KERRY

50

EXPANDING HORIZONS

Kerry Group

Annual Report 2022

Expanding Horizons is the story of Kerry's remarkable journey, from our origins in the dairy pastures of Southwest Ireland, to the company we are today, a world leader in taste and nutrition.

In 2022, as we celebrated our 50th anniversary, this theme enabled us to reflect on our heritage, on what we have achieved and to look to the future with determination and optimism.

We celebrated the people who made Kerry what it is today and who continue to do so every day, delivering real impact for our customers, as we strive to create a world of sustainable nutrition.

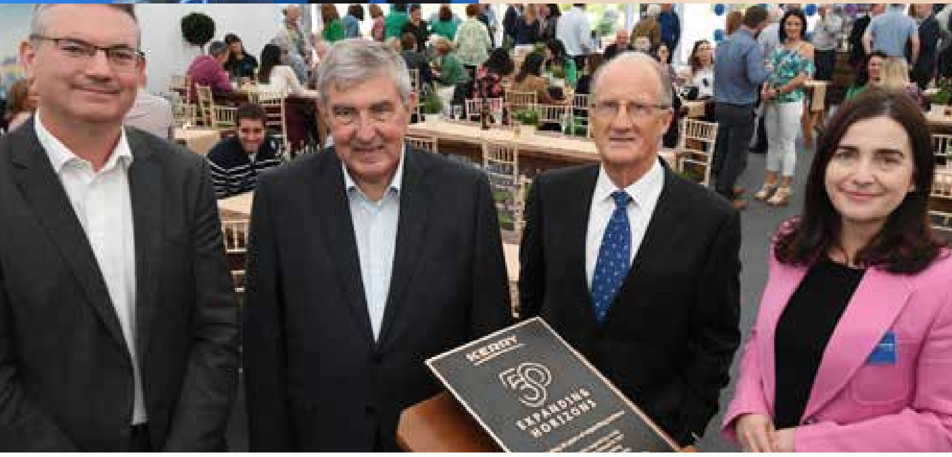
EXPANDING HORIZONS

EXPANDING HORIZONS

Courage

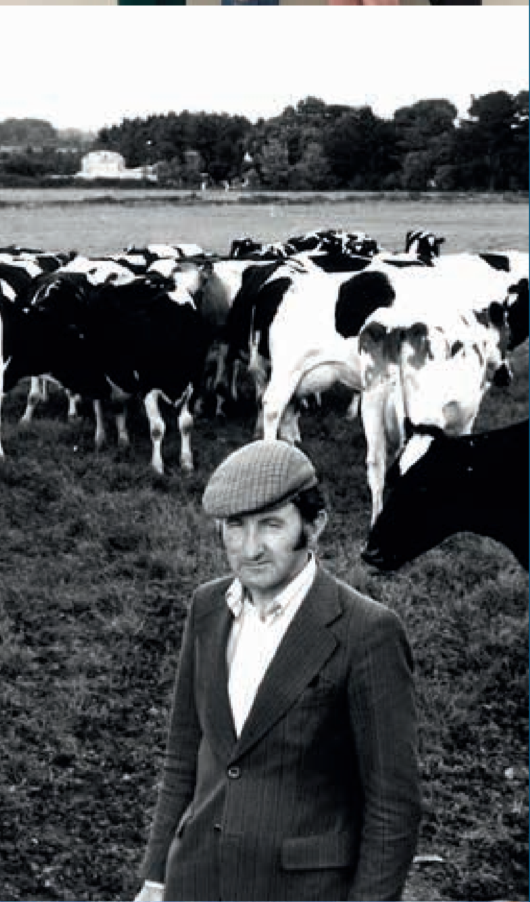
Enterprising Spirit

Open-mindedness



Ownership

Inclusiveness



50 Years of Expanding Horizons

In January 1972, Kerry hired its first employee. Over the next few years, against the odds, a team of dedicated visionaries sowed the seeds of the global food, beverage and pharma business we have today.

50 years on, we celebrated our anniversary at all our sites across the world, with our teams, customers and friends of the business, through events and activities that inspired a renewed sense of purpose, pride and ambition for the future.

As we celebrated our from-food-for-food heritage, we took the opportunity to reinforce our unique culture. Through the commemoration activities and the inspiring stories and memories that were shared, it is clear that the core values, fostered in those earliest days in Listowel, County Kerry, are very much alive today.

As we reflect on the past five decades and how far we’ve come, we are proud to share the results of our 50 years of experience, expertise and success, as we strive towards our vision of being our customers’ most valued partner, creating a world of sustainable nutrition.

50 EXPANDING HORIZONS

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STRATEGIC REPORT

Strategic Report

Our Performance in 2022

An outstanding year of growth, combined with continued financial development and progress against our sustainability objectives.

FINANCIAL PERFORMANCE MEASURES

Group Revenue

2022	€8.8 billion
2021	€7.4 billion

Volume Growth[1]

2022	6.1%
2021	8.0%

EBITDA[1]

2022	€1.2 billion
2021	€1.1 billion

Group EBITDA Margin[1]

2022	13.9%	(80bps)
2021	14.7%	+30bps

Net Cash from Operating Activities

2022	€722 million
2021	€654 million

Free Cash Flow[1] (cash conversion percentage)

2022	€640 million	82%
2021	€566 million	84%

Basic EPS

2022	341.9 cent	(20.6%)
2021	430.6 cent	+37.6%

Constant Currency Adjusted EPS[1]

2022	440.6 cent	+7.3%
2021	380.8 cent	+12.1%

Total Dividend Per Share

2022	104.8 cent	+10.1%
2021	95.2 cent	+10.1%

Return on Average Capital Employed[1]

2022	10.3%
2021	10.5%

NON-FINANCIAL PERFORMANCE MEASURES

Consumers Reached with Positive and Balanced Nutrition Solutions[2]

2022	1.2 billion
2021	1.1 billion

Absolute Carbon Reduction[2]

2022	48%
2021	33%

1 See Key Performance Indicators section pages 38-39 and the Supplementary Information section page 255 for definitions, calculations and reconciliations of Alternative Performance Measures

2 See Sustainability Review pages 52-73 for further information on non-financial metrics

Our Purpose – *Inspiring Food,Nourishing Life*

Five years ago, Kerry embarked on a journey to articulate our company's purpose. That Purpose, *Inspiring Food, Nourishing Life*, truly reflects our company's culture, heritage and evolution and the essence and ambition of our people.

Inspiring Food is about innovation. Kerry is committed to co-creating better tasting, better performing and better-for-you consumer-led solutions for the food and beverage industry with our customers and partners.

Nourishing Life is about the wellbeing of our employees. We foster a shared passion and the expertise to deliver balanced nutrition solutions to the lives of over one billion people around the world, without compromising our planet's finite resources.

"Our purpose is an undisputed decision-making filter, to unlock value and drive success right across the business."

Through workshops, training and role modelling, our leaders have thoroughly embedded our purpose in a meaningful way, right across the organisation, to ensure every employee, no matter their region or role, understands why Kerry matters in the world.

Sharing our purpose, what it means and how our employees can contribute, is central to our culture and our onboarding programmes in Kerry. We revisit our purpose at all major internal meetings and events, and we start every meeting with a reminder of our shared goal.

This year, as we celebrated Kerry's 50th anniversary, remembering our heritage, reinforcing our culture and reaffirming the values that were fostered in those earliest days in Listowel, Co. Kerry we gave new life to our purpose.

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Pages 18-25

Sustainability Review
Pages 52-93

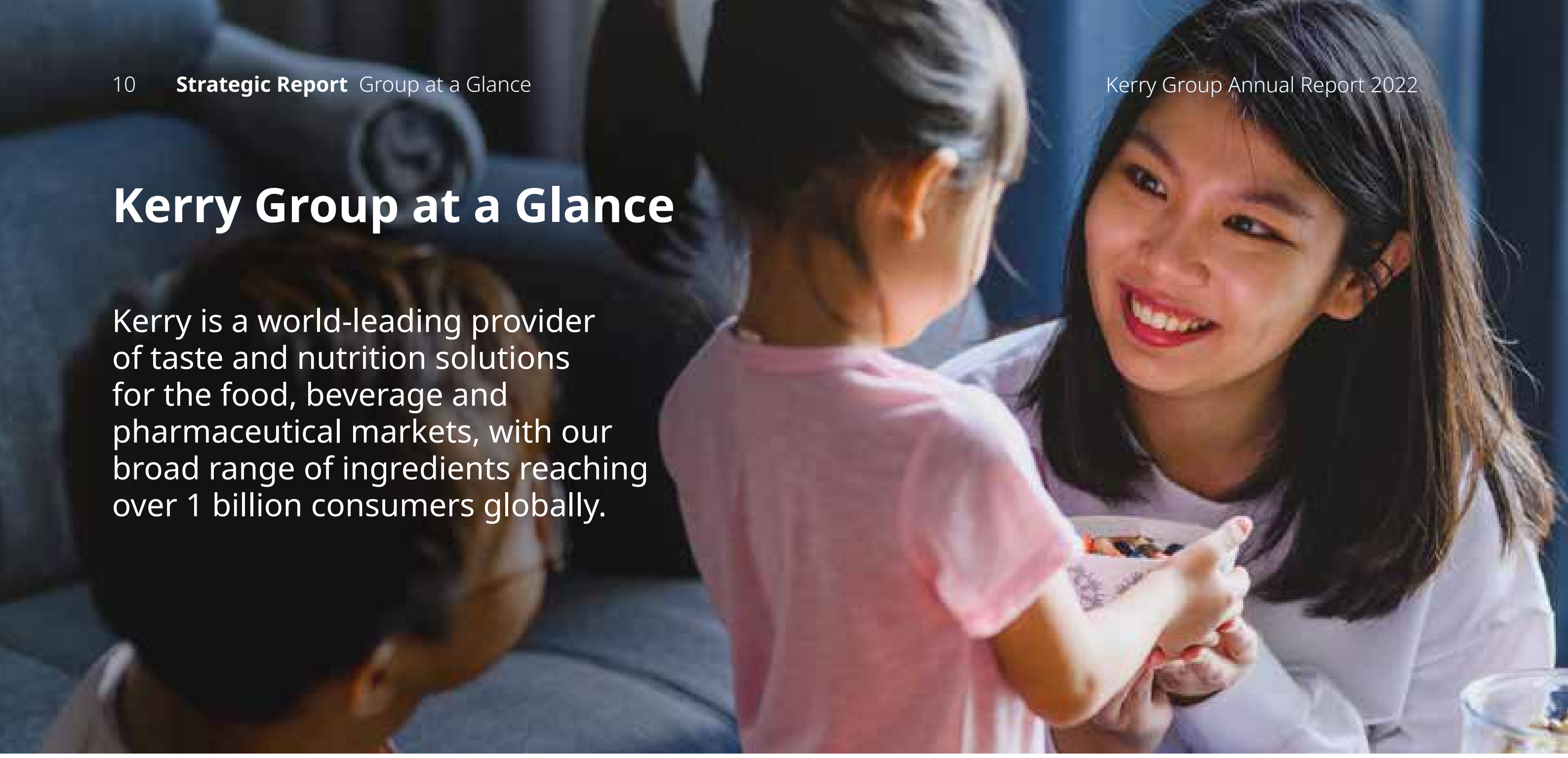
Connecting Purpose to Strategy

As a global leader in the food industry, Kerry has an important role to play in the transformational change required to tackle the global food challenges we all face. *Inspiring Food, Nourishing Life* addresses these challenges first-hand and over the last three years, we have put purpose into action to establish ambitious targets that ensure impact beyond profit.

We've demonstrated our purpose through partnerships and commitments that are making a difference to our people and planet, accelerating our sustainable nutrition impact, and that of our customers.

Our purpose is an undisputed decision-making filter, to unlock value and drive success right across the business. Our focus on our strategic priorities of Taste, Nutrition and Emerging Markets is testament to our purpose. Together, they inform our innovation and acquisition strategies – driving us to invest in markets and technologies where we can make the greatest impact towards our goal of reaching two billion people with sustainable nutrition solutions by 2030.

Kerry envisions a world of sustainable nutrition, and by working with our network of customers, suppliers, and partners, we are advancing towards our sustainability targets and gearing our business to make this vision a reality.



Kerry Group at a Glance

Kerry is a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets, with our broad range of ingredients reaching over 1 billion consumers globally.

What We Do

We solve our customers' complex challenges with differentiated solutions.

Our Performance

€8.8bn
Revenue

€1.2bn
EBITDA

Our People

23,000+
Employees

1,100+
R&D scientists

Our Business

147
Manufacturing locations

18,000+
Products

Our Sustainability Ratings

CDP DISCLOSURE INSIGHT ACTION

FTSE4Good

MSCI ESG RATINGS AAA

Origin Green IRELAND GOLD MEMBER 2022

Our Businesses

Taste & Nutrition

Kerry is a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. We use our broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Our leading consumer insights, 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.

Taste & Nutrition Business Dimensions

Dairy Ireland

Dairy Ireland is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins and nutritional bases, while our well-loved dairy consumer brands can be found in chilled cabinets in retailers across Ireland and the UK.

Chairman's Statement

A year of growth, footprint expansion and strategic development - which have been at the heart of Kerry's success over the past 50 years.

Tom Moran
Chairman

Overview

In this, my first Chairman's statement, I am pleased to report another year of strong growth against the backdrop of significant macroeconomic challenges. This exemplifies the resilience of the organisation and our collective drive to deliver long term sustainable results through the execution of our strategy. The growth delivered was further re-affirmation of our positioning as a market leader in the industry, meeting our customers' needs to enhance the nutrition, wellness and functionality of their products in a way that protects people and the environment around us without compromising on taste.

50th Anniversary

In 2022, Kerry celebrated its 50th anniversary. Across the world, employees engaged in activities with customers, local communities and each other to mark this milestone anniversary with pride. Through these celebrations, the Board recognised that Kerry's values, energy and passion, part of our DNA from our earliest days in 1972, continue to drive the business today. 50 years on, the values of courage, enterprising spirit, inclusiveness, ownership and open-mindedness are alive, and the collective ambition of our employees, customers and suppliers to do better for people and the planet is stronger than ever.

Strategic Update

2022 is the first year of the Group's refreshed strategic plan and the management team has made a successful start implementing the growth strategies.

The Group completed four acquisitions during the year as Kerry continues to evolve its portfolio to strengthen our position as a world-leading taste and nutrition company. Since year end the Group announced the potential sale of its Sweet Ingredients Portfolio. This portfolio repositioning is another important development in Kerry's strategic evolution.

The Group will continue to pursue organic and acquisitive growth opportunities aligned with the Group's strategic priorities and key growth platforms.

Sustainability

The Group's 2030 *Beyond the Horizon* sustainability strategy underpins Kerry's future growth as we continue to partner with our customers across the globe to create a world of sustainable nutrition.

The Board, through the Governance, Nomination and Sustainability Committee, contributed to, reviewed and approved the significant sustainability developments actioned in 2022 as we help our customers create healthier, more nutritious products that taste great in a way that protects people and the environment around us. One of those actions was the launch of our *Evolve* Dairy Sustainability Programme, which supports the accelerated adoption of science-based sustainable actions and best practice on the farms of our Irish suppliers. Refer to the Sustainability Review on pages 70 and 73 for further details.

The 2022 Sustainability Report published alongside the Annual Report details the Group's progress against its sustainability strategy and targets in reference to 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 52-93 and in the 2022 Sustainability Report, which is available on kerry.com.

Corporate Governance

The Board is firmly committed to maintaining the highest standards of corporate governance in line with best practice. During 2022, the Board reviewed the Company's corporate governance policies and procedures to monitor compliance with the 2018 UK Corporate Governance Code and the Irish Annex 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 122-125.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2022 the evaluation was externally facilitated and the outcome of this review is that the Board and its Committees consider that they are operating effectively.

Board Changes

Philip Toomey retired as Director and Chairman of the Board following the Group's Annual General Meeting on 28 April 2022. On behalf of the Board, I wish to pay tribute to Philip for his commitment and dedication to the success of the Group throughout his years of service.

Fiona Dawson and Patrick Rohan joined the Board as non-Executive Directors on 4 January 2022 and 16 January 2023 respectively. I look forward to both of them making significant contributions to the Board in the years ahead.

Gerard Culligan and Con Murphy retired from the Board at the conclusion of the 2022 AGM. On behalf of the Board, I would like to thank Gerard and Con for their strong contribution over their five years of service.

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 skillsets required, the Group's diversity commitments, as well as enhanced stakeholder expectations and regulatory requirements in relation to Board diversity.

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 2022, the Board has continued to ensure that management promotes our purpose and values to unite the organisation across diverse cultures and geographies. Staying true to our purpose as the organisation has responded to the economic challenges arising from the inflationary environment, which was exacerbated by the invasion of Ukraine, 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.

People and Engagement

Central to Kerry Group's continued success is the hard work and commitment of all our employees. As the cost of living crisis develops, the Board is overseeing how the Group is actively supporting employees, especially those in lower paid positions, during this period of significantly higher inflation. The Board is also proud of the support provided by the leadership team and employees in general to our Ukrainian colleagues and their families as they have had to deal with the consequences of the invasion in their country.

The Board also recognises the importance of employee engagement and continues to enhance our employee engagement activities. During 2022, Dr. Karin Dorrepaal, the newly appointed Workforce Engagement Director, engaged in a programme of activities where she had the opportunity to gauge the engagement levels of our people supporting our business, both in-person within our offices and sites and remotely. Details of these activities are outlined in the Corporate Governance Report on pages 117-130.

Operational Visits

As restrictions eased in 2022, the June 2022 Board meeting was held in the Group's Technology and Innovation Centre in Beloit, USA. The visit afforded Board members the opportunity to meet and engage with key leaders and emerging talent from the region, to visit two manufacturing sites and observe their process technology capabilities in operation and see first-hand how they have benefited from significant capital investment approved by the Board, and finally to participate in customer immersion experiences that showcased the Group's capabilities in helping customers to solve industry challenges with differentiated solutions.

Dividend

The Board recommends a final dividend of 73.4 cent per share (an increase of 10.0% on the 2021 final dividend) payable on 12 May 2023 to shareholders registered on the record date of 14 April 2023.

Together with the interim dividend of 31.4 cent per share, this brings the total dividend for the year to 104.8 cent, an increase of 10.1% on 2021.

Prospects

The Board remains confident that the Group's business model and strategic priorities 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 2023 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.

Tom Moran
Chairman
15 February 2023

Chief Executive Officer's Review

2022 was a milestone year for Kerry, where we achieved record revenue despite an exceptionally dynamic operating environment, testament to the continued strategic evolution of our business.

Edmond Scanlon
Chief Executive Officer

Dear fellow shareholders and all stakeholders,

When I reflect on Kerry's 50th year, I am proud of the Group's achievements in 2022, where total revenue increased to €8.8bn, driven by strong organic growth of 18.0%.

The year began with industry supply chain constraints, a heightened level of inflation and challenging economic conditions, which were amplified by the Russian invasion of Ukraine. These global market challenges also presented opportunities for Kerry, as our teams continued to work closely with our customers and supported them as they navigated through the year. As we managed through this unprecedented inflationary pricing environment, we were very pleased with the resilience of our strong volume growth in Taste & Nutrition and further volume growth in Dairy Ireland.

Overall growth was broad-based across our regions and channels in our food and beverage markets, thanks to a continued strong level of innovation activity.

This growth was driven by an excellent performance across our range of taste technologies, combined with increased demand from our customers to enhance the nutrition, wellness and functionality of their products. We continued to engage with our customers on enhancing the sustainability profile of their offerings through the year, and we were pleased to see our emerging markets deliver yet another standout year of double-digit volume growth.

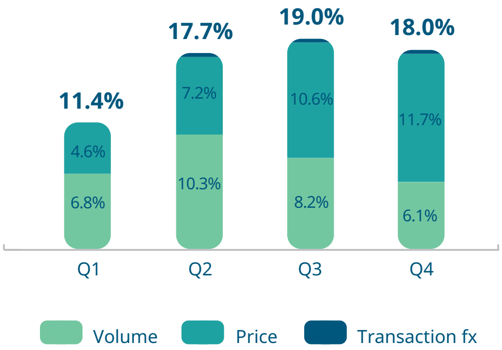
We also continued to make good strategic progress in 2022 with footprint expansion, the initiation of our Accelerate Operational Excellence transformation programme, and further evolution of our portfolio, aligned to our strategic priorities of Taste, Nutrition and Emerging Markets.

I would like to take this opportunity to recognise the contribution of our people over the past 50 years of our journey. You have been the key ingredient to Kerry's success, as we continue to inspire food and nourish life.

A Year of Record Growth and Strategic Developments

Throughout the year we worked in close collaboration with our customers to pass through input cost inflation, demonstrating the robustness of Kerry's pricing model. The impact from this heightened level of pricing was seen across our industry, while the limited level of elasticity our volumes experienced highlighted the importance of Kerry's solutions to our customers' finished products.

Excellent Organic Growth



Taste & Nutrition Quarterly Organic Revenue Growth

Taste & Nutrition delivered strong volume growth of 7.8% in the year, which was broad-based across our Food and Beverage end use markets, with excellent growth across Snacks, Meat and Dairy.

The foodservice channel continued to deliver strong double-digit growth and our retail channel achieved good mid single-digit volume growth.

Strategic Footprint Expansion

In the year we continued to enhance and expand our global presence and footprint.

The new and expanded facilities in Rome, Durban and Jeddah were officially opened, and we made good progress in the development of our new Taste facility in Karawang, Indonesia.

Acquisitions aligned to our Strategic Priorities

We made a number of acquisitions aligned to our strategic priorities during the year.

In **Taste**, we acquired Kraft Heinz's B2B powdered cheese business. Under **Nutrition**, the acquisition of c-LEcta enhanced our biotechnology innovation capability, while Natreon enhanced our botanical ingredients portfolio. In **Emerging Markets**, the acquisition of Almer expanded our presence in Southeast Asia.

Since the year end, we announced the potential sale of our Sweet Ingredients Portfolio, as we continue to enhance and refine our portfolio to areas where we can add the most value.

Our Markets

The overall demand environment remained robust through the year despite the macroeconomic backdrop. Consumers continued to seek new taste experiences, cleaner labels and added functional benefits through food and beverages. The cost-of-living crisis has resulted in many consumers looking for relative value options to meet their purchase preferences, depending on their available resources.

Customers continued to prioritise the resiliency of their supply chains through this period of inflationary pressure. Innovation has become increasingly targeted, as they seek to meet various consumer preferences at different price ranges. The industry has evolved significantly in recent years, as many of our customers reconfigure aspects of their operations in the face of challenges such as geopolitical volatility, increased regulations and lack of labour availability in certain markets.

The macroeconomic developments across the year had a substantial effect on interest rates and global equity markets. Share prices and valuations across our sector were significantly adversely impacted, with the effect most acute across growth stocks including Kerry. While the share price performance in the year was disappointing, we have created significant value over many years. We remain intensely focused on delivering against our targets and continuing to strategically evolve our business, which we believe will deliver long-term shareholder return.

Our Performance

In the year we delivered strong overall growth, with Group reported revenue increasing by 19.3% to €8.8 billion, driven primarily by volume growth of 6.1% and pricing of 11.7%. Group EBITDA increased by 12.9% to €1.2 billion, representing an EBITDA margin of 13.9%. Adjusted earnings per share increased by 7.3% in constant currency, while free cash flow increased to €640m.

We also made good progress in 2022 on our *Beyond the Horizon* sustainability journey. Under Better for People, we increased our nutritional reach with positive and balanced nutrition solutions to 1.2 billion people, as we continue to work with our customers to improve the nutritional profile of their products.

Under Better for Society, we made important steps on our health and safety performance. We also rolled out a range of programmes to support our Diversity, Inclusion and Belonging objectives and continued to support those communities most in need, through our employee programmes and partnerships with leading NGOs.

Under Better for the Planet, we delivered a 48% reduction in carbon, as we accelerated our shift towards renewable electricity. We also made significant progress across a number of other measures, including reducing food waste by 32% across our operations. We are pleased with our progress to date, while recognising the challenges ahead for our industry and the need to intensify our efforts, as we continue to create a world of sustainable nutrition.

Regional Performance

The Americas achieved volume growth of 8.4% in the year, which was strong across both channels and particularly in the Beverage, Meat and Bakery end use markets. Growth in LATAM remained strong across both Mexico and Brazil.

Europe delivered strong volume growth of 6.2% given the economic backdrop in the region. Growth was driven by the Snacks, Dairy and Meals end use markets. This growth was broad-based across the region, with the exception of Eastern Europe, where we made the decision to exit Russia and Belarus post the invasion of Ukraine.

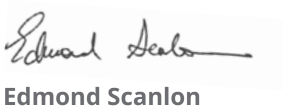
The APMEA region achieved volume growth of 8.1%, which represented a very strong performance given the challenging conditions in China through the year. This growth was led by the Snacks, Meat and Bakery end use markets. Our performance in the region was particularly strong across the Middle East and Southeast Asia.

Dairy Ireland delivered strong organic growth in the year, reflecting a significant level of pricing. Overall volume growth in the year was modest, given strong prior year comparatives. Volume growth in dairy ingredients was partially offset by lower category volumes in consumer products, as a result of price increases.

Forward Looking Statement

The Group began its 2022-2026 strategic cycle with a strong year of growth, good overall financial performance and continued progress against Kerry's *Beyond the Horizon* sustainability commitments.

At the outset of 2023, while market conditions are currently uncertain, Kerry remains strongly positioned for growth ahead of its markets. The Group will continue to manage input cost fluctuations with its well-established pricing model. Kerry will continue to invest capital aligned to its strategic priorities and strategically evolve its portfolio.



Edmond Scanlon
Chief Executive Officer
15 February 2023

Our People

Our Culture

At Kerry, our Purpose *Inspiring Food, Nourishing Life* reflects our enduring culture and further ignites our passion to build a better future for our people and planet. Over the last five years, we have embedded our purpose into all our people policies, processes and practices, connecting our 23,000+ people across the world through a shared vision to be our customers' most valued partner, creating a world of sustainable nutrition.

Our people represent 118 nationalities, and we work across 200+ locations in more than 50 countries globally. Throughout 2022, guided by our purpose and our values, our people continued to demonstrate resilience and agility, through constantly evolving circumstances. Against a challenging macro-economic and geopolitical backdrop, and through continued Covid-19 lockdowns in key geographies, we leveraged the strength of our culture, our deep specialist expertise and our industry-leading taste and nutrition capabilities to continue to enhance the lives of others, solving our customers' complex challenges with differentiated solutions.

We seek to 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 remain focused on delivering value to our customers. We hold ourselves accountable for meeting the highest standards of business and ethical behaviour in everything we do and continue to reinforce this through our standards, policies, and practices.

We believe in giving talented, curious people the opportunity to make a difference and are committed to nurturing a highly inclusive workplace where all our people can be at their best, contribute to our success and excel personally and professionally. Our people practices reinforce our purpose, vision, and values, from 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 activities.

We lead with a purpose mindset and engaging and empowering our teams is fundamental to our group-wide approach to people leadership. 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 the diversity of our leadership teams reflects and celebrates the diversity of the communities in which we live and work continues to be a key imperative for us. In 2022 we further enhanced the cultural and gender diversity of our leadership talent pipelines through internal promotions and strategic hires, and we are encouraged by the progression of local talent into our regional leadership teams.

Expanding Horizons

Throughout 2022, we celebrated our 50th anniversary, with our people coming together and connecting, many for the first time, through various events around the world to mark this significant milestone in our history.

Celebrating together inspired a renewed sense of team across Kerry and showcased our core value of inclusiveness in action. Events ranged from local team building activities, charity donations and town halls to commemorative plaques, globally-led Inspiring People awards anchored around our Kerry values and new community partnerships, including numerous opportunities to connect with family, customers, and former employees.
A common theme across all our celebrations was the opportunity to feature and enjoy our innovative Kerry taste and nutrition solutions from around the world, reinforcing our purpose to inspire food and nourish life.

Our Values

Our values are inspired by our purpose. They underpin the culture we continue to cultivate and develop to sustain our success. They unite us across our diverse cultures and geographies, providing a guiding framework for building trust and mutual respect through the engagement of our people, our customers and our communities. They represent strengths from our heritage as well as new capabilities, which we want to collectively embed across our expanding global footprint. Our leaders continue to prioritise how they role model our values in action, each and every day, across all areas of Kerry.

Reflecting the essence of our values, we empower our people to have the courage to challenge the status quo when it poses a risk to progress, and to express their unique perspectives. We ask our people to consider the art of the possible, and to bring new and innovative ideas to how we do our work. We encourage all our people to have the courage to speak up and integrity is non-negotiable.

In turn, Kerry commits to listening. We remain open to new ways of working and are always reviewing opportunities to grow our business, taking the views of our people, who know our business best, into account. At Kerry we have a wealth of diversity within our workforce, and we understand and respect the strength that different perspectives and backgrounds can bring to our decisions. Every voice counts.

We welcome feedback, enabling two-way communication between our people and senior leadership so that we may improve and fulfil our future potential together.

We see opportunities where others see problems, we learn from each other, we 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 embrace accountability, and we never compromise on doing the right thing for our business, our people and our customers.

Aligning our whole organisation behind our purpose and values is critical to being the first choice for the best talent. We are committed to fostering an environment where our people are highly engaged and motivated to invest their time, commitment and passion in shaping Kerry's successful growth; an environment where our people feel fulfilled by, and valued for, their day-to-day contributions to Kerry's success.

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

At Kerry, we are fully committed to creating an environment where our people can thrive, be inspired to innovate and are comfortable bringing their authentic selves to work every day. We view the engagement of our people as a lead indicator of our future sustainable business growth and performance and invest our collective energy in nurturing and enhancing the engagement of all teams across the globe.

Each year, the needs of our people and our business change and evolve. To ensure we are providing the right support and the best employee experience, we regularly pulse-check our employee engagement and take action on the feedback we receive from our people. We have a stated ambition of being a top quartile employer for employee engagement, and through our continuous listening strategy and frequent monitoring, we are pleased with our continued progress against that ambition.

In 2022, we completed our global employee engagement survey for the fourth year running. We are particularly proud of our participation rate of 92% across all our regions and functions. This demonstrates the trust and willingness of our people to share their voice. It demonstrates that our people see value in sharing their feedback, which is used as key input in helping to make Kerry a better and more successful business for the future.

This year we aligned our engagement focus areas under three pillars: 'Making it Better, Making it Clearer and Making it Easier'. These three pillars will guide how we approach our engagement action planning across Kerry and focus our efforts on improving the working experience for our people.

During 2022, the role of designated Workforce Engagement Director transitioned from Mr. Tom Moran to Dr. Karin Dorrepaal, who participated in numerous employee engagement activities throughout the year. This important role ensures the employee's voice is considered and represented by the Board when making decisions impacting our people, ensuring we are confident that we are making the right decisions for Kerry overall.

Activities this year included an opportunity to join the panel for Kerry's Flagship Pride webinar 'Together with Pride – A Womxn's Perspective' and a number of manufacturing plant visits to engage with our teams in Europe and North America. Dr. Dorrepaal continues to champion and help us shape Kerry's engagement strategy, ensuring we are bringing industry-best practices and giving due consideration to the external environment within which Kerry operates. For further details on key activities supported during 2022, please see our Corporate Governance section on page 117.

PILLAR 1
MAKING IT BETTER

Making it Better encompasses the actions that impact the working life of everyone at Kerry. Learning and development opportunities, our Diversity, Inclusion and Belonging agenda, wellbeing and reward and recognition initiatives all fall under this pillar. Through the survey feedback in 2022, our people shared that they have experienced positive developments in all these areas. Further details on actions we have taken in these areas are covered in our later sections focused on Diversity, Inclusion and Belonging, Leadership and Talent and Rewards and Recognition.

PILLAR 2
MAKING IT CLEARER

Making it Clearer covers aspects relating to Kerry's vision, brand and strategy. Following our strategy refresh in 2021, Kerry's senior leadership team invested considerable time and effort throughout 2022 in ensuring that every individual at Kerry understands our strategic objectives and how their role contributes to Kerry's long-term goals. The refresh of Kerry.com was a major milestone in our 2022 brand agenda. This resource is available for all Kerry stakeholders, including Kerry employees, to better understand the vast scope of products and services we provide to our valued customers.

PILLAR 3
MAKING IT EASIER

Making it Easier is a hugely important pillar for Kerry. Our relentless drive to work smarter is core to the culture at Kerry. Through our Accelerate Operational Excellence Transformation programme, we are continuing to realise ongoing benefits, with specific focus on performance and delivery across our plant network. In addition, we are further enhancing the portfolio and scope of our Global Business Services organisation, making it easier for our people to access the support they need, when they need it in the most efficient and effective way.

Highlights based on feedback from our employee engagement survey in 2022 include:

Engagement of our plant colleague community	Last year, we commenced our Accelerate Operational Excellence transformation programme, helping us to build and sustain consistent excellence across all plants. Through the survey feedback in 2022, we have seen this focused effort lead to markedly increased engagement across all plant leaders who have been through the programme. Their plant teams also had, on average, improved engagement scores, as compared to the previous year's survey. This shows that the investment in our plant population is being felt, and the programme is making it better, clearer and easier to work at Kerry.
Engagement of our people leader population	We continue to support our leaders to shape our workplace for the future, listen to their teams, and implement robust action plans for continuous improvement based on two-way dialogue. We saw continued improvement in our people's experience of their people leaders' effectiveness in our 2022 survey. We have seen that positive engagement levels of individual people leaders make a significant positive impact on the engagement of their team and we will continue our priority focus and investment in our people leaders' skills and behaviours.
Inclusion Index	Following the launch of our Inclusion Index as an integral part of our 2021 employee engagement survey, we were delighted to see an improvement across all elements of the index in 2022. Our most positive feedback through the index is centred around 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 and is the basis for all other aspects of the Inclusion Index: Fair Treatment, Psychological Safety, Integrating Differences and Belonging. We will bring insights from the Inclusion Index into our 2023 Diversity, Inclusion and Belonging plans, ensuring we continue to evolve and drive progress in this important space.

Fostering Diversity, Inclusion and Belonging

We have set out our ambition to build an inclusive workplace at Kerry.

Our Diversity, Inclusion and Belonging Framework is aligned to this ambition and is fuelled by our desire to be the first choice for the best talent. We celebrate and harness our diversity to drive business performance and foster a healthy and inclusive environment that enables our people to be at their best and continue to drive positive change at a systemic level, both structurally and behaviourally.

During 2022, we embarked on a detailed planning exercise with representatives from each region, to agree a strategic roadmap for each region in pursuit of our shared 2030 goals. Key areas of focus include continuing to build diverse and inclusive leadership, promoting greater depth and breadth in our talent pipelines, embedding our agile working practices, encouraging employee-led initiatives, engaging with aligned external partners and confirming Executive Leadership Team sponsorship for and ownership of our overall Diversity, Inclusion and Belonging ambition. In 2022, we established our Global Diversity, Inclusion and Belonging Council, comprising selected members of our Executive Leadership Team. Together with our regional committees, dedicated Diversity, Inclusion and Belonging leads and global taskforce, our Global Diversity, Inclusion and Belonging Council will help us to further shape our overall ambition and support our continued progress through 2023.

Building on positive feedback received in 2021 during our Inclusive Leadership workshops, we launched an Inclusive Leader toolkit in 2022. This toolkit equips our people leaders with the confidence and capabilities to lead diversity, inclusion and belonging conversations with their teams, making it easier to work together to build a more inclusive workplace. Available in 11 languages, it provides practical ideas, templates and tools aligned to our Inclusion Index. In addition, people leaders can self-assess their leadership style and approach across key people processes such as assigning team members to projects, managing flexible working requests and selecting a new team member.

Embedding a truly inclusive workplace is made possible by our global Diversity, Inclusion and Belonging teams working together with our global employee networks – PRYSM, supporting LGBTQI+ colleagues and allies and SEEN, raising awareness and supporting on issues relating to race and social equity. During 2022, PRYSM has continued to work to promote LGBTQI+ rights not only internally, but also in collaboration with Kerry customers and with the broader international community. This year, we saw over 70 of our offices and plants coming together to raise the modern pride flag, in conjunction with customers to celebrate our 50th anniversary. In 2022, our SEEN network hosted our first global event dedicated to race, ethnicity, cultural and social equity. This focused on raising awareness of topics such as unconscious bias and the impact of privilege, with external experts educating colleagues and many Kerry employees sharing their personal and professional stories and experiences.

We continue to make positive progress on our gender diversity goals. We set ourselves a goal of achieving equal gender representation in senior management roles by 2030, with women representing 35% of senior leadership roles by 2025. We achieved 36% representation of women in senior management and 33% in senior leadership roles by the end of 2022, and we continue to focus on targeted strategies to accelerate this in 2023. Examples include our new Women in Leadership programme in Europe this year, which we aim to roll out globally to all regions, as well as our Regional Women@Kerry networks, helping to promote opportunities to improve workplace policies and practices for women across Kerry.

Investing in Learning, Leadership and Talent to Fuel our Growth

Our aim is to unleash the potential of our workforce to perform at their best, while instilling a sentiment of self-growth and excitement across the organisation about the future. We continue to build our learning technologies, to increase our reach and speed of building capabilities globally.

During 2022, we focused on building leadership expertise across our manufacturing facilities, with the launch of a new, targeted Plant Leader Development Programme. With a combination of internal and external expertise, plus peer-to-peer support, this programme aims to build the plant leader skills and behaviours needed for current and future success. Over 70% of the plant leader population are now engaged in the programme and this will continue into 2023, with a focus on following up on results and sustaining behavioural change.

We also continued our focus on the role of the people leader, recognising the unique role they play in the ongoing performance and engagement of our people. Our refreshed Managing People@Kerry Programme in 2022, underpinned by our Kerry Leadership Competency Framework, is designed to build confidence and competence across all aspects of the role. All newly promoted people leaders are now automatically enrolled into the programme to support the first step in their leadership career. We have also increased the scope of our Virtual Leadership Academy which now engages approximately 1,500 of our people leader population, giving access to timely and relevant thought-leadership content and unique opportunities to engage with leading experts on key topics to build leadership capabilities.

Our functional curriculum supports business growth through enabling the development and application of our foundational technologies and fostering a customer-centric approach. In 2022, the Taste Technical Excellence Programme and Applied Health and Nutrition Technical Excellence Programme brought together subject-matter experts from different areas in the business to share their expertise and support our strategic growth pillars. The overall aim of these programmes has been to further develop expertise and capability in using our new technologies in specific applications, maximising value to customers whilst solidifying foundations for longer term career development of our people.

In the commercial area, we have been transforming our approach to capability building, whereby teams, including leaders, participate in 'just-in-time' experiential sessions aligned to our commercial campaigns, ensuring newly developed skills and behaviours which can be applied immediately in the role. We continue to enhance our commercial effectiveness programmes, from the onboarding of new team members to programmes that build greater cross-functional collaboration across Kerry.

Kerry's early careers programme is a core component of our strategy to strengthen our future pipeline, providing opportunities to develop skills and experience across a wide range of core disciplines, enabling longer-term sustainable leadership for the organisation. We have recently consolidated our graduate programmes globally to create one unified approach for 2023. We have also reviewed our approach this year to apprenticeship programmes in regions and opportunities to expand our offerings in this space, especially for functions within integrated operations in 2023.

We continue to support development of enterprise initiatives across the group to build capabilities aligned to our strategic objectives. One such example is our Sustainability Essentials programme, launched in 2022, designed to foster a sustainability mindset in all our people, and which is an integral part of all day-to-day activities at Kerry.

Finally, we have continued to strengthen the quality of our leadership talent pipelines through ongoing strategic talent reviews across our regional businesses and global functions. This includes ongoing initiatives to build the quality of our leadership teams, making key strategic appointments as well as continuing to invest in building individual future leaders. We also continue to invest in activities to accelerate succession readiness of identified talent for executive leadership roles, where individuals participate in externally benchmarked assessments, and internally led 360-feedback tools to better target leadership development plans, including access to individual coaching, mentoring and businesss school programmes.

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 striving to be 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 goals. 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 2022, we implemented the next phase of our Total Rewards roadmap which will continue into 2023. 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 examples of enhancements made during 2022, and actions planned for 2023, are as follows:

- During 2022, we undertook a detailed review to design Kerry's first Global All Employee Share Plan which will provide employees the opportunity to become shareholders and allow them to share in the success of the company. The Board and Executive Directors believe that share ownership is a powerful and important way of creating an ownership culture and mindset and as such we will be asking Shareholders to approve this new plan at our 2023 AGM. Further details can be found in the AGM Notice of Meeting, and we intend to implement the plan on a phased basis, commencing in 2023.
- We are actively engaged with the UK Living Wage Foundation, with the objective of being accredited by them as a UK Living Wage Employer in Q1 2023. In addition, given the increasing global focus on living wage and the associated business, societal and wider economic benefits, we are exploring how we could expand the Living Wage commitment across our wider global footprint from 2023 onwards.
- We continued to promote and embed our Global Recognition Programme, Inspiring People, which was launched in 2021. Since the plan was launched almost 10,000 Kudos Awards have been made across all regions. We held our first global 'Inspiring People' awards in June.

- In Q2 2022, we launched a new online Long-Term Incentive Plan (LTIP) platform and application, EquatePlus. This significantly enhances the LTIP experience; driving transparency and understanding, further aligning our participants' experience with that of our shareholders, whilst simplifying and automating how they manage their awards.

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. We are committed to gender pay equity 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.

Promoting Health and Wellbeing

We continue to prioritise the health and wellbeing of our people and we are particularly cognisant of the current economic environment and global inflationary challenges. To support employees through the ongoing cost of living pressures, a number of targeted actions have been taken:

- Country merit budgets are designed to track market movement and are informed by comprehensive market intelligence. Annual salary budgets this year are greater than or equal to last year.
- Greater flexibility in our pay review process to target higher increases for lower paid positions and to give managers greater flexibility to differentiate where pay levels are materially impacted by inflation.
- Where appropriate, more frequent salary increases were made in countries experiencing hyperinflation.
- Promotion of employee benefit and discount platforms where available.
- Global mental wellbeing and financial wellbeing seminars available to all employees.

Through our wider Wellbeing Framework and commitment, we foster a healthy, positive work environment by providing our people with the physical, emotional, nutritional and financial resources to support them through the various life stages. This is underpinned by a balanced set of programmes, all enabled by a wellbeing centre and toolkit which provides a suite of relevant educational material designed to empower our people to best manage their wellbeing.

We recognise the critical role family plays in our employees' wellbeing, making sure we have the right level of policies providing flexibility and time away from work to cater for the demands of a busy professional and family life. Every Kerry employee, as well as their family members, has access to our Global Employee Assistance Programme (EAP). EAP is a complimentary, confidential service that is available 24 hours a day, seven days a week, 365 days a year. EAP is run by a team of counsellors, psychologists and work-life consultants who provide expert guidance and specialist support on any kind of issue - from everyday matters to more serious wellbeing problems.

Our Business Model

How Our Integrated Business Model Creates Sustainable Value

What We Depend On (Inputs)

Financial
Funding available to the Group

Manufacturing
147 manufacturing locations and global supply chain infrastructure

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

Human
23,000+ 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 a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets, with our broad range of ingredients reaching over 1 billion consumers globally.

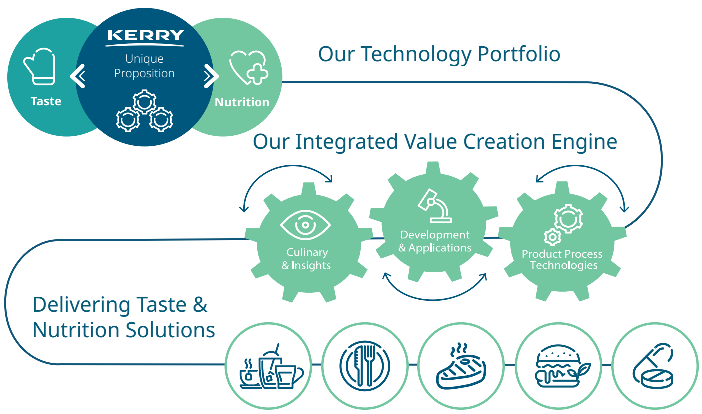
Why We Do It

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 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
Concern Worldwide, Global LGBTI Equality (PGLE) and the UN World Food Programme

Natural
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.

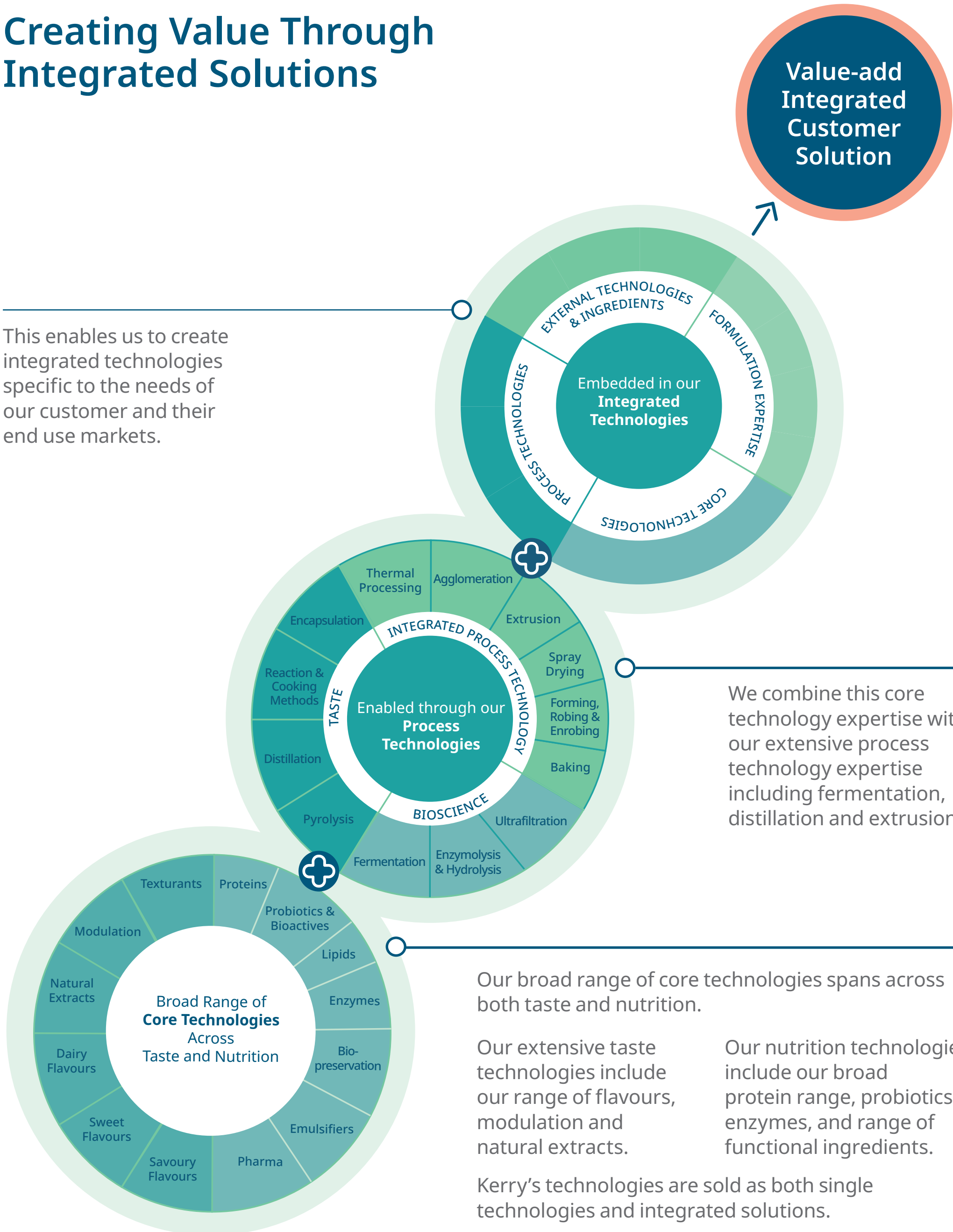
22
Core technologies

25
Process technology platforms

1,100+
Scientists

33
End use market Development and Application Centres across the globe

Creating Value Through Integrated Solutions



This enables us to create integrated technologies specific to the needs of our customer and their end use markets.

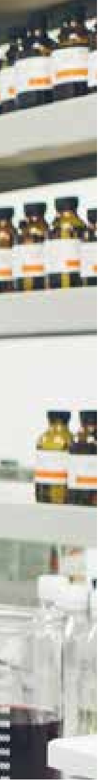
We combine this core technology expertise with our extensive process technology expertise including fermentation, distillation and extrusion.

Our broad range of core technologies spans across both taste and nutrition.

Our extensive taste technologies include our range of flavours, modulation and natural extracts.

Our nutrition technologies include our broad protein range, probiotics, enzymes, and range of functional ingredients.

Kerry's technologies are sold as both single technologies and integrated solutions.



How We Solve Our Customers' Complex Challenges

Each distinct customer challenge presents its own opportunity to showcase and deploy the breadth of Kerry's technology portfolio and depth of applications expertise, as we strive to be our customers' most valued partner.

60% salt reduction in snack with no taste compromise

Customer Challenge

- New World Health Organisation (WHO) and HFSS (High Fat, Salt and Sugar) regulations
- Dramatically reduce salt content
- Maintain premium taste profile

Kerry Solution

- Fermentation, modulation, application and sensory
- Developed two new proprietary keys
- Reduced sodium from >600mg to <250mg
- Consumer and customer preferred taste

Next generation natural preservation solution

Customer Challenge

- Regulatory challenge – remove commonly used preservation ingredient nitrate from ham
- Shelf life and food safety challenge
- Consistent premium taste
- Maintain natural pink colour

Kerry Solution

- No-nitrate natural solution from vegetable sources
- Fermentation-derived
- Consumer friendly labelling
- Natural flavouring
- Consumer and customer preferred taste and colour
- Maintain stability over shelf life

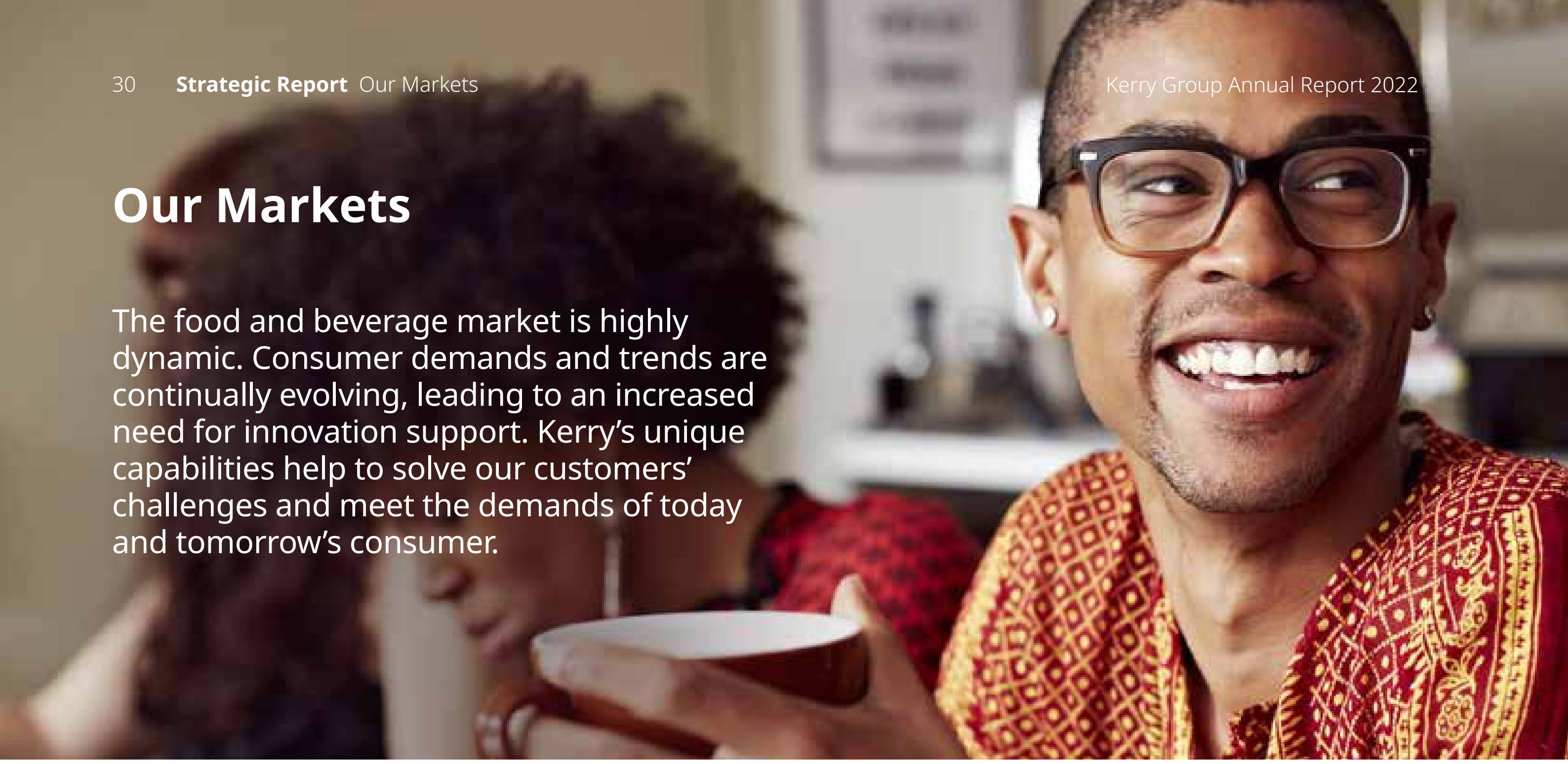
Innovation at pace – de-stress fruit flavoured gummy

Customer Challenge

- Two day development target
- Stress support claims
- GMO-free and clean label
- Masking off-notes with enhanced flavour

Kerry Solution

- Clinically-backed Sensoril®
- Tastesense® masking
- Applications expertise
- Speed to market using co-manufacturer



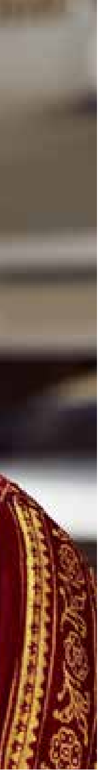
Our Markets

The food and beverage market is highly dynamic. Consumer demands and trends are continually evolving, leading to an increased need for innovation support. Kerry's unique capabilities help to solve our customers' challenges and meet the demands of today and tomorrow's consumer.

Key Market Dynamics

Within the retail channel, innovation has become far more collaborative, with an increased demand for outsourced innovation. Consumers are looking for the latest premium taste profiles, while removing sugar, sodium and fat. Improving the sustainability impact of products is an important focus area for all companies, with food waste reduction a key enabler. Consumers continue to favour food and beverage as a means to fulfil their personal holistic health needs, while the importance of affordability has risen, but without any compromise on quality.

The foodservice channel continues to move at an even faster pace than retail, given how that landscape has evolved over the past number of years. Simplification and improvement of back-of-house operations is a focus, given more challenging labour markets. Larger chains continue to gain market share. Foodservice operators continue to develop their menu offerings to retain their existing customer base and entice new customers, with sustainability, and particularly food waste reduction increasing in importance.



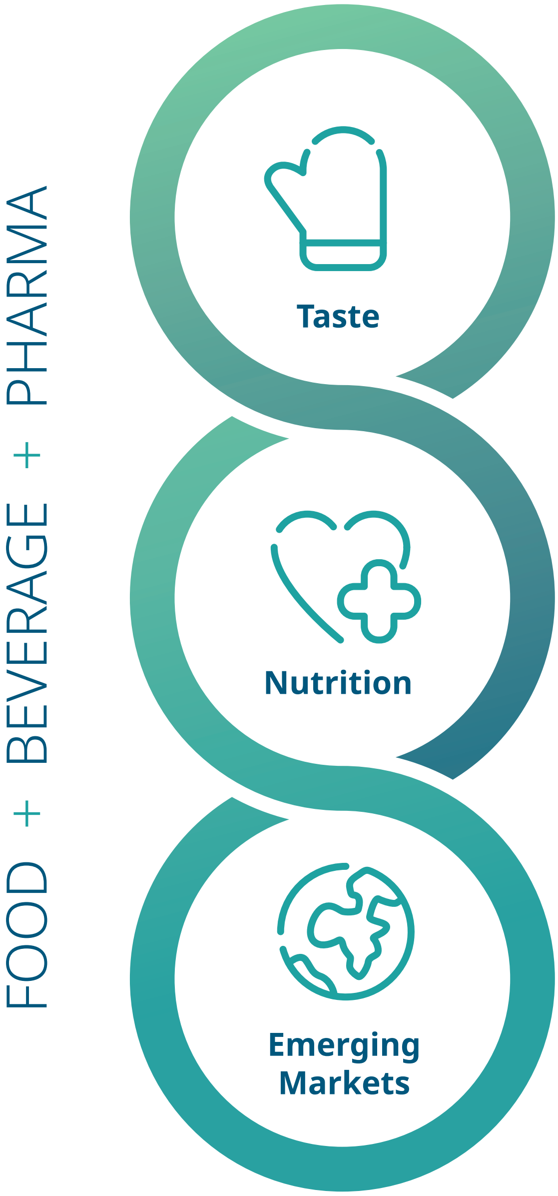
Value-Add Ingredients and Solutions Market

The size of our market is approximately €80 billion and continues to expand, as customers continue to strive to meet the ever-evolving needs of a growing and more demanding consumer base. We estimate the market has the potential to expand to between €90-€100 billion in the coming years.

Our Strategy

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

Our strategic framework includes the key growth platforms of 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%+.

Dairy Ireland

Dairy Ireland is a leading provider of value-add dairy ingredients and consumer products, with a product portfolio including functional proteins and nutritional bases along with our well-loved chilled dairy consumer brands across Ireland and the UK.

