Kerry Retirement Benefits Scheme

Summary Funding Statement for the Defined Benefit Section July 2020

What is a Summary Funding Statement?

This statement is sent to you from the Trustees of the Kerry Retirement Benefits Scheme ("the Scheme"). We look after the Scheme and send a statement like this each year to members of the Defined Benefit Section to let you know about the **Defined Benefit Section's** financial position.

What is the financial position of the Defined Benefit Section?

The latest formal actuarial valuation for the Scheme had an effective date of **31 December 2017** and showed there was a shortfall of **£43m** and a funding level of 95% at that date (see table below).

The funding level subsequently fell from 95% at 31 December 2017 to 88% at 31 December 2018, mainly due to falls in stock markets in the latter part of 2018.

When we last issued a Summary Funding Statement, we reported that the Scheme was estimated to have a shortfall of **£90.3m** at **31 December 2018**. However, following an improvement in the Scheme's financial position across 2019, the estimated shortfall reduced to **£59.1m** at **31 December 2019.**

The improvement in the financial position between 31 December 2018 and 31 December 2019 was due to a combination of factors that impacted both the Scheme's assets and liabilities. The Scheme's assets increased by £100m in 2019 as a result of strong investment performance and the continuation of Company contributions into the Defined Benefit Section. However, the estimated cost of the benefits payable also increased by £68m in 2019, due to a fall in long term interest rates:

Effective Date	31/12/2017	31/12/2018	31/12/2019
Value of liabilities (£m)	796.9	772.2	840.4
Value of assets (£m)	753.9	681.9	781.3
Shortfall of assets compared to liabilities (£m)	43.0	90.3	59.1
Funding level i.e. asset value as a % of liability value	**95%**	**88%**	**93%**

Has the Coronavirus (COVID-19) pandemic affected the Scheme?

Subsequent to 31 December 2019 there has been a downturn in global markets as a result of the Coronavirus (COVID-19) pandemic. The Scheme's investments experienced significant volatility and reduction in value in March 2020, which had a direct impact on the performance of the Scheme and on the Defined Benefit Section funding position. However, the risk reduction strategies introduced by the Trustees, specifically the liability matching portfolio implemented in December 2018, has helped to reduce the negative impact on the funding position.

The Trustees are monitoring the situation closely and liaising regularly with their investment and other advisors to consider any necessary actions for the Scheme's funding and investment strategy.

How do the Trustees know what contributions should be paid?

Following each actuarial valuation, one of our advisers called 'the Actuary' advises us what contributions should be paid into the Defined Benefit Section so that we can expect to be able to continue to pay members' pensions and cash sums on retirement. We then agree a level of contribution with the participating Companies and record this in a document called the Schedule of Contributions. We review and update the Schedule of Contributions at least each time the Defined Benefit Section has an actuarial valuation, usually every three years.

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Is the shortfall going to be paid off?

Following completion of the 2017 valuation, the Trustees and Company agreed a Funding Plan which aimed to pay off the £43m shortfall (as at 31 December 2017) by 30 December 2026. To correct the shortfall the Company has agreed to pay contributions of £6.4m per annum. The Trustees acknowledge that this is a considerable financial commitment by Kerry Group to the Pension Scheme. Members should note that, despite the shortfall, all members who have retired have still received the full amount of their benefits.

We are required to inform you that no payment has been made to the employer, as permitted under the Pensions Act 1995, since we last sent you a Summary Funding Statement.

Is there enough money in the Defined Benefit Section to provide my full Section benefits if the Section was wound-up?

The actuarial valuation at 31 December 2017 showed that the Defined Benefit Section's assets could not have paid for the full benefits of all members to be provided by an insurance company if the Section had wound-up at that date.

Effective Date	31/12/2017
Value of liabilities (£m) were the DB Section to be wound-up	1,231.9
Value of assets (£m)	753.9
Shortfall of assets compared to liabilities (£m)	478.0

The solvency position is only calculated at each 3 yearly actuarial valuation and the fact that we have shown the solvency position does not mean that the Company or the Trustees are thinking of winding up the Defined Benefit Section. It is just another piece of information we hope will help you understand the financial position of the Section.

Where can I get more information?

If you have any questions about the financial position of the Scheme, or would like more information about the Scheme, please write to the **Kerry Benefits Team** at **Kerry Group, Bradley Road, Royal Portbury Dock, Bristol, BS20 7NZ** or e-mail at **benefits.uk@kerry.com.**

If you would like to discuss your benefits and benefit options please contact our Scheme Administrator, Mercer, via their webpage **https://contact.mercer.com/** or by telephone direct on **0344 209 6607** or by email at **ADMKerry.BRI@Mercer.com**.

The Trustee Board of the Kerry Retirement Benefits Scheme

The current Board of Trustees are:

Trustee Name	Trustee Type
Wayne Phelan of Punter Southall Governance Services	Independent Trustee
Caroline Burt (Kerry HR Advisor)	Member Nominated Trustee
Liam Holmes (Kerry Production Planner)	Member Nominated Trustee
Declan Crowley (Kerry Group Treasurer)	Company Trustee
Oliver Coakley (Kerry VP Global Rewards)	Company Trustee

The structure of the Board complies with pensions' law, which requires at least one-third of the total number of Trustees to be Member Nominated Trustees.

The Trustees of the Kerry Retirement Benefits Scheme (July 2020)