

KERRY

Sustainability-Linked Bond Framework

November 2021

Introduction

Kerry Group is the world's leading Taste & Nutrition Company, serving the food, beverage and pharmaceutical industries. Our broad technology foundation, customer-centric business model, and industry-leading integrated solutions capability makes Kerry the co-creation partner of choice.

Over one billion people around the world enjoy food and beverages containing Kerry's taste and nutrition solutions, allowing us to make a lasting difference as we dedicate ourselves to making the world of food and beverage better for everyone.

Since our modest beginnings in 1972, in a greenfield site in Listowel, Co. Kerry, Ireland we have grown from strength to strength to become a leading player in the global food and beverage industry. This journey has been one of dynamic growth and strategic acquisition,

guided by our in-depth understanding of international market dynamics, insights into consumer trends, shifting taste preferences and evolving nutritional requirements. Our heritage, knowledge and expertise enable us to deliver better taste, health and wellbeing globally.

We aim to be our customers' most valued partner by delivering food and beverage products that meet their consumers' individual taste, nutrition and wellness preferences, while enhancing their lives and contributing to a more sustainable world. Customers including global, regional and local manufacturers, retailers and foodservice providers all continue to re-evaluate the recipes, processes and the ingredients they use in the development of their products. We use our broad range of taste, nutrition and functional ingredient technologies, combined with industry-leading solutions capability to create innovative new products with our customers across all food and beverage end use markets.



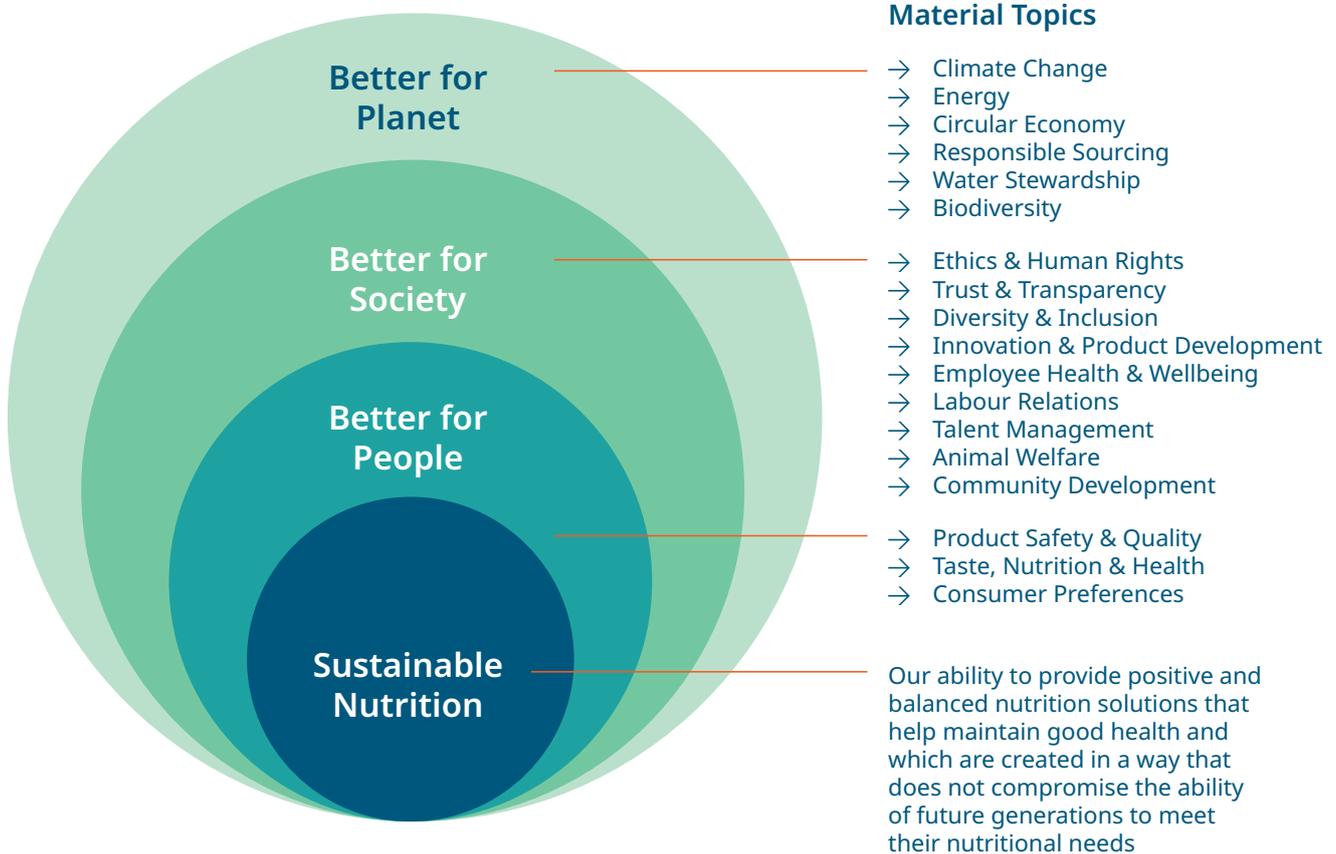
Sustainability Strategy

As part of Kerry’s vision for the next decade, we see the possibility for a world of sustainable nutrition, one that contributes to good health while protecting people and the planet.