We will continue to grow by leveraging the full potential of our world class, dairy eco-system across added value dairy ingredients and our range of leading consumer foods dairy products.

Strategy in Action Key Achievements in 2022

Taste

- Very strong growth achieved in Snacks and Meat driven largely by performance of Kerry's Taste technologies.
- Excellent growth in Kerry's Tastesense® salt reduction technologies.
- Successful launch of plant-based succulence, a nutritionally-optimised taste solution which mimics the real taste of fat.

Nutrition

- Strong growth across our range of science-backed botanical extracts including the recently acquired Natreon business.
- Successful launch of Puremul™ as a label-friendly non-GMO lecithin replacement.
- The acquisition of c-LEcta significantly enhanced Kerry's biotechnology innovation capabilities.
- Kerry Health & Nutrition Institute® – launched the microbiome hub comprising leading insights and expert research.

Emerging Markets

- Excellent volume growth of 10.4% in emerging markets, driven by very strong growth in the Middle East, Southeast Asia and LATAM, partially offset by challenging local conditions in China.
- Opened the Kerry Kuala Lumpur and Querétaro Centres, which host our Global Business Services teams and other key functions.
- Enhanced Kerry's emerging markets capabilities with the acquisition of Almer and the opening of our Jeddah facility in Saudi Arabia.
- Strong progress in advancement of our foodservice model and strategy with strong double-digit growth.

- Strong organic growth as we passed through input cost inflation.
- Solid growth in dairy ingredients with category volumes in consumer products impacted by higher prices.
- Expanded plant-based range with launch of products under 'Dairy Free Pure' and 'Plant Based Dairygold' brands.

Strategy & Targets

Kerry's targets are aligned to our value creation framework, which is a combination of growth, return and sustainability.

Our Value Creation Framework Growth, Return and Sustainability

FINANCIAL PERFORMANCE MEASURES

Growth

Volume Growth
4-6%
Average Target

EBITDA Margin
18%+
by 2026

+

Return

Cash
80%+
Cash Conversion

Return
10-12%
ROACE

+

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: Sustainability targets to be achieved by 2030. Carbon reduction targets include 30% intensity reduction in Scope 3 emissions by 2030. For more detail on Kerry's science-based targets, see Sustainability Review on pages 52-73.
Full definitions can be found on pages 255-259.

+
Financial Review
Pages 40-46

Why Kerry?

A Global Leader in Taste, Nutrition and Sustainability

1. Strategically Positioned in a Highly Attractive Industry

While the range of ingredient solutions we offer represents a small percentage of the final product, they often deliver the key value-add component or a driver of repeat purchase behaviour.

The market we serve is estimated at €80bn and is continuing to grow, 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 23,000 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

We have strong leadership positions[1] across all five dimensions of our business model. In our **End Use Markets**, we are a leading solutions partner for Beverage and a market leader in Meat and Meat Alternatives, while Kerry's Pharma Solutions are used in 6 of the top 10 Blockbuster Drugs.

We have leadership positions across our Global, Regional and Local **Customers**. Within our **Geographies**, we are number one in Taste & Nutrition in North America, and have a history of market leading growth in Emerging Markets. Our **Technology** leadership includes number one global positions in Authentic Savoury Taste Solutions for Meat and Snacks, Food Protection & Preservation, and Probiotics in ambient food and beverage applications. Within our **Channels**, we are a global leader in the foodservice channel and are a leading solutions partner for CPGs and own-brands.

4.
Track Record of Value Creation

9.5% CAGR for revenue[2]
12.6% CAGR for trading profit[2]
11.9% CAGR for adjusted EPS[2]
13.7% CAGR on share price[2]
16.1% CAGR on dividend per share[2]
48% Absolute carbon reduction[3]

5.
Winning Growth Strategies

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. Our key growth platforms are Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma.

[1] Leadership positions above are within the value-add ingredients and solutions market we serve.
[2] CAGR = Compound Average Growth Rate (1986 - 2022)
[3] Scope 1 + 2 reduction versus our 2017 base year.

Key Performance Indicators

Kerry's value creation model is a combination of growth, return and sustainability metrics, which have helped the Group achieve its strong track record of long-term shareholder return.

GROWTH

Metric	Volume Growth +6.1%	EBITDA Margin (80bps)
Performance	2022 6.1% 2021 8.0% 2020 (2.9%)	2022 €1,216m 13.9% 2021 €1,077m 14.7% 2020 €998m 14.4%
Commentary	Group volumes increased by 6.1%, which represented a strong performance given the significant level of pricing in the year and the strong prior year comparatives.	EBITDA growth was strong in the year, increasing from €1,077m to €1,216m, with EBITDA margin decreasing by 80bps due to the significant dilutive impact of passing through input cost inflation in prices.
Strategic Importance / Link to Remuneration	Volume growth is an important metric as it is a 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.	EBITDA 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 on a constant currency basis, which is a metric for the long-term incentive plan.
Comparable IFRS measure	Reported revenue growth: +19.3% (2021: +5.7%).	Operating profit: (13.6%) (2021: +25.2%).

For more information see the Supplementary Information section – Financial Definitions on pages 255-259.

SUSTAINABILITY

Metric	Nutritional Reach 1.2 billion
Performance	2022 1.2 billion 2021 1.1 billion 2020 1.0 billion
Commentary	Nutritional Reach is a measure of the number of consumers we impact with positive and balanced nutritional solutions as we strive to be Better for People.
Strategic Importance / Link to Remuneration	As consumers seek healthier more sustainable diets, Kerry is ideally placed to support customers in the development of products that deliver sustainable nutrition. This is a sustainability performance metric within the long-term incentive plan.

Further definitions, calculations and detail for these are set out above and within the Sustainability Review on pages 52-73.

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.

RETURN

Return on Average Capital Employed
10.3%

Year	
2022	10.3%
2021	10.5%
2020	10.4%

Return on Average Capital Employed (ROACE) for the year was 10.3% reflective of recent portfolio developments.

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.

Free Cash Flow Conversion
82%

Year		
2022	€640m	82%
2021	€566m	84%
2020	€412m	67%

Cash Conversion was 82% reflecting a working capital investment partially offset by lower net capital expenditure due to the timing of projects.

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: €721.8m (2021: €654.0m).

Carbon Reduction
48%

Year	
2022	48%
2021	33%
2020	18%

Scope 1 & 2 Carbon Reduction is a measure of progress towards Kerry's environmental targets, as part of its Better for Planet ambition.

At Kerry, we are addressing our operational emissions as part of our total carbon footprint and are committed to achieving Net Zero before 2050. This is a sustainability performance metric within the long-term incentive plan.

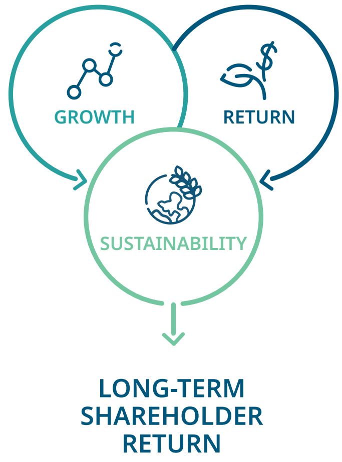
Reduction in Food Waste
32%

Year	
2022	32%
2021	17%
2020	15%

Food waste reduction measures food loss and waste across our operations, and aligns with UN SDG 12 and our Better for Planet ambition.

We are committed to halving food waste across our operations and supporting our customers in reducing their food waste with sustainable solutions. This is a sustainability performance metric within the long-term incentive plan.

OUR VALUE CREATION FRAMEWORK



SHARE PRICE HISTORY

Total shareholder return (TSR) for the year decreased by 25%, as global markets and share prices were impacted by a number of macroeconomic developments. Kerry's TSR has grown at a compound annual growth rate of 9% and 10% over the past 10 and 20 years respectively.

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.

Financial Review

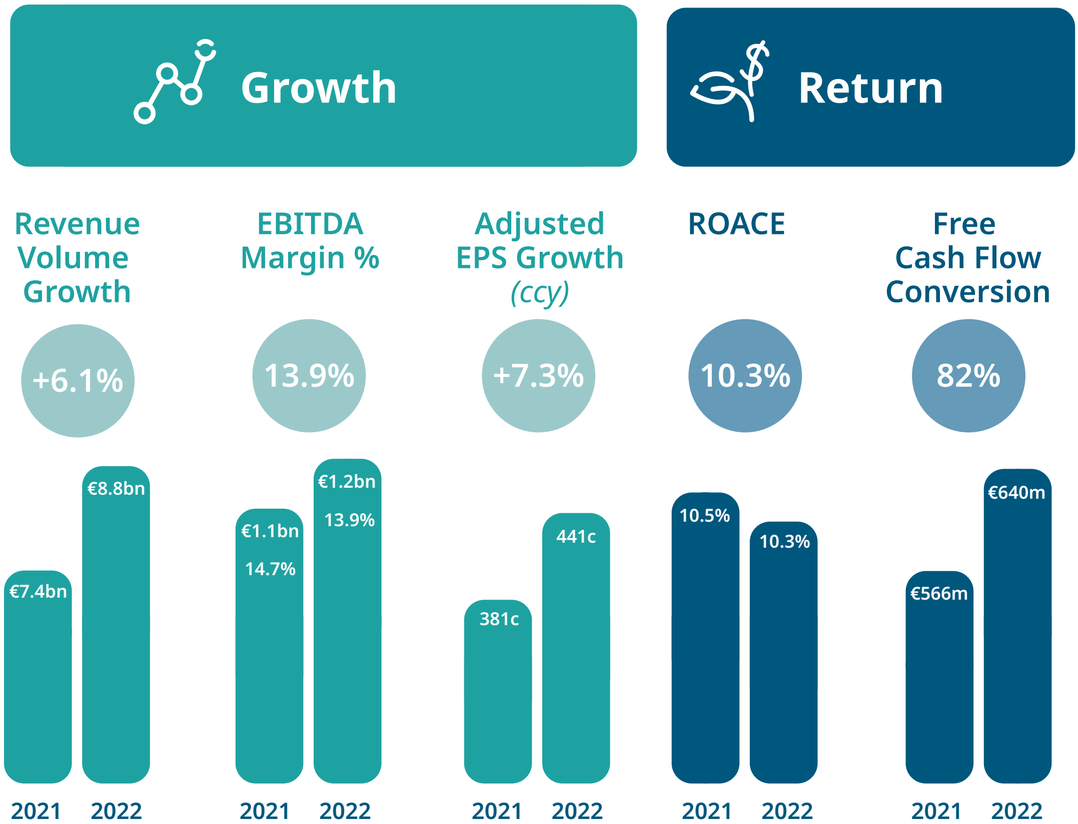
We delivered strong growth through a year of unprecedented macroeconomic challenges.

Marguerite Larkin
Chief Financial Officer

The Financial Review provides an overview of the Group's financial performance for the year ended 31 December 2022 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 good, long-term track record and a disciplined financial approach of targeting continued growth while meeting return on investment objectives.

Key Financial Metrics

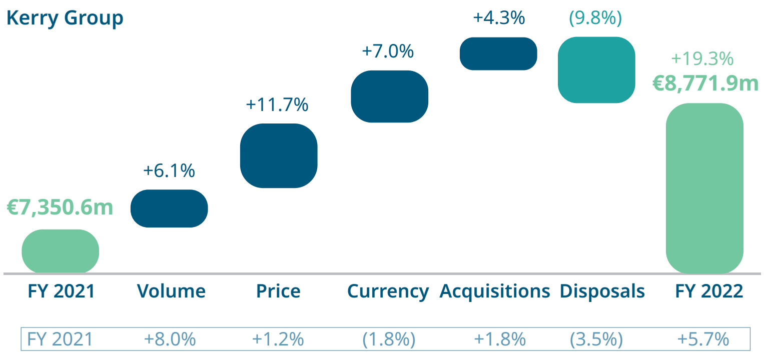


Further detail is set out within the Key Performance Indicators section on pages 38-39 and within the Supplementary Information section - Financial Definitions on pages 255-259.

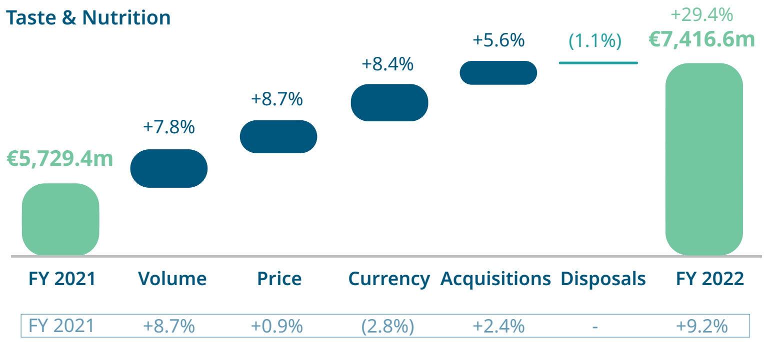
Growth

Revenue

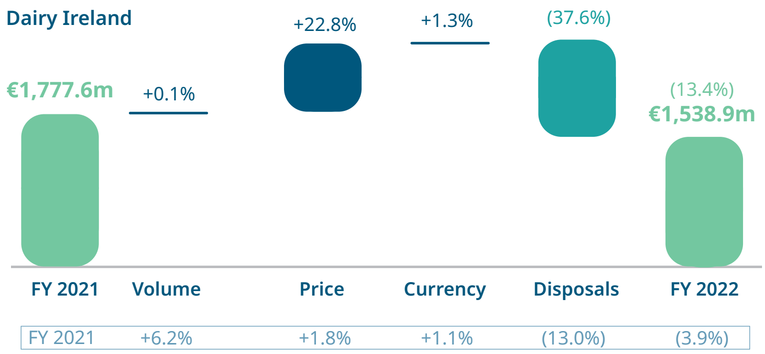
We delivered strong revenue growth in 2022 with reported revenue of **€8.8bn** up **19.3%** from **€7.4bn**. This was driven primarily from volume growth of **6.1%** (2021: 8.0%) and significant price increase of **11.7%** (2021: 1.2%) offset by the disposal of the Meats and Meals business in Q4 2021 and the exit of all Group activities in Russia and Belarus.



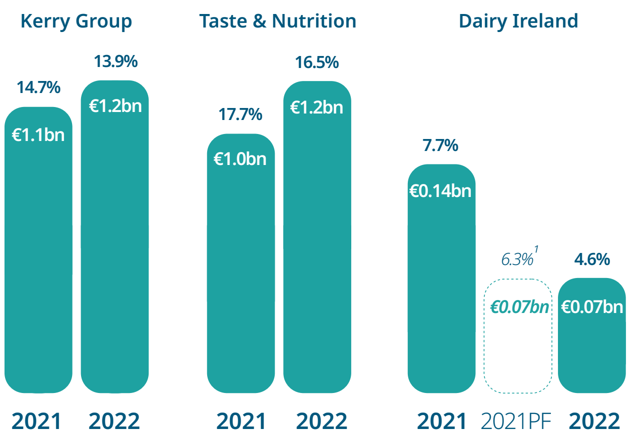
Revenue in the Taste & Nutrition segment increased by **29.4%** from €5.7bn in 2021 to **€7.4bn**. Volume growth represented **7.8%** (2021: 8.7%) and this growth was broad-based across all three regions. Price increases of **8.7%** (2021: 0.9%) reflect significant input cost increases across all three regions including energy, most notably in Europe.



Dairy Ireland revenue, on a reported basis, decreased from €1.8bn in 2021 to **€1.5bn**, driven by the disposal of the Meats and Meals business. Revenue growth was primarily driven by dairy market prices reflecting **22.8%** (2021: 1.8%) of price increases. Volume growth was modest at **0.1%** (2021: 6.2%).



EBITDA & Margin %



Group EBITDA increased **12.9%** from €1.1bn to **€1.2bn** driven primarily by the strong volume performance in Taste & Nutrition. Reported EBITDA margin of **13.9%** (2021: 14.7%) reflects the pricing impact on margin of **180bps**, offset by the overall, positive impacts of portfolio development, operating leverage, mix and efficiencies.

1 Prior year Pro-Forma EBITDA & Margin comparative for Dairy Ireland excluding disposed Meats and Meals business

A comprehensive analysis of the revenue and trading performance of the Taste & Nutrition and Dairy Ireland divisions is included in the Business Reviews on pages 47-51.

Growth (continued)

EBITDA & Margin % (continued)

	% change	2022 €'m	2021 €'m
Revenue	+19.3%	**8,771.9**	7,350.6
EBITDA	+12.9%	**1,216.1**	1,077.0
EBITDA margin		***13.9%***	*14.7%*
Depreciation (net)		**(221.6)**	(201.5)
Computer software amortisation		**(31.8)**	(34.6)
Finance costs (net)		**(66.2)**	(69.9)
Share of joint ventures' results after taxation		**(0.4)**	-
Adjusted earnings before taxation		**896.1**	771.0
Income taxes (excluding non-trading items)		**(114.5)**	(96.2)
Adjusted earnings after taxation	+15.8%	**781.6**	674.8
Brand related intangible asset amortisation		**(50.9)**	(46.2)
Non-trading items (net of related tax)		**(124.2)**	134.4
Profit after taxation		**606.5**	763.0
		EPS cent	EPS cent
Basic EPS	(20.6%)	**341.9**	430.6
Brand related intangible asset amortisation		**28.7**	26.0
Non-trading items (net of related tax)		**70.0**	(75.8)
Adjusted EPS	+15.7%	**440.6**	380.8
Impact of exchange rate translation	(8.4%)		
Adjusted EPS growth in constant currency	**+7.3%**		

Computer Software Amortisation

Computer software amortisation decreased by **€2.8m** to **€31.8m** (2021: €34.6m) reflecting the completion of the KerryConnect programme and the disposal of the Meats and Meals business.

Brand Related Intangible Asset Amortisation

Brand related intangible asset amortisation increased to **€50.9m** (2021: €46.2m) which is reflective of recent acquisition activity.

Finance Costs (net)

Finance costs (net) for the year decreased by **€3.7m** to **€66.2m** (2021: €69.9m) primarily due to deposit interest earned on cash at bank. The Group's average cost of finance for the year was **2.3%** (2021: 2.7%).

Taxation

The tax charge for the year before non-trading items was **€114.5m** (2021: €96.2m) representing an effective tax rate of **13.5%** (2021: 13.3%) and reflective of the geographical mix of earnings.

Non-Trading Items

During the year, the Group incurred a non-trading charge of **€124.2m** (2021: €134.4m credit) net of tax. The charge in the year primarily related to the impairment of the Group's Russia and Belarus assets and the previously announced Accelerate Operational Excellence transformation programme, which predominantly reflects consultancy fees, project management costs and costs of streamlining operations while we work to enhance our continuous improvement in manufacturing processes and deliver step change manufacturing excellence across the organisation. The credit in the prior year primarily related to the gain on the disposal of the Meats and Meals business, partially offset by costs related to acquisition integration.

Foreign Exchange

Group results are impacted by year-on-year fluctuations in exchange rates versus the euro. The primary rates driving the currency impact in the figures above were USD and GBP which had average rates of **1.05** (2021: 1.19) and **0.85** (2021: 0.86) respectively.

Return

Capital Employed

	2022 €'m	H1 2022 €'m	2021 €'m	H1 2021 €'m	2020 €'m
Total capital employed	**8,439.3**	8,545.0	7,725.3	6,943.7	6,600.6
Average capital employed	**8,236.5**		7,089.9		

	2022 €'m	2021 €'m
Adjusted profit	**847.7**	744.7
Average capital employed	**8,236.5**	7,089.9
Return on average capital employed	**10.3%**	10.5%

Further detail is set out within the Supplementary Information section - Financial Definitions on pages 255-259.

The movement in ROACE is primarily due to the timing of acquisitions and divestments and the translation impact on underlying assets.

Free Cash Flow

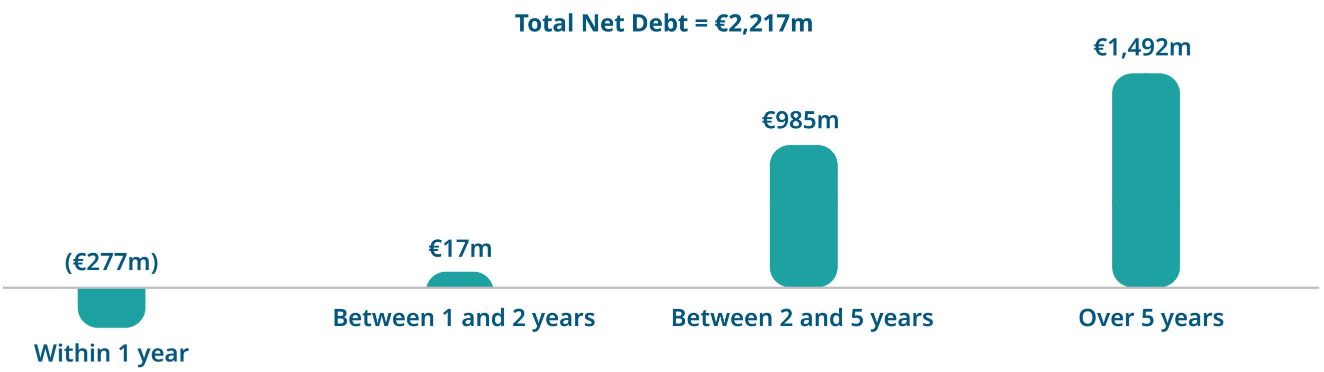
In 2022, the Group achieved free cash flow of **€640.4m** (2021: €566.1m) reflecting 82% cash conversion in the year.

Free Cash Flow	2022 €'m	2021 €'m
EBITDA	**1,216.1**	1,077.0
Movement in average working capital	**(201.4)**	(37.7)
Pension contributions paid less pension expense	**(15.7)**	(14.7)
Finance costs paid (net)	**(62.0)**	(71.3)
Income taxes paid	**(80.0)**	(72.0)
Purchase of non-current assets	**(254.7)**	(334.6)
Sales proceeds on disposal of non-current assets	**38.1**	19.4
Free cash flow	**640.4**	566.1
Cash conversion[1]	**82%**	84%

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

The average working capital investment is significant, primarily due to the unprecedented levels of inflation and volume growth. This is further reflected in the overall year on year investment in working capital of €224m from December 2021 to December 2022. The Group had lower capital expenditure in the year due to timing of projects and the conclusion of a number of significant investments in 2021 including the rollout of KerryConnect in North America.

Maturity Profile of 2022 Total Net Debt



The weighted average maturity of net debt in years is **4.6**. The weighted average maturity excluding the 2023 Bond repayable in April 2023 is 5.8 years.

Return (continued)

Key Financial Ratios

The Group's balance sheet is in a strong position. With a Net debt to EBITDA ratio of **1.8** times, the Group has sufficient headroom to support future growth plans.

	2022	2021
Net debt EBITDA	**1.8**	2.0
EBITDA: Net interest	**18.1**	14.9

Total Net Debt

Total net debt at the end of the year was **€2,217.4m** (2021: €2,124.1 m). The increase during the year is analysed in the table below:

Movement in Total Net Debt	2022 €'m	2021 €'m
Free cash flow	**640.4**	566.1
Acquisitions (net of disposals) including payments relating to previous acquisitions	**(391.2)**	(344.0)
Purchase of financial asset investments	**(10.4)**	(4.4)
Difference between average working capital and year end working capital	**(22.6)**	(146.6)
Share of results from joint ventures	**-**	(3.9)
Non-trading items	**(85.4)**	(76.1)
Dividends paid	**(173.6)**	(157.5)
Exchange translation adjustment	**(27.2)**	(0.7)
Increase in net debt resulting from cash flows	**(70.0)**	(167.1)
Fair value movement on interest rate swaps	**1.4**	(0.1)
Exchange translation adjustment on net debt	**(29.7)**	(19.1)
Increase in net debt in the year	**(98.3)**	(186.3)
Net debt at beginning of year	(2,049.9)	(1,863.6)
Net debt at the end of year - pre-lease liabilities	**(2,148.2)**	(2,049.9)
Lease liabilities	**(69.2)**	(74.2)
Total net debt at the end of year	**(2,217.4)**	(2,124.1)

The exchange translation adjustment of **€29.7m** results primarily from borrowings denominated in US dollar translated at a year end rate of $1.07 versus a rate of $1.13 in 2021.

Financing

Undrawn committed facilities at the end of the year were **€1,100m** (2021: €1,100m) while undrawn standby facilities were **€343.0m** (2021: €337.0m).

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, **€70.7m** (2021: €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* sustainability 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

2022 Performance

In 2022, we made continued, strong progress against both targets, delivering a 48% (2021:33%) reduction in our absolute Scope 1 & 2 emissions and a 32% (2021:17%) reduction in our food waste volumes, versus a 2017 baseline for both KPIs.

Emissions (CO_2e)	2022	2017[1]	Food Waste	2022	2017[1]
Scope 1 & 2 (Tonnes)	**486,146**	938,001	Tonnes	**9,636**	14,097
% change	**48%**		% change	**32%**	

[1] The 2017 KPI baseline has been adjusted in accordance with our November 2021 Sustainability-Linked Bond Framework Recalculation Policy, to take into account structural changes including acquisitions and divestitures.

For more details on our progress in reducing emissions and food waste, see our Sustainability Review on page 52 and also our 2022 Sustainability Report at kerry.com.

Financial Risk Management

Within the Group risk management framework as described in the Risk Management Report on page 95, 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 94-105 and in note 24 to the Consolidated Financial Statements.

Dividend and Annual General Meeting

During the year, the Group paid an interim dividend of 31.4 cent per A ordinary share, which was an increase of 10.2%. The Board has proposed a final dividend of 73.4 cent per A ordinary share, payable on 12 May 2023 to shareholders registered on the record date of 14 April 2023. When combined with the interim dividend, the total dividend for the year amounts to 104.8 cent per share (2021: 95.2 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 16.1%.

Kerry's Annual General Meeting is scheduled to take place on 27 April 2023.

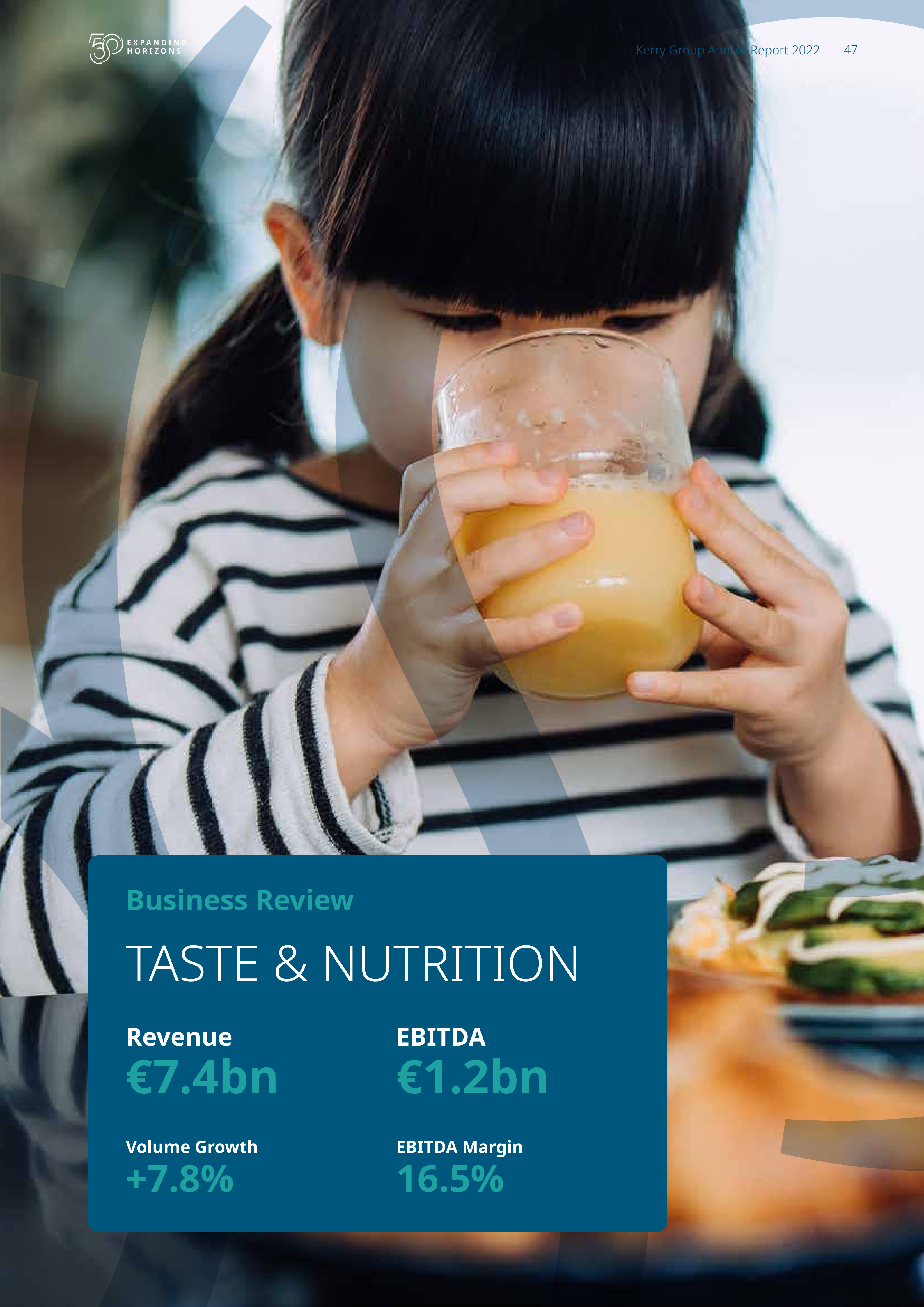
10 Year Earnings History

A strong history of positive results

	2013 €'m	2014 €'m	2015 €'m	2016 €'m	2017 €'m	2018 €'m	2019 €'m	2020 €'m	2021 €'m	**2022 €'m**
Revenue	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	**8,771.9**
EBITDA*	720.3	739.9	823.6	878.8	915.2	939.7	1,094.1	997.9	1,077.0	**1,216.1**
Depreciation (net)*	(108.9)	(103.5)	(123.5)	(129.2)	(133.9)	(134.1)	(191.4)	(200.7)	(201.5)	**(221.6)**
Computer software amortisation	(11.5)	(13.6)	(18.7)	(23.4)	(24.3)	(25.0)	(26.5)	(28.4)	(34.6)	**(31.8)**
Finance costs (net)	(67.6)	(52.9)	(69.3)	(70.4)	(65.6)	(67.0)	(81.6)	(72.4)	(69.9)	**(66.2)**
Share of joint ventures' results after taxation	-	-	-	-	-	-	-	-	-	**(0.4)**
Adjusted earnings before taxation**	532.3	569.9	612.1	655.8	691.4	713.6	794.6	696.4	771.0	**896.1**
Income taxes (excluding non-trading items)	(79.1)	(79.6)	(81.1)	(86.7)	(89.5)	(89.2)	(98.6)	(85.1)	(96.2)	**(114.5)**
Adjusted earnings after taxation**	453.2	490.3	531.0	569.1	601.9	624.4	696.0	611.3	674.8	**781.6**
Brand related intangible asset amortisation	(16.6)	(14.4)	(18.7)	(23.0)	(23.6)	(28.8)	(37.8)	(41.7)	(46.2)	**(50.9)**
Non-trading items (net of related tax)	(352.2)	4.0	13.1	(13.0)	10.2	(55.1)	(91.7)	(15.5)	134.4	**(124.2)**
Profit after taxation	84.4	479.9	525.4	533.1	588.5	540.5	566.5	554.1	763.0	**606.5**
Non-controlling interests	-	-	-	-	-	-	-	-	-	**(0.1)**
Profit after taxation attributable to equity holders of the parent	84.4	479.9	525.4	533.1	588.5	540.5	566.5	554.1	763.0	**606.4**
Adjusted EPS (cent)**	257.9	278.9	301.9	323.4	341.2	353.4	393.7	345.4	380.8	**440.6**

* Following the adoption of IFRS 16, depreciation on right-of-use assets is recorded for the financial years 2019 to 2022. Comparatives from prior financial years have not been represented in line with this.

** 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 257.



Business Review

TASTE & NUTRITION

Revenue
€7.4bn

EBITDA
€1.2bn

Volume Growth
+7.8%

EBITDA Margin
16.5%

Taste & Nutrition

- **Very strong growth across our Food and Beverage EUMs**
- **Retail channel volume growth of 5.5% with foodservice growth of 14.0%**
- **Pricing of 8.7% reflected the strong management of input cost inflation**
- **EBITDA increased by 20.4% to €1.2bn, with overall margin reduction resulting from the effect of passing through input cost inflation**

Taste & Nutrition reported revenue increased by 29.4% to €7.4 billion in the year.

Very strong volume growth was achieved through the year across all regions, despite the backdrop of managing significant price increases and supply chain constraints. This volume growth was supported by strong performances in Kerry's authentic taste technologies across botanicals, natural extracts and Tastesense® salt and sugar reduction, while Kerry's range of food waste reduction technologies continued to perform well.

The retail channel delivered strong growth with customers targeting innovation around new taste experiences, relative value options, improved nutrition and food waste reduction. Kerry's foodservice channel delivered very strong growth through seasonal products and limited time offerings, combined with continued co-development on back-of-house efficiencies.

Business volumes in emerging markets increased by 10.4% in the year, as very strong growth in the Middle East, Southeast Asia and LATAM were partially offset by challenging conditions in China.

Excellent growth across our end use markets, regions and channels.

Americas Region

- **Volume growth of 8.4%**
- **Growth led by Meat, Beverage and Bakery**
- **Very strong growth across both retail and foodservice channels**
- **LATAM delivered excellent growth**

Revenue in the region increased by 33.0% to €4.2 billion in the year. This reflected volume growth of 8.4%, increased pricing of 7.4%, favourable transaction currency of 0.1% and favourable translation currency of 12.5%, with a contribution from acquisitions of 4.6%.

Growth in North America remained strong across both retail and foodservice channels through the year. This was led by an excellent performance in Meat and Meat Alternatives across food preservation, culinary taste, texture systems and clean-smoke technologies. Performance in the Beverage EUM continued to be strong, driven by new innovations incorporating Kerry's authentic natural taste, coffee extract and Tastesense® sugar reduction technologies. Good performance was achieved in Bakery through increased demand for functional solutions and texture systems, while Snacks continued to deliver strong growth with category leaders. Growth in foodservice remained strong due to seasonal and promotional menu offerings, as well as new launches enhancing back-of-house efficiency for customers across both food and beverage applications.

LATAM delivered excellent growth across the year led by Mexico and Brazil. Volume growth in Mexico was strong across Beverage and Snacks, supported by wins in authentic taste, while volumes in Brazil were driven by performance in Meals and Meat.

Within the global Pharma EUM, volumes in excipients were lower in the year due to supply chain constraints.

During the year, the Group acquired the B2B powdered cheese business and related assets of the Kraft Heinz Company based in the US, enhancing Kerry's scale, manufacturing capability and customer base in the snacking category.

Europe Region

- **Volume growth of 6.2%**
- **Snacks, Dairy and Meals delivered strongest growth**
- **Growth led by foodservice while retail performed well**

Revenue in the region increased by 25.1% to €1.5 billion in the year. This reflected volume growth of 6.2%, increased pricing of 13.9%, favourable transaction currency of 0.2% and translation currency of 2.1%, with a contribution from acquisitions net of disposals of 2.7%.

Growth in the year was particularly strong given the economic backdrop in the region. The Snacks EUM delivered strong growth through savoury taste launches and Kerry's Tastesense® salt reduction technology portfolio, given increased customer focus on enhancing product nutritional profiles. Growth in Dairy was supported by new innovations in ice-cream and dairy alternative launches in the foodservice channel, while Meals continued to achieve good growth through taste systems and functional solutions. Performance in the foodservice channel was supported by continued innovation with quick service restaurants on new menu development and seasonal products.

Growth across the region was strongest in Central and Southern Europe, while the UK and Ireland had a very strong finish to the year. Performance in Eastern Europe was impacted by the ongoing war in the region. During the year, the Group divested its operations in Russia and Belarus, while further investing in its biotechnology capabilities with the acquisition of c-LEcta, which is a leading biotechnology innovation company based in Leipzig, Germany.

APMEA Region

- → **Volume growth of 8.1%**
- → **Growth led by Snacks, Meat and Bakery**
- → **Middle East and Southeast Asia achieved excellent growth**

Revenue in the region increased by 26.8% to €1.7 billion in the year. This reflected volume growth of 8.1%, increased pricing of 7.1%, favourable transaction currency of 0.2% and translation currency of 4.5%, with a contribution from acquisitions of 6.9%.

Growth in the region was primarily driven by very strong performances in the Middle East and Southeast Asia, partially offset by performance in China, which was impacted by localised COVID-19 related restrictions across the course of the year.

Overall growth was strong across all end use markets and channels. Snacks achieved very strong growth driven by local authentic taste innovations with regional leaders. Growth in Meat was led by savoury taste and smoke innovations, particularly in the foodservice channel, while growth in Bakery was supported by texture solutions and increased demand for preservation systems.

The Group continued to enhance its local presence in the region through the acquisition of Almer in Malaysia and its continued footprint expansion in the Middle East, which has become an important contributor to growth in the region.

Business Review

DAIRY IRELAND

Revenue
€1.5bn

Volume Growth
+0.2%[1]

EBITDA
€71m

EBITDA Margin
4.6%

- **Overall volume growth of 0.2%[1] against very strong prior year comparatives**
- **Pricing of 36.0%[1] reflected significant increases in dairy prices and other input costs**
- **EBITDA margin reduction resulting from the effect of passing through input cost inflation**

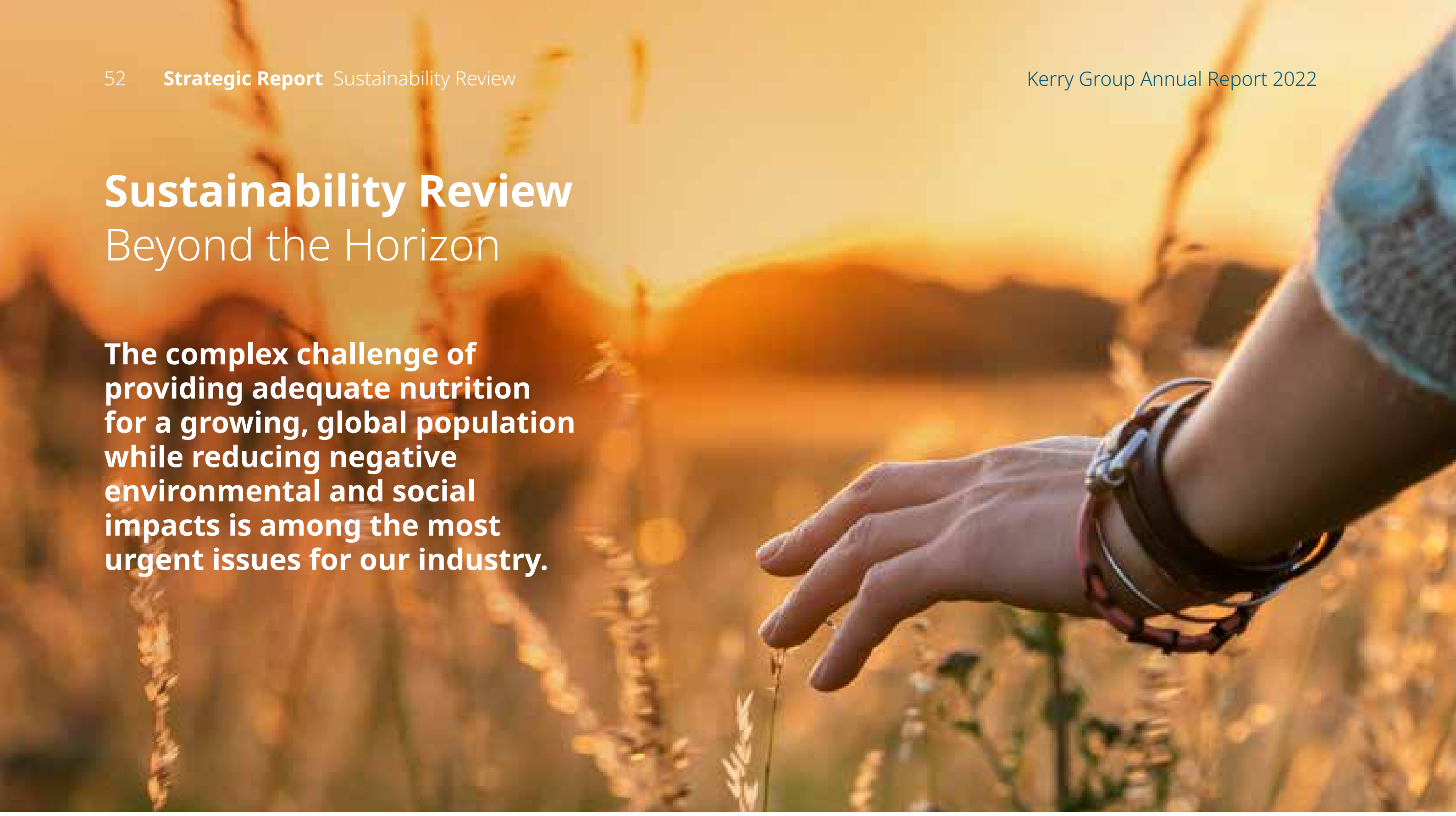
Dairy Ireland reported revenue in the year was €1.5 billion, which represented an increase of 37.1% on a pro-forma basis, driven primarily by increased pricing. Overall reported revenue decreased by 13.4%, as increased pricing was more than offset by the impact of the Meats and Meals business disposal in the prior year.

Overall volumes in Dairy Ireland were similar to the prior year, with the heightened inflationary cost environment resulting in significant price increases across the business.

Within Dairy Consumer Products, overall category volumes in the year were lower, reflective of significant price increases and strong prior year comparatives. Within the spreads category, good performance was achieved across Kerry's customer-branded ranges, while cheese snacking volumes were impacted by reduced promotional activity across the year.

Dairy Ingredients delivered volume growth, while prices remained significantly higher as a result of constrained global supply dynamics.

[1] Pro-forma performance of represented segmental structure excluding the Consumer Foods Meats and Meals business disposal

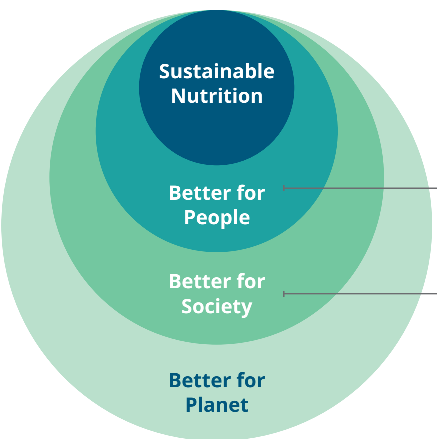


Sustainability Review
Beyond the Horizon

The complex challenge of providing adequate nutrition for a growing, global population while reducing negative environmental and social impacts is among the most urgent issues for our industry.

At Kerry, our *Beyond the Horizon* strategy creates a framework for addressing this challenge as we partner with customers to create healthier, great tasting and more sustainable products for more than a billion people worldwide.

By focusing on how we impact People, Society and the Planet, our sustainability commitments guide how we source our materials, how we innovate and create and how we produce customer solutions that inspire food and nourish life. Core to this strategy is our ambition to reach over two billion people with sustainable nutrition solutions by 2030, creating products and solutions that maintain good health, while protecting people and the planet.



Our 2030 goal is to reach over two billion people with solutions that maintain good health while protecting people and the planet.

We co-create products that deliver better nutrition for consumers with no compromise on taste.

We are committed to doing business with integrity and seek to enhance the lives of all those with whom we engage.

We are reducing our environmental footprint and enabling our customers to lower their product impacts in areas like carbon and waste.

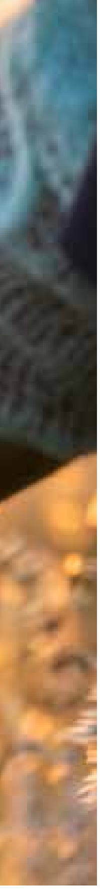
What Guides Us

Our commitment to sustainability informs how we run our business. The Group's Board of Directors govern our *Beyond the Horizon* strategy, which considers the views of internal and external stakeholders, emerging insights on sustainability, and various frameworks and best practice approaches through which we create tangible goals, targets and the pipeline and processes to achieve these.

Sustainable Development Goals

The United Nations Sustainable Development Goals (SDGs) provide a global framework to unite governments, business and communities on a common pathway towards more sustainable development by 2030. Challenges including a global pandemic, a changing economic environment and an increasingly polarised political landscape have hampered progress, requiring all stakeholders to intensify efforts to ensure that this vision is achieved by 2030.

The food system has a critical role to play in realising the SDGs and 12 of the 17 goals contain indicators that are highly relevant to nutrition[1]. Kerry's integrated solutions capabilities, innovation expertise and sustainability commitments mean we are best placed to make the most significant contribution to goals 2, 3 and 12.



KERRY

Supporting the UN Sustainable Development Goals

Goal 2:
Zero Hunger

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

Goal 3:
Good Health & Well-being

Kerry supports good health and well-being and helps reduce the risk of mortality through the co-creation of products that improve consumer diets.

Goal 12:
Responsible Consumption and Production

Kerry uses natural resources responsibly and enables our customers to consume and produce more sustainably through our innovation expertise and technology portfolio.

SDG	Target Area	Kerry's Role	Impact Examples
Goal 2: Zero Hunger	**2.1** Access to safe, nutritious and sufficient food	We create cost effective nutrition solutions to ensure all consumers can access products which are safe, nutritious and 'better-for-you'.	Kerry's Puremul™ is an innovative solution to replace sunflower lecithin and overcome sunflower supply issues and associated cost challenges.
	2.2 Ending all forms of malnutrition	Our portfolio inspires the creation of healthy foods, beverages and supplements that address the most common consumer health needs.	Over 80% of Kerry's portfolio contributes to positive and balanced nutrition solutions.
	2.4 Sustainable production systems	Working with suppliers, we support the adoption of agricultural practices that increase resilience, productivity and help maintain ecosystems.	Kerry's *Evolve* Dairy Programme incentivises close to 3,000 dairy farmers to reduce emissions and adopt more sustainable farm practices.
Goal 3: Good Health & Well-being	**3.4** Reduce premature mortality from non-communicable diseases	We work with our customers to enhance the nutritional profile of consumer products and help them to move along the sustainable nutrition spectrum. For more see page 57.	Kerry reached 1.2 billion people with positive and balanced nutrition solutions in 2022.
Goal 12: Responsible Consumption & Production	**12.3** Halve global food waste	We are targeting a 50% reduction in food waste from operations by 2030 and our food protection and preservation ingredients can play a significant role to address downstream losses.	Kerry reduced food waste from operations by 32% and extended the shelf life of 52 billion meat servings in 2022.
	12.5 Reduce waste generation	Our innovation and process expertise helps to prevent food waste, recovering by-products for 'upcycling' into raw materials and/or finished products.	Kerry has initiated a number of projects in this area, for example, working with Upcycled Foods Inc. to launch a protein crisp developed using spent brewing grains.

1 Linking nutrition and the SDGs | Scaling Up Nutrition

Stakeholder Groups

Listening to our Stakeholders

The systemic nature of the challenges facing our industry and the scale of transformation required means that we must continuously evolve our approach. We believe ongoing and inclusive stakeholder engagement is the best way to address this. We are in dialogue with expert partners, industry bodies, academic institutions and local groups as well as employees, customers and consumers, shareholders, suppliers, communities and government. For more on our identification and approach to stakeholder engagement, see our 2022 Sustainability Report on kerry.com and the Corporate Governance Report on pages 122-125.

Identifying Areas of Impact

Given the scale and complexity of challenges relating to sustainability, it is vital that we identify the most material impact areas for our business and prioritise our efforts accordingly. Kerry's material topics are defined through a comprehensive review involving detailed research and broad-based engagement of our internal and external stakeholders. In our most recent assessment in late 2021, we integrated the principle of dynamic materiality within the assessment process. Our assessment of outward impact uses the UN SDGs as a guiding framework and through expert stakeholder input, we defined key areas where Kerry can have the greatest environmental and socio-economic influence.

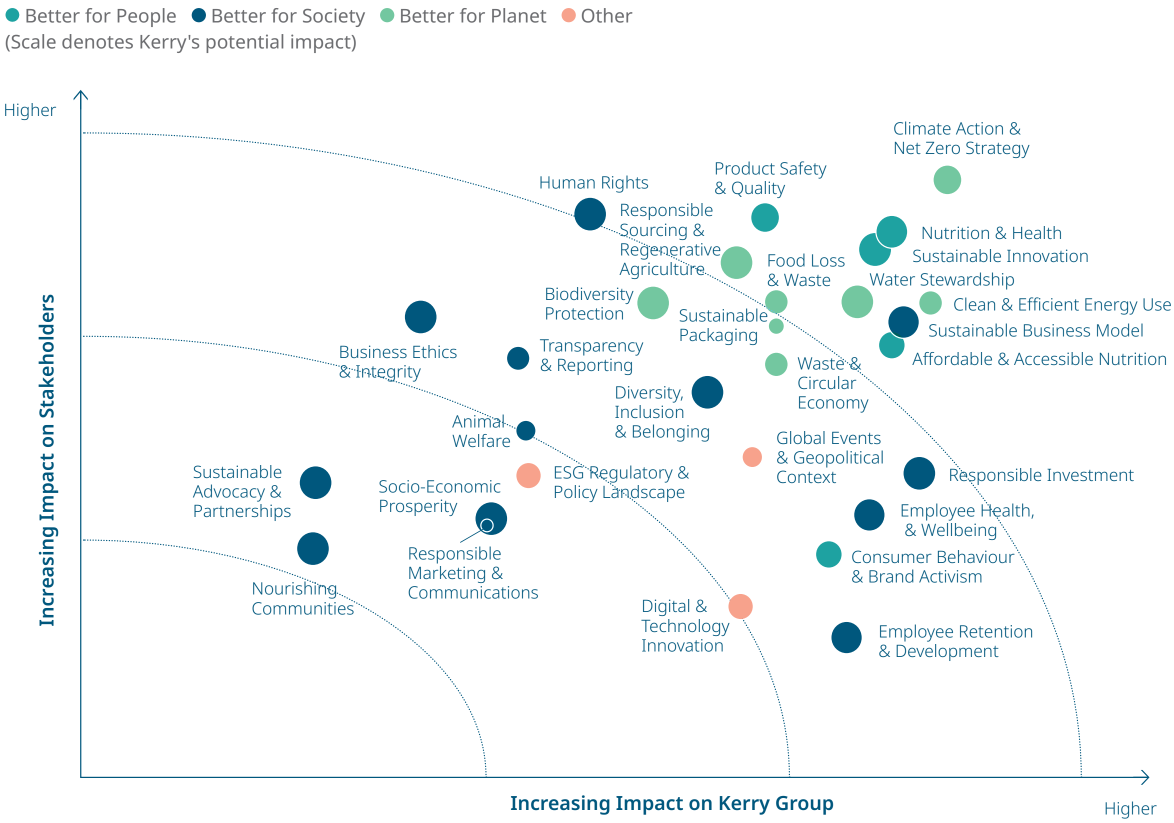
INDUSTRY RECOGNITION IN ROME

Kerry's facility in Rome, Georgia, USA was the winner of Food Engineering magazine's 2022 Sustainable Project of the Year. The facility recently underwent a $125 million renovation and expansion while continuing production safely and achieving sustainability goals. The Rome facility achieved its 100% renewable electricity goal and utilised an energy-efficient design to align with the Group's sustainability objectives.

The outputs of our materiality assessment are reflected in the matrix below. In 2022, we kept these topics under internal review, seeing increasing engagement on topics such as '*Transparency & Reporting*', '*Biodiversity Protection*' and '*Global Events & Geopolitical Context*' throughout the year.

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 98-104. For more on materiality see our 2022 Sustainability Report.

Materiality Matrix



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.

FTSE4Good

MSCI:
Kerry has maintained the leading MSCI ESG Rating of AAA for its performance on Environmental, Social and Governance issues in 2022.

MSCI ESG RATINGS AAA
CCC B BB BBB A AA AAA

Origin Green:
Kerry is proud to be among the gold members of this world-leading programme, recognising companies who are performing at a high level or excelling in their sustainability performance.

Origin Green IRELAND
GOLD MEMBER 2022

Assurance:

Many of the metrics in this Sustainability Review, including our progress towards our Nutritional Reach Goal are independently assured by Jacobs UK Ltd to AA1000 Assurance Standard. The full assurance statement can be found at kerry.com/sustainability.

KPI Definitions and Scope:
For details of definition, scope and calculation methodologies of sustainability KPIs, see our 2022 Sustainability Report at kerry.com.

Better for People

Our goal is to provide sustainable nutrition solutions for over two billion people by 2030.

Healthy and affordable diets are out of reach for more than one third of the global population. In 2022, the UN Food and Agriculture Organisation (FAO) reported that 3.1 billion people did not have access to safe, affordable and nutritious food[1]. Malnutrition spans a range of nutritional inadequacies from chronic hunger, protein and micronutrient deficiencies to obesity.

Good Health and Wellbeing

Consumers are increasingly mindful of the link between diet and health, and they want to make choices that reflect this. We can help by ensuring healthier food and beverage options are available. For instance, poor quality diets high in saturated fat, sodium and sugar (HFSS) can lead to diseases such as cardiovascular disease and type 2 diabetes, which account for one fifth of all adult deaths each year[2]. Many governments worldwide are introducing legislation to encourage healthier diets, including a ban on marketing of HFSS foods and the introduction of easy-to-read, front of pack nutrition labelling.

Efforts such as these are influencing the food industry to create healthier products that still taste great. Helping our customers unlock new formulations to achieve this is a key way in which we can contribute to achieving the UN Sustainable Development Goal 3 ‘Good Health and Wellbeing.’

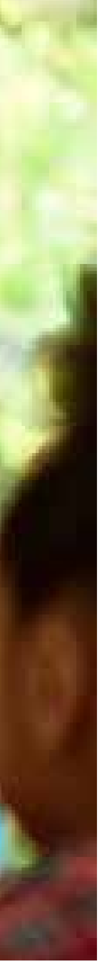
2 ZERO HUNGER

3 GOOD HEALTH AND WELL-BEING

9 INDUSTRY, INNOVATION AND INFRASTRUCTURE

12 RESPONSIBLE CONSUMPTION AND PRODUCTION

17 PARTNERSHIPS FOR THE GOALS



Creating a World of Sustainable Nutrition

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

Through our innovation expertise, portfolio of integrated taste and nutrition solutions and sustainability commitments, we partner with our customers to create sustainable products for consumers worldwide.

Nutritional concerns for our customers and their consumers are reflected on Kerry's Sustainable Nutrition Spectrum below.

These concerns 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 a key consideration.

We enable our customers to move along the sustainable nutrition spectrum, co-creating products that deliver better nutrition for consumers with no compromise on taste. Our application expertise and delivery systems allow us to bring authentic tasting, convenient and familiar food to the consumer, increasing the availability of nutritious options with positive health benefits. Our environmental and social commitments also allow for these better-for-you products to be produced in a more sustainable way. For examples of how we support our customers, see page 61.

CONSUMER DEMAND FOR WELLBEING

With the acquisition of botanical extract company Natreon in 2022, we added Sensoril® ashwagandha to our portfolio. The ashwagandha plant was valued in ancient Ayurvedic medicine for its wellness benefits. Today, studies show it can reduce stress and improve sleep. Sensoril® is unique because it is made from ashwagandha leaves and roots, which science suggests offer optimal health benefits.

[1] FAO, IFAD, UNICEF, WFP and WHO. 2022. In Brief to The State of Food Security and Nutrition in the World 2022. Repurposing food and agricultural policies to make healthy diets more affordable. Rome, FAO. https://doi.org/10.4060/cc0640en

[2] GBD 2017 Diet Collaborators. Health effects of dietary risks in 195 countries, 1990–2017: a systematic analysis for the Global Burden of Disease Study 2017. The Lancet, April 3, 2019; DOI: 10.1016/S0140-6736(19)30041-8

Changing Consumer Expectations

Throughout the year we saw further evidence of increasing consumer support for sustainable product choices[1]. These studies reinforce Kerry's proprietary *Sustainability in Motion* research, which involved over 14,000 consumers across 18 countries.

In 2022, we examined the foodservice channel across Europe to understand how sustainability influences consumers' consumption choices out of home. We found that 55% of consumers claim to be eating more sustainably since the pandemic and that 71% believe sustainability is an important consideration in choosing what outlets to support. We shared these insights with customers and industry thought leaders at a specially convened foodservice sustainable nutrition conference in London, where we examined possible solutions to these consumer needs.

Health & Bio-Pharma

Kerry's Health & Bio-Pharma platform is focused on improving the health of people worldwide. Our proactive health portfolio of science-backed branded ingredients are used across food, beverages and supplement applications. These ingredients are clinically supported to promote consumer health across a range of need states, including immune, digestive, joint, cognitive and heart as well as infant and women's health.

Measuring our Impact

Establishing clear definitions and metrics to track the impact of our products is essential. Our industry-leading nutrition profiling methodology assesses the nutritional contribution of our ingredients portfolio to a final consumer product. We have identified that more than 80% of our Taste & Nutrition portfolio delivers positive or balanced nutrition solutions.

Over the next decade, we aim to increase this positive impact through innovation and partnerships, creating sustainable solutions that will reach more than two billion people. In 2022, we expanded our impact and increased our reach[2] with positive and balanced nutrition solutions to 1.2 billion people. This was driven by the availability of new nutrition solutions within our portfolio and our geographical expansion in developing regions. For more on our approach see our white paper on nutritional profiling at kerry.com/sustainability.

