers across our most material categories, as we seek to deliver on our 30% reduction goal by 2030.

For additional climate-related disclosures see our TCFD report on page 73.

RE 100

Kerry is a proud member of the RE100 initiative. Led by the Climate Group and in partnership with CDP (formerly the Carbon Disclosure Project), this global initiative brings together the world's most influential businesses committed to 100% renewable electricity.

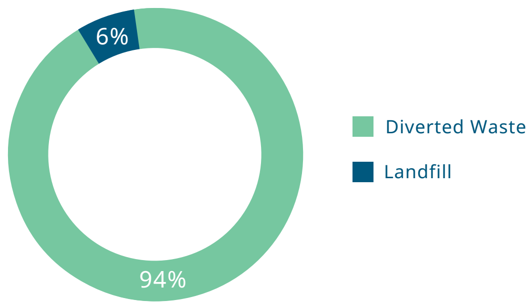
CDP

In 2021, Kerry achieved a CDP score of 'A-', placing us at leadership level for our action and reporting on climate change.

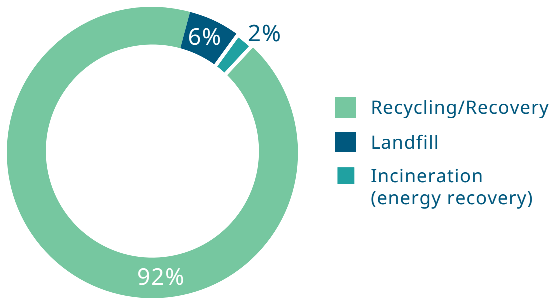
Adopting a Circular Approach to Resources

To help lower our environmental impact, we are focused on a more circular approach that recovers resources for re-use within our business, or as an input to another system. In this way, we can keep materials in productive use for longer and capture potential opportunities to valorise these waste streams. Fundamental to achieving this is avoiding material loss and in 2021, we were successful in diverting 94% of our total waste volumes towards other productive uses.

2021 Waste Recovery



2021 Waste by Destination



Notes:
Our waste data reflects waste produced across our manufacturing facilities.
Landfill volumes include waste sent for incineration without energy recovery.
For more information, see our GRI Sustainability Report.

Halving Food Loss and Waste

Food loss and waste is a key lever in tackling both environmental and social challenges confronting our industry and given the economic opportunity associated with addressing this issue, there is a compelling case for action.

To tackle food waste within our own organisation, we have committed to 50% reduction across our operations by 2030, aligning with target 12.3 under SDG 12: Responsible Consumption and Production. Given the diverse nature of our portfolio, the achievement of this goal involves working across sites to understand the key drivers of food waste locally and implementing the most appropriate actions to deliver on our target. In 2021, we have continued to make good progress against this goal with a 19% reduction versus our 2017 baseline.

Supporting Our Customers

While tackling food waste across our operations is vitally important, there are substantial opportunities for Kerry to impact on food waste elsewhere in the value chain, particularly downstream. In developed markets, the proportion of total food lost or wasted at the consumer level can be more than 60%. As consumers increasingly demand natural, clean label products that do not contain artificial preservatives, manufacturers are challenged to meet these evolving consumer demands, while maintaining or improving shelf life. With the industry's largest portfolio of clean label preservation technologies, Kerry and its new acquisition, Niacet, are ideally placed to support our customers in meeting these requirements.

Food Waste Solutions

Combatting food waste represents an attractive, high growth market and at Kerry we have the capabilities and solutions to help customers with this challenge. Bakery represents the highest volume category of food waste globally and in 2021, Kerry and its new acquisition Niacet extended the shelf life of 34.5 billion loaves of bread by an average of 50%.

Tackling Plastic Waste

We fully support efforts to promote a more circular approach to plastics and have committed to making all our plastic packaging reusable, recyclable or compostable by 2025. We use sustainable packaging where possible, favouring reusable, returnable, or certified paper-based material. In 2021, 57% of the plastic packaging used across our business was in line with the criteria for our 2025 target. We continue to look at ways to address the remaining volumes, with plans already in place for how we can tackle some of the more challenging plastic materials and packaging formats.

Protecting Water Resources

Across our operations we are targeting a 15% reduction in water intensity by 2025.

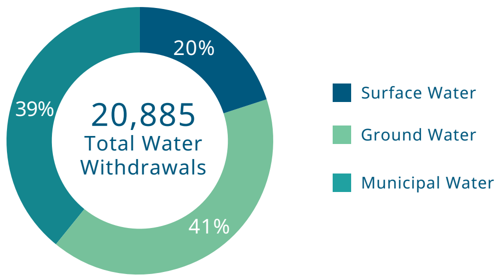
As our business volumes recovered through 2021, with the easing of restriction in the foodservice channel, our performance on water was challenged. At year end, we recorded a 4% reduction in water efficiency versus our 2017 base year. We have identified a pipeline of water reduction opportunities which are supported by our capital investment programme. In particular, planned investment in 2022 will result in improvements in future years to deliver our 2025 ambition.

We also understand that water discharges from our sites can have an impact on local water quality and make every effort to ensure we protect local water sources. We track and monitor compliance with relevant water standards on an ongoing basis. For more details on our water use, see our GRI Sustainability Report.

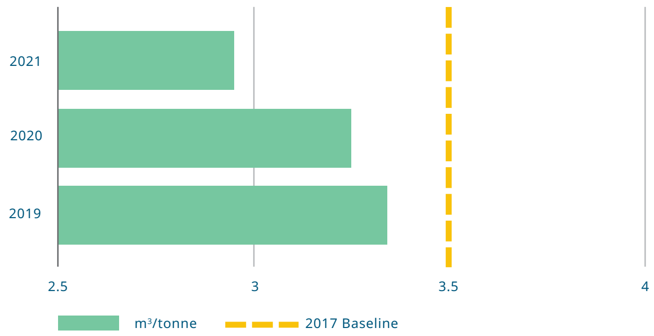
Water Risk

Using the World Resources Institute's Aqueduct Tool, we have identified priority locations that may be more vulnerable to water risk. Water efficiency across these sites exceeds that for the Group and was 15% lower in 2021 versus our 2017 base year. We have plans to keep a critical focus on water at these locations and with the support of an expert third party we are conducting a programme of metering, monitoring and targeting to help drive ongoing improvements.

2021 Water Withdrawal by Source (Megalitres)



Water Intensity at Higher Risk Sites



Notes:

Our water data reflects water use across our manufacturing facilities and is a like for like performance versus our base year.

Water intensity at higher risk sites, is a relative measure using total water withdrawal from areas with water stress divided by tonnes of finished product from areas with water stress.

For more information on our performance and measurement see our GRI Sustainability Report.

Protecting Biodiversity

Amid the alarming rate of species and habitat loss, we have seen the emergence of biodiversity as an increasingly material topic for our business (see our materiality matrix on page 53). Kerry has potential to impact on biodiversity directly through its operations and indirectly through the raw materials we source. Our most significant impacts are those that are linked to our supply chain and are incorporated within our approach to the priority categories outlined below. One critical action we are working towards is the preservation of the tropical forests and the rich biodiversity they contain. We are committed to eliminating deforestation across targeted supply chains that are the leading drivers of forest loss including, Cocoa, Coffee, Soybean, Palm Oil and Paper. In support of this commitment, we are members of several multi-stakeholder initiatives focused on this area including RSPO, SAI Platform (including their deforestation workstream within the Sustainable Dairy Partnership), Tropical Forest Alliance (TFA) 2020 and others. For more on our evolving approach to biodiversity, see our GRI Sustainability Report.

Sourcing Responsibly

At Kerry, we know the production of some raw materials can present social and environmental challenges.

Addressing these challenges can prove difficult within a complex global supply chain and as part of our vision to create a world of sustainable nutrition, we are engaging with our suppliers to drive more sustainable practices right back to farm level, ensuring that 100% of our priority raw materials are responsibly sourced by 2030.

In partnership with our suppliers, we work to ensure decent livelihoods for farmers, promote practices that protect and regenerate vital ecosystems, and protect the rights of workers and communities throughout our value chain. We use a combination of certification and verification and where these mechanisms do not support the best path forward, we work more directly with supply partners and expert third parties, including through direct engagement and programmes at farm level.

We risk assess our supply chains and prioritise category engagement with our suppliers and other key stakeholders, both individually and as part of broader multi-stakeholder platforms, to better understand common challenges associated with specific commodities and/or geographies and how we can work together to effectively address these. For more on our progress see the table on page 66.

Priority Raw Materials

Category	Our Interim Targets	Our Progress
Coffee Ingredients	100% of our direct volumes will be deforestation and conversion free by year end 2025, as evidenced through verified sourcing and/or using an approved third-party certification scheme.	Across these categories certification will play an important role and is likely to be complemented by independent and/or remote verification programmes. Already today, we are proud to be the exclusive extraction partner of Café Femenino, an advocacy program and ethical sourcing model committed to ending the cycle of poverty affecting women coffee farmers across the world.
Cocoa Ingredients		
Dairy Ingredients	Maintain 100% certification of our liquid milk volumes in Ireland. Across dairy ingredient purchases, 80% of our volume will be with processors at SDP (Sustainable Dairy Partnership) Stage 3 or higher by the end of 2025.	All volumes sourced directly from farmers in South West Ireland are certified under the Sustainable Dairy Assurance Scheme as part of Origin Green. With the launch of the SDP we are engaging with industry partners on the rollout of requirements for our dairy ingredient suppliers.
Egg	By 2025, 100% of our volumes will be cage-free and/or free range in Europe and Australia with increasing volumes in other regions.	We continue to make progress across our targeted regions and in 2021, 57% of our volumes in Europe met with the requirements outlined for this category.
Herbs & Spices	25% of our leading category volumes will be third party verified and/or certified by 2025.	Aligned with our commitments under the Sustainable Spices Initiative (SSI) 100% of our targeted volumes for Parsley and 50% of our targeted volumes for black pepper, met our responsible sourcing criteria in 2021.
Palm Oil	100% of our direct volumes will be deforestation and conversion free by 2025, as evidenced through verified sourcing and/or using an approved third-party certification scheme.	In 2021, 43% of our palm oil volumes were certified under a physical RSPO certification system and we provided ongoing support for smallholder programmes in Malaysia.
Paper Packaging	100% of pulp-based volumes will be deforestation and conversion free by 2025, as evidenced through third party verification and/or certification.	More than 90% of our paper-based packaging was subject to FSC, PEFC, SFI certification and/or was from recycled material in 2021.
Soy Ingredients	100% of our direct volumes are deforestation and conversion free by 2025, as evidenced through verified sourcing and/or using an approved third-party certification scheme.	We are increasing the traceability of our sourcing locations and expect to publish guidance for suppliers via a dedicated Soy Policy early in 2022.
Vanilla	100% of our volumes to have third party verification / certification in place by 2030.	We source our vanilla beans through the Tsara Kalitao programme in Madagascar, helping to support more sustainable development in the participating regions. *For more on this work see kerry.com.*
Meat	This category has been removed following the sale of our Consumer Foods' Meats and Meals business, which represented approximately 90% of our meat purchases.	

Non-Financial Reporting Statement

We comply with regulations on non-financial reporting and provide information on required topics across this report and within our GRI Sustainability Report. Relevant information on each topic can be found below. In addition, non-financial risks are evaluated as part of the broader enterprise risk management framework and more detail can be found in our Risk Management Report on pages 75-85.

Reporting Requirements	Our Policies	Page Reference
Environmental Matters	Environmental Policy	Page 62
Social and Employee Matters	Health & Safety Policy; Group Code of Conduct; Diversity, Inclusion & Belonging Policy; Employee Concerns Disclosure Policy	Pages 15-21, 59-60 and 80
Respect for Human Rights	Human Rights Policy	Page 59
Anti-Bribery and Corruption	Anti-Bribery Policy; Group Code of Conduct	Page 59
Business Model		Pages 22-23
Non-financial KPIs		Pages 34-35 and 63-67

EU Taxonomy

Background

In line with its action plan for financing sustainable growth, the European Union is defining a taxonomy of sustainable activities, which aims to increase environmental transparency and support more sustainable investment. As part of these efforts, Regulation (EU) 2020/852 (the 'Taxonomy Regulation') creates a classification system for sustainable economic activities. In the following section, the Group has outlined information on the extent to which the Group's activities are eligible under this taxonomy.

We have undertaken a review of the Group's activities and as our systems do not categorise data in a manner consistent with the taxonomy, we have been prudent in our disclosure of eligible activities.

Economic Activity

In assessing eligibility, we looked at the activities of the Group and whether these fall within the scope of the economic activities outlined under the taxonomy regulation. Kerry's core business involves the manufacture of food and beverage products, which are not currently listed as eligible activities.

To support our business, we carry out some ancillary activities and we have also looked at our investment in these areas to understand if these qualify as eligible.

Accounting Policies

Turnover

While the manufacture of food and beverage products were deemed non-eligible, we undertook a deeper review of our turnover with cross functional support and input from the Group's Chief Technology Officer.

As part of our assessment, we reviewed the Group's portfolio against those economic activities currently within the scope of the taxonomy regulation and through this assessment we determined that Kerry had no eligible turnover in 2021.

Operational Expenditure

Having reviewed our overall operating costs versus the taxonomy requirements, we determined that as the majority of our operating costs relate to our turnover, they too were determined to be non-eligible with the exception of maintenance and repairs. These costs are included in other general overheads reported in note 3 in our financial statements. The assessment of maintenance and repairs determined that there are no material eligible costs within this category.

Capital expenditure

Our assessment was carried out with our engineering function and is based on investment in eligible economic activities listed within the regulation. This included projects involving construction of new buildings to enhance our manufacturing footprint, building renovations to improve existing manufacturing facilities and the installation, maintenance and repair of energy efficiency equipment. Projects were allocated to distinct categories to avoid double counting and going forward, capital projects and associated purchases will include more detailed assessment of taxonomy alignment. The amount of capital expenditure additions deemed eligible in 2021 was 24%.

Key Performance Indicators

In the 2021 reporting period Kerry Group had no turnover or operating expenditure associated with eligible activities. The proportion of eligible capital expenditure was deemed to be 24%.

Turnover

With no eligible turnover (numerator) and using a base of our total turnover (denominator) as reported in our Consolidated Income Statement, we established the proportion of eligible turnover to be zero.

Operational Expenditure

Having identified no material eligible expenditure within this category (numerator) and using the maintenance and repairs cost base (denominator), we established the proportion of eligible operational expenditure to be zero.

Capital expenditure

Comparing these eligible capital additions (numerator) to our additions of property plant and equipment, right of use assets and intangible assets as reported in notes 11 and 12 in our financial statements (denominator), the level of eligible additions is approximately 24%. This does not include business combinations in the year.

Category	Eligible	Non-Eligible
Turnover	0%	100%
Operational Expenditure	0%	100%
Capital Expenditure	24%	76%

Task Force on Climate Related Financial Disclosures (TCFD)

Climate change will bring about unprecedented changes for our industry and we recognise the risks and opportunities this presents for our business. Kerry has a strong record of action on climate change and has been targeting emission reductions for more than a decade, reporting publicly on our progress and working with suppliers and customers to extend this impact along our value chain. As a leader in sustainable nutrition, our technology and innovation expertise will play an important role in the transition to healthier, lower impact diets that meet with changing consumer expectations.

To achieve this, we must acknowledge the significant environmental and social risks posed by the changing climate and be prepared for the challenges presented by the transition to a low carbon economy. We understand the need for enhanced disclosures in this area and the TCFD recommendations provide a consistent framework with which to align our climate reporting. In this section we have brought together information from across our Annual and Sustainability reports, in accordance with these guidelines. We continue to develop our approach to climate change and in addition to this TCFD disclosure, we provide information in our Risk Management (page 77) and Governance (page 118) Reports and within our GRI Sustainability Report at www.kerrygroup.com. We also consider the potential financial impacts from climate change in our financial accounting policies, in particular our property, plant and equipment policy and our intangible assets policy.

Governance

The Board has overall responsibility for management of risks and opportunities and this includes climate change risks. The Board approved the Group's *Beyond the Horizon* strategy prior to its launch in 2020, encompassing its commitments on climate action.

The Chairman of the Board also chairs the dedicated Board Committee with responsibility for Governance, Nomination and Sustainability. As such, he and the other members of the committee take a lead role in Board guidance and oversight of the implementation and performance versus the Group's sustainability strategy, including its actions on climate change. To facilitate this, scheduled meetings take place between business leaders and the Committee throughout the year.

In 2021, the Committee and the wider Board received three dedicated updates from the Group Head of Sustainability and other leaders across the business on matters which included the Group's performance versus its climate goals, climate related risks and opportunities and TCFD aligned disclosures. The potential impact of climate change is increasingly integrated into strategic matters which are considered by the Board. During the year, the Board approved an acceleration of the Group's greenhouse gas (GHG) emissions reduction target to support Kerry's alignment with the 1.5^0 Celsius temperature pathway.

The Board is supported in their role by the Global Sustainability Council, which is chaired by the CEO and comprises executive and functional leadership from across the Group. This Council is responsible for the assessment and management of climate related risks and opportunities as part of its broader sustainability remit.

Additional thematic governance councils are in place across the organisation to support the climate agenda. Each Council is led by a member of the Executive Team and has cross functional membership from across the business and regions, incorporating our experts focused on climate action from engineering, operations, procurement and RD&A. These Councils also engage externally on specific climate related issues as required.

Meeting at least quarterly, they have been established to ensure that action to address issues like climate change is embedded at all levels across the organisation and to provide a channel for reporting to the Global Sustainability Council. They include:

→ an Environmental Council chaired by the Group's Chief Operating Officer, which is focused on reducing operational emissions across our manufacturing facilities and addressing impacts related to waste and water. This council plays a crucial role in setting and implementing plans for the achievement of our targets, identifying process changes and capital investment to deliver the improvements required.

→ a Responsible Sourcing Council led by the Chief Procurement Officer dedicated to assessing the sustainability of the raw materials we purchase, ensuring no deforestation across our supply chains by 2025 and reducing our Scope 3 emissions by 2030, in line with our Science Based Target.

→ a Product Portfolio Council led by the Group's Chief Technology Officer tasked with monitoring and improving the sustainability of the products we produce, driving sustainable innovation and expanding our portfolio of sustainable solutions that enable carbon reduction for our customers.

→ a Commercial Council led by the Chief Commercial Officer which assesses the opportunities presented by sustainability and how Kerry can best serve its customers through the lens of sustainable nutrition, supporting them to achieve their own climate related objectives.

In 2021, we enhanced the Long-Term Incentive Plan (LTIP) for Executive Directors and Senior management which included the addition of sustainability and climate related metrics in line with our *Beyond the Horizon* strategy launch in 2020. As part of the overall reward framework, our long-term incentive plan considers core sustainability metrics, specifically Scope 1 and 2 carbon reduction and the progress towards our science-based target. More details on this can be found in the Remuneration Committee Report on pages 129-130. For further details on overall Group Governance, see our Corporate Governance Report on pages 96-108.

Strategy

Kerry has acknowledged the significance of climate change for its business for more than a decade and has made important progress in addressing key parts of its footprint. As the impact of climate change continues to unfold, efforts to address our emissions have accelerated and as part of our *Beyond the Horizon* strategy, we have placed an even greater emphasis on carbon reduction. Crucially, our climate ambitions are also reflected in our broader business strategy and particularly within our key strategic platforms. They increasingly inform all areas of our business, including our M&A activity and financing strategy. In 2021, we announced the acquisition of Niacet and Biosearch Life, both of which support our goal of creating more sustainable nutrition solutions and Kerry also issued a Sustainability-Linked Bond in the final quarter, which links our financing to the Group's sustainability performance, including its science-based emissions reduction target.

To ensure we realise our goals, we are increasingly focused on understanding material climate related issues that may impact our strategy and how we can mitigate and/or adapt to these risks and opportunities.

Physical Risk	Transition Risk
Acute: Acute physical risks refer to those risks that are event-driven, including increased severity of extreme weather events. **Chronic:** Chronic physical risks refer to longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves.	Transitioning to a lower-carbon economy may entail extensive policy, legal, technology, and market changes. Depending on the nature, speed, and focus of these changes, transition risks may pose varying levels of financial and reputational risk to organisations.

Timeframe: While some physical risks are already evident today, the most significant impacts are likely to be felt over the medium to long-term. Transition risks are likely to manifest more quickly as society makes the shift towards a low carbon economy.

In 2021, we established a working group to evolve our existing climate risk assessment and lead our alignment with the TCFD guidance. In conjunction with an expert external party and with the support of an Executive led steering committee, we commenced a detailed qualitative and quantitative assessment of climate related issues. With broad cross-functional engagement, we defined an extensive set of risks and opportunities through stakeholder engagement, dedicated workshops and expert input. This longlist was subsequently refined based on appraisal of risk severity and likelihood, a method aligned with our overall risk management framework, and which provided us with a focused set of risks for more detailed analysis.

Key Risks and Opportunities Identified

Category	Risk / Opportunity	Potential Impact
Physical Risk (Acute)	Extreme weather events	Increase in the frequency and severity of extreme weather events could result in damage and/or interruption to our manufacturing facilities and distribution network.
Physical Risk (Chronic)	Access to water	The limited availability of water as a result of climate related impacts has the potential to disrupt production at facilities in vulnerable locations.
Physical Risk (Chronic)	Raw material availability	Extreme weather events, water variability, changes to precipitation patterns and rising global temperatures could impact on the availability and cost of raw material supplies.
Transition Risk	Policy	Existing and emerging regulations including carbon pricing could lead to increased operational costs across different jurisdictions.
Transition Risk	Technology	Widespread adoption of new lower-carbon technology may require investment in our operations to maintain competitiveness and/or to meet new regulatory requirements.
Opportunities	Market dynamics	Shifts in consumer demand for low carbon products presents potential opportunities for Kerry given our RD&A and technology capabilities, product portfolio and leading consumer insights.

Assessing the Potential Impact

Modelling the potential impacts of these climate related risks to our business is complex. As the climate crisis unfolds, climate related impacts and policy responses will manifest in different ways and over different time-horizons. Typically, we consider business risk over a relatively shorter term (<5 years), however, climate risk requires a longer-term view as some impacts may be felt more slowly. To account for this, we have chosen to examine the potential impact of these risks over 10 years and 30 years respectively, using 2030 and 2050 as our reference timeframes.

Adopting this longer-term view presents certain challenges given uncertainty surrounding the timing and severity of both physical and transition risks. For example, sea-level rise is expected to be a more gradual impact area whereas more frequent and intense weather events are already visible today. To help overcome this, we have modelled the potential impacts under different scenarios in accordance with TCFD guidance. In doing so, we looked at the potential directional impacts under the following future conditions:

Scenario One	Scenario Two
Under this scenario, there is inadequate action to limit greenhouse gas emissions and modelling reflects a world where increasing concentrations of CO_2 puts global average temperature increases on a trajectory towards four degrees Celsius by 2100.	Under this scenario, there is sustained and coordinated collective action to address the climate crises, with emissions reductions meeting the required levels to keep global average temperature increases to below two degrees Celsius by 2100.

Using the above reference scenarios, we undertook an assessment for the following risks and opportunities to better understand how our business might be impacted by different temperature increases and by policy and market responses to the climate crises. Outlined below is a summary of the approach which we adopted and the findings from our analysis.

Risk	Impact	Approach	Outcome	Next Steps
Extreme Weather Events	Disruption to manufacturing facilities and distribution network.	Specific climate related hazards representing key physical risks (flooding, wind, forest fire, etc.) were assessed for all manufacturing facilities and key transport routes, helping us to identify those with potentially higher exposure and understand the most relevant climate hazards for each location.	The analysis across our manufacturing footprint and deep dive assessment highlighted that three sites had a more elevated level of risk, relative to our other locations. It also identified a potentially higher financial impact on the distribution network in our North America region[1]. The severity of potential impacts increased over time and were more pronounced under Scenario One, with risks heightened by a higher global average temperature. However, modelling to date indicates no significant financial impact for our business under either scenario.	We will expand our assessment with the refinement of current risks and the expansion of the scope. We plan to further enhance the assessment process with the integration of additional data points, for example on storm patterns, as our scenario analysis evolves.
Heat Waves, Water Stress and Extreme Weather Conditions	Availability of key raw materials.	To better understand the key risks to our future sourcing we looked at five important raw material categories and their sourcing locations to assess potential physical climate related impacts. We reviewed both raw material volumes and the contribution to revenue to provide a top down and bottom-up analysis.	Our assessment shows that current sourcing locations could be impacted by climate change and although yields for some raw materials (e.g. wheat) may fall in certain regions, they are projected to increase in others. We assume the ability to substitute sourcing locations to mitigate any scarcity, albeit with a potential price impact. While the impacts are mirrored under both scenarios, they are greater under Scenario One, with physical climate risks amplified by the increased temperature.	Work is ongoing to further integrate category specific insight within our modelling, particularly for categories such as dairy, where regional variations and differing agricultural systems make it more complex to infer broader climate related impacts across sourcing regions.

1 This reflects the important contribution of the region to total Group revenue

Risk	Impact	Approach	Outcome	Next Steps
Carbon Pricing	Increased operational costs.	Policy responses to climate change are expected to result in additional carbon pricing mechanisms as well as an increase in the unit cost of carbon. Under our assessment we focus on potential changes to carbon prices under Scenario Two, assuming that in Scenario One, regulation and policy remain as usual and carbon prices would not rise beyond current expectations.	To limit average temperature increase to 1.5⁰C, global action on decarbonisation would need to increase significantly and carbon prices would likely rise alongside this. Our analysis shows that with this type of intervention, carbon pricing could add to the Group's operating costs in regions where we are subject to existing pricing mechanisms. In this scenario, the impact could be more pronounced with rapid and ambitious policy action over the short to medium term.	Climate policy and carbon price modelling is constantly evolving, and this analysis will be kept under review to ensure it reflects ongoing developments.
Market Dynamics	Product portfolio changes.	Innovation will be core to achieving climate objectives and as part of our assessment we examined how demand for certain products may change over time and under different climate conditions.	While we understand the significant opportunity that lower carbon product development will present, the potential for increased innovation has not been modelled at this time. Still, our assessment around future product demand indicates potential opportunity for growth across a number of important categories under Scenario Two, with transition effects as the dominant driver.	Potential changes to consumer demand for lower carbon products and the impact for our business, will be further explored in 2022.

Ensuring Future Resilience

Climate change is already a key consideration for Kerry, given the importance of sustainability to our broader business strategy. Significant temperature increases aligned with Scenario One, or the pace and scale of change required to deliver Scenario Two, will undoubtedly create risks and opportunities for our industry.

Through the work we have undertaken in 2021, we have identified where these climate-related issues have the potential to impact on our business and the strategic priorities we have set out. We have specific mitigation measures in place across key risk areas including investments in process improvements and capital to reduce GHG emissions across our value chain, water risk assessment across priority locations, business continuity plans in the event of business or supply chain disruption and alternative sourcing strategies for critical raw materials.

Our analysis to date highlights the resilience of the Group's strategy to a range of climate hazards and transition risks across both temperature scenarios and over the timeframes outlined.

The outputs of the analysis were also considered in the scenarios considered for the Group's ongoing viability and impairment testing. For more see page 84. We will continue to enhance our climate assessments to ensure visibility of any potential changes to these risks or to their velocity.

We also see the opportunity to further integrate specific climate considerations within our broader risk assessment and operational planning processes in the short to medium term. This will provide a more comprehensive approach to near term risk management and improve the effectiveness of our climate related actions in the coming years.

Our scenario analysis will continue to evolve and alongside the ongoing mitigation of anticipated risks, we are encouraged that our assessment reinforces the opportunities for businesses that can support the transition to a low carbon economy. At Kerry, we have an important role to play within our industry, partnering with our customers and supporting them through innovation, as they seek to meet the growing consumer demand for lower carbon products that contribute to good health and wellbeing. For more information see page 57 of this Sustainability Review.

Risk Management

The Audit Committee is responsible for providing structured and systematic oversight of the Group's risk management and internal control systems. The Group's risk assessment process is a coordinated bottom-up and top-down group-wide approach that facilitates the identification and evaluation of risks, as well as assessing how the risks are monitored, managed and mitigated. This process is facilitated by Internal Audit and overseen by the Risk Oversight Committee.

Within our risk management framework, we adopt an integrated approach to assessing and managing climate risks across our business and wider value chain. The impact of climate change has typically been integrated within broader risk classifications, as a contributor to other principal risks (e.g. extreme weather impacts on raw material prices). While a climate risk lens is applied as part of the broader risk assessment, we have examined key risks in greater depth and identified areas where the integration of these climate related issues can be strengthened.

Managing these risks is a cross functional responsibility and with the support of the Council structure outlined under Governance above, management track and review the Group's performance, prioritise actions and investments for mitigation and report on progress to the Global Sustainability Council and the Board.

In 2021, we have also introduced 'Climate and Environmental Risk' as a standalone principal risk, reflecting the increasing importance of policy interventions, market changes and physical impacts such as water stress for our business. For more details on our principal risks and the risk assessment process see our Risk Management Report on pages 75-85.

Climate Change Integration Across Our Principal Risks

Climate-related issues are considered as part of the Group's risk management process and are reflected within many of our principal risks. For the purpose of climate scenario analysis, we focused on a limited number of specific climate risks and while the impacts of these risks are cross-cutting, they may not relate to all of the risks outlined below.

Denotes where climate related issues have been considered within the risk assessment.

Metrics and Targets

Our *Beyond the Horizon* strategy was introduced in 2020 and sets out our ambition to become Net Zero before 2050. As part of this commitment, we outlined an original target for a 33% reduction in Scope 1 and 2 emissions by 2030 and a 30% reduction in carbon intensity for Scope 3 emissions over the same period. These targets were approved by the Science Based Target initiative (SBTi) as aligned to a well below two degree temperature pathway.

In 2021, we enhanced our targets in line with calls to limit global average temperature increase to 1.5 degrees Celsius, the most ambitious pathway under the Paris Agreement. This change has taken our Scope 1 and 2 reduction target to 55% by 2030, versus our 2017 base year and this revised target has been approved by the SBTi.

We have made good progress against this target with a 39% reduction versus our base year. The measurement and target performance of Scope 1 and 2 emissions is for all sites under our operational control and is undertaken in accordance with the GHG Protocol. We report annually to CDP and in 2021, achieved a CDP score of 'A-', placing us at leadership level for our action and reporting on climate change.

In support of our climate objectives, we also have a number of associated targets which contribute to our overall goals, including:

- → ensuring all our purchased electricity comes from renewable sources, as part of our membership of RE100. In 2021, we have accelerated against this commitment and expect to reach this goal before the end of 2022.
- → eliminating deforestation from our relevant supply chains by 2025, helping to halt biodiversity loss and the climate impacts associated with this land use change.
- → halving food waste across our business by 2030 and supporting our customers and their consumers to reduce food loss downstream in our value chain.
- → increasing our water use efficiency and recognising the interconnected nature of water and climate risk. Our water targets are increasingly context based and designed to take account of water risk across our regions.

Target Area	Climate Related Targets			Performance
	Target	Date	Base	2021
Scope 1 & 2 Emissions	-55%	2030	2017	-39%
Water Intensity	-15%	2025	2017	-4%
Food Waste	-50%	2030	2017	-19%
Renewable Electricity	100%	2022	N/A	65%

Targets are absolute with the exception of water, which is an intensity measure. The scope of these targets is for sites under our operational control. For emissions and renewable electricity, this includes all sites. For water and waste, the target relates to our manufacturing facilities.

To provide a comprehensive view of our approach and the progress we have made against our climate and associated targets, we have made more information available in our GRI Sustainability Report at www.kerrygroup.com. This report also includes further details of our performance on energy, water and waste. For more on our responsible sourcing targets, see page 66 of this review.

Next Steps

In 2021, we continued to make progress on our climate transition, supported by our existing governance structures, our integrated strategy and our science-based targets. We further embedded climate considerations within the Group's risk assessment framework and this was aided through the process of scenario analysis and dynamic risk assessment. Our disclosures are consistent with TCFD recommendations other than where we continue to enhance the climate related impact on strategy and financial planning, resilience and scenario analysis and the alignment of metrics and targets to specific climate related risks.
In 2022, planned activities will include:

→ continuing to embed and enhance our group-wide governance structure, leveraging this to lead and engage our people on further climate action.

→ expanding our analysis to account for additional areas including potential risks associated with water and technology, while continuing to refine existing assessments and exploring the use of updated climate scenarios aligned with Kerry's 1.5^{0}C commitment.

→ exploring the potential for further mitigation measures, particularly for any risks identified with the potential to impact on our business strategy.

→ enhancing our risk process with further assessment and integration of explicit climate related issues within our enterprise risk management framework.

→ reviewing our Scope 3 carbon target and Net Zero commitment in line with evolving SBTi guidance and the release of their Net Zero standard.

→ building awareness and knowledge across our organisation with dedicated training through the Kerry learning academy.

Finally, we also plan to progress our carbon footprinting at product level to support our customers in better understanding their own value chain emissions and providing us further insight into the contribution of our portfolio to lower impact consumer products.

Risk Management Report

Managing risk and uncertainty is integral to the successful delivery of our strategy and supports our desire to grow a sustainable and resilient business.

Risk Management Approach and Governance

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

We regularly face business uncertainties and it is through a structured approach to risk management that we are able to proactively respond to, mitigate and manage these risks and embrace opportunities as they arise. Despite ongoing challenges, such as the COVID-19 pandemic and global supply chain disruption, our performance continues to highlight the resilience of our people, our business model and our proven track record of delivery through uncertainty.

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

The Board is ultimately responsible for the management of risk and for setting the Group's risk appetite. On an annual basis, the Board agrees the principal and emerging risks facing the Group and a robust risk management governance framework is in place which enables the Group to effectively prioritise and manage risk to within our risk appetite levels. The Board carries out a review of the effectiveness of the Group's risk management and internal control systems at least annually.

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

An overview of the Group's risk management governance structure along with the key responsibilities within it is outlined in the diagram on page 76.

Our Risk Management Governance Framework

Board of Directors

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

Audit Committee

Responsibility has been delegated by the Board to provide structured and systematic oversight of the Group's risk management and internal control systems. They review and monitor the effectiveness of the Group's risk management and internal control systems throughout the year. The Chairman reports to the Board on its activities regarding audit matters and risk management. See pages 109-114 for description of the risk management activities conducted by the Audit Committee in 2021.

Risk Oversight Committee (ROC)

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

Executive Management

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

1st LINE OF DEFENCE:
Operational Management is responsible for risk identification, managing the internal control environment and monitoring changes in the risk profile of the Group.

2nd LINE OF DEFENCE:
Group functional teams ensure the first line is operating as designed, manage performance reviews, internal control verifications and facilitate risk assessments. This includes Quality, Health & Safety, Information & Cyber Security, Legal and Financial Control functions.

3rd LINE OF DEFENCE:
Group Internal Audit function with other external assurance providers perform reviews which give independent assurance over the operation of the internal control framework, risk management systems and governance processes.

Enterprise Risk Management Process

Our enterprise risk management process is embedded across the Group to support the delivery of our strategic objectives and our annual risk assessment is an integral part of this process. This risk assessment incorporates a group-wide top down and bottom up evaluation to determine the likelihood of occurrence and potential impact of risks on the Group at a residual level. Input is obtained from senior business and functional management through a series of workshops, one-to-one interviews and surveys, which are consolidated to produce the Group Risk Register. Our risk universe forms the basis of conversations and additional new and emerging risks are added as they are identified and assessed. A standard risk scoring methodology has been devised to provide context and ensure consistency in reporting and evaluation of risks.

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

During the year the ROC and the Board considered the Group's principal risks in the context of our risk appetite and our approach is to minimise exposure to reputational, financial and operational risk, while accepting and recognising a risk and reward trade-off in pursuit of our strategic and commercial objectives. As the world's leading taste and nutrition company, the integrity of our business is critical and cannot be put at risk. Consequently, we have a zero tolerance for risks such as food safety and employee health and safety. We operate in a challenging and highly competitive market place and as a result, recognise that strategic, commercial and investment risks will be required to seize opportunities and deliver business results. We are therefore prepared to make certain financial and operational investments in pursuit of growth objectives, accepting the risk that the anticipated benefits from these investments may not always be fully realised. Our acceptance of risk is subject to ensuring that potential benefits and risks are fully understood and appropriate measures to mitigate those risks are established.

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

The annual Board and the Audit Committee agendas include a series of updates from executive risk owners in relation to the Group's principal risks. These updates include the history of the risk to date, key mitigating actions and controls, an outline of the residual risk and any future actions planned to address control weaknesses.

The Audit Committee also receive regular updates on risk management and internal control effectiveness from the Head of Internal Audit (HIA) along with agreed mitigating actions to resolve any weaknesses identified.

The Audit Committee and Board formally approved the principal risks and risk appetite and have confirmed in the Corporate Governance Report on page 108 that a robust assessment of the Group's principal and emerging risks was completed, including those risks that could threaten the business model, future performance, solvency or liquidity of the Group.

Principal and Emerging Risks

The table on pages 78-84 describes the principal risks and uncertainties, which the Board has determined could impact the achievement of strategic objectives and have been identified through the risk assessment process, as well as the mitigating actions in place and an update on any change in the profile of each risk during the year. Additionally, each risk has been linked to the Group Strategy and Margin Expansion targets as outlined in the Strategic Report on pages 28-31. These risks form the basis of Board and Audit Committee communications and discussions.

This table presents the Board's view of the Group's principal risks and uncertainties and is not an exhaustive list of all the risks which may impact the Group. There are additional risks which are not yet considered material, or which are not yet known to the Board, which could become significant in the future. Likewise, some of the current risks may reduce in importance as management actions are implemented or changes in the operating environment occur. The Board will continue to monitor risk in the context of relevant factors such as the ongoing impact of the COVID-19 pandemic, growth through geographic expansion and ongoing acquisitions, as well as other changes in the external environment, which may create future risks.

Climate Risk

The Board recognise the significant risks posed by climate change and consideration of these risks forms part of our existing risk management processes. It is acknowledged that there is opportunity to further integrate the ongoing climate related risk processes within our risk management processes and this will be a key area of focus in the coming year. The increasing importance of climate change risk was reflected in the Board's decision to include Climate Change and Environmental as a standalone principal risk during 2021, having been included as a sub-risk within Sustainability/Environmental risk previously. In addition, climate change impacts a number of our other principal risks such as Portfolio Management and Operational and Supply Chain Continuity.

During the year, a global cross-functional team was created to further align our assessment and disclosure practices with the requirements of the Taskforce on Climate-related Financial Disclosures (TCFD). This included conducting a detailed climate change risk assessment and scenario analysis with the support of an expert external party. The TCFD section on pages 68-74 summarises the work undertaken to date to understand the potential impact of climate change on the Group and outlines future areas of management focus.

Changes to Our Principal Risks

While there has been no significant change in the principal risks in the last year, the Group operates in a dynamic environment where risks continue to evolve and the Group continues to develop mitigation measures to address them.

The COVID-19 pandemic has continued to create uncertainty; however, as vaccination rollouts progress and our understanding and agility in managing it through preventative measures has grown, the outlook is more optimistic. Similar to the previous year we have not considered COVID-19 as an individual risk but rather considered the amplifying effect it has had on a number of other principal risks such as Health & Safety risk, People risk, Operational and Supply Chain Continuity risk and Margin Management risk.

Sustainability/Environmental risk was introduced as a principal risk in 2020 having previously been considered as an emerging risk. As consideration of climate change risk has been further embedded in our enterprise risk management process, this principal risk has been split out to include Climate Change and Environmental and Business Ethics and Social Responsibility as two standalone risks for this year.

Emerging Risks

Emerging risks are considered as part of the risk assessment process and are identified through horizon scanning, continual dialogue with the business and keeping abreast of market and industry changes. A summary of emerging risks which are identified through this process is presented to the Audit Committee and Board for assessment and these risks continue to be monitored as part of our ongoing risk management processes. Emerging risks we are monitoring include endemic COVID-19, ESG regulatory changes, labour model disruption and technology innovation and disruption.

Link to Group Strategy as per the Strategic Report

Taste | Nutrition | Consumer Foods | Emerging Markets | Margin Expansion Drivers

Risk trend

Risk is unchanged | Risk has increased | Risk has decreased

Principal Risks and Uncertainties - Strategic

Portfolio Management

Description

Consumer preferences, tastes, behaviours and demand for more sustainable products are changing at an unprecedented rate.

The Group's overall growth and profitability is determined by the effective management of its portfolio across technologies, end use markets, geographies, channels and customers to respond to these consumer-led dynamics.

Risk Trend (unchanged)

Impact

If the Group does not make optimal strategic investment decisions, then opportunities for growth and improved margin could be missed.

How We Manage the Risk

- The Group's strategic planning process is designed to ensure that investment decisions balance both our financial ambitions and our *Beyond the Horizon* sustainability commitments. A robust portfolio management toolkit is in place to support this process which uses multiple perspectives and data.
- Post completion reviews are undertaken for all major investment projects to measure returns and inform future investment decisions.
- Our integrated business model is differentiated in the marketplace through its ability to provide integrated solutions underpinned by its portfolio of foundational technologies.
- The Group's refreshed mid-term plan published during 2021 outlined key growth pillars and financial targets for the period 2022-2026 and is aligned to the Group's *Beyond the Horizon* sustainability targets.

Principal Risks and Uncertainties - Strategic (continued)

Geopolitical / Emerging Markets

Description
Through our substantial global footprint and acquisitive growth strategy the Group is exposed to global market forces, fluctuations in national economies, societal unrest, geopolitical uncertainty and an increasingly complex legal and regulatory environment.

Risk Trend

Impact
Failure to monitor and respond to change and volatility across the Group's markets may have an impact on the future growth and profitability of the Group.

How We Manage the Risk
- Rigorous due diligence is undertaken when entering or commencing business activities in new markets.
- Central and local legal, regulatory and compliance teams ensure adherence to applicable laws and regulations.
- The breadth of the Group's portfolio and our geographic reach help to mitigate exposure to localised risk.

Business Acquisition and Divestiture

Description
Acquisitions and divestitures continue to be a core element of the Group's growth and portfolio management strategy which presents risks around due diligence, execution and integration or separation of businesses.

Risk Trend

Impact
A failure to successfully execute divestments or identify, execute and efficiently integrate acquisitions and capitalise on potential synergies in a timely and effective manner could impact profitability and impede the strategic development of the Group.

How We Manage the Risk
- An experienced, dedicated Mergers and Acquisitions team are in place who follow a strong governance process throughout all stages of a transaction.
- All potential transactions are rigorously assessed and evaluated to ensure the Group's strategic and financial criteria are met. All transactions are fully reviewed and approved by the Board.
- A robust integration process is in place and post-acquisition performance is closely monitored by both divisional and Group management.
- Significant focus is placed on the retention of key acquired talent and support is provided to facilitate an efficient integration process.

Climate Change and Environmental

Description
The Group recognises the significant environmental challenges the world faces due to a changing climate and the implications that this can have for our business and supply chains.

Physical climate impacts and related policy and/or market changes may disrupt our operations or impact demand for our products.

Risk Trend

Impact
Physical and transition climate risks including extreme weather events, water stress and increased regulation, or an inability to deliver on our climate and environmental objectives, may have a negative impact on the Group's revenue and profitability, may negatively impact our ability to raise finance and may damage the reputation of the Group.

How We Manage the Risk
- An appropriate governance structure is in place with the Global Sustainability Council charged with the assessment and management of climate related risk and opportunities as part of its broader sustainability remit. Regular updates are provided to the Governance, Nomination and Sustainability Committee and to the Board. For further detail in relation to climate risk governance please see page 69-74 of our TCFD Report.
- Ambitious targets are in place with regard to reducing the carbon footprint of our operations, our water intensity, reducing food waste and ensuring that our priority raw materials are responsibly sourced.
- Significant work is being undertaken to improve the measurement of our Scope 3 footprint and prioritise action areas with our suppliers.
- A cross functional team has been established to lead our alignment with the TCFD guidance. An expert external party has also been engaged to support this process.
- We continue to embed climate considerations into our overall strategic planning and investment appraisal processes.
- Sustainability and climate-related metrics were included as part of the Long-Term Incentive Plan (LTIP) for Executive Directors and senior management in 2021.

Principal Risks and Uncertainties - Operational

People

Description
The ability to attract, develop, engage and retain a diverse, talented and capable workforce is critical if the Group is to continue to compete and grow effectively.

A number of external factors, including the COVID-19 pandemic, have increased the competition for talent and labour across all sectors.

Risk Trend

Impact
A failure to effectively manage talent, plan for leadership succession and adapt to an evolving workplace environment driven by external factors such as COVID-19 may impede the realisation of the Group's strategic objectives.

How We Manage the Risk
- The Group's employment policies and procedures underpin its people strategy and ensure robust and objective processes are in place for talent attraction, selection, development and progression, supported by global HR systems.
- The Group's reward programmes continue to be enhanced and in 2021 this included the launch of a new Global Recognition Programme and enhancements to both long and short-term global incentive plans.
- The Group's approach to talent management and executive succession planning is regularly reviewed by the Group Executive and is overseen by the Governance, Nomination and Sustainability Committee and the Board.
- A key focus of the Group's social sustainability agenda is to build a purpose-led, culturally diverse, engaged and inclusive workforce, where our people can be at their best, contribute to the Group's success and realise their career ambitions. Progress is monitored through KPIs and an annual group-wide employee engagement survey, which includes a newly established Inclusion Index, the results of which are reviewed by Executive Management and the Board to agree ongoing priorities.
- The Group has continued to prioritise the safety and wellbeing of employees as it has navigated the challenges of the COVID-19 pandemic.

Business Ethics and Social Responsibility

Description
Acting in an ethical and socially responsible manner, consistent with the expectations of customers, consumers, and other stakeholders, is essential for the protection of the reputation of the Group.

Risk Trend

Impact
A material failure to comply with relevant legal and ethical standards or best practices could harm the reputation of the Group, its relationship with key stakeholders and/or result in financial penalties and costs.

How We Manage the Risk
- A Social Sustainability Council is in place, chaired by the Group's Chief Human Resources Officer, which has overseen a significant programme of activity during 2021 to advance the Group's ongoing work in this area.
- The Group's Code of Conduct and supporting polices, which were refreshed in 2021, clearly define the standards and expectations for all employees and third parties. The Code is available in 26 languages.
- Our Human Rights policy sets expectations for business and supply chain partners and these expectations are also embedded in our Supplier Code of Conduct. A self-assessment process is in place for both Kerry sites and high risk direct suppliers.
- A mandatory employee compliance certification programme is in place to embed employee understanding of key compliance risks.
- The Group's Speak Up whistleblowing service is available to all employees and third parties to raise concerns with regard to suspected wrongdoings or unethical behaviours.
- Robust due diligence is performed on all new acquisitions.

Principal Risks and Uncertainties - Operational (continued)

Food Safety, Quality and Regulatory

Description
Adherence to stringent food safety and product controls is critical to ensure the safety and integrity of raw materials and products throughout the Group's supply chain. The Group must also ensure compliance with continuously evolving legal and regulatory obligations in the areas of food safety, quality, labelling and the environment.

Risk Trend

Impact
A significant food safety or regulatory compliance issue could result in a product recall, financial penalties and costs, impact business performance and/or damage the reputation of the Group.

How We Manage the Risk
- Industry-leading food safety and traceability systems are in place and all manufacturing sites comply with international food safety and quality management standards. This is supported by a strong quality culture through the Group's Safety First, Quality Always approach.
- Regular audits of manufacturing sites against recognised global food safety standards are conducted by Corporate Quality, Internal Audit, customers and other independent agencies.
- Stringent controls operate across our supply chain including audits and approval of suppliers supported by rigorous quality checking of all high-risk ingredients.
- A dedicated regulatory function closely monitors the external environment and engages industry organisations to identify and understand emerging issues and address increasing compliance requirements.
- In 2021, 66% of our sites were certified to ISO14001 Environmental Management System with a further 10% currently in the process of obtaining certification.

Health & Safety

Description
The nature of the Group's operations can expose employees, sub-contractors, customers and other individuals to potential health & safety risks.

The Group is also subject to local safety regulations in multiple jurisdictions, compliance with which is paramount.

Risk Trend

Impact
A significant safety incident could expose the Group to legal liability, and/or significant costs and damage the Group's reputation.

How We Manage the Risk
- A strong health and safety culture has been driven by management and employees at all levels supported by our Safety First, Quality Always mindset.
- A robust health & safety management system is in place across all sites requiring employees to complete formal health & safety training (relevant to their role) at regular intervals. All sites are also subject to regular health & safety audits by Corporate Health & Safety, Internal Audit and external assurance providers.
- Stringent COVID-19 protocols remain in place at all sites. These include ongoing remote working in some locations, employee and visitor screening protocols, segregation and zoning and use of appropriate personal protective equipment.

Principal Risks and Uncertainties - Operational (continued)

Margin Management

Description
The Group's cost base and margin may be impacted by fluctuations in commodities, freight, energy, labour and other input costs.

There has been significant global cost inflation during 2021 caused by factors such as climate change related weather events, the impact of COVID-19 on global supply chain and labour dynamics and general market uncertainty.

Risk Trend

Impact
Failure to pass on cost increases to customers may have a material impact on the Group's margins and ability to deliver target returns.

How We Manage the Risk
- A strong commercial focus on procurement, pricing and cost improvement initiatives is maintained along with ongoing monitoring of the commercial implications of commodity price and other input cost movements.
- Risk management processes such as taking purchasing cover on a back-to-back basis and exchange rate hedging have been implemented where necessary.
- Contractual mechanisms to pass through fluctuations in commodity prices are in place with many customers.

Information Systems and Cybersecurity

Description
The Group relies on a robust ICT infrastructure for its daily business operations, internal communications, controls, reporting and communications with customers and suppliers.

There is a constant threat of significant and sophisticated cyber-attacks including phishing, ransomware, malware and social engineering.

The macro risk level continues to rise with the number of attacks against high profile peers becoming more frequent.

Risk Trend

Impact
A successful cyber-attack, internal breach or other systems failure could result in theft, misappropriation of critical assets and/or personal data and disruption to core business operations including manufacturing and supply chain. This could result in a significant customer, financial, reputational and/or regulatory impact for the Group.

How We Manage the Risk
- An appropriate governance structure is in place including an Executive Information Security Management Committee and the ROC. Cybersecurity is a major focus area for the Board who this year received two formal updates from the Chief Information Security Officer.
- A specialist ICT Security team is in place who use industry leading tools, technology and processes aligned to global best practice cybersecurity frameworks. These include a 24/7 security monitoring service, a vulnerability management programme, a software review process, supply chain partner audits, a data loss prevention programme and identity governance controls amongst other initiatives.
- During 2021 we continued our ongoing programme of investment in cybersecurity controls which included Endpoint Detect and Respond (EDR), Cloud Access Security Broker (CASB), Domain-based Message Authentication, Reporting and Conformance (DMARC) email authentication and enhanced data loss prevention controls.
- Business continuity, disaster recovery and crisis management plans are in place and are tested on a regular basis.
- Employees receive regular online cybersecurity training and ongoing awareness is promoted through monthly phishing training and other initiatives to keep employees abreast of new and emerging threats.
- Cybersecurity reviews are conducted by a team of internal ICT auditors in addition to the engagement of external experts on a biennial basis to conduct a cyber resilience assessment against the National Institute of Standards and Technology (NIST) framework.
- The Group maintains a cyber insurance policy.
- There were no material information or cybersecurity breaches noted over the last three years.

Principal Risks and Uncertainties - Operational (continued)

Operational and Supply Chain Continuity

Description
The Group's manufacturing operations and global supply chain network is potentially exposed to adverse events such as physical disruptions, environmental and industrial accidents, cybersecurity incidents, trade restrictions or disruptions at a key supplier, which could impact on our ability to service customers.

2021 has seen unprecedented global supply chain disruption. The COVID-19 pandemic combined with an increased number of other disruptive events (e.g. Suez Canal crisis and extreme weather events) have highlighted the need to focus on building a resilient supply chain which is responsive to changing internal and external pressures.

Impact
Failure to effectively respond to a significant operational or supply chain disruption could adversely affect the Group's operations and financial performance.

How We Manage the Risk
- Crisis management and business continuity plans are in place to enable effective recovery from a major disruption.
- Robust inventory management processes are in place including the maintenance of appropriate safety stock levels.
- Sourcing model includes dual supply for critical raw materials.
- Ongoing programme of work to enhance our end-to-end planning processes through improved cross-functional collaboration and decision making.
- Ongoing investment in manufacturing facilities to increase capacity and enhance reliability and continuity of supply.
- All facilities have insurance cover to mitigate the impact of significant disruption.
- Operational, Supply Chain and Procurement leaders have participated in cross-functional workshops to explore and gain a better understanding of the climate risks associated with our supply chain. For further information refer to the TCFD Report on pages 68-74.
- Experienced customer service teams enable a responsive and agile operation.

Risk Trend

Intellectual Property

Description
The Group's unique mix of Intellectual Property (IP) is created by combining carefully managed material sourcing, recipe formulation and process technology expertise. The protection of IP is critical given it is a key component of the Group's value creation model and supports its unique and differentiated position in the marketplace.

Impact
If IP owned by the Group is not adequately protected it may result in the loss of commercially sensitive and/or Kerry proprietary information which may have an adverse impact on revenue and profitability.

How We Manage the Risk
- A global centre of expertise exists to provide legal and technical support in the area of IP protection.
- Policies, procedures and training programmes are in place to provide guidance in relation to the capture, exploitation and protection of IP.
- Strong physical and system access controls are in place to prevent unauthorised access or download of sensitive data.
- The external environment is monitored for potential IP infringement and appropriate action is taken when issues are identified.

Risk Trend

Principal Risks and Uncertainties - Financial and Compliance

Taxation

Description	Impact	How We Manage the Risk
Given the Group's global network, it is exposed to an increasingly complex and evolving international tax environment. Risk Trend	The Group's tax liability or reporting requirements may be negatively impacted by local or international legislative changes, evolving legal interpretations, tax audits or transfer pricing judgements.	- A team of dedicated tax experts responsible for ensuring compliance with all taxation matters globally are employed. A programme of continuous professional development ensures that the team is up to date on evolving tax law changes e.g. carbon tax. – In house expertise is supplemented by external taxation advisors where required.

Treasury

Description	Impact	How We Manage the Risk
The international nature of the Group's operations means that it has transactions and activities across many jurisdictions which expose it to liquidity, foreign exchange, interest rate and counterparty risks. Risk Trend	Failure to manage these risks could negatively impact on the financial performance of the Group.	– The Group Finance Committee monitors treasury risk on an ongoing basis. – Significant cash and debt resources with relatively long-term maturities are in place to ensure the Group's liquidity requirements are met and maintained. During 2021, the Group further strengthened its liquidity position by exercising the final one year extension on it's Revolving Credit Facility which now matures in 2026 and issuing €750m of Sustainability-Linked Bond notes, due in 2031. – The Treasury function actively manages all treasury risks through cashflow forecasts, foreign currency exposure, netting and hedging as well as monitoring and meeting funding requirements across its jurisdictions and management of interest rate and counterparty risk.

GOING CONCERN AND VIABILITY ASSESSMENT

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

Going Concern

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

The Directors considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance and position of the Group, including the continuing impact of the COVID-19 pandemic and the potential impact of climate related risks on profitability and liquidity, as described in the Business Reviews on pages 44-49.

The Group's 2022 budget was reviewed and approved at the December Board meeting. The Directors have also examined the financial position of the Group, including cash flows, liquidity position, borrowing facilities, financial instruments and financial risk management, as described on pages 36-43 and additionally as described in note 24 to the financial statements.

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

Viability Assessment

Assessment of Prospects

In line with Provision 31 of the 2018 UK Corporate Governance Code, the Directors have carried out a rigorous review of the prospects of the Group over the medium term. In assessing the prospects of the Group and its ability to meet its liabilities as they fall due, the Board has taken account of the Group's medium term strategic planning cycle, capital investment plans, the business model, its diverse portfolio and the innovation pipeline. The Directors have also considered the Group's strong cash generation and debt maturity profile in addition to the principal risks and uncertainties detailed on pages 78-84. This included a consideration of the impact of the ongoing COVID-19 pandemic in addition to the potential impact of climate related risks on profitability and liquidity. The financial position of the Group, its cash flows, liquidity position and borrowing facilities are outlined in the Financial Review on pages 36-43.