The world needs transformational change. While economic development over recent decades has helped take hundreds of millions of people out of extreme poverty, it has also

placed an enormous burden on the planet and communities. As the global leader in Taste & Nutrition, and with the scale to make an impact, Kerry is committing to play our role with our 2030 strategy, **Beyond the Horizon**. Guided by our purpose to Inspire Food and Nourish Life, we see this as an opportunity to create a more balanced food system, one that creates prosperity while protecting people and the planet.

Beyond the Horizon



Better for People

For many people, getting the right nutritional balance is a challenge. According to the World Bank, malnutrition is one of the world's most serious yet least-addressed challenges. The burden of malnutrition occurs when the right foods are not available, affordable, convenient, or they involve some compromise on taste, or other important characteristics, making them less desirable or accessible for consumers. The result is poor quality diets that prevent people reaching their potential or lead to obesity or the onset of illnesses such as heart disease and diabetes.

By 2030, our ambition is to reach over two billion people with positive and balanced nutrition solutions. We define sustainable nutrition as the ability to provide positive and balanced nutrition solutions that help maintain good health and are created in a way that does not compromise the ability of future generations to meet their nutritional needs.

At Kerry, we are ideally placed to help improve the accessibility and availability of healthy foods for all, helping our customers overcome the challenges they face. 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.

To highlight the role of Kerry as a sustainable nutrition partner for the industry, we have profiled the nutritional contribution of our ingredients portfolio. In the absence of an existing measurement framework to evaluate ingredients, our scientific experts developed a rigorous methodology based on

the independent and externally validated UK nutrient profiling model. It allows us to assess and classify the nutritional contribution of each solution to a final consumer product. We have used very stringent criteria and do not allow for any offsetting in order to provide an objective and transparent result.

Our assessment shows that more than 80% of our Taste & Nutrition portfolio is already delivering positive or balanced nutrition solutions for over one billion consumers today. Over the next ten years, 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 2020, we continued to expand our impact and despite the challenging context, we increased our reach with positive and balanced nutrition solutions by more than thirty million to over one billion people. This growth was driven by the increase in positive nutrition solutions within our portfolio and our geographical expansion in developing regions.





Better for Society

Improving nutrition and health supports a broad social agenda, helping to deliver on many of the UN SDGs. While our critical impact areas are goals 2 (Zero Hunger), 3 (Good Health & Well-being) and 12 (Responsible Consumption & Production), we know that how we produce our products can support many more of the seventeen goals. Against a backdrop of rising economic inequality and deepening social tension, we aim to contribute to a society that is fair and just and where everyone has an equal opportunity to participate.

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, across our broader value chain and within the communities around us.

As part of our Diversity, Inclusion and Belonging strategy, Kerry is committed to equal gender representation across all senior management roles by 2030.

Better for Planet

Climate Action

The impact of climate change is increasingly clear with growing awareness of the implications for people, the environment and the economy. At Kerry, we understand the need to act now in support of a global shift towards decarbonisation, helping to mitigate the worst effects of climate change and building resilience across our value chain. We are committed to addressing our carbon footprint and achieving net zero emissions before 2050. To work towards this goal, we have set a Science Based Target of a 55% reduction in absolute greenhouse gas emissions from our operations (Scope 1 and 2) by 2030.

We are also committed to source 100% of our electricity from renewable sources by 2025 and we will seek to accelerate this commitment over the next 12 months. We are focussed on ways to improve our energy efficiency, including the adoption of the ISO 50001 energy management system by key sites. We also employ energy auditing across our facilities to help identify areas for action and focus our investment on projects that support our overall sustainable business objectives.

As part of our science based target, we are committed to a 30% reduction in Scope 3 emissions intensity by 2030. Our Scope 3 emissions make up approximately 90% of our total footprint and as part of our science based target, we are committed to working with our partners to help address these.

Adopting a More Circular Approach

Our industry needs to transition away from the traditional linear model of take-make-dispose, to a more circular approach where resources are kept in productive use for longer. Under the Beyond the Horizon strategy, we have placed our focus on the most material waste aspects within our operations, food waste and plastic packaging, while continuing to retain a focus on our overall waste intensity.