Kerry Health and Nutrition Institute®: Science for Healthier Food

KHNI
Kerry Health and Nutrition Institute®

The Kerry Health and Nutrition Institute® (KHNI) was established to share Kerry's scientific expertise and thought leadership in the science of healthier food with the wider industry. Supported by an independent Scientific Advisory Council made up of recognised leaders in nutrition science and research, KHNI allows industry scientists, academics and other experts to explore challenges and opportunities shaping the future of food. This digital hub 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, leveraging our global team of more than 1,100 experts in nutrition, food science, sustainability, health, taste, sensory and life sciences. In 2022, content themes included 'sustainable nutrition', 'plant-based', 'microbiome and health' and 'food waste'. For information see khni.kerry.com.

Supporting the Industry

As an industry leader, we have published a dedicated methodology for profiling the nutritional impact of a Business-to-Business (B2B) portfolio, making it easier for others to assess and report their impacts. In 2022, we built on this expertise with the launch of the **Kerry***Nutri Guide*, which helps companies subject to Business-to-Consumer (B2C) profiling to create nutritionally-optimised products.

The **Kerry***Nutri Guide* is a digital tool that helps customers navigate front-of-pack nutritional labels. It allows for an instant assessment of a final product across eleven recognised labelling systems as well as national legislation from Europe, UK, Brazil and Mexico. By making this information more accessible, the nutritional impacts are immediately visible and our customers are better able to create healthier food and beverage products that meet consumer needs.

CONNECTING TASTE AND SUSTAINABILITY

Taste is the biggest driver of food and beverage purchases. But these preferences change quickly – from traditional and nostalgic to novel and exotic.

Social listening is helping our market research teams tune into the future of flavour.

Our insights tool Kerry Trendspotter® tracks social media posts to see which flavours influencers are experimenting with. Then it uses artificial intelligence to predict which of those emerging tastes are most likely to have an impact with consumers.

We are also regularly tracking consumer opinions on sustainability and see that consumers increasingly want authentic taste that is created with ingredients that are produced in a sustainable way.

1 Innova Market Insights: Top 10 Food Trends 2023.

2 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.

Ensuring Product Safety and Quality

From research and development to manufacturing and sensory, Kerry's regulatory, quality and safety team works vigilantly to create ingredients and products that customers can trust. Our strategy on food safety has evolved over the past five years. Led by our Global Food Safety and Quality Officer, it is based on the underlying principle of Safety First, Quality Always, leveraging our control infrastructure and relevant processes and procedures, and enables us to apply a consistent global approach that supports employee training and our preventative due diligence requirements. For further details see our Sustainability Report.

Leading with Sustainable Innovation

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

Our capabilities span consumer insights, Research, Development and Application (RD&A) and food craft, with experts across a network of global and regional innovation and development centres.

This year we invested a further €303m in research, development and application (2021: €297m) to ensure we remain at the forefront of sustainable nutrition and continue to lead in Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma.

Our approach is validated by the growing demand among customers for new concepts that deliver healthier products with lower environmental impacts. In 2022, we supported customers with market-leading sustainable nutrition solutions across a range of end use markets.

Kerry's innovation framework has three pillars:

INNOVATING FOR EVERYDAY

We make disruptive and innovative applications using our world-class expertise and technology toolkit.

INNOVATING FOR THE FUTURE

Our innovation teams create new, differentiated technologies to meet future consumer needs in Food, Beverage and Pharma.

INNOVATING TOGETHER

Through open innovation we collaborate with external partners in academia, start-ups and supply chain to future-proof our technology portfolio and bring cutting-edge innovation to our customers.

Sustainable by Design

Much of the environmental impact of a product can be influenced at the design stage. Therefore, in 2022, we enhanced our innovation process to further embed sustainability design within new innovations and development work across existing product lines. This process encourages our RD&A teams to consider impacts at all stages of a product's lifecycle and improve performance in key areas such as raw material selection, waste prevention and resource use.

Here are three ways innovation is inspiring sustainability.

1

Sodium reduction

Many customers are facing regulatory and consumer pressures to reformulate bakery, meat and snack products to reduce salt intake. Our Kerry Tastesense® Salt solutions solve taste challenges when sodium is low/reduced. It is one of the tools from our "toolbox" approach to harmonising and rebalancing healthier and tastier products.

2

Liquid probiotic delivery system

BC30™, a probiotic with scientifically supported immune and digestive benefits, can be added to applications that do not typically support traditional probiotics, increasing the access to health benefits for more consumers.

3

No/low alcohol solutions

No and low-alcohol beverages are gaining popularity due to societal changes and the increasingly health-conscious consumer. Kerry Tastesense® Sensations supports beverage manufacturers by replicating alcohol perception and, when used with the Simply Nature™ flavour portfolio, contributes to the creation of unique beverages.

PARTNERING TO CREATE HEALTHIER PRODUCTS

For years, people have read ingredient lists to figure out which foods are healthy. For example, in Singapore, Australia, France and several other countries, the process is getting easier, due to new front-of-pack health labels and ratings.

The scores, which are often displayed as a sum-total 'grade' for the nutritional quality of a product, make it easy to tell, for instance, which cereals on a shelf rate as healthiest.

Many countries are also introducing legislative restrictions. For example, the UK is restricting the marketing of products that qualify as less healthy when assessed through a specified nutritional profile model.

These new ratings and regulations, plus the general shift toward better-for-you products, are driving brands to make more nutritious foods and beverages.

One customer recently asked us to help them halve the amount of sodium in a salt and vinegar potato chip – without losing the mouthwatering taste. Our RD&A teams created several variations, then used our **Kerry***Nutri Guide* tool to ensure the new recipes met the customer's final product nutrition target. The winning chip recipe, which met the brand's ambitious goal, reduced the sodium to record low levels while keeping all the original flavour intact.

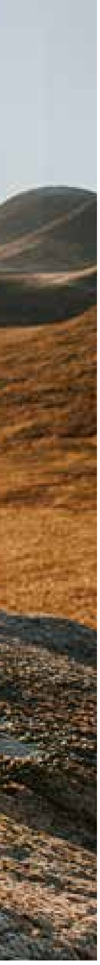
Better for Society

We want to contribute to a just society, where people are treated with dignity and respect and have the opportunity and the means to flourish.

To achieve this, we are committed to doing business with integrity and seek to enhance 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.

Because of our global reach, we have a key role to play in promoting human rights, supporting education and training and creating more resilient and inclusive communities. In this section, we outline some of the important areas where Kerry can make a positive contribution to the societies we operate in (see our materiality matrix on page 55).

Embracing a broader responsibility has also inspired many of our community projects and programmes. For example, through our partnerships with NGOs, we offer communities in need both short-term and long-term nutrition benefits, applying our agricultural expertise by working with local farmers to help improve yields and contribute to nutrition of school meal programmes.



Upholding the Highest Standards

Kerry Group's comprehensive Code of Conduct clearly defines the standards and expectations for all Kerry colleagues. It serves as a guide for those who work with and for Kerry, outlining the standards and policies that must be upheld in important areas including human rights, business integrity and environmental compliance. The Code of Conduct is available in 26 languages and offers insight on how certain workplace situations should be handled, while providing direction on points of contact for those who may require additional support. For example, it describes our zero-tolerance approach and provides guidance to all employees regarding potential situations involving bribery and corruption.

The Business Integrity Committee provides oversight on all areas of ethical compliance across the Group and all colleagues are required to be familiar and comply with our Code of Conduct. We have communicated broadly on these requirements across the organisation since refreshing the content of our Code in 2021.

We are focused on ensuring that everyone at Kerry understands the requirements within the Code of Conduct and their universal application regardless of role, seniority or location. Our dedicated training and certification programme helps us to monitor this, and in 2022, over 88% of required colleagues achieved Code of Conduct certification (2021: >90%).

We encourage anyone with a concern about a breach of our Code of Conduct to raise this through the available channels. Our Speak Up Policy provides guidance for individuals on how to raise a concern, including through our dedicated Speak Up facility available to colleagues and external parties who wish to do so anonymously. For more on our approach to business ethics and reporting of potential issues, see our 2022 Sustainability Report.

Protecting 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 expectations for our business and supply chain partners.

In 2022, Kerry's work on human rights continued to be led by the Social Sustainability Council, chaired by the Group's Chief Human Resources Officer. All our manufacturing facilities are required to complete a self-assessment which provides visibility of potential human rights impacts within our business. In addition, independent reviews by platforms such as EcoVadis provide an additional evaluation of our approach.

Across our supply chain, our Supplier Code of Conduct is explicit in setting out our expectations of suppliers, particularly regarding our most salient human rights issues. We continue to monitor supplier compliance, taking a risk-based approach to this evaluation. In 2022, we adopted a more targeted approach based on risk at manufacturing locations and 71% of our high-risk suppliers[1] were enrolled on Sedex (Supplier ethical data exchange) and more than half of these had undergone a Sedex Members Ethical Trade Audit (SMETA). We continue to engage the remaining high-risk suppliers, along with any qualifying new suppliers to our business.

To enhance our approach on human rights, we have engaged with an expert partner to help review our current processes and identify opportunities for further improvement. This project will continue into 2023 and considers current best practice and proposed legislative changes, such as the EU Corporate Sustainability Due Diligence Directive. This work will guide the further development of our human rights and social sustainability efforts.

1 As measured by spend

Utrecht

In November, our facility in Utrecht, Netherlands, celebrated 1,000 days without a recordable incident and five years without a lost time injury. This safety milestone is in line with our journey towards Safety First, Quality Always, as we continuously strive to ensure the safety of our people. This was accomplished through valuable cross-functional collaboration between engineering, manufacturing, procurement, food safety and quality and health, safety and environment teams.

Prioritising Workplace Health and Safety

A safe and healthy workplace is a basic principle and right at work. It is essential to ensuring personal wellbeing, with benefits for individual employees, society and our business.

We recognise our duty to provide and maintain a safe working environment for everyone at Kerry, and we are committed to the ongoing improvement of our safety performance. We place a Safety First, Quality Always mindset at the core of our business and our Health and Safety Policy defines consistent ways of working and establishes standard requirements across our business. These standards are non-negotiable and are a required performance expectation of everyone who works at Kerry.

We strive for a culture of zero safety incidents however, we understand manufacturing processes carry certain risks and that workplace accidents and work-related illnesses can occur for a number of reasons. As we work to ensure safety is at the centre of everything we do, we are pleased to report a further 11% year on year improvement in our performance for 2022 (2021: 8%).

For more detail on our health and safety performance, see our 2022 Sustainability Report.

SafetyFirst
QualityAlways

Embracing Diversity, Inclusion and Belonging

Evidence shows that a diverse workforce leads to a range of better outcomes for organisations[1] and new talent is increasingly seeking out roles in organisations where differences are celebrated. Around the world, many people still struggle to access employment and equal opportunities because of their race, gender, sexual orientation or other perceived differences. At Kerry, we treat each employee as an individual. This is reflected in several dedicated policies within our Code of Conduct, including our Diversity, Inclusion and Belonging Policy, which requires that employees treat fellow workers and applicants fairly and never engage in any form of unlawful discrimination.

Kerry has 118 nationalities represented in our overall workforce, and we believe our senior leadership and management levels should reflect this. In 2022, 84% of senior management at our significant locations were hired from within the local community (2021: 86%).

We continue to focus on our gender diversity targets, with female representation at senior management level at 36% in 2022, versus our target of gender parity by 2030 (2021: 36%). We aim to have 35% of senior leadership positions held by women by 2025, and at year end had reached 33% (2021: 29%). Our efforts to deliver on this ambition for inclusive leadership include the 2022 launch of a dedicated toolkit to equip our leaders with the skills required to lead conversations on the topic of diversity, inclusion and belonging with their teams and to better understand and eliminate unconscious bias. Available in 11 languages, the toolkit provides practical guidance, templates and tools in the areas of Psychological Safety, Inclusion, Belonging, Fair Treatment and Integrating Difference.

Importantly, in 2022, employee perception of Kerry as an inclusive organisation increased by two percentage points, as measured by our Inclusion Index. For more details, see our People section on page 22 and our 2022 Sustainability Report.

Sustainability Essentials

Our people are a key enabler of our *Beyond the Horizon* strategy. To support them, we have launched a dedicated development programme called 'Sustainability Essentials.' This online training is designed to elevate company-wide knowledge, capability and engagement in this crucial area, allowing our workforce to speak the same language as we work towards our common goals. The programme includes modules on Nutrition and Health, Climate Change, Responsible Sourcing, Circular Economy and Social Impact, which are being launched across the Group on a phased basis.

[1] The Business Case For Diversity is Now Overwhelming. Here's Why | World Economic Forum (weforum.org)


Florence and her friends enjoying their UHT milk as part of the WFP School Meals programme in Gitega, Burundi. Photo: © WFP/Irenee Nduwayezu

Improving Community Access to Nutrition

We believe that healthy diets should be accessible to everyone. To support communities that cannot access products made with our sustainable nutrition solutions, we partner with leading NGOs to develop self-sustaining programmes to promote wellbeing amongst some of the world's poorest people.

Enhancing School Meals in Burundi

In Burundi, over 70% of people live below the poverty line and many are malnourished, an issue that is exacerbated by spiraling food prices and increasing food scarcity. Agriculture is the backbone of Burundi's economy, however, productivity and access to arable land are low and it remains a net importer of food, leaving it exposed to rising international food prices. The country is also extremely vulnerable to the impacts of climate change, facing the burden of rising global temperatures resulting in devastating impacts such as drought.

In 2020, Kerry extended its partnership with the UN World Food Programme (WFP), with the goal of improving dairy farming and the availability of milk in school meals in the Gitega province in Burundi through Project Amata.

WFP World Food Programme

In support of this project, we share dairy farming, processing and nutritional expertise and provide direct financial support in order to achieve the following objectives:

- Empower small-scale farmers to improve milk quality and quantity and, therefore, reducing waste and increasing their income.
- Increase access to, and consumption of, milk in school meals and the wider community.
- Raise awareness of the importance of dairy in our diets.

These objectives continue to assist WFP Burundi with improving nutrition, food security and building resilience in the local milk supply chain.

In 2022, Kerry provided a range of equipment to support the project, including milk testing kits and unique animal identifiers with the aim of implementing the first animal registration system on farms involved in phase two of the project. Kerry's expert team also visited the Gitega province to better understand local challenges and share onsite technical expertise concerning farming, dairy transportation, quality, safety, processing and nutrition. From this, Kerry proposed further improvements to the project.

Improving Food Security in Kenya

During the year, Kerry was proud to announce a new four-year partnership with Irish humanitarian organisation Concern Worldwide to improve the lives of 46,000 Kenyans by improving food security, boosting household income and reducing malnutrition levels in the Tana River County.

Many Tana River farmers are reliant on livestock farming, but climate change has led to water insecurity and pasture deterioration, causing the death of livestock and declining productivity, which has eroded household income and food security. Concern Worldwide has identified an opportunity to tackle these challenges.

With financial support from Kerry, the Agricultural Livelihoods Improving Value Chains and the Environment (ALIVE) project will create a regional value chain for mango production that benefits female growers and creates a new income stream for their families.

Mango production is more resilient to the impact of climate change and harnesses the resources of the Tana River, which is susceptible to flooding. As the programme progresses, participants will receive training on post-harvest handling, support for mango processing at a community level and the introduction of post-harvest processing equipment.

Mwanajuma Ghamaharo winnows mung beans in Makere village in Tana River County.
Photo: Lisa Murray/Concern Worldwide

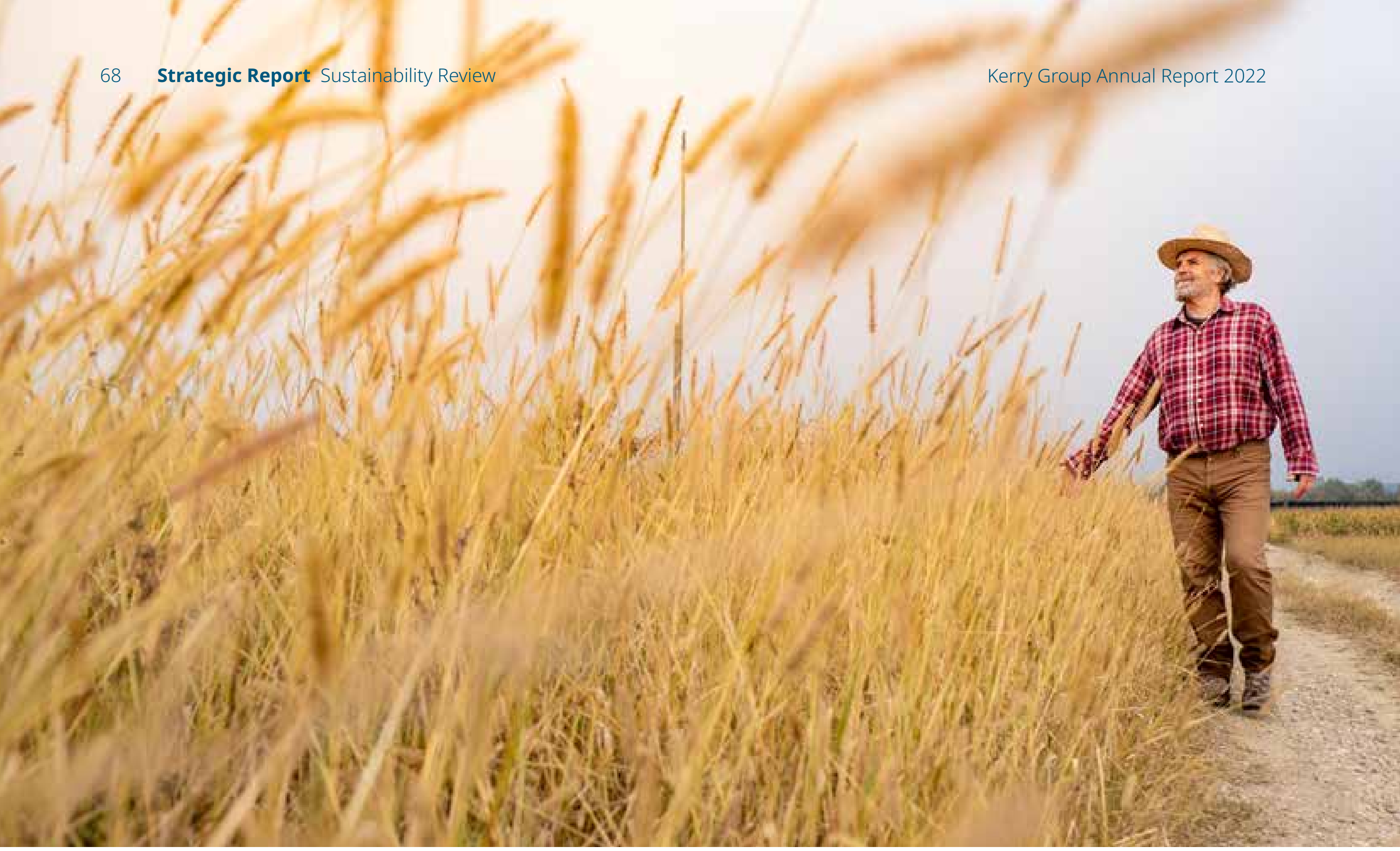
Concern worldwide

Lishe Poa

Utilising our expertise and innovation in the nutrition space, Kerry was proud to support Concern Worldwide on an innovative urban nutrition project in Kenya. The Lishe Poa project has developed a healthy alternative to commonly consumed snack foods in the informal settlements of Nairobi. Kerry facilities in Kenya and South Africa provided technical support in the product development and inputs to further accentuate the product and enhance its shelf life and nutrient-content.

MyCommunity

Kerry has a proud history of supporting local communities where we operate. Our MyCommunity programme offers colleagues the opportunity to give back to the causes that matter most to them. The programme provides direct financial support for projects nominated by our sites, and all 23,000+ colleagues have access to paid volunteer leave to help them become more directly involved in supporting these initiatives. Examples of projects supported in 2022 include providing volunteers and monetary support to Eat Up, a charity in Murrarie, Australia, that makes and delivers lunches directly to schools for vulnerable children, donating food and personal hygiene supplies to low-income children in Panama while encouraging them to continue their studies, hosting blood drives at various Kerry locations including in the Philippines, Mexico and India, and product donations to various groups around the world.



Better for Planet

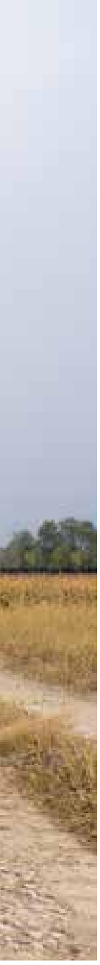
Given the environmental footprint of food, we must find ways to transform our industry and work in greater harmony with nature.

Despite the growing calls for action to address environmental concerns, change has been slow and there has been an alarming deterioration in the earth's vital ecosystems. However, there is an increasing awareness among stakeholders on the interconnected challenges of climate, pollution and biodiversity.

Kerry's *Beyond the Horizon* sustainability strategy sets out our environmental objectives and outlines how they support the UN Sustainable Development Goals and our vision for a world of sustainable nutrition. In this section we highlight our efforts on material environmental topics for the Group (see our materiality matrix on page 55).

Committing to Sustainable Practices

Producing food is resource intensive, and current practices need to be reimagined to support healthy people and a healthy planet. Kerry touches every stage of food production, from family farmers to manufacturing and distribution. This holistic view of the industry makes us uniquely positioned to identify challenges and innovate solutions at scale, from supporting improved agricultural practices to developing products that create processing efficiencies and reduce food waste and environmental impact. The Group's Environmental Policy outlines our commitment to carrying out activities in a responsible manner and implementing good environmental practice that continuously improves our performance.



Taking Action on Climate Change

Despite mounting evidence of the impact of climate change, global emissions continue to rise. As a society, we have a short window in which to act to avoid the worst effects of climate change. Urgent and systemic transformation is needed to deliver the scale of reductions required to meet the goal of limiting global warming to 1.5°C by the end of the century.

Kerry is committed to achieving Net Zero before 2050 and continues to lower emissions across our operations and value chain. We have set a science-based target for emissions reduction by 2030, which commits us to a 55% absolute reduction in our operational (Scope 1 and 2) emissions and a 30% reduction in intensity of other emissions within our value chain (Scope 3).

In 2022, we made strong progress towards this target, driven by our shift to renewable energy. 100% of our purchased electricity across the Group now comes from renewable sources or is backed by renewable energy certificates and the associated reduction in our Scope 2 emissions has made a significant contribution to our overall carbon performance. By year end, we achieved a 48% reduction in Scope 1 and 2 emissions over our 2017 baseline (2021: 33%).

We also continue to focus on Scope 1 emissions through improving energy efficiency and switching to cleaner fuels, however, many of these initiatives will take longer to implement and the scale and speed of reduction in any given year may vary.

CDP

In 2022, Kerry once again achieved a CDP score of A-, placing us at leadership level for our action and reporting on climate change.

CDP
DISCLOSURE INSIGHT ACTION

SBTi

Kerry's Scope 1, 2 and 3 carbon targets are approved by the Science Based Targets initiative (SBTi). Our Scope 1 and 2 targets are aligned with a 1.5°C pathway and we continue to engage with SBTi on changes to Scope 3, considering their recent guidance on emissions relating to Forest, Land and Agriculture (FLAG), which is applicable for our business.

DELIVERING A CLEANER SMOKE TASTE

Some of the most authentic and distinct tastes come from cooking food over fire. The smoke from hickory wood – common to North American barbecue – imparts a flavour quite different from the searing hot coals used in South African braai.

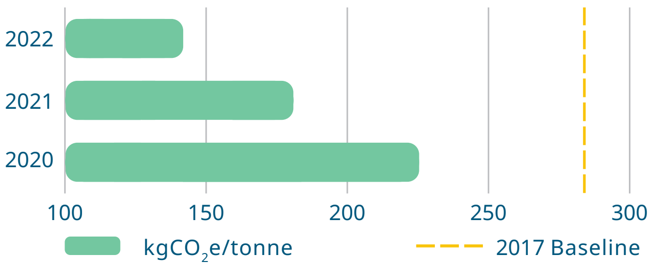
Unfortunately, cooking with fire and consuming foods that have been traditionally smoked comes with health concerns and environmental risks. Kerry Red Arrow® condensed natural smoke helps brands bring more consistent, efficient, and sustainable products to the market.

We make our Kerry Red Arrow® smoke range by capturing and condensing real smoke from various types of wood, utilising byproduct from the timber industry. We then filter and decant the smoke making it better for the consumer and the environment. In defining smoke flavours, the European Commission noted that smoke flavours are a healthier alternative to conventional smoking. In addition, compared to conventional smoking, the use of smoke flavours has proven to reduce CO_2 emissions by 83%, water consumption by 92%, wastewater by 83% and cleaning detergents consumption by 68%[1].

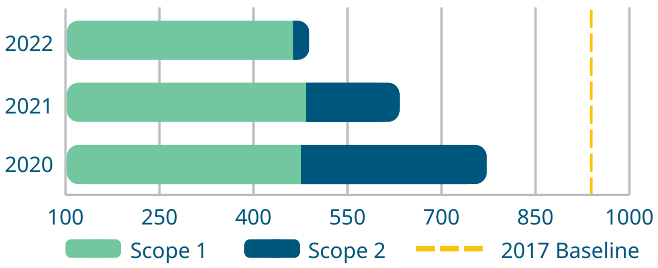
1 Best Available Techniques (BAT) Reference Document for the Food, Drink and Milk Industries (europa.eu)

Carbon Performance (Scope 1 & 2)

Carbon Intensity



Tonnes of CO_2e (000's)



Our Value Chain

The most significant part of our carbon footprint comes from indirect Scope 3 emissions, most notably our supply chain. Within this, dairy is the single largest contributor and a focus area for engagement with our supply base.

Our *Evolve* Dairy Sustainability Programme, which launched in 2022, incentivises farmers to implement science-based measures that lower carbon emissions, protect nature and improve the resilience of their operations. By supporting close to 3,000 farmers in south-west Ireland, this programme also offers a template for engagement with other dairy ingredient suppliers to our business. Uptake of the programme has been strong in its first year, particularly in the area of lower emissions fertiliser, which will contribute to a lower footprint across this supply base. For more on *Evolve* see page 73.

Category-wide, our total Scope 3 intensity has reduced by 4% in 2022 compared to our 2017 baseline (2021: 0%). Reductions in 2022 have been driven, in part, by lower emissions from dairy and changes in our portfolio mix. For more details on Scope 3 see our 2022 Sustainability Report.

Tackling Plastic Waste

We fully support a more circular approach to plastics and have committed to making all our plastic packaging reusable, recyclable or compostable by 2025. We work to reduce the volume of virgin plastic and increase recycled content, while evaluating alternative packaging formats that can maintain product integrity. Examples include incorporating recycled plastic content in DaVinci Gourmet bottles used within the foodservice channel and the use of 100% recyclable packaging for our Dairygold brand. In 2022, 74% of the plastic packaging used across our business was reusable, recyclable or compostable (2021: 57%).

Halving Food Loss and Waste

Given the environmental impacts of food production, tackling food loss and waste represents a way to address climate change as well as a significant business opportunity.

Our portfolio of clean label and conventional food protection and preservation technologies significantly impact food waste in the value chain, particularly downstream. This is a growth platform for our business with a key focus on the bakery and meat end use markets. These markets represent the most significant categories where food is lost or wasted by volume and value, respectively. The opportunity for impact is clear when we consider that in 2022, Kerry products were used to extend the shelf life of over 52 billion servings of meat.

To help our customers understand the impact of food loss and waste on their business and the environment, we developed and launched the **Kerry***Food Waste Estimator* in 2022.

This tool provides a quick and easy way for customers and consumers to model the potential benefits of food waste reduction through shelf-life extension and is available on kerry.com.

To tackle food waste within our own organisation, we are committed to a 50% reduction across our operations by 2030, aligning with the food waste target under UN Sustainable Development Goal 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. For example, some waste streams can be recovered as an input to other processes, others can be turned into biofertilisers or animal feed, and some finished products can be distributed to local charities and food banks. In 2022, we continued to make progress against this goal with a 32% reduction compared to our 2017 baseline (2021: 17%).

Adopting a More Circular Approach

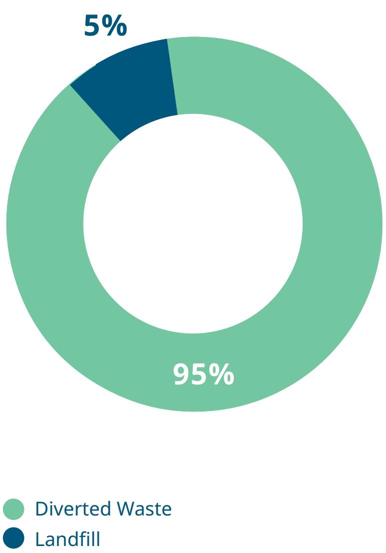
To lower our environmental impact, we are targeting a more circular approach to resource use within our business. This keeps materials in productive use for longer and captures additional value from what were previously considered waste streams.

Within our operations, we seek to ensure our own waste streams are put to productive uses, with 93% going towards recycling or recovery and 95% of all waste volumes diverted from landfill (2021: 94%).

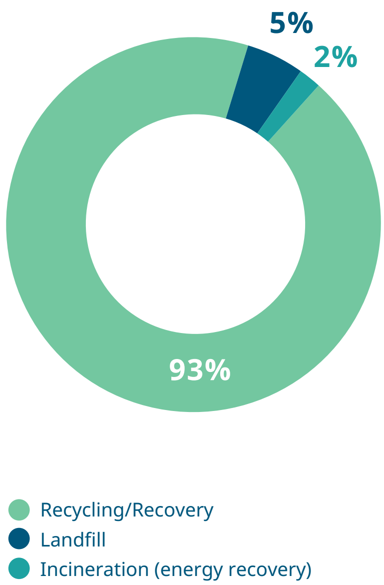
Upcycling Ingredients

Given our innovation and process capabilities, Kerry is ideally positioned to support customers in their use of 'upcycled' ingredients. For example, cheese waste occurs across the industry due to manufacturing constraints, spoilage and supply chain limitations. Our cheese powders facility in Denmark is unique because it upcycles this material into high quality and shelf stable cheese powders that deliver an authentic cheese taste. In doing so, we maximise the potential of the food source and the resources used to produce it, whilst simultaneously minimising food waste. A detailed carbon footprint study undertaken in 2022 shows these products are on average, 45% lower in carbon emissions than conventional alternatives.

2022 Waste Recovery



2022 Waste by Destination



Landfill volumes include waste sent for incineration without energy recovery

Protecting Water Resources

Water is vital for our business. It is a shared resource, and we have a responsibility to use it carefully, minimising our withdrawals, protecting water sources and ensuring adequate access for other water users.

Across our operations we are targeting a 15% reduction in water intensity by 2025. We initiated several projects in 2022 that will contribute to this goal. For example, we are investing approximately two million euro to improve water efficiency at our site in Plant City, Florida, USA. This will significantly reduce the water intake at this facility upon completion in 2023. In Anneyron, France, we updated our cooling systems, leading to a reduction of over 25% in water use. The Group's water efficiency has already improved by 5% compared to our 2017 base (2021: 3%) with an expected acceleration in future years on the completion of several planned projects.

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 2022 Sustainability Report.

Water Risk

Using the World Resources Institute's Aqueduct Tool, we identified nine priority manufacturing facilities that may be more vulnerable to water risk. Average water intensity across these sites exceeds that for the Group and was 12% lower in 2022 versus our 2017 base year (2021: 9%). We maintain a focus on water at these locations and in 2022 we undertook a programme of metering, monitoring and targeting to help drive ongoing improvements. The outcomes of this programme will inform water reduction activities across these sites.

Protecting Biodiversity

Amid the alarming rate of species and habitat loss, the preservation of biodiversity is an increasingly material topic for our business. Kerry has potential to impact biodiversity directly through our operations and indirectly through the raw materials we source. Our most significant impacts are linked to our supply chain and we are working towards the preservation of tropical forests and the rich biodiversity they contain.

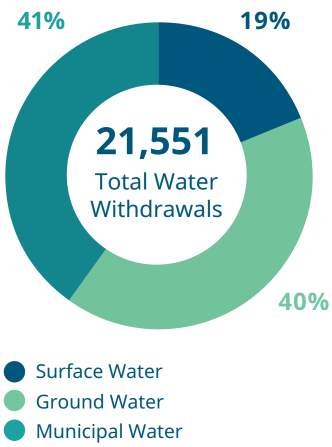
We are committed to eliminating deforestation across targeted supply chains by 2025, focusing on those that are the leading drivers of forest loss, including cocoa, coffee, soy, palm oil and paper packaging. We are members of several multi-stakeholder initiatives focused on this area including the Roundtable on Sustainable Palm Oil (RSPO), SAI Platform (including their deforestation workstream within the Sustainable Dairy Partnership) and others. For more on our evolving approach to preserving biodiversity, see our 2022 Sustainability Report.

Responsible Sourcing

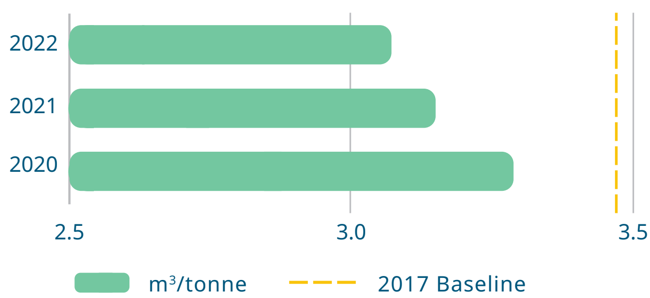
Given our from-food-for-food heritage, the greatest impacts associated with our products often lie with agricultural production. While it can present social and environmental challenges, agriculture can help reduce poverty, raise incomes and improve food security for 80% of the world's poor[1].

As part of our vision to create a world of sustainable nutrition, we are engaging our suppliers to drive more sustainable practices, ensuring that 100% of priority raw materials are responsibly sourced by 2030. In 2022, we set out and communicated our requirements for suppliers across categories linked to deforestation and we continue to work directly with supply partners and other third parties on programmes deployed at farm level.

2022 Water Withdrawal by Source (Megalitres)



Water Intensity at Higher Risk Sites



Notes:

Our target for water is a relative measure of metres cubed (m3) divided by tonnes of finished product produced.

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

We prioritise categories linked to our commitments on carbon reduction and no deforestation and continue to engage these suppliers on traceability of the volumes supplied to Kerry Group. For more detail on our responsible sourcing categories see our 2022 Sustainability Report.

Dairy

We maintained 100% certification of our Irish milk volumes under the Sustainable Dairy Assurance Scheme. This programme, operated independently through Bord Bia (the Irish Food Board), means all farmers are audited every 18 months and this allows for carbon footprinting of all individual farms. We work directly with farmers to support them on measures that improve the sustainability of their enterprise and reduce their carbon footprint.

For the dairy ingredients we purchase, our goal is for 80% of volumes to be at Sustainable Dairy Partnership (SDP) level 3 or higher by 2025. Currently, 15% of our volumes come from suppliers who are members of the SDP and we continue to engage our suppliers on this new platform and our requirements.

Evolve Dairy Sustainability Programme

We still work with many of the Irish dairy farming families that helped us launch our business 50 years ago. While their natural, grass-based approach to farming has not changed, on-farm practices continue to evolve and there is growing pressure for more sustainable agriculture.

This past year, with a shared goal of helping the planet and improving the livelihoods of our farmers, we launched the *Evolve* Dairy Sustainability Programme.

Farm by farm, we share techniques to help reduce carbon and ammonia production and improve water quality. These include better grazing and water management practices, innovations in animal health and welfare and insights into the benefits of biodiversity.

One of the more visible benefits is the addition of trees to farmland around Ireland. As part of the programme, we are committed to plant 200,000 new trees by 2025. For more details see our 2022 Sustainability Report.

Palm Oil

In 2022, we updated our Palm Oil Policy and requirements for suppliers. Alongside verification, certification remains an important element of our sourcing approach for palm oil and 39% of our volume is RSPO certified (20% Mass Balance; 19% Segregated or Identity Preserved). We continue to map our supply chain and seek traceability to both mill and plantation with our leading suppliers. For more, see our palm progress report on kerry.com.

Coffee

Our approach to this category was outlined as we developed and communicated our Coffee Policy in 2022, supported by a requirements guide, which clearly outlines our expectations of suppliers. Through direct engagement we have made progress in mapping our supply to country of origin for more than 90% of our volumes. Given the fragmentation in this supply chain, certification will play a key role in achieving our category target.

Non-Financial Reporting Statement

We comply with regulations on non-financial reporting and provide information on required topics across this report and within our 2022 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 94-105.

Reporting Requirements	Our Policies	Page Reference
Environmental Matters	Environmental Policy	Page 68
Social and Employee Matters	Health and Safety Policy; Group Code of Conduct; Diversity, Inclusion and Belonging Policy; Speak Up Policy	Pages 18-25, 63-65 and 120
Respect for Human Rights	Human Rights Policy	Page 63
Anti-Bribery and Corruption	Anti-Bribery Policy; Group Code of Conduct	Page 63
Business Model		Pages 26-27
Non-financial KPIs		Pages 38-39 and 52-73

[1] Agriculture Overview: Development news, research, data | World Bank

Climate-Related Risk and Opportunity

Climate change represents one of the most significant global challenges and its impacts have implications for governments, economies and civil society across the world.

It is a challenge that requires all parts of society to come together and address in a collaborative and increasingly urgent way. Kerry is committed to playing its part through the achievement of its *Beyond the Horizon* commitments and the integration of climate as a key consideration for all aspects of our business.

The following statement sets out the progress we are making and is consistent with the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) and the expectations set out in the UK Financial Conduct Authority's Listing Rule 9.8.6R(8).

Governance

To deliver on our Purpose, *Inspiring Food, Nourishing Life*, we have a comprehensive strategy that puts sustainable nutrition at the core of what we do every day. The Group's Board has overseen the continued evolution of our business to fulfil this purpose, including the review and approval of the Group's *Beyond the Horizon* sustainability strategy and commitments. These commitments encompass a clear focus on climate action and the Board has ongoing oversight of performance and strategies to deliver on these. The Board and its Committees also assess how the Group is responding to climate-related risks and opportunities, as part of the overall risk management process.

The Governance, Nomination and Sustainability Committee (GNS) was established in 2021 and is led by the Group's Chairman. This Committee takes a lead role in Board guidance and oversight of the Group's actions on climate change, as part of its role in governing Kerry's broader sustainability strategy. Membership of this Committee includes Board members with deep experience across food and beverage, as well as other sectors heavily impacted by climate change, including energy and agriculture. Further details of Board members experience can be found on pages 108-110.

Board Oversight of Climate Change Impact

The Board and/or its relevant Committees received five dedicated updates from senior executives including the Group Head of Sustainability, the Chief Corporate Affairs and Brand Officer and the Sustainability Reporting team on matters including the Group's performance on its climate goals and strategy, climate-related risks and opportunities and our climate-related disclosures. In addition, details relating to climate change are provided by other leaders as part of their functional updates, ensuring that it is increasingly integrated into the broader strategic decision-making process.

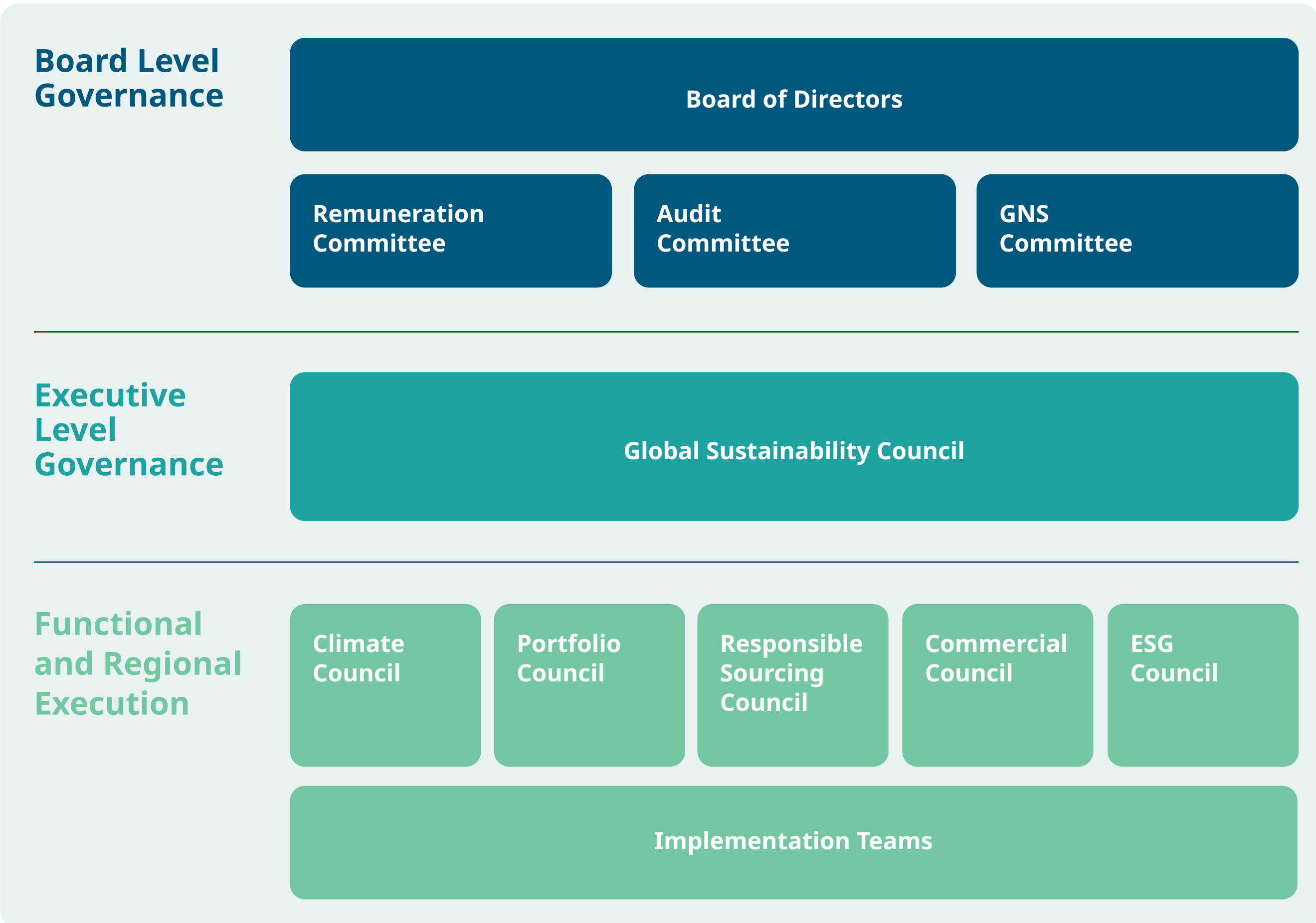
In 2022, the potential climate impacts were considered by the Board across a range of areas including decisions on major capital expenditure and business acquisitions. The Board also considered climate-related metrics as part of the Group's financial and business planning cycle, with climate-related metrics incorporated within the budget review process, alongside indicators on growth, financial performance and returns.

The Audit Committee engaged with Executive Management on climate-related risks and assessed how these have been reviewed and accounted for as part of the overall risk management process in 2022. The Audit Committee also reviewed and approved the Group's climate-related disclosures for this period.

In addition, following their introduction in 2021, the Remuneration Committee continued to incorporate climate-related metrics and targets into the reward structure for Executive Directors and senior leaders.

The Board is supported by the Global Sustainability Council, which is led by the CEO and comprises executive and functional leadership from across the Group. This Council is the key forum at which climate-related risks and opportunities impacting the organisation are addressed with senior management, and the Council has ultimate responsibility for the assessment and management of these issues as part of its broader sustainability remit.

Given the interdependent nature of climate-related risks and opportunities, additional governance councils are in place at functional and regional levels across the organisation to support the work of the Global Sustainability Council. These include dedicated fora related to our operations, product portfolio and responsible sourcing. Led by a relevant senior executive, each Council meets at least quarterly and provides a platform for addressing various elements of the risks and opportunities facing our business.



For example, the Environmental Council is led by the Chief Operating Officer (COO) and meets on a bi-monthly basis to review the Group's performance versus our operational targets, identify specific challenges or opportunities across our regions, including process improvements, potential capital requirements and reviewing the implementation of approved projects. These projects are implemented by cross-functional teams, working collaboratively to ensure we maximise the sustainability impact with no disruption to our business. Each functional Council provides an update on progress for their area and escalates issues as required to the Global Sustainability Council throughout the year.

Linking Climate and Remuneration

Kerry's remuneration philosophy ensures that executive remuneration is aligned to the Group's purpose, culture and values, supports strategy and promotes the long-term success of the company. The Long-Term Incentive Plan (LTIP) for Executive Directors and senior leaders reflects this through the three key areas of growth, return and sustainability.

The incentive plan considers core sustainability metrics linked to our *Beyond the Horizon* sustainability strategy. The metrics used include food waste and carbon reduction, specifically the progress towards our science-based targets on Scope 1 and 2 emissions. More details on this can be found in the Remuneration Committee Report on pages 151-152.

For further details on Group Governance, see our Corporate Governance Report on pages 117-130.

Strategy

Kerry's Vision is to be our customers' most valued partner, creating a world of sustainable nutrition. Our business strategy is aligned to fulfilling this ambition and Kerry's *Beyond the Horizon* sustainability strategy helps us to accelerate our actions and integrate sustainability within our business. The two critical elements of this programme are:

- the focus on commitments that will support the transformation of our business into a more sustainable enterprise;
- our innovation capability enabling customers to create more sustainable products, supported by our technology portfolio.

We keep our climate commitments under ongoing review, aligning with a science-based approach and responding to evolving best practice. The importance of our role as an enabler of sustainable nutrition for our customers is clearly reflected in our medium-term plan, which was presented at the end of 2021 with a focus on growth platforms that support a transition to healthier, lower impact diets. These include:

- **Authentic Taste,** which recognises that taste is a critical driver of purchase behaviour and a fundamental requirement for any sustainable food and beverage innovation

- **Plant-based** offerings, which provide lower carbon food and beverage alternatives. Kerry has a portfolio that supports our customers in their innovation journey across all end use markets

- **Food Waste** solutions, such as food protection and preservation, which help our customers and consumers lessen their impact in this critical area, and

- **Health & Bio-Pharma,** which supports our customers in delivering better nutrition and wellbeing for consumers at all life stages.

We recognise the role that climate change can play in influencing the delivery of our business strategy. Physical impacts will arise as global average temperatures increase and socio-economic changes are inevitable as part of the transition to a low carbon economy. As we prepare for these changes, we continue to assess the potential risks and opportunities for our business, ensuring that we maintain a focus on reducing our emissions while adapting to these changing external conditions.

We are also embedding our *Beyond the Horizon* commitments into our financing strategy. In 2021, Kerry issued a €750 million, ten-year Sustainability-Linked Bond (SLB) which could result in an interest coupon step-up if certain sustainability performance indicators, including our Scope 1 and 2 climate targets, are not met.

Identifying Climate-Related Risks and Opportunities

To establish the climate-related impacts that are most material for the organisation, we convened a dedicated working group to evolve our existing climate risk assessment and conducted a detailed qualitative and quantitative assessment of potential climate-related risks and opportunities. Over the last two years, this work has been guided by an Executive-led steering committee and through a process of stakeholder engagement, regulatory guidance, risk management and expert judgement, we have defined an extensive list of potential climate impacts for our business. This longlist was subsequently refined based on an appraisal of risk severity and likelihood, a method aligned with our overall risk management framework, and this has provided us with a focused set of risks and opportunities for more detailed analysis.

Assessing Climate-Related Risk

Modelling the potential impacts of climate-related risk 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. We typically consider business risk over a period of up to five years. In doing so, we consider how climate-related impacts may contribute to other key risk areas in that timeframe, however, the physical impacts of climate risk require a longer-term view. As a result, our approach to assessing climate as a discrete risk uses an extended time horizon. To account for the more gradual impacts of certain physical climate-related events, we have chosen to examine the potential impact of climate change on our business using 2030 (medium-term) and 2050 (long-term) as our reference timeframes. For more on how we integrate climate-related risks into our broader risk management framework, see page 82-83.

Climate Risk	Risk Type	No.	Description	Timeframe
Physical	Acute	1	Impact of extreme weather events on key operational sites.	Medium – Long-term
		2	Impact of extreme weather on transport network.	
	Chronic	3	Impact of rising sea levels on key operational sites.	Medium – Long-term
		4	Impact of water stress on key operational sites.	
		5	Impact of weather pattern variability on raw material supply.	
Transition	Policy	6	Impact of emissions pricing on operational costs.	Short – Medium-term
	Technology	7	Impact of decarbonisation on operational costs.	Short – Medium-term
	Market	8	Impact of shifting consumer demand for low-carbon alternatives.	Short – Medium-term
	Reputation	9	Damage to brand and/or stakeholder relationships due to action on climate.	Short – Medium – Long-term

Physical Risk

We began a detailed assessment of physical climate risk in 2021 and with the help of external partners we have now deepened our analysis. Our assessment will continue to evolve as scientific understanding improves and as we build our internal knowledge and expertise. In line with TCFD guidance we consider two types of physical 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 lead to impacts such as sea level rise or chronic heat waves.

As part of our assessment, we first identified a range of physical climate risks that could potentially impact on our business. These hazards include forest fire, flooding, drought, extreme wind, and sea level rise. We screened our global manufacturing footprint for exposure to these specific climate hazards and through this exercise, prioritised a smaller number of locations for more detailed review. This deep dive focused on a longer time horizon and identified five locations across Europe, North America and our APMEA region with a higher exposure, driven primarily by an increased risk of flooding.

Our distribution network, which brings in raw materials to our sites and delivers product to our customers, is also subject to potential risk from these climate hazards, primarily extreme weather events impacting the transport of goods by sea, road and rail. The assessment of our supply chain shows good resilience, albeit there is some concentration of risk in key locations. The assessment was completed at a national scale and while this provides a high-level estimate of potential risk, we continue to refine the approach and enhance this quantification.

We also examined how future physical climate changes may impact on raw material availability, selecting a basket of seven important agricultural inputs in use across our business, including dairy, wheat and maize. Using the land suitability index[1], we assessed changes in land considered commercially viable for producing crops under rainfed conditions for different temperature scenarios. The assessment indicated the potential for some impact to agricultural output, with impacts varying by commodity and geography, however, overall land suitability for the selected raw materials does not indicate a significant risk for the commodities in scope over the period examined. When we look at additional variables, including the projected demand for these raw materials and climate related price impacts, we see upward price pressure on these commodities over the medium to longer-term.

Transition Risk

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. The risk of current and emerging regulation is a key climate consideration for the Group. This includes forthcoming disclosure requirements linked to non-financial reporting. Given its global footprint, Kerry will be subject to different requirements in a number of jurisdictions and the scope, scale and speed of implementation will pose challenges for all organisations. Among the most prominent **policy risks** for our business is the expansion of carbon pricing by Governments as they seek to curtail emissions and meet their commitments under the Paris Agreement. Three of our manufacturing facilities are currently subject to the EU and UK emissions trading schemes and the broadening of their scope, or the introduction of similar pricing mechanisms in other jurisdictions, could result in a significant cost to our business. In our risk assessment, we have modelled carbon price increases to 2030 and considered how direct costs may be impacted if all manufacturing sites were subject to a carbon price by this date.

[1] International Institute for Applied Systems Analysis (IIASA) and the Food and Agriculture Organization of the United Nations (FAO) GlobalAgro-Ecological Zoning version 4 (GAEZ v4) databases for the period range 1990 –2050

Our assessment of **technology risk** focuses on the transition to clean energy and decarbonisation of our operations. As industry shifts towards the use of cleaner technology, it is important that we invest to avoid additional costs or reputational impacts that could affect the Group's competitiveness. As part of our roadmap towards Net Zero, we have identified key levers that will provide us with a pathway to our 2030 targets and longer-term Net Zero ambition. In our risk assessment, we examined the potential costs associated with a targeted energy mix and the expected level of investment required to achieve this.

Finally, for **market-based risk**, we looked at how consumer sentiment may drive a shift towards lower carbon alternatives across food and beverage. From our own proprietary research, *Sustainability in Motion*, we understand that consumers are seeking out healthier products that have a lower, environmental impact. Using external data sources[1] and demographic insights, we have looked at how this consumer sentiment may shift over time and the potential implications for our product portfolio.

We realise that climate change also represents a significant **reputational risk** for organisations. Kerry works with the world's leading food and beverage brands, many of whom have made their own commitments on climate change. They increasingly seek out partners that are aligned with their own objectives and who can support them in achieving their targets. This presents an opportunity for Kerry as we deliver on our *Beyond the Horizon* commitments. Conversely, failure to take adequate action on climate change could mean a loss of reputation and damage to commercial and other important stakeholder relationships. Given the difficulty in quantifying reputational risk, we have not modelled a quantitative assessment of impact.

Climate-Related Opportunities

While climate change poses potentially significant risks for our industry it also presents potential opportunities for Kerry Group, particularly as customers seek to transition to a lower-carbon economy. The climate-related opportunities outlined in the table below represent key areas where we see potential benefits for our business, while supporting our customers in their transition efforts.

Opportunity	No.	Description	Time horizon	Potential impact
Resource Efficiency	1	Impact of energy efficiency on operational costs.	Short - Medium	A key lever in the achievement of our 2030 targets is an ongoing focus on energy efficiency. As energy price volatility continues, this increase in efficiency provides an opportunity for reduced energy costs and lower emissions, which helps reduce our exposure to carbon pricing.
Energy Source	2	Impact of decarbonisation on operational costs.	Medium - Long	As we transition to renewable energy sources we can potentially benefit from lower energy costs as fossil fuel prices rise due to increased carbon taxes and non-fossil based energy scales and unit costs reduce.
Markets	3	Impact from growth of lower-carbon alternatives.	Short - Medium	Kerry's technology portfolio can also support our customers as they look for alternatives to higher carbon inputs. For example, our food waste technologies, liquid smoke flavours and plant-based portfolio offer emissions reduction opportunities across a range of food and beverage end use markets.

Scenario Analysis

We recognise the future consequences of rising emissions and the impact this could have on the Group. As a result, we have examined our business under a range of future scenarios, modelling different climate pathways to test the nature and magnitude of potential risks and opportunities.

Methodology

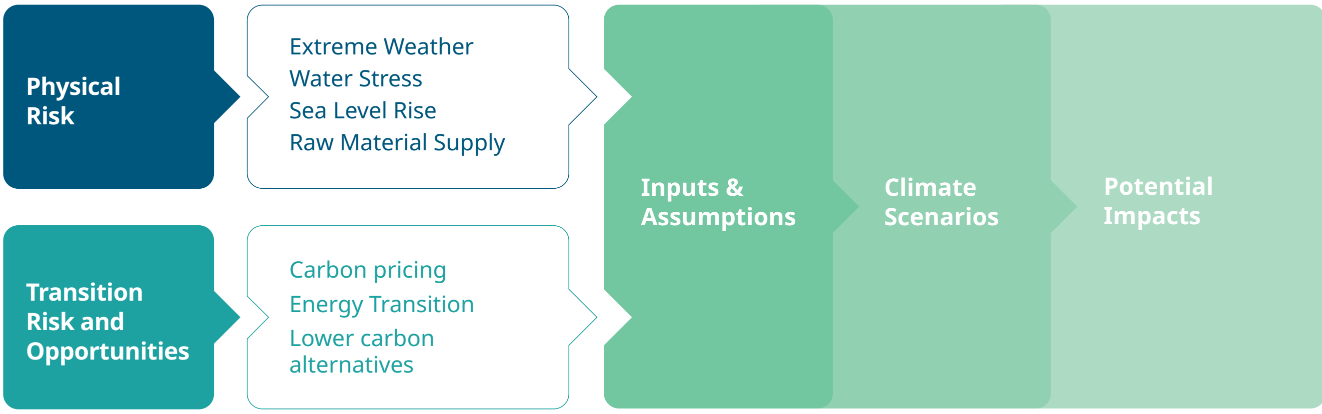
We assess the most material physical and transition risks identified for Kerry Group under two climate pathways. The first pathway looks at changes which may occur if global average temperature increases are kept below two degrees Celsius by 2100[2]. The second assumes that emissions continue to increase so that global average temperature increases exceed four degrees Celsius by the end of the century[3].

1 GreenPrint Business of Sustainability Index
2 Aligns with Representative Concentration Pathway (RCP) 2.6
3 Aligns with Representative Concentration Pathway (RCP) 8.5

<2^0 Celsius (RCP 2.6)	>4^0 Celsius (RCP 8.5)
In this scenario, planned intervention limits global average temperature increase to below 2^0 Celsius by 2100, which heightens transition risk and opportunity.	In this scenario global average temperatures increase to over 4^0 Celsius by 2100, representing a 'worst case' outcome and a higher degree of physical risk.

Our analysis of physical and transition risk is carried out in partnership with an expert third-party, drawing on proprietary risk models along with our own risk assessment process to understand the implications of different climate scenarios for our business. For physical risks, we have employed a global climate risk analysis tool to help assess the potential impact of site damage and business interruption across our operations and transport routes. For transition risks, we use a global economic model, which incorporates an assessment of the carbon emissions associated with economic activities and the impact of constraining these.

Summary of Modelling Approach



Impact of Climate-Related Issues on Financial Performance

While there have been some climate-related impacts on supply chains and operations in 2022, these did not have a significant impact on revenue or costs in the year. As noted above, three of our manufacturing sites are subject to EU and UK emissions trading schemes, which have experienced an increasing cost of carbon. We continue to focus on reducing emissions at these locations as part of our broader decarbonisation strategy. Extreme weather events in 2022 have had an impact on some raw material prices, however, the direct impact of this is difficult to separate from other cost drivers, which include the current geopolitical landscape and continuing supply chain disruptions.

We see the potential for growth within lower carbon alternative products as these continue to offer opportunities. Customers are increasingly seeking to understand the climate impact of their products and how this can be lowered in response to both consumer demand and their public commitments relating to emissions reduction. Energy price increases have also made capital projects relating to efficiency and the use of cleaner fuels more financially attractive, which will support our ongoing plans for emissions reduction across the Group.