Period of Viability Assessment

The Board has considered the length of time to be reviewed in the context of the viability assessment. Although the Group's strategic planning cycle covers a period of five years, the Board consider that three years is the most appropriate period to assess the longer-term viability of the Group as current capital expenditure plans, commercial arrangements and financial projections are considered to be more reliable and robust over this period.

Scenario Modelled	Relevant Principal Risks
Scenario 1: External and Macroeconomic Risks Depressed economic performance, further deterioration in COVID-19 situation, prolonged global supply chain disruption, political unrest	– Climate Change and Environmental – Business Acquisition and Divestiture – Geopolitical/Emerging Markets – Operational and Supply Chain Continuity - Business Ethics and Social Responsibility – Margin Management – Portfolio Management – People – Intellectual Property – Treasury
Scenario 2: Climate Change and Environmental Risk* Impacts of extreme weather events, water stress and climate change	– Climate Change and Environmental – Portfolio Management – Operational and Supply Chain Continuity – Margin Management
Scenario 3: One-off Expense Impact of a potential large event, fine and/or penalty	– Climate Change and Environmental – Information Systems and Cybersecurity – Food Safety, Quality and Regulatory - Business Ethics and Social Responsibility – Portfolio Management – Intellectual Property – Taxation – Treasury

Assessment of Viability

The viability of the Group has been assessed, considering the Group's current financial position, including external funding in place over the assessment period, and after modelling the impact of certain scenarios arising from the Group's principal risks and uncertainties as outlined on pages 78-84.

While each of the principal risks and uncertainties could have an impact on the Group's performance, three severe but plausible scenarios were modelled that the Board assessed would have the most direct and material impact on the Group. The three scenarios as outlined above were stress tested both individually and in combination to assess their potential impact on the Group's solvency, liquidity and cash flow.

This analysis indicated that significant liquidity headroom existed in all scenarios tested. In addition, the Board consider that the diverse nature of the Group's geographies, markets, customer base, and product portfolio provide significant mitigation against the impact of a serious business interruption.

Viability Statement

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

* This scenario was modelled based on a three year time horizon. For a longer term assessment of climate risk please see the TCFD section of this report on pages 68-74.

Directors' Report

Board of Directors
Chairman & Executive Directors

Mr. Philip Toomey (68)

Chairman of the Board

Philip has extensive business leadership and international experience following an executive career in the financial services industry practice at Accenture.

Philip brings financial and operational expertise as well as significant board level experience.

Philip was formerly Global Chief Operating Officer for the financial services industry practice at Accenture and also a member of the Accenture Global Leadership Council.

He is a Fellow of Chartered Accountants Ireland.

Philip was appointed Chairman of the Board in May 2018 and has served as a Director for ten years. He is Chairman of the Governance, Nomination and Sustainability Committee having previously served as Senior Independent Director and Chairman of the Audit Committee.

Appointed: 20 February 2012 and as Chairman 3 May 2018

Committee Membership

G

Mr. Edmond Scanlon (48)

Executive Director
Chief Executive Officer

Edmond is a highly experienced leader in the global food and beverage industry having spent almost 20 years in senior roles across the Group. Edmond brings a strategic mindset to drive Group performance and growth as well as significant financial and operational expertise.

Edmond joined Kerry's graduate programme in Ireland in 1996. Over his career he has held leadership roles in the Group's Flavours and Applied Health and Nutrition businesses as well as heading up the Group's activities in China and the Asia Pacific region.

Edmond was appointed Executive Director and Group Chief Executive Officer in October 2017.

Appointed: 1 October 2017

Ms. Marguerite Larkin (50)

Executive Director
Chief Financial Officer

Marguerite brings extensive financial knowledge and risk management expertise as well as being a highly experienced business leader.

Marguerite has over 25 years international experience having served as lead client partner at Deloitte Ireland for a number of multinationals operating in a broad range of industries including food and beverage, pharma and technology.

During her career with Deloitte, Marguerite served as a senior partner and held a number of leadership roles within Deloitte Ireland.

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 in September 2018.

Appointed: 30 September 2018

Mr. Gerry Behan (57)

Executive Director
President and CEO
Kerry Taste & Nutrition

Gerry has over 30 years' experience in the Group and has extensive knowledge of the global food and beverage industry.

He has a wealth of business leadership experience, financial and operational expertise and brings a strategic mindset to the advancement of Kerry's leading taste and nutrition capabilities and unique positioning.

Gerry joined Kerry's graduate programme in 1986 and has held a number of senior financial and business management roles, primarily in the Americas region, including regional Chief Operating Officer and regional Chief Executive Officer.

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 14 years.

Appointed: 13 May 2008

Committee Membership Key

- A Audit Committee
- G Governance, Nomination and Sustainability Committee
- R Remuneration Committee
- ☐ Indicates Committee Chair

Board of Directors

Non-Executive Directors

Committee Membership Key

- A Audit Committee
- G Governance, Nomination and Sustainability Committee
- R Remuneration Committee
- ☐ Indicates Committee Chair

Dr. Hugh Brady (62)
Senior Independent Non-Executive Director

Hugh's biomedical research and academic background brings an invaluable perspective to the Board particularly in the areas of health and wellbeing. He also brings a broad range of international and leadership experience.

Hugh is currently President and Vice Chancellor of the University of Bristol in the UK, a position he has held since 2015. He is also President-designate of Imperial College London, a role he will take up on 1 August 2022.

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 University College Dublin (UCD). He was previously President of UCD from 2004 to 2013.

He is a non-Executive Director on the Board of ICON plc where he also serves on the Audit Committee.

Hugh joined both the Audit and Governance, Nomination and Sustainability Committees in 2015. He was appointed Senior Independent Director on 29 April 2021.

Appointed: 24 February 2014

Committee Membership A G

Mr. Gerard Culligan (47)
Independent Non-Executive Director

Gerard has considerable knowledge of the food industry, in particular the dairy and agribusiness sectors, as well as many years business management experience. He brings insights to the Board that are reflective of the Group's heritage and the dairy community that he represents.

Gerard operates his own business in the agribusiness sector and is a director and co-owner of two private companies in the marine industry.

Appointed: 1 June 2017

Ms. Fiona Dawson (55)
Independent Non-Executive Director

Fiona has over 30 years of experience in the consumer food and beverage sector having retired after a long and successful career with Mars Inc during which she held a variety of senior management roles.

She brings to the Board a deep knowledge of the consumer food and beverage sector, an understanding of global markets and general management experience on a global scale.

Fiona also has a strong track record in sustainability, health and wellbeing, particularly in the areas of women's entrepreneurship and human rights. In May 2021, Fiona was awarded a CBE for services to women and the UK economy.

Fiona is currently a non-executive director of Marks and Spencer Group plc and Lego Group. She is on a number of advisory Boards including Trinity Business School in Dublin, and The Social Mobility Foundation.

Fiona was appointed to the Remuneration Committee on 14 February 2022.

Appointed: 4 January 2022

Committee Membership R

Dr. Karin Dorrepaal (60)
Independent Non-Executive Director

Karin is an experienced business leader who also brings extensive pharmaceutical market knowledge. She has wide ranging experience as a non-Executive Director on an international basis.

During her career she was an Executive Director on the Board of Schering AG in Berlin with responsibility for the Diagnostic Imaging business as well as worldwide manufacturing and procurement and was a partner at the New York and Amsterdam office of an international consultancy firm (formerly known as Booz Allen & Hamilton) where she specialised in the pharmaceutical industry.

Karin holds a Ph.D. and an MBA.

She is currently a non-Executive Director on the Boards of Gerresheimer AG, Paion AG (vice Chairperson) and Almirall S.A. Karin is also a director of a number of private companies.

Karin joined the Remuneration Committee in January 2015 and the Governance, Nomination and Sustainability Committee in December 2015.

Appointed: 1 January 2015

Committee Membership R G

Ms. Emer Gilvarry (64)
Independent Non-Executive Director

Emer is a highly experienced professional who brings legal, business and corporate governance expertise to the Board.

Emer is a former senior partner of law firm Mason Hayes and Curran where she served as Head of the Litigation group from 2001 to 2008, Managing Partner from 2008 to 2014 and Chair from 2014 to 2017.

Emer is currently the Senior Independent Director at Greencoat Renewables plc and is Chair of their Remuneration Committee. She is also a director of a number of private companies.

She previously served as a non-Executive Director of Aer Lingus plc from 2014 to 2015 and as a Council Member of The Economic and Social Research Institute from 2014 to 2020.

Emer joined the Audit Committee in November 2020 and the Remuneration Committee on 16 June 2021.

Appointed: 1 November 2020

Committee Membership A R

Mr. Michael Kerr (62)
Independent Non-Executive Director

Michael has over 36 years of investment management experience having retired after a long and successful career with Capital Group, one of the world's oldest and largest investment management organisations.

He brings to the Board a detailed knowledge of global equity capital markets, finance knowledge, extensive business leadership skills and insights into the North American market.

Michael is currently a non-executive director with EOG Resources Inc, which is listed on the New York Stock Exchange.

Michael joined the Audit Committee on 1 November 2021.

Appointed: 3 May 2021

Committee Membership A

Mr. Tom Moran (66)
Independent Non-Executive Director

Tom is an experienced leader who brings extensive knowledge of the food and agriculture industries combined with a broad range of international diplomacy skills. He has been a member of numerous Irish Government food strategy committees including the most recent AgriFood 2030 Strategy Group.

Tom had a long and distinguished career within the Irish Public Sector where he served as Secretary General of the Irish Department of Agriculture, Food and the Marine and also held a number of international policy and international trade negotiation leadership roles.

Tom is currently a Board member of An Bord Bia, the Irish Food Board, and chairs its Dairy Subsidiary Board. He is Vice Chair of the Origin Green Global Sustainability Council and is also Chairman of the Irish Government Public Appointments Service. Tom is a registered Chartered Director.

Tom joined the Remuneration Committee in February 2016 and was appointed Chair of the Committee on 29 April 2021. He joined the Governance, Nomination and Sustainability Committee in November 2020. He also served as a member of the Audit Committee from December 2015 to November 2020. Tom is currently the designated workforce engagement Director.

Appointed: 29 September 2015

Committee Membership R G

Mr. Con Murphy (57)
Independent Non-Executive Director

Con has a deep knowledge of the food industry, in particular the dairy and agribusiness sectors. He brings insights to the Board that are reflective of the Group's heritage and the dairy community that he represents.

Con operates his own business in the agribusiness sector and is a member of the Board of a small private company. He was previously the Chairman of the Irish Montbeliarde Cattle Society.

Appointed: 1 June 2017

Mr. Christopher Rogers (61)
Independent Non-Executive Director

Christopher is an experienced non-Executive Director with a broad business leadership background who also brings extensive knowledge of the foodservice industry together with financial and risk management expertise.

He was formerly an Executive Director of Whitbread plc for 11 years, serving as Finance Director for 7 years and then as Global Managing Director of Costa Coffee.

Christopher is currently Chairman of Wickes plc and non-Executive Director at Sanderson Design Group plc. He also continues to be a non-Executive Director of Vivo Energy plc until the completion of the sale of the business after regulatory clearance later this year.

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

He was appointed Chairman of the Audit Committee in May 2018 and joined the Remuneration Committee in April 2020.

Appointed: 8 May 2018

Committee Membership A R

Mr. Jinlong Wang (64)
Independent Non-Executive Director

Jinlong is an experienced leader with more than 30 years' experience in global business development, consumer branding and general management. His in-depth understanding of Asian markets, coupled with his extensive knowledge of the Food & Beverage industry, brings a key set of skills to the Board.

Jinlong holds a Bachelor's degree in international economics and trade from the University of International Economics and Trade in Beijing and a Juris Doctor degree from Columbia University School of Law.

He was formerly President of Starbucks Coffee Asia Pacific having served as Chairman and President of Starbucks China. He also served as Operating Partner of Hony Capital Limited and as Group Chairman and Chief Executive Officer of PizzaExpress.

He is currently a non-Executive Director on the Boards of Sonova Holdings AG and Swire Properties Limited.

Jinlong joined the Audit Committee on 3 May 2021.

Appointed: 5 January 2021

Committee Membership A

Report of the Directors

Directors and Other Information

Directors

Philip Toomey, Chairman
Edmond Scanlon, Chief Executive Officer*
Marguerite Larkin, Chief Financial Officer*
Gerry Behan, President & CEO Kerry Taste & Nutrition*
Hugh Brady
Gerard Culligan
Fiona Dawson
Karin Dorrepaal
Emer Gilvarry
Michael Kerr
Tom Moran
Con Murphy
Christopher Rogers
Jinlong Wang

* Executive Director

Secretary and Registered Office

Ronan Deasy
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
V92 EH11
Ireland

Registrar and Share Transfer Office

Ronan Deasy
Registrar's Department
Kerry Group plc
Prince's Street
Tralee
Co. Kerry
V92 EH11
Ireland

Website

www.kerrygroup.com

The Directors submit their Annual Report together with the audited Consolidated Financial Statements for the year ended 31 December 2021.

Principal Activities

Kerry is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, whilst ensuring better impact for the planet.

Listed on the Euronext Dublin and London Stock Exchanges, Kerry has an international presence with 152 manufacturing facilities across the world.

Results and Review of the Business

The Directors are pleased to report strong growth and a good financial performance for 2021 with revenue of **€7.4bn** (2020: €7.0bn), trading profit of **€876m** (2020: €797m), profit before tax and non-trading items of **€725m** (2020: €655m) and shareholders' funds of **€5.6bn** (2020: €4.7bn). Constant currency adjusted earnings per share (EPS), which is before brand related intangible asset amortisation and non-trading items (net of related tax), increased by 12.1% to **380.8 cent** (2020: 9.4% decrease). Basic EPS of **430.6 cent** increased by 37.6%. Trading margin for the year increased by 40bps to **11.9%** (2020: 11.5%). The Group achieved a free cash flow of **€566m** (2020: €412m). 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 34-35.

The Chairman's Statement, the Chief Executive Officer's Review, the Business Reviews and the Financial Review, which are included in the Strategic Report on pages 8-49, report on the performance of the Group's business, including M&A activity during the year and on future developments.

Dividends

On 15 February 2022, the Directors recommended a final dividend totaling 66.7 cent per share in respect of the year ended 31 December 2021 (see note 10 to the financial statements). This final dividend per share is an increase of 10.1% over the final 2020 dividend per share paid on 14 May 2021. This dividend is in addition to the interim dividend paid to shareholders on 12 November 2021, which amounted to 28.5 cent per share.

The payment date for the final dividend is 6 May 2022 to shareholders registered on the record date 8 April 2022.

Principal Risks and Uncertainties

In accordance with Section 327(1)(b) of the Companies Act 2014 and the Central Bank (Investment Market Conduct) Rules, a description of the principal risks and uncertainties facing the Group are outlined in the Risk Management Report on pages 77-84.

Research and Development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing integrated customer focused product development and support 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 and a global knowledge management infrastructure. Expenditure on research and development applications and technical support amounted to **€297.2m** in 2021 (2020: €281.9m).

Sustainability

In October 2020, the Group announced its 2030 sustainability strategy *Beyond the Horizon*, which underpins Kerry's future growth as it continues to partner with its customers across the globe to create a world of sustainable nutrition. *Beyond the Horizon* will see Kerry work with customers to promote healthier and more sustainable diets aiming to reach over two billion people by 2030. The strategy also includes ambitions to deliver for people, society and the planet with targets across material topics including climate change, circular economy and responsible sourcing.

Details regarding the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Review on pages 50-74. Details of our disclosures relating to the Task Force on Climate-related Financial Disclosures (TCFD) are outlined on pages 68-74.

The Group will also publish its first separate 2021 Kerry Group GRI Sustainability Report alongside the Annual Report in 2022 which will detail the Group's progress against its sustainability strategy and targets in line with Global Reporting Initiative (GRI) standards.

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 176,848,451 shares were in issue at 31 December 2021.

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 14 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 the earlier of the conclusion of the 2022 Annual General Meeting (AGM) and close of business on 28 July 2022 and it is intended to seek shareholder approval to renew the authority at the AGM to be held on 28 April 2022.

Shareholders approved the authority for the Directors to allot shares for cash on a non-pro rata basis up to a maximum of 8,835,899 shares at the AGM held on 29 April 2021, representing 5% of the A Ordinary Shares in issue on 15 March 2021. Shareholders also approved an authority to allot a further 8,835,899 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 earlier of the conclusion of the 2022 AGM and close of business on 28 July 2022. It is intended to seek shareholder approval for their renewal at the 2022 AGM. During 2021, 148,415 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 2021 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 the earlier of the conclusion of the 2022 AGM and close of business on 28 July 2022 and it is intended to seek shareholder approval for its renewal at the 2022 AGM.

Substantial Interests

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

Shareholder	Number Held	%
Kerry Co-operative Creameries Limited (KCC)	20,528,000	11.6%
Blackrock Investment Management	8,878,177	5.0%

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 ten independent Non-Executive Directors. The names and biographical details of the Directors are set out on pages 87-89. Following the individual performance evaluation of all Directors, as outlined in the Corporate Governance Report on page 107, 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 pages 146-147.

Board and Committee Changes

Mr. Jinlong Wang was appointed to the Board on 5 January 2021 and joined the Audit Committee on 3 May 2021.

Ms. Joan Garahy retired from the Board following the conclusion of the AGM on 29 April 2021 and was succeeded as Senior Independent Director by Dr. Hugh Brady and as Chair of the Remuneration Committee by Mr. Tom Moran on the same date.

Mr. Michael Kerr was appointed to the Board on 3 May 2021 and joined the Audit Committee on 1 November 2021.

Ms. Emer Gilvarry was appointed to the Remuneration Committee on 16 June 2021.

Ms. Fiona Dawson was appointed to the Board on 4 January 2022 and joined the Remuneration Committee on 14 February 2022.

Mr. Philip Toomey will retire as Chairman and from the Board at the conclusion of the AGM to be held on 28 April 2022 and having served ten years will not seek re-election.

Mr. Gerard Culligan and Mr. Con Murphy will also retire from the Board at the conclusion of the AGM and will not seek re-election.

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 Governance, Nomination and Sustainability Committee Report.

Corporate Governance

The Corporate Governance Report on pages 96-108 sets out the Company's application of the principles, and compliance with the Provisions of the 2018 UK Corporate Governance Code and Irish Annex (the Code).

Non-Financial Information

Pursuant to the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017, the Group is required to report on certain non-financial information to provide an understanding of its development, performance, position and the impact of its activities, relating to, at least, environmental matters, social matters, employee matters, respect for human rights and anti-bribery and anti-corruption. Information on these matters can be found in the following sections of the Annual Report, which are deemed to form part of this Report: Sustainability Review on pages 50-74, Our Business Model on pages 22-23, the Risk Management Report on pages 75-85. Information on diversity can be found in the Governance, Nomination and Sustainability Committee Report on pages 115-120, Our People on pages 18-19 and the Sustainability Review on page 60.

Going Concern and Long-Term Viability Statements

The going concern and longer-term viability statements in the Risk Management Report on pages 84-85 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 Central Bank (Investment Market Conduct) Rules, 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, confirms that, to the best of their knowledge and belief:

- the Consolidated Financial Statements for the year ended 31 December 2021 have been prepared in accordance with IFRSs and IFRSs as adopted by the European Union and as applied in accordance with the Companies Act 2014. They 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 2021;
- the Financial and Business Reviews on pages 36-49 include a fair review of the development and performance of the business for the year ended 31 December 2021 and the position of the Company and the Group at the year end;
- the Risk Management 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 Consolidated 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 pages 93-94 with the responsibilities of the Company's external Auditors outlined on page 158.

The Consolidated Financial Statements on pages 160-233 have been audited by PricewaterhouseCoopers (PwC), Chartered Accountants.

The external Auditors, PwC who were appointed in March 2016, will continue in office in accordance with Section 383(2) of the Companies Act 2014. 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.

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

Change of Control Provisions

The Group's revolving credit facility includes a 'Change of Control' provision which requires the Group to notify the lending institutions of a change of control event occurring. Each lender has the option to withdraw their facilities in the event of a change of control occurring unless they agree otherwise in writing.

Certain public senior notes issued by the Group contain a provision that requires the Group to make an offer to repurchase the notes in the event that a change of control occurs which leads to a downgrading of the rating assigned to the notes below investment grade.

Other than the 'Change of Control' provisions in those arrangements, the Group is not a party to any other significant agreements which contain such a provision.

Events After the Balance Sheet Date

Since the financial year end, the Group has proposed a final dividend of 66.70 cent per A ordinary share.

The Group has entered into an agreement to acquire 100% of the shares of Almer Malaysia Sdn Bhd, based in Malaysia and 92% of the shares of c-LEcta GmbH, based in Germany.

The Group also expects to complete the previously announced acquisition of 100% of the shares in Natreon. Inc., in the first quarter of 2022.

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.

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 6.1.77, Republic of Ireland Listing Authority

For the purposes of Listing Rule 6.1.77, the information required to be disclosed can be found in the following locations:

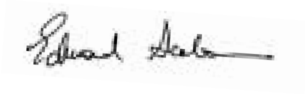
Section	Topic	Location
(1)	Interest capitalised	Statement of accounting policies
(2)	Publication of unaudited financial information	Supplementary information
(3)	Details of small related party transactions	Note 33 to the financial statements
(4)	Details of long-term incentive schemes	Remuneration Committee Report
(5) – (14)	Section 5 - 14 of Listing Rule 6.1.77	Not applicable

Cross References

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

Signed on behalf of the Board:

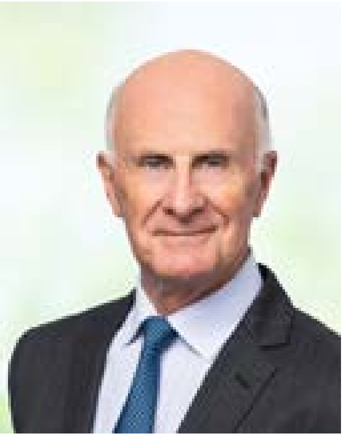
Philip Toomey
Chairman
15 February 2022



Edmond Scanlon
Chief Executive Officer
15 February 2022

GOVERNANCE REPORT

Corporate Governance Report



Philip Toomey
Chairman of the Board

Dear Shareholder,

I am pleased to present the Kerry Group Corporate Governance Report for the year ended 31 December 2021.

The Corporate Governance Report describes how we apply the main Principles of good governance as set out in the 2018 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 complied with all relevant Provisions of the Code other than one remuneration related Provision which will be complied with from 1 January 2023 when Executive Director pension entitlements are aligned with those available to the general workforce in Ireland.

Since the declaration of the COVID-19 pandemic in 2020, the Board has focused on managing the impact of the pandemic on all stakeholders and has overseen the Group's response by providing critical guidance and support to Executive Management. Physical Board meetings were not possible during the height of COVID-19 related restrictions but resumed in the latter part of 2021 as these restrictions were eased.

The Board sets the tone and shared values for the way in which the Group operates and recognises the importance of culture to the success of the business model. During 2021, the Board continued 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.

As a Board, we recognise the benefits of understanding the views of all our stakeholders and we ensure that their interests are considered in Board discussions and in our decision making. Details of stakeholder engagement activities during the year, including the work of the designated Workforce Engagement Director, are outlined on pages 99-104.

The Board, in conjunction with the Governance, Nomination and Sustainability Committee, ensures that there are robust plans in place to facilitate Board, executive and senior management succession. During 2021, the Board undertook a formal process to recruit two new non-Executive Directors, both of whom bring skills and experience that will strengthen the Board. Details of the non-Executive Director and Committee changes that occurred during the year, are set out in the Governance, Nomination and Sustainability Committee Report on page 119.

I have served ten years as a Director, including nearly four years as Chairman, and as previously announced I will retire from the Board, and as Chairman, at the next AGM and will be succeeded by Chairman Designate, Tom Moran. His appointment as Chairman Designate followed a formal succession process by a sub-committee of the Board, led by the Senior Independent Director Dr. Hugh Brady.

The Board recognises its role in providing guidance and strategic oversight in relation to the implementation of the Group's 2030 sustainability strategy, *Beyond the Horizon*. Following its official launch in October 2020, the Board expanded the role of the Nomination Committee and renamed it the Governance, Nomination and Sustainability Committee. During the year this Committee monitored how the implementation of the 2030 sustainability strategy was progressing, reviewed performance achieved versus agreed sustainability related commitments and targets, and considered the enhanced environmental, social and governance reporting disclosures included in the 2021 Annual Report and the separate GRI Sustainability Report.

Diversity at Board level has been a focus for the Governance, Nomination and Sustainability Committee for a number of years and also continues to be a key factor when considering Board refreshment. During 2021, the Committee also monitored the progress made against the diversity targets at senior management level to ensure the appropriate level of skills and diversity exists to support the delivery of the Group's strategy and financial targets. Diversity at Board level in terms of gender, nationality and ethnic background have all been improved. In addition, the Board is committed to achieving the recommended gender diversity target in 2022.

The Group announced, at the Capital Markets Day held in October, its commitment to achieve equal gender representation across all senior management roles by 2030. Improving and monitoring diversity beyond gender and below Board level will continue to be a key area of focus for the Board and the Executive Management in 2022.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2021, this was an internal self-assessment which was conducted by the Chairman and the Senior Independent Director. The evaluation concluded that the Board and its Committees are performing effectively. Details of the process and the resulting actions from this review are outlined on page 107.

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

Board Leadership and Company Purpose

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 and ensure that the Group contributes to wider society.

Board Role and Operations

The Board currently comprises 14 members; a non-Executive Chairman, Chief Executive Officer, Chief Financial Officer, one other Executive Director, and ten non-Executive Directors.

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.

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 developing and monitoring strategy, and managing the risks that face the organisation. It is also responsible for embedding the Company's purpose, instilling the appropriate values and behaviours, together with monitoring and assessing culture throughout the organisation.

The Board continued to oversee the Group's response to COVID-19 providing critical guidance and support to Executive Management. The Board was provided with regular updates on progress, in relation to the health and safety of employees, support for customers and communities, continuity of supply both from suppliers and to customers, and the Group's financial and operational performance.

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 reviewing risk management and internal control systems;
- Monitoring and assessing culture;
- Reviewing and assessing the adequacy of the Group's whistleblowing arrangements;
- Approval of acquisitions and divestitures;
- Approval of significant capital expenditure;
- Approval of Treasury policy including 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.

Information Flow

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 in addition to the Group's purpose, vision, values and culture. 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. In addition to formal meetings, the Chairman and Chief Executive Officer maintain regular contact with all Directors. The Chairman holds informal meetings or calls with non-Executive Directors without the Executive Directors to discuss issues affecting the Group.

All directors have access to the advice and services of the Company Secretary, who is responsible for advising the Board on all governance matters. 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.

Strategy

The Board collaborated with Executive management in the development of the Group's updated strategy and associated mid-term financial targets to help ensure that the direction of the plan was appropriate and a good fit for the Group in the long term. During the year the Board provided input and strategic guidance to Executive management in relation to the strategic priorities, key growth platforms, capital investment requirements, the key risks facing the plan and how they should be addressed and managed. The Board approved the updated strategic plan at the October Board meeting prior to its release at the Capital Markets Day held virtually later that month. The Chairman Philip Toomey, along with a number of Directors, attended the Capital Markets Day on behalf of the Board.

The Board also oversaw and approved the strategic M&A transactions during the year including the disposal of the Consumer Foods Meats and Meals business and the acquisition of Niacet, which significantly enhanced the Group's capability in food preservation.

Presentations were also received from the Company's advisors throughout the year on matters such as the specialty ingredients sector, food trends and their implications for the Group, the future of work and its implications for mergers and acquisitions, as well as corporate defence and shareholder activism. Through these reviews and ongoing discussions on strategy, the Board is confident that Kerry's strategic priorities and key growth platforms will continue to be the key drivers of organic growth and acquisition investment in the future.

The Board ensures that the decisions it makes are aligned with the achievement of the Group's strategy and are made in the long-term interest of the Group and its stakeholders. This is particularly the case when deciding how to prioritise the allocation of resources (human and financial capital) across competing research and development activities, acquisition opportunities and major capital expenditure projects.

During the year, the Board also reviewed the business model and how it is executed. The Board is satisfied that the business model is both sustainable in the long-term and optimally structured to enable delivery of the Group's strategy. Details of the Group's strategy are outlined in Strategy and Financial Targets on pages 28-31.

Purpose, Values and Culture

Our Purpose, Inspiring Food, Nourishing Life underpins our culture and is reflected in our values.

The Group's purpose is guided by the Group's Vision to be our customers' most valued partner, creating a world of sustainable nutrition. The Board is satisfied that the updated strategy is aligned to the Group's purpose which is also guided by our Values of Courage, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership. The Board is led by the Group's purpose during its discussions and when making decisions on the matters that are reserved for its consideration. Further details of the Group's purpose and values are outlined on pages 4 and 16.

The Group's culture is based on a common understanding of our values, underpinned by our practices of Safety First, Quality Always and a robust risk management framework consisting of policies and procedures, including a Code of Conduct which defines business conduct standards for anyone working for, or on behalf of the Group.

The Board recognises the importance of its role in setting the tone of Kerry's culture and embedding it throughout the Group. In addition to the Board, the Executive Team have responsibility to ensure that the policies and behaviours set at Board level are effectively communicated and implemented throughout the Group. The Group's refreshed Code of Conduct, which was approved by the Board during the year, aligns with the Group's purpose and values and the MyKerry internal website provides a platform for employees to access the Group's policies.

The Board monitors and assesses the culture of the Group through a number of mechanisms including compliance with Group policies, internal audit, formal and informal channels for employees to raise concerns, including the Leader Pulse Check, employee engagement survey and the Group's Speak Up arrangements and feedback from the designated Workforce Engagement Director.

Board Activities

The Board's activities during the year included the items set out below:

Strategy

- helped shape the refreshed strategy which will evolve the Group as the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets;
- approved the Group's refreshed strategic plan, the new mid-term financial targets and the enhanced sustainability targets ahead of the Capital Markets Day;
- reviewed and approved the Group's strategy relating to mergers, acquisitions and divestitures; and
- monitored the implementation of the Group's 2030 sustainability strategy *Beyond the Horizon* and progress against targets therein.

Operational/Commercial

- received regular updates from Executive Directors on how COVID-19 was impacting the Group's operations with a particular focus on employee health & safety;
- approved M&A transactions (including the disposal of the Consumer Foods Meats and Meals business and the acquisition of Niacet) and considered the learnings from completed acquisitions; and
- approved significant capital expenditure projects.

Financial

- received reports from the Chief Financial Officer at each meeting in respect of the Group's financial performance, including how it was impacted by COVID-19;
- received regular reports from the Chief Financial Officer on Investor Relations activities;
- approved the Group's Preliminary Results, Annual Report and Accounts, Interim Financial Statements and Interim Management Statements;
- approved the payment of an interim dividend and recommended the payment of a final dividend;
- approved the going concern basis of accounting and the long-term viability statement;
- considered and agreed the treasury policy and approved significant treasury activities during the year including the issuance of €750m Sustainability-Linked Notes; and
- approved the Group Budget for the 2022 financial year.

Internal Controls and Risk Management

- Confirmed that a robust assessment of the Group's principal risks and uncertainties, including emerging risks, was completed and approved the risk appetite for each of the principal risks.
- received regular reports from the Chairman of the Audit Committee on its oversight of internal controls, risks and risk management;
- received regular reports from business and functional leaders on the Group's key risks; and
- confirmed the effectiveness of the internal control and risk management framework.

Governance and Stakeholders

- received regular reports from the Chairman of the Governance, Nomination and Sustainability Committee on its activities;
- approved the appointment of Mr. Michael Kerr, and Ms. Fiona Dawson as non-Executive Directors and changes to the composition of Board Committees;
- conducted an internally facilitated Board evaluation and considered its outcome;
- considered compliance with the 2018 UK Corporate Governance Code;
- reviewed and approved the Corporate Governance Policy and the Board Diversity Policy;
- confirmed that appropriate arrangements and structures are in place to ensure material compliance with the relevant obligations under Section 225 of the Companies Act 2014;
- confirmed that appropriate structures are in place for the proportionate and independent investigation and follow-up of matters raised through the Group's whistleblowing arrangements; and
- received updates on a range of corporate governance and regulatory matters from external advisors.

People and Culture

- received regular reports from the Chairperson of the Remuneration Committee on its activities;
- reviewed the results of the employee engagement survey and the Leader Pulse Check conducted in 2021;
- received and considered reports from the designated Workforce Engagement Director on his activities during the year. Details are outlined in Governance in Action on page 104;
- received and considered presentations from the Chief Executive Officer and the Chief Human Resources Officer on talent and succession planning;
- reviewed and approved the Group's refreshed Code of Conduct; and
- monitored and assessed the culture of the Group to ensure it promotes integrity and openness, values diversity and is responsive to the views of shareholders and wider stakeholders.

Stakeholder Engagement

While the Board's primary duty is to act in a way that promotes the long-term success of the Company for the benefit of the shareholders, the Directors also acknowledge the need to have regard for the interests of all other stakeholders in their discussions and decision making. Engagement with stakeholders enables better informed decision making, thereby increasing the likelihood of long-term successful outcomes. Similarly, the Board also recognises the need to maintain a reputation for high standards of business conduct in its actions and decisions. Details of our stakeholder engagement are set out below:

Shareholders

Why we Engage

Active engagement with shareholders ensures they are aware of the Group's business environment, strategy, performance and sustainability commitments. The views of our shareholders help to inform the strategic decision making of the Board.

How we Engage

The Board ensures it has an effective channel of communication with existing and potential shareholders.

The Investor Relations team and Executive Management maintain ongoing engagement with the investment community, through a variety of different mediums including investor meetings and conferences, investor events, ongoing investor calls and correspondence.

During 2021, meetings were held with approximately 1,000 investors and Kerry's Investor Relations team and Executives participated at 21 investor conferences.

A virtual Capital Markets Day was held in October 2021, where Kerry's refreshed strategy, mid-term financial targets and enhanced sustainability commitments were announced. This event was broadcast on Kerry's website and the format involved a number of business presentations, followed by a live questions and answers session with the investment community. A large number of investors accessed the live event, with a significant level of views on the playback facility post the event.

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.

Shareholder presentations are made at the time of release of the Group's full year and half year results and interim management statements, following which the Chief Executive Officer and Chief Financial Officer provide the Board with an update on feedback received.

The Company's Annual General Meeting (AGM) provides an opportunity for the Directors to deliver presentations and to answer questions of shareholders, both institutional and private.

Key Topics

Key topics for shareholders included Group performance and outlook, Kerry's refreshed strategic plan and mid-term targets, portfolio developments, marketplace dynamics, the potential effect from supply chain challenges including the external inflationary pressures, in addition to sustainability strategy, climate change transition and ESG disclosures.

Our Response

Regular updates are provided by the Chief Financial Officer to the Board on matters raised by the investment community during the year, as well as updates on the composition of the Group's share register.

When necessary, the Board Chairman and Committee Chairs engage with shareholders on specific topics and where relevant provide feedback to the Directors. During the year, the Remuneration Committee Chairperson consulted with a number of large institutional shareholders in relation to Executive Director Remuneration.

Whilst the 2021 AGM was held in constrained circumstances due to COVID-19 related restrictions, all shareholders were able to exercise their right to vote through the appointment of a proxy. Shareholders were also invited to join, listen to the business of the meeting and to ask questions via a webcast which was accessed through the Company's website. The Company also provided a facility for shareholders to submit questions by email or by post in advance of the AGM.

All the Committee Chairs attended the AGM, and all Committee Chairs were available throughout the year to engage with shareholders.

The Board participated in the development of and approved the refreshed strategy and the new mid-term financial targets as well as the enhanced sustainability targets before their release at the Capital Markets Day held in October.

The Board contributed, reviewed and approved the significant sustainability developments and related reporting enhancements actioned in 2021.

Employees

Why we Engage

Regular and ongoing engagement with employees is key to attracting, developing and retaining a talented, dedicated and motivated workforce which ensures the successful delivery of our strategy and achieving our purpose.

How we Engage

The Group undertakes regular two-way listening activities with our 22,000+ employees throughout the year including one-to-one engagement, employee briefings and Town Halls led by business leadership teams.

Each year the Group runs an employee engagement survey and during October 2021, 88% of our employees participated in the survey, which is followed by leader-led feedback sessions to discuss strengths, opportunities for continued improvement and to agree action plans for the following year.

In addition, an interim Leader Pulse Check was also completed mid-year, targeting our senior leaders across the Group.

The Group's learning and leadership academies over the past 12 months have contributed to enhanced leader engagement, through provided coaching to leaders and access to thought leadership content to enhance their leadership impact, helping to create more positive team environments that value, encourage and support inclusivity.

The Group maintains a wellbeing framework, focused on the pillars of Nutritional, Physical, Emotional and Financial health and provides access to several tools and resources, such as the Employee Assistance Programme.

In 2021, the Group improved communication channels with employees including the introduction of a new dedicated digital employee communication platform.

In addition, the designated Workforce Engagement Director Mr. Tom Moran engaged directly with business leadership teams and employees. Details of these activities are outlined on page 104.

The Group has a Speak Up facility to allow employees and other stakeholders to confidentially report matters of concern so that timely investigation and appropriate action can be taken.

Key Topics

The employee engagement survey reinforced Kerry's core strengths in the areas of health & safety and customer focus. It also demonstrated that employees have a clear understanding of their roles and how their roles align with the Group's purpose and vision.

Areas identified for focus in 2022 include continuing to put our people first, by promoting a healthy, diverse and positive working environment, ensuring senior leaders communicate clearly how employee's roles contribute to our continued success and empowering our employees to take ownership and make decisions to improve our ways of working and embrace agile working principles so that everyone can perform at their best for Kerry.

A further key topic that arose during 2021 was the impact of the sale of the Consumer Foods Meats and Meals business for employees working in the business and in the wider Group.

Our Response

The Workforce Engagement Director provided regular feedback to the Board on employee engagement activities during the year.

The Board provided feedback on the global priorities and plans to address the matters raised by employees as part of the employee engagement survey and the Leader Pulse Check.

The Board also received regular updates from the Chief Executive Officer and Chief Human Resources Officer on the health, safety and wellbeing of employees as the impact of the COVID-19 pandemic continued through 2021. The Board ensured that the Group prioritised protecting the safety, health and wellbeing of employees at all times, enabling all 152 manufacturing and R&D facilities to continue to operate through the pandemic.

In approving the disposal of the Consumer Foods Meats and Meals business, the Board considered the impact of the decision on the 4,500 employees who worked in those businesses and ensured that appropriate actions were taken to mitigate the impact on the employees involved.

As part of the Group's ambition to achieve the highest standards of inclusion, diversity, engagement and belonging, the Board approved an enhanced target of equal gender representation within all senior management roles by 2030. In addition, the Board approved the Group signing the United Nations Pledge and Code of Conduct for Business for LGBTI.

The Board approved the new Code of Conduct together with associated enhanced processes and systems to make it easier for employees to Speak Up when they have matters of concern.

The Board approved the Kerry Global Employee Recognition Programme, Inspiring People, which was launched in 2021 and reinforces employee recognition in line with the Group's values.

Details of employee engagement activities are outlined in Our People on pages 14-21, the Sustainability Review on pages 50-74 and the separate GRI Sustainability Report which can be found on the Group's website.

Customers and Consumers

Why we Engage

Strong engagement with customers and consumers enables Kerry to operate a customer-centric business model and helps Kerry achieve its Vision of being "our customers' most valued partner, creating a world of sustainable nutrition".

How we Engage

Kerry operates a proven customer-centric business model that enables us to work side by side with customers as their co-creation partner of choice.

The Group interacts with customers on a daily basis at multiple levels from dedicated relationship and account managers, customer and industry conferences as well as tailored innovation forums.

Through collaboration and innovation, the Group helped customers to make healthier and more sustainable products in response to changing consumer needs. This includes assisting customers to enhance the nutritional profile of their products and to reduce food waste. The Group also partnered with customers to reduce complexity and preparation times in the face of labour shortages and social distancing requirements.

The Kerry Health and Nutrition Institute (KHNI) shares Kerry's scientific expertise and advances awareness of the science of healthier food. Supported by an independent Scientific Advisory Council, KHNI is enabling those within the sector to acquire new knowledge from the Group's scientists, academics and other experts, as they explore challenges in the food and beverage industry.

Key Topics

Our customers are responding to the acceleration of key trends in the food and beverage industry, with increased demand for sustainable nutrition solutions, including enhancing health and immunity, plant protein options, and products addressing a diverse range of environmental and social sustainability criteria.

Key topics included the ongoing impact of global end-to-end supply chain challenges, changing consumer needs and preferences and the customers' ability to operate in an environment impacted by COVID-19.

Our customers also want to reduce food waste and the impact that their production activities have on the planet and in particular on climate change.

Our Response

Feedback from customer engagement activities was discussed at each Board meeting as part of the business updates provided by the Executive Directors.

The Board approves the Group's significant investment in Research & Development activities and together with management, ensures that this resource is focused on those projects that can best meet customers' needs and thereby enable the Group to achieve its purpose and strategic objectives in relation to revenue growth, margin expansion, return on investment and enabling food production in a more environmentally sustainable manner.

During 2021, the Board approved a number of acquisitions, the most significant being the acquisition of Niacet, a global leader in food preservation technologies. This acquisition significantly enhances the Group's capabilities in food protection and preservation solutions thereby enabling a reduction in food waste. The acquisition of Biosearch Life enhances the Group's capabilities in proactive nutrition and brings leading clinical research capabilities and functional food technologies across multiple life stages and need states.

As Kerry continues to evolve, the acquisitions and investments completed in 2021 help to underpin the Group's growth strategy as Kerry continues to partner with customers to create a world of sustainable nutrition.

The Board also considers customer engagement matters as part of the overall Group sustainability strategy and together with the Governance, Nomination and Sustainability Committee, receives updates on these matters from the Group Head of Sustainability. With the increasing importance of environmental and social issues for our customers, the Board also considers the integration of sustainability within our value proposition and received updates on this from the Chief Commercial Officer and the Group Head of Sustainability throughout the year.

Further details are outlined in Our Business Model on pages 22-23, Strategy and Financial Targets on pages 28-31, the Sustainability Review on pages 54-57 and the separate GRI Sustainability Report on the Group's website.

Suppliers	**Why we Engage** By engaging with suppliers, we can ensure they continue to meet Kerry's high standards in product safety, quality, and business ethics, whilst respecting human rights and the environment. **How we Engage** Kerry engages with suppliers on a daily basis to manage commercial and operational activities through a dedicated procurement and supply chain function, two way communication, supplier meetings, multi-stakeholder forums and participation at industry conferences. The Group takes a risk-based approach to supplier assessments to ensure ongoing safety, quality and responsible sourcing. The Group's suppliers are integral to supporting the delivery of innovative solutions for customers and consumers. **Key Topics** Key topics for suppliers include quality and food safety, service levels, business continuity, capacity, cost, innovation and responsible sourcing requirements such as Kerry's Scope 3 carbon target. During 2021, the ability to supply and the cost of various inputs increased for many suppliers due to a number of factors including COVID-19, extreme weather events, global shipping challenges, labour availability and supply and demand volatility challenges. **Our Response** Through the Group's sustainability strategy, *Beyond the Horizon*, the Board ensures that the organisation works with suppliers who provide raw materials to the required safety and quality standards, produced on a sustainable basis and with the proper regard for the fair treatment of workers across the supply chain. Further details on our responsible sourcing strategy are outlined in the Sustainability Review on pages 65-66 and the separate GRI Sustainability Report on the Group's website.
Community	**Why we Engage** By fostering strong relationships with the communities in which we operate, we can help support livelihoods and create a better society whilst protecting the environment. **How we Engage** Kerry engages with community representative bodies, charities and leading non-governmental organisations in all the regions in which it operates. The Group directly supports a range of community projects through its MyCommunity programme and encourages employees to participate in local initiatives through paid volunteer hours. **Key Topics** Key topics include employment and local economic development, social inclusion, access to nutrition, food security, and sustainable food production as well as the opportunity for organisations like Kerry to play a lead role in environmental protection and community support. **Our Response** The Board considers local community engagements as part of the overall Group sustainability strategy. In 2021, the Board approved the funding required to enable the Group to embark on a new phase of its partnership with the UN World Food Programme in Burundi while continuing to support the work of Concern Worldwide in Niger and Special Olympics in Europe. As a leader in the food and beverage industry, the Board ensured that the Group is in a position to play a vital role in the global supply chain providing sustainable nutrition solutions for over a billion consumers. Further details of these engagements and the Group's MyCommunity programme are outlined in the Sustainability Review on pages 60-61 and the separate GRI Sustainability Report on the Group's website.

Consideration of Stakeholder Views in the Decision-Making Process

By understanding the matters of importance to our stakeholders, the Board can consider their needs and concerns in its decision making. The Board ensures that material decisions, which could impact on stakeholder groups, are taken with due regard to their interests.

GOVERNANCE IN ACTION:

Designated Workforce Engagement Director – Activities in 2021

Throughout 2021, the designated Workforce Engagement Director, Mr. Tom Moran, participated in engagements to assess employee sentiment at all employee levels, across all group-wide locations and in different workplace contexts. As a result of the global pandemic, the 2021 plan was built on the 2020 activities, enabling him to review the continued progress and further evolution of the Group's employee engagement strategies. In addition, the 2021 plan had a particular focus on the Americas and APMEA regions given the limited opportunities for Mr. Tom Moran to interact with employees in these regions during 2020. Whilst participation in employee engagement activities continued to be virtual in 2021, it is expected to return to some level of in person activities during 2022. Details of the employee engagement activities undertaken by Mr. Tom Moran during 2021 are outlined below:

- attendance at regional executive team meetings and employee townhalls;
- attendance at team meetings held by the Group Information and Communications Technology function;
- participation in briefings on the Group's Integrated Operations Transformation programme, including attendance at monthly plant leader engagement calls in the Americas;
- attendance at regional and global events on the topic of Diversity, Inclusion and Belonging, including Black History Month, International Women's Day and Pride;
- participation in a thought leadership session with our employee engagement survey provider on global trends in employee engagement and impacts on engagement arising from the COVID-19 pandemic;
- participation in briefings on employee engagement strategies from various global business and functional leaders and their teams across all regions;
- participation in briefings on employee career development initiatives across a number of functions, for example our global Research, Development and Applications function.

Global Priorities for Employee Engagement in 2021 were

- Leadership – inclusive leadership through building effective teams, setting clear goals, and engaging with employees to help them collaborate and be at their best. Ensuring that all employees clearly understand how their role plays a part in achieving Kerry's purpose and vision for the future;
- Talent Development – attracting, developing and retaining talent, recognising people for their contributions, building a positive and inclusive workplace that reflects the broad mix of capabilities and cultural diversity within Kerry, where employees feel they belong; and
- Simplification – employees feeling involved, empowered and enabled to make decisions and take ownership to achieve objectives. Providing opportunities for employees to make suggestions and changes to drive greater simplification across the business.

Mr. Tom Moran held regular meetings with the Chief Human Resources Officer and the Group Human Resources Team to provide his feedback from the engagement activities. He also presented regular reports to the Board on the activities undertaken and shared his feedback and findings where applicable.

He is satisfied that the employee engagement process is being successfully operated within the Group and, despite the pandemic constraints, has been very productive. He, and the officers leading the process, have kept the Board informed on its progress and on the views of the workforce.

Annual General Meeting

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 29 April 2021, there were no material votes cast against any resolutions.

Whistleblowing Arrangement

The Group's whistleblowing arrangement includes an externally facilitated multi-lingual hotline 'Speak Up' through which all employees and third parties can raise concerns in confidence about possible wrong doings in financial reporting and other matters, 24 hours a day by phone or online.

All whistleblowing incidents are reviewed by the Legal and Ethical Compliance team and formally investigated by the relevant functional heads depending on the nature of the concern raised.

In 2021, the Audit Committee reviewed the whistleblowing incidents and outcomes and provided updates to the Board which enabled the Board to assess the adequacy of the whistleblowing arrangements and to review the reports arising from its operation. The Board is satisfied that the Group's whistleblowing arrangements are operating effectively.

Division of Responsibilities

Chairman and Chief Executive Officer

The roles of the Chairman and Chief Executive Officer 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 Officer, are responsible for the management of the Group's business and the implementation of Group strategy and policy.

Senior Independent Director

The principal role of the Senior Independent Director (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. The SID is also responsible for leading a formal succession process for the role of Chairman. The SID is available to meet shareholders upon request, in particular if they have concerns that cannot be resolved through the Chairman or the Chief Executive Officer.

Non-Executive Directors

The non-Executive Directors' main responsibilities are to review the performance of management and the Group's financial information, assist in strategy development, and ensure that appropriate and effective systems of internal control and risk management are in place. The non-Executive Directors review the relationship with external auditors through the Audit Committee and monitor the remuneration structures and policy through the Remuneration Committee.

The non-Executive Directors provide a valuable breadth of experience and independent judgement to Board discussions.

Company Secretary

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, ensuring the Company complies with its legal and regulatory obligations and facilitating appropriate quality information flows between the business and the Board.

Commitments

Under the terms of their appointment all Directors agreed to the time commitment schedule which requires them to allocate sufficient time to discharge their responsibilities effectively. This matter is considered by the Governance, Nomination and Sustainability Committee on an ongoing basis in accordance with its Terms of Reference.

All Directors must seek prior approval of the Board in advance of undertaking any additional external appointments. Before approving any additional external appointment, the Board considers the time commitment required for the role. Each proposed external appointment is reviewed independently.

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.

Conflicts of Interest

Under the terms of their appointment all Directors have continuing obligations to update the Chairman as soon as they become aware of a situation that could give rise to a conflict or a potential conflict of interest.

Board Committees

The Board has three Committees, the Audit Committee, the Governance, Nomination and Sustainability 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 Chairs.

Further details on the duties, operation and activities of all Board Committees can be found in their respective reports on pages 109-151 and these reports form part of the Governance Report.

Meetings and Attendance

The Board meets regularly to ensure that all its duties are discharged effectively. All Directors are expected to prepare for and attend meetings of the Board, the Committees of which they are members and the AGM. 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 Officer, Senior Independent Director or Company Secretary in advance of the meeting.

A total of 11 meetings were held in 2021, with meetings held virtually up until the latter part of the year due to COVID-19 related restrictions to ensure that the health and safety of our Board and colleagues was protected. Individual attendance at the Board and Committee meetings is set out in the table below.

Directors	Board	Audit Committee	Governance, Nomination and Sustainability Committee	Remuneration Committee
Philip Toomey	11/11	–	5/5	–
Edmond Scanlon [1]	11/11	–	–	–
Marguerite Larkin [1]	11/11	–	–	–
Gerry Behan [1]	11/11	–	–	–
Hugh Brady [2]	11/11	5/6	5/5	–
Gerard Culligan	11/11	–	–	–
Karin Dorrepaal	11/11	–	5/5	6/6
Joan Garahy [3]	4/4	3/3	–	2/2
Emer Gilvarry [4]	11/11	6/6	–	4/4
Michael Kerr [5]	7/7	1/1	–	–
Tom Moran [6]	11/11	–	5/5	6/6
Con Murphy	11/11	–	–	–
Christopher Rogers	11/11	6/6	–	6/6
Jinlong Wang [7]	11/11	3/3	–	–

[1] Executive Directors.
[2] Dr. Hugh Brady was unable to attend one committee meeting due to a diary conflict.
[3] Ms. Joan Garahy retired from the Board following the conclusion of the AGM on 29 April 2021.
[4] Ms. Emer Gilvarry was appointed to the Remuneration Committee on 16 June 2021.
[5] Mr. Michael Kerr was appointed to the Board on 3 May 2021 and was appointed to the Audit Committee on 1 November 2021.
[6] Mr. Tom Moran was appointed Chair of the Remuneration Committee on 29 April 2021.
[7] Mr. Jinlong Wang was appointed to the Board on 5 January 2021 and the Audit Committee on 3 May 2021.

Attendance statistics represent: Total number of meetings attended by the Director / Total number of meetings held during the year which they were eligible to attend.

Composition, Succession and Evaluation

Board Induction and Development

On appointment to the Board, each new non-Executive Director undergoes a full formal induction programme organised by the Chairman and supported by the Company Secretary. The purpose of the induction programme is to enable new Directors to gain a full understanding of the Group, governance related matters and Directors' duties and responsibilities. The induction programme includes presentations on the Group's operations and results, meetings with Executive Management and an outline of the principal risks and uncertainties facing the Group. Details of the induction programme undertaken by Mr. Michael Kerr are outlined in the Governance in Action below.

GOVERNANCE IN ACTION (example):

New Director Induction

Mr. Michael Kerr was appointed to the Board on 3 May 2021. Following his appointment, Mr. Kerr underwent a formal induction programme which was tailored to his individual requirements and included the following induction activities.

Induction Activities

- provision of a detailed information pack including key corporate governance policies, board papers, financial and strategic documents and information on Directors' duties and responsibilities;
- meetings with the Executive Directors;
- meetings with the Chairman, the Senior Independent Director and Remuneration Committee Chairperson, and the Audit Committee Chairman;
- meetings with functional leaders on matters such as board and corporate governance, internal audit, strategy, investor relations, human resources and sustainability;
- meetings with business leaders of the Taste & Nutrition and the Consumer Foods businesses to obtain an overview of each business;
- meetings with external auditors and other advisors; and
- site visits to see first-hand the Group's operations while engaging with employees and senior management.

Ms. Fiona Dawson who was appointed to the Board with effect from 4 January 2022, will complete a full formal induction programme tailored to her requirements over the coming months.

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 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, an 'off-site' Board meeting is scheduled at a Group location and is combined with a comprehensive schedule of activities over a week-long period, to allow non-Executive Directors further develop their understanding of the Group's activities and meet with local senior management and emerging talent. Due to the COVID-19 pandemic, the 'off site' Board meeting did not take place in 2021.

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. In 2021, Mr. Michael Kerr visited the Savoury Taste Centre of Excellence and manufacturing facility in Clark, New Jersey, USA and the Global Technology and Innovation Centre in Beloit, Wisconsin, USA. Due to the COVID-19 pandemic, all other non-Executive Directors' international site visits did not occur. 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 2021, the Board conducted 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 led 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.

Topics covered during the Board Performance Evaluation included Board composition and succession planning, board meetings and papers, strategy and financial oversight, mergers and acquisitions, people and culture, stakeholder engagement and risk management.

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.

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.

In December 2021, 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 are 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 outcomes 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. The areas for further improvement identified from the 2021 performance evaluation included recommendations relating to Board composition and succession planning, executive succession planning, structure and content of Board papers, director training, stakeholder engagement and the appropriate time allocation between strategic priorities and other matters at Board meetings.

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

The Chairman, along with the Company Secretary, will ensure that areas for improvement identified from the 2021 evaluation report and areas for consideration arising from the Directors' appraisal, where identified, will be considered during 2022.

In line with the requirements of the Code, the performance evaluation of the Board in 2022 will be externally facilitated, three years since the last externally facilitated evaluation in 2019.

Audit, Risk and Internal Control

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 109-114.

Full details of the risk management systems are described in the Risk Management Report on pages 75-78.

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 78-84. Emerging risks are also identified, analysed and managed as part of the same process as the Group's other principal risks as described on page 78. 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 2021, 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 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 against the budget 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 an internal control self-assessment process covering material finance, operational and compliance controls across 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 Consolidated Financial Statements, taken as a whole, provide the information necessary for shareholders to assess the Group's and Company'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 outlined on page 111.

GOVERNANCE REPORT

Audit Committee Report

Christopher Rogers
Chairman of the
Audit Committee

"During the year the Committee continued to focus on monitoring the effectiveness and integrity of the Group's financial reporting, internal control and risk management processes."

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present my report for the year ended 31 December 2021. The report outlines how the Committee discharged its responsibilities during the year in relation to financial and other reporting, risk management and internal control, the Internal Audit function and our relationship and interaction with the external auditor.