We aim to achieve zero waste to landfill, diverting resources and keeping materials in use for longer. In keeping with our unique from-food-for-food heritage and our commitment to creating natural solutions, more than 99% of the by-product we generate is non-hazardous and can be put to other productive uses in support of a more circular bioeconomy. In 2020, 92% of our waste volumes were diverted from landfill and we continue to implement programmes that will support us to realise our target.

Food Waste

According to the Food and Agriculture Organisation (FAO) of the UN, one third of all food produced is lost or wasted, representing valuable resources and calories that ultimately do not provide any nutritional benefit. In addition to the economic loss, the contribution to environmental impact is significant, as evidenced by the associated GHG footprint, which represents 8% of total global emissions.

In line with the global ambition under target 12.3 of the UN Sustainable Development Goals, our commitment at Kerry is to halve food loss and waste across our operations by 2030. Where we create food waste through our production processes, we will ensure that by 2025 this is diverted and upcycled towards other productive uses and that none of this food waste ends up in landfill.

While tackling food waste across our operations is vitally important, there are substantial opportunities for Kerry to impact on the 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 is ideally placed to support our customers in meeting these requirements.



Plastic Waste

Of the 78 million tonnes of plastic produced annually, more than 70% ends up in landfill or finds its way into the natural environment, including our waterways and oceans. At Kerry, we fully support efforts to promote a more circular approach to plastics and we have committed to making all our plastic packaging reusable, recyclable or compostable by 2025.

Water Resources

At Kerry, water is vital to our operations, the production of our raw materials, and in some instances, the use of our products. Given the growing demand for fresh water, it is essential that we act to protect water sources and ensure equitable access to this resource for all

users. Kerry's approach to water stewardship continues to evolve and building on our progress to date, we aim to improve water efficiency across our operations by a further 15% by 2025, while ensuring we protect water quality and broader access for communities where we operate.

Responsible Resourcing

Although the environmental impact from conventional agriculture is well understood, it plays a vital social and economic role and is essential for food security. Agricultural development is one of the most powerful tools to end extreme poverty and is central to ensuring we can meet the UN SDGs and feed a population of almost 10 billion people by 2050.





At Kerry, we are engaging with our direct and indirect suppliers to drive more sustainable practices right back to farm level to ensure that 100% of our priority raw materials are responsibly sourced by 2030. In partnership with our suppliers, we will 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 will use a combination of certification and verification and where these mechanisms do not support the best path forward, we will work with supply partners and expert third parties to engage directly at farm level.

Biodiversity

We have a no deforestation commitment by 2025 across targeted supply chains which represent a high risk of deforestation and include, Dairy, Soybean, Palm Oil and Paper Packaging. To support the achievement of this goal we will require certification for all volumes originating from high risk areas.

For more information →

Sustainability Review in the Kerry Group Annual Report 2020, pages 46-70 and also on kerrygroup.com/sustainability (Sustainability Programme | Beyond the Horizon | Kerry Group).

External Recognition

At Kerry, we are proud to have our sustainability efforts acknowledged via 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 has achieved an 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 2% of companies assessed by EcoVadis in our sector.

World Benchmarking Alliance: Ranked in top 5% of the world's 350 most influential food and agriculture companies for food systems transformation.



Supporting the UN Sustainable Development Goals

As we pursue our vision, we will continue to contribute to the achievement of the UN Sustainable Development Goals. Whilst all 17 goals are critically important, Kerry's Global results, commitments and innovations mean that we are best placed to make the most significant contribution to the targets associated with Goal 2 (Zero Hunger), Goal 3 (Good Health and Well-being) and Goal 12 (Responsible Consumption and Production).

Zero Hunger

We can play a key role in helping people access sufficient amounts of the right nutrition while working with producers to sustainably intensify production and improve livelihoods

Good Health & Well-being

We work with customers to support good health and wellbeing and reduce mortality through creating products that help improve diets



Rationale for Establishing a Sustainability-Linked Bond Framework

By establishing this Sustainability-Linked Bond Framework (the “Framework”), we aim to further embed our sustainability commitments into our financing strategy. Sustainability-Linked funding will contribute to the awareness of our Sustainability commitments within Kerry Group. It will also offer a further opportunity to communicate with investors and other market participants about our Sustainability strategy and commitments.