Potential Future Impact of Climate-Related Risks and Opportunities

Through the use of scenario analysis, we have modelled potential future financial impacts for our business. While these are helpful in exploring areas of risk, there are limitations to the methodology and the number of variables with the potential to impact on future outcomes creates uncertainty. To overcome this and the gaps in available data, we have made certain assumptions about the future of our business and the context in which it will operate. Where we have done so, we have sought to base these assumptions on credible third-party data and expert judgement.

While climate modelling is available to support the assessment of potential physical risks, the pathway to achieving a lower-carbon economy is highly variable, as governments, consumers and industry pursue a variety of approaches over differing timeframes. As a result, the modelling of transition pathways is particularly challenging, given the lack of certainty on the level and timing of any interventions. These uncertainties increase over time, making longer term modelling especially difficult and while we have examined key transition risks to our business beyond 2030, these are not included here, given the theoretical nature of these assessments. The following table outlines the potential financial impact associated with our key climate-related risks and opportunities. The ranges used to indicate the level of impact are cumulative and have been determined with reference to the approach used in assessing the significance of financial impact on our income statement and assets.

Inputs and Assumptions

Growth	It is assumed that Kerry will achieve its medium-term growth targets and a global average growth rate is used thereafter.
Manufacturing Footprint	It is assumed that the current footprint remains static until 2050 with no additional mitigation measures adopted to minimise climate-related risk.
Emissions	It is assumed that the Group will achieve its 2030 emissions reduction targets and reach Net Zero before 2050.
Climate Data	We use climate and economic data provided by expert third parties to model potential physical and transition impacts.
Carbon Price	Assumed changes in carbon price broadly align with International Energy Agency (IEA) and Intergovernmental Panel on Climate Change (IPCC) projections to 2030. Low or no further policy intervention is assumed under a >4C scenario.

Physical Risks

Risks	Risk Drivers	Impact Area	Cumulative Impact to 2030		Cumulative Impact to 2050		Details
			<2⁰C	>4⁰C	<2⁰C	>4⁰C	
Physical – Acute	The potential impact of acute climate hazards such as extreme wind, flooding, etc. on manufacturing sites and distribution channels.	Assets	Low	Low	Low	Low	Our assessment has highlighted a very small number of sites globally which have higher levels of physical risk, specifically flooding. Similarly, our distribution network also has some exposure to acute hazards. A conservative approach has been adopted to model risk to this network and a more detailed analysis is expected to evolve the assessment and improve the quantification. While financial impact is estimated to be low, the level of risks does increase with time and is greater under a >4⁰C scenario.
		Revenue	Low	Low	Low	Low	
Physical - Chronic	The potential impact of chronic climate hazards such as sea level rise and water stress on manufacturing sites.	Assets	Medium	Medium	Low	Low	Our assessment of water stress shows limited levels of risk across our operations for both temperature trajectories. The sites identified are within the Group's priority locations for water risk with efforts already underway to manage water use at these sites. Two locations globally were identified that could be at increased risk of flooding given projected sea-level rise. The potential financial impact to our assets is estimated to be medium to 2030 and low to 2050 given the thresholds for this extended period, albeit the level of risk increases over time and under the higher temperature scenario.
		Revenue	Low	Low	Low	Low	
Physical – Chronic	The potential impact of chronic climate hazards on the availability of key raw materials.	Cost	Low	Low	N/A	N/A	Our assessment shows that while there may be impacts to yields, overall land suitability for selected raw material does not present a significant challenge by 2050. However, the projected demand for these commodities coupled with climate-related impacts is anticipated to result in upward price pressure over this period. The availability of data inhibits us in making a consistent assessment over the period from 2030 to 2050.

It should be noted that this is not a forecast. Scenario analysis is subject to limitations and based on several assumptions. The information above should be viewed accordingly.

Transition Risks and Opportunities

Risk / Opportunity	Risk Drivers	Impact Area	Cumulative Impact to 2030		Details
			<2⁰C	>4⁰C	
Policy	Introduction of carbon pricing to constrain emissions intensive activities.	Cost	Low	N/A	The increased use of carbon pricing by regulators has the potential to significantly increase operational costs. We modelled a carbon price of €130 per tonne taking effect across all our operations by 2030 under the <2⁰C scenario (assuming no such intervention in a >4⁰C world). The impact of this cost is modest compared to the potential for much greater cost increases in the event that a higher carbon price is subsequently required to achieve Net Zero by 2050.
Technology	Adoption of new technology to support our transition to a low carbon business.	Cost	Medium	Medium	Increased regulatory and stakeholder pressure creates widespread adoption of clean energy technology. The achievement of Kerry's 2030 Scope 1 & 2 targets adequately meets these stakeholder demands, with deep decarbonisation of sites commencing after this date and capital expenditure requirements rising accordingly. The model assumes a falling cost of renewables while prices increase for fossil-based energy. The rates for this fossil energy rise more substantially under a <2⁰C scenario.
Market	The opportunity presented by shifting consumer demand.	Revenue Growth	High	High	Increased consumer awareness and changing demographics leads to a sustained shift towards environmentally-friendly food and beverage choices. This leads to reduced demand in some markets for carbon intensive products such as meat, but provides significant opportunity for lower carbon alternatives and solutions that help to lower product footprints. This trend is assumed to grow over time and become more significant under a <2⁰C scenario. For the quantification of this opportunity, we have modelled a limited number of proven lower-carbon solutions aligned with our growth platforms.

It should be noted that this is not a forecast. Scenario analysis is subject to limitations and based on several assumptions. The information above should be viewed accordingly.

The Impact of Climate Change on Our Financial Statements

We considered the potential impacts of climate change risks when preparing our Consolidated Financial Statements and have determined that there is no material impact on the financial reporting judgements and estimates and as a result there is no impact on the valuations of the Group's assets and liabilities from these risks as at 31 December 2022.

In the impairment testing of goodwill and indefinite life intangible assets, the impact of some of the climate related scenarios have been considered. The Group performed a number of sensitivity scenarios to incorporate climate-related risks and opportunities including impacts on revenue and profitability, future capital expenditure and investments as well as volatility associated with other risks identified.

The useful lives of assets 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.

Resilience of Kerry Group's Strategy

When we review our strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario, we see a strong level of resilience.

Our physical risk assessment has provided valuable insight into the longer-term risks across our operations and supply chain and while it identifies areas for further focus, it also highlights how our diverse geographic spread of manufacturing facilities and strategy of co-location in proximity to our customers, helps to limit Kerry's operational exposure to climate risk in any one specific region or geography. To ensure continued resilience, we have looked at ways of improving the integration of specific climate-related risks within business continuity planning for higher risk sites and are examining public policy and action in areas where adaptation requires a broader based response.

In addition, we have accelerated our response to climate change with a 48% reduction in operational emissions since our 2017 base year and while water risk is deemed low impact, we continue to drive efficiencies across our operations. We also place a specific focus on sites in areas of water stress and look at additional ways to reduce water withdrawals at these locations. For more see page 72 of our Sustainability Review.

For our raw materials, our global sourcing strategy and responsible sourcing commitments will be important to help manage potential future risks to availability of key commodities as regional climatic impacts take effect. While overall land suitability for production is expected to be maintained, we do acknowledge the potential for extreme events that could impact on availability. As part of our responsible sourcing programme, we will continue to work with our suppliers, helping to ensure that carbon reduction plans are in place alongside programmes that can help improve the overall resilience of farmers and their communities.

Further down the value chain, the breadth and depth of our portfolio, our diverse customer base and range of channels helps to reduce the risk associated with any specific category or market segment and provides an opportunity for innovation across multiple end use markets. Our Research, Development and Application strategy is focused on growth platforms that are aligned with a low carbon transition and we work as a trusted partner with our customers, co-creating products to meet changing consumer preferences. Our investment in innovation reflects the importance of climate action across our customers' brands and our technical capability and extensive portfolio of solutions strengthens our position as a partner of choice.

Carbon pricing and technology shifts will continue to be important considerations for the Group in delivering on our strategy. Our climate transition plan is critical to managing this potential area of risk and delivering on the decarbonisation of our operations in line with Kerry's 2030 targets, longer-term Net Zero ambition and stated climate policy across jurisdictions where we operate. Focused on key areas of impact, this transition plan will continue to evolve for both our operations and supply chain as we make progress on target initiatives and gain additional insight on low-carbon approaches, particularly across our value chain.

Risk Management

The identification, assessment and management of climate-related risks follow the Group's existing risk management framework, however, the time horizons have been extended to allow for the longer-term impacts of climate change. This work has been supported by an Executive-led steering committee, which has helped to define a focused set of risks for detailed analysis, as outlined on page 77.

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 our Internal Audit function and overseen by the Risk Oversight Committee. For more on our principal risks and the risk assessment process see our Risk Management Report on pages 94-105.

Within our risk management framework, we adopt an integrated approach to assessing and managing climate-related risks across our business and wider value chain, which involves a dual approach as follows:

i) We include 'Climate Change and Environmental' risk as a standalone principal risk for our business, considering the longer-term systemic nature of the risk and the requirements for shorter-term action to mitigate and plan for this.

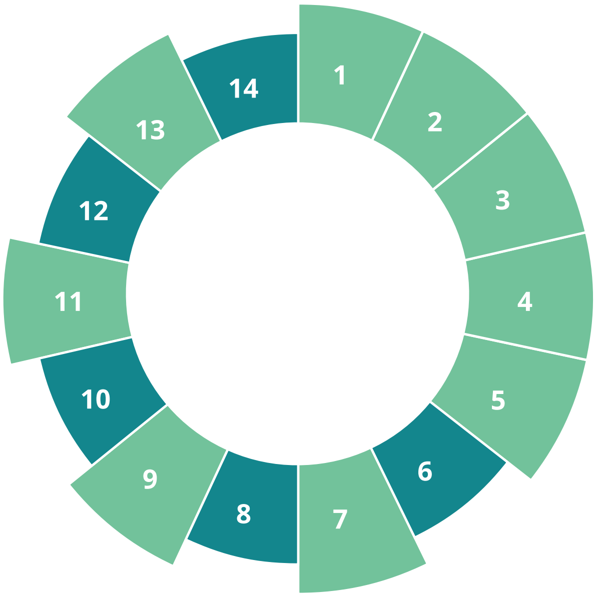
ii) We also consider how discrete climate-related impacts can affect other risk areas and integrate climate considerations within additional principal risks, for example, the potential impacts of extreme weather on raw material availability.

As part of the Group's enterprise risk management framework, we have defined parameters under which we quantify potential impact. The significance of this risk is determined using a standard risk scoring methodology to ensure consistency in reporting and evaluation of risks.

The Group's risk appetite is agreed annually with the Board and as a result we seek to minimise climate-related risks while ensuring the ongoing success of our business. The management of these climate-related risks is undertaken within the function where the risk may occur, for example, raw material risks are managed by procurement. Any actions taken must be sufficient to bring climate risks within the agreed appetite for the Group and the Chief Operating Officer has executive responsibility for these mitigations on climate change. He is supported in this work by the Council structure outlined on page 75.

In 2022, climate considerations, particularly our key climate risks, were also a critical area of focus during dedicated risk reviews with the business. This allowed us to explore how climate-related issues can impact on strategies within regions and key functional teams and further assess the controls which are in place. Prioritisation of any additional action is based on materiality and defined by potential severity and likelihood of the impact.

Climate Change Integration across our Principal Risks



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

1 Portfolio Management
2 Geopolitical, Emerging Markets and Macroeconomic Environment
3 Business Acquisition and Divestiture
4 Climate Change and Environment
5 Business Ethics and Social Responsibility
6 People
7 Food Safety, Quality and Regulatory
8 Health and Safety
9 Margin Management
10 Information Systems and Cybersecurity
11 Operational and Supply Chain Continuity
12 Intellectual Property
13 Taxation
14 Treasury

We also continue to plan for emerging non-financial reporting regulations across multiple jurisdictions. The divergence in approaches, scope and timelines across different frameworks pose a risk for businesses and we have engagement with our Board, executive management and functional teams to ensure they understand these forthcoming requirements and that the business can respond appropriately.

Metrics and Targets

Our *Beyond the Horizon* sustainability strategy sets out several important target areas related to climate action. Key among these, is our science-based target for emissions reduction across all scopes by 2030 and our ambition to achieve Net Zero before 2050. As part of our transition plan, we have made strong progress against this goal with a 48% reduction in absolute Scope 1 and 2 emissions in 2022 and the achievement of our 100% renewable electricity objective three years ahead of our initial target timeframe.

We continue to examine how best to enhance disclosures relating to our decarbonisation roadmap and progress towards our Net Zero ambition. We report on climate metrics to multiple platforms, including CDP and in 2022 maintained our leadership score. We have completed further work in 2022 to help identify and quantify our Scope 3 emissions and we have ongoing engagement with our value chain and expert partners on improving both the accuracy and transparency of our data.

In line with TCFD Guidance, we disclose the following climate-related metrics which are relevant for our business, outlining how these relate to specific areas of climate-related risk and opportunity which have been identified. For more information on our metrics and targets, including Scope 3 breakdown, boundaries and calculation approach see our 2022 Sustainability Report on kerry.com.

Impact Area	Units	2022	2021	Change vs 2017 Base Year	Key Target Areas	Area of Risk / Opportunity
Scope 1	Tonnes of CO_2e	460,731	482,055	-10%	We have set a science-based goal for emissions reduction, targeting a 55% absolute reduction in Scope 1 and 2 emissions and a 30% reduction in Scope 3 intensity by 2030, versus our 2017 base year. We are also committed to achieving Net Zero before 2050. We continue to make progress across all scopes in line with our targets. These reductions will ensure we play our part in mitigating the key contributor to the risks which have been identified for our business. For more on our efforts to reduce emissions see pages 69-70.	Physical and Transition Risks (1-7, 9)
Scope 2	Tonnes of CO_2e	25,415	149,362	-94%		
Scope 1 & 2	Tonnes of CO_2e	486,146	631,417	-48%		
Scope 3	Tonnes of CO_2e	9,971,498	10,534,013	0%		
Renewable Electricity	%	100%	61%	N/A	We have an ongoing focus on energy efficiency and increasing the proportion of renewables within our energy mix. We are members of RE100 under which we set a target for 100% of our electricity to come from renewable sources by year end 2025. This shift to cleaner sources of energy supports our decarbonisation pathway and helps mitigate potential impacts associated with carbon prices and the shift towards cleaner technology. For more details on our progress towards clean energy see our 2022 Sustainability Report.	Transition Risk (6-7)
Total Energy Consumed	MWh	3,276,271	3,321,922	-2%		
Energy Intensity	MWh/ tonnes product	0.95	0.95	-5%		
Total Renewable Energy	MWh	921,736	578,097	1388%		
Water Withdrawals	Megalitres (ML)	21,551	22,509	-1%	We are focused on increasing water efficiency across our business and are targeting a 15% improvement in water intensity by 2025, versus our 2017 baseline. We take account of water context in our target setting process and have identified priority water sites for specific action. Our focus on water management across these sites helps us to better prepare for potential water risks at these locations. While we do not have a separate target across these sites, our average water intensity at these locations was 12% lower versus our 2017 baseline. For more on water use across our operations, see our 2022 Sustainability Report.	Physical Risk (4)
Water Intensity	ML / tonne product	6.28	6.45	-5%		
Water Intensity in High-Risk Areas	Megalitres	3.07	3.15	-12%		

Responsible Sourcing: Dairy (Liquid Milk)	Certified Volumes	100%	100%	N/A	In addition to certification and independent carbon footprinting across all Irish milk volumes, we have launched the *Evolve* programme to incentivise carbon reductions at farm level and improve the resilience of farm enterprises. Targeting a 30% reduction in carbon intensity by 2030, *Evolve* helps to address risk in the region where it is deployed, provides an industry-leading template for supplier engagement in other regions and delivers less carbon intensive inputs that can meet consumer demand for more sustainable products.	Physical and Transition (5, 8, 9)
Taste & Nutrition Revenue Growth	%	29.4%	9.2%	N/A	Our Taste & Nutrition revenue has grown by 29.4% in 2022, supported by our growth platforms, which include a range of lower-carbon solutions within our portfolio.	Transition Opportunity (3)
Remuneration	%	20%	20%	N/A	20% of executive variable remuneration is tied to the achievement of core sustainability objectives, including the achievement of the Group's climate-related targets.	Physical and Transition Risk (1-6)

In addition to the above specific target areas, we are exploring carbon price mechanisms to aid decision making within the organisation.

Further details in relation to our climate-related targets can be found in the Group's 2022 Sustainability Review on page 69.

Conclusion

These climate-related disclosures are intended to assist readers in understanding the potential impacts of climate change on our business over the short, medium and long-term.

Table of Concordance

Pillar	TCFD Recommendation	Kerry Disclosure (page ref)
Governance	Describe the Board's oversight of climate-related risks and opportunities	74-75
	Describe management's role in assessing and managing climate-related risks and opportunities	75-76
Strategy	Describe the climate-related risks and opportunities the organisation has identified over the short, medium, and long-term	77-78
	Describe the impact of climate-related risks and opportunities on the organisation's businesses, strategy, and financial planning	78-81
	Describe the resilience of the organisation's strategy, taking into consideration different climate-related scenarios, including a 2°C or lower scenario	81-82
Risk	Describe the organisation's processes for identifying and assessing climate-related risks	76, 82
	Describe the organisation's processes for managing climate-related risks	82
	Describe how processes for identifying, assessing, and managing climate-related risks are integrated into the organisation's overall risk management	82-83
Metrics and Targets	Disclose the metrics used by the organisation to assess climate-related risks and opportunities in line with its strategy and risk management process	83-85
	Disclose Scope 1, Scope 2, and, if appropriate, Scope 3 greenhouse gas (GHG) emissions, and the related risks	84
	Describe the targets used by the organisation to manage climate-related risks and opportunities and performance against targets	84-85

EU Taxonomy

Background

To meet the EU's climate and energy targets for 2030 and reach the objectives of the European Green Deal, the European Commission established an action plan to direct investments towards sustainable projects and activities. Under this action plan the EU has defined a taxonomy of sustainable activities.

The EU Taxonomy (Regulation (EU) 2020/852, the 'Taxonomy Regulation') and the supplementary Delegated Regulation C(2021) 4987 was introduced to increase the level of transparency on environmental information through a common classification system for environmentally sustainable economic activities.

At present, the EU Taxonomy does not cover all industries and its sustainable classification criteria is not yet applicable to Kerry's ongoing core business activities.

In the following section, the Group has outlined the extent to which some limited activities are eligible and aligned under the first two environmental objectives; climate change mitigation and climate change adaptation as set out in Commission Delegated Regulation (EU) 2021/2139 (Climate Delegated Act) and Commission Delegated Regulation (EU) 2022/1214 (Complementary Climate Delegated Act). For the 2022 financial year, only these two environmental objectives are in scope for reporting.

An expansion in the scope of the EU Taxonomy is expected in 2023, as the remaining four environmental objectives come into scope (sustainable use and protection of water and marine resources, transition to a circular economy, pollution prevention and control, protection and restoration of biodiversity and ecosystems). We are preparing for expanded disclosures as the regulation takes effect.

EU Taxonomy

Applicable for 2022

1	Climate change mitigation
2	Climate change adaptation

Economic Activities

The disclosure requirements cover Kerry's global activities. Our core business involves the manufacture of food and beverage products, which is not currently in scope of the EU Taxonomy.

In 2022, we assessed our activities for eligibility to see whether the Group's turnover, Operating Expenditure (OpEx) or Capital Expenditure (CapEx) correspond to an economic activity that is described in the Climate Delegated Act. Our assessment determined that our Taxonomy-eligible activities were all classified under climate change mitigation, reflecting activities being taken in line with our *Beyond the Horizon* strategy. As we allocated our business activities to only one environmental objective, we avoided double counting in the two environmental objectives that are in scope.

Once we determined the eligible activities, we assessed each activity for alignment. For each activity, we considered the technical screening criteria as described in the Climate Delegated Act. We determined the activities that made a substantial contribution to at least one environmental objective and that did no significant harm to any of the other environmental objectives along with compliance with minimum safeguards. The assessment of compliance against minimum safeguards leverages policies such as our Group Code of Conduct and established processes across the Group.

Using the EU Taxonomy Compass, we assessed all our Taxonomy-eligible projects against specific Taxonomy-alignment criteria for each activity. For example, for the activity installation, maintenance and repair of energy efficiency equipment, under substantial contribution criteria for climate mitigation, we assessed against the energy efficiency criteria. For do no significant harm for climate adaptation, we assessed against the criteria outlined in Appendix A to the Annex[1] including the physical climate risk assessment of our sites. For do no significant harm for pollution prevention, we assessed against the criteria in Appendix C to the Annex[1], as these were the requirements for this activity.

The evaluation of eligibility and alignment was conducted by a cross functional working group, including the Sustainability Reporting Team, Engineering and Research, Development & Application (RD&A) teams. The evaluation process allocated projects to distinct categories to avoid double counting in the numerator across economic activities in the turnover, OpEx and CapEx Key Performance Indicators (KPIs).

The KPIs calculated and disclosed in the tables below indicate the proportion of turnover, OpEx and CapEx in the following categories:

- Taxonomy-aligned: Activity that is described in the Climate Delegated Act and meets all of the Technical Screening Criteria (substantial contribution and do no significant harm) as well as complying with minimum safeguards
- Taxonomy-eligible but not Taxonomy-aligned: Activity that is described in the Climate Delegated Act and does not meet the Technical Screening Criteria or does not comply with minimum safeguards
- Taxonomy-non-eligible: An activity that is not described in the Climate Delegated Act

We also assessed activities against the Complementary Climate Delegated Act and have not completed templates 1 to 5 as none of the activities listed in this Act are applicable to Kerry.

[1] Commission Delegated Regulation (EU) 2021/2139

Accounting Policies

Turnover

The denominator used for the turnover KPI is based on the total revenue recognised pursuant to International Accounting Standard (IAS) 1, paragraph 82 (a) as reported in the Consolidated Income Statement on page 180. For further details on Kerry's revenue accounting policy, see Note 1 of the Financial Statements. In determining the KPIs for turnover, the share that is Taxonomy-aligned (numerator) and Taxonomy-eligible but not Taxonomy-aligned (numerator) is each divided by the denominator.

The manufacture of food and beverage products was deemed non-eligible as these activities are currently not in scope under the EU Taxonomy. We conducted a deeper review of our turnover with cross functional support and input from the Group's Chief Science and Technology Officer against the economic activities included in the EU Taxonomy Regulation. This assessment showed no eligible turnover (numerator) and therefore we established the Taxonomy-eligible turnover to be 0% in 2022 (0% in 2021).

As no activities were deemed Taxonomy-eligible, there is no requirement to assess alignment.

Proportion of turnover from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria					
Economic Activities (1)	Codes (2)	Absolute turnover (3) €'m	Proportion of turnover (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
Activity 1		-	0.0%	0%	0%				
Turnover of environmentally sustainable activities (Taxonomy aligned) (A.1)		**-**	**0.0%**	**0%**	**0%**				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
Activity 1		-	0.0%						
Turnover of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**-**	**0.0%**						
Total (A.1 + A.2)		**-**	**0.0%**						
TAXONOMY-NON-ELIGIBLE ACTIVITIES									
Turnover of Taxonomy-non-eligible activities (B)		8,771.9	100.0%						
Total (A+B)		**8,771.9**	100.0%						

EU Taxonomy - Turnover	Reference to Financial Statements	2022 €m
Revenue	Consolidated Income Statement	8,771.9
Turnover denominator		**8,771.9**

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosysmets (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of turnover, year N (18)	Taxonomy-aligned proportion of turnover, year N-1(19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
							0.0%			
							0.0%			
							0.0%			

Operating Expenditure

The denominator for OpEx consists of direct non-capitalised costs that relate to research and development (as recognised as an expense in our consolidated income statement as stated in Note 3 to the Financial Statements), building renovation measures, short-term leases, maintenance and repair and other direct expenditures relating to the day-to-day servicing of assets of property, plant and equipment which includes internal and external people cost for our engineering teams who maintain buildings and equipment (as included in other general overheads and staff costs in Note 3 to the Financial Statements).

We conducted a review of our OpEx against the Taxonomy requirements with our Integrated Operations and Engineering teams. We determined that, as the majority of our costs related to turnover, the eligibility of activities for OpEx would be low.

For those activities which were identified as being eligible, OpEx was then assessed for alignment against the technical screening criteria and minimum safeguards.

The Taxonomy-aligned and Taxonomy-eligible but not Taxonomy-aligned numerator included OpEx related to Taxonomy activities[1] as set out in the OpEx KPI Table including:

Proportion of operating expenditure from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria					
Economic Activities (1)	Codes (2)	Absolute OpEx (3) €'m	Proportion of OpEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	0.4	0.1%	100%	0%				
OpEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		**0.4**	**0.1%**	**100%**	**0%**				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	6.5	1.0	0.2%						
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	7.1	1.1%						
OpEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**8.1**	**1.3%**						
Total (A.1 + A.2)		**8.5**	**1.4%**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
OpEx of Taxonomy-non-eligible activities (B)		638.7	98.6%						
Total (A+B)		**647.2**	**100.0%**						

- 6.5 transport by motorbikes, passenger cars and light commercial vehicles
- 7.3 installation, maintenance and repair of energy efficiency equipment

The Taxonomy-aligned numerator all relates to costs captured within maintenance and repairs in the denominator.

Taking the Taxonomy-aligned and Taxonomy-eligible but not Taxonomy-aligned numerator over the denominator, we assessed Taxonomy-aligned activities at 0% and Taxonomy-eligible but not Taxonomy-aligned activities as 1%.

EU Taxonomy - Operating Expenditure	2022 €m
Research & development costs	303.2
Short-term leases	3.7
Maintenance and repairs	170.3
Other direct expenditures	170.0
Operating Expenditure denominator	647.2

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosysmets (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of OpEx, year N (18)	Taxonomy-aligned proportion of OpEx, year N-1(19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
	Y	-	-	Y	-	Y	0.1%		E	-
							0.1%		**0.1%**	
							0.1%		**0.1%**	

[1] Commission Delegated Regulation (EU) 2021/2139

Capital Expenditure

The denominator used for the CapEx KPIs in 2022 is calculated as additions and businesses acquired for property, plant and machinery (IAS 16), leases (IFRS 16) and intangible assets (IAS 38) as reported in Notes to the Financial Statements 11 (i), 11 (ii) and 12 on pages 205-212. As defined in the taxonomy, Goodwill is not included in the CapEx KPI.

The Taxonomy-aligned and Taxonomy-eligible but not Taxonomy-aligned numerator includes CapEx related to Taxonomy activities[1] as set out in the CapEx KPI table including:

- 6.5 transport by motorbikes, passenger cars and light commercial vehicles
- 7.1 construction of new buildings
- 7.2 renovation of existing buildings to improve existing manufacturing facilities
- 7.3 installation, maintenance and repair of energy efficiency equipment
- 7.4 installation, maintenance and repair of charging stations for electric vehicles in buildings and parking spaces attached to buildings
- 7.5 installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings, and
- 7.7 acquisition and ownership of buildings

Proportion of capital expenditure from products or services associated with Taxonomy-aligned economic activities

				Substantial contribution criteria					
Economic Activities (1)	Codes (2)	Absolute CapEx (3) €'m	Proportion of CapEx (4) %	Climate change mitigation (5) %	Climate change adaptation (6) %	Water and marine resources (7) %	Circular economy (8) %	Pollution (9) %	Biodiversity and ecosystems (10) %
A. TAXONOMY-ELIGIBLE ACTIVITIES									
A.1 Environmentally sustainable activities (Taxonomy-aligned)									
7.2 Renovation of existing buildings	7.2	1.5	0.4%	100%	0%				
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	10.1	2.3%	100%	0%				
7.4 Installation, maintenance and repair of charging stations for electric vehicles in buildings (and parking spaces attached to buildings)	7.4	0.0	0.0%	100%	0%				
7.5 Installation, maintenance and repair of instruments and devices for measuring, regulation and controlling energy performance of buildings	7.5	0.1	0.0%	100%	0%				
CapEx of environmentally sustainable activities (Taxonomy aligned) (A.1)		**11.7**	**2.7%**	**100%**	**0%**				
A.2 Taxonomy-Eligible but not environmentally sustainable activities (not Taxonomy-aligned activities)									
6.5 Transport by motorbikes, passenger cars and light commercial vehicles	6.5	3.5	0.8%						
7.1 Construction of new buildings	7.1	12.5	2.9%						
7.2 Renovation of existing buildings	7.2	6.5	1.5%						
7.3 Installation, maintenance and repair of energy efficiency equipment	7.3	19.5	4.4%						
7.7 Acquisition and ownership of buildings	7.7	54.4	12.4%						
CapEx of Taxonomy-eligible but not environmentally sustainable activities (not Taxonomy-aligned activities) (A.2)		**96.4**	**22.0%**						
Total (A.1 + A.2)		**108.1**	**24.7%**						
B. TAXONOMY-NON-ELIGIBLE ACTIVITIES									
CapEx of Taxonomy-non-eligible activities (B)		330.6	75.3%						
Total (A+B)		**438.7**	**100.0%**						

The Taxonomy-aligned CapEx numerator only consists of property, plant and equipment additions, right of use asset additions and intangible asset additions.

Comparing the Taxonomy-aligned and Taxonomy-eligible but not Taxonomy-aligned capital additions (numerator) to our additions and businesses acquired of property, plant and equipment, right of use assets and intangible assets (denominator), the proportion of Taxonomy-aligned activities is 3%, Taxonomy-eligible but not Taxonomy-aligned is 22% in 2022. (Taxonomy-eligible CapEx of 24% was reported in 2021 which excludes businesses acquired; 15% including businesses acquired).

EU Taxonomy - Capital Expenditure	Reference to Financial Statements	2022 €m
Property, plant and equipment - Additions	Note 11 i	213.8
Property, plant and equipment - Businesses acquired	Note 11 i	46.1
Right of use assets - Additions	Note 11 ii	43.0
Right of use assets - Businesses acquired	Note 11 ii	0.3
Intangible assets - Additions	Note 12	12.2
Intangible assets - Businesses acquired - Brand related intangibles	Note 12	122.8
Intangible assets - Businesses acquired - Computer software	Note 12	0.5
Capital Expenditure denominator		438.7

DNSH criteria ('Does Not Significantly Harm')										
Climate change mitigation (11)	Climate change adaptation (12)	Water and marine resources (13)	Circular economy (14)	Pollution (15)	Biodiversity and ecosysmets (16)	Minimum safeguards (17)	Taxonomy-aligned proportion of CapEx, year N (18)	Taxonomy-aligned proportion of CapEx, year N-1(19)	Category (enabling activity or) (20)	Category (transitional activity) (21)
Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Y/N	Percent	Percent	E	T
	Y	Y	Y	Y	-	Y	0.4%		-	T
	Y	-	-	Y	-	Y	2.3%		E	-
	Y	-	-	-	-	Y	0.0%		E	-
	Y	-	-	-	-	Y	0.0%		E	-
							2.7%		**2.3%**	**0.4%**
							2.7%		**2.3%**	**0.4%**

[1] Commission Delegated Regulation (EU) 2021/2139

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 increased geopolitical uncertainty triggered by the invasion of Ukraine and a turbulent macroeconomic environment, 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 aligning with management on 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 95.

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 strategic objectives are in place. The Board also ensures 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 to the Audit Committee by the Board to provide structured and systematic oversight of the Group's risk management and internal control systems. It reviews and monitors 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 131-136 for a description of the risk management activities conducted by the Audit Committee in 2022.

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 is responsible for the effective operation of internal controls, designed to manage and mitigate the Group's principal risks and uncertainties. The 3LOD model ensures accountability for risk management is embedded into global processes and procedures. Key management committees support risk management including the Group Finance Committee, the ICT Security Steering Committee, the Business Integrity Committee, the Global Sustainability Council, and the Quality, Safety, Health and 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:

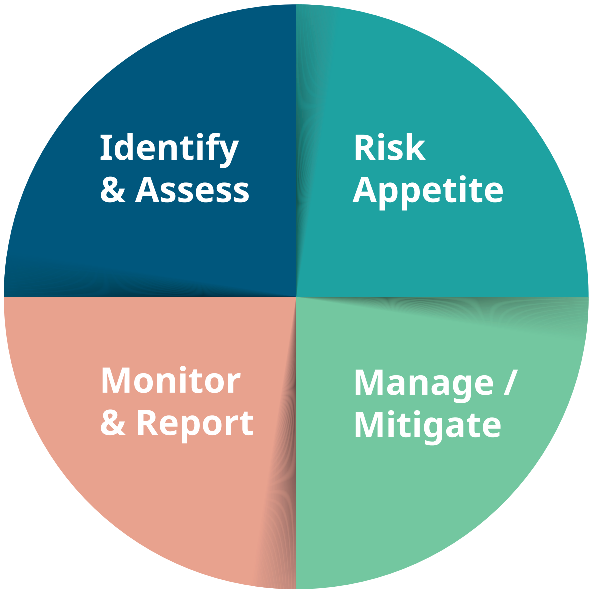
Group functional teams ensure the first line is operating as designed, manage performance reviews, internal control verifications and facilitate risk assessments. This includes the Quality, Health & Safety, Information & Cyber Security, Legal and Financial Control functions.

3rd LINE OF DEFENCE:

Group Internal Audit function along with other external assurance providers perform reviews which provide independent assurance over the operation of the internal control framework, risk management systems and governance processes.

Enterprise Risk Management (ERM) Process

Our ERM 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. Whilst our appetite for risk will vary over time, in general we maintain a balanced approach to risk, considering our risk appetite across five categories varying from risk averse to risk seeking. 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 a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets, the integrity of our business is critical and cannot be put at risk. Consequently, we have a zero tolerance for risks that could harm our people, impact food safety or result in non-compliance with laws and regulations. Conversely, 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 Audit Committee agendas include a series of updates from executive risk owners in relation to the Group's principal risks. These deep dive 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 perceived or potential 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 associated risk appetites and have confirmed in the Corporate Governance Report on page 130 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 98-104 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 our Value Creation Framework as outlined in the Strategic Report on pages 32-35. 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 an increased level of geopolitical and macroeconomic uncertainty, the ongoing impact of the COVID-19 pandemic in some markets, 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 recognises the significant risks posed by climate change and in line with the Task Force on Climate-related Financial Disclosures (TCFD) reporting requirements, the Group has considered climate-related impacts over a number of time horizons and different temperature pathways as outlined on pages 80-81.

Over the last two years a significant programme of work has been completed, guided by an Executive-led steering committee, to assess the impact of climate risk for the Group. This assessment focused on both physical risks, associated with either acute or chronic climate driven events, and transition risks associated with the shift to a lower carbon economy. Given the nature of these risks they were considered from a short-term (five years), medium-term (c. 2030) and longer-term (up to 2050) perspective. The approach is integrated with the overall Group ERM process and risks were assessed on the basis of likelihood, impact and velocity.

The focus in 2022 has been to evolve our understanding and quantification of climate-related risks and opportunities. An expert external partner was engaged who, in partnership with senior executives, used various models and scenario analysis to identify the potential financial impacts to our business. Further detail with regard to the process and scenarios examined as part of the assessment are outlined in the TCFD section on pages 74-85.

The Governance, Nomination and Sustainability (GNS) Committee plays a lead role in both supporting and overseeing the Group's actions in response to climate change. The Audit Committee also plays a role in assessing how climate-related risks have been reviewed and accounted for as part of the risk management and financial reporting process in addition to reviewing and approving the Group's climate-related disclosures.

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.

Whilst the worst effects of the COVID-19 pandemic have subsided, the Group continued to see the impacts in some markets, particularly China, where localised restrictions during the year resulted in some disruption to supply chains and impacted customer demand.
As in previous years, we prioritised protecting the safety and wellbeing of our people at all times and worked with our customers to support them as they navigated the disruption caused by the restrictions.

The global inflationary environment has been amplified by the geopolitical volatility caused by the invasion of Ukraine. This has resulted in macroeconomic uncertainty in some of the markets in which we operate, and inflation has adversely impacted energy pricing, commodity costs and supply chains. As a result, we have extended the scope of Geopolitical/Emerging Markets risk to incorporate Macroeconomic Environment risk. Our management teams are closely monitoring the situation and continue to demonstrate agility and an ability to take appropriate mitigating actions to secure raw materials, maintain production and provide a reliable supply to our customers. We have worked closely with our customers to manage the significant inflationary environment and continue to support them in developing their offerings to meet the rapidly evolving marketplace.

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. Due to the inherent nature of such risks, they can be difficult to quantify given the lack of data or longer time horizons. A summary of emerging risks which are identified through this process is presented to the Audit Committee and the Board for assessment and these risks continue to be monitored as part of our ongoing risk management processes. Emerging risks we are monitoring include key material and energy availability, endemic COVID-19, ESG regulatory changes, labour model disruption and technology innovation and disruption.

Link to Value Creation Framework as per the Strategic Report
Growth
Return
Sustainability

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

Impact

If the Group does not make optimal portfolio management 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 consider 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.
- The Group continues to enhance and define its taste and nutrition portfolio aligned to the areas where it can add most value.
- 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. This is supported by a significant investment in market insight tools that help to translate global trends into actionable ideas for innovation.
- The Group's refreshed mid-term plan published during 2021 outlined key growth platforms and financial targets for the period 2022-2026 and is aligned with the Group's *Beyond the Horizon* sustainability targets.

Geopolitical, Emerging Markets & Macroeconomic Environment

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.
- The Group has appropriate crisis management and business continuity plans in place to deal with issues when they arise.

Principal Risks and Uncertainties - Strategic (continued)

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.
- Robust integration and divestment processes are in place and post transaction 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 climate change and the implications that this can have for our business and supply chains.

Physical climate impacts may disrupt our operations while transitioning to a low carbon economy may influence costs and/or 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 both climate and broader sustainability-related risks and opportunities. Regular updates are provided to the GNS Committee, the Audit Committee and to the Board. For further detail in relation to climate risk governance please see page 74-76 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, and performance is monitored through a suite of global KPI's. In addition, sustainability and climate-related metrics are included as part of the Long-Term Incentive Plan (LTIP) for Executive Directors and senior management.
- Significant work is being undertaken to improve the accuracy and transparency of our Scope 3 footprint and prioritise action areas with our suppliers.
- Independent climate expertise, models and tools are used to continue to advance the Group's knowledge and understanding of climate-related risks and opportunities.
- We continue to enhance our strategic planning and investment appraisal processes to ensure climate-related risks and opportunities are appropriately considered.
- Appropriate business continuity and crisis management plans are in place to deal with events that arise.

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.

Ongoing geopolitical and economic uncertainty as well as intense competition for talent is impacting both the supply and cost of labour in a number of markets in which the Group operates.

Risk Trend

Impact

A failure to effectively manage talent, plan for leadership succession, embed our values in our culture and adapt to evolving employee needs may impact on the Group's ability to deliver on its strategic objectives.

How We Manage the Risk

- Robust talent management and succession planning processes are in place which are regularly reviewed by the Group Executive and overseen by the GNS Committee and the Board.
- The Group invests in learning and development programmes to support capability building and leadership expertise.
- Top quartile employee engagement is a key ambition of the Group and various initiatives are underway to support this objective with progress measured through a combination of ongoing pulse surveys and an annual employee engagement survey.
- The Group continues to advance its diversity, inclusion and belonging agenda with a Global Diversity, Inclusion and Belonging Council established during 2022. Progress towards our ambition to build a more diverse and inclusive culture is monitored through both KPI's and an inclusion index which is a component of the annual employee engagement survey.
- Reward and recognition programmes continue to be enhanced to ensure they remain competitive and aligned to delivery of the Group's strategic objectives.

Business Ethics and Social Responsibility

Description

Acting in an ethical and socially responsible manner, consistent with our purpose, 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

- The Group's Code of Conduct, which was refreshed in 2021, clearly defines the standards and expectations for all employees and third parties. This is supplemented by more detailed policies in some areas such as Human Rights, Anti-Bribery and Corruption and Diversity, Inclusion and Belonging.
- A Supplier Code of Conduct is in place which outlines the standards we expect from those we do business with and our responsible sourcing programme focuses on key impact areas such as deforestation and human rights.
- The Group continues to strengthen its Ethics and Compliance programme which in 2022 saw the establishment of an Executive Business Integrity Committee.
- Dedicated legal and regulatory teams are in place to monitor laws and regulations and provide support and advice where required.
- A mandatory employee training programme is in place which supports the Group's culture of doing business with integrity.
- The Group's Speak Up programme enables employees and third parties to raise any potential issues of concern and is overseen by the Business Integrity Committee.

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.
- Comprehensive food safety training programmes are in place for all relevant employees.
- 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 due diligence and audits 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.

Health and Safety

Description

The nature of the Group's operations can expose employees, sub-contractors, customers and other individuals to potential health and 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. All employees are empowered to challenge unsafe work conditions or practices.
- A robust health and safety management system is in place across all sites requiring employees to complete formal health and safety training (relevant to their role) at regular intervals. All sites are also subject to regular health and safety audits by Corporate Health and Safety, Internal Audit and external assurance providers.
- In facilities which are subject to continued COVID-19 restrictions, appropriate protocols continue to be in place to protect employees.
- The health and wellbeing of employees is a core priority for the Group and a global Employee Assistance Programme (EAP) is in place to support both employees and their families in this regard. In addition, during 2022 the Group provided multiple supports to employees and their families impacted by the invasion of Ukraine.

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 ongoing significant global cost inflation during 2022 driven by factors such as climate change related weather events, geopolitical events including the invasion of Ukraine, a tight labour market, in addition to 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.

Cyber and Information Systems Security

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 and Audit Committee who this year received three formal updates from the Chief Information Security Officer.
- A specialist ICT Security team is in place who, in conjunction with selected external technical specialists, 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 2022, we continued our ongoing programme of investment in cybersecurity controls which included improvements in identity and access controls as well as enhancements in response and recovery procedures.
- 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 Resilience

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.

2022 has seen ongoing global supply chain disruption. Extreme weather and geopolitical events have highlighted the need to continue to focus on building a resilient supply chain which is responsive to changing internal and external pressures.

Risk Trend

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 74-85.
- Experienced customer service teams enable a responsive and agile operation.

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.

Risk Trend

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.

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. – The Group has a strong investment grade credit rating and maintains access to global debt markets. Significant cash balances and long-dated debt facilities are in place to ensure the Group's liquidity requirements are met. – The Treasury function actively manages treasury risks through cashflow forecasts, monitoring funding requirements, foreign currency exposure netting and hedging, interest rate hedging and management of 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 potential impact of climate-related risks on profitability and liquidity, as described in the Business Reviews on pages 47-51.

The Group's 2023 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 40-46 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 95-104. This included a consideration of 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 40-46.

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, ongoing inflationary and interest rate increases, prolonged global supply chain disruption, political unrest	– Climate Change and Environmental – Business Acquisition and Divestiture – Geopolitical, Emerging Markets & Macroeconomic Environment – Operational and Supply Chain Resilience – 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 or other climate-related physical or transition risks	– Climate Change and Environmental – Portfolio Management – Operational and Supply Chain Resilience – Margin Management
Scenario 3: One-off Expense Impact of a catastrophic event such as a large-scale cyber attack, significant product contamination or disruption to operations	– Climate Change and Environmental – Cyber and Information Systems Security – Operational and Supply Chain Resilience – 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 95-104.

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.

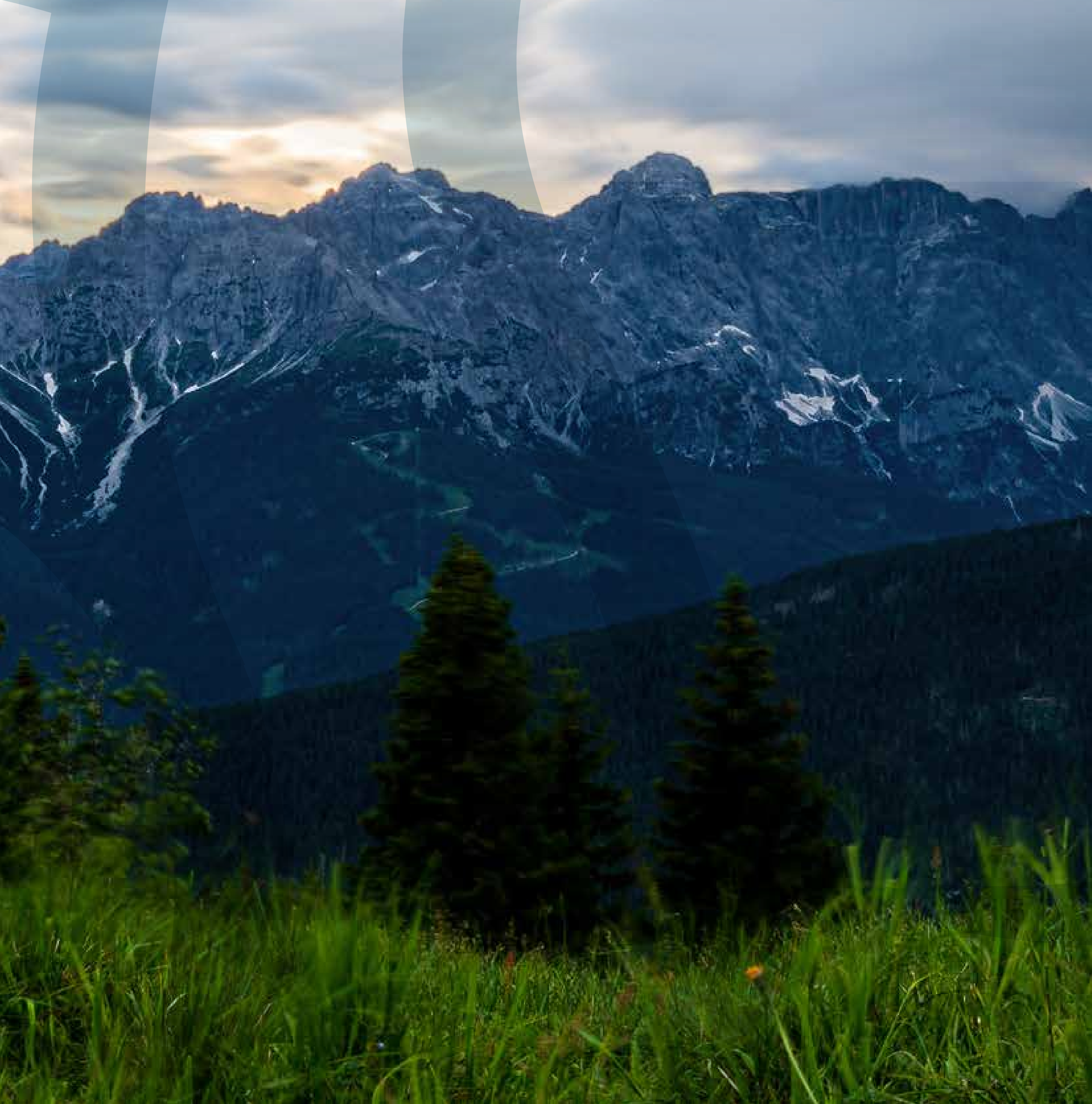
Viability Statement

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 74-85.

DIRECTORS' REPORT

Directors' Report



Board of Directors

Chairman & Executive Directors

Mr. Tom Moran (67) (M)

Chairman of the Board

Experience:
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 Agri-Food 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 trade negotiation leadership roles.

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

Tom joined the Board in September 2015 and was appointed Chairman of the Board in April 2022. He is Chairman of the Governance, Nomination and Sustainability Committee having previously served as Chairman of the Remuneration Committee, member of the Audit Committee and as the designated Workforce Engagement Director.

Appointed:
29 September 2015 and as Chairman 28 April 2022

Committee Membership:

G

Mr. Edmond Scanlon (49) (M)
Executive Director

Chief Executive Officer

Experience:
Edmond is a highly experienced leader in the global food and beverage industry having spent over 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 (51) (F)
Executive Director

Chief Financial Officer

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

Marguerite has almost 30 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 (58) (M)
Executive Director

President and CEO
Kerry Taste & Nutrition

Experience:
Gerry has over 35 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 since 2008.

Appointed:
13 May 2008

Committee Membership Key

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

Non-Executive Directors

Dr. Hugh Brady (63) (M)

Senior Independent Non-Executive Director

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

He is President of Imperial College London, a role he took 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 and Vice Chancellor of the University of Bristol in the UK from 2015 to 2022 and was President of UCD from 2004 to 2013.

Hugh joined the Board in 2014 and the Audit and Governance, Nomination and Sustainability Committees in 2015. He was appointed Senior Independent Director in April 2021.

Appointed:
24 February 2014

Committee Membership:
A G

Ms. Fiona Dawson (56) (F)

Independent Non-Executive Director

Experience:
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 joined the Board in January 2022 and was appointed to the Remuneration Committee on 14 February 2022.

Appointed:
4 January 2022

Committee Membership:
R

Dr. Karin Dorrepaal (61) (F)

Independent Non-Executive Director

Experience:
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 both the Remuneration and Governance, Nomination and Sustainability Committees in 2015 and was appointed the designated Workforce Engagement Director on 28 April 2022.

Appointed:
1 January 2015

Committee Membership:
G R

Ms. Emer Gilvarry (65) (F)

Independent Non-Executive Director

Experience:
Emer is a highly experienced professional who brings legal, business, governance and climate 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 its 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 brings experience on climate impact through her patronage of Chapter Zero Ireland the Irish Chapter of the Climate Governance Initiative, developed in collaboration with the World Economic Forum.

Emer joined the Audit Committee in November 2020 and the Remuneration Committee in June 2021. Emer was appointed Chairperson of the Remuneration Committee on 28 April 2022.

Appointed:
1 November 2020

Committee Membership:
A R

Non-Executive Directors

Mr. Michael Kerr (63) (M)
Independent Non-Executive Director

Experience:
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 in November 2021and was appointed to the Governance, Nomination and Sustainability Committee on 2 August 2022.

Appointed:
3 May 2021

Committee Membership:
A G

Mr. Christopher Rogers (62) (M)
Independent Non-Executive Director

Experience:
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 a non-Executive Director at Sanderson Design Group plc.

Christopher is a Fellow of Chartered Accountants England and Wales.

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. Patrick Rohan (48) (M)
Independent Non-Executive Director

Experience:
Patrick has considerable experience in the food industry, in particular the dairy and agribusiness sectors. He has held a number of local and national roles in a leading Irish dairy representation body through which he has knowledge in dealing with environmental sustainability matters relevant to the dairy sector. He brings insights to the Board that are reflective of the Group's heritage.

Patrick joined the Board on 16 January 2023.

Appointed:
16 January 2023

Mr. Jinlong Wang (65) (M)
Independent Non-Executive Director

Experience:
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 and 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 in May 2021.

Appointed:
5 January 2021

Committee Membership:
A

Report of the Directors

Directors and Other Information

Directors

Tom Moran, Chairman
Edmond Scanlon, Chief Executive Officer*
Marguerite Larkin, Chief Financial Officer*
Gerry Behan, President & CEO Kerry Taste & Nutrition*
Hugh Brady
Fiona Dawson
Karin Dorrepaal
Emer Gilvarry
Michael Kerr
Christopher Rogers
Patrick Rohan
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

kerry.com

The Directors submit their Annual Report together with the audited Consolidated Financial Statements for the year ended 31 December 2022.

Principal Activities

Kerry is a world-leading global provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets and a leading Irish provider of value-add dairy ingredients and consumer products. At Kerry, we are driven to be our customers' most valued partner, creating a world of sustainable nutrition.

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

Results and Review of the Business

The Directors are pleased to report a year of strong growth and good performance across our financial metrics and non-financial measures for 2022. Reported revenue increased by 19.3% to **€8.8bn** (2021: €7.4bn), EBITDA increased 12.9% to **€1.2bn** (2021:€1.1bn), reflecting an EBITDA margin of **13.9%** (2021: 14.7%). This resulted in growth in adjusted EPS on a constant currency basis of **7.3%** (2021: 12.1%). The Basic EPS at **341.9c** (2021: 430.6c) has decreased year on year as the Basic EPS in 2021 benefited from the profit earned on the sale of the Consumer Foods Meats and Meals business. The free cash flow generated was **€640m** (2021: €566m) and from a balance sheet perspective Shareholders equity increased to **€6.2bn** (2021: €5.6bn) and Return on Average Capital Employed (ROACE) was **10.3%** (2021: 10.5%). Our main non-financial measures showed our nutritional reach increased to **1.2bn** (2021: 1.1bn). The absolute carbon reduction was **48%** (2021: 33%) and the food waste reduction was **32%** (2021: 17%). Further details of the financial results for the year are set out in the Consolidated Financial Statements and further details of the non-financial results are set out in the Sustainability Review on pages 52-93. The Group's financial and non-financial key performance indicators are discussed on pages 38-39.

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 12-51, report on the assets and liabilities and financial position as well as the performance of the Group's business, including M&A activity during the year and on future developments.

Dividends

On 15 February 2023, the Directors recommended a final dividend totaling 73.4 cent per share in respect of the year ended 31 December 2022 (see note 10 to the financial statements). This final dividend per share is an increase of 10.0% over the final 2021 dividend per share paid on 6 May 2022. This dividend is in addition to the interim dividend paid to shareholders on 11 November 2022, which amounted to 31.4 cent per share.

The payment date for the final dividend is 12 May 2023 to shareholders registered on the record date 14 April 2023.

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 98-104.

Research and Development

The Group is fully committed to ongoing technological innovation in all sectors of its business, providing technology and integrated customer focused product development and application support by leveraging our global technology capabilities and expertise. To facilitate this, the Group has invested in leading 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 **€303.2m** in 2022 (2021: €297.2m).

Sustainability

The Group's *Beyond the Horizon* sustainability strategy, underpins Kerry's future growth as we continue to partner with our customers across the globe to create a world of sustainable nutrition. As part of our *Beyond the Horizon* sustainability strategy Kerry works 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. The Board, through the Governance, Nomination and Sustainability Committee, is responsible for governance and oversight of the Group's sustainability strategy and its implementation.

Details regarding the Group's sustainability strategy, targets, performance, policies and programmes are outlined in the Sustainability Review on pages 52-93. Details of our climate-related risks, opportunities and other climate-related disclosures relating to the Task Force on Climate-related Financial Disclosures (TCFD) are outlined on pages 74-85.

The 2022 Sustainability Report details the Group's progress against its sustainability strategy and targets, in line with Global Reporting Initiative (GRI) standards and is available for review on kerry.com.

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 176,986,481 shares were in issue at 31 December 2022.

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 aggregate nominal value of €2,500,000. This authority will expire on the earlier of the conclusion of the 2023 Annual General Meeting (AGM) and close of business on 27 July 2023 and it is intended to seek shareholder approval to renew the authority at the AGM to be held on 27 April 2023.

Shareholders approved the authority for the Directors to allot shares for cash on a non-pro rata basis up to an aggregate nominal amount of €1,105,313 at the AGM held on 28 April 2022, representing 5% of the A Ordinary Shares in issue on 28 February 2022. Shareholders also approved an authority to allot additional shares up to an aggregate nominal amount of €1,105,313 (representing 5% of the A Ordinary Shares in issue on 28 February 2022) 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 2023 AGM and close of business on 27 July 2023. It is intended to seek shareholder approval for their renewal at the 2023 AGM. During 2022, 138,030 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 2022 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 2023 AGM and close of business on 27 July 2023 and it is intended to seek shareholder approval for its renewal at the 2023 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	20,085,195	11.3%
Blackrock Investment Management	9,029,003	5.1%
Royal Bank of Canada	5,380,232	3.0%
Amundi Asset Management	5,368,147	3.0%

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 eight independent Non Executive Directors. The names and biographical details of the Directors are set out on pages 108-110. Following the individual performance evaluation of all Directors, as outlined in the Corporate Governance Report on page 129, the Board recommends the election and re-election of all Directors seeking election and re-election.

The Directors' and Company Secretary's interests in shares and debentures are included in the Remuneration Report on page 166.

Board and Committee Changes

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

Mr. Philip Toomey retired as Chairman and from the Board at the conclusion of the AGM on 28 April 2022.

Mr. Tom Moran was appointed Chairman of the Board on 28 April 2022. He stepped down as Chairperson of the Remuneration Committee and as designated Workforce Engagement Director on the same date.

Mr. Gerard Culligan and Mr. Con Murphy retired from the Board following the conclusion of the AGM on 28 April 2022.

Ms. Emer Gilvarry was appointed as Chairperson of the Remuneration Committee on 28 April 2022.

Dr. Karin Dorrepaal was appointed as the designated Workforce Engagement Director on 28 April 2022.

Mr. Michael Kerr joined the Governance, Nomination and Sustainability Committee on 2 August 2022.

Mr. Patrick Rohan was appointed to the Board on 16 January 2023.

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 117-130 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 52-93, Our Business Model on pages 26-27, the Risk Management Report on pages 94-105. Information on diversity can be found in the Governance, Nomination and Sustainability Committee Report on pages 137-142, Our People on page 22 and the Sustainability Review on page 65.

Going Concern and Long-Term Viability Statements

The going concern and longer-term viability statements in the Risk Management Report on pages 104-105 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 kerry.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 111, confirms that, to the best of their knowledge and belief:

- the Consolidated Financial Statements for the year ended 31 December 2022 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 2022;
- the Financial and Business Reviews on pages 40-51 include a fair review of the development and performance of the business for the year ended 31 December 2022 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 sections 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 114-115 with the responsibilities of the Company's external Auditors outlined on pages 178-179.

The Financial Statements on pages 180-254 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 kerry.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.

Public senior bond notes issued by the Group contain a provision that may require the Group 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 to 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 73.4 cent per A ordinary share and has announced the potential sale of its Sweet Ingredients Portfolio which is expected to close in the first half of 2023.