The Committee supported the Board in assessing the principal and emerging risks facing the Group, particularly in the context of the ongoing COVID-19 pandemic. This included reviewing the Group's risk management and internal control systems and overseeing the operation of the Internal Audit function.

The Committee continued its work to strengthen non-financial controls and governance arrangements which included oversight of a project to refresh the Group's Code of Conduct which is a practical guide to upholding the Group's commitment to the highest standards of integrity and ethical behaviour. Each regular meeting included reviews of risk and compliance related activities and further details with regard to these matters are set out on page 112.

The Committee focused on monitoring the integrity of the Group's Financial Statements and announcements relating to the Group's financial performance. It reviewed the work completed by management in respect of the Going Concern and Viability Statements, including a consideration of the continuing impact of COVID-19 and the potential impact of climate related risks and concluded that there was no threat to the Group's prospects or viability. Further details are set out on pages 84-85. The Committee also assisted the Board in determining that the Annual Report and Consolidated 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 significant issues that the Committee considered in relation to the financial statements and how these issues were addressed are set out on page 111.

The Committee oversaw the relationship with the external auditor, including monitoring all matters associated with their appointment, remuneration, performance and independence.

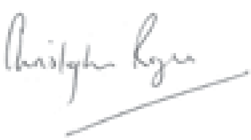
Following a detailed planning process, PwC again conducted a largely remote audit across the Group and the Committee reviewed the scope and results of the audit and the effectiveness of the process. The work completed in this regard is outlined on page 113.

As outlined on page 114, the Committee 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.

Ms. Joan Garahy retired as a Director and member of the Committee at the company's AGM on 29 April 2021 and I would like to extend my sincere thanks to her for her service to the Committee during her tenure.

Looking ahead to 2022, the Committee's key priorities will include maintaining oversight of the Group's risk management and internal control processes, sustaining a strong culture of risk management across the Group, continuing to monitor the impact of climate change on assumptions and taking a proactive approach in anticipating and preparing for any legislative or regulatory changes which may be required to internal controls and reporting.

I trust you will find this report useful in understanding the operation and activities of the Committee during the year and I welcome any comments from shareholders on the report.



Christopher Rogers
Chairman of the Audit Committee

Roles and Responsibilities

The main roles and responsibilities of the Committee, which reflect the UK Corporate Governance Code and the Irish Annex and the Guidance on Audit Committees, are set out in its written Terms of Reference which are available from the Group's website www.kerrygroup.com or upon request.

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

Primary Responsibilities of the Audit Committee

- monitoring the integrity of the Group's financial statements, including reviewing significant financial reporting judgements contained in them;
- 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 which may impact the Group's ability to continue as a going concern or the Group's long-term viability;
- advising the Board on whether the Annual Report and Consolidated Financial Statements, when taken as a whole is fair, balanced and understandable;
- assisting the Board in its responsibilities in regard to the assessment of the principal and emerging risks facing the company, the monitoring of risk management and internal control systems, including a review of effectiveness;
- reviewing the operation and effectiveness of the Group Internal Audit function;
- making recommendations to the Board in relation to the appointment, re-appointment and removal of the Group's external auditor as well as monitoring their effectiveness and independence;
- reviewing, on behalf of the Board, the Group's whistleblowing arrangements for its employees and third parties to raise concerns in confidence about possible wrongdoings in financial reporting or other matters; and
- advising the Board in relation to compliance with stock exchange and other legal or regulatory requirements.

Committee Membership

The Audit Committee currently comprises five independent non-Executive Directors; Dr. Hugh Brady, Ms. Emer Gilvarry, Mr. Jinlong Wang, Mr. Michael Kerr and is chaired by Mr. Christopher Rogers.

Mr. Jinlong Wang was appointed to the Committee on 3 May 2021 and Mr. Michael Kerr was appointed on 1 November 2021.

Ms. Joan Garahy retired from the Board and the Audit Committee following the conclusion of the AGM on 29 April 2021.

The Board is satisfied that both Mr. Christopher Rogers and Mr. Michael Kerr meet the specific requirements for recent and relevant financial experience as set out in the Code.

The Board is also satisfied that together, the members of the Committee, as set out in their biographical details on pages 87-89, bring a broad range of relevant skills, 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 Meetings

The Committee met six times during the year and attendance at these meetings is outlined on page 106. Typically, the Chief Executive Officer, the Chief Financial Officer, the Group Financial Controller, the Company Secretary 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 to present and provide deeper insight on various topics as are required by the Committee to discharge its duties.

The external auditor and the Head of Internal Audit have direct access to the Committee Chairman at all times and meet with the Committee, without other Executive Management being present, on a formal basis at least annually in order to provide additional opportunity for open dialogue and feedback.

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

Committee Evaluation

As outlined in detail on page 107, an internal evaluation of Board effectiveness included a review by the Committee of its own effectiveness. The output was discussed by the Committee and it was concluded that the Committee continued to operate effectively throughout the year as well as identifying ongoing areas of focus for the 2022 financial year.

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 and corporate governance requirements as well as the clarity and completeness of disclosures; and
- considering the significant areas of complexity, management judgement and estimation that had been applied in the preparation of the Consolidated Financial Statements in accordance with the accounting policies.

The Committee has been regularly briefed by Group management on interaction with the Irish Auditing and Accounting Supervisory Authority ('IAASA') in respect of their review of the 2020 Annual Report and Consolidated Financial Statements in line with their statutory functions and normal practice. All matters arising from this review have been concluded satisfactorily.

The Committee considered the impact of climate change on the Group's Consolidated Financial Statements and agreed that the disclosures outlined on pages 68-74 made in response to the recommendations of the Task Force on Climate-related Financial Disclosures are appropriate and that the assumptions used in the financial statements as outlined in note 1 are consistent with these disclosures.

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 below sets out the significant matters considered by the Committee in relation to the Consolidated Financial Statements for the year ended 31 December 2021.

Significant Financial Reporting Judgements	
Impairment of Goodwill and Indefinite Life Intangible Assets	Goodwill and indefinite life intangible assets, as disclosed in note 12 to the Consolidated Financial Statements, represents the largest number on the Group balance sheet at €4.7 billion. 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. This included consideration of the impact of the pace and extent of economic recovery in some markets as a result of COVID-19 in addition to the potential impact of climate change on such assessments and a consideration of the sensitivity analysis run by management. Following discussions with senior management and the external auditor, the Committee found that the methodology used for the above valuation and annual impairment review are appropriate and no impairment was identified.
Going Concern and Viability Statement	The Committee assessed the effectiveness of the process undertaken by management to evaluate going concern which included reviewing and challenging management's assumptions and modelling of projected cashflows and, in particular those related to the continuing impact of COVID-19 and the potential impact of climate related risks on profitability and liquidity on future trading performance. The Committee also considered the Group's financing facilities and future funding plans. Based on this, the Committee confirmed there were no material uncertainties that cast a significant doubt on the Group or the Company's ability to continue as a going concern and therefore the application of the going concern basis for the preparation of the financial statements continued to be appropriate and recommended the approval of the viability statement.
Business Combinations	The Group acquired five 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.
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.

Fair, Balanced and Understandable

At the request of the Board, the Audit Committee reviewed the content of the Annual Report and Consolidated Financial Statements 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 fulfilling this responsibility, the Committee considered the following:

- the timetable for the co-ordination and preparation of the Annual Report and Consolidated 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; and
- a detailed report from senior finance management outlining the process through which they assessed the narrative and financial sections of the 2021 Annual Report to ensure that the criteria of fair, balanced and understandable has been achieved.

Management ensured that the draft Annual Report and Consolidated 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 Consolidated 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 Management Report on pages 75-78.

Throughout the year, the Committee:

- reviewed and approved the assessment of the principal risks and uncertainties, including climate change and emerging risks, that could impact the achievement of the Group's strategic objectives as described on pages 78-84;
- reviewed and approved the risk appetite for each of the Group's principal risks and recommended the risk appetites as outlined for approval by the Board;
- 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 managements' action plans to address them;
- considered reports from the Head of Internal Audit on fraud investigations or other significant control matters which occurred during the year and approved plans to address and remediate the issues identified;
- received updates from the Group Financial Controller on any control weaknesses identified through monthly financial review meetings;
- considered the results of the Kerry Control Self Assessment (the internal control self-assessment review of material finance, operational and compliance controls) and concluded that the controls are operating effectively;
- received presentations from management on work completed to refresh the Group's Code of Conduct which includes sections on protecting our people, working with integrity, safeguarding our information and assets and caring for our communities;
- assessed the Group's risk management and internal control 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 weakness observations.

In addition to the above, the Board received two updates from ICT management with regard to the Group's ICT governance and information security programme and its ability to address cybersecurity threats particularly in the context of its criticality to the business and an increase in the global risk level. Further detail with regard to the Group's information systems and cybersecurity controls are outlined on page 82 of the Risk Report.

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 Group Internal Audit function including its focus, plans, activities and resources. To fulfil these duties the Committee:

- reviewed and approved the Group Internal Audit function's charter, strategy and annual plan;
- considered and were satisfied that the competencies, experience and level of resources within the Internal Audit team were adequate to achieve the proposed plan;
- considered the role and effectiveness of Internal Audit in the overall context of the Group's risk management framework and was satisfied that the function has appropriate standing within the Group;
- received quarterly updates from the Head of Internal Audit on the delivery of the 2021 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- considered the impact of remote versus on-site auditing in certain jurisdictions as a result of ongoing COVID-19 travel restrictions;
- received updates on the nature and extent of non-audit activity performed by Internal Audit;
- ensured that the Head of Internal Audit had regular meetings with the Chairman of the Audit Committee and the Committee met with the Head of Internal Audit without the presence of Executive Management;
- ensured that the Head of Internal Audit had access to the Chairman of the Board if required; and
- ensured co-ordination between Group Internal Audit and the external auditor to maximise the benefits from clear communication and co-ordinated activities.

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 (IPPF) of the CIIA. The most recent EQA was completed in 2017 and the next review will be completed in 2022. On an annual basis, to ensure ongoing compliance with the IPPF, the Group Internal Audit function has an internal Quality Assurance and Improvement Program (QAIP) in place.

On the basis of the above, the Committee concluded that for 2021 the Group Internal Audit function operated effectively 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, re-appointment 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. PwC were appointed as the Group's external auditor in 2016 and the Committee will ensure that in accordance with EU legislation in relation to Audit Reform as adopted in Irish legislation, the external auditor will be rotated at least once every ten years. The audit lead engagement partner for the financial year ended 31 December 2021 is Enda McDonagh who was appointed in 2021 following the rotation of the previous partner.

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 is reviewed and approved by the Audit Committee annually. This policy is in accordance with applicable laws and takes into account the relevant ethical guidance for auditors. 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 auditor independence. The policy outlines the services which 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.

In 2021, all non-audit services and fees were approved by the Audit Committee in line with policy. The Committee is satisfied that the non-audit fees paid to PwC, which were minimal, did not compromise their independence or objectivity. Full details of the fees paid to the external auditor during the year for non-audit services 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 2020 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. This review considered the process and technology changes which were implemented to support conducting the audit remotely and were satisfied that it did not compromise the quality of the audit.

At the October Audit Committee meeting, PwC outlined to the Committee in detail the 2021 external audit plan which, similar to 2020, would be conducted remotely. 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 2021 Consolidated 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;
- key audit findings, including their robustness and perceptiveness in handling of key accounting and audit judgements; and
- their 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

PwC were appointed as external auditor in March 2016 following a comprehensive tender process which was overseen by the Audit Committee. On an annual basis, the Committee reviews 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 2022.

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

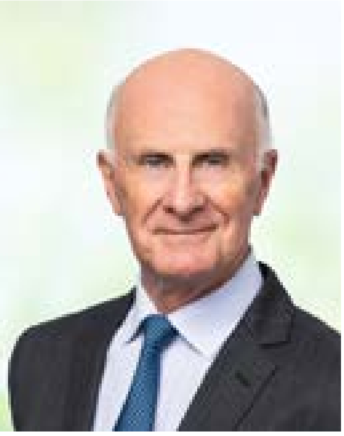
Whistleblowing and Fraud Arrangements

In accordance with the Provisions of the Code, the responsibility for overseeing whistleblowing is within the remit of the Board. During 2021, at the request of the Board, the Committee considered the Group's whistleblowing arrangements and assisted the Board in its assessment of the adequacy of these arrangements. Details of the Group's whistleblowing arrangements are outlined in the Corporate Governance Report on page 104.

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 fraud prevention procedures were adequate.

GOVERNANCE REPORT

Governance, Nomination and Sustainability Committee Report



Philip Toomey
Chairman of the Governance, Nomination and Sustainability Committee

Dear Shareholder,

On behalf of the Governance, Nomination and Sustainability Committee, I am pleased to present our report for the year ended 31 December 2021. This report sets out the Committee's key activities in 2021 as well as the Committee's priorities for 2022.

The Governance, Nomination and Sustainability Committee is responsible for evaluating the structure, size, composition and successional needs of the Board and its Committees and making recommendations on same, with due regard for Board diversity. The Committee also reviews the results of the annual Board evaluation process as it relates to the Board and Committee performance and composition. Additionally, the Committee is responsible for monitoring Corporate Governance developments and for providing guidance and oversight on the implementation of the Group's sustainability strategy.

Jinlong Wang joined the Board on 5 January 2021. His in-depth understanding of Asian markets has been very insightful in Board discussions relating to growth opportunities in that geographic region. 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. To further progress Board diversity, we engaged with an executive recruitment consulting firm to conduct a search for new independent non-Executive Directors. Potential non-Executive Directors were considered by the Committee and a shortlist were interviewed after assessing their qualifications against the above criteria and their other time commitments. This culminated in the appointment of Michael Kerr and Fiona Dawson to the Board. Michael Kerr was appointed to the Board on 3 May 2021 and joined the Audit Committee on 1 November 2021. He brings to the Board a detailed knowledge of global equity markets, financial knowledge, extensive business leadership skills and insights into the North American market. On the recommendation of the Committee, the Board also approved the appointment of Fiona Dawson as a non-Executive Director effective on 4 January 2022. She brings to the Board a deep knowledge of the consumer food and beverage sector, an understanding of global markets and general management experience on a global scale.

The Committee also recommended changes to the composition of the Board Committees as outlined on page 119. The Committee continues to engage with executive recruitment consulting firms to identify an appropriate pipeline of candidates to join the Board as independent non-Executive Directors in the future.

Joan Garahy did not seek re-election at the 2021 AGM and retired from the Board as Senior Independent Director and as Chair of the Remuneration Committee having served nine years on the Board. She was succeeded as Senior Independent Director by Dr. Hugh Brady and as Chair of the Remuneration Committee by Tom Moran.

I have served ten years as a Director including less than four years as Chairman, and in line with the Provisions of the Code will not seek re-election at the 2022 AGM. A sub-committee of the Board led by Dr. Hugh Brady as Senior Independent Director and supported by independent advisors undertook a formal and extensive succession process which considered internal and external candidates. Following the conclusion of this process, Tom Moran was appointed as Chairman Designate and will assume the role of Chairman on 28 April 2022.

Gerard Culligan and Con Murphy will also retire from the Board at the conclusion of the 2022 AGM and will not seek re-election. On behalf of the Board, I would like to thank Gerard and Con for their strong contribution over the last five years.

The Committee also reviewed senior management development and succession plans having regard to business growth and geographic expansion and taking account of diversity goals below Board level.

During 2021, the Committee reviewed the Company's corporate governance policy and processes and monitored developments in corporate governance best practice. The Committee also provided guidance and oversight to the Group on the implementation of the 2030 sustainability strategy *Beyond the Horizon*, including monitoring progress against agreed targets and considering the enhanced environmental, social and governance reporting requirements, recognising the importance of consistent and relevant information on sustainability related matters. Furthermore, the Committee also contributed and reviewed the climate related risks and opportunities as well as the broader material topics refresh.

An internal review of the effectiveness of the Board and its Committees was conducted during 2021 and the outcome of this review is that the Board and its Committees consider that they are operating effectively. Further details are outlined on page 107.

The Committee's priorities for 2022 will continue to focus on Board and Committee refreshment, taking account of all skill sets required, diversity (beyond gender) and planned retirements over the coming years. The Committee will ensure that senior management development and succession planning can support the delivery of Group strategy and will also continue to focus on diversity and inclusion in the wider workforce. In addition, the Committee will continue to oversee the implementation of the Group's sustainability strategy.

Philip Toomey
Chairman of the Governance, Nomination and Sustainability Committee

Roles and Responsibilities

The main roles and responsibilities of the Committee, which were reviewed and updated during 2021, 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:

Primary Responsibilities of the Governance, Nomination and Sustainability Committee

- evaluating the balance of skills, experience, independence, knowledge and diversity of the Board to ensure optimum size and composition;
- ensuring an appropriate nomination process is in place for Board appointments;
- reviewing a candidate's other commitments to ensure that on appointment, a candidate has sufficient time to undertake the role;
- making recommendations to the Board on the appointment and re-appointment of both Executive and non-Executive Directors;
- ensuring a formal induction plan is in place for each new Director on appointment;
- making recommendations to the Board concerning membership of Board Committees in consultation with the Chairs of the Committees;
- 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;
- reviewing the Board diversity policy;
- overseeing the conduct of the annual evaluation of the Board and its Committees;
- monitoring and reviewing developments in law, regulation and best practice relating to corporate governance and making recommendations to the Board and Committees on changes or additional actions as appropriate; and
- providing guidance and oversight on the implementation of the Group's sustainability strategy.

Committee Membership

The Governance, Nomination and Sustainability Committee currently comprises three independent non-Executive Directors; Dr. Hugh Brady, Dr. Karin Dorrepaal, Mr. Tom Moran and is chaired by Mr. Philip Toomey. Biographical details for the members of the Committee are outlined on pages 87-89.

The quorum for Committee meetings is two and only Committee members are entitled to attend. The Governance, Nomination and Sustainability 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 2021, the Committee continued to work with Korn Ferry, executive recruitment consulting firm, to assist with Board refreshment. Korn Ferry acts as the advisor to the Remuneration Committee and has also provided leadership and talent consulting services to the Group during the year through a separate part of the business.

Committee Meetings

The Committee met five times during the year and attendance at these meetings is outlined on page 106.

Board Refreshment Policy

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

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 other 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. Details of Board refreshment activities during the year are outlined on pages 119-120.

Nomination Process

There is a formal, rigorous and transparent procedure in appointing new Directors to the Board. Details of this process are outlined in the Governance in Action table.

The Committee also makes recommendations to the Board concerning the re-appointment 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.

Governance in Action (example)

Non-Executive Director Appointment

Ms. Fiona Dawson was appointed to the Board with effect from 4 January 2022. The key stages of the nomination process are outlined below.

1. Assessment	The Committee assessed the skill set, experience and diversity on the Board, the requirements to meet the Group's future growth plans, together with the planned retirements from the Board over the coming years.
2. Requirement	The Committee prepared a detailed role profile; identifying the need for a new non-Executive Director with international food & beverage industry experience and the capabilities to align with the Group's purpose, value and culture. The Committee also considered the Board's commitment to enhance the gender profile of the Board.
3. Search	The Committee instructed Korn Ferry to conduct a search for appropriate candidates for appointment to the Board based on the profile and skillset agreed by the Committee.
4. Screening	The Committee assessed a long list of candidates identified by Korn Ferry as having met the criteria.
5. Interview	A shortlist of potential candidates was interviewed by the Chairman, the Committee and the Chief Executive Officer.
6. Approval	A formal recommendation was made by the Committee to the Board proposing the appointment of Ms. Fiona Dawson as a non-Executive Director. The Board approved the appointment of Ms. Fiona Dawson noting that she had a balance of skills, knowledge, experience and diversity that matched the requirements set. Appointment terms were drafted and agreed with her.

Succession Planning

The Governance, Nomination and Sustainability Committee reviews the succession plans for the Board and its Committees on an ongoing basis to ensure an orderly refreshment of membership, taking into account Group strategy, the challenges and opportunities facing the Group and the skills, knowledge and experience required.

The Committee also reviews succession plans for senior management, which form part of the Group's overall annual approach to succession planning and agrees these with the Chief Executive Officer before being presented to the Board. The succession planning process includes defining success criteria for prioritised key roles, identifying and evaluating candidate pools and aligning successor development activities with individual and business needs to ensure leadership continuity and improve the depth of the leadership succession pipeline. This process is fully documented and monitored throughout the year in conjunction with the Committee. Details of succession planning activities during the year are outlined in Our People on page 20.

Diversity, Inclusion and Belonging Policy

Diversity, Inclusion and Belonging is fully embraced at Kerry and the Group is committed to having a work environment that is respectful of everyone. We recognise the value that different perspectives and cultures bring to the organisation. Valuing differences creates a work environment which is positive and productive, where people can and want to do their best and where each individual can bring something unique to contribute to the overall success of Kerry.

The Group's Diversity, Inclusion and Belonging Policy is an integral part of the Group's 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 gender, background, nationality, ethnicity and other attributes with the skills and experiences to drive innovative thinking to enable a sustained competitive advantage.

The Board believes in the benefits of having a diverse Board and the value 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 29% female representation and this will increase to 36% post the planned retirements following the conclusion of the 2022 AGM. In line with its diversity policy, and recommended best practice, the Board is committed to maintaining a minimum of 33% female representation on the Board and has an ambition to increase the representation of members with diverse backgrounds such as nationality, ethnicity and other attributes. During the year, the ethnicity profile of the Board was broadened. 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 executive recruitment 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.

In 2021, diversity targets were agreed for senior management succession pools with the Executive Directors and approved by the Board to improve the diversity profile of senior leadership teams and ensure internal candidate pools better reflect the broader cultural mix of people within the Group. The Group is committed to achieving the highest levels of inclusion, diversity, engagement and belonging and is targeting equal gender representation at senior management level by 2030. The Committee reviews progress against these diversity goals each year, whilst taking account of business growth and geographic expansion within the organisation.

Further details of the Group's approach to Diversity, Inclusion and Belonging, including our broader organisational goals focused on building an inclusive and diverse workplace are outlined in our GRI Sustainability Report and in Our People on pages 18-19.

Sustainability

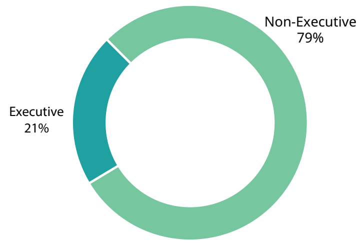
During 2021, the role of the Committee was expanded to provide guidance and oversight on the implementation of the Group's 2030 sustainability strategy *Beyond the Horizon* following its launch in October 2020. The Committee is supported in this work by the Global Sustainability Council whose members are invited to Committee meetings to share their expertise on key sustainability topics and to update the Committee on the implementation of the sustainability strategy.

During 2021, the Committee approved the enhanced climate and gender diversity targets communicated at the Capital Markets Day held in October and monitored progress against the broader commitments included in the *Beyond the Horizon* strategy. In addition, the Committee also considered and approved the risks and opportunities and the new disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) included in the 2021 Annual Report as well as the enhanced disclosures included in a separate GRI Sustainability Report which follow the framework set out by the Global Reporting Initiative (GRI) standards.

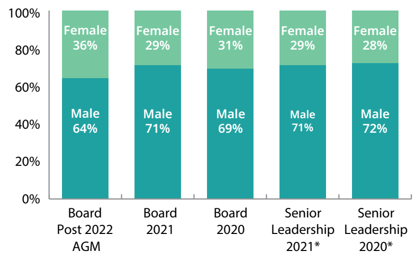
Details of the Group's sustainability strategy, targets and performance, policies and programmes are outlined in the Sustainability Review on pages 50-74 and in the GRI Sustainability Report that has been published alongside the Annual Report.

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

Executive / Non-Executive Directors

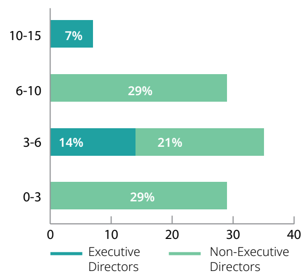


Gender Diversity

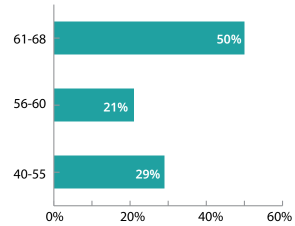


* Senior Leadership above aligns to Senior Management definition per Corporate Governance Code.

Board Tenure (Years)



Board Age Profile



Changes to the composition of the Board and its Committees for the year ended 31 December 2021

Mr. Jinlong Wang
Appointed to the Board on 5 January 2021 and to the Audit Committee on 3 May 2021.

Ms. Joan Garahy
Retired from the Board, the Remuneration Committee, the Audit Committee and as Senior Independent Director on 29 April 2021.

Dr. Hugh Brady
Appointed Senior Independent Director on 29 April 2021.

Mr. Tom Moran
Appointed Chair of the Remuneration Committee on 29 April 2021.

Mr. Michael Kerr
Appointed to the Board on 3 May 2021 and to the Audit Committee on 1 November 2021

Ms. Emer Gilvarry
Appointed to the Remuneration Committee on 16 June 2021.

Ms. Fiona Dawson
Appointed to the Board on 4 January 2022 and to the Remuneration Committee with effect from 14 February 2022.

Key Activities

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

Subject	Committee Activity
Board Size and Composition	In 2021, as part of its remit, the Committee considered the size and composition of the Board. At 31 December 2021, the Board comprised 13 members. The Board size reduced to 12 following the retirement of Ms. Joan Garahy on 29 April 2021 and increased to 13 following the appointment of Mr. Michael Kerr on 3 May 2021. The Board size will increase further to 14 on 4 January 2022 following the appointment of Ms. Fiona Dawson. The Board size will reduce to 11 post the planned retirements, following the conclusion of the AGM. The Committee will continue to consider both Board size and composition during 2022.
Chairman Succession	Mr. Philip Toomey, having served 4 years as Chairman and 10 years as a Director will not seek re-election at the 2022 AGM. A separate sub-committee of the Board chaired by Dr. Hugh Brady conducted a formal process to identify and recommend a candidate to succeed Mr. Toomey. The Committee engaged external consultants to assist in the process to identify a candidate. Following the conclusion of this process, the sub-committee recommended the appointment of Mr. Tom Moran as Chairman Designate and this was endorsed by the Board at its meeting in February 2022. He will assume the role of Chairman at the conclusion of the AGM on 28 April 2022. On appointment, Mr. Tom Moran will step down as a member and Chair of the Remuneration Committee and as the Designated Workforce Engagement Director.
Senior Independent Director Succession	Ms. Joan Garahy retired as Senior Independent Director and from the Board at the conclusion of the AGM held on 29 April 2021 having served nine years on the Board. The Governance, Nomination and Sustainability Committee completed a formal process and recommended to the Board the appointment of Dr. Hugh Brady as Senior Independent Director at the conclusion of the 2021 AGM.
Board Refreshment	Ms. Joan Garahy retired from the Board on 29 April 2021. New non-Executive Directors, Mr. Michael Kerr and Ms. Fiona Dawson were appointed to the Board on 3 May 2021 and 4 January 2022 respectively, following searches conducted by the Committee in conjunction with an executive recruitment consulting firm. The Committee and the Board agreed that Mr. Kerr and Ms. Dawson had a balance of skills, knowledge, experience and diversity that matched the requirements set. Mr. Gerard Culligan and Mr. Con Murphy, having served five years on the Board will retire as non-Executive Directors at the conclusion of the AGM to be held on 28 April 2022 and will not seek re-election.

Key Activities (continued)

Subject	Committee Activity
Committee Refreshment	Ms. Joan Garahy retired from the Remuneration Committee and the Audit Committee on 29 April 2021. Mr. Tom Moran was appointed Chair of the Remuneration Committee on 29 April 2021, Mr. Jinlong Wang was appointed to the Audit Committee on 3 May 2021, Ms. Emer Gilvarry was appointed to the Remuneration Committee on 16 June 2021, Mr. Michael Kerr was appointed to the Audit Committee on 1 November 2021 and Ms. Fiona Dawson was appointed to the Remuneration Committee on 14 February 2022. There were no other changes to the composition of the Board Committees during the year. The Committee will continue to consider Committee refreshment in 2022.
Designated Workforce Engagement Director	Mr. Tom Moran will retire as the Designated Workforce Engagement Director at the conclusion of the AGM to be held on 28 April 2022. The Governance, Nomination and Sustainability Committee has completed a formal process and has recommended to the Board the appointment of Ms. Karin Dorrepaal as the Designated Workforce Engagement Director at the conclusion of the 2022 AGM.
Remuneration Committee Chairperson	Mr. Tom Moran will retire as Chairperson of the Remuneration Committee on his appointment as Chairman of the Board at the conclusion of the AGM, to be held on 28 April 2022. The Governance, Nomination and Sustainability Committee has completed a formal process and has recommended to the Board the appointment of Ms. Emer Gilvarry as Chairperson of the Remuneration Committee, effective from the conclusion of the 2022 AGM. Ms. Emer Gilvarry has been a member of the Remuneration Committee since June 2021 and is also Chair of the Remuneration Committee of another listed plc.
Re-appointment of non-Executive Directors	During the year, Mr. Philip Toomey, Dr. Hugh Brady, Mr. Gerard Culligan, Dr. Karin Dorrepaal, Mr. Tom Moran, Mr. Con Murphy and Mr. Christopher Rogers each completed terms as non-Executive Directors. Following a rigorous review of their skills, knowledge, experience and independence, the Board on the recommendation of the Committee, agreed that they continue to be effective and independent and make a valuable contribution to the Board, and re-appointed them to serve additional terms.
Board and Committees Effectiveness Evaluation	As outlined in detail on page 107, an internal evaluation of the Board and its Committees took place in 2021 in line with the provisions of the 2018 UK Corporate Governance Code and the Irish Annex. The Committee considered the outcome of this evaluation and identified the areas relevant to the Governance, Nomination and Sustainability 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 2022.
Senior Management Development and Succession	During the year, the Committee reviewed senior management development and succession plans having regard to agreed diversity goals to ensure the appropriate level of skills and diversity will exist to support the delivery of the Group's strategy.
Corporate Governance Review	During 2021, the Committee reviewed the Company's corporate governance policy in the context of the 2018 UK Corporate Governance Code and monitored developments in corporate governance best practice.
Sustainability Strategy	Following the launch of the Group's sustainability strategy *Beyond the Horizon* in October 2020, the Committee provided guidance and oversight on the implementation of the Group's sustainability strategy during the year and monitored progress against targets. The Committee also considered the additional climate related disclosures in line with TCFD and the enhanced ESG disclosures the Group is reporting, in its separate GRI Sustainability Report.
Terms of Reference	During the year, the Committee reviewed and updated its Terms of Reference. A copy of these terms is available on the Group website www.kerrygroup.com.

GOVERNANCE REPORT

Remuneration Committee Report

Tom Moran
Chairperson of the Remuneration Committee

Section A: Chairperson's Annual Statement

Dear Shareholder,

On behalf of the Remuneration Committee, I am pleased to present the Directors' Remuneration Report for the year ended 31 December 2021. This is my first Remuneration Committee Report having been appointed chairperson of the Committee following Joan Garahy's retirement on 29 April 2021. I would like to acknowledge and thank Joan for her valued leadership of the Committee over the last nine years.

Introduction

2021 was an important year for Kerry Group. In parallel to delivering strong growth and a good financial performance against a challenging COVID-19 backdrop, we have taken significant strategic steps to further solidify our position as the world's leading Taste & Nutrition company:

- a comprehensive strategy refresh, with ambitious mid-term growth, return and enhanced sustainability targets communicated at our Capital Markets Day in October; and
- divestment of non-core consumer foods assets, coupled with strategic acquisitions in food waste reduction and health & bio-pharma.

We could not have achieved all of this without the continued and consistent excellent leadership of our Executive Directors into and throughout 2021, the drive and agility of our leadership teams and the tremendous commitment of our people across the world.

Our 2020 Directors' Remuneration Report outlined the comprehensive coordinated global response taken by Kerry in response to the pandemic, and these efforts continued and were further strengthened during 2021, ensuring a positive experience for our broader stakeholders, including employees, shareholders and the communities in which we operate.

From the outset of the pandemic, we have consistently put the safety and wellbeing of our people at the core of our coordinated global response, ensuring we could safely fulfil our critical role in the global food supply chain and enabling all 152 manufacturing and R&D facilities to continue to operate to meet our customers' and consumers' needs.

In recognition of the achievements of our employees, and in order to minimise the economic impact of COVID-19 on our people, we retained pay levels for all employees, apart from the Executive Directors, throughout 2020 and awarded annual merit increases across all geographies in both 2021 and 2022. Kerry did not benefit from COVID-19 related government support in any of our key geographies.

From a shareholder perspective, in 2021 the Group has delivered strong growth, a resilient share price and sustained dividend payments. Shareholder prospects for improved long-term returns have been further enhanced through the strategic actions of our Executive Directors and their teams over the past 12 months as detailed throughout this year's Annual Report.

Remuneration Policy

The Group's Remuneration Policy is outlined in Section C on pages 128-133. This policy was approved by shareholders in 2021 and provides the framework for remuneration decisions made by the Committee until the next policy review.

The Committee is confident that the Group's Remuneration Policy is aligned with shareholder interests, promotes long term sustainable success and is in line with applicable best market practice. Furthermore, it ensures that Executive Director remuneration is aligned to the Group's purpose and values and can be clearly linked to the successful delivery of the Group's strategy and mid-term financial targets.

The Committee is satisfied that the policy has operated as intended and that no changes are required to the operation of the policy for 2022.

Kerry's Remuneration Principles

Delivery of Group Purpose, Values and Strategy
The Group's Executive Director short and long-term remuneration philosophy is to ensure that executive remuneration is aligned to the Group's purpose and values, supports strategy and promotes the long-term success of the Company.

Creating Sustainable, Long-Term Performance
Remuneration includes performance related elements designed to align Directors' interests with those of shareholders and to promote long-term sustainable growth and performance at the highest levels in line with the Group's strategy.

Attract, Motivate and Retain Talent
Market-competitive total remuneration is structured to attract, motivate and retain individuals of the highest quality on an international basis.

Stakeholder Interests
By incorporating a high proportion of Executive Directors' potential remuneration to short-term and long-term performance metrics with robust share ownership requirements, 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.

Pay For Performance
The Committee ensures alignment with shareholders' long-term interests by aligning remuneration metrics with the Group's business model and strategic objectives.

Remuneration Policy Implementation 2022

Basic Salary

For 2022, no substantive increases are proposed, and the basic salaries of the Executive Directors will be increased as normal in line with increases available to the general workforce (i.e. a range of 2.5%-3.3%) in Ireland and the US respectively.

Pension Alignment

As detailed on page 129 Executive Directors' pension contribution rates will be aligned to those of Kerry's general workforce in Ireland with effect from 1 January 2023. Existing arrangements will apply for 2022.

Incentive Plans

A detailed review of our short and long-term incentive plans was completed during 2020 following which a number of changes were made to the metrics and weightings in both plans and incorporated into the Remuneration Policy approved by shareholders at the 2021 AGM.

We have consistently ensured that there is very strong alignment between our short term and long term incentive metrics and the Group's business strategy and financial targets. During 2021 the Remuneration Committee reviewed the incentive plan metrics again to ensure full alignment with the Group's refreshed strategy and updated mid-term targets as outlined during the Capital Markets Day held in October 2021.

2022 Short-Term Incentive Plan

Following the review outlined above, the Committee concluded that the only change required for 2022 was to amend the Margin Expansion Metric from EBITA to EBITDA. This change is reflective of the updated mid-term targets and ensures better alignment with internal performance measurement and with the metric more commonly used by our industry peers. Annual bonus maximum opportunity and metric weightings will remain unchanged for 2022.

2022 Long-Term Incentive Plan

The LTIP performance metrics, weightings and target calibrations were also reviewed in 2021. The Committee concluded that the current metrics and weightings continue to be appropriate and will therefore remain unchanged for 2022.

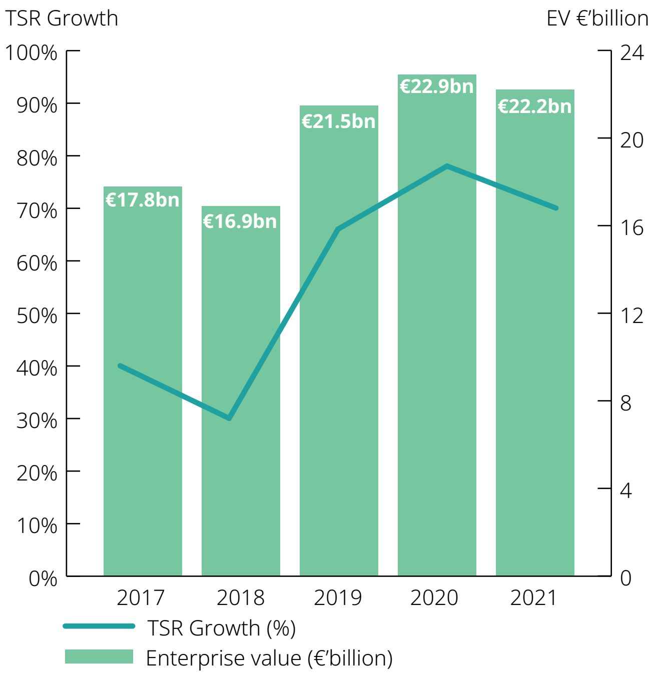
The Remuneration Policy approved and implemented in 2021, included an increase in the maximum LTIP opportunity, to be implemented on a phased basis over two years. The second phase of the increase will be implemented in 2022 and in line with this, each Executive Director will be awarded their maximum LTIP opportunity in 2022 as follows; CEO 300% of basic salary (from 250%), CFO and CEO Taste & Nutrition 250% of basic salary (from 225%).

Pay for Performance

Kerry has a strong track record of demonstrating appropriate rigour and discipline when setting stretching targets as illustrated by the following chart.

Year	STIP % of Max Achieved	LTIP % of Max Achieved
2017	75%	62%
2018	59%	64%
2019	73%	63%
2020	0%	33%
2021	72%	22%
Average	**56%**	**50%**

The Committee is satisfied that the targets set for the 2022 STIP and LTIP awards are appropriately stretching given the current inflationary environment, the ongoing impact of COVID-19, overall market growth rates and the level of capital expenditure required to support future growth ambitions.



Non-Executive Director Fees for 2022

Non-Executive Director fees were reviewed in 2020 and increases were made effective from 1 January 2021. For 2022, no substantive increases are proposed, and in line with the Remuneration Policy approved by Shareholders at the 2021 AGM, the basic fee paid to the Chairman and the Non-Executive Directors will be increased in line with the increase available to the general workforce (+ 2.5%) in Ireland. No increases will be applied to Committee membership or Chair fees.

Remuneration Policy Outturn 2021

In determining the Executive Director's remuneration outturns for the financial year, the Committee maintained a clear and rigorous focus on aligning pay with performance in the context of another challenging year driven by COVID-19.

In 2021, the Group delivered strong growth and good financial performance with constant currency adjusted earnings per share growth of 12.1% driven by strong volume growth of 8.0%, and a 40 bps expansion in trading margin.

As can be seen in the Total Shareholder Return graph - below Kerry has generated a 173% return for shareholders (including reinvestment of dividends) over the last 5 years.

Shareholder Consultation

On behalf of the Remuneration Committee, I had the opportunity recently to consult with a number of our major shareholders, along with the key proxy advisors, regarding specific aspects of Kerry's Executive Director Remuneration in 2021.

Our shareholders recognised the strong leadership shown by our Executive Directors in 2021; and many specifically acknowledged the seamless and simultaneous execution of significant strategic divestments and acquisitions, coupled with the completion of our comprehensive strategy refresh and communication of our updated mid-term targets.

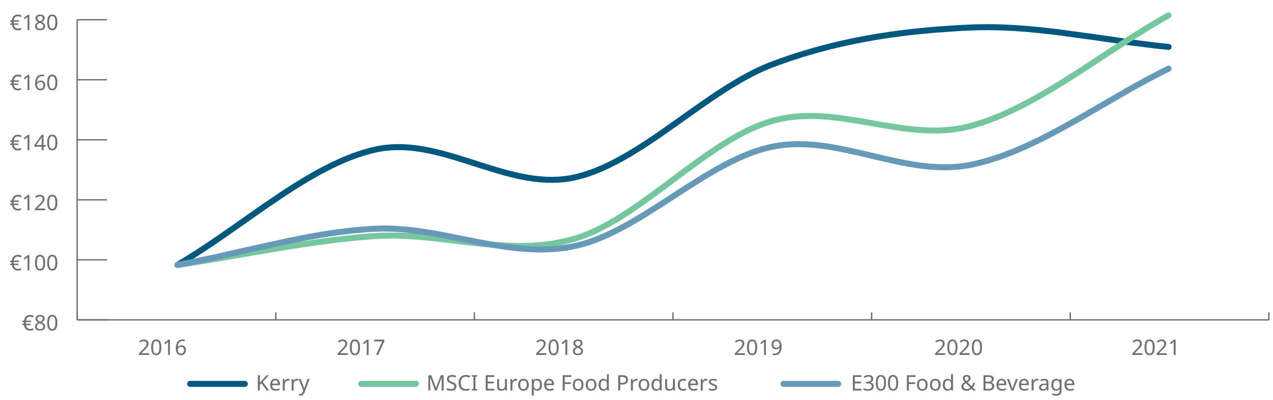
Thank you for your valuable perspectives and feedback, they have been very helpful in informing the final decisions made by the Committee.

2021 Short Term Incentive Plan Outturn

For 2021, STIP payouts to Executive Directors were on average 72% of the maximum available opportunity. The Committee exercised independent judgement when awarding this outcome and considers it to be reflective of the Group's and the individual Executive Directors' strong performance during the year, the broader stakeholder experience, as well as the challenging and stretching nature of the targets set.

In line with the Directors' Remuneration Policy, one-third of the STIP payout will be deferred into shares/options to be held for two years.

5 Year Total Shareholder Return (Value of €100 Invested on 31/12/2016)



Long Term Incentive Plan 2019-2021 Outturn

The three year performance period in respect of the 2019-2021 LTIP award ended on 31 December 2021. The 2019 LTIP award was subject to Adjusted Earnings per Share (EPS), Total Shareholder Return (TSR) and Return on Average Capital Employed (ROACE) performance metrics.

Good performance was achieved against our TSR and ROACE performance metrics over the three-year period. However, the COVID-19 pandemic had a significant impact on the EPS metric in 2020 (-9.4%), which effectively negated the EPS growth achieved in 2021 (12.1% after recognising a dilution of 3.2% resulting from the disposal of the Consumer Foods Meats and Meals business) and 2019 (+8.3%). As a result, the threshold level for this metric, weighted at 50% of the overall award, was not achieved.

The final outcome of the 2019-2021 LTIP award was 22% of maximum opportunity as outlined in further detail on page 143. This is the second financial year in which the impact of the pandemic during 2020 has had a very significant impact on the remuneration outcomes for our Executive Directors and in particular on their LTIP vesting outcome (2019 LTIP award: 22%, 2018 LTIP award: 33%).

This outcome is clearly disappointing, particularly in consideration of the continued strong leadership of our Executive Directors into and throughout 2021, as well as the positive stakeholder experience over the past 3 years. On behalf of the Committee, I wish to wholeheartedly commend our Executive Team and emphasise again our sincere appreciation of their dedication and their excellent leadership over the three year performance period. Their leadership has ensured the resilience of the Kerry business and sustained shareholder return against the very challenging backdrop of the COVID-19 pandemic. We would particularly commend their leadership of the significant strategic steps taken in 2021 to enhance shareholder prospects for improved long-term returns.

Whilst the Committee decided not to exercise discretion to amend the formulaic vesting of the 2019 LTIP for Executive Directors despite a strong supporting case, consistent with our decision in 2020 we have decided to exercise discretion for their extended leadership teams. The formulaic vesting of the 2019 LTIP for approximately 400 leaders will be adjusted from 22% to 45%, in recognition of their sustained commitment, agility and performance against a very challenging backdrop.

Other Matters

Committee Refreshment

Ms Emer Gilvarry was appointed to the Committee on 16 June 2021. Emer is a highly experienced professional who brings legal, business and corporate governance expertise to the Committee and also has remuneration committee experience with other listed companies.

Committee Performance

An internal review of the Remuneration Committee's performance was undertaken by the Committee during 2021 and the outcome of this review is that the Committee is operating effectively.

Conclusion

2021 has been a successful year for Kerry and the Committee has faced difficult decisions in appropriately recognising the contributions of our leadership teams in very challenging circumstances. The 2019 LTIP outturn for our Executive Directors is disappointing in the context of their excellent leadership and the decision we have taken regarding the LTIP vesting for their extended leadership teams demonstrates our full appreciation of their sustained contribution to Kerry.

The Committee continues to review the Group's Remuneration Policy to ensure that it remains aligned to shareholders' long term interests, is correctly reported in accordance 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, 99% of our shareholders who voted, voted in favour of the Remuneration Report and I hope our shareholders continue to provide their support at this year's AGM.

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

Tom Moran
Chairperson, of the Remuneration Committee

Section B: Remuneration Committee and Key Activities

Committee Membership

During 2021, the Remuneration Committee comprised four independent non-Executive Directors; Dr. Karin Dorrepaal, Mr. Tom Moran, Mr. Christopher Rogers and was chaired initially by Ms. Joan Garahy. Following Joan Garahy's retirement from the Board and the Committee in April, Tom Moran was appointed Chair of the Committee. Ms. Emer Gilvarry joined the Committee in June 2021. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 87-89.

Role and Responsibilities

On behalf of the Board, the Remuneration Committee is responsible for determining the Remuneration Policy for the CEO, other Executive Directors and senior management on an annual basis. The CEO is invited to attend Remuneration Committee meetings but does not attend Committee meetings when his own remuneration is discussed. The Committee also has access to internal and external professional advice as required. The Committee follows an annual and tri-annual calendar with matters scheduled and planned well in advance. Decisions are made within agreed reference terms, with additional meetings held as required. In considering the agenda, the Committee gives due regard to overall business strategy, the interests of shareholders, employees, other stakeholders and the performance of the Group. The main responsibilities of the Committee, which were reviewed during 2021, are set out in written terms of reference which are available from the Group's website www.kerrygroup.com or upon request.

Primary Responsibilities of the Remuneration Committee

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

Remuneration Committee Meetings and Activities 2021

The Committee held four scheduled meetings and two additional meetings during 2021. The additional meetings were required to review the incentive plan metrics in the context of the updated mid-term targets, as outlined during the Capital Markets Day, and to consider the Executive Director's remuneration outturns for the financial year. Attendance at these meetings is outlined on page 106.

The key activities undertaken by the Committee in discharging its duties during 2021 are set out below:

Subject	Remuneration Committee Activity
Remuneration Report	A review of best practice remuneration reporting was completed during 2021 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 advisors, together with the 2014 Irish Companies Act, the EU Shareholders' Rights Directive (as transposed into Irish law), the 2018 UK Corporate Governance Code and the UK Companies (Miscellaneous Reporting) Regulations 2018.
Remuneration Policy Review	The Committee reviewed the new policy and concluded that it has operated as intended, and that the second phase of the LTIP changes will be applied from 2022.
Impact of COVID-19 on pay and conditions for the general workforce and on Inflight STIP and LTIP Awards	The Committee considered the impact of COVID-19 on the pay and conditions for the general workforce and on inflight STIP and LTIP awards. In recognition of the achievements of employees and leadership teams, pay levels were retained for all employees, with annual merit increases also being awarded to employees across all geographies in 2021 and 2022. The Committee exercised discretion to increase the formulaic vesting level for the 2018 LTIP award which vested in March 2021, from 32.5% to 45.9%, for approximately 400 senior leaders (excluding Executive Directors).

Subject	Remuneration Committee Activity
Basic salary	The Committee continued to monitor the level of basic salaries of the CEO and Executive Directors in line with market practice following the detailed benchmark review of Executive Directors' salaries completed in 2020.
STIP	The STIP was reviewed during 2021 to ensure that the 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 2021 STIP outcome reflected the underlying performance of the business and the strong performance of the Executive Directors against their strategic objectives.
LTIP	The Committee considered the overall effectiveness of the LTIP in 2021 to ensure that it is structured appropriately to incentivise Executive Directors and senior managers across the Group. The Committee, having considered the current environment and following consultation with major shareholders and proxy advisors determined not to amend the formulaic outcome for the 2019 LTIP award in respect of the Executive Directors, despite the strong and sustained executive leadership during 2021 and over the three-year performance period.
Chairman & Non-Executive Directors Fees	A detailed benchmark review of the Chairman and non-Executive Directors, fees was undertaken in 2020 with the assistance of Korn Ferry. As provided in the Remuneration Policy put to Shareholders at the 2021 AGM, the Chairman's and non-Executive Director basic fees will be increased annually in line with the increase available to the general workforce in Ireland.
Senior Management	In accordance with the terms of the Code, the Committee set the remuneration arrangements for senior management and the Company Secretary.
Workforce Remuneration and Related Policies	During the year, the Committee was provided with information on pay policies and procedures for the wider workforce to consider and review fairness and alignment with Group strategy and with the Executive Directors' Remuneration Policy, as well as to inform its decision making in relation to Executive Director remuneration. This included an update on the impact which COVID-19 had on the pay and conditions for the wider workforce, an update on the Global Recognition Programme Inspiring People launched in 2021, an update on the refresh of the Group's Sales Incentive Plan (SIP) for the global sales team to be launched in Q1 2022, a review of gender pay and an overview of the approach for the annual pay reviews in all the countries in which the Group operates, as well as the structure and annual cost of the STIP and LTIP awards below Board level. The Committee continues to review the proposal to introduce an all employee share plan and the timelines within which this will be put to shareholders for approval and subsequent implementation across the Group.
Shareholder Consultation	The Committee reviewed the results of the shareholder vote on the Remuneration Policy and Report at the 2021 AGM, noting that 97% of shareholders supported the implementation of the new policy and 99% supported the Report. The Committee also reviewed the additional feedback received from the proxy advisors. In early 2022, the Chairperson of the Committee consulted with a number of the Company's major institutional shareholders and with proxy advisors regarding the impact of COVID-19 on inflight LTIP awards in the context of the strong performance by the Executive Directors in 2021 and the wider positive stakeholder experience over the 3-year performance period. The Committee welcomed the engagement and the shareholders consulted provided input and commentary which was considered by the Committee. These inputs, together with inputs from the major proxy advisors informed the Committee's decision in relation to inflight LTIP awards.
Committee Evaluation	As outlined on page 107 an internal review of the Board and its Committees took place in 2021. The outcome of the review is that the Remuneration Committee is operating effectively.
Terms of Reference	During the year, the Committee reviewed and updated its Terms of Reference. A copy of these terms is available on the Group website www.kerrygroup.com.

Work of the Committee in Determining Executive Director Remuneration

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

Remuneration Committee Advisors

The Remuneration Committee is authorised by the Board to appoint external advisors and Korn Ferry is the advisor to the Remuneration Committee. Korn Ferry also supported the Governance, Nomination and Sustainability Committee and provided other leadership and talent consulting services to the Group during the year through separate parts of the business. The Committee is comfortable that the controls in place at Korn Ferry do not result in the potential for any conflicts of interest to arise.

The fees incurred with Korn Ferry for advising the Committee in 2021 were €84,990 (2020: €217,584)

Section C: Remuneration Policy

Remuneration Principles

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

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

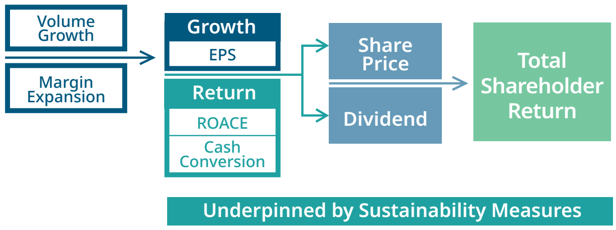
Drivers of Shareholder Return

As outlined in the Strategic Report on page 31, 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) underpinned by the Group's sustainability measures. 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

Kerry's current Remuneration Policy was submitted to a non-binding advisory vote at the 2021 Annual General Meeting, one year earlier than required under the Shareholders Rights Directive as enacted in Ireland.

As an Irish incorporated company, Kerry Group plc is not obliged to comply with the UK legislation which requires UK companies to submit their remuneration policies to a binding shareholder vote every three years or earlier if changes are required prior to this.

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

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

In designing the Remuneration Policy, the Committee considered the best practice features detailed in the 2018 UK Corporate Governance Code as follows:

Matters	Examples
Clarity	The policy is clear, uncomplicated and well understood by the Executive Directors. It has been clearly communicated to shareholders and proxy advisors. Our Chief Human Resources Officer's (CHRO) role has direct responsibility for engaging with our employees and collaborates closely with Mr. Tom Moran, our designated workforce engagement Director. The Committee monitors the effectiveness of engagement with the wider workforce through updates provided by the CHRO and the designated workforce engagement Director. The Board is comfortable that our Remuneration Policy is clearly understandable by employees.
Simplicity	The Committee considers that the Remuneration Policy is simple and easy to understand. The Remuneration Policy is aligned with the strategy and business model of the Group. The Committee has purposefully avoided any complex structures which have the potential to be misunderstood and deliver unintended outcomes.
Risk	The Remuneration Policy is designed to discourage inappropriate risk taking and to ensure that it is not rewarded. This is achieved by (i) the balanced use of both short-term and long-term incentive plans which employ a blend of financial, non-financial and shareholder return targets (ii) the significant role played by equity in our incentive plans together with shareholding requirements and (iii) malus and clawback provisions and (iv) the ability of the Committee to utilise discretion to adjust formulaic outcomes to ensure outcomes are aligned to, and are reflective of, the underlying business performance of the Group.
Predictability	Executive Directors' remuneration is subject to individual participation caps, with our share-based plans also subject to market standard dilution limits. The scenario charts on page 133 illustrate how the rewards potentially receivable by our Executive Directors vary based on performance delivered and share price growth.
Proportionality	There is a clear link between individual rewards, delivery of strategy and long-term performance. In addition, the significant role played by STIP and LTIP/'at risk' pay, together with the structure of the Executive Directors service contracts, ensures that poor performance is not rewarded.
Alignment to Culture	Kerry has a relentless focus on delivering for our shareholders and other stakeholders and this is fully aligned with our Remuneration Policy in that employee personal success is directly linked to the success of the Group through the short-term and long-term incentive plans and targets we operate. The Committee is satisfied the Remuneration Policy is fully aligned with the Group's diverse, entrepreneurial and results focused culture which is underpinned by our Values of Courage, Ownership, Inclusiveness, Open-mindedness and Enterprising Spirit.

The company is operating its remuneration arrangements in line with the approved Remuneration Policy which came into effect in 2021 and will apply for up to three years. The Committee is comfortable that the policy remains appropriate supporting the Group's strategy and that no changes are required prior to the triennial vote at the 2024 AGM. The current policy is reproduced below for ease of reference.