This Framework has been established in accordance with the Sustainability-Linked Bond Principles 2020 (“SLBP 2020”)¹ as administered by ICMA, and their five core components:

- I. Selection of Key Performance Indicators (KPIs)
- II. Calibration of Sustainability Performance Targets (SPTs)
- III. Bond Characteristics
- IV. Reporting
- V. Verification

Sustainability-Linked financing instruments are those where the financial and/or structural characteristics can vary depending on whether the issuer achieves predefined Sustainability/ ESG objectives. The issuers of sustainability-linked instruments are committing explicitly to future improvements in sustainability outcome(s) within a predefined timeline that are relevant, core and material to their overall business. Sustainability-linked financing instruments are a forward-looking, performance-based instrument. Proceeds from the issuance are intended to be used for general corporate purposes.

¹ ICMA SLBP 2020: <https://www.icmagroup.org/assets/documents/Regulatory/Green-Bonds/June-2020/Sustainability-Linked-Bond-Principles-June-2020-171120.pdf>

Kerry Group's Sustainability-Linked Bond Framework

Selection of Key Performance Indicators (KPIs)

At Kerry, we employ a comprehensive materiality process to help determine the key areas of impact for our business and the focus for our Beyond the Horizon strategy. This process is informed by in-depth and ongoing stakeholder engagement and is aligned with industry best practice and key external frameworks. The KPIs that have been included in the Sustainability-Linked Bond Framework have been highlighted via this process as they reflect key environmental sustainability challenges that the food industry is facing.

KPI #1: Absolute Scope 1 & 2 Greenhouse Gas Emissions Reduction

KPI #1: Absolute Scope 1 & 2 Greenhouse Gas emissions Reduction (in t CO₂e)

Definition:

Scope 1 and 2 are defined by the Greenhouse Gas Protocol² as:

- > Scope 1 emissions are direct emissions from all facilities under the operational control of Kerry Group
- > Scope 2 emissions are indirect emissions from the consumption of purchased energy.

Our SBTi validated baseline and target performance for Scope 1 and 2 emissions is for all facilities under our operational control including offices and warehouses. Reporting to date reflects all manufacturing facilities, accounting for 98% of Kerry's Scope 1 and 2 emissions.

Rationale and materiality of the KPI:

Climate change is the biggest environmental challenge the world faces, impacting our own operations as well as our supply chains. Kerry has declared its commitment to achieving net-zero emissions before 2050.

Kerry Group fully supports the objectives of the Paris Agreement and in 2020, our GHG emission target was approved by the Science Based Target initiative – SBTi - (including Scope 1, 2 and 3), confirming that it aligns with the objective of limiting average global temperature increases to Well Below 2 degrees Celsius. In October 2021, we updated our scope 1 and 2 target to align with the more ambitious 1.5 degree pathway and this ambition update has now been approved by SBTi. See Appendix 1.

Kerry has chosen to focus on Scope 1 and 2 emissions from all facilities under its operational control for the purposes of this Framework. This represents 100% of its direct GHG emissions.

Kerry Group recognises the importance of its Scope 3 emissions which make up approximately 90% of our total footprint as of year-end 2020 and has a public commitment to reduce these. Given the changes to our business in 2021 (following the acquisition of Niacet and the disposal of our consumer facing meat and meals business), we are currently engaged in a detailed assessment of our Scope 3 footprint, which will include a re-baselining to take account of this activity. As a result, we are excluding Scope 3 emissions as a KPI for the purpose of this current Framework.

² "GHG Protocol Standard" means the document titled "The Greenhouse Gas Protocol, A Corporate Accounting and Reporting Standard (Revised Edition)" published by the World Business Council for Sustainable Development and the World Resources Institute (as amended and updated from time to time).

It is important to point out that we have been calculating our Scope 3 emissions for a number of years and already have programmes in place which are designed to reduce these, including working with suppliers to monitor and reduce emissions at farm level.

In 2021, we have been interacting with customers, suppliers and expert third parties on existing best practice, as we build our approach to engagement, programme development and reporting.

Methodology:

Kerry Group measures and reports its performance in accordance with the GHG Protocol and emissions factors which include UK Government GHG Conversion Factors for Company Reporting.

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

The Greenhouse Gas (GHG) data presented by Kerry Group is independently assured by Jacobs UK Ltd to AA1000 Assurance Standard. The full assurance statement can be found on kerrygroup.com/sustainability.

Alignment to UN SDGs

KPI #1 contributes to SDG 13 – Climate Action and SDG 7 – Affordable and Clean Energy.



KPI #2: Food Waste Reduction

KPI #2: Food waste reduction across our operations (in metric tonnes of food waste)

Definition:

Reduction in the volume (in metric tonnes) of food waste disposed of from manufacturing facilities under our operational control.

Food waste means:

Any food fit for human consumption at our manufacturing facilities, which is not sold, donated to food charities, sent for animal feed or bio-material processing. We exclude non-edible by-products from our definition and by-products with a value that are certain to find a market (e.g. whey).