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

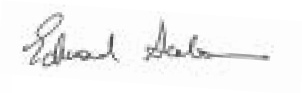
For the purposes of Listing Rule 6.1.77, the information required to be disclosed can be found in the following locations:

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:

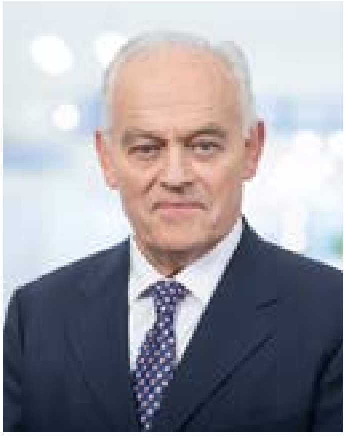


Tom Moran
Chairman
15 February 2023

Edmond Scanlon
Chief Executive Officer
15 February 2023

GOVERNANCE REPORT

Corporate Governance Report



Tom Moran
Chairman of the Board

Dear Shareholder,

I am pleased to present the Kerry Group Corporate Governance Report for the year ended 31 December 2022.

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 Provisions of the Code other than Provision 38 (alignment of pension contributions) and Provision 19 (chair tenure). For further information refer to the Compliance Statement on page 121.

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 2022, 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 taken into account in Board discussions and decision making. Details of stakeholder engagement activities during the year, including the work of the designated Workforce Engagement Director, are outlined on pages 122-126.

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 2022, the Board appointed me as Chairman and undertook a formal process to recruit a new non-Executive Director, who brings skills and experience that are reflective of the Group's dairy heritage. Details of the Chairman, non-Executive Director and Committee changes that occurred during the year, are set out in the Governance, Nomination and Sustainability Committee Report on page 141.

The Board recognises its role in providing guidance and strategic oversight in relation to the implementation of the Group's *Beyond the Horizon* 2030 sustainability strategy. During the year the Governance, Nomination and Sustainability 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 (ESG) reporting disclosures included in the 2022 Annual Report and the separate 2022 Sustainability Report available for review on kerry.com. The Committee also considered the increasing stakeholder expectations and enhanced reporting requirements relating to ESG matters that need to be addressed now and into the future.

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 2022, 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 improved in recent years. The Board now has a 33% female representation and plans to increase this further in the future.

The Group has committed to achieving 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 Executive Management in 2023.

Each year the Board undertakes a formal evaluation of its effectiveness and that of its Committees. In 2022, the evaluation was externally facilitated and the outcome of this review is that the Board and its Committees consider that they are performing effectively. Details of the process and the resulting actions from this review are outlined on page 129.

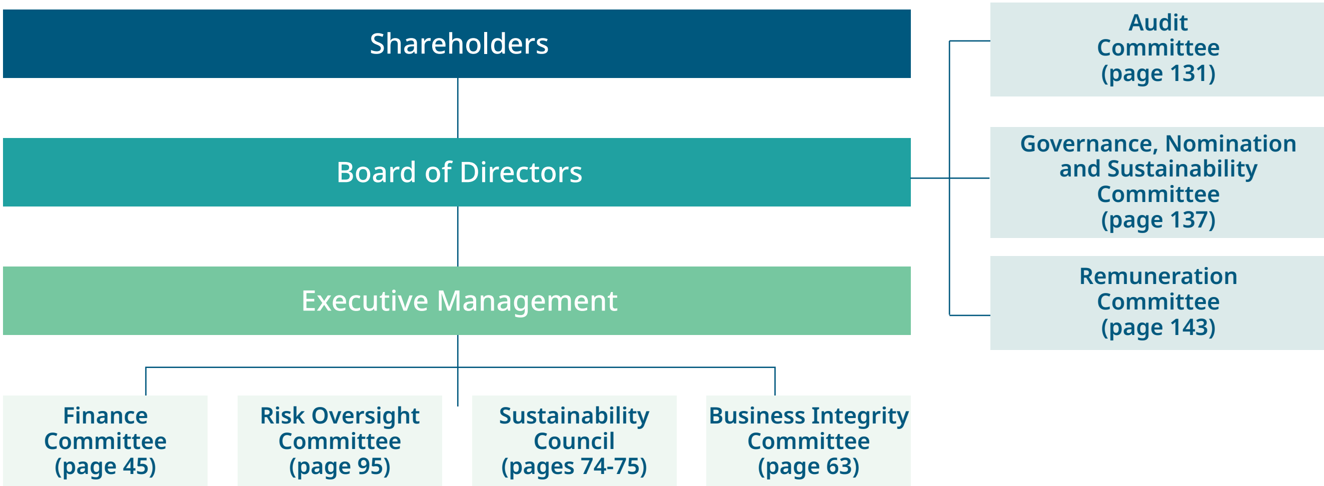
Details of the Group's activities and the operations of the Board, contained in the following report, outline the manner in which the Group has achieved compliance with the Code through the activities and operations of the Board and its Committees during the year.

Tom Moran
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 12 members; a non-Executive Chairman, Chief Executive Officer, Chief Financial Officer, one other Executive Director, and eight 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 ensuring that the risks that face the organisation are appropriately managed. It is also responsible for embedding the Company's purpose, instilling the appropriate values and behaviours and monitoring and assessing culture across the organisation.

The Board oversaw the Group's management of the significant inflationary environment which was exacerbated by the invasion of Ukraine. The Board was provided with regular updates on progress, in relation to mitigating actions taken to counteract the impact of input cost inflation on Group performance and actions taken to support employees (especially those in lower-paid positions) through the cost of living crisis. The Board also requested and received regular updates on the actions taken to safeguard the health and safety of our Ukrainian employees and their families during a time of considerable stress and upheaval in their lives.

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 the information 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 fulfil their duties as a Director. All Directors participate in strategy discussion, trading updates, financial performance, significant risks and operational activities in addition to discussion on 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 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

In 2021, the Board collaborated with Executive Management in the development of the Group's updated strategy and associated mid-term financial targets. During 2022, the Board monitored progress implementing the strategies for volume growth, margin expansion and return on investment that underpin the strategic plan.

The Board also oversaw and approved the strategic M&A transactions during the year including the potential sale of the Sweet Ingredients portfolio. The Board also oversaw and approved the decision to exit all Group activities in Russia and Belarus as a result of Russia's invasion of Ukraine.

Presentations were received from the Company's advisors throughout the year on matters such as the general economic outlook, the impact of the energy crisis, the outlook for emerging and developed markets, Corporate Governance developments, the general M&A landscape 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, are made in the long-term interest of the Group and its stakeholders and are aligned with the Group's sustainability strategy. 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 34-35.

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 current 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. The Group's Values of Ownership, Inclusiveness and Courage were very much in mind when we made the decision to exit all Group operations in Russia and Belarus as a result of Russia's invasion of Ukraine. Our Purpose of *Nourishing Life* guided our actions as we supported our Ukrainian colleagues and their families in the immediate aftermath of the invasion and beyond. Further details of the Group's purpose and values are outlined on pages 8 and 19.

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 is satisfied that the Group's purpose, values and strategy are aligned to the Group's culture.

The Board recognises the importance of its role in setting the tone for Kerry's culture and embedding it across 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 Code of Conduct 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, town halls, the OurVoice employee engagement survey, the Group's Speak Up arrangements and feedback from the designated Workforce Engagement Director. Arising from the assessment completed in 2022, the Board agreed to the establishment of an executive Business Integrity Committee which will oversee compliance with the Group's Code of Conduct. The Board also determined that the enhanced Speak Up procedures and functionality, introduced in the previous year, are operating effectively.

Board Activities

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

Strategy

- monitored progress against the Group's strategic plan and the mid-term financial targets;
- reviewed and approved the Group's strategy relating to mergers, acquisitions and divestitures; and
- monitored the implementation of the Group's 2030 *Beyond the Horizon* sustainability strategy.

Operational/Commercial

- received regular updates from the Executive Directors on the mitigating actions taken to counter unprecedented input cost inflation;
- received regular updates from the Executive Directors on how the invasion of Ukraine was impacting the Group's operations with a particular focus on employee safety;
- approved M&A transactions (including the potential sale of the Sweet Ingredients Portfolio and to exit all activities in Russia and Belarus) and considered the learnings from completed acquisitions; and
- approved significant capital expenditure projects, considering impacts on financial and sustainability performance criteria.

Financial/Non-Financial

- received reports from the Chief Financial Officer at each meeting in respect of the Group's financial performance including how the Group was navigating through the significant inflationary environment;
- monitored the progress against the targets included in the *Beyond the Horizon* sustainability strategy;
- 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; and
- approved the Group Budget for the 2023 financial year including both financial and non-financial targets.

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. Tom Moran as Chairman;
- approved the appointment of Ms. Fiona Dawson, and Mr. Patrick Rohan as non-Executive Directors as well as changes to the composition of Board Committees;
- conducted an externally 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 2022;
- received and considered reports from the designated Workforce Engagement Director on her activities during the year. Details are outlined in Governance in Action on page 126;
- received and considered presentations from the Chief Executive Officer and the Chief Human Resources Officer on talent and succession planning;
- received regular updates on the actions taken to support lower paid employees through the cost of living crisis; 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.

The UK Corporate Governance Code 2018 and the Irish Annex – Compliance Statement

Kerry applied the main Principles of the UK Corporate Governance Code 2018 and the Irish Annex (the "Code") and complied with all its Provisions throughout FY22, with the exception of:

- Provision 38 (alignment of Executive Directors' pension contributions with those of the wider workforce). This Provision has been complied with from 1 January 2023 when Executive Directors' pension contributions were aligned with those available to the wider workforce in Ireland. This timeline was agreed as part of the overall policy review completed in 2021 and is a timeline acceptable to the investment community as well as proxy advisers; and
- Provision 19 (chair tenure). Mr. Philip Toomey was appointed as Chair in 2018 after having served over six years as a non-Executive Director. Philip retired from the Board at the AGM in April 2022 after having served over ten years. Provision 19 requires the Chair to serve no longer than nine years and therefore for a period during the year up to April 2022 Kerry did not comply with this provision. However the Provision also notes that to facilitate effective succession planning this period can be extended, particularly where the Chair was an existing non-Executive Director on appointment. Within the 2021 Annual Report Kerry explained why Philip was to remain on the Board for longer than nine years and also stated when his tenure would end. Following the 2022 AGM, Philip was succeeded by Mr. Tom Moran in line with the timeline disclosed.

The Board recognises the importance of good corporate governance in providing confidence in our ability to deliver our strategic goals and also in building trust with our key stakeholders both of which are essential for the long-term sustainable success of the Group. The table below outlines the main Principles of the Code and where in the Annual Report there is further information on the application of the Principles.

Main Principles	Pages
Board leadership and company purpose	118-121
Division of responsibilities	108-110 and 127
Composition, succession and evaluation	128-130 and 137-142
Audit, risk and internal control	130-136
Remuneration	143-169

Stakeholder Engagement

The Board acknowledges the need to have regard for the interests of all stakeholders in their discussions and decision making. Enhanced engagement with stakeholders enables better informed decision making, thereby increasing the likelihood of long-term sustainable success for the Company. The Board also recognises the need to maintain 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, business model, 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 2022, meetings were held with approximately 1,000 investors. Kerry's Investor Relations team and Executives participated at nineteen investor conferences and external investor events as well as hosting seven investor events at Kerry facilities.

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 kerry.com.

Shareholder presentations are made at the time of release of the Group's full year, half year 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 from shareholders, both institutional and private.

Key Outputs from the Engagement

Key topics for shareholders included progress on the execution of the Group's strategic plan and related portfolio developments, Group performance and outlook, managing the elevated inflationary environment, the implications of the invasion of Ukraine on the Group and the actions taken, marketplace dynamics and industry consolidation, in addition to sustainability strategy, climate change transition and ESG disclosures.

Our Actions and their Impacts

Regular updates are provided by the Chief Financial Officer and Head of Investor Relations 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.

During the year our Chairman, Tom Moran consulted with a number of large institutional shareholders and with the major proxy advisors. When necessary, Committee Chairs engage with shareholders on specific topics. Arising from the matters discussed, feedback is provided to the Directors to inform decision making.

The 2022 AGM was held in person for the first time in two years following the lifting of restrictions. All Committee Chairs attended the AGM. At the meeting shareholders were able to engage with the Directors in person, ask questions, provide feedback and raise matters of interest.

In order to give shareholders a greater understanding of Kerry's business model, as well as its unique positioning within the industry, it was agreed to hold seven tailored investor events during 2022 at Group facilities in each of the three geographic regions. The Board participated in a customer immersion experience in advance of one such event. Following their participation, Board members provided feedback and input which informed the content and approach for the following investor events.

The Board continues to monitor the industry landscape and the Group's positioning within the industry. The Board also monitors the progress made in the execution of the Group's strategy. All capital allocation decisions made by the Board are aligned to strategy and the Group's strategic priorities of Taste, Nutrition and Emerging Markets. Successful delivery of the Group's strategy promotes the long-term success of the Group and will also benefit shareholders, employees and the communities in which it operates. When approving the potential sale of the Sweet Ingredients Portfolio, the Board agreed it would support the Group's strategy of focusing on opportunities where Kerry can add the most value.

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 designated Workforce Engagement Director Dr. Karin Dorrepaal engaged directly with employees through various channels, including site visits and attendance at organised events. Details of these activities are outlined on page 126.

Throughout the year, the Group undertakes regular two-way listening activities with our 23,000+ employees including Town Hall meetings and career development discussions. The Group also has a Speak Up facility to enable employees and other stakeholders to confidentially report matters of concern so that timely and appropriate action can be taken.

Each year the Group runs an employee engagement survey. This year, 92% of our employees participated in the survey which was followed by leader-led listening sessions to discuss strengths, opportunities for continued improvement and to agree action plans for 2023.

In addition, two interim Leader Pulse Checks were completed, one targeting our plant leadership and a second targeting senior leadership across the Group.

In line with our engagement strategy, the Group continued its focus on building the effectiveness and impact of our leaders through our Learning and Leadership Academies and manager effectiveness programmes in 2022. Through the provision of coaching to leaders and sharing access to thought leadership content, we have continued to build a positive and inclusive environment at Kerry.

Our Health and Wellbeing framework is underpinned by a balanced set of programmes accessible to our employees across our four wellbeing pillars; Emotional, Physical, Nutritional and Financial.

In 2022, the Group continued to build improved communication channels with employees through a dedicated digital employee communication platform.

Key Outputs from the Engagement

Key topics for employees included Diversity, Inclusion and Belonging (DI&B), learning and development, understanding how employees' roles contribute to the Group's success and the simplification of our ways of working.

Our Actions and their Impacts

In appointing Dr. Karin Dorrepaal as the new designated Workforce Engagement Director, the Board sought to select a director with a keen interest in employee matters, particularly in relation to gender diversity and equality. Karin provided regular feedback to the Board on employee engagement activities and general employee sentiment which informed decisions made.

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 two Leader Pulse Checks.

The Board also received regular updates from the Chief Executive Officer and Chief Human Resources Officer on the health, safety and wellbeing of employees. In line with our Safety First, Quality Always ethos, the Board ensured that the Group prioritised the safety and wellbeing of our Ukrainian employees and their families following the invasion of their country as well as our Chinese employees as they managed through the ongoing impact of Covid-19. The Board also considered the implications for Kerry employees in Russia and Belarus when deciding to exit all Group activities in those countries. In approving the potential sale of the Group's Sweet Ingredients Portfolio, the Board considered the implications for the employees working in the business and ensured that appropriate actions were taken to mitigate the impact on the employees involved.

The Board contributed to and participated in many of the 50th anniversary celebrations that took place throughout 2022. This was a unique opportunity to celebrate the Group's evolution by highlighting the significant contributions to Kerry's success by our employees.

The Board requested and received feedback on how the Group is supporting employees, in particular those in lower-paid positions or based in hyperinflationary countries, through the cost of living crisis and took this into account when approving the 2023 budget.

The Board continues to prioritise DI&B and in 2022, the Group established a Global DI&B Council which includes representatives from our Leadership Team and confirmed the appointment of a dedicated role in 2023 to build on the momentum created to date and increase the impact of this agenda going forward – for our people, our business, our customers and our communities. The Board also ensured that appropriate resources were available for training and development, internal communications and initiatives that help to simplify the Group's ways of working. Finally, the Group's Inclusion Index is a measure of how employees feel connected, valued and recognised within the organisation. In 2022, we saw an overall increase of 2 percentage points reflecting our continued focus on improving in this area.

Details of employee engagement activities are outlined in Our People on pages 18-25, the Sustainability Review on pages 52-93 and the separate 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 our Vision to become 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. Our market research and consumer insight teams study consumer behaviours and perceptions and share these insights with our customers. By way of example, in September 2022, the Group hosted a foodservice sustainable nutrition conference in London during which we worked with our customers to identify how we can help them to develop solutions to meet evolving consumer needs in relation to nutrition. This cross-functional and multi-level engagement is central to how we evolve and maintain holistic innovation partnerships with our customers.

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 and water shortages and carbon challenges.

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 providing access to those within the sector to scientific knowledge and nutrition insights from the Group's scientists, academics and other experts, as they explore challenges in the food and beverage industry.

Key Outputs from the Engagement

Rapidly evolving, consumer dynamics and the changing marketplace set a backdrop for ongoing customer engagement. Increased demand for innovative, sustainable nutrition solutions, including those that enhance health and wellbeing, plant protein options, and products addressing a diverse range of environmental and sustainability criteria.

Key topics for customers and consumers included the management of the elevated inflationary cost environment, the ongoing impact of global end-to-end supply chain challenges as well as changing consumer needs and preferences.

Our customers want innovative sustainable nutrition solutions that enhance health and wellbeing while reducing the impact that their production activities has on the planet and in particular on climate change and reducing food waste.

Our Actions and their Impacts

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

The Board approved the Group's expenditure of €303m on research and development applications and technical support. Together with the management team, the Board 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 and return on investment. A strategically resourced Kerry R&D team helps customers to create healthier more nutritious products that taste great, assists them to navigate through the current period of significantly heightened inflation and enables them to produce food products in a more environmentally-sustainable manner. Arising from this investment in research and development, during the year, the Group launched two tools to enable customers to calculate both the nutritional profile of their products (**Kerry***Nutri Guide*) as well as to model the potential benefits of food waste reduction through shelf-life extension (**Kerry***Food Waste Estimator*), both of which heighten our customers' understanding of the financial, environmental and social impact of their products.

During 2022, the Board approved four acquisitions with a total cost of €392m and gross capital expenditure of €255m. The Board also approved the potential sale of the Group's Sweet Ingredients Portfolio. All of these decisions are aligned to the Group's strategic priorities and key growth platforms and support the development of our business to best meet our customer's needs.

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 ensures that the Group's sustainability strategy is appropriately funded, resourced and integrated into our value proposition.

Further details are outlined in Our Business Model on pages 26-27, Strategy and Financial Targets on pages 34-35, the Sustainability Review on pages 52-93 and the separate 2022 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.

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. Suppliers can also raise matters of concern via the Group's Speak Up whistleblowing service.

The Group takes a risk-based approach to supplier assessments to ensure ongoing safety, quality and responsible sourcing.

The Board receives updates from the CEO, Chief Procurement Officer and the Group Head of Sustainability in relation to the quality and reliability of the Group's supply chain and on matters of interest to suppliers.

Key Outputs from the Engagement

Key topics for suppliers included human rights, quality and food safety, service levels, business continuity, capacity, cost, innovation and responsible sourcing requirements such as aligning with Kerry's Scope 3 carbon target.

During 2022, the ability to supply and the cost of various inputs increased for many suppliers due to a number of factors including the Russian invasion of Ukraine, extreme weather events, global shipping challenges, labour availability and supply and demand volatility challenges.

Our Actions and their Impacts

The Board ensures that long-term sustainable relationships are established with key suppliers on mutually agreed and acceptable terms.

Through the Group's *Beyond the Horizon* sustainability strategy, the Board also 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.

During 2022, the Board approved the funding for the launch of the *Evolve* Dairy Sustainability Programme which supports the accelerated adoption of science-based, sustainable actions and best practice on the farms of our suppliers in Ireland. The impact of this initiative will be to assist our dairy suppliers in Ireland to achieve a reduction in their Carbon Intensity footprint in line with targets set by the Irish Government.

Further details on our responsible sourcing strategy are outlined in the Sustainability Review on pages 52-93 and the 2022 Sustainability Report on the Group's website.

During the year the Board also approved the establishment of an executive Business Integrity Committee which will oversee compliance with the Group's Code of Conduct, thereby further ensuring sound decision making in line with the highest ethical standards including in relation to responsible sourcing. This Committee will also oversee the Group's preparation for compliance with the EU Directive on Corporate Sustainability Due Diligence when it is transposed into Irish Law.

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 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 Outputs from the Engagement

Outputs 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 Actions and their Impacts

The Board considers local community engagements as part of the overall Group sustainability strategy.

As a leader in the food and beverage industry, the Board ensures 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 in a way that protects people and the environment around us. The Board also prioritises the approval of capital expenditure projects that have a positive environmental impact.

During 2022, the Board approved a new four-year partnership with Concern Worldwide to improve food security in Kenya as well as supporting an innovative urban nutrition project in the same country while continuing to support the UN World Food Programme in Burundi. The impact of these initiatives is to enable the development of self-sustaining programmes to promote wellbeing amongst some of the worlds' poorest people.

Further details of these engagements and the Group's MyCommunity programme are outlined in the Sustainability Review on pages 52-93.

Governance in Action:

Designated Workforce Engagement Director - Activities in 2022

Dr. Karin Dorrepaal assumed the role of designated Workforce Engagement Director in April 2022, succeeding Mr. Tom Moran. When appointing her to the role, the Board was mindful of Karin's keen interest in employee-related matters, including gender diversity and equality. Due to the timing of this transition, we reduced the number of pre-planned activities during 2022 to provide Karin with an opportunity to shape the agenda in line with her new role and own interests. As a result, Karin participated in fewer focused engagements in 2022. She will however take part in a broader range of employee engagement activities in 2023 in order to assess employee sentiment at various employee levels, across group-wide locations and in different workplace contexts. Details of the employee engagement activities undertaken by Karin during 2022 are outlined below:

- attendance and participation at regional and global events on the topic of Diversity, Inclusion and Belonging, including 'Womxn's Perspectives' an event held in June 2022 highlighting the Group's commitment to the womxn that identify as part of our LGBTQI+ community and Kerry's commitment to equal gender representation in senior management roles by 2030;
- site visit to Utrecht, the Netherlands as part of "Engagement through the lens of a Kerry Manufacturing Plant" where senior site leaders presented on the core business of the site along with site strategies, employee engagement and potential improvements;
- participation in briefings on employee engagement strategies and progress for businesses and functions across all regions; and
- participation in briefings on employee career development and succession planning for executives as part of the Governance, Nomination and Sustainability Committee agenda.

Global Priorities for Employee Engagement in 2022

This year we aligned our engagement focus areas under three pillars: 'Making it Better, Making it Clearer and Making it Easier'. These three pillars will guide how we approach our engagement action planning across Kerry and focus our efforts on improving the working experience for our people.

- Making it Better encompasses the actions that impact the working life of everyone at Kerry. Learning and development opportunities, our Diversity, Inclusion and Belonging agenda, as well as wellbeing, reward and recognition initiatives all fall under this pillar. Through the survey feedback in 2022, our people shared that they have experienced positive developments in all these areas.
- Making it Clearer covers aspects relating to Kerry's vision, brand and strategy. Following our strategy refresh in 2021, Kerry's senior leadership team invested considerable time and effort throughout 2022 in ensuring that every individual at Kerry understands our strategic objectives and how their role contributes to Kerry's longer-term goals.
- Making it Easier is a hugely important pillar for Kerry. Our relentless drive to work smarter is core to the culture at Kerry. We are realising the benefits of our continued business transformation activities.

Dr. Karin Dorrepaal held regular meetings with the Chief Human Resources Officer and the Group Human Resources Team to provide her feedback from the engagement activities. Formal updates were provided by the designated Workforce Engagement Director to the Board at three Board meetings during the year on the activities undertaken and the feedback received from employees. In addition, the Workforce Engagement Director provided input from the employee perspective during all Board discussions and when the Board made key decisions.

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 28 April 2022, there were no material votes cast against any resolutions.

Whistleblowing Arrangements

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 2022, 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 bring 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 kerry.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 131-169 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 eight meetings were held in 2022. Individual attendance at the Board and Committee meetings is set out in the following table.

Directors	Board	Audit Committee	Governance, Nomination and Sustainability Committee	Remuneration Committee
Tom Moran	8/8		4/4	3/3
Philip Toomey [2]	3/3		2/2	
Edmond Scanlon [1]	8/8			
Marguerite Larkin [1]	8/8			
Gerry Behan [1]	8/8			
Hugh Brady [5]	8/8	5/6	4/4	
Gerard Culligan [3]	3/3			
Fiona Dawson	8/8			3/3
Karin Dorrepaal	8/8		4/4	5/5
Emer Gilvarry	8/8	6/6		5/5
Michael Kerr	8/8	6/6	1/1	
Con Murphy [4]	3/3			
Christopher Rogers	8/8	6/6		5/5
Jinlong Wang	8/8	6/6		

1 Executive Directors.
2 Mr.Philip Toomey retired from the Board following the conclusion of the AGM on 28 April 2022.
3 Mr. Gerard Culligan retired from the Board following the conclusion of the AGM on 28 April 2022.
4 Mr. Con Murphy retired from the Board following the conclusion of the AGM on 28 April 2022.
5 Dr. Hugh Brady was unable to attend one committee meeting due to a diary conflict.

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 Ms. Fiona Dawson are outlined in the Governance in Action below.

Governance in Action (Example):

New Director Induction

Ms. Fiona Dawson was appointed to the Board on 4 January 2022. Following her appointment, Ms. Dawson underwent a formal induction programme which was tailored to her 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 Dairy Ireland businesses to obtain an overview of each business; and
- meetings with external auditors and other advisors;

Future Induction Activities

- site visits to see first-hand the Group's operations while engaging with employees and senior management.

Mr. Patrick Rohan who was appointed to the Board with effect from 16 January 2023, will complete a full formal induction programme tailored to his 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. The 'off-site' Board meeting took place during June 2022 in the US at the Group's Technology and Innovation Centre in Beloit, Wisconsin. During the visit to the US the Board had the opportunity to meet and engage with the North American Leadership team and emerging talent in both a formal and informal setting. The Board visited two manufacturing sites, during which Board members met with the site leadership teams and saw first-hand the positive impact of the capital investments at both sites which they had approved. During the visit, the Board also received presentations on the dynamics and priorities of the North American market and participated in a customer immersion experience at the Technology and Innovation Centre which showcased the Group's capabilities in helping customers to solve industry challenges with differentiated solutions.

As part of their personal development plans, individual non-Executive Directors are also afforded the opportunity to visit a number of the Group's international facilities and operations. The number of visits during 2022 continued to be constrained due to the ongoing impact of COVID-19 related restrictions. 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 2022, the Board engaged Independent Audit Limited (Independent Audit) to facilitate the performance evaluation. Independent Audit, based in the UK, is recognised as a leading firm of board reviewers, and has no other connections to the Group.

The review, performed during October and November 2022, considered the effectiveness of the Board and its Committees. The evaluation was carried out through the use of an online questionnaire tool hosted by Independent Audit and through interviews held between Independent Audit and the Chair, the Chief Executive Officer, the Chief Financial Officer, the Senior Independent Director, a further four Board members and the Company Secretary. Independent Audit also reviewed Board papers pertaining to the year and observed meetings of the Board and Committees. The 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, ESG considerations and risk management. A thorough discussion followed a presentation of the findings made to the Board by Independent Audit at the December Board meeting. Each committee also considered the observations specific to their work.

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.

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

Overall, the Board concluded that the outcomes of the evaluation process have been positive and have confirmed to the Chairman that the Board and its Committees operate effectively and that each Director contributes to the overall effectiveness and success of the Group. The actions identified from the 2022 performance evaluation included recommendations relating to Board and executive succession planning, oversight of the transition plan to Net Zero and the appropriate time allocation between strategic priorities and other matters at Board meetings.

Progress against recommendations from the previous internal 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 2022 evaluation report and areas for consideration arising from the Directors' appraisal, where identified, will be considered during 2023.

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 131-136.

Full details of the risk management systems are described in the Risk Management Report on pages 94-105.

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 98-104. Emerging risks are also identified, analysed and managed as part of the same process as the Group's other principal risks as described on pages 96-97. 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 2022, 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:

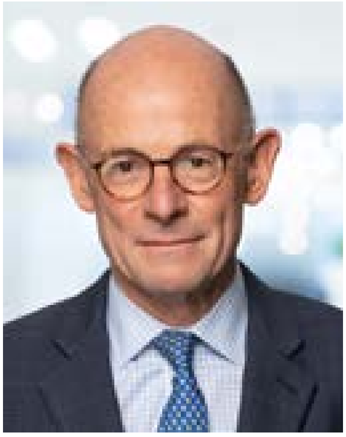
- the Board review and approve a detailed annual budget and monitor performance against the budget through periodic Board reporting;
- prior to submission to the Board with a recommendation to approve, the Audit Committee review the Interim Management Statements, the Interim and Annual Consolidated Financial 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 review of the effectiveness of risk management and control systems;
- 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 133.

GOVERNANCE REPORT

Audit Committee Report



Christopher Rogers
Chairman of the
Audit Committee

"The Committee plays a key role in the governance of the Group's financial reporting, risk management, internal control and external audit processes. Maintaining robust internal controls remained a key focus for the Committee, particularly given the volatile external environment."

Dear Shareholder,

On behalf of the Audit Committee, I am pleased to present my report for the year ended 31 December 2022. The report outlines how the Committee discharged its responsibilities during the year in relation to oversight of financial and other reporting, internal controls and the risk management process, 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. This included consideration of the climate change risk and together with the Governance, Nomination and Sustainability Committee we have overseen ongoing enhancements in reporting against the Task Force on Climate-related Financial Disclosures (TCFD) recommendations and the EU Taxonomy on pages 74-93. The Committee also reviewed the Group's risk management and internal control systems and oversaw the operation of the Internal Audit function.

Each regular meeting included updates on risk and compliance related activities and further details with regard to these matters are set out on page 134.

The Committee focused on monitoring the integrity of the Group's Financial Statements and announcements relating to the Group's financial and non-financial performance. It reviewed the work completed by management in respect of the Going Concern and Viability Statements, including a consideration of uncertainty in the geopolitical and macroeconomic environment, as well as 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 104-105. The significant issues that the Committee considered in relation to the financial statements and how these issues were addressed are set out on page 133.

The Committee has satisfied itself, and advised the Board accordingly, 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 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 conducted a hybrid working model for the 2022 audit, working both on site and virtually, 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 135.

As outlined on page 136, 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.

An external review of the Committee was conducted by Independent Audit Limited (Independent Audit) during 2022 and the outcome of this review was that the Committee was satisfied that it is operating effectively. Further details are set out on page 132.

Looking ahead to 2023, the Committee's primary focus will remain as providing effective oversight of the Group's financial reporting, risk management and internal control processes. The Committee will also take a proactive approach in anticipating and preparing for upcoming legislative and regulatory changes, particularly in the area of climate change and sustainability.

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 in the governance section of the Group's website kerry.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 Group, 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.

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 108-110, 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 128. 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 an additional opportunity for open dialogue and feedback.

Meetings are scheduled to align with the Group's reporting cycle and 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 129, Independent Audit, an external consultancy firm, conducted a review of the Committee as part of the Board's external performance review. The evaluation was carried out through the use of an online questionnaire and through interviews held between Independent Audit and the Chair, two Committee members and the Company Secretary. In addition, as part of the evaluation process, Independent Audit observed the October Committee meeting and corresponding papers. The output of the review was discussed at the December meeting following which the Committee concluded that it continued to operate effectively and efficiently throughout the year and has the skills and expertise required to perform its role appropriately. The review also identified a number of ongoing areas of focus for the 2023 financial year.

Financial Reporting and Significant Areas of Focus

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 and regulatory 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 2021 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 74-85 made in response to the recommendations of the Task Force on Climate-related Financial Disclosures and the EU Taxonomy 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 2022.

Significant Areas of Focus

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 €4.9 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 climate change and other external and macroeconomic risks 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 is 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 and longer-term viability, which included reviewing and challenging management's assumptions and modelling of projected cash flows and in particular, those related to 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.
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 2022 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 94-97.

Throughout the year, the Committee:

- reviewed and approved the assessment of the principal risks and uncertainties, including climate change and other emerging risks, that could impact the achievement of the Group's strategic objectives as described on pages 98-104;
- 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 from senior executives on a selection of principal risks, which included two cybersecurity updates as well as an update on the Group's processes to manage sourcing and pricing risk in a period of record inflation and significant supply chain disruption;
- 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;
- received updates from the sustainability team on ongoing progress related to the assessment of climate-related risks and disclosures;
- engaged with management on the Group's response to the unfolding crisis in the Ukraine both in relation to supporting employees and their families based there and managing other risks arising as a result of the conflict;
- 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 a detailed report from the Head of Internal Audit outlining 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 incorporating all material financial, operational and compliance controls; and
- reviewed the report from the external auditor in respect of significant financial accounting and reporting issues, together with internal control weakness observations.

In addition to the above, the Board also received an update 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 102 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, updated 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 2022 plan and on the principal findings from the work of Internal Audit and management's actions to remediate issues identified;
- 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, Deloitte were engaged to conduct an independent external quality assessment of the Internal Audit function during 2022. The objectives of this assessment were to independently assess the effectiveness of the function in line with the International Standards for the Professional Practice Framework (IPPF) of the CIIA and to benchmark it against best practice and peer organisations. The output from the review was presented by Deloitte to the Audit Committee at the July meeting.

The assessment concluded that Internal Audit is a professional function, incorporating expected industry good practice in line with its peers and conforms with the vast majority of the CIIA standards. In addition, the assessment contained a number of recommendations to be considered to further evolve and strengthen the function's effectiveness.

On the basis of the above, the Committee concluded that for 2022 the 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 is rotated at least once every ten years. The audit lead engagement partner is rotated every five years and for the financial year ended 31 December 2022 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 2022, 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 2021 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 they 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 2022 external audit plan, which would be conducted on a hybrid basis with a blend of staff working both on site and virtually. 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 2022 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

Following a comprehensive tender process overseen by the Audit Committee, PwC were appointed as external auditor in March 2016 and commenced as statutory auditors for the Group for the financial year ended 31 December 2016. 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 2023.

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.

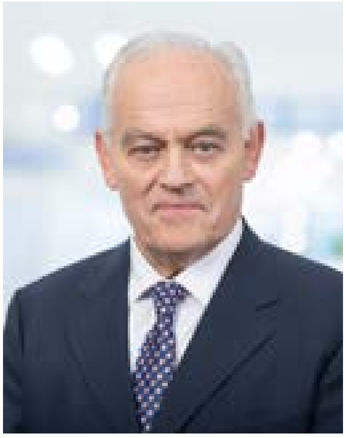
Whistleblowing and Fraud Arrangements

In accordance with the Provisions of the Code, the responsibility for overseeing whistleblowing is within the remit of the Board. During 2022, 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 126.

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



Tom Moran
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 2022.

The Committee is responsible for evaluating the structure, size, composition and successional needs of the Board and its Committees and for 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.

On 28 April 2022 I was appointed Chairman succeeding Mr. Philip Toomey who retired from the Board on the same date. On behalf of the Board, I wish to pay tribute to Philip for his commitment and dedication to the success of the Group throughout his years of service.

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 appropriate balance of skills, knowledge, experience, diversity and independence. To ensure that the Board has a director that reflects the Group's dairy heritage we engaged with an executive recruitment consulting firm to conduct a search for a new independent non-Executive Director. Potential candidates were considered by the Committee and a shortlist were interviewed after assessing their qualifications against agreed criteria and their other time commitments. This culminated in the appointment of Patrick Rohan to the Board on 16 January 2023. He brings to the Board a detailed knowledge of the dairy and agribusiness industry.

The Committee also recommended changes to the composition of the Board Committees as outlined on page 141.

Dr. Hugh Brady will have served nine years as a director on 23 February 2023. Over this tenure his biomedical research and academic background has brought an invaluable perspective to the Board, as the Group has significantly evolved its science and technology capabilities over the same period. The Committee and the Board have reviewed and considered the provisions of the Code in relation to Directors' tenure and nonetheless having conducted a rigorous review of his independence, unanimously agree that Dr. Brady should, subject to shareholder approval, remain on the Board and as SID until the AGM in April 2024. The Committee and Board are satisfied that Dr. Brady, given his personal attributes and the challenge he continues to bring to Board discussions, will continue to apply objective and independent judgement to act in the best interest of the Company. The Committee is actively engaged in the challenging process to identify and recruit an experienced and high-calibre successor with a similar level of science, technology and innovation expertise.

The Committee also reviewed senior management development and succession plans with regard to business growth, geographic expansion and diversity goals below Board level.

During 2022, the Committee reviewed the Company's corporate governance policy and processes and monitored developments in corporate governance best practice.

The Committee also continued to provide guidance and oversight to the Group on the implementation of the *Beyond the Horizon* sustainability strategy, including monitoring progress against agreed targets and considering the enhanced reporting requirements and stakeholder expectations in relation to sustainability matters.

An externally facilitated review of the effectiveness of the Board and its Committees was conducted during 2022 and the outcome of this review is that the Board and its Committees consider that they are operating effectively.

The Committee's priorities for 2023 will continue to focus on Board and Committee refreshment, senior management development and succession planning as well as ongoing oversight of the implementation of the Group's sustainability strategy. In this regard, the Committee is considering recommending to the Board, that a standalone Sustainability Committee is established, to focus efforts on this area of significant importance and fast-evolving change.

Tom Moran
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 2022, are set out in written terms of reference, which are available from the Group's website kerry.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 Chairperson, 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. Michael Kerr and is chaired by Mr. Tom Moran. Biographical details for the members of the Committee are outlined on pages 108-110.

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 2022, the Committee continued to work with Korn Ferry, an 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 their business.

Committee Meetings

The Committee met four times during the year and attendance at these meetings is outlined on page 128.

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 141-142.

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

Mr. Patrick Rohan was appointed to the Board with effect from 16 January 2023. 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 food industry experience, particularly in the dairy and agribusiness sectors and the capabilities to align with the Group's purpose, values and culture, while also representing the Group's dairy heritage.
3. Search	The Committee, with Korn Ferry's assistance, conducted 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 list of candidates identified as having met the criteria.
5. Interview	A shortlist of potential candidates was interviewed by Korn Ferry, 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 Mr. Patrick Rohan as a non-Executive Director. The Board approved the appointment of Mr. Patrick Rohan noting that he had a balance of skills, knowledge and experience that matched the requirements set. Appointment terms were drafted and agreed with him.

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 23.

Sustainability

During 2022, the Committee continued to provide guidance and oversight on the implementation of the Group's 2030 *Beyond the Horizon* sustainability strategy. 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 the year, the Committee monitored progress against the enhanced climate and gender diversity targets and the broader commitments included in the *Beyond the Horizon* strategy. In addition, the Committee also considered and approved the risks and opportunities and the additional disclosures in line with the Task Force on Climate-Related Financial Disclosures (TCFD) and the EU Taxonomy included in the 2022 Annual Report as well as the enhanced disclosures included in the other sustainability reports which follows 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 52-93 and in the 2022 Sustainability Report that has been published alongside the Annual Report and available for review on kerry.com.

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 33% female representation. Diversity at Board level in terms of gender, nationality and ethnic background have all improved in recent years. 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 plans to increase this representation level further in line with developing best practice and regulatory requirements. It also has an ambition to increase the representation of members with diverse backgrounds such as nationality, ethnicity and other attributes.

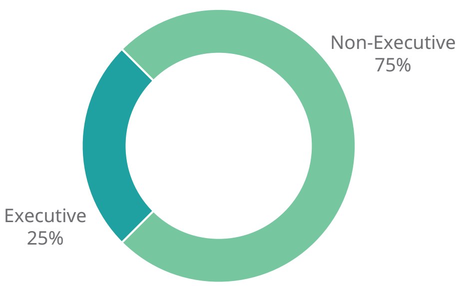
In reviewing Board composition and agreeing a job specification for new non-Executive Director appointments, the Committee considers the benefits of all aspects of diversity including, but not limited to, those described above, in order to complement the range and balance of skills, knowledge and experience 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.

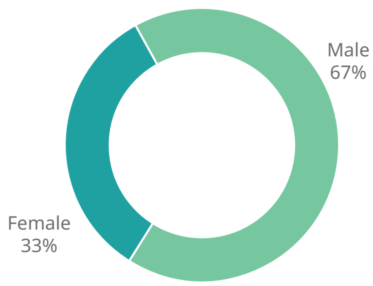
Further details of the Group's approach to Diversity, Inclusion and Belonging, including our broader organisational goals focused on building an inclusive and diverse workplace are outlined in our Sustainability Report and in Our People on page 22.

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

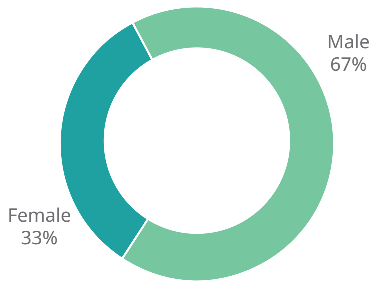
Executive / Non-Executive Directors



Board Gender Diversity

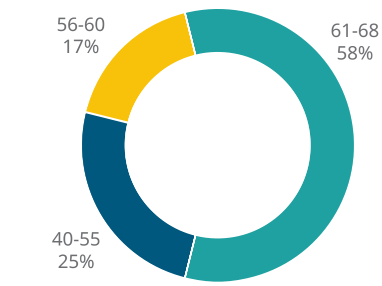


Senior Leadership[1] Gender Diversity

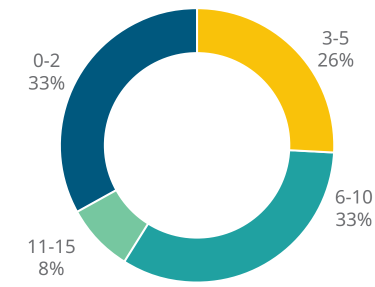


[1] Senior Leadership above aligns to Senior Management definition per Corporate Governance Code

Board Age Profile (years)



Board Tenure (years)



Changes to the composition of the Board and its Committees for the year ended 31 December 2022

Mr. Philip Toomey
Retired from the Board, the Governance, Nomination and Sustainability Committee and as Chairman of the Board on 28 April 2022.

Mr. Tom Moran
Appointed Chairman of the Board and Chair of the Governance, Nomination and Sustainability Committee on 28 April 2022.

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

Mr. Con Murphy
Retired from the Board on 28 April 2022.

Mr. Gerard Culligan
Retired from the Board on 28 April 2022.

Mr. Michael Kerr
Appointed to the Governance, Nomination and Sustainability Committee on 2 August 2022.

Ms. Emer Gilvarry
Appointed Chair of the Remuneration Committee on 28 April 2022.

Dr. Karin Dorrepaal
Appointed designated Workforce Engagement Director on 28 April 2022.

Mr. Patrick Rohan
Appointed to the Board on 16 January 2023.

Key Activities

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

Subject	Committee Activity
Board Size and Composition	In 2022, as part of its remit, the Committee considered the size and composition of the Board. At 31 December 2022, the Board comprised 11 members following the retirements of Mr. Philip Toomey, Mr. Con Murphy and Mr. Gerard Culligan on 28 April 2022. The Board size increased to 12 on 16 January 2023 following the appointment of Mr. Patrick Rohan. The Committee will continue to consider both Board size and composition during 2023.
Chairman Succession	Mr. Philip Toomey retired from the Board on 28 April 2022. 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 and this was endorsed by the Board at its meeting in February 2022. He assumed the role of Chairman at the conclusion of the AGM on 28 April 2022 and was independent on appointment. On appointment, Mr. Tom Moran stepped down as a member and Chair of the Remuneration Committee and as the designated Workforce Engagement Director.
Board Refreshment	New non-Executive Directors, Ms. Fiona Dawson and Mr. Patrick Rohan were appointed to the Board on 4 January 2022 and 16 January 2023 respectively, following searches conducted by the Committee in conjunction with an executive recruitment consulting firm. The Committee and the Board agreed that Ms. Dawson and Mr. Rohan had a balance of skills, knowledge, experience and diversity that matched the requirements set.
Committee Refreshment	On appointment as Chairman of the Board, Mr. Tom Moran was also appointed as Chair of the Governance, Nomination and Sustainability Committee on 28 April 2022. Ms. Emer Gilvarry was appointed Chair of the Remuneration Committee on 28 April 2022, Ms. Fiona Dawson was appointed to the Remuneration Committee on 14 February 2022 and Mr. Michael Kerr was appointed to the Governance, Nomination and Sustainability Committee on 2 August 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 2023.

Key Activities (continued)

Subject	Committee Activity
Designated Workforce Engagement Director	Mr. Tom Moran retired as the designated Workforce Engagement Director at the conclusion of the AGM on 28 April 2022. The Governance, Nomination and Sustainability Committee completed a formal process and recommended to the Board the appointment of Dr. Karin Dorrepaal as the designated Workforce Engagement Director effective from the conclusion of the 2022 AGM.
Remuneration Committee Chairperson	Mr. Tom Moran retired as Chairperson of the Remuneration Committee on his appointment as Chairman of the Board at the conclusion of the AGM on 28 April 2022. The Governance, Nomination and Sustainability Committee completed a formal process and 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 had 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. Tom Moran, Dr. Hugh Brady, and Dr. Karin Dorrepaal, 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 Committee Effectiveness	As outlined in detail on page 129, an evaluation of the Board and its Committees took place in 2022. This process was externally facilitated by Independent Audit Limited. The evaluation was carried out through the use of an online questionnaire hosted by Independent Audit, interviews held with selected Board members and the Company Secretary, review of Board papers pertaining to the year and the observation of Board and Committee meetings. A thorough discussion followed a presentation of the findings made to the Board by Independent Audit at the December Board meeting. The Committee considered the outcome of this review. 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 2023. The conclusion from the evaluation process is that the Board and its Committees consider that they have operated effectively during the period under review.
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 2022, the Committee reviewed the Company's corporate governance policy in the context of the 2018 UK Corporate Governance Code and the Irish Annex and monitored developments in corporate governance best practice.
Sustainability Strategy	The Committee provided guidance and oversight on the implementation of the Group's *Beyond the Horizon* 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 EU Taxonomy as well as the additional ESG disclosures the Group is reporting in its separate 2022 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 kerry.com.

GOVERNANCE REPORT

Remuneration Committee Report

Emer Gilvarry
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 2022. This is my first Remuneration Committee Report, having taken over as Chairperson following Tom Moran's appointment as Chairman of the Board on 28 April 2022.

I would like to thank Tom for his significant contribution to this Committee over the past number of years, firstly as a member and more recently as the Chairman.

2022 has been a milestone year for Kerry as we celebrated our 50th anniversary and reconnected in person with many of our stakeholders as borders and economies reopened. In the face of a challenging macro-economic and geopolitical backdrop, and through continued COVID-19 lockdowns in key geographies, the Group again delivered a good financial performance for the year and made further significant strategic developments to enhance and solidify Kerry's position as a world-leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets.

We could not have achieved this without the continued and excellent leadership of our Executive Directors, our leadership teams and our entire global workforce who continue to demonstrate tremendous commitment and agility. I would also like to pay special tribute to our Ukrainian colleagues and to our leadership teams who ensured a rapid and coordinated response to keep our colleagues and their families safe as they deal with the consequences of the invasion of their country.

Supporting our People

We continue to prioritise the health and wellbeing of our people and throughout 2022, the Committee was particularly cognisant of the volatile economic environment, global inflationary challenges and the associated impact on our people. The Committee is also aware that the current inflationary environment is disproportionally affecting lower-paid workers and therefore, a number of targeted actions have been taken to support our people where required:

- Salary increases for the wider workforce in 2023 will be aligned to market movements on a country-by-country basis and will be greater than those awarded last year;
- Greater flexibility has been introduced in the Group's pay review process to facilitate higher increases for lower-paid positions and to give managers greater flexibility to differentiate where pay levels are materially impacted by inflation;
- More frequent salary increases are and will be made in countries experiencing hyperinflation;
- A new online, global wellbeing centre hosting high quality resources supporting emotional wellbeing, physical wellbeing, nutritional wellbeing and financial wellbeing has been made available to all employees;
- Renewed promotion of the Group's Global Employee Assistance Programme (EAP) service across all our Group locations. This programme provides a wide range of confidential services including budgeting and addressing stress to build financial confidence; and
- Employee benefit and discount platforms are actively promoted where available.

In a period of significantly higher inflation, the Committee is aware that restraint should be exercised when reviewing Executive Director remuneration. Having considered the holistic actions and responses taken for our wider workforce, the Committee is satisfied that the executive remuneration outturns for 2022 and the implementation of our Remuneration Policy for the Executive and non-Executive Directors in 2023, are appropriate.

Remuneration Policy

The Group's Remuneration Policy is summarised in Section C on pages 149-155. This current 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, values and culture 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 for 2022 and the remuneration outturns are appropriate, however some minor changes have been made to the operation of the Policy for 2023 following a review of operation in 2022 in the context of the key focus areas for 2023.

Consistent with our three-year review cycle, the Committee will undertake a full review of the Policy in 2023 to ensure it remains appropriate and continues to attract, retain and motivate individuals of the highest quality on an international basis. Ahead of bringing a new Policy to shareholders at the 2024 AGM, we will engage with a range of key stakeholders on any material changes proposed.

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, values and culture, 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 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 Outturn 2022

In determining the Executive Directors' 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, due to heightened levels of inflation and uncertain economic conditions globally.

In 2022, the Group delivered good overall growth with Group revenues reaching a record level of €8.8 billion, constant currency adjusted earnings per share growth of 7.3% and free cash flow generation of €640 million. We achieved strong progress in evolving the Group's portfolio aligned to our strategic priorities of Taste, Nutrition and Emerging Markets as well as advancing further along our *Beyond the Horizon* sustainability journey.

2022 Short-Term Incentive Plan Outturn

For Executive Directors, the 2022 STIP was based on financial metrics aligned to the Group's strategy with 35% based on Volume Growth, 27% on EBITDA Margin Expansion and 18% on Cash Conversion. Performance against key Strategic Objectives formed the remaining 20% of the overall STIP weighting.

The calculated outturn on the STIP for 2022 was 78% of the maximum available opportunity. The outturn was driven by achieving maximum vesting level for the Volume Growth metric on the back of a year of record growth, on target or slightly above vesting levels for the Margin Expansion and Cash Conversion metrics, and strong performance against Strategic Objectives. The Committee reviewed the formulaic outturn of the quantitative metrics and is satisfied that the overall outturn is reflective of the Group's and the Executive Directors' very strong performance during the year, against the backdrop of the challenging macro-economic environment and the 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.

Long-Term Incentive Plan 2020-2022 Outturn

The three-year performance period in respect of the 2020-2022 LTIP award ended on 31 December 2022. The 2020 LTIP award was subject to growth in Adjusted Earnings per Share (EPS), Total Shareholder Return (TSR) and Return on Average Capital Employed (ROACE) performance metrics with a weighting of 50%, 30% and 20% respectively.

The final outturn of the 2020-2022 LTIP award was 21.3% of maximum opportunity as outlined in further detail on page 164.

While we have seen a strong recovery in our EPS performance over the past two years, the COVID-19 impact on the 2020 EPS performance largely offset the EPS growth achieved for the remaining two years of the award, resulting in a low vesting level for this metric. This is the third year in which the impact of the pandemic in 2020 has had a very significant negative effect on the LTIP outturn. Our TSR performance was below median compared to our TSR peer group and has therefore not achieved the threshold level for vesting. ROACE performance was above threshold and vested accordingly.

No discretion will be applied to the formulaic vesting of the 2020 LTIP award for Executive Directors despite their strong performance over the performance period. However, consistent with the discretion previously exercised, we adjusted the formulaic vesting of the EPS metric of the 2020 LTIP for the Executive Directors' extended leadership teams. The vesting of the 2020 LTIP will be adjusted for approximately 400 leaders from 21.3% to 40%, in recognition of their sustained commitment, agility and performance against a very challenging backdrop.

Remuneration Policy Implementation 2023

Basic Salary

In reviewing the basic salaries for the Executive Directors, the Committee was mindful of the broader external environment, the strong performance of our Executive team, and in particular our wider workforce experience as outlined previously.

For 2023 the basic salaries of the Executive Directors will be increased by 3.2% (Ireland based) and 4% (US based). These increases are below the 2023 average increases available for the wider workforce population in Ireland (3.5%) and the US (4.5%), with higher increases available for lower-paid employees or where market adjustments are required.

Pension Alignment

As detailed on page 151, Executive Directors' pension contribution rates have been aligned to those of Kerry's wider workforce in Ireland with effect from 1 January 2023.

Incentive Plans

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 2022, the Remuneration Committee reviewed the incentive plan metrics and weightings again to ensure full alignment with the Group's purpose, values, culture, strategy and mid-term targets.

2023 Short-Term Incentive Plan

The STIP performance metrics, weightings and target calibrations were reviewed in 2022 and the Committee concluded that, while no changes are required to the metrics, the weighting attributable to the Cash Conversion metric should be increased to reflect the greater emphasis on cash generation management during 2023. Other metrics will be reweighted accordingly with Volume Growth retaining the highest weighting. Annual STIP maximum opportunity will remain unchanged for 2023.

2023 Long-Term Incentive Plan

The LTIP performance metrics, weightings and target calibrations were also reviewed in 2022. The Committee decided to adjust the target ranges for the EPS and ROACE metrics, given the current uncertain, volatile and inflationary economic environment, and to adjust the target range for the sustainability metrics as the Group moves another year closer to the targets included in the 2030 *Beyond the Horizon* sustainability strategy. The target for the TSR metric remains unchanged and there are no changes to the weightings of the metrics or to the LTIP maximum opportunity levels. The Committee considers the revised targets similarly challenging to the targets set in prior years allowing for global economic conditions.

Pay for Performance

Kerry has a strong track record of demonstrating appropriate rigour and discipline when setting stretching targets. The Committee is satisfied that the targets set for the 2023 STIP and LTIP awards are appropriately stretching, particularly given the current uncertain economic environment, significant inflationary pressures, overall market growth rates and the level of capital expenditure required to support future growth ambitions.

Non-Executive Director Fees for 2023

For 2023, no substantive increases are proposed and, in line with the Remuneration Policy, an annual increase will again be applied to the base fee paid to Directors in 2023. An increase of 3.2% will be applied to the base fee paid to the Chairman and non-Executive Directors. This increase is lower than the increase available to the wider workforce in Ireland. No increases will be applied to Committee membership fees, Committee chair fees or any other fees.

Other Matters

All Employee Share Plan

During 2022, a detailed review was undertaken to design Kerry's first global All Employee Share Plan which will provide employees globally with the opportunity to become shareholders and allow them to share in the success of the Group. The Committee and the Board believe that share ownership is a powerful and important way of creating an ownership culture and mindset and as such we will seek shareholder approval for the plan at the 2023 AGM. Subject to shareholder approval, implementation will commence on a phased basis from 2023 onwards.

Committee Refreshment

Following Tom Moran's appointment to Chairman of the Board in April 2022, I was appointed to chair the Committee. Ms. Fiona Dawson was appointed to the Committee in February 2022, and she has brought with her a valuable new perspective.

Committee Performance

An external review of the Remuneration Committee's performance was undertaken by Independent Audit Limited during 2022 and the outcome of this review is that the Committee concluded that it is operating effectively.

Conclusion

The Committee has again faced difficult decisions in appropriately recognising the contributions of our leadership teams in very challenging circumstances. While the 2020 LTIP outturn for our Executive Directors is disappointing in the context of their sustained and focused leadership over the three-year performance period, the Committee is satisfied that the overall remuneration outturn for 2022 is reflective of underlying business performance and the wider stakeholder experience. The Committee is also satisfied that the remuneration set for 2023 for the Executive Directors and our wider workforce is appropriate and reflective of the general economic environment.

The Committee continues to review the Group's Remuneration Policy to ensure that it remains aligned to shareholders' long-term interests and provides the right framework to attract, retain and motivate 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 97% 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.

Emer Gilvarry
Chairperson of the Remuneration Committee

Section B:
Remuneration Committee and Key Activities

Committee Membership

During 2022, the Remuneration Committee initially comprised four independent non-Executive Directors; Dr. Karin Dorrepaal, Ms. Emer Gilvarry, Mr. Christopher Rogers and was chaired by Mr. Tom Moran. Ms. Fiona Dawson was appointed to the Committee in February 2022 and following Mr. Tom Moran's appointment to Chairman in April 2022, Ms. Emer Gilvarry was appointed to chair the Committee. Details of the skills and experience of the Directors are contained in the Directors' biographies on pages 108-110.

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 2022, are set out in written terms of reference which are available from the Group's website www.kerry.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 2022

The Committee held five meetings during 2022. Attendance at these meetings is outlined on page 128. The key activities undertaken by the Committee in discharging its duties during 2022 are set out below:

Subject	Remuneration Committee Activity
Remuneration Report	A review of best practice remuneration reporting was completed during 2022 to ensure ongoing compliance with relevant legislation and reporting requirements.
Remuneration Policy Review	The Committee reviewed the Policy and concluded that it has operated as intended. The only significant adjustment is the reduction in the Executive Directors' Employer's Pension contribution to 10% in line with the wider workforce.
Basic salary	The Committee continued to monitor the level of basic salaries of the CEO and Executive Directors in line with market practice.
STIP	The STIP was reviewed during 2022 to ensure that the metrics are aligned with Group strategy, purpose and values, the weightings are appropriate and that the associated targets are appropriately stretching.
LTIP	The Committee considered the overall effectiveness of the LTIP in 2022 to ensure that it is structured appropriately to incentivise Executive Directors and senior managers across the Group and that there were no windfall gains due to share price movements at the date of grant in 2020.
Chairman & Non-Executive Directors fees	As provided in the Remuneration Policy, the Chairman's and non-Executive Director base fees are reviewed annually.