Remuneration Policy Table

The following table details the Remuneration Policy for the Executive Directors for the period 2021 to 2023:

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	– Set at a level to attract, retain and motivate Executive Directors – Reviewed annually – Full 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

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 Executive Director's location – Irish resident Executive Directors participate in the general employee defined contribution pension scheme or receive a contribution to an after-tax savings scheme (where the lifetime earnings cap has been reached) or receive a taxable cash alternative based on a percentage of basic salary – The existing Executive Director in the US participates in the Group's defined benefit and defined contribution pension schemes. The normal retirement age under the defined benefit scheme is 65 years of age. Early retirement is possible from age 55 onwards	– Pension values currently vary based on local practice – The pension contribution rates for incumbent Executive Directors will be reduced to 10% of basic salary, in line with Kerry's Irish general workforce rate, with effect from 1 January 2023 – The maximum company pension contribution rate for new Executive Director appointments is aligned to that of the general workforce rate	– Not applicable
Short Term Incentive Plan (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 One third of the award is deferred in shares/options providing a two 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 the Group's published strategic targets with the targets and weightings for financial metrics subject to annual review – Two thirds of the award is payable in cash – One third of the award is awarded by way of shares/options to be issued two years after vesting following a deferral period – Malus and clawback provisions are in place for awards under the STIP (see page 131)	– Maximum opportunity is 175%-200% of basic salary – Target opportunity is 50% of maximum opportunity for on-target performance – Threshold performance results in a bonus payable at 0% of maximum	For FY 2022 – Volume Growth – Margin Expansion – Cash Conversion – Strategic Objectives
Long Term Incentive Plan (LTIP)			
Retention of key personnel and incentivisation of sustained performance against key Group strategic metrics over a longer period of time Share-based to provide alignment with shareholder interests A two-year post vesting deferral requirement aligns Executive Directors' interests with shareholders' interests	– The awards vest depending on a number of performance metrics being met over a three-year performance period – Conditional awards over shares or share options – Following vesting, 100% of the earned award is deferred for a period of two years (i.e. giving a combined performance period and deferral period of five years) – Malus and clawback provisions are in place for awards under LTIP (see page 131)	– Maximum opportunity is 250% - 300% of basic salary	For FY 2022 – Adjusted Earnings Per Share "EPS" – Total Shareholder Return "TSR" – Return on Average Capital Employed "ROACE" – Sustainability metrics

Purpose and Link to Strategy	Operation	Opportunity	Performance Metrics
Shareholding Requirement			
Maintain alignment of the interests of the shareholders and the Executive Directors and commitment over the long-term	– Executive Directors are required to build and to hold shares in the Company to a minimum level of 250%-300% of their basic salary – Shareholding requirement to be satisfied through retention of a minimum of 50% of vested annual bonus and LTIP shares (excluding the sale of shares to cover tax on vesting), until the shareholding requirement is met – A post-employment shareholding requirement obliges Executive Directors to hold the lower of (i) their actual shareholding and (ii) their in-service shareholding requirement for two years post-employment. Applies to shares acquired from new awards and does not apply to own purchased shares	– 250%-300% of basic salary	– Not applicable

Selection of performance targets

STIP
Financial performance targets under the STIP are set by the Remuneration Committee with reference to the prior year, current year budget and medium-term financial targets. They align with the Group's strategic objectives while also ensuring the long-term operational and financial stability of the Group. Targets are set at appropriately stretching levels to achieve threshold, target and maximum payout levels. Performance targets are based predominately on the financial metrics of Volume Growth, Margin Expansion and Cash Conversion (amounting to 80% of maximum opportunity).

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.

Strategic objectives (amounting to 20% of maximum opportunity) are relevant to each Executive Director's specific area of responsibility and are key in ensuring focus on the strategic and functional priorities of the business.

Due to their commercial sensitivity, the Committee is of the view that it would be detrimental to the Company to disclose the targets in advance of or during the relevant performance period. The Committee will disclose the targets and performance against them in next year's Remuneration Report.

LTIP
The performance targets under the LTIP are set to reflect the Group's longer-term growth objectives and at a level where maximum opportunity genuinely represents outperformance. The performance metrics are currently based on Adjusted EPS Growth, TSR, ROACE and Sustainability metrics.

Adjusted EPS Growth is a key performance metric encompassing all the components of growth important to the Group's stakeholders. EPS Growth is driven by the STIP metrics, Volume Growth and Margin Expansion. TSR is an important indicator of how successful the Group has been in terms of shareholder value creation. 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. Sustainability metrics are core to maintaining our strategy and long-term sustainable performance and are reviewed at the time of each award.

How Remuneration Links with Strategy

Performance Metrics	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
Strategic objectives	Development and execution of business strategies	STIP
Adjusted EPS growth	Delivery of the Group's long-term growth strategy	LTIP
TSR	Delivery of shareholder value	LTIP
ROACE	Balance growth and return	LTIP
Sustainability	Core to our strategy and long-term sustainable performance	LTIP

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).

The key trigger events for the use of malus and clawback provisions include material misstatement of the Company's audited financial results, serious wrongdoing, payment made on the basis of erroneous data, gross misconduct, serious reputational damage and corporate failure.

Any recalculation of the award 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 offset against any amounts due or potentially due to the participant under any vested or unvested incentive awards.

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

Committee Discretion

The Committee has discretion to adjust the formulaic outcomes under STIP and LTIP to ensure outcomes are aligned to and are reflective of the underlying business performance of the Group.

In line with plan rules, the Committee may, at its discretion, amend or vary the performance metrics of the STIP and 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.

Service Contracts

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

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

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

If it is necessary to buy-out incentive pay or benefit arrangements (which would be forfeited on leaving the previous employer) in the case of an external appointment, this would be provided for taking into account the form (cash or shares), timing and expected value (i.e. likelihood of meeting any existing performance criteria) of the remuneration being forfeited. The general policy is that payment should be no more than the Committee considers is required to provide reasonable compensation for remuneration being forfeited. 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 Group 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 two-year holding requirement and prorated to reflect the proportion of the performance period that has elapsed on the date of cessation; and
- other payments, such as legal or other professional fees, repatriation or relocation costs and/or outplacement fees, may be paid if it is considered appropriate and at the discretion of the Committee.

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

Change of Control

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

Alignment with Workforce Pay and Policies

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

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

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

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

The Committee will seek shareholder approval at a later date for an All-Employee Share Plan which will allow for the grant of various share-based awards to employees across the Group once implemented (subject to local tax and securities laws).

Consultation with Employees

When setting remuneration for Executive Directors the Committee takes into account the remuneration structures, policies and practices in the Group as a whole, the feedback from employee engagement activities and the information provided by our external advisors. In addition, matters relating to remuneration which come to the attention of the Committee Chairperson, in his capacity as the designated workforce engagement Director, are reported to the Committee. The Group has a number of different channels for engagement and the Committee continually reviews and enhances these channels to enable the Committee to engage more effectively with the wider workforce to explain broader pay policies and practices and the alignment to the Executive Directors' Remuneration Policy.

Consultation with Shareholders

The Committee considers the guidelines issued by the major institutional shareholders and the bodies representing them and the feedback provided by such proxy advisors and shareholders, when completing its annual and triennial review of the Group's Executive Remuneration policies and practices.

The Committee is committed to continued consultation with shareholders regarding its Remuneration Policy.

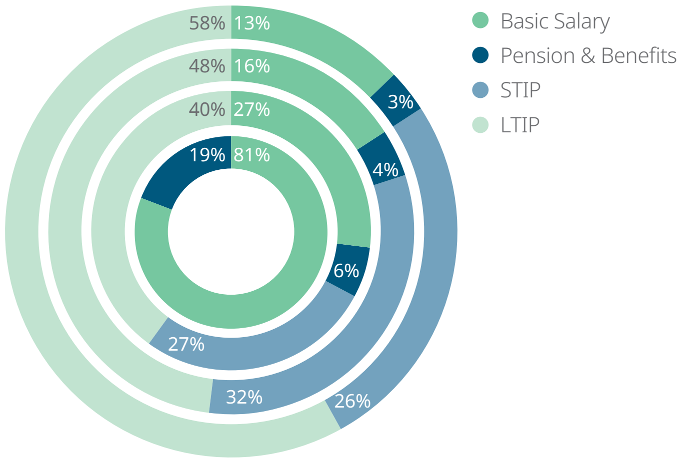
Non-Executive Directors' Remuneration Policy

Non-Executive Directors' fees, which are determined by the Executive Directors, fairly reflect the responsibilities and time spent by the non-Executive Directors on the Group's affairs. In determining the fees, which are set within the limits approved by shareholders, consideration is given to both the complexity of the Group and the level of fees paid to non-Executive Directors in comparable companies. Fees are reviewed on an annual basis and the basic fee is increased in line with the inflation increase available to the general force in Ireland. A detailed benchmark review is carried out on a three-year basis and any recommendations are presented to the Executive Directors for approval. Non-Executive Directors do not participate in the Group's incentive plans, pension arrangements or other elements of remuneration provided to the Executive Directors. Non-Executive Directors are reimbursed for travel and accommodation expenses (and any personal tax that may be due on those expenses). Non-Executive Directors are encouraged to build up a shareholding in the Company.

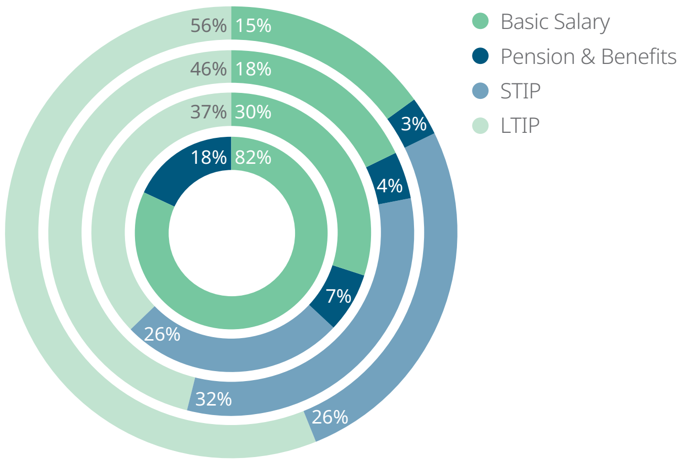
Illustration of Remuneration Policy

The following diagrams show the minimum, target, maximum and maximum +50% share appreciation composition balance between the fixed and variable remuneration components for each Executive Director effective for 2022. For illustration purposes, target performance for LTIP is reflected as 50% of maximum opportunity. The inner most circle represents the minimum potential scenario for remuneration, with the 2nd circle representing target, the 3rd circle representing maximum potential and the outer circle representing maximum potential plus 50% increase in the LTIP share value.

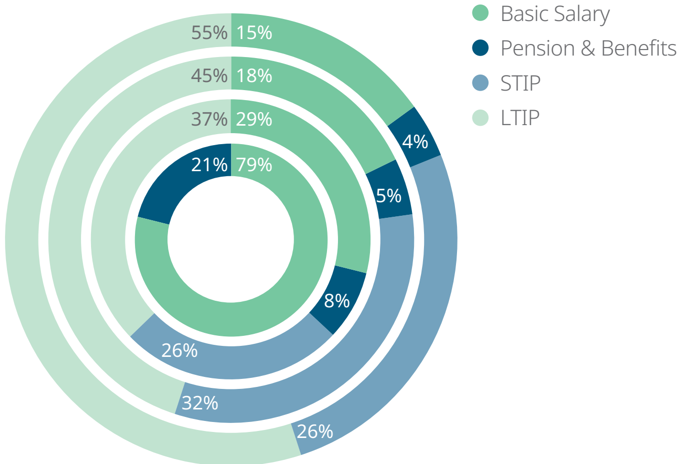
Edmond Scanlon



Marguerite Larkin



Gerry Behan



The charts above exclude the effect of any Company share price appreciation except in the 'maximum +50%' scenario.

Section D: Remuneration Policy Implementation

Part I: Remuneration Policy Implementation 2022

This part of the report sets out how the proposed Remuneration Policy as described on pages 127-128 will operate in 2022.

Basic Salary and Benefits

The salaries of the Executive Directors effective for the year commencing on 1 March 2022, together with the comparative figures, are as follows:

Directors	2022 €'000	2021 €'000	% Increase
Edmond Scanlon	1,249	1,219	2.5%
Marguerite Larkin	773	754	2.5%
	$'000	$'000	% Increase
Gerry Behan	1,019	987	3.3%

The increases in salaries for the Executive Directors are in line with increases for the general workforce in Ireland 2.5% and the US 3.3%.

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

Pensions

The Group CEO participates in the general employee Irish defined contribution scheme and the CFO receives a taxable cash allowance based on a percentage of basic salary, in lieu of pension. The CEO Taste & Nutrition participates in a US-defined contribution scheme and a US-defined benefit pension scheme.

Following the Remuneration Policy review carried out in 2020 pension contribution rates will continue as is for 2022. The pension contribution rate for Executive Directors will be aligned to that of Kerry's general workforce in Ireland (currently a rate of 10%) with effect from 1 January 2023.

Short-Term Incentive Plan (STIP)

A review of the STIP metrics was completed in 2021 to ensure that they remain appropriate, are linked to strategy, consistent with best practice and that the targets are appropriately calibrated. The Committee concluded that the only change required for 2022 was to amend the Margin Expansion metric from EBITA to EBITDA to reflect the updated mid-term targets and to ensure better alignment with internal performance measurement and with the metric more commonly used by our industry peers. There is no change to the weightings attributed to the metrics. All other metrics continue to support the Group's long-term sustainable growth and forward-looking strategy as well as attracting, motivating and retaining Executives of the highest quality internationally.

The maximum STIP opportunity remains the same as 2021: 200% of salary for the CEO and 175% of salary for the CFO and CEO Taste & Nutrition.

2022 STIP – Performance Metrics and Weightings				
	CEO and CFO % of award		CEO T&N % of award	
Group Metrics	Target	Max	Target	Max
Volume growth*	17.5%	35%	17.5%	35%
Margin expansion*	13.5%	27%	13.5%	27%
Cash conversion	9%	18%	9%	18%
Strategic objectives	10%	20%	10%	20%
Total	50%	100%	50%	100%

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

The Committee is of the view that a 50% of maximum award payout for on target performance is appropriate taking into account the level of stretch in the targets set. Due to the commercial sensitivity of the financial metrics and strategic objectives, the Committee is of the view that it would be detrimental to the Company to disclose the targets in advance of, or during, the relevant performance period. The Committee will disclose the targets and performance against them in next year's Remuneration Report.

Long-Term Incentive Plan (LTIP)

A review of the LTIP metrics was completed in 2021 to ensure that they remain appropriate, linked to strategy and that targets are appropriately stretching. The Committee concluded that no changes were required in relation to the financial metrics other than to amend the target range applicable for the ROACE metric to better align with the new mid-term targets communicated at the Capital Markets Day held in October 2021. The target range for the sustainability metrics has been increased as the Group progresses on its journey towards the targets included in the sustainability strategy *Beyond the Horizon*.

LTIP Award Year	**2022**	
Performance Metrics	**Threshold**	**Maximum**
EPS (40% weighting)[1]		
Kerry's EPS growth per annum	6%	12%
% of award which vests	25%	100%
ROACE (15% weighting)		
ROACE return achieved	9%	13%
% of award which vests	25%	100%
Relative TSR (25% weighting)		
Position of Kerry in peer group[2]	Median	Greater than 75th%
% of award which vests	25%	100%
Sustainability (20% weighting)[3]		
Nutrition Reach Goal	1.20bn	1.40bn
Carbon Reduction	40%	48%
Food Waste Reduction	20%	25%
% of award which vests	25%	100%

Note 1: Adjusted EPS growth is measured on a constant currency basis.
Note 2: The TSR Peer Group companies are listed on page 143. For LTIP awards granted in 2021 and subsequent years Aryzta is being replaced with Ingredion.
Note 3: Please see pages 34-35 for further details in relation to sustainability metrics.

The Committee is satisfied that the target ranges above are appropriately stretching particularly given the current challenging trading environment, overall market growth rates, the level of capital expenditure required to support future growth ambitions and performance achieved against the previous targets set (see pages 34-35).

The Policy implemented in 2021 included an increase in the maximum LTIP opportunity to be implemented on a phased basis over two years. The second phase of the increase will be implemented in 2022 and in line with this each Executive Director will be awarded their maximum LTIP opportunity in 2022 as follows: CEO 300% of basic salary, CFO 250% of basic salary and CEO Taste & Nutrition 250% of basic salary.

See Group Key Performance Indicators (KPIs) on pages 34 and 35 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

Non-Executive Director fees were last reviewed in 2020 and increases were made effective from 1 January 2021. As proposed in the Remuneration Policy put to Shareholders at the 2021 AGM, the Chairman's and non-Executive Director basic fees will be increased annually in line with the increase available to the general workforce in Ireland, which for 2022 is 2.5%. The following increases will be applied effective 1 March 2022.

Fee Type*	2022 Fees €	2021 Fees €
Chairman's fee	394,625	385,000
Non-Executive Director basic fee	86,100	84,000

* There are no changes to the Committee membership, Committee chair fees or any other fees.

Part II: Remuneration Policy Outturn 2021

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 EU Shareholders' Rights Directive, 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 and 7 below including relevant footnotes (identified as audited) forms an integral part of the audited consolidated financial statements as described in the basis of preparation on page 168. All other information in the Remuneration Report is additional disclosure and does not form an integral part of the audited consolidated financial statements.

Executive Directors' Remuneration

Table 1: Individual Remuneration for the year ended 31 December 2021 (Audited)

	Irish Based Directors Euros				US Based Director US Dollars	
	Edmond Scanlon CEO		Marguerite Larkin CFO		Gerry Behan[6] CEO T&N	
	2021 €'000	2020 €'000	**2021 €'000**	2020 €'000	**2021 $'000**	2020 $'000
Basic Salary[1]	**1,217**	1,113	**752**	688	**984**	895
Benefits[2]	**62**	45	**34**	34	**72**	72
Pensions[3]	**219**	214	**135**	132	**207**	273
Total Fixed Remuneration	**1,498**	1,372	**921**	854	**1,263**	1,240
% Fixed v Total	**39%**	59%	**42%**	77%	**42%**	62%
STIP[4]	**1,752**	–	**948**	–	**1,240**	–
LTIP[5]	**605**	951	**337**	261	**513**	751
Total Variable Remuneration	**2,357**	951	**1,285**	261	**1,753**	751
% Variable v Total	**61%**	41%	**58%**	23%	**58%**	38%
Total Remuneration	**3,855**	2,323	**2,206**	1,115	**3,016**	1,991
					€'000	€'000
					2,534	1,762

Note 1: During 2020 as a solidarity gesture in light of COVID-19 and those impacted, the Executive Directors volunteered a 25% reduction in their basic salary for a three month period, hence the reason it appears there is a larger than the inflationary increase year on year.
Note 2: These benefits primarily relate to the use of a company car or a car allowance
Note 3: The pension figure for Edmond Scanlon relates to Irish defined contribution pension benefits. Marguerite Larkin received a taxable cash payment in lieu of pension benefits. The employer pension contribution in 2020 for both Edmond and Marguerite remained at 18% of their basic salaries before the 25% temporary voluntary reduction in salary referred to above. The pension figure for Gerry Behan includes both defined benefit and defined contribution retirement benefits and similarly his employer pension contribution for 2020 was not impacted by the voluntary basic salary reduction applied during the year
Note 4: The 2021 STIP amount represents 67% delivered in cash with 33% delivered by way of shares/share options which are deferred for two years.
Note 5: The share price used to calculate the value of the LTIP is the average share price for the three months up to the end of the year being reported. A positive share price movement versus that applicable at the date the conditional awards were granted has increased the valuation of the awards (that will vest in 2022) over the three years by €98,947 for Edmond Scanlon, €55,071 for Marguerite Larkin and by €70,586 for Gerry Behan. The LTIP included in this table was awarded in 2019.
Note 6: The table shows the Executive Director's pay in the currency of payment to ensure clarity in reflecting the year-on-year payment comparisons.
Note 7: The total remuneration for Executive Directors was €8,595k (2020: €5,200k) using a US dollar exchange rate of 1.19 (2020: 1.13).

Basic Salary Increases

Edmond Scanlon's basic salary as Group CEO was increased by 2.5% and the basic salaries of Marguerite Larkin and Gerry Behan were increased by 2.5% and 3% respectively effective from 1 February 2021 in line with increases for the general workforce in Ireland and the US respectively. However as noted above, the Executive Directors took a voluntary 25% basic salary reduction for a three month period in 2020 as a solidarity gesture in light of COVID-19 and those impacted.

Annual Incentive Outcomes (STIP)

Table 2: Annual Bonus Achievement Against Targets

Financial Metrics (CEO, CFO, and CEO T&N – 80% weighting)

Metric		1. Volume Growth* (35% weighting)		2. Margin Expansion* (27% weighting)		3. Cash Conversion (18% weighting)
		Group	Taste & Nutrition	Group	Taste & Nutrition	Group
Targets	Threshold	2%	2%	+30 bps	+30 bps	70%
Targets	Target	4.5%	5.5%	+50 bps	+50 bps	80%
Targets	Max	5%	6%	+80 bps	+80 bps	90%
Actual performance		8%	8.3%	40 bps	40 bps	84%
Bonus outcome		35%	35%	7%	7%	12%
Link to strategy		Volume Growth is a key performance metric as it is one of the main drivers of Adjusted EPS Growth		Margin Expansion is a key performance metrics as it is another main driver of Adjusted EPS Growth		Cash Conversion is key to ensuring there are sufficient funds available for reinvestment or for return to shareholders

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

When setting the targets above the Committee considered them to be appropriate as they are aligned with the Group's strategic plan, were reflective of overall market conditions including the impact of COVID-19 on 2020 performance and the likely impact of COVID-19 on performance in 2021.The targets also take account of planned investments (both capital and operational) that the Group is making to enable revenue growth and margin expansion, as well as necessary working capital investments to mitigate global supply chain challenges and KerryConnect risks.

Strategic Objectives – 20% weighting

The table below sets out the performance outcome for the strategic element of the STIP.

Metric		4. Strategic Objectives (All – 20% weighting)		
		CEO	CFO	CEO T&N
Targets	Threshold	0	0	0
Targets	Target	10	10	10
Max		20	20	20
Actual performance		18	18	18
Bonus outcome		18%	18%	18%
Link to strategy		Specific to the Executive Directors responsibility linked to strategic plan implementation and talent management.		

Details of Strategic Objectives

The Executive Directors are also measured against Strategic objectives. Performance against these objectives is determined by the Committee by reference to key targets agreed with the Executives at the start of the year.

Strategic Objective	Weighting	Performance Assessment	Achievement
CEO	**20%**		**18%**
Portfolio & Strategy	10%	Strong progress in further solidifying Kerry's capability as a world leading Taste & Nutrition partner for the food, beverage and pharmaceutical markets: – Seamless and simultaneous execution of significant strategic divestments and acquisitions during the year: – Sale of Consumer Foods Meats and Meals business completed. – Acquisition of Niacet and other strategic businesses with strong growth and profitability profiles, further building Kerry's capability in Food Waste reduction and Bio-Pharma. – Comprehensive strategy refresh and updated mid-term targets communicated at the Capital Markets Day held in October 2021: – Ambitious growth and profitability targets. – Concentration on key growth platforms of Authentic Taste, Plant-based, Food Waste, and Health & Bio-Pharma. – Enhanced sustainability targets with an increased target for Scope 1 and 2 emissions reduction from 33% to 55% by 2030, and an extension of our commitment to equal gender representation across all senior management roles by 2030.	10%
Operating Model & Digital Enablement	5%	Significant Operating Model enhancements to further strengthen execution capability across the Group: – Digital enablement vision and roadmap established with a focus on enhanced customer and employee experience. – Evolved the Global Business Services organisation as a key pillar of Kerry's global operating model; two global centres established to deliver scalable repeatable services to all geographies. – Operational excellence programme established to deliver end-to-end supply chain capability for delivery of the Group's mid-term growth, margin and sustainability ambitions. Significant manufacturing footprint enhancements in key locations, Hammersdale - South Africa, Rome Georgia - USA, Nantong - China, Irapuato - Mexico, Olesnica - Poland and Jeddah - Saudi Arabia.	4%
Leadership Team and Succession Planning	5%	Strong progress in building strength, depth and diversity of leadership team and talent pipeline: – Strength and diversity of global leadership team further enhanced through key internal promotions and external appointments to achieve the target of equal gender representation at senior management level by 2030. – Championed Diversity, Inclusion and Belonging as a key business priority; ensured leadership accountability and robust plans in place to build enhanced inclusiveness and diversity. – Continued to ensure rigour in executive succession planning and development.	4%

Strategic Objective	Weighting	Performance Assessment	Achievement
CFO	**20%**		**18%**

Portfolio & Strategy	10%	Strong progress in further solidifying Kerry's capability as a world leading Taste & Nutrition partner for the food, beverage and pharmaceutical markets:
		– Seamless and simultaneous execution of significant strategic divestments and acquisitions:
		  – Sale of Consumer Foods Meats and Meals business completed.
		  – Acquisition of Niacet and other strategic businesses with strong growth and profitability profiles, further building Kerry's capability in Food Waste reduction and Bio-Pharma.
		– Comprehensive strategy refresh and updated mid-term targets communicated at the Capital Markets Day held in October 2021:
		  – Ambitious growth and profitability targets.
		  – Concentration on key growth platforms of Authentic Taste, Plant-based, Food Waste, and Health & Bio-Pharma.
		  – Enhanced sustainability targets with an increased target for Scope 1 and 2 emissions reduction from 33% to 55% by 2030, and an extension of our commitment to equal gender representation across all senior management roles by 2030.
			10%

Global Business Services, Analytics & Finance Transformation	5%	Significant Operating Model enhancements to further strengthen execution capability across the Group.
		– Evolved the Global Business Services ("GBS") organisation as a key pillar of Kerry's global operating model:
		  – Two global centres established to deliver scalable repeatable services to all geographies.
		  – GBS leadership teams established to manage the transition of Finance, HR and Regulatory services to these centres.
		  – Infrastructure and capability put in place to further expand services to these centres in 2022.
		– GBS effectively leveraged to enhance and streamline the Finance Operating Model around three key pillars: Business partnering, Centres of Expertise and Centres of Scale, supported and enabled by finance digital solutions and analytics
		– Enhanced group-wide analytics capability to drive agility, empowerment and decision-making.
			4%

Leadership and Succession	5%	Strong progress in building strength, depth and diversity of the Finance leadership team and talent pipeline: – Strength and diversity of global Finance leadership team further enhanced through key internal promotions and external appointments to achieve the target of equal gender representation at senior management level by 2030. – Championed Diversity, Inclusion and Belonging as a key business priority; ensured leadership accountability and robust plans in place to build enhanced inclusiveness and diversity. – Continued to ensure rigour in executive succession planning and development.	4%

Strategic Objective	Weighting	Performance Assessment	Achievement
CEO T&N	**20%**		**18%**

Portfolio & Strategy	10%	Strong progress in further solidifying Kerry's capability as a world leading Taste & Nutrition partner for the food, beverage and pharmaceutical markets:
		– Acquisition of Niacet and other strategic businesses with strong growth and profitability profiles, further building Kerry's capability in Food Waste reduction and Bio-Pharma.
		– Comprehensive strategy refresh and updated mid-term targets communicated at the Kerry Capital Markets Day in October 2021:
		  – Ambitious growth and profitability targets.
		  – Concentration on key growth platforms of Authentic Taste, Plant-based, Food Waste, and Health & Bio-Pharma.
		  – Enhanced sustainability targets with an increased target for Scope 1 and 2 emissions reduction from 33% to 55% by 2030, and an extension of our commitment to equal gender representation across all senior management roles by 2030.
			10%

T&N Operating Model Enhancements	5%	Enhanced commercial Operating model embedded consistently across all regions fully aligned to strategic growth priorities: – Global Taste Organisation reinforced, with taste leadership embedded in all regions. – Global Plant-based, Food Waste, and Health & Bio-Pharma Portfolio teams strengthened, coupled with strengthened capability in all regions. – Chief Commercial Officer function in place and, in partnership with regions, driving commercial excellence, digital enablement and enhanced customer experience. – Operational excellence programme established to deliver end-to-end supply chain capability across T&N for delivery of the Group's mid-term revenue growth, margin expansion and sustainability ambitions. – Significant manufacturing footprint enhancements in key locations, including Hammersdale - South Africa, Rome, Georgia, USA, Nantong - China, Irapuato - Mexico, Olesnica - Poland and Jeddah - Saudi Arabia.	4%
Leadership and Succession	5%	Further strengthened T&N leadership through internal promotions, strategic external hires and ongoing coaching and development: – Chief Commercial Officer driving commercial excellence and enhanced customer experience group-wide. – Appointment and ongoing mentoring of new CEOs in Europe and North America. – Enhanced diversity and leadership capability across all strategic growth priorities through a combination of internal promotions, external hires and ongoing coaching and development to achieve the target of equal gender representation at senior management level by 2030.	4%

The Committee reviewed progress against these objectives and concluded that strong progress was made by the Executive Directors against the objectives outlined above, which resulted in an award that was close to maximum achievement.

Discretion

The Committee concluded that there was no requirement to exercise discretion as the 2021 STIP outcomes reflected the underlying performance of the business, the broader stakeholder experience and the strong performance of the Executive Directors against strategic objectives.

Final Outturn for 2021

The targets for the Executive Directors, which were set by the Remuneration Committee, were challenging and stretching in the context of the uncertain and volatile economic environment due to inflationary pressures and the evolving and fast-changing COVID-19 situation. For 2021, a pay-out of 72% of max opportunity was achieved by each Director.

Under the policy, one third of the bonus is awarded by way of shares or options which are issued following the end of the two-year deferral period.

Long-Term Incentive Plan (LTIP)

2021 LTIP

A new LTIP plan was approved by shareholders at the 2021 AGM. The first conditional awards under this plan were made to Executive Directors in 2021. Subject to performance metrics being met over a three-year performance period, the first awards under this plan will potentially vest in March 2024, 100% of which will be subject to a two-year deferral period.

2013 LTIP

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

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

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

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

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

2019 LTIP Awards

Set out below is the performance against targets for the 2019 LTIP award where the three-year performance period ended on 31 December 2021 and the award vests in 2022.

EPS Performance Test

50% of the award vests according to the Group's average adjusted EPS growth ('EPS metric') 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:

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

Below 6% none of the award vests. Vesting between target points is on a straight line basis.

The COVID-19 pandemic had a particular impact on the EPS metric in 2020 (-9.4%), which negated the strong EPS growth achieved in 2019 (+8.3%) and 2021 (+12.1% after recognising a dilution of 3.2% resulting from the disposal of the Consumer Foods Meats and Meals business). As a result, the threshold level for this metric was not achieved, resulting in an award outcome calculated on a formulaic basis of 0% 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/Ingredion*	Danone	Novozymes	Unilever
General Mills	IFF	Premier Foods	

* Aryzta was replaced by Ingredion for awards granted in 2021 and subsequent years.

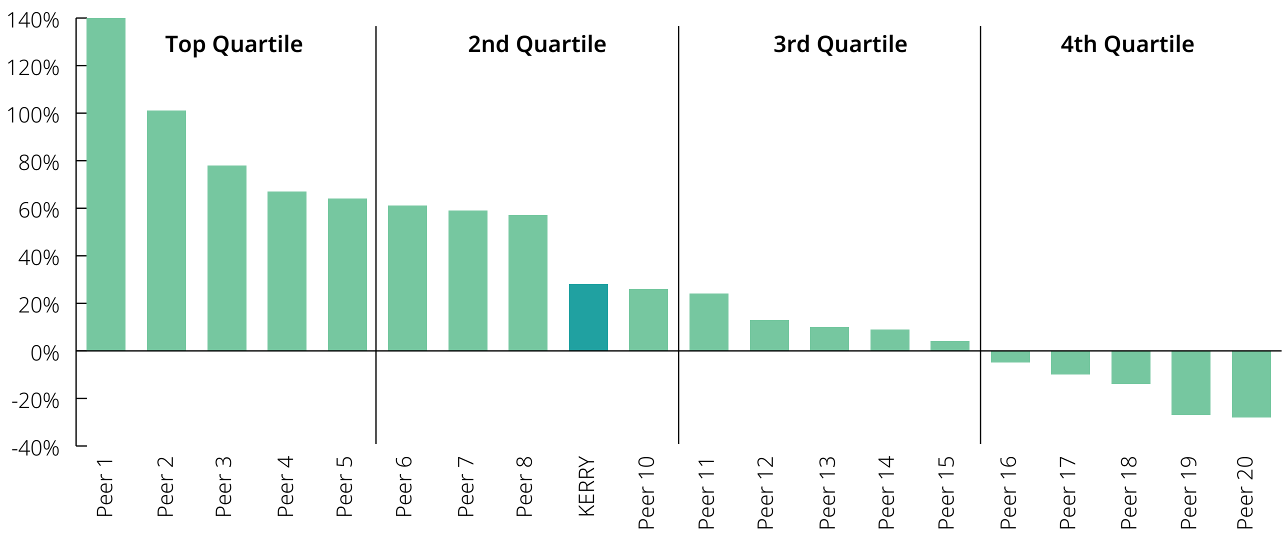
When assessing whether the performance hurdle has been met, this measurement is determined by reference to the ranking of Kerry's TSR over the three-year performance period, in comparison with the TSR performance of the companies in the peer group. The awards vest in line with the following table:

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 2019 to 31 December 2021 for the LTIP awards which issued in 2019. These awards have a vesting date on or before 30 April 2022.

3 Year TSR: Kerry and Comparator 1 January 2019 - 31 December 2021

See chart on page 148, which illustrates the Group's TSR performance from 2011 to 2021



Vesting Level for TSR Metric

The outcome of the measurement of the TSR condition in relation to the 2019 awards is in the 2nd quartile, resulting in an award outcome of 16% out of a possible maximum of 30%.

ROACE Performance Test

20% of the award vests according to the Group's ROACE over the performance period. ROACE represents a good perspective on the Group's internal rate of return and financial added value for shareholders. ROACE supports the strategic focus on growth and margins through ensuring cash is reinvested to generate appropriate returns. This measurement is determined by reference to the ROACE in each of the three financial years included in the performance period:

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

Below 10% none of the award vests. Vesting between target points is on a straight line basis.

Vesting Level for ROACE Metric

The outcome of the measurement of the ROACE condition in relation to the 2019 award is a ROACE of 10.5% resulting in a reward outcome of 6% out of a maximum of 20%.

Table 3: Overall Outcome of the 2019 LTIP Award Vesting in 2022

LTIP Metric*	Weighting %	Actual Vesting %
EPS	50%	0%
TSR	30%	16%
ROACE	20%	6%
		22%

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

Summary of outstanding LTIP awards

The following table shows the Executive Directors' and Company Secretary's interests under the LTIP. Conditional awards at 1 January 2021 relate to awards made in 2018, 2019 and 2020 which have a three-year performance period. The 2018 awards vested in 2021. The 2019 and 2020 awards will potentially vest in 2022 and 2023 respectively. The market price of the shares on the date of each award is disclosed in note 28 to the financial statements.

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

Table 4: Individual Interest in LTIP (Audited)

LTIP Vesting and Conditional Awards								
	LTIP Scheme	Conditional Awards at 1 January 2021	Share Awards Vested During the Year	Share Option Awards Vested During the Year	Share/Option Awards Lapsed During the Year	Conditional Awards Made During the Year	Conditional Awards at 31 December 2021	Share Price at Date of Conditional Award Made During the Year
Directors								
Edmond Scanlon	2013	80,916	_	(8,328)	(17,297)	28,270	83,561	€107.80
Marguerite Larkin	2013	32,714	_	(2,285)	(4,746)	15,734	41,417	€107.80
Gerry Behan	2013	50,615	(5,820)	_	(12,089)	17,090	49,796	€107.80
Company Secretary								
Ronan Deasy	2013	12,119	_	(1,512)	(1,783)	2,948	11,772	€107.80

Conditional LTIP awards made on 04 May 2021, under the new 2021 LTIP Plan, have a three-year performance period and will potentially vest in March 2024. Under the new plan, 100% of the shares/share options which potentially vest under the LTIP are issued to participants following a two-year deferral period in March 2026.

For awards made prior to 2021, 50% of the shares/share options which potentially vest under the LTIP, are issued immediately upon vesting with the remaining 50% of the award 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 2021	Share Options Exercised During the Year	Share Options Vested During the Year1	Share Options Outstanding at 31 December 2021	Exercise Price Per Share
Directors					
Edmond Scanlon[1]	30,355	–	**8,328**	**38,683**	**€0.125**
Marguerite Larkin[1]	2,256	–	**2,285**	**4,541**	**€0.125**
Company Secretary					
Ronan Deasy	3,547	**(2,104)**	**1,512**	**2,955**	**€0.125**

Note 1: Share Options which vested in March 2021 related to 2018 LTIP awards. 50% of share options vested under the LTIP are subject to a two-year deferral period and 25% of the STIP payments which are delivered in share options are subject to a two-year deferral period.

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

Executive Directors' Pensions

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

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

	Accrued Benefits on Leaving Service at End of Year		
	Increase During the Year (Excluding Inflation) $'000	Accumulated Total at End of Year $'000	Transfer Value of Increase in Accumulated Accrued Benefits $'000
Gerry Behan			
2021	**17**	**599**	**229**
2020	31	583	451

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

Note: Contributions were made to an Irish defined contribution plan in respect of Edmond Scanlon. Marguerite Larkin receives a taxable cash payment in lieu of pension benefits. These contributions are reflected in the single figure table (table 1) on page 137.

Payments to Former Directors

No payments were made to former Directors during 2021 (2020: €nil) in respect of their duties as Directors. Vested 2016 LTIP awards and vested 2018 STIP awards, which were subject to a two-year deferral period and delivered in 2021 in respect of former Executive Directors, were disclosed in previous annual reports when earned and therefore are not disclosed separately.

Payment for Loss of Office

There were no payments for loss of office in 2021 (2020: €nil).

Non-Executive Director Remuneration

Table 7: Remuneration paid to non-Executive Directors in 2021 (Audited)

	Fees 2021 €	Fees 2020[1] €
Hugh Brady	**114,000**	91,875
Gerard Culligan	**84,000**	73,125
Karin Dorrepaal	**104,000**	91,875
Joan Garahy [2]	**44,667**	120,000
Emer Gilvarry [3]	**99,833**	14,666
James C. Kenny	**-**	39,000
Michael Kerr [4]	**77,667**	-
Tom Moran	**126,000**	103,125
Con Murphy	**84,000**	73,125
Christopher Rogers	**119,000**	102,037
Philip Toomey	**385,000**	335,156
Jinlong Wang [5]	**119,790**	-
	1,357,957	1,043,984

Note 1: During 2020, as a solidarity gesture in light of COVID-19 and those impacted, the Chairman and the non-Executive Directors volunteered a 25% reduction in their fees for a three-month period.
Note 2: Joan Garahy retired from the Board on 29 April 2021
Note 3: Emer Gilvarry was appointed to the Board on 1 November 2020.
Note 4: Michael Kerr was appointed to the Board on 3 May 2021.
Note 5: Jinlong Wang was appointed to the Board on 5 January 2021.

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 €15,515.

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 8: Directors and Company Secretary Shareholdings

	31 December 2021 Ordinary Shares Number	31 December 2021 Share Options Number	31 December 2021 Total Number	31 December 2020 Ordinary Shares Number	31 December 2020 Share Options Number	31 December 2020 Total Number
Directors						
Gerry Behan	**61,346**	–	**61,346**	55,581	–	55,581
- Deferred[1]	**11,405**	–	**11,405**	16,071	–	16,071
Hugh Brady	**1,700**	–	**1,700**	–	–	–
Gerard Culligan	–	–	–	–	–	–
Karin Dorrepaal	–	–	–	–	–	–
Joan Garahy[2]	**1,050**	–	**1,050**	1,050	–	1,050
Emer Gilvarry	**850**	–	**850**	–	–	–
Michael Kerr[3]	**10,000**	–	**10,000**	–	–	–
Marguerite Larkin	**1,500**	**1,838**	**3,338**	1,500	–	1,500
- Deferred[1]	–	**2,703**	**2,703**	–	2,256	2,256
Tom Moran	**539**	–	**539**	539	–	539
Con Murphy	**7,728**	–	**7,728**	7,721	–	7,721
Christopher Rogers	**640**	–	**640**	640	–	640
Edmond Scanlon	**19,611**	**25,749**	**45,360**	9,611	17,199	26,810
- Deferred[1]	–	**12,934**	**12,934**	–	13,156	13,156
Philip Toomey	**9,000**	–	**9,000**	6,000	–	6,000
Jinlong Wang[4]	–	–	–	–	–	–
Company Secretary						
Ronan Deasy	**3,230**	**1,093**	**4,323**	3,230	1,106	4,336
- Deferred[1]	–	**1,862**	**1,862**	–	2,441	2,441

Note 1: The deferred shares and share options above, relate to 25% of the awarded amount of the Executive Directors 2019 STIP award and 50% of the 2017 and 2018 LTIP award (vested in March 2020 and 2021 respectively). These awards are subject to a two-year deferral period and will be delivered in shares/share options in March 2022 and March 2023 respectively.
Note 2: Shareholding for Joan Garahy when she left the group in April 2021.
Note 3: Michael Kerr joined the board 3 May 2021
Note 4: Jinlong Wang joined the Board on 5 January 2021

Shareholding Guidelines

The table below sets out the Executive Directors' shareholding at 31 December 2021 shown as a multiple of basic salary. Refer to the Remuneration Policy Table on page 130 in Section C for details of the Executive Director shareholding requirements.

Table 9: Individual Shareholding as a Multiple of Basic Salary

Executive Director	As a Multiple of Basic Salary[1]
Edmond Scanlon	**5.4x**
Marguerite Larkin[2]	**0.9x**
Gerry Behan	**9.9x**

Note 1: The share price used to calculate the above is the share price as at 31 December 2021 and the shareholding is based on all shares held and vested option awards (including deferred) reflected in table 8 above.
Note 2: Marguerite Larkin, in line with the proposed new policy, has to increase her shareholding to at least the minimum 2.5x basic salary through the retention of 50% of vested annual bonus and LTIP shares/options (after sales to meet taxes).

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 2011 to 31 December 2021. Also outlined in the table on page 149, 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 31/12/2011)

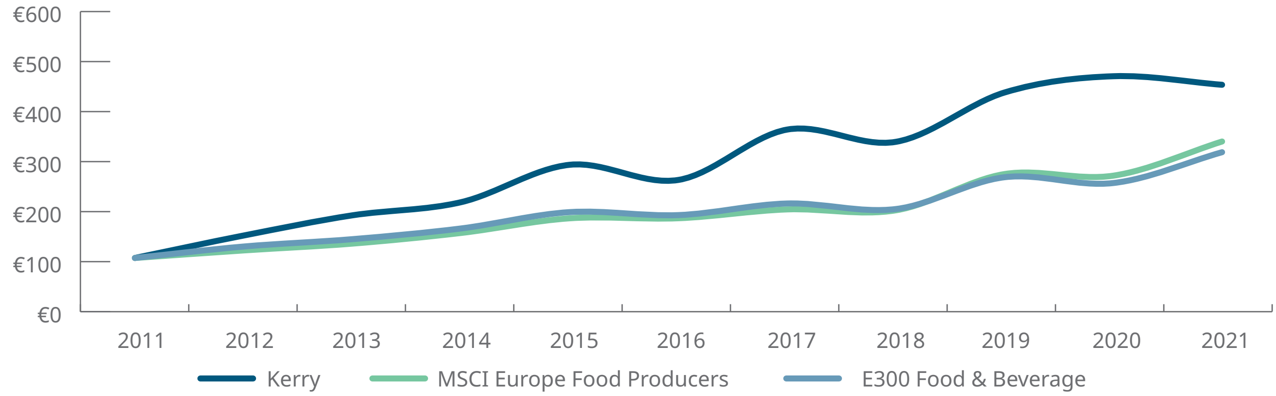


Table 10: Remuneration Paid to the CEO 2012 – 2021

The Committee believes that the Policy and the supporting reward structure provide a clear alignment with the strategic objectives and performance of the Group. To maintain this relationship, the Committee regularly reviews the business priorities and the environment in which the Group operates. The table below shows the Group CEO's total remuneration over the last 10 years and the achieved annual variable and long-term incentive pay awards as a percentage of the plan maximum.

	Total remuneration €'000	Annual incentive achieved as a % of maximum	LTIP achieved as a % of maximum
CEO – Stan McCarthy			
2012	3,538	74%	100%
2013	3,592	70%	100%
2014	3,283	57%	91.9%
2015	4,161	58%	61.8%
2016	3,625	62%	29.4%
2017	5,285	75%	62.3%
CEO – Edmond Scanlon			
2017[1]	808	75%	62.3%
2018	2,577	60%	63.7%
2019	3,991	76%	62.8%
2020	2,323	0%	32.5%
2021	3,855	72%	21.8%

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 11: Annual change in pay for Directors and all Employees

In line with the implementation of Articles 9a and 9b of European Directive 2017/828/EC1 (commonly known as the Revised Shareholder Rights Directive or SRDII) into the Irish Companies Act 2014, the table below shows the percentage change in each Director's total remuneration and the global average total remuneration of an employee from the year ended 31 December 2020 to the year ended 31 December 2021.

Year-on-year change in pay for Directors compared to the global average employee				
Executive Directors[1]	**2021 €**	**2020 €**	**YoY Change %**	**2019 €**
Edmond Scanlon	**3,855,000**	2,323,000	66%	3,991,000
Marguerite Larkin	**2,206,000**	1,115,000	98%	1,558,000
Gerry Behan	**2,534,000**	1,762,000	44%	3,329,000
Non-Executive Directors[2]				
Hugh Brady	**114,000**	91,875	24%	98,000
Gerard Culligan	**84,000**	73,125	15%	78,000
Karin Dorrepaal	**104,000**	91,875	13%	98,000
Joan Garahy*	**44,667**	120,000	(63%)	128,000
Emer Gilvarry*	**99,833**	14,666	581%	-
Michael Kerr*	**77,667**	-		100%
Tom Moran	**126,000**	103,125	22%	105,000
Con Murphy	**84,000**	73,125	15%	78,000
Christopher Rogers	**119,000**	102,037	17%	103,000
Philip Toomey	**385,000**	335,156	15%	357,500
Jinlong Wang*	**119,790**	-		100%
All Group Employees[3]	**47,434**	**46,389**	**2.3%**	**45,824**
TSR Performance[4]			**-3.7%**	

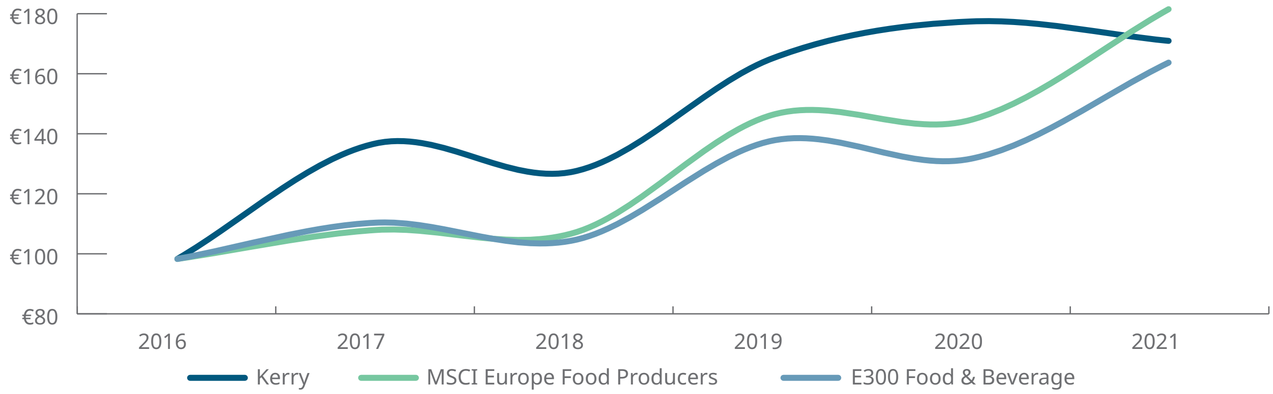
Note 1: In 2020 the Executive Directors volunteered a 25% reduction in their basic fees for a three-month period, received no STIP payment and a low LTIP award due to the impact of COVID-19. These are the main reasons for the year on year % change reflected above.

Note 2: From 1 January 2021, the non-Executive Directors fees were increased for the first time in 3 years in line with the Remuneration Policy approved at the 2021 AGM. This, together with the 25% voluntary reduction in their basic fees for a three-month period in 2020, are the main reasons for the year on year % change reflected above. In addition a number of new non-Executive Directors joined the Board and one non-Executive Director retired (marked with an asterix above). Their fees are reflective of their period of office.

Note 3: Calculated by dividing the aggregate payroll costs of employees in 2021 (excluding social welfare costs and costs related to Executive Directors) by the average number of employees in 2021, as disclosed in note 4 to the consolidated financial statements.

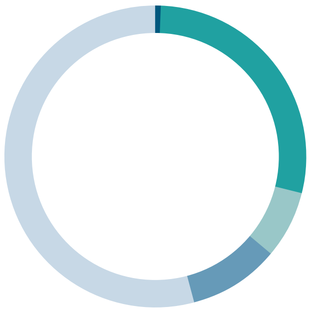
Note 4: TSR performance for the period from 31 December 2020 to 31 December 2021.

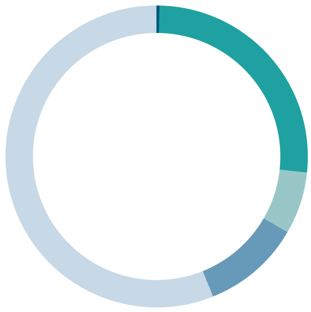
Performance of the Company: 5 Year Total Shareholder Return



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 all share schemes does not exceed 10% of the Group's share capital over a rolling ten year period, with a further limitation of 5% in any ten-year period in respect of discretionary schemes. The dilution resulting from all vested share awards/share options for the ten-year period to 31 December 2021 is 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 0.7%.

Table 12: CEO Ratio

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

In providing the CEO ratio we have used Method C as set out in the regulations but have applied the principles of Method A.

	2021	2020
Chief Executive Officer's: Total remuneration	**€3,855,000**	€2,323,000
Median Irish employee: Total remuneration	**€43,260**	€42,137
Median Irish employee: Salary only	**€40,645**	€39,654
Median pay ratio – Total remuneration	**89x**	55x
Median pay ratio – excluding all variable short and long-term incentive	**37x**	33x

The Committee believes that our senior executives should have a significant proportion of their pay directly linked to Group performance in order to drive alignment with shareholders. A significant portion of the Chief Executive Officer's remuneration is therefore delivered through the Group's short-term and long-term incentive plans where awards are linked to Group performance and share price movements over time. This means that ratios will depend significantly on short-term and long-term incentive outturns and may fluctuate from year to year as a result.

The CEO pay ratio based on total remuneration has increased year on year. Performance outturns under both the short-term and long-term incentive plans in 2020 were low with no STIP payout and only a 32.5% outturn for LTIP. In addition, the CEO took a 25% voluntary reduction in basic salary for three months in 2020, in light of the COVID-19 pandemic. In 2021, as reported in previous sections, there was a good performance against STIP targets resulting in a 72% payout of maximum opportunity. The LTIP award for the three-year period ended 31 December 2021 had a vesting outturn of 22% of maximum which is lower than last year's level of 32.5%. As a result, the total remuneration for the Chief Executive Officer has increased in 2021 as compared to 2020.

The remuneration earned by the median Irish employee has also increased year on year due to annual pay increases. As the median Irish employee does not participate in the Group's short-term or long-term performance related incentive plans, the Committee has provided the median pay ratio excluding these variable pay elements again in 2021 and this ratio has also increased year on year.

Statement on Shareholder Voting

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

Table 13: Votes on Remuneration

Total Votes Cast	Votes For	Votes Against	Votes Withheld/Abstained
Directors' Remuneration Policy (2021 AGM)			
108,924,838	105,041,472	3,883,366	1,242,809
	96.4%	3.6%	
Directors' Remuneration Report (2021 AGM)			
109,313,536	108,385,726	927,810	854,111
	99.2%	0.8%	

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.

INDEPENDENT AUDITORS' REPORT

Independent auditors' report to the members of Kerry Group plc

Report on the audit of the financial statements

Opinion

In our opinion, Kerry Group plc's Consolidated financial statements and Company financial statements (the 'financial statements'):

- give a true and fair view of the Group's and the Company's assets, liabilities and financial position as at 31 December 2021 and of the Group's profit and the Group's and the Company's cash flows for the year then ended;
- have been properly prepared in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union and, as regards the Company's financial statements, as applied in accordance with the provisions of the Companies Act 2014; and
- have been properly prepared in accordance with the requirements of the Companies Act 2014 and, as regards the Group financial statements, Article 4 of the IAS Regulation.

We have audited the financial statements, included within the Annual Report, which comprise:

- the Consolidated and Company balance sheets as at 31 December 2021;
- the Consolidated income statement and Consolidated statement of comprehensive income for the year then ended;
- the Consolidated and Company statements of cash flows for the year then ended;
- the Consolidated and Company statements of changes in equity for the year then ended; and
- the notes to the financial statements, which include a description of the significant accounting policies.

Certain required disclosures have been presented elsewhere in the Annual Report, rather than in the notes to the financial statements and are described as being an integral part of the financial statements as set out in the basis of preparation on page 168. These are cross-referenced from the financial statements and are identified as audited.

Our opinion is consistent with our reporting to the Audit Committee.

Separate opinion in relation to IFRSs as issued by the IASB

As explained in note 1 to the financial statements, the Group, in addition to applying IFRSs as adopted by the European Union, has also applied IFRSs as issued by the International Accounting Standards Board (IASB).

In our opinion, the consolidated financial statements comply with IFRSs as issued by the IASB.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (Ireland) ('ISAs (Ireland)') and applicable law. Our responsibilities under ISAs (Ireland) are further described in the Auditors' responsibilities for the audit of the financial statements section of our report. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

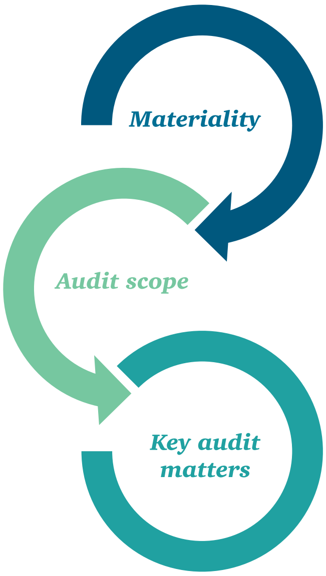
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

To the best of our knowledge and belief, we declare that non-audit services prohibited by IAASA's Ethical Standard were not provided to the Group or the Company.

Other than those disclosed in note 3 to the financial statements, we have provided no non-audit services to the Group or the Company in the period from 1 January 2021 to 31 December 2021.

Our audit approach

Overview



Materiality
- €35 million (2020: €34.5 million) - Consolidated financial statements.
- Based on approximately 5% of profit before taxation and non-trading items. In the prior year, materiality was based on approximately 5% of the three-year average profit before taxation and non-trading items.
- €10.5 million (2020: €8 million) - Company financial statements.
- Based on approximately 1% of net assets.

Audit scope
- We conducted audit work in 39 reporting components. We selected these components due to their size or characteristics and to ensure appropriate audit coverage. An audit of the complete financial information of 26 components was performed. Specific audit procedures on certain balances and transactions were also performed at a further 13 components. We also performed audit work at each of the principal shared service centres.
- The reporting components where an audit of the complete financial information was performed accounted for in excess of 85% of Consolidated revenues and in excess of 85% of Consolidated profit before taxation and non-trading items.

Key audit matters
- Goodwill and indefinite life intangible assets impairment assessment.
- Business combinations - valuation of acquired intangible assets.
- Income taxes.

The scope of our audit

As part of designing our audit, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular, we looked at where the directors made subjective judgements, for example in respect of significant accounting estimates that involved making assumptions and considering future events that are inherently uncertain. As in all of our audits we also addressed the risk of management override of internal controls, including evaluating whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Key audit matters

Key audit matters are those matters that, in the auditors' professional judgement, were of most significance in the audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) identified by the auditors, including those which had the greatest effect on: the overall audit strategy; the allocation of resources in the audit; and directing the efforts of the engagement team. These matters, and any comments we make on the results of our procedures thereon, were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. This is not a complete list of all risks identified by our audit.