The Scope of this food waste target is waste generated within our own manufacturing facilities.

Rationale and materiality of the KPI:

As the world struggles to sustainably feed a growing population, estimated annual food loss and waste is projected to reach more than 2 billion tonnes by 2030³.

According to the Food and Agriculture Organisation (FAO) of the UN, one third of all food produced is lost or wasted, representing valuable resources and calories that ultimately do not provide any nutritional benefit⁴. In addition to the economic loss, the contribution to environmental impact is significant, as

evidenced by the associated GHG footprint, which represents 8% of total global emissions⁵.

If we are to tackle the key environmental challenges associated with food production, we must start by looking at ways to prevent food loss and food waste.

Champions 12.3 is a coalition across government, business and civil society dedicated to accelerating progress toward achieving Target 12.3 of the UN SDG that calls on the world to “halve per capita global food waste at the retail and consumer levels and reduce food losses along production and supply chains, including post-harvest losses” by 2030.

It is with this in mind, Kerry Group became a signatory (via Kerry Foods) in June 2020 of the World Resource Institute’s 10x20x30 Food Loss and Waste Initiative.

The 10x20x30 initiative⁶ is led by the 10+ largest food retailers and 200 of their suppliers, who commit to measure food waste within their own operations, to publish their food loss and waste inventories, and to take action to achieve the SDG 12.3 goal of decreasing food waste by 50% by 2030.

Addressing Food Waste is core to Kerry Group business as it will affect key processes. The reduction in food waste will be achieved through a multi-faceted approach that focuses on product design, production processes, waste valorisation and stakeholder engagement.

3 <http://www.bcg.com/publications/2018/tackling-1.6-billion-ton-food-loss-and-waste-crisis>

4 <https://www.fao.org/3/i3347e/i3347e.pdf>

5 <https://www.fao.org/3/bb144e/bb144e.pdf>

6 <https://champions123.org/>

Methodology:

Food Waste is measured and reported in accordance with the guidance provided by the Food Loss and Waste Accounting and Reporting (FLW) Standard.

The Food Loss and Waste Protocol is a multi-stakeholder effort to develop the global accounting and reporting standard (known as the FLW Standard) for quantifying food and associated inedible parts removed from the food supply chain (referred to for simplicity's sake as "food loss and waste"). For more information, see www.flwprotocol.org.

We report on our progress annually and this data is independently assured by Jacobs UK Ltd to AA1000 Assurance Standard.

Alignment to UN SDGs

KPI #2 contributes to SDG 12 – Responsible Consumption and Production.



Calibration of Sustainability Performance Targets (SPTs)

SPT 1a: Reduction of 49% by 2025 (vs. 2017 Baseline) / SPT 1b: Reduction of 55% by 2030 (vs. 2017 Baseline)

	SPT 1a	SPT 1b
Target	Reduction of 49 % in absolute Scope 1 & 2 GHG emissions	Reduction of 55% in absolute Scope 1 & 2 GHG emissions
Target Observation Date	31st December 2025	31st December 2030
Baseline	31st December 2017	

Rationale and ambition of the target:

Our 2030 GHG emission target of a 55% reduction is independently approved by the Science Based Target initiative (SBTi), confirming that it aligns with the objective of limiting average global temperature increases to 1.5 degrees Celsius. We have also declared our commitment to achieving net-zero emissions before 2050.

Science Based Targets initiative (SBTi) is a multi-NGO partnership organization that drives ambitious climate action. The SBTi defines and promotes best practice in science-based target setting and independently assesses and approves companies' targets in line with its strict criteria.

By 2020, we achieved a 17% reduction in absolute Scope 1 & 2 emissions versus our base year, driven primarily by an ongoing focus on carbon efficiency and increasing the share of electricity we procure from renewable sources.

We continue to recognise the magnitude of work required to meet our targets, however, we understand the need for urgent action

and remain committed to cutting our carbon footprint as quickly as possible.

As a result, we have set an interim target for a 49% reduction by 2025 (as a subset of our 2030 target), in the knowledge that faster reductions to global emissions give us the best chance of avoiding the worst effects of climate change. Deeper upfront cuts to GHG emissions mean less total emissions released into the atmosphere now, which in turn means less near-term warming providing a better chance of limiting average global temperature increases to below 1.5 degrees. Therefore, Kerry Group is making significant cuts to our GHG emissions immediately, going beyond a linear approach that would still reach our target by 2030.

Baseline and Historical Performance:

Our 2017 baseline was chosen as it provided the most recent full year of data when the target setting process commenced.

The Greenhouse Gas (GHG) data presented by Kerry Group is independently assured by Jacobs UK Ltd to AA1000 Assurance Standard. The full assurance statement can be found on kerrygroup.com/sustainability.

