

## Sustainability Review

# Beyond the Horizon



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

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

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

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

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

#### READ MORE

For more information on our sustainability strategy and performance, see our 2021 Kerry Group GRI Sustainability Report at [www.kerrygroup.com](http://www.kerrygroup.com).

### Stepping Up Our Actions

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

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

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

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

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

#### Zero Hunger

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

#### Good Health & Well-being

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



<sup>1</sup> <https://www.hsph.harvard.edu/nutrition-source/sustainability/>

<sup>2</sup> UN FAO <https://www.fao.org/food-loss-and-food-waste/flw-data>

## Listening to our Stakeholders

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

### Stakeholder Groups



## Defining What is Most Important

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

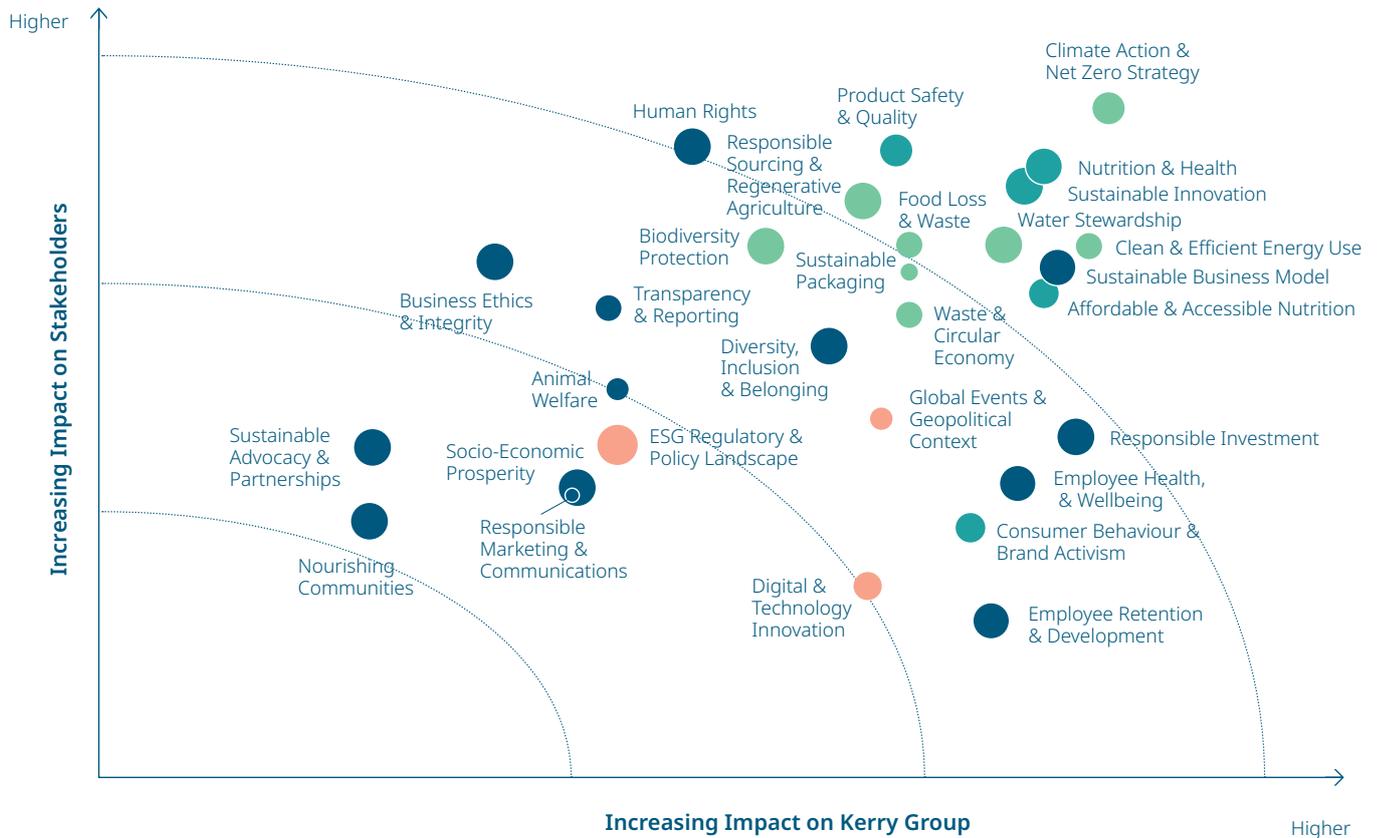
The outputs of this assessment, including our relative impact in each area, are reflected in the matrix on the opposite page and while many of these topic areas are not new, we have seen disaggregation in some areas as certain elements within broader topics become increasingly salient. We also see changes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