Key audit matter	How our audit addressed the key audit matter
Goodwill and indefinite life intangible assets impairment assessment Refer to note 1 'Statement of accounting policies' - 'Intangible assets' & 'Critical accounting estimates and judgements' and note 12 'Intangible assets'. The Group has goodwill and indefinite life intangible assets of €4,743 million at 31 December 2021 representing approximately 42% of the Group's total assets at year end. Goodwill and indefinite life intangible assets are subject to impairment testing on an annual basis or more frequently if there are indicators of impairment. We determined this to be a key audit matter given the scale of the assets and because the determination of whether an impairment charge for goodwill or indefinite life intangible assets was necessary involves significant judgement in estimating the future results of the business and determining the appropriate discount rate to use.	Our audit team, assisted by our in-house valuation experts, considered the Group's impairment models and evaluated the methodology followed and key assumptions used. We tested the mathematical accuracy of the underlying calculations in the models. We assessed management's future cash flow forecasts, and the process by which they were drawn up, including comparing them to the latest board approved budgets. In evaluating these forecasts we considered the Group's historic performance and its past record of achieving strategic objectives, and management's assessment of the likely impact which COVID-19 may have on financial performance. We assessed the appropriateness of the Group's forecast growth rate assumptions used to calculate terminal values at year five, by comparing them to independent sources (for example, OECD statistics) of projected growth rates for each region. We used our in-house valuation experts in assessing management's calculation of the discount rate. Our experts developed a range of discount rates (adjusted to reflect risks associated with each group of CGUs) using observable inputs from independent external sources. We also considered management's sensitivity analysis and performed our own sensitivity analysis on the impact of changes in key assumptions on the impairment assessment, for example the cash flows, discount rates and the rates of growth assumed by management. Based on our procedures we determined that management's conclusion that there was no goodwill or indefinite life intangible assets impairment was reasonable. We assessed the appropriateness of the related disclosures within the financial statements and consider the disclosures, including the assessed impact of climate change on the impairment assessment to be reasonable.
Business combinations valuation of acquired intangible assets Refer to note 1 'Statement of accounting policies' - 'Business combinations' and 'Critical accounting estimates and judgements' and note 30 'Business combinations'. The Group completed 5 acquisitions during 2021, the most significant of which was Hare Topco, Inc. (trading as Niacet Corp.) which is based in the Americas and EMEA regions of the Taste & Nutrition segment. The Group was required to determine the fair values of all acquired assets and liabilities including the identification and valuation of intangible assets. The most significant acquired asset in all cases was brand related intangibles. In accordance with IFRS 3, 'Business Combinations', the valuations referred to above have been prepared on a provisional basis. The Group will finalise its valuations within the 12-month measurement period. We determined this to be a key audit matter as significant judgement is exercised in selecting an appropriate valuation methodology. Judgement is also exercised in determining assumptions such as revenue growth rates and the excess earnings rate which underlie the cash flows in the valuation models. Other significant assumptions include the discount rate and contributory asset charge.	We obtained and evaluated the valuation reports prepared by management to value brand related intangibles. We were assisted by our in-house valuation experts in assessing the reasonableness of the valuation methodologies and assumptions used by the Group. We considered the assumptions used to derive the cash flows underlying the valuation model (including the revenue growth rates and the excess earnings rates) by agreeing them to the board approved business case and external data where available. In evaluating these forecasts, we considered any likely impact which COVID-19 may have on financial performance and how this was reflected in the valuation models. We also considered the discount rate and contributory asset charge in light of the acquiree's industry and geography. We were satisfied that the methodology and assumptions used were reasonable. We assessed the appropriateness of the related disclosures within the financial statements and consider the disclosures to be reasonable.

Key audit matter	How our audit addressed the key audit matter
Income taxes Refer to note 1 'Statement of accounting policies' - 'Income taxes' and 'Critical accounting estimates and judgements', note 7 'Income taxes' and note 17 'Deferred tax assets and liabilities'. The global nature of the Group means that it operates across a large number of jurisdictions and is subject to periodic challenges by local tax authorities on a range of tax matters during the normal course of business. Tax legislation is open to different interpretations and the tax treatments of many items are uncertain. Tax audits can require several years to conclude, and transfer pricing judgements may impact the Group's tax liabilities. Management judgement and estimation is required in the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities. We determined this to be a key audit matter due to its inherent complexity and the estimation and judgement involved in the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities.	We obtained an understanding of the Group tax strategy through discussions with management and the Group's in-house tax specialists. The team, assisted by PwC International and Irish taxation specialists, challenged judgements used and estimates made by management to measure uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities. This included obtaining explanations regarding the tax treatment applied to material transactions and evidence to corroborate management's explanations. Such evidence, where appropriate, included management's communications with local tax authorities and copies of the tax advice obtained by management from its external tax advisors including transfer pricing studies. Based on the evidence obtained, while noting the inherent uncertainty with such tax matters, we determined the measurement of uncertain tax positions in the context of the recognition of current and deferred tax assets/liabilities as at 31 December 2021 to be within an acceptable range of reasonable estimates.

How we tailored the audit scope

We tailored the scope of our audit to ensure that we performed enough work to be able to give an opinion on the financial statements as a whole, taking into account the structure of the Group, the accounting processes and controls, including those performed at the Group's shared service centres and the industry in which the Group operates.

The Group is structured along two operating segments: Taste & Nutrition and Consumer Foods. The majority of the Group's components are supported by one of the Group's principal shared service centres in Ireland, Malaysia, and the United States.

We determined that an audit of the complete financial information should be performed at 26 components due to their size or risk characteristics and to ensure appropriate coverage. These 26 components included components that control central Group functions such as Treasury and Employee Benefits. Specific audit procedures on certain balances and transactions were also performed at a further 13 components primarily to ensure appropriate audit coverage. The reporting components where an audit of the complete financial information was performed accounted for in excess of 85% of Consolidated revenues and in excess of 85% of Consolidated profit before taxation and non-trading items.

The Group team performed the audit of the central function components and component auditors within PwC ROI and from other PwC network firms, operating under our instruction, performed the audit on all other in scope components and the required supporting audit work at each of the Group's principal shared service centres.

The Group team was responsible for the scope and direction of the audit. Where the work was performed by component auditors, we determined the level of involvement the Group team needed to have to be able to conclude whether sufficient appropriate audit evidence had been obtained as a basis for our opinion on the consolidated financial statements as a whole.

Due to the current restrictions on travel and social distancing measures, enacted as a response to the global pandemic, the Group engagement leader and senior members of the Group engagement team used video conferencing to facilitate our oversight of the component auditor work and had video meetings and discussions with management and component audit teams in Ireland, the USA, Brazil, Mexico and the Asia Pacific region.

The meetings with our component teams confirmed their audit approach. The meetings also involved discussing and understanding the significant audit risk areas and obtaining updates on local laws and regulations and other relevant matters. In addition to the meetings noted above, the Group team interacted regularly with the component teams during all stages of the audit. We received a detailed memorandum of examination on work performed and relevant findings in addition to an audit report which supplemented our understanding of the individual components. In addition to this, the Group engagement team reviewed certain audit working papers in component audit files. Post audit conference calls were held with all in scope audit teams to discuss their audit findings.

This, together with audit procedures performed by the Group team gave us the evidence we needed for our opinion on the consolidated financial statements as a whole. These procedures included, amongst others, procedures over IT systems, treasury, post-retirement benefits, the consolidation process and key audit matters including uncertain tax positions, impairment testing of goodwill and indefinite lived intangible assets, and business combinations.

Materiality
The scope of our audit was influenced by our application of materiality. We set certain quantitative thresholds for materiality. These, together with qualitative considerations, helped us to determine the scope of our audit and the nature, timing and extent of our audit procedures on the individual financial statement line items and disclosures and in evaluating the effect of misstatements, both individually and in aggregate on the financial statements as a whole.

Based on our professional judgement, we determined materiality for the financial statements as a whole as follows:

	Consolidated financial statements	Company financial statements
Overall materiality	€35 million (2020: €34.5 million).	€10.5 million (2020: €8 million).
How we determined it	Approximately 5% of profit before taxation and non-trading items. In the prior year, materiality was calculated using 5% of the three-year average profit before taxation and non-trading items.	Approximately 1% of net assets.
Rationale for benchmark applied	We applied this benchmark because in our view this is a metric against which the recurring performance of the Group is commonly measured by its stakeholders and it results in using a materiality level that excludes the impact of volatility in earnings. In the prior year, the benchmark applied was reflective of the effect that the COVID-19 pandemic had on the results of the business.	The entity is a holding Company whose main activity is the management of investments in subsidiaries.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.7 million (Group audit) (2020: €1.7 million) and €525,000 (Company audit) (2020: €400,000) as well as misstatements below that amount that, in our view, warranted reporting for qualitative reasons.

Conclusions relating to going concern

Our evaluation of the directors' assessment of the Group and Company's ability to continue to adopt the going concern basis of accounting included:

- evaluating management's going concern assessment (being the period of 12 months from the date on which the financial statements are authorised for issue) and challenging the key assumptions. In evaluating these forecasts, we considered the Group's historic performance and its past record of achieving strategic objectives. Additionally, we have considered management's assessment of the likely impact which COVID-19 and climate related risks may have on financial performance and liquidity for a period of 12 months from the date on which the financial statements are authorised for issue;
- testing the mathematical integrity of the forecasts and the models and reconciling these to board approved budgets;
- considering whether the assumptions underlying the base case were consistent with related assumptions used in other areas of the entity's business activities, for example in testing for non-financial asset impairment;
- performing our own independent sensitivity analysis to assess further appropriate downside scenarios; and
- considering the Group's available liquidity, financing and maturity profile to assess liquidity through the going concern assessment period.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Group's or the Company's ability to continue as a going concern for a period of at least twelve months from the date on which the financial statements are authorised for issue.

In auditing the financial statements, we have concluded that the directors' use of the going concern basis of accounting in the preparation of the financial statements is appropriate.

However, because not all future events or conditions can be predicted, this conclusion is not a guarantee as to the Group's or the Company's ability to continue as a going concern.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the directors' statement in the financial statements about whether the directors considered it appropriate to adopt the going concern basis of accounting.

We are required to report if the directors' statement relating to going concern in accordance with Rule 6.1.82 (3) (a) of the Listing Rules for Euronext Dublin and Rule 9.8.6 R (3) of the Listing Rules of the UK Financial Conduct Authority is materially inconsistent with our knowledge obtained in the audit. We have nothing to report in respect of this responsibility.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Reporting on other information

The other information comprises all of the information in the Annual Report other than the financial statements and our auditors' report thereon. The directors are responsible for the other information. Our opinion on the financial statements does not cover the other information and, accordingly, we do not express an audit opinion or, except to the extent otherwise explicitly stated in this report, any form of assurance thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If we identify an apparent material inconsistency or material misstatement, we are required to perform procedures to conclude whether there is a material misstatement of the financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report based on these responsibilities.

With respect to the Directors' Report, we also considered whether the disclosures required by the Companies Act 2014 (excluding the information included in the 'Non Financial Statement' as defined by that Act on which we are not required to report) have been included.

Based on the responsibilities described above and our work undertaken in the course of the audit, ISAs (Ireland), the Companies Act 2014 (CA14) and the Listing Rules applicable to the Company (Listing Rules) require us to also report certain opinions and matters as described below (required by ISAs (Ireland) unless otherwise stated).

Directors' Report

- In our opinion, based on the work undertaken in the course of the audit, the information given in the Directors' Report (excluding the information included in the 'Non Financial Statement' on which we are not required to report) for the year ended 31 December 2021 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements. (CA14)
- Based on our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit, we did not identify any material misstatements in the Directors' Report (excluding the information included in the 'Non Financial Statement' on which we are not required to report). (CA14)

Corporate governance statement

- In our opinion, based on the work undertaken in the course of the audit of the financial statements,
  - the description of the main features of the internal control and risk management systems in relation to the financial reporting process included in the Corporate Governance Report; and
  - the information required by Section 1373(2)(d) of the Companies Act 2014 included in the Report of the Directors;

  is consistent with the financial statements and has been prepared in accordance with section 1373(2) of the Companies Act 2014. (CA14)
- Based on our knowledge and understanding of the Company and its environment obtained in the course of the audit of the financial statements, we have not identified material misstatements in the description of the main features of the internal control and risk management systems in relation to the financial reporting process and the information required by section 1373(2)(d) of the Companies Act 2014 included in the Corporate Governance Report and the Report of the Directors. (CA14)
- In our opinion, based on the work undertaken during the course of the audit of the financial statements, the information required by section 1373(2)(a),(b),(e) and (f) of the Companies Act 2014 and regulation 6 of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 is contained in the Corporate Governance Statement. (CA14)

The directors' assessment of the prospects of the Group and of the principal risks that would threaten the solvency or liquidity of the Group

- We have nothing material to add or to draw attention to regarding:
  - The directors' confirmation on page 108 of the Annual Report that they have carried out a robust assessment of the principal risks facing the Group, including those that would threaten its business model, future performance, solvency or liquidity.
  - The disclosures in the Annual Report that describe those risks and explain how they are being managed or mitigated.
  - The directors' explanation on pages 84-85 of the Annual Report as to how they have assessed the prospects of the Group, over what period they have done so and why they consider that period to be appropriate, and their statement as to whether 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 period of their assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.
- We have nothing to report having performed a review of the directors' statement that they have carried out a robust assessment of the principal risks facing the Group and the directors' statement in relation to the longer-term viability of the Group. Our review was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statements; checking that the statements are in alignment with the relevant provisions of the UK Corporate Governance Code (the 'Code'); and considering whether the statements are consistent with the knowledge and understanding of the Group and the Company and their environment obtained in the course of the audit. (Listing Rules)

Other Code provisions

We have nothing to report in respect of our responsibility to report when:

- The statement given by the directors on page 94 that they consider the Annual Report taken as a whole to be fair, balanced and understandable and provides the information necessary for the members to assess the Group's and Company's position and performance, business model and strategy is materially inconsistent with our knowledge of the Group and Company obtained in the course of performing our audit.
- The section of the Annual Report on page 110 describing the work of the Audit Committee does not appropriately address matters communicated by us to the Audit Committee.
- The directors' statement relating to the Company's compliance with the Code and the Irish Corporate Governance Annex does not properly disclose a departure from a relevant provision of the Code or the Annex specified, under the Listing Rules, for review by the auditors.

Responsibilities for the financial statements and the audit

Responsibilities of the directors for the financial statements

As explained more fully in the Directors' Responsibility Statement set out on pages 93-94, the directors are responsible for the preparation of the financial statements in accordance with the applicable framework and for being satisfied that they give a true and fair view.

The directors are also responsible for such internal control as they determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, the directors are responsible for assessing the Group's and the Company's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the Group or the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (Ireland) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Our audit testing might include testing complete populations of certain transactions and balances, possibly using data auditing techniques. However, it typically involves selecting a limited number of items for testing, rather than testing complete populations. We will often seek to target particular items for testing based on their size or risk characteristics. In other cases, we will use audit sampling to enable us to draw a conclusion about the population from which the sample is selected.

A further description of our responsibilities for the audit of the financial statements is located on the IAASA website at: https://www.iaasa.ie/getmedia/b2389013-1cf6-458b-9b8f-a98202dc9c3a/Description_of_auditors_responsibilities_for_audit.pdf

This description forms part of our auditors' report.

Use of this report

This report, including the opinions, has been prepared for and only for the Company's members as a body in accordance with section 391 of the Companies Act 2014 and for no other purpose. We do not, in giving these opinions, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Other required reporting

Companies Act 2014 opinions on other matters

- We have obtained all the information and explanations which we consider necessary for the purposes of our audit.
- In our opinion the accounting records of the Company were sufficient to permit the company financial statements to be readily and properly audited.
- The Company balance sheet is in agreement with the accounting records.

Other exception reporting

Directors' remuneration and transactions
Under the Companies Act 2014 we are required to report to you if, in our opinion, the disclosures of directors' remuneration and transactions specified by sections 305 to 312 of that Act have not been made. We have no exceptions to report arising from this responsibility.
We are required by the Listing Rules to review the six specified elements of disclosures in the report to shareholders by the Board on directors' remuneration. We have no exceptions to report arising from this responsibility.

Prior financial year Non Financial Statement
We are required to report if the Company has not provided the information required by Regulation 5(2) to 5(7) of the European Union (Disclosure of Non-Financial and Diversity Information by certain large undertakings and groups) Regulations 2017 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Prior financial year Remuneration Report
We are required to report if the company has not provided the information required by Section 1110N of the Companies Act 2014 in respect of the prior financial year. We have nothing to report arising from this responsibility.

Appointment

We were appointed by the members on 28 April 2016 to audit the financial statements for the year ended 31 December 2016 and subsequent financial periods. The period of total uninterrupted engagement is 6 years, covering the years ended 31 December 2016 to 31 December 2021.

Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin

15 February 2022

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	**Before Non-Trading Items 2021 €'m**	**Non-Trading Items 2021 €'m**	**Total 2021 €'m**	Before Non-Trading Items 2020 €'m	Non-Trading Items 2020 €'m	Total 2020 €'m
Continuing operations							
Revenue	2	**7,350.6**	**-**	**7,350.6**	6,953.4	-	6,953.4
Trading profit	2/3	**875.5**	**-**	**875.5**	797.2	-	797.2
Intangible asset amortisation	12	**(80.8)**	**-**	**(80.8)**	(70.1)	-	(70.1)
Non-trading items	5	**-**	**91.5**	**91.5**	-	(19.4)	(19.4)
Operating profit	3	**794.7**	**91.5**	**886.2**	727.1	(19.4)	707.7
Finance income	6	**0.3**	**-**	**0.3**	0.2	-	0.2
Finance costs	6	**(70.2)**	**-**	**(70.2)**	(72.6)	-	(72.6)
Profit before taxation		**724.8**	**91.5**	**816.3**	654.7	(19.4)	635.3
Income taxes	7	**(96.2)**	**42.9**	**(53.3)**	(85.1)	3.9	(81.2)
Profit after taxation attributable to owners of the parent		**628.6**	**134.4**	**763.0**	569.6	(15.5)	554.1
Earnings per A ordinary share				**Cent**			Cent
- basic	9			**430.6**			313.0
- diluted	9			**429.9**			312.5

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €'m	2020 €'m
Profit after taxation attributable to owners of the parent		**763.0**	554.1
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		**(0.3)**	7.9
Cash flow hedges - reclassified to profit or loss from equity	24	**(0.9)**	2.9
Net change in cost of hedging	24	**-**	(0.9)
Deferred tax effect of fair value movements on cash flow hedges	17	**0.1**	(2.0)
Exchange difference on translation of foreign operations		**217.7**	(282.3)
Cumulative exchange difference on translation recycled on disposal	5	**16.2**	-
Fair value movement on revaluation of financial assets held at fair value through other comprehensive income	13	**-**	(1.3)
Disposal of financial assets fair value movement reclassified to profit or loss		**-**	0.7
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement on retirement benefits obligation	26	**110.2**	(67.0)
Deferred tax effect of re-measurement on retirement benefits obligation	17	**(20.0)**	11.8
Net income/(expense) recognised directly in total other comprehensive income		**323.0**	(330.2)
Total comprehensive income		**1,086.0**	223.9

Consolidated Balance Sheet

AS AT 31 DECEMBER 2021

	Notes	**31 December 2021 €'m**	31 December 2020 €'m
Non-current assets			
Property, plant and equipment	11	**2,091.3**	1,990.6
Intangible assets	12	**5,580.7**	4,687.1
Financial asset investments	13	**49.9**	37.0
Investment in joint ventures	14	**21.7**	17.8
Other non-current financial instruments	23	**34.8**	82.0
Retirement benefits asset	26	**90.3**	-
Deferred tax assets	17	**67.8**	33.8
		7,936.5	6,848.3
Current assets			
Inventories	16	**1,204.2**	975.6
Trade and other receivables	19	**1,181.7**	1,042.0
Cash at bank and in hand	23	**1,039.1**	563.1
Other current financial instruments	23	**15.2**	14.1
Assets classified as held for sale	18	**18.7**	-
		3,458.9	2,594.8
Total assets		**11,395.4**	9,443.1
Current liabilities			
Trade and other payables	20	**1,791.5**	1,543.3
Borrowings and overdrafts	23	**5.6**	2.8
Other current financial instruments	23	**40.1**	10.0
Tax liabilities		**141.6**	132.6
Provisions	25	**13.6**	5.2
Deferred income	21	**3.0**	2.4
		1,995.4	1,696.3
Non-current liabilities			
Borrowings	23	**3,118.0**	2,505.8
Other non-current financial instruments	23	**0.5**	0.5
Retirement benefits obligation	26	**24.1**	54.4
Other non-current liabilities	22	**153.9**	144.9
Deferred tax liabilities	17	**447.3**	330.2
Provisions	25	**37.1**	36.1
Deferred income	21	**17.9**	19.4
		3,798.8	3,091.3
Total liabilities		**5,794.2**	4,787.6
Net assets		**5,601.2**	4,655.5
Issued capital and reserves attributable to owners of the parent			
Share capital	27	**22.1**	22.1
Share premium		**398.7**	398.7
Other reserves		**(129.6)**	(379.5)
Retained earnings		**5,310.0**	4,614.2
Shareholders' equity		**5,601.2**	4,655.5

The financial statements were approved by the Board of Directors on 15 February 2022 and signed on its behalf by:

Philip Toomey, Chairman Edmond Scanlon, Chief Executive Officer

Company Balance Sheet

AS AT 31 DECEMBER 2021

	Notes	31 December 2021 €'m	31 December 2020 €'m
Non-current assets			
Property, plant and equipment	11	**0.2**	0.3
Investments in subsidiaries	15	**843.5**	714.4
		843.7	714.7
Current assets			
Cash at bank and in hand	23	**0.1**	-
Trade and other receivables	19	**218.9**	168.9
		219.0	168.9
Total assets		**1,062.7**	883.6
Current liabilities			
Trade and other payables	20	**10.0**	10.4
		10.0	10.4
Non-current liabilities			
Deferred income	21	**0.1**	0.1
		0.1	0.1
Total liabilities		**10.1**	10.5
Net assets		**1,052.6**	873.1
Issued capital and reserves			
Share capital	27	**22.1**	22.1
Share premium		**398.7**	398.7
Other reserves		**109.4**	92.2
Retained earnings		**522.4**	360.1
Shareholders' equity		**1,052.6**	873.1

The Company earned a profit after taxation of **€319.8m** for the financial year ended 31 December 2021 (2020: €174.8m).

The financial statements were approved by the Board of Directors on 15 February 2022 and signed on its behalf by:

Philip Toomey, Chairman   Edmond Scanlon, Chief Executive Officer

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
Group:						
At 1 January 2020		22.1	398.7	(119.0)	4,260.4	4,562.2
Profit after taxation attributable to owners of the parent		-	-	-	554.1	554.1
Other comprehensive expense		-	-	(273.0)	(57.2)	(330.2)
Total comprehensive (expense)/income		-	-	(273.0)	496.9	223.9
Shares issued during the financial year	27	-	-	-	-	-
Dividends paid	10	-	-	-	(143.1)	(143.1)
Share-based payment expense	28	-	-	12.5	-	12.5
At 31 December 2020		22.1	398.7	(379.5)	4,614.2	4,655.5
Profit after taxation attributable to owners of the parent		**-**	**-**	**-**	**763.0**	**763.0**
Other comprehensive income		**-**	**-**	**232.7**	**90.3**	**323.0**
Total comprehensive income		**-**	**-**	**232.7**	**853.3**	**1,086.0**
Shares issued during the financial year	27	**-**	**-**	**-**	**-**	**-**
Dividends paid	10	**-**	**-**	**-**	**(157.5)**	**(157.5)**
Share-based payment expense	28	**-**	**-**	**17.2**	**-**	**17.2**
At 31 December 2021		**22.1**	**398.7**	**(129.6)**	**5,310.0**	**5,601.2**

Other Reserves comprise the following:

	Note	FVOCI Reserve €'m	Capital Redemption Reserve €'m	Other Undenominated Capital €'m	Share-Based Payment Reserve €'m	Translation Reserve €'m	Hedging Reserve €'m	Cost of Hedging Reserve €'m	Total €'m
At 1 January 2020		0.6	1.7	0.3	77.7	(189.7)	(8.2)	(1.4)	(119.0)
Other comprehensive (expense)/income		(0.6)	-	-	-	(282.3)	10.8	(0.9)	(273.0)
Share-based payment expense	28	-	-	-	12.5	-	-	-	12.5
At 31 December 2020		-	1.7	0.3	90.2	(472.0)	2.6	(2.3)	(379.5)
Other comprehensive income/(expense)		**-**	**-**	**-**	**-**	**233.9**	**(1.2)**	**-**	**232.7**
Share-based payment expense	28	**-**	**-**	**-**	**17.2**	**-**	**-**	**-**	**17.2**
At 31 December 2021		**-**	**1.7**	**0.3**	**107.4**	**(238.1)**	**1.4**	**(2.3)**	**(129.6)**

The nature and purpose of each reserve within shareholders' equity are described in note 35.

Company Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
Company:						
At 1 January 2020		22.1	398.7	79.7	328.4	828.9
Profit after taxation	8	-	-	-	174.8	174.8
Other comprehensive income		-	-	-	-	-
Total comprehensive income		-	-	-	174.8	174.8
Shares issued during the financial year	27	-	-	-	-	-
Dividends paid	10	-	-	-	(143.1)	(143.1)
Share-based payment expense	28	-	-	12.5	-	12.5
At 31 December 2020		22.1	398.7	92.2	360.1	873.1
Profit after taxation	8	**-**	**-**	**-**	**319.8**	**319.8**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**-**	**319.8**	**319.8**
Shares issued during the financial year	27	**-**	**-**	**-**	**-**	**-**
Dividends paid	10	**-**	**-**	**-**	**(157.5)**	**(157.5)**
Share-based payment expense	28	**-**	**-**	**17.2**	**-**	**17.2**
At 31 December 2021		**22.1**	**398.7**	**109.4**	**522.4**	**1,052.6**

Other Reserves comprise the following:

	Note	Capital Redemption Reserve €'m	Other Undenominated Capital €'m	Share-Based Payment Reserve €'m	Total €'m
At 1 January 2020		1.7	0.3	77.7	79.7
Share-based payment expense	28	-	-	12.5	12.5
At 31 December 2020		1.7	0.3	90.2	92.2
Share-based payment expense	28	**-**	**-**	**17.2**	**17.2**
At 31 December 2021		**1.7**	**0.3**	**107.4**	**109.4**

The nature and purpose of each reserve within shareholders' equity are described in note 35.

Consolidated Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €'m	2020 €'m
Cash flows from operating activities			
Profit before taxation		**816.3**	635.3
Adjustments for:			
Depreciation (net)		**201.5**	200.7
Intangible asset amortisation		**80.8**	70.1
Share of profit from joint ventures	14	**(3.9)**	(1.6)
Non-trading items income statement (income)/charge	5	**(91.5)**	19.4
Finance costs (net)	6	**69.9**	72.4
Change in working capital	29	**(184.3)**	(107.1)
Pension contributions paid less pension expense		**(14.7)**	(23.4)
Payments on non-trading items		**(76.1)**	(39.7)
Exchange translation adjustment		**(0.7)**	(4.6)
Cash generated from operations		**797.3**	821.5
Income taxes paid		**(72.0)**	(74.7)
Finance income received		**0.4**	0.2
Finance costs paid		**(71.7)**	(74.8)
Net cash from operating activities		**654.0**	672.2
Investing activities			
Purchase of assets (net)	29	**(300.4)**	(276.2)
Proceeds from the sale of assets (net of disposal expenses)	5/13	**4.0**	7.7
Capital grants received		**0.7**	0.1
Purchase of businesses (net of cash acquired)	30	**(1,084.9)**	(251.1)
Payments relating to previous acquisitions		**(18.9)**	(7.5)
Purchase of investments	13	**(4.4)**	-
Disposal of businesses (net of disposal expenses)	5	**775.2**	-
Net cash used in investing activities		**(628.7)**	(527.0)
Financing activities			
Dividends paid	10	**(157.5)**	(143.1)
Payment of lease liabilities	29	**(34.9)**	(37.0)
Issue of share capital	27	**-**	-
Repayment of borrowings (net of swaps)		**(1,093.3)**	(391.1)
Increase in borrowings		**1,705.0**	462.9
Net cash movement due to financing activities		**419.3**	(108.3)
Net increase in cash and cash equivalents		**444.6**	36.9
Cash and cash equivalents at beginning of the financial year		560.3	549.7
Exchange translation adjustment on cash and cash equivalents		**28.9**	(26.3)
Cash and cash equivalents at end of the financial year	29	**1,033.8**	560.3
Reconciliation of Net Cash Flow to Movement in Net Debt			
Net increase in cash and cash equivalents		**444.6**	36.9
Cash flow from debt financing		**(611.7)**	(71.8)
Changes in net debt resulting from cash flows		**(167.1)**	(34.9)
Fair value movement on interest rate swaps (net of adjustment to borrowings)	29	**(0.1)**	7.6
Exchange translation adjustment on net debt	29	**(19.1)**	26.5
Movement in net debt in the financial year		**(186.3)**	(0.8)
Net debt at beginning of the financial year		(1,863.6)	(1,862.8)
Net debt at end of the financial year - pre lease liabilities	23	**(2,049.9)**	(1,863.6)
Lease liabilities	11/29	**(74.2)**	(81.5)
Total net debt at end of the financial year	23/29	**(2,124.1)**	(1,945.1)

Company Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

	Notes	2021 €'m	2020 €'m
Cash flows from operating activities			
Profit before taxation		**317.5**	172.8
Adjustments for:			
Depreciation (net)		**0.1**	-
Non-trading items income statement income		**-**	(3.5)
Finance income		**(0.5)**	(0.5)
Change in working capital	29	**(29.2)**	(26.2)
Cash generated from operations		**287.9**	142.6
Finance income received		**0.5**	0.5
Net cash from operating activities		**288.4**	143.1
Investing activities			
Investments in subsidiary undertakings	15	**(129.1)**	-
Payments relating to previous acquisitions		**(1.7)**	-
Net cash from investing activities		**(130.8)**	-
Financing activities			
Dividends paid	10	**(157.5)**	(143.1)
Issue of share capital	27	**-**	-
Net cash movement due to financing activities		**(157.5)**	(143.1)
Net increase in cash and cash equivalents		**0.1**	-
Cash and cash equivalents at beginning of the financial year		**-**	-
Cash and cash equivalents at end of the financial year	29	**0.1**	-

Notes to the Financial Statements

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2021

1. Statement of accounting policies

General information

Kerry Group plc is a public limited company incorporated in the Republic of Ireland. The registered number is 111471 and registered office address is Prince's Street, Tralee, Co. Kerry, V92 EH11, Ireland. The principal activities of the Company and its subsidiaries are described in the Business Reviews and note 36 'Group entities'.

Basis of preparation

The consolidated financial statements of Kerry Group plc have been prepared in accordance with International Financial Reporting Standards ('IFRS'), International Financial Reporting Interpretations Committee ('IFRIC') interpretations and those parts of the Companies Act, 2014 applicable to companies reporting under IFRS. The financial statements comprise the Consolidated Income Statement, the Consolidated Statement of Comprehensive Income, the Consolidated Balance Sheet, the Company Balance Sheet, the Consolidated Statement of Changes in Equity, the Company Statement of Changes in Equity, the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows and the notes to the financial statements. The financial statements include the information in the remuneration report that is described as being an integral part of the financial statements. Both the Parent Company and Group financial statements have also been prepared in accordance with IFRS adopted by the European Union ('EU') which comprise standards and interpretations approved by the International Accounting Standards Board ('IASB'). The Group financial statements comply with Article 4 of the EU IAS Regulation. IFRS adopted by the EU differs in certain respects from IFRS issued by the IASB. References to IFRS hereafter refer to IFRS adopted by the EU.

The Parent Company's financial statements are prepared using accounting policies consistent with the accounting policies applied to the consolidated financial statements by the Group.

The consolidated financial statements have been prepared under the historical cost convention, as modified by the revaluation of certain financial assets and liabilities (including derivative financial instruments) and financial asset investments which are held at fair value. Assets classified as held for sale are stated at the lower of carrying value and fair value less costs to sell. The investments in joint ventures are accounted for using the equity method.

The consolidated financial statements contained herein are presented in euro, which is the functional currency of the Parent Company, Kerry Group plc. The functional currencies of the Group's main subsidiaries are euro, US dollar and sterling.

In the 2021 consolidated financial statements, the Group has re-presented corresponding 2020 balances to align with current year presentation in the Consolidated Statement of Cash Flows, the Company Statement of Cash Flows, note 5 'Non-trading items', note 26 'Retirement benefit obligations' and note 29 'Cash flow components'.

Certain income statement headings and other financial measures included in the consolidated financial statements are not defined by IFRS. The Group make this distinction to give a better understanding of the financial performance of the business.

The consolidated and company financial statements have been prepared on the going concern basis of accounting. The Directors have considered the Group's business activities and how it generates value, together with the main trends and factors likely to affect future development, business performance including liquidity and access to financing as outlined in note 24. The position of the Group including the impact of the ongoing COVID-19 pandemic and the potential impact of climate related risks on profitability and liquidity was also considered. The foodservice business in our Taste & Nutrition segment has shown good recovery in 2021 to record third party revenues of €1,616.1m (2020: €1,390.5m). There are no material uncertainties that cast significant doubt on the Group's ability to continue as a going concern over a period of at least 12 months from the date of approval of these financial statements.

The Directors report that they have satisfied themselves that the Group is a going concern, having adequate resources to continue in operational existence for the foreseeable future. In forming this view, the Directors have reviewed the Group's forecast for a period not less than 12 months, the five year medium term plan, and have taken into account the cash flow implications of the plans, including proposed capital expenditure, and compared these with the Group's committed borrowing facilities and projected gearing ratios.

Basis of consolidation

Subsidiaries

The consolidated financial statements incorporate the financial statements of the Company and the entities controlled by the Company (its subsidiaries), all of which prepare financial statements up to 31 December. Accounting policies of subsidiaries are consistent with the policies adopted by the Group. Control is achieved where the Company has the power over the investee, has exposure or has rights to variable returns from its involvement with the investee and has the ability to use its power to affect its returns.

The results of subsidiaries acquired or disposed of during the financial year are included in the Consolidated Income Statement from the date the Company gains control until the date the Company ceases to control the subsidiary. All inter-group transactions and balances are eliminated on consolidation.

1. Statement of accounting policies (continued)

Basis of consolidation (continued)

Joint ventures

Joint ventures are all entities over which the Group has joint control, whereby the Group has rights to the net assets of the arrangement, rather than rights to its assets and obligations for its liabilities. Investments in joint ventures are accounted for using the equity method of accounting and are initially recognised at cost. On acquisition of the investment in joint venture, any excess of the cost of the investment over the Group's share of the net fair value of the identifiable assets and liabilities of the investee is recognised as goodwill, which is included within the carrying value of the investment.

The Group's share of its joint ventures post-acquisition profits or losses is recognised in 'Share of joint ventures profit after taxation during the financial year' within Trading Profit in the Consolidated Income Statement, and its share of post-acquisition movements in reserves is recognised in reserves until the date on which joint control ceases. The cumulative post-acquisition movements are adjusted against the carrying amount of the investment, less any impairment in value. Where indicators of impairment arise, the carrying amount of the joint venture is tested for impairment by comparing its recoverable amount with its carrying amount.

Unrealised gains arising from transactions with joint ventures are eliminated to the extent of the Group's interest in the entity. Unrealised losses are eliminated to the extent that they do not provide evidence of impairment. The accounting policies of joint ventures are amended where necessary to ensure consistency of accounting treatment at Group level.

Revenue

Revenue represents the value of the consideration received or receivable, for taste and nutrition applications and consumer foods chilled food products, from third party customers. Revenue is recorded at invoice value, net of discounts, allowances, volume and promotional rebates and excludes VAT. Revenue is recognised when control of the products has transferred, which is usually upon shipment, or in line with terms agreed with individual customers. Revenue is recorded when there is no unfulfilled obligation on the part of the Group. An estimate is made on the basis of historical sales returns and is recorded to allocate these returns to the same period as the original revenue is recorded. Rebates and discounts are provided for based on agreements or contracts with customers, agreed promotional arrangements and accumulated experience using the expected value method. Any unutilised accrual is released after assessment that the likelihood of such a claim being made is highly improbable.

The Group disaggregates revenue by End Use Market (EUM) and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

Trading profit

Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading profit represents operating profit before specific items that are not reflective of underlying trading performance and therefore hinder comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

Segmental analysis

Operating segments are reported in a manner consistent with the internal management structure of the Group and the internal financial information provided to the Group's Chief Operating Decision Maker (the Executive Directors) who is responsible for making strategic decisions, allocating resources, monitoring and assessing the performance of each segment. Trading profit as reported internally by segment is the key measure utilised in assessing the performance of operating segments within the Group. Other Corporate activities, such as the cost of corporate stewardship and the cost of the KerryConnect programme, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'. Intangible asset amortisation, non-trading items, net finance costs and income taxes are managed on a centralised basis and therefore, these items are not allocated between operating segments and are not reported per segment in note 2.

The Group has determined it has two reportable segments: Taste & Nutrition and Consumer Foods. The Taste & Nutrition segment is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, whilst ensuring better impact for the planet. The Taste & Nutrition segment supplies industries across Ireland, Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Consumer Foods segment is a leader in our consumer foods categories in the chilled cabinet primarily in Ireland and in the UK.

Property, plant and equipment

Property, plant and equipment, other than freehold land, are stated at cost less accumulated depreciation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs. Freehold land is stated at cost and is not depreciated. Depreciation on the remaining property, plant and equipment is calculated by charging equal annual instalments to the Consolidated Income Statement at the following annual rates:

- Buildings 2% - 5%
- Plant, machinery and equipment 7% - 25%
- Motor vehicles 20%

The charge in respect of periodic depreciation is calculated after establishing an estimate of the asset's useful life and the expected residual value at the end of its life. Increasing/(decreasing) an asset's expected life or its residual value would result in a (decreased)/increased depreciation charge to the Consolidated Income Statement as well as an increase/(decrease) in the carrying value of the asset.

The useful lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. These lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their life, such as changes in technology or the location of the asset and its climate related risk. Historically, changes in useful lives or residual values have not resulted in material changes to the Group's depreciation charge.

Assets in the course of construction for production or administrative purposes are carried at cost less any recognised impairment loss. Cost includes professional fees and other directly attributable costs. Depreciation of these assets commences when the assets are ready for their intended use, on the same basis as other property assets.

1. Statement of accounting policies (continued)

Leasing

At the commencement date of the lease, the Group recognises a right-of-use asset and a lease liability on the balance sheet. The right-of-use asset is measured at cost, which consists of the initial measurement of the lease liability, any initial direct costs incurred by the Group in setting up/entering into the lease, an estimate of any costs to dismantle and remove the asset at the end of the lease and any payments made in advance of the lease commencement date (net of any incentive received).

The Group depreciates right-of-use assets on a straight-line basis from the lease commencement date to the earlier of the end of the useful life or the end of the lease term. The carrying amounts of right-of-use assets are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

The Group measures the lease liability at the present value of the lease payments unpaid at that date, discounted using the applicable incremental borrowing rate. Lease payments included in the measurement of the lease liability comprises of fixed or variable payments (based on an index or rate), amounts expected to be payable under a residual value guarantee and payments arising from options reasonably certain to be exercised.

Subsequent to the initial measurement, the liability will be reduced for payments made and increased for the interest applied and it is remeasured to reflect any reassessment or contract modifications. When the lease liability is remeasured, the corresponding adjustment is reflected in the right-of-use asset or in the Consolidated Income Statement if the right-of-use asset is already reduced to zero.

The Group has elected to record short-term leases of less than 12 months and leases of low-value assets as defined in IFRS 16 as an operating expense in the Consolidated Income Statement on a straight-line basis over the lease term.

The Group has also elected not to separate non-lease components from lease components, and instead account for each lease component and any associated non-lease components as a single lease component further increasing the lease liability.

Assets classified as held for sale

Assets are classified as held for sale if their carrying value will be recovered through a sale transaction rather than through continuing use. This condition is regarded as met if, at the financial year end, the sale is highly probable, the asset is available for immediate sale in its present condition, management is committed to the sale and the sale is expected to be completed within one year from the date of classification.

Assets classified as held for sale are measured at the lower of carrying value and fair value less costs to sell.

Intangible assets

Goodwill

Goodwill arises on business combinations and represents the excess of the cost of acquisition over the Group's interest in the fair value of the identifiable assets and liabilities acquired.

Goodwill arising on acquisitions before the date of transition to IFRS has been retained at the previous Irish/UK GAAP amounts subject to impairment testing. Goodwill written off to reserves under Irish/UK GAAP prior to 1998 has not been reinstated and is not included in determining any subsequent profit or loss on disposal.

At the date control is achieved, goodwill is allocated for the purpose of impairment testing to groups of cash generating units (CGUs) provided they represent the lowest level at which management monitor goodwill for impairment purposes. Goodwill is not amortised but is reviewed for indications of impairment at least annually and is carried at cost less accumulated impairment losses, where identified. Impairment is recognised immediately in the Consolidated Income Statement and is not subsequently reversed. On disposal of a subsidiary, the attributable amount of goodwill (not previously written off to reserves) is included in the determination of the profit or loss on disposal.

Brand related intangibles

Brand related intangibles acquired as part of a business combination are valued at their fair value at the date control is achieved. Intangible assets determined to have an indefinite useful life are not amortised and are tested for impairment at least annually. Indefinite life intangible assets are those for which there is no foreseeable limit to their expected useful life. In arriving at the conclusion that these brand related intangibles have an indefinite life, management considers the nature and type of the intangible asset, the absence of any legal or other limits on the assets' use, the fact the business and products have a track record of stability, the high barriers to market entry and the Group's commitment to continue to invest for the long-term to extend the period over which the intangible asset is expected to continue to provide economic benefits. The classification of intangible assets as indefinite is reviewed annually. The future expectation of potential market disruption due to changing consumer preferences or changes in supply chain of raw materials linked to sustainability and climate change were assessed as part of this review and were deemed to have no material impact.

Finite life brand related intangible assets are amortised over the period of their expected useful lives, which predominantly range from 2 to 20 years, by charging equal annual instalments to the Consolidated Income Statement. The useful life used to amortise finite intangible assets relates to the future performance of the assets acquired and management's estimate of the period over which economic benefit will be derived from the asset. Historically, changes in useful lives have not resulted in material changes to the Group's amortisation charge.

Computer software

Computer software separately acquired, including computer software which is not an integral part of an item of computer hardware, is stated at cost less any accumulated amortisation and any accumulated impairment losses. Cost comprises purchase price and other directly attributable costs.

1. Statement of accounting policies (continued)

Intangible assets (continued)

Computer software (continued)

Costs relating to the development of computer software for internal use are capitalised once the recognition criteria outlined as follows are met:

- an asset can be separately identified;
- it is probable that the asset created will generate future economic benefits;
- the development cost of the asset can be measured reliably;
- it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity; and
- the cost of the asset can be measured reliably.

Computer software is amortised over its expected useful life, which ranges from 3 to 7 years, by charging equal annual instalments to the Consolidated Income Statement. Amortisation commences when the assets are ready for use.

Impairment of non-financial assets

Goodwill and other intangible assets that have an indefinite useful life are not subject to amortisation. They are tested annually for impairment or when indications exist that the asset may be impaired. For the purpose of assessing impairment, these assets are allocated to groups of cash generating units (CGUs) using a reasonable and consistent basis. An impairment loss is recognised immediately in the Consolidated Income Statement for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell or its value in use. Value in use is determined as the discounted future cash flows of the CGU. The key assumptions during the financial year for the value in use calculations are discount rates, cash flows and growth rates.

When an impairment loss (other than on goodwill) subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, not exceeding its carrying amount that would have been determined had no impairment loss been recognised for the asset in prior years. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate the carrying amount may not be recoverable. Impairment is reviewed by assessing the asset's value in use when compared to its carrying value.

The carrying amounts of property, plant and equipment are reviewed at each balance sheet date to determine whether there is any indication of impairment. An impairment loss is recognised when the carrying value of an asset exceeds its recoverable amount.

Inventories

Inventories are valued at the lower of cost and net realisable value. Cost includes raw materials, direct labour and all other expenditure incurred in the normal course of business in bringing the products to their present location and condition. Cost is calculated at the weighted average cost incurred in acquiring inventories. Net realisable value is the estimated selling price of inventory on hand less all further costs to completion and all costs expected to be incurred in distribution and selling. Write-downs of inventories are primarily recognised under 'Raw materials and consumables' in the Consolidated Income Statement.

Income taxes

Income taxes include both current and deferred taxes. Income taxes are charged or credited to the Consolidated Income Statement except when they relate to items charged or credited directly in other comprehensive income or shareholders' equity. In this instance the income taxes are also charged or credited to other comprehensive income or shareholders' equity.

The current tax charge is calculated as the amount payable based on taxable profit and the tax rates applying to those profits in the financial year together with adjustments relating to prior years. Deferred taxes are calculated using the tax rates that are expected to apply in the period when the liability is settled or the asset is realised, based on tax rates that have been enacted or substantively enacted at the balance sheet date.

The Group is subject to uncertainties, including tax audits, in any of the jurisdictions in which it operates. The Group accounts for uncertain tax positions in line with IFRIC 23 'Uncertainty over Income Tax Treatments'. The Group considers each uncertain tax treatment separately or together with one or more uncertain tax treatments based on which approach better predicts the resolution of the uncertainty. If the Group concludes that it is not probable that a taxation authority will accept an uncertain tax treatment the Group reflects the effect of the uncertainty in determining the related taxable profit, tax bases, unused tax losses, unused tax credits or tax rate. The Group reflects the effect of uncertainty for each uncertain tax treatment using an expected value approach or a most likely approach depending on which method the Group expects to better predict the resolution of the uncertainty. The unit of account for recognition purposes is the income tax/deferred tax assets or liabilities and the Group does not provide separately for uncertain tax positions. When the final tax outcome for these items is different from amounts recorded, such differences will impact the income tax and deferred tax in the period in which such a determination is made, as well as the Group's cash position.

Deferred taxes are calculated based on the temporary differences arising between the tax base of the asset or liability and its carrying value in the Consolidated Balance Sheet. Deferred taxes are recognised on all temporary differences in existence at the balance sheet date except for:

- temporary differences which arise from the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction does not affect accounting or taxable profit or loss, or on the initial recognition of goodwill for which a tax deduction is not available; and
- temporary differences which arise on investments in subsidiaries where the timing of the reversal is controlled by the Group and it is probable that the temporary difference will not reverse in the foreseeable future.

The recognition of a deferred tax asset is based upon whether it is probable that sufficient and suitable taxable profits will be available in the future, against which the reversal of temporary differences can be deducted. Deferred tax assets are reviewed at each reporting date.

1. Statement of accounting policies (continued)

Income taxes (continued)

Current income tax assets and current income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts and the Group intends to settle on a net basis. Deferred income tax assets and deferred income tax liabilities are offset where there is a legally enforceable right to offset the recognised amounts, the deferred tax assets and deferred tax liabilities relate to taxes levied by the same taxation authority and the Group intends to settle on a net basis.

Retirement benefits obligation

Payments to defined contribution schemes are recognised in the Consolidated Income Statement as they fall due and any contributions outstanding at the financial year end are included as an accrual in the Consolidated Balance Sheet.

Actuarial valuations for accounting purposes are carried out at each balance sheet date in relation to defined benefit schemes, using the projected unit credit method, to determine the schemes' liabilities and the related cost of providing benefits. Scheme assets are accounted for at fair value using bid prices.

Current service cost is recognised as it arises within staff costs in the Consolidated Income Statement. Net interest which is calculated by applying the discount rate to the net balance of the defined benefit obligation and the fair value of plan assets is recognised in interest costs in the Consolidated Income Statement. Gains or losses on the curtailment or settlement of a scheme are recognised in the Consolidated Income Statement when the curtailment or settlement occurs. Re-measurement of retirement benefits obligation, comprising actuarial gains and losses and the return on scheme assets (excluding amounts included in net interest cost) are recognised in full in the period in which they occur in the Consolidated Statement of Comprehensive Income.

The defined benefit liability recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of any scheme assets. Defined benefit assets are also recognised in the Consolidated Balance Sheet but are limited to the present value of available refunds from, and reductions in future contributions to, the scheme.

Provisions

Provisions can be distinguished from other types of liability by considering the events that give rise to the obligation and the degree of uncertainty as to the amount or timing of the liability. These are recognised in the Consolidated Balance Sheet when:
- the Group has a present obligation (legal or constructive) as a result of a past event;
- it is probable that the Group will be required to settle the obligation; and
- a reliable estimate can be made of the amount of the obligation.

The amount recognised as a provision is the best estimate of the amount required to settle the present obligation at the balance sheet date, after taking account of the risks and uncertainties surrounding the obligation.

The outcome depends on future events which are by their nature uncertain. In assessing the likely outcome, management bases its assessment on historical experience and other factors that are believed to be reasonable in the circumstances. Provisions are disclosed in note 25 to the consolidated financial statements.

Non-trading items

Certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'.

Non-trading items include gains or losses on the disposal of businesses, disposal of assets (non-current assets and assets classified as held for sale), costs in preparation of disposal of assets, material restructuring costs and material transaction, integration and restructuring costs associated with acquisitions. Non-trading items are disclosed in note 5 to the consolidated financial statements.

Research and development expenditure

Expenditure on research activities is recognised as an expense in the financial year it is incurred.

Development expenditure is assessed and capitalised as an internally generated intangible asset only if it meets all of the following criteria:
- it is technically feasible to complete the asset for use or sale;
- it is intended to complete the asset for use or sale;
- the Group has the ability to use or sell the intangible asset;
- it is probable that the asset created will generate future economic benefits;
- adequate resources are available to complete the asset for sale or use; and
- the development cost of the asset can be measured reliably.

Capitalised development costs are amortised over their expected economic lives. Where no internally generated intangible asset can be recognised, product development expenditure is recognised as an expense in the financial year it is incurred. Accordingly, the Group has not capitalised product development expenditure to date.

Grants

Grants of a capital nature are accounted for as deferred income in the Consolidated Balance Sheet and are released to the Consolidated Income Statement at the same rates as the related assets are depreciated. Grants of a revenue nature are credited to the Consolidated Income Statement to offset the matching expenditure.

Dividends

Dividends are accounted for when they are approved, through the retained earnings reserve. Dividends proposed do not meet the definition of a liability until such time as they have been approved. Dividends are disclosed in note 10 to the consolidated financial statements.

Share-based payments

The Group has granted share-based payments to Executive Directors and senior executives under a long-term incentive plan and to Executive Directors under a short-term incentive plan.

The equity-settled share-based awards granted under these plans are measured at the fair value of the equity instrument at the date of grant. The cost of the award is charged to the Consolidated Income Statement over the vesting period of the awards based on the probable number of awards that will eventually vest, with a corresponding credit to shareholders' equity.

1. Statement of accounting policies (continued)

Share-based payments (continued)

For the purposes of the long-term incentive plan, the fair value of the award is measured using the Monte Carlo Pricing Model. For the short-term incentive plan, the fair value of the expense equates directly to the cash value of the portion of the short-term incentive plan that will be settled by way of shares/share options.

At the balance sheet date, the estimate of the level of vesting is reviewed and any adjustment necessary is recognised in the Consolidated Income Statement and in the Statement of Changes in Equity. Share-based payments are disclosed in note 28 to the consolidated financial statements.

Foreign currency

Foreign currency transactions are translated into functional currency at the rate of exchange ruling at the date of the transaction. Exchange differences arising from either the retranslation of the resulting monetary assets or liabilities at the exchange rate at the balance sheet date or from the settlement of the balance at a different rate are recognised in the Consolidated Income Statement when they occur.

On consolidation, the income statements of foreign currency subsidiaries are translated into euro at the average exchange rate. If this average is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, a weighted average rate is used. The balance sheets of such subsidiaries are translated at the rate of exchange at the balance sheet date. Resulting exchange differences arising on the translation of foreign currency subsidiaries are taken directly to a separate component of shareholders' equity.

Goodwill and fair value adjustments arising on the acquisition of foreign subsidiaries are treated as assets and liabilities of the foreign subsidiaries and are translated at the closing rate.

On disposal of a foreign currency subsidiary, the cumulative translation difference for that foreign subsidiary is recycled to the Consolidated Income Statement as part of the profit or loss on disposal.

Borrowing costs

Borrowing costs incurred for qualifying assets, which take a substantial period of time to construct, are added to the cost of the asset during the period of time required to complete and prepare the asset for its intended use. Other borrowing costs are expensed to the Consolidated Income Statement in the period in which they are incurred.

Business combinations

The acquisition method of accounting is used for the acquisition of businesses. The cost of the acquisition is measured at the aggregate fair value of the consideration given. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3 'Business Combinations' are recognised at their fair value at the date the Group assumes control of the acquiree. Acquisition related costs are recognised in the Consolidated Income Statement as incurred. If the business combination is achieved in stages, the acquisition date fair value of the Group's previously held investment in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

Certain assets and liabilities are not recognised at their fair value at the date control was achieved as they are accounted for using other applicable IFRSs. These include deferred tax assets/liabilities and also any assets related to employee benefit arrangements.

If the initial accounting for a business combination is incomplete by the end of the reporting period in which the combination occurs, the Group reports provisional amounts for the items for which the valuation of the fair value of assets and liabilities acquired is still in progress. Those provisional amounts are adjusted during the measurement period of one year from the date control is achieved when additional information is obtained about facts and circumstances which would have affected the amounts recognised as of that date.

Where applicable, the consideration for the acquisition includes any asset or liability resulting from a contingent consideration arrangement measured at fair value at the date control is achieved. Subsequent changes in such fair values are adjusted against the cost of acquisition where they qualify as measurement period adjustments. All other subsequent changes in the fair value of contingent consideration classified as an asset or liability are accounted for in accordance with relevant IFRSs.

Any fair value adjustments in relation to acquisitions completed prior to 1 January 2010 have been accounted for under IFRS 3 'Business Combinations (2004)'.

Investments in subsidiaries

Investments in subsidiaries held by the Parent Company are carried at cost less accumulated impairment losses.

Investments in joint ventures

Investments in joint ventures held by the Group are accounted for using the equity method, after initially being recognised at cost in the Consolidated Balance Sheet.

Financial instruments

Financial assets and financial liabilities are recognised on the Consolidated Balance Sheet when the Group becomes party to the contractual provisions of the instrument.

Financial assets and liabilities are initially measured at fair value plus transaction costs, except for those classified as fair value through profit or loss, which are initially measured at fair value.

All financial assets are recognised and derecognised on a trade date basis, where the purchase or sale of a financial asset is under a contract whose terms require delivery of the financial asset within the timeframe of the market concerned.

Financial assets and liabilities are offset and presented on a net basis in the Consolidated Balance Sheet, only if the Group holds an enforceable legal right of set off for such amounts and there is an intention to settle on a net basis or to realise an asset and settle the liability simultaneously. In all other instances they are presented gross in the Consolidated Balance Sheet.

The Group classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through OCI or through profit or loss); and
- those to be measured at amortised cost.

1. Statement of accounting policies (continued)

Financial instruments (continued)

The classification depends on the Group's business model for managing the financial assets and the contractual terms of the cash flows. For assets measured at fair value, gains and losses will either be recorded in profit or loss or OCI. For investments in equity instruments that are not held for trading, this will depend on whether the Group has made an irrevocable election at the time of initial recognition to account for the equity investment at fair value through other comprehensive income (FVOCI).

Debt instruments:
Subsequent measurement of debt instruments depend on the Group's business model for managing the asset and the cash flow characteristics of the asset. There are three measurement categories into which the Group classifies its debt instruments:

- Amortised cost: Assets that are held for collection of contractual cash flows, where those cash flows represent solely payments of principal and interest, are measured at amortised cost. Any gain or loss arising on derecognition is recognised directly in the Consolidated Income Statement. Impairment losses are presented in the Consolidated Income Statement.
- FVOCI: Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. The Group have no debt instruments measured at FVOCI.
- FVPL: Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss (FVPL). In addition, assets that are irrevocably designated as FVPL at origination to eliminate or significantly reduce an accounting mismatch are also measured at FVPL. A gain or loss on a debt investment that is subsequently measured at FVPL is recognised in the Consolidated Income Statement.

Equity instruments:
The Group subsequently measures all equity investments at fair value. Where the Group's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to the Consolidated Income Statement following the derecognition of the investment. Dividends from such investments continue to be recognised in the Consolidated Income Statement when the Group's right to receive payments is established.

Changes in the fair value of financial assets measured at FVPL (Rabbi Trust assets) are recognised in the Consolidated Income Statement. Impairment losses (and reversal of impairment losses) on equity investments measured at FVOCI are not reported separately from other changes in fair value.

Trade and other receivables:
Trade receivables are amounts due from customers for goods sold or services performed in the ordinary course of business. Trade receivables are recognised initially at the amount of consideration that is unconditional unless they contain significant financing components, when they are recognised at fair value. The Group holds the trade receivables with the objective to collect the contractual cash flows and therefore measures them subsequently at amortised cost using the effective interest method.