Subject	Remuneration Committee Activity
Executive Directors Service Contracts	Following the 2020 Executive Remuneration Policy review, the service contracts for the Executive Directors were reviewed and updated to ensure they reflect the changes introduced in the most recent Policy and continue to be appropriately aligned with current best practice.
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 regular updates on pay policies and procedures for the wider workforce to ensure alignment with the Executive Directors' Remuneration Policy. Updates included an overview of the approach for the annual pay reviews in all the countries in which the Group operates including measures taken in response to the cost-of-living crisis. Other agenda items included updates on gender pay gap reporting, the design and deployment of an All Employee Share Plan, the timeline for UK living wage accreditation and enhancements and additions to family leave policies.
Workforce Engagement Activity	The Committee was updated by the Chief Human Resources Officer and the designated Workforce Engagement Director (who is also a member of the Committee) in relation to the dialogue with the workforce concerning executive and workforce remuneration policies. The feedback received informed the Committee's decision making in relation to executive remuneration outcomes for 2022, as well as the level of salary increases for Executive Directors and fee increase for non-Executive Directors applicable in 2023. It also influenced the Committee's decision to seek shareholder approval for an All Employee Share Plan at the AGM in 2023.
Shareholder Consultation	The Committee reviewed the results of the shareholder vote on the Remuneration Report at the 2022 AGM noting that 97% of shareholders 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 in relation to Executive Director remuneration and other matters. The Committee welcomed the engagement and the shareholders consulted provided input and commentary which the Committee took into account particularly when determining the outturn for the 2019 LTIP award which vested in 2022.
Committee Evaluation	As outlined on page 129 an external review of the Board and its Committees was conducted by Independent Audit Limited during 2022. The outcome of the review is that the Remuneration Committee concluded that it 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 kerry.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 2022 were €62,588 (2021: €84,990).

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.

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 (2022 AGM)			
109,497,080	105,969,195	3,527,885	607,563
	96.8%	3.2%	

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.

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, values and culture, 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.

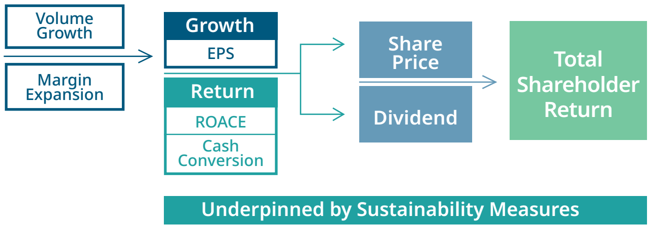
A high proportion of Executive Directors' potential remuneration is based on short-term and long-term performance-related incentive programmes. By incorporating these elements, the Remuneration Committee believes that the interest and risk appetite of the Executive Directors is properly aligned with the interests of the shareholders and other stakeholders. When authorising remuneration outturns, the Committee exercises independent judgement and discretion, taking account of Group and individual performance as well as the shareholder 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 35, 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 metrics. 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 Executive Directors 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 practical to do so.

In setting remuneration levels, the Committee has regard to 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 Committee is committed to having a transparent approach to pay, by engaging regularly with Executives, shareholders and their representative bodies in order to explain the approach to executive pay and how it links to the Kerry strategy. We are also committed to clear and transparent disclosure on all aspects of executive remuneration. The Committee is informed of the feedback from the workforce in relation to executive and workforce remuneration matters through regular updates provided by the Chief Human Resources Officer and the designated Workforce Engagement Director.
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 outturns.
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 (iii) malus and clawback provisions and (iv) the ability of the Committee to utilise discretion to adjust formulaic outturns to ensure outturns 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 155 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, Enterprising Spirit, Inclusiveness, Open-mindedness and Ownership.

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

Purpose and Link to Strategy	Operation	Opportunity	Performance Metrics
Benefits			
To provide a competitive benefit package aligned with the role and responsibilities of Executive Directors	– These benefits primarily relate to the use of a company car or a car allowance	– Not applicable	– Not applicable
Pension			
To provide competitive retirement benefits to attract and retain Executive Directors	– Pension arrangements may vary based on the 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	– Pension values prior to 1 January 2023 varied based on local practice – The pension contribution rates for incumbent Executive Directors have been reduced to 10% of basic salary, in line with Kerry's Irish wider 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 wider 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, the delivery of the Group's strategy and value creation for all stakeholders 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 153)	– Maximum opportunity is 175%-200% of basic salary – Target opportunity is 50% of maximum opportunity for on-target performance – Threshold performance results in a STIP payable at 0% of maximum	For FY 2023 – 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 153)	– Maximum opportunity is 250% - 300% of basic salary	For FY 2023 – 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 STIP 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 awards granted after 2021 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 including relevant sustainability priorities.

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 measures 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 Measure	Strategic Priority	Incentive Scheme
Volume growth	Key driver of revenue growth	STIP
Margin expansion	Key driver of profit growth	STIP
Cash conversion	Cash generation for reinvestment or return to shareholders	STIP
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 outturns under STIP and LTIP to ensure outturns 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 month's 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, (accompanied by such payments as are considered necessary or appropriate to sustain such provisions) 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 metrics 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 buyout 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

There is strong alignment between how we set pay for our Executive Directors and the wider workforce, as well as clear alignment in the mechanics of how we operate our pay review process and design our benefit and incentive plans. The key difference in remuneration structures is that, overall, the Remuneration Policy for the Executive Directors is more heavily weighted towards variable pay compared to other employees.

An update on wider workforce remuneration is tabled as a specific agenda item at every Remuneration Committee meeting to enable the Committee to consider the wider workforce experience when setting the Remuneration Policy for Executive Directors and making executive remuneration decisions.

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. 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.

To further strengthen the alignment between Executive Directors and wider workforce, we will be seeking shareholder approval for a new All Employee Share Plan at the 2023 AGM. During 2022, a detailed review was undertaken to design Kerry's first global All Employee Share Plan which will provide employees with the opportunity to become shareholders and allow them to share in the success of the Group. The Committee and the Board believe that share ownership is a powerful and important way of creating an ownership culture and mindset. Subject to shareholder approval implementation will commence on a phased basis from 2023 onwards.

Consultation with Employees

Our approach to employee engagement is set out in detail on page 123 including the approach to understanding the views of our wider workforce. Dr. Karin Dorrepaal, a member of the Remuneration Committee, is our current designated Workforce Engagement Director, and she works closely with our Chief Human Resources Officer (CHRO) to provide the Committee with regular updates on engagement with, and feedback from, 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. The Group has a number of different channels for engagement including an annual engagement survey, targeted pulse checks with specific employee groups, regular town halls, a dedicated digital employee communication platform and our Speak Up facility. The Committee continually reviews and enhances these channels to enable the Committee to engage more effectively with the workforce to explain the alignment between Executive Directors' Remuneration Policy and the pay policy and practices applicable to the wider workforce.

Consultation with Shareholders

The Committee considers the guidelines issued by the major institutional shareholders and the bodies representing them, the guidelines and feedback provided by proxy advisors and direct feedback from 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.

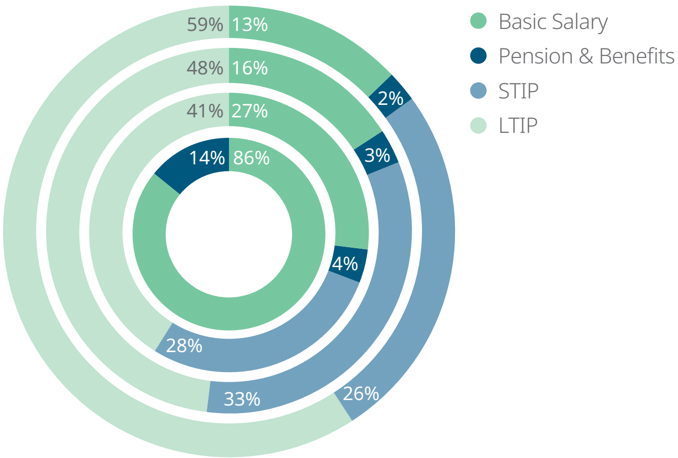
Non-Executive Directors' Remuneration Policy

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 base fee is usually increased in line with the increase available to the wider workforce 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.

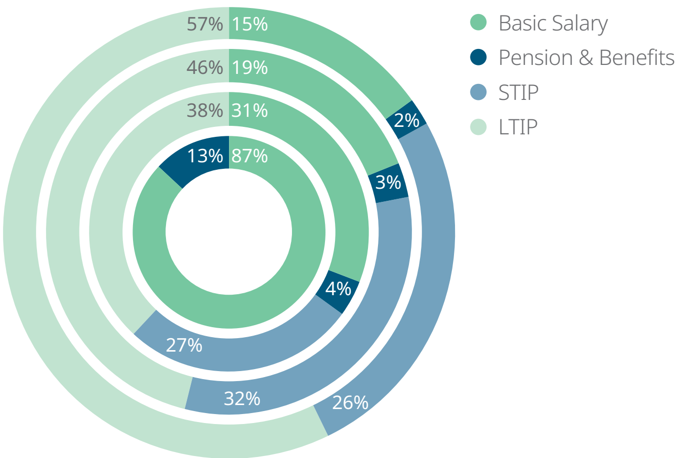
Illustration of Remuneration Policy

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 2023. 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.

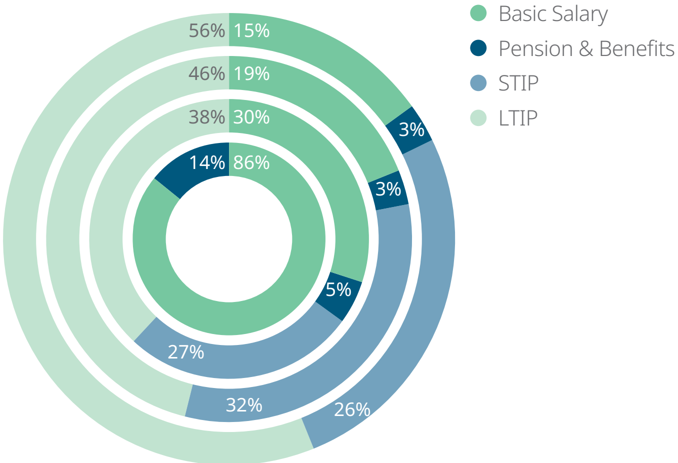
Edmond Scanlon



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 2023

This part of the report sets out how the proposed Remuneration Policy as described on pages 149-150 will operate in 2023.

Basic Salary and Benefits

The salaries of the Executive Directors effective for the year commencing on 1 March 2023, together with the comparative figures, are as follows:

Directors	2023 €'000*	2022 €'000*	% Increase
Edmond Scanlon	1,289	1,249	3.2%
Marguerite Larkin	797	773	3.2%
	$'000*	$'000*	% Increase
Gerry Behan	1,060	1,019	4.0%

* The numbers above reflect rounding.

For 2023 the basic salaries of the Executive Directors will be increased by 3.2% (Ireland based) and 4% (US based). These increases are below the 2023 average increases available for the wider workforce population in Ireland (3.5%) and the US (4.5%), with higher increases available for lower-paid employees or where market adjustments are required.

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.

The pension contribution rate for Executive Directors has been aligned to that of Kerry's wider 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 2022 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, while no changes are required to the metrics for 2023, the weighting attributable to the Cash Conversion metric should be increased to 25% (previously 18%) to reflect the increased focus on cash generation management.

The weighting attributable to the Volume Growth and the Margin Expansion metrics will be adjusted to 30% (previously 35%) and 25% (previously 27%) respectively. Strategic Objectives will continue to be weighted at 20%. All 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 2022, 200% of salary for the CEO and 175% of salary for the CFO and CEO Taste & Nutrition.

2023 STIP – Performance Metrics and Weightings for Executive Directors

	% of award	
Group Metrics	**Target**	**Max**
Volume growth	15%	30%
Margin expansion	12.5%	25%
Cash conversion	12.5%	25%
Strategic objectives	10%	20%
Total	50%	100%

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 2022 to ensure that they remain appropriate, linked to strategy and that targets are appropriately stretching. The Committee decided to adjust the target ranges for the EPS and ROACE metrics, given the current uncertain, volatile and inflationary economic environment, and to adjust the target range for the sustainability metrics as the Group moves another year closer to the targets included in the 2030 *Beyond the Horizon* sustainability strategy. The target for the TSR metric remains unchanged as do the weightings for all metrics.

LTIP Award Year	2023	
Performance Metrics	**Threshold**	**Maximum**
EPS (40% weighting) [1]		
Kerry's EPS growth per annum	4%	10%
% of award which vests	25%	100%
ROACE (15% weighting)		
ROACE achieved	9%	12%
% of award which vests	25%	100%
Relative TSR (25% weighting)		
Position of Kerry in peer group [2]	Median	Above 75th percentile
% of award which vests	25%	100%
Sustainability (20% weighting) [3]		
Nutrition Reach Goal	1.2bn	1.4bn
Carbon Reduction	48%	50%
Food Waste Reduction	35%	40%
% 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 163.
Note 3: Please see pages 38-39 for further details in relation to sustainability metrics.

The Committee is satisfied that the target ranges above are appropriately stretching particularly given the current macro-economic environment, challenging trading conditions, 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).

Each Executive Director will be awarded their maximum LTIP opportunity in 2023 as follows, CEO 300% of basic salary, CFO 250% of basic salary and CEO Taste & Nutrition 250% of basic salary. These maximum opportunities are unchanged versus the previous year.

See Group Key Performance Indicators (KPIs) on pages 38-39 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

For 2023, no substantial increases are proposed and in line with the Remuneration Policy, an annual increase will again be applied to the base fee paid to non-Executive Directors. An increase of 3.2% will be applied to the base fee paid to the Chairman and non-Executive Directors. This increase is lower than the increase available to the wider workforce in Ireland.

The following increases will be applied effective 1 March 2023.

Fee Type[1]	2023 Fees €'000	2022 Fees €'000
Chairman's fee	407	395
Non-Executive Director Base fee	89	86

Note 1: There are no changes to the Committee membership, Committee chair fees or any other fees. The numbers above reflect rounding.

Part II: Remuneration Policy Outturn 2022

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 188. 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 2022 (Audited)

	Irish Based Directors Euros				US Based Director US Dollars	
	Edmond Scanlon CEO		Marguerite Larkin CFO		Gerry Behan[6] CEO T&N	
	2022 €'000	2021 €'000	**2022 €'000**	2021 €'000	**2022 $'000**	2021 $'000
Basic Salary[1]	**1,244**	1,217	**770**	752	**1,014**	984
Benefits[2]	**74**	62	**35**	34	**81**	72
Pensions[3]	**224**	219	**139**	135	**226**	207
Total Fixed Remuneration	**1,542**	1,498	**944**	921	**1,321**	1,263
% Fixed v Total	**40%**	39%	**42%**	42%	**44%**	42%
STIP[4]	**1,941**	1,752	**1,050**	948	**1,384**	1,240
LTIP[5]	**416**	605	**231**	337	**307**	513
Total Variable Remuneration	**2,357**	2,357	**1,281**	1,285	**1,691**	1,753
% Variable v Total	**60%**	61%	**58%**	58%	**56%**	58%
Total Remuneration	**3,899**	3,855	**2,225**	2,206	**3,012**	3,016
					€'000	€'000
					2,869	2,534

Note 1: Annual pay increases are effective from 1st March each 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 2022 for both Edmond Scanlon and Marguerite Larkin was 18% of their basic salaries. The pension figure for Gerry Behan includes both defined benefit and defined contribution retirement benefits.
Note 4: The 2022 STIP amount represents two thirds delivered in cash with one third 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. The negative share price movement versus that applicable at the date the conditional awards were granted has decreased the valuation of the awards (that will vest in 2023) over the three years by (€91k) for Edmond Scanlon, (€51k) for Marguerite Larkin and by (€64k) for Gerry Behan. The LTIP included in this table was awarded in 2020.
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 €8,993k (2021: €8,595k) using a US dollar exchange rate of 1.05 (2021: 1.19).

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 3.3% respectively, effective from 1 March 2022, in line with increases for the wider workforce in Ireland and the US respectively.

Annual Incentive Outturns (STIP)

Table 2: STIP Achievement Against Targets

Financial Metrics (CEO, CFO, and CEO T&N – 80% weighting)

Metric		1. Volume Growth (35% weighting)	2. EBITDA Margin Expansion* (27% weighting)	3. Cash Conversion (18% weighting)
		Group	Group	Group
Targets	Threshold	0%	40 bps	70%
	Target	4%	80 bps	80%
	Max	6%	100 bps	90%
Actual performance		6.1%	80 bps	82%
Bonus outturn		35%	14%	11%
Link to strategy		Volume Growth is a key performance metric as it is one of the main drivers of Adjusted EPS Growth	EBITDA Margin Expansion is a key performance metric as it is also a 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 targets and actual performance for the EBITDA Margin Expansion metric exclude the dilution resulting from the mathematical effect of implementing selling price increases to maintain cash margin in light of unprecedented input cost inflation. The dilutive impact on reported EBITDA margin resulting from the price increases implemented in 2022 was 160bps.

When setting the targets above, the Committee considered them to be appropriate as they are aligned with the Group's Strategic Plan, and were reflective of overall market conditions in 2022, including the anticipated significant inflationary environment. The targets also took 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 ongoing global supply chain challenges.

Strategic Objectives – 20% weighting

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. The table below sets out the performance outturn for the strategic element of the STIP.

Metric		4. Strategic Objectives (All – 20% weighting)		
		CEO	CFO	CEO T&N
Targets	Threshold	0	0	0
	Target	10	10	10
Max		20	20	20
Actual performance		18	18	18
Metric outturn		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 Committee reviewed progress against these objectives and concluded that strong progress was made by the Executive Directors against the objectives outlined below, which resulted in an award that was close to maximum opportunity.

Strategic Objective	Performance Assessment
CEO	**Achievement: 18% (90%)**
Portfolio & Strategy	Significant strategic portfolio developments to enhance and further solidify Kerry's position as a world-leading Taste & Nutrition Company: – Rigorous integration of Niacet and other strategic acquisitions across all regions of Kerry to enhance the Group's capability in Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma. – Following a strategic portfolio review, reached agreement for the potential sale of Kerry's Sweet Ingredients Portfolio – External innovation partnerships significantly evolved and c-LEcta, a technology and innovation-led investment, now integrated in to Kerry
Operating Model & Digital Enablement	Strong progress in driving further alignment of Kerry's Operating Model to build and embed capability for excellent execution of the refreshed strategy – Continued to build Group commercial capability to accelerate growth in priority areas of focus including: enhanced global account management capability, refreshed global commercial academy and sales incentive plan as well as enhanced digital cross and upselling capability – Further embedded the newly established Global Business Services organisation, with portfolio, scope and capabilities expanded significantly on a global scale in 2022 – Significant progress in driving operational effectiveness; focused uplift in manufacturing and process capability, coupled with enhanced supply-chain agility. Enhancement of operations leadership capability, through a global Plant Leader development programme and targeted recruitment for key specialist capability
Stakeholder Engagement	Significant personal focus, upon re-opening of economies and borders, on stakeholder engagement globally vis-a-vis Kerry's sustainable nutrition ambition and capability – Fully leveraged Kerry's 50th anniversary celebrations globally to showcase and motivate employees, customers, and communities around Kerry's purpose, vision, strategy, and capability – Extended next generation of Kerry's World Food Programme (Burundi) and Concern Partnership (Kenya). Continued and expanded Kerry MyCommunity programme, enabling employee-led sustainability initiatives in local communities, through a combination of funding and paid volunteering
Leadership Team and Succession Planning	Strong progress in building strength, depth and diversity of the leadership team and talent pipeline: – Seamless succession into key Executive Leadership roles, in particular CEO North America – Ongoing ownership of the Executive Leadership Team development, complemented by externally facilitated team development and mentoring interventions – Championed continued rigour in executive succession planning and development – Significant progress in gender diversity in senior leadership (now 33% v 2025 ambition of 35%) – Global DI&B Executive Council established, and Global Head of DI&B appointed. DI&B 2030 roadmap refreshed and enhanced, with key 2022 milestones achieved
CFO	**Achievement: 18% (90%)**
Portfolio & Strategy	Significant strategic portfolio developments to enhance and further solidify Kerry's position as a world-leading Taste & Nutrition company: – Rigorous integration of Niacet and other strategic acquisitions across all regions of Kerry to enhance the Group's capability in Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma – Following a strategic portfolio review, reached agreement for the Potential sale of Kerry's Sweet Ingredients Portfolio – External innovation partnerships significantly evolved and c-LEcta, a technology and innovation-led investment, now integrated in to Kerry
Operating Model & Digital Enablement	Strong progress in driving further alignment of Kerry's Operating Model to build and embed capability for excellent execution of the refreshed strategy: – Further embedded the newly established Global Business Services (GBS) organisation, with portfolio, scope and capabilities expanded significantly on a global scale in 2022 – Significant progress in operational and commercial effectiveness through disciplined performance management and capital allocation, enabled by strengthened analytics and digital capability – Seamless execution of global finance function transformation; delivering performance-focused finance business partnering in regions, supported by deep expertise in global specialist functions, and consistent scalable finance services, delivered through GBS finance teams in two global centres

Stakeholder Engagement	Significant personal focus upon re-opening of economies and borders, on stakeholder engagement globally, vis-a-vis Kerry's sustainable nutrition ambition and capability: – Fully leveraged Kerry's 50th anniversary celebrations globally to showcase and motivate employees, customers and communities around Kerry's purpose, vision, strategy, and capability – Extensive external engagement with investors, financial institutions, business schools and communities around Kerry's purpose, vision, strategy, and capability – Strengthened Group Sustainability reporting and oversaw Kerry's first standalone Sustainability Report, in reference to GRI standards
Leadership Team and Succession Planning	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 internal promotions and accelerated development programmes – Ongoing ownership of Finance Leadership Team development, complemented by externally-facilitated team development and mentoring interventions – Championed Diversity, Inclusion and Belonging as a key business priority – Multiple internal and external engagements on Kerry's DI&B priorities and progress – Sponsored Kerry's International Women's Day programmes
CEO T&N	**Achievement: 18% (90%)**
Portfolio & Strategy	Significant strategic portfolio developments to enhance and further solidify Kerry's position as a world-leading Taste & Nutrition company: – Rigorous integration of Niacet and other strategic acquisitions across all regions of Kerry to enhance the Group's capability in key growth platforms of Authentic Taste, Plant-based, Food Waste and Health & Bio-Pharma – Following a strategic portfolio review, reached agreement for the potential sale of Kerry's Sweet Ingredients Portfolio – External innovation partnerships significantly evolved and c-LEcta, a technology and innovation-led investment, now integrated in Kerry
Operating Model & Digital Enablement	Strong progress in driving further alignment of Kerry's Operating Model to build and embed capability for excellent execution of the refreshed strategy: – Foundational Technology capability further enhanced through focused global portfolio and product management teams, complemented by regional technology business development teams – Significant progress on building process technology capability, in particular in food waste reduction and authentic taste – Strategic raw material sourcing strategy refreshed, with a particular focus on sustainability
Stakeholder Engagement	Significant personal focus, upon re-opening of economies and borders, on stakeholder engagement globally vis-a-vis Kerry's sustainable nutrition ambition and capability: – Extensive external engagement, focused on Kerry's technology leadership and deep specialism in key growth platforms – Significant progress in positioning Kerry as an externally recognised specialist in the industry through participation at key external forums and events and appointment of Kerry Executives to external boards and councils. Committed to continuation of multiple academic partnerships and collaborations in the food research space – Technology innovation elevated and showcased as a key value driver for customers and current and future talent. Technology leadership extended to Kerry's World Food Programme partnership in Burundi
Leadership Team and Succession Planning	Strong progress in building strength, depth and diversity of Foundational Technology leadership team and talent pipeline: – Global Portfolio and Product Management leadership, and Regional Business Development leadership, further strengthened through strategic hires, acquisition integration and internal promotions – Significant progress in Foundational Technology capability building for technology teams, end-use market teams and commercial teams – Championed rigour in executive succession planning and development – Significant progress in gender diversity in senior leadership (now 33% v 2025 ambition of 35%)

Discretion

The Committee concluded that there was no requirement to exercise discretion as the 2022 STIP outturns 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 2022

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 and inflationary environment. For 2022 a pay-out of 78% of maximum opportunity was achieved by each Director.

Under the Policy, one third of the STIP 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)

LTIP Approved in 2021 (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.

LTIP Approved in 2013 (LTIP 2013)

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.

2020 LTIP Awards

Set out below is the performance against targets for the 2020 LTIP award where the three-year performance period ended on 31 December 2022 and the award vests in 2023.

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 Group's adjusted EPS growth 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 particularly adverse impact on the EPS metric in 2020 (-9.4%), which largely offset the strong adjusted EPS growth (pre dilutive effect of disposals) achieved in 2021 (+15.3%) and 2022 (+14.9%) respectively. Accordingly, the outturn of the EPS performance test, calculated on a constant currency basis over the three-year period, is an annual average adjusted EPS growth of 6.9% which results in an award outturn of 15.3% out of a possible maximum of 50%. When calculating the outturn for this metric, the adjusted EPS growth % used for both 2021 and 2022 excludes the dilutive effect which the significant business disposals (Consumer Foods' Meats and Meals business and the Russian business completed during those years), had on the reported result for the adjusted EPS growth metric as the disposals were not anticipated when the targets were originally set three years ago. The reported adjusted EPS growth for 2021 at 12.1% and 2022 at 7.3% recognised a dilution of 3.2% and 7.6% respectively.

Vesting Level for EPS Metric

The outturn of the EPS performance test is an average adjusted EPS growth of 6.9% which results in an award outcome of 15.3% out of a possible maximum of 50%.

TSR Performance Test

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

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

* Aryzta was replaced by Ingredion for awards granted in 2021 and subsequent years.

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%

Vesting Level for TSR Metric

The outturn of the measurement of the TSR metric in relation to the 2020 awards is in the 4th quartile, resulting in an award outturn of 0% out of a possible maximum of 30% as the threshold performance level for this metric was not achieved.

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 outturn of the measurement of the ROACE metric in relation to the 2020 award is a ROACE of 10.4% resulting in an award outturn of 6% out of a maximum of 20%.

Table 3: Overall Outturn of the 2020 LTIP Award Vesting in 2023

LTIP Metric	Weighting %	Actual Vesting %
EPS	50%	15.3%
TSR	30%	0%
ROACE	20%	6%
		21.3%

The Committee was satisfied that the Executive Directors did not benefit from a windfall gain taking into account the share price at grant and share price performance over the performance period.

Summary of outstanding LTIP awards

The following table shows the Executive Directors' and Company Secretary's interests under the LTIP. Conditional awards at 1 January 2022 relate to awards made in 2019, 2020 and 2021 which have a three year performance period. The 2019 awards vested in 2022. The 2020 and 2021 awards will potentially vest in 2023 and 2024 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 Schemes	Conditional Awards at 1 January 2022	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 2022	Share Price at Date of Conditional Award Made During the Year
Directors								
Edmond Scanlon[1]	2013/21	**83,561**	_	(9,723)	(18,973)	38,739	93,604	€96.76
Marguerite Larkin	2013/21	**41,417**	_	(2,978)	(10,560)	19,964	47,843	€96.76
Gerry Behan	2013/21	**49,796**	(3,817)	_	(13,535)	23,567	56,011	€96.76
Company Secretary								
Ronan Deasy	2013/21	**11,772**	_	(638)	(2,263)	3,366	12,237	€96.76

Note 1: In the case of Edmond Scanlon the share options vested includes 4,372 Career Share options granted prior to his appointment as an Executive Director.

Conditional LTIP awards made on 11 March 2022, under the 2021 LTIP Plan, have a three-year performance period and will potentially vest in March 2025. Under the 2021 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 2027.

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 2022	Share Options Exercised During the Year	Share Options Vested During the Year[1]	Share Options Outstanding at 31 December 2022	Exercise Price Per Share
Directors					
Edmond Scanlon [2]	38,683	–	**15,697**	**54,380**	**€0.125**
Marguerite Larkin	4,541	–	**6,211**	**10,752**	**€0.125**
Company Secretary					
Ronan Deasy	2,955	–	**638**	**3,593**	**€0.125**

Note 1: Share Options which vested in March 2022 related to 2019 LTIP awards and 33% of the 2021 STIP (paid in March 2022). 50% of share options vested under the LTIP are subject to a two-year deferral period and 33% of the STIP payments which are delivered in share options are subject to a two year deferral period.
Note 2: In the case of Edmond Scanlon the share options vested includes 4,372 Career Share options granted prior to his appointment as an Executive Director.

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 plan 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		
	Annual Pension Accrued During the Year (Excluding Inflation) $'000	Total Annual Accrued Pension at End of Year $'000	Transfer Value of Increase in Accrued Pension $'000
Gerry Behan			
2022	**117**	**717**	**1,752**
2021	17	599	229

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 158.

Payments to Former Directors

No payments were made to former Directors during 2022 (2021: €nil) in respect of their duties as Directors. Vested 2017 LTIP awards which were subject to a two-year deferral period and delivered in 2022 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 2022 (2021: €nil).

Non-Executive Director Remuneration and Shareholdings

Table 7: Remuneration paid to non-Executive Directors in 2022 and Shareholdings (Audited)

	Fees 2022 €'000 [1]	Fees 2021 €'000	31 Dec 2022 Ordinary Shares Number [1]	31 Dec 2021 Ordinary Shares Number
Hugh Brady	**121**	114	**6,850**	1,700
Gerard Culligan	**28**	84	**-**	-
Fiona Dawson	**95**	-	**167**	-
Karin Dorrepaal	**114**	104	**-**	-
Joan Garahy	**-**	45	**-**	1,050
Emer Gilvarry	**116**	100	**850**	850
Michael Kerr	**130**	78	**10,000**	10,000
Tom Moran	**307**	126	**1,029**	539
Con Murphy	**28**	84	**7,728**	7,728
Christopher Rogers	**121**	119	**1,640**	640
Philip Toomey	**130**	385	**9,000**	9,000
Jinlong Wang	**126**	120	**-**	-
	1,316	1,359		

Note 1: Non-Executive Directors fees are reflective of when the individuals were appointed to or retired from the Board (see page 141). Year-on-year fee level variances arise due to annual fee increases in line with the wider workforce and additional fees paid for appointment to different Committees/Chair roles. Shareholdings for retired non-Executive Directors are reflected as of their date of retirement.

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 €19k.

Directors' and Company Secretary's Interests

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

Table 8: Executive Directors and Company Secretary Shareholdings

	31 December 2022 Ordinary Shares Number	31 December 2022 Share Options Number	31 December 2022 Total Number	31 December 2021 Ordinary Shares Number	31 December 2021 Share Options Number	31 December 2021 Total Number
Directors						
Edmond Scanlon	**19,611**	**41,566**	**61,177**	19,611	25,749	45,360
- Deferred[1]	**–**	**12,814**	**12,814**	–	12,934	12,934
Marguerite Larkin	**4,335**	**4,887**	**9,222**	1,500	1,838	3,338
- Deferred[1]	**–**	**5,865**	**5,865**	–	2,703	2,703
Gerry Behan	**69,147**	**–**	**69,147**	61,346	–	61,346
- Deferred[1]	**8,604**	**–**	**8,604**	11,405	–	11,405
Company Secretary						
Ronan Deasy	**3,230**	**2,518**	**5,748**	3,230	1,093	4,323
- Deferred[1]	**–**	**1,075**	**1,075**	–	1,862	1,862

Note 1: The deferred shares and share options above, relate to 33% of the awarded amount of the Executive Directors 2021 STIP award and 50% of the 2018 and 2019 LTIP awards (vested in March 2021 and 2022 respectively). These awards are subject to a two year deferral period and will be delivered in shares/share options in March 2023 and March 2024 respectively.

Shareholding Guidelines

The table below sets out the Executive Directors' shareholding at 31 December 2022 shown as a multiple of basic salary. Refer to the Remuneration Policy Table on page 152 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	5x
Marguerite Larkin[2]	2x
Gerry Behan	7x

Note 1: The share price used to calculate the above is the share price as at 31 December 2022 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 current policy, has to increase her shareholding to at least the minimum 2.5x basic salary through the retention of 50% of vested annual STIP 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 2012 to 31 December 2022. Also outlined in the table on page 168, 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 31/12/2012)

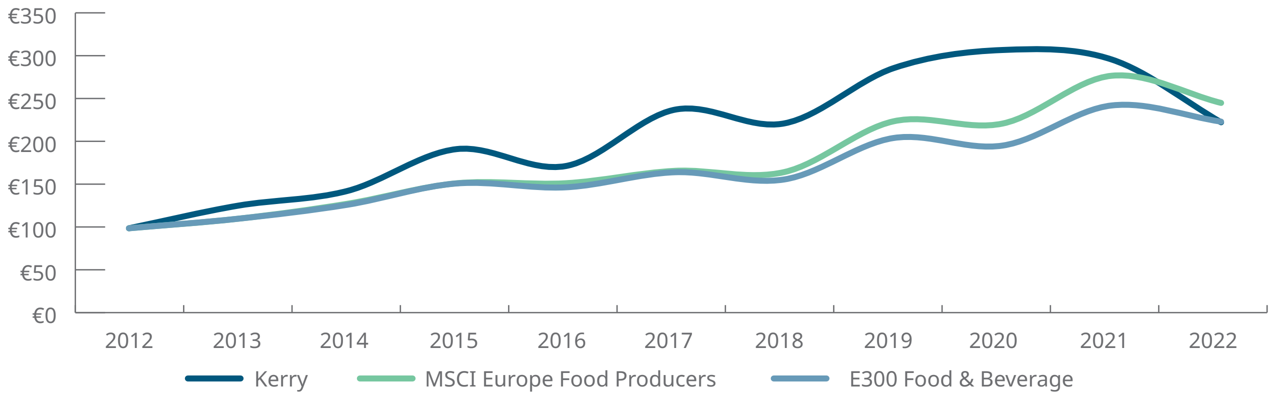


Table 10: Remuneration Paid to the CEO 2013 – 2022

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			
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%	22.0%
2022	3,899	78%	21.3%

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 2021 to the year ended 31 December 2022.

Year-on-year change in pay for Directors compared to the global average employee

Executive Directors	2022 €'000	2021 €'000	2021 to 2022 Change %	2020 to 2021 Change %	2019 to 2020 Change %
Edmond Scanlon *	**3,899**	3,855	1%	66%	(42%)
Marguerite Larkin *	**2,225**	2,206	1%	98%	(28%)
	$'000	$'000			
Gerry Behan *	**3,012**	3,016	(0.1%)	44%	(47%)
Non-Executive Directors [1]	**€'000**	€'000			
Hugh Brady	**121**	114	6%	24%	(6%)
Gerard Culligan	**28**	84	(67%)	15%	(6%)
Fiona Dawson	**95**	-	100%	-	-
Karin Dorrepaal	**114**	104	10%	13%	(6%)
Joan Garahy	**-**	45	(100%)	(63%)	(6%)
Emer Gilvarry	**116**	100	16%	581%	100%
Michael Kerr	**130**	78	67%	-	-
Tom Moran	**307**	126	144%	22%	(2%)
Con Murphy	**28**	84	(67%)	15%	(6%)
Christopher Rogers	**121**	119	2%	17%	(1%)
Philip Toomey	**130**	385	(66%)	15%	(6%)
Jinlong Wang	**126**	120	5%	-	-
All Group Employees [2]	**56**	47	19%	2.3%	1.2%

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

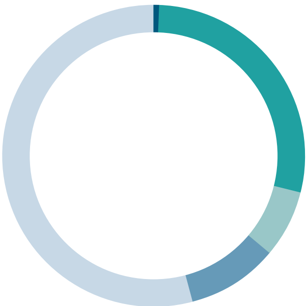
Note 1: Non-Executive Directors fees are reflective of when the individuals were appointed to or retired from the Board (see page 141). Year-on-year fee level variances arise due to annual increases in line with the wider workforce and additional fees paid for appointment to different Committees/Chair roles.

Note 2: Calculated by dividing the aggregate payroll costs of employees in 2022 (excluding social welfare costs and costs related to Executive Directors) by the average number of employees in 2022, as disclosed in note 4 to the consolidated financial statements.

Note 3: The Company performance can be seen in the 10 Year Total Shareholder Return graph on page 167.

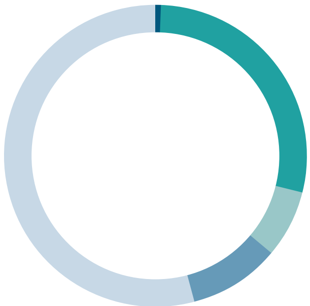
Relative Importance of Spend on Pay

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.



2022

- Director Remuneration (0.4%)
- Profit after tax before NTIs (29.3%)
- Dividends Paid (7%)
- Taxation Paid (10.3%)
- Employee Costs (53%)



2021

- Director Remuneration (0.5%)
- Profit after tax before NTIs (28.3%)
- Dividends Paid (7.1%)
- Taxation Paid (9.8%)
- Employee Costs (54.3%)

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 2022 is 1.1%. This level of dilution is well below the maximum dilution level recommended for executive share-based incentive plans.

The potential future dilution level from unvested share awards/share options as a result of these schemes is a further 0.8%.

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.

	2022 €'000*	2021 €'000*
Chief Executive Officer's: Total remuneration	**€3,899**	€3,855
Median Irish employee: Total remuneration	**€50**	€43
Median Irish employee: Salary only	**€47**	€41
Median pay ratio – Total remuneration	**77x**	89x
Median pay ratio – excluding all variable short and long-term incentive	**31x**	37 x

* The numbers above reflect rounding.

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 for 2022 is lower than 2021 which is primarily due to a change in the profile of our median Irish employee following the divestment of our Consumer Foods Meats and Meals business during 2021. The equivalent total remuneration figure for the CEO is largely unchanged in 2022 as compared to 2021. The combined performance outturn under both the short-term and long-term incentive plans is broadly similar year-on-year.

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 2022 and this ratio has also decreased year-on-year.

FINANCIAL STATEMENTS

Financial Statements

Supplementary Information

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 2022 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 2022;
- 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. 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

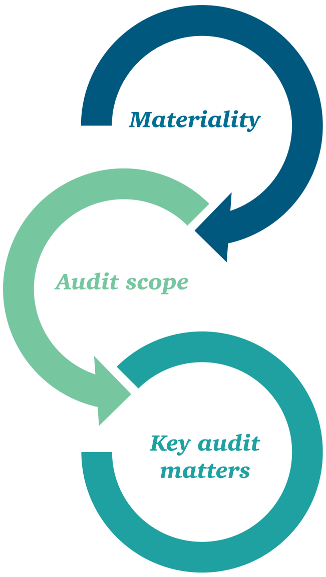
We remained independent of the Group in accordance with the ethical requirements that are relevant to our audit of the financial statements in Ireland, which includes IAASA's Ethical Standard as applicable to listed public interest entities, and we have fulfilled our other ethical responsibilities in 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 2022 to 31 December 2022.

Our audit approach

Overview



Overall materiality
- €42 million (2021: €35 million) - Consolidated financial statements.
- Based on approximately 5% of profit before taxation and non-trading items.
- €10.6 million (2021: €10.5 million) - Company financial statements.
- Based on approximately 1% of net assets.

Performance materiality
- €31.5 million (2021: €26 million) - Consolidated financial statements.
- €7.9 million (2021: €7.9 million) - Company financial statements.

Audit scope
- We conducted audit work in 36 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 23 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 80% of Consolidated revenues and in excess of 80% of Consolidated profit before taxation and non-trading items.

Key audit matters
- Goodwill and indefinite life intangible assets impairment assessment (Group).
- Income taxes (Group).
- Recoverability of Investments in Subsidiaries (Company).

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 (Group) Refer to note 1 'Statement of accounting policies' - 'Intangible assets' and 'Critical accounting estimates and judgements' and note 12 'Intangible assets'. The Group has goodwill and indefinite life intangible assets of €4,900 million at 31 December 2022 representing approximately 40% 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. Management carried out an impairment test as at 31 December 2022 and concluded there was no 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 the current macro-economic environment and climate related risks 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 which included the potential impact of climate related events 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.
Income taxes (Group) 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 many 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 by tax authorities 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 2022 to be within an acceptable range of reasonable estimates.

Key audit matter	How our audit addressed the key audit matter
Recoverability of Investments in Subsidiaries (Company) Refer to note 1 'Statement of accounting policies' - 'Investments in subsidiaries' and note 15 'Investments in subsidiaries'. The Company has investments in subsidiaries of €843.5 million at 31 December 2022. The carrying value of the investment in subsidiaries needs to be considered for impairment where any indicators arise that suggest that the carrying value of these investments would not be recoverable. We determined this to be a key audit matter as investments in subsidiaries are the principal assets held by the Company.	We considered management's assessment as to whether there were any indicators of impairment at year end taking into account the market capitalisation of the Company and the procedures performed on the future cash flow forecasts prepared for the purposes of the impairment assessment as described in the 'Goodwill and indefinite life intangible assets impairment assessment' key audit matter above. Based on our procedures we determined that management's conclusion that there are no impairment indicators was reasonable.

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 Dairy Ireland. The majority of the Group's components are supported by one of the Group's principal shared service centres in Malaysia, Mexico and the United States.

We determined that an audit of the complete financial information (a 'full scope' audit) should be performed at 23 components due to their size or risk characteristics and to ensure appropriate coverage. These 23 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. The reporting components where an audit of the complete financial information was performed accounted for in excess of 80% of Consolidated revenues and in excess of 80% of Consolidated profit before taxation and non-trading items.

The Group team performed the audit of certain central functions. 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.

In the current year, the Group team resumed site visits which are designed so that senior team members visit the full scope audit locations regularly on a rotational basis. During 2022, the Group team visited component locations in Ireland, the USA, Mexico and Malaysia. In addition to site visits, 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 certain management and component audit teams in locations which we did not visit in the current year.

The meetings, both physical and virtual, 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 that supplemented our understanding of the individual components. The Group engagement team also reviewed certain audit working papers in component audit files. Post audit conference calls were held with all full 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 and impairment testing of goodwill and indefinite life intangible assets.

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	€42 million (2021: €35 million).	€10.6 million (2021: €10.5 million).
How we determined it	Approximately 5% of 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 non-recurring items which are not reflective of the Group's ongoing trading activity.	The entity is a holding Company whose main activity is the management of investments in subsidiaries.

We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes. Our performance materiality was 75% of overall materiality, amounting to €31.5 million (Group audit) and €7.9 million (Company audit).

In determining the performance materiality, we considered a number of factors - the history of misstatements, risk assessment and aggregation risk and the effectiveness of controls - and concluded that an amount at the upper end of our normal range was appropriate.

We agreed with the Audit Committee that we would report to them misstatements identified during our audit above €1.9 million (Group audit) (2021: €1.7 million) and €532,000 (Company audit) (2021: €525,000) 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 the current macroeconomic environment 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 9.8.6R(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) and the Companies Act 2014 require us to also report certain opinions and matters as described below.

- 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 2022 is consistent with the financial statements and has been prepared in accordance with the applicable legal requirements.
- 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).
- 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.
- 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.
- 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.

Corporate Governance Statement

The Listing Rules and ISAs (Ireland) require us to review the directors' statements in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Code and the Irish Corporate Governance Annex (the 'Code') specified for our review. Our additional responsibilities with respect to the Corporate Governance Statement as other information are described in the Reporting on other information section of this report.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit and we have nothing material to add or draw attention to in relation to:

- The directors' confirmation that they have carried out a robust assessment of the emerging and principal risks;
- The disclosures in the Annual Report that describe those principal risks, what procedures are in place to identify emerging risks and an explanation of how these are being managed or mitigated;
- The directors' statement in the financial statements about whether they considered it appropriate to adopt the going concern basis of accounting in preparing them, and their identification of any material uncertainties to the Group's and Company's ability to continue to do so over a period of at least twelve months from the date of approval of the financial statements;
- The directors' explanation as to their assessment of the Group's and Company's prospects, the period this assessment covers and why the period is appropriate; and
- The directors' statement as to whether they have a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the period of its assessment, including any related disclosures drawing attention to any necessary qualifications or assumptions.

Our review of the directors' statement regarding the longer-term viability of the Group was substantially less in scope than an audit and only consisted of making inquiries and considering the directors' process supporting their statement; checking that the statement is in alignment with the relevant provisions of the UK Corporate Governance Code; and considering whether the statement is consistent with the financial statements and our knowledge and understanding of the Group and Company and their environment obtained in the course of the audit.

In addition, based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements and our knowledge obtained during the audit:

- The directors' statement that they consider the Annual Report, taken as a whole, is fair, balanced and understandable, and provides the information necessary for the members to assess the Group's and Company's position, performance, business model and strategy;
- The section of the Annual Report that describes the review of effectiveness of risk management and internal control systems; and
- The section of the Annual Report describing the work of the Audit Committee.

We have nothing to report in respect of our responsibility to report when the directors' statement relating to the Company's compliance with the Code does not properly disclose a departure from a relevant provision of the Code 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 114-115, 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.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud, is detailed below.

Based on our understanding of the Group and industry, we identified that the principal risks of non-compliance with laws and regulations related to breaches of environmental regulations, food safety and hygiene regulations and health and safety regulations, and we considered the extent to which non-compliance might have a material effect on the financial statements. We also considered those laws and regulations that have a direct impact on the preparation of the financial statements such as tax legislation and the Irish Companies Act 2014. We evaluated management's incentives and opportunities for fraudulent manipulation of the financial statements (including the risk of override of controls), and determined that the principal risks were related to posting inappropriate journal entries to manipulate financial results and potential management bias in accounting estimates. Audit procedures performed by the engagement team included:

- Discussions with the Audit Committee, management, legal and internal audit including consideration of known or suspected instances of non-compliance with laws and regulations and fraud;
- Reading the meeting minutes of the Board of Directors, Audit, Risk Oversight, Governance, Nomination and Sustainability and Remuneration Committees;
- Considered the results of reporting from component teams relating to compliance with applicable laws and regulations and procedures performed to address assessed fraud risk;
- Assessment of matters reported on the Group's whistleblowing service referred to as the 'Speak Up Programme' and the results of the Ethics and Compliance Team's investigation in so far as they related to the financial statements;
- Inspection of internal audit reports in so far as they related to the financial statements;
- Evaluating whether there was evidence of management bias that represents a risk of material misstatement due to fraud;
- Identifying and testing journal entries, including manual revenue entries, unusual account combinations and consolidation journals based on our risk assessment; and
- Designing audit procedures to incorporate elements of unpredictability around the nature, timing or extent of audit procedures performed.

There are inherent limitations in the audit procedures described above. We are less likely to become aware of instances of non-compliance with laws and regulations that are not closely related to events and transactions reflected in the financial statements. Also, the risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion.

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 7 years, covering the years ended 31 December 2016 to 31 December 2022.

Enda McDonagh
for and on behalf of PricewaterhouseCoopers
Chartered Accountants and Statutory Audit Firm
Dublin
15 February 2023

Consolidated Income Statement

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	Before Non-Trading Items 2022 €'m	Non-Trading Items 2022 €'m	Total 2022 €'m	Before Non-Trading Items 2021 €'m	Non-Trading Items 2021 €'m	Total 2021 €'m
Continuing operations							
Revenue	2	**8,771.9**	**-**	**8,771.9**	7,350.6	-	7,350.6
Earnings before interest, tax, depreciation and amortisation	1/2/3	**1,216.1**	**-**	**1,216.1**	1,077.0	-	1,077.0
Depreciation (net) and intangible asset amortisation	3	**(304.3)**	**-**	**(304.3)**	(282.3)	-	(282.3)
Non-trading items	5	**-**	**(146.2)**	**(146.2)**	-	91.5	91.5
Operating profit	3	**911.8**	**(146.2)**	**765.6**	794.7	91.5	886.2
Finance income	6	**6.6**	**-**	**6.6**	0.3	-	0.3
Finance costs	6	**(72.8)**	**-**	**(72.8)**	(70.2)	-	(70.2)
Share of joint ventures' results after taxation	14	**(0.4)**	**-**	**(0.4)**	-	-	-
Profit before taxation		**845.2**	**(146.2)**	**699.0**	724.8	91.5	816.3
Income taxes	7	**(114.5)**	**22.0**	**(92.5)**	(96.2)	42.9	(53.3)
Profit after taxation		**730.7**	**(124.2)**	**606.5**	628.6	134.4	763.0
Attributable to:							
Equity holders of the parent				**606.4**			763.0
Non-controlling interests				**0.1**			-
				606.5			763.0
Earnings per A ordinary share				**Cent**			Cent
- basic	9			**341.9**			430.6
- diluted	9			**341.3**			429.9

Consolidated Statement of Comprehensive Income

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	**2022 €'m**	2021 €'m
Profit after taxation		**606.5**	763.0
Other comprehensive income:			
Items that are or may be reclassified subsequently to profit or loss:			
Fair value movements on cash flow hedges		**5.9**	(0.3)
Cash flow hedges - reclassified to profit or loss from equity	24	**(2.8)**	(0.9)
Net change in cost of hedging	24	**0.8**	-
Deferred tax effect of fair value movements on cash flow hedges	17	**(0.2)**	0.1
Exchange difference on translation of foreign operations		**152.2**	217.7
Cumulative exchange difference on translation recycled on disposal	5	**14.9**	16.2
Items that will not be reclassified subsequently to profit or loss:			
Re-measurement on retirement benefits obligation	26	**(13.4)**	110.2
Deferred tax effect of re-measurement on retirement benefits obligation	17	**7.6**	(20.0)
Net income recognised directly in total other comprehensive income		**165.0**	323.0
Total comprehensive income		**771.5**	1,086.0
Attributable to:			
Equity holders of the parent		**771.4**	1,086.0
Non-controlling interests		**0.1**	-
		771.5	1,086.0

Consolidated Balance Sheet

AS AT 31 DECEMBER 2022

	Notes	31 December 2022 €'m	31 December 2021 €'m
Non-current assets			
Property, plant and equipment	11	**2,099.3**	2,091.3
Intangible assets	12	**5,720.0**	5,580.7
Financial asset investments	13	**58.9**	49.9
Investments in joint ventures	14	**41.7**	21.7
Other non-current financial instruments	23	**0.3**	34.8
Retirement benefits asset	26	**95.6**	90.3
Deferred tax assets	17	**71.9**	67.8
		8,087.7	7,936.5
Current assets			
Inventories	16	**1,354.4**	1,204.2
Trade and other receivables	19	**1,423.8**	1,181.7
Cash at bank and in hand	23	**970.0**	1,039.1
Other current financial instruments	23	**59.5**	15.2
Assets classified as held for sale	18	**388.0**	18.7
		4,195.7	3,458.9
Total assets		**12,283.4**	11,395.4
Current liabilities			
Trade and other payables	20	**1,966.5**	1,791.5
Borrowings and overdrafts	23/24	**701.1**	5.6
Other current financial instruments	23/24	**18.4**	40.1
Tax liabilities		**190.9**	141.6
Provisions	25	**15.3**	13.6
Deferred income	21	**3.4**	3.0
Total liabilities directly associated with assets classified as held for sale	18	**19.7**	-
		2,915.3	1,995.4
Non-current liabilities			
Borrowings	23/24	**2,432.6**	3,118.0
Other non-current financial instruments	23/24	**20.3**	0.5
Retirement benefits obligation	26	**30.2**	24.1
Other non-current liabilities	22	**142.6**	153.9
Deferred tax liabilities	17	**452.3**	447.3
Provisions	25	**50.5**	37.1
Deferred income	21	**16.0**	17.9
		3,144.5	3,798.8
Total liabilities		**6,059.8**	5,794.2
Net assets		**6,223.6**	5,601.2
Equity			
Share capital	27	**22.1**	22.1
Share premium		**398.7**	398.7
Other reserves		**64.3**	(129.6)
Retained earnings		**5,736.8**	5,310.0
Equity attributable to equity holders of the parent		**6,221.9**	5,601.2
Non-controlling interests		**1.7**	-
Total equity		**6,223.6**	5,601.2

The financial statements were approved by the Board of Directors on 15 February 2023 and signed on its behalf by:

Tom Moran, Chairman Edmond Scanlon, Chief Executive Officer

Company Balance Sheet
AS AT 31 DECEMBER 2022

	Notes	31 December 2022 €'m	31 December 2021 €'m
Non-current assets			
Property, plant and equipment	11	**0.1**	0.2
Investments in subsidiaries	15	**843.5**	843.5
		843.6	843.7
Current assets			
Cash at bank and in hand	23	-	0.1
Trade and other receivables	19	**231.0**	218.9
		231.0	219.0
Total assets		**1,074.6**	1,062.7
Current liabilities			
Trade and other payables	20	**5.9**	10.0
		5.9	10.0
Non-current liabilities			
Deferred income	21	**0.1**	0.1
		0.1	0.1
Total liabilities		**6.0**	10.1
Net assets		**1,068.6**	1,052.6
Issued capital and reserves			
Share capital	27	**22.1**	22.1
Share premium		**398.7**	398.7
Other reserves		**132.3**	109.4
Retained earnings		**515.5**	522.4
Shareholders' equity		**1,068.6**	1,052.6

The Company earned a profit after taxation of **€166.7m** for the financial year ended 31 December 2022 (2021: €319.8m).

The financial statements were approved by the Board of Directors on 15 February 2023 and signed on its behalf by:

Tom Moran, Chairman

Edmond Scanlon, Chief Executive Officer

Consolidated Statement of Changes in Equity

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m	Non-controlling interests €'m	Total equity €'m
		Attributable to equity holders of the parent						
Group:								
At 1 January 2021		22.1	398.7	(379.5)	4,614.2	4,655.5	-	4,655.5
Profit after taxation		-	-	-	763.0	763.0	-	763.0
Other comprehensive expense		-	-	232.7	90.3	323.0	-	323.0
Total comprehensive income		-	-	232.7	853.3	1,086.0	-	1,086.0
Shares issued during the financial year	27	-	-	-	-	-	-	-
Dividends paid	10	-	-	-	(157.5)	(157.5)	-	(157.5)
Share-based payment expense	28	-	-	17.2	-	17.2	-	17.2
At 31 December 2021		22.1	398.7	(129.6)	5,310.0	5,601.2	-	5,601.2
Profit after taxation		**-**	**-**	**-**	**606.4**	**606.4**	**0.1**	**606.5**
Other comprehensive income		**-**	**-**	**171.0**	**(6.0)**	**165.0**	**-**	**165.0**
Total comprehensive income		**-**	**-**	**171.0**	**600.4**	**771.4**	**0.1**	**771.5**
Shares issued during the financial year	27	**-**	**-**	**-**	**-**	**-**	**-**	**-**
Dividends paid	10	**-**	**-**	**-**	**(173.6)**	**(173.6)**	**-**	**(173.6)**
Share-based payment expense	28	**-**	**-**	**22.9**	**-**	**22.9**	**-**	**22.9**
Non-controlling interests arising on acquisition		**-**	**-**	**-**	**-**	**-**	**1.6**	**1.6**
At 31 December 2022		**22.1**	**398.7**	**64.3**	**5,736.8**	**6,221.9**	**1.7**	**6,223.6**

Other Reserves comprise the following:

	Note	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 2021		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)
Other comprehensive income		**-**	**-**	**-**	**167.1**	**3.1**	**0.8**	**171.0**
Share-based payment expense	28	**-**	**-**	**22.9**	**-**	**-**	**-**	**22.9**
At 31 December 2022		**1.7**	**0.3**	**130.3**	**(71.0)**	**4.5**	**(1.5)**	**64.3**

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 2022

	Notes	Share Capital €'m	Share Premium €'m	Other Reserves €'m	Retained Earnings €'m	Total €'m
Company:						
At 1 January 2021		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
Profit after taxation	8	**-**	**-**	**-**	**166.7**	**166.7**
Other comprehensive income		**-**	**-**	**-**	**-**	**-**
Total comprehensive income		**-**	**-**	**-**	**166.7**	**166.7**
Shares issued during the financial year	27	**-**	**-**	**-**	**-**	**-**
Dividends paid	10	**-**	**-**	**-**	**(173.6)**	**(173.6)**
Share-based payment expense	28	**-**	**-**	**22.9**	**-**	**22.9**
At 31 December 2022		**22.1**	**398.7**	**132.3**	**515.5**	**1,068.6**

Other Reserves comprise the following:

	Note	Capital Redemption Reserve €'m	Other Undenominated Capital €'m	Share-Based Payment Reserve €'m	Total €'m
At 1 January 2021		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
Share-based payment expense	28	**-**	**-**	**22.9**	**22.9**
At 31 December 2022		**1.7**	**0.3**	**130.3**	**132.3**

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 2022

	Notes	2022 €'m	2021 €'m
Cash flows from operating activities			
Profit before taxation		**699.0**	816.3
Adjustments for:			
Depreciation (net)		**221.6**	201.5
Intangible asset amortisation		**82.7**	80.8
Share of joint ventures' results after taxation	14	**0.4**	(3.9)
Non-trading items income statement charge/(income)	5	**146.2**	(91.5)
Finance costs (net)	6	**66.2**	69.9
Change in working capital	29	**(224.0)**	(184.3)
Pension contributions paid less pension expense		**(15.7)**	(14.7)
Payments on non-trading items		**(85.4)**	(76.1)
Exchange translation adjustment		**(27.2)**	(0.7)
Cash generated from operations		**863.8**	797.3
Income taxes paid		**(80.0)**	(72.0)
Finance income received		**5.4**	0.4
Finance costs paid		**(67.4)**	(71.7)
Net cash from operating activities		**721.8**	654.0
Investing activities			
Purchase of assets (net)	29	**(221.0)**	(300.4)
Proceeds from the sale of assets (net of disposal expenses)	5	**38.1**	4.0
Capital grants received		**1.4**	0.7
Purchase of businesses (net of cash acquired)	30	**(353.8)**	(1,084.9)
Payments relating to previous acquisitions		**(1.8)**	(18.9)
Purchase of investments	13	**(10.4)**	(4.4)
Purchase of share in joint ventures	14	**(20.4)**	-
Disposal of businesses (net of disposal expenses)	5	**(15.2)**	775.2
Net cash used in investing activities		**(583.1)**	(628.7)
Financing activities			
Dividends paid	10	**(173.6)**	(157.5)
Payment of lease liabilities	29	**(35.1)**	(34.9)
Issue of share capital	27	**-**	-
Repayment of borrowings (net of swaps)		**(3.0)**	(1,093.3)
Proceeds from borrowings		**2.0**	1,705.0
Net cash movement due to financing activities		**(209.7)**	419.3
Net (decrease)/increase in cash and cash equivalents		**(71.0)**	444.6
Cash and cash equivalents at beginning of the financial year		1,033.8	560.3
Exchange translation adjustment on cash and cash equivalents		**7.0**	28.9
Cash and cash equivalents at end of the financial year	29	**969.8**	1,033.8

	Notes	2022 €'m	2021 €'m
Reconciliation of Net Cash Flow to Movement in Net Debt			
Net (decrease)/increase in cash and cash equivalents		**(71.0)**	444.6
Cash flow from debt financing		**1.0**	(611.7)
Changes in net debt resulting from cash flows		**(70.0)**	(167.1)
Fair value movement on interest rate swaps (net of adjustment to borrowings)	29	**1.4**	(0.1)
Exchange translation adjustment on net debt	29	**(29.7)**	(19.1)
Movement in net debt in the financial year		**(98.3)**	(186.3)
Net debt at beginning of the financial year		(2,049.9)	(1,863.6)
Net debt at end of the financial year - pre lease liabilities	23	**(2,148.2)**	(2,049.9)
Lease liabilities	11/29	**(69.2)**	(74.2)
Net debt at end of the financial year	23/29	**(2,217.4)**	(2,124.1)

Company Statement of Cash Flows

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2022

	Notes	2022 €'m	2021 €'m
Cash flows from operating activities			
Profit before taxation		**162.1**	317.5
Adjustments for:			
Depreciation (net)		**0.1**	0.1
Non-trading items income statement income		**-**	-
Finance income		**(0.6)**	(0.5)
Change in working capital	29	**11.3**	(29.2)
Cash generated from operations		**172.9**	287.9
Finance income received		**0.6**	0.5
Net cash from operating activities		**173.5**	288.4
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	**(173.6)**	(157.5)
Issue of share capital	27	**-**	-
Net cash movement due to financing activities		**(173.6)**	(157.5)
Net (decrease)/increase in cash and cash equivalents		**(0.1)**	0.1
Cash and cash equivalents at beginning of the financial year		**0.1**	-
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 2022

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 and liabilities 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.