In Tonnes of CO2e	2020	2019	2018	2017 (baseline)
Scope 1	453,475	467,905	492,810	495,494
Scope 2	295,712	350,843	389,050	412,072
Total direct emission (Scope 1 & Scope 2)	749,187	818,748	881,860	907,566
Reduction (vs baseline)	-17%	-10%	-3%	-

Source: Kerry Group

Strategy to achieve the targets:

Over the last decade, we have made significant progress reducing our Scope 1 and 2 emissions. We achieved this through a sustained focus on more carbon efficient production, investing in energy efficiency and switching to lower-carbon fuels.

Energy is a key contributor to our operational emissions (Scope 1 & 2) and our approach to energy is a critical element within our overall carbon reduction strategy.

As part of our Beyond the Horizon strategy, we have committed to converting our electricity use to renewable sources by 2025 and we will seek to accelerate this commitment over the next 12 months. This will have an immediate impact on our carbon footprint and support delivery of our 2025 interim target. We have commenced this with the immediate use of certificate-backed power and we will move an increasing proportion of our renewable electricity supply to PPA's over time.

Across our sites, we are also focused on ways to improve energy efficiency including the adoption of the ISO 50001 energy management system by key sites. We also employ energy auditing across our facilities to help identify areas for action and focus our investment on a pipeline of projects that support our overall sustainable business objectives.

Key factors that support Kerry Group's ability to meet the SPT:

External factors that support the achievement of our targets include the increasing policy support for renewable energy and the increasing market demand from partners to work with lower carbon producers.

Key risks that may impact Kerry Group's ability to meet the SPT:

Key risks that would impact our ability to meet the SPT includes unforeseen energy constraints including the availability of renewable energy power as well as M&A activity that significantly changes the emissions profile of the organisation.

SPT 2a: Reduction of 30 % by 2025 (vs. 2017 Baseline) / SPT 2b: Reduction of 50% by 2030 (vs. 2017 Baseline)

	SPT 2a	SPT 2b
Target	Reduction of 30% in Food Waste	Reduction of 50% in Food Waste
Target Observation Date	31st December 2025	31st December 2030
Baseline	31st December 2017	

Rationale and ambition of the target:

A crucial intervention for sustainable food production is reducing the current level of food waste, estimated to be up to a third of all calories produced. This significant environmental, social and economic impact provides an opportunity for organisations to capture additional value while acting to reduce environmental impacts.

At Kerry, we are committed to halving food waste across our operations and supporting our customers in reducing their food waste through the use of sustainable solutions, particularly our preservation technologies.

Globally, leading food and beverage industry players have sought to align with target 12.3 of the UN Sustainable Development Goals, which calls for measures to halve food waste by 2030.

We monitor and measure progress across our own operations and support the global Champions 12.3 initiative through Kerry Foods membership of the 10x20x30 programme.

At Kerry, we have aligned our operational target with this global ambition in support of Goal 12.

Baseline and historical performance:

Our environmental targets, including food waste, have been set using a 2017 baseline. Our 50% reduction in food waste target was introduced as a new Group wide target in 2020 as part of our Beyond the Horizon programme and Group wide data is not available for 2018 and 2019.

In Metric Tonnes	2020	2019	2018	2017 (baseline)
Food waste	17,816	n/a	n/a	19,786
Reduction (vs baseline)	-10%	n/a	n/a	-

Source: Kerry Group

Strategy to achieve the targets:

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 targets. This will be achieved through a multi-faceted approach that focuses on product design, production processes, waste disposal and stakeholder engagement.

Product development seeks to minimise food waste at the design phase and incorporate new sources of raw materials that support a more circular process. For this, Kerry will assess the opportunity across waste streams to re-use these as inputs into other products internally and externally. For example, Kerry has taken fruit waste and turned this into a distillate to deliver a flavor solution in the beverage end use market.

In addition, we seek to work with customers and suppliers to agree product specifications that help ensure materials can be kept within the food chain. On processes, the company looks at how yields can be improved (e.g. pressurized extraction process that improve yields for the same level of raw material inputs thereby reducing waste).

Where waste does occur, we seek out opportunities to valorise this waste either within our own operations or as raw material input into other producers. Where further processing or valorisation is not possible, we explore how suitable products can be distributed through partnerships with local charities and/or used as an input to other processes across the food system.

While tackling food waste across our operations is vitally important, there are substantial opportunities for Kerry to impact on the 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 is ideally placed to support our customers in meeting these requirements.

Lastly, Kerry will focus on stakeholder engagement, for example as was done in a pilot initiative across sites in the UK, where the company has been engaging with customers to look at how working collaboratively on order fulfilment can meet their needs and prevent the creation of excess product that could end up as waste.