Cash and cash equivalents:
Cash and cash equivalents carried at amortised cost consists of cash at bank and in hand, bank overdrafts held by the Group and short-term bank deposits with a maturity of three months or less from the date of placement. Cash at bank and in hand and short-term bank deposits are shown under current assets on the Consolidated Balance Sheet under the heading 'Cash at bank and in hand'. Bank overdrafts are shown within 'Borrowings and overdrafts' in current liabilities on the Consolidated Balance Sheet but are included as a component of cash and cash equivalents for the purpose of the Statement of Cash Flows. The carrying amount of these assets and liabilities approximates to their fair value.

Financial liabilities measured at amortised cost
Other non-derivative financial liabilities consist primarily of trade and other payables and borrowings. Trade and other payables are stated at amortised cost, which approximates to their fair value given the short-term nature of these liabilities. Trade and other payables are non-interest bearing.

Debt instruments are initially recorded at fair value, net of transaction costs. Subsequently they are reported at amortised cost, except for hedged debt. To the extent that debt instruments are hedged under qualifying fair value hedges, the carrying value of the debt instrument is adjusted for changes in the fair value of the hedged risk, with changes arising recognised in the Consolidated Income Statement. The fair value of the hedged item is primarily determined using the discounted cash flow basis

Financial liabilities at fair value through profit or loss
Financial liabilities at FVPL arise when the financial liabilities are either derivative liabilities held for trading or they are designated upon initial recognition as FVPL.

The Group classifies as held for trading certain derivatives that are not designated and effective as a hedging instrument. The Group does not have any other financial liabilities classified as held for trading.

Impairment of financial assets
The Group assesses on a forward looking basis the expected credit losses associated with its debt instruments carried at amortised cost and FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

For trade receivables, the Group applies the simplified approach permitted by IFRS 9 'Financial Instruments', which requires expected lifetime losses to be recognised from initial recognition of the receivables. Further detail is provided in note 19.

Derecognition of financial liabilities
The Group derecognises financial liabilities only when the Group's obligations are discharged, cancelled or expired.

Derivative financial instruments and hedge accounting
Derivatives are carried at fair value. The Group's activities expose it to risks of changes in foreign currency exchange rates and interest rates in relation to international trading and long-term debt. The Group uses foreign exchange forward contracts, interest rate swaps and forward rate agreements to hedge these exposures. The Group does not use derivative financial instruments for speculative purposes. When cross currency interest rate swaps are used to hedge interest rates and foreign exchange rates, the change in the foreign currency basis spreads element of the contract that relates to the hedged item is recognised within other reserves under the cost of hedging reserve.

1. Statement of accounting policies (continued)

Financial instruments (continued)

Derivative financial instruments and hedge accounting (continued)

At inception of the hedge relationship, the Group documents the economic relationship between hedging instruments and hedged items including whether changes in the cash flows of the hedging instruments are expected to offset changes in the cash flows of hedged items. The Group documents its risk management objective and strategy for undertaking its hedge transactions.

Fair value of financial instrument derivatives

The fair value of derivative instruments is calculated using quoted prices. Where such prices are not available a discounted cash flow analysis is used based on the applicable yield curve adjusted for counterparty risk for the duration and currency of the instrument, which are observable:

- foreign exchange forward contracts are measured using quoted forward exchange rates to match the maturities of these contracts; and
- interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves adjusted for counterparty credit risk.

Cash flow hedges

Where derivatives, including forward foreign exchange contracts and floating to fixed interest rate swaps or cross currency swaps are used, they are primarily treated as cash flow hedges. The gain or loss relating to the effective portion of the interest rate swaps and cross currency interest rate swaps is recognised in OCI and is reclassified to profit or loss in the period when the hedged item is recognised through profit or loss. All effective amounts are directly offset against movements in the underlying hedged item. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. The gain or loss relating to the effective portion of forward foreign exchange contracts is recognised in OCI and is reclassified to profit or loss in the period the hedged item is recognised through profit or loss. Any ineffective portion of the hedge is recognised in the Consolidated Income Statement. When the hedged firm commitment or forecasted transaction occurs and results in the recognition of an asset or liability, the amounts previously recognised in the hedge reserve, within OCI are reclassified through profit or loss in the periods when the hedged item is impacting the Consolidated Income Statement.

When a hedging instrument expires, or is sold or terminated, or when a hedge no longer meets the criteria for hedge accounting, any cumulative deferred gain or loss and deferred cost of hedging in equity at that time remains in equity until the forecast transaction occurs, resulting in the recognition of a non-financial asset, such as inventory. When the forecast transaction is no longer expected to occur, the cumulative gain or loss and deferred cost of hedging that were reported in equity are immediately reclassified to profit or loss.

Cash flow hedge accounting is applied to foreign exchange forward contracts which are expected to offset the changes in fair value of expected future cash flows. In order to achieve and maintain cash flow hedge accounting, it is necessary for management to determine, at inception and on an ongoing basis, whether a forecast transaction is highly probable.

Fair value hedges

Where fixed to floating interest rate swaps are used, they are treated as fair value hedges when the qualifying conditions are met. Changes in the fair value of derivatives that are designated as fair value hedges are recognised directly in the Consolidated Income Statement, together with any changes in the fair value of the hedged asset or liability that are attributable to the hedged risk.

Hedge accounting is derecognised when the hedging relationship ceases to exist. The fair value adjustment to the carrying amount of the hedged item arising from the hedged risk is amortised over the remaining maturity of the hedged item through the Consolidated Income Statement from that date.

Trading derivatives

Certain derivatives which comply with the Group's financial risk management policies are not accounted for using hedge accounting. This arises where the derivatives; (a) provide a hedge against foreign currency borrowings without having to apply hedge accounting; or (b) where management have decided not to apply hedge accounting. In these cases the instrument is reported independently at fair value with any changes recognised in the Consolidated Income Statement. In all other instances, cash flow or fair value hedge accounting is applied.

Critical accounting estimates and judgements

The Preparation of the Group consolidated financial statements requires management to make certain estimations, assumptions and judgements that affect the reported profits, assets and liabilities.

Estimates and underlying assumptions are reviewed on an ongoing basis. Changes in accounting estimates may be necessary if there are changes in the circumstances on which the estimate was based or as a result of new information or more experience. Such changes are recognised in the period in which the estimate is revised.

In particular, information about significant areas of estimation and judgement that have the most significant effect on the amounts recognised in the consolidated financial statements are described below and in the respective notes to the consolidated financial statements.

The impact of COVID-19 on the critical accounting estimates and judgements as outlined below has been assessed and is not considered material in the context of the consolidated financial statements.

Impairment of goodwill and intangible assets (Estimation)

Determining whether goodwill and intangible assets are impaired or whether a reversal of an impairment of intangible assets (other than on goodwill) should be recorded requires comparison of the value in use for the relevant groups of cash generating units (CGUs) to the net assets attributable to those CGUs. The value in use calculation is based on an estimate of future cash flows expected to arise from the CGUs and these are discounted to net present value using an appropriate discount rate. The tests are dependent on management's estimates, in particular in relation to the forecasting of future cash flows, the discount rates applied to those cash flows, the expected long-term growth rate of the applicable businesses and terminal values. Such estimates are subject to change as a result of changing economic conditions. As forecasting future cash flows is dependent upon the Group successfully leveraging its base of intangible assets over the long-term, estimates are required in relation to future cash flows which will support the asset value.

1. Statement of accounting policies (continued)

Critical accounting estimates and judgements (continued)

Impairment of goodwill and intangible assets (Estimation) (continued)
These estimates may depend upon the outcome of future events and may need to be revised as circumstances change. The impact of COVID-19 on the Group was considered and has been reflected in the cash flow forecasts employed in the value in use calculations. The potential impact of climate related events was also considered under two different temperature scenarios and had no impact on our conclusions. Details of the assumptions used and key sources of estimation involved are outlined in note 12 to these consolidated financial statements.

The Group continues to monitor its assessment of the economic environment particularly due to the pace and extent of recovery in some markets as a result of COVID-19. The long-term outlook for our businesses currently remains positive, supports our CGU valuations and no impairment was identified as a result of the impairment testing review carried out. There is significant headroom in the recoverable amount of the related CGUs as compared to their carrying value and the likelihood of impairment is considered remote.

Business combinations (Estimation)
When acquiring a business, the Group is required to bring acquired assets and liabilities on to the Consolidated Balance Sheet at their fair value, the determination of which requires a significant degree of estimation.

Acquisitions may also result in intangible benefits being brought into the Group, some of which qualify for recognition as intangible assets while other such benefits do not meet the recognition requirements of IFRS and therefore form part of goodwill. Estimation is required in the assessment and valuation of these intangible assets. For intangible assets acquired, the Group bases valuations on expected future cash flows taking into consideration the impact of COVID-19 where applicable. This method employs a discounted cash flow analysis using the present value of the estimated after-tax cash flows expected to be generated from the purchased intangible asset using risk adjusted discount rates, revenue forecasts and estimated customer attrition as appropriate. The period of expected cash flows is based on the expected useful life of the intangible asset acquired.

Depending on the nature of the assets and liabilities acquired, determined provisional fair values may possibly be adjusted within the measurement period as allowed by IFRS 3 'Business Combinations'.

Business combinations are disclosed in note 30 to the consolidated financial statements.

Non-trading items (Judgement)
The Group considers certain items, by virtue of their nature and amount, are disclosed separately in order for the user to obtain a proper understanding of the financial information. These items relate to events or circumstances that are not related to normal trading activities and are labelled collectively as 'non-trading items'. Determining which transactions are to be disclosed separately is often a subjective matter. Circumstances that the Group believes would give rise to non-trading items for separate disclosure are outlined in the accounting policy on non-trading items. For clarity, separate disclosure is made of all items in one column on the face of the Group Consolidated Income Statement.

Income tax charge and income/deferred tax assets and liabilities (Estimation and Judgement)
Significant judgement and a high degree of estimation is required in determining the income tax charge as the Group operates in many jurisdictions and the tax treatment of many items is uncertain with tax legislation being open to different interpretation. Furthermore, the Group can also be subject to uncertainties, including tax audits in any of the jurisdictions in which it operates, which by their nature, are often complex and can require several years to conclude. The Group considers these uncertain tax positions in the recognition of its income tax/deferred tax assets or liabilities. In line with its accounting policy, the Group bases its assessment on the probability of a tax authority accepting its general treatment having regard to all information available on the tax matter and when it is not probable reflects the uncertainty in income tax/deferred tax assets or liabilities. When applying its accounting policy at the year end the Group generally considered each uncertain tax treatment separately and reflected the effect of the uncertainty in the income tax/deferred tax assets or liabilities using an expected value approach as this better predicts the resolution of the uncertainty. Such estimates are determined based on management judgement, interpretation of the relevant tax laws, correspondence with the relevant tax authorities and external tax advisors and past practices of the tax authorities. Where the final outcome of these tax matters is different from the amounts that were recorded, such differences will impact the income tax and deferred tax charge in the period in which such determination is made.

Income taxes and deferred tax assets and liabilities are disclosed in notes 7 and 17 to the consolidated financial statements, respectively.

1. Statement of accounting policies (continued)

New standards and interpretations

Certain new and revised accounting standards and new International Financial Reporting Interpretations Committee ('IFRIC') interpretations have been issued. The Group intends to adopt the relevant new and revised standards when they become effective and the Group's assessment of the impact of these standards and interpretations is set out below.

The following Standards and Interpretations are effective for the Group in 2021 but do not have a material effect on the results or financial position of the Group:		***Effective Date***
- IFRS 16 (Amendments)	Leases	1 April 2021
- IFRS 7, IFRS 4 & IFRS 16 (Amendments)	Interest Rate Benchmark Reform - Phase 2	1 January 2021

The following Standards and Interpretations are not yet effective for the Group and are not expected to have a material effect on the results or financial position of the Group:		***Effective Date***
- IAS 16 (Amendments)	Property, Plant and Equipment	1 January 2022
- IAS 37 (Amendments)	Provisions, Contingent Liabilities and Contingent Assets	1 January 2022
- IFRS 9 (Amendments)	Financial Instruments	1 January 2022
- IFRS 3 (Amendments)	Business Combinations	1 January 2022
- IAS 41 (Amendments)	Agriculture	1 January 2022
- IAS 1 (Amendments)	Presentation of Financial Statements	1 January 2023
- IFRS 17	Insurance Contracts	1 January 2023
- IAS 8 (Amendments)	Accounting Policies, Changes in Accounting Estimates and Errors	1 January 2023
- IAS 12 (Amendments)	Income Taxes	1 January 2023

2. Analysis of results

The Group has determined it has two reportable segments: Taste & Nutrition and Consumer Foods. The Taste & Nutrition segment is the world's leading taste and nutrition partner for the food, beverage and pharmaceutical markets. Kerry innovates with its customers to create great tasting products, with improved nutrition and functionality, whilst ensuring better impact for the planet. The Taste & Nutrition segment supplies industries across Ireland, Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Consumer Foods segment is a leader in our consumer foods categories in the chilled cabinet primarily in Ireland and in the UK.

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Group Eliminations and Unallocated 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Group Eliminations and Unallocated 2020 €'m	Total 2020 €'m
External revenue	**6,209.0**	**1,141.6**	**-**	**7,350.6**	5,678.4	1,275.0	-	6,953.4
Inter-segment revenue	**64.3**	**2.3**	**(66.6)**	**-**	74.8	3.6	(78.4)	-
Revenue	**6,273.3**	**1,143.9**	**(66.6)**	**7,350.6**	5,753.2	1,278.6	(78.4)	6,953.4
Trading profit	**913.4**	**82.1**	**(120.0)**	**875.5**	814.2	99.2	(116.2)	797.2
Intangible asset amortisation				**(80.8)**				(70.1)
Non-trading items				**91.5**				(19.4)
Operating profit				**886.2**				707.7
Finance income				**0.3**				0.2
Finance costs				**(70.2)**				(72.6)
Profit before taxation				**816.3**				635.3
Income taxes				**(53.3)**				(81.2)
Profit after taxation attributable to owners of the parent				**763.0**				554.1
Segment assets and liabilities								
Segment assets	**8,101.9**	**361.9**	**2,931.6**	**11,395.4**	6,370.1	877.2	2,195.8	9,443.1
Segment liabilities	**(1,605.4)**	**(235.2)**	**(3,953.6)**	**(5,794.2)**	(1,295.0)	(332.9)	(3,159.7)	(4,787.6)
Net assets	**6,496.5**	**126.7**	**(1,022.0)**	**5,601.2**	5,075.1	544.3	(963.9)	4,655.5
Other segmental information								
Property, plant and equipment additions	**272.2**	**20.4**	**0.2**	**292.8**	225.0	20.7	-	245.7
Depreciation (net)	**183.3**	**17.7**	**0.5**	**201.5**	178.5	21.7	0.5	200.7
Intangible asset additions	**1.3**	**0.2**	**32.6**	**34.1**	0.9	1.0	50.2	52.1
Intangible asset amortisation	**28.9**	**3.9**	**48.0**	**80.8**	23.7	6.4	40.0	70.1

2. Analysis of results (continued)

Revenue analysis

Disaggregation of revenue from external customers is analysed by End Use Market (EUM), which is the primary market in which Kerry's products are consumed and primary geographic market. An EUM is defined as the market in which the end consumer or customer of Kerry's product operates. The economic factors within the EUMs of Food, Beverage and Pharma and within the primary geographic markets which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

Analysis by EUM

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Food	**4,283.3**	**1,141.6**	**5,424.9**	3,974.6	1,275.0	5,249.6
Beverage	**1,589.1**	**-**	**1,589.1**	1,407.1	-	1,407.1
Pharma	**336.6**	**-**	**336.6**	296.7	-	296.7
External revenue	**6,209.0**	**1,141.6**	**7,350.6**	5,678.4	1,275.0	6,953.4

Analysis by primary geographic market

Disaggregation of revenue from external customers is analysed by geographical split:

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Republic of Ireland	**201.2**	**257.5**	**458.7**	171.1	262.2	433.3
Rest of Europe	**1,374.2**	**884.1**	**2,258.3**	1,204.0	1,012.8	2,216.8
Americas	**3,235.2**	**-**	**3,235.2**	3,085.4	-	3,085.4
APMEA	**1,398.4**	**-**	**1,398.4**	1,217.9	-	1,217.9
External revenue	**6,209.0**	**1,141.6**	**7,350.6**	5,678.4	1,275.0	6,953.4

Information about geographical areas

	Europe 2021 €'m	**Americas 2021 €'m**	**APMEA 2021 €'m**	**Total 2021 €'m**	Europe 2020 €'m	Americas 2020 €'m	APMEA 2020 €'m	Total 2020 €'m
Segment assets by location	**5,205.1**	**4,959.2**	**1,231.1**	**11,395.4**	4,986.5	3,362.6	1,094.0	9,443.1
Property, plant and equipment additions	**83.7**	**152.5**	**56.6**	**292.8**	61.1	130.2	54.4	245.7
Intangible asset additions	**33.1**	**1.0**	**-**	**34.1**	51.6	0.5	-	52.1

The revenue and non-current assets (as defined in IFRS 8 'Operating Segments') attributable to the country of domicile and all foreign countries of operation, for which revenue exceeds 10% of total external Group revenue, are set out below.

Kerry Group plc is domiciled in the Republic of Ireland and the revenues from external customers in the Republic of Ireland were **€458.7m** (2020: €433.3m). The non-current assets located in the Republic of Ireland are **€1,598.4m** (2020: €903.1m).

Revenues from external customers include **€1,379.5m** (2020: €1,420.6m) in the UK and **€2,610.7m** (2020: €2,509.8m) in the USA. The non-current assets in the UK are **€391.9m** (2020: €692.4m) and in the USA are **€3,166.1m** (2020: €2,035.6m).

There are no material dependencies or concentrations on individual customers which would warrant disclosure under IFRS 8 'Operating Segments'. The accounting policies of the reportable segments are the same as the Group's accounting policies as outlined in the Statement of Accounting Policies. Under IFRS 15 'Revenue from Contracts with Customers' revenue is primarily recognised at a point in time. Revenue recorded over time during the year was not material to the Group.

3. Operating profit

(i) Analysis of costs by nature

	Notes	Continuing Operations 2021 €'m	Continuing Operations 2020 €'m
Revenue		**7,350.6**	6,953.4
Less operating costs:			
Raw materials and consumables		**4,023.2**	3,699.8
Other general overheads		**1,000.8**	895.6
Staff costs	4	**1,349.3**	1,356.9
Depreciation:			
- property, plant and equipment	11(i)	**172.0**	169.4
- right-of-use assets	11(ii)	**31.4**	33.8
Capital grants amortisation	21	**(1.9)**	(2.5)
Loss allowances on trade receivables	19	**9.8**	9.6
Foreign exchange gains		**(8.6)**	(2.2)
Change in inventories of finished goods		**(97.0)**	(2.6)
Share of joint ventures profit after taxation during the financial year	14	**(3.9)**	(1.6)
Trading profit		**875.5**	797.2
Intangible asset amortisation	12	**80.8**	70.1
Non-trading items	5	**(91.5)**	19.4
Operating profit		**886.2**	707.7
And is stated after charging:			
Research and development costs		**297.2**	281.9

(ii) Auditors' remuneration

	PwC Ireland 2021 €'m	PwC Other 2021 €'m	PwC Worldwide 2021 €'m	PwC Ireland 2020 €'m	PwC Other 2020 €'m	PwC Worldwide 2020 €'m
Statutory disclosure:						
Group audit	**1.4**	**1.8**	**3.2**	1.5	1.7	3.2
Other assurance services	**0.1**	**-**	**0.1**	0.1	-	0.1
Total assurance services	**1.5**	**1.8**	**3.3**	1.6	1.7	3.3
Tax advisory services	**-**	**-**	**-**	-	-	-
Other non-audit services	**-**	**0.1**	**0.1**	-	-	-
Total non-audit services	**-**	**0.1**	**0.1**	-	-	-
Total auditors' remuneration	**1.5**	**1.9**	**3.4**	1.6	1.7	3.3
Assurance services			**97%**			100%
Non-audit services			**3%**			-
Total			**100%**			100%

Group audit consists of fees payable for the consolidated and statutory audits of the Group and its subsidiaries. Included in Group audit are total fees of **€4,720** (2020: €4,720) which are due to the Group's auditor in respect of the Parent Company. Reimbursement of auditors' expenses amounted to **€0.2m** (2020: €0.1m).

4. Total staff numbers and costs

The average number of people employed by the Group was:

	Taste & Nutrition 2021 Number	**Consumer Foods 2021 Number**	**Total 2021 Number**	Taste & Nutrition 2020 Number	Consumer Foods 2020 Number	Total 2020 Number
Europe	**5,137**	**4,803**	**9,940**	5,291	5,888	11,179
Americas	**10,034**	**-**	**10,034**	9,961	-	9,961
APMEA	**5,221**	**-**	**5,221**	4,879	-	4,879
	20,392	**4,803**	**25,195**	20,131	5,888	26,019

The aggregate payroll costs of employees (including Executive Directors) was:

	Taste & Nutrition 2021 €'m	**Consumer Foods 2021 €'m**	**Total 2021 €'m**	Taste & Nutrition 2020 €'m	Consumer Foods 2020 €'m	Total 2020 €'m
Europe	**326.3**	**219.6**	**545.9**	347.1	226.1	573.2
Americas	**615.0**	**-**	**615.0**	621.0	-	621.0
APMEA	**188.4**	**-**	**188.4**	162.7	-	162.7
	1,129.7	**219.6**	**1,349.3**	1,130.8	226.1	1,356.9

Social welfare costs of **€145.6m** (2020: €144.7m) and share-based payment expense of **€17.2m** (2020: €12.5m) are included in payroll costs. Pension costs included in the payroll costs are disclosed in note 26.

5. Non-trading items

	Notes	**2021 €'m**	2020 €'m
Profit/(loss) on disposal of businesses and assets	(i)	**179.7**	(1.9)
Acquisition integration costs	(ii)	**(54.9)**	(13.1)
Global Business Services expansion	(iii)	**(33.3)**	(4.4)
		91.5	(19.4)
Tax on above	7	**26.3**	3.9
Tax on inter-group transfer	(iv)/7	**16.6**	-
Non-trading items (net of tax)		**134.4**	(15.5)

5. Non-trading items (continued)

(i) Profit/(loss) on disposal of businesses and assets

	Notes	Businesses 2021 €'m	*Assets 2021 €'m	Total 2021 €'m
Property, plant and equipment - disposed	11	(132.5)	(13.5)	(146.0)
Property, plant and equipment - impaired	11	-	(17.1)	(17.1)
Goodwill	12	(286.0)	-	(286.0)
Brand related intangible assets	12	(40.7)	-	(40.7)
Computer software	12	(2.7)	(0.5)	(3.2)
Inventories		(47.2)	-	(47.2)
Deferred tax liabilities		12.8	-	12.8
Assets classified as held for sale - disposed		-	(4.5)	(4.5)
Trade and other receivables		(38.1)	-	(38.1)
Trade and other payables		6.8	-	6.8
Deferred income	21	2.3	-	2.3
Other non-current liabilities		12.2	-	12.2
		(513.1)	(35.6)	(548.7)
Consideration				
Cash received		813.6	19.4	833.0
Disposal related costs		(53.4)	(35.0)	(88.4)
		760.2	(15.6)	744.6
Cumulative exchange difference on translation recycled on disposal		(16.2)	-	(16.2)
Profit/(loss) on disposal of businesses and assets		230.9	(51.2)	179.7

Net cash inflow on disposal:	Businesses 2021 €'m	*Assets 2021 €'m	Total 2021 €'m
Cash	813.6	19.4	833.0
Less: disposal related costs paid	(38.4)	(15.4)	(53.8)
	775.2	4.0	779.2

* Assets represent non-current assets and assets classified as held for sale

On 27 September 2021 the Group disposed of its Meats and Meals business operating in Ireland and the UK from the Consumer Foods division and during the year also disposed of a small operation in Taste & Nutrition Europe for a consideration of **€813.6m** resulting in a gain of **€230.9m**. The consideration of €813.6m comprises of the €819.0m as previously announced for the sale of the Meats and Meals business net of working capital and debt adjustments and €2.9m for a small operation disposed of in Taste & Nutrition Europe. A tax credit of **€0.5m** (2020: €nil) arose on the disposal of these businesses. These businesses were not deemed to be discontinued operations and goodwill was allocated to these disposed businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'.

During the year, the Group disposed of property, plant and equipment and computer software in North America, Europe and APMEA for a combined consideration of **€19.4m** resulting in a loss of **€2.6m** for the year ended 31 December 2021. In 2020, the Group disposed of property, plant and equipment primarily in North America, Europe and APMEA for a consideration of €2.4m resulting in a loss of €1.9m. A tax credit of **€nil** (2020: a tax credit of €0.4m) arose on the disposal of assets.

In 2021, assets classified as held for sale of property, plant and equipment based in the USA and Europe were impaired to their fair value less costs to sell by **€48.6m** (2020: €nil), consisting of €17.1m of property, plant and equipment impairment and €31.5m of estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposal. These assets held for sale are expected to sell in 2022. The related tax credit was **€12.2m** (2020: €nil).

5. Non-trading items (continued)

(ii) Acquisition integration costs

Acquisition integration costs of **€54.9m** (2020: €13.1m) primarily related to costs of integrating recent acquisitions into the Group's operations. These costs reflect the relocation of resources, the restructuring of operations in order to integrate the acquired businesses into the existing Kerry operating model and external costs associated with deal preparation, integration planning and due diligence. A tax credit of **€12.4m** (2020: €3.0m) arose due to tax deductions available on acquisition related costs.

(iii) Global Business Services expansion

In 2020, the Group commenced a programme to evolve, migrate and expand its Global Business Services model to better enable the business and support further growth. For the year ended 31 December 2021, the Group incurred costs of **€33.3m** (2020: €4.4m) reflecting initial set up costs, relocation of resources, advisory fees, redundancies and the streamlining of operations. The associated tax credit was **€1.2m** (2020: €0.5m).

(iv) Tax on inter-group transfer

During 2021, a net tax credit of **€16.6m** (2020: €nil) arose as a result of the transfer of intangible assets between two wholly owned subsidiaries based in two different tax jurisdictions.

6. Finance income and costs

	Notes	**2021 €'m**	2020 €'m
Finance income:			
Interest income on deposits		**0.3**	0.2
Finance costs:			
Interest payable		**(66.7)**	(67.6)
Interest on lease liabilities	11(iii.i)	**(4.4)**	(5.9)
Interest rate derivative		**1.6**	0.9
		(69.5)	(72.6)
Net interest cost on retirement benefits obligation	26	**(0.7)**	-
Finance costs		**(70.2)**	(72.6)

7. Income taxes

	Notes	2021 €'m	2020 €'m
Recognition in the Consolidated Income Statement (before credit on non-trading items)			
Current tax expense in the financial year		**79.5**	78.4
Adjustments in respect of prior years		**(2.9)**	1.6
		76.6	80.0
Deferred tax in the financial year		**19.6**	5.1
Income tax expense (before credit on non-trading items)		**96.2**	85.1
On non-trading items:			
Current tax		**(1.3)**	(1.8)
Deferred tax		**(41.6)**	(2.1)
	5	**(42.9)**	(3.9)
Recognition in the Consolidated Income Statement (after credit on non-trading items)			
Current tax expense in the financial year		**78.2**	76.6
Adjustments in respect of prior years		**(2.9)**	1.6
		75.3	78.2
Deferred tax in the financial year	17	**(22.0)**	3.0
Income tax expense (after credit on non-trading items)		**53.3**	81.2

The tax on the Group's profit before taxation differs from the amount that would arise applying the standard corporation tax rate in Ireland as follows:

	2021 €'m	2020 €'m
Profit before taxation	**816.3**	635.3
Taxed at Irish Standard Rate of Tax (12.5%)	**102.0**	79.4
Adjustments to current tax and deferred tax in respect of prior years	**(0.9)**	(0.1)
Net effect of differing tax rates	**4.2**	2.0
Changes in standard rates of taxes	**5.2**	3.9
Income not subject to tax	**(42.7)**	(1.6)
Net credit arising on inter-group intangible assets transfer	**(16.6)**	-
Other adjusting items	**2.1**	(2.4)
Income tax expense	**53.3**	81.2

An increase in the Group's applicable tax rate of 1% would reduce profit after taxation by **€8.2m** (2020: €6.3m). Factors that may affect the Group's future tax charge include the effects of restructuring, acquisitions and disposals, changes in tax legislation and rates and the use of brought forward losses. In 2021, political agreement was reached by the OECD Inclusive Framework on a two-pillar approach to international tax reform, which aims to address the tax challenges arising from digitalisation and globalisation of the economy. In the absence of any finalised or substantively enacted legislation, the Group continues to monitor developments as they may apply to the Group.

8. Profit attributable to Kerry Group plc

In accordance with section 304(2) of the Companies Act, 2014, the Company is availing of the exemption from presenting its individual income statement to the Annual General Meeting and from filing it with the Registrar of Companies. The Company's profit after taxation for the financial year is **€319.8m** (2020: €174.8m).

9. Earnings per A ordinary share

	EPS cent	2021 €'m	EPS cent	2020 €'m
Basic earnings per share				
Profit after taxation attributable to owners of the parent	**430.6**	**763.0**	313.0	554.1
Diluted earnings per share				
Profit after taxation attributable to owners of the parent	**429.9**	**763.0**	312.5	554.1

Number of Shares	Note	2021 m's	2020 m's
Basic weighted average number of shares		**177.2**	177.0
Impact of share options outstanding		**0.3**	0.3
Diluted weighted average number of shares		**177.5**	177.3
Actual number of shares in issue as at 31 December	27	**176.8**	176.7

10. Dividends

	2021 €'m	2020 €'m
Group and Company:		
Amounts recognised as distributions to equity shareholders in the financial year		
Final 2020 dividend of **60.60 cent** per A ordinary share paid 14 May 2021 (Final 2019 dividend of 55.10 cent per A ordinary share paid 15 May 2020)	**107.1**	97.3
Interim 2021 dividend of **28.50 cent** per A ordinary share paid 12 November 2021 (Interim 2020 dividend of 25.90 cent per A ordinary share paid 13 November 2020)	**50.4**	45.8
	157.5	143.1

Since the financial year end the Board has proposed a final 2021 dividend of **66.70 cent** per A ordinary share which amounts to €118.0m. The payment date for the final dividend will be 6 May 2022 to shareholders registered on the record date as at 8 April 2022. The consolidated financial statements do not reflect this dividend.

11. Property, plant and equipment

	Notes	2021 €'m	2020 €'m
Group:			
Property, plant and equipment	(i)	**2,026.1**	1,916.2
Right-of-use assets	(ii)	**65.2**	74.4
		2,091.3	1,990.6

11. Property, plant and equipment (continued)

(i) Property, plant and equipment analysis

	Notes	Land and Buildings €'m	Plant, Machinery and Equipment €'m	Construction in Progress €'m	Motor Vehicles €'m	Total €'m
Group:						
Cost						
At 1 January 2020		1,309.1	2,170.7	228.1	14.8	3,722.7
Businesses acquired		16.8	3.9	0.4	0.1	21.2
Additions		10.1	35.2	181.3	1.0	227.6
Purchase adjustments		(2.7)	(3.8)	-	-	(6.5)
Transfer from construction in progress		42.4	110.1	(152.5)	-	-
Disposals		(3.8)	(16.7)	-	(0.9)	(21.4)
Exchange translation adjustment		(73.2)	(122.1)	(18.9)	(1.2)	(215.4)
At 31 December 2020		1,298.7	2,177.3	238.4	13.8	3,728.2
Businesses acquired	30	**47.7**	**23.9**	**17.6**	**-**	**89.2**
Additions		**20.4**	**80.2**	**158.4**	**1.0**	**260.0**
Purchase adjustments		**(0.9)**	**(0.6)**	**-**	**-**	**(1.5)**
Transfer from construction in progress		**36.1**	**138.5**	**(174.6)**	**-**	**-**
Businesses disposed	5	**(143.6)**	**(243.4)**	**(15.0)**	**(0.8)**	**(402.8)**
Disposals	5	**-**	**(45.9)**	**-**	**(0.9)**	**(46.8)**
Transfer to held for sale		**(33.2)**	**(18.7)**	**-**	**-**	**(51.9)**
Exchange translation adjustment		**83.1**	**101.5**	**15.8**	**0.7**	**201.1**
At 31 December 2021		**1,308.3**	**2,212.8**	**240.6**	**13.8**	**3,775.5**
Accumulated depreciation and impairment						
At 1 January 2020		446.8	1,301.1	-	11.4	1,759.3
Charge during the financial year	3	38.5	129.8	-	1.1	169.4
Disposals		(2.9)	(13.4)	-	(0.8)	(17.1)
Exchange translation adjustment		(23.8)	(75.2)	-	(0.6)	(99.6)
At 31 December 2020		458.6	1,342.3	-	11.1	1,812.0
Charge during the financial year	3	**36.3**	**134.7**	**-**	**1.0**	**172.0**
Businesses disposed	5	**(90.6)**	**(193.0)**	**-**	**(0.4)**	**(284.0)**
Disposals	5	**-**	**(32.4)**	**-**	**(0.9)**	**(33.3)**
Transfer to held for sale		**(13.6)**	**(15.0)**	**-**	**(0.1)**	**(28.7)**
Impairments	5	**2.5**	**14.6**	**-**	**-**	**17.1**
Exchange translation adjustment		**27.1**	**66.6**	**-**	**0.6**	**94.3**
At 31 December 2021		**420.3**	**1,317.8**	**-**	**11.3**	**1,749.4**
Carrying value						
At 31 December 2020		840.1	835.0	238.4	2.7	1,916.2
At 31 December 2021		**888.0**	**895.0**	**240.6**	**2.5**	**2,026.1**

11. Property, plant and equipment (continued)

(i) Property, plant and equipment analysis (continued)

	Land and Buildings Total €'m
Company:	
Cost	
At 1 January 2020	4.7
At 31 December 2020 and 2021	**4.7**
Accumulated depreciation	
At 1 January 2020	4.4
Charge during the financial year	-
At 31 December 2020	4.4
Charge during the financial year	**0.1**
At 31 December 2021	**4.5**
Carrying value	
At 31 December 2020	0.3
At 31 December 2021	**0.2**

11. Property, plant and equipment (continued)

(ii) Right-of-use assets analysis

	Notes	Land and Buildings €'m	Plant, Machinery and Equipment €'m	Motor Vehicles €'m	Total €'m
Group:					
Cost					
At 1 January 2020		94.5	19.7	16.9	131.1
Businesses acquired		-	-	-	-
Additions		11.8	5.0	1.3	18.1
Terminations		(8.9)	(3.6)	(2.3)	(14.8)
Exchange translation adjustment		(6.8)	(1.4)	(0.9)	(9.1)
At 31 December 2020		90.6	19.7	15.0	125.3
Businesses acquired	30	**0.8**	**0.5**	**1.1**	**2.4**
Additions		**23.7**	**6.5**	**2.6**	**32.8**
Businesses disposed	5	**(16.4)**	**(3.4)**	**(0.9)**	**(20.7)**
Terminations		**(12.0)**	**(1.3)**	**(1.5)**	**(14.8)**
Exchange translation adjustment		**5.5**	**1.1**	**0.5**	**7.1**
At 31 December 2021		**92.2**	**23.1**	**16.8**	**132.1**
Accumulated depreciation					
At 1 January 2020		21.2	4.8	5.6	31.6
Charge during the financial year	3	22.5	5.9	5.4	33.8
Terminations		(5.8)	(2.8)	(2.3)	(10.9)
Exchange translation adjustment		(2.5)	(0.6)	(0.5)	(3.6)
At 31 December 2020		35.4	7.3	8.2	50.9
Charge during the financial year	3	**21.6**	**5.8**	**4.0**	**31.4**
Businesses disposed	5	**(5.4)**	**(1.2)**	**(0.4)**	**(7.0)**
Terminations		**(10.4)**	**(0.9)**	**(0.8)**	**(12.1)**
Exchange translation adjustment		**2.6**	**0.7**	**0.4**	**3.7**
At 31 December 2021		**43.8**	**11.7**	**11.4**	**66.9**
Carrying value					
At 31 December 2020		55.2	12.4	6.8	74.4
At 31 December 2021		**48.4**	**11.4**	**5.4**	**65.2**

The right-of-use assets consist of:

- land and buildings for warehouse space, offices and manufacturing facilities. The lease terms vary and range from 1 to 93 years for buildings and range from 1 to 90 years for land;
- machinery, equipment, tools, furniture and other equipment when combined are insignificant to the total leased assets portfolio and have an average remaining lease term of 2 years; and
- motor vehicles for management and sales functions and trucks for distribution in specific businesses. The lease terms for motor vehicles range from 1 to 6 years with an average remaining term of 2 years.

11. Property, plant and equipment (continued)

(iii) Lease disclosures

(iii.i) Amounts recognised in the Consolidated Income Statement:	Note	2021 €'m	2020 €'m
Depreciation charged during the financial year		**31.4**	33.8
Expenses relating to short-term leases		**2.1**	2.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**0.1**	0.2
Interest on lease liabilities charged during the financial year	6	**4.4**	5.9

(iii.ii) Amounts recognised in the Consolidated Statement of Cash Flows:	2021 €'m	2020 €'m
Total cash outflow for leases during the year*	**41.5**	45.2

* includes interest expense and principal repayments of lease liabilities and short-term and low-value lease expenses

(iii.iii) Lease liabilities	2021 €'m	2020 €'m
At beginning of the financial year	81.5	109.4
Additions	**39.7**	16.2
Terminations	**(2.4)**	(3.8)
Remeasurements	**1.8**	1.9
Payments	**(34.9)**	(37.0)
Businesses disposed	**(16.3)**	-
Exchange translation adjustment	**4.8**	(5.2)
At end of the financial year	**74.2**	81.5

Analysed as:	2021 €'m	2020 €'m
Current liabilities	**28.0**	27.0
Non-current liabilities	**46.2**	54.5
At end of the financial year	**74.2**	81.5

(iii.iv) At the balance sheet date the Group had commitments under non-cancellable leases which fall due as follows:	Discounted 2021 €'m	Undiscounted 2021 €'m	Discounted 2020 €'m	Undiscounted 2020 €'m
Within 1 year	**28.0**	**31.0**	27.0	31.4
Between 1 and 2 years	**19.7**	**22.2**	20.6	22.6
Between 2 and 5 years	**20.9**	**22.3**	26.6	29.0
After 5 years	**5.6**	**6.9**	7.3	9.1
	74.2	**82.4**	81.5	92.1

12. Intangible assets

	Notes	Goodwill €'m	Brand Related Intangibles €'m	Computer Software €'m	Total €'m
Cost					
At 1 January 2020		2,624.2	2,143.7	317.0	5,084.9
Businesses acquired		149.2	124.1	-	273.3
Additions		-	-	52.1	52.1
Purchase adjustment		20.2	(0.4)	-	19.8
Exchange translation adjustment		(127.0)	(78.8)	(0.7)	(206.5)
At 31 December 2020		2,666.6	2,188.6	368.4	5,223.6
Businesses acquired	30	**657.1**	**440.0**	**0.5**	**1,097.6**
Additions		**-**	**-**	**34.1**	**34.1**
Purchase adjustment		**8.2**	**2.8**	**-**	**11.0**
Businesses disposed	5	**(292.6)**	**(91.7)**	**(5.8)**	**(390.1)**
Disposals	5	**-**	**-**	**(1.0)**	**(1.0)**
Exchange translation adjustment		**96.2**	**93.5**	**2.0**	**191.7**
At 31 December 2021		**3,135.5**	**2,633.2**	**398.2**	**6,166.9**
Accumulated amortisation and impairment					
At 1 January 2020		20.6	279.2	195.4	495.2
Charge during the financial year	3	-	41.7	28.4	70.1
Exchange translation adjustment		(4.0)	(24.4)	(0.4)	(28.8)
At 31 December 2020		16.6	296.5	223.4	536.5
Charge during the financial year	3	**-**	**46.2**	**34.6**	**80.8**
Businesses disposed	5	**(6.6)**	**(51.0)**	**(3.1)**	**(60.7)**
Disposals	5	**-**	**-**	**(0.5)**	**(0.5)**
Exchange translation adjustment		**4.2**	**22.7**	**3.2**	**30.1**
At 31 December 2021		**14.2**	**314.4**	**257.6**	**586.2**
Carrying value					
At 31 December 2020		2,650.0	1,892.1	145.0	4,687.1
At 31 December 2021		**3,121.3**	**2,318.8**	**140.6**	**5,580.7**

Allocation of the purchase price in a business combination affects the results of the Group as finite life intangible assets are amortised, whereas indefinite life intangible assets, including goodwill, are not amortised. This could result in differing amortisation charges based on the allocation to finite life and indefinite life intangible assets.

Included in the cost of brand related intangibles are intangibles of **€1,621.9m** (2020: €1,262.4m) which have indefinite lives.

Approximately **€11.4m** (2020: €17.5m) of computer software additions during the year were internally generated, included in this are payroll costs of **€10.0m** (2020: €13.1m). The Group has not capitalised product development expenditure in 2021 (2020: €nil).

The Group has no separate individual intangible asset that is material, as all intangibles acquired are integrated and developed within the existing business.

12. Intangible assets (continued)

Impairment testing

Goodwill and indefinite life intangibles are subject to impairment testing on an annual basis, or more frequently if there are indicators of impairment. These assets are allocated to groups of cash generating units (CGUs). The recoverable amount of each of the four CGUs is determined on value in use calculations. Intangible assets acquired in a business combination are allocated to CGUs that are expected to benefit from the business acquisition, rather than where the assets are owned.

Cash flow forecasts employed for the value in use calculations are for a five year period approved by management and a terminal value which is applied to the year five cash flows. The terminal value reflects the discounted value of the cash flows beyond year five which is based on the weighted average long-term growth rates for each CGU.

No impairment was recognised in 2021 or 2020 as a result of the impairment testing which identified significant headroom in the recoverable amount of the related CGUs as compared to their carrying value. In 2021, there was no specific impairment charge (2020: €nil) in relation to goodwill recorded in non-trading items in the Consolidated Income Statement due to the classification of a business as held for sale.

A summary of the allocation of the carrying value of goodwill and indefinite life intangible assets by CGU, is as follows:

	Goodwill 2021 €'m	Goodwill 2020 €'m	**Indefinite Life Intangibles 2021 €'m**	Indefinite Life Intangibles 2020 €'m
Taste & Nutrition				
Europe	**564.5**	496.5	**196.6**	77.0
Americas	**2,150.1**	1,507.3	**1,356.4**	1,088.1
APMEA	**263.5**	243.5	**47.9**	51.4
Consumer Foods				
Europe	**143.2**	402.7	**21.0**	45.9
	3,121.3	2,650.0	**1,621.9**	1,262.4

Key assumptions

Forecasts are generally derived from a combination of internal and external factors based on historical experience and take account of expected growth in the relevant region. The key assumptions for calculating value in use calculations are those relating to the discount rate, growth rate and cash flows. The table below outlines the weighted average discount rates and weighted average long-term growth rates used in the terminal value for each CGU:

	Discount Rates 2021	Discount Rates 2020	**Growth Rates 2021**	Growth Rates 2020
Taste & Nutrition				
Europe	**6.3%**	6.7%	**1.4%**	1.4%
Americas	**7.1%**	7.1%	**1.1%**	1.1%
APMEA	**8.9%**	9.5%	**3.6%**	3.5%
Consumer Foods				
Europe	**6.1%**	6.6%	**1.7%**	1.5%

Management estimate discount rates using pre-tax rates consistent with the Group's weighted average cost of capital and the risks specific to the CGUs. A higher discount rate is applied to higher risk markets, while a lower rate is applied to more stable markets.

Long-term growth rates are based on external market data, are broadly in line with long-term industry growth rates and are conservative in nature. Generally, lower growth rates are used in mature markets while higher growth rates are used in emerging markets.

12. Intangible assets (continued)

Impairment testing (continued)

The assumptions used by management in estimating cash flows for each CGU include future profitability and capital expenditure requirements. The cash flows included in the value in use calculations are generally determined based on historical performance, management's past experience, management's expectation of future trends affecting the industry and other developments and initiatives in the business. Management also considered the impact of COVID-19 on the Group which has been reflected in the cash flow forecasts employed in the value in use calculations. Capital expenditure requirements to maintain the CGUs performance and profitability are based on the Group's strategic plans, excluding future development activity, and broadly assume that historic investment patterns will be maintained.

Sensitivity analysis

Sensitivity analysis has been performed across the four CGUs. If the discount rate was 1% higher than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. Further, a 5% increase would not have resulted in an impairment charge in 2021 or 2020 as there is headroom in the discounted cash flows. If the estimated growth rate was 1% lower than management's estimates, there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. If the estimated cash flows were 5% lower than management's estimates, again there would have been no requirement for the Group to recognise any impairment charge in 2021 or 2020. Management believes that no reasonable change, in normal circumstances, in any of the above key assumptions would cause the carrying value of any CGU to exceed its recoverable amount. The potential impact of climate related events was also considered as part of the sensitivity analysis and had no impact on our conclusions.

13. Financial asset investments

	FVOCI Investments €'m	Other Investments €'m	Total €'m
At 1 January 2020	4.3	37.4	41.7
Additions	-	2.0	2.0
Disposals	(3.0)	(2.8)	(5.8)
Fair value movements	(1.3)	3.6	2.3
Exchange translation adjustment	-	(3.2)	(3.2)
At 31 December 2020	-	37.0	37.0
Additions	**4.4**	**4.5**	**8.9**
Disposals	**-**	**(2.1)**	**(2.1)**
Fair value movements	**-**	**3.1**	**3.1**
Exchange translation adjustment	**-**	**3.0**	**3.0**
At 31 December 2021	**4.4**	**45.5**	**49.9**

Investments held at fair value through other comprehensive income

During 2021, the Group made an investment of **€4.4m** in new equity securities. These investments have no fixed maturity or coupon rate. A fair value assessment was performed at 31 December 2021 which did not result in a change to the carrying value of these assets. In October 2020, the Group disposed of its investments in equity securities for a total consideration of €5.3m following a fair value assessment in June 2020, resulting in a decrease to the carrying value of these assets of €1.3m through other comprehensive income.

Other investments

The Group maintains a Rabbi Trust in respect of a non-qualified deferred compensation plan in the USA. The assets of the trust primarily consist of equities, bonds and cash which are restricted for use. These assets are fair valued through profit or loss at each financial year end using quoted market prices. The corresponding liability is recognised within other non-current liabilities (note 22).

14. Investments in joint ventures

	Note	2021 €'m	2020 €'m
At 1 January		17.8	16.2
Share of profit after taxation during the financial year	3	**3.9**	1.6
At 31 December		**21.7**	17.8

The Group has a call option to acquire the remaining 45% interest in Proparent B.V. under an agreed valuation methodology in 2022. The Group is satisfied that the fair value attached to this call option is nominal.

15. Investments in subsidiaries

	2021 €'m	2020 €'m
Company:		
At 1 January	714.4	714.4
Additions	**129.1**	-
At 31 December	**843.5**	714.4

In 2021, the Company increased its investment in Kerry Holding Co. in the US in order to fund acquisitions.

16. Inventories

	2021 €'m	2020 €'m
Raw materials and consumables	**527.2**	409.3
Finished goods and goods for resale	**614.8**	517.8
Expense inventories	**62.2**	48.5
At 31 December	**1,204.2**	975.6

Write-downs of inventories recognised as an expense approximates to **1.4%** (2020: 1.4%) of raw materials and consumables in the Consolidated Income Statement.

17. Deferred tax assets and liabilities

The following is an analysis of the movement in the major categories of deferred tax liabilities/(assets) recognised by the Group:

	Note	Property, Plant and Equipment €'m	Intangible Assets €'m	Tax Credits and NOLs €'m	Retirement Benefits Obligation €'m	Short-Term Temporary Differences and Other Differences €'m	Total €'m
At 1 January 2020		80.6	281.6	(20.0)	(3.3)	(38.9)	300.0
Consolidated Income Statement movement	7	(2.5)	3.8	2.0	3.6	(3.9)	3.0
Recognised in OCI during the financial year		-	-	-	(11.8)	2.0	(9.8)
Related to businesses acquired/(disposed)		-	23.0	-	-	-	23.0
Exchange translation adjustment		(5.7)	(19.7)	1.6	0.1	3.9	(19.8)
At 31 December 2020		72.4	288.7	(16.4)	(11.4)	(36.9)	296.4
Consolidated Income Statement movement	7	**18.4**	**(36.2)**	**0.6**	**0.9**	**(5.7)**	**(22.0)**
Recognised in OCI during the financial year		**-**	**-**	**-**	**20.0**	**(0.1)**	**19.9**
Related to businesses (disposed)/acquired		**(1.8)**	**96.3**	**(11.1)**	**(0.4)**	**(10.4)**	**72.6**
Exchange translation adjustment		**4.6**	**13.4**	**(0.5)**	**(0.7)**	**(4.2)**	**12.6**
At 31 December 2021		**93.6**	**362.2**	**(27.4)**	**8.4**	**(57.3)**	**379.5**

The short-term temporary differences and other temporary differences recognised in other comprehensive income comprise fair value movements on cash flow hedges of **(€0.1m)** (2020: €2.0m). In the above table, NOLs refers to Net Operating Losses.

The following is an analysis of the deferred tax balances (after offset) for balance sheet purposes:

	2021 €'m	2020 €'m
Deferred tax assets	**(67.8)**	(33.8)
Deferred tax liabilities	**447.3**	330.2
	379.5	296.4

The total deductible temporary differences for which deferred tax assets have not been recognised is **€26.9m** (2020: €21.8m). The Group does not have any unrecognised losses which have an expiry date.

Deferred tax has not been recognised in respect of withholding taxes and other taxes that would be payable on the unremitted earnings of foreign subsidiaries, as the Group is in a position to control the timing of reversal of the temporary differences and it is probable that the temporary differences will not reverse in the foreseeable future. The deferred tax liabilities which have not been recognised in respect of these temporary differences are not material as the Group can rely on the availability of participation exemptions and tax credits in the context of the Group's investments in subsidiaries.

An increase of 1% in the tax rates at which deferred tax is calculated would increase the net deferred tax balance of the Group by **€16.7m** (2020: €15.0m).

18. Assets classified as held for sale

	2021 €'m	2020 €'m
Property, plant and equipment	**18.7**	-
	18.7	-

In 2021, the Group held certain property, plant and equipment classified as held for sale in the Taste & Nutrition segment in Europe and North America.

19. Trade and other receivables

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Trade receivables	**1,131.1**	993.2	**-**	-
Loss allowances	**(42.1)**	(37.1)	**-**	-
Trade receivables due within 1 year	**1,089.0**	956.1	**-**	-
Other receivables and prepayments	**55.7**	45.8	**-**	3.9
Amounts due from subsidiaries	**-**	-	**218.9**	165.0
VAT receivable	**31.2**	39.4	**-**	-
Receivables due after 1 year	**5.8**	0.7	**-**	-
	1,181.7	1,042.0	**218.9**	168.9

All receivable balances are due within 1 year except for **€5.8m** (2020: €0.7m) outlined above. All receivable balances are within terms with the exception of certain trade receivables which are past due and are detailed below.

The following table shows an analysis of trade receivables split between past due and within terms accounts, where past due is deemed to be when an account exceeds the agreed terms of trade:

	2021 €'m	2020 €'m
Within terms	**940.1**	829.4
Past due not more than 1 month	**107.2**	92.8
Past due more than 1 month but less than 2 months	**28.3**	22.5
Past due more than 2 months but less than 3 months	**10.5**	9.6
Past due more than 3 months	**2.9**	1.8
Trade receivables (net)	**1,089.0**	956.1

The following table summarises the movement in loss allowances:

	Note	2021 €'m	2020 €'m
At beginning of financial year		37.1	35.7
Increase in loss allowance charged to the Consolidated Income Statement	3	**9.8**	9.6
Utilised during the financial year		**(6.6)**	(5.5)
Exchange translation adjustment		**1.8**	(2.7)
At end of the financial year		**42.1**	37.1

Trade and other receivables are stated at amortised cost less loss allowances. The fair value of these receivables approximates their carrying value as these are short-term in nature; hence, the maximum exposure to credit risk at the reporting date is the carrying value of each class of receivable.

The Group applies the IFRS 9 'Financial Instruments' simplified approach to measuring expected credit losses which uses a lifetime expected loss allowance for all trade receivables. To measure the expected credit losses, trade receivables have been grouped based on shared credit risk characteristics and the days past due. The expected loss rates are based on the payment profiles of sales and the corresponding historical credit loss experience. The historical loss rates are adjusted to reflect current and forward looking information on macroeconomic factors, including the GDP of the countries in which the Group sells its goods and services, that affect the ability of customers to settle receivables.

Before accepting any new customer, the Group uses a credit scoring system to assess the potential customer's credit quality and defines credit limits by customer. These credit limits are reviewed regularly throughout the financial year. The Group does not typically require collateral in respect of trade receivables.

There is no significant concentration of credit risk or transaction currency risk with respect to trade receivables, as the Group has a large number of internationally dispersed customers. Further disclosures on currency risk are provided in note 24 to the financial statements.

20. Trade and other payables

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Trade payables	**1,577.9**	1,293.9	**7.7**	6.4
Other payables and accruals	**161.9**	186.5	**-**	-
Lease liabilities	**28.0**	27.0	**-**	-
Deferred payments on acquisition of businesses	**4.0**	17.1	**2.3**	4.0
PAYE	**13.1**	11.7	**-**	-
Social security costs	**6.6**	7.1	**-**	-
	1,791.5	1,543.3	**10.0**	10.4

Trade and other payables are stated at amortised cost, which approximates to fair value given the short-term nature of these liabilities. The above balances are all due within 1 year.

21. Deferred income

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Grants					
At beginning of the financial year		21.8	23.1	0.1	0.1
Grants received during the financial year		**3.1**	0.3	**-**	-
Amortised during the financial year	3	**(1.9)**	(2.5)	**-**	-
Businesses disposed	5	**(2.3)**	-	**-**	-
Exchange translation adjustment		**0.2**	0.9	**-**	-
At end of the financial year		**20.9**	21.8	**0.1**	0.1
Analysed as:					
Current liabilities		**3.0**	2.4	**-**	-
Non-current liabilities		**17.9**	19.4	**0.1**	0.1
		20.9	21.8	**0.1**	0.1

There are no material unfulfilled conditions or other contingencies attaching to any government grants received.

22. Other non-current liabilities

	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Other payables and accruals	**96.7**	85.3	**-**	-
Lease liabilities	**46.2**	54.5	**-**	-
Deferred payments on acquisition of businesses	**11.0**	5.1	**-**	-
	153.9	144.9	**-**	-

All of the above balances are due within 2 to 5 years except for **€5.6m** (2020: €7.3m) which is not due until after 5 years.