The Group has determined that earnings before interest, tax, depreciation (net) and amortisation (EBITDA) is a key performance metric used by the Group's Chief Operating Decision Maker (the Executive Directors). From 1 January 2022 EBITDA replaces trading profit as one of the key measures utilised in assessing the performance of the Group. EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation and is a widely used measure in the evaluation of profitability and performance. This has been reflected in the presentation of the Group's Consolidated Income Statement and note 2 'Analysis of results', as permitted under IAS 1 'Presentation of Financial Statements'.

The Group has updated its 'Basis of consolidation' in respect of a new non-controlling interests policy.

In the 2022 consolidated financial statements, the Group has re-presented corresponding 2021 balances to align with current year presentation in the Consolidated Income Statement, note 2 'Analysis of results', note 3 'Operating profit', note 4 'Total staff numbers and costs', note 12 'Intangible assets', note 24 'Financial instruments' and note 28 'Share-based payments'.

Certain income statement headings and other financial measures included in the consolidated financial statements are not defined by IFRS. The Group makes this distinction to enhance the understanding of the financial performance of the business as outlined in the Supplementary Information section pages 255-259.

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 and position of the Group, including liquidity and access to financing as outlined in note 24 and the potential impacts of climate, geopolitical and macroeconomic environment related risks on profitability. 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 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 gained control until the date the Company ceased to control the subsidiary. All inter-group transactions and balances are eliminated on consolidation.

1. Statement of accounting policies (continued)

Basis of consolidation (continued)

Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, distinguished from the Group's shareholders' equity. Where not all of the equity of a subsidiary is acquired, the non-controlling interests are recognised at the non-controlling interest's share of the acquiree's net identifiable assets.

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' results after taxation' 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 both segments 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 & other which affect the nature, amount, timing and uncertainty of revenue and cash flows are similar.

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. EBITDA 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, are reported along with the elimination of inter-group activities under the heading 'Group Eliminations and Unallocated'. 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 Dairy Ireland. The Taste & Nutrition segment is a world leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. Utilising a broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Kerry is driven to be our customers' most valued partner, creating a world of sustainable nutrition through solving our customers' most complex challenges with differentiated solutions. The Taste & Nutrition segment supplies industries across Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Dairy Ireland segment is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins and nutritional bases, while our dairy consumer brands can be found in chilled cabinets in retailers across Ireland and 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 economic life and the expected residual value at the end of its useful economic life. Increasing/(decreasing) an asset's expected useful economic 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 economic lives of Group assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness. These useful economic lives are based on historical experience with similar assets as well as anticipation of future events, which may impact their useful economic life, such as changes in technology or the location of the asset and its climate related risk. Historically, changes in useful economic lives or residual values have not resulted in material changes to the Group's depreciation charge.

1. Statement of accounting policies (continued)

Property, plant and equipment (continued)

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.

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 economic 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 nil.

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 and liabilities classified as held for sale

Assets and related liabilities 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 assets and related liabilities are available for immediate sale in their 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 and related liabilities classified as held for sale are measured at the lower of carrying value or 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 economic 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 economic life. In arriving at the conclusion that these brand related intangibles have an indefinite useful economic 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 economic lives, which predominantly range from 2 to 20 years, by charging equal annual instalments to the Consolidated Income Statement. The useful economic 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 economic 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;
- the cost of the asset can be measured reliably; and
- the Group controls the asset.

Computer software is amortised over its expected useful economic 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 economic 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 predominantly 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, impairment of goodwill and intangible assets, costs relating to material restructuring or material transformation plans and material transaction, integration and restructuring costs associated with acquisitions. Non-trading items are disclosed in note 5 to the consolidated financial statements and are presented separately in the Consolidated Income Statement.

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 other comprehensive income ('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. The amount of consideration that is unconditional approximates to 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 (FVPL)
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.

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. These estimates may depend upon the outcome of future events and may need to be revised as circumstances change.

1. Statement of accounting policies (continued)

Critical accounting estimates and judgements (continued)

Impairment of goodwill and intangible assets (Estimation) (continued)
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 impact of climate change has also been considered, specifically on the timing and the extent of costs and cash outflows and is based on a critical evaluation of the facts currently available to the Group taking into account factors such as, existing technology, currently enacted laws and regulations and knowledge and expertise within the Group. Changes to legislation and government policy relating to climate change have been considered in the assessment of the impact of climate change. The measurement of the impact of climate change is based on reasonable and supportable assumptions that represent management's current best estimate of the range of conditions that will exist in the foreseeable future. The potential impact of climate related events considered as part of the sensitivity analysis 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 accelerating inflationary cost pressures, disruption of global supply chains and the challenges presented in China with localised restrictions. 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 not considered likely to occur in the next financial year.

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 climate related risk and 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 economic 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'.

The useful economic lives of intangible assets are determined by management at the time the assets are acquired and reviewed annually for appropriateness, including assessment as finite or indefinite. These useful economic lives are based on historical experience with similar assets as well as anticipation of future events, such as changes in technology, the location of the asset and its climate related risk.

Intangible assets are disclosed in note 12 and business combinations 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 2022 but do not 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

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 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
- IFRS 16 (Amendments)	Leases	1 January 2024

2. Analysis of results

The Group has determined it has two reportable segments: Taste & Nutrition and Dairy Ireland. The Taste & Nutrition segment is a world leading provider of taste and nutrition solutions for the food, beverage and pharmaceutical markets. Utilising a broad range of ingredient solutions to innovate with our customers to create great tasting products, with improved nutrition and functionality, while ensuring a better impact for the planet. Kerry is driven to be our customers' most valued partner, creating a world of sustainable nutrition through solving our customers' most complex challenges with differentiated solutions. The Taste & Nutrition segment supplies industries across Europe, Americas and APMEA (Asia Pacific, Middle East and Africa). The Dairy Ireland segment is a leading Irish provider of value-add dairy ingredients and consumer products. Our dairy ingredients product portfolio includes functional proteins and nutritional bases, while our dairy consumer brands can be found in chilled cabinets in retailers across Ireland and the UK.

Prior year 31 December 2021 has been re-presented to reflect the changes in our reporting segments in line with how the Chief Operating Decision Maker (the Executive Directors) assesses the Group's performance from 1 January 2022. The Irish dairy processing activities, previously reported in Taste & Nutrition, have been combined with the remaining dairy activities of the Consumer Foods business and this segment is named Dairy Ireland. Included within the Dairy Ireland 31 December 2021 comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021.

	Taste & Nutrition 2022 €'m	Dairy Ireland 2022 €'m	Group Eliminations and Unallocated 2022 €'m	Total 2022 €'m	Taste & Nutrition 2021 €'m	Dairy Ireland 2021 €'m	Group Eliminations and Unallocated 2021 €'m	Total 2021 €'m
External revenue	7,387.0	1,384.9	-	8,771.9	5,689.3	1,661.3	-	7,350.6
Inter-segment revenue	29.6	154.0	(183.6)	-	40.1	116.3	(156.4)	-
Revenue	7,416.6	1,538.9	(183.6)	8,771.9	5,729.4	1,777.6	(156.4)	7,350.6
EBITDA*	1,220.1	70.7	(74.7)	1,216.1	1,013.5	136.0	(72.5)	1,077.0
Depreciation (net)				(221.6)				(201.5)
Intangible asset amortisation				(82.7)				(80.8)
Non-trading items				(146.2)				91.5
Operating profit				765.6				886.2
Finance income				6.6				0.3
Finance costs				(72.8)				(70.2)
Share of joint ventures' results after taxation				(0.4)				-
Profit before taxation				699.0				816.3
Income taxes				(92.5)				(53.3)
Profit after taxation				606.5				763.0
Attributable to:								
Equity holders of the parent				606.4				763.0
Non-controlling interests				0.1				-
				606.5				763.0

* EBITDA represents profit before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation.

	Taste & Nutrition 2022 €'m	Dairy Ireland 2022 €'m	Group Eliminations and Unallocated 2022 €'m	Total 2022 €'m	Taste & Nutrition 2021 €'m	Dairy Ireland 2021 €'m	Group Eliminations and Unallocated 2021 €'m	Total 2021 €'m
Segment assets and liabilities								
Assets	8,583.1	766.2	2,934.1	12,283.4	7,801.9	661.9	2,931.6	11,395.4
Liabilities	(1,897.0)	(289.4)	(3,873.4)	(6,059.8)	(1,534.1)	(306.4)	(3,953.7)	(5,794.2)
Net assets	6,686.1	476.8	(939.3)	6,223.6	6,267.8	355.5	(1,022.1)	5,601.2
Other segmental information								
Property, plant and equipment additions	238.9	17.6	0.3	256.8	264.4	28.2	0.2	292.8
Depreciation (net)	200.1	20.5	1.0	221.6	169.4	31.5	0.6	201.5
Intangible asset additions	0.4	0.1	11.7	12.2	1.3	0.2	32.6	34.1
Intangible asset amortisation	43.0	0.2	39.5	82.7	28.9	3.9	48.0	80.8
Share of joint ventures' results after taxation	0.4	-	-	0.4	-	-	-	-

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 & other 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 2022 €'m	Dairy Ireland 2022 €'m	Total 2022 €'m	Taste & Nutrition 2021 €'m	Dairy Ireland 2021 €'m	Total 2021 €'m
Food	4,925.2	1,286.2	6,211.4	3,837.5	1,587.4	5,424.9
Beverage	1,959.1	98.7	2,057.8	1,515.2	73.9	1,589.1
Pharma & other	502.7	-	502.7	336.6	-	336.6
External revenue	7,387.0	1,384.9	8,771.9	5,689.3	1,661.3	7,350.6

Analysis by primary geographic market

Disaggregation of revenue from external customers is analysed by geographical split:

	Taste & Nutrition 2022 €'m	Dairy Ireland 2022 €'m	Total 2022 €'m	Taste & Nutrition 2021 €'m	Dairy Ireland 2021 €'m	Total 2021 €'m
Republic of Ireland	82.2	458.2	540.4	64.1	394.6	458.7
Rest of Europe	1,459.8	768.8	2,228.6	1,168.7	1,089.6	2,258.3
Americas	4,172.2	84.0	4,256.2	3,137.5	97.7	3,235.2
APMEA	1,672.8	73.9	1,746.7	1,319.0	79.4	1,398.4
External revenue	7,387.0	1,384.9	8,771.9	5,689.3	1,661.3	7,350.6

Information about geographical areas

	Europe 2022 €'m	Americas 2022 €'m	APMEA 2022 €'m	Total 2022 €'m	Europe 2021 €'m	Americas 2021 €'m	APMEA 2021 €'m	Total 2021 €'m
Assets by location	5,357.9	5,486.3	1,439.2	12,283.4	5,205.1	4,959.2	1,231.1	11,395.4
Property, plant and equipment additions	55.8	147.4	53.6	256.8	83.7	152.5	56.6	292.8
Intangible asset additions	12.1	0.1	-	12.2	33.1	1.0	-	34.1

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 **€540.4m** (2021: €458.7m). The non-current assets located in the Republic of Ireland are **€1,503.6m** (2021: €1,598.4m).

Revenues from external customers include **€958.9m** (2021: €1,379.5m) in the UK and **€3,399.8m** (2021: €2,610.7m) in the USA. The non-current assets in the UK are **€353.3m** (2021: €391.9m) and in the USA are **€3,267.1m** (2021: €3,166.1m). For clarity the UK is included within Europe in the tables above.

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 2022 €'m	Continuing Operations 2021 €'m
Revenue		**8,771.9**	7,350.6
Less operating costs:			
Raw materials and consumables		**4,940.0**	4,023.2
Other general overheads		**1,186.1**	1,000.8
Staff costs	4	**1,495.0**	1,349.3
Loss allowances on trade receivables	19	**11.4**	9.8
Foreign exchange gains		**(0.9)**	(8.6)
Change in inventories of finished goods	16	**(75.8)**	(97.0)
Share of joint ventures' results after taxation*	14	**-**	(3.9)
Earnings before interest, tax, depreciation and amortisation		**1,216.1**	1,077.0

* Share of joint ventures' results after taxation was not included in the Group's EBITDA, but as a separate line item on the face of the Consolidated Income Statement for the year end 31 December 2022.

	Notes	2022 €'m	2021 €'m
Depreciation (net):			
- property, plant and equipment	11(i)	**190.9**	172.0
- right-of-use assets	11(ii)	**32.7**	31.4
- capital grants amortisation	21	**(2.0)**	(1.9)
Intangible asset amortisation	12	**82.7**	80.8
Non-trading items	5	**146.2**	(91.5)
Operating profit		**765.6**	886.2
And is stated after charging:			
Research and development costs		**303.2**	297.2

(ii) Auditors' remuneration

	PwC Ireland 2022 €'m	PwC Other 2022 €'m	PwC Worldwide 2022 €'m	PwC Ireland 2021 €'m	PwC Other 2021 €'m	PwC Worldwide 2021 €'m
Statutory disclosure:						
Group audit	**1.4**	**2.1**	**3.5**	1.4	1.8	3.2
Other assurance services	**0.1**	**-**	**0.1**	0.1	-	0.1
Total assurance services	**1.5**	**2.1**	**3.6**	1.5	1.8	3.3
Tax advisory services	**-**	**-**	**-**	-	-	-
Other non-audit services	**-**	**0.2**	**0.2**	-	0.1	0.1
Total non-audit services	**-**	**0.2**	**0.2**	-	0.1	0.1
Total auditors' remuneration	**1.5**	**2.3**	**3.8**	1.5	1.9	3.4
Assurance services			**95%**			97%
Non-audit services			**5%**			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 **€4,838** (2021: €4,720) which are due to the Group's auditor in respect of the Parent Company. Reimbursement of auditors' expenses amounted to **€0.2m** (2021: €0.2m).

4. Total staff numbers and costs

The average number of people employed by the Group was:

	Taste & Nutrition 2022 Number	Dairy Ireland 2022 Number	Total 2022 Number	Taste & Nutrition 2021 Number	Dairy Ireland 2021 Number	Total 2021 Number
Europe	**4,688**	**1,628**	**6,316**	4,513	5,427	9,940
Americas	**11,037**	**-**	**11,037**	10,034	-	10,034
APMEA	**5,998**	**-**	**5,998**	5,221	-	5,221
	21,723	**1,628**	**23,351**	19,768	5,427	25,195

The aggregate payroll costs of employees (including Executive Directors) was:

	Taste & Nutrition 2022 €'m	Dairy Ireland 2022 €'m	Total 2022 €'m	Taste & Nutrition 2021 €'m	Dairy Ireland 2021 €'m	Total 2021 €'m
Europe	**337.3**	**108.1**	**445.4**	281.8	264.1	545.9
Americas	**806.3**	**-**	**806.3**	615.0	-	615.0
APMEA	**243.3**	**-**	**243.3**	188.4	-	188.4
	1,386.9	**108.1**	**1,495.0**	1,085.2	264.1	1,349.3

Social welfare costs of **€175.9m** (2021: €145.6m) and share-based payment expense of **€22.9m** (2021: €17.2m) are included in payroll costs. Pension costs included in the payroll costs are disclosed in note 26.

Prior year 31 December 2021 has been re-presented to reflect the changes in our reporting segments in line with how the Chief Operating Decision Maker (the Executive Directors) assesses the Group's performance from 1 January 2022. The Irish dairy processing activities, previously reported in Taste & Nutrition, have been combined with the remaining dairy activities of the Consumer Foods business and this segment is named Dairy Ireland. Included within the Dairy Ireland 31 December 2021 comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021.

5. Non-trading items

	Notes	2022 €'m	2021 €'m
(Loss)/profit on disposal of businesses and assets	(i)	**(63.1)**	179.7
Global Business Services expansion	(ii)	**(13.6)**	(33.3)
Acquisition integration costs	(iii)	**(20.3)**	(54.9)
Accelerate Operational Excellence	(iv)	**(49.2)**	-
		(146.2)	91.5
Tax on above	7	**22.0**	26.3
Tax on inter-group transfer	(v)/7	**-**	16.6
Non-trading items (net of related tax)		**(124.2)**	134.4

(i) Loss on disposal of businesses and assets

	Notes	Businesses 2022 €'m	*Assets 2022 €'m	Total 2022 €'m
Property, plant and equipment - disposed	11	**(16.0)**	**(28.6)**	**(44.6)**
Goodwill	12	**(9.6)**	**(0.3)**	**(9.9)**
Brand related intangible assets	12	**(2.1)**	**(0.4)**	**(2.5)**
Computer software	12	**(0.2)**	**(0.3)**	**(0.5)**
Deferred tax assets		**-**	**-**	**-**
Cash disposed		**(4.6)**	**-**	**(4.6)**
Inventories		**(21.0)**	**-**	**(21.0)**
Assets classified as held for sale - disposed		**-**	**(3.0)**	**(3.0)**
Assets classified as held for sale - impaired	18	**-**	**(5.6)**	**(5.6)**
Trade and other receivables		**(9.0)**	**-**	**(9.0)**
Tax receivables		**(0.4)**	**-**	**(0.4)**
Trade and other payables		**20.0**	**-**	**20.0**
Other non-current liabilities		**3.0**	**-**	**3.0**
		(39.9)	**(38.2)**	**(78.1)**
Consideration				
Cash received		**1.8**	**51.7**	**53.5**
Deferred consideration		**8.5**	**-**	**8.5**
Disposal related costs		**(18.5)**	**(13.6)**	**(32.1)**
		(8.2)	**38.1**	**29.9**
Cumulative exchange difference on translation recycled on disposal		**(14.9)**	**-**	**(14.9)**
Loss on disposal of businesses and assets		**(63.0)**	**(0.1)**	**(63.1)**

Net cash inflow on disposal:	Businesses 2022 €'m	*Assets 2022 €'m	Total 2022 €'m
Cash received	**1.8**	**51.7**	**53.5**
Less: cash disposed	**(4.6)**	**-**	**(4.6)**
Less: disposal related costs paid	**(12.4)**	**(13.6)**	**(26.0)**
	(15.2)	**38.1**	**22.9**

* Assets represent non-current assets and assets classified as held for sale.

(Loss)/profit of disposal of businesses
As previously announced on 4 April 2022, the Group suspended its operations in Russia and Belarus. This suspension was managed in an orderly manner, during which the Group continued to pay employees, fulfilled its legal obligations and a decision was made to classify these businesses as held for sale during H1 2022. On 7 July 2022, the Group reached agreement to sell 100% of the share capital of Unitary Manufacturing Enterprise 'Vitella', a Taste & Nutrition entity based in Belarus.

5. Non-trading items (continued)

(i) (Loss)/profit on disposal of businesses and assets (continued)

(Loss)/profit of disposal of businesses (continued)
On 22 July 2022, the Group reached agreement to divest 100% of the share capital of Kerry Limited Liability Company, its subsidiary in Russia, to local management. 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 also disposed of a small cereal operation in North America. The loss on disposal of these businesses was **€63.0m** (2021: €nil). A tax credit of **€4.3m** (2021: a tax credit of €nil) arose on the disposal of these businesses.

In 2021 the Group disposed of its Meats and Meals business operating in Ireland and the UK from the Consumer Foods (now Dairy Ireland) 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. A tax credit of €0.5m arose on the disposal of these businesses.

Profit/(loss) on disposal of assets
During the year, the Group disposed of property, plant and equipment (note 11) primarily in North America and APMEA for a combined consideration of **€51.7m** resulting in a gain of **€6.2m**. In 2021, 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. A tax charge of **€1.9m** (2021: a tax credit of €nil) arose on the disposal of assets.

In 2022, certain assets classified as held for sale (note 18) based in the USA and APMEA were impaired to their fair value less costs to sell by **€5.6m** (2021: €48.6m), consisting of **€1.2m** (2021: €17.1m) of property, plant and equipment impairment, **€2.7m** (2021: €nil) of goodwill impairment, **€1.7m** (2021: €nil) of brand related intangibles impairment and **€nil** (2021: €31.5m) of estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposals. These assets held for sale are expected to sell in 2023. The related tax credit was **€0.5m** (2021: €12.2m).

In 2022, there was a specific impairment charge of **€0.3m** and **€0.4m** (2021: €nil) in relation to goodwill and brand related intangibles respectively recorded in intangible assets (note 12).

(ii) 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 2022, the Group incurred costs of **€13.6m** (2021: €33.3m) reflecting relocation of resources, advisory fees, redundancies and the streamlining of operations. The associated tax credit was **€3.0m** (2021: €1.2m).

(iii) Acquisition integration costs
These costs of **€20.3m** (2021: €54.9m) 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 **€4.5m** (2021: €12.4m) arose due to tax deductions available on acquisition related costs.

(iv) Accelerate Operational Excellence
These costs of **€49.2m** (2021: nil) predominantly reflect consultancy fees, project management costs and costs of streamlining operations incurred in the period relating to our Accelerate Operational Excellence transformation programme, which will run until 2024. This material transformation project deploying next generation manufacturing processes, including advanced process controls, is combined with building capabilities within the Group to enhance continuous improvement in manufacturing processes which will deliver step change manufacturing excellence across the organisation. This project will also focus on supply chain excellence, optimising the Group's warehousing and distribution network. A tax credit of **€11.6m** (2021: €nil) arose due to tax deductions available on accelerated operational excellence costs.

(v) Tax on inter-group transfer
During 2021, a net tax credit of €16.6m 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	2022 €'m	2021 €'m
Finance income:			
Interest income on deposits		**6.6**	0.3
Finance costs:			
Interest payable and finance charges		**(70.9)**	(66.7)
Interest on lease liabilities	11(iii.i)	**(3.4)**	(4.4)
Interest rate derivative		**0.4**	1.6
		(73.9)	(69.5)
Net interest income/(cost) on retirement benefits obligation	26	**1.1**	(0.7)
Finance costs		**(72.8)**	(70.2)

7. Income taxes

	Notes	2022 €'m	2021 €'m
Recognition in the Consolidated Income Statement (before credit on non-trading items)			
Current tax expense in the financial year		**125.4**	79.5
Adjustments in respect of prior years		**(1.3)**	(2.9)
		124.1	76.6
Deferred tax in the financial year		**(9.6)**	19.6
Income tax expense (before credit on non-trading items)		**114.5**	96.2
On non-trading items:			
Current tax		**0.2**	(1.3)
Deferred tax		**(22.2)**	(41.6)
	5	**(22.0)**	(42.9)
Recognition in the Consolidated Income Statement (after credit on non-trading items)			
Current tax expense in the financial year		**125.6**	78.2
Adjustments in respect of prior years		**(1.3)**	(2.9)
		124.3	75.3
Deferred tax in the financial year	17	**(31.8)**	(22.0)
Income tax expense (after credit on non-trading items)		**92.5**	53.3

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:

	2022 €'m	2021 €'m
Profit before taxation	**699.0**	816.3
Taxed at Irish Standard Rate of Tax (12.5%)	**87.4**	102.0
Adjustments to current tax and deferred tax in respect of prior years	**0.3**	(0.9)
Net effect of differing tax rates	**9.6**	4.2
Changes in standard rates of taxes	**0.6**	5.2
Income not subject to tax	**(3.6)**	(42.7)
Net credit arising on inter-group intangible asset transfer	**-**	(16.6)
Other adjusting items	**(1.8)**	2.1
Income tax expense	**92.5**	53.3

An increase in the Group's applicable tax rate of 1% would reduce profit after taxation by €7.0m (2021: €8.2m). 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 addition, the EU Directive on Pillar Two Global Minimum Tax was approved in December 2022. 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 **€166.7m** (2021: €319.8m).

9. Earnings per A ordinary share

	EPS cent	2022 €'m	EPS cent	2021 €'m
Basic earnings per share				
Profit after taxation attributable to equity holders of the parent	**341.9**	**606.4**	430.6	763.0
Diluted earnings per share				
Profit after taxation attributable to equity holders of the parent	**341.3**	**606.4**	429.9	763.0

Number of Shares	Note	2022 m's	2021 m's
Basic weighted average number of shares		**177.4**	177.2
Impact of share options outstanding		**0.3**	0.3
Diluted weighted average number of shares		**177.7**	177.5
Actual number of shares in issue as at 31 December	27	**177.0**	176.8

10. Dividends

	2022 €'m	2021 €'m
Group and Company:		
Amounts recognised as distributions to equity shareholders in the financial year		
Final 2021 dividend of **66.70 cent** per A ordinary share paid 6 May 2022 (Final 2020 dividend of 60.60 cent per A ordinary share paid 14 May 2021)	**118.0**	107.1
Interim 2022 dividend of **31.40 cent** per A ordinary share paid 11 November 2022 (Interim 2021 dividend of 28.50 cent per A ordinary share paid 12 November 2021)	**55.6**	50.4
	173.6	157.5

Since the financial year end the Board has proposed a final 2022 dividend of **73.40 cent** per A ordinary share which amounts to €129.9m. The payment date for the final dividend will be 12 May 2023 to shareholders registered on the record date as at 14 April 2023. The consolidated financial statements do not reflect this dividend.

11. Property, plant and equipment

	Notes	2022 €'m	2021 €'m
Group:			
Property, plant and equipment	(i)	**2,037.2**	2,026.1
Right-of-use assets	(ii)	**62.1**	65.2
		2,099.3	2,091.3

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 2021		1,298.7	2,177.3	238.4	13.8	3,728.2
Businesses acquired		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		(143.6)	(243.4)	(15.0)	(0.8)	(402.8)
Disposals		-	(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
Businesses acquired	30	**21.0**	**22.1**	**3.0**	**-**	**46.1**
Additions		**34.9**	**41.3**	**136.3**	**1.3**	**213.8**
Purchase adjustments		**5.8**	**3.2**	**-**	**-**	**9.0**
Transfer from construction in progress		**43.8**	**126.9**	**(170.7)**	**-**	**-**
Businesses disposed	5	**(9.5)**	**(16.4)**	**(0.6)**	**(0.1)**	**(26.6)**
Disposals	5	**(16.9)**	**(100.9)**	**(0.8)**	**(1.1)**	**(119.7)**
Transfer to held for sale	18	**(65.1)**	**(189.0)**	**(4.7)**	**-**	**(258.8)**
Exchange translation adjustment		**29.0**	**52.6**	**6.2**	**0.5**	**88.3**
At 31 December 2022		**1,351.3**	**2,152.6**	**209.3**	**14.4**	**3,727.6**
Accumulated depreciation and impairment						
At 1 January 2021		458.6	1,342.3	-	11.1	1,812.0
Charge during the financial year		36.3	134.7	-	1.0	172.0
Businesses disposed		(90.6)	(193.0)	-	(0.4)	(284.0)
Disposals		-	(32.4)	-	(0.9)	(33.3)
Transfer to held for sale		(13.6)	(15.0)	-	(0.1)	(28.7)
Impairments		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
Charge during the financial year	3	**43.0**	**146.9**	**-**	**1.0**	**190.9**
Businesses disposed	5	**(4.7)**	**(7.2)**	**-**	**(0.1)**	**(12.0)**
Disposals	5	**(8.1)**	**(82.2)**	**-**	**(0.8)**	**(91.1)**
Transfer to held for sale	18	**(28.5)**	**(153.1)**	**-**	**-**	**(181.6)**
Exchange translation adjustment		**8.0**	**26.4**	**-**	**0.4**	**34.8**
At 31 December 2022		**430.0**	**1,248.6**	**-**	**11.8**	**1,690.4**
Carrying value						
At 31 December 2021		888.0	895.0	240.6	2.5	2,026.1
At 31 December 2022		**921.3**	**904.0**	**209.3**	**2.6**	**2,037.2**

11. Property, plant and equipment (continued)

(i) Property, plant and equipment analysis (continued)

	Land and Buildings Total €'m
Company:	
Cost	
At 1 January 2021	4.7
At 31 December 2021 and 2022	**4.7**
Accumulated depreciation	
At 1 January 2021	4.4
Charge during the financial year	0.1
At 31 December 2021	4.5
Charge during the financial year	**0.1**
At 31 December 2022	**4.6**
Carrying value	
At 31 December 2021	0.2
At 31 December 2022	**0.1**

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 2021		90.6	19.7	15.0	125.3
Businesses acquired		0.8	0.5	1.1	2.4
Additions		23.7	6.5	2.6	32.8
Businesses disposed		(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
Businesses acquired	30	**0.2**	**0.1**	**-**	**0.3**
Additions		**34.9**	**5.2**	**2.9**	**43.0**
Businesses disposed	5	**(3.9)**	**(0.1)**	**(1.3)**	**(5.3)**
Terminations		**(9.4)**	**(4.2)**	**(4.5)**	**(18.1)**
Transfer to held for sale	18	**(10.8)**	**(2.4)**	**(1.0)**	**(14.2)**
Exchange translation adjustment		**1.5**	**-**	**0.8**	**2.3**
At 31 December 2022		**104.7**	**21.7**	**13.7**	**140.1**
Accumulated depreciation					
At 1 January 2021		35.4	7.3	8.2	50.9
Charge during the financial year		21.6	5.8	4.0	31.4
Businesses disposed		(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
Charge during the financial year	3	**23.6**	**5.8**	**3.3**	**32.7**
Businesses disposed	5	**(2.8)**	**(0.1)**	**(1.0)**	**(3.9)**
Terminations		**(7.6)**	**(2.7)**	**(4.3)**	**(14.6)**
Transfer to held for sale	18	**(4.0)**	**(1.1)**	**(0.6)**	**(5.7)**
Exchange translation adjustment		**1.9**	**(0.1)**	**0.8**	**2.6**
At 31 December 2022		**54.9**	**13.5**	**9.6**	**78.0**
Carrying value					
At 31 December 2021		48.4	11.4	5.4	65.2
At 31 December 2022		**49.8**	**8.2**	**4.1**	**62.1**

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 91 years for buildings and range from 1 to 88 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 2 to 5 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	2022 €'m	2021 €'m
Depreciation charged during the financial year		**32.7**	31.4
Expenses relating to short-term leases		**3.7**	2.1
Expenses relating to leases of low-value assets, excluding short-term leases of low-value assets		**0.2**	0.1
Interest on lease liabilities charged during the financial year	6	**3.4**	4.4

(iii.ii) Amounts recognised in the Consolidated Statement of Cash Flows:	2022 €'m	2021 €'m
Total cash outflow for leases during the year*	**42.4**	41.5

* Includes interest expense and principal repayments of lease liabilities and short-term and low-value lease expenses.

(iii.iii) Lease liabilities	2022 €'m	2021 €'m
At beginning of the financial year	74.2	81.5
Additions	**43.9**	39.7
Terminations	**(4.2)**	(2.4)
Remeasurements	**-**	1.8
Payments	**(35.1)**	(34.9)
Transfer to held for sale	**(8.2)**	-
Businesses disposed	**(4.0)**	(16.3)
Exchange translation adjustment	**2.6**	4.8
At end of the financial year	**69.2**	74.2

Analysed as:	2022 €'m	2021 €'m
Current liabilities	**26.9**	28.0
Non-current liabilities	**42.3**	46.2
At end of the financial year	**69.2**	74.2

(iii.iv) At the balance sheet date the Group had commitments under non-cancellable leases which fall due as follows:

	Discounted 2022 €'m	Undiscounted 2022 €'m	Discounted 2021 €'m	Undiscounted 2021 €'m
Within 1 year	**26.9**	**32.0**	28.0	31.0
Between 1 and 2 years	**15.6**	**19.5**	19.7	22.2
Between 2 and 5 years	**21.6**	**24.3**	20.9	22.3
After 5 years	**5.1**	**6.4**	5.6	6.9
	69.2	**82.2**	74.2	82.4

12. Intangible assets

	Notes	Goodwill €'m	Brand Related Intangibles €'m	Computer Software €'m	Total €'m
Cost					
At 1 January 2021		2,666.6	2,188.6	368.4	5,223.6
Businesses acquired		657.1	440.0	0.5	1,097.6
Additions		-	-	34.1	34.1
Purchase adjustment		8.2	2.8	-	11.0
Businesses disposed		(292.6)	(91.7)	(5.8)	(390.1)
Disposals		-	-	(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
Businesses acquired	30	**197.8**	**122.8**	**0.5**	**321.1**
Additions		**-**	**-**	**12.2**	**12.2**
Purchase adjustment		**(0.9)**	**3.0**	**(0.4)**	**1.7**
Businesses disposed	5	**(9.6)**	**(6.6)**	**(0.3)**	**(16.5)**
Disposals	5	**-**	**-**	**(1.2)**	**(1.2)**
Transfer to held for sale	18	**(193.8)**	**(77.8)**	**-**	**(271.6)**
Exchange translation adjustment		**96.1**	**51.4**	**0.8**	**148.3**
At 31 December 2022		**3,225.1**	**2,726.0**	**409.8**	**6,360.9**
Accumulated amortisation and impairment					
At 1 January 2021		16.6	296.5	223.4	536.5
Charge during the financial year		-	46.2	34.6	80.8
Businesses disposed		(6.6)	(51.0)	(3.1)	(60.7)
Disposals		-	-	(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
Charge during the financial year	3	**-**	**50.9**	**31.8**	**82.7**
Businesses disposed	5	**-**	**(4.5)**	**(0.1)**	**(4.6)**
Disposals	5	**-**	**-**	**(0.9)**	**(0.9)**
Impairment		**0.3**	**0.4**	**-**	**0.7**
Transfer to held for sale	18	**-**	**(33.8)**	**-**	**(33.8)**
Exchange translation adjustment		**(0.1)**	**10.2**	**0.5**	**10.6**
At 31 December 2022		**14.4**	**337.6**	**288.9**	**640.9**
Carrying value					
At 31 December 2021		3,121.3	2,318.8	140.6	5,580.7
At 31 December 2022		**3,210.7**	**2,388.4**	**120.9**	**5,720.0**

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 **€1,689.6m** (2021: €1,621.9m) which have indefinite lives.

Approximately **€3.8m** (2021: €11.4m) of computer software additions during the year were internally generated, included in this are payroll costs of **€2.9m** (2021: €10.0m). The Group has not capitalised product development expenditure in 2022 (2021: €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 2022 or 2021 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 2022, there was a specific impairment charge of **€3.0m** and **€2.1m** (2021: €nil) in relation to goodwill and brand related intangibles respectively recorded in non-trading items (note 5) in the Consolidated Income Statement.

A summary of the allocation of the carrying value of goodwill and indefinite life intangible assets by CGU, is as follows:

	Goodwill 2022 €'m	Goodwill 2021 €'m	**Indefinite Life Intangibles 2022 €'m**	Indefinite Life Intangibles 2021 €'m
Taste & Nutrition				
Europe	**634.7**	563.1	**168.2**	193.9
Americas	**2,157.1**	2,150.1	**1,450.8**	1,356.4
APMEA	**279.5**	263.5	**46.9**	47.9
Dairy Ireland				
Europe	**139.4**	144.6	**23.7**	23.7
	3,210.7	3,121.3	**1,689.6**	1,621.9

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 2022	Discount Rates 2021	**Growth Rates 2022**	Growth Rates 2021
Taste & Nutrition				
Europe	**8.1%**	6.3%	**1.3%**	1.3%
Americas	**8.1%**	7.1%	**1.1%**	1.1%
APMEA	**9.4%**	8.9%	**3.6%**	3.6%
Dairy Ireland				
Europe	**7.9%**	6.1%	**2.0%**	1.9%

Prior year 31 December 2021 has been re-presented to reflect the changes in our reporting segments in line with how the Chief Operating Decision Maker (the Executive Directors) assesses the Group's performance from 1 January 2022. The Irish dairy processing activities, previously reported in Taste & Nutrition, have been combined with the remaining dairy activities of the Consumer Foods business and this segment is named Dairy Ireland. Included within the Dairy Ireland 31 December 2021 comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021.

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 including the Group's strategic plans. Management also considered the impact of accelerating inflationary cost pressures, disruption of global supply chains and the challenges presented in China with localised restrictions 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 2022 or 2021. Further, a 5% increase in the discount rate would not have resulted in an impairment charge in 2022 or 2021 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 2022 or 2021. 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 2022 or 2021. 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 and the estimated capital expenditure required to achieve the Group's sustainability objectives in reducing carbon emissions and achieving the ambition to become net zero before 2050 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 2021	-	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
Additions	**10.4**	**2.7**	**13.1**
Disposals	**-**	**(3.3)**	**(3.3)**
Fair value movements	**-**	**(3.8)**	**(3.8)**
Exchange translation adjustment	**0.3**	**2.7**	**3.0**
At 31 December 2022	**15.1**	**43.8**	**58.9**

Investments held at fair value through other comprehensive income

During 2022, the Group increased its investments by **€10.4m** (2021: €4.4m). These investments have no fixed maturity or coupon rate. A fair value assessment was performed at 31 December 2022 and at 31 December 2021 which did not result in a change to the carrying value of these assets.

Other investments

The Group maintains Rabbi Trusts in the USA. The assets of these trusts 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 liabilities are recognised within other non-current liabilities (note 22).

14. Investments in joint ventures

	Note	2022 €'m	2021 €'m
At 1 January		21.7	17.8
Additions		**20.4**	-
Share of results after taxation during the financial year	3	**(0.4)**	3.9
At 31 December		**41.7**	21.7

The Group's investments in joint ventures represents the shareholding in Proparent B.V. (see note 36).

In 2022, the Group increased its investments in joint ventures through an increase in its shareholding in Proparent B.V. from 55% to 75% for an incremental consideration of €20.4m. Proparent B.V. owns 100% of Ojah B.V., a Dutch manufactuer of texturised plant based proteins. Management performed a review of the contractual arrangements and determined it remains a joint venture. The amounts included in these Group consolidated financial statements in respect of the post acquisition profits or losses of this joint venture are taken from their latest financial statements prepared up to their financial year end together with management accounts for the intervening period to the Group's year end.

15. Investments in subsidiaries

	2022 €'m	2021 €'m
Company:		
At 1 January	843.5	714.4
Additions	-	129.1
At 31 December	**843.5**	843.5

In 2021, the Company increased its investment in Kerry Holding Co. in the US in order to fund acquisitions.

16. Inventories

	2022 €'m	2021 €'m
Raw materials and consumables	**598.7**	527.2
Finished goods and goods for resale	**690.6**	614.8
Expense inventories	**65.1**	62.2
At 31 December	**1,354.4**	1,204.2

These inventory balances are valued at the lower of cost and net realisable value. Write-downs of inventories recognised as an expense approximates to **1.4%** (2021: 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 2021		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
Consolidated Income Statement movement	7	**4.1**	**(5.6)**	**1.2**	**3.4**	**(34.9)**	**(31.8)**
Recognised in OCI during the financial year		**-**	**-**	**-**	**(7.6)**	**0.2**	**(7.4)**
Related to businesses acquired/(disposed)		**1.6**	**23.4**	**(2.1)**	**-**	**(0.5)**	**22.4**
Exchange translation adjustment		**3.7**	**17.8**	**(1.0)**	**(0.7)**	**(2.1)**	**17.7**
At 31 December 2022		**103.0**	**397.8**	**(29.3)**	**3.5**	**(94.6)**	**380.4**

The short-term temporary differences and other temporary differences recognised in other comprehensive income comprise fair value movements on cash flow hedges of **€0.2m** (2021: (€0.1m)). 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:

	2022 €'m	2021 €'m
Deferred tax assets	**(71.9)**	(67.8)
Deferred tax liabilities	**452.3**	447.3
	380.4	379.5

The total deductible temporary differences and unused tax losses for which deferred tax assets have not been recognised is **€24.8m** (2021: €26.9m). 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 €17.2m (2021: €16.7m).

18. Assets and liabilities classified as held for sale

	2022 €'m	2021 €'m
Assets classified as held for sale		
Property, plant and equipment	**100.8**	18.7
Goodwill	**191.1**	-
Brand related intangible assets	**42.3**	-
Inventories	**53.1**	-
Trade and other receivables	**0.7**	-
Total assets classified as held for sale	**388.0**	18.7
Trade and other payables	**(19.7)**	-
Total liabilities directly associated with assets classified as held for sale	**(19.7)**	-
Net assets classified as held for sale	**368.3**	18.7

Non-current assets are transferred to assets and liabilities classified as held for sale when it is expected that their carrying amounts will be recovered principally through disposal and a sale is considered highly probable. They are held at the lower of carrying amount and fair value less costs to sell.

As announced on 11 January 2023, the Group has entered into exclusive negotiations prior to the year ended 31 December 2022, to sell the trade and assets of its Sweet Ingredients Portfolio in the Taste & Nutrition segment, for a consideration of €500m comprising an initial cash consideration of €375m plus a €125m interest bearing vendor loan note. The disposal proceeds are expected to substantially exceed the carrying amount of the related net assets and accordingly no impairment losses have been recognised on the classification of this business as held for sale. The potential sale is subject to relevant regulatory approvals, employee consultation and routine closing adjustments. The associated assets and liabilities have consequently been presented separately as assets held for sale in the financial statements for the year ended 31 December 2022. There will be no material impact recognised in other comprehensive income relating to this transaction.

During the year, the Group also reached agreement to sell a non-core business and its related assets in the APMEA Taste & Nutrition segment. The assets of these businesses have been impaired to their fair value less costs to sell by **€2.7m** (2021: €nil) of goodwill impairment and by **€1.7m** (2021: €nil) of brand related intangibles impairment following their transfer to assets held for sale. The fair value less costs to sell of these assets are based on offers received for this business.

These businesses were not deemed to be discontinued operations and goodwill was allocated to these businesses using an appropriate allocation methodology aligned with IAS 36 'Impairment of Assets'. Estimated costs to sell including marketing, legal, site rectification, environmental and other related expenses necessary to complete the disposals incurred to date of **€7.6m** (2021: €31.5m). These assets held for sale are expected to sell in the first half of 2023.

In 2022, assets classified as held for sale of property, plant and equipment based in the USA in the Taste & Nutrition segment, were impaired to their fair value less costs to sell by **€1.2m** (2021: €17.1m) following their transfer to assets held for sale. The fair value less costs to sell of these assets are based on offers received for these assets.

In 2021, the Group held property, plant and equipment classified as held for sale in the Taste & Nutrition segment in North America and in the Dairy Ireland segment in the UK.

19. Trade and other receivables

	Group 2022 €'m	Group 2021 €'m	Company 2022 €'m	Company 2021 €'m
Trade receivables	**1,369.3**	1,131.1	-	-
Loss allowances	**(46.3)**	(42.1)	-	-
Trade receivables due within 1 year	**1,323.0**	1,089.0	-	-
Other receivables and prepayments	**51.5**	55.7	-	-
Amounts due from subsidiaries	-	-	**231.0**	218.9
VAT receivable	**44.5**	31.2	-	-
Receivables due after 1 year	**4.8**	5.8	-	-
	1,423.8	1,181.7	**231.0**	218.9

All receivable balances are due within 1 year except for **€4.8m** (2021: €5.8m) 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:

	2022 €'m	2021 €'m
Within terms	**1,105.9**	940.1
Past due not more than 1 month	**141.5**	107.2
Past due more than 1 month but less than 2 months	**33.6**	28.3
Past due more than 2 months but less than 3 months	**22.8**	10.5
Past due more than 3 months	**19.2**	2.9
Trade receivables (net)	**1,323.0**	1,089.0

The following table summarises the movement in loss allowances:

	Note	2022 €'m	2021 €'m
At beginning of financial year		42.1	37.1
Increase in loss allowance charged to the Consolidated Income Statement	3	**11.4**	9.8
Written off during the financial year		**(8.4)**	(6.6)
Exchange translation adjustment		**1.2**	1.8
At end of the financial year		**46.3**	42.1

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.

19. Trade and other receivables (continued)

The Group considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- When there is a breach of financial covenants by the debtor;
- Information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Group, in full.

The Group writes off a trade receivable when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, for example when a debtor has been placed under liquidation or has entered into bankruptcy proceedings.

20. Trade and other payables

	Group 2022 €'m	Group 2021 €'m	**Company 2022 €'m**	Company 2021 €'m
Trade payables	**1,705.7**	1,577.9	**5.3**	7.7
Other payables and accruals	**206.0**	161.9	**-**	-
Lease liabilities	**26.9**	28.0	**-**	-
Deferred payments on acquisition of businesses	**5.6**	4.0	**0.6**	2.3
PAYE	**15.1**	13.1	**-**	-
Social security costs	**7.2**	6.6	**-**	-
	1,966.5	1,791.5	**5.9**	10.0

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 2022 €'m**	Group 2021 €'m	**Company 2022 €'m**	Company 2021 €'m
Grants					
At beginning of the financial year		20.9	21.8	0.1	0.1
Grants received during the financial year		**0.8**	3.1	**-**	-
Amortised during the financial year	3	**(2.0)**	(1.9)	**-**	-
Businesses disposed		**-**	(2.3)	**-**	-
Exchange translation adjustment		**(0.3)**	0.2	**-**	-
At end of the financial year		**19.4**	20.9	**0.1**	0.1
Analysed as:					
Current liabilities		**3.4**	3.0	**-**	-
Non-current liabilities		**16.0**	17.9	**0.1**	0.1
		19.4	20.9	**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 2022 €'m	Group 2021 €'m	**Company 2022 €'m**	Company 2021 €'m
Other payables and accruals	**78.9**	96.7	**-**	-
Lease liabilities	**42.3**	46.2	**-**	-
Deferred payments on acquisition of businesses	**21.4**	11.0	**-**	-
	142.6	153.9	**-**	-

All of the above balances are due within 2 to 5 years except for **€5.5m** (2021: €5.6m) 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 2022 €'m	Assets/ (Liabilities) at Fair Value through Profit or Loss 2022 €'m	Derivatives Designated as Hedging Instruments 2022 €'m	Assets/ (Liabilities) at FVOCI 2022 €'m	Total 2022 €'m
Group:						
Financial asset investments	13	-	43.8	-	15.1	58.9
Forward foreign exchange contracts	24 (i.i)	-	-	22.8	-	22.8
Interest rate swaps	24 (ii.ii)	-	-	37.0	-	37.0
Trade and other receivables	19	1,423.8	-	-	-	1,423.8
Cash at bank and in hand	24 (iii.i)	970.0	-	-	-	970.0
Total financial assets		2,393.8	43.8	59.8	15.1	2,512.5
Current assets		2,393.8	-	59.5	-	2,453.3
Non-current assets		-	43.8	0.3	15.1	59.2
		2,393.8	43.8	59.8	15.1	2,512.5
Borrowings and overdrafts	24 (iii.i)	(3,146.2)	12.5	-	-	(3,133.7)
Forward foreign exchange contracts	24 (i.i)	-	-	(17.2)	-	(17.2)
Interest rate swaps	24 (ii.ii)	-	-	(21.5)	-	(21.5)
Trade and other payables	20/22	(2,109.1)	-	-	-	(2,109.1)
Total financial liabilities		(5,255.3)	12.5	(38.7)	-	(5,281.5)
Current liabilities		(2,669.1)	1.5	(18.4)	-	(2,686.0)
Non-current liabilities		(2,586.2)	11.0	(20.3)	-	(2,595.5)
		(5,255.3)	12.5	(38.7)	-	(5,281.5)
Total net financial (liabilities)/assets		(2,861.5)	56.3	21.1	15.1	(2,769.0)

Included in the above table are the following components of net debt:

Analysis of net debt by category					
Bank overdrafts	(0.2)	-	-	-	(0.2)
Bank loans	(1.7)	-	-	-	(1.7)
Senior Notes	(3,144.3)	12.5	-	-	(3,131.8)
Borrowings and overdrafts	(3,146.2)	12.5	-	-	(3,133.7)
Interest rate swaps	-	-	15.5	-	15.5
Cash at bank and in hand	970.0	-	-	-	970.0
Net debt - pre lease liabilities	(2,176.2)	12.5	15.5	-	(2,148.2)
Lease liabilities	(69.2)	-	-	-	(69.2)
Net debt	(2,245.4)	12.5	15.5	-	(2,217.4)

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 2022, the Group's debt portfolio included:

- US$750m of Senior Notes issued in 2013 maturing in 2023 (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 (2025 Senior Notes). €175m of the issuance in 2015 were swapped, using cross currency swaps, to US dollar;
- €750m of Senior Notes issued in 2019 (2029 Senior Notes). No interest rate derivatives were entered into for this issuance; and
- €750m of sustainability-linked bond notes issued in 2021 (2031 SLB Senior Notes) and no interest rate derivatives were entered into for this issuance.

The adjustment to Senior Notes classified under fair value through profit or loss of **€12.5m** of an asset (2021: liability €10.9m) 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 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)

23. Analysis of financial instruments by category (continued)

Included in the above table are the following components of net debt:

	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
Analysis of 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)
Net debt	(2,147.8)	(10.9)	34.6	-	(2,124.1)

The following table outlines the financial assets and liabilities held by the Company at the balance sheet date:

	Notes	**2022 €'m**	2021 €'m
Company:			
Financial assets at amortised cost			
Cash at bank and in hand		**-**	0.1
Trade and other receivables	19	**231.0**	218.9
Total financial assets - all current		**231.0**	219.0
Financial liabilities at amortised cost			
Borrowings and overdrafts		**-**	-
Trade and other payables	20	**(5.9)**	(10.0)
Total financial liabilities - all current		**(5.9)**	(10.0)
Total net financial assets		**225.1**	209.0

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 equity holders 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	2022 €'m	2021 €'m
Issued capital and reserves attributable to equity holders of the parent		**6,221.9**	5,601.2
Net debt - pre lease liabilities	23	**2,148.2**	2,049.9
Lease liabilities	20/22	**69.2**	74.2
Deferred payments on acquisition of businesses	20/22	**27.0**	15.0
		8,466.3	7,740.3

In November 2022 Moody's upgraded the credit rating of the Group to Baa1. There were no notable debt financing events in 2022.

In 2021 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; and
- 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 (Baa1).

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.

	2022 Times	2021 Times
Net debt: EBITDA	**1.8**	2.0
EBITDA: Net interest	**18.1**	14.9

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.

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 asset of **€6.8m** (2021: €13.1m liability) and a sterling asset of **€21.7m** (2021: €36.5m). Based on these net positions, as at 31 December 2022, 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 €1.2m (2021: €1.0m).

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 2022 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 €35.1m (2021: €25.9m) and €30.2m (2021: €23.2m), 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:

	2022 €'m Asset	2022 €'m Liability	2022 €'m Total	2021 €'m Asset	2021 €'m Liability	2021 €'m Total
Designated in a hedging relationship:						
- current [1]	**22.5**	**(16.8)**	**5.7**	15.2	(40.1)	(24.9)
- non-current [2]	**0.3**	**(0.4)**	**(0.1)**	0.2	(0.5)	(0.3)
Forward foreign exchange contracts	**22.8**	**(17.2)**	**5.6**	15.4	(40.6)	(25.2)

* 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	
	2022 €'m	2021 €'m	**2022 €'m**	2021 €'m
Forward foreign exchange contracts				
less than 1 year	**5.7**	(24.9)	**1,835.6**	2,798.0
1 - 2 years	**(0.1)**	(0.3)	**38.2**	50.2
Forward foreign exchange contracts - cash flow hedges	5.6	(25.2)	1,873.8	2,848.2

The following table details the impact of forward foreign exchange contracts - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2022 €'m	2021 €'m
Forward foreign exchange contracts - cash flow hedges	**5.6**	(25.2)
Retained earnings and other reserves:		
Cash flow hedging reserve	**(6.1)**	(3.2)
Amount reclassified from OCI to profit or loss	**0.5**	28.4
	(5.6)	25.2

The fair value included in the hedging reserve will primarily be released to the Consolidated Income Statement within **11 months** (2021: 9 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:

	2022 €'m	2021 €'m
Movements recognised in the Consolidated Statement of Comprehensive Income		
Total hedging gain recognised in OCI in the financial year	**5.1**	0.8
Amount reclassified from OCI to profit or loss	**(2.2)**	(0.5)
	2.9	0.3
Movements recognised in the Consolidated Income Statement		
Income reclassified from OCI to profit or loss [1]	**2.2**	0.5
Ineffectiveness recognised in profit or loss [1]	**-**	-
	2.2	0.5

* Location of line item in the Consolidated Income Statement
[1] Other general overheads

There were no transactions during 2022 or 2021 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 cash at bank and lease liabilities):

	Total Pre CCS €'m	Impact of CCS €'m	Total after CCS €'m	Floating Rate Net Debt €'m	Fixed Rate Debt €'m
Euro	**(2,166.6)**	**(59.1)**	**(2,225.7)**	**283.4**	**(2,509.1)**
Sterling	**59.1**	**-**	**59.1**	**59.1**	**-**
US Dollar	**(318.4)**	**59.1**	**(259.3)**	**(25.2)**	**(234.1)**
Others	**180.5**	**-**	**180.5**	**180.5**	**-**
At 31 December 2022	**(2,245.4)**	**-**	**(2,245.4)**	**497.8**	**(2,743.2)**
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)

The currency profile of debt highlights the impact of the **US$250m** (2021: US$250m) 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. The retranslation of the foreign currency debt of US$250m (2021: US$250m) to the balance sheet rate resulted in a foreign currency loss of **€38.8m** (2021: €25.5m) which is directly offset by a gain of **€38.8m** (2021: €25.5m) 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 a liability of **€7.5m** (2021: €2.9m asset) for movement in exchange rates since the date of execution which is directly offset by a gain of **€7.5m** (2021: €2.9m loss) 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%** (2021: 15%) of gross debt was held at floating rates.

The floating rate net debt as set out above, includes cash at bank, which attracts interest at market rates. If the interest rates applicable 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 increase by 0.6% (2021: 0.8%).