Key factors that support Kerry Group's ability to meet the SPT:

External factors that support the achievement of our targets include the growing consumer acceptance on the re-use and consumption of by-products.

Key risks that may impact Kerry Group's ability to meet the SPT:

Key risks that would impact our ability to meet the SPT includes legislative changes with regard to treatment of waste volumes as well as M&A activity that significantly changes the food waste profile of the organisation.

Financial Characteristics

All financing issued under this Framework will have a sustainability-linked feature that will result in a coupon or margin adjustment, or a premium payment as the case may be, if a Trigger Event occurs.

A Trigger Event occurs if:

- > One or more of the selected KPIs have not achieved the SPT(s) on the target observation date⁷, or
- > The verification (as per the verification section of this Framework) of the SPT has not been provided and made public as set out in the External Verification section of this Framework.

The relevant KPIs, SPTs, step-up coupon or margin amount or premium payment amount, as applicable, will be specified in the relevant documentation of the specific transaction (e.g. Final Terms of the relevant SLB).

The Issuer will notify the investors of the achievement or not of the SPT on the day of publication of its Sustainability-Linked Bond Progress report.

For the avoidance of doubt, if the KPI(s) has achieved its SPT(s), and reporting and verification for the SPT have been provided and made public in accordance with the reporting and verification sections of this Framework, the financial characteristics of any security issued by Kerry Group under this Framework shall remain unchanged.

Reporting

Kerry Group will publish and keep readily available and easily accessible on its website an annual Sustainability-Linked Bond (SLB) Progress Report that will include:

- > up-to-date information on the performance of each selected KPI, including the baseline where relevant
- > up-to-date information of each selected KPI outlining the performance against the SPTs and the related impact, and timing of such impact, on a financial instrument performance
- > any additional relevant information enabling investors to monitor the progress of each selected KPI towards the SPTs.

Reporting may also include:

- > qualitative or quantitative explanation of the contribution of the main factors, including M&A activity, behind the evolution of each selected KPI on an annual basis; and/or
- > illustration of the positive sustainability impact of the performance improvement; and/or
- > any re-assessments of KPIs due to any changes to the calculation methodology for a KPI or significant changes in data due to better data accessibility, if relevant; and/or
- > any adjustments of baselines or KPI scope, if relevant; and/or
- > updates on new or proposed regulations from regulatory bodies relevant to the KPIs and the SPTs.

⁷ Subject to Recalculation Policy

When relevant, Kerry Group may also provide information on changes to its sustainability strategy or governance.

The Sustainability-Linked Bond Progress Report shall be published annually (and at the latest by the end of the first half of the following year). It will be included in the Sustainability Review in the Annual Report.

External Verification

Pre-issuance verification

A Second Party Opinion has been provided by ISS ESG to ensure that this Framework is respecting the principles of the SLBP 2020. It will be made publicly available on Kerry Group's website: www.kerrygroup.com.

Post-issuance verification

The annual performance of each selected KPI included in the SLB Progress Report will be subject to external and independent verification by a qualified external reviewer. Verification of KPI performance will be conducted on an annual basis and at "Limited or Moderate Assurance" standard.

Recalculation Policy

Kerry Group will adjust the baseline(s) to account for significant changes, further described below, if the changes drive an increase/decrease in the value of the KPI(s) of greater than 5%. We may also choose to recalculate for changes less than 5%, especially when structural changes occur.

Significant changes may include:

- > Structural changes that significantly impact our base year and may trigger the adjustment of the baseline include

acquisitions, divestitures or mergers. When significant structural changes occur in the middle of a year, the current and baseline year will be recalculated for the entire year.

- > Methodology changes that significantly impact our base year and may trigger the adjustment of the baseline include updated emission factors, improved data access or updated calculation methods or protocols.
- > In case of a data error, or if a number of cumulative errors that occur together are significant.

Where we identify changes described above that have occurred in the reporting period and which may require us to recalculate our base year, these baseline adjustments will occur at the end of each fiscal year and will be publicly restated. In the event of an acquisition, in order to ensure that full and accurate data are available, recalculation will be carried out within one year after the structural change has occurred.

Amendments to this Framework

Kerry Group will review this Framework from time to time, including its alignment to updated versions of the relevant Principles as and when available in the market. Any major update will be subject to the review of ISS ESG or any such other qualified provider of Second Party Opinion.

Appendix 1: SBTi Assessment of GHG Emissions Reduction Target



info@sciencebasedtargets.org
www.sciencebasedtargets.org



November 8, 2021

Dear Kerry Group PLC,

Thank you for submitting your greenhouse gas emission reduction target(s) to the Science Based Targets initiative (SBTi) for an official validation using the voluntary ambition update process.