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



## Materiality Matrix 2021

● Better for People ● Better for Society ● Better for Planet ● Other



### External Recognition

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

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

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

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

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

### Assurance:

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



# Better for People



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

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

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

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

## Creating a World of Sustainable Nutrition

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

At Kerry, we create integrated taste and nutrition solutions that help our customers to respond to evolving consumer demands as they become increasingly conscious of the link between diet, health

and the environment. Nutritional concerns for our customers and their consumers range from food safety and security, clean label, positive and balanced nutrition, proactive nutrition and an increasing focus on personalised nutrition. There is also growing awareness around the environmental and social impact of food and so the way in which food is produced must also be considered in the context of sustainable nutrition. For more on our approach see our white paper at [kerrygroup.com](http://kerrygroup.com).

## Understanding Consumer Expectations

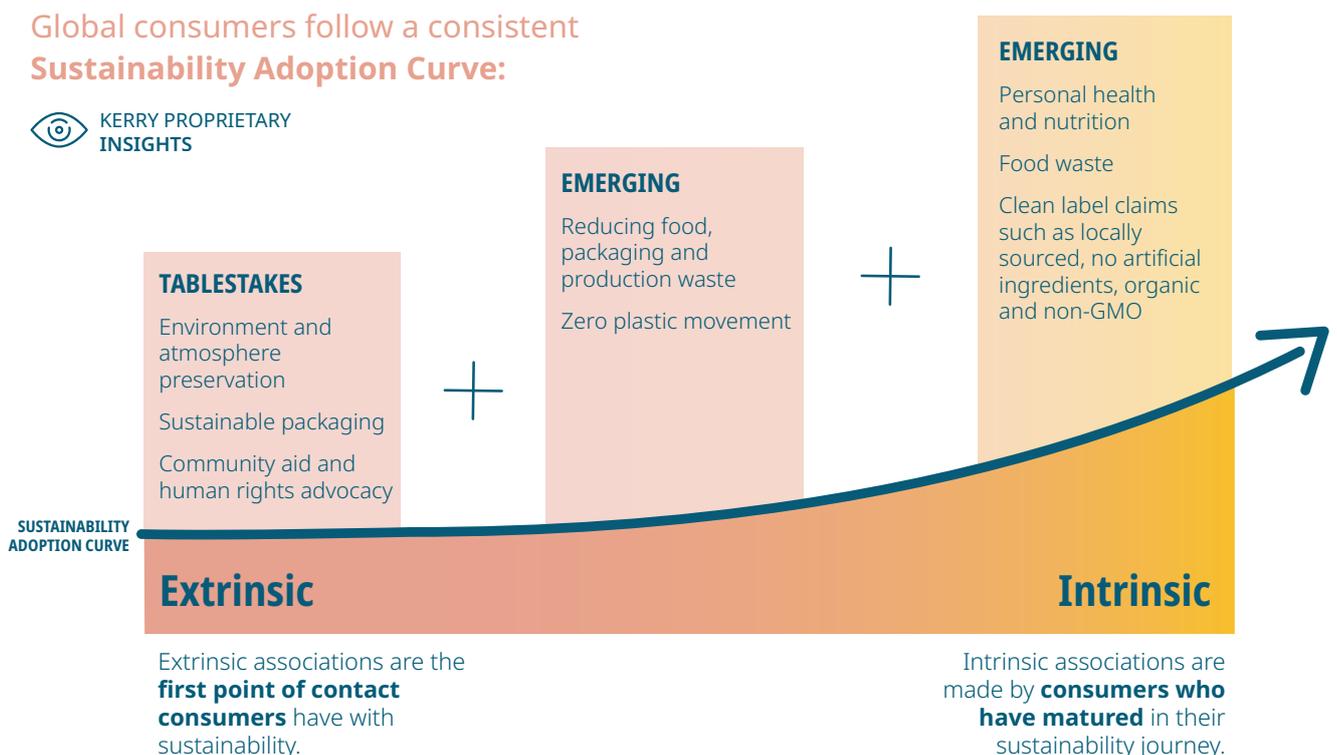
Amid rapidly changing consumer expectations, Kerry has developed leading insights into how environmental and social concerns impact on everyday food and beverage choices. In 2021, we published the findings from our *Sustainability in Motion* research, following engagement with over 14,000 consumers across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