23. Analysis of financial instruments by category

The following table outlines the financial assets and liabilities held by the Group at the balance sheet date:

	Notes	Financial Assets/ (Liabilities) at Amortised Cost 2021 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2021 €'m	Derivatives Designated as Hedging Instruments 2021 €'m	Assets/ (Liabilities) at FVOCI 2021 €'m	Total 2021 €'m
Group:						
Financial asset investments	13	-	45.5	-	4.4	49.9
Forward foreign exchange contracts	24 (i.i)	-	-	15.4	-	15.4
Interest rate swaps	24 (ii.ii)	-	-	34.6	-	34.6
Trade and other receivables	19	1,181.7	-	-	-	1,181.7
Cash at bank and in hand	24 (iii.i)	1,039.1	-	-	-	1,039.1
Total financial assets		2,220.8	45.5	50.0	4.4	2,320.7
Current assets		2,220.8	-	15.2	-	2,236.0
Non-current assets		-	45.5	34.8	4.4	84.7
		2,220.8	45.5	50.0	4.4	2,320.7
Borrowings and overdrafts	24 (iii.i)	(3,112.7)	(10.9)	-	-	(3,123.6)
Forward foreign exchange contracts	24 (i.i)	-	-	(40.6)	-	(40.6)
Interest rate swaps	24 (ii.ii)	-	-	-	-	-
Trade and other payables	20/22	(1,945.4)	-	-	-	(1,945.4)
Total financial liabilities		(5,058.1)	(10.9)	(40.6)	-	(5,109.6)
Current liabilities		(1,797.1)	-	(40.1)	-	(1,837.2)
Non-current liabilities		(3,261.0)	(10.9)	(0.5)	-	(3,272.4)
		(5,058.1)	(10.9)	(40.6)	-	(5,109.6)
Total net financial (liabilities)/assets		(2,837.3)	34.6	9.4	4.4	(2,788.9)

Included in the above table are the following components of total net debt:

Analysis of total net debt by category					
Bank overdrafts	(5.3)	-	-	-	(5.3)
Bank loans	(2.9)	-	-	-	(2.9)
Senior notes	(3,104.5)	(10.9)	-	-	(3,115.4)
Borrowings and overdrafts	(3,112.7)	(10.9)	-	-	(3,123.6)
Interest rate swaps	-	-	34.6	-	34.6
Cash at bank and in hand	1,039.1	-	-	-	1,039.1
Net debt - pre lease liabilities	(2,073.6)	(10.9)	34.6	-	(2,049.9)
Lease liabilities	(74.2)	-	-	-	(74.2)
Total net debt	(2,147.8)	(10.9)	34.6	-	(2,124.1)

23. Analysis of financial instruments by category (continued)

All Group borrowings and overdrafts and interest rate swaps are guaranteed by Kerry Group plc. No assets of the Group have been pledged to secure these items.

As at 31 December 2021 and at 31 December 2020, the Group's debt portfolio included:

- US$750m of senior notes issued in 2013 maturing in 2023 (the 2023 senior notes), of which US$250m were swapped, using cross currency swaps, to euro;
- €750m of senior notes issued in 2015 and €200m issued in April 2020 as a tap onto the original issuance (the 2025 senior notes). €175m of the issuance in 2015 were swapped, using cross currency swaps, to US dollar; and
- €750m of senior notes issued in 2019 (the 2029 senior notes). No interest rate derivatives were entered into for this issuance.

In addition as at 31 December 2021, the Group's debt portfolio includes the December 2021 €750m of euro sustainability-linked bond notes (2031 SLB senior notes) and no interest rate derivatives were entered into for this issuance.

As at 31 December 2020, the Group's debt portfolio included US$200m of senior notes issued in 2010 (private placement notes) which were swapped using cross currency swaps to euro. These notes were repaid in full in June 2021 ahead of their scheduled maturity date. The related cross currency swaps also matured during the same period.

The adjustment to senior notes classified under liabilities at fair value through profit or loss of **€10.9m** (2020: €33.7m) represents the part adjustment to the carrying value of debt from applying fair value hedge accounting for interest rate risk. This amount is primarily offset by the fair value adjustment on the corresponding hedge items being the underlying cross currency interest rate swaps.

	Notes	Financial Assets/ (Liabilities) at Amortised Cost 2020 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2020 €'m	Derivatives Designated as Hedging Instruments 2020 €'m	Assets/ (Liabilities) at FVOCI 2020 €'m	Total 2020 €'m
Group:						
Financial asset investments	13	-	37.0	-	-	37.0
Forward foreign exchange contracts	24 (i.i)	-	-	14.2	-	14.2
Interest rate swaps	24 (ii.ii)	-	-	81.9	-	81.9
Trade and other receivables	19	1,042.0	-	-	-	1,042.0
Cash at bank and in hand	24 (iii.i)	563.1	-	-	-	563.1
Total financial assets		1,605.1	37.0	96.1	-	1,738.2
Current assets		1,605.1	-	14.1	-	1,619.2
Non-current assets		-	37.0	82.0	-	119.0
		1,605.1	37.0	96.1	-	1,738.2
Borrowings and overdrafts	24 (iii.i)	(2,474.9)	(33.7)	-	-	(2,508.6)
Forward foreign exchange contracts	24 (i.i)	-	-	(10.5)	-	(10.5)
Interest rate swaps	24 (ii.ii)	-	-	-	-	-
Trade and other payables	20/22	(1,688.2)	-	-	-	(1,688.2)
Total financial liabilities		(4,163.1)	(33.7)	(10.5)	-	(4,207.3)
Current liabilities		(1,546.1)	-	(10.0)	-	(1,556.1)
Non-current liabilities		(2,617.0)	(33.7)	(0.5)	-	(2,651.2)
		(4,163.1)	(33.7)	(10.5)	-	(4,207.3)
Total net financial (liabilities)/assets		(2,558.0)	3.3	85.6	-	(2,469.1)

23. Analysis of financial instruments by category (continued)

Included in the above table are the following components of total net debt:

	Financial Assets/ (Liabilities) at Amortised Cost 2020 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2020 €'m	Derivatives Designated as Hedging Instruments 2020 €'m	Assets/ (Liabilities) at FVOCI 2020 €'m	Total 2020 €'m
Analysis of total net debt by category					
Bank overdrafts	(2.8)	-	-	-	(2.8)
Bank loans	-	-	-	-	-
Senior notes	(2,472.1)	(33.7)	-	-	(2,505.8)
Borrowings and overdrafts	(2,474.9)	(33.7)	-	-	(2,508.6)
Interest rate swaps	-	-	81.9	-	81.9
Cash at bank and in hand	563.1	-	-	-	563.1
Net debt - pre lease liabilities	(1,911.8)	(33.7)	81.9	-	(1,863.6)
Lease liabilities	(81.5)	-	-	-	(81.5)
Total net debt	(1,993.3)	(33.7)	81.9	-	(1,945.1)

The following table outlines the financial assets and liabilities held by the Company at the balance sheet date:

	Notes	**2021 €'m**	2020 €'m
Company:			
Financial assets at amortised cost			
Cash at bank and in hand		**0.1**	-
Trade and other receivables	19	**218.9**	168.9
Total financial assets - all current		**219.0**	168.9
Financial liabilities at amortised cost			
Borrowings and overdrafts		**-**	-
Trade and other payables	20	**(10.0)**	(10.4)
Total financial liabilities - all current		**(10.0)**	(10.4)
Total net financial assets		**209.0**	158.5

24. Financial instruments

Capital management

The financing structure of the Group is managed in order to optimise shareholder value while allowing the Group to take advantage of opportunities that might arise to grow the business. The Group targets acquisition and investment opportunities that are value enhancing and the Group's policy is to fund these transactions from cash flow or borrowings while maintaining its strong investment grade credit rating.

The capital structure of the Group consists of debt related financial liabilities, cash and cash equivalents, deferred payments on acquisitions of businesses and equity attributable to owners of the parent, comprising issued capital, reserves and retained earnings are disclosed in the Consolidated Statement of Changes in Equity, as represented in the table below:

	Notes	**2021 €'m**	2020 €'m
Issued capital and reserves attributable to owners of the parent		**5,601.2**	4,655.5
Net debt - pre lease liabilities	23	**2,049.9**	1,863.6
Lease liabilities	20/22	**74.2**	81.5
Deferred payments on acquisition of businesses	20/22	**15.0**	22.2
		7,740.3	6,622.8

During the financial year the Group undertook four notable debt financing events, the first three of which were completed in June.

The Group entered into a dedicated bridge facility for US$1,000m for the acquisition of Niacet. This facility was drawn on the closure of the acquisition in late Q3 2021 and was repaid and cancelled in early Q4 2021, with repayment funded predominantly out of the proceeds from the sale of the Consumer Foods Meats and Meals business.

The Group exercised the second of the two 'plus one' extension options on its €1,100m revolving credit facility to extend the maturity date of this facility for the full €1,100m to June 2026. As part of this process the Group amended and restated the facility agreement to allow for IBOR replacement language. This amendment to immediately adopt SONIA for GBP loans and to allow for switch language for US Dollars at a future date has no commercial impact on the Group. In keeping with the Group's commitment to Sustainability, the facility incorporates a price adjustment mechanism which is linked to the Group meeting or exceeding its carbon, water and food waste reduction targets.

The Group repaid US$200m of outstanding private placement notes ahead of the scheduled maturity date (Tranche C US$125m and Tranche D US$75m of the 2010 senior notes). At the time of issuance the US$200m of private placement notes were swapped from US dollar fixed rate to euro floating rate using cross currency interest rate swaps which were closed out at the time of the repayment. The net cash outflow was funded from existing cash resources of the Group. Following repayment of the US$200m of private placement notes, the Group has no borrowings that carry financial covenants.

In December 2021 the Group issued €750m 10-year euro sustainability-linked bond notes (2031 SLB senior notes). The issuance is listed on the Euronext Dublin - Global Exchange Market. The proceeds of the issuance will be used for general corporate purposes including the repayment of indebtedness and the funding of acquisitions in the ordinary course of business. The SLB senior notes embed key 'Beyond the Horizon' sustainability commitments into our financing.

All senior notes issued by the Group are rated by S&P (BBB+) and Moody's (Baa2).

Net debt is subject to seasonal fluctuations that can be up to 25% above year end debt levels, before allowance for acquisition activity undertaken during the financial year.

Capital is managed by setting net debt to earnings before finance income and costs, income taxes, depreciation (net), intangible asset amortisation and non-trading items (EBITDA) targets while allowing flexibility to accommodate significant acquisition opportunities. Any expected variation from these targets should be reversible in a period of time that retains our strong investment grade credit rating, otherwise consideration would be given to issuing additional equity in the Group.

	2021 Times	2020 Times
Net debt: EBITDA	**2.0**	1.9
EBITDA: Net interest	**14.9**	13.8

The Net debt: EBITDA and EBITDA: Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

For the financial year end 31 December 2020, the private placement notes issued in 2010 had $200m outstanding and this series of notes carry financial covenants calculated in accordance with the Note Purchase Agreement. The principal financial covenants were that the ratio of Net debt to EBITDA of a maximum of 3.5 times and EBITDA to Net interest charge of a minimum of 4.0 times. The actual outturn for 2020 were 1.9 times and 13.8 times respectively.

24. Financial instruments (continued)

Financial risk management objectives

The Group has a clearly defined Financial Risk Management Programme, which is approved by the Board of Directors and is subject to regular monitoring by the Finance Committee and Group Internal Audit. The Group operates a centralised treasury function, which manages the principal financial risks of the Group and Company.

The principal objectives of the Group's Financial Risk Management Programme are:
- to manage the Group's exposure to foreign exchange rate risk;
- to manage the Group's exposure to interest rate risk;
- to ensure that the Group has sufficient credit facilities available to fund the Group and manage liquidity risk; and
- to ensure that counterparty credit risk is monitored and managed.

Residual exposures not managed commercially are hedged using approved financial instruments. The use of financial derivatives is governed by the Group's policies and procedures. The Group does not engage in speculative trading.

The principal objectives of the Group's Financial Risk Management Programme are further discussed across the following categories:
(i) Foreign exchange rate risk management - key foreign exchange exposure of the Group and the disclosures on forward foreign exchange contracts.
(ii) Interest rate risk management - key interest rate exposures of the Group and the disclosures on interest rate derivatives.
(iii) Liquidity risk management - key banking facilities available to the Group and the maturity profile of the Group's debt.
(iv) Credit risk management - details in relation to the management of credit risk within the Group.
(v) Price risk management - key price risk exposures of the Group.
(vi) Fair value of financial instruments - disclosures in relation to the fair value of financial instruments.
(vii) Offsetting financial instruments - disclosures in relation to the potential offsetting values in financial instruments.

(i) Foreign exchange rate risk management

The Group is exposed to transactional foreign currency risk on trading activities conducted by subsidiaries in currencies other than their functional currency. Group policy is to manage foreign currency exposures commercially and through netting of exposures wherever possible. Any residual exposures arising on foreign exchange transactions are hedged in accordance with Group policy using approved financial instruments, which consist primarily of spot and forward exchange contracts and currency swaps.

As at 31 December, the Group had an exposure to a US dollar liability of **€13.1m** (2020: €29.4m asset) and a sterling asset of **€36.5m** (2020: €8.4m). Based on these net positions, as at 31 December 2021, a weakening of 5% of the US dollar and sterling against all other key operational currencies, and holding all other items constant, would have impacted the profit after taxation of the Group for the financial year by a decrease of €1.0m (2020: €1.6m).

The Group's gain or loss on the retranslation of the net assets of foreign currency subsidiaries is taken directly to the translation reserve. As at 31 December 2021 a 5% strengthening of the euro against the US dollar and sterling, holding all other items constant, would have resulted in an additional translation reserve loss of **€25.9m** (2020: €21.6m) and **€23.2m** (2020: €22.9m), respectively.

(i.i) Forward foreign exchange contracts

The Group's activities expose it to risks of changes in foreign currency exchange rates in relation to international trading, primarily sales in US dollar and sterling out of the Eurozone and sales and purchases in US dollar in APMEA. The Group uses forward foreign exchange contracts to hedge these exposures. All such exposures are highly probable. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

The following table details the portfolio of forward foreign exchange contracts* at the balance sheet date:

	2021 €'m Asset	**2021 €'m Liability**	**2021 €'m Total**	2020 €'m Asset	2020 €'m Liability	2020 €'m Total
Designated in a hedging relationship:						
- current [1]	**15.2**	**(40.1)**	**(24.9)**	14.1	(10.0)	4.1
- non-current [2]	**0.2**	**(0.5)**	**(0.3)**	0.1	(0.5)	(0.4)
Forward foreign exchange contracts	**15.4**	**(40.6)**	**(25.2)**	14.2	(10.5)	3.7

* Location of line item in the Consolidated Balance Sheet
1 Other current financial instruments
2 Other non-current financial instruments

24. Financial instruments (continued)

Financial risk management objectives (continued)

(i) Foreign exchange rate risk management (continued)

(i.i) Forward foreign exchange contracts (continued)

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months.

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the underlying highly probable forecasted transactions (hedged item) and the forward foreign exchange contracts (hedged instruments). As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the forward foreign currency exchange contract are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hypothetical derivative method to assess effectiveness.

The Group does not hold any forward foreign exchange contracts classified as fair value hedges.

The following table details the foreign exchange contracts classified as cash flow hedges at 31 December:

	Fair Value Asset/(Liability)		Notional Principal	
	2021 €'m	2020 €'m	**2021 €'m**	2020 €'m
Forward foreign exchange contracts				
less than 1 year	**(24.9)**	4.1	**2,798.0**	1,105.0
1 - 2 years	**(0.3)**	(0.4)	**50.2**	31.4
Forward foreign exchange contracts - cash flow hedges	**(25.2)**	3.7	**2,848.2**	1,136.4

The following table details the impact of forward foreign exchange contracts - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Forward foreign exchange contracts - cash flow hedges	**(25.2)**	3.7
Retained earnings and other reserves:		
Cash flow hedging reserve	**(3.2)**	(2.9)
Amount reclassified from OCI to profit or loss	**28.4**	(0.8)
	25.2	(3.7)

The fair value included in the hedging reserve will primarily be released to the Consolidated Income Statement within **9 months** (2020: 7 months) of the balance sheet date. All forward contracts relate to sales revenue and purchases made in their respective currencies and forward foreign exchange contracts that provide a hedge against foreign currency receivables from 'within Group' lending.

The following table details the impact of forward foreign exchange contracts* - cash flow hedges on the Consolidated Income Statement and Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Movements recognised in the Consolidated Statement of Comprehensive Income		
Total hedging gain recognised in OCI in the financial year	**0.8**	(2.1)
Amount reclassified from OCI to profit or loss	**(0.5)**	3.4
	0.3	1.3
Movements recognised in the Consolidated Income Statement		
Income reclassified from OCI to profit or loss [1]	**0.5**	(3.4)
Ineffectiveness recognised in profit or loss [1]	**-**	-
	0.5	(3.4)

* Location of line item in the Consolidated Income Statement

1 Other general overheads

There were no transactions during 2021 or 2020 which were designated as hedges that did not occur, nor are there hedges on forecast transactions that are no longer expected to occur.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management

The Group is exposed to interest rate risk as the Group holds borrowings on both a fixed and floating basis. This exposure to interest rate risk is managed by optimising the mix of fixed and floating rate borrowings and by using interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures, in accordance with Group policy as approved by the Board of Directors. The Group reviews the mix of fixed and floating rate borrowings on an ongoing basis and adjusts where necessary to comply with Group policy. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair value.

(ii.i) Interest rate profile of financial liabilities excluding related derivatives fair value

The Group's exposure to interest rates on financial assets and liabilities are detailed in the table below including the impact of cross currency swaps (CCS) on the currency profile of net debt (including lease liabilities):

	Total Pre CCS €'m	Impact of CCS €'m	Total after CCS €'m	Floating Rate Debt €'m	Fixed Rate Debt €'m
Euro	**(1,831.1)**	**(45.9)**	**(1,877.0)**	**618.9**	**(2,495.9)**
Sterling	**74.5**	**-**	**74.5**	**74.5**	**-**
US Dollar	**(513.5)**	**45.9**	**(467.6)**	**(246.7)**	**(220.9)**
Others	**122.3**	**-**	**122.3**	**122.3**	**-**
At 31 December 2021	**(2,147.8)**	**-**	**(2,147.8)**	**569.0**	**(2,716.8)**
Euro	(1,562.0)	(191.7)	(1,753.7)	(25.0)	(1,728.7)
Sterling	78.2	-	78.2	78.2	-
US Dollar	(591.5)	191.7	(399.8)	(196.1)	(203.7)
Others	82.0	-	82.0	82.0	-
At 31 December 2020	(1,993.3)	-	(1,993.3)	(60.9)	(1,932.4)

The currency profile of debt highlights the impact of the **US$250m** (2020: US$450m) of cross currency swaps entered into at the time of issuance of senior notes. For the 2013 senior notes, US$250m were swapped from US dollar fixed to euro fixed and accounted for as cash flow hedges. As at 31 December 2020, the US$200m private placement notes were swapped from US dollar fixed to euro floating and are accounted for as fair value hedges. All cross currency swaps relating to the private placements notes matured in June 2021. The retranslation of the foreign currency debt of **US$250m** (2020: US$450m) to the balance sheet rate resulted in a foreign currency loss of **€25.5m** (2020: €36.8m) which is directly offset by a gain of **€25.5m** (2020: €36.8m) on the application of hedge accounting on the cross currency swaps.

In addition, the Group holds €950m of 2025 senior notes of which €750m were issued in 2015 and €200m were issued in 2020. €175m of the 2025 senior notes from 2015 were swapped, using cross currency swaps, from euro fixed to US dollar floating and are accounted for as fair value hedges of the related debt. The fair value of the related derivative includes an asset of **€2.9m** (2020: €16.2m) for movement in exchange rates since the date of execution which is directly offset by a loss of **€2.9m** (2020: €16.2m) on the application of hedge accounting on the cross currency swaps.

The floating rate financial liabilities are at rates which fluctuate mainly based upon LIBOR or EURIBOR and comprise of bank borrowings and other financial liabilities bearing interest rates fixed in advance for periods ranging from 1 to 6 months. At the financial year end **15%** (2020: 24%) of gross debt was held at floating rates.

If the interest rates applicable to floating rate net debt were to rise by 1% holding all other items constant, the profit of the Group before taxation and non-trading items in the Consolidated Income Statement could decrease by 1% (2020: 1%).

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts

The Group's activities expose it to risks of changes in interest rates in relation to long-term debt. The Group uses interest rate swaps, cross currency swaps and forward rate agreements to hedge these exposures. Derivative financial instruments are held in the Consolidated Balance Sheet at their fair values.

The Group adopts an 'exit price' approach to valuing interest rate derivatives to allow for credit risk.

The following table details the portfolio of interest rate derivative contracts* at the balance sheet date:

	Notes	2021 €'m Asset	2021 €'m Liability	2021 €'m Total	2020 €'m Asset	2020 €'m Liability	2020 €'m Total
Designated in a hedging relationship:							
Interest rate swap contracts - cash flow hedges	(a)	**23.8**	**-**	**23.8**	8.4	-	8.4
- non-current [2]		**23.8**	**-**	**23.8**	8.4	-	8.4
Interest rate swap contracts - fair value hedges	(b)	**10.8**	**-**	**10.8**	73.5	-	73.5
- non-current [2]		**10.8**	**-**	**10.8**	73.5	-	73.5
Interest rate swap contracts		**34.6**	**-**	**34.6**	81.9	-	81.9

* Location of line item in the Consolidated Balance Sheet
[1] Other current financial instruments
[2] Other non-current financial instruments

The Group adopted the hedge accounting requirements of IFRS 9 'Financial Instruments'. The Group enters into hedge relationships when there is an economic relationship between the identified notional amount of the underlying debt instrument (hedged item) and the interest rate swap contract (hedged instrument).

Interest rate swap

As the critical terms match for the prospective assessment of effectiveness, a qualitative assessment is performed. The Group has established a 1:1 hedge ratio as the underlying risks in the interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship. In instances where changes occur to the hedged item which result in the critical terms no longer matching, the Group uses the hypothetical derivative method to assess effectiveness. Hedge ineffectiveness may occur due to the credit/debit value adjustment on the interest rate swaps which is not matched by the loan.

Cross currency interest rate swap

The Group uses the hypothetical derivative method to assess effectiveness for such swaps as while the critical terms match, both qualitative and quantitative assessments are required to be performed as there remains characteristics in cross currency interest rate swap contracts that are not present in the hedged item, being basis risks. The Group has established a 1:1 hedge ratio as the underlying risks in the cross currency interest rate swap contracts are identical to the hedged risk components. Hedge effectiveness is determined at the origination of the hedging relationship and at each reporting date.

The full fair value of a hedging derivative is classified as a non-current asset or liability if the remaining maturity of the hedged item is more than twelve months and as a current asset or liability if the maturity of the hedged item is less than twelve months. The classification of the maturity profile of the interest rate derivative contracts are set out in the following tables (a) and (b).

The tables as set out reflect the hedging relationships affected by interest rate benchmark reform (IBOR reform) as financial instruments transition to risk free rates. Group Treasury are managing the IBOR transition process. The principal change is expected to be for the contractual terms of IBOR-referenced interest rate swaps and debt instruments and the related impact on hedge designation, systems and processes. While general communication with swap and debt counterparties has commenced, no specific changes have been agreed to date. In assessing the potential impact the Group has assumed that the uncertainty in relation to the IBOR reform will remain until the Group has completed specific changes with the swap and debt counterparties and the Group will continue to apply the amendments to IFRS 9 'Financial Instruments' until this date.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts (continued)

Cross currency interest rate swap (continued)

(a) Interest rate swap contracts - cash flow hedges

Under interest rate swap contracts, including cross currency interest rate swaps, the Group agrees to exchange the difference between the fixed and floating rate interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the cash flow hedges, where the Group receives a floating or a fixed interest rate and pays fixed interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset		Notional Principal	
	2021 %	2020 %	**2021 €'m**	2020 €'m	**2021 €'m**	2020 €'m
Interest rate swap contracts						
2 - 5 years	**2.58**	2.58	**23.8**	8.4	**220.9**	203.7
Interest rate swap contracts - cash flow hedges			**23.8**	8.4	**220.9**	203.7

The following table details the impact of interest rate swap contracts* - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Interest rate swap contracts - cash flow hedges	**23.8**	8.4
Fixed rate borrowings:		
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations[1]	**(25.5)**	(8.3)
Retained earnings and other reserves:		
Cash flow hedging reserve	**1.8**	0.3
Cost of hedging reserve	**(0.3)**	(0.6)
Accumulated hedge ineffectiveness	**0.2**	0.2
	(23.8)	(8.4)

* Location of line item in the Consolidated Balance Sheet

[1] Borrowings and overdrafts

The following table details the impact of interest rate swap contracts - cash flow hedges on the Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Total hedging loss recognised in cash flow hedging reserve	**19.1**	(27.7)
Total hedging gain recognised in cost of hedging reserve	**0.3**	0.7
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations	**(17.2)**	18.9
Amount reclassified from OCI to profit or loss re: interest rate fluctuations	**(0.4)**	(0.5)
Ineffectiveness recognised in profit or loss	**-**	(0.2)
Net impact	**1.8**	(8.8)

24. Financial instruments (continued)

Financial risk management objectives (continued)

(ii) Interest rate risk management (continued)

(ii.ii) Interest rate swap contracts (continued)

(a) Interest rate swap contracts - cash flow hedges (continued)

The following table details the income/(expense) impact of interest rate swap contracts* - cash flow hedges and the hedged item on the Consolidated Income Statement during the financial year:

	2021 €'m	2020 €'m
Interest rate swap contracts - cash flow hedges:		
Foreign exchange rate fluctuations [1]	**17.2**	(18.9)
Amount reclassified from OCI to profit or loss re: interest rate fluctuations [2]	**0.4**	0.5
Ineffectiveness recognised in profit or loss [2]	**-**	0.2
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**(17.2)**	18.9
Net impact	**0.4**	0.7

* Location of line item in the Consolidated Income Statement
[1] Other general overheads
[2] Finance costs

The interest rate swaps settle on a 6 monthly basis, the difference between the floating rate or fixed rate due to be received and the fixed rate to be paid are settled on a net basis.

(b) Interest rate swap contracts - fair value hedges

Under interest rate swap contracts including cross currency interest rate swaps, the Group agrees to exchange the difference between the floating and fixed interest amounts calculated on the agreed notional principal amounts.

The following table details the notional principal amounts and remaining terms of the fair value hedges, where the Group receives a fixed interest rate and pays a floating interest rate on swaps as at 31 December:

	Average Contracted Fixed Interest Rate		Fair Value Asset		Notional Principal	
	2021 %	2020 %	2021 €'m	2020 €'m	2021 €'m	2020 €'m
Interest rate swap contracts						
less than 1 year	**-**	-	**-**	-	**-**	-
1 - 2 years	**3.2**	4.9	**3.8**	21.9	**220.9**	101.9
2 - 5 years	**2.4**	3.1	**7.0**	51.6	**175.0**	439.8
> 5 years	**-**	-	**-**	-	**-**	-
Interest rate swap contracts - fair value hedges			**10.8**	73.5	**395.9**	541.7

The interest rate swaps settle on a 6 monthly or annual basis. The floating interest rate paid by the Group is based on 6 month EURIBOR or LIBOR. All hedges are highly effective on a prospective and retrospective basis.

24. Financial instruments (continued)

Financial risk management objectives (continued)
(ii) Interest rate risk management (continued)
(ii.ii) Interest rate swap contracts (continued)
(b) Interest rate swap contracts - fair value hedges (continued)

The following table details the impact of interest rate swap contracts* - fair value hedges and the hedged items on the Consolidated Balance Sheet as at 31 December:

	2021 €'m	2020 €'m
Interest rate swap contracts - fair value hedges	**10.8**	73.5
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	-	(28.5)
Interest rate movements [1]	**(10.9)**	(33.7)
Receivables:		
Foreign exchange rate fluctuations [2]	**(2.9)**	(16.2)
Retained earnings and other reserves:		
Hedge ineffectiveness	**0.4**	2.0
Cost of hedging reserve	**2.6**	2.9
	(10.8)	(73.5)

* Location of line item in the Consolidated Balance Sheet
1 Borrowings and overdrafts
2 Receivables: €175m of the 2015 senior notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity

The following table details the impact of interest rate swap contracts - fair value hedges on the Consolidated Statement of Comprehensive Income during the financial year:

	2021 €'m	2020 €'m
Amounts recognised in the cost of hedging reserve	**(0.3)**	0.1

The following table details the income/(expense) impact of interest rate swap contracts*/** - fair value hedges and the hedged items on the Consolidated Income Statement during the financial year:

	2021 €'m	2020 €'m
Interest rate swap contracts - fair value hedges:		
Foreign exchange rate fluctuations [1]	**(12.1)**	(0.4)
Interest rate movements [2]	**(12.3)**	8.7
Ineffectiveness recognised in profit or loss [2]	**1.1**	0.7
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**(1.3)**	15.2
Interest rate movements [2]	**12.3**	(8.7)
Receivables:		
Foreign exchange rate fluctuations [3]	**13.4**	(14.8)
Net impact	**1.1**	0.7

* Location of line item in the Consolidated Income Statement
** Location of line item in the Consolidated Balance Sheet
1 Other general overheads
2 Finance costs
3 Receivables: €175m of the 2015 senior notes issuance were swapped from Euro to US dollars and subsequently on-lent from a Euro entity to a US dollar entity within the Group

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management

Liquidity risk considers the risk that the Group could encounter difficulties in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. There is no significant concentration of liquidity risk.

The Group entered 2021 with significant available liquidity and no significant loan maturities arising until April 2023. During 2021, this position was further strengthened by (a) completing a €750m sustainability-linked bond issuance (2031 SLB Senior Notes) and (b) the exercise of the second of the two 'plus one year' extension options on our June 2019 revolving credit facility.

Group funding and liquidity is managed by ensuring that sufficient facilities are available from diverse funding sources with an appropriate spread of debt maturities. The Group uses cash flow forecasts to constantly monitor the funding requirements of the Group.

Group businesses are funded from cash generated from operations, borrowings from banks and senior notes from capital markets. It is Group policy to ensure that:

- sufficient facilities are available to cover its gross forecast debt by at least 1.25 times; and
- at least 75% of total facilities available are committed.

Both targets were met at 31 December 2021 and 2020.

All Group credit facilities are arranged and managed by Group Treasury and approved by the Board of Directors. Where possible, facilities have common security and terms and conditions. Other than the pre existing contractual exercise of the 'plus one year' extension option on the revolving credit facility agreement, the Group did not undertake any liability modifications to contracts for existing debt during 2021.

At 31 December 2021, the Group had undrawn committed bank facilities of **€1,100m** (2020: €1,100m), and a portfolio of undrawn standby facilities amounting to **€337m** (2020: €320m). The undrawn committed facilities comprise primarily of a revolving credit facility maturing between **4 - 5 years** (2020: between 4 - 5 years). As set out above during the year the Group exercised the second of its two 'plus one year' extension options on the revolving credit facility. As a result of the extension option the Group now holds a committed facility until June 2026 for €1,100m.

(iii.i) Contractual maturity profile of non-derivative financial instruments

The following table details the Group's remaining contractual maturity of its non-derivative financial instruments, including lease liabilities and deferred payments on acquisitions of businesses, excluding the remaining trade and other payables (note 20) and other non-current liabilities (note 22), of which **€1,759.5** (2020: €1,499.2m) is payable within 1 year, **€96.7m** (2020: €85.3m) between 2 and 5 years. This information has been drawn up based on the undiscounted cash flows of financial liabilities to the earliest date on which the Group can be required to repay. The analysis includes both interest commitments and principal cash flows. To the extent that interest rates are floating, the rate used is derived from interest rate yield curves at the end of the reporting date and as such, are subject to change based on market movements.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.i) Contractual maturity profile of non-derivative financial instruments (continued)

	Note	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Bank overdrafts		(5.3)	-	-	-	(5.3)
Bank loans		(0.3)	(2.6)	-	-	(2.9)
Senior notes		-	(662.6)	(956.4)	(1,485.5)	(3,104.5)
Borrowings and overdrafts		(5.6)	(665.2)	(956.4)	(1,485.5)	(3,112.7)
Lease liabilities (undiscounted)	11 (iii.iv)	(31.0)	(22.2)	(22.3)	(6.9)	(82.4)
Deferred payments on acquisition of businesses		(4.0)	(4.6)	(6.4)	-	(15.0)
		(40.6)	(692.0)	(985.1)	(1,492.4)	(3,210.1)
Interest commitments on borrowings and overdrafts		(55.0)	(39.6)	(72.0)	(45.0)	(211.6)
At 31 December 2021		(95.6)	(731.6)	(1,057.1)	(1,537.4)	(3,421.7)
Reconciliation to net debt position:						
Borrowings and overdrafts		(5.6)	(665.2)	(956.4)	(1,485.5)	(3,112.7)
Senior notes - fair value adjustment		-	(3.8)	(7.1)	-	(10.9)
Borrowings and overdrafts		(5.6)	(669.0)	(963.5)	(1,485.5)	(3,123.6)
Interest rate swaps		-	27.6	7.0	-	34.6
Cash at bank and in hand		1,039.1	-	-	-	1,039.1
Net debt - pre lease liabilities		1,033.5	(641.4)	(956.5)	(1,485.5)	(2,049.9)
Lease liabilities (discounted)	11 (iii.iv)	(28.0)	(19.7)	(20.9)	(5.6)	(74.2)
Total net debt as at 31 December 2021		1,005.5	(661.1)	(977.4)	(1,491.1)	(2,124.1)

	Note	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Bank overdrafts		(2.8)	-	-	-	(2.8)
Bank loans		-	-	-	-	-
Senior notes		-	(101.9)	(1,630.3)	(739.9)	(2,472.1)
Borrowings and overdrafts		(2.8)	(101.9)	(1,630.3)	(739.9)	(2,474.9)
Lease liabilities (undiscounted)	11 (iii.iv)	(31.4)	(22.6)	(29.0)	(9.1)	(92.1)
Deferred payments on acquisition of businesses		(17.1)	(1.6)	(3.5)	-	(22.2)
		(51.3)	(126.1)	(1,662.8)	(749.0)	(2,589.2)
Interest commitments on borrowings and overdrafts		(54.9)	(50.2)	(86.4)	(17.4)	(208.9)
At 31 December 2020		(106.2)	(176.3)	(1,749.2)	(766.4)	(2,798.1)
Reconciliation to net debt position:						
Borrowings and overdrafts		(2.8)	(101.9)	(1,630.3)	(739.9)	(2,474.9)
Senior notes - fair value adjustment		-	(4.3)	(29.4)	-	(33.7)
Borrowings and overdrafts		(2.8)	(106.2)	(1,659.7)	(739.9)	(2,508.6)
Interest rate swaps		-	21.9	60.0	-	81.9
Cash at bank and in hand		563.1	-	-	-	563.1
Net debt - pre lease liabilities		560.3	(84.3)	(1,599.7)	(739.9)	(1,863.6)
Lease liabilities (discounted)	11 (iii.iv)	(27.0)	(20.6)	(26.6)	(7.3)	(81.5)
Total net debt as at 31 December 2020		533.3	(104.9)	(1,626.3)	(747.2)	(1,945.1)

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.ii) Contractual maturity profile of derivative financial instruments

The following table details the Group's remaining contractual maturity of its derivative financial instruments. The table has been drawn up based on the undiscounted net cash inflows and outflows on derivative instruments that settle on a net basis. To the extent that the amounts payable or receivable are not fixed, the rate used is derived from interest rate yield curves at the end of the reporting date and as such are subject to change based on market movements.

	On demand & up to 1 year €'m	**Up to 2 years €'m**	**2 - 5 years €'m**	**> 5 years €'m**	**Total €'m**
Interest rate swaps inflow	**18.3**	**33.5**	**9.9**	**-**	**61.7**
Interest rate swaps outflow	**(12.4)**	**(7.6)**	**(9.3)**	**-**	**(29.3)**
Net interest rate swaps inflow	**5.9**	**25.9**	**0.6**	**-**	**32.4**
Forward foreign exchange contracts outflow	**(24.9)**	**(0.3)**	**-**	**-**	**(25.2)**
At 31 December 2021	**(19.0)**	**25.6**	**0.6**	**-**	**7.2**

	On demand & up to 1 year €'m	Up to 2 years €'m	2 - 5 years €'m	> 5 years €'m	Total €'m
Interest rate swaps inflow	25.3	38.4	52.2	-	115.9
Interest rate swaps outflow	(12.5)	(11.7)	(9.0)	-	(33.2)
Net interest rate swaps inflow	12.8	26.7	43.2	-	82.7
Forward foreign exchange contracts inflow/ (outflow)	4.1	(0.4)	-	-	3.7
At 31 December 2020	16.9	26.3	43.2	-	86.4

Included in the interest rate swaps inflow and outflow is the foreign currency differential on final maturity of the cross currency interest rate swaps as follows:

Swaps inflow

- Up to 1 year - swaps inflow of **€nil** (2020: €nil)
- 1 - 2 years - swaps inflow of **€25.5m** (2020: €17.8m)
- 2 - 5 years - swaps inflow of **€2.9m** (2020: €35.2m)
- Greater than 5 years - swaps inflow of **€nil** (2020: €nil)

(iii.iii) Summary of borrowing arrangements

(a) Bank loans

Bank loans comprise committed term loan facilities, committed revolving credit facilities, bilateral term loans and other uncommitted facilities:

- Demand facilities;
- Committed Syndicate revolving credit facilities of €1,100m to June 2026;
- Bilateral term loans with maturities ranging up to 1 year; and
- The Group also held a dedicated bridge facility of US$1,000m during the financial year under review. This facility was drawn on the closure of the acquisition of Niacet in late Q3 2021 and was repaid and cancelled in early Q4 2021, funded predominantly out of the proceeds from the sale of the Consumer Foods Meats and Meals business.

(b) 2031 Euro Senior Notes - public

In 2021 the Group issued €750m of euro sustainability-linked bond notes (2031 SLB Senior Notes) at an interest rate of 0.875% with a maturity date on 1 December 2031. The Notes include targets to 1) Reduce absolute Scope 1 & 2 carbon emissions by 55% by 2030 against the 2017 baseline; 2) Reduce Food Waste by 50% by 2030 against the 2017 baseline. Should either of these targets not be met by 2030 there is a +0.5% increase in the final interest coupon. If both targets are not met there is a 1% increase in the final interest coupon. The step up in the interest coupon (if any) is payable to investors on the last interest payment date in December 2031.

(c) 2029 Euro Senior Notes - public (2029 Senior Notes)

In 2019 the Group issued a 10 year euro note of €750m at an interest rate of 0.625% with a maturity date on 20 September 2029.

(d) 2025 Euro Senior Notes - public (2025 Senior Notes)

In 2015 the Group issued a debut 10 year euro note of €750m at an interest rate of 2.375% with a maturity date on 10 September 2025. During 2020 the Group completed a €200m tap issuance of the onto our 2025 Euro Senior Notes.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(iii) Liquidity risk management (continued)

(iii.iii) Summary of borrowing arrangements (continued)

(e) 2023 US dollar Senior Notes - public (2023 Senior Notes)

In 2013 the Group issued a debut 10 year USA public note of US$750m at an interest rate of 3.2% with a maturity date on 9 April 2023.

(f) 2010 Senior Notes - private placement notes

The Group placed US$600m of senior notes with USA institutional investors in four tranches with maturity as follows:
- Tranche A of US$192m - matured and repaid on 20 January 2017
- Tranche B of US$208m - matured and repaid on 20 January 2020
- Tranche C of US$125m - repaid in June 2021 ahead of its scheduled maturity of 20 January 2022
- Tranche D of US$75m - repaid in June 2021 ahead of its scheduled maturity of 20 January 2025

The interest rates listed above are before the effects of related interest rate swaps.

(g) Lease liabilities

The Group's lease liabilities are set out in note 11 (iii).(iii).

(iv) Credit risk management

Cash deposits and other financial assets give rise to credit risk on the amounts due from counterparties.

The Group controls and monitors the distribution of this exposure by ensuring that all financial instruments are held with reputable and financially secure institutions and that exposure to credit risk is distributed across a number of institutions. At 31 December 2021 and 2020 all cash, short-term deposits and other liquid investments had a maturity of less than 3 months. Cash at bank and in hand of **€1,039.1m** (2020: €554.9m) includes an amount of **€545.0m** (2020: €210.2m) held on short-term deposit of which **€100.0m** (2020: €75m) was held under a Sustainable Deposits programme.

Credit risk exposure to financial institutions is actively managed across the portfolio of institutions by setting appropriate credit exposure limits based on a value at risk calculation that takes EBITDA of the Group and calculates approved tolerance levels based on credit default swap rates for the financial institutions. These levels are applied in controlling the level of material surplus funds that are placed with counterparties and for controlling the institutions with which the Group enters into derivative contracts. Credit default swaps are updated and reviewed on an ongoing basis.

The Group's exposure to its counterparties is continuously monitored and the aggregate value of transactions entered into is spread amongst approved counterparties.

Trade receivables consist of a large number of customers, spread across diverse geographical areas. Ongoing credit evaluation is performed on the financial condition of accounts receivable at operating unit level at least on a monthly basis.

The Group's maximum exposure to credit risk consists of gross trade receivables (note 19), cash deposits (note 23) and other financial assets (note 23), which are primarily interest rate swaps and foreign exchange contracts.

(v) Price risk management

The Group's exposure to equity securities price risk, due to financial asset investments held, is considered to be low as the level of securities held versus the Group's net assets is not material.

(vi) Fair value of financial instruments

(a) Fair value of financial instruments carried at fair value

Financial instruments recognised at fair value are analysed between those based on:
- quoted prices in active markets for identical assets or liabilities (Level 1);
- those involving inputs other than quoted prices included in Level 1 that are observable for the assets or liabilities, either directly (as prices) or indirectly (derived from prices) (Level 2); and
- those involving inputs for the assets or liabilities that are not based on observable market data (unobservable inputs) (Level 3).

24. Financial instruments (continued)

Financial risk management objectives (continued)

(vi) Fair value of financial instruments (continued)

(a) Fair value of financial instruments carried at fair value (continued)

		Fair Value Hierarchy	2021 €'m	2020 €'m
Financial assets				
Interest rate swaps:	Non-current	Level 2	**34.6**	81.9
	Current	Level 2	**-**	-
Forward foreign exchange contracts:	Non-current	Level 2	**0.2**	0.1
	Current	Level 2	**15.2**	14.1
Financial asset investments:	Fair value through profit or loss	Level 1	**45.5**	37.0
	Fair value through other comprehensive income	Level 3	**4.4**	-
Financial liabilities				
Forward foreign exchange contracts:	Non-current	Level 2	**(0.5)**	(0.5)
	Current	Level 2	**(40.1)**	(10.0)

The reconciliation of Level 3 assets is provided in note 13. There have been no transfers between levels during the current or prior financial year.

(b) Fair value of financial instruments carried at amortised cost

Except as detailed in the following table, it is considered that the carrying amounts of financial assets and financial liabilities recognised at amortised cost in the financial statements approximate their fair values.

	Fair Value Hierarchy	Carrying Amount 2021 €'m	Fair Value 2021 €'m	Carrying Amount 2020 €'m	Fair Value 2020 €'m
Financial liabilities					
Senior notes - Public	Level 2	**(3,104.5)**	**(3,174.7)**	(2,309.2)	(2,466.9)
Senior notes - Private	Level 2	**-**	**-**	(163.0)	(177.3)
		(3,104.5)	**(3,174.7)**	(2,472.2)	(2,644.2)

(c) Valuation principles

The fair value of financial assets and liabilities are determined as follows:

- assets and liabilities with standard terms and conditions which are traded on active liquid markets are determined with reference to quoted market prices. This includes equity investments;
- other financial assets and liabilities (excluding derivatives) are determined in accordance with generally accepted pricing models based on discounted cash flow analysis using prices from observable current market transactions and dealer quotes for similar instruments. This includes interest rate swaps and forward foreign exchange contracts which are determined by discounting the estimated future cash flows;
- the fair values of financial instruments that are not based on observable market data (unobservable inputs) requires entity specific valuation techniques; and
- derivative financial instruments are calculated using quoted prices. Where such prices are not available, a discounted cash flow analysis is performed using the applicable yield curve for the duration of the instruments. Forward foreign exchange contracts are measured using quoted forward exchange rates and yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties. Interest rate swaps are measured at the present value of future cash flows estimated and discounted based on the applicable yield curves derived from quoted interest rates adjusted for counterparty credit risk, which is calculated based on credit default swaps of the respective counterparties.

24. Financial instruments (continued)

Financial risk management objectives (continued)

(vii) Offsetting financial instruments

The Group enters into derivative transactions under International Swaps and Derivatives Association (ISDA) master netting agreements. The ISDA agreements do not meet the criteria for offsetting in the Consolidated Balance Sheet. This is because the Group does not have any current legally enforceable right to offset recognised amounts, because the right to offset is enforceable only on the occurrence of future events such as a default on the bank loans or other credit events. No collateral is paid or received.

The following table sets out the carrying amounts of recognised financial instruments that are subject to the above agreements.

The table also sets out where the Group has offset bank overdrafts against cash at bank and in hand based on a legal right of offset as set out in the banking agreements.

	Gross amounts of financial assets in the Consolidated Balance Sheet €'m	Gross amounts of financial liabilities in the Consolidated Balance Sheet €'m	Amounts of financial instruments presented in the Consolidated Balance Sheet €'m	Related financial instruments that are not offset €'m	Net amount €'m
At 31 December 2021					
Financial assets					
Cash at bank and in hand	**1,039.1**	-	**1,039.1**	-	**1,039.1**
Forward foreign exchange contracts	**15.4**	-	**15.4**	**(10.1)**	**5.3**
Interest rate swaps	**34.6**	-	**34.6**	-	**34.6**
	1,089.1	-	**1,089.1**	**(10.1)**	**1,079.0**
Financial liabilities					
Bank overdrafts	-	**(5.3)**	**(5.3)**	-	**(5.3)**
Forward foreign exchange contracts	-	**(40.6)**	**(40.6)**	**10.1**	**(30.5)**
Interest rate swaps	-	-	-	-	-
	-	**(45.9)**	**(45.9)**	**10.1**	**(35.8)**
At 31 December 2020					
Financial assets					
Cash at bank and in hand	563.1	-	563.1	-	563.1
Forward foreign exchange contracts	14.2	-	14.2	(6.0)	8.2
Interest rate swaps	81.9	-	81.9	-	81.9
	659.2	-	659.2	(6.0)	653.2
Financial liabilities					
Bank overdrafts	-	(2.8)	(2.8)	-	(2.8)
Forward foreign exchange contracts	-	(10.5)	(10.5)	6.0	(4.5)
Interest rate swaps	-	-	-	-	-
	-	(13.3)	(13.3)	6.0	(7.3)

25. Provisions

	Insurance €'m	Non-Trading Items €'m	Total €'m
Group:			
At 1 January 2020	46.6	11.8	58.4
Provided during the financial year	5.2	-	5.2
Utilised during the financial year	(5.6)	(0.1)	(5.7)
Released during the financial year	(6.2)	(0.6)	(6.8)
Transferred to payables and accruals	-	(8.8)	(8.8)
Exchange translation adjustment	(1.0)	-	(1.0)
At 31 December 2020	39.0	2.3	41.3
Provided during the financial year	**15.8**	**5.1**	**20.9**
Utilised during the financial year	**(8.4)**	**-**	**(8.4)**
Released during the financial year	**(5.7)**	**-**	**(5.7)**
Transferred to payables and accruals	**-**	**-**	**-**
Exchange translation adjustment	**2.6**	**-**	**2.6**
At 31 December 2021	**43.3**	**7.4**	**50.7**

	2021 €'m	2020 €'m
Analysed as:		
Current liabilities	**13.6**	5.2
Non-current liabilities	**37.1**	36.1
	50.7	41.3

Insurance
The Group operates a level of self-insurance. Under these arrangements, the Group retains certain exposures up to pre-determined self-insurance levels. The amount of self-insurance is reviewed on a regular basis to ensure it remains appropriate. The provision for these exposures represents amounts provided based on advice from insurance consultants, industry information, actuarial valuation and historical data in respect of claims that are classified as incurred but not reported and outstanding loss reserves. The methodology of estimating the provision is periodically reviewed to ensure that the assumptions made continue to be appropriate. The utilisation of the provision is dependent on the timing of settlement of the outstanding claims. Historically, the average time for settlement of outstanding claims ranges from 2 to 3 years from claim date.

Non-trading items
Non-trading items relate to restructuring and acquisition integration provisions incurred in 2021 and 2020; these costs are expected to be paid within 22 months.

26. Retirement benefits obligation

The Group operates post-retirement benefit schemes in a number of its businesses throughout the world. These schemes are structured to accord with local conditions and practices in each country they operate in and can include both defined contribution and defined benefit schemes. The assets of the schemes are held, where relevant, in separate trustee administered funds.

Defined benefit post-retirement schemes exist primarily in Ireland and the Netherlands (Eurozone), the UK and the USA (included in Rest of World). These defined benefit schemes comprise final salary pension schemes, career average salary pension schemes and post-retirement medical plans. All material defined benefit pension schemes are closed to future accrual. The post-retirement medical plans operated by the Group relate primarily to a number of USA employees and are closed to new entrants. Defined benefit schemes in Ireland, the UK, and the USA are administered by Boards of Trustees. The Boards of Trustees generally comprise of representatives of the employees, the employer and independent trustees. These Boards are responsible for the management and governance of the schemes including compliance with all relevant laws and regulations.

26. Retirement benefits obligation (continued)

The values used in the Group's consolidated financial statements are based on the most recent actuarial valuations and have been updated by the individual schemes' independent and professionally qualified actuaries to incorporate the requirements of IAS 19 'Employee Benefits' in order to assess the liabilities of the various schemes as at 31 December 2021 using the projected unit credit method. All assets in the schemes have been measured at their fair value at the balance sheet date. Full actuarial valuations for funding purposes are carried out for the Group's pension schemes in line with local requirements. The actuarial reports are not available for public inspection.

The Group continues to harmonise, standardise and integrate the benefit offering to employees across the countries in which it operates. As a result, a number of deferred members transferred their past service benefits out of the Irish defined benefit scheme during 2020 and 2021.

The defined benefit schemes expose the Group to risks such as interest rate risk, investment risk, inflation risk and mortality risk.

Interest rate risk
The present value of the defined benefit obligation is sensitive to the discount rate which is derived from the interest yield on high quality corporate bonds at the balance sheet date. Market conditions in recent years have resulted in volatility in discount rates which has significantly impacted the present value of the defined benefit obligation. Such changes lead to volatility in the Group's Consolidated Balance Sheet, Consolidated Income Statement and Consolidated Statement of Comprehensive Income. Interest rates also impact on the funding requirements for the schemes.

Investment risk
The net surplus/(deficit) recognised in the Consolidated Balance Sheet represents the present value of the defined benefit obligation less the fair value of the schemes' assets. When assets generate a rate of return less than the discount rate this results in an increase/(decrease) in the net (deficit)/surplus. The schemes have a diversified portfolio of investments which include equities, bonds and other asset classes. The investment allocation for each scheme is reviewed periodically by the scheme's external investment consultants who advise on the most appropriate asset allocation taking account of asset valuations, funding requirements, liability duration and the achievement of an appropriate return on assets.

Inflation risk
A significant proportion of the defined benefit obligation is linked to inflation, therefore an increase in inflation rates will increase the defined benefit obligation. However, a portion of the schemes' assets are inflation-linked debt securities which mitigates some of the effects of inflation movements.

Mortality risk
The present value of the defined benefit obligation is calculated by reference to the best estimate of the mortality of schemes' participants both during and after their employment. An increase in the life expectancy of the schemes' participants will increase the defined benefit obligation.

(i) Recognition in the Consolidated Income Statement and Consolidated Statement of Comprehensive Income

The following amounts have been recognised in the Consolidated Income Statement and the Consolidated Statement of Comprehensive Income in relation to defined contribution and defined benefit post-retirement schemes:

	2021 €'m	2020 €'m
Service cost:		
- Costs relating to defined contribution schemes	**64.9**	63.9
- Current service cost relating to defined benefit schemes	**5.5**	3.2
- Past service and settlements	**(4.7)**	(12.8)
Net interest cost	**0.7**	-
Recognised in the Consolidated Income Statement	**66.4**	54.3
Re-measurements of the net defined benefit liability:		
- Return on scheme assets (excluding amounts included in net interest cost)	**(129.8)**	(95.0)
- Experience losses/(gains) on schemes' liabilities	**24.9**	(5.5)
- Actuarial losses/(gains) arising from changes in demographic assumptions	**41.9**	(3.0)
- Actuarial (gains)/losses arising from changes in financial assumptions	**(47.2)**	170.5
Recognised in the Consolidated Statement of Comprehensive Income	**(110.2)**	67.0
Total	**(43.8)**	121.3

The total service cost is included in total staff numbers and costs (note 4) and the net interest cost is included in finance income and costs (note 6).

26. Retirement benefits obligation (continued)

(ii) Recognition in the Consolidated Balance Sheet

The net defined benefit post-retirement schemes' surplus/(deficit) at 31 December, which has been recognised in the Consolidated Balance Sheet, was as follows:

	Schemes in Surplus 2021 €'m	Schemes in Deficit 2021 €'m	Total 2021 €'m	Total 2020 €'m
Present value of defined benefit obligation	(1,448.6)	(111.5)	(1,560.1)	(1,505.5)
Fair value of scheme assets	1,538.9	87.4	1,626.3	1,451.1
Net recognised surplus/(deficit) before deferred tax	90.3	(24.1)	66.2	(54.4)
Net related deferred tax (liability)/asset	(14.8)	4.9	(9.9)	10.8
Net recognised surplus/(deficit) after deferred tax	75.5	(19.2)	56.3	(43.6)

Net recognised surplus/(deficit) by region:

	Eurozone 2021 €'m	UK 2021 €'m	Rest of World 2021 €'m	Total 2021 €'m	Eurozone 2020 €'m	UK 2020 €'m	Rest of World 2020 €'m	Total 2020 €'m
Present value of defined benefit obligation	(427.4)	(1,025.0)	(107.7)	(1,560.1)	(451.8)	(946.8)	(106.9)	(1,505.5)
Fair value of scheme assets	487.0	1,051.9	87.4	1,626.3	443.4	931.8	75.9	1,451.1
Net recognised surplus/(deficit) before deferred tax	59.6	26.9	(20.3)	66.2	(8.4)	(15.0)	(31.0)	(54.4)
Net related deferred tax (liability)/asset	(7.9)	(6.9)	4.9	(9.9)	0.6	2.6	7.6	10.8
Net recognised surplus/(deficit) after deferred tax	51.7	20.0	(15.4)	56.3	(7.8)	(12.4)	(23.4)	(43.6)

The surplus at 31 December 2021 relates to the Irish and UK schemes and has been recognised in accordance with IFRIC 14 'The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction' as it has been determined that the Group has an unconditional right to a refund of the surplus.

(iii) Financial and demographic assumptions

The principal financial assumptions used by the Group's actuaries in order to calculate the defined benefit obligation at 31 December, some of which have been shown in range format to reflect the differing assumptions in each scheme, were as follows:

	2021			2020		
	Eurozone %	UK %	Rest of World %	Eurozone %	UK %	Rest of World %
Rate used to discount schemes' liabilities	1.50	1.95	2.25 - 2.75	1.20	1.50	1.75 - 2.25
Inflation assumption	1.90	3.25	2.50	1.50	2.80	2.50
Rate of increase in salaries	N/A*	N/A*	3.00	N/A*	N/A*	3.00
Rate of increase for pensions in payment and deferred pensions	1.90	2.50 - 3.15	-	1.50	2.00 - 2.70	-

* Not applicable due to closure of the Irish, Netherlands and UK defined benefit schemes to future accrual.

26. Retirement benefits obligation (continued)

(iii) Financial and demographic assumptions (continued)

The most significant demographic assumption is mortality. The mortality assumptions used are based on advice from the pension schemes' actuaries and reflect each scheme's population. The life expectancy of a member retiring at 31 December at age 65, now and in 20 years' time, some of which have been shown in range format to reflect the differing assumptions in each scheme, is as follows:

	2021			2020		
	Eurozone Years	**UK Years**	**Rest of World Years**	Eurozone Years	UK Years	Rest of World Years
Male - retiring now	**22**	**21**	**21 - 22**	22	20	21 - 22
Female - retiring now	**24**	**24**	**23**	24	23	22 - 23
Male - retiring in 20 years' time	**24**	**23**	**22 - 23**	24	22	22 - 23
Female - retiring in 20 years' time	**26**	**26**	**24 - 25**	25 - 26	24	24

There are inherent uncertainties surrounding the financial and demographic assumptions adopted by the Group. The assumptions may differ from the actual data as a result of changes in economic and market conditions as well as the actual experience within each scheme. The present value of post-retirement benefit schemes' liabilities is heavily dependent on the discount rate. As the discount rate is based on a market driven measure, which is the interest yield on high quality corporate bonds at the balance sheet date, the present value of post-retirement benefit schemes' liabilities can fluctuate significantly from valuation to valuation. The expected rate of inflation impacts the schemes' liabilities in that inflation is the basis for the calculation of the assumed future salary and revaluation increases in each scheme where applicable. In relation to demographic assumptions, differing expectations regarding current and future changes in mortality rates can have a significant impact on the schemes' liabilities.