Our team has assessed your updated target against the SBTi criteria ([version 4.2](#)) and, after careful review, we are pleased to inform you that your submitted target has been approved and the scope 1 and 2 portion of your targets are aligned with a 1.5°C pathway. The ambition of your scope 3 target has not been updated through the voluntary process.

Basic information about your company and the approved target will be listed on the Science Based Targets [website](#). The following agreed target wording will be used:

“Kerry Group PLC commits to reduce absolute scope 1 and 2 GHG emissions 55% by 2030 from a 2017 base year. Kerry Group PLC also commits to reduce scope 3 GHG emissions 30% per tonne of finished product by 2030 from a 2017 base year.”

The SBTi plans to publish your approved target wording and temperature alignment on our website one month from this date, on December 9, 2021. Please let the communications team know if your company would like to request a different publication date. The SBTi requires approved targets to be published within six months from the date of this official target approval letter, to ensure targets published on the website are in line with the latest SBTi criteria and recommendations.

Congratulations on your approved science-based targets and increasing your target ambition!

Kind regards,

The Science Based Targets initiative’s Steering Committee

An initiative by



Disclaimer

The information and opinions contained in this Kerry Group Sustainability-Link Bond Framework (“Framework”) are provided as at the date of this document and are subject to change without notice. None of Kerry Group plc or any of its subsidiaries (together, the “Kerry Group”) assume any responsibility or obligation to update or revise such statements, regardless of whether those statements are affected by the results of new information, future events or otherwise. Undue reliance should not be placed on the information and opinions contained in this Framework.

This Framework represents current Kerry Group policy and intent, is subject to change and is not intended nor can be relied on, to create legal relations, rights or obligations. This Framework is provided for information purposes only and does not constitute or form part of, and should not be construed as, an offer or invitation to purchase any securities issued by Kerry Group, or the solicitation of an offer to underwrite, subscribe for or otherwise acquire any securities of Kerry Group, and nothing contained herein shall form the basis of or be relied on in connection with any contract or commitment whatsoever.

This Framework does not constitute a recommendation regarding any securities of the Kerry Group. No representation is made as to the suitability of any securities issued by the Kerry Group to fulfil environmental and

sustainability criteria required by prospective investors. Potential investors should determine for themselves the relevance of the information contained or referred to in this Framework. Any decision to purchase any securities of Kerry Group should be made solely on the basis of conditions of the securities and the information to be contained in the relevant documentation of the specific transaction (i.e., Offering Circular or equivalent disclosure document produced in connection with the offering of such securities), and not on the basis of this Framework.

Failure to adhere or comply with any terms of this Framework, including, without limitation, failure to achieve any sustainability targets or goals set forth herein, will not constitute an event of default or breach of contractual obligations under the terms and conditions of any such sustainability-linked securities.

Prospective investors are required to make their own independent investigations and appraisals of the business and financial condition of Kerry Group and the nature of the securities before taking any investment decision with respect to securities of Kerry Group.

This Framework contains forward-looking statements about future events and expectations that are “forward-looking statements”, which include all statements other than statements of historical facts, including, without limitation, any statements preceded

by, followed by or including the words “targets”, “plans”, “believes”, “expects”, “aims”, “intends”, “may”, “anticipates”, “would”, “could” or similar expressions or the negative thereof. Such forward-looking statements involve known and unknown risks, uncertainties and other important factors beyond Kerry Group’s control that could cause actual results, performance or achievements to be materially different from future results, performance or achievements expressed or implied by such forward-looking statements. These forward-looking statements speak only as at the date of this Framework. Kerry Group expressly disclaims any obligation or undertaking to disseminate any updates or revisions to any forward-looking statements contained herein to reflect any change in its expectations with regard thereto or any change in events, conditions or circumstances on which any of such statements are based.

This Framework and any materials distributed in connection with this Framework are not directed to, or intended for distribution to or use by, any person or entity that is a citizen or resident or located in any locality, state, country or other jurisdiction where such distribution, publication, availability or use would be contrary to law or regulation or which would require any registration or licensing with in such jurisdiction. Kerry Group do not accept any liability to any person in relation to the distribution or possession of this Framework in or from any jurisdiction

The information contained in the Framework does not purport to be comprehensive and, unless otherwise specified therein, has not been independently verified by any independent third party. Nothing in the Framework constitutes legal, financial, regulatory or other advice or a recommendation with respect to any securities or financial instruments.

Neither the Framework nor any other related material may be distributed or published in any

jurisdiction in which it is unlawful to do so, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession such documents may come must inform themselves about, and observe, any applicable restrictions on distribution.