When it comes to the food and beverage industry in particular, an individual's considerations regarding sustainable food and drinks can encompass environmental concerns, social needs, industry

expectations (e.g. responsible sourcing) and personal goals around health and nutrition.

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

## Global consumers follow a consistent Sustainability Adoption Curve:





## Enhancing Nutrition and Supporting Wellbeing

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

## Creating Impact at Scale

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

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

## KHNI Kerry Health and Nutrition Institute™

### Kerry Health and Nutrition Institute: Science for Healthier Food

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

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

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

For information see [khni.kerry.com](https://khni.kerry.com).

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



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

# €297m

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

## Leading with Innovation

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

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

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



### VEGAN SLICE

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



### WASTE TO TASTE

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



### PLANT PROTEIN

Our Radicle™ plant protein portfolio was key in enabling a challenger brand to bring their low carbon meat alternative to market and support their on-pack claims around nutrition and CO<sub>2</sub>.



# Better for Society

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

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

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



## Doing the Right Thing

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

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

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

## Upholding Labour Standards and Human Rights

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

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

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



## Prioritising Workplace Health and Safety

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

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

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



## Promoting Diversity, Inclusion & Belonging (DI&B)

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

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

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

## Nourishing Communities

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

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



## PARTNERSHIP FOR GLOBAL LGBTI EQUALITY (PGLE)

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

## CREATING A MORE INCLUSIVE ENVIRONMENT

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

## MyCommunity

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

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

## Our Global Partnerships

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

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



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### World Food Programme (WFP)

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



Photo: WFP / Irene Nduwayezu



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### RAIN Programme

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



Photo: Ollivier Girard of Concern Worldwide



**Special  
Olympics**

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### Special Olympics

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





# Better for the Planet

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

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

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



## Taking Action on Climate Change

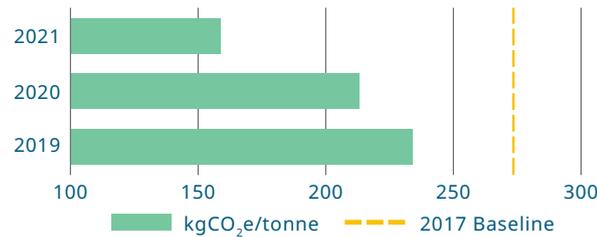
In 2021, the Intergovernmental Panel on Climate Change warned that scientists are observing changes in the earth’s climate in every region and across the whole climate system.

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

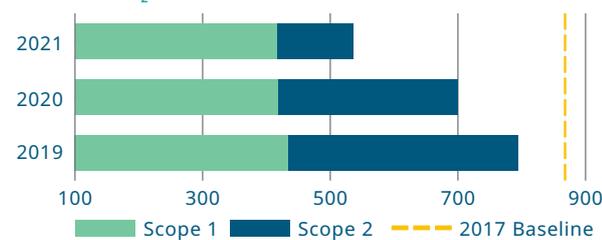
We continue to develop and deploy our decarbonisation approach for our operational emissions. We are bringing forward our target date for the achievement of 100% renewable electricity across our sites from 2025 to 2022. We have made important progress on renewable electricity in 2021, with 65% of our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

### 2021 Carbon Performance

#### Carbon Intensity



#### Tonnes of CO<sub>2</sub>e (000's)



**Notes:**

We measure and report our performance in accordance with the GHG Protocol.