The table below gives an approximate indication of the impact of a change in the principal financial actuarial assumptions (discount rate, inflation rate and pension increases and salary increases) and the principal demographic actuarial assumption (mortality) on the schemes' liabilities. The present value of the defined benefit obligation has been calculated using the projected unit credit method. The impact on the defined benefit obligation at 31 December 2021 is calculated on the basis that only one assumption is changed with all other assumptions remaining unchanged. The assessment of the sensitivity analysis below could therefore be limited as a change in one assumption may not occur in isolation as assumptions may be correlated. There have been no changes from the previous year in the methods and assumptions used in preparing the sensitivity analysis.

	Impact on schemes' liabilities of changes in assumptions					
	2021			2020		
Change in Assumption	**Eurozone %**	**UK %**	**Rest of World %**	Eurozone %	UK %	Rest of World %
Discount rate						
Decrease of 0.50%	**10.4%**	**11.0%**	**5.2%**	10.5%	12.8%	5.6%
Increase of 0.50%	**(9.0%)**	**(9.5%)**	**(4.7%)**	(9.1%)	(11.0%)	(5.1%)
Inflation Rate and Pension Increases						
Increase of 0.50%	**7.9%**	**4.3%**	**-**	8.2%	8.9%	-
Decrease of 0.50%	**(7.1%)**	**(5.2%)**	**-**	(7.0%)	(7.8%)	-
Salary Increase						
Increase of 0.50%	**-**	**-**	**0.2%**	-	-	0.4%
Decrease of 0.50%	**-**	**-**	**(0.2%)**	-	-	(0.3%)
Mortality						
Increase in life expectancy of 1 Year	**3.9%**	**3.0%**	**2.5%**	3.8%	4.0%	2.5%
Decrease in life expectancy of 1 Year	**(3.9%)**	**(3.0%)**	**(2.5%)**	(3.8%)	(4.0%)	(2.5%)

26. Retirement benefits obligation (continued)

(iv) Reconciliations for defined benefit schemes

The movements in the defined benefit schemes' obligation during the financial year were:

	2021 €'m	2020 €'m
Present value of the defined benefit obligation at beginning of the financial year	(1,505.5)	(1,441.6)
Current service cost	**(5.5)**	(3.2)
Past service and settlements	**4.7**	12.8
Interest expense	**(21.9)**	(26.8)
Contributions by employees	**-**	-
Benefits paid	**46.7**	56.8
Re-measurements:		
- experience (losses)/gains on schemes' liabilities	**(24.9)**	5.5
- actuarial (losses)/gains arising from changes in demographic assumptions	**(41.9)**	3.0
- actuarial gains/(losses) arising from changes in financial assumptions	**47.2**	(170.5)
Decrease arising on settlement	**17.7**	-
Exchange translation adjustment	**(76.7)**	58.5
Present value of the defined benefit obligation at end of the financial year	**(1,560.1)**	(1,505.5)

	2021 €'m	2020 €'m
Present value of the defined benefit obligation at end of the financial year that relates to:		
Wholly unfunded schemes	**(16.1)**	(17.2)
Wholly or partly funded schemes	**(1,544.0)**	(1,488.3)
	(1,560.1)	(1,505.5)

The weighted average duration of the defined benefit obligation at 31 December 2021 is approximately **20 years** (2020: approximately 22 years).

The movements in the schemes' assets during the financial year were:

	2021 €'m	2020 €'m
Fair value of scheme assets at beginning of the financial year	1,451.1	1,429.7
Interest income	**21.2**	26.8
Contributions by employer	**15.4**	13.8
Contributions by employees	**-**	-
Benefits paid	**(46.7)**	(56.8)
Re-measurements:		
- return on scheme assets (excluding amounts included in net interest cost)	**129.8**	95.0
Decrease arising on settlement	**(17.7)**	-
Exchange translation adjustment	**73.2**	(57.4)
Fair value of scheme assets at end of the financial year	**1,626.3**	1,451.1

26. Retirement benefits obligation (continued)

(iv) Reconciliations for defined benefit schemes (continued)

The fair values of each of the categories of the pension schemes' assets at 31 December were as follows:

	2021 €'m	2020 €'m
Liability Driven Investment	**537.7**	355.8
Other Fixed Income	**380.0**	274.6
Equities		
- Global Equities	**308.4**	566.5
- Emerging Market Equities	**24.4**	70.7
Diversified Growth Funds	**185.9**	164.4
Cash and other	**189.9**	19.1
Total fair value of pension schemes' assets	**1,626.3**	1,451.1

The majority of equity securities and bonds have quoted prices in active markets. The schemes' assets are invested with professional investment managers. Investments in the Group's own financial instruments, if any, are solely at the discretion of the investment managers concerned. The actual amount of the Group's own financial instruments held by the pension schemes during 2021 and 2020 were not material. No property held by the pension schemes was occupied by the Group nor were any other pension schemes' assets used by the Group during 2021 or 2020.

Both the UK and Irish Schemes have invested in pooled Liability Driven Investment (LDI) strategies. The primary goal of this asset class is to mitigate the impact of interest rate and inflation volatility and enable better matching of investment returns with the cash outflows required to pay benefits. The pooled LDI solutions invest in various levered and unlevered bonds and the value of the LDI assets at 31 December 2021 across the UK and Irish schemes was **€537.7m** (2020: €355.8m) which is based on the latest market bid price for the underlying investments, which are traded daily on liquid markets.

(v) Funding for defined benefit schemes

The Group operates a number of defined benefit schemes in a number of countries and each scheme is required to be operated in line with local legislation, conditions, practices and the regulatory framework in place for the specific country. As a result, there are a number of different funding arrangements in place that accord with the specific local legislative, regulatory and actuarial requirements.

Funding for each scheme is carried out by cash contributions from the Group's subsidiaries. These funding arrangements have been advised by the pension schemes' actuaries and agreed between the Group and the relevant Trustees. Actuarial valuations, which are not available for public inspection, are carried out every three years in Ireland and the UK; and every year in the USA. During the financial year ending 31 December 2022, the Group expects to make contributions of approximately €18.9m to its defined benefit schemes.

27. Share capital

	2021 €'m	2020 €'m
Group and Company:		
Authorised		
280,000,000 A ordinary shares of 12.50 cent each	**35.0**	35.0
Allotted, called-up and fully paid (A ordinary shares of 12.50 cent each)		
At beginning of the financial year	22.1	22.1
Shares issued during the financial year	-	-
At end of the financial year	**22.1**	22.1

The Company has one class of ordinary share which carries no right to fixed income.

27. Share capital (continued)

Shares issued

During 2021 a total of **148,415** (2020: 185,094) A ordinary shares, each with a nominal value of 12.50 cent, were issued at nominal value per share under the Long-Term and Short-Term Incentive Plans.

The total number of shares in issue at 31 December 2021 was **176,848,451** (2020: 176,700,036).

Share buy back programme

At the 2021 Annual General Meeting, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital. In 2021 and 2020, no shares were purchased under this programme.

28. Share-based payments

The Group operates two equity-settled share-based payment plans. The first plan is the Group's Long-Term Incentive Plan and the second is the element of the Group's Short-Term Incentive Plan that is settled in shares/share options after a 2 year deferral period. Details on each of these plans are outlined below.

The Group recognised an expense of **€17.2m** (2020: €12.5m) related to equity-settled share-based payment transactions in the Consolidated Income Statement during the financial year. The expectation of meeting performance criteria was taken into account when calculating this expense.

(i) Long-Term Incentive Plan

The Group operates an equity-settled Long-Term Incentive Plan (LTIP) under which an invitation to participate was made to Executive Directors and senior executives. The proportion of each invitation which vests will depend on the Adjusted Earnings Per Share (EPS) performance, Total Shareholder Return (TSR) and Return on Average Capital Employed (ROACE) of the Group during a three year period ('the performance period'). The invitations made in 2019, 2020 and 2021 will potentially vest in 2022, 2023 and 2024 respectively. 50% of the award will be issued at the date of vesting, with 50% being issued after a 2 year deferral period.

For the 2019 and 2020 awards, up to 50% of the shares/share options subject to an invitation will vest according to the Group's Adjusted EPS growth calculated on a constant currency basis compared with target during the performance period. Up to 30% of the shares/share options subject to an invitation will vest according to the Group's TSR performance during the performance period measured against the TSR performance of a peer group of listed companies. The remaining 20% of the shares/share options will vest according to the Group's ROACE versus predetermined targets. For the 2021 awards, the performance conditions are weighted 40% for Adjusted EPS growth calculated on a constant currency basis, 25% for TSR, 15% for ROACE and the remaining 20% of the shares/share options will vest according to the Group's Sustainability metrics versus predetermined targets. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

Under the LTIP, the Group introduced career shares awards, under which an invitation to participate was made to a limited number of senior executives. The proportion of each invitation which vests will depend on personal objectives during a three year period ('the performance period') and the senior executives remaining within the Group for a four year period ('the retention period'). The invitations made in 2016, 2017, 2018, 2019 and 2020 will potentially vest in 2022, 2023, 2024, 2025 and 2026 respectively. An invitation may lapse if a participant ceases to be employed within the Group before the vesting date.

28. Share-based payments (continued)

(i) Long-Term Incentive Plan (continued)

A summary of the status of the LTIP as at 31 December and the changes during the financial year are presented below:

	Number of Conditional Awards 2021	Number of Conditional Awards 2020
Outstanding at beginning of the financial year	1,256,255	1,297,017
Forfeited	**(62,724)**	(76,535)
Shares vested	**(50,382)**	(77,717)
Share options vested	**(129,018)**	(140,034)
Relinquished	**(229,909)**	(138,147)
New conditional awards	**502,120**	391,671
Outstanding at end of the financial year	**1,286,342**	1,256,255

	Number of Share Options 2021	Number of Share Options 2020
Share options arising under the LTIP		
Outstanding at beginning of the financial year	160,483	126,274
Options released at vesting date	**66,586**	74,131
Options released from deferral	**48,046**	49,552
Exercised	**(88,088)**	(89,474)
Outstanding and exercisable at end of the financial year	**187,027**	160,483

Share options under the LTIP scheme have an exercise price of 12.50 cent. The remaining weighted average life for share options outstanding is **4.4 years** (2020: 4.8 years). The weighted average share price at the date of exercise was **€113.07** (2020: €109.57). **62,432** share options (2020: 65,903 share options) which vested in the financial year are deferred and therefore are not exercisable at year end.

At the invitation grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

LTIP Scheme	2021 Conditional Award at Grant Date	2020 Conditional Award at Grant Date	2019 Conditional Award at Grant Date	2018 Conditional Award at Grant Date
Conditional Award Invitation date	March 2021	March 2020	March 2019	March 2018
Year of potential vesting	2024	2023/2026	2022/2025	2021/2024
Share price at grant date	€107.80	€109.00	€95.40	€81.95
Exercise price per share/share options	€0.125	€0.125	€0.125	€0.125
Expected volatility	25.5%	20.8%	19.3%	19.8%
Expected life	3 years	3/7 years	3/7 years	3/7 years
Risk free rate	(0.7%)	(1.0%)	(0.5%)	(0.5%)
Expected dividend yield	0.8%	0.7%	0.7%	0.7%
Expected forfeiture rate	5.0%	5.0%	5.0%	5.0%
Weighted average fair value at grant date	€89.78	€92.06/€103.97	€78.00/€95.92	€66.52/€77.96
Valuation model	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing

28. Share-based payments (continued)

(i) Long-Term Incentive Plan (continued)

Expected volatility was determined by calculating the historical volatility of the Group's share price over the previous three years. Market based vesting conditions, such as the TSR condition, have been taken into account in establishing the fair value of equity instruments granted. The TSR performance over the period is measured against the TSR performance of a peer group of listed companies. Non-market based performance conditions, such as the EPS, ROACE and Sustainability conditions, were not taken into account in establishing the fair value of equity instruments granted, however the number of equity instruments included in the measurement of the transaction is adjusted so that the amount recognised is based on the number of equity instruments that eventually vest.

(ii) Short-Term Incentive Plan

In 2013 the Group's Short-Term Incentive Plan (STIP) for Executive Directors was amended to incorporate a share-based payment element with 25% of the total bonus to be settled in shares/share options. The shares/share options awarded as part of this scheme will be issued 2 years after the vesting date once a deferral period has elapsed. There are no further performance conditions relating to the shares/share options during the deferral period.

There are **4,632** share options (2020: 1,114 share options) outstanding and exercisable in relation to the STIP.

A share-based payment expense is recognised in the Consolidated Income Statement for the scheme to reflect the cash value of the bonus to be paid by way of shares/share options. The issuance of shares/share options under the STIP which related to the 2020 and 2021 financial years will be released from deferral in 2022 and 2023 respectively.

29. Cash flow components

(i) Cash flow analysis

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Change in working capital					
Increase in inventories		**(192.6)**	(39.7)	**-**	-
Increase in trade and other receivables		**(98.1)**	(48.1)	**(50.0)**	(33.2)
Increase/(decrease) in trade and other payables		**102.6**	(40.6)	**3.6**	(5.5)
(Decrease)/increase in non-current liabilities		**(13.4)**	8.8	**-**	-
Share-based payment expense	28	**17.2**	12.5	**17.2**	12.5
		(184.3)	(107.1)	**29.2**	(26.2)

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Purchase of assets					
Purchase of property, plant and equipment		**(263.9)**	(227.9)	**-**	-
Purchase of intangible assets	12	**(34.1)**	(52.1)	**-**	-
(Purchase)/sale of financial assets	13	**(2.4)**	3.8	**-**	-
		(300.4)	(276.2)	**-**	-

	Notes	Group 2021 €'m	Group 2020 €'m	Company 2021 €'m	Company 2020 €'m
Cash and cash equivalents					
Cash at bank and in hand	23	**1,039.1**	563.1	**0.1**	-
Bank overdrafts	23	**(5.3)**	(2.8)	**-**	-
		1,033.8	560.3	**0.1**	-

(ii) Net debt reconciliation

	Note	Cash at bank and in hand €'m	Interest Rate Swaps €'m	Overdrafts due within 1 year* €'m	Borrowings due within 1 year* €'m	Borrowings due after 1 year* €'m	Net Debt - pre lease liabilities €'m	Lease liabilities* €'m	Total Net Debt €'m
At 1 January 2020		554.9	128.4	(5.2)	(185.6)	(2,355.3)	(1,862.8)	(109.4)	(1,972.2)
Cash flows		34.8	(45.5)	2.1	185.3	(211.6)	(34.9)	37.0	2.1
Foreign exchange adjustments		(26.6)	(20.1)	0.3	-	72.9	26.5	7.8	34.3
Other non-cash movements		-	19.1	-	0.3	(11.8)	7.6	(16.9)	(9.3)
At 31 December 2020	23	563.1	81.9	(2.8)	-	(2,505.8)	(1,863.6)	(81.5)	(1,945.1)
Cash flows		**447.0**	**(39.3)**	**(2.4)**	**(0.3)**	**(572.1)**	**(167.1)**	**34.9**	**(132.2)**
Foreign exchange adjustments		**29.0**	**7.8**	**(0.1)**	**-**	**(55.8)**	**(19.1)**	**(5.1)**	**(24.2)**
Other non-cash movements		**-**	**(15.8)**	**-**	**-**	**15.7**	**(0.1)**	**(22.5)**	**(22.6)**
At 31 December 2021	23	**1,039.1**	**34.6**	**(5.3)**	**(0.3)**	**(3,118.0)**	**(2,049.9)**	**(74.2)**	**(2,124.1)**

* Liabilities from financing activities.

30. Business combinations

During 2021, the Group completed a total of 5 acquisitions, all of which are 100% owned by the Group.

	Notes	Niacet* 2021 €'m	Other Acquisitions 2021 €'m	Total 2021 €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:				
Non-current assets				
Property, plant and equipment	11	65.3	26.3	91.6
Brand related intangibles	12	360.4	79.6	440.0
Computer software	12	0.1	0.4	0.5
Current assets				
Cash at bank and in hand		7.8	9.3	17.1
Inventories		15.5	10.8	26.3
Trade and other receivables		25.9	13.7	39.6
Current liabilities				
Trade and other payables		(32.8)	(27.6)	(60.4)
Non-current liabilities				
Deferred tax liabilities		(68.9)	(15.3)	(84.2)
Other non-current liabilities		(17.7)	(3.4)	(21.1)
Total identifiable assets		355.6	93.8	449.4
Goodwill	12	524.9	132.2	657.1
Total consideration		880.5	226.0	1,106.5

Satisfied by:	
Cash	1,099.2
Deferred payment	7.3
	1,106.5

Net cash outflow on acquisition:	Total 2021 €'m
Cash	1,099.2
Less: cash and cash equivalents acquired	(17.1)
Plus: debt acquired (included in other non-current liabilities above)	2.8
	1,084.9

* Hare Topco, Inc. (trading as Niacet Corp.)

The acquisition method has been used to account for businesses acquired in the Group's financial statements. Given that the valuation of the fair value of assets and liabilities recently acquired is still in progress, some of the above values are determined provisionally. The valuation of the fair value of assets and liabilities will be completed within the measurement period. For the acquisitions completed in 2020, there have been no material revisions of the provisional fair value adjustments since the initial values were established. The Group performs quantitative and qualitative assessments of each acquisition in order to determine whether it is material for the purposes of separate disclosure under IFRS 3 'Business Combinations' and as a result separate disclosure was made for the Niacet acquisition.

The goodwill is attributable to the expected profitability, revenue growth, future market development and assembled workforce of the acquired businesses and the synergies expected to arise within the Group after the acquisition. **€11.7m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€11.0m** were charged in the Group's Consolidated Income Statement during the financial year. The fair value of the financial assets includes trade and other receivables with a fair value of **€39.6m** and a gross contractual value of **€40.4m.**

30. Business combinations (continued)

From the date of acquisition, the acquired businesses have contributed **€73.7m** of revenue and **€9.2m** of profit after taxation attributable to owners of the parent to the Group. If the acquisition dates had been on the first day of the financial year, the acquired businesses would have contributed **€241.9m** of revenue and **€31.2m** of profit after taxation attributable to owners of the parent to the Group.

From the date of acquisition, Niacet has contributed **€55.9m** of revenue and **€8.0m** of profit after taxation attributable to owners of the parent to the Group. If the acquisition date had been on the first day of the financial year, Niacet would have contributed **€186.4m** of revenue and **€26.8m** of profit after taxation attributable to owners of the parent to the Group.

As previously announced, Kerry has entered into an agreement to acquire the share capital of Natreon, Inc., which has leading capability in Ayurvedic and botanical extracts with facilities in the USA and India. The closing process for this acquisition is in progress and the Group expects to complete the transaction in Q1 2022.

The following acquisitions were completed by the Group during 2021:

Acquisition	Type	Completion date	Principal activity	Strategic rationale
National Vinegar Co.	Asset	May 2021	A producer of specialty ingredients based in the USA.	Supports the Group's growth initiatives in food protection and natural preservation.
Biosearch, S.A. (now known as Biosearch S.A.U.)	Equity	July 2021	A leading biotechnology company based in Spain with an extensive range of probiotics, botanical extracts and omega-3 oils.	Brings leading clinical research capabilities and functional food technologies across the pharmaceutical, nutraceutical and functional food sectors.
Hare Topco, Inc. (trading as Niacet Corp.)	Equity	September 2021	A global market leader in technologies for preservation. It has clear leadership positions in Bakery, Pharma, and cost-effective low-sodium preservation systems for Meat and plant based food, across both conventional and clean label solutions. Niacet is differentiated by its proprietary drying and granulation process technologies, with key manufacturing sites in the USA and the Netherlands, with customers in over 75 countries.	Brings a complementary product portfolio and enhances the Group's leadership position in this fast growing market of food protection and preservatives, led by the industry drive to reduce food waste.
Afribon Limited	Equity	December 2021	A producer of flavours for a range of food and beverage applications in East Africa.	Supports the Group's growth initiatives in emerging markets.
Enmex S.A. de C.V.	Equity	December 2021	A leading producer of enzymes across the food and beverage markets based in Mexico.	Brings leading enzyme production capabilities across a number of markets.

31. Contingent liabilities

	2021 €'m	2020 €'m
Company:		
(i) Guarantees in respect of borrowings of subsidiaries	**3,112.7**	2,474.9

(ii) For the purposes of Section 357 of the Companies Act, 2014, the Company has undertaken by Board resolution to indemnify the creditors of its subsidiaries incorporated in the Republic of Ireland, as set out in note 36, in respect of all amounts shown as liabilities or commitments in the statutory financial statements as referred to in Section 357 (1) (b) of the Companies Act, 2014 for the financial year ending on 31 December 2021 or any amended financial period incorporating the said financial year. All other provisions of Section 357 have been complied with in this regard. The Company has given similar indemnities in relation to its subsidiaries in Germany (section 264-289 and 325-329 of the Commercial Code), Luxembourg (Article 70 of the Luxembourg law of 19 December 2002 as amended) and Netherlands (Article 2:403 of the Dutch Civil Code), as set out in note 36. In addition, the Company has also availed of the exemption from filing subsidiary financial statements in Luxembourg, Germany, Netherlands and Ireland.

The Company does not expect any material loss to arise from these guarantees and considers their fair value to be negligible.

32. Other financial commitments

Commitments for the acquisition of property, plant, equipment and computer software at 31 December for which no provision has been made in the accounts are as follows:

	2021 €'m	2020 €'m
Group:		
Commitments in respect of contracts placed	**60.1**	67.0
Expenditure authorised by the Directors but not contracted for at the financial year end	**111.0**	152.2
	171.1	219.2

33. Related party transactions

(i) Trading with Directors

In their ordinary course of business as farmers, certain Directors have traded on standard commercial terms with the Group's Agribusiness division. Aggregate purchases from, and sales to, these Directors amounted to **€0.3m** (2020: €0.2m) and **€0.1m** (2020: €0.1m) respectively. The trading balance outstanding to the Group at the financial year end was **€nil** (2020: €nil).

All transactions with Directors were on standard commercial terms. No expense has been recognised in the financial year for bad or doubtful debts in respect of amounts owed by Directors.

(ii) Trading between Parent Company and subsidiaries

Transactions in the financial year between the Parent Company and its subsidiaries included dividends received of **€331.4m** (2020: €179.0m), cost recharges of **€17.6m** (2020: €14.7m), and trade and other receivables of **€216.8m** (2020: €165.0m). The Parent Company has also provided a guarantee in respect of borrowings of subsidiaries which is disclosed in note 31.

(iii) Trading with joint ventures

Details of transactions and balances outstanding with joint ventures are as follows:

	Rendering of services		Sale of goods		Amounts receivable/ (payable) at 31 December	
	2021 €'m	2020 €'m	**2021 €'m**	2020 €'m	**2021 €'m**	2020 €'m
Joint ventures	**0.1**	0.1	**1.1**	1.8	**(0.1)**	(0.2)

These trading transactions are undertaken and settled at normal trading terms.

(iv) Trading with other related parties

As detailed in the Directors' Report, Kerry Co-operative Creameries Limited is considered to be a related party of the Group as a result of its significant shareholding in the Parent Company. During 2021, dividends of **€18.8m** (2020: €18.0m) were paid to Kerry Co-operative Creameries Limited based on its shareholding. A subsidiary of Kerry Group plc traded product to the value of **€0.1m** (2020: €0.1m) on behalf of Kerry Co-operative Creameries Limited.

(v) Transactions with key management personnel

The Board of Directors are deemed to be key management personnel of Kerry Group plc as they are responsible for planning, directing and controlling the activities of the Group.

In addition to their salaries and short-term benefits, the Group also contributes to post-retirement defined benefit, defined contribution and saving plans on behalf of the Executive Directors (note 26). The Directors also participate in the Group's Long-Term Incentive Plan (LTIP) (note 28).

Remuneration cost of key management personnel is as follows:

	2021 €'m	2020 €'m
Short-term benefits (salaries, fees and other short-term benefits)	**8.1**	3.9
Post-retirement benefits	**0.5**	0.6
LTIP accounting charge	**1.9**	1.0
Other long-term benefits	**-**	-
Termination benefits	**-**	-
Total	**10.5**	5.5

33. Related party transactions (continued)

(v) Transactions with key management personnel (continued)

Retirement benefit charges of **€0.2m** (2020: €0.2m) arise under a defined benefit scheme relating to **1** Director (2020: 1 Director) and charges of **€0.3m** (2020: €0.3m) arise under a defined contribution scheme relating to **2** directors (2020: 2 Directors). The LTIP accounting charge above is determined in accordance with the Group's accounting policy for share-based payments.

Post-retirement benefits in the above table and the statutory and listing rules disclosure in respect of pension contributions in the Executive Directors' remuneration table in the remuneration report are determined on a current service cost basis.

The aggregate amount of gains accruing to Executive Directors on the exercise of share options is **€nil** (2020: €nil). Dividends totalling **€0.1m** (2020: €0.1m) were also received by key management personnel during the financial year, based on their personal interests in the shares of the company.

34. Events after the balance sheet date

Since the financial year end, the Group has:

- entered into an agreement to acquire 100% of the shares of Almer Malaysia Sdn Bhd, based in Malaysia and 92% of the shares of c-LEcta GmbH, based in Germany. The Group also expects to complete the previously announced acquisition of 100% of the shares of Natreon, Inc., in Q1 2022. The combined consideration for these acquisitions is expected to be **€244.5m**; and
- proposed a final dividend of **66.70 cent** per A ordinary share (note 10).

There have been no other significant events, outside the ordinary course of business, affecting the Group since 31 December 2021.

35. Reserves

Fair value through other comprehensive income reserve (FVOCI)

The fair value through other comprehensive income reserve represents the unrealised gains and losses on the financial assets held at fair value through other comprehensive income by the Group.

Capital redemption reserve

Capital redemption reserve represents the nominal cost of the cancelled shares in 2007.

Other undenominated capital

Other undenominated capital represents the amount transferred to reserves as a result of renominalising the share capital of the Parent Company due to the euro conversion in 2002.

Share-based payment reserve

The share-based payment reserve relates to invitations made to employees to participate in the Group's Long-Term Incentive Plan and the element of the Group's Short-Term Incentive Plan that is settled in shares/share options. Further information in relation to this share-based payment is set out in note 28.

Translation reserve

Exchange differences relating to the translation of the balance sheets of the Group's foreign currency operations from their functional currencies to the Group's presentation currency (euro) are recognised directly in other comprehensive income and accumulated in the translation reserve.

Hedging reserve

The hedging reserve represents the effective portion of gains and losses on hedging instruments from the application of cash flow hedge accounting for which the underlying hedged transaction is not impacting profit or loss. The cumulative deferred gain or loss on the hedging instrument is reclassified to profit or loss only when the hedged transaction affects the profit or loss.

Cost of hedging reserve

The cost of hedging reserve arises from where the Group has entered into cross currency interest rate swaps. Such cross currency interest rate swaps have basis risk as there are characteristics in the cross currency interest rate swap contracts that are not present in the hedged item, being currency basis spreads.

Retained earnings

Retained earnings refers to the portion of net income, which is retained by the Group rather than distributed to shareholders as dividends.

36. Group entities

Principal subsidiaries and joint venture undertakings

Country	Company Name	Nature of Business	Registered Office
Ireland	Accommodation Tralee Limited	Investment	1
	Ballyfree Farms Limited	Consumer Foods	1
	Breeo Brands Limited	Consumer Foods	1
	Breeo Foods Limited	Consumer Foods	1
	Carteret Investments Unlimited Company	Investment	1
	Cuarto Limited	Taste & Nutrition	1
	Dairy Consumer Foods (Ireland) Limited	Consumer Foods	1
	Dawn Dairies Limited	Consumer Foods	1
	Kerry Holdings International (Ireland) Limited	Investment	1
	Fambee Limited	Consumer Foods	1
	Glenealy Farms (Turkeys) Limited	Consumer Foods	1
	Golden Vale Clare Limited	Investment	1
	Golden Vale Dairies Limited	Agribusiness	1
	Golden Vale Food Products Unlimited Company	Investment	1
	Golden Vale Holdings Limited	Investment	1
	Golden Vale Investments Limited	Investment	1
	Golden Vale Limited	Investment	1
	Grove Farm Limited	Investment	1
	Helios Limited	Investment	1
	Henry Denny & Sons (Ireland) Limited	Consumer Foods	1
	Ichor Management Limited	Investment	1
	Ivernia Pig Developments Limited	Consumer Foods	1
	Kerry Agri Business Holdings Limited	Investment	1
	Kerry Agri Business Trading Limited	Agribusiness	1
	Kerry Creameries Limited	Agribusiness	1
	Kerry Food Ingredients (Cork) Limited	Taste & Nutrition	1
	Kerry Foods Limited	Consumer Foods	1
	Kerry Group Business Services Limited	Services	1
	Kerry Group Financial Services Unlimited Company	Services	1
	Kerry Group Finance International Limited	Services	1
	Kerry Group Services International Limited	Services	1
	Kerry Group Services Limited	Services	1
	Kerry Health and Nutrition Institute Limited	Taste & Nutrition	1
	Kerry Holdings (Ireland) Limited	Investment	1
	Kerry Ingredients & Flavours Limited	Taste & Nutrition	1
	Kerry Ingredients (Ireland) Limited	Taste & Nutrition	1
	Kerry Ingredients Holdings (Ireland) Limited	Investment	1
	Kerry Taste & Nutrition (Ireland) Limited	Taste & Nutrition	1
	Kerry Treasury Services Limited	Services	1
	Kerrykreem Limited	Consumer Foods	1
	Lifesource Foods Research Limited	Investment	1
	Linovale Limited	Investment	1

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Ireland	Maddens Milk Limited	Investment	1
	National Food Ingredients Limited	Taste & Nutrition	1
	Newmarket Co-operative Creameries Limited	Taste & Nutrition	1
	Plassey Holdings Limited	Investment	1
	Princemark Holdings Designated Activity Company	Services	1
	Putaxy Limited	Investment	1
	Rye Developments Limited	Services	1
	Rye Investments Limited	Consumer Foods	1
	Selamor Limited	Consumer Foods	1
	Tacna Investments Limited	Investment	1
	Zenbury International Limited	Services	1
UK	Henry Denny & Sons (N.I.) Limited	Consumer Foods	2
	Dairy Produce Packers Limited	Consumer Foods	2
	Golden Cow Dairies Limited	Consumer Foods	2
	Golden Vale (NI) Limited	Investment	2
	Leckpatrick Dairies Limited	Consumer Foods	2
	Leckpatrick Holdings Limited	Investment	2
	RVF (UK) Limited	Consumer Foods	2
	Kerry Foods Limited	Consumer Foods	3
	Kerry Holdings (U.K.) Limited	Investment	3
	Kerry Savoury Foods Limited	Consumer Foods	3
	Noon Group Limited	Consumer Foods	3
	Rollover Holdings Limited	Consumer Foods	3
	Rollover Group Limited	Consumer Foods	3
	Dairy Consumer Foods (UK) Limited	Investment	4
	E B I Foods Limited	Taste & Nutrition	4
	Gordon Jopling (Foods) Limited	Taste & Nutrition	4
	Kerry Ingredients (UK) Limited	Taste & Nutrition	4
	Kerry Ingredients Holdings (U.K.) Limited	Investment	4
	Titusfield Limited	Taste & Nutrition	4
	Kerry Flavours UK Limited	Taste & Nutrition	4
Belgium	Kerry Holdings Belgium NV	Taste & Nutrition	5
Netherlands	Kerry (NL) B.V.	Taste & Nutrition	6
	Kerry Group B.V.	Investment	6
	Proparent B.V. (55% shareholding)	Taste & Nutrition	7
	Niacet Cooperatief U.A.	Taste & Nutrition	8
	Niacet B.V.	Taste & Nutrition	8
Czech Republic	Kerry Ingredients & Flavours S.R.O.	Taste & Nutrition	9

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
France	Kerry Ingredients France SAS	Taste & Nutrition	10
	Kerry Ingredients Holdings France SAS	Investment	10
	Kerry Savoury Ingredients France SAS	Taste & Nutrition	10
	Kerry Flavours France SAS	Taste & Nutrition	11
Germany	Kerry Food GmbH	Taste & Nutrition	12
	Kerry Ingredients GmbH	Taste & Nutrition	12
	SuCrest GmbH	Taste & Nutrition	13
	Vicos Nahrungsmittel GmbH	Taste & Nutrition	13
	Red Arrow Handels GmbH	Taste & Nutrition	14
Belarus	Unitary Manufacturing Enterprise “Vitella”	Taste & Nutrition	15
Denmark	Cremo Ingredients A/S	Taste & Nutrition	16
Italy	Kerry Ingredients & Flavours Italia S.p.A.	Taste & Nutrition	17
Poland	Kerry Polska Sp. z.o.o.	Taste & Nutrition	18
Hungary	Kerry Hungaria Kft	Taste & Nutrition	19
Luxembourg	Kerry Luxembourg S.a.r.l.	Services	20
	Zenbury International Limited S.a.r.l.	Services	20
Romania	Kerry Romania s.r.l.	Taste & Nutrition	21
Russia	Kerry Limited Liability Company	Taste & Nutrition	22
Spain	Kerry Iberia Taste & Nutrition S.L.U.	Taste & Nutrition	23
	Harinas y Sémolas del Noroeste S.A.U.	Taste & Nutrition	24
	Pevesa Biotech S.A.U.	Taste & Nutrition	25
	Biosearch S.A.U.	Taste & Nutrition	26
Malta	Kerry Malta Limited	Services	27
Slovakia	Dera SK S.R.O.	Taste & Nutrition	28
Sweden	Tarber AB	Taste & Nutrition	29
Ukraine	Kerry Ukraine LLC	Taste & Nutrition	30
USA	Kerry Holding Co.	Investment	31
	Kerry Inc.	Taste & Nutrition	31
	Ganeden Biotech, Inc.	Taste & Nutrition	32
	Insight Beverages, Inc.	Taste & Nutrition	33
	Fleischmann’s Vinegar Company, Inc.	Taste & Nutrition	34
	Kerry Stock & Broth Company Inc.	Taste & Nutrition	35
	Bio-K Plus USA Inc.	Taste & Nutrition	36
	Hare Topco, Inc. (trading as Niacet Corp.)	Taste & Nutrition	37
Canada	Kerry (Canada) Inc.	Taste & Nutrition	38
	Bio-K Plus International Inc.	Taste & Nutrition	39
Mexico	Kerry Ingredients (de Mexico) S.A. de C.V.	Taste & Nutrition	40
	Enmex S.A. de C.V.	Taste & Nutrition	41
Brazil	Kerry do Brasil Ltda.	Taste & Nutrition	42
	Kerry da Amazonia Ingredientes e Aromas Ltda.	Taste & Nutrition	43
Costa Rica	Baltimore Spice Central America S.A.	Taste & Nutrition	44
	Global Spice S.A.	Taste & Nutrition	45

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Chile	Kerry Chile Ingredientes, Sabores Y Aromas Ltda.	Taste & Nutrition	46
Colombia	Kerry Ingredients & Flavours Colombia S.A.S.	Taste & Nutrition	47
	Real S.A.S.	Taste & Nutrition	48
Panama	Kerry Panamá S.A.	Taste & Nutrition	49
	Kerry Holdings Panama, S.A.	Taste & Nutrition	50
Guatemala	Baltimore Spice Guatemala S.A.	Taste & Nutrition	51
	Aromaticos de Centroamerica S.A.	Taste & Nutrition	52
	Kerry Guatemala S.A.	Taste & Nutrition	53
El Salvador	Baltimore Spice de El Salvador S.A. de C.V.	Taste & Nutrition	54
	Aromaticos de Centro America S.A. de C.V.	Taste & Nutrition	54
Thailand	Kerry Ingredients (Thailand) Limited	Taste & Nutrition	55
Philippines	Kerry Food Ingredients (Philippines), Inc.	Taste & Nutrition	56
	Kerry Manufacturing (Philippines), Inc.	Taste & Nutrition	57
Singapore	Kerry Ingredients (S) PTE Limited	Taste & Nutrition	58
Malaysia	Kerry Ingredients (M) Sdn. Bhd.	Taste & Nutrition	59
	Kerry Group Business Services (ASPAC) Sdn. Bhd.	Taste & Nutrition	59
Japan	Kerry Japan Kabushiki Kaisha	Taste & Nutrition	60
China	Kerry Food Ingredients (Hangzhou) Co. Ltd	Taste & Nutrition	61
	Kerry Ingredients Trading (Shanghai) Co. Ltd	Taste & Nutrition	62
	Kerry Foods (Nantong) Co Limited	Taste & Nutrition	63
	TianNing Flavor & Fragrance (JiangSu) Co. Ltd	Taste & Nutrition	64
	Zhejiang Hangmai Food Technologies Co. Ltd	Taste & Nutrition	65
	SIAS Food Co. Ltd	Taste & Nutrition	66
	Shandong Tianbo Food Ingredients Co. Ltd	Taste & Nutrition	67
Egypt	Kerry Egypt LLC	Taste & Nutrition	68
Indonesia	PT Kerry Ingredients Indonesia	Taste & Nutrition	69
	PT Kerry Trading Indonesia	Taste & Nutrition	70
India	Kerry Ingredients India Private Limited	Taste & Nutrition	71
Australia	Kerry Ingredients Australia Pty Limited	Taste & Nutrition	72
New Zealand	Kerry Ingredients (NZ) Limited	Taste & Nutrition	73
Kenya	Kerry Kenya Limited	Taste & Nutrition	74
	Afribon (K) Limited	Taste & Nutrition	75
South Africa	Kerry Ingredients South Africa (Proprietary) Limited	Taste & Nutrition	76
South Korea	Kerry Ingredients Korea LLC	Taste & Nutrition	77
	Jungjin Food Co. Limited	Taste & Nutrition	78
Saudi Arabia	AATCO Food Industries LLC	Taste & Nutrition	79
Oman	AATCO Food Industries SPC	Taste & Nutrition	80
Vietnam	Kerry Taste & Nutrition (Vietnam) Company Limited	Taste & Nutrition	81
UAE	Kerry MENAT DMCC	Taste & Nutrition	82

Notes
(a) All group entities are wholly owned subsidiaries unless otherwise stated.
(b) Country represents country of incorporation and operation. Ireland refers to the Republic of Ireland.
(c) With the exception of the USA, Canadian and Mexican subsidiaries, where the holding is in the form of common stock, all holdings are in the form of ordinary shares.

36. Group entities (continued)

Registered Office

1 Prince's Street, Tralee, Co Kerry, V92 EH11, Ireland.
2 Millburn Road, Coleraine, Northern Ireland BT52 1QZ, United Kingdom.
3 Thorpe Lea Manor, Thorpe Lea Road, Egham, Surrey TW20 8HY, United Kingdom.
4 Kerry, Bradley Road, Royal Portbury Dock, Bristol BS20 7NZ, United Kingdom.
5 Havenlaan 86C, Bus 204, 1000 Brussels, Belgium.
6 Maarssenbroeksedijk 2a, 3542 DN Utrecht, Netherlands.
7 Cuneraweg 9c, 4051 CE, Ochten, Netherlands.
8 Papesteeg 91, 4006 WC Tiel, Netherlands.
9 Pujmanové 1753/10a, Nusle, 140 00, Praha 4, Czech Republic.
10 43 Rue Louis Pasteur, 62575 Blendecques, France.
11 Zone Industrielle du Plan, BP 82067, 06131 Grasse, CEDEX, France.
12 Hauptstrasse 22-26, D-63924 Kleinheubach, Germany.
13 Neckarstraße 9, 65239 Hochheim/Main, Germany.
14 Hanna-Kunath-Strasse 25, 28199, Bremen, Germany.
15 P. Brovki Str., 44 210039 Vitebsk, Belarus.
16 Toftegardsvej 3, DK-5620, Glamsbjerg, Denmark.
17 Via Capitani di Mozzo 12/16, 24030 Mozzo, Bergamo, Italy.
18 Ul. Energetyczna 13, 56-400 Olesnica, Poland
19 Dévai utca 26-28, Budapest, H-1134, Hungary.
20 17 Rue Antoine Jans, Luxembourg L-1820, Luxembourg.
21 Biroul Nr.5, Etaj 5, Nr. 4D, Corp C, Strada Gara Herastrau, Bucureşti Sectorul 2, Romania.
22 RigaLand Business Centre, 26 km Baltiya Highway, Krasnogorskiy District, 143421, Moscow, Russia.
23 Calle Coto de Doñana, 15, 28320 Pinto, Madrid, Spain.
24 Polígono Industrial de las Gándaras de Budino, O Porrino, Pontevedra, Spain.
25 Avda de la Industria s/n, Visos del Alcor, Seville, Spain.
26 Camino del Purchill, 66, 18004, Granada, Spain.
27 4, V. Dimech Street, Floriana, FRN 1504, Malta.
28 Hodžovo námestie 1A, Bratislava, 811 06, Slovakia.
29 Box 1420 - Frejgatan 13, 114 79 Stockholm, Sweden.
30 Avenue Peremoghy, 53, Kiev, 03067, Ukraine.
31 3400 Millington Road, Beloit WI 53511, United States.
32 5800 Landerbrook Drive, Suite 300, Mayfield Heights OH 44124, United States.
33 635 Oakwood Road, Lake Zurich IL 60047, United States.
34 12604 Hiddencreek Way # Suite A, Cerritos, CA 90703, United States.
35 1711 North Liberty Street, Harrisonburg VA 22802, United States.
36 8135 Remmet Ave, Canoga Park CA 91304, United States.
37 275 Northpointe Parkway, Suite 105, Amherst NY 14228, United States.
38 615 Jack Ross Avenue Woodstock ON N4S 8A4, Canada.
39 1000 De La Gauchetière Street West, Suite 2100, Montréal Québec H3B 4W5, Canada.
40 Carretara Panamericana, Irapuato-Salamanca Km 11.2, Apartado Postal 789, Guanajuato, 36660, Mexico.
41 Rio Lerma 228, Ffraccionamiento Industrial San Nicolas, Tlalnepantla, Estado de Mexico, CP 54030, Mexico.
42 Avenida Mercedes Benz 460, Distrito Industrial, Campinas, Sao Paolo, 13054-750, Brazil.

36. Group entities (continued)

Registered Office (continued)

43 Rua Hidra 188, Santo Agostinho, Manaus, 69036-520, Brazil.

44 Liceo de Pavas 200 mts West, 100 Norte Zip Code 10909, San José, Costa Rica.

45 De la esquina noreste fabrica BTICINO, 50 mts al este, edificio a mano izquierda, San Jose, Costa Rica.

46 C.M. El Trovador No. 4280, Of 1205, Las Condes, Suc. Cerro Portezuelo 9901, Quilicura, Santiago, Chile.

47 Carrera 7 No 71-52, Torre A Piso 5, Bogota, Colombia.

48 Real SAS: carrera 3 # 6a – 100 oficina 703. Ed. Torre Protección, Cartagena, Colombia.

49 Parque Industrial Costa del Este, Calle Avenida Principal y 3ra Lote 88. Corregimiento, Parque Lefevre 0819-01869, Panama.

50 Distrito Panama, Provincia Panama, Panama.

51 Avenida Petapa 52-20, Zona 12, Guatemala, Guatemala.

52 23 Avenida 34-61, Zona 12, Colonia Santa Elisa, Guatemala, Guatemala.

53 Kilómetro 26.5 carretera al pacifico, paso a desnivel, entrada a Amatitlán, Guatemala.

54 2 Calle Oriente Avenida Melvin Jones, Local 14, Centro Comercial Argoz, Santa Tecla, La Libertad, El Salvador.

55 No 618, Moo 4, Bangpoo Industrial Estate, Praksa Sub District, Muang District, Samutprakarn Province, Thailand.

56 Room 406, Cebu Business & Investments Consultants, 4th Floor, Tulips Centre, AS Fortuna Street, Mandaune City, Cebu, 6014, Philippines.

57 8/F The W Fifth Avenue Building, Fifth Avenue , Bonifacio Global City, Taguig, Philippines.

58 8A Biomedical Grove, #02-05/12, Immunos, 138648, Singapore.

59 Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

60 Kamiyacho Sankei Building. 2F, 1-7-2, Azabudai 1-chome, Minato-ku, Tokyo 106-0041, Japan.

61 Renhne Industry Zone, Jiulong Village, Hangzhou, China.

62 Room 311, Floor 3, Building 1, No 239 Gang-Ao Road, Pilot Free Trade Zone, Shanghai, China.

63 North side of Xiangjiang Road, Rudong County, Nantong City, China.

64 Dujiashan, Huayang County, Jurong, Jiangsu Province, 212425, China.

65 26 Tai Ping Qiao Industry Park, Xin'an, Deqing County, Zheijiang Province, China.

66 North side of XinYe Road, West side of LiDaXian, DaChang Industrial District, LangFang City, HeBei Province, China.

67 No.6 Haichuan Road, Jiezhuang Street, Hi-tech Zone, Jining, Shandong Province, China.

68 Olympic Building, Ramsis Extension St., ext 6th District, Nasr City, Cairo, Egypt.

69 JL Industri Utama Blok SS No. 6, Jababeka II Mekarmukti, Cikarang Utara, Bekasi 17520, Indonesia.

70 Jalan Industri Utama Blok SS-6 Kawasan Industri Jababeka 2, Kel. Mekarmukti, Kec. Cikarang Utara, Kab, Bekasi Prov. Jawa Barat, Indonesia.

71 8th Floor, Pritech Park Annex, Marathalli-Sarjapur Outer Ring Road, Bellandur, Bangalore, Karnataka, 560103, India.

72 Suite 202, 7-9 Irvine Place Bella Vista, NSW 2153, Australia.

73 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.

74 Avocado Towers, L.R. No 209/1907, Muthithi Road, Nairobi, 00100, Kenya.

75 Kalamu House, Grevillea Grove, Brookside Westlands, P.O. Box 61120, 00200, Nairobi, Kenya.

76 Block 3 Nguni Park, 4-6 Lucas Drive, Hillcrest, Durban, Kwazulu-Natal, 3610, South Africa.

77 9th Fl., Sheenbang Bldg, 1366-18, Seocho-dong, Seocho-Gu, Seoul, 137-863, Republic of Korea.

78 #82 Yuolgum-5gil, Sunghwan-eup, Cheonan-si, Choongchungnam-do, Republic of Korea.

79 PO Box Number: 42511, PC 21551, Jeddah, Al Mehjar, 2nd Industrial City-Jeddah-Kin, Saudi Arabia.

80 PO Box 793, P.C-112, Muscat, Sultanate of Oman, Oman.

81 Me Linh Point Tower, 2 Ngo Duc De Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

82 Unit No: AG - GF - 01, AG Tower, Plot No: JLT-PH1-I1A, Jumeirah Lakes Towers, Dubai, United Arab Emirates.

SUPPLEMENTARY INFORMATION

Financial Definitions

(NOT COVERED BY INDEPENDENT AUDITORS' REPORT)

1. Revenue

Volume performance

This represents the sales performance year-on-year, excluding pass-through pricing on raw material costs, currency impacts, acquisitions (net of disposals) and rationalisation volumes.

Volume performance is an important metric as it is seen as the key driver of top-line business improvement. This is used as the key revenue metric, as Kerry operates a pass-through pricing model with its customers to cater for raw material price fluctuations. Pricing therefore impacts like-for-like revenue performance positively or negatively depending on whether raw material prices move up or down. A full reconciliation to reported revenue performance is detailed in the revenue reconciliation below.

Revenue Reconciliation

2021	Volume performance	Price	Transaction currency	Acquisitions/ Disposals	Translation currency	Reported revenue performance
Taste & Nutrition	**8.3%**	**1.3%**	**-**	**2.1%**	**(2.7%)**	**9.0%**
Consumer Foods	**6.0%**	**0.5%**	**0.1%**	**(18.8%)**	**1.7%**	**(10.5%)**
Group	**8.0%**	**1.2%**	**-**	**(1.7%)**	**(1.8%)**	**5.7%**

2020						
Taste & Nutrition	(3.0%)	0.1%	(0.1%)	1.2%	(2.6%)	(4.4%)
Consumer Foods	(2.6%)	1.2%	-	-	(0.7%)	(2.1%)
Group	(2.9%)	0.3%	(0.1%)	1.0%	(2.3%)	(4.0%)

2. EBITDA

EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation and non-trading items.

	2021 €'m	2020 €'m
Profit after taxation attributable to owners of the parent	**763.0**	554.1
Finance income	**(0.3)**	(0.2)
Finance costs	**70.2**	72.6
Income taxes	**53.3**	81.2
Non-trading items	**(91.5)**	19.4
Intangible asset amortisation	**80.8**	70.1
Depreciation (net of capital grant amortisation)	**201.5**	200.7
EBITDA	**1,077.0**	997.9

3. EBITDA Margin

EBITDA margin represents EBITDA, expressed as a percentage of revenue.

	2021 €'m	2020 €'m
EBITDA	**1,077.0**	997.9
Revenue	**7,350.6**	6,953.4
EBITDA margin	**14.7%**	14.4%

4. Trading Profit

Trading profit refers to the operating profit generated by the businesses before intangible asset amortisation and gains or losses generated from non-trading items. Trading profit represents operating profit before specific items that are not reflective of underlying trading performance and therefore hinder comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

	2021 €'m	2020 €'m
Operating profit	**886.2**	707.7
Intangible asset amortisation	**80.8**	70.1
Non-trading items	**(91.5)**	19.4
Trading profit	**875.5**	797.2

5. Trading Margin

Trading margin represents trading profit, expressed as a percentage of revenue.

	2021 €'m	2020 €'m
Trading profit	**875.5**	797.2
Revenue	**7,350.6**	6,953.4
Trading margin	**11.9%**	11.5%

6. Operating Profit

Operating profit is profit before income taxes, finance income and finance costs.

	2021 €'m	2020 €'m
Profit before taxation	**816.3**	635.3
Finance income	**(0.3)**	(0.2)
Finance costs	**70.2**	72.6
Operating profit	**886.2**	707.7

7. Adjusted Earnings Per Share and Performance in Adjusted Earnings Per Share on a Constant Currency Basis

The performance in adjusted earnings per share on a constant currency basis is provided as it is considered more reflective of the Group's underlying trading performance. Adjusted earnings is profit after taxation attributable to owners of the parent before brand related intangible asset amortisation and non-trading items (net of related tax). These items are excluded in order to assist in the understanding of underlying earnings. A full reconciliation of adjusted earnings per share to basic earnings is provided below. Constant currency eliminates the translational effect that arises from changes in foreign currency year-on-year. The performance in adjusted earnings per share on a constant currency basis is calculated by comparing current year adjusted earnings per share to the prior year adjusted earnings per share retranslated at current year average exchange rates.

	2021 EPS cent	Growth %	2020 EPS cent	Growth %
Basic earnings per share	**430.6**	**37.6%**	313.0	(2.3%)
Brand related intangible asset amortisation	**26.0**	**-**	23.6	-
Non-trading items (net of related tax)	**(75.8)**	**-**	8.8	-
Adjusted earnings per share	**380.8**	**10.2%**	345.4	(12.3%)
Impact of retranslating prior year adjusted earnings per share at current year average rates*		**1.9%**		2.9%
Growth in adjusted earnings per share on a constant currency basis		**12.1%**		(9.4%)

* Impact of 2021 translation was 6.4/345.4 cent = 1.9% (2020: 2.9%).

8. Free Cash Flow

Free cash flow is trading profit plus depreciation, movement in average working capital, capital expenditure, payment of lease liabilities, pensions costs less pension expense, finance costs paid (net) and income taxes paid.

Free cash flow is seen as an important indicator of the strength and quality of the business and of the availability to the Group of funds for reinvestment or for return to shareholders. Movement in average working capital is used when calculating free cash flow as management believes this provides a more accurate measure of the increase or decrease in working capital needed to support the business over the course of the year rather than at two distinct points in time and more accurately reflects fluctuations caused by seasonality and other timing factors. Average working capital is the sum of each month's working capital over 12 months. Below is a reconciliation of free cash flow to the nearest IFRS measure, which is 'Net cash from operating activities'.

	2021 €'m	2020 €'m
Net cash from operating activities	**654.0**	672.2
Difference between movement in monthly average working capital and movement in the financial year end working capital	**146.6**	4.6
Share of profit from joint ventures	**3.9**	1.6
Payments on acquisition integration and restructuring costs	**76.1**	39.7
Purchase of assets (net)	**(300.4)**	(276.2)
Payment of lease liabilities	**(34.9)**	(37.0)
Proceeds from the sale of property, plant and equipment	**19.4**	2.4
Capital grants received	**0.7**	0.1
Exchange translation adjustment	**0.7**	4.6
Free cash flow	**566.1**	412.0

9. Cash Conversion

Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after taxation.

	2021 €'m	2020 €'m
Free cash flow	**566.1**	412.0
Profit after taxation attributable to owners of the parent	**763.0**	554.1
Brand related intangible asset amortisation	**46.2**	41.7
Non-trading items (net of related tax)	**(134.4)**	15.5
Adjusted earnings after taxation	**674.8**	611.3
Cash Conversion	**84%**	67%

10. Liquidity Analysis

The Net debt: EBITDA and EBITDA: Net interest ratios disclosed are calculated using an adjusted EBITDA, adjusted finance costs (net of finance income) and an adjusted net debt value to adjust for the impact of non-trading items, acquisitions net of disposals and deferred payments in relation to acquisitions.

	2021 Times	2020 Times
Net debt: EBITDA	**2.0**	1.9
EBITDA: Net interest	**14.9**	13.8

11. Average Capital Employed

Average capital employed is calculated by taking an average of the shareholders' equity and net debt - pre lease liabilities over the last three reported balance sheets plus an additional €486.8m relating to goodwill written off to reserves pre conversion to IFRS.

	2021 €'m	H1 2021 €'m	2020 €'m	H1 2020 €'m	2019 €'m
Shareholders' equity	**5,601.2**	4,963.1	4,655.5	4,508.5	4,562.2
Goodwill amortised (pre conversion to IFRS)	**486.8**	527.8	527.8	527.8	527.8
Adjusted equity	**6,088.0**	5,490.9	5,183.3	5,036.3	5,090.0
Net debt - pre lease liabilities	**2,049.9**	1,913.0	1,863.6	1,996.4	1,862.8
Total	**8,137.9**	7,403.9	7,046.9	7,032.7	6,952.8
Average capital employed	**7,529.6**		7,010.8		

12. Return on Average Capital Employed (ROACE)

This measure is defined as profit after taxation attributable to owners of the parent before non-trading items (net of related tax), brand related intangible asset amortisation and finance income and costs expressed as a percentage of average capital employed.

	2021 €'m	2020 €'m
Profit after taxation attributable to owners of the parent	**763.0**	554.1
Non-trading items (net of related tax)	**(134.4)**	15.5
Brand related intangible asset amortisation	**46.2**	41.7
Net finance costs	**69.9**	72.4
Adjusted profit	**744.7**	683.7
Average capital employed	**7,529.6**	7,010.8
Return on average capital employed	**9.9%**	9.8%

13. Total Shareholder Return

Total shareholder return represents the change in the capital value of Kerry Group plc shares plus dividends in the financial year.

	2021	2020
Share price (1 January)	€118.50	€111.10
Interim dividend (cent)	**28.5**	25.9
Dividend paid (cent)	**60.6**	55.1
Share price (31 December)	**€113.25**	€118.50
Total shareholder return	**(3.7%)**	7.4%

14. Market Capitalisation

Market capitalisation is calculated as the share price times the number of shares issued.

	2021	2020
Share price (31 December)	**€113.25**	€118.50
Shares in issue ('000)	**176,848.5**	176,700.0
Market capitalisation (€'m)	**20,028.1**	20,939.0

15. Enterprise Value

Enterprise value is calculated as per external market sources. It is market capitalisation plus reported borrowings less total cash and cash equivalents.

16. Total Net Debt

Total net debt comprises borrowings and overdrafts, interest rate derivative financial instruments, lease liabilities and cash at bank and in hand. See full reconciliation of total net debt in note 23 to the financial statements on pages 197 to 199.

NOTES

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Kerry Group
Prince's Street, Tralee,
Co. Kerry, V92 EH11, Ireland.
T: +353 66 718 2000

www.kerrygroup.com

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