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	2022 €'m Asset	2022 €'m Liability	2022 €'m Total	2021 €'m Asset	2021 €'m Liability	2021 €'m Total
Designated in a hedging relationship:							
Interest rate swap contracts - cash flow hedges	(a)	37.0	-	37.0	23.8	-	23.8
- current [1]		37.0	-	37.0	-	-	-
- non-current [2]		-	-	-	23.8	-	23.8
Interest rate swap contracts - fair value hedges	(b)	-	(21.5)	(21.5)	10.8	-	10.8
- current [1]		-	(1.6)	(1.6)	-	-	-
- non-current [2]		-	(19.9)	(19.9)	10.8	-	10.8
Interest rate swap contracts		37.0	(21.5)	15.5	34.6	-	34.6

* 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)

(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	
	2022 %	2021 %	**2022 €'m**	2021 €'m	**2022 €'m**	2021 €'m
Interest rate swap contracts						
less than 1 year	**2.58**	-	**37.0**	-	**234.1**	-
1 - 2 years	**-**	2.58	**-**	23.8	**-**	220.9
Interest rate swap contracts - cash flow hedges			**37.0**	23.8	**234.1**	220.9

The following table details the impact of interest rate swap contracts* - cash flow hedges on the Consolidated Balance Sheet as at 31 December:

	2022 €'m	2021 €'m
Interest rate swap contracts - cash flow hedges	**37.0**	23.8
Fixed rate borrowings:		
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations[1]	**(38.8)**	(25.5)
Retained earnings and other reserves:		
Cash flow hedging reserve	**1.6**	1.8
Cost of hedging reserve	**0.1**	(0.3)
Accumulated hedge ineffectiveness	**0.1**	0.2
	(37.0)	(23.8)

* Location of line item in the Consolidated Balance Sheet
[1] Borrowings & 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:

	2022 €'m	2021 €'m
Total hedging gain recognised in cash flow hedging reserve	**13.8**	19.1
Total hedging gain recognised in cost of hedging reserve	**0.4**	0.3
Amount reclassified from hedge reserve to profit or loss re: foreign exchange rate fluctuations	**(13.3)**	(17.2)
Amount reclassified from OCI to profit or loss re: interest rate fluctuations	**(0.6)**	(0.4)
Ineffectiveness recognised in profit or loss	**(0.1)**	-
Net impact	**0.2**	1.8

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:

	2022 €'m	2021 €'m
Interest rate swap contracts - cash flow hedges:		
Foreign exchange rate fluctuations [1]	**13.3**	17.2
Amount reclassified from OCI to profit or loss re: interest rate fluctuations [2]	**0.6**	0.4
Ineffectiveness recognised in profit or loss [2]	**(0.1)**	-
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**(13.3)**	(17.2)
Net impact	**0.5**	0.4

* 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/ (Liability)		Notional Principal	
	2022 %	2021 %	2022 €'m	2021 €'m	2022 €'m	2021 €'m
Interest rate swap contracts						
less than 1 year	**3.2**	-	**(1.6)**	-	**234.1**	-
1 - 2 years	**-**	3.2	**-**	3.8	**-**	220.9
2 - 5 years	**2.4**	2.4	**(19.9)**	7.0	**175.0**	175.0
Interest rate swap contracts - fair value hedges			**(21.5)**	10.8	**409.1**	395.9

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 market interest rates for the underlying swap currency. 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:

	2022 €'m	2021 €'m
Interest rate swap contracts - fair value hedges	**(21.5)**	10.8
Fixed rate borrowings:		
Interest rate movements [1]	**12.5**	(10.9)
Receivables:		
Foreign exchange rate fluctuations [2]	**7.5**	(2.9)
Retained earnings and other reserves:		
Hedge ineffectiveness	**0.1**	0.4
Cost of hedging reserve	**1.4**	2.6
	21.5	(10.8)

* 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:

	2022 €'m	2021 €'m
Amounts recognised in the cost of hedging reserve	**(1.2)**	(0.3)

The following table details the (expense)/income impact of interest rate swap contracts*/** - fair value hedges and the hedged items on the Consolidated Income Statement during the financial year:

	2022 €'m	2021 €'m
Interest rate swap contracts - fair value hedges:		
Foreign exchange rate fluctuations [1]	**(10.4)**	(12.1)
Interest rate movements [2]	**(22.2)**	(12.3)
Ineffectiveness recognised in profit or loss [2]	**(1.5)**	1.1
Fixed rate borrowings:		
Foreign exchange rate fluctuations [1]	**-**	(1.3)
Interest rate movements [2]	**22.2**	12.3
Receivables:		
Foreign exchange rate fluctuations [3]	**10.4**	13.4
Net impact	**(1.5)**	1.1

* 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 2022 with significant available liquidity and no significant loan maturities arising until April 2023. No significant financing activities were undertaken during 2022.

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 2022 and 2021.

All Group credit facilities are arranged and managed by Group Treasury and approved by the Board of Directors. Where possible, facilities have common terms and conditions.

At 31 December 2022, the Group had undrawn committed bank facilities of **€1,100m** (2021: €1,100m), and a portfolio of undrawn standby facilities amounting to **€343m** (2021: €337m). The undrawn committed facilities comprise primarily of a revolving credit facility maturing between **3 - 4 years** (2021: between 4 - 5 years).

(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 **€1,934.0m** (2021: €1,759.5m) is payable within 1 year, **€78.9m** (2021: €96.7m) 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		(0.2)	-	-	-	(0.2)
Bank loans		-	(1.7)	-	-	(1.7)
Senior Notes		(702.4)	-	(950.0)	(1,500.0)	(3,152.4)
Borrowings and overdrafts - contractual repayments		(702.6)	(1.7)	(950.0)	(1,500.0)	(3,154.3)
Lease liabilities (undiscounted)	11 (iii.iv)	(32.0)	(19.5)	(24.3)	(6.4)	(82.2)
Deferred payments on acquisition of businesses		(5.6)	(5.2)	(16.2)	-	(27.0)
		(740.2)	(26.4)	(990.5)	(1,506.4)	(3,263.5)
Interest commitments on borrowings and overdrafts		(39.9)	(33.8)	(49.4)	(33.8)	(156.9)
At 31 December 2022		(780.1)	(60.2)	(1,039.9)	(1,540.2)	(3,420.4)
Reconciliation to net debt position:						
Borrowings and overdrafts - contractual repayments		(702.6)	(1.7)	(950.0)	(1,500.0)	(3,154.3)
Senior Notes - amortised cost adjustments		-	-	(4.7)	12.8	8.1
Senior Notes - fair value adjustment		1.5	-	11.0	-	12.5
Borrowings and overdrafts		(701.1)	(1.7)	(943.7)	(1,487.2)	(3,133.7)
Interest rate swaps		35.4	-	(19.9)	-	15.5
Cash at bank and in hand		970.0	-	-	-	970.0
Net debt - pre lease liabilities		304.3	(1.7)	(963.6)	(1,487.2)	(2,148.2)
Lease liabilities (discounted)	11 (iii.iv)	(26.9)	(15.6)	(21.6)	(5.1)	(69.2)
Net debt as at 31 December 2022		277.4	(17.3)	(985.2)	(1,492.3)	(2,217.4)

	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)	(950.0)	(1,500.0)	(3,112.6)
Borrowings and overdrafts - contractual repayments		(5.6)	(665.2)	(950.0)	(1,500.0)	(3,120.8)
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)	(978.7)	(1,506.9)	(3,218.2)
Interest commitments on borrowings and overdrafts		(55.0)	(39.6)	(72.0)	(45.0)	(211.6)
At 31 December 2021		(95.6)	(731.6)	(1,050.7)	(1,551.9)	(3,429.8)
Reconciliation to net debt position:						
Borrowings and overdrafts - contractual repayments		(5.6)	(665.2)	(950.0)	(1,500.0)	(3,120.8)
Senior Notes - amortised cost adjustments		-	-	(6.4)	14.5	8.1
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)
Net debt as at 31 December 2021		1,005.5	(661.1)	(977.4)	(1,491.1)	(2,124.1)

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	**47.0**	**4.2**	**2.9**	**-**	**54.1**
Interest rate swaps outflow	**(18.4)**	**(12.2)**	**(15.6)**	**-**	**(46.2)**
Net interest rate swaps inflow/(outflow)	**28.6**	**(8.0)**	**(12.7)**	**-**	**7.9**
Forward foreign exchange contracts inflow/(outflow)	**5.7**	**(0.1)**	**-**	**-**	**5.6**
At 31 December 2022	**34.3**	**(8.1)**	**(12.7)**	**-**	**13.5**

	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

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/(outflow)

- up to 1 year - swaps inflow of **€38.8m** (2021: €nil)
- 1 - 2 years - swaps inflow of **€nil** (2021: €25.5m)
- 2 - 5 years - swaps (outflow)/inflow of **(€7.5m)** (2021: €2.9m)

(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 revolving credit facilities of €1,100m to June 2026; and
- bilateral term loans with maturities ranging up to 1 year.

(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 01 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 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 2022 and 2021 all cash, short-term deposits and other liquid investments had a maturity of less than 3 months. Cash at bank and in hand of **€970.0m** (2021: €1,039.1m) includes an amount of **€322.1m** (2021: €545.0m) held on short-term deposit of which **€70.7m** (2021: €100.0m) 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.

There is no material provision for impairment in the Company's intercompany receivables balance of **€231.0m** (2021: €218.9m) as all amounts are expected to be recovered in full.

(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	2022 €'m	2021 €'m
Financial assets				
Interest rate swaps:	Non-current	Level 2	**-**	34.6
	Current	Level 2	**37.0**	-
Forward foreign exchange contracts:	Non-current	Level 2	**0.3**	0.2
	Current	Level 2	**22.5**	15.2
Financial asset investments:	Fair value through profit or loss	Level 1	**43.8**	45.5
	Fair value through other comprehensive income	Level 3	**15.1**	4.4
Financial liabilities				
Forward foreign exchange contracts:	Non-current	Level 2	**(0.4)**	(0.5)
	Current	Level 2	**(16.8)**	(40.1)
Interest rate swaps:	Non-current	Level 2	**(19.9)**	-
	Current	Level 2	**(1.6)**	-

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 2022 €'m	Fair Value 2022 €'m	Carrying Amount 2021 €'m	Fair Value 2021 €'m
Financial liabilities: Senior Notes - Public	Level 2	**(3,144.3)**	**(2,761.4)**	(3,104.5)	(3,174.7)

(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 2022					
Financial assets					
Cash at bank and in hand	**970.0**	**-**	**970.0**	**-**	**970.0**
Forward foreign exchange contracts	**22.8**	**-**	**22.8**	**(13.1)**	**9.7**
Interest rate swaps	**37.0**	**-**	**37.0**	**(15.2)**	**21.8**
	1,029.8	**-**	**1,029.8**	**(28.3)**	**1,001.5**
Financial liabilities					
Bank overdrafts	**-**	**(0.2)**	**(0.2)**	**-**	**(0.2)**
Forward foreign exchange contracts	**-**	**(17.2)**	**(17.2)**	**13.1**	**(4.1)**
Interest rate swaps	**-**	**(21.5)**	**(21.5)**	**15.2**	**(6.3)**
	-	**(38.9)**	**(38.9)**	**28.3**	**(10.6)**
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)

25. Provisions

	Insurance €'m	Non-Trading Items €'m	Environmental €'m	Total €'m
Group:				
At 1 January 2021	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)/from payables and accruals	-	-	-	-
Exchange translation adjustment	2.6	-	-	2.6
At 31 December 2021	43.3	7.4	-	50.7
Provided during the financial year	**22.7**	**-**	**-**	**22.7**
Utilised during the financial year	**(5.7)**	**-**	**-**	**(5.7)**
Released during the financial year	**(11.3)**	**-**	**-**	**(11.3)**
Transferred (to)/from payables and accruals	**-**	**(0.9)**	**12.6**	**11.7**
Exchange translation adjustment	**(2.3)**	**-**	**-**	**(2.3)**
At 31 December 2022	**46.7**	**6.5**	**12.6**	**65.8**

	2022 €'m	2021 €'m
Analysed as:		
Current liabilities	**15.3**	13.6
Non-current liabilities	**50.5**	37.1
	65.8	50.7

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 expensed in 2022 and 2021; these costs are expected to be paid within 18 months.

Environmental
This includes provisions for site remediation, restoration and environmental works stemming from established best practice for a recently acquired acquisition. The timing of utilisation of these provisions is uncertain.

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 2022 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 and in 2021 a number of deferred members transferred their past service benefits out of the Irish defined benefit scheme.

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:

	2022 €'m	2021 €'m
Service cost:		
- Costs relating to defined contribution schemes	**71.0**	64.9
- Current service cost relating to defined benefit schemes	**3.0**	5.5
- Past service and settlements	**(2.0)**	(4.7)
Net interest (income)/cost	**(1.1)**	0.7
Recognised in the Consolidated Income Statement	**70.9**	66.4
Re-measurements of the net defined benefit liability:		
- Return on scheme assets (excluding amounts included in net interest cost)	**536.1**	(129.8)
- Experience losses on schemes' liabilities	**44.4**	24.9
- Actuarial (gains)/losses arising from changes in demographic assumptions	**(2.6)**	41.9
- Actuarial gains arising from changes in financial assumptions	**(564.5)**	(47.2)
Recognised in the Consolidated Statement of Comprehensive Income	**13.4**	(110.2)
Total	**84.3**	(43.8)

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 2022 €'m	Schemes in Deficit 2022 €'m	Total 2022 €'m	Schemes in Surplus 2021 €'m	Schemes in Deficit 2021 €'m	Total 2021 €'m
Present value of defined benefit obligation	(286.6)	(677.7)	(964.3)	(1,448.6)	(111.5)	(1,560.1)
Fair value of scheme assets	382.2	647.5	1,029.7	1,538.9	87.4	1,626.3
Net recognised surplus/(deficit) before deferred tax	95.6	(30.2)	65.4	90.3	(24.1)	66.2
Net related deferred tax (liability)/asset	(11.9)	7.3	(4.6)	(14.8)	4.9	(9.9)
Net recognised surplus/(deficit) after deferred tax	83.7	(22.9)	60.8	75.5	(19.2)	56.3

Net recognised surplus/(deficit) by region:

	Eurozone 2022 €'m	UK 2022 €'m	Rest of World 2022 €'m	Total 2022 €'m	Eurozone 2021 €'m	UK 2021 €'m	Rest of World 2021 €'m	Total 2021 €'m
Present value of defined benefit obligation	(286.6)	(591.2)	(86.5)	(964.3)	(427.4)	(1,025.0)	(107.7)	(1,560.1)
Fair value of scheme assets	382.2	586.0	61.5	1,029.7	487.0	1,051.9	87.4	1,626.3
Net recognised surplus/(deficit) before deferred tax	95.6	(5.2)	(25.0)	65.4	59.6	26.9	(20.3)	66.2
Net related deferred tax (liability)/asset	(11.9)	1.0	6.3	(4.6)	(7.9)	(6.9)	4.9	(9.9)
Net recognised surplus/(deficit) after deferred tax	83.7	(4.2)	(18.7)	60.8	51.7	20.0	(15.4)	56.3

The surplus at 31 December 2022 relates to the Irish scheme (31 December 2021: 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:

	2022			2021		
	Eurozone %	UK %	Rest of World %	Eurozone %	UK %	Rest of World %
Rate used to discount schemes' liabilities	4.20	4.85	5.00 - 5.35	1.50	1.95	2.25 - 2.75
Inflation assumption	2.30	3.05	2.50	1.90	3.25	2.50
Rate of increase in salaries	N/A*	N/A*	4.50	N/A*	N/A*	3.00
Rate of increase for pensions in payment and deferred pensions	2.30	2.35 - 3.00	-	1.90	2.50 - 3.15	-

* 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:

	2022			2021		
	Eurozone Years	**UK Years**	**Rest of World Years**	Eurozone Years	UK Years	Rest of World Years
Male - retiring now	**22**	**21**	**21 - 22**	22	21	21 - 22
Female - retiring now	**24**	**24**	**23**	24	24	23
Male - retiring in 20 years' time	**24**	**23**	**22 - 23**	24	23	22 - 23
Female - retiring in 20 years' time	**26**	**26**	**24 - 25**	26	26	24 - 25

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 & 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 2022 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

	2022			2021		
Change in Assumption	**Eurozone %**	**UK %**	**Rest of World %**	Eurozone %	UK %	Rest of World %
Discount rate						
Decrease of 0.50%	**8.0%**	**8.2%**	**4.0%**	10.4%	11.0%	5.2%
Increase of 0.50%	**(7.2%)**	**(7.3%)**	**(3.7%)**	(9.0%)	(9.5%)	(4.7%)
Inflation Rate and Pension Increases						
Increase of 0.50%	**6.4%**	**3.3%**	**-**	7.9%	4.3%	-
Decrease of 0.50%	**(5.8%)**	**(3.5%)**	**-**	(7.1%)	(5.2%)	-
Salary Increase						
Increase of 0.50%	**-**	**-**	**0.2%**	-	-	0.2%
Decrease of 0.50%	**-**	**-**	**(0.2%)**	-	-	(0.2%)
Mortality						
Increase in life expectancy of 1 Year	**4.1%**	**3.0%**	**2.0%**	3.9%	3.0%	2.5%
Decrease in life expectancy of 1 Year	**(4.1%)**	**(3.0%)**	**(2.0%)**	(3.9%)	(3.0%)	(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:

	2022 €'m	2021 €'m
Present value of the defined benefit obligation at beginning of the financial year	(1,560.1)	(1,505.5)
Current service cost	**(3.0)**	(5.5)
Past service and settlements	**2.0**	4.7
Contributions by employees	**-**	-
Interest expense	**(28.3)**	(21.9)
Benefits paid	**54.4**	46.7
Re-measurements:		
- experience losses on schemes' liabilities	**(44.4)**	(24.9)
- actuarial gains/(losses) arising from changes in demographic assumptions	**2.6**	(41.9)
- actuarial gains arising from changes in financial assumptions	**564.5**	47.2
Decrease arising on settlement	**-**	17.7
Exchange translation adjustment	**48.0**	(76.7)
Present value of the defined benefit obligation at end of the financial year	**(964.3)**	(1,560.1)

	2022 €'m	2021 €'m
Present value of the defined benefit obligation at end of the financial year that relates to:		
Wholly unfunded schemes	**(14.2)**	(16.1)
Wholly or partly funded schemes	**(950.1)**	(1,544.0)
	(964.3)	(1,560.1)

The weighted average duration of the defined benefit obligation at 31 December 2022 is approximately **16 years** (2021: approximately 20 years).

The movements in the schemes' assets during the financial year were:

	2022 €'m	2021 €'m
Fair value of scheme assets at beginning of the financial year	1,626.3	1,451.1
Interest income	**29.4**	21.2
Contributions by employer	**15.3**	15.4
Contributions by employees	**-**	-
Benefits paid	**(54.4)**	(46.7)
Re-measurements:		
- return on scheme assets (excluding amounts included in net interest cost)	**(536.1)**	129.8
Decrease arising on settlement	**-**	(17.7)
Exchange translation adjustment	**(50.8)**	73.2
Fair value of scheme assets at end of the financial year	**1,029.7**	1,626.3

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:

	2022 €'m	2021 €'m
Liability Driven Investment	**488.3**	537.7
Other Fixed Income	**135.6**	380.0
Equities		
- Global Equities	**126.2**	308.4
- Emerging Market Equities	**14.6**	24.4
Diversified Growth Funds	**54.2**	185.9
Cash and other	**210.8**	189.9
Total fair value of pension schemes' assets	**1,029.7**	1,626.3

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 2022 and 2021 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 2022 or 2021.

The Irish, UK and USA schemes have invested in 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 LDI solutions invest in various levered and unlevered bonds and the value of the LDI assets at 31 December 2022 across the schemes was **€488.3m** (2021: €537.7m) 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 2023, the Group expects to make contributions of approximately €12.8m to its defined benefit schemes.

27. Share capital

	2022 €'m	2021 €'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 2022 a total of **138,030** (2021: 148,415) 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 2022 was **176,986,481** (2021: 176,848,451).

Share buy back programme

At the 2022 Annual General Meeting, shareholders passed a resolution authorising the Company to purchase up to 5% of its own issued share capital. In 2022 and 2021, 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 the Group's plans are outlined below and are the same as those recognised in the Company financial statements.

The Group recognised an expense of **€22.9m** (2021: €17.2m) 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), Return on Average Capital Employed (ROACE) and Sustainability metrics of the Group during a three year period ('the performance period'). The invitations made in 2020, 2021 and 2022 will potentially vest in 2023, 2024 and 2025 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 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 and 2022 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 2017 - 2020 will potentially vest in 2023 - 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 2022	Number of Conditional Awards 2021
Outstanding at beginning of the financial year	1,286,342	1,256,255
Forfeited	**(66,854)**	(62,724)
Shares vested	**(46,137)**	(50,382)
Share options vested	**(119,222)**	(129,018)
Relinquished	**(224,567)**	(229,909)
New conditional awards	**590,856**	502,120
Outstanding at end of the financial year	**1,420,418**	1,286,342

	Number of Conditional Awards 2022			Number of Conditional Awards 2021		
	Shares	**Share Options**	**Total**	Shares	Share Options	Total
Outstanding at beginning of the financial year	384,130	902,212	1,286,342	374,980	881,275	1,256,255
Forfeited	**(32,601)**	**(34,253)**	**(66,854)**	(18,817)	(43,907)	(62,724)
Vested	**(46,137)**	**(119,222)**	**(165,359)**	(50,382)	(129,018)	(179,400)
Relinquished	**(65,261)**	**(159,306)**	**(224,567)**	(64,560)	(165,349)	(229,909)
New conditional awards	**177,833**	**413,023**	**590,856**	142,909	359,211	502,120
Outstanding at end of the financial year	**417,964**	**1,002,454**	**1,420,418**	384,130	902,212	1,286,342

	Number of Share Options 2022	Number of Share Options 2021
Share options arising under the LTIP		
Outstanding at beginning of the financial year	187,027	160,483
Options released at vesting date	**65,141**	66,586
Options released from deferral	**65,125**	48,046
Exercised	**(77,175)**	(88,088)
Outstanding and exercisable at end of the financial year	**240,118**	187,027

Share options under the LTIP scheme have an exercise price of 12.50 cent. The remaining weighted average life for share options outstanding is **4.1 years** (2021: 4.4 years). The weighted average share price at the date of exercise was **€99.19** (2021: €113.07). **54,081** share options (2021: 62,432 share options) which vested in the financial year are deferred and therefore are not exercisable at year end.

28. Share-based payments (continued)

(i) Long-Term Incentive Plan (continued)

At the invitation grant date, the fair value per conditional award and the assumptions used in the calculations are as follows:

LTIP Scheme	2022 Conditional Award at Grant Date	2021 Conditional Award at Grant Date	2020 Conditional Award at Grant Date	2019 Conditional Award at Grant Date
Conditional Award Invitation date	March 2022	March 2021	March 2020	March 2019
Year of potential vesting	2025	2024	2023/2026	2022/2025
Share price at grant date	€95.46	€107.80	€109.00	€95.40
Exercise price*	€0.125	€0.125	€0.125	€0.125
Expected volatility	28.6%	25.5%	20.8%	19.3%
Expected life	3 years	3 years	3/7 years	3/7 years
Risk free rate	(0.3%)	(0.7%)	(1.0%)	(0.5%)
Expected dividend yield	0.8%	0.8%	0.7%	0.7%
Expected forfeiture rate	5.0%	5.0%	5.0%	5.0%
Weighted average fair value at grant date	€77.68	€89.78	€92.06/€103.97	€78.00/€95.92
Valuation model	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing	Monte Carlo Pricing

* Exercise price refers to exercise price for both shares and share options.

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 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 33% 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 **9,200** share options (2021: 4,632 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 2021 and 2022 financial years will be released from deferral in 2023 and 2024 respectively.

29. Cash flow components

(i) Cash flow analysis

	Notes	Group 2022 €'m	Group 2021 €'m	Company 2022 €'m	Company 2021 €'m
Change in working capital					
Increase in inventories		**(156.3)**	(192.6)	**-**	-
Increase in trade and other receivables		**(224.3)**	(98.1)	**(12.2)**	(50.0)
Increase in trade and other payables		**108.2**	102.6	**0.6**	3.6
Increase/(decrease) in non-current liabilities		**25.5**	(13.4)	**-**	-
Share-based payment expense	28	**22.9**	17.2	**22.9**	17.2
		(224.0)	(184.3)	**11.3**	(29.2)
Purchase of assets					
Purchase of property, plant and equipment		**(208.8)**	(263.9)	**-**	-
Purchase of intangible assets	12	**(12.2)**	(34.1)	**-**	-
Purchase of financial assets	13	**-**	(2.4)	**-**	-
		(221.0)	(300.4)	**-**	-
Cash and cash equivalents					
Cash at bank and in hand	23	**970.0**	1,039.1	**-**	0.1
Bank overdrafts	23	**(0.2)**	(5.3)	**-**	-
		969.8	1,033.8	**-**	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	Net Debt €'m
At 1 January 2021		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)
Cash flows		**(76.0)**	**-**	**5.0**	**0.3**	**0.7**	**(70.0)**	**35.1**	**(34.9)**
Foreign exchange adjustments		**6.9**	**3.5**	**0.1**	**(39.9)**	**(0.3)**	**(29.7)**	**(2.6)**	**(32.3)**
Other non-cash movements		**-**	**(22.6)**	**-**	**(661.0)**	**685.0**	**1.4**	**(27.5)**	**(26.1)**
At 31 December 2022	23	**970.0**	**15.5**	**(0.2)**	**(700.9)**	**(2,432.6)**	**(2,148.2)**	**(69.2)**	**(2,217.4)**

* Liabilities from financing activities.

30. Business combinations

The following acquisitions were completed by the Group during 2022:

Acquisition	Type	Completion date	Percentage acquired	Segment	Principal activity	Strategic rationale
Almer Malaysia Sdn. Bhd.	Equity	March 2022	100% share acquisition	Taste & Nutrition	A producer of quality spray dried ingredients servicing the Snacks and Dairy markets based in Malaysia.	Further supports Kerry's growth initiatives in authentic taste and emerging markets.
c-LEcta GmbH*	Equity	March 2022	93% share acquisition	Taste & Nutrition	A leading biotechnology innovation company based in Germany specialising in precision fermentation, optimised bio-processing and bio-transformation for the creation of high-value targeted enzymes and ingredients.	Brings leading innovation capabilities in enzyme engineering, fermentation and bio-processing to further enhance Kerry's key growth platform development.
Natreon, Inc.	Equity	March 2022	100% share acquisition	Taste & Nutrition	A leader in Ayurvedic and botanical ingredients, with strong research capabilities and facilities in the USA and India.	Brings a portfolio of clinically backed branded ingredients across the need states of cognition and healthy ageing.
Certain trade and assets of The Kraft Heinz Company	Asset	September 2022	Carve out business acquisition	Taste & Nutrition	Kerry acquired the powdered cheese business and related assets of The Kraft Heinz Company, based in the US.	Enhances Kerry's scale, manufacturing capability and customer base in the important snacking category.

* The Group has a 93% equity shareholding in c-LEcta GmbH. It is consolidated in the Group financial statements as a 93% owned subsidiary on the basis of contractual arrangements with the remaining portion recognised as non-controlling interests.

The table below provides details of the identifiable net assets, including adjustments to provisional fair values, in respect of the acquisitions completed during the year ended 31 December 2022:

	Total 2022 €'m
Recognised amounts of identifiable assets acquired and liabilities assumed:	
Non-current assets	
Property, plant and equipment	46.4
Brand related intangibles	122.8
Computer software	0.5
Current assets	
Cash at bank and in hand	24.8
Inventories	35.1
Trade and other receivables	10.2
Current liabilities	
Trade and other payables	(20.0)
Non-current liabilities	
Deferred tax liabilities	(21.9)
Other non-current liabilities	(2.2)
Total identifiable assets	195.7
Non-controlling interests	(1.6)
Goodwill	197.8
Total consideration	391.9
Satisfied by:	
Cash	376.6
Deferred payment	15.3
	391.9

30. Business combinations (continued)

Net cash outflow on acquisition:

	Total 2022 €'m
Cash	376.6
Less: cash and cash equivalents acquired	(24.8)
Plus: debt acquired (included in other non-current liabilities above)	2.0
	353.8

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, primarily values relating to property, plant and equipment and liabilities (as not all information is available at this point in time). The valuation of the fair value of assets and liabilities will be completed within the measurement period. For the acquisitions completed in 2021, 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'. None of the acquisitions completed during the period were considered material to warrant separate disclosure.

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. **€30.3m** of goodwill recognised is expected to be deductible for income tax purposes.

Transaction expenses related to these acquisitions of **€6.5m** were charged in the Group's Consolidated Income Statement during the financial year. The fair value of the financial assets acquired includes trade and other receivables with a fair value of **€10.2m** and a gross contractual value of **€10.4m**.

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Group and are presented separately in the Consolidated Income Statement and within equity in the Consolidated Balance Sheet, and are distinguished from the Group's shareholders' equity. Where not all of the equity of a subsidiary is acquired, the non-controlling interests are recognised at the non-controlling interest's share of the acquiree's net identifiable assets.

The revenue and profit after taxation attributable to equity holders of the parent to the Group contributed from date of acquisition for all business combinations effected during the financial year is as follows:

	Total 2022 €'m
Revenue	103.2
Profit after taxation attributable to equity holders of the parent	11.3

The revenue and profit after taxation attributable to equity holders of the parent to the Group determined in accordance with IFRS as though the acquisition date for all business combinations effected during the financial year had been the beginning of that financial year would be as follows:

	2022 acquisitions €'m	Kerry Group excluding 2022 acquisitions €'m	Consolidated Group including acquisitions €'m
Revenue	174.7	8,668.7	8,843.4
Profit after taxation attributable to equity holders of the parent	15.9	595.1	611.0

31. Contingent liabilities

	2022 €'m	2021 €'m
Company:		
(i) Guarantees in respect of borrowings of subsidiaries	3,146.2	3,112.7

(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 2022 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:

	2022 €'m	2021 €'m
Group:		
Commitments in respect of contracts placed	**70.5**	60.1
Expenditure authorised by the Directors but not contracted for at the financial year end	**129.5**	111.0
	200.0	171.1

Included in other financial commitments are sustainability related projects of **€12.5m** (2021: €10.1m).

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 Dairy Ireland reporting segment. These Directors retired from the Group's Board of Directors effective from 28 April 2022. Aggregate purchases from, and sales to, these Directors during this period amounted to **€0.1m** (2021: €0.3m) and **€0.1m** (2021: €0.1m) respectively. The trading balance outstanding to the Group at the financial year end was **€nil** (2021 €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:

	2022 €'m	2021 €'m
Dividends received by the Parent Company	**185.0**	331.4
Cost recharges from subsidiaries of the Parent Company	**26.5**	17.6
Trade and other receivables to the Parent Company	**230.9**	216.8

(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	
	2022 €'m	2021 €'m	2022 €'m	2021 €'m	2022 €'m	2021 €'m
Joint ventures	**0.1**	0.1	**0.2**	1.1	**3.1**	(0.1)

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 2022, dividends of **€20.0m** (2021: €18.8m) 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** (2021: €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:

	2022 €'m	2021 €'m
Short-term benefits (salaries, fees and other short-term benefits)	**8.8**	8.1
Post-retirement benefits	**0.6**	0.5
LTIP accounting charge	**2.2**	1.9
Other long-term benefits	-	-
Termination benefits	-	-
Total	**11.6**	10.5

33. Related party transactions (continued)

(v) Transactions with key management personnel (continued)

Retirement benefit charges of **€0.2m** (2021: €0.2m) arise under a defined benefit scheme relating to **1** Director (2021: 1 Director) and charges of **€0.4m** (2021: €0.3m) arise under a defined contribution scheme relating to **2** Directors (2021: 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** (2021: €nil). Dividends totalling **€0.1m** (2021: €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 exclusive negotiations prior to the year ended 31 December 2022 to sell the trade and assets of its Sweet Ingredients Portfolio, for a consideration of €500m comprising an initial cash consideration of €375m plus a €125m interest bearing vendor loan note as announced on 11 January 2023. The potential sale is subject to relevant regulatory approvals, employee consultation and routine closing adjustments. The associated assets and liabilities have consequently been presented separately as assets held for sale (note 18) in the financial statements for the year ended 31 December 2022; and
- proposed a final dividend of **73.40 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 2022.

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 share-based payments 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.

Non-controlling interests

Non-controlling interests represent the portion of the equity of a subsidiary not attributable either directly or indirectly to the Group.

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	Dairy Ireland	1
	Breeo Brands Limited	Dairy Ireland	1
	Breeo Foods Limited	Dairy Ireland	1
	Carteret Investments Unlimited Company	Investment	1
	Cuarto Limited	Taste & Nutrition	1
	Dairy Consumer Foods (Ireland) Limited	Dairy Ireland	1
	Dawn Dairies Limited	Dairy Ireland	1
	Glenealy Farms (Turkeys) Limited	Dairy Ireland	1
	Golden Vale Clare Limited	Investment	1
	Golden Vale Dairies Limited	Dairy Ireland	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
	Kerry Dairy Consumer Foods Limited	Dairy Ireland	1
	Ichor Management Limited	Investment	1
	Ivernia Pig Developments Limited	Dairy Ireland	1
	Kerry Agri Business Holdings Limited	Investment	1
	Kerry Agri Business Trading Limited	Dairy Ireland	1
	Kerry Creameries Limited	Dairy Ireland	1
	Kerry Food Ingredients (Cork) Limited	Taste & Nutrition	1
	Kerry Foods Limited	Dairy Ireland	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 International (Ireland) Limited	Investment	1
	Kerry Holdings (Ireland) Limited	Investment	1
	Kerry Ingredients & Flavours Limited	Taste & Nutrition	1
	Kerry Ingredients (Ireland) Limited	Dairy Ireland	1
	Kerry Ingredients Holdings (Ireland) Limited	Investment	1
	Kerry Taste & Nutrition (Ireland) Limited	Taste & Nutrition	1
	Kerry Treasury Services Limited	Services	1
	Kerrykreem Limited	Dairy Ireland	1
	Lifesource Foods Research Limited	Investment	1
	Linovale Limited	Investment	1
	Maddens Milk Limited	Investment	1
	Plassey Holdings Limited	Investment	1

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Ireland	Princemark Holdings Designated Activity Company	Services	1
	Putaxy Limited	Investment	1
	Rye Developments Limited	Services	1
	Rye Investments Limited	Dairy Ireland	1
	Selamor Limited	Dairy Ireland	1
	Tacna Investments Limited	Investment	1
	Zenbury International Limited	Services	1
	Newmarket Co-operative Creameries Limited	Dairy Ireland	2
UK	Dairy Produce Packers Limited	Dairy Ireland	3
	Golden Cow Dairies Limited	Dairy Ireland	3
	Golden Vale (NI) Limited	Investment	3
	Leckpatrick Dairies Limited	Dairy Ireland	3
	Leckpatrick Holdings Limited	Investment	3
	RVF (UK) Limited	Dairy Ireland	3
	Driedale Limited	Dairy Ireland	3
	Kerry Foods Limited	Dairy Ireland	4
	Kerry Holdings (U.K.) Limited	Investment	4
	Dairy Consumer Foods (UK) Limited	Dairy Ireland	5
	E B I Foods Limited	Taste & Nutrition	5
	Gordon Jopling (Foods) Limited	Taste & Nutrition	5
	Kerry Ingredients (UK) Limited	Taste & Nutrition	5
	Kerry Ingredients Holdings (U.K.) Limited	Investment	5
	Titusfield Limited	Taste & Nutrition	5
	Kerry Flavours UK Limited	Taste & Nutrition	5
Belgium	Kerry Ingredients Belgium N.V.	Taste & Nutrition	6
Netherlands	Kerry (NL) B.V.	Taste & Nutrition	7
	Kerry Group B.V.	Investment	7
	Proparent B.V. (75% shareholding)	Taste & Nutrition	8
	Niacet Cooperatief U.A.	Taste & Nutrition	9
	Niacet B.V.	Taste & Nutrition	9
Czech Republic	Kerry Ingredients & Flavours S.R.O.	Taste & Nutrition	10
France	Kerry Ingredients France SAS	Taste & Nutrition	11
	Kerry Ingredients Holdings France SAS	Investment	11
	Kerry Savoury Ingredients France SAS	Taste & Nutrition	11
	Kerry Flavours France SAS	Taste & Nutrition	12
Germany	Kerry Food GmbH	Taste & Nutrition	13
	Kerry Ingredients GmbH	Taste & Nutrition	13
	SuCrest GmbH	Taste & Nutrition	14
	Vicos Nahrungsmittel GmbH	Taste & Nutrition	14
	Red Arrow Handels GmbH	Taste & Nutrition	15
	Kerry Biotech GP GmbH	Taste & Nutrition	16
	c-LEcta GmbH (93% shareholding)	Taste & Nutrition	17

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Denmark	Cremo Ingredients A/S	Taste & Nutrition	18
Italy	Kerry Ingredients & Flavours Italia S.p.A.	Taste & Nutrition	19
Poland	Kerry Polska Sp. z o.o.	Taste & Nutrition	20
Hungary	Kerry Hungaria Kft	Taste & Nutrition	21
Luxembourg	Kerry Luxembourg S.a.r.l.	Services	22
	Zenbury International Limited S.a.r.l.	Services	22
Romania	Kerry Romania S.R.L.	Taste & Nutrition	23
Spain	Kerry Iberia Taste & Nutrition, S.L.U.	Taste & Nutrition	24
	Harinas y Semolas del Noroeste, S.A.U.	Taste & Nutrition	25
	Pevesa Biotech, S.A.U.	Taste & Nutrition	26
	Biosearch, S.A.U.	Taste & Nutrition	27
Malta	Kerry Malta Limited	Services	28
Slovakia	Dera SK, S.R.O.	Taste & Nutrition	29
Sweden	Tarber AB	Taste & Nutrition	30
Ukraine	Kerry Ukraine LLC	Taste & Nutrition	31
USA	Kerry Holding Co.	Investment	32
	Kerry, Inc.	Taste & Nutrition	32
	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
	Niacet Corporation	Taste & Nutrition	36
	Natreon, Inc.	Taste & Nutrition	37
Canada	Kerry (Canada) Inc.	Taste & Nutrition	38
Mexico	Kerry Ingredients (de Mexico), S.A. de C.V.	Taste & Nutrition	39
	Enmex, S.A. de C.V.	Taste & Nutrition	40
Brazil	Kerry do Brasil Ltda	Taste & Nutrition	41
	Kerry da Amazonia Ingredientes e Aromas Ltda	Taste & Nutrition	42
Costa Rica	Baltimore Spice Central America, S.A.	Taste & Nutrition	43
	Global Spice, S.A.	Taste & Nutrition	44
Chile	Kerry Chile Ingredientes, Sabores Y Aromas Ltda	Taste & Nutrition	45
Colombia	Kerry Ingredients & Flavours Colombia S.A.S.	Taste & Nutrition	46
	Real S.A.S.	Taste & Nutrition	47
Panama	Kerry Panama, S.A.	Taste & Nutrition	48
	Kerry Holdings Panama, S.A.	Taste & Nutrition	49
Guatemala	Baltimore Spice Guatemala, S.A.	Taste & Nutrition	50
	Aromaticos de Centroamerica, S.A.	Taste & Nutrition	51
	Kerry Guatemala, S.A.	Taste & Nutrition	52
El Salvador	Baltimore Spice de El Salvador, S.A. de C.V.	Taste & Nutrition	53
	Aromaticos de Centro America, S.A. de C.V.	Taste & Nutrition	53
Thailand	Kerry Ingredients (Thailand) Limited	Taste & Nutrition	54
Philippines	Kerry Food Ingredients (Philippines), Inc.	Taste & Nutrition	55
	Kerry Manufacturing (Philippines), Inc.	Taste & Nutrition	56

36. Group entities (continued)

Principal subsidiaries and joint venture undertakings (continued)

Country	Company Name	Nature of Business	Registered Office
Singapore	Kerry Ingredients (S) PTE Ltd	Taste & Nutrition	57
Malaysia	Kerry Ingredients (M) Sdn. Bhd.	Taste & Nutrition	58
	Kerry Group Business Services (ASPAC) Sdn. Bhd.	Taste & Nutrition	58
	Almer Malaysia Sdn. Bhd.	Taste & Nutrition	58
Japan	Kerry Japan Kabushiki Kaisha	Taste & Nutrition	59
China	Kerry Food Ingredients (Hangzhou) Co., Ltd	Taste & Nutrition	60
	Kerry Ingredients Trading (Shanghai) Co., Ltd	Taste & Nutrition	61
	Kerry Foods (Nantong) Co., Ltd	Taste & Nutrition	62
	TianNing Flavor & Fragrance (JiangSu) Co., Ltd	Taste & Nutrition	63
	Zhejiang Hangmai Food Technologies Co., Ltd	Taste & Nutrition	64
	Sias Food Co., Ltd	Taste & Nutrition	65
	Shandong Tianbo Food Ingredients Co., Ltd	Taste & Nutrition	66
Egypt	Kerry Egypt LLC	Taste & Nutrition	67
Indonesia	PT Kerry Ingredients Indonesia	Taste & Nutrition	68
	PT Kerry Trading Indonesia	Taste & Nutrition	69
India	Kerry Ingredients India Private Limited	Taste & Nutrition	70
Australia	Kerry Ingredients Australia Pty. Ltd	Taste & Nutrition	71
New Zealand	Kerry Ingredients (NZ) Limited	Taste & Nutrition	72
Kenya	Kerry Kenya Limited	Taste & Nutrition	73
	Afribon (K) Limited	Taste & Nutrition	74
South Africa	Kerry Ingredients South Africa (Proprietary) Limited	Taste & Nutrition	75
South Korea	Kerry Ingredients Korea LLC	Taste & Nutrition	76
	Jungjin Food Co., Ltd	Taste & Nutrition	77
Saudi Arabia	AATCO Food Industries LLC	Taste & Nutrition	78
Oman	AATCO Food Industries SPC	Taste & Nutrition	79
Vietnam	Kerry Taste & Nutrition (Vietnam) Company Limited	Taste & Nutrition	80
UAE	Kerry MENAT DMCC	Taste & Nutrition	81

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 Newmarket, Co. Cork, Ireland.
3 Millburn Road, Coleraine, Londonderry, BT52 1QZ, United Kingdom.
4 Thorpe Lea Manor, Thorpe Lea Road, Egham, Surrey TW20 8HY, United Kingdom.
5 Kerry, Bradley Road, Royal Portbury Dock, Bristol BS20 7NZ, United Kingdom.
6 Havenlaan 86C, Bus 204, 1000 Brussel, Belgium.
7 Maarssenbroeksedijk 2a, 3542 DN, Utrecht, Netherlands.
8 Cuneraweg 9c, 4051 CE, Ochten, Netherlands.
9 Papesteeg 91, 4006 WC Tiel, Netherlands.
10 Pujmanové 1753/10a, Nusle, 140 00, Praha 4, Czech Republic.
11 43 Rue Louis Pasteur, 62575 Blendecques, France.
12 Zone Industrielle du Plan, BP 82067, 06131 Grasse, CEDEX, France.
13 Hauptstrasse 22, 63924, Kleinheubach, Germany.
14 Neckarstrasse 9, 65239, Hochheim, Germany.
15 Hanna-Kunath-Strasse 25, 28199, Bremen, Germany.
16 c/o Kerry Food GmbH , Hauptstrasse 22, 63924, Kleinheubach, Germany.
17 Perlickstrabe 5, 04103, Leipzig, Germany.
18 Toftegårdsvej 3, DK-5620, Glamsbjerg, Denmark.
19 Via Capitani di Mozzo 12/16, 24030 Mozzo Bergamo, Italy.
20 Ul. Energetyczna 13, 56-400, Olesnica, Poland.
21 Dévai utca 26-28, Budapest, H-1134, Hungary.
22 17 Rue Antoine Jans, Luxembourg L-1820, Luxembourg.
23 313 - 315, Barbu Vacarescu str, 5th floor Bucureşti Sectorul 2, Romania.
24 Calle Coto de Doñana, 15, 28320 Pinto, Madrid, Spain.
25 Polígono Industrial de las Gándaras de Budiño, O Porriño, Pontevedra, Spain.
26 Avda de la Industria s/n, Visos del Alcor, Seville, Spain.
27 Camino del Purchill, 66, 18004, Granada, Spain.
28 4, V. Dimech Street, Floriana, FRN 1504, Malta.
29 Hodžovo námestie 1A, Bratislava, 811 06, Slovakia.
30 Box 1420 - Frejgatan 13, 114 79 Stockholm, Sweden.
31 Avenue Peremoghy, 53, Kiev, 03067, Ukraine.
32 3400 Millington Road, Beloit WI 53511, United States.
33 635 Oakwood Drive, 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.
36 275 Northpointe Parkway, Suite 105, Amherst NY 14228, United States.
37 C T Corporation Systems, 820 Bear Tavern Road, West Trenton NJ 08628, United States.
38 Osler, Hoskin & Harcourt, LLP, 100 King Street West, 1 First Canadian Place, Suite 6200, Toronto ON M5X 1B8, Canada.
39 Carretera Panamericana Irapuato-Salamanca, Km 11.2, Apartado Postal 789, Irapuato, Guanajuato, 36660, Mexico.
40 Rio Lerma 228, Fraccionamiento Industrial San Nicolas, Tlalnepantla de Baz, Estado de Mexico, CP 54030, Mexico.
41 Avenida Mercedes Benz 460, Distrito Industrial, Campinas, Sao Paolo, 13054-750, Brazil.

36. Group entities (continued)

Registered Office (continued)

42 Rua Hidra 188, Santo Agostinho, Manaus, 69036-520, Brazil.

43 Liceo de Pavas 200m West, 100 mts North, PO Box 1035 - 1200, San Jose, 10109, Costa Rica.

44 De la esquina noreste fabrica BTICINO, 50 mts al este, edificio a mano izquierda , San José, Costa Rica.

45 C.M. El Trovador No. 4280, Of 1205, Las Condes, Suc. Cerro Portezuelo 9901, Quilicura, Santiago, Chile.

46 Carrera 7 No 71-52, Torre A Piso 5, Bogota, Colombia.

47 Carrera 3 # 6a – 100 oficina 703., Ed. Torre Protección, Cartagena, Bolivar, Colombia.

48 Parque Industrial Costa del Este, Calle 3ra Lote 88. Corregimiento Parque Lefevre, 0819-01869, Panama.

49 Distrito Panama, Provincia Panama, Panama.

50 Avenida Petapa 52-20, Zona 12, Guatemala, Guatemala.

51 23 Avenida 34-61, Zona 12, Colonia Santa Elisa, Guatemala, Guatemala.

52 Kilómetro 26.5 Carretera al Pacifico, Paso a Desnivel, Entrada a Amatitlán, Amatitlán, Guatemala.

53 2 Calle Oriente Avenida Melvin Jones, Local 14, Centro Comercial Argoz, Santa Tecla, La Libertad, El Salvador.

54 No. 618, Moo 4, Bangpoo Industrial Estate, Tambol Prakesa, Amphur Muang Samutprakarn, Samutprakarn Province, Thailand.

55 Room 406, Cebu Business & Investments Consultants, 4/F Tulips Centre, AS Fortuna Street, Mandaue City, Cebu, 6014, Philippines.

56 8/F The W Fifth Avenue Building, 5th Avenue, Bonifacio Global City, Fort Bonifacio, Taguig City, 1634, Philippines.

57 8A Biomedical Grove, #02-05/12, Immunos, 138648, Singapore.

58 Tricor Corporate Services Sdn Bhd (779773-H), Suite 1301, 13th Floor, City Plaza, Jalan Tebrau, 80300 Johor Bahru, Johor, Malaysia.

59 Kamiyacho Sankei Building. 2F, 1-7-2, Azabudai 1-chome, Minato-ku, Tokyo 106-0041, Japan.

60 Renhe Industry Zone, Jiulong Village, Hangzhou, China.

61 Room 311, Floor 3, Building 1, No 239 Gang-Ao Road, Pilot Free Trade Zone, Shanghai, China.

62 North Side of Xiangjiang Road, Rudong County, Nantong City, China.

63 Dujiashan, Huayang County, Jurong, Jiangsu Province, 212425, China.

64 26 Tai Ping Qiao Industry Park, Xin'an, Deqing County, Zhejiang Province, China.

65 North side of XinYe Road, West side of LiDaXian, DaChang Industrial District, LangFang City, HeBei Province, China.

66 No.6 Haichuan Road, Jiezhuang Street, Hi-tech Zone, Jining, Shandong Province, China.

67 5th Floor, Namaa Bulding, Rameses Extension Street, 6th District, Nasr City, Cairo, Egypt.

68 JL Industri Utama Blok SS No. 6, Jababeka II Mekarmukti, Cikarang Utara, Bekasi 17520, Indonesia.

69 Jalan Industri Utama Blok SS-6 Kawasan Industri Jababeka 2, Kel. Mekarmukti, Kec. Cikarang Utara, Kab, Bekasi Prov. Jawa Barat, Indonesia.

70 8th Floor, Pritech Park Annex, Marathahalli-Sarjapur Outer Ring Road, Bellandur, Bangalore, Karnataka, 560103, India.

71 Suite 202, 7-9 Irvine Place Bella Vista NSW 2153, Australia.

72 11-13 Bell Avenue, Otahuhu, Auckland, New Zealand.

73 Avocado Towers, L.R. No 209/1907, Muthithi Road, Nairobi, 00100, Kenya.

74 Kalamu House, Grevillea Grove, Brookside Westlands, P.O. BOX 61120, 00200, Nairobi, Kenya.

75 Block 3 Nguni Park, 4-6 Lucas Drive, Hillcrest, Durban, KwaZulu Natal, 3610, South Africa.

76 9th Fl., Sheenbang Bldg, 1366-18, Seocho-dong, Seocho-Gu, Seoul, 137-863, Republic of Korea.

77 #82 Yuolgum-5gil, Sunghwan-eup, Cheonan-si, Choongchungnam-do, Republic of Korea.

78 PO Box Number 5802, PC 21432, 2nd Industrial City, Jeddah, Kingdom of Saudi Arabia.

79 P.O Box 729, P.C-112, Muscat, Sultanate of Oman, Oman.

80 Me Linh Point Tower, 2 Ngo Duc De Street, Ben Nghe Ward, District 1, Ho Chi Minh City, Vietnam.

81 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)

Kerry uses a number of financial and non-financial key performance indicators (KPIs) to measure performance across its business. These KPIs help inform decision making, assist effective goal setting and track progress in achieving the Group's strategic objectives. Kerry believes 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 Group's purpose and values. Non-financial key performance indicators are outlined in pages 38-39, while the principal financial definitions used by the Group, together with reconciliations where the non-IFRS measures are not readily identifiable from the financial statements, are as follows:

1. Revenue

Volume growth

This represents the sales growth year-on-year, excluding pass-through pricing on input costs, currency impacts, acquisitions, disposals and rationalisation volumes.

Volume growth is an important metric as it is seen as the key driver of organic top-line business improvement. Pricing impacts revenue growth positively or negatively depending on whether inputs move up or down. A full reconciliation to reported revenue growth is detailed in the revenue reconciliation below.

Revenue Reconciliation

2022	Volume growth	Price	Transaction currency	Acquisitions	Disposals	Translation currency	Reported revenue growth
Taste & Nutrition	**7.8%**	**8.7%**	**0.2%**	**5.6%**	**(1.1%)**	**8.2%**	**29.4%**
Dairy Ireland	**0.1%**	**22.8%**	**0.1%**	**-**	**(37.6%)**	**1.2%**	**(13.4%)**
Group	**6.1%**	**11.7%**	**0.2%**	**4.3%**	**(9.8%)**	**6.8%**	**19.3%**

2021							
Taste & Nutrition	8.7%	0.9%	-	2.4%	-	(2.8%)	9.2%
Dairy Ireland	6.2%	1.8%	-	-	(13.0%)	1.1%	(3.9%)
Group	8.0%	1.2%	-	1.8%	(3.5%)	(1.8%)	5.7%

Prior year 31 December 2021 has been re-presented to reflect the changes in our reporting segments in line with how the Chief Operating Decision Maker (the Executive Directors) assesses the Group's performance from 1 January 2022. The Irish dairy processing activities, previously reported in Taste & Nutrition, have been combined with the remaining dairy activities of the Consumer Foods business and this segment is named Dairy Ireland. Included within the Dairy Ireland 31 December 2021 comparatives are the results of the Consumer Foods Meats and Meals business which was disposed by the Group on 27 September 2021.

Like-for-like[1] Revenue Reconciliation

2022	Volume growth	Price	Transaction currency	Acquisitions	Disposals	Translation currency	Like-for-like revenue growth
Taste & Nutrition	7.8%	8.7%	0.2%	5.6%	(1.1%)	8.2%	29.4%
Dairy Ireland	0.2%	36.0%	0.2%	-	-	0.7%	37.1%
Group	6.7%	12.9%	0.2%	4.8%	(0.8%)	7.2%	31.0%

2021							
Taste & Nutrition	8.7%	0.9%	-	2.4%	-	(2.8%)	9.2%
Dairy Ireland	5.5%	3.2%	-	-	-	0.6%	9.3%
Group	8.2%	1.3%	-	2.1%	-	(2.4%)	9.2%

2. EBITDA

EBITDA represents operating profit after taxation before finance income and costs, income taxes, depreciation (net of capital grant amortisation), intangible asset amortisation, non-trading items and share of joint ventures' results after taxation. EBITDA is reflective of underlying trading performance and allows comparison of the trading performance of the Group's businesses, either year-on-year or with other businesses.

	2022 €'m	2021 €'m
Profit after taxation	**606.5**	763.0
Share of joint ventures' results after taxation	**0.4**	-
Finance income	**(6.6)**	(0.3)
Finance costs	**72.8**	70.2
Income taxes	**92.5**	53.3
Non-trading items	**146.2**	(91.5)
Intangible asset amortisation	**82.7**	80.8
Depreciation (net)	**221.6**	201.5
EBITDA	**1,216.1**	1,077.0

3. EBITDA Margin

EBITDA margin represents EBITDA expressed as a percentage of revenue.

	2022 €'m	2021 €'m
EBITDA	**1,216.1**	1,077.0
Revenue	**8,771.9**	7,350.6
EBITDA margin	**13.9%**	14.7%

4. Operating Profit

Operating profit is profit before income taxes, finance income, finance costs and share of joint ventures' results after taxation.

	2022 €'m	2021 €'m
Profit before taxation	**699.0**	816.3
Finance income	**(6.6)**	(0.3)
Finance costs	**72.8**	70.2
Share of joint ventures' results after taxation	**0.4**	-
Operating profit	**765.6**	886.2

5. 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 equity holders 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.

	2022 EPS cent	Performance %	2021 EPS cent	Performance %
Basic earnings per share	**341.9**	**(20.6%)**	430.6	37.6%
Brand related intangible asset amortisation	**28.7**	**-**	26.0	-
Non-trading items (net of related tax)	**70.0**	**-**	(75.8)	-
Adjusted earnings per share	**440.6**	**15.7%**	380.8	10.2%
Impact of retranslating prior year adjusted earnings per share at current year average rates*		**(8.4%)**		1.9%
Growth in adjusted earnings per share on a constant currency basis		**7.3%**		12.1%

* Impact of 2022 translation was (31.9)/380.8 cent = (8.4%) (2021: 1.9%).

6. Free Cash Flow

Free cash flow is EBITDA plus movement in average working capital, capital expenditure (net), payment of lease liabilities, pensions contributions paid 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'.

	2022 €'m	2021 €'m
Net cash from operating activities	**721.8**	654.0
Difference between movement in monthly average working capital and movement in the financial year end working capital	**22.6**	146.6
Share of joint ventures' results after taxation*	**-**	3.9
Payments on non-trading items	**85.4**	76.1
Purchase of assets (net)	**(221.0)**	(300.4)
Payment of lease liabilities	**(35.1)**	(34.9)
Proceeds from the sale of property, plant and equipment	**38.1**	19.4
Capital grants received	**1.4**	0.7
Exchange translation adjustment	**27.2**	0.7
Free cash flow	**640.4**	566.1

* Share of joint ventures' results after taxation was not included in the Group's EBITDA, but as a separate line item on the face of the Consolidated Income Statement for the year end 31 December 2022, therefore appears as a reconciling item in the comparative reconciliation for free cash flow.

7. Cash Conversion

Cash conversion is defined as free cash flow, expressed as a percentage of adjusted earnings after taxation. Cash conversion is an important metric as it measures how much of the Group's adjusted earnings is converted into cash.

	2022 €'m	2021 €'m
Free cash flow	**640.4**	566.1
Profit after taxation attributable to equity holders of the parent	**606.4**	763.0
Brand related intangible asset amortisation	**50.9**	46.2
Non-trading items (net of related tax)	**124.2**	(134.4)
Adjusted earnings after taxation	**781.5**	674.8
Cash Conversion	**82%**	84%

8. 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.

	2022 Times	2021 Times
Net debt: EBITDA	**1.8**	2.0
EBITDA: Net interest	**18.1**	14.9

9. Average Capital Employed

Average capital employed is calculated by taking an average of the shareholders' equity and net debt over the last three reported balance sheets.

	2022 €'m	H1 2022 €'m	2021 €'m	H1 2021 €'m	2020 €'m
Equity attributable to equity holders of the parent	**6,221.9**	6,088.7	5,601.2	4,963.1	4,655.5
Net debt	**2,217.4**	2,456.3	2,124.1	1,980.6	1,945.1
Total capital employed	**8,439.3**	8,545.0	7,725.3	6,943.7	6,600.6
Average capital employed	**8,236.5**		7,089.9		

The definition for total capital employed has been updated to reflect lease liabilities in 'Net debt' and 'Equity attributable to equity holders of the parent' as reported on the Consolidated Balance Sheet. This calculation no longer adds back 'Goodwill amortised (pre conversion to IFRS)' to 'Equity attributable to equity holders of the parent', in line with current market practice.

10. Return on Average Capital Employed (ROACE)

This measure is defined as profit after taxation attributable to equity holders 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. ROACE is a key measure of the return the Group achieves on its investment in capital expenditure projects, acquisitions and other strategic investments.

	2022 €'m	2021 €'m
Profit after taxation attributable to equity holders of the parent	**606.4**	763.0
Non-trading items (net of related tax)	**124.2**	(134.4)
Brand related intangible asset amortisation	**50.9**	46.2
Net finance costs	**66.2**	69.9
Adjusted profit	**847.7**	744.7
Average capital employed	**8,236.5**	7,089.9
Return on average capital employed	**10.3%**	10.5%

Prior year has been re-presented to align with the updated definition of 'Total capital employed'.

11. Total Shareholder Return

Total shareholder return represents the change in the capital value of Kerry Group plc shares plus dividends in the financial year.

	2022	2021
Share price (1 January)	€113.25	€118.50
Interim dividend (cent)	**31.4**	28.5
Dividend paid (cent)	**66.7**	60.6
Share price (31 December)	**€84.24**	€113.25
Total shareholder return	**(24.7%)**	(3.7%)

12. Market Capitalisation

Market capitalisation is calculated as the share price times the number of shares issued.

	2022	2021
Share price (31 December)	**€84.24**	€113.25
Shares in issue ('000)	**176,986.5**	176,848.5
Market capitalisation (€'m)	**14,909.3**	20,028.1

13. Enterprise Value

Enterprise value is calculated as per external market sources. It is market capitalisation plus reported borrowings less total cash and cash equivalents.

14. Net Debt

Net debt comprises borrowings and overdrafts, interest rate derivative financial instruments, lease liabilities and cash at bank and in hand. See full reconciliation of net debt in note 23 to the financial statements on pages 218-220.

NOTES

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