Our Scope 2 emissions are calculated using the market-based method.

For more information, including boundary and scope, see our GRI Sustainability Report.

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

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



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

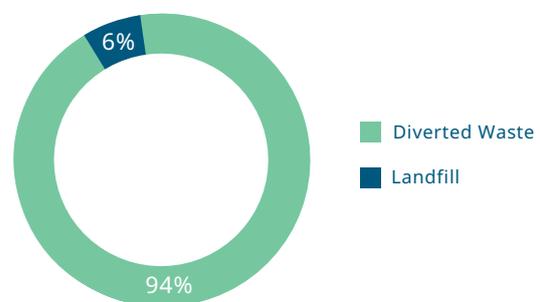


In 2021, Kerry achieved a CDP score of 'A-', placing us at leadership level for our action and reporting on climate change.

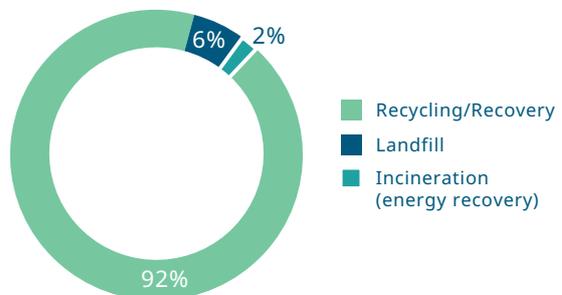
## Adopting a Circular Approach to Resources

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

### 2021 Waste Recovery



### 2021 Waste by Destination



**Notes:**

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



## Halving Food Loss and Waste

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

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

## Supporting Our Customers

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

## Food Waste Solutions

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

## Tackling Plastic Waste

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

## Protecting Water Resources

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

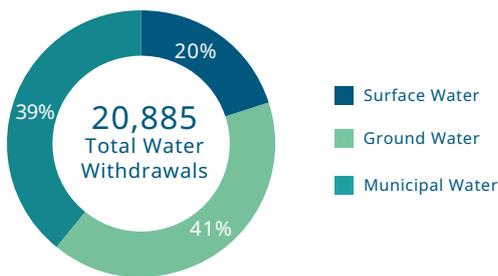
As our business volumes recovered through 2021, with the easing of restriction in the foodservice channel, our performance on water was challenged. At year end, we recorded a 4% reduction in water efficiency versus our 2017 base year. We have identified a pipeline of water reduction opportunities which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

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

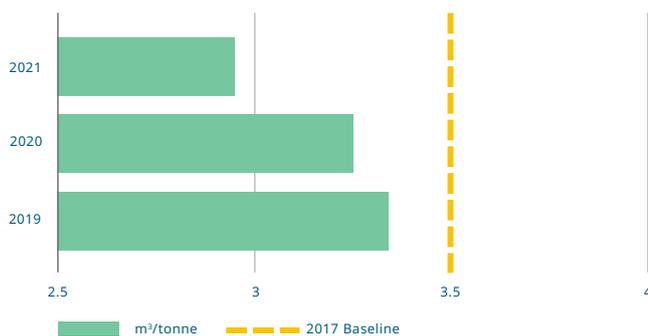
## Water Risk

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

### 2021 Water Withdrawal by Source (Megalitres)



### Water Intensity at Higher Risk Sites



#### Notes:

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

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

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



### Sourcing Responsibly

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

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

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

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

### Protecting Biodiversity

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

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

## Non-Financial Reporting Statement

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

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

## EU Taxonomy

### Background

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

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

### Economic Activity

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

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

### Accounting Policies

#### Turnover

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

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

#### Operational Expenditure

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

### Capital expenditure

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

### Key Performance Indicators

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

### Turnover

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

### Operational Expenditure

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

### Capital expenditure

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

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



## Task Force on Climate Related Financial Disclosures (TCFD)

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

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

## Governance

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

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

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

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

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

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

- an Environmental Council chaired by the Group's Chief Operating Officer, which is focused on reducing operational emissions across our manufacturing facilities and addressing impacts related to waste and water. This council plays a crucial role in setting and implementing plans for the achievement of our targets, identifying process changes and capital investment to deliver the improvements required.
- a Responsible Sourcing Council led by the Chief Procurement Officer dedicated to assessing the sustainability of the raw materials we purchase, ensuring no deforestation across our supply chains by 2025 and reducing our Scope 3 emissions by 2030, in line with our Science Based Target.
- a Product Portfolio Council led by the Group's Chief Technology Officer tasked with monitoring and improving the sustainability of the products we produce, driving sustainable innovation and expanding our portfolio of sustainable solutions that enable carbon reduction for our customers.
- a Commercial Council led by the Chief Commercial Officer which assesses the opportunities presented by sustainability and how Kerry can best serve its customers through the lens of sustainable nutrition, supporting them to achieve their own climate related objectives.

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



## Strategy

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

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



### Physical Risk

**Acute:** Acute physical risks refer to those risks that are event-driven, including increased severity of extreme weather events.

**Chronic:** Chronic physical risks refer to longer-term shifts in climate patterns that may cause sea level rise or chronic heat waves.

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

### 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.

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

## Key Risks and Opportunities Identified

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

## Assessing the Potential Impact

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

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

Scenario One	Scenario Two
Under this scenario, there is inadequate action to limit greenhouse gas emissions and modelling reflects a world where increasing concentrations of CO <sub>2</sub> puts global average temperature increases on a trajectory towards four degrees Celsius by 2100.	Under this scenario, there is sustained and coordinated collective action to address the climate crises, with emissions reductions meeting the required levels to keep global average temperature increases to below two degrees Celsius by 2100.

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

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

<sup>1</sup> This reflects the important contribution of the region to total Group revenue

Risk	Impact	Approach	Outcome	Next Steps
<b>Carbon Pricing</b>	Increased operational costs.	Policy responses to climate change are expected to result in additional carbon pricing mechanisms as well as an increase in the unit cost of carbon. Under our assessment we focus on potential changes to carbon prices under Scenario Two, assuming that in Scenario One, regulation and policy remain as usual and carbon prices would not rise beyond current expectations.	To limit average temperature increase to 1.5°C, global action on decarbonisation would need to increase significantly and carbon prices would likely rise alongside this. Our analysis shows that with this type of intervention, carbon pricing could add to the Group's operating costs in regions where we are subject to existing pricing mechanisms. In this scenario, the impact could be more pronounced with rapid and ambitious policy action over the short to medium term.	Climate policy and carbon price modelling is constantly evolving, and this analysis will be kept under review to ensure it reflects ongoing developments.
<b>Market Dynamics</b>	Product portfolio changes.	Innovation will be core to achieving climate objectives and as part of our assessment we examined how demand for certain products may change over time and under different climate conditions.	While we understand the significant opportunity that lower carbon product development will present, the potential for increased innovation has not been modelled at this time. Still, our assessment around future product demand indicates potential opportunity for growth across a number of important categories under Scenario Two, with transition effects as the dominant driver.	Potential changes to consumer demand for lower carbon products and the impact for our business, will be further explored in 2022.

### Ensuring Future Resilience

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

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

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

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

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

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

## Risk Management

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

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

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

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

### Climate Change Integration Across Our Principal Risks

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



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

## Metrics and Targets

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

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

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

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

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

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

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

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

## Next Steps

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

- continuing to embed and enhance our group-wide governance structure, leveraging this to lead and engage our people on further climate action.
- expanding our analysis to account for additional areas including potential risks associated with water and technology, while continuing to refine existing assessments and exploring the use of updated climate scenarios aligned with Kerry's 1.5°C commitment.
- exploring the potential for further mitigation measures, particularly for any risks identified with the potential to impact on our business strategy.
- enhancing our risk process with further assessment and integration of explicit climate related issues within our enterprise risk management framework.
- reviewing our Scope 3 carbon target and Net Zero commitment in line with evolving SBTi guidance and the release of their Net Zero standard.
- building awareness and knowledge across our organisation with dedicated training through the Kerry learning academy.

